

The President Shows a Move Toward Humility

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It is a rare event when a president of the United States concedes in a public statement that "confidence in our management of our fiscal affairs is low, at home and abroad."

Richard Nixon made the concession yesterday.

It is equally unusual when a president, 35 days after he had imposed a dramatic price freeze to appease an angry electorate, discloses his mistake by saying that "food has given the clearest evidence of the harm that controls can do to supplies," and that "the freeze is holding down production and creating shortages which threaten to get worse."

And it is not exactly customary for a presidential statement to contain the phrase, "we should not despair of our plight."

At least until Watergate, Richard Nixon has been an upbeat president: crime could and would be handled, inflation could and would be checked, the plight of the cities was getting better.

Yesterday, in his message announcing Phase Four, he said simply: "There is no way, with or without controls, to prevent a substantial rise of food prices."

The President did not go on television to make these statements. For one thing, he was in the hospital. For another, the statement on Phase Four — even the presidential summary was sufficiently complicated to boggle the minds of TV viewers. But the tone of the statement, at least on economic policy, reflected an unmistakable change toward humility.

George P. Shultz, the Secretary of the Treasury—a man capable of producing a smile under the most trying of circumstances — confirmed the point yesterday. Declining, as in the past, to make any predictions about how well the new anti-inflation program will work,

and noting how poorly some previous forecasts had turned out, Shultz grinned and said, "it is desirable to be a little humble."

The President had been advised by Shultz, among others, against the freeze. Yesterday he acknowledged that "we have seen baby chicks drowned, pregnant sows and cows, bearing next year's food slaughtered, and packing plants closed down."

None of the foregoing goes directly to the merits of Phase Four itself.

A quick assessment by some observers here was that it could help achieve its rather modest purpose—which essentially is to limit the pace and amount of future price rises that are inevitable, and to set up for the first time a procedure, though not a deadline, for moving toward eventual decontrol.

Phase Four, if it is enforced in detail, will also be tougher on business profits than previous phase of controls, while being, in practice, probably administered flexibly in the case of wages.

Apart from the fact that it is more complicated than Phases Two or Three, let alone the two freezes, Phase Four starts out with less ambitious objectives. This, again, is a reflection of the searing experience of this administration, including the President, with the performance of the economy, particularly in the last six months.

Interest rates are near the peaks reached at the time of the severe and painful credit "crunches" of 1966 and 1969-70.

Business profits are booming and employment is high. Yet there is no doubt that a serious malaise exists in the country, as reflected in public opinion polls.

Unlike the past, Mr. Nixon did not pretend that the malaise was non-existent. And he did not promise as much as he used to by way of results for his new program.

But presidents, like other men, do not and probably

cannot transform themselves completely and all at once. There was some of the "old Nixon" in yesterday's message, too; to the extent that the old Nixon — like other presidents — made somewhat exaggerated claims.

Yesterday, Mr. Nixon announced with a flourish that he had changed the aim of his budget policy so that now the target was a balanced budget for the current fiscal year — what Shultz called "the old-time religion."

But it turns out not really to have been a change at all. The President has reaffirmed his determination to hold to the same spending figure he proposed last January, \$268.7 billion. This will require some further cuts because other items, such as interest on the debt, will run ahead of the January estimates, but there is no reduction in the spending total.

The budget will be balanced because the highly inflationary economy — with higher incomes and profits — is boosting tax collections so fast that revenues will probably equal the expenditures figure. The balanced budget, in short, can be said to be the fruit of failure, not a new policy.

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