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## Noblesse Oblige

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*"It wasn't because of the deductions for, shall we say, a cattle ranch or interest or all of these gimmicks . . ."*

—President Nixon, Nov. 17, explaining why he had paid "nominal" income taxes.

By Anthony Lewis

BOSTON, Dec. 12—Part of the fascination of President Nixon's financial disclosures lies in the previous statements made inoperative. We know now, for example, that interest deductions were, in fact, a most significant reason for his modest tax payments. Over the first four years of his Presidency he deducted \$257,376.15 in interest. His accountants went so far as to list a department store finance charge of \$1.24.

Then there is the odd little case of Herbert Kalmbach. Last summer, when Mr. Kalmbach admitted arranging the disbursement of cash in bundles to the Watergate defendants, a White House spokesman said he was no longer the President's personal lawyer. Now it turns out that he handles Mr. Nixon's salary checks and California bank account.

The more interesting aspect of the Nixon financial statement is what it tells about the American tax system—and about this President's attitude toward it.

We have not recently had so neatly packaged a demonstration of how the Internal Revenue Code helps the rich get richer. The interest deduction, for instance, is seemingly impervious to tax reform efforts because so many Americans deduct their mortgage interest. But the provision is infinitely less helpful to the average citizen than to the rich, who can borrow vast sums and have the public pay a large part of the cost.

Mr. Nixon is not the only near-millionaire who paid less than \$1,000 in Federal income taxes in 1970 and 1971. Some richer men paid less. Recent tax reforms have introduced the concept of a "minimum tax," due despite deductions, but the Nixon case shows what derisory levels of tax obligation it imposes.

Nor is Mr. Nixon the only person to charge off part of the cost of running a house as a business expense. The principle is a familiar one. It may be just a little unusual that the President deducted the entire cost of maintaining his Key Biscayne home because he has an office there, as well as 25 per cent of the upkeep of his San Clemente house.

One view, therefore, is that the disclosure of what Mr. Nixon has done to avoid taxes should evoke only criticism of the system. He has done no more than hold a mirror to our general corruption, it is said; rather

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**ABROAD AT HOME**


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than criticize him we should become serious about reforming the grotesque inequities in our tax law.

But that view misses a central doubt about the conduct of Mr. Nixon's tax affairs. The suspicion remains that he has had especially favorable treatment—advantages beyond the loopholes open to all—precisely because he is President.

Why did the Internal Revenue Service approve a \$576,000 deduction for the asserted gift of papers to the National Archives without checking the Archives to see whether the gift had been made before the legal deadline?

How could Mr. Nixon avoid tax on the sale of his New York cooperative apartment by putting the money into a new "principal residence" in San Clemente, and then escape California income tax by claiming he was not a resident there?

By what arithmetic could he avoid paying a capital gains tax on the sale of part of his San Clemente land, when the price per acre was higher than its listed original cost without even counting the value of the house he retained?

Why did the I.R.S. not even audit his 1970 return, which showed total income of \$262,942.56 and a tax of only \$792.81?

Those are just a few of the questions that raise doubts. Most serious of all, from a legal point of view, is the device of having a Congressional committee judge disputed points in his returns. As in the tapes case, the President in effect wants to pick his own court. Then we heard about "Judge Stennis"; now presumably it will be "Judge Mills."

After all that has happened it is scandalous that senior members of Congress should agree to such a special proceeding. And it is disheartening that the Internal Revenue Commissioner, Donald C. Alexander, a man once highly regarded in the profession, should let a precedent so damaging to the idea of equal treatment in tax matters be set. There may be a good argument for a system of independent audit for the returns of those with tax authority—the President, the Secretary of the Treasury, the Commissioner—but it must be a general system, not special Congressional treatment for one man.

Finally, it has to be said that there is more involved than law. For a man to grow rich while President of the United States by cutting the tax laws so fine is hardly a noble example to his fellow citizens. We want our Presidents to make us seem better than we are. That may sound unfair, but no one is compelled to be President.

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