

White House Dispute Over Taxes

Washington

Presidential adviser Melvin R. Laird's talk about a possible tax increase Thursday was denounced in Tokyo yesterday by U.S. Treasury Secretary George P. Shultz.

"I think that the president's adviser on domestic affairs can keep his cotton-pickin' hands off economic policy," declared Shultz, in Tokyo to attend a trade conference.

The strong language by the normally soft-spoken Shultz was prompted by Laird's statements to reporters Thursday that the President is considering two temporary, refundable tax increase proposals as a way to combat inflation.

"It doesn't sound to me like an idea whose time has come," the treasury chief said.

He added that "Laird always gives press conferences on economic subjects while I'm away."

Neither Shultz nor some other senior White House staff members, it was said yesterday, had heard that the President had such a proposal under consideration.

Shultz and Roy L. Ash, director of the Office of Management and Budget, and others were of the opinion that a tax increase should not be recommended by the White House. Mr. Nixon had expressed his own opposition as late as Monday.

Shultz disputed the need

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for any tax increase, saying that by the time Congress acts on it the economy might no longer be inflationary.

Gerald L. Warren, the President's spokesman, said yesterday he saw "no great disagreement" between Shultz and Laird but said there could be "some misunderstanding" on the part of Shultz, who, Warren said, may have interpreted the proposals as something more than ideas under discussion.

He said he had talked to the President about the matter, but not to Shultz, who is now en route home from Tokyo.

Nevertheless, such an open dispute by high administration officials is rare in the Nixon White House.

It was part of the "openness" that Laird has been trying to bring to the Nixon presidency, which has been criticized for not permitting dissent.

In making his disclosure Thursday, Laird indicated he thought it would be a good idea if the Administration showed it did not have a closed mind on a tax increase.

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He and Shultz are said to get along quite well in their private talks, and yesterday Shultz' deputy at the Treasury Department, William Simon, sent Laird a pair of white gloves for his "cotton-pickin' hands."

"He (Laird) thought it was extremely funny," Simon reported. "We're good friends just as he and George are good friends."

Laird made the disclosure after meeting for 30 minutes with the president, and Warren indicated yesterday that the president was aware of what he was going to do.

There was considerable speculation that Mr. Nixon remains opposed to a tax increase, but also wanted it to be known that he was not dismissing, out of hand, recommendations that had been pressed on him on Wednesday by Arthur F. Burns, chairman of the Federal Reserve Board.

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