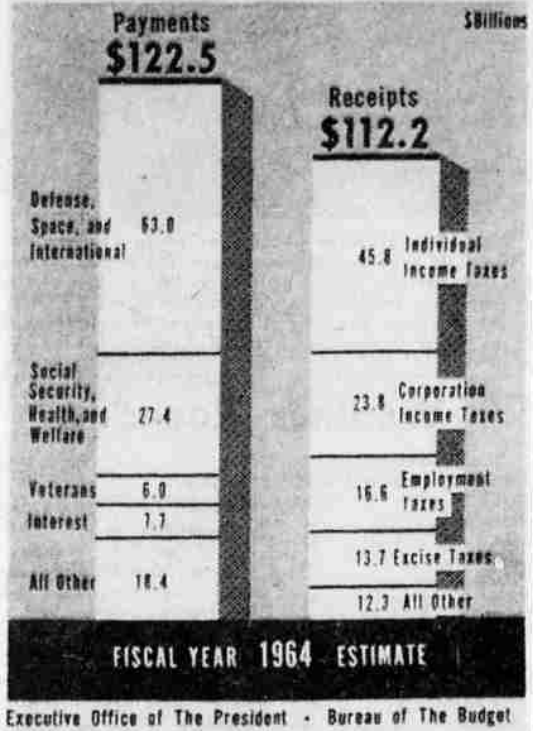


# BIG BUDGET - BIG DEFICIT SENT TO CONGRESS

WASHINGTON (UPI) — President Kennedy today sent Congress the biggest budget in history—come war or peace—and one of the biggest deficits.

## The FEDERAL BUDGET



Executive Office of The President - Bureau of The Budget

heavy red-ink spending would be succeeded before too long by budget surpluses and widely shared prosperity if Congress would approve his new \$10 billion tax cut plan.

## No Discount On Defense

But declaring that "there is no discount price on defense," he asked for \$1 billion in military funds up \$2.7 billion from this year. He also sought a record \$6.1 billion for space programs, with most of the \$2 billion increase going for the program to land men on the moon by 1970.

## Republicans Object

Not unexpectedly, Republicans termed Kennedy's spending plans incredible, cynical and illusory. Democrats who spoke out praised specific programs such as defense and space but were cautious in their overall appraisals.

House Republican Leader Charles A. Halleck of Indiana said the taxpayer would be the loser—either through inflation (fired by bigger federal spending or by having promised tax savings gobbled up through Kennedy's tax "reforms.")

Conservative Sen. Harry F. Byrd, D-Va., also was sharply critical. He said that if Congress went along with the Chief Executive's tax cut plan, the federal deficit probably would approach \$14 billion. He said Kennedy's claimed savings were "questionable."

As promised in his State of the Union address, Kennedy held the line or made reductions in such non-security functions as agriculture and the postal service. He said he felt obliged to limit such programs in view of the prospective revenue loss under his tax program.

It also was the first time a Chief Executive intentionally had sent an unbalanced budget to Congress since fiscal 1956. Eisenhower predicted a \$2.4 billion deficit that year only to have an economic upswing convert it into a \$1.6 billion surplus.

Administrative Budget	
1963 (billions)	1964
Revenues	\$85.5
Spending	\$94.3
Deficit	\$ 8.8

## Cash Budget

Revenues	\$108.4	\$112.2
Spending	\$116.8	\$122.5
Deficit	\$ 8.4	\$ 10.3

Either way, spending would be the biggest ever, topping even the peak World War II year of fiscal 1945 when outlays hit \$86.3 billion. The deficit would be the biggest in peacetime—save for the \$12.4 billion recorded in fiscal 1959 by President Dwight D. Eisenhower.

Kennedy based his revenue estimates on the assumption that the Gross National Product—the total output of goods and services—would rise to \$778 billion this year. This would be a relatively modest increase of \$24 billion over the 1962 level of \$554 billion.

But even this, he said, is based on the expectation that the economy will see "some initial...stimulus" expected from adoption of my tax recommendations. Without tax cuts there would be slower economic growth and smaller revenues, the President said.

"This would indeed be unfortunate," Kennedy added, "both because of the effect on government finances and because of the lost opportunities and the human mis-

fortune that would accompany a sluggish economy and growing unemployment."

He noted in this connection that the Treasury ran up cumulative deficits of \$24.3 billion during the past five years even though he and his Republican predecessor in the White House had anticipated surpluses totaling \$8 billion.

other hand, it was understood he would ask that the first cut in personal income taxes be made effective July 1.

## Proposes Extension

The President also proposed an extension of Korean War excise taxes on liquor, beer, cigarettes, and new cars. Otherwise the levies would expire July 1, costing the Treasury \$1.6 billion in annual revenues. He likewise proposed raising another \$100 million through new user taxes on air freight and plane and barge fuel.

## Two Kinds of Deficits

"It is now clear," Kennedy said, "that the restraining effects of the tax system on the economy were not adequately realized."

The President told lawmakers skeptical of his philosophy that there are two kinds of deficits. He said one is a chronic deficit stemming from anemic economic growth. The other, he said, is a temporary deficit resulting from a tax-spending program designed to spur business activity, provide more jobs and ultimately increase revenues.

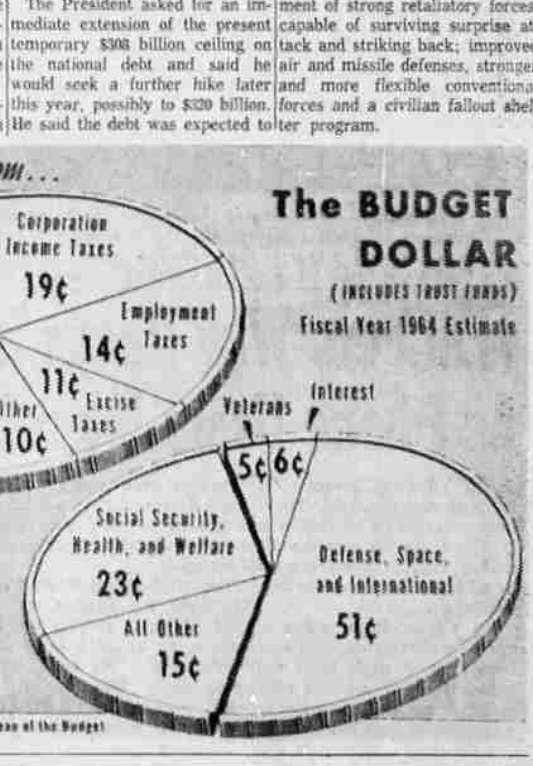
"The first type of deficit is a sign of waste and weakness," Kennedy declared. "The second is an investment in the future."

While the Chief Executive did not disclose his tax-cutting timetable in advance of his special tax message to Congress later this month, he said it would reduce federal income by some \$5.3 billion in fiscal 1964.

He also indicated that he wants immediate action to get tax relief before Congress convenes. He said he wants such funds into the economy almost immediately.

controversial programs as medical care for the aged under Social Security and aid to education. He again sought a cabinet-level department of urban affairs to help cities solve their problems.

## The BUDGET DOLLAR



Executive Office of The President - Bureau of The Budget

### In The Day's News

By FRANK JENKINS  
There's NEWS today.  
Who's making it—and where?  
Mr. Kroosh is making it—in East Berlin, where the Sixth Communist Party Congress of East Germany is in session.

### Weather

High yesterday	39
Low yesterday	24
High year ago	34
Low year ago	5
High past 14 years	44 (1941)
Low past 14 years	9 (1922)
Precip. past 24 hours	0.01
Since Jan. 1	0.01
Same period last year	0.27
Sunrise Friday	7:31
Sunset Friday	5:04

# Herald and News

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### Zoning Plan Vote Queried

The county court commissioners were asked at Wednesday night's zoning hearing to make a flat commitment on whether or not the citizens of the suburban community would get a chance to vote on the zoning plan.

### Funds Requested For BPA Intertie

WASHINGTON (UPI) — President Kennedy today asked Congress for \$25.5 million to begin construction of federal transmission lines to carry Columbia River power to California.

### Adventurous Boy Takes Long Walk With His Dog

A boy and his dog took a walk Wednesday afternoon. The trip had a happy ending. Young Mark Gallup, who is 2½, took his dog Bites (because he bites on little boys' pants legs) and went forth to see the world about 4:30 p.m. leaving behind his parents, Mr. and Mrs. Robert Gallup, and a baby sister. His daddy was not yet home from work. The family lives at 4900 Anderson Avenue where there are fields and fences and open irrigation ditches. This time of year most of the ditches are dry.



TOUR OF KINGSLEY FIELD — Members of the Klamath County Chamber of Commerce Aviation Committee and the city manager visited Kingsley Field Tuesday, Jan. 15. Base Commander Col. Edwin J. Witznburger welcomed the group at a luncheon, and Lt. Col. James B. Selkregg conducted the tour. Shown, top to bottom on jet ladder, are Cliff Clayton, Les Liston, Harold Leibl, Chamber Manager George Jefferson, Harold "Bud" Cloake, Mel Miller, Jim Olson, Bob Moore, West Coast Airlines manager; Robert Kyle, city manager, and Joe Sawyer, airport manager. — AF Photo

### House Studies Pay Hike For Oregon Legislators

SALEM (UPI) — A bill setting legislators' pay at \$5,000 a year plus \$20 a day while the legislature was in session was introduced in the House today.

### Oregon Construction Money Asked

WASHINGTON (UPI) — President Kennedy today called on Congress to provide nearly \$2 billion for public works construction in Oregon.

### Tax Expert Warns State On Economy

SALEM (UPI) — "Cut my budget \$65,000 and you lose \$450,000 in tax collections," tax commissioner Fred Hoeke told the first meeting of the House Taxation Committee Wednesday.

Question: Did Kroosh go too far? Did he admit that the U.S. rules the world because of the superiority of its nuclear armament? The answer seems to be NO—because he left open the implication that Russia can drop her 100-megatonners ON AMERICA without getting the kick-back that would follow if Russia's huge bombs were dropped on America's European allies.

Standing on a COMMUNIST platform and TALKING TO COMMUNISTS, Premier Khrushchev poured scorn on Red China's war and peace theories—which are based on WAR, war to the knife, for Communist control of the world.

Department officials said some 900 miles of high voltage lines and 11 new substations would be built for the BPA, which is responsible for the marketing of electricity produced at 22 federal hydroelectric plants.

The budget included \$3.9 million for boosting the voltage to two 230-kilovolt lines to the Puget Sound area to 345 kilovolts in order to increase the capacity into the rapidly growing area.

### Special Deer Meet Called

A special meeting of sportsmen interested in the deer situation has been called for tonight at the Willard Hotel. The meeting will open at 8 p.m., but doors will open at 7 for those who may wish to come early for pre-meeting discussion.

### Execution Stay Given Freeman

SALEM (UPI) — A second stay of execution for condemned child slayer Jeannette June Freeman was granted today—just 12 days before her scheduled Jan. 29 execution date for the murder of a 6-year-old boy.