

Nixon and the Unions

President Pins Hopes on Rank-and-File As the Split at the Top Becomes Clear

NYTimes

By DAMON STETSON

AUG 21 1971

On Labor Day last year, the nation's top union leaders and their wives were guests for dinner at the White House. There were friendly toasts and a torchlight military pageant on the South Lawn. It was described as the most elaborate Labor Day gesture that a President had made toward organized labor in years.

News Analysis

There was speculation at the time that President Nixon and his political advisers envisioned the possibility of incorporating major segments of labor in the conservative "silent majority" supporting Republicans.

But the continued bite of inflation, high unemployment and the failure of Administration fiscal and monetary policies to alleviate the situation cooled the relationship in the ensuing months. Doubt about the new Nixon China policy dropped the temperature a little lower.

Then came the sudden announcement last Sunday of a new Administration game plan aimed at curbing inflation and unemployment, providing new jobs and spurring the economy.

Cloud Over Future

Organized labor, almost with one voice, reacted angrily and defiantly. The bitterness and abrasiveness of the confrontation appeared to dispel prospects for any future rapprochement between the President and the union leadership.

Labor's defiant attitude toward the President's wage-price freeze surprised and puzzled many people who recalled that the top leaders of the American Federation of Labor and Congress of Industrial Organizations had often said that they would go along with controls if applied equitably. That was the catch, George Meany, the federation's president, said.

"The President's program simply does not meet that test of equity," Mr. Meany and the federation's executive council declared.

Labor's ire was directed particularly at the failure of the Administration to impose a freeze on such items as interest rates, profits, stocks, capital gains and dividends. Union leaders criticized the lack of machinery for enforcing the price freeze while wages, they contended, were effectively frozen because employers had complete control over paychecks.

Labor leaders were also indignant at President Nixon's proposed corporate investment tax credit, which they described as "a blatant tax giveaway to big business." They supported the elimination of the auto excise tax but suggested that the 10 per cent import tax was at best a "temporary stopgap."

Despite the evident anger of labor at the freeze, there appeared to be no easy or quick avenues for upsetting or even altering it. Millions of individuals in unions across the country are affected by the freeze, and many may feel they are being deprived of a deserved and negotiated pay increase for the next 90 days. But they seem to have little recourse for the freeze period.

Strikers Refuse Return

Striking workers across the country, supported by their leadership, have defied appeals of Administration officials that they return to work during the freeze. Mr. Meany has taken the view that workers who fail to receive increases under existing contracts are free to strike.

But there remains the question of what can be achieved by a strike in the midst of the freeze. Some strikers wondered if it might not be the better part of valor, and their pocketbooks, to return to their jobs

and begin receiving a weekly wage again. But union spokesmen suggested that it might be wiser to attempt to negotiate pension, welfare and other fringe benefits as alternatives to pay increases before returning.

Meanwhile, labor's top leaders are expected to concentrate their attention on Congress, seeking what they consider an equitable and enforceable economic stabilization program.

They plan a major battle after the current recess to get Congress to reject the President's investment tax credit proposal for business. They will seek also to block his proposed reduction in Federal employment and the announced six-month freeze on a Federal pay rise scheduled for Jan. 1, 1972.

A major question for the future is what action the Administration will take when the freeze ends. Will it extend the freeze, establish a wage review board or attempt in some other way to control wage increases?

Labor's legislative effort, A.F.L.-C.I.O. sources say, is likely to be directed toward ending or limiting the authority of the President to impose controls or continue the freeze for a long period. The present Economic Stabilization Act of 1970, which gave the President the authority to freeze wages and prices, is due to expire next spring.

Although labor's leaders have been expressing themselves freely and vehemently all week on both the freeze and Mr. Nixon, there has been no clear manifestation as yet of the true feelings of rank-and-file workers.

Obviously those denied wage increases feel deprived and perhaps unfairly discriminated against, but there is strong support for steps to end the inflationary spiral and to put the unemployed back to work.

If Mr. Nixon's new economic plan, drastic and upsetting though it be, should prove successful, we might still be able to find political support in labor's ranks. If it fails to bring the country out of the economic doldrums, his Democratic opponents will have a ready-made issue on the economy.

At present, however, the Administration seems to believe that it, rather than Mr. Meany, is in tune with the American worker.

Secretary of Labor James D. Hodgson said early in the week that "Mr. Meany appears to be sadly out of step with the needs and desires of America's working men and women." The remark angered Mr. Meany and appeared to doom, in this case, the relatively harmonious relationship that has often existed between Secretaries of Labor and the 77-year-old federation President.

In answer to Mr. Hodgson A.F.L.-C.I.O. sources in Washington reported "tremendous unanimity" in letters and telegrams from members and local leaders in support of Mr. Meany's position on the freeze.

"One of the key things is that the President has reunited the trade union movement," a spokesman said. "Not organically but in unity of purpose and in common cause."