

## ABSTRACT

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*Reforming the Internal Revenue Service: A Comparative History*

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Abstract by Peter J. Hack

This article examines the history of the Internal Revenue Service and looks at four periods of reformation within the service. The author suggests that all four periods of reform have involved similar motivations. The first section traces the creation of the IRS during the Civil War. The service was created to enforce the income tax but soon was accused of corruption and mismanagement. The reform attempts of the post-Civil War period were relatively unsuccessful but revealed the pattern of Congressional reform that would predominate for over a century.

The second section recounts the rise of the modern income tax after World War I. At the start of the war in Europe the federal government was forced to look for new revenue sources since income from customs excises were low. The income tax was revived and thus the role of the IRS substantially increased. As late as 1895 the Supreme Court had struck down an income tax as unconstitutional. Supporters of the tax, however, managed to pass the Sixteenth Amendment allowing the tax to be enacted during WWI. The new tax imposed enormous responsibility on the then small IRS, which expanded to meet the responsibilities. Despite agency attempts to deal with the challenges, charges of taxpayer oppression soon followed, as did Congressional investigation and reform.

The Third section examines the reform of the 1950s which resulted from congressional investigations. This time, however, major structural change took place within the agency. Motivated by evidence of scandal involving high level officials of the agency, opponents of a progressive tax were able to work changes on the IRS. Despite the important effects of these changes the motivating factors were similar to earlier reform movements.

The fourth and final section of the article examines the reform movement of 1997-98. Like earlier reform efforts these reforms were motivated by congressional investigation. Many of the changes suggested by the congressional investigation involved both structural design of the agency and implementation of new technology that the agency had been unable to implement. The article concludes with an assessment of the changes brought on by the 1997 reform effort and suggests that the results remain unclear.