

NIXON PROMISES EFFECTIVE CURBS ON BIG INDUSTRIES

Says Post-Freeze Program
'Will Have Teeth' but Bars
Comment on the Details

CALLS FOR COOPERATION
SEP 17 1971

President Indicates Support
for Voluntary Restraints
Backed by Legal Power

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WASHINGTON, Sept. 16— President Nixon declared today that he would substitute a program of "strong, effective" restraints on major industries after the 90-day freeze on wages and prices expires at midnight Nov. 13.

The American people "don't want to have a freeze followed by a thaw where you can get

News conference transcript
is printed on Page 27.

stuck in the mud," the President told reporters at an impromptu news conference in the Oval Office of the White House this afternoon. [Question 10, Page 27.]

Mr. Nixon declined to discuss the specifics of the proposal being drawn up amid consultations with business, labor and agricultural leaders and Government officials. But his comments left little doubt that he was in favor of a program of voluntary restraints backed up by legal authority to force roll-backs of price and wage increases that the Government would consider inflationary.

Sees 'Strong' Program

"Phase Two will be strong," the President said. "It will be effective." And although he said it would require the cooperation of both labor and management, he said it was "vitally important" that the follow-up program "will have teeth in it."

"You cannot have jawboning that is effective without teeth," Mr. Nixon added.

The President gave no clues to the form of restraint he had in mind or the specific sort of mechanism for enforcing it. His remarks coincided with the disclosure that the Government had not taken court action against a single violator of the freeze after its first 30 days.

High Administration officials have been saying for the last

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Nixon Promises Effective Curb On Big Industries After Freeze

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two weeks that the second stage of the President's economic stabilization program would not entail a total freeze on wages and prices but would involve some kind of controls.

Secretary of the Treasury John B. Connally has warned business that long-term contracts would be subject to change as a result of forthcoming Administration policies. Secretary of Labor James D. Hodgson has cautioned unions and management that wage contracts could be subject to revision in the post-freeze period.

Stans View Disavowed

Yesterday Maurice H. Stans, the Secretary of Commerce, indicated that, while no firm decision had been reached, allowable wage increases would be based on productivity gains after the freeze. He also said that the President was leaning toward continued Government administration of any price and wage controls rather than the voluntary tripartite board demanded by organized labor.

But the White House said today that Mr. Stans was not speaking for the President.

In the 40-minute news conference, Mr. Nixon's first since he announced a package of domestic and international initiatives August 15 to curtail inflation and reduce unemployment, there was no mention of forthcoming restraints on corporate profits and stockholder dividends.

Nor did the President affirm reports that the Administration leaned toward a Government board, rather than a tripartite board representing business, labor and the public, to monitor the second phase of his anti-inflation program.

Leaders of organized labor told the President at the White House last Friday that they would favor a tripartite board and reaffirmed their interest in controls on corporate profits

and dividends. Labor officials, backed by some Democratic members of Congress, have been sharply critical of the President for freezing wages and prices without imposing similar restraints on profits.

Mr. Nixon also indicated today, in response to a question, that he could live with a Congressional cut in his proposal for a 10 per cent investment tax credit this year, followed by a 5 per cent credit effective on Aug. 15, 1972. [Question 4.]

Representative John W. Byrnes of Wisconsin, the ranking Republican on the House Ways and Means Committee, has called for a flat 7 per cent investment tax credit and the committee chairman, Representative Wilbur D. Mills, Democrat of Arkansas, has advocated a single feature without specifying what it should be.

Meets With Governors

"We believe that the 10 per cent-5 per cent approach is much the better one," Mr. Nixon said, "because it will give the charge to the economy in the year we need it, which is now. On the other hand, 7 per cent would be better than nothing."

The President said that his entire economic package was balanced and "we are going to fight for it." If Congress should alter portions of it, however, but moved toward the same goals of holding down inflation and providing jobs, "I would tend to consider it affirmatively unless it completely blew the top off our budget," Mr. Nixon added.

He spoke to reporters moments before entering a meeting in the Cabinet Room with a delegation of Democratic and Republican Governors returning from their annual conference, held in San Juan, P. R.

The President said that he would have his follow-up program prepared by mid-October, so that it would become public at least 30 days before the freeze ends.