Secretary Mellon Urges Enactment Of Budget System

Head of Treasury Department Appeals to People For Rigid Economy in Government Expenditures.

Washington, March 8.—Secretary Mellon of the treasury, in his first official statement made public tonight in the form of a letter to bankers, appealed to "the people generally" to stand for rigid economy in governmental expenditures and urged immediate establishment of a national budget system.

He discussed the nation's financial condition, declaring that the showing made in the last eight months had been "particularly encouraging." There are, however, heavy drains to come on the treasury this month and next, he said, and these require more short term certificates of indebtedness, announcement of which he made coincident with the letter.

"The nation cannot afford extravagance," he asserted, "and so far as possible it must avoid entering new fields of expenditure. Figures on current operations of the government show that the country's finances are sound, but that the situation calls for utmost economy.

Great Care Necessary.

"The heavy requirements of the government on account of necessary expenditures, including interest and sinking fund on the public debt and the maturity of $7,500,000,000 in short dated debt in two years or thereabouts, make it imperative that the greatest care and economy be exercised in matters affecting government expenditures.

"The people generally must become more interested in saving the government's money than in spending it. A thorough-going national budget system must be established and the government's expenses brought into relation to its income."

He expressed the belief, however, that the first nine months of the fiscal year, or to March 31, would show that the treasury had made ends meet with a slight surplus to use against the great war debt. Payments on the war debt might be slow, he said, explaining that the heavy payments to the railroads would hamper previous plans to lower the debt.

New Issues Announced.

Issues of certificates announced will aggregate $400,000,000 and will bear interest at 5 1-2 per cent, half having a maturing date of one year and the remainder for six months. Both issues will be accepted in payment of income and profits taxes.

In notifying bankers, Mr. Mellon said he felt it his duty to inform them of the probable requirements of the government and to say something concerning its financial program. He said $500,000,000 in certificates must be paid off March 15, and an additional $118,000,000 a month later. Besides there is to be pair the semi-annual interest of about $75,000,000 on Liberty bonds, March 15. The treasury also must make payments estimated at $200,000,000, to the railroads during March.

To partially offset the heavy outgo, the regular quarterly payment of income and profits taxes is due March 15, from which the treasury hopes to realize approximately $500,000,000. This tax payment, therefore, will be used in retiring certificates due on the same date. Funds obtained from the new issues then will become available for caring for other debts of which the railroad payments and the small previous issues of certificates constitute the greatest amount.

Former Senator Dies

Frankfort, Ky., March 8.—Former Senator T. H. Paynter, 69, died today after a long illness.

G. O. P. Leaders to Draft Plans for New Legislation

Republican Members of Senate Finance Committee to Meet With Secretary Mellon in Near Futuer.

Washington, March 8.—Detailed recommendations as to the tariff and internal revenue legislation will be admitted to President Harding soon by congressional leaders and Secretary Mellon.

Arrangements for a conference of republican leaders to draft a program of tariff and revenue legislation were made today, in accordance with a plan of action agreed on last night. Republican members of the senate finance committee will meet Secretary Mellon and a half dozen assistants and Chairman Good of the house appropriations committee within a few days. The date for the conference is to be decided tomorrow.

A new emergency tariff bill for special protection of agricultural interests promises to head the program to be submitted to President Harding, Senator Penrose said today.

In the conferences between the republicans of the two committees with Secretary Mellon, it is planned to draft definite recommendations for a program of fiscal reform for President Harding's consideration. Senator Penrose said that the "drift of opinion" was toward recommending that the emergency agricultural tariff bill be given precedence in the new congress.

Several western republican senators, including McNary, Oregon; Gooding, Idaho, and Stansfield, Oregan, urged Senator Penrose to give first consideration to an agricultural tariff. It is the present intention of republican leaders to limit and circumscribe its schedules more closely than in the Fordney bill, which President Wilson vetoed last week.

Both senate and house committees will begin work soon, probably next week, on the fiscal legislation for the April session.

Maryland's clubwomen are advocating the building in Baltimore of a women's hotel.