

Treasury has done nothing to take the initiative so desperately needed in this area.

In my view, the Treasury, itself, has hatched the ABC tax-dodging scheme. Since 1921, Treasury regulations have required the filing of some type of application for tax exemption. And, since 1941, the Department's regulations have required foundations to file an annual information return. Yet, 46 years later, the exemption application is still required only by regulation and not by law. So, now the Treasury is faced with the ABC problem at the same time that it is trying to sell the Congress on a bigger tax bite.

Coming now to the particulars of our investigation of the organization known as Americans Building Constitutionally, I think it has become quite evident that the promoters of ABC have flagrantly defied the Treasury as well as this committee. Their defiance, of course, is built on the assurance that the Treasury Department is sluggish, if not dead, and that their manipulation of Treasury regulations will probably not result in any crackdown by the Secretary's men. Indeed, we would not now be plagued by the ABC and by the threat of similar organizations springing up, if the Treasury had been on its toes instead of on its back.

A POOR MAN'S LOOPHOLE IS NOW NEEDED

Also, the ABC scheme is noteworthy because it reveals that the Treasury has also closed its eyes to the irregular conduct of the foundations of middle-income tax-dodgers. Ordinarily, it has reserved its favoritism for the rich tax-dodger. We all know that the Treasury has traditionally treated the foundation tycoons with great sympathy and understanding, as though they were the underprivileged class. Now, it appears that the Treasury has turned its misdirected sympathies to the defense of the creators of middle-income loopholes. That leaves only the poor class; if poor people can develop their own loopholes and receive the same compassionate treatment from the Treasury, then every economic class of our citizens will be taken care of and our tax base will be wiped out altogether.

In anticipation of this eventuality, perhaps the Secretary will explain to us today how he proposes to support the Government in that not distant day when everyone—through the generosity of the Treasury—is permitted to have his own loophole.

I should like to say only one other thing with respect to ABC at this time; that is, if the operations of the foundation members of ABC are legal, the Secretary must so inform the Members of Congress so that they can transmit the tax-avoidance scheme to their constituents. We look forward to a statement of the Secretary's position on this with great eagerness, and hope that he can give it to us today in our discussion here.

I want to emphasize that I have no personal feelings against Secretary Fowler. However, I do feel strongly that the Treasury Department has been derelict in its responsibilities in the foundation field.

Mr. Secretary, we are delighted to have you today. And I believe