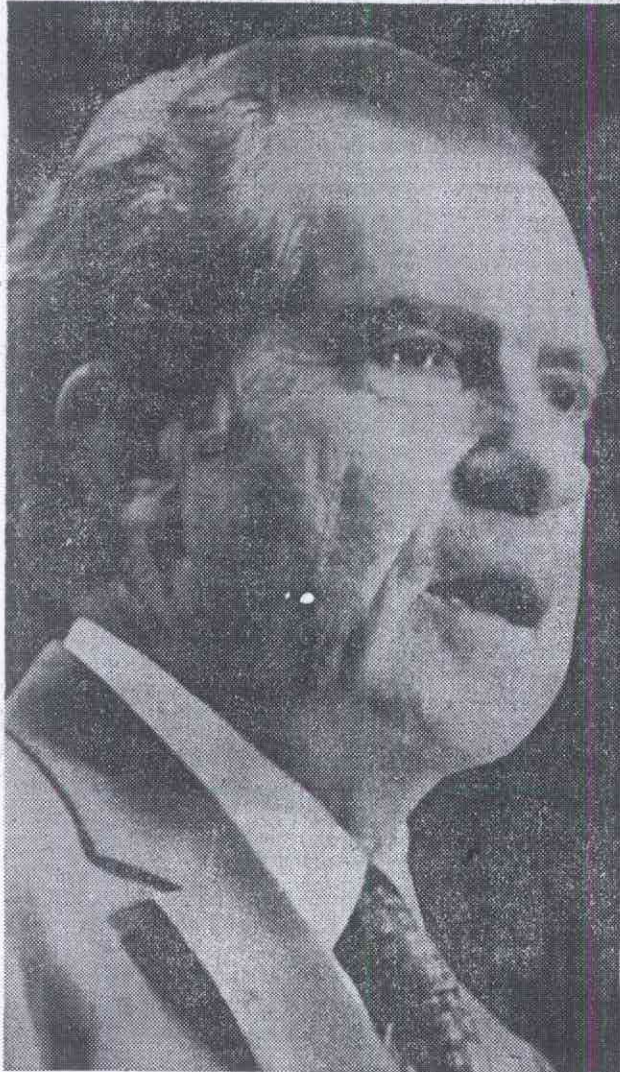


# Nixon Bars Pay-Price Curbs, Calls for Voluntary Restraint

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President Nixon: "We are on the right road . . ."

LOS ANGELES, July 25— President Nixon called today on business and labor to "act responsibly" in their price and wage policies and pledged that the federal government would follow a "steady" course in the battle against inflation.

While he promised not to resort to "the discredited patent medicine of wage and price controls," he said he would use "every influence of the presidency" to bring voluntary restraint on the part of business and labor.

"We are on the right road toward our goal of full prosperity, without war and without inflation," Mr. Nixon told an estimated 1,700 businessmen in the Century Plaza hotel here.

"We are going to stay on that road," he said.

The President also called on state and local governments and individual consumers to join in the anti-inflation fight by curtailing spending and by increasing savings wherever possible.

Mr. Nixon advocated no new programs and disclosed no new government policies in the address, which had been billed as a major report on the economy.

Aides have been saying for some days that no new directions would be advanced and that Mr. Nixon would hew to the policies announced: no new tax changes, restraint in

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# Nixon Urges Voluntary Restraint

**PRESIDENT, From A1** federal spending, and a restrictive monetary policy.

The key to success lies in "choosing a sensible, realistic course and sticking to it, whatever the pressures," the President said. "That is exactly what we will do."

The President again threatened to veto bills that would raise total federal spending beyond his budget recommendations, and he promised to try to reduce spending in the current fiscal year from the \$305 billion he proposed to Congress in January to \$300 billion.

Mr. Nixon said he has ordered a reduction of 40,000 federal employees in the current fiscal year, for a saving of \$300 million. Aides explained that this would be accomplished by attrition and no dismissals.

"We need in this country the one lobby we don't have—an anti-inflation lobby," the President said. "This lobby should have an office in every home in America, and every citizen should be an officer in it."

Every government official, federal state and local, Mr. Nixon said, should know that this lobby will reward anti-inflationary action and punish inflationary action.

Mr. Nixon has held a series of meetings with advisers and with businessmen and economists in recent weeks to discuss economic problems and the battle against inflation.

Before he left Washington nearly two weeks ago, it was announced that he was preparing an address to the nation on the economy.

Today's report was something of an anticlimax, however, for it broke no new ground. His principal economic advisers have said repeatedly in recent weeks that the administration had set its course and would not depart from it.

The President made no promises such as he did in his State of the Union address in January that "there will be no recession." Nor did he predict what the rate of inflation or of unemployment would be by the end of the year.

"We will win the fight against inflation not by a single set of dramatic actions, but by the cumulative effect of actions that in themselves are often undramatic—actions that may not make headlines in the morning newspaper but that will be the right actions to take," he said.

Declaring that his policy rejects "demagoguery" and "gimmickry," Mr. Nixon said "it gives the enormous creative forces of the marketplace a chance to work."

He said he was prepared to make "hard decisions" and accept "occasional unpleasant statistics" in order to ensure "stable growth for the long run."

Likewise he said he would stand against "the clamor to take dramatic action just to

# to Bolster Economy

create an appearance of motion."

"We will be steadfast in holding down federal spending, and in slowing the growth of the federal budget," he said in summary.

"We will have moderate but firm restraint on the growth of the money supply.

"We will work creatively with other nations to deal with inflation in its worldwide dimensions.

"We will take new measures to encourage productivity and to increase supplies of scarce resources. In particular, we are going to press vigorously forward in increasing supplies of energy and food—the biggest components of the recent inflationary surge."

Mr. Nixon also said he would not respond to "the short-term slack in the economy by priming the pumps of inflation with new deficit spending, or with new easing of credit, or with tax cuts that would only make inflation worse."

"Neither will we administer

the shock treatment of a sudden, drastic 'wringing out' of inflation, the cost of which in terms of increased unemployment would be unacceptable," the President said.

The basic strategy must have two elements, he said, "restraining demand in the short run and expanding supply in the long run."

Listing unfulfilled tasks, Mr. Nixon said:

- "We need to assure adequate long-term supplies of capital for investment."

- The country needs to free business from "burdensome overregulation based on policies designed for an earlier era."

- Obsolete building codes need modernizing.

- "We must reevaluate the trade-off between increasing supplies and certain other objectives, such as improving the environment and increasing safety." He said Americans sometimes "push particular social goals" too fast while sacrificing important economic goals.

- "Congress should enact the trade reform bill so that negotiations to reduce trade barriers can begin."

- "Most important, we must restore the idea that the way to have more is to produce more ... we have worldwide inflation because people's demand for more is not matched by willingness and ability to produce more."