

Business Hails

Planning for Long Range Had Already Been Done

By ERNEST HOLSENDOLPH

While members of the business and financial community welcomed the announcement of a Vietnam cease-fire agreement, most agreed yesterday that it would have no dramatic short-term effect on industry or the economy.

Most business decisions on such matters as capital spending and long-range planning have already been made, based on an anticipated end of the conflict, executives said.

A major immediate result of the cease-fire will be a lessening of fears that there will be an escalation of the war effort, and an atmosphere more conducive to planning.

"Direct impact of the announcement should be small," Mrs. Norma Pace, director of industrial economics for Lionel D. Edie & Co. "Most war expenses have already been largely wrung out of the economy."

Psychological Impact Cited
Speaking by telephone from Cleveland, Horace A. Shepard, chairman of TRW, Inc., said:

"Companies that deal in fuels and lubricants may be able to divert some of their products to the domestic side, but even this may be small in relation to the economy.

"Mostly we look forward to a psychological impact that may be measurable later—mostly we anticipate fewer worries. The smoother the better."

A number of executives said they were hopeful that the arrival of peace would help to heal divisions in the nation and provide opportunities to channel resources toward the solution of domestic problems.

"While the conclusion of the war will not have large effects on the economy at this stage, it is welcome news and should provide a great lift to the national spirit," said Reginald H. Jones, chairman and chief executive officer of the General Electric Company.

Peace Dividends Used Up

"We've already used up all our peace dividends," said Michael K. Evans, president of Chase Econometrics, Inc., a Philadelphia subsidiary of the Chase Manhattan Bank. "However, peace should be important psychologically by remov-

derlined this hope in that fine statement he made last night."

The return of the prisoners, particularly, will remove the last war-connected source of divisiveness, according to Stewart S. Cort, chairman of the Bethlehem Steel Corporation. As for his own industry, Mr. Cort said: "We believe the gain in the domestic steel market as a result of peace will greatly outweigh any use of steel for military purposes."

Defense Suppliers Hedge

Most companies that have been important suppliers of defense hardware and material have already hedged by emphasizing or eliminating these products.

The Dow Chemical Company, whose war production was always small, stopped the manufacture of napalm four years ago. "The end of the war will affect us only as it affects the U.S. economy," a Dow spokesman said yesterday. "Peace will allow continued growth of the economy as well as much-needed stability."

A spokesman for the Union Carbide Corporation said he was grateful that "this long, difficult period of war is over and that our country can concentrate its efforts on solving some of the problems that face us at home."

"There will be little effect on Union Carbide in that our defense business is negligible," he said.

Several industrialists, including Cyrus Eaton, who has been strongly critical of the war, feel that the end of the war will have dramatic consequences.

Many high costs of doing business, such as borrowing, have made it difficult to compete with Japan and West Germany, Mr. Eaton said.

"Perhaps we are now ready to learn a lesson offered by those two nations, whose prosperity is the greater because they have not wasted their wealth on armaments or military adventures around the world," he said.

International trade and investment will be enhanced by peace, said John T. Connor, chairman of the Allied Chemical Corporation and Secretary of Commerce in the Johnson Administration.

"I can foresee many new

Stocks Tumble Despite Accord

The nation's financial markets moved sharply lower yesterday following President Nixon's disclosure Tuesday night that a cease-fire agreement had been initialed. Investors were said to be focusing on the outlook for inflation, tight money and high interest rates under Phase 3—instead of on the approaching cease-fire. Wall Street had long been anticipating an end to the war in Vietnam.

The Dow-Jones average of industrial stocks plunged 14.07 points to 1,004.59 in its biggest decline in 18 months.

Bond prices rose slightly in early trading but later declined. [All in Page 55.]

Leading members of the business and financial community said the cease-fire would have no dramatic short-term impact on the national economy. [Page 24.]

THE NEW

Cease-Fire but Sees

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No Dramatic Short-

Term Effect on

Economy