

TREASURY DEPARTMENT

FUNCTIONS:

- A. Manages federal finances
- B. Enforces laws relating to finances and taxes by investigating and prosecuting:
  - 1. Tax evaders
  - 2. Counterfeiters
  - 3. Forgers
  - 4. Smugglers
  - 5. Moonshiners
  - 6. Gun law violations
- C. Protects executives, i. e. President and family, Vice-President and family

BUREAUS:

- A. Customs, over 300 ports, 11,000 agents
  - 1. Assesses and collects duties on imports
  - 2. Controls entrance of persons, vessels, aircraft and vehicles into country
  - 3. Controls import and export of merchandise, mail
  - 4. Narcotics
  - 5. Smuggling and related frauds
  - 6. Helps enforce laws at ports of entry
- B. Mint
- C. Savings Bonds
- D. Accounts
- E. IRS - intelligence *investigation + perpetration of cases for indictment. See attached article. [the only relevant article I found.]*
- F. Secret Service
- G. Engraving and printing
- H. Public Debt

EMPLOYEES:

100,000 employees total. 5,000 enforcement agents, with 4,500 outside Washington D. C.  
40% for intelligence and inspection functions of te IRS  
35% for Alcohol, tobacco and firearms  
25% for Customs, Special agent, secret service

OVER PLEASE C-7-a-13a

LOCAL OFFICES:

San Francisco:

Alcohol, tobacco and firearms  
Regional administration of national banks  
Customs  
Regional director  
District director  
IRS  
Mint  
Savings Bonds

Sacramento:

Secret Service

Oakland:

Alcohol, tobacco and firearms

San Jose:

Alcohol, tobacco and firearms

Looking thru the Washington D.C. telephone book directory for the Dept, revealed no other offices and functions than the ones listed above. Very little information at all on any aspects. This includes govt publications/documents; books; magazines in the library

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Bolling was dropped after the second ballot. Conventional wisdom says the fault lies with Burton's personality—too tough, too much the uncompromising politician at times, too many scars from the past. For instance, he supported Chairman Wayne Hays (D., Ohio) of House Administration over Thompson two years ago. But one may also wonder whether the image that was an asset in 1974, when confrontation and reform were in the air, had become a handicap in the first week of December because the mood had so radically changed.

The caucus also shunted aside chances to get on with the process of democratization at the expense of the Speaker's powers. A motion by Rep. Richard Ottinger (D., N.Y.) to make the Majority Whip's post elective was shouted down when O'Neill objected. If that had carried, Burton would have had a second shot at a post of leadership. Ottinger's next motion—to give the caucus power to elect the subcommittee chairman of Ways and Means—lost overwhelmingly. It's interesting that the caucus voted itself the power to name the subcommittee chairman of Appropriations two years ago.

There were some minor gains. The Ethics Committee was stripped of its legislative powers and the industry-oriented Joint Committee on Atomic Energy was stripped

of its jurisdiction. It was scattered among four standing committees, with jurisdiction over regulatory matters (safety standards, etc.) going to Interior and Insular Affairs. If that change is approved by the full House, Rep. Morris K. Udall (D., Ariz.) will oversee nuclear regulation as chairman of the Energy and Environment Subcommittee.

There was a bonus or two to be found in the fallout from the Majority Leader's race. Wright had been slated to move up to the chairmanship of Public Works, a post he must now forgo as Majority Leader. Rep. Harold Johnson (D., Calif.) is next in line and is expected to give up Interior and Insular Affairs for Public Works, the biggest pork barrel committee in Congress. This puts Udall in line for the chairmanship of Interior. "It's the first break I've ever gotten around here," Udall told me. Still, he hadn't tried to produce that break. He struck with his ideological convictions and voted for Burton.

Burton will be replaced as caucus chairman by Rep. Thomas Foley (D., Wash.), an ally in the long fight to put some life into the House leadership and to close the gap between urban and rural liberals, a gap which has cost both groups dearly in the past. Foley will double as chairman of the House Agriculture Committee. □

#### EVEN TAXPAYERS HAVE RIGHTS

### 'Intelligence' Abuses by the IRS

JASON BERRY

In 1972, George Williams, a 45-year-old black, self-made businessman, was running the Metro Income Tax Co-Operative in Atlanta. His 400 clients were mostly low-income, semi-literate people, bewildered by byzantine tax forms. For a small fee, Williams's office helped them prepare tax returns. As part of a national program investigating tax preparers, the Internal Revenue Service began looking into Williams's business.

His first step was to send agents into Metro offices, posing as clients. Had Williams received a fair trial, his attorney might well have demonstrated that this was legal entrapment. On the basis of these posed interviews, the IRS decided to audit 300 of Williams's clients, who soon complained to him. George Williams is nobody's fool. Armed with a tape recorder, he accompanied several clients to sessions with IRS auditors, and demanded that the client be informed of legal rights, and the conference be recorded. IRS agents balked; Williams was tagged as a troublemaker.

Since Williams worked for fees and not on a percent-

age of his clients' tax rebates, the auditing agents well knew that he could not have gained by preparing fraudulent returns. And Williams put up a good fight before the IRS destroyed his modest business.

IRS agents threatened his clients with legal action if they didn't testify against him; those whom the IRS managed to intimidate became key witnesses. Williams contended that his clients were denied recourse to the normal IRS appeals process to determine the legitimacy of deductions. But the IRS managed to pin twenty-eight indictments on Williams for "aiding and abetting fraudulent returns." However, by the time of the trial, the government had dropped half of the indictments.

Williams was ably defended by Benjamin Spaulding, a black attorney prominent in Atlanta school desegregation cases of the late 1960s, who took the case for almost nothing. Despite persistent attempts, Spaulding was unable to prevent the court from forcing Williams to submit to two separate pretrial psychiatric examinations, the second conducted over a thirty-day period in a Missouri prison, where Williams claims he was forced to take behavior modification drugs. Officials from the institution testified he was "paranoid," but the testimony was ruled inadmissible when the chief physician, who wrote the report by proxy for the state of Georgia, did not show up. During the peak tax season period, when he was in Missouri, Williams's Tax Co-Op went out of business.

The judge refused to let Spaulding call intimidated clients as defense witnesses. Williams drew a probed

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THE NATION/January 8, 1977

*vague*  
This gives an idea of the T-Dept  
model operandi for IRS investigation  
by intelligence division. Some  
of the stuff they do I have done.  
This article talks mostly about  
Operation Department & IRS with IRS  
intelligence as a division of T-Dept -  
for gathering info preparatory to possible  
indictment & prosecution.  
C-7-a-14

sentence—with the stipulation that he prepare no more returns.

The jurors in the George Williams case are like most Americans in their ignorance of how the IRS operates. They weren't told of the massive campaign to get one small man, of the thousands of taxpayers' dollars spent to break him and his small business; they knew nothing about the tactics used to elicit questionable evidence from the street people whose returns he helped prepare.

Constitutional and legal questions raised by the Williams case indicate the critical state of decay within the IRS today. What tools are proper for tax agents to use when pursuing people who try to defraud the government? Where should the IRS draw the line between tax collection and intelligence politics, police surveillance tactics and programs made infamous by the CIA and FBI? Why have so many abuses occurred in the last ten years? How can they be stopped?

The IRS unquestionably needs to ferret out citizens who evade taxes and defraud the government, but the history of the IRS Intelligence Division—an investigative branch that builds cases for the Justice Department to use in its prosecutions—shows how far the tax agency has strayed from the original purpose. Created in 1913, the Intelligence Division was patterned after a program in the Postal Service, whose inspectors investigated mail fraud and the corruption of employees. During Prohibition, law-enforcement agents called on the IRS for aid. New legislation gave IRS agents the power to search any citizen's bank records; if assessed taxes were not paid, agents could use lien powers to seize money directly from the bank. Al Capone, the most celebrated mobster of the 1930s, was finally convicted for income tax evasion. Search and seizure remain two of IRS's most powerful tools.

The expansion of the federal bureaucracy, the proliferation of intelligence technology after World War II, and the national propaganda campaign against Communists in the 1950s drew the IRS into many areas where it had no right to be. The American system of taxation rests on a precious principle—voluntary self-assessment by the taxpayer. During postwar years, the partnership of the IRS in this enterprise had become tainted; the agency was growing political. In the 1950s, its agents used tax audits to harass members of the Communist Party. Early in his administration, President Kennedy felt free to request tax audits of ideologues on the Right and Left. By 1972, when John Dean drew up a White House enemies list for President Nixon, the circle had been closed: the IRS tax audit was viewed as a standard way to create political problems for opponents of the resident administration.

Still more serious was the deepening involvement of tax intelligence agents in police activities. The IRS founded a National Office of Coordinator for Organized Crime and in 1966, at hearings chaired by then Sen. Edward Long (D., Mo.), the service confessed to many intrusions of surveillance laws in attempts to build tax evasion and fraud cases against mobsters and corporate criminals. A special school was set up in Florida in the mid-1960s

to teach tax agents wiretap and other intelligence techniques.

Not until Watergate did the national press discover intelligence politics as an issue. But in the 1960s, while reporters were portraying the federal government as a liberal ally of the civil rights movement, Southern IRS offices adopted a semi-official policy of auditing and otherwise harassing activists and their lawyers, a practice that increased dramatically into the 1970s as biracial political coalitions emerged in the South. In 1968, the FBI worked out a scheme whereby it could receive tax returns for its political purposes, and in 1969, Sen. John McClellan of Arkansas, in a legally questionable move, requested tax information on radical groups under investigation by a subcommittee of which he was chairman.

The IRS's response to domestic struggles of the recent past was twofold. First, with no questions asked, it handed over tax information about private citizens to the FBI, CIA and Justice Department. At the time of Nixon's resignation in August 1974, at least fifteen Washington agencies were making use of taxpayers' private returns. Under a federal arrangement with forty-eight states, more than 32 million tax returns were being passed back and forth, as though they were routine interagency correspondence. In Florida, returns were made available even to county tax assessors.

Second, for its own purposes, the IRS in 1969 put two programs into operation. The political program was under the jurisdiction of Nixon aide Tom Huston, to gather information on "ideological groups." Thus, activists came under observation as criminals had earlier. And to fight tax evasion, the IRS conceived the Information Gathering and Retrieval System (IGRS), a broad-ranging attempt to seek and store data for potential criminal cases, which did a great deal of damage and in the end proved useless. Not only was this program totally outside the scope of traditional IRS intelligence work, it was a "general" operation, with files on more than 450,000 people. The temptation for IRS agents to break the law seemed almost built into the IGRS.

In January 1975, the *Philadelphia Bulletin* broke a story that, under the IGRS program, the Jacksonville, Fla. Intelligence Division of the IRS had been collecting personal information about potential tax evaders, many of them well-known citizens and politicians. Congress became interested, and on March 13, IRS Com. Donald Alexander appeared before the House Subcommittee on Government Operations and Individual Rights, chaired by then Rep. Bella Abzug of New York. Alexander and other IRS officials assured the subcommittee that the Internal Security Division of IRS was making a full in-house study of the project and that IGRS in Jacksonville had been immediately suspended.

The very next day, to the Commissioner's chagrin, the *Miami News* broke a sensational story about one Elias Gutierrez, an informant for IRS agent Tom Harrison. She confessed to having spied on IRS suspects in order to gain information on such matters as their sex lives and drinking habits. Some thirty suspects were included in Gutierrez's investigations, which Harrison had coded

named "Operation Leprechaun." The Leprechaun story, quickly picked up by the national media, made Abzug angry. She fired off a testy letter to Alexander and denounced the IRS high command on the House floor for giving "misleading, incomplete, inaccurate, and deceptive testimony, covering up illegal spying. . . ."

Alexander moved quickly, first assuring Abzug that he had been unaware of Harrison's activities when he testified. Indeed, it soon became known that Harrison had not told his Miami superiors about Gutierrez's unethical methods. Alexander ordered Harrison suspended and forced three of his superiors into early retirement. An IRS Inspection Division report, published June 23, 1975, analyzed flaws of the IGRS program and condemned Harrison for ignoring guidelines, while only hinting at the root problem, manic overzealousness.

Gutierrez's sordid work was part of a larger IRS intelligence drive, known as Operation Tradewinds and started in 1965 by agent Richard Jaffe, who created a network of confidential informants in the Miami area. Tradewinds agents were after a wide circle of mobsters and upper-bracket tax evaders who were stashing money, often illegally earned, in bank accounts outside the United States and particularly in the Bahamas, where a friendly bank secrecy law protected them.

The turning point in Tradewinds occurred in 1973, when Michael Wolstencroft, an official of Castle-Bank and Trust Co. Ltd., in the Bahamas, arrived in Miami with a briefcase containing vital information on Americans who used the bank as a tax haven. Through an informant, Jaffe fixed Wolstencroft up with an evening date. He left his briefcase in the woman's apartment while they went to dinner, and during their absence Jaffe's informant took the briefcase to the IRS agent, who photostated the records. The briefcase was then replaced before the couple returned. (It is hard to believe Wolstencroft was unknowing; the information was conveniently intercepted on American soil, thus absolving him of breaking Bahamian law.) A spin-off program began, appropriately dubbed "Operation Haven."

The surreptitious procurement of the briefcase information did not dismay Justice attorneys; in private counsel with IRS agents, they ruled that the information could be used. But then Gutierrez's confession blew the cover off the larger operation. Commissioner Alexander's office finally suspended Tradewinds, thus incurring the anger of the intelligence agents who had helped build it.

In March 1976, agent Jaffe faced a criminal grand jury in Miami but was not indicted. Agent Harrison miraculously escaped prosecution. A confidential in-house review of the affair by IRS conceded that Harrison could be charged with possession of stolen documents and improper use of informants, but the memo recommended against prosecution—since that would mean revealing the identities of other informants!

Commissioner Alexander, recognizing the need to shore up the agency's image, has instituted certain reforms during his three-year tenure. In October 1973, he disbanded the Special Services Staff—the Nixon harassment outfit created before Alexander took over the helm at IRS—

whereupon the Tax Reform Research Group, an arm of Ralph Nader's Public Citizen, requested SSS files under the Freedom of Information Act. The IRS stalled for a year, but finally, faced with an embarrassing lawsuit, it released the documents. During this same period, then Sen. Sam Ervin's Subcommittee on Constitutional Rights pressed Alexander for the same information and, after nine months, resorted to subpoena to get it.

One of Alexander's opponents in 1973 was Louise Brown, a tax expert for Nader's outfit. Today she gives the Commissioner credit for his budget cuts in the Intelligence Division (from \$12 million in 1974 to \$4 million in 1975), and for withdrawing IRS agents from organized crime strike forces.

"I don't think Donald Alexander wants to go down in history with Nixon," Mrs. Brown explains. "I've watched the crescendo of criticism; I've taken part in it myself. But all problems regarding civil liberties have come out of IRS involvement in those affairs (intelligence activities like Leprechaun and strike forces with Justice). Alexander, like Leprechaun and strike forces with Justice). Alexander, a defense attorney, came to IRS and began to defend it. . . . After constant battering during Watergate about IRS, he became stentorian; from the moment he has been in office, week after week, an enormous amount of criticism has come from the press and Congress."

The Commissioner's reforms have angered many career investigative agents and even drawn criticism from the Justice Department. Early last year, Attorney General Levi, annoyed by Alexander's recall of tax men from organized crime strike forces, said that an "absurd situation" had developed, crippling the effectiveness of the police work. Strike forces have received favorable news coverage because they are out to catch criminals, but the means they use to catch them also deserve scrutiny.

A former Justice Department attorney who worked on a strike force explains how crucial IRS agents are to these teams. "On each force [before Alexander pulled his people out], we had an IRS intelligence agent, who served as a criminal investigator, and an IRS auditor, who served as an accountant. After the cutbacks, the strike forces had to get IRS men from district offices, regular street agents working extra duty. IRS district directors had their own projects and weren't interested in ours."

In addition to IRS agents, a strike force brings together FBI agents and Justice Department lawyers and investigators; it then moves on individuals suspected of criminal activities, and tries to build a case. According to a prominent Southern criminal attorney, who worked in the Justice Department for several years, "The problem with the strike forces is that they're too often fishing expeditions. They go see what, if any, crimes the suspects may have committed. For one thing, many of the cases built that way don't stand up in court."

Recent statistics from the Justice Department suggest that the IRS cutbacks hampered crime fighting. In 1974, 331 organized crime cases were referred by IRS to the Tax Division of the department; in 1975, the figure was 246, a drop of 30 per cent. In fiscal 1975, \$4.4 million was collected out of racketeering convictions; in 1976, it was \$260,000, mostly from excise taxes, and "not likely to increase, given the cutbacks," according to a Justice Department official. Although Alexander's stated

Intention was to remove all agents from strike forces, by January of 1976 he had backed down somewhat, after long negotiations with Justice Department officials as to the degree of IRS involvement. As the Ford administration draws to a close, the situation is pretty much in limbo.

Civil libertarians applauded Alexander's initial cutbacks and strongly advocate the removal of IRS agents from strike forces. Their argument is that the IRS auditors and intelligence agents, with their extraordinary powers of search and seizure, work in effect as pretrial prosecutors. George Williams of Atlanta is an evident victim of pretrial prosecution by the IRS.

An informal statement bearing on this conflict between the interest of a tax collection agency and the Justice Department appeared in an article published in the *American Bar Association Journal* of July 1976. The author, Mortimer Caplin, was IRS Commissioner from 1961 to 1964. He writes:

The Internal Revenue Service should cooperate with the Department of Justice in its general federal law enforcement efforts. In doing so, the IRS should limit its activities solely to the tax aspects of these joint investigations.

The IRS must be sure to maintain a balanced investigative program, so that it fulfills its total responsibilities for all types of tax fraud violations. It must exercise a high degree of selectivity in investigating non-retroactive cases and hold an extremely tight rein on the use of its manpower.

The IRS must determine its own proper workload, and, after consulting with the Justice Department, must be the final voice in selecting the tax returns and types of activities to be investigated by it in these joint projects.

The IRS must maintain complete supervisory control over its special agents.

The IRS must continuously maintain a proper balance between respect for the rights of private citizens and zeal in the detection of lawbreakers.

Theoretically, Mr. Caplin's diagnosis of how the IRS should work with the agencies of law enforcement is correct, but the problem, in an increasingly political and partisan federal bureaucracy, is how to enforce such a theory, how to balance respect for civil liberties with the necessary tools of tax enforcement.

The Tax Reform Act of 1976, while criticized by many progressives for not shifting more of the tax burden to the wealthy and to corporations, nevertheless includes a number of reforms which benefit the individual taxpayer. Tax returns are now nonpublic documents, and can be divulged only when a request is submitted to the IRS in writing by the agency concerned—a formality designed to protect ideological dissidents from having their returns used against them by the intelligence agencies. In 1975, the Justice Department alone used 30,000 tax returns for nontax purposes.

To protect the taxpayer from full vulnerability to the IRS's search and seizure of bank accounts, the new legislation exempts from IRS seizure \$50 of a worker's weekly salary, plus \$15 per dependent. Moreover, the bill stipulates that the IRS must tell the taxpayer within

five days how it reached a jeopardy assessment; the taxpayer is then given thirty days to apply to the agency for an administrative review. That is a significant provision, for it curtails the power of individual IRS agents in making arbitrary decisions. If the IRS seeks information from a taxpayer's bank account, the taxpayer now has the opportunity to contest the move in court. Finally, the IRS is required to make public the rulings it gives to corporations and high-income taxpayers. In the past these have been kept private.

If the 1976 Tax Reform Act shows some respect for certain civil liberties of the individual taxpayer, Congress as a body has barely penetrated other deep areas where fundamental changes must be made to remove the IRS from the government's police work. The Senate Subcommittee on Constitutional Rights, once an energetic force under Sam Ervin, lay dormant for nearly a year while its present chairman, John Tunney, ran for re-election in California. The Church Select Committee on Intelligence, which assigned more than 100 staff members to work on the FBI and CIA report, used only two full-time staffers for its IRS study, and ignored certain critical problems raised in this article.

While the Church committee report recited the developments that led to IRS intelligence abuses (much of it was a rehash of the Ervin study of SSS in 1973), it did not even consider the striking pattern of harassment of Southern civil rights workers. (See Jason Berry: "The IRS Bullies the New South," *The Nation*, March 6, 1976.) This development of the early 1970s was unrelated to IRS collusion with the Nixon administration. In April 1976, at the very time when the Church committee IRS report was being written, Rep. Charles Rangel, the Harlem Democrat, was pressing Commissioner Alexander for information on twenty-seven civil rights activists from Mississippi who were allies of Charles Evers and who had been audited in the two years following the IRS investigation of Evers. Rangel received an extraordinary letter from Alexander, with a 3-page "statistical breakdown" which indicated that roughly half of these Mississippi activists were in fact *not audited* in 1974—this, against the activists' own statements. Commissioner Alexander maintains the returns which were audited had been selected at random by the Discriminate Function computer program used nationwide in IRS regional offices. The "statistical breakdown" in the Commissioner's letter does not list names. Instead, the supportive information lists Taxpayer 1, Taxpayer 2, etc., with the years audited and assessments made. Thus, there is no way to correlate the activists quoted in news reports in 1975 with the supposed taxpayers listed numerically in the letter.

The disturbing internal developments of the IRS in recent years are less the results of Watergate activities than of a larger breakdown of the bureaucratic process. With 88,000 national employees, most of them in regional and district offices across the country, the IRS is a huge federal agency which must be administered with great care. Government agencies are patterned after corporations, function like them, and too often serve the interests of American firms, at home and abroad. The Tax Reform Act of 1976 is a beginning toward needed reform, but it cannot of itself alter the attitude that has pervaded the

IRS, and the intelligence agencies, during the growth years of surveillance politics. The morning after his victory, Carigr replied to an NBC reporter who had asked the President-elect what sort of America he envisioned for the future, that he did not want a situation "resembling the world in the novel, 1984." One large step away from

#### THE QUEBEC CHALLENGE

## IS CANADA FALLING APART?

C. W. GONICK

For more than a year Canada has been embroiled in a bitter economic struggle that is novel for this country and has endangered the government of Prime Minister Elliott Trudeau. But on November 15, the day the Parti Québécois was elected to office, attention reverted to the question that has haunted Canada from its very beginning—"national unity." The development in Quebec was a godsend to Trudeau. His personal popularity has declined remarkably over the past six months and the signs that his government is disintegrating have been evident. It was the "national unity" question that catapulted him to office eight years ago. He was the man of the hour six years ago when he instituted the War Measures Act that brought in the national army to do battle with the few dozen terrorists of the Front de Libération du Québec. Now he can be the savior once again—or such is his thinking.

The main reason for Trudeau's fallen popularity is the disastrous state of the Canadian economy with 700,000 workers unemployed (7.3 per cent of the labor force) and an inflation rate of about 8 per cent. On October 14, more than a million workers left their jobs on a national day of protest, a demonstration unprecedented in Canadian history. Their target was the government's Anti-Inflation Board set up a year earlier to control wages and prices. Over the period negotiated, wage increases of a million workers were rolled back, returning several hundreds of millions of dollars to corporate coffers. But in that same time there have been only a few trivial price cuts. In addition, governments at all levels have begun to reduce social services. October 14 was no direct challenge to the state but it did express, by direct action, the overwhelming opposition of organized labor to state policy. Prominent members of Canada's corporate elite had also voiced displeasure with Trudeau. Not that they are ungrateful for the bonuses they are getting at a time of falling profits; what they fear is that the controls may become a permanent feature of the Canadian economy.

Despite what all the polls showed, the victory of the Parti Québécois was unexpected outside of Quebec; it came as a national shock to English Canada. The P.Q. was founded only in 1968. It won 24 per cent of the

Orwell's imagined tyranny would be legislation making it a crime for agents of the IRS (or any government agency) to conduct politically motivated audits or investigations, deprive taxpayers of their civil liberties, or engage in nontax intelligence work for the IRS. The penalty should be stiff.

popular vote in the 1970 Quebec elections and 30 per cent in the 1973 election. On November 15 it won 41 per cent of the vote, enough to assure the party of René Lévesque a large majority of seats in the provincial legislature.

As Trudeau and all the leaders of federal political parties stress, the P.Q. has been given no mandate to initiate separation proceedings, and Lévesque would agree. In view of the gross unpopularity of the current and recent Liberal government of Premier Bourassa, the P.Q. had made a tactical decision to run on a "good government" campaign. On the question of independence, it did no more than promise the electorate a referendum on the issue within two years of a P.Q. victory. Only if that referendum or some subsequent one were to come out on the side of separation would a P.Q. government initiate proceedings to establish an independent republic.

Since the evening of November 15, English Canada has been told to stay calm. No need for panic. The vast majority of Québécois, including French-Canadian, have been reassured, oppose separation. The prospect of a referendum is bound to fall. There is some evidence to this confidence; recent polls indicate that only 10 per cent of Québécois now favor separation. But that can happen over the next two or three years.

In the first place, there is wider support for independence than superficial polls show. Two-thirds of the quarters of the P.Q. constituency want independence, according to studies conducted since the establishment of the party. And while only 10 to 20 per cent of the province's population support outright separation, more than a third have already indicated support for "une séparation politique du Québec moyennant une association économique avec Canada." It is this formula of political independence from, but economic association with, the rest of Canada that defines the P.Q. policy.

Moreover, the idea of Quebec independence will be forth be invested with all the authority and prestige of the Quebec government. Now the very popular Prime Minister and his Cabinet will be trying to persuade the Québécois that independence is necessary; before, this might have come from an opposition party which held only a few seats in the National Assembly and whose leader had just failed to win a seat for himself.

C. W. Gonick is associate professor of economics, University of Manitoba, Winnipeg, and editor of *Canadian Dimension*.

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