

# AGNEW PREDICTS ECONOMIC UPTURN

Says '70 Will Be Recalled as a 'Turn-around Year'

By DOUGLAS ROBINSON

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HUNTINGTON, L. I., May 28 — Vice President Agnew sought to reassure the financial community today by predicting that "1970 is going to be a good year for business, with an upturn in the second half."

The Vice President, obviously reflecting a growing concern within the Nixon Administration on the state of the stock market, said that this spring "will be remembered as the time when everybody learned that it never pays to sell America short."

In addition to being an important year for business, he went on, "1970 will be a turn-around year in Vietnam, when a President showed the world that the United States intends to remain a great power, a power with enough muscle to bring about a peace with honor."

Mr. Agnew made his predictions in a speech delivered to 1,200 members and guests of the Suffolk County Republican Committee at a \$50-a-plate fund-raising luncheon at the Town House.

### 350 Cheer or Jeer

Across the street from the restaurant, 350 demonstrators, both for and against the Vice President, stood behind police saw-horses and either cheered or jeered. Although opposing demonstrators were not kept apart by the police, there were no incidents.

In his speech, Mr. Agnew said it was important to keep the recent stock market decline in perspective. He said that while it was true that the market was an accurate measurement of investor confidence and had an effect on both consumer and capital spending, "it is also true that Wall Street is capable of over-reacting in both directions."

"It has predicted 11 out of the last four recessions," Mr. Agnew said. "I don't criticize this sensitivity on the part of the Wall Street community. It is difficult to remain calm and unruffled when your living depends on your ability to recognize and react to sudden changes in investor temperament."

The Vice President said that "peace is bullish" and added that three fears were currently affecting the market. These fears, he said, are that the war in Southeast Asia has widened, that American troop withdrawals may be discontinued, and that the Cambodian "operation" will add to the budget and thus to the inflationary spiral.

### Fears Called Unfounded

"These fears are totally unfounded," he said. "The war has not been widened, nor are we about to assume the responsibility of training the Cambodian Army."

Mr. Agnew described the Cambodian action as the "most successful military move since the Inchon landing in the Korean War" and said the operation had "seriously disrupted the enemy." He said the move of United States troops into Cambodia had "protected our plans to withdraw at least 150,000 additional United States troops from South Vietnam."

The Vice President also said the Federal budget would not be increased because of the Cambodian action, saying that "it will help us move from a war economy to a consumer economy by hastening the day when the American troops are completely out of there, and adding to the incentive for the Communists to make peace."

As for the economic pains now being felt, Mr. Agnew attributed them to "Great Society spending of the mid-sixties" and said that "many of those now offering snap solutions to an inflation caused then are the same people who caused the present problem."

### Indications Listed

He said that while there had been "substantial declines" in the stock market and corporate profits, total employment in April was only slightly less than the record high in March, total production was slightly down from last fall's record, and individual spending—what he called "real capita disposable income"—was at the highest rate in history in the first quarter of 1970.

As part of the Nixon Administration's battle against inflation, he said that the growth

of Federal spending had slowed drastically, that new national priorities had been recognized while establishing a firm control of defense spending, and that recommendations had been made to Congress for improvements in the unemployment compensation system and manpower training programs.

"We have not run for the superficially attractive solution of wage-price controls, which no one would want one month after they had been put into effect," the Vice President said. "And we have not pretended that we could coerce the economy into stability while creating all the real conditions of instability."

"This Administration will not permit the increase in the cost of living to rise unabated," he said. "Instead, it will continue to take the responsible middle course of cooling inflation steadily and surely, mindful of the concerns of workers, investors and consumers."

Mr. Agnew found time to tweet Mayor Lindsay, saying that he had heard the Mayor "is suffering from Excedrin headache No. 30."