

The Presidential Vacuum

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THE CENTRAL negotiator in the truckers' strike turns out to be the governor of Pennsylvania, Milton J. Shapp, working out of a Washington hotel room. State and local governments, as in the cases of Maryland, the District of Columbia and Fairfax County, are left to struggle with the manifest need for some sort of gasoline rationing. The federal energy administrator, William E. Simon, is now encouraging the states to set up their own rationing systems. He has not yet succeeded in persuading Congress to give him authority for federal rationing, possibly because President Nixon keeps suggesting that it won't be necessary.

Perhaps it is only the latest version of the New Federalism, but it looks very much like a collapse of leadership at the center of the government. There are no more obvious and traditional federal responsibilities than the flow of interstate freight or the management of the national fuel supply. But the phone seems to be off the hook at the White House. The one reassuring aspect of these events—and it may turn out to be a very important one before the present hiatus is over—is the unexpectedly strong and courageous response of a number of governors and local officials in picking up the challenges that the federal government has abandoned.

Last month the federal statisticians reported that the rate of inflation in 1973 was the worst in almost a generation. Last week the administration's economists warned that inflation in 1974 will be equally bad. This week the administration announced that it is dropping wage and price controls on everything but health care and oil products. Citizens, if they did not know better, might be moved to ask: Who's in charge here? But the answer is all too well known: Nobody's in charge. The work of the federal government is now being carried on by specialists and technicians at the second and third levels of the structure. They are men doing their best in a system in which the basic questions of policy are repeatedly not answered at all.

The decision to lift most of the controls is a good example of the perils in deciding major political issues on technical grounds alone. In terms of technical economics, there is a good case for abolishing or, at the least, relaxing the controls. It is not a matter of the administration's predisposition to the free market, or Republican orthodoxy. As we have all learned over the past two and a half years, controls grow less effective as time goes on. The distortions and anomalies that they create become more harmful. Since the inflation rate soared to 8.8 per cent under controls last year, it is evident that controls alone are not going to end the inflation this year. We are now in the process of absorbing a wave of food and oil price increases that is worldwide and uncontrollable. Tight and dogmatic controls at this point might do no more than impede the efficiency with which the economy can adjust to the new world prices. All of these defects and dangers are altogether visible.

But there is another side to the question that urgently needs to be addressed, and here we come to the painful subject of political leadership—a willingness, if you will, to do the hard, unpopular thing. The economy is not a

machine, after all, and it does not follow mechanical rules. The major influence on the economy is the rather vague and volatile climate of people's expectations as to what will happen next. We have had quite a stable pattern of development for a quarter of a century, and most Americans are not prepared for a sudden plunge in the value of their money. The administration's economists tell us that things will get better in the latter half of the year, but since these same economists have been wrong on every turn of the inflation over the past two years, there is an understandable reluctance among the public to trust them now. The level of anxiety in the country is high. The irrational and panicky pursuit of gasoline, inducing some people to wait in line for half an hour to buy a gallon or two of it, is only the most visible symptom.

To abandon controls altogether, in this atmosphere, is a wanton failure of judgment. Throughout the whole controls program the administration's management has been fairly good in terms of pure economics. The great failures have been the successive misjudgments of political and psychological reactions. Whatever the academic rationale for dropping controls, most Americans are going to read an unmistakable message from this decision. The message is that we tried to work out a coherent national policy together, but we failed and now it's every man for himself. If Americans really begin to believe that their government no longer has any means to protect their prosperity, or any real interest in attempting it, the country will be in for a far worse time than even the administration's somber figures indicate.

President Nixon, unfortunately, keeps aggravating public doubts by making promises and declarations that have nothing to do with reality as the rest of the country knows it. Last week he told Congress that there would be no recession, and two days later the Economic Report appeared with its statistics pointing precisely the other way. In the same speech he said, "Let us do everything we can to avoid gasoline rationing," and there was applause in the chamber. But the reality, as most of his listeners see it, is the lengthening lines at the filling stations and the further reductions in allotments to them. Mr. Nixon, also in the State of the Union message, announced that 1974 would be the year in which his administration will "break the back of the energy crisis." Various responsible people in the administration have had to go, once again, through the embarrassing explanations that of course the crisis will not be solved this year. Mr. Nixon increasingly takes refuge in a kind of empty optimism in which even his own subordinates cannot support him.

It is not clear that the mediation of the truckers' strike has really succeeded yet, or that the rudimentary odd-even system of gasoline rationing will substantially help the motorist. State and local authorities have only a limited ability to deal with these national issues. But they are heartening evidence that a good many Americans are not content to follow the harsh rule of every-man-for-himself, as we confront the sharpest economic changes since World War II.