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The Economic Role of Kenneth Rush

With the President's blessing, economic counselor Kenneth Rush has declared himself to be Mr. Nixon's No. 1 policy-maker—and everyone in Washington is waiting anxiously (and some skeptically) to see if he lasts in the job for very long.

There is some suspicion that Mr. Rush, who is a diplomat and lawyer, and not an economist, will soon be drafted to help the President's battery of legal defenders. That's the job the President wanted him for last December, but it never jelled.

"Remember what Al Haig said when he first came over," cautions a Budget Bureau cynic. "He said he'd deal with everything except Watergate."

One high official (whose activities are to be coordinated by Rush) when asked to guess how long it would take for Rush to get enmeshed in noneconomic affairs at the White House, shot right back: "About an hour and a half!"

Nevertheless, this jaded town may be underestimating Mr. Rush. He has very firm views of his own, intends to express them publicly and privately, and if Mr. Nixon grants him the access to the Oval office that Rush says he's been promised, he will be wielding considerable power on economic issues.

There is every reason to believe that the President desperately needs someone who can tie all the loose ends together, and settle the disagreements among his advisers, especially between Treasury Secretary William Simon and Office of Management and Budget Director Roy L. Ash.

Even more desperately, he needs an economic program to supplant the tired old banalities that have been kicking around for the past many years.

On one key issue—the degree of fiscal restraint—Simon appears to be winning. In a breakfast session with reporters at the end of last week, Rush adopted Simon's goal of a balanced budget for fiscal 1976, plus an effort to do whatever can be done to whittle away at the \$11 billion deficit projected for fiscal 1975.

Ash originally derided Simon's em-



By Ellsworth Davis—The Washington Post

Kenneth Rush is sworn in as Counselor to the President by Justice Lewis Powell.

phasis on budget balance, pointing to the overwhelming part of the budget that is "uncontrollable." In a Washington Post interview, Ash warned that veterans' hospitals and other sacred cows would have to be sacrificed in any budget-balancing move.

But the fact is that without losing a sense of proportion, some budget savings can be made. In effect, Simon was telling Ash: you can try harder. The Pentagon, for example, should offer a prime target (without slashing pensions). And as Rep. Henry S. Reuss pointed out in his reply to the President's over-optimistic economic speech, some of the money saved there could be better spent on a beefed-up public service jobs program.

The danger to be guarded against in the Rush approach is his exclusive reliance—at least for now—on the old-fashioned tools of fiscal and monetary restraint to whip inflation, and his de-

termination to "avoid price controls and profit controls."

Many equally keen minds have come to the conclusion that the economy may soon face the same kind of cost-push inflation that forced the institution of wage-price controls in August, 1971.

Andrew F. Brimmer, a member of the Federal Reserve Board of Governors, said on Public Television's "Straight Talk" the other evening that by the end of this year "and into next year when we get back into what I believe will be the old traditional kind of cost-push inflation, we may very well have to give attention again to ... some kind of incomes policies."

Incomes policies, of course, are the economists' lingo for direct attacks on wages and prices, designed to reinforce—not abandon—the classical fiscal and monetary tools.

Another and equally authoritative

government source believes that if prices keep going the way they're going, sentiment in Congress—which allowed wage-price controls to die April 30—could reverse itself in six months or less.

How would the administration respond to new pressures for controls? It's hard to guess, but between the lines of what might appear to be a rigid philosophy, I discern a tiny hint that Rush could be flexible.

In spelling out his belief on a sound fiscal policy, a sound monetary policy, low unemployment rates, a clean environment, and a strong defense posture, Rush listed all these things as "desirable." But, he added, "sometimes these things come in conflict."

I would like to read into that the notion that Rush has an open mind, rather than unshakeable ideological convictions. If he's around long enough, we'll see.