

NIXON AIDE BACKS 'INCOMES POLICY'

Treasury Official Suggests Some Form of Voluntary Wage-Price Restraint

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WASHINGTON, June 2—A high Treasury official told Congress today that in his personal opinion the time had come to "give serious consideration" to some form of voluntary restraint on wages and prices.

Murray L. Weidenbaum, Assistant Secretary of the Treasury for Economic Affairs, thus joined those in and out of Government who back some form of "incomes policy." This term covers a variety of devices, short of legislated mandatory wage-and-price controls, by which the Government tries to influence private behavior on wages and prices in an anti-inflationary direction.

Mr. Weidenbaum gave his views, under questioning, to the Joint Economic Committee of Congress. Although he declined to say what version he

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avored, he said, "Personally I think the time has come to give some serious consideration to an incomes policy."

Watson Testifies

In a related development today, Thomas J. Watson Jr., chairman of the board of the International Business Machines Corporation, urged that "the Administration give serious consideration to resorting at once to the guidelines approach to wages and prices that worked reasonably in the early years of the Kennedy Administration."

Most of Mr. Watson's testimony, given before the Senate Foreign Relations Committee, was devoted to an appeal for an early withdrawal from Vietnam. He said he recognized that the wage-and-price guideline method "was not successful over the long-term period" but said it could be helpful now.

Mr. Weidenbaum's statement came as the Administration was reportedly thrashing out a decision on the question of wage and prices in advance of President Nixon's address on the economy. No date has been fixed for the speech, it is expected next week or the following week.

Other Advocates

Mr. Weidenbaum is not alone among officials of his rank within the Administration who believe some form of incomes policy should be tried. In addition, Arthur F. Burns, chairman of the Federal Reserve Board, has openly advocated such an effort, without saying exactly what device he favors.

No one in the Administration, as far as is known, favors mandatory controls. The President is strongly opposed to them. He repeated this view at last week's White House dinner for 45 financial and business leaders. But he did not close the door to a voluntary appeal.

Today 12 Democrats on the House Banking Committee introduced legislation giving the President standby authority to impose controls over wages, prices and rents at the level prevailing on May 25. The legislation would be an amendment to a routine extension of the Defense Production Act.

Hearings Scheduled

While the sponsors represented a majority of the Democrats on the committee, they were far short of a majority of the whole committee. Hearings on the proposal will begin June 16.

One of the witnesses will be Robert V. Roosa, former Under Secretary of the Treasury for Monetary Affairs, who has advocated a six-month freeze on wages and prices.

Mr. Weidenbaum's statement on an incomes policy attracted attention because last month his chief, Treasury Secretary David M. Kennedy, reiterated the long-standing Administration view that no new control devices were "desirable or necessary." Mr. Weidenbaum told reporters that he was giving his personal view and regarded himself as a loyal member of the Administration, which is obviously divided on the issue.

Until now the standard Administration position has been that the successful policy of slowing the economy through fiscal and monetary restraint on total spending would gradually cure the inflation problem. However, officials have conceded that results have

been slow in coming.

There was further confirmation today of the continued sluggishness of the economy. The Commerce Department reported that manufacturers' new orders declined in April while inventories rose by the largest amount so far this year.

Mr. Watson of I.B.M., in his Senate testimony today, said the Vietnam war presented "a major obstacle" to the economic health of the nation and was threatening "irreparable" damage to the society.

He urged a complete military withdrawal from Southeast Asia "as soon as possible" because, he said, "we must end this tragedy before it overwhelms us."

'Major Factor'

As long as the Vietnam involvement continues, Mr. Watson said, he sees little chance of fully curbing inflation or restoring the nation's economic health. The war, he said, has been "the major factor which has turned our healthy economy into an unhealthy one."

The burden of Mr. Watson's testimony was not on the economic effects of the war but on the "disaffection" and "demoralization" that he saw it causing among the nation's youth.

"The longer we continue, the more chaotic the nation will become," he said. "The damage we have already seen will take decades to repair, and if we continue, I believe we will soon reach a point where much of the damage will be irreparable."

Mr. Watson, one of a series of witnesses that the Foreign Relations Committee has been hearing upon the economic and moral effects of the war, also cautioned that "our actions in Vietnam are losing us valuable and traditional friends in the West."