

Nixon Decides to Continue Wage-Price Controls in 1973

Changes Possible

**President to Request
an Extension of Law
—Other Steps Set**

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WASHINGTON, Dec. 11—President Nixon disclosed today his decision to continue wage and price controls in 1973, possibly in modified form.

This and other Presidential decisions on the anti-inflation front were disclosed by George P. Shultz, the Secretary of the Treasury and the President's chief spokesman on economic matters.

The other measures include a freeze on Federal hiring and promotion until the end of January and a freeze during the whole of 1973 on the salaries of "executive level" Federal employes, including members of Congress and the judiciary.

The following decisions were disclosed today:

¶The President will ask Congress to extend the law, expiring next April 30, that gives the authority for price, wage, rent and other controls. Mr. Shultz did not specify how long an extension the President would ask.

¶There will be early "consultations" with business, labor, the governmental bodies such as the Pay Board and Price Commission that have administered controls, consumer groups and others in an effort to find the "most effective" system of controls for next year. The issue, Mr. Shultz said, is not "whether" there would be controls but how to improve them.

¶The President "now feels sure" that he can hold total Government spending in the current fiscal year, now almost half completed, to his target of \$250-billion, though no specific budgetary decisions were announced.

¶The President has also decided that he can send Congress next month a budget for the fiscal year 1974 whose spending total will be "within full employment revenues." This is the hypothetical revenue that would be produced if the economy were operating with a unemployment rate of 4 per cent, and is estimated unofficially for the fiscal year

Continued on Page 35, Column 1

**NIXON PROPOSES
TO RETAIN CURBS**

Continued From Page 1, Col. 1

1974 as between \$267-billion and \$270-billion. The Labor Department announced on Friday that the jobless rate at present is 5.2 per cent.

¶There will be no salary increases next year for those at the "executive level" in the Federal Government, including members of Congress and the Judiciary. For members of the executive branch of government, this order effectively freezes salaries of about \$36,000 or more. Pay of lower-level Civil Service employes will rise next year according to a formula established by law.

¶There will be a freeze on hiring by the Federal Government until the end of January, with only a few exceptions such as postal workers needed for the Christmas season. After January, employment levels will be fixed by the decisions made in connection with the new budget.

These decisions, Mr. Shultz said, reflect the President's "Strong determination to continue the fight against inflation." In a special Presidential statement announcing the freeze on Federal hiring, Mr. Nixon said, "no Federal programs, no matter how attractive they may be individually, can have a higher priority than the protection of the purchasing power of all the people."

In a letter to Federal department and agency heads regarding the hiring freeze, Caspar W. Weinberger, director of the Office of Management and Budget, said "The freeze will not reduce budget outlays enough to achieve the President's objective for fiscal year 1973 or later years."

But he did not disclose any specific decisions on programs. He has said that spending in the current year could reach \$260-billion without Presidential decisions to "impound" funds voted by Congress or other actions, such as the hiring freeze.

The scope of the President's attack on rising Government spending was disclosed in a part of Mr. Weinberger's letter. He said "the tough line that the President is taking on the budget is a necessary part of sound fiscal policy during the next 30 months and beyond"—meaning all the way through the fiscal year 1975.

The President said in his statement:

"My aim is to prevent unnecessary and wasteful growth of the Federal budget. Otherwise we shall spurn the best chance we have had in more than 20 years to achieve prosperity without war and without

inflation. I will not miss this opportunity."

Mr. Shultz told his news conference that the present price and wage control system would continue until the process of "consultation" on how to improve the system was completed and decisions were made on any changes.

He said that the President would ask Congress to give "high priority," early in the new session, to the legislation extending the controls authority. Representative Wright Patman, Democrat of Texas, whose House Banking Committee will handle the legislation, promised early hearings but added:

"I anticipate that the committee and the Congress will want to make an independent judgment on the continuance of the program, regardless of what the President may recommend."