

# HOOVER URGES CONGRESS TO ECONOMIZE AS HE PRESENTS RECORD PEACE BUDGET; 4,860,000 NOW IDLE IN NATION, GREEN SAYS

BUDGET IS \$4,667,845,468

President Warns Against  
Embarking on New or  
Enlarged Ventures.

EXPECTS MORE AID PLEASE

Says Employment Allotments  
Should Not Extend Be-  
yond Six Months.

1931 DEFICIT \$180,000,000

Expresses Regrets That Situa-  
tion Forces Ending Last Year's  
Income Tax Cut.

*The text of President Hoover's  
budget message is on Page 16.*

*Special to The New York Times.*

WASHINGTON, Dec. 3.—Warning Congress to avoid embarking on any new or enlarged ventures, President Hoover today submitted in a message the largest peace-time budget in the nation's history, \$4,667,845,468. Of this \$735,003,057 will be paid from postal revenues and the balance of \$3,932,842,411 from receipts by the treasury.

The increase in the amount payable by the treasury under the 1932 budget over the amount payable by the treasury in 1931 is \$211,353,923.

Stating that existing conditions do not warrant continuation of the 1 per cent income tax reduction of last year and again emphasizing, as he did yesterday in his annual message to Congress, the estimated treasury deficit of \$180,000,000 on June 30 next, the President advised that appropriations intended to lessen unemployment and aid business recovery should not be made after the next six months, lest the small surplus now estimated for 1932 be turned into another deficit.

In the estimate of the needs of the Prohibition Bureau of the Department of Justice is an increase of \$1,614,260 for field personnel, representing additional agents sought by Attorney General Mitchell, and \$356,581 for travel expenses. The \$50,000 item for educational purposes remains in the new budget.

For veterans' administration the budget calls for \$946,289,000, an increase of approximately \$110,000,000.

An increase of \$35,000,000 for the construction loan fund of the Shipping Board is requested.

#### Decrease in Defense Estimates.

The budget provides a total of \$689,084,000 for national defense, a decrease under the appropriation for 1931 of \$33,697,000. There is a small decrease for the War Department, but the major share, \$32,946,000, is for the navy, due to the ratification of the London treaty, the operating force program having been revised to provide for a reduction in the enlisted force and a reduction in the number of vessels to be retained in commission.

"The construction of those vessels now authorized which are permitted by the London treaty should now go forward without delay," the President said.

"The cash withdrawals for new ship construction during 1932 is estimated at \$51,600,000 and for 1931 at \$44,200,000. Seven of the light cruisers carrying 8-inch guns and the aircraft carrier authorized by the act approved Feb. 13, 1929, will be under construction by the close of the current fiscal year.

"Under the terms of the London treaty, and if this government so elects, three more 8-inch gun cruisers may be laid down; one in the calendar year 1933, one in 1934 and one in 1935. The remaining five cruisers authorized by the act may not, under the terms of the treaty, be constructed with armament of 8-inch guns."

#### Army and Navy Aviation.

As to army and navy aviation, \$29,361,000 is asked for new planes and equipment, and \$277,000 for similar purposes in other aviation branches. The two amounts contemplate the procurement of not less than 787 airplanes. Army estimates call for 392 planes, which will provide an approximate total of 1,582 planes on hand and on order by June 30, 1932, leaving a possible shortage of sixty-six planes in the authorized total of 1,648.

Concerning naval aviation, the expansion program authorized by Congress provided for 1,000 planes and

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# STRICTEST ECONOMY IS URGED BY HOOVER

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two rigid airships. The airplane program will be completed during the current fiscal year, according to the message, so that provision is made in the budget for the procurement of replacement planes numbering 277. The two rigid airships are now under contract. In the budget \$1,675,000 is included for completion of one and for starting construction on the other.

"In addition to the amounts which we are spending for the acquisition of aircraft we are also spending large sums for lighting and equipping airways, for the inspection and licensing of commercial planes and pilots and furnishing weather reports necessary to the carrying on of aerial navigation," President Hoover said.

"For these purposes \$10,375,000 is included in estimates of the Department of Commerce and \$1,730,000 in the estimates of the Weather Bureau of the Department of Agriculture. It is estimated that by the end of the fiscal year 1932 there will be about 19,500 miles of airways lighted and equipped."

## Causes of Current Deficit.

In forecasting a deficit at the end of the current fiscal year, the President estimated that there would be a decrease in revenues of more than \$430,000,000 as compared with revenues which had been expected, and an increase in expenditures over estimates of about \$225,000,000. For the fiscal year ended June 30, 1932, however, the President estimated that there would be a surplus of \$30,600,700.

Referring to the situation faced in the current fiscal year 1931, he said:

"This development, of course, is primarily due to the depressed condition not only in this country but in the whole world, accentuated by the drought, and, on the other hand, to the necessary measures of the government to increase employment, and the increases of allowances to various services to veterans."

Mr. Hoover reiterated that he did not look with favor on any attempts to meet the 1931 deficit by reduction of the statutory redemption of the public debt, which now amounts to about \$440,000,000 per annum.

"Nor do I look with great concern upon this moderate deficit for the current fiscal year, which, in fact, amounts to less than 5 per cent of the total government expenditure," he added.

"The adverse balance can be met by reducing the general fund balance from the amount in it at the beginning of the year, supplemented, if necessary, by temporary borrowing by the Treasury.

"When we recollect that our budget has yielded large surpluses for

the last eleven years, which have enabled us to retire the public debt, in addition to retirements required by law, to the extent of nearly \$3,500,000,000, we can confidently look forward to the restoration of such surpluses with the general recovery of the economic situation, and thus the absorption of any temporary borrowing that may be necessary."

## Expects More Funds for Relief.

In virtually ending all hope of continuation next year of the temporary income tax reduction, the President expressed regret that "the present outlook for heavy decrease in probable income and the necessity to increase public works and aid to employment does not warrant the continuation of the reduction at the present time."

This means that unless Congress overrides the President's decision, and that now appears highly improbable, the income tax rates as written into the 1928 law will become effective again on Jan. 1.

It is probable, the President said, that it will be necessary for Congress to appropriate additional money for expenditure within the present fiscal year to increase employment and to provide for the drought situation. Therefore, he emphasized, no appropriations should be made for such purposes which look beyond such action as will ameliorate the immediate situation during the next six months.

"For the fiscal year 1932 the favorable margin between our estimated receipts and estimated expenditures is small," he continued.

"It will not take much to exhaust the expected surplus. In fact, it is inevitable that some portion, and perhaps a considerable portion, of it will be required to meet the settlement of judgments and claims and the cost of other contingencies or emergencies which cannot now be foreseen.

"On the receipt side, credit has been taken for all revenue that can reasonably be anticipated. In the expenditure statement there have been covered the amounts which reasonably can be estimated as necessary to meet the obligations of the government under the present law.

Mr. Hoover expressed the belief that the sentiment of the people "is in favor of a balanced budget." He was equally confident that the influence on business of having the financial affairs of the Federal Government on a sound basis is of the utmost importance.

## 1931-32 Budgets Compared.

The appropriations for the 1931, or current fiscal year, amounted to \$4,437,342,585, including \$725,844,097 payable from postal revenues and \$3,711,498,488 from the treasury.

The 1932 budget calls for expenditures of \$4,054,519,200 and estimated receipts during the year ending June 30, 1932, at \$4,085,119,927, exclusive of postal expenditures and revenues. The actual expenditures, not including postal charges, are somewhat above the appropriations, owing to the fact that there are expenditures

for which new appropriations are unnecessary.

The postal deficiency was estimated at \$114,041,000 in 1932 and \$111,202,200 in 1931, this being payable from the treasury.

For the 1931 fiscal year the estimate of expenditures was \$4,014,941,900 and of receipts of \$3,834,865,243.

When the 1931 budget was sent to Congress last December it was estimated that expenditures would be \$4,102,938,700 and that receipts would amount to \$4,225,727,666. The estimate of receipts, however, was drastically revised owing to the business depression.

Actual expenditures for the fiscal year ended June 30, 1930, were \$3,994,152,487 and receipts \$4,177,941,701.

## Rises in Items for Veterans.

The activities on behalf of veterans have now been consolidated in the Veterans' Administration by transfer to this jurisdiction of the Bureau of Pensions, the National Home for Disabled Volunteer Soldiers and the Veterans' Bureau. The principal items of increase were in general administration and hospitals, military and naval compensation, construction of new hospitals and Civil and Spanish American War pensions.

The President's message showed the total authorization for building as \$520,000,000. The amount to be expended during the remaining months of the current fiscal year was estimated at \$50,000,000.

The balance then remaining, added to the \$60,000,000 carried in the 1932 budget, will permit expenditures in excess of \$76,500,000 during the 1932 fiscal year. The expenditure program for the period from Nov. 1, 1930, to June 30, 1932, amounts to more than \$132,500,000, the President said, adding that "it is fully expected that this program will be carried out."

In addition the War Department is carrying forward a building program involving an ultimate expenditure of \$160,000,000, while there have been authorizations for additional veterans' hospitals and Federal prisons and jails. Besides additions to the already established penal institutions, provision was made for the location of a new reformatory west of the Mississippi River.

President Hoover said that, in view of the excess of Panama Canal tolls over appropriations for the canal, there has been agitation either for reduction of the tolls or increase in expenditures on the canal or both. He added:

"However, from 1903 to 1930 the total expenditures for the canal in excess of receipts for the same period, with interest on the net outlay computed at 3 per cent annually, produce a total capital liability at the close of the last fiscal year of about \$535,000,000. The annual interest on this sum at 3 per cent is \$16,050,000. It is evident, therefore, as the tolls are now meeting only operating expenses and interest on the investment, with no return of capital, any change in policy does not seem to be justified at the present time."