HOOVER DEMANDS STRICT ECONOMY

He Expresses Pleasure at Income Tax Receipts, but Adds That Surplus Is Small.

LISTS CALLS FOR EXPENSE

Any Extra Expenditures Now Will Cause a Deficit, the President Warns.

Special to The New York Times.

WASHINGTON, April 4.—The government's financial situation "clearly calls for the most rigid economy, and deferment of even otherwise justifiable expenditures by both the legislative and executive departments," President Hoover said in a formal statement today.

The President summarized the government's position on the basis of reports from Secretary Mellon and J. G. Ropp, Director of the Budget. While the March income tax receipts were "highly gratifying," and somewhat in excess of expectations, yet the anticipated surplus on June 30 will not be sufficient to cover any additional heavy expenditures, he said.

He pointed out that since the budget was prepared, additional appropriations had been made totaling $30,000,000. Should other bills already favorably reported be enacted, they would entail further expenditures of $300,000,000 in the next fiscal year, he said, an amount which would make a deficit inevitable.

Text of the President's Statement.

The President's statement read:

"The information upon the income tax collections for the month of March is not sufficiently advanced to determine their effect upon the budget for the current year. As a rule they furnish a close measure of what collections may be expected from this source in the calendar year.

"The result is most gratifying. They indicate that the unfavorable developments of last Fall did not affect individual incomes to the extent that many had feared, nor did they prevent the corporations of the country from reporting for tax purposes a net income substantially in excess of that reported for the calendar year 1928.

"Generally speaking, March income tax collections indicate that the collections from individual taxpayers, excluding the tax reduction factor, will be somewhat less than collections during the calendar year 1929, but will be substantially in excess of collections during the calendar year 1928. In so far as corporations are concerned, income taxes paid during the calendar year 1930

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will apparently not fall short of collections during the calendar year 1929, notwithstanding a $90,000,000 reduction resulting from the lowering of the rate from 12 per cent to 11 per cent.

Treasury Estimates Accurate.

"The Treasury seems to have estimated income tax collections for the fiscal year 1930 with remarkable accuracy, and it is apparent that the tax reduction enacted by the Congress was fully justified.

"The figures submitted in the budget message estimated income tax revenue in the fiscal year 1930 at $2,480,000,000, without taking into account the tax reduction subsequently provided for. The March collections indicate that income tax revenue will actually aggregate $2,400,000,000, which, allowing $85,000,000 for tax reduction, would correspond to $2,485,000,000 under the old rates.

"On the other hand, there has been a substantial falling off in customs duties, the estimated revenue from this source amounting to $600,000,000, whereas present indications are that not more than $560,000,000 may be expected this fiscal year.

"From these estimates and the current rate of expenditure it appears that we should be able to close the fiscal year ending the 30th of next June with a very moderate surplus.

"It is impossible at this early date to estimate with accuracy the situation in the next fiscal year (that ending June 30, 1931). The budget indicated, after the tax reduction which has since been enacted, a surplus of $47,000,000 for the next fiscal year.

"On the revenue side the treasury sees no occasion to make any substantial revision of its estimates. Since the budget figures were submitted, legislation enacted at the present session of Congress has imposed a burden of additional expeditures amounting to $30,000,000 during the next fiscal year.

"The major difficulty in prospect, however, arises from the fact that bills already favorably reported by Congressional committees, if enacted into law, would entail an additional expenditure of nearly $300,000,000 next fiscal year, and as far as we can see today, inevitably result in a deficit.

"The situation clearly calls for most rigid economy and deferment of even otherwise justifiable expenditures by both the executive and legislative departments."