

TREASURY TO GIVE NO REVENUE ADVICE

Question of Suspending Debt
Payments to Keep Tax Cut
Will Be Left to Congress.

SINKING FUND LAW TO STAY

Senators Are Flatly Against Any
Proposal to Repeal It at
This Time.

Special to The New York Times.

WASHINGTON, Nov. 20. — The Treasury Department will not take the initiative in suggesting that payments of tax receipts into the sinking fund be suspended to avert a possible deficit or cancellation of the 1 per cent income tax reduction next year.

This move had been suggested frequently as a step to ward off a deficit in the face of shrinking tax receipts. A reason for the possible move is that since the war the government has reduced the public debt far more than is required by law. This reduction has amounted to \$10,000,000,000 on a maximum debt of \$26,000,000,000. The reduction required by law through payments into the sinking fund from tax receipts was \$3,200,000,000.

Under the law about \$400,000,000 a year must be put into the sinking fund and these payments can be suspended only in case of a national emergency, which treasury officials do not appear to think exists.

Economy Plans Abandoned.

Considerable speculation as to ways and means of preventing a deficit has been evident in government circles ever since it became apparent that the revenue of the present fiscal year would be less than during the last one. At the same time expenditures are mounting steadily and some economy plans have been put to one side in the face of the unemployment crisis.

There appears to be no disposition among Republican Senate leaders to repeal the law requiring the payment of 2½ per cent into the sinking fund. In the discussion among the early arrivals, none of the responsible leaders has suggested that the amount applied to the sinking fund should be abandoned next year to overcome a possible deficit.

"I never even thought that the sinking fund apportionment should be stopped," Senator Smoot, chairman of the Finance Committee, said. "This cannot be done in keeping with good and sane business methods. The sinking fund must be built up to take care of maturing securities. The minute it is not augmented the price of our securities will fall. Only in a great emergency should this be done. No such emergency exists today."

Senator James E. Watson, Senate leader, said that there had been no

thought of stopping the sinking fund payments.

"It is just a straw man some one set up," he said. "The Republicans have not thought of it, and, of course, it will never be done."

Such also was the view of Senator Fess, of Ohio, chairman of the Republican National Committee.

"The sinking fund must be paid," Senator Glass of Virginia said. "If we need more money, it ought to be raised. We should never have reduced the income taxes one per cent last year."

Receipts Still Decline.

The treasury's daily statement for Wednesday, made public today, showed government receipts during the fiscal year of \$1,088,538,101, as compared with receipts of \$1,278,418,539 in the same period last year. Expenditures this year on the same date had amounted to \$1,306,650,442, or \$62,000,000 less than last year.

Had a sum been applied to the sinking fund this year comparable with that already put aside for debt retirement last year, the deficit would have been much greater. Only \$65,000,000 has been set aside for that purpose so far this year, as compared with \$244,514,950 to the same date last year.

Treasury officials are represented as believing that the question of diversion of sinking fund money or other means of preventing the threatened deficit will come before Congress in the natural course of events and that there will be plenty of time for considering the question when it is laid before the department at that time.