

Nixon Bars Pay-Price Curbs, Urges Saving by Consumers

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LOS ANGELES, July 25—

President Nixon called on business and labor today to "act responsibly" in their wage and price policies and on consumers to spend less and save more.

He promised that the federal government would follow a "steady" course in the battle against inflation and would not resort again to "the discredited patent medicine of wage and price controls."

In a speech to business leaders at the first of a White House-sponsored series of meetings on the economy, Mr. Nixon said he would veto budget-busting bills and take other measures "that will be unpopular with many special-interest groups."

The President's speech, his first to a live audience since his travels last month to the Middle East and the Soviet Union, was interrupted 11 times by applause. He made no reference to the impeachment battle in Congress.

An estimated 1,700 business leaders attended the meeting in the Century Plaza Hotel to hear the President's review of administration economic policy. The meeting was sponsored by the California Manufacturers Association, the California Chamber of Commerce, the Los Angeles Area Chamber of Commerce and the Merchants and Manufacturers Association.

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William J. Baroody Jr., special consultant to the President, announced that the White House will sponsor 22 other meetings on the economy, the next one in Chicago Friday at which Vice President Ford will speak.

Although the President advocated no new programs and disclosed no new government policies, he declared that the government is on "the right road toward our goal of full prosperity, without war and without inflation." He said, "We are going to stay on that road."

Aides have emphasized in recent days that no new directions would be announced and that the President would hew to the policies already announced: No changes in taxes, restraint in federal spending and a restrictive monetary policy.

The key to success lies in "choosing a sensible, realistic course and sticking to it, whatever the pressures," Mr. Nixon said. "That is exactly what we will do."

He said that "most families could reduce or defer some expenditures—building their savings instead—without hardship."

The fight against inflation will not be successful if business and labor "continue pushing prices and wages rapidly upward," he declared.

In threatening to veto bills that go beyond his budget proposals, the President said his goal was to cut spending this fiscal year from the \$305 billion he proposed in January to \$300 billion.

Mr. Nixon said he has ordered a reduction of 40,000 federal employees in the current fiscal year, for a saving of \$300 million. Aides explained that his would be accomplished by attrition and no dismissals.

"We need in this country the one lobby we don't have—an anti-inflation lobby," the President said. "This lobby should have an office in every home in America, and every citizen should be an officer in it."

Every government official, federal state and local, Mr. Nixon said, should know that this lobby will reward anti-inflationary action and punish inflationary action.

Mr. Nixon has held a series of meetings with advisers and with businessmen and economists in recent weeks to discuss economic problems and the battle against inflation.

Before he left Washington nearly two weeks ago it was announced that he was prepar-

ing an address to the nation on the economy.

Today's report was something of an anticlimax, however, for it broke no new ground. His principal economic advisers have said repeatedly in recent weeks that the administration had set its course and would not depart from it.

The President made no promises such as he did in his State of the Union address in January that "there will be no recession." Nor did he predict what the rate of inflation or of unemployment would be by the end of the year.

"We will win the fight against inflation not by a single set of dramatic actions, but by the cumulative effect of actions that in themselves are often undramatic—actions that may not make headlines in the morning newspaper but that will be the right actions to take," he said.

Declaring that his policy rejects "demagoguery" and "gimmickry," Mr. Nixon said "it gives the enormous cre-

ative forces of the market place a chance to work."

He said he was prepared to make "hard decisions" and accept "occasional unpleasant statistics" in order to ensure "stable growth for the long run."

Likewise he said he would stand against "the clamor to take dramatic action just to create an appearance of motion."

"We will be steadfast in holding down federal spending, and in slowing the growth of the federal budget," he said in summary.

"We will have moderate but firm restraint on the growth of the money supply."

"We will work creatively with other nations to deal with inflation in its worldwide dimensions."

"We will take new measures to encourage productivity and to increase supplies of scarce resources. In particular, we are going to press vigorously forward in increasing supplies of energy and food—the biggest components of the recent inflationary surge."

Mr. Nixon also said he would not respond to "the short-term slack in the economy by priming the pumps of inflation with new deficit spending, or with new easing of credit, or with tax cuts that would only make inflation worse."

"Neither will we administer the shock treatment of a sudden, drastic 'wringing out' of inflation, the cost of which in terms of increased unemployment would be unacceptable," the President said.

The basic strategy must have two elements, he said, "restraining demand in the short run and expanding supply in the long run."

Listing unfulfilled tasks, Mr. Nixon said:

- "We need to assure adequate long-term supplies of capital for investment."

- The country needs to free business from "burdensome overregulation based on policies designed for an earlier era."

- Obsolete building codes need modernizing.

- "We must reevaluate the trade-off between increasing supplies and certain other objectives, such as improving the environment and increasing safety." He said Americans sometimes "push particular social goals" too fast while sacrificing important economic goals.

- "Congress should enact the trade reform bill so that negotiations to reduce trade barriers can begin."

- "Most important, we must restore the idea that the way to have more is to produce more... we have worldwide inflation because people's demand for more is not matched by willingness and ability to produce more."