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Energy: The Leadership Paradox . . .

How serious is the energy crisis?

Well, government officials dealing directly with it exude a relaxed confidence. But those obliged to handle the economic consequences of the crisis exhibit a case of the jitters.

The resolution of the paradox is that, while the energy shortage is manageable in itself, political leadership is required to deal with the impact on jobs and prices. So, given the absence of public confidence in Mr. Nixon, it is a deep question whether he can pull the country through the crisis without a bad recession.

The shining example of confidence is the federal energy administrator, William Simon. No day goes by without his holding some kind of news conference. He steps up and answers the most recondite and difficult questions. His appetite for power is undimmed, and he doesn't mind telling everybody what to do. Before Christmas he even let Mr. Nixon know it would be bad form to take the presidential jet to his vacation spot.

The measures Mr. Simon has taken reflect the feeling that the crisis can be easily resolved. He has gone in for limits on Sunday driving, car pools and turning down the thermostats. The truly tough stuff, notably rationing, he has put off. His policy is a policy of trimming at the edges.

Moreover, his office has been issuing — in the weekly petroleum situation reports — a body of basically reassuring information. Voluntary conservation measures, according to the latest report, have cut the anticipated petroleum shortfall for the four weeks ending Dec. 21 in half. Imports — presumably of oil bootlegged around the Arab boycott — were up by 400,000 barrels a day. There was only a slight drawing

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down of inventory — nothing out of season.

When measured against that sanguine outlook, the President's economic advisers sound like Hamlet stuttering his doubts in the face of the simple certitudes of Fortinbras. Consider, for example, the figure being cut by Herbert Stein, the chairman of the President's Council of Economic Advisers.

Mr. Stein, in the past, has been noted for rosy predictions about the economy. But in the face of the energy crisis he has suddenly turned bearish.

The other day he warned that during the first six months of this year inflation would be running “at a basic rate of 5 per cent with an additional add-on for energy.” Though the administration calculates that unemployment is due to rise by a percentage point to 5.7 in 1974, Mr. Stein said, “the economy might slow down more than we expect.”

Equally out of character was Mr. Stein's attitude toward the council itself. Normally he disparages government intervention in the economy as clumsy and heavyhanded. But at a meeting of the American Economic Association in New York last week, Mr. Stein called for expansion of the council to deal with the task of economic

planning. He said that, in the face of the energy crisis, a “little agency focusing mainly on manipulating fiscal and monetary policy” was “inappropriate.”

No doubt, Mr. Stein has a more delicate job than Mr. Simon. Mr. Simon's basic task is to assure an ample supply of energy — which seems quite doable. Mr. Stein, on the other hand, has to deal with the impact of a very large price increase in a strategic commodity on millions of decisions by consumers and businessmen in the private sector of the economy. He has to make sure that economic activity does not plunge, that prices do not go through the roof, and that the economy is not skewed in a lopsided fashion by windfall profits to the oil companies.

But if that task is difficult, it is not impossible. If unemployment threatens, the economy can be stimulated through larger federal outlays. Inflation can be contained through rationing and other devices. Heavy taxes can cut windfall profits.

The trouble is that decisions about spending and rationing and taxes require leadership — presidential leadership. But Mr. Nixon, crippled by the continuing scandal of Watergate, has become a figurehead President, capable of dealing at best with foreign governments. He commands no confidence with the public or the Congress. He reigns but does not rule. So long as he continues to hang on in the White House, the energy problem, a problem that is intrinsically not all that difficult, can do terrific harm to the country.