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Watergate Scandal

THE NIXON party line is—business as usual. The President, says N.Y. Times columnist William Safire (who seems still pretty well clued-in) “can confidently take the attitude that ‘this, too, shall pass.’”

Well, we shall see in due time whether Mr. Nixon can in fact survive the Watergate scandal. But there are candid government officials near the top who confess that it is not business as usual—that, in fact, decisions have been stalled, and important jobs go unfilled.



For example, the second Nixon administration has been in office for about 100 days since H. R. Haldeman sent of his famous (infamous?) letter firing several hundred presidential appointees.

According to an official of the Office of Management and Budget, of some 500 non-Civil Service jobs of sub-Cabinet level, or near that status, at least 70 remain vacant at this moment. Going begging are an under secretaryship of Commerce, the commissionership of the Bureau of Labor Statistics, and a flock of other good jobs.

The crisis in confidence that Mr. Safire seems unable to accept as reality is all too plain to the ordinary citizen, the businessman, the stockbroker in New York and the money men in the European markets.

What they don't know is when the government is telling the truth, and when it is lying. They are acutely aware, moreover, of a sense of drift in Washington, with a sort of paralysis setting in to normal operations. And at least some key officials devoted to preserving Mr. Nixon in office say candidly they must get something moving, and quickly, to divert attention from Watergate.

For example, Deputy OMB Director Frederick V. Malek this week told a Washington Post correspondent colleague of mine that he and OMB Director Roy Ash are preparing plans for new expenditures of about \$4 to \$5 billions in the next Budget message. These, Malek said, would represent “new initiatives,” designed to give a punch to the second term.

THE IRONY of this diversionary effort is the stark contrast with the philosophy Mr. Nixon spelled out in his exclusive interview with Garnett D. Horner of the Washington Star-News last November. New social programs were out, Nixon said, since some departments were “bloated,” and the country “has enough on its

Economic Impact

plate in the way of huge new spending programs . . .”

But Watergate has changed all of that, and its ever-widening web has now affected the future of the dollar, the future of the trade bill, and the President's ability to deal with Western Europe and Russia on political matters. The latest casualty is the Securities and Exchange Commission, which used to consider itself the “watchdog” of the stock markets on behalf of the ordinary investor.

At top levels, European governments correctly assess that the White House has already been shorn of much of the ability to govern it had at the time of Mr. Nixon's second inaugural and, moreover, that there is a real possibility that he may not be able to last out his term in office.

And even if he does stick it out, it may be, as Zbigniew Brezinski, Communist affairs specialist at Columbia University points out, “that we will have a

Leaves Power Vacuum

gravely impaired presidency over the next three years, unable to conduct its business decisively."

This creates, even now, a vacuum in power. There is growing doubt, for example, that the President will be able to get the full measure of authority to enter into trade negotiations that is essential to the give-and-take of bargaining in tariff and quota matters. Congress, which had been at a low ebb following the Nixon landslide, is once again flexing its muscles.

Some, like Sen. Jacob Javits (R-N.Y.), feel that Congress "may at long last . . . be ready to come into its own again as an equal partner of government." But that test of authority between the Executive and the Legislature has not yet been resolved and, in the interim, the status of the U.S. government as a whole is weakened.

Meanwhile, the "gold bugs" are on a joy ride. The spectacular jump in the world gold markets last week was termed by Javits "an international vote of no confidence so far as the U.S. dollar is concerned . . . an evidence of panic psychology about the state of public affairs in the United States."

THE MERE RUMOR that Mr. Nixon had resigned helped to send speculation in Europe's gold markets to a new high—a precursor of what may happen if there is an abrupt shift in the presidency. There is open and increasing talk—not heard before Mr. Nixon confessed that there was something more to the Watergate than a newspaper story—of the need for the third devaluation of the dollar since December, 1971.

The unfortunate involvement of the SEC in the Watergate case via G. Bradford Cook's indiscreet behavior could have wide repercussions.

The fact that Cook, though pleading innocence, found it prudent to resign as chairman only 10 weeks after taking office has cast a pall over the SEC.

Wall Street—the brokers and the exchanges—have been feeling the backlash of the Equity Funding scandal.

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investor reluctance to buy common stocks and a general feeling that the markets need reform from top to bottom. Cook was busily engaged in trying to rebuild investor confidence, and modernize some of the archaic structure of the markets. All that will have to wait now on a new man—and an inevitable period of delay while Wall Street gets to know who he is and how he works.

Watergate will pass, eventually. But what it will cost the nation in terms of prestige, power and its sense of dignity is yet to unfold. That's more important than the question of Mr. Nixon's survival.