MAY

Market Hits 7-Year Low; Congress Calls for Action

'Major Crisis,' Says Albert

Times-Post Service

Washington

The stock market suffered its worst drop yesterday since President Kennedy's assassination.

The Dow-Jones industrial average fell 20.81 points — against 21.16 on Nov. 22, 1963—to 641.36, its lowest level in seven and a half years.

At the same time, Democratic criticism of President Nixon's economic policies and demands for some form of wage-price restraints grew in stridency and volume.

Democratic leaders Carl Albert of the House and Mike Mansfield of the Senate called on Mr. Nixon to convene immediately a National Conference on inflation and unemployment "to extricate (the country) from the economic morass that has befallen us."

PARTY

But the Administration was not immune from attacks by members of its own party.

Representative John W. Byrnes (Rep-Wis.), ranking Republican on the House Ways and Means committee, told Treasury Secretary David M. Kennedy and budget director Robert P. Mayo that they are taxing the credulity of the American people by insisting the budget is nearly in balance and then asking for an $18-billion increase in the Federal debt limit.

"It's like pulling teeth to get you or the President or anyone else" to admit that surpluses in the Social Security and other trust funds are being used to mask a deep deficit in the Federal funds account, Byrnes complained.

The White House request for the debt ceiling increase was cited by some analysts as a substantial factor in yesterday's steep stock market slide.

BROAD

The New York Stock Exchange index, a broader indicator than the Dow Industrials, plummeted 1.24 to 38.20. This index has now declined

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38 per cent from the all-time high of 61.27 on Nov. 29, 1968.

Volume for the day was moderate at 12.6 million shares but a late selling surge delayed the tape two minutes at the close.

New doubts as to whether the Nixon Administration can hold the deficit in the coming fiscal year to the $1.3 billion now projected were kindled when Mansfield and Albert said they oppose the President's proposal for a $1.6-billion tax on lead additives to gasoline. Passage of the tax is assumed in present budget forecasts.

This is "a hop, skip and jump approach to a problem that requires more than a tax on a single commodity," Mansfield told a rare joint press conference with Albert in which the two leaders indicated the Democrats will make the state of the economy a prime issue in the fall election campaign.

LOOKS

Albert said later that although he looks with disfavor on the lead-additive tax he hasn't ruled it out entirely.

Albert said the inflation and unemployment conference he and Mansfied asked the President to summon should include leaders of finance, industry, leabor and agriculture as well as professional economists and representatives of the jobless.

"The immediate reversal of present economic policies I regard as of the highest national priority," said Albert, who warned that the Nation "is faced with an economic crisis of major magnitude."

Such a conference should consider all possible alternatives including wage and price controls and a public works program.

Representative Henry S. Reuss (Dem - Wis.) told a House Government Operations subcommittee that "unless something is done immediately, the country is headed for economic chaos."

POSTS

Reuss testified in favor of his bill directing the council of economic advisers to formulate wage - price guideposts after consultation with business and labor. He advocated an immediate three - month freeze on wages and prices pending draft of the guideposts.

Senator Fred R. Harris (Dem - Okla.) introduced a bill setting up a presidential panel with power to set wage panel with power to set wage price guideposts and to six months, subject to congressional vote.

Questioning whether the White House and Congress have taken the right measures to end the slump, restore business confidence and halt inflation, Senator Jacob K. Javits (Rep-N.Y.) urged implementation of the "incomes policy" recommended by chairman Arthur F. Burns of the Federal Reserve Board.

At the ways and means hearing, detailed questioning of Kennedy and Mayo by chairman Wilbur D. Mills (Dem - Ark.) permitted the inference that next year's budget deficit might be larger than predicted.

HIGH

Kennedy conceded that the Administration's assumption of $89 billion in corporate profits, unchanged from February projections, might well be on the high side. And Mills suggested that a projection of $800 billion in personal income appeared unattainable unless the economy turns around almost immediately or inflation increases later in the year.

The Administration asked that the present temporary debt ceiling of $377 billion be raised to $395 billion. This would accommodate a $10-billion deficit in Federal funds accounting—what used to be the old Administrative budget — and provide a $6 billion cash balance and $3 billion contingency fund, Kennedy and Mayo said.

Unless the Congress acts, the debt ceiling will revert to the "permanent" level of $365 billion on July 1.

Although the $10 billion Federal funds deficit would be offset by more than $8 billion in trust fund surpluses, these surpluses would be invested in Treasury securities which would be included under the debt limitation.

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MANSFIELD (LEFT) AND ALBERT

A high-level conference