

'Save More, Spend Less,' Nixon Urges Americans

Los Angeles

President Nixon offered yesterday a steady-as-you-go policy of fiscal and monetary restraint—along with an appeal to the American people to spend less money — as his program to curb inflation.

He offered no major surprises or innovations as part of his anti-inflation plan.

In what was billed by the White House as a major economic address, the President declared that a root cause of inflation was that people wanted to consume more goods and services than they were willing to work and save for.

He exhorted the American people to look to themselves rather than government to cure the nation's economic ills.

"In America, the power of government is the power of the people," he said. "Therefore, the most important responsibility of each American in fighting inflation is your responsibility as a citizen."

In his nationally televised speech, delivered before an audience of business groups at the Century Plaza Hotel here, Mr. Nixon said there was worldwide inflation because people believe that "the way to get more is to have the government spend more even though no more is produced."

"We have worldwide inflation," he said, "because people's demands too often are translated into a supply of votes, not a supply of work, saving, initiative and innovation."

The President appealed to the American people to display "patience," "spirit" and "sacrifice" in order to halt inflation. He also called on them to spend less money.

"If 15 cents were saved for every \$10 spent," a cut

of 1½ per cent in personal consumption, it would make a "difference" in the fight

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against inflation, he said.

What this country needs, Mr. Nixon added, is the one lobby we don't have — an anti-inflation lobby."

At the outset of his speech, Mr. Nixon listed the things his administration would not do to fight inflation.

First, he said, he would not "resort to the discredited patent medicine of wage and price controls," which he said would only create new economic distortions.

It was Mr. Nixon who imposed the nation's first mandatory peacetime wage and price controls on Aug. 15, 1971, when he inaugurated his new economic policy.

The policy was abandoned at the end of April this year.

The administration, he said, had no intention of responding to what he said was the short-term slack in

the economy "by priming the pumps of inflation with new deficit spending." Nor would the government administer the "shock treatment of a sudden, drastic wringing out of inflation" by policies that would send unemployment soaring, he added.

At the top of his list of what the government would do to slow down the rise in prices was the plan to hold down its own spending. He said the administration would seek to cut the federal budget, which he originally submitted at \$305 billion for fiscal 1975, "toward a goal of \$300 billion."

The President warned he would veto any congressional actions that would raise federal expenditures above his budget.

One specific action that he did announce was a plan to reduce the number of federal employees by 40,000 thus

saving the government, he said, \$300 million. He did not say which employees would be pared from the federal payroll or when this could happen.

The government would also cooperate with the Federal Reserve system to restrain the expansion of money and credit, he said. Monetary restraint, he added, has not yet been "overdone" and it would not be overdone. "There will not be a credit crunch in which the money for essential economic activities becomes unavailable," he said.

A number of critics of Mr. Nixon's economic policies have been claiming that the money "crunch" has long since arrived.

The President also made these points in his address to scattered applause:

- There will be a re-evaluation of the "trade-off" between certain social goals—such as improving the environment — and the need for additional supplies of commodities and manufacturers. Mr. Nixon asserted there is a tendency to "push" particular social programs — such as environmental quality — "so fast or so far that other important goals are unduly sacrificed."

- He has ordered "a sweeping review" of the federal regulatory process, seemingly with the intention of loosening or dropping some federal regulation of business and industry in order to promote economic growth. "Too often today, he said, "the creative energies of our economic system are stifled by burdensome over-regulation based on policies designed for an earlier era."

- Business and labor must act "responsibly in their price and wage demands." Although there would be no return to wage and price controls, "I shall use every influence of the Presidency to bring about

helpful voluntary restraint on the part of both business and labor," said Mr. Nixon. This apparently means, among other things, government jawboning of industry and labor to keep them in line.

Before Mr. Nixon began speaking, William J. Baroody Jr., a special consultant to the President, announced that the administration will arrange a series of 23 conferences over the next ten to 12 months with the leaders of business, labor and agriculture around the country to improve public understanding of federal economic programs and policies."

Baroody said the first of the sessions would be held today in Chicago, with Vice President Gerald Ford and top economic advisers present to speak for the administration.

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