Higher postal rates, higher social security taxes, higher income and sales taxes—these are the prospects according to some experts: an increase of perhaps $17 billion in personal and business taxes.

That's one side of the picture. It is sobering.

On the other side, one witnesses an inebriated orgy of tax avoidance by multimillion-dollar foundations as well as by "backyard foundations."

While this type of organized tax dodging is something new and while it threatens in its own especially grotesque way, it should be remembered that the unrestricted growth of tax-exempt foundations is not new but has for several years been acknowledged to be out of control. For 3 years, the Treasury has admitted that it had no idea how many tax-exempt foundations there are in the country. For 3 years, the Treasury has acknowledged the threat of widespread misuse of tax-exempt privileges, and has promised that "We are looking into it," but it has achieved nothing from its investigation—if, indeed, the investigation was ever begun.

Thousands of new, tax-exempt foundations are added to the Treasury's rolls each year without challenge. They are concocted by whim, almost overnight, with the assistance of the Treasury, which gives its approval to requests for foundation status almost automatically.

The IRS tries to convey the impression that it doublechecks all foundation operations. Nothing could be further from the truth. A very small fraction of the known foundations are checked by the Internal Revenue Service in any given year. I repeat, of known foundations; some come into existence and claim tax-exempt privileges, without ever filing an application for tax exemption or a tax return.

Apparently, this type of organized tax dodging will only be checked by the Congress. The Treasury will not act. It has ignored all warnings in the past. In 1963, we reported that "Our findings show that the Internal Revenue Service record—in terms of supervision of foundations—is a dud, a dismal failure." If the IRS was unhappy to be described in this way, it was not moved to reform. In 1964, I said, "More and more, the cream is slipping out of our tax system as the great fortunes go into tax-exempt foundations. The skim milk incomes of average, hard-working families must then shoulder an increasing part of the tax burden, both Federal and State." Despite these facts, the Treasury Department has yet to submit effective legislation for halting this erosion of our tax base. Five years ago, in 1962, we began urging the Treasury to propose steps for tightening the law and supervision of tax-exempt foundations. In December 1966, we reported, "It is very possible, as some believe, that there are today hundreds of thousands of tax-exempt foundations operating in the country, some of them officially operating by exemptions and others enjoying a bootleg status with the same results. It is not likely that the Treasury will ever catch up with them, for of the many thousands of foundations in existence, it examines the books of only a few hundred each year."

In other words, for 5 years we have been attempting, through a steady barrage of disclosures of tax-exempt abuses, to goad the Treasury into taking corrective action. It has balked all the way. Now, with the advent of a school for tax dodging, officials of the Department may be frightened. Wall Street Journal Reporter Janssen