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Still a Mystery

A smog of rumor and suspicion still clouds the question of President Nixon's finances. In the unhealthy atmosphere left by Watergate, full financial disclosure is an essential in restoring public trust in the nation's elected leadership. The conviction of Spiro Agnew on a single count of income-tax evasion underscores the necessity of such disclosures.

Since the White House has issued no denial, it can be assumed that the story recently published by The Providence Journal-Bulletin concerning Mr. Nixon's income-tax returns is correct. That story reported that the President paid $792 in Federal income tax in 1970 and $878 in tax the next year.

Those astonishingly small sums were apparently made possible because the President in 1969 took a deduction of $570,000 for the gift of some of his public papers to the National Archives. That deduction was so large that it was presumably spread forward into the returns for the next two years.

But the tax law was changed in 1969 making it impossible any longer to take such a deduction. According to Tax Analysts and Advocates, a private organization, the public documents available indicate that Mr. Nixon did not meet the deadline before the old law was changed, and therefore he is not entitled to this deduction. The organization has called upon Donald C. Alexander, the Commissioner of Internal Revenue, to have the President's tax returns audited on this issue. Mr. Alexander has thus far refused to review Mr. Nixon's returns, yet an audit would be routine if Mr. Nixon were a private citizen with a $200,000 annual income who suddenly lowered his tax to almost nothing.

In addition to the disputed deduction for his papers, there is also controversy concerning Mr. Nixon's dealings with his two wealthy friends, Robert Abplanalp and C. G. Rebozo. When these friends acquired from the President 23 acres of his San Clemente estate in December 1970, Mr. Nixon on the known facts would appear to have realized a considerable capital gain. But no capital gains tax was paid, and Mr. Nixon has stated that the Internal Revenue Service ruled that none was due. This ruling remains unexplained.

Mr. Nixon's expenditures for the purchase of his homes in Florida and California, for payments on principal and interest, on furniture, improvements and maintenance, and on utilities, insurance and real estate taxes would seem to leave him in need of an additional flow of cash from an undisclosed source. Those property expenditures total $1,593,000. His known borrowings from banks and on personal notes owed to Robert H. Abplanalp total $790,000. That leaves the sum of $803,000 expended from other sources.

His total salary from January 1969 through May 1973, the date of the audit partially released by the White House, was $888,000. If Mr. Nixon paid virtually no income tax on his salary during the last four years and if he defrayed all of his real-estate expenses from his salary, that would leave him with only $85,000, barely $20,000 a year to pay for food, clothing, wedding and Christmas gifts and all the other normal, unavoidable expenses. In theory, he could have dipped into his savings to meet those expenses. In fact, however, he has issued financial statements beginning in 1968 that show his net worth steadily rising. Is it plausible that the President and his family have been getting along on $20,000 a year? Or have these routine expenses been covered by additional borrowings from the President's wealthy friends or by money from some other source?

Only full financial disclosure could lay these questions to rest. The release of the President's income tax returns is the essential first step in this process.