Editorials

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The Newest Nixon Economic Policy

THE LATEST ECONOMIC POLICY of President Nixon is described as one of "steady-as-you-go." That means, we take it, keep on doing what we've been doing and hope for a slowing down of the rate of inflation. A policy that asks people to buy less, consume less, in short spend less, is not very thrilling or uplifting of the spirit, but it may just be the best the economy can look for government to propose and the most the President can do in his present leadership predicament.

It may even be fortunate that the administration is not today in the position of unbounded self-confidence in its own correctness that characterized the August 1971 decisions to go off gold convertibility and onto price and wage controls. Any such sweeping, wrenching move as that at the present stage, when we have no GNP growth and a two-digit inflation rate, would indeed call for a very self-confident, almost cocksure, national leadership. The condition is not present in this preimpeachment period.

MOST OF THE ECONOMISTS offering advice to the President on how to fight inflation seem to agree with Ezra Solomon, former member of the President's Council of Economic Advisers, now at Stanford. Professor Solomon, as quoted in Michael Harris' symposium of interviews last week, said "what we must do is keep credit controls tight and hope that procedure will work—and it will. Tight money is gradually beginning to hurt—it does its work by hurting. It is medicine we have to be patient with."

This is about what the President is saying when he urges reduced private spending, promises reduced federal spending (albeit by a miniscule $5 billion), invites the Federal Reserve to stick with its policy of restraining the expansion of money and credit and jawbones business and labor to act responsibly in their wage and price demands.