

Morgenthau Is Not as Sure of Sound Budget In 1939 as Roosevelt

1937 Treasury Estimates Are Believed Overly Optimistic and May Be Reason for Cautiousness of Secretary.

By LYLE C. WILSON
United Press Staff Correspondent

WASHINGTON, Oct. 27.—President Roosevelt's "expected balance" of the budget in the next fiscal year contrasted today with Secretary of Treasury Morgenthau's inability to estimate whether the Government's books will be in the black or in the red.

Mr. Roosevelt's objective since last January has been a balanced budget. As 1937 Treasury revenue estimates were demonstrated last week to have been overly optimistic, Secretary Morgenthau began to avoid committing himself on balanced budget prospects.

Certainty of new taxes and uncertainty of stock market developments combine to confuse and dominate the immediate political outlook here, including prospects for the extraordinary session of Congress which will convene Nov. 15.

Ordered New Revenue

President Roosevelt has stipulated new revenue to balance any new expenditures for farm relief. Budget experts now are looking for \$100,000,000 or so of free money with which to finance a corn loan against falling prices. So far there is no indication that the money will be found. Unless it is discovered, the corn loan must be financed by new taxes, new borrowing or by economies.

The national debt already is within \$50,000,000 of the \$37,000,000 point at which Mr. Roosevelt expects it to become stationary before a fall. To meet new revenue conditions stimulated by Mr. Roosevelt, Congress will have to hike taxes if the New Deal's ever-normal granary bill is passed. It will cost around \$700,000,000.

These new taxes probably will be indirect, so far as the public is concerned, and most likely in the form of processing taxes directly upon processors of farm commodities. But any tax bill is explosive business with primary campaigns and a Congressional election coming on.

Unless taxes are levied to offset expected farm relief expenditures, all chances of a balanced budget must vanish. The outlook for a bal-

anced budget is no more than fair, anyhow.

Three Factors Involved

It is dependent primarily upon three factors: New tax revenue to offset new expenditures; maintenance of returns from existing tax schedules and reduction of Federal relief spending.

Budget balancing uncertainty for the fiscal year ending June 30, 1938, could not be better demonstrated than recently when Secretary Morgenthau was asked how the Treasury's books would look on that date.

"I can't see how anyone can tell that now," he replied.

President Roosevelt has been uni-

formly more optimistic. He is under powerful but so far ineffective business pressure to relax some of New Deal's tax legislation in an effort to quicken commercial and industrial activity. Business is notably anxious for modification of the tax on corporation surplus accounts and the tax on capital gains. Debate of proposed modification will consume much time in the special session of Congress.

Arguments Bolstered

Stock market fluctuations, which have had an alarming downward trend, bolster some arguments offered in behalf of tax law modification and may persuade Congress and the President to act. There is no doubt that the Administration sees the potentially adverse political and economic effects of a panicky market.

Real reduction in Federal spending probably would be felt first and most in such states as those in the following paragraph. States on farm

FULLER IS GRANTED STAY OF EXECUTION

Convicted Terre Haute Killer May Ask Rehearing.

Willis Fuller, convicted of slaying Paul Mankin, Terre Haute Deputy Sheriff, and under sentence to die, today had been given a stay of execution by the Indiana Supreme Court from Dec. 17 to Jan. 14.

The Court affirmed his conviction,

but granted the prisoner the additional time to file a petition for rehearing. Fuller now is in the Michigan City State Prison death house.

He was sentenced on Oct. 31, 1936, by Vigo County Circuit Court Judge John W. Gerdink. Trial records showed that Mr. Mankin was killed July 17, 1936, when he attempted to arrest Fuller for highway robbery and criminal assault. Fuller was captured in Paris, Ill., the next morning.

FOUR PHYSICIANS TALK

Four physicians addressed the Indianapolis Medical Society at a

meeting last night in the Veterans' mor. M. H. Sandorf, Neal Morris Hospital. They were Drs. V. F. Tre- and Jack Reiss.

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