

... With Notable Omissions

President Ford's economic program is more notable for its omissions than the 10 points the President ticked off to "put our . . . economic house in order."

For all the talk about the need to cut energy consumption, the President not only ducked the politically sensitive issue of gasoline taxes, but shied away from mandatory conservation measures in favor of the same old batch of voluntary suggestions.

To raise revenues, the President failed to ask Congress to plug some of the outrageous loopholes that favor special interests, but proposed to sock a 5 per cent tax surcharge on middle and upper-income groups.

Thus, people who have been paying their fair share of taxes all along are asked to pay even more. That's not the right approach so long as the whole tax system is distorted by loopholes.

Moreover, there is considerable justification for the quickie judgment of a labor leader like Jerry Wurf, who says it looks as if Mr. Ford would tax the middle-class so as to provide a hefty investment credit for corporations.

But the most serious omission of all is the absence of any plan to deal vigorously and directly with the key economic problem of the moment, the festering wage-price spiral.

As Mr. Ford surely must know, labor leaders who kept wage demands at a moderate level for a year or more, can no longer do so because of a raging price inflation.

The explosion in the cost of living, creating a double-digit pattern that will probably last into 1975, will force a new wage-price spiral unless something is done about it.

Yet, President Ford not only failed to equip his new Council on Wage and Price Stability with real powers, nor suggested wage-price guidelines—he didn't even ask business and labor not to raise prices and wages to unconscionable levels.



By Frank Johnston—The Washington Post

The President apparently followed the advice of those like former Treasury Secretary George Shultz, who warned Mr. Ford at the summit meetings not to tinker in this area.

"The program," said the current Secretary of the Treasury, William Simon, "is aimed at minimizing government controls." So for the time being, ideology has won out again, and the public will suffer with high inflation rates. How long will the public be patient?

Having rejected the help of direct action in restraining wages and prices, the President could not take

stimulative action to get the country moving out of recession. At least the policy is consistent: Mr. Ford offers no dramatic initiatives against either the inflationary or the recessionary side, which means that the nation will continue to suffer from "stagflation."

The cost of this deficiency can be seen not only in the weak program of tax relief to the poor (most was already in the works via the House Ways and Means Committee), but in a pallid version of the Jacob Javits-Arthur Burns public service jobs proposals.

Is the Ford program a complete bust? I think not. The President at least recognized the complexity of the inflation-recession problem, one of the lessons of the summit. He laid stress on expanding new energy sources, and warned Detroit that it must produce more efficient cars.

He properly demanded a beefed-up antitrust law, and paid lip service to doing away with Prof. Hendrik Houthakker's "sacred cows" that gouge consumers through antiquated government regulations. But most of these deal with problems in the long run, not the crucial questions of 1974, 1975 and 1976.

During the summit sessions, Economic Council Chairman Alan Greenspan, who pulls no punches in his economic analyses, said the economy would suffer higher unemployment and a no-growth pattern for a year. He warned that it would take up to three years to subdue inflation.

Even more starkly, former Economic Council Chairman Walter W. Heller and his associate, George Perry, speak in the Minneapolis National City Bank letter of a 1974-75 "policy-induced recession (that) will be the longest and most costly one we have suffered since the Great Depression."

Measured against economic problems of this magnitude, President Ford's program has to be rated a disappointment.