

Nixon Predicts Rosy Future for Economy, Expects Auto and Housing Output to Rise

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JACKSON, Miss.—President Nixon, who pledged a week ago to take a more active role in economic policy, yesterday forecast an exceedingly bright future for the nation's economy.

Mr. Nixon, in a euphoric mood after a rousing reception from 12,000 people packed into a coliseum here, made these predictions:

—Although the economy went through a first quarter "dip," primarily related to energy problems and "characterized by inflation," the downturn in business activity will "level off" in the second quarter.

—In the second half, the economy will "begin to move forward again," with auto production and housing starts increasing.

—Overall, 1974 won't be "our best year" but will be "a good year," 1975 will be "a very good year," and 1976 will be "the best year in America's history, the most prosperous, the most free."

The President, who met for more than two hours Tuesday with his economic advisers, told the Mississippi Economic Council and its thousands of guests that he will announce within two weeks federal programs to "stimulate" housing. He didn't give any clues about the content of those programs.

"Economy Is Enormously Strong"

Mr. Nixon said that except for auto production and housing, two areas he predicted will show improvement soon, "this economy is enormously strong." He said "automobile production is beginning to go up—not fast, but the predictions toward the end of the year are for a good automobile year—not the best, but a good one." And he said "housing starts are beginning to go up," although "not as much as we would like."

While asserting that the economy has "been through the lowest point in the downturn," Mr. Nixon said that inflation remains a "major problem" that "we're all going to have to fight together." He repeated standard Nixon administration statements that the solution to inflation is to hold down government spending and to "increase production."

Inflation "isn't going to be solved by putting this economy under the straitjacket of government controls from Washington, D.C.," the President declared. He asserted that his administration has tried controls and that they work "for a time, but in the end, we pay a bigger price in higher prices."

He said two-thirds of the current inflation is caused by rising prices for energy and

food. "The answer to getting our energy prices under control," the President said, "is to produce more." Similarly, he said, the food-price problem can be solved by producing more food—"and here, the prospects are good," he said.

"The rise in food prices will tend, as we go through the balance of the year, to level off," Mr. Nixon predicted.

The President's decision to play an expanded role in coordinating economic policy was announced by the White House last week as part of a broad reshuffling of economic-policy responsibilities triggered by the pending resignation of Treasury Secretary George Shultz. Rather than appoint William Simon, Mr. Shultz's successor at the Treasury, as overall economic policy chief, Mr. Nixon decided to disperse much of Mr. Shultz's authority among several economic advisers and to become more active in supervising them all.

Reason for Visit

Although Mr. Nixon didn't mention impeachment or Watergate in his talk to the Mississippi Economic Council, the threat of impeachment almost certainly is the main reason he flew here yesterday to deliver his 40-minute speech.

The crowd was overwhelmingly friendly, and he knew it would be. Enthusiastic welcomes like the one here look good on the nightly TV news shows, where so much of the news these days has been bad for the President.

Beyond that, Mr. Nixon took the opportunity to bring nearly the entire Mississippi congressional delegation with him on Air Force One, a gesture—typical of many he's made lately—that those lawmakers presumably will remember in coming days as they make decisions about his political future. One Mississippi Congressman who didn't make the trip with Mr. Nixon, however, was Republican Rep. Trent Lott, who turned down his Air Force One invitation because the House Judiciary Committee, of which he is a member, had a meeting yesterday to vote on giving Mr. Nixon more time to respond to a committee subpoena and to receive staff recommendations on narrowing the focus of the impeachment investigation.