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... And Uneasiness on Wall Street

NEW YORK—It is difficult to get away from the Watergate story, even at a business writer's convention. It dominates the conversation, and for a very good reason: There is little doubt that the Watergate story as it has unfolded, all its ugly details, is having a pervasive effect on the confidence that people have in their government.

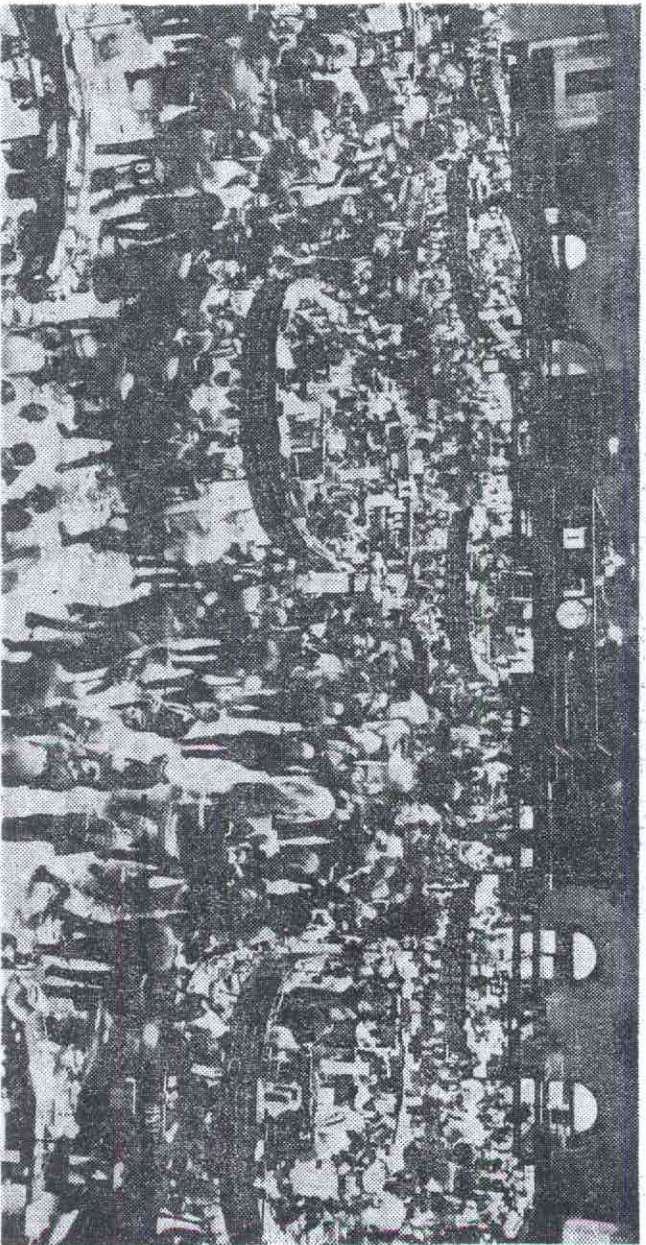
Last Sunday, Federal Reserve Board Chairman Arthur Burns delivered a sober commencement address at George Washington University. He didn't mention the Watergate, but one can read between the lines.

In discussing the "disquiet that so many Americans are experiencing," Burns attributed it to the feeling "that their government lacks either the knowledge or the competence to make good on the promises that it holds out to the people."

In Wall Street, where there is a general sense of unease about the economy stemming back to the unfortunate and hasty decision to abandon phase II of the wage-price controls system, thoughtful observers see the Watergate as one more sign of a sick government.

There is a sense that the nation may be on the verge of a dramatic turn of events which might be capped either by impeachment of President Nixon, or his resignation. And if this is to happen, the longer it drags out as a possibility, but not a certainty, the more jittery the markets will be.

"The most damaging thing," one executive remarked, "is that the President and (attorney, general-designate) Richardson haven't moved decisively



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for a clean-cut investigation, handled by a Warren-type commission.

"The President must recognize that this is a cancer, and the only way to cure cancer is to cut it all out."

One of the biggest concerns, here and in Washington, is that congressional lack of confidence in the administration will produce a stalemate in key legislative areas. William D. Eberle, President Nixon's Special Representative for Trade, has already acknowledged that Watergate will have an impact on legislation to give Mr.

Nixon new powers on trade and tariff matters.

Privately some other officials confess a feeling of impending disaster, but are gamely going through the motions so that there will be some sense of continuity of government. Still others, Economic Council Chairman Herbert Stein being one of them, deny that there is any proveable impasse on the economy because businessmen and individuals are still spending money as if it were going out of style.

But the problem is there. Some of

the highest officials in the administration, totally untouched by the scandal, brace themselves for the latest Watergate revelations, and concede that the administration's very ability to govern has been called into question. "I learn things every day that two weeks ago I would have not believed," one official observed.

Trade is not the only international area where the presidential image has been damaged. The whole question of the Atlantic Alliance, as well as the more technical question of international monetary reform hang in the

balance.

Many high-up officials untainted by Watergate hang in there out of loyalty to the country as much as personal loyalty to the institution of the presidency. But there are many key, if lesser jobs in government that have gone unfilled ever since the Ehrlichman-Haldeman team demanded, and got, blanket resignations at the beginning of the second term—and who is going to rush to Washington to fill them now?

Ever since the White House unceremoniously dumped Geoffrey Moore as the Commissioner of Labor Statistics, for example, the post has been vacant. The same is true for key slots in the Census Bureau where competent men were removed for no good reason, but usually because they didn't meet the old Ehrlichman-Haldeman "loyalty" standard.

Or take the Council of Economic Advisors. The three-member council, already down to two, is scheduled to be reduced further if Herbert Stein sticks to his timetable that would take him to the University of Virginia this fall. It's never been easy to find capable and available Republican economists for the CEA, and it will be doubly tough now.

The only way that this situation can be turned around is by dramatic action of the President that would show his willingness to let the chips, all the chips, fall where they may. That alone won't purge him of the charge of incompetence and more. But it would be the necessary first step to reduce the paralysis in government and make it possible for good men to serve the government.
