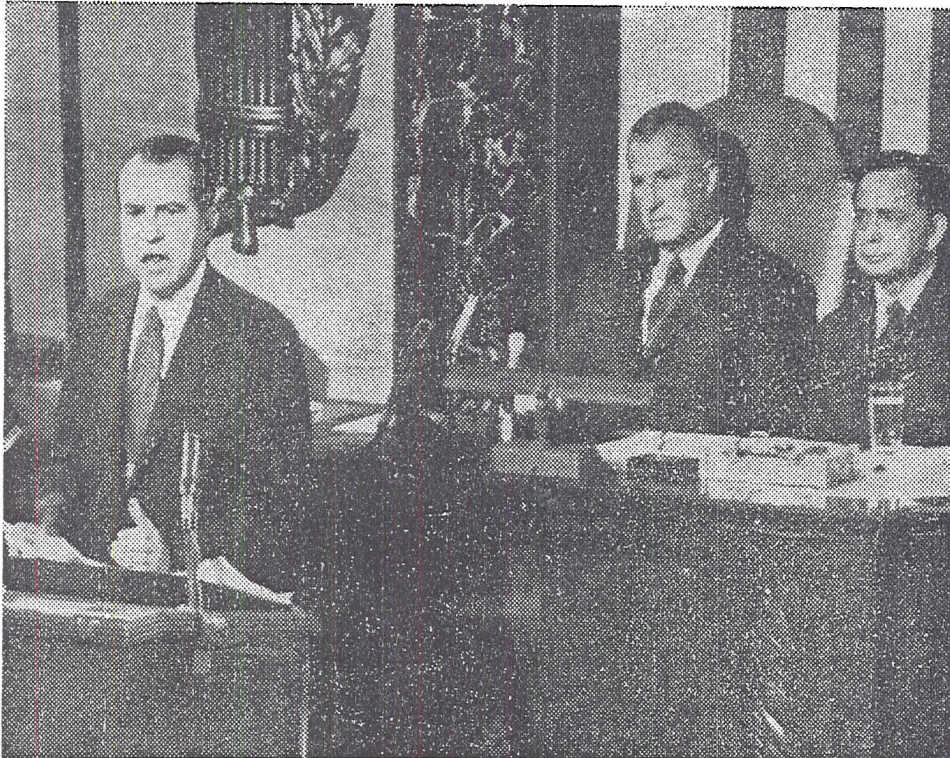


NIXON BARS AN EXTENSION OF FREEZE BUT PROMISES TO PRESS INFLATION FIGHT



The New York Times/Mike Lien

President Nixon addressing joint session of the Congress in House of Representatives chamber yesterday. Behind him are Vice President Agnew and Speaker Carl Albert.

URGES TAX RELIEF

Plans to Meet Diverse Groups to Develop a Stabilization Plan
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By ROBERT E. SEMPLE Jr.

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WASHINGTON, Sept. 9—

President Nixon announced today that he would not extend the wage-price freeze beyond its scheduled expiration date of midnight Nov. 13, but he promised to invoke whatever steps were necessary "to see that America is not again afflicted by the virus of runaway inflation."

Mr. Nixon spoke before a joint session of Congress in

Transcript of Nixon address will be found on Page 20.

the House chamber. He defended his new economic program and urged passage of the measures he has proposed on tax relief and import control.

He also announced that he would soon begin consultations with representatives of industry, labor, agriculture and Congress before deciding how to moderate wages and prices after the freeze.

Undecided on 'Phase Two'

Government officials of the highest rank insisted that the President had not made up his mind on "phase two" of his recovery plan and said that he wished to seek the opinions of a wide variety of people before setting his course.

Mr. Nixon told a nationwide television and radio audience that some "system of wage and price stabilization" would emerge from these discussions. He did not say what he had in mind, nor did he forecast how long the system would remain in effect. He offered only the pledge that it would be temporary.

"Regimentation and Govern-

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Nixon Bars Extension of Freeze but Pledges Fight on Inflation

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ment coercion must never become a way of life in the United States," he declared. "Price and wage stabilization, in whatever form it takes, must be only a way station on the road to free markets and free collective bargaining."

The President tried to dissuade Congress from broadening his proposals for tax cuts beyond the bounds of what he regards as fiscal responsibility.

Praise for 'Hard Work'

He also called for passage of his revenue-sharing and welfare reform proposals and wound up with a tribute to the American "spirit," a rebuke to persons who prefer welfare to work, and praise for the value of "hard work."

Mr. Nixon placed considerable emphasis on his efforts to revitalize the dollar and reorder America's priorities abroad. He said that, while America's generosity had been well-placed in earlier times, and while "we will remain a good and generous nation" the time had come "to give a new attention to America's own interests."

The appearance was Mr. Nixon's first before a joint session of Congress except for his annual State of the Union message. The speech lasted 25 minutes and was interrupted 25 times by applause. Reaction was mixed both

while Mr. Nixon was speaking and after he had finished. Republicans and Democrats both applauded his justification for the new economic strategy and his pledge that America would no longer compete in international trade "with one hand tied behind her back." But his tributes to what he has called the "work ethic"—particularly his assertion that "any work is preferable to welfare"—drew less enthusiasm from Democrats.

In post-speech comments, Republicans asked for prompt action on the President's three main proposals—tax credits for industrial development, a speed-up in reductions of individual income tax exemptions, and repeal of the automobile excise tax—while Democrats reserved the right to change important details.

Peace Seen as Challenge

Mr. Nixon's address was, in effect, two speeches—a discussion and defense of his recovery program, which occupied the first two-thirds of his remarks, followed by a section pleading for Congress and the country to "find the roots of our national greatness again."

If there was a single theme linking the two sections, it was Mr. Nixon's assertion that the nation was now facing a new and unfamiliar set of difficulties as it disengaged from the Vietnam war and moved to what he hoped would be "a generalization of peace."

"As the dangers of war recede," he said, "the challenges of peace increase." To achieve what he called "a new prosperity without war and without inflation," he went on, new initiatives would be required — to stem inflation produced by a wartime economy, to find work for those who lost their jobs as a consequence of Mr. Nixon's efforts to disengage from the war, and to improve America's competitive posture after decades of "helping old nations back onto their feet and new nations to take their first sometimes faltering steps."

The President presented his views in the general context of finding answers to "a new set of challenges—the challenge of the peace." Within this context, he pressed his case for his proposed import surcharge and pledged to stabilize wages and prices after the 90-day freeze.

Also in this context, he defended his proposals to increase "consumer purchasing power" by speeding up income tax exemption and to develop new jobs by giving industry generous tax credits for investment in plants and machinery. It was in this context, too, that he defended his proposals to cut Federal spending this year and offered the news that,

next year, he would ask Congress for still more tax incentives—"other than the ones I have discussed today" to create jobs, as well as new proposals to insure "the maximum enlistment of America's technology in meeting the challenges of peace."

Moon Gain Cited

Mr. Nixon did not hint at the details of next year's tax reform proposals, although it has been known for some time that Treasury officials have been working on a new tax bill. Nor did he spell out what new programs he had in mind to encourage the use of "America's enormous wealth of scientific and technological talent" for social purposes.

Instead, he simply noted that later today—after his speech—Congress was scheduled to hear remarks from the three astronauts of the Apollo 15 moon flight. He added this plea: "Let us find the means to insure that in this decade of challenge, the remarkable technology that took these Americans to the moon can also be applied to reaching these goals on earth."

Mr. Nixon made at least one comment in his speech that heretofore his economic advisers had talked about only in the most vague and delicate terms. This was his flat prediction that the two tax reduction proposals and the import surcharge would, if enacted, "create 500,000 new jobs in the coming year."

Turning to the second phase of his speech, Mr. Nixon said that only "a healthy America, a strong America," could solve problems of poverty, the environment, health care and education. He said that the economic system that made America "strong" should be preserved and strengthened rather than cast "in the false light of an oppressor and exploiter of human beings."

"As we correct what is wrong," Mr. Nixon said, "let us always speak up for what is right about America."

He also applauded the "spirit of sacrifice" he said he had discerned in the nation's generally favorable reaction to the wage-price freeze. And he commended the willingness of most Americans to reject "the lazy life" in favor of work, no matter how lowly that work might appear in the eyes of others.

On international trade, Mr. Nixon said he had no intention of building a permanent tariff wall around the United States and welcomed competition on fair terms.