

State of the Union: Promises, Promises

Consulting economists, including some who advise President Nixon, were privately appalled at Mr. Nixon's flat assertion Wednesday night that "there will be no recession in the United States of America" in 1974.

Likewise, specialists on Arab oil were aghast over another prediction in the President's state of the union message: "I can announce tonight ... that an urgent (Arab) meeting will be called in the immediate future to discuss the lifting of the oil embargo."

Both glowing forecasts by the beleaguered President reflected the overblown rhetoric which often embarrasses him. Now they threaten Mr. Nixon with widening his credibility gap still further in the immediate future.

Consider the "no-recession" pledge. It is true that slightly better estimates of economic activity in the first two quarters of 1974, prepared by Nixon administration economists early in January, give some reason to believe that those two quarters will not show "zero growth"—the classic definition of a recession. But Mr. Nixon's unnecessary prediction reminded leading economists of similar frothy official forecasts over the past five years that backlashed on the President and helped shape his huge credibility gap.

One such economist, the eminent Dr. Alan Greenspan, recalled his astonishment when the President estimated

"Glowing forecasts by the beleaguered President reflected the overblown rhetoric which often embarrasses him. Now they threaten Mr. Nixon with widening his credibility gap still further."

the gross national product for 1971 at \$1,065 billion—a prediction immediately challenged by leading economic consultants including Greenspan. The actual output was \$10 billion lower.

The economists' view of the President's new "no recession" forecast is that the volatility of the world economic situation, coupled with confusion over Arab oil, makes any such forecast ridiculous and dangerous. If there is indeed no recession, he would get the credit without any forecast. But if there is a recession, Mr. Nixon will get hit two ways: he will inherit the blame and his credibility will decline still more.

As for the hint that the oil boycott is about to end, the fact that Arab oil states will meet on Feb. 14 was known well before Mr. Nixon's speech. But both Mideast diplomats and independent oil experts here see no chance for any significant change until Mr. Nixon says something on the issue of Jerusalem—the preeminent Arab-Israeli issue in the important view of Saudi

Arabia's King Faisal, kingpin in the Arab oil boycott.

One reason for Sen. Barry Goldwater's abrupt shift from dispassionate critic of President Nixon to partisan defender was a political fund-raising ploy by Democratic National Chairman Robert S. Strauss.

Seeking to take advantage of the anti-Nixon sentiment following the Saturday night massacre last Oct. 20, Strauss in early November sent out a fund-raising appeal to some 150,000 Democratic contributors. In the first paragraph of a three-page attack on Mr. Nixon, the Strauss letter quoted Republican elder statesman Goldwater as saying the President's credibility "has reached an all-time low from which he may never be able to recover."

Shown the letter a few weeks later, Goldwater exploded. He felt his remarks, intended in a nonpartisan vein, were being exploited by the Democrats for partisan ends. Consequently, when

Goldwater appeared on NBC's "Meet the Press" Jan. 13, he defended Mr. Nixon with unaccustomed gusto—much to the delight of the White House and the chagrin of the impeachment bloc in Congress.

Strauss is aware of Goldwater's reaction but undismayed, considering the success of the fund-raising appeal. He plans a new appeal containing anti-Nixon remarks from another famous Republican Sen. Robert Dole of Kansas, former chairman of the Republican National Committee.

The telephone talk about last month's Israeli-Egyptian agreement between Secretary of State Henry Kissinger and Vice President Gerald Ford was not a Kissinger move to butter up Ford, as widely reported. Actually, the call was placed from the the City-County Building in Grand Rapids, Mich., where Ford was shaking hands of voters, to Kissinger in Jerusalem. What's more, Ford placed it because of a mixup.

Kissinger had ordered his National Security Council staff to inform Ford and other officials that agreement was imminent. But the message Ford got in Grand Rapids was that "Henry Kissinger called." Ford immediately telephoned the White House and was channelled by top-secret communications directly to Kissinger in Israel.