



PRESIDENT NIXON TAKING A NEWSMAN'S QUESTION DURING TELEVISED PRESS CONFERENCE IN THE WHITE HOUSE EAST ROOM

THE ADMINISTRATION

The People's Business: Nixon v. Congress

Since Richard Nixon delivered his State of the Union messages last February and March, the state of the union has, to put it mildly, somewhat changed. This week, therefore, the President is sending to the newly reconvened Congress a revised version of the charter for his second term. It is an effort to get away from Watergate and turn to what Nixon calls "the people's business," but it is also a recognition that the people's business has gone badly in recent months. Whatever their worry about Watergate, Americans are even more concerned about plagues that are closer to home: runaway inflation, food and power shortages and the general state of economic uncertainty.

Four Fronts. At a nationally televised news conference—his second in 14 days—the President tried to blame many of the nation's troubles on the 93rd Congress, whose performance so far he described as "very disappointing." He needs some congressional victories to salvage his power and reputation, and if he fails to achieve them, he clearly means to put the blame on the Democratic-controlled Congress. Challenging the Congress to respond to his "bipartisan" initiatives, he drafted a new message demanding action on four "urgent" fronts: inflation, defense, the energy crisis and domestic-spending programs.

The news from the nation's marketplaces loudly confirmed the urgency of

the economic problem. The Wholesale Price Index for August ballooned by 5.8%, the biggest monthly increase since 1946 and the third biggest since the Government started keeping such records in 1902. Nearly all of the increase was caused by runaway farm-level prices for food, which rose by an astronomical 23.1% in a month—a new record by far and an inflation rate usually associated with banana republics.

Moreover, the retail price of the nation's favorite main dish, beef, seemed headed for a new round of increases, at least for a while. The Cost of Living Council removed price ceilings on beef cuts at week's end and Council Director John T. Dunlop admitted that the result was likely to be a "bulge" in prices. However, since feed-lot owners have been building up their herds in anticipation of the action, increased supplies may hold down some price increases.

In an attempt to prove that the summer's roaring inflation has not completely taken the spine out of the President's Phase IV, the Cost of Living Council began to reassert itself. It ordered the nation's major auto firms to cut back their proposed increases in 1974 models by 10% to 30%. The decision still allows the Big Four automakers to raise their prices by amounts ranging from \$51 to \$74 a car. In addition, the council ordered the big firms in the steel, tire, paper and detergent industries to postpone already-announced

price increases until their executives can appear at hearings to justify them.

Nixon made it clear, both in his press conference and in his new message, that Congress's primary responsibility in holding down inflation is to live within the budget. Said Nixon: "It is very disconcerting to note that already before the Congress are spending proposals which, if enacted, would bust the budget to the tune of at least \$6 billion." Yet, in a quick turnabout, he ruled out any substantial saving from a reduction in military spending.

Seven Steps. In his State of the Union II, Nixon also presented proposals to alleviate the energy crisis. He recommended seven steps, including construction of the Alaskan oil pipeline, deregulation of natural-gas prices at the wellhead—a step that would surely force prices sharply upward—and the funding of further research into coal gasification and other new energy sources. Finally, Nixon urged Congress to take action on a whole series of domestic programs, including the better-schools bill and the better-communities bill, two revenue-sharing measures that would transfer from federal to local authorities much of the decision-making authority in federal school and community-development programs.

The President's burst of initiative resulted from his growing conviction that the best defense against Watergate is an offense against not only the na-

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tion's problems but the two bodies that have given him the most trouble: Congress and the press. When he went before newsmen last week, he was more confident and commanding than in any other recent appearance. He still grew noticeably tense and uncomfortable when asked questions about Watergate or his personal finances, but it was clear that he has correctly sized up the press-conference format as one in which he holds the advantage (see THE PRESS). Among the highlights:

ON MINIMUM WAGES. Nixon announced that he would veto a bill passed by Congress setting the minimum wage at \$2.20 an hour. That rate, an increase of 38% over the present \$1.60 minimum, "would give an enormous boost to inflation" and might "deny employment opportunities to unskilled and younger workers" by requiring employers to pay more than their services are worth. Nixon said that he will ask Congress to write a new bill.

ON A TAX INCREASE. While he agreed that there should be changes in the tax laws, Nixon said, "there isn't a chance that a responsible tax bill would be passed by this Congress." That appeared to rule out any effort by the Administration to slow down inflation by raising either corporate or personal taxes, a course that many economists have urged.

ON VICE PRESIDENT AGNEW. The President declined to discuss Agnew's legal status but reiterated his carefully hedged support for Agnew "during the period that he has served as Vice President"—an endorsement that sounds more damning every time it is recited.

ON HIS SAN CLEMENTE TAX PAYMENTS. Nixon indicated that he had not paid a capital gains tax on the sale of four-fifths of his San Clemente property to Pals Bebe Rebozo and Robert Abplanalp in 1970, and that his decision not to do so was accepted by the Internal Revenue Service. If he did not pay a tax—and did not, for complicated technical reasons, defer it—the President must have claimed that he realized no profit on the transaction. Yet Nixon managed to keep his house and six acres of choice waterfront land while selling off 80% of his property for 83% of his purchase price. How such a deal could avoid a capital gains tax remained a mystery.

By implying that the nation must deal with Watergate and its other problems on an either-or basis, the President was oversimplifying the choice. Neither will go away. As for the economy, Nixon noted: "It's very easy to turn the crank so tight that you have a hard landing"—meaning that a wild, groping effort to stamp out inflation at any cost could easily trigger a recession. With skillful management, especially in restoring credibility to the Phase IV guidelines, most economists believe that such a possibility can still be averted. Despite his own recent hard landings, Nixon finally seems to realize that a renewed confidence in his own leadership is a vital part of the salvage effort.

THE CONGRESS

"No Apologies to Be Made"

The members of Congress had scarcely unpacked their bags after returning from summer recess when President Nixon's challenge hit them. Fresh from talking to their constituents, they were well aware that the American public is impatient to get on with the country's business, but they deeply resented the President's attempt to blame them for a "very disappointing" showing. In fact, the record of the 93rd Congress is far from dismal—though unsatisfactory to the President—and the first sounds of the new session were sounds of irritation at the President's tactics.

Senate Majority Leader Mike Mansfield and House Speaker Carl Albert jointly declared that "Congress does not 'perform' at the behest of this President or any President. The Congress acts in accord with its independent judgment of what is best for the nation and the people. There are no apologies to be made for this Congress. It has done, it is doing, and it will continue to do the people's business." Returning to the Senate seven months after being shot in a holdup, John Stennis of Mississippi defended Congress. He said that he had heard that Senators were "not living up to their responsibilities. I don't believe one word of that."

Six Vetoes. So far this session, Democratic leaders point out, Congress has passed a total of 106 bills, a figure that compares favorably with past congressional performances. By counting up committee reports, roll-call votes, hours in session and bills enacted, the *Congressional Quarterly* concluded that the legislative record of the 93rd Congress so far is the equal of most (although it has sided with the President on only 43% of the issues on which he has taken a stand, as compared with 66% last year). "There are only seven Senators on the Watergate committee," says Robert Byrd, Democratic Whip in the Senate. "The remaining 528 members of Congress have been busy in other committees, and I think the idea that they have been preoccupied with Watergate should be debunked." Republican Senator Charles Percy agrees: "I can't keep up with my work and watch the hearings. Watergate is the only issue on which my constituents are more informed than I am."

Congress has been so active, in fact, that the President has vetoed six key bills that it passed: restoration of impounded grants for rural water and sewer projects; vocational rehabilitation for the handicapped; a requirement for Senate confirmation of the present and any future director and deputy director of the Office of Management and Budget; a ban on the use of congressionally appropriated funds to pay for bombing in Cambodia; emergency medical care; and, last week, an increase



GERALD FORD & HUGH SCOTT
Mapping strategy.

in the minimum wage from \$1.60 an hour to \$2.20. So far, Congress has been unable to muster the forces to override the vetoes, and more vetoes are sure to come. Certain to be rejected by the President, if Congress passes them, are two bills that would circumscribe his power. One would limit his ability to commit military forces to combat without congressional approval; the other would curtail his power to impound funds appropriated by Congress.

The President's congressional troubles are not entirely due to the Democrats. Because of Watergate and the intransigent positions he took on issues early in his second term, there has been a sizable defection of Republicans. In the Senate, G.O.P. opposition to measures sponsored by the White House grew from 20% in 1972 to 34% in 1973. Senator Edward Gurney, the Watergate committee member who is most outspokenly sympathetic to the President, voted with the White House 89% of the time in 1972; this year his support fell to 59%. Democrats, of course, are also backing the White House less. Sam Ervin, who voted with the Administration 70% of the time last year, has slipped to 50%. Even so, he remains the third strongest supporter of the White House among Senate Democrats. This decline in presidential authority is a consequence not just of the Watergate scandal as such but of the failure of the Watergate-preoccupied Administration to press the legislators of both parties on the bills it wants passed.

Realizing that he had raised something of a storm by his attack on the 93rd, Nixon decided to be simulta-



STENNIS & MANSFIELD
Not dismal at all.

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DAVID HUME KENNEDY

neously relaxed and assertive when he met with G.O.P. congressional leaders last week to map out strategy for getting his legislative programs passed. "Glad to see you all," he jauntily began. During the course of the two-hour and ten-minute meeting, Watergate was not mentioned once, nor was Vice President Agnew, who happened to be present. Nixon put forward 37 different proposals, most of them reworkings of earlier bills on foreign trade, housing, energy and crime. Said a congressional leader: "He was very much in control of what he wanted to do, what he wanted to say, what he did say."

Anti-Power Mood. Once again, he was urging on Congress his New Federalism, though it goes against the congressional grain. In place of a collection of categorical grant programs, he has proposed special revenue-sharing schemes that would give federal funds to states and localities to spend pretty much as they see fit. Congress objects because it would lose control of programs it presently supervises; it also worries that local officials would use the money for purposes that were not intended. Congress has been slow to act

approve it without an amendment. Most members of Congress appear to favor Senator Henry Jackson's proposal to deny most-favored-nation treatment to any country that does not allow free emigration, a measure aimed mainly at easing restrictions on Soviet Jews.

The warfare between the President and Congress has not been total, however. Nixon has signed 25 major bills passed by Congress. They include a new farm program that provides payments to farmers when prices fall below a certain level; a highway act that allows cities to finance mass transit from the Highway Trust Fund; an economic stabilization act that continues for another year the President's authority to impose wage and price controls; and a boost in Social Security payments. Despite his tough rhetoric, the President has also shown a willingness to compromise on bills extending public health services, providing for a public works program, expanding airports and increasing veterans' payments.

Last week the Senate, too, drew back from an aggressive position. It rejected measures to reduce the bud-

UPI



HOUSE SPEAKER CARL ALBERT & MAJORITY LEADER THOMAS P. O'NEILL
Time for children of Congress to give a little and get a little.

on the revenue-sharing programs for education, urban community development and manpower training.

Nixon's foreign trade bill is similarly stalled. It would vastly increase the powers of the President by giving him the right to negotiate trade agreements or raise and lower tariffs or quotas on goods from foreign countries without congressional approval. In the wake of Watergate, Congress is scarcely in a mood to add to presidential power, though it may be willing to compromise on the issue. The President's proposal, moreover, would give him authority to grant most-favored-nation status to Communist nations, including the Soviet Union. Though this is a basic element of the American-Russian détente, Congress is unlikely to

get for the President's Domestic Council and to require congressional approval of security improvements for the President's private homes. "Since the time of Socrates, politics has been the art of compromise," House Majority Leader Thomas P. O'Neill observed. "When Haldeman and Ehrlichman were running the White House, the President treated Congress like a stepchild. Mel Laird is over there now. He says of himself: 'I'm a child of Congress.' Now is the time for Laird to come over here and sit down with us." Getting the message, Laird called O'Neill about setting up a meeting. Replied O'Neill: "We can give a little, and you can give a little." If enough is given on both sides the business of the people may yet go forward.

THE VICE PRESIDENCY

Two Conflicting Agnew Scenarios

Though mists of scandal obscure the future of Vice President Spiro Agnew, hardly anyone seems in any great rush to dispel them. Agnew himself, after his meeting with President Nixon, spent the rest of the Labor Day weekend at the seashore. George Beall, the U.S. Attorney in Baltimore heading an investigation into Agnew's past financial dealings with Maryland engineers and contractors, was on vacation all last week, and a grand jury that might eventually hear evidence against the Vice President was marking time. Aides to Attorney General Elliot Richardson said that he had not yet decided whether there was sufficient evidence to seek an indictment against Agnew, or if there

ject to indictment unless first impeached. To take that stand would only protract the proceedings, hurting the President too. But he wanted Nixon to be aware of this course because it might affect the President's own constitutional defense in the Watergate case.

Agnew intends, by this account, to seek a speedy trial and to fight the indictments head-on in court. He will admit accepting some funds from contractors and consultants, Agnew's friend says, but will claim that this money was not for his personal use but for campaign purposes. He will argue that he promised nothing, and gave nothing, in return for the contributions. If any favoritism was shown to the donors while

the courts to restrain the grand jury.

Because of Agnew's stand, according to this scenario, the constitutional questions have become more significant. Particularly relevant is a pending appeal by Otto Kerner, a former Illinois Governor and federal judge convicted of bribery and fraud. Kerner is appealing, in part, on grounds that he was illegally tried while not yet impeached as a judge, an issue not raised before the trial. The Justice Department, which will oppose Kerner's appeal, must mesh its constitutional arguments with whatever stand it takes in Agnew's case. As this requires more time, the Baltimore grand jury will consider indictments against other individuals when it reconvenes this week and may not get around to Agnew's case for several weeks.

Prejudging. Under either scenario, Agnew's apparent determination to remain in office would present Nixon with a difficult political problem if the Vice President is indicted. The President, of course, has no authority to remove him since Agnew was elected to office by the people. And, partly because of his difficulties over Watergate, Nixon probably would not find it feasible to press any public demand that Agnew resign. Such an effort would also make it appear that he was short-circuiting the legal system and prejudging Agnew as guilty. Agnew could continue to carry out his constitutional duty of presiding over the Senate, but he rarely does so now and probably would not appear in the chamber under such a cloud. At the same time, impeachment would be improbable once trial had begun, and the situation would end only when a court had rendered its verdict on the criminal charges.

The determined Agnew, meanwhile, continued to show every outward sign of confidence that he will survive his crisis. At a local Republican rally in St. Charles, Ill., he assailed what he termed "the morbid preoccupation with Watergate" and claimed that one "insidious byproduct of the affair" is that there is now a "persecutorial atmosphere hanging over the American political system." The implication seemed to be that he considers himself one of the persecuted.



DAVID HUME KENNERLY

AGNEW IN GOLF CAR WITH MARYLAND'S CHIEF APPEALS JUDGE ROBERT SWEENEY
Did a failure to resign upset a timetable?

is, whether impeachment would have to be sought first. While there was little official activity, however, there was continued speculation about Agnew's fate.

Spokesmen for both Nixon and Agnew claim that their meeting on Sept. 1 was routine, and that the possibility of the Vice President's resignation was not even discussed, but other sources familiar with the case told different stories. Two such sources, both well informed, gave conflicting scenarios of what has been, and is, happening.

SCENARIO A (from a friend and adviser of Agnew): Agnew had been told by his lawyers that he will be indicted by the Baltimore grand jury, and he wanted to be the first to inform Nixon of this. He did so at the meeting and then laid out his plans for dealing with the danger. He said he would not resign and he would not take refuge behind any constitutional claim that he is not sub-

ject to indictment unless first impeached. To take that stand would only protract the proceedings, hurting the President too. But he wanted Nixon to be aware of this course because it might affect the President's own constitutional defense in the Watergate case.

SCENARIO B (from other sources close to the case): Agnew's resignation was discussed with Nixon at their lengthy meeting, but the Vice President presented a persuasive case against his leaving office. This upset the tentative timetable of the prosecution in his case. Justice Department officials had anticipated Agnew's resignation, and were prepared to present evidence against him to the grand jury beginning this week. But Agnew now expects to fight any such move as illegal on constitutional grounds. This could tie up the case for many months. The moment he learns that any criminal evidence against him is going to the grand jury in Baltimore, his lawyers will lodge formal protests, asking

Picking a New No. 2

Whenever there is a vacancy in the office of the Vice President, the President shall nominate a Vice President who shall take office upon confirmation by a majority vote of both houses of Congress.

—Section 2, Amendment 25
U.S. Constitution

Until that amendment was ratified in 1967, the Constitution provided a line of succession only for the nation's top job. If a Vice President died or resigned in office—or if, like Lyndon Johnson, he achieved the presidency on the death of the incumbent—the nation's No. 2