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U.S. Deficit Soars

New Economic Blow --Stocks Fall Again

President's Try to Rally Confidence

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The stock market took another tumble yesterday and President Nixon invited 60 or more top business and financial leaders to a White House dinner tonight, ostensibly in an attempt to rally flagging confidence in the Nation's economy.

That confidence received another blow when a congressional staff study projected a Federal defict of $4.5 billion for next year against a $1.3 billion defict forecast by the White House.

Without passage of various revenue measures proposed by Mr. Nixon, the deficit would soar to $9.2 billion, the study estimated.

PRICES

Inflation fighters could take little cheer from a Bureau of Labor statistics preliminary report showing that wholesale prices rose 0.2 per cent in May after leveling off in April. Declines in food and farm prices were more than offset by a 0.3 per cent increase in the bellwether Industrial Commodities component.

On Wall Street, the Dow - Jones industrial average fell 10.20 on the second heaviest volume of the year to 631.16, the lowest level since Nov. 19, 1962. The New York Stock Exchange index dropped 0.51 to 37.69, representing a 38½ per cent slide from its record peak in November, 1968.

Prices on stock exchanges throughout the rest of the industrialized world continued to plunbe in what analysts called a general retreat in sympathy with the American market. The London Stock Exchange hit a three - year

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low and heavy selling continued to depress stocks in Tokyo.

Tonight's White House dinner for select business leaders was set up after the President conferred with an old friend, New York Stock Exchange president Bernard Lasker, last week.

The Administration has come under increasing pressure from the corporate and financial community to alter its economic policies in face of the worst stock market plunge since 1929-32, the business slowdown, unabated inflation and division over the Indochina war.

There was a hint yesterday that the Congress may be seizing the initiative on one persistent anti - inflation proposal consistently rejected by the Nixon Administration.

A House Government Operations Subcommittee approved, 5 to 1, a bill that would require Mr. Nixon's economic advisers to set voluntary wage and price guideposts. The measure, by Representative Henry S. Reuss (Dem-Wis.), now goes to the full committee.

PROPOSALS

Other members of Congress have urged even stronger medicine, with some advocating a mandatory freeze on wages and prices.

But the President's chief economic adviser, Paul W. McCracken, firmly reiterated yesterday the Administration's opposition to either direct wage and price controls our voluntary restraints such as presidential "jawboning."

The study showing far higher budget deficit estimates than those of the White House was puttogether by the staff of the Joint Committee on Internal Revenue Taxation. Chairman Wilbur D. Mills (Dem-Ark.) of the House Ways and Means Committee released it after the stock market colsed.

Earlier, mills' committee approved an increase in the temporary Federal deby ceiling from the present $377 billion to $395 billion as requested by Mr. Nixon.

The committee also voted to increase the "permanent" debt limti from $365 billion to $380 billion. Although Treasury Secretary David M. Kennedy testified that "we see no pressing need for a change" in the permanent ceiling, he had recommended afigure of $383 billion if the committee were inclined to raise it.

The bill is expected to go to the full House next week. Unless enacted by June 30, the limit would fall back to $365 billion, considerably below the present debt, which peaked at $375.9 billion in mid-April before income tax payments started pouring in.