

Secretary FOWLER. All right, sir.

Mr. PATMAN. And that will be: In our hearings, the Acting Commissioner of Internal Revenue, Mr. Harding, was asked this question right along the line you are talking about now.

If every American had a tax exempt foundation, where would the federal, state and local governments obtain funds for their operations?

Mr. Harding's answer was:

This is a rather speculative question, Mr. Chairman. I am probably not competent to answer it, but I would assume if every American taxpayer was an exempt organizations, there would be no funds available at any of the levels for those operations.

I want to know if you agree with that?

Secretary FOWLER. Mr. Chairman, your question set up a strawman, and Commissioner Cohen will indicate that there is no possibility under the laws as they exist today, and certainly this is a result that Congress will not permit. You are setting up the possibility that all of the income would fit into exempt institutions and be exempt of taxes.

Mr. PATMAN. Family income, Mr. Secretary, family income.

Secretary FOWLER. Commissioner Cohen will deal tomorrow with the reason why that statement is a complete strawman and just draws an illusion across this whole subject that I think we can dispose of in the hearing tomorrow.

Mr. PATMAN. I hope you are correct, but they have gone into 50 States with it.

Secretary FOWLER. Well, the Revenue Service is also at work in 50 States, and I do not have any apprehensions that every American is going to have his family income absorbed into an exempt foundation. But let me come back to my basic point:

These private institutions, as I have described, I think are a modern reflection of something that is very vital and important in America.

De Tocqueville, the French traveler, the French observer, whose writings and observations are well known to you, said:

These Americans are the most peculiar people in the world. In a local community in their country a citizen may conceive of some need which is not being met. What does he do? He goes across the street and discusses it with his neighbor. Then what happens? A committee comes into existence. Then the committee begins functioning on behalf of that need and—you won't believe this, but it is true—all of this is done without reference to any bureaucrat.

So said de Tocqueville.

Now, I am very much in favor of having bureaucrats concern themselves with the problems of education, with the problems of health, with the problems of welfare, with the problems of charity, I am very much concerned that these activities at the Federal, State, and local government levels be adequately supported and organized.

But I am also very much concerned that the private citizen be able to pursue his bent in dealing with these problems in the areas where he believes that more needs to be done, or something different needs to be done; and I think the private foundations are a useful supplement, a desirable supplement, and, indeed, perform an essential role in the private sector in complementing the work that can be done in the public sector.

In proposing a death sentence for a foundation at the end of 25 years, I think there could be a certain analogy. It would be just as