

Pay Freeze Uneven Because of Deadline

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WASHINGTON, Aug. 16—Happiness, in the wage-price freeze, is having won your pay raise or increased your prices before last Saturday.

In the arbitrary way the deadline falls, the roughly 450,000 members of the Communications Workers of America who ratified a new contract last Saturday believe they can keep all of their 15 per cent, 67-cents-an-hour first-year raise.

But the Bell Telephone System, which had asked the Federal Communications Commission to approve higher toll charges to pay those wages, is now automatically barred from any rate increase, at least until the 90-day freeze expires on Nov. 12.

And apparently the New York telephone workers who did not ratify the communications workers national settlement in hope of something better will get no raise at all for the next three months.

Steel offers another example of wage and price changes caught awkwardly out of phase. Steelworkers who agreed at the start of this month on a new three-year contract with a 30

per cent wage increase, have been assured of collecting their first year 50-cents-an-hour raises, as planned.

The major steel companies, however, had staggered the timing of their 8 per cent price increase according to different product categories: Structural steel went up on Aug. 5, but the tin mill items used in packaging food and beverages were not to go up until Oct. 1, and now must wait until the freeze melts.

The price rise on the cold rolled steel sheets that are used in auto manufacturing had been postponed until next Feb. 1, and so will not be affected unless the freeze is extended.

At his news conference to-

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day, Treasury Secretary John B. Connally explained that the test of a valid price or wage will be whether it was actually in effect during the 30-day period before last Saturday—not whether it had been announced or agreed to.

"With respect to new car prices," he said, when asked about the higher prices auto manufacturers had already announced for 1972 models due this fall, "if they were not in effect during the month and if they did not affect a substantial portion of the trade or transactions during the month preceding Aug. 14, they will be frozen. The same rule will apply to every company," he said.

By the same token, the railroad workers in the United Transportation Union who had not yet ratified an agreement reached on their behalf on Aug. 2 will not get any raise at all until after Nov. 12.

Some Inequities Involved

Secretary Connally remarked today that the timing of the freeze had to be a surprise and inevitably involved certain inequities. But he commented: "It is significant that most of the bargaining on the major contracts has taken place. I don't know of any period of time that you could pick where less inequities, less hardships would result."

Whether some of the inequities would be remedied at the end of the freeze—whether, for example, the railroad workers would someday be able to claim retroactively their frozen wage increases—was not entirely clear.

Underlying that question, of course, was the unanswered mystery about what, if any, further Government restraints would follow the temporary freeze.

Asked if in fact the freeze would end in 90 days, Secretary Connally responded, "I don't know. The President has not foreclosed any options. He very much hopes that the freeze can end at the end of 90 days. You know his antipathy toward controls over any protracted period of time. I hope that will occur, but I don't want to make any categorical statements about what's going to happen because I frankly don't know."

Mr. Connally emphasized

that the freeze on wages was "all pervasive—including not only individual merit and promotional raises but presumably such things as the price that the neighborhood youngster charged for mowing your grass. However, the limits on interest rates and on corporate dividends are voluntary, and supposed to be self-enforcing.

Profits Are Defended

Imposition of controls on credit and interest "might actually dry up the source of funds," Secretary Connally said. On profits, he said that business income had not been "all that big" anyway, but that controls on prices would have the effect of controlling profits.

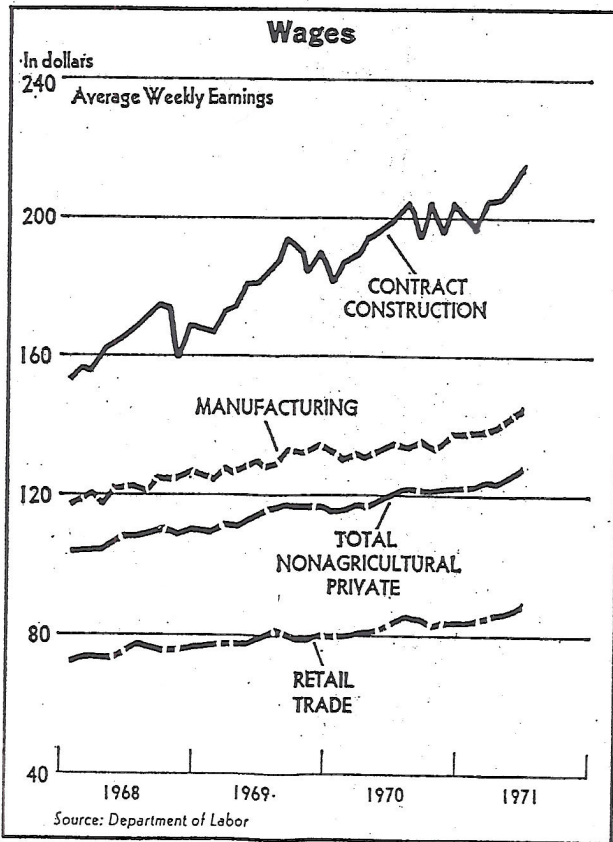
The freeze and the uncertainty about what will follow it confused the prospects in a number of current and pending contract talks—including longshoremen, coal miners, airline employes and aerospace workers.

Members of the International Longshoremen's and Warehousemen's Union, who have been striking West Coast ports for more than six weeks, cannot receive an increase now even if they settle.

At the same time, the Nixon Administration was encouraging bargainers in general to keep talking. "They can negotiate for a future raise," Secretary Connally said.

"We want them to keep negotiating and settling," said a spokesman for Labor Secretary James D. Hodgson. "They have to hope that sooner or later the controls will be lifted and they can get the wage increases."

W. A. (Tony) Boyle, president of the United Mine Workers who has been demanding a three-year 35-per cent increase for 80,000 miners whose contracts expire at the end of September, insisted today that "we intend to negotiate on the basis of no wage freeze. We intend to make up for past inflation, and to win our full equity in our industry and the national economy."



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ESCALATOR—After flattening out last year, manufacturing and other paychecks are moving upward again.