

Aides Say President Buoyed

8/29/73

By Lou Cannon

Washington Post Staff Writer

SAN CLEMENTE, Aug. 28 — White House officials said today that President Nixon is convinced the worst of Watergate is behind him—but expressed fears that the administration faces another rigorous test: inflation.

These officials said Mr. Nixon is buoyed by the response to his press conference of last week and by recent polls supporting the President's view that he should put Watergate behind him. But they also described Mr. Nixon as concerned about mounting inflation, particularly in food prices.

Alexander M. Haig Jr., the President's chief of staff, said the administration still believes that it can contain inflation. At the same time Haig warned that the ad-

ministration must not make promises which it cannot keep.

"I think it's important that we don't set for ourselves any claims that we can bring down food prices," Haig said.

Presidential counsellor Anne Armstrong, liaison for the administration with state Republican organizations, described the economy as "the No. 1 issue."

In a series of interviews, some on the record and some on a not-for-attribution basis, White House officials shared the concern that the administration may be emerging from its Watergate crisis only to confront a precarious inflationary situation.

They cited as reason for the optimism about Watergate the results of the most recent Harris survey in which 62 per cent

See PRESIDENT, A12, Col. 1

PRESIDENT, From A1

agreed that it is time to turn the whole question of Watergate over to the courts and allow the President to concentrate on more important things." Also mentioned was the Opinion Research Corp. poll commissioned by the Republican National Committee in which 53 per cent of those polled favored stopping the Senate hearings and turning the issue over to the courts.

As a result, White House aides said, Mr. Nixon will no longer feel constrained by the "strategy of silence" he followed on Watergate from May 22 until his Aug. 15 televised speech from the White House. While the President intends to concentrate on issues other than Watergate, they said, he now believes he is free to speak and answer charges whenever necessary.

Mrs. Armstrong said this feeling of Watergate optimism is shared by Republican state party leaders throughout the country.

"They think we've turned the corner on Watergate," Mrs. Armstrong said. "... They don't think we've told the story on the economy properly and sufficiently."

This story, as Haig expressed it, is one in which the administration reconciles itself to higher prices for food while

containing inflation generally.

All White House officials stressed other aspects of the economy than food prices—generally the "relatively high" employment rate and the relative absence of crippling strikes.

And they also expressed the food situation in the brightest possible terms, usually by pointing out that the American family spends a smaller percentage of total income on food than families in most other countries.

"If the American housewife wants cheap television sets from Japan, she's going to have to be willing to pay more for food," said presidential counsellor Melvin R. Laird in another recent interview.

Laird said that American purchases from Japan and other foreign countries had given these nations the money to buy American beef and other foodstuffs and force the price higher with demand. No

one at the Western White House sees this situation changing very soon.

"I don't see much of a price decline in meat—and that's the No. 1 problem," Mrs. Armstrong said. She added that Americans are going to have to regard meat as more of "a luxury item" than in the past.

At the same time Haig said the President is worried about the effects of spiraling inflation.

"The President is very, very concerned about lower and middle-income consumers' ability to cope with this problem," Haig said.

He said the American economy has been dominated by the Vietnam war and that the administration faces the difficult task of adjusting to a peacetime economy. Haig, a former four-star general who gave up his rank to become the President's chief of staff after the resignation of H.R. (Bob) Haldeman, also reiterated commitment to an "open administration."

He said that the White House staff is trying to assist the various departments of government rather than absorb them and that staff members had been instructed to assist Cabinet officials whenever they are requested to do so. Haig said the President wants a situation where the Cabinet officer views the White House staff member "as a friend in court, not as an obstacle or a bottleneck of any kind."

Haig's interview by five reporters in his office at the Western White House was unexpectedly interrupted by the drop-in visit of Henry Kissinger, the President's newly designated Secretary of State.

With a broad smile on his face, Kissinger burst into the room and said, "The open administration—it's revolting, it's disgusting — disgusting." He went on to say that when he heard the voice of Haig speaking "in dulcet tones" and "an unmilitary fashion" that he either had "a girl or the press in here."

After the interruption Haig continued to discuss the administration's concern with the economy and said the President is focusing upon domestic issues. He said that Mr. Nixon is attempting to decentralize his administration, strengthen the role of the Cabinet and "institutionalize foreign policy" with Kissinger at the State Department.