

Ford Calls 'Summit' on Inflation

appointed" in GM's announcement and hoped that it "will not be viewed as a signal by other automobile companies or industries."

"In this critical period, the President of the United States cannot call on others to sacrifice if one or more parts of the economy decide to go it alone," the President warned.

The singling-out of General Motors and the invitation to Meany were both in part symbolic acts. Meany has not been in the White House for a year; the AFL-CIO was bitterly critical of former President Nixon, partly on grounds that he had tilted the economy in favor of big corporations and big banks and against wage-earners. GM is the largest corporation in the country, and is headquartered in Mr. Ford's home state of Michigan.

The President's statement was read yesterday by his press secretary, Jerald F. TerHorst. TerHorst said he did not know whether the President would ask GM to defer or cut back its price increase. GM declined to comment on the President's statement. But one spokesman for GM here noted that Ford Motor Co. had announced a similar price increase two weeks before with no official repercussions.

GM, in its announcement last Friday, described the price increase as simply a passing-along of increased costs. It said it has suffered a 13 per cent increase in material costs, including 29 per cent for steel.

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Vows 'Continuity' On Foreign Policy In Hill Address

GM Rebuked For Price Rise

By Peter Milius
Washington Post Staff Writer

President Ford, in his first public action on the economy since taking office, yesterday sharply rebuked General Motors Corp. for the 9.5 per cent increase it announced on its 1975 model cars and trucks Friday.

Calls for restraint on prices and wages are expected to be a leading element in Mr. Ford's strategy for dealing with inflation. He has invited AFL-CIO President George Meany to the White House for a talk today.

"It is essential, at this time particularly," the President said in his statement on GM, "that all segments of the economy, industry and labor exercise restraint in their wage and price actions."

He said he was "very dis-

Bars Illegal Taps, Bugging

By Carroll Kilpatrick
Washington Post Staff Writer

President Ford told a joint session of Congress last night that he would convene a domestic "summit meeting" to explore ways to deal with the problems of inflation and he pledged "continuity" in the field of foreign policy.

The new President, in his first address to Congress, also promised that there will be no illegal wiretaps, buggings or break-ins in his administration.

In a moving peroration that drew heavy applause, the President promised to be the President "of all the people."

"To the limits of my strength and ability, I will be the President of the black, brown, red and white Americans, of old and young, of women's liberationists and male chauvinists and all the

rest of us in between, of the poor and the rich, of native sons and new refugees, of those who work at lathes or at desks or in mines or in the fields, and of Christians, Jews, Moslems, Buddhists and atheists, if there really are any atheists after what we have been through," the President said.

Calling for national unity after the period of the Watergate scandals, Mr. Ford said: "Now I ask you to join with me in getting this country revved up and moving."

"My instinctive judgment is that the state of the union is excellent. But the state of our economy is not so good."

In a bid for Democratic support, he said he was happy to accept the proposal of Senate Democratic Leader Mike Mansfield (Mont.) for an economic summit meeting to consider the problems of inflation.

"I accept your suggestions and I will personally preside," the President said.

He said that he intended to listen to the people and that his office door would always be open.

"Yes, congressmen will be welcomed — if you don't overdo it," he said to a round of laughter and applause from his former colleagues.

"My administration starts off by seeking unity in diversity," he said.

In discussing foreign policy, he accepted virtually intact the Nixon program. But he added that in dealing

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cent for steel, and a 10 per cent increase in labor costs. It added that part of the increase — more than \$500 a car on the average — was due to federal clean-air requirements, and that new car prices have risen only 8 per cent since August, 1971, when President Nixon first put the economy under wage-price controls.

The cost of living generally has gone up 21 per cent in that same period, the company said.

Industrial prices generally have been rising more than 2 per cent per month all year, first largely because of the rising price of fuel, then because of the expiration of controls on April 30. Wages have also exploded since the lifting of controls.

Auto makers' sales and profits, meanwhile, have fallen sharply, partly because of the gasoline shortage last winter, and partly because of the general economic down turn. The one

exception has been American Motors, which specializes in making small cars.

President Ford's statement on GM was an example of what economists call "jawboning"—efforts by the government to talk prices and wages down. One associate who has seen him in the last few days said yesterday the new President may go beyond that, to what he called "organized jawboning"—setting up an agency to monitor key price and wage decisions, but without power to limit them or roll them back.

The President has indicated, however, that in fighting inflation he will rely mainly on the old orthodox method of cutting government spending.

The Office of Management and Budget has identified \$3 billion to \$4 billion in possible cutbacks in the present \$305 billion budget for the current fiscal year. These will be presented to Mr. Ford this week along with various other anti-inflationary alternatives in a paper summing up the views of his economic advisers.

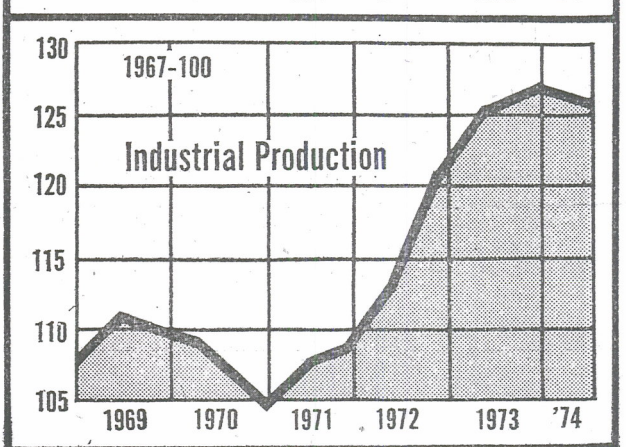
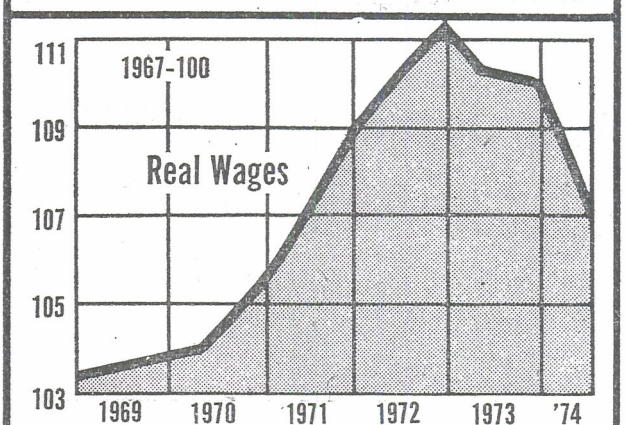
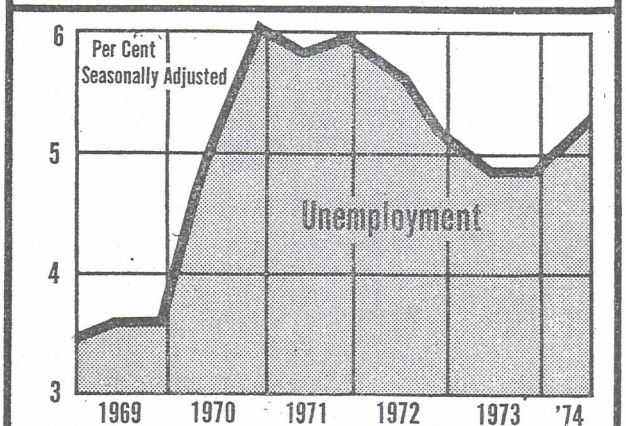
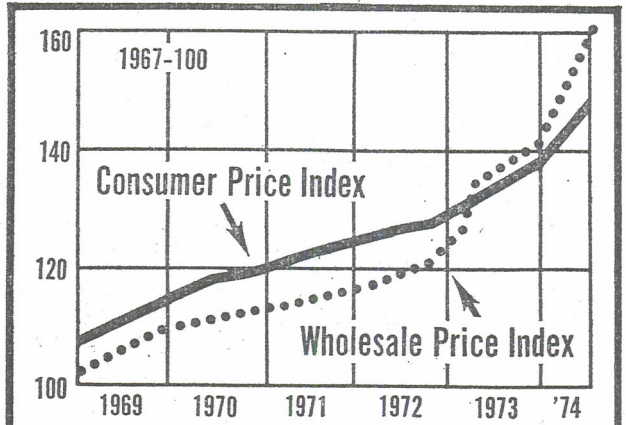
Mr. Ford has at least given thought to the idea of calling an economic "summit conference" to go over these alternatives with members of both parties in Congress, and possibly representatives of business and labor.

Associates say he will try to work closely with Congress in making economic decisions, particularly on the budget. "The next step is very likely to be a conference with some people on the Hill on this," one old friend said yesterday, "the leadership from both parties, people from the tax and appropriations committees."

The President may present some ideas, this old friend says, then ask the members, "What do you think? What can we do? We all know we've got to cut some place, so where?"

And it just may work, this friend believes.

THE U.S. ECONOMY 1969-1974



President to Convene A Domestic 'Summit'

PRESIDENT, From A1

with other nations, as in dealing with the American people, he would "deal openly with allies and adversaries."

The President also borrowed a sentence from President Kennedy's 1961 inaugural address: "I say to you in words that cannot be improved upon: Let us never fear to negotiate."

In pledging "continuity" of the Nixon foreign policy, which he called "outstanding," Mr. Ford said "there will be no change of course—no relaxation of vigilance, no abandonment of the helm of our ship of state as the watch changes."

"We stand by our commitments and will live up to our responsibilities, in our formal alliances, in our friendships and in our improving relations with any potential adversaries."

He said that a strong defense "is the surest way to peace" and to detente.

While applauding the Nixon foreign policy, Mr. Ford left no doubt that he would not tolerate domestic abuses disclosed in the long "Watergate crisis."

"There will be hot pursuit of tough laws to prevent illegal invasions of privacy in both government and private activities," he said.

He also emphasized his open-door policy as an obvious break from the Nixon

practice. And he asserted his belief in the First Amendment that guarantees a free press and said that he believed in the "absolute necessity of a free press."

Similarly, he promised "to listen" to the people.

While he offered no specific economic proposal except to endorse the Nixon call for a Cost of Living Council to monitor wages and prices to expose abuses, he said that he would propose sharp restrictions on federal spending.

The President did not present a full list of legislation he wants the current Congress to pass, but he did urge prompt passage of the trade relations bill, and a comprehensive health insurance bill President Nixon urged earlier in the year.

He promised to sign the elementary and secondary education bill now on his desk, but he said he "opposes excessive funding" of the measure "during this inflationary crisis."

He did not promise vetoes of spending bills beyond the budget proposals, as his predecessor did, but he said "I do have that recourse and am a veteran of many a veto fight in this very chamber." But he asked: "Can't we do the job better by reasonable compromise?"

The President's relatively short address, interrupted frequently by applause, was warmly received in the House chamber.