

Democrats in House Urge Nixon Wage-Price Power

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WASHINGTON, May 27—Democrats on the House Banking and Currency Committee voted today to support legislation giving President Nixon, for eight months, the power to freeze wages, prices, and rents. The President has consistently opposed any form of controls, mandatory or voluntary, and there is no sign that he would use the power if Congress granted it.

A caucus of Democrats on the committee decided today to support the stand-by controls as an amendment to a routine extension of the 20-year-old Defense Production Act. There was some opposition, and the Republicans on the committee are also likely to oppose such an amendment.

Under the amendment the effective date of any wage and price freeze would be set at some point earlier this month, to avoid an incentive to push up prices to beat a future freeze.

Next Congress Could Act

The eight-month duration of the legislation would make it possible for the next Congress to vote or disapprove an extension.

Yesterday, a subcommittee of the House Government Operations Committee approved a bill that would revive the long dormant voluntary wage-price "guideposts." Price or wage changes that departed from the guideposts could be denounced by the President, but he could not require a rollback.

In a related development to

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STAND-BY POWERS FOR NIXON BACKED

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day, the Republican House and Senate members of the Joint Economic Committee agreed to support a resolution asking that the President's Council of Economic Advisers publish monthly an analysis of the inflationary implications of significant wage settlements or price changes.

Introduced by Javits

The resolution was first introduced in the Senate by Jacob K. Javits of New York and will be introduced in the House by William B. Widnall of New Jersey. The Republicans on the Banking Committee might back the Widnall resolution as a substitute for the Democratic control legislation.

The chairman of the Banking and Currency Committee, Wright Patman, Democrat of Texas, promised to hold early hearings on the standby controls legislation. The Defense Production Act expires June 30, and Mr. Patman expects to report a bill some time next month.

Among other things, the act provides the authority whereby the Government can and does give priority treatment to defense contractors for such scarce materials as nickel and copper. The act itself is not controversial.

The leader of the Democratic drive for the amendment authorizing price-wage controls was Representative Henry S. Reuss of Wisconsin. In a letter to Mr. Reuss adding his support, Representative Patman stressed that "any legislation we report out of committee must provide equitable treatment for all segments of the economy."

"In short," Mr. Patman wrote, "if the wage earner is to agree to controls, he must be assured that the prices of his shelter, groceries and other necessities will not be allowed to rise."

By coincidence, a high official of the Budget Bureau disclosed to a Senate Appropriations subcommittee today that the Administration had not even studied the question of how wage and price controls would be administered and carried out.

James R. Schlesinger, assistant director of the Budget Bureau, said, "We have not been called on yet to make any studies on how to implement [wage

and price controls]." He was being questioned by Senator Ralph W. Yarborough, Democrat of Texas.

Mr. Schlesinger also said that the deep decline in the stock market "was unanticipated by all parties" in the Government.