

REMARKS

VICE PRESIDENT HUBERT HUMPHREY

ANNUAL MEETING

PRINCIPAL FIELD OFFICIALS

INTERNAL REVENUE SERVICE

WASHINGTON, D.C.

MARCH 3, 1966

∟ I am happy to have this opportunity to meet the Internal Revenue Service in person. We have previously been in touch financially.

∟ You are rendering an essential service to your country. Your high level of competence and performance has helped to make our tax system one of the best in the world.

Over recent years, the Internal Revenue Service has been exceptionally fortunate in its leadership. Sheldon Cohen typifies the insistence of this Administration upon putting highly-qualified people in its important positions -- people who often come, as Sheldon did, from within government itself.

I wish to pay special tribute today to the dedicated people engaged in enforcement work -- special agents, alcohol and tobacco tax investigators, and internal security investigators.

It is their duty to deal with those who seek to undermine our tax system from within or from without.

Internal Revenue has by now a long tradition of bringing notorious criminals to justice, often where others have failed. This has served not only to maintain the integrity of the tax laws but to demonstrate that no one -- however powerful -- is above the law.

You have proven in practice a principle which I have upheld throughout my public life.

As long ago as 1952, during the debate on the reorganization of the Internal Revenue Service, I said:

∟ "The central core fact . . . is that the civil service merit system would be applied from top to bottom in the Bureau of Internal Revenue . . . The American people . . . want to have all the governmental agencies which so definitely affect their lives staffed by persons of competence, technical skill, ability, good character, and integrity. They have a right to expect that."

∟ The results of the 1952 reform speak for themselves.
The Internal Revenue Service has become one of the best-managed agencies in or out of government.

It is well that this is so. For yours is an important and challenging job. Taxes, said the Roman statesman Cicero, are the sinews of the state -- and that is as true now as it was 2000 years ago. They enable us to resist aggression abroad, to build a Great Society at home, and to carry out the many other essential functions of government.

↳ Taxes have acquired a new and significant role in recent years. They are one of the major regulators of our economy, helping to eliminate the booms and busts of the past and to maintain sustained and vigorous economic growth.

↳ When there are workers unemployed and productive facilities idle or under-utilized, modern economic policy calls for tax reductions as a stimulant. Few taxpayers object to that. /

↳ But when the economy is threatened with overstrain, taxes may have to be raised to relieve the pressure. Naturally, that isn't equally popular.

↳ It is essential, however, that we maintain two-way flexibility in our taxes, so that they can go up as well as down. I hope, therefore, that in your contacts with taxpayers you will take every opportunity to explain the adaptations which will occur from time to time.

↳ For example, assuming Congressional approval, most people will find higher amounts withheld from their paychecks for taxes after May 1. Although this is only a temporary inconvenience, since the overall tax rates have not been increased, it may cause some irritation.

↳ I hope you will help us to explain that this is one of the measures we are taking to forestall inflation -- the most insidious and unfair form of taxation.

Mr. Justice Holmes said taxes are the price we pay for civilization. Shares in freedom

I feel this keenly as I see the coexistence of unmet needs and untapped potential in so many other countries.

I know that you are helping to export American tax "know-how" to our friends abroad.

Believe me, there are many places where this is sorely needed. One of the heaviest handicaps many developing countries labor under is the lack of broadly-based and popularly-supported tax systems.

But it is one thing to export techniques and another to export philosophy. It seems to me it is in the latter that the genius of the American system lies. Let it not be forgotten that the American colonies took up arms against a system of taxation imposed against the will of the people. We demanded the right to shape our own tax

laws and we have come to feel that taxation ought to be related to ability to pay.

↳ The great contribution of those who wrote our tax laws -- and of you who administer them -- is that they respond to something deep in the American character.

↳ The American tax agent and the citizen do not approach one another in an atmosphere of mistrust, suspicion, or contempt -- but rather with a feeling of mutual respect.

↳ You do not arbitrarily tell the citizen what he owes. You give him enough guidance so he can arrive at the right result himself.

↳ This is the great lesson for all those who would improve their tax system: It is important to freedom, to self-respect, and to the democratic ideal that the people assess themselves. And secondly, the people must also know that the system is operating honestly and fairly.

In conclusion, I urge you to continue to search
out and bring in only the best people to your Service,
especially in positions which involve dealing with the
public. The people who fill such posts set the tone for
the whole system. They must be the kind of men and
women who inspire confidence and respect.

No taxation system will function at anywhere near
its best without public support. The fact that you have
earned and held that support is the best measure of
your integrity and your professional competence.

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TRANSCRIPT OF REMARKS BY VICE PRESIDENT HUBERT H. HUMPHREY
BEFORE NATIONAL OFFICE CONFERENCE OF PRINCIPAL IRS FIELD OFFICIALS
THURSDAY, MARCH 3, 1966

Thank you very much Mr. Cohen, Mr. Harding, George (Lethert) how are you doing?

It makes me very happy to see you and have the privilege to see some of you once again. I believe that we had a meeting of some of the regional people in Minneapolis not long ago and I may have met a few of you on that occasion.

Well, it's good to be here under the most friendly of circumstances, I can assure you, and I want to start out by reassuring you of the high priority that you have in the affection and respect of this government. The President of the United States, as you know, has taken a great interest in your work and in the integrity of this service just as President Kennedy did the same... and I am sure other Presidents as well.

You're rendering a very essential service and I can tell you this particularly after having presided over the Senate the other day when we voted out a bill that had several billions of dollars of appropriations within it. You are the gatherers and we are the spreaders I guess. Your high level of professional competence and pride of service--personal integrity--has helped to make the American tax system one of the best, if not the best in the world. And very frankly you cannot have what people call--and ask for--good government without a good, honorable, effective tax system.

Now, over the recent years the Internal Revenue Service has been very fortunate--exceptionally fortunate--in its leadership. I have already paid my respects to Mr. Sheldon Cohen and to Mr. Harding and to others. I want to say that Sheldon Cohen typifies for us the insistence of this administration upon putting the highly qualified people in its important position--and, by the way-- people who often come, as Sheldon did, from within the government itself.

I wish to pay special tribute today to the dedicated people engaged in the enforcement work--the special agents, the alcohol and tobacco tax investigators and agents, the internal security investigators, the internal revenue operators, and your staffs.

I noticed when I came in the building--on the side of the car that I walked out of, Mr. Cohen was waiting for me to shake hands. On the other side there were 15 or 20 very attractive young ladies. Now just to show you what the office of Vice Presidency will do to you, I walked out to see Sheldon. I want you to know that as a Senator I never would have made that mistake.

But as we know--each and every one of us that has any responsibility--how important it is to have a staff platoon in your own unit, your own office, that works with you and right down to the GS 2,3,4,5 or whatever the rating may be. Those positions are important and I know that you helped keep that spirit--of the importance of this Service in the hearts and the minds of your associates and employees.

I spoke now of those people that are in the enforcement work and of your dedication. We know that it's their duty to deal that with those who seek to undermine our tax system from within or from without. Internal

Revenue has, by now, a long tradition of bringing notorious criminals to justice--when all other methods failed you got them. This has served not only to maintain the integrity of the tax laws but, truly, to demonstrate that no one, however powerful, is above the law.

I have in my office--the Vice President's office--the, and by the way if you should be up in Capitol Hill and you want to stop by, we'd be delighted to show it to you--it's the old historical formal office of the Vice President--just a small, single room. But, there on the wall is what we call the Dolley Madison mirror and the Dolley Madison mirror has been in the possession of the Senate since about 1816 or 1817. It's a very small mirror about as big--half as big as one of those panels above the door. And Dolley Madison went to Paris when her husband was the President and decided to get a few things for the White House and one of them was that mirror.

If you let your mind go back now about 150 years this Washington wasn't quite the beautiful city that it is today. This will give you a little bit more tolerance about other countries that are developing today. It was a city that was rather primitive, muddy streets and no modern facilities. It was about as backward as a village in the bush country of Australia or Africa. But Dolley Madison wanted to have that White House look a little nicer so she went to Paris on one of our clipper ships, came back and she bought this mirror. And when she entered the port of entry of New York there was a person up there called a customs officer. And he decided that he ought to impose a tariff upon that import which was, of course, in those days one of the ways that they arranged the funds for this government.

You may recall Alexander Hamilton's first act as Secretary of Treasury was the tariff law and Dolley Madison said to this customs officer, "I am the wife of the President and I have no intention of paying any duty on that mirror."

Well this good man was about like you good men are, took his job seriously. He didn't, however, have Civil Service, I want you to know. And he said, "I'm sorry Mrs. Madison, but there is \$7 duty on that mirror," and she said, "I am sorry young man I will not pay." And they got into a bit of a squabble and he kept the mirror and she got on a coach and came to Washington.

And I can just hear her walking on in to see the President. Some people say the President's the most powerful person in the United States. That's not true at all, you know that. At least it wasn't in the instance of President Madison because when he walked--when Dolley walked in to see James Madison, she undoubtedly said to him, "Now you better fire that fellow up there in New York. He insulted me."

And the gentleman was summarily dismissed without rights of appeal, may I say. To the victor belonged the spoils and he had been appointed under the victorious campaign of Madison and he had been spoiled when he encountered Mrs. Madison. And this gentlemen was dismissed and the Senate in those days, as now, decided to have an investigation.

And they spent a full year investigating the Dolley Madison mirror and they set up a special committee and there is an official government document--Senate document--that's on record, known as the investigation of the Dolley Madison mirror. They spent \$2000 investigating that \$40 mirror to get \$7 in tariff.

But as I've said to everybody that comes to my office it was the best legal counsel that this government ever received and at the best price, because the report of the Committee of the Senate said: One, Mrs. Madison must pay and should have paid the \$7. No one is above the law and if there are to be any exemptions in the law we the members of the Congress will write those exemptions in the law. And there is to be no discretionary authority in the hands of the administrative officer unless such discretionary authority is granted in the law. So Mrs. Madison, you pay the \$7.

The second point that the report made was that the President should rehire, immediately, the customs officer. And then the President reminded the Senate that the Senate could lay down the qualifications--the Congress could--it could describe and outline the duties of the job. It could provide any criteria for the position but it could not appoint nor could it direct the President to reappoint--thereby establishing the separation of powers without qualification.

So for \$2000 we found out that no one is above the law and that the Congress makes the law and, secondly, we found out that the Congress couldn't infringe on the rights of the executive even when the executive has acted in a rather summary and capricious manner of dismissing a faithful government servant. Since there was no merit system or civil service at the time this was a prerogative of the executive.

Now, I am happy to tell you that this law still stands and I am happy to tell you that the Vice President has the mirror. Because Dolley Madison said, "You can have your old law and you can have your opinions;

I'll not pay the \$7. Keep it--the blankety blank mirror." So the mirror never got to the White House and it has been around the Congress for 150 years and when they don't know whatever to do with anything around either at the White House or the Congress they put it in the Vice President's office. Sometimes, that's why they have a (?) so they can put the Vice President in there when they don't know what to do with him.

Well, I thought that did sort of emphasize the point that no matter how powerful anyone he is really not above the law.

You have proven in practice a principle which I've tried to uphold through my public life. As long ago as 1952 during the debate on the reorganization of the Internal Revenue Service, in which debate I was joined by--or I joined--Sen. Mike Monroney of Oklahoma--we were the two that handled that reorganization measure, I said these words: "The central core fact is that the Civil Service merit system should be applied from top to bottom in the Bureau of Internal Revenue. The American people want to have all governmental agencies which so definitely affect their lives staffed by persons of competence, technical skill, ability, good character and integrity. They have a right to expect that."

And you may recall that we were successful in that reorganization effort. And I believe that ever since that date there has been a feeling of relief and of faith in the American people about our Internal Revenue Service. Basically it has been a good Service all the time. There is always human fallability but this tax Service of ours has been the wonder--

really the wonder--of organized government in anyplace in the world. The results of these 1952 reforms speak for themselves. I said, and I repeat it, that the IRS, your Service, has become one of the best managed, best staffed, most highly respected agencies in or out of government and you can really feel proud that you are a member of such a Service.

And it is well that it is so, for yours is an important and challenging job. "Taxes," said that old Roman statesman Cicero, "are the sinews of the state." And that is as true now maybe even more so than it was 2000 years ago. Taxes enable us to resist aggression abroad to build a Great Society at home, and to carry out many of the other essential functions of government.

Right now one of the main problems that we face as we try to aid other countries is to get them to have a tax system that is effective, and operative, and honest. We have spent years and hundreds and thousands of hours--of man hours--trying to get countries that we are aiding with our money, our technical assistance, to put in a tax system that will bring into them and into their government the revenues to do some of the things that they ought to do for themselves. Right now we are working in Viet Nam on this very thing.

Last night I was visiting with top people here in our country--a couple of them in private life, one or two in public life--about the type of economic consultative service that we must afford the government in Viet Nam and the kind of tax system that they must--the revision of their tax system, the improvement of their tax structure--because mark my words this is as important in winning that struggle in Viet Nam as it is to have soldiers there. And sometimes even the lost government doesn't see that

and when we are pouring our manpower into a country I think we have a right to assume or to expect that the minimum, at least the minimum, requirements of good government will be effectuated.

And President Johnson--when he met with Prime Minister Ky at Honolulu and then asked me to follow through on his initial meeting with the Prime Minister--President Johnson instructed me to take up these matters with the government officials in Saigon--which we did. And I am happy to tell you that some reforms were and have been made in the last couple of weeks. Reforms, for example, of a new code of law on black marketing--setting up a special tribunal to prosecute--to try and prosecute people in and out of government that are engaged in black marketing and in corruption. 7

A new tax code is being formulated and will soon be issued. Anti-inflationary measures relating to taxes and tariffs and duties are being designed. You see how the tax system becomes an integral part of the whole system of self defense. So I don't think I am wrong when I say that taxes enable us to resist aggression abroad and to build a Great Society at home and to carry out many other important functions of government.

Taxes have acquired a new and significant role in recent years. They are one of the major regulators of our economy, helping to eliminate the booms and the busts of the past and to maintain sustained and vigorous economic growth. In fact, fiscal policy, which is essentially tax policy, is maybe the most effective instrument that we have today to keep this private economy of ours moving ahead--not galloping, but moving--kind of keeping it in balance. And here you are just as--not just gatherers of the taxes, but here you are an integral part of the system--of an apparatus--

that helps keep this economy strong and viable and growing.

And by the way that strong, viable, and growing economy is the greatest shield of security that this world has, make no mistake about that. The day that this economy of ours falters, it's on that day that our enemies will have really won a great victory. We can't afford to let it falter. That's why we need the kind of service that you men provide and that's why I am here.

If the Vice President of the United States can do just one thing to impress upon you that you are frontline fighters in freedom, frontline fighters in representative government, frontline fighters in resisting aggression, frontline fighters in building a Great Society--if I can do that then my day is a happy one. Because I think that's what you are. And I want you to feel that, when you go back to your families and to your offices, to feel that you are really involved not just in the Internal Revenue Service, important as that is, but involved in this great experiment--not only experiment--but great development of representative government which is a model for others to emulate and which is a fact that we seek to improve upon. We're never satisfied, thank goodness, in this country. We have our own standards and we always want to do a little better.

So when there are workers that are unemployed or factory facilities that are not fully used or under-utilized, modern economic policy calls for tax adjustments. In that instance--tax reduction--and you find that very few taxpayers object to that--there is something about tax reduction that has a universal appeal. But when the economy is threatened with overstrain--as the Federal Reserve Board says, "when it heats up," taxes may have to be raised or adjusted to relieve the pressure and naturally that isn't very popular. However, I think that people do understand.

It is essential, therefore, that we maintain this two-way flexibility in our tax system, so that we can go up as well as go down, so that we can increase the pace of the economy as well as possible to put on just a little braking power without skidding the wheels and having turn-around so to speak.

I hope, therefore, that in your contacts with taxpayers, particularly if you're asked--if it comes into conversation--that you will take every opportunity to explain the adaptations which will occur from time to time. For example, assuming Congressional approval--and I think we will have it very shortly--most people will find higher amounts withheld from their paychecks--after their paychecks for taxes--after May 1. You know of the President's proposal to the Congress. Although this is only a temporary inconvenience, since the overall tax rates have not been increased, it may cause misunderstanding and some irritation.

Now don't rely upon your Congressman or Senator to explain this--I know you won't. I hope that you will help to explain that this is one of the measures that we are taking to forestall inflation. And inflation is the most insidious and the most unfair form of taxation that ever afflicted the people. So you are really again having the opportunity to be almost like the doctor that is being consulted, or the psychiatrist, because you can help explain why some of these matters are taking place.

Mr. Justice Holmes said that taxes are the price we pay for civilization. I have often said that taxes are shares in freedom and I want to tell you something--that the American people get a mighty good deal on their taxes. This country is unbelievably prosperous. There is more opportunity in this country everyday for more people than anybody ever dreamed possible. When I see men in this room of my generation, my age,

I think we remember the 30's the late 20's when we couldn't have dreamed that it would be like it is today.

Despite all of our committments over-seas, despite all of the burden that this nation has had to assume, despite unbelievable generosity on the part of this nation to others, just take a look at what we have. The savings, the insurance, the homes, the communities, the education of our young, the schools, the colleges, the hospitals, the medical profession, our own standard of living--it is unbelievable. Sometime I wake up and wonder if it's really true and I really wonder if we really deserve it. And I hope and pray that we can maintain it.

It's just incredible that we can do what we are doing. Bob McNamara, the Secretary of Defense, is testifying this morning and he is pointing out that despite the fact that we have over 200,000 men in Viet Nam this is less than 10% of our military manpower. People say, "Well how can you do this and still keep your committments abroad?" Because this--our country--is so great, so big, it is so powerful and in a sense so rich--and we ought to say this prayerfully and with gratitude--that we can do the things we are doing.

We haven't had to apply price controls or wage controls, we haven't had to call--to have a national emergency and to call up the National Guard and disrupt the whole economy. We are hoping that we won't. That's why we move prudently, cautiously after painful examination. I want you to know the hours and hours that your President and his cabinet put into these decisions.

It goes without saying that it makes one weary but we have the resources if we but use them properly, and that's why I think that when you're visiting casually--you don't have time for this in your official

duties many times--but if you will just remind people that despite what they think of the burdens that they carry that our burdens are light compared to someone else, and that our strength is great compared to someone else. And our privilege is beyond comparison. I don't think this is being melodramatic, I think it's a fact. And sometimes it's good to know these facts to appreciate them and to occasionally recite them so that we don't forget how lucky and how fortunate we, the American people, are.

I say all of this and feel it very keenly because I see the co-existence of unmet needs and of uncapped potential in so many of the other countries. And I know that you're helping to export American tax knowhow, as I said a while ago, to our friends abroad. Believe me, there are many places where it's sorely needed. One of the heaviest handicaps that many of the developing countries labor under is the lack of broadly based and properly supported tax systems. But I repeat that it's one thing to export our knowhow, our techniques, and it's another thing to export the philosophy. It seems to me it is in the latter that the genius of the American system lies.

Let it not be forgotten that the American colonies took up arms against the mother country because of a system of taxation imposed against the will of the people. We demanded the right to seek our own tax laws and we have come to feel that taxation ought to be related to the ability to pay. That's a rather unique philosophy, too, may I say, in some parts of the world--the ability to pay. And very frankly while I know that the tax burden is heavy on the rich, I can tell you that those of us who have better incomes--while it's heavy--we can afford it. And progressive taxation is the right kind of taxation. The great contribution of those

who wrote our tax laws and of you who administer them is that they respond to something deep in the American character, that quality of fairness, of equity, of compassion, of justice and it's in our character.

If you don't believe so you ought to see those young men that we sent on over to Viet Nam--your sons. You know, I tell you I'm so filled with this because I have just seen it. They are the best fighters we have ever had. They have unbelievable qualities of courage--ability. They can meet the enemy in hand-to-hand combat, if need be, and are doing. But more than being able to do a great job on the battle field they do an even greater job after the battle. They have not become warriors they are citizens. Warriors have not been called upon to fight--but doctors, teachers, even babysitters.

When the battle is over, they rebuild villages, they heal the sick, they teach in schools, they help in community development. It is incredible--the same battalion, or company, or regiment of Marines or infantrymen or the airborne cavalry--it may go out and conduct a sweep in what they call the "search and kill" operation against the Viet Cong. After three days of five days of tough fighting those same fellows will come back and rebuild villages, and help heal the sick and the wounded and teach the children right in schools--set up schools--teaching. Even teach them how to play baseball and do all sorts of little things that make you proud of the character of the American people.

So, the American tax agents and the citizens are really on the same team and they do not oppose one another in this atmosphere of mistrust and suspicion or contempt but rather with a feeling of mutual respect. Oh yes, there are some instances where that's not the case but we do not generalize from the exception. You do not arbitrarily tell the citizen what he owes and you give him enough guidance so he can arrive at the right

result himself. And may I say that you will never go wrong doing that.

We do not need in this country gauleiters--czars. We need people who will seek to get citizens to observe the law and then we will enforce the law only as the last resort. Law observance is what we seek to generate and I do feel and have always felt that a Federal agent or a city or a state agent didn't really prove himself to be a great man by showing how tough he was. He proves himself to be a great citizen by showing how just he is, how helpful he can be, how fair he can be.

I was once mayor of the City of Minneapolis and I used to meet with my police department regularly and I said, "Listen, you don't have to go around brandishing that gun or that club. The people know you have it. What I want you to do is not to go around seeing how you can enforce the law every day. I want you to go around finding how you can encourage observance of the law every day. And for the few that do not observe you can then use your powers of enforcement on them. But our task is to get people to respect the law, to observe the law, to automatically want to abide by the law." Because it doesn't take any qualities of statesmanship to wield a billyclub or a gun. It's needed at times, and it must be there as a reserve but the important thing is to set the example of getting people to observe and respect the laws that they themselves through their representatives make for themselves.

Now this is a great lesson for all of those who would improve their tax system. It is important to freedom, to self-respect and to the democratic ideal that the people assess themselves. And secondly, people must also know that the system is operating honestly and fairly because if they don't know that, then there will be no respect at all.

I conclude, therefore, in this rather extended message--I hadn't intended to talk quite this long to you--to urge you to continue to search out and to bring into your Service only the best people that you can find, especially in positions which involve dealing with the public. The people who fill such posts--they set the tone for the whole system and they must be the kind of men and women who inspire confidence and who inspire respect.

No taxation system will function anywhere near its best without public understanding and public support. The fact that you have earned and held that support is the best measure of your integrity and your professional competence. And I am just delighted that you have let me come over here today to salute you, to tell you that we are proud of you, to tell you how much we need you, and to ask you once again to rededicate your lives to public service, because if ever there was a time that this nation needed public servants with the quality of public conscienceness, great conviction and depth of feeling, it's now, the time when our nation is being tested in many parts of the world and surely tested here at home.

Thank you very much.



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