

The Pardoner's Tale

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Has President's Decision Undermined The Faith in His Economic Leadership?

By LEONARD SILK

President Ford obviously realized his decision to grant former President Richard M. Nixon a "full, free and absolute pardon" for all Federal crimes Mr. Nixon "committed or many have committed" would provoke some opposition and criticism. But he seems to have utterly failed to perceive that it would produce a real shock—even in the business and investment community.

Why has it had that stunning effect? And will the fall-out of Mr. Ford's unexpectedly sudden move be inconsequential and brief or serious and long-lasting?

The reasons for the intial shock are not hard to understand. President Ford had been moving to put Watergate behind us most effectively by his personal behavior—by the simple and modest style of his speech and deportment from the moment he assumed the Presidency, by his effort to unite the parties and the nation, by his openness to outside advice and criticism (including from dissenting economists), and by his apparent realization of the gravity of the economic crisis.

To be sure, there had been doubts about his willingness to act speedily enough to deal with the economic crisis. The stock market had fallen pretty steadily as it refused to accept economic conferences and "summitry" as a substitute for plans and decisions. Yet there was an underlying hope that a clean break had been made with the chaotic handling of economy that had characterized the Nixon era. The White House suddenly seemed to be in the charge of a stable and responsible new President who

would, in due course, restore its stability and restore care and responsibility to economic policy making.

Nothing is more crucial to the economic health of the nation than stable and intelligent leadership in Washington. As Prof. Otto Eckstein of Harvard said directly to President Ford at the conference of economists in the White House last week:

"The basic rhythm of the American economy, both in terms of employment and in terms of prices, has been mainly created in Washington. Business has been relatively stable; consumers have behaved pretty predictably. The variations have originated here. And so the forecaster has to guess

what you and your colleagues will do . . ."

No forecaster, economic or political, could have guessed that President Ford, so soon after his first news conference remarks on the question of pardon, would suddenly then pardon the unindicted Mr. Nixon

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for crimes unspecified and unacknowledged—and even go on to consider pardoning all individuals connected with Watergate.

The political consequences of these events could obviously be grave, for the Republican Party in the coming elections and for Mr. Ford himself in 1976. But what about the economic effects? Since politics and economics are so closely linked, there are grounds for apprehension on several counts.

Energies Diverted

For one thing, the President's ability to focus his attention and energies on complex economic issues could be shattered by his involvement in a brawling and divisive political battle.

Inevitably, the kind of bipartisan support he might have gathered for difficult economic actions—whether in the areas of the budget, revision of the tax laws; enactment of a national health plan; revival of authority to negotiate interna-

tional trade agreements; measures to deal with the latent, but still very dangerous, energy crisis, and the squeeze of the Organization of Petroleum Exporting Countries—could be destroyed if the Democrats concluded that the Nixon era had returned with a vengeance. Actions on all such controversial issues, high on the Congressional agenda, demand trust in the President's values and purposes.

The President will need the support not only of the Democrats but also of the nation if he is to gain the help of labor, business and other groups for a policy of moderation on wages and prices.

Inflationary Dangers

If the national mood turns cynical once more, with the philosophy of every man—and every interest group—for itself apparently triumphant, the inflationary spiral could be given another nasty twist.

Thus far, foreign reaction to Mr. Ford's swift pardon of Mr.

Nixon and consideration of a blanket pardon for other Watergaters seems restrained and unformed—just as foreign reaction to Mr. Nixon's imminent impeachment or resignation lagged, well behind American public opinion, both in intensity and comprehension.

Yet a resumed battle over the American Presidency at home would surely undermine Mr. Ford's ability to negotiate and lead internationally.

Oil Prices Troublesome

This is no small matter in a world that is being whipsawed simultaneously by forces of inflation and recession, with severe financial problems building up as a result of the unmanageable price of oil, resulting in huge deficits in the balances of trade and payments of the weaker industrial countries, such as Italy and Britain, and of the oil-starved poor countries, such as India and Bangladesh. Food shortages are exacerbating the problems of both economic and political instability, and here, too, the United States has a crucial role to play.

Nor can United States's relations with the Communist countries be excluded from the area that would be adversely affected by a resumption of domestic political hostility in this country.

The Ford Administration has been seeking to negotiate with Congress a complex plan that would reportedly allow at least 60,000 Jews and others to emigrate annually from the Soviet Union, in exchange for benefits to the Russians in trade with the United States. This delicate compromise plan could now be

blown skyhigh, if Mr. Ford loses his credibility and the trust of his political opponents.

Nixon Influence Scored

Can Mr. Ford get it back together again? He must move swiftly if he expects to, for his relatively mild critics have started reminding people if Mr. Ford's earlier less lustrous reputation, and his unkindest critics are saying that Richard M. Nixon is still running Administration policy.

At this juncture, to paraphrase Mr. Ford, there does not appear to be any quick fix for the political havoc he has wrought by his unexpected pardon of Mr. Nixon and the reports that pardons for former aides and other are being considered, and this is the worst economic news since double-digit inflation and double-digit rates.

The problems of economic policy making have been thrown back to where they were just before Mr. Nixon's resignation from the Presidency, with the White House at severe odds with a majority in Congress and with Dr. Arthur F. Burns in unchallenged authority over monetary policy—albeit a policy of a little more ease in the light of worsening recessionary signals. Congress may soon be seeking once more to assert some economic leadership, but it remains organizationally clumsy and inept. And the nation again is confused, split and doubtless disillusioned.

Economic summitry and public relations may work a quick miracle in the weeks ahead—but the odds, unhappily, seem to be against it.

For the moment, Mr. Ford appears to have blown it.