

Presidential Disclosure

It's all very simple. A federal judge must make a full disclosure of all his personal financial interests in commercial enterprises—but only if the companies have a connection with a case he is deciding. A Cabinet appointee must reveal all his commercial interests—but only to a government body that keeps the details secret. A representative must disclose his ownerships—but only if they exceed \$5,000 in value and if the companies do substantial business with the federal government or are regulated by it. A senator

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must make a complete disclosure of his finances—but only to a Senate committee that promptly has the records locked up.

If these requirements appear to have more loopholes than teeth, the biggest loophole is that covering the President. Unlike lesser government officials, he is not required to make any disclosure of his personal finances.

In the light of President Nixon's recent revelations about his property and tax dealings, the question has been raised whether a President's finances should not be subject to strict legal control and periodic public scrutiny. And given the chaotic state of disclosure laws governing representatives, senators, judges, and Cabinet members, one would hope that such a presidential finance law would go far beyond the disclosure laws now on the books.

Despite the lack of a requirement, Presidents over the years have made public some details of their personal finances. But because of the lack of legislation or other guidelines, these disclosures more often than not have raised more questions than they have answered. Until recent years, a President's finances were regarded with about the same degree of awe once reserved for the inner workings of the Central Intelligence Agency. Determining the day of the month when the President gets his paycheck was considered a major revelation, and a reporter who asked the White House for a President's tax returns would get high marks for having a sense of humor.

Information about President Kennedy's finances was attributed in press accounts to "sources close to the White House." The public learned little more than that Mr. Kennedy received substantial income from trust funds set up by his father and that he donated his government salary to charity.

President Johnson commissioned an audit of his finances after questions were raised about his broadcast holdings. The audit was then criticized for valuing properties at the original cost of acquiring them rather than current fair market value.

Unlike his predecessors, President Nixon has made periodic reports on his finances, but subsequent disclosures have shown them to be incorrect, inconsistent, or incomplete. Among the examples:

- When Mr. Nixon was running for President in 1968, he listed his net worth at \$515,000. Information subsequently disclosed shows that some of the assets included in this figure were listed at fair market value, while others were listed at original acquisition cost. The differences amounted to several hundred thousand dollars.

- After Mr. Nixon became President in 1969, the White House said he had purchased two Florida houses with "conventional mortgages." A later audit paid for by Mr. Nixon showed he also received a personal, unsecured bank loan which permitted him to buy the properties with no cash down payment.

- The same 1969 report said Mr. Nixon had agreed to purchase a home in San Clemente for \$340,000, of which \$100,000 would be paid in cash. The subsequent audit showed he actually paid \$1.5 million and made no cash down payment because of a loan he received from his close friend, Robert H. Abplanalp.

- A 1972 White House report said the increase in Mr. Nixon's wealth while in office was "attributable to in-

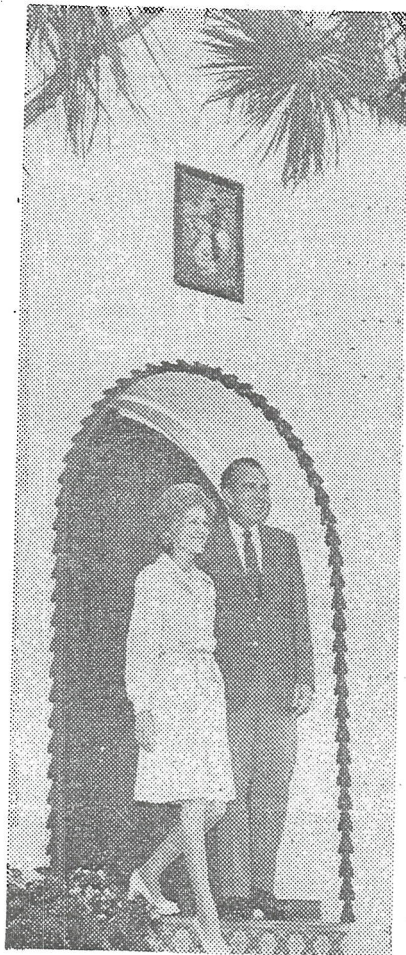
come from his salary which has been used for improvements to his home or deposited in the bank." The statement made no mention of the \$682,000 the public later learned Mr. Nixon had received from the sale of his New York apartment and of stock in a Florida corporation headed by Mr. Nixon's other close friend, Charles G. (Bebe) Rebozo.

Previous Presidents have attempted to dampen suspicions that they might benefit from actions they take in public office by removing their assets from their personal control.

With the exception of his Gettysburg farm, President Eisenhower placed his holdings in a blind trust administered by a bank. President Kennedy placed the assets over which he had control in government bonds. President Johnson placed in trust all but his government bonds, his Texas ranchhouse, and the 40 acres surrounding it.

Mr. Nixon decided upon assuming office that he would not place his assets in trust.

"I am the first President since Harry Truman who hasn't owned any stock since ever I became President," Mr.



The Nixons at San Clemente

Nixon said in November at his press conference at Disney World. "I am the first one who has not had a blind trust since Harry Truman. That doesn't mean those who owned stocks or had blind trusts did anything wrong, but I felt that in the presidency it was important to have no questions about the President's personal finances, and I thought real estate was the best place to put it."

It was to avoid charges of impropriety that former Presidents have put their holdings in blind trusts, which prevent the holder from knowing of, or having any control over, the investments of his assets. It has been Mr. Nixon's real estate dealings, on the other hand, that have been a continuing source of controversy since he became President.

Whether blind trusts, or periodic audits by the General Accounting Office, or some other method would be the best way of assuring that a President's finances are above suspicion is not clear.

Sen. Walter F. Mondale (D-Minn.) has called for a study of ways to make the presidency more accountable to the people, and this is one area that could be explored.

Whatever the method, it is clear that legislation to control a President's finances and make them a matter of public record is long overdue.