

Friday, February 12, 1926.

Report of the Newspaper Conference.

I didn't have an opportunity to have any extended interview with General Pershing. I was pleased to see that he was looking fairly well, but he told me a little of his health and of the fact that he was going to be compelled to go to Walter Reed Hospital for some treatment that he had been anticipating for some time. The illness that he had has manifested itself, he told me, in his blood pressure and in his heart action. He didn't anticipate that it would not yield to treatment. He seemed to be hopeful of the favorable outcome of the effort to hold a plebecite in Tacna-Arica. While there have been difficulties that have already appeared in the press, those have been cleared up and the work is going forward and preparations are gradually being made for the finishing up of the effort to have the election. I shall make the announcement in the Tacna-Arica appeals as soon as I can. It may be a matter of five or six days.

I don't know of any new developments in relation to the Mexican situation. There has appeared to be, both there and here, a desire to make a reasonable adjustment of any possible differences. I feel very confident that that can be done.

I have several questions about the coal settlement. Of course I am gratified to have a settlement brought about and can't comment about the details of the settlement because they haven't yet been made public and I don't think they have all been worked out. It was brought about without my intervention.



The parties, as I thought would be necessary, got together and made their own settlement.

Press: On that point, Mr. President, it is my understanding that Secretary Davis spent several days in Pennsylvania in consultation with both sides and the Division of Conciliation was active in bringing them together?

President: Well, I am stating what I have done. There were men from the Department of Labor that kept in close observance of the developments and I have no doubt kept the Secretary informed of what was taking place.

I expect to appoint District Attorney Gordon of the District of Columbia again. There have been several small matters that I wanted to have cleared up there, which evidently are proceeding all right.

The tax bill is proceeding fairly well in its general outlines. It is evident, I think that as it now stands it carries more of a reduction than would be warranted. That is the opinion that I gathered from the expressions of the Treasury, but I think that that can all be adjusted when the final decision is made between the two Houses. The bill will go into conference and I haven't any doubt that a very good bill will be laid before me for my signature. I want to make as much of a reduction as we can make, but I don't want to jeopardize the balancing of the budget, and the amount of revenue that is derived from the tax bill of course is very largely dependent upon the business conditions of the country. If they are good and earnings are good, why the revenue is very much larger than it is if business conditions are bad and profits dwindle away. The amount of reduction ought to be on the safe side,



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so that there wont be any leopardizing of the balancing of the budget. We ought to be certain to provide enough revenue to meet the expenditures. Now, there are pending before the Congress a good many suggestions for increases in expenditures. What action can be taken on them will depend on the amount of reduction on the final tax bill.

It is rather difficult to comment on the feasibility of Federal arbitration Boards in the major industries. The very first thing that we have to consider about arbitration is whether the parties agree to adopt it. If they don't agree to adopt it, of course it breaks down at the start. Where they do agree, it seems to me it is a feasible method. That is practically the method that has been agreed to between the employees and the <sup>a</sup>mangers of the railroads and I think holds out very great promise of success. But there it is not the first method that is used; it is the ultimate method. The first method which I think is correct, is negotiation between the parties, to see whether they can agree on the terms and conditions of service. Where in those activities which are necessary for the public welfare negotiation breaks down, then I think voluntary arbitration is the next method that ought to be applied. I am not in favor of compulsory arbitration.

I haven't had any specific complaint about the administration of affairs in Porto Rico. I get those ~~xxxxxx~~ occasional complaints that always come from a situation like that which exists between the Government here and Porto Rico and the Government here and the Philippines. Complaint that arises partly by reason of the method of government, the local legislature elected

by the people and the Governor that is appointed by the people. That is what makes a situation that needs to be handled with great tact in order to be successful. If any one doubts that, I think they would be convinced if they would examine the outlying provinces of other countries and compare the difference in conditions - those that are under the American Government and those that are under the Government of other countries. I don't say that in any way of criticism. Other governments I know are doing very well and the best they can, but I say it rather in praise of our own system and the results that it has been able to secure.