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How Ford May Handle Economy

Washington

Gerald Ford's presidency is unlikely to produce any early radical changes in the government's policy of fiscal and monetary restraint to battle inflation, according to top officials in the White House, Treasury and other departments.

His support for current economic policies, which also include advocacy of a more open world trading and monetary system, are a foregone conclusion, the officials said.

The economists whom Ford most admires include Paul McCracken, a former chairman of the Council of Economic Advisers, and Federal Reserve Board Chairman Arthur Burns.

Both of these economists have talked, in varying degrees, of the need to maintain current economic policies of restraint to dampen the fires of inflation.

The new president is likely to follow their leadership and advice with the result that interest rates could continue to remain near their historic highs, with credit limited and government spending held under a tight rein.

In international economic policy, Ford has little expertise — a point acknowledged by White House aides.

Under those circumstances, he is expected to rely heavily on the advice of William Eberle, who has served as President Nixon's special representative for trade negotiations, and on the guidance of Burns and Treasury Secretary William Simon on international monetary affairs.

The general reform of the world monetary system, which has been under review for nearly two years, will probably remain in cold storage under Ford.

He is expected to take the Nixon administration's view that the current volatile economic situation, with rampant world-wide inflation and fears of energy shortages, is no time for major structural changes.

Views about how Ford will guide the economy differ although most analysts agree on his conservative outlook.

"If you align Mr. Ford's attitude of non-philosophy with his well known conservative bent, you don't get dramatic changes," a White House source said.

With his long background in Congress, culminating in leadership of the Republican minority in the House of Representatives, Ford may give a more sympathetic hearing than Mr. Nixon to attitudes on Capitol Hill.

This could mean more concern in the White House for unemployment levels, which are expected to rise from the current 5.3 per cent and a re-examination of wage and price controls as a way of curbing inflation.

Reuters