

Big Question on Freeze

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A Display of Nixon Power

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The full economic consequences of President Nixon's weekend decisions and his Sunday night speech remain to be seen, although they are bound to be significant.

But it is already clear that the speech was a graphic demonstration of one of the durable verities of American politics — that the greatest political power of a President is the power to act.

It is true enough, at least to the sophisticated, that Mr. Nixon's various actions and proposals represented tacitly the ignominious failure of his own touted "game plan" for the American economy. In the compass of 20 minutes on television, he did almost everything he had said he would not do, and almost everything that, supposedly, his previous economic policies had been designed to avoid.

It is also probable — and par for the course — that there is a certain amount of hokum in what the President, with his penchant for hyperbole, called the "most comprehensive new economic policy to be undertaken in this nation in four decades."

CUTS

If spending actually is going to be cut by \$4.7 billion, what is the net stimulative effect of the tax cuts? And what does it mean to put off the fiscal effect of welfare reform and revenue sharing for a year, when passage this year was dubious in the case of the former and hopeless in the case of the latter?

It may well be true, moreover, that Mr. Nixon's new array of economic action is

too little and too late—that it all or much of it ought to have been done months ago, and is being done now only because Mr. Nixon has been suffering the lash of his Democratic opponents, all of whom took turns at the Texas labor meeting last week in belaboring him with the failure of his economic policy.

FREEZE

(Democrats, of course, peddle their own brand of hokum and none of them ever mention the great responsibility of the Johnson Administration for the inflation with which Mr. Nixon has been grappling.)

But never mind all that;

the President has acted. Senator Muskie has now power to freeze wages and prices. Senator McGovern can recommend a 'full employment alternative,' but that avails nothing. Senator Jackson can demand a public works bill to create jobs, but so what? Only the President can act, and that he has acted vigorously — however tardily — is a political fact of the first magnitude.

At a stroke, Mr. Nixon's spectacular pronouncements have wiped out any previous appearance of hesitance or dogmatism. He has made his Democratic opponents look helpless by comparison. He has refuted their charges that he has callously done nothing to solve the economic problems of the people.

The catch is, of course, that if progress against inflation and unemployment, in particular, is not demonstrable as a result of the new economic program — and demonstrable in the fairly near future — what will the President do for an encore?

SPEECH

In fact, the most interesting economic and political question arising from Mr. Nixon's speech is what he intends to do at the end of the

90-day wage-price freeze.

No doubt the Administration itself is not yet sure, and no doubt the course of events will influence the decision. But the President can hardly back away from any wage-price policy three months from now; that would surely invite a swift new round of increases. Nor, to judge from his statements last night and earlier, is he likely to impose a formal system of wage-price "controls" with its resulting bureaucracy and public irritation.

That leaves in all probability a long-term policy of guidelines and "jawboning," and it is by no means clear that combination would be effective enough — under serious economic and political challenge — to negate what the Democrats see as their major issue against Mr. Nixon next year. That is why the program announced with such fanfare Sunday night is a political as well as an economic gamble.

POINTS

Two other political points: Although the 10 per cent protective tariff announced by Mr. Nixon will most obviously benefit the automobile industry (in combination with suspension of the 7 per cent auto excise tax), it will do the President no harm in the South, which he prizes politically, and where "Japanese import" is a fighting label.

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