NIXON AIDES SAY ECONOMIC MOVES ARE SUCCEEDING

Four Officials Stand Firm on Inflation Policies—Shultz Sees Wall St. 'Neurosis'

PANEL ASKS WAGE RULES

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House Unit Seeks to Revive Voluntary Guideposts on Prices and Pay Rises

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WASHINGTON, May 26 — The Nixon Administration, under a barrage of criticism from politicians and financiers, stood firmly by its economic policies today.

Four high officials in four cities commented on the situation, and the theme was the same. Probably the most unequivocal statement came from Harold C. Passer, Assistant Secretary of Commerce for Economic Affairs, who said:

"The economic situation is in control, our policies are working, and we are going to continue these policies."

Secretary of Labor George P. Shultz called the decline in the stock market "a kind of neurosis."

A similar calm reaction to events came from Paul W. McCracken, chairman of the Council of Economic Advisers, and Charls E. Walker, Under Secretary of the Treasury.

In Congress today there were these developments:

¶The House Ways and Means Committee approved the Administration's request for an increase of $18-billion in the legal ceiling on the national debt. The committee staff said that the Administration's revenue figures were probably too optimistic and that the budget deficit for the new fiscal year would be more than $4-billion, compared with $1.3-billion projected in the latest revision of the budget.

¶A subcommittee of the House Government Operations Committee approved a bill that would revive the long dormant voluntary wage-price "guideposts." Under the proposal the President's Council of Economic Advisers would establish rules for noninflationary wage increases and permissible price increases and the President would try to persuade business and labor to adhere to the rules. The Administration opposes the bill.

The Administration opposi-

Continued on Page 20, Column 3

Continued From Page 1, Col. 8

tion was made clear by Mr. McCracken in a brief news conference in Los Angeles. He said the Administration remained "emphatically" opposed to mandatory controls on wages and prices and saw little value in the voluntary version.

'Hanover' from 'Binge'

Mr. Walker likened the current situation in the economy to a "hangover" after a "four-year inflationary binge." In a television interview here he said the Administration had won the "first phase" of its battle against inflation and added:

"You cool off the economy and it takes nine months to a year for that to work through in the final form of cooling off price increases."

Mr. Passer, speaking in New Orleans, said "it now seems likely" that the total output of the economy will turn up in the current April-June quarter after declining in the final quarter of 1969 and the first quarter of 1970. He added:

"For the balance of 1970, we expect little additional rise in unemployment."

The New York Times
Harold C. Passer

Mr. Shultz made his comment to the Pennsylvania Bankers Association in Atlantic City.

The day's economic indicators were again inconclusive. Wholesale industrial prices rose again in May be 0.3 per cent, no improvement over other recent months. Farm product prices fell again, but the over-all wholesale price index rose by 0.2 per cent after being stable in April.

Business Leaders' Briefing

The Government's composite index of "leading indicators"—those that have a good past record of turning up or down ahead of the economy generally—was essentially stable in April following a dip in March. This index has forecast fairly well the present sluggishness of the economy, but has given no signal of a deep recession.

In another development, the White House announced that the President had invited near-

Stocks Tumble Again

The stock market took another tumble yesterday after a brief rally failed to generate momentum. The Dow-Jones industrial average fell 10.20 points to 631.16, the lowest closing point since Nov. 19, 1962. Details on Page 57.

ly 100 business and financial leaders to dinner tomorrow night at the White House to be briefed primarily on the situation in Cambodia.

The President, according to his press secretary, Ronald L. Ziegler, will also want to hear the views of his guests on the situation in the economy and the financial markets.

The increase of $18-billion in the debt ceiling to $395-billion, approved by the Ways and Means Committee was not made necessary because anyone expects the over-all budget deficit to be that large. Rather, it came about because of a technical aspect of the budget, under which the debt the Government "owes to itself" will rise in this and the next fiscal year. This is the debt arising from the investments of Social Security and other trust funds.

The "unified" budget, covering all operations of the Government, is the best measure of the budget's economic impact. It was this budget that the staff of the Congressional Joint Committee on Internal Revenue Taxation estimated would show a larger deficit than forecast by the Administration.

The chief reason was a lower estimate by the staff of both corporate profits and personal income as a result of the sluggish economy. Total revenues were forecast at $3.7-billion less than the Administration projected.

The estimated deficit for the new fiscal year of $4.5-billion will be nearly $4-billion higher if Congress does not enact proposed revenue legislation, including a new tax on the lead in gasoline and a speed-up in the collection of estate and gift taxes.