

Hill Panel Set to Resume Probe

By Tom Littlewood

Chicago Sun-Times

The same congressional committee staff that reviewed President Nixon's tax returns is ready now to resume an investigation of the special unit that was created in the Internal Revenue Service to go after troublesome political activists.

Ostensibly an operation to gather information about radical organizations that advocated mass tax resistance, the secret strike force actually was used as a weapon against radical dissenters.

Over 11,000 files were assembled between the middle of 1969, when the project was started, and the end of 1972. Records were compiled of individuals and organizations that "pose a threat and a probability of tax violations."

Anyone who attended a rock festival or a May Day demonstration, or who burned his draft card, or who "incited commotion and resistance to authority by encouraging defectors in the armed forces," probably has his name on the activist list and may be the object of special tax enforcement procedures.

The IRS project was ordered by the White House and was consistent with the then Attorney General John N. Mitchell's policy of harassment of radical elements.

An IRS memo noted that "the highest levels of government" were interested in the formation of the innocuously named Special Services Staff (SSS). Some of the organizations may be threats to national security, and some may even claim to be political parties, the memo stated, adding that "one of our principal functions will be to determine the sources of their funds and the names of the contributors."

By the beginning of 1973, another IRS memo referred to the "unlimited magnitude and potential" of the program.

Confidential tax records routinely passed from IRS to the White House, both of troublemakers and of presidential friends. Sen. Lowell Weicker (R-Conn.) said the IRS was "acting like a public lending library for the White House."

A tax audit was requested by the White House of the producers of the unflattering film "Millhouse: A White Comedy."

The tax returns of the Brookings Institution—described in a White House message as "a center of academic-political actionism"—were examined so that the sources of any federal contracts could be discovered and "the spigot turned off."

Evangelist Billy Graham and movie star John Wayne evidently had complained to Mr. Nixon that their returns were being audited. The White House asked for those files. In Graham's case, the government apparently thought he should declare as income the free clothing and building materials donated by businesses in Charlotte and Asheville, N.C.

While all this was going on, White House documents made public last week by Weicker referred often to the reluctance of the IRS commissioner to "make discreet politically oriented decisions."

Last summer, the Joint Committee on Internal Revenue Taxation ordered a staff investigation of possible political interference in the collection of taxes. John W. Dean III had just told the Senate Watergate Committee about the existence of an "enemies' list" in the administration.

This is the same House-Senate committee that Mr. Nixon invited to audit his taxes. The inquiry forced the IRS to take another look which resulted in a back tax assessment of some \$467,000.

Under the tax laws, the Joint Committee (which consists of the top-ranking members of the tax policy committees of the two houses of congress) oversees IRS. The appropriations committees also have an opportunity to look into the operation of IRS while considering the Treasury Department's budget requests.

On Dec. 20, 1973, the Joint Committee released an interim report. The staff could find no evidence that individuals on the enemies' list had been subjected to unduly severe tax audits. On the corollary question of whether presi-

dential clout had been used to shield celebrities the staff withheld judgment pending further examination.

Nor could the staff complete its inspection of the extremist files. Presumably because the files contain 12,000 security classified documents, many of them FBI reports, the FBI took its time about granting committee access to the IRS files.

After months of delay, that permission has finally been obtained.

Lincoln Arnold, deputy chief of the Joint Committee staff, said the investigation will be resumed after Easter. He said the staff would be able to check no more than a sampling of the 11,000 files.

In addition, Arnold said the committee would be looking into "questions that have been raised concerning alleged White House interference in certain rulings by IRS."

Some of the questions were posed by Ralph Nader's organization, the Tax Reform Research Group, which has sued under the freedom of information act for access to IRS documents that are still withheld.

Robert M. Brandon, the director of that group, said it is important to establish what other forms of "political input" were involved in IRS decisionmaking.

Although the SSS was formally abolished last year, Brandon cited other still secret IRS documents that could mean the operation is continuing in a different guise.

As he prepares to leave the administration, Treasury Sec-

retary George P. Shultz is saddened and angered by the involvement of IRS. He believes the climate of hate in Washington is so pervasive that some people are anxious to see the tax system collapse if it will help bring down the President.

Access to tax returns by other agencies of the federal government requires only the issuance of an executive order by the President.

Not many Americans know that the Advisory Commission on Intergovernmental Rela-

of IRS Unit

tions has the authority, under a presidential order, to obtain individual returns in connection with studies of tax law simplification.

Criticism forced Mr. Nixon recently to rescind another order allowing the Agriculture Department to look at the tax returns of farmers. The purpose of the arrangement, which the Justice Department praised as a prototype for all federal agencies, was to assemble more accurate statistical data about farming.

Attorney General William

B. Saxbe remarked that state tax collectors are more often responsible for the improper leakage of information from federal tax returns. He suggested that state revenue departments are more likely to have a political motive, for violating the confidentiality of federal tax returns.

State agencies have automatic access to federal tax returns. Other state officers, such as secretaries of state, can be shown federal returns upon the request of the government.