

Nixon Economic Message Defends Social Programs

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WASHINGTON, Feb. 22 — President Nixon, in his economic "state of the union" message, told Congress today that his budget spending soared in the last four years in programs aiding the poor, the sick, the aged and the hungry, with increases ranging from 66 to 242 per cent in those areas.

Defending his cutbacks in some areas and urging a reluctant Congress to cooperate, he said, "Unless we cut back now on the programs that have failed, we will soon run out of money for the programs that have succeeded."

The message contained no disclosures or changes in the Administration's previously announced economic policy. However, the President formally pledged to "submit a tax program that builds further reforms on those we achieved in 1969 and 1971."

Ezra Solomon, a member of the Council of Economic Advisers, told reporters that total revenues would be "left constant," meaning there would be no net increase.

Pledge Is Renewed

Thus, some taxes might increase but others would decrease.

Mr. Nixon also renewed his pledge omitted in the budget that he submitted last month — to "submit recommendations for the alleviating the crushing burdens which property taxes now create for older Americans." Again, he gave no details of how this would be done or financed.

As indicated in the budget, the President also renewed his proposal of a tax "credit" for parents who send their children to parochial and other nonpublic schools.

In the context of the increasingly bitter struggle with Congress over spending, the President gave a broad hint that the people were on his side, and that Congress should take that fact into account as it tried to raise spending on individual programs.

"It is clear to me," Mr. Nixon said, "that the American people stand firmly together in support of these policies. Their Presidents stands with them. And as member of the 93d Congress consider the alternatives before us this year, I am confident that they, too, will join in this great endeavor."

Public Interest Stressed

At another place the President said, "The cuts I have suggested in this year's budget did not come easily. Thus, I can well understand that it may not be easy for Congress to sustain them, as every special interest group lobbies with its own special Congressional committees for its own special legislation. But he Congress should serve more than the special interest; its first allegiance must always be to the public interest."

Mr. Nixon said, "We should never, of course, lose our sharp concern for maintaining constitutional balances" but concluded, "We should never overlook the fact that we have joint responsibilities as well as separate powers."

In denying that his budget cuts "show a lack of compas-

sion for the disadvantaged," Mr. Nixon said, "The best answer to this is to look at the facts."

"We are budgeting," he said, "66 per cent more to help the poor next year than was the case four years ago; 67 per cent more to help the sick; 71 per cent more to help older Americans, and 242 per cent more to help the hungry and malnourished."

While the President did not say so, a part of these increases — particularly in the areas of food stamps and Social Security — was pushed through by Congress over the Administration's opposition.

The President said:

"We have already shifted our spending priorities from defense programs to human resources programs. Now we must also switch our spending priorities from programs which give us a bad return on the dollar to programs that pay off. That is how to show we truly care about the needy."

Warning Is Reiterated

Saying that "the state of our economy in the future will very much depend upon the decisions made this year on Capitol Hill," Mr. Nixon reiterated a warning, "If we do not restrain spending, and if my recommended cuts are reversed, it would take a 15 per cent increase in income taxes to pay for the additional expenditures."

As he had said before, the President said that the prospects for a prosperous economy with moderate inflation "are very bright," contingent on the successful pursuit of "certain basic policies:"

¶ "We must be restrained in Federal spending."

¶ "We must show reasonableness in labor-management relations."

¶ "We must comply fully with the new Phase 3 requirements of our economic stabilization program."

¶ "We must continue our battle to hold down the price of food."

¶ "And we must vigorously meet the challenge of foreign trading competition."

Mr. Nixon said "any idea that (wage and price) controls have virtually been ended is totally wrong." All that has changed in Phase 3, he said, "is our method of enforcing" controls.

Asked why no action had been taken yet in Phase 3, now about six weeks old, Mr. Solomon told reporters that the reason was that no violations of the standards had been spotted.

Mr. Nixon said "the job picture today is very encouraging," following a rise last year in the number of persons employed by the largest amount in 25 years. He termed unemployment among women and young people, despite a decline last year, "much too high" and "a great waste for our nation."

But he stressed that "only 40 per cent of those now counted as unemployed are in that status because they lost their last job," and that "the rate of layoffs at the end of last year was lower than it has been since the Korean War."