

Tuesday, July 7, 1925.

Report of the Newspaper Conference.

I guess all of you present are authorized to attend the conference, but my experience has taught me that it is going to be necessary to state at nearly every one of these conferences that the President can't be quoted, so I will reiterate that if you don't mind.

I don't think I can make any comment on the address that I made at Cambridge. It seems to me plain enough, and it couldn't be misunderstood.

As you probably know, I dislike very much to either confirm or deny any newspaper stories, but I have got several inquiries here about a New York newspaper story. So far as I know that is without any foundation whatever.

That is the rum fleet story, Mr. President?

Yes. That is any story that any action had been taken by me in relation to it. I think I read before I came up here that there had been some smuggling in this vicinity which had caused the arrest of the Chief of Police of the town of Swampscott.

Mr. President, do you contemplate any action?

I haven't in contemplation any action at the present time. Of course it is generally known that the matter of the enforcement of prohibition is looked after by the duly constituted officers that are appointed under the law for that purpose and doesn't come under my personal direction.

I haven't any specific information about the coal situation, other than what I have seen in the press. I have no doubt that the Secretary of Labor is

keeping in touch with it and undoubtedly the Department of Commerce. But they have made no report to me about it and I have made no suggestions to them.

Mrs. Rogers came in this morning and talked with me about the work that she has been doing in connection with the veterans. She has been very helpful in that connection, visiting the hospitals and talking with the veterans, and helping them wherever she could, and she spent a great deal of time at the Walter Reed Hospital, and she and I talked over the problem of whether she could continue that work, and we thought she could continue it to a certain extent, certainly until the time comes for her to go into the House when Congress assembles in Dec., and after that very likely she may visit the hospitals around Washington and perhaps once in a while take a trip. She would like to get out of Washington if she can leave the House.

It is my understanding that the Sec. of War is recovering and as I stated to the newspaper conference some time ago at Washington, expects to attend to the duties of his office about the first of September. I made that statement before the operation and the operation has resulted so favorably that I think the statement appears to have been fully warranted.

I don't expect to go to the track meet in Cambridge on Saturday.

I had a conference with the Chairman of the House Committee on Ways and Means, Congressman Greene, just before I left Washington, and he is expecting to call his committee together early in the fall to go to work on a tax reduction bill. I can't give any figures because the only way to get at those is to get them from Treasury estimates, so I don't know what the Treasury figures would show

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could be done in the way of tax reductions, either of surtaxes or what you might call the regular tax. I haven't any new information, other than what I have already discussed with the conference, about inheritance taxes. The present top limit of 40% seems to me to be so high as to be practically impossible to secure any revenue under it. I should think it might in many cases result in practically confiscation, so I should presume that that ought to be reduced. Now I don't know whether it is possible for the United States Government to entirely repeal its inheritance taxes at this time, or whether we could adopt some process of ultimate extinguishment.

Mr. President, you said 40%. Do you have in mind on just what amount that applies?

That is the maximum amount.

I think the authorities in Washington are sure that they can reach some debt-funding agreement as a result of the conferences that are to be held with France, Belgium and Italy, and some of the other countries.

I haven't had brought to my attention the rent situation in Washington since I came to Swampscott, so I don't know what change has taken place there, if any.

I want to go to one of the forts down on the coast right over there (pointing). As I said the other day, I thought some day we could all get on the Mayflower and visit one of the forts. I didn't have any particular plan about going into Boston or visiting the Navy Yard. That would make necessary a considerable journey up into the harbor from the forts which lie outside at the mouth of

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the harbor. I shall have to confer with the General in charge of this military division about that and make some plan about it. I will give you ample notice so that you will have time to prepare for it.

I don't expect to make any address at the Essex County Press Club next Saturday. That is an organization that has a regular outing each year I think, and they have prepared themselves at those outings I have attended with some kind of entertainment and ceremonies which I think substantially take the place of any speeches. I want to go, but I don't expect to make any speech.

Mr. President, would you permit a question as to taxes. Have you any views which you might want to express of what the normal tax might be reduced to if the surplus was large enough?

I thought that was understood - that there would be a general reduction that would reach practically to all taxpayers. But I should want to cover that with the further statement that I couldn't tell whether that would be possible or not without having the Treasury figures. That would be the plan I should take as a hypothesis, the general reduction of all taxes and perhaps see what the Treasury experts found it was possible to do with the probable surplus at hand.

Mr. President, you do favor a reduction of the surtaxes?

Oh yes.

Twenty-five percent or so?

I haven't any particular figure there. I would like to see it placed at a figure that would probably produce the most revenue. That may be 25%, or it may be less. I think 25% is the highest amount that any one thinks we could get

the most revenue at. Others think somewhere between 12 and 18%. Some experts think that is the figure at which it is probable that the most revenue could be secured. I am not an expert on these things.

Mr. President, you wouldn't object to 12%?

I wouldn't object to any percent that would produce the largest amount of revenue without the indirect bad effects on business that we get from too high a surtax. I think, for instance, that a man with two children that has an income of \$5,000 a year pays the Government between \$35 and \$40. Now in that condition the \$35 or \$40 that he pays the Government really is a negligible quantity. The thing he is interested in is getting the \$5,000 a year or more. The business conditions of the country come to be his first interest and the small amount of it that he pays the Government is a matter of very minor importance. In other words, what we have mainly in mind here is a system of taxation that will be the best that can be devised for the protection of business and the collection of the largest amount of revenue with the least dislocation of the business activity of the country.

Mr. President, was there anything of interest in Mr. Mondell's visit?

No. He was automobiling in this section and told me before he left Washington he would probably be up and I told him to drop in. He is coming in to lunch.