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Taxes: The French Connection

PARIS—If President Nixon has any time for musing these days, he might take some heart from the case of Jacques Chaban-Delmas, the French prime minister hounded from office in 1972 because of income tax troubles.

Their cases bear a surface similarity—although Chaban, as he's universally called in France, had no Watergate scandal bedeviling him before his tax troubles were made public.

Both men claimed they had done no wrong and indeed had only followed to the letter the vagaries of their respective income tax laws.

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And both politicians took so long in producing explanations for their behavior that the delays aroused suspicions that they were perhaps less lily white than they had claimed.

But respect for privacy—even a leading politician's—soon gave way to querulous anger as facsimiles of Chaban's income tax returns kept appearing irregularly in the "Canard Enchaîné," France's leading satirical weekly.

True to its tradition of embarrassing governments since its founding in 1916, the "Canard Enchaîné" disclosed that Chaban had paid no taxes whatsoever in the four years he served as president of the National Assembly before taking office as prime minister in 1969.

Indeed thanks to capital gains provisions, the returns showed, for 1967 he was actually owed 495 francs—then about \$100—on a declared income of some \$40,000.

An earlier issue of the "Canard" had published a facsimile of his 1971 income tax return when as prime minister he was shown to have paid no taxes whatsoever for the previous year.

Making matters worse was a cleverly worded—but tardy—announcement from the office of Finance Minister Valéry Giscard d'Estaing. It insisted quite accurately that Chaban had done nothing illegal, but awkwardly said he had "shouldered" some \$15,180 in taxes over a four year period.

"Shouldering" taxes, however, was

not actually paying them, a distinction the press and political opposition pointed out to those few Frenchmen who otherwise had not yet caught on.

And a further complication was provided by the "Canard Enchaîné's" publication of a letter Chaban wrote on the prime minister's office stationery to a tax collector then in jail on charges of reducing rich clients' taxes in return

for kickbacks.

Eyebrows were raised because Chaban-Delmas' normal tax district was not that of the jailed tax official, Edouard Dega, whose brother had served on Chaban's kitchen cabinet staff in both the Fourth and Fifth Republics.

Giving every appearance of being genuinely shocked by what he denounced as "inventions, lies, calumnies, perfidy and false interpretations," Chaban was also taken to task for allowing his finance minister to dazzle the television public with a highly articulate, but incredibly complicated defense of the capital gains tax.

With his popularity plummeting from 61 per cent to 50 per cent in less than a month, Chaban finally allowed himself to be interviewed on television by a friendly journalist. When that performance failed to convince, within days he arranged an interview with the principal newspaper of Bordeaux—where he had been mayor for a quarter century—and gave chapter and verse not only on his taxes, but also on his considerable personal fortune.

Soon his personal case was lost in a swirling battle over the inequities of the French tax system which weighs more heavily on the poor than the rich through its dependence on indirect taxes for two-thirds of its revenues.

Communist deputies held a news conference at the National Assembly to brandish their income tax returns as proof that the working class representatives had no capital gains to hide.

Chaban fought back gamely to re-establish his deserved reputation as the most reform-minded prime minister the Gaullists had produced since taking office in 1958. But his reforms were unpopular with the Gaullist rank-and-file deputies elected in the backlash of the 1968 student-worker upheaval.

And he made the error of angering President Georges Pompidou by staging a triumphal vote of confidence in the National Assembly designed to prove he was as strong as ever. In early July 1972, Pompidou dropped him as unceremoniously as Pompidou himself had been ousted by President De Gaulle just three years earlier, an option not open in the Nixon case, of course.

But Nixon nonetheless should take heart from the Chaban case. For Chaban is being billed as the Gaullists' presidential candidate now that Pompidou himself is said to be ill and may not run for a second term in 1976—or perhaps even last that long.

Already one public opinion poll shows Chaban's popularity equal to that of old rival Giscard and François Mitterrand, the socialist leader expected to run as the presidential candidate of the united left.