

Friday, November 19, 1926.

Report of the Newspaper Conference.

I have several inquiries about Nicaragua. The relation of the United States to Nicaragua is very simple and the President Diaz requested the good offices of the United States in maintaining peace in his country, and Secretary Kellogg has informed him, as I understand, that he would cooperate with the Nicaraguan Government as far as we could for that purpose, which we hope will be successful. I have several questions and that covers everything that has been done and everything that has been said, so far as I have been advised by Mr. Kellogg, or rather he advises me that that is all that he has said or done.

I don't know of any foundation for the report that Chairman Butler is to retire. He was here the first part of the week. The matter wasn't mentioned to me, as I am quite sure it would have been if he had it in contemplation.

I haven't seen the proposed plan of Senator Simmons for the repeal of taxes. His suggestion, as I understand it from this, means that he is proposing the entire repeal of the automobile tax. I don't know whether that is correct. My view about the automobile tax is that the United States Government is making an appropriation of \$85,000,000 or \$90,000,000 a year for good roads and that for that reason it is felt that some tax should be paid to the National Government on automobiles. I don't know what the Senator is suggesting in relation to that. I merely state my own view about

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it. As I recall, there was a very generous reduction of the automobile tax in the law that we passed this year. As time moves on I think we might reduce that tax further, but it always seemed to me that as long as we were making our contribution from the National Treasury for the building of roads, especially for the benefit of automobile traffic, that automobiles and the allied industries might quite properly make a contribution for that purpose to the National Treasury and understood that that was the policy of the automobile associations and so represented to me by those who are in charge.

There still seems to be considerable confusion in the public mind about a reduction of taxes. I thought perhaps I cleared that up at the last conference. I was always at a loss to understand how there was a difference of opinion between Secretary Mellon and myself. We talked the matter over together before I made any statement about it and he showed me a statement that he was proposing to put out before he put it out, so while it is possible that we have used different terms to indicate the same thing I am sure we have been in entire agreement as to what possibly could be done.

The Progress that has been made about the selection of a District Commissioner is more or less negligible. Commissioner Rudolph has not resigned as yet, but as I say indicated that he wished to be relieved, but leaving the time of his resignation uncertain. The most of what has been done has been the process of elimination. Quite a good many names have been

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suggested and it has been found out that some of those that have been suggested are not qualified because they haven't resided in the District long enough, others have written in to me to say that while they appreciate the expression in the press of their availability for District Commissioner, they would not be willing to accept the position. So that no decision has yet been reached about it. There have been a number of very excellent suggestions, but no final determination upon it.

The report of the Tariff Commission on Methanol, spelled -----  
I will say for the benefit of the uninformed if there should happen to be any such before me, is still before me for consideration. I always take those reports and make inquiries from other departments about the condition of the trade, the Commerce Department, and the effect on the Treasury from the Treasury Department, and those inquiries and investigations are under way.

I can see, as I stated some time ago, that there is going to be quite a good deal of pressure during the coming session for the expenditure of public funds. Quite a number of the members of the House and Senate that are coming back into town come into my office, a good many of them bringing some plan that requires an additional expenditure of public money. I am still very much in favor of conserving the resources of our Country. I want to make all the expenditures that are reasonably required, but I think the Country will be served best by making those expenditures as

reasonable as they can be. That sometimes results in suggestions that the administration is resorting to cheese-paring. Well, we have a great many departments and a little saved in each one, each division, in the aggregate amounts to a very large sum. I don't know whether I ever indicated to the conference that the cost of lead pencils to the Government per year is about \$125,000. Now, it would be thought to be rather insignificant to refer to saving a lead pencil, but even the use of lead pencils is a very considerable item. I have merely used that as an illustration. I don't think the lead pencils of the Government are wasted in any particular way, but that is an indication of the tremendous business that the Government does and the results that can be secured by a small saving in many different directions. I think the burdens of the taxpayer are greater than they ought to be. I would like to have them reduced as fast as possible. The only way we can secure that result is to refrain so far as we can from adding to the already great amount of our expenditures. That is what brings the surplus into the Treasury at the end of the year. Unless there is a surplus, why of course there is no opportunity for a reduction of the tax burden. I think I indicated some time ago that I can see in the process of formation a great many plans for further expenditure of public money. I hope that for the country's sake we can pretty generally avoid that.