

# Where Burns Stands

## Federal Reserve Chairman Disturbed By Talk of a Split With White House

By EDWIN L. DALE Jr. **MAY 23 1970**  
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WASHINGTON, May 22—Arthur F. Burns has let it be known that he is disturbed by connotations of a "clash" between himself and the Nixon Administration on the issue of some kind of voluntary wage and price restraint.

The chairman of the Federal Reserve Board, according to associates, does believe that an effort at voluntary restraint is worth trying at the current stage of the economy and does concede that the President is not yet in agreement. But he regards this as far from a split and feels that the Administration may yet do something modest in the way of appeal for voluntary restraint.

Dr. Burns has also made known through associates some of his ideas on what an "incomes policy" should be, which he suggested in general terms in a speech last Monday at Hot Springs, Va.

He is not sure anything at all will work. But he believes an effort should be made because he regards the current situation in the American economy as unusual, if not unprecedented, in the sense of the seriousness of the degree of inflation accompanying a sluggish economy.

This explains his willingness to try an idea that he has long vigorously opposed. His opposition remains as strong as before to many of the specifics of a "guideline" policy as tried in the past, and even now he would restrict the effort to a relatively brief period.

He also regards the Government's monetary and fiscal policies as still on track, despite the recent revisions of the

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President's budget that throw it into a small deficit. He has no criticism of the President on that score, given such pressures as the unavoidable Federal pay raise, and views the budget as still sufficiently restrictive.

### Voluntary Restraint

As for voluntary restraint, the minimum Dr. Burns would like to see would be more use by the President of generalized appeals for restraint, using the "national interest" as a reason rather than the "self interest" of business and labor as has been done to date. The aim of such an appeal would be to persuade leaders of business and labor that restraint would help bring a quicker return to noninflationary full employment and would lessen the risks of a severe slump in the economy with higher unemployment.

The Federal Reserve chairman is also attracted by the idea of some kind of numerical target as in the former guideposts, but only if it were agreed upon voluntarily by business and labor rather than announced by the President's Council of Economic advisers. Presumably, this would emphasize a target for acceptable wage increases.

Some kind of Government "information center" on wages, prices and productivity might also be helpful, Dr. Burns feels. This was the idea proposed earlier this week by George Romney, the Secretary of Housing and Urban Development.

### Some Moves Opposed

What Dr. Burns continues to oppose are:

- ☐ Permanent guideposts.
- ☐ Public rebukes to individual companies or unions.
- ☐ Government efforts, by such devices as the use of stockpile sales, to impose its will on industries or unions that are felt to be taking inflationary decisions.

Dr. Burns is known to have already communicated his views to the President. He was not floating a trial balloon but saying openly what he had been saying in private.

He evidently felt his audience of private and Government bankers at Hot Springs was entitled to know his feelings on this matter. The bulk of his speech dealt with the fundamentals of fiscal and monetary policy.

Dr. Burns declined to be specific on an "incomes policy" in his speech because he did not want to make the problem of the President any more difficult.

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