

Mandatory Controls 'A Potential Option' If Inflation Soars

By Art Pine

Washington Post Staff Writer

One of President Carter's top inflation-fighters has raised the possibility that the administration may consider mandatory wage and price controls as "a potential option" next year if inflation gets out of hand.

Barry P. Bosworth, director of the Council on Wage and Price Stability, made his remarks during a televised interview taped last week by the Bureau of National Affairs, a Washington-based business reporting and research firm.

Bosworth also was quoted as saying he would be willing to reconsider his present opposition to controls if "the general public would support them" and if he thought they were needed to combat a wage-price explosion in industry.

The Bosworth statement, which surfaced yesterday, sparked a flurry of qualifiers and disclaimers, both by wage-price council spokesmen and by other key administration officials.

A council official said flatly that despite Bosworth's comments, "we are not contemplating any" controls and that the inflation-fighter's remarks "in no way imply any policy change" either by the agency or the administration.

He said Bosworth's statement was "made in a lengthy interview, in an academic setting, dealing with an abstract situation." The interview is scheduled to be televised soon by the Public Broadcasting System.

A move to mandatory wage and price controls is considered highly unlikely. Carter has no authority under present law to impose controls, and most observers believe Congress wouldn't approve such legislation if the president decided to seek it.

The incident marked the second time in two weeks that a senior administration official has caused a flap with a statement that appeared to contradict previous White House policy pronouncements.

See **GUIDELINES, D9, Col. 4**



BARRY P. BOSWORTH
... would reconsider opposition

Wage-Price Controls Seen As an Option

GUIDELINES, From D6

Last week, chief Carter inflation-fighter Alfred E. Kahn told a breakfast meeting with reporters that, in retrospect, Carter should not have signed last year's \$18.7 billion tax cut bill.

On Sunday, Treasury Secretary W. Michael Blumenthal told a television audience on the CBS program, "Face the Nation," that "it is very difficult to apply hindsight" and that the tax bill helped the economy in many ways.

It was not immediately clear why Bosworth raised the possibility of turning to controls as a "potential option." Carter himself just recently rejected the use of controls, and other top officials consistently have opposed them.

Bosworth's statement, in broader context, was: "Now, everybody wants bigger wage increases because of big food price increases and fuel. If that gets built into the industrial structure, we would have a problem.

"In that type of inflation, I think that mandatory controls, while very extreme, are a potential option." At another point, he added: "You can make them (controls) work for a period of time. That is a problem that's coming for next year."

White House Again Denies Any Plan for Wage-Price Controls

By Edward Walsh Washington Post Staff Writer

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pg. A2

White House Again Denies Any Plan for Wage-Price Controls

By Edward Walsh

Washington Post Staff Writer

White House press secretary Jody Powell yesterday reiterated President Carter's opposition to mandatory wage and price controls and blamed both loose-mouthed administration officials and news organizations for periodic reports suggesting a possible change in that policy.

Powell was responding to a statement Monday by Barry P. Bosworth, director of the Council on Wage and Price Controls, that the administration may consider mandatory wage and price controls as a "potential option" next year if inflation worsens.

Without naming Bosworth, Powell said he was "not absolving people in

the administration from full responsibility" for any confusion caused by their public statements.

But he added that news organizations that report on those officials must also share the responsibility.

"We have found over and over that if any statement can be screwed up and be reported in a way that is disquieting to the public and the economy, it will be screwed up," Powell said.

He made the comment about news organizations after conceding that Bosworth and the often outspoken chairman of the Council on Wage and Price Stability, Alfred E. Kahn, have been warned by the White House to be more careful in their public pronouncements.

Asked if Kahn and Bosworth had been told to keep their mouths shut, Powell replied, "I don't know if it was conveyed quite that way."

Under questioning on the subject of inflation, Powell said the administration is considering asking Congress for authority to withhold government contracts from firms that refuse to comply with the existing voluntary wage and price guidelines.

Last week, a federal judge ruled that the president lacked authority to withhold government contracts as a method to achieve compliance with the voluntary guidelines. The administration is appealing that ruling, and Powell said the White House "is confident of our legal position."

But if the appeal fails, he added, "we could establish in law through legislation the right to use this and other measures to persuade people to be patriotic."

The U.S. Court of Appeals, acting with unusual speed, yesterday set June 13 to hear the appeal of U.S. District Court Judge Barrington Parker's decision on the guidelines program. The case will be heard by a full panel of nine Appeals Court judges, rather than the customary three-judge panel, a decision that government lawyers said reflected the importance of the case.

Parker has temporarily stayed his ruling pending the appeal, meaning that, technically, the administration is still free to threaten firms that do not

cooperate with the guidelines with loss of government contracts.

Parker's ruling, a severe blow to the already shaky guidelines program, resulted from a suit against the guidelines brought by the AFL-CIO.

Carter has consistently opposed mandatory wage and price controls since before he took office, arguing that they are unworkable and would only create a new government bureaucracy to enforce them. But with the voluntary anti-inflation program having little apparent effect on the rate of inflation, questions continue to arise about the use of controls as a last resort.

Adding to such speculation are comments such as those made by Bosworth in a taped television interview

last week with the Bureau of National Affairs, a Washington-based business reporting and research firm.

In the interview, which became public Monday, Bosworth was quoted as saying he would be willing to reconsider his opposition to controls if "the general public would support them" and if he thought they were needed to combat a wage-price explosion in industry.

Bosworth's comments were quickly followed up by a series of qualifiers by other administration officials and finally a flat rejection by the president's chief spokesman yesterday.

"The president has made clear that there will be no controls," Powell said. "That is and will remain the president's position."

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Carter May Propose Legislation to Help Enforce Guidelines

By a WALL STREET JOURNAL Staff Reporter

WASHINGTON—The White House said President Carter may ask Congress for authority to withhold federal contracts from companies that violate his voluntary wage-price guidelines.

Presidential press secretary Jody Powell said such a legislative proposal would be considered if a federal appeals court rules that Mr. Carter doesn't currently have such authority.

Last Thursday, a federal district judge here held enforcement of the wage guideline through the withholding of federal contracts illegal and beyond the President's constitutional power. That order has been stayed pending the government's appeal.

The federal appeals court here said yesterday that the government's request will get a prompt hearing by the full court. All nine judges of the court sitting together will hear oral arguments in the case next Wednesday. That's almost a week earlier than had been sought by the government and by the group of labor organizations that brought the suit.

The fact that all of the court's judges will hear the initial appeal, rather than the normal three, suggests that the court attaches special significance to the case. Usually, the larger panel is convened only to reconsider the decision of a three-judge appeals panel.

At his daily White House press briefing yesterday, Mr. Powell again insisted that President Carter doesn't intend to impose mandatory controls on wage and price increases. Opposition to controls "is and will remain the President's position on this matter," Mr. Powell said.

Mr. Powell was responding to a suggestion by director Barry Bosworth of the President's Council on Wage and Price Stability that mandatory controls are "a potential option" if inflation climbs out of control next year. Mr. Bosworth's comments were made in a taped television interview that hasn't been broadcast yet.

The White House press secretary also said President Carter has advised Mr. Bosworth and chairman Alfred Kahn of the Wage-Price Council to avoid making controversial public statements. Mr. Kahn drew presidential displeasure last week when he suggested that Mr. Carter probably should have vetoed income tax cuts cleared by Congress last year.