

# Budget Heads for \$7.8 Billion Deficit

WASHINGTON (AP)—The Kennedy administration said yesterday the federal budget is headed for a \$7.8-billion deficit—the second largest in peacetime.

THE FIGURE is somewhat higher than officials had indicated earlier. And it was a far cry from the January forecast of a \$500-million surplus.

A Budget Bureau announcement placed most of the responsibility for the sea of red ink on Congress, a sluggish economy, and the administration's own changes in tax policy.

Emphasized was an official view that the big deficit would not damage the economy.

"WITH THE existing level of unemployment and unused plant capacity," the Budget Bureau said, "the deficit is neither infla-

tionary or dangerous to our balance of payments position." Cuba had little impact on the revised estimate for the 1963 fiscal year that began July 1. The bureau said that if the situation does not worsen, the Cuban crisis will cost about \$100 million. It termed this "the roughest kind of allowance."

Revenues for fiscal 1963 were put at \$85.9 billion—\$7.1 billion lower than the level foreseen when President Kennedy first sent the budget to Congress last January. The bureau said the sharp drop was due to "the slower-than-expected rate of economic recovery and changes in tax laws and regulations."

ORD PEACETIME spending of \$93.7 billion was predicted. This is \$1.2 billion higher than the January forecast—an increase attributed to congressional changes in administration bills to boost postal rates and overhaul the farm program. Higher interest charges on a bigger-than-expect-

ed national debt also played a part, adding \$400 million to the spending forecast.

Surprisingly, the revised figures showed no change in military outlays, still figured at \$48.3 billion.

THE ANNOUNCEMENT said increases in Pentagon programs, including the costs of the Cuban blockade and related activities, were offset by shelving of the administration's Civil Defense legislation.

On at least one count, the document struck a relatively optimistic note.

The bureau said the Gross National Product—the value of total output—is estimated now in the range of \$554 billion for 1962.

April Astronaut Named  
CAPE CANAVERAL, Fla. (AP)—Astronaut Leroy Gordon Cooper Jr. yesterday was named pilot for the next U.S.-manned space flight, a one-day mission scheduled next April.

## Chinese Call 'K' Soft on Capitalism

HONG KONG (AP)—Chinese Communist officials have told Westerners in Hong Kong that Soviet Premier Khrushchev is an opportunist, a weakling and a traitor to the Communist cause.

Those are surprisingly frank charges for Chinese Communist officials to make. They indicate Soviet-Chinese relations have taken a sharp turn for the worse.

Criticism of Khrushchev and his allegedly "soft" policies toward the West has been growing in Red China over the past few months.

An official was quoted as saying Khrushchev pulled back from his Cuban adventure not for fear of possible American reaction but for fear of what the Russian people would do.

"If there is war the Soviet government will be destroyed by the Russian people and not American nuclear bombs," the official added.

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## Red Offer Includes Guantanamo Base—

(Continued from page one) was quoted as expressing support for the demands in a speech in the Cuban capital Monday night.

Authoritative sources said in Geneva that the International Committee of the Red Cross had decided not to take part in the inspection of Cuba-bound ships because two of its basic conditions were not met: Red Cross inter-

vention was no longer vitally necessary for maintenance of world peace; Castro failed to give unconditional approval to the plan.

So far in complying with U.S. demands, 42 missiles have been taken out of Cuba, but the medium range bombers still remain. The Soviets at the U.N. have claimed that the latter are now a part of the Cuban Air Force.

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