

Holding the Line

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President Nixon is right in stressing that the willingness of all Americans to accept temporary sacrifices will be a major element in success of the ninety-day freeze he has ordered on prices, wages and rents. That freeze is an indispensable foundation for more flexible, long-term measures to end the inflationary spiral that has gnawed away at pay envelopes, business profits, pensions and every other form of income.

The President's decision to scrap his own noninterventionist philosophy was a response—long overdue—to an overwhelming insistence by people of all parties and all economic levels that the Federal Government had to come alive if the dollar was to be strong and American goods were to remain competitive in world markets. Organized labor was in the forefront of this demand for decisive action, even to the point of repeated calls for mandatory controls on every segment of the economy.

Now that Mr. Nixon has acted, labor is in the front rank of complainers that the freeze is unfair, that it aims at bonanzas for big corporations while requiring workers to pull in their belts. Striking unions, from Harry Bridges' West Coast longshoremen to New York's ultramilitant telephone repair crews, are rejecting an Administration plea to return to work until new stabilization rules emerge. Other unions, with the giant United Auto Workers heading the parade, are hinting at cancellation of contracts under which they already have received substantial pay increases if the freeze holds up the effective date of further increases.

Mayor Lindsay, who made the Administration's do-nothing record on inflation a key element in explaining his switch from Republican to Democrat, now accuses the President of acting too hastily and weeps over the city's inability to add to the big bundle of retroactive increases it has just given its uniformed forces as a result of its bungle on parity pay. Since Federal authority over state and municipal pay increases is somewhat cloudy, the Mayor may find he can give another big pay boost anyway.

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Undoubtedly, the freeze seals in many inequities for the brief period in which it operates. A worker whose union is negotiating for higher pay will see no justice in having to wait for more money when millions of other workers already have got their 1971 wage increases. A company will resent having to keep its prices unchanged because it failed to move as fast as hundreds of other companies in raising its charges.

Certainly, the willingness to make sacrifices is not heightened when a spokesman for Secretary of Defense Laird follows up the President's austerity plea with the incredible statement that Mr. Laird is in charge of the Pentagon and has no intention of applying the freeze to military pay.

Nor is the belt-tightening mood advanced by the orgy of speculation that has gripped Wall Street in the three days since the President unveiled his new economic policy. More than 78 million shares have been traded on the New York Stock Exchange in this feverish "Nixon rally." In the first two days the paper value of all listed securities increased by \$32 billion. Yesterday a rush of profit-taking melted away about a third of this superfast inflation of values. But in the process of rapid movement up and down, many sharp traders came away with millions of dollars in quick gains. However gratifying the whole performance may have been to the White House as a sign of investor confidence in economic revival, it was an ironic by-product of a program that cast "speculators" as special villains in the dollar's plight.

There is also plenty of room for quarrel with the fiscal proposals that are part of the Nixon program for stable prices and full employment. As we have previously noted, the package of tax incentives to industry, job cuts for Federal employes and postponement of the President's forward-looking plans for welfare reform and revenue sharing represents a significant shift in benefits to business as against other groups in the society. But the place to argue about these imbalances is on Capitol Hill, when Congress reconvenes.

The freeze is a quite distinct and separate thing—an essential first step toward an equitable plan for price-wage stability. But no such plan will ever evolve if the freeze vanishes under a flood of exemptions or a refusal by major economic power centers to observe it.

Nothing contributed more to the runaway trend of the wage-price spiral in recent years than the insistence by each strong group that it had to get everything anyone else got—plus a little more. If that leapfrog cannot be halted now, the loss to all Americans will be much greater than the minor hardships some may now be required to undergo.