

The Tax-Bill Decision

Capital Debates Whether Nixon Has Counteracted or Stirred Up Critics

NYTimes

By CLIFTON DANIEL APR 5 1974

Special to The New York Times

WASHINGTON, April 4 — "Richard Nixon invested half a million dollars in the Presidency last night."

That was one of the remarks heard in the cloakroom of the House of Representatives today after Mr. Nixon announced that he would pay the back taxes and interest assessed against him by the Internal Revenue Service. The remark was overheard by Representative John W. Wydler of Nassau County, deputy leader of the New York State Republican delegation in the House.

The question Washington was asking was whether the President's investment would pay off. Some foes as well as friends seemed to think it might — at least to the extent that the President had neutralized the tax-evasion issue by his prompt decision to pay up.

"The President's reaction was a very good one and very helpful," said Mortimer Caplin, who was Commissioner of Internal Revenue under two Democratic Presidents. "The President's conduct in accepting the I.R.S. judgment is going to counteract some of the adverse criticism."

"I don't think this is going to change the situation one way or the other," remarked Senator James L. Buckley, New York Conservative Republican, who startled the White House and the country on March 19 by calling for the President's resignation.

Strauss Sees Nixon Hurt

A dissenting opinion came from Robert S. Strauss, chairman of the Democratic National Committee.

"I think it has hurt him very, very badly," Mr. Strauss said. "I can't see even any room for a backlash of sympathy for him."

There was little, if any, support for the view that the President should have stood and fought, although there was some feeling that he had been treated harshly by the I.R.S. and the staff of the Congressional Joint Committee on Internal Revenue Taxation.

The more prevalent opinion was that Mr. Nixon had had good advice, that "he did the right thing for once," and, in any event, he had no alternative but to pay the extra taxes assessed on his 1969-1972 income. He had invited the committee to investigate his tax returns and had promised to abide by its decision.

"The most important thing is that the President kept his word," Kenneth W. Clawson, the White House Director of Communications, said today.

Even before the report of the joint committee's staff was issued yesterday, the advice of various White House advisers had been to pay up promptly, "whether the tax delinquency was \$7.50 or \$750,000," as one of them said today.

Another White House official said that the President would pay far more than he legally owes, that he had disregarded the advice of his lawyers to go to court and had foregone the remedies available to any ordinary taxpayer.

"He took one tremendous financial wallop—a lot more than his lawyers feel he really owes," said George Bush, chairman of the Republican National Committee. "No fraud has been alleged, both Democrats and Republicans on the committee have complimented him, and I think the American people will, too."

Some members of Congress were said to be astonished at some of the expenses charged to the President—for example, travel costs for his family and his dog, and improvements on a house (at San Clemente, Calif.) that will be given to the nation.

By contrast, Mr. Caplin, from his vantage point as a tax expert, held that the joint committee staff report was "very sound."

"That book," he said, "is going to be a best seller. It is a great legal analysis of very complicated issues."

Although the staff report and I.R.S. assessment were financially devastating, President Nixon's supporters stressed that neither one of them had charged the President with tax fraud.

That was important because, in their view, the President's tax delinquency cannot be made a cause for impeachment if there was no fraud.

Reaction of Others

There were differing opinions on the subtler question of whether the tax matter would make members of the House more disposed to vote for impeachment for other reasons.

Chairman Strauss of the Democratic National Committee thought it would make impeachment "more fashionable." Partisans of the president said it depended on how the news of the President's decision to pay his back taxes was presented and received in the country.

Will it look as if the President was caught with his hand in the till? Or will it appear that he made an honest mistake and is ready and willing to pay for it? Will taxpayers, many of whom are just now making out their own income tax returns, feel a kinship with taxpayer Nixon, who may have to borrow money for his own taxes?

Mr. Nixon will have an op-

portunity—if he takes it to test public sentiment in person next Wednesday in Saginaw, Mich. He has been invited to campaign there for James Sparling, the Republican candidate for a vacant House seat in Michigan's eighth Congressional District.

Mr. Nixon is apparently willing to bet \$432,787.13 plus interest that he will win more sympathy than he will lose. That half-a-million-dollar investment is interpreted by Representative Wydler as a measure of President Nixon's determination to stay in office, despite a seemingly unending series of political disasters.