Your Money

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President Ford and Your Pocketbook

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WHAT DOES THE CLOSING of the tragic Nixon administration and the opening of the presidency of Gerald R. Ford mean to you — in terms of your own pocketbook, your own personal financial security? In briefest summary, today's column will give you the over-all view; tomorrow's will supply vital details.

First and above all, specifics. It means the lifting of the pall of uncertainty and indecisiveness which has progressively darkened the economic landscape in the U.S. for so long.

It means an end to the self-defeating economic policy of do-nothingness which has neither strengthened private enterprise in our land nor curbed the murderous inflation spiral nor inspired confidence in our leadership at home or abroad. Quite the contrary.

These changes alone — inherent in the mere shift of leadership from Mr. Nixon to Mr. Ford — spell an economic plus of enormous significance.

These achievements alone — more in the realm of psychology at this stage than of actual economic programs — will help unite the country, vastly improve public confidence, cheer investors particularly.

The very fact that the suspense about Mr. Nixon is over — and "Nixonomics" is gone — will help improve our economic relationships with our closest allies in Western Europe and Japan, make possible the economic cooperation among us which is so imperative to fight inflation, bring back our fo reign economic policy to the positive force it was before Nixonomics took over.

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ON ECONOMIC POLICY at home and abroad, the Nixon White House always was weak, vacillating, nonintellectual in approach, and frankly based on flexibility rather than on any principles whatoever.

Despite his public statements to the contrary, his sorry attempts to convince the TV audience that he was in charge — witness his last astoundingly vapid economic address — the former President did not care at all about economics, as he so shockingly revealed in his own presidential tapes. For instance, on the issue of relative currency stability (vital to world prosperity) Mr. Nixon remarked: "I don't give a (expletive deleted) about (that)."

The former President's top advisers — except for those he appointed at the very end and for Arthur Burns, the world respected economist he appointed as Chairman of the Federal Reserve Board — also were philosophically against government intervention to curb runaway inflation and for do-nothingness. Their distaste for wage-price controls was a major reason the controls failed so miserably.

As for monetary policy, the Federal Reserve first made the terrible error of pumping credit into the economy prior to the 1972 elections to bolster vote-getting prosperity. And then, when the White House defaulted on anti-inflation policies, the central bank adopted a brutally tough credit policy to help cool the inflation it had itself helped to create.

As the Nixon administration closed, the Federal Reserve was carrying almost the entire burden of the inflation battle, using its only weapon of hard-to-get credit for such basic industries as housing and horrendously high interest rates. Yet this anti-inflation weapon is dangerously discriminatory and crude. And high interest rates on their own add to inflation, for the cost of borrowing is as much a part of doing business and of living as the cost of food and fuel.

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UNDER PRESIDENT FORD, though there will be a shift toward more use of fiscal policy (budget and taxes) to take some of the heat off the Federal Reserve and to permit an easing of the credit squeeze and a decline in interest rates.

There will be an immediate move away from do nothingness as the tough anti-inflation men around Mr. Ford try to control the federal budget and cut enough spending to bring it into balance in real-life terms of dollar outgo equal to dollar income (rather than fancy concepts devised for economists).

Mr. Ford has said he believes Treasury Secretary Simon's hopes for budget cuts of as much as $20 billion are not feasible, but he also has said cuts of several billions are feasible and a balanced budget is essential.

In economic terms, Mr. Ford's administration is not a "new" ball game. For in economics, what is to happen already is happening, and it never is a "new" ball game. But there is a new umpire.

There is a new sense of dependability and decency and drama even in Mr. Ford's undramatic self. It's all on the plus side.

TOMORROW: The No. 1 problem—inflation.