

"Nixonomics" Did WAY More Damage than Watergate

by [Frank Gregorsky](#) <<>> June 5, 2017

Richard Nixon and most of his aides made big bets on regulatory overreach and fiscal recklessness. Dr. Arthur Burns, the President's long-time friend, took over the Federal Reserve chairmanship and, by mid-1971, [the money supply was in overdrive](#).

Angling for a reelection landslide, the Nixon team used long-term federal commitments and dollars to close short-term campaign sales. This Web file uses Richard Nixon's 1972 State of the Union Message — his text, not mine — as the proof. In fact, over 50% of the words in this document show a President luxuriating in his drive to outbid Capitol Hill Democrats program for program, mandate for mandate, buck for buck.

The moral? Any Republican Administration that tries to buy votes with tax dollars and loose policies will blow up the economy and take down the Party. It happened in 1974, and, under another reckless President three decades later, would play out again...

But first: What do you really know about Richard Nixon's Presidency?

1. A GOP Agenda of [gasp] Spending, Mandates and Lawsuits

Yes, his foreign policy received bipartisan acclaim in the early '70s — but, a decade later, much of it had to be junked by President Reagan, George Shultz and Caspar Weinberger. Nixon liked to say that the Soviets were satisfied with their system. Ronald Reagan would never have said such a dumb thing — not even in a Moscow champagne toast.

Watergate is blamed for the Nixon Resignation, and that slice of conventional history is valid, in the sense of "scandal ... revealing tapes ... that justified impeachment probe."

But the Republican Party's collapse in November of '74 — three months after Nixon's Presidency ended — was due much more to the man's inflationary legacy, regulatory surge, gimmicky foreign policy, affinity for Communist dictators, and using price controls to delay the damage from deficit spending. The man had little use for GOP principles.

During the President's first term, bipartisan congressional majorities supported ecological mandates for "zero" pollution via endless lawsuits. "Revenue sharing" went into effect right as federal budget deficits soared. Social Security payments were boosted 25% in one year, a bill Nixon signed "with pleasure," the week before his '72 re-election landslide.

The month after Nixon passed away, an intellectually honest Beltway insider described how "Nixon was the Great Regulator [and] built the modern regulatory apparatus..."

A partial list includes, in 1969, the National Environmental Policy Act; in 1970, the Poison Prevention Packaging Act, the Clean Air Amendments, the Occupational Safety and Health Act; in 1972, the Consumer Product Safety Act, the Federal Water Pollution Control Act, the Noise Pollution and Control Act, the Equal Employment Opportunity Act; in 1973, the Vocational Rehabilitation Act and the Safe Drinking Water Act; in 1974, the Hazardous Materials Transportation Act. Nixon opened the Environmental Protection Agency, the Consumer Product Safety Commission and the Occupational Safety and Health Administration. Under Nixon the number of pages in the *Federal Register* (which publishes regulations) went from under 20,000 per year to three times that amount, where it has stayed ever since.

Thank you, Jonathan Rauch: "What Nixon Wrought," *The New Republic*, May 16, 1994.

Looking back from 2010, former Rep. [Bill Frenzel](#) (R-MN) observed: "Nixon was ... certainly the most liberal REPUBLICAN President in my lifetime. Or maybe we would call him 'flexible' [laughter]... And yet — he had some good ideas. He supported the all-volunteer army. Eighteen-year-old vote. Negative income tax."

The nifty term "Nixonomics" was coined by the staff of DNC chairman Larry O'Brien in the Spring of 1970. An hour of Internet-search, though — for accounts of this Presidency shortened by resignation — might suggest that the U.S. had no economy back then. Yet we did have an economy, and the House and Senate Republicans did very little while their own President used it as a mix of slush fund, Christmas tree, and bottomless pit.

During President Nixon's first 2 1/2 years, joblessness went up by 70%, inflation climbed despite that recession, and budget deficits soared despite recovery in '71-72. And the withdrawal of over 500,000 ground forces from Southeast Asia served as an excuse to hollow out the U.S. military in ways that went well beyond personnel cost savings.

From 1968 to '74, Nixon's chief economic advisor would write later, "defense expenditures dropped from 9.0% to 5.4% [of GDP] and non-defense expenditures rose from 11.5 to 15.5%. Most of the increases of non-defense expenditures were in social insurance programs, for retirement, disability, medical care and unemployment," the outlays for which rose from 4.1 to 6.3 percent." (See Footnote #1)

Fourteen months after Nixon left office, the man who had been Defense Secretary since July 2, 1973, told William F. Buckley: "In 1968, the United States had 976 ships in the U.S. Navy. Today we are down at about 490. It's the lowest point in terms of active naval strength since 1939, which is two years before Pearl Harbor. I'm not altogether happy with that." (Taken from *Firing Line* for 10/19/1975; author's tape).

So spoke [James Schlesinger](#), soon to be dismissed by President Ford for opposing Secretary of State Henry Kissinger's appeasement of the Soviet Union — a battle also fought by Schlesinger (and very few others in the GOP) during the Nixon Years. Finally out of the government, and appearing on NBC's *Meet the Press* November 23, 1975, Schlesinger indicted his own Party's record:

The trends are starkly adverse, over the last seven or eight years, with respect to U.S. and Soviet military capability... The Soviets have increased their military establishment to over four million men; today they have TWICE as many men under arms as we have. They have in recent years produced four times as many subs and surface combatants as we have. They are producing 70% more tactical aircraft. In ground-forces equipment, it's seven and eight to one [in terms of] production ratio... In terms of naval forces, we have equivalent naval forces to the Soviet Union, but the demands upon us are much stronger. The great problem of the United States and its allies are the very powerful ground and attack forces, and growing mobility forces, of the Soviet Union that can be used around the periphery... We as a nation are indulging in an Ostrich Syndrome in burying our heads in the sand and not observing what is going on. [Author's tape]

During the '72 campaign, one of the re-election flyers — along with a [POSTER](#) — quoted the President as saying: "For the first time in 20 years, we are spending more on human resources than on defense." I circulated that flyer in high school. I imagined it would be good politics to approach partisans of the other side with this logic: ***My candidate is doing much of what you want. You guys ought to like him.*** And? BAD way to stand one's ground.

(1) Stein, Herbert. *Presidential Economics – the Making of Economic Policy from Roosevelt to Reagan and Beyond*. New York: Simon & Schuster, 1984, 414 pages

2. When Elephants Rely on Jackass Economic Policies

How did it turn out? The bullish news stopped soon after the '72 campaign closed.

During 1973-74, America faced the worst inflation since 1946, and the nastiest shortages — beef, gasoline, heating oil — since World War Two. Standard mortgages came with 10% interest rates, a level no one in the U.S. could recall. Interstate speed limits were knocked down to 55 mph, infuriating truckers and exasperating family travelers.

Environmentalist *diktats* poured out of federal buildings. The '74 vehicles even had a "seatbelt interlock ignition system" — the engine wouldn't turn over until each passenger in the front had their belts buckled. This caused a middle-class uproar that turned back the Unholy Alliance of Detroit, Ralph Nader, and the Transportation Department.

The Watergate scandal was playing out throughout. Yes, the media's full-mooner wolf-pack delivered close to perfect harmony. No, there was no Fox News or national talk radio to expose Democrat Party hypocrisy. Had there been at least a strong economy to bolster Nixon — to show that his presence was necessary for bread & butter stability — the damage from a partisan-spying scandal would have been notably less violent.

And violent it was: President Nixon's approval rating crashed from 68% to 24% in just 15 months. At the same time, it would have been nearly impossible for any CONSERVATIVE media to make a coherent philosophical defense of this man. After all, the 1973-74 economy reflected all manner of opportunistic vote-buying during Nixon's first term.

[A highly illuminating account](#) of the post-'72 economic chaos and stock-market devastation came out just last month. My own document has no charts because enough jarring visuals await you there. Great job by **Myles Udland** on Yahoo Finance 5/17/2017.

But this paper's argument is historical, stretches beyond the 1970s, and is meant as a therapeutic rainfall of cold water, with a side order of hailstones, for any latter-day Republican ready to replicate Democrat fiscal and regulatory flim-flam.

On the night of November 5th, [Robert Strauss](#) — one of the most effective Democrat Party chairman — was well within his rights to tell a skeptical ABC reporter:

I don't think Watergate has been the issue in this campaign. I think the issues have been traditional bread-and-butter issues for the Democratic Party; that's what our candidates have been talking about, and that's the reason they're doing well. That's what we've TOLD 'em we ought to talk about. Every poll we've taken shows that. We didn't change — we haven't changed our campaign strategy in 12 months. And we're right on target...

Damn right. Strauss spoke on [Election Night '74](#). A mere NINE Republicans in the U.S. House were holding on their seats with 70% or more of the vote, versus 141 Democrats registering the same level of strength — that's *one hundred and forty-one* — in a parliamentary body of 435. And 59 of those big winners — including eight in the state of Texas alone — didn't even have a Republican opponent.

The House GOP was undergoing a net loss of 48 Members. In the Senate, the Democrat

majority would balloon from 14 to 23. The congressional GOP was commencing the toughest four years since the Great Depression. As for Governors? Thirty-six states came out of those 1974 elections with Democrat chief-executives.

3. Nixon's Lunging Liberalism — in the President's Own Words

The rest of this paper draws from a single White House document. Richard Nixon submitted two "State of the Unions" in January 1972. Never mind the speech to Congress; the treasure trove is a 15,000-word State of the Union MESSAGE. In it, Nixon extolled "the deep desire for change." Again and again, in mind-numbering vote-pandering detail, he spoke of it, and to him "change" meant dollars for goodies...

I think, for example, of our program for the District of Columbia. In addition to proposals already before the Congress, I will soon submit additional legislation outlining a special balanced program of physical and social development for the nation's capital as part of our Bicentennial celebration. In this and other ways, we can make that celebration both a fitting commemoration of our revolutionary origins and a bold further step to fulfill their promise... I think, too, of our program to help small businessmen, of our proposals concerning communications, of our recommendations involving the construction of public buildings, and of our program for the arts and humanities — where the proposed new budget is six times the level of three years ago.

Lots of expensive help for groups with no use whatever for the GOP or Richard Nixon — or his "Silent Majority" who were implicitly expected to foot the bills, carry the debt, and adapt to the mandates while fending off the lawsuits.

State of the Union message [with colored emphases] Nixon White House — press office — January 20, 1972

Opening sections and subheaders NOT reproduced here Getting Ourselves Together ... The Spirit of Reason and Realism ... Ending the War ... The Lessons of Change ... Opening New Lines of Communication ... A Strong Defense: The Guardian of Peace ... A Realistic Program of Foreign Assistance ... America's Influence for Good ... The Economy: Toward a New Prosperity ... A Brighter Economic Future ... A New Era in International Economics ... Competing More Effectively ...

The Unfinished Agenda

Two years ago this week, and again one year ago my messages on the state of the Union contained broad proposals for domestic reform, I am presenting a number of new proposals

in this year's message. But I also call once again, with renewed urgency, for action on our unfinished agenda...

Revenue Sharing: Returning Power to the People

I call again today for the enactment of revenue sharing. **During the first full year of operation our proposed programs would spend \$17.6 billion**, both for general purposes and through six special-purpose programs for law enforcement, manpower, education, rural community development, and urban community development...

Revenue sharing ... can help reverse what has been the flow of power and resources toward Washington by sending power and resources back to the States, to the communities, and to the people. Revenue sharing can bring a new sense of accountability, a new burst of energy and a new spirit of creativity to our federal system...

Overhauling the Machinery of Government: Executive Reorganization

How the government is put together often determines how well the government can do its job. Our Founding Fathers understood this fact — and thus gave detailed attention to the most precise structural questions. Since that time, however, and especially in recent decades, new responsibilities and new constituencies have caused the structure they established to expand enormously — and in a piecemeal and haphazard fashion...

My answer to this problem is to streamline the executive branch by reducing the overall number of executive departments and by creating four new departments in which existing responsibilities [are organized] around the major purposes of the government — by creating a Department of Natural Resources, a Department of Human Resources, a Department of Community Development, and a Department of Economic Affairs.

I have revised my original plan so that we would not eliminate the Department of Agriculture but rather restructure that Department so it can focus more effectively on the needs of farmers...

[Editor's Note: IT IS AMAZING how many people think that reorganization of a sprawling monster is worthwhile. The only time ANY such plan helped the Nation is during the Truman Era, when the right side of the Cold War needed to be firmed up and staffed...]

Protecting the Environment

At the Federal level, we have established **a new Environmental Protection Agency, a new Council on Environmental Quality and a new National Oceanic and Atmospheric**

Administration, and we have proposed an entire new Department of Natural Resources...

Under authority granted by the Refuse Act of 1899, we have instituted a new permit program which, for the first time, allows the Federal Government to inventory all significant industrial sources of water pollution and to specify required abatement actions. **Under the Refuse Act, more than 160 civil actions and 320 criminal actions to stop water pollution have been filed** against alleged polluters in the past 12 months.

Of the major legislative proposals [from] last winter, 18 are still awaiting final action. They include measures to **regulate pesticides and toxic substances; to control noise pollution; to restrict dumping in the oceans, in coastal waters, and in the Great Lakes; to create an effective policy for the use and development of land; to regulate the siting of power plants; to control strip mining;** and to help achieve many other important environmental goals...

Nutrition

With the increases in our new budget, **expenditures on our food stamp program will have increased ninefold since 1919, to the \$2.3 billion level.** Spending on school lunches for needy children will have increased **more than sevenfold from \$107 million in 1969 to \$770 million** in 1973. Because of new regulations which will be implemented in the year ahead, we will be able **to increase further both the equity of our food-stamp program and the adequacy of its benefits.**

Coping with Accidents — and Preventing Them

One of the significant joint accomplishments of the Congress and this Administration has been a vigorous new program to protect against job-related accidents and illnesses. **Our occupational health and safety program will be further strengthened** in the year ahead — as will our ongoing efforts to promote air traffic safety, boating safety, and safety on the highways...

Action for the Aging

For older Americans, the most significant of these is the bill designated HR. 1. This legislation ... would place **a national floor under the income of all older Americans,** guarantee inflation-proof social security benefits, allow social security recipients to earn more from their own work, increase benefits for widows, and provide a 5-percent across-the-board increase in social security. Altogether, HR 1 ... would mean **some \$5.5 billion in increased benefits** for America's older citizens.

I hope the Congress will also take this opportunity to eliminate the \$5.80 monthly fee now

charged under Part B of Medicare — a step which would add an additional \$1.5 billion to the income of the elderly. These additions would come **on top of earlier social security increases totaling some \$3 billion** over the last three years...

Equal Opportunity for Minorities

Since 1969, we have virtually eliminated the dual school system in the South. Three years ago, 68 percent of black children in the South were attending all black schools; today only 9 percent are attending schools which are entirely black. Nationally, the number of 100 percent minority schools has decreased by 70 percent during the past 3 years. **[Editor's Note: And most of that was because of the court-ordered "busing to achieve racial balance" that Nixon demagogued against during the prior four years. Not until Barack Obama took credit for \$2 gas in his final year as President would there be a more hypocritical victory lap.]**

To further expand educational opportunity, my proposed budget for predominantly black colleges will exceed \$200 million next year, **more than double** the level of three years ago.

On the economic front, overall Federal aid to minority business enterprise has increased threefold in the past three years, and I will propose a further increase of \$90 million. **Federal hiring among minorities has been intensified, despite cutbacks in Federal employment**, so that one-fifth of all Federal employees are now members of minority groups...

I will also support legislation to strengthen the enforcement powers of the EEOC by providing the Commission with authority **to seek court enforcement of its decisions and by giving it jurisdiction over the hiring practices of State and local governments.**

Overall, our proposed budget for civil rights activities is up 25 per cent for next year, an increase which will give us **nearly three times as much money for advancing civil rights as we had 3 years ago.** We also plan a **42 percent increase in the budget for the Cabinet Committee on Opportunities for the Spanish-Speaking...**

Equal Rights for Women

We are committed to strong enforcement of equal employment opportunity for women under Title VII of the Civil Rights Act. To help carry out these commitments I will propose to the Congress **that the jurisdiction of the Commission on Civil Rights be broadened to encompass sex-based discrimination...**

Opportunity for Veterans

The Nation may be weary of war, but we dare not grow weary of doing right by those who

have borne its heaviest burdens. The Federal Government is carrying out this responsibility in many ways: through the G.I. Bill for education — **which will spend 2-1/2 times more in 1973 than in 1969**; through home loan programs and disability and pension benefits — which also have been expanded; through better medical services — including strong new drug-treatment programs; through its budget for veterans hospitals, which is already **many times the 1969 level** and will be stepped up further next year...

Developing Rural America

We must work to revitalize the American countryside... **Rural housing programs have been increased by more than 450 percent from 1969 to 1973**. The number of families benefiting from rural water and sewer programs is now **75 percent greater than it was in 1969**...

But we must do more. The Congress can begin by **passing my \$1.1-billion program of Special Revenue Sharing for Rural Community Development**.

In addition, I will soon present a major proposal **to expand significantly the credit authorities of the Farmers Home Administration**, so that this agency — which has done so much to help individual farmers — can also help spur commercial, industrial and community development in rural America. Hopefully, the FHA will be able to undertake this work **as a part of a new Department of Community Development**...

Strengthening Consumer Protection

Our plans for 1972 include further steps to protect consumers against hazardous food and drugs... [W]e have **established a new Office Consumer Affairs**, directed by my Special Assistant for Consumer Affairs, to give consumers greater access to government, to promote consumer education, to encourage voluntary efforts by business, to work with state and local governments, and to help the federal government improve its consumer-related activities.

We have also **established a new Consumer Product Information Coordinating Center** in the General Services Administration to help us share a wider range of federal research and buying expertise with the public. But many of our plans in this field still await congressional action, including measures **to insure product safety, to fight consumer fraud, to require full disclosure in warranties and guarantees, and to protect against unsafe medical devices**.

Reforming and Renewing Education

It was nearly two years ago, in March of 1970, that I presented my major proposals for reform and renewal in education. These proposals included student assistant **measures to ensure**

that no qualified person would be barred from college by a lack of money, a **National Institute of Education** to bring new energy and new direction to educational research, and a **National Foundation for Higher Education** to encourage innovation in learning beyond high school. These initiatives are still awaiting final action by the Congress. They deserve prompt approval...

A New Emphasis on Career Education

Too many of our students, from all income groups, have been “turning off” or “tuning out” on their educational experiences. And — whether they drop out of school or proceed on to college — too many young people find themselves unmotivated and ill-equipped for a rewarding social role. Many other Americans, who have already entered the world of work, find that they are dissatisfied with their jobs but feel that it is too late to change directions, that they already are “locked in”...

Career Education provides people of all ages with broader exposure to and better preparation for the world of work. It not only helps the young, but also provides adults with an opportunity to adapt their skills to changing needs, changing technology, and their own changing interests. It would not prematurely force an individual into a specific area of work but would expand his ability to choose wisely from a wider range of options. Neither would it result in a slighting of academic preparation, which would remain a central part of the educational blend.

Career Education is not a single specific program. It is more usefully thought of as a goal — and one that we can pursue through many methods. **What we need today is a nationwide search for such methods — a search which involves every area of education and every level of government.** To help spark this venture, I will propose **an intensified Federal effort** to develop model programs which apply and test the best ideas in this field...

The Need for Reason and Realism

[in a give-away grab bag like this? You must be kidding...]

I have covered many subjects in this message. Clearly, our challenges are many and complex. But that is the way things must be for responsible government in our diverse and complicated world.

We can choose, of course, to retreat from this world, pretending that our problems can be solved merely by trusting in a new philosophy, a single personality, or a simple formula. But such a retreat can only add to our difficulties and our disillusion.

If we are to be equal to the complexity of our times we must learn to move on many fronts

and to keep many commitments. We must learn to reckon our success not by how much we start but by how much we finish. We must learn to be tenacious. We must learn to persevere.

If we are to master our moment, we must first be masters of ourselves. We must respond to the call which has been a central theme of this message — the call to reason and to realism.

To meet the challenge of complexity we must also learn to **disperse and decentralize power [the man was out of his mind on that aspiration, given the rest of this Message]** — at home and abroad — allowing more people in more places to release their creative energies. We must remember that the greatest resource for good in this world is the power of the people themselves — not moving in lock-step to the commands of the few — but providing their own discipline and discovering their own destiny.

Above all, we must not lose our capacity to dream, to see, amid the realities of today, the possibilities for tomorrow. And then — if we believe in our dreams — we also must wake up and work for them.

RICHARD NIXON

END OF EXTRACTS from a dreamy-sounding — but in the end cynical and self-destructive — Republican Administration doing everything it could to bring more liberals, regulatory lifers and business-bashers to town...

Mr. Nixon won 60.7% of the popular vote and carried 49 states on November 7, 1972. Within four months, the national media could concentrate on very little apart from the unfolding Watergate scandal and congressional investigations. But the rest of the country had to live in the U.S. economy, a feat that was even more nerve-wracking for those Americans who owned stocks and mutual funds...

<https://finance.yahoo.com/news/heres-stock-market-watergate-133736317.html>