



The New York Times/George Tames

DISCUSSES NIXON PROGRAM: Treasury Secretary John B. Connally at news session on the economic proposals.



Associated Press

PREDICTS APPROVAL IN HOUSE: Wilbur D. Mills, head of Ways and Means Committee, comments on the plan.

WIDE RELIEF DUE

AUG 17 1971

But Democrats Term Economic Plan Too Little, Too Late

NYTimes

Connally excerpts, Page 16; Nixon order, Page 17.

By MARJORIE HUNTER

Special to The New York Times

WASHINGTON, Aug. 16—House and Senate leaders predicted today that Congress would approve President Nixon's proposed tax reductions, perhaps granting even more relief than the Administration had sought.

There was comment in some Democratic quarters that the President's broad new economic plan was "too little and too late" and criticism of tax benefits for industry and of the proposed repeal of the automobile excise tax.

But those in the best position to guide the proposed legislation through Congress generally applauded the President's actions.

The most influential of these, Representative Wilbur D. Mills of Arkansas, Chairman of the House Ways and Means Committee, termed the President's economic plan "an excellent one" and predicted swift House approval when Congress returned Sept. 8 from a month-long recess.

Connally Defends Nixon

Treasury Secretary John B. Connally, the only Democrat in the cabinet, staunchly defended the President at a news conference from criticism that he had not charted a new economic course earlier this year. Mr. Connally also defended the President's decision to reverse his economic course.

"There's nothing, as the wise saying goes, there's nothing constant except change," he said. "The American people would think they have a dope for a President if they had one that they thought would take a position and never change it."

Mr. Connally's defense of the Administration came shortly after President Nixon, formally declaring a national emergency, issued executive orders this morning to implement the 90-day wage-price-rent freeze and the 10 per cent surcharge on imports that he had announced the night before.

Setting Up 10 Offices

The Office of Emergency Preparedness began setting up offices in 10 metropolitan centers today to assure compliance with President Nixon's order freezing prices and wages but it was clear that the Administration's main reliance for compliance would be on the force of public opinion.

Under the one order, prices, rents, wages and salaries are frozen for a 90-day period at the highest level they had

Continued on Page 17, Column 1

reached during the 30-day period that ended Saturday.

The other Presidential order imposes a 10 per cent extra tax on all dutiable imports, such as radios and shoes. Items that are not subject to duty, such as coffee and bananas grown in tropical countries, are not affected.

Despite demands by some Democrats that Congress be called back into session immediately, it appeared doubtful that the President would do so.

Secretary Connally, asked today whether the President might request Congress to cut short its recess, replied: "No, I don't think so." But Mr. Connally said that Congress, upon its return, could make the tax reductions retroactive "so that nothing will be lost by a delay of time."

The Secretary's defense of the Administration came at a noon news conference. He said that "over the last several weeks and months we discussed a great many things. We've marched up the hill and down the hill on acceptability of this plan versus this plan."

Aim Is Cohesive Program

He said that the President was never willing "to try to act in a piecemeal fashion to solve these various problems. He wanted an interrelated, a cohesive program."

Asked whether he felt the new program was "an admission that the Administration's policies up to now have failed," Mr. Connally replied: "Oh, I don't think we did it in terms of an admission of anything. I would characterize it as a new policy, a new economic action. . ."

By embracing many of the proposals offered over the past months by Chairman Mills, the President apparently assured himself of a strong ally in Congress.

A frequent critic of the President's earlier economic policies, Mr. Mills said today that "it looks like he has been following somebody's advice."

In recent speeches, Mr. Mills proposed reinstatement of the investment tax credit to spur

industries into expansion, a proposal that is part of the President's new plan.

Mr. Mills had also called for an import surcharge, such as the one Mr. Nixon has now ordered; and for other key elements of the President's plan, such as tax relief for individual taxpayers, a cut in federal spending and some form of wage and price controls.

While not claiming credit for the President's new economic plan, Mr. Mills said that he had been called last night by Mr. Nixon's assistant for international economic matters, Peter G. Peterson.

"He told me to be sure and listen to the President last night," Mr. Mills said. "He said I'd like what I heard."

President Nixon telephoned Mr. Mills this morning in Little Rock to thank him for endorsing key parts of the economic plan.

Mills to Fly to Capital

Mr. Mills said that the President also offered to send a plane to Little Rock to bring him to a White House conference of Congressional leaders tomorrow morning. Mr. Mills said that he had accepted the offer.

He indicated that Congress might go even further in tax reductions than the President had asked, but he said he felt the over-all program "is a goon one."

Senator Russell B. Long of Louisiana, Chairman of the Senate Finance Committee, which also handles tax legislation, said today that he agreed "with most, but by no means all, of the President's recommendations."

Senator Long did not indicate which parts of the plan he did not approve, but said he felt that the program as a whole was one "the nation had a right to expect."

The suggested repeal of the automobile excise tax and the proposed tax incentives for business were criticized by some Democratic liberals, including Senator George S. McGovern of South Dakota, the only announced Democratic Presidential candidate. He and several others suggested that tax benefits should be limited to lower-income Americans.