

Tuesday, October 11, 1927.

Report of the Newspaper Conference.

I haven't any information as to the intention of Senator Butler, either to be a candidate or not to be a candidate again for the Senate. Any authoritative statement about that, I suppose would come from him.

There has been sent out for release tomorrow morning a report to the press relative to the building of a monument to Columbus, which is to be at Palos, Spain. It is to be built by funds raised in this country. The Government of Spain has already provided a location at the Port of Palos. Former Ambassador Alexander P. Moore is President of the Directors. There are several other very estimable men and women who are interested in this. I think it is an especially worthy object. I am very glad that this matter is being taken up and have no doubt it will be entirely successful.

Except what I have seen in the press, nothing has come to me relative to the report that the United States Chamber of Commerce is interesting itself in the matter of tax reduction. I assume that practically every one that pays taxes is interested in having their taxes reduced as fast as that can consistently be done. I do not mean that they are taking a selfish attitude about it. Most of them realize that we have not yet paid off the expenses of the war and the spirit among the taxpayers of this country is exceedingly fine and patriotic in their manifestation to do their part towards paying off the debt and bearing the burdens that were incident to the prosecution of the war. I have said a great deal about tax reduction, of course, since I have been President, but this always has to be borne in mind -- that tax reduction is to be secured only as the result of economy. There are all kinds of organizations over the country that are promoting plans, most of them have a very great deal of merit, that involve the expenditure of large

sums of money. Most of them are for things that ultimately will be done by our country. But the present debt of the United States is about \$18,000,000,000, so that when anyone might think that because the war is over, therefore we ought not to have anything what might be designated as war taxes, of course entertaining such belief without giving any due consideration to the fact that so far as paying for the war is concerned it is only about half over. While I am exceedingly interested in having tax reduction, as I say, it can only be brought about as a result of economy, and therefore it seems to me that the Chamber of Commerce and all others that are interested in tax reduction ought to be first of all bending their energies to see that no unwise expenditures are authorized by the Government and that every possible effort is put forth to keep our expenditures down, and pay off our debt, so that we can have tax reduction. The suggestion here is that the Chamber thinks we might have a reduction of \$350,000,000 or \$400,000,000. I haven't received the figures from the Treasury, but it is my offhand opinion that any such reduction as that would be very certain to involve a deficit, and that it would not be wise to make a reduction that was anywhere near as large as that. But I wouldn't want to go on record as making any estimate now of the amount that taxes can be reduced. In order to find that out we shall have to have the estimates of the Treasury as to the income and the estimates of the Bureau of the Budget as to the probable expenditures. Since I have been President, of course, we have entered into a good many new expenditures. I think the largest annual item is probably represented in the cost of the adjusted compensation. The last Congress increased pensions and relief to go to all the veterans and their dependents some \$68,000,000 a year. That is a large item, of course. And we have been able to meet these large increases by absorbing them through economies in other directions. Unless there had been very careful management along that line, our expenditures would have

very greatly increased. We have the cost of flood control, which is going to be considerable, some additions to the Navy that will probably cause some increase in expenditures in that direction. We are making some increased expenditures under the five year plan for the development of our air forces. So that the cost of national defense will be increased for the ensuing year by quite a considerable sum. Part of that is for new buildings for housing the Army. Now, unless we exercise great prudence in checking up the running expenses of the Government, we wouldn't be able to have any tax reduction at all. So that I hope the Chamber of Commerce and any one else that is interested in tax reduction will not fail to realize that it is all predicated on economy and put a very large emphasis on that. Sometimes the surpluses ran higher than have been estimated. That has been due to the increases that have come in revenue because of the prosperous condition of the country. Income has been somewhat larger. It has been due also to refinancing of our debt obligations and paying them off. I think next year the interest charge will be some 70 odd millions less than it was last year. That is the result of our debt reduction and of our refunding at a lower rate of interest some of our maturing obligations. Another reason for larger surpluses has lain in the fact that several of the railroads that have notes in the Treasury which we did not expect to be paid off, have been paid. That has increased the surplus for the present, but of course it decreases the surplus for the future. When those are once paid, that is the end of it, and that is an item that will never be received again. If it increases the surplus of this year, it decreases the surplus that we had expected would come in next year, because the obligations were funded sooner than had been expected. Another very large item in the surplus has been back taxes. That item has rapidly decreased and will continue to decrease. As the country goes along and the Treasury lays down its rules about the ~~making~~

meaning of the law, the tax returns are made out by those who are required to make tax returns in such a way that the item of back taxes is gradually eliminated. The uncertainty does no longer exist and we then do not collect back taxes. I am anxious to have all the tax reduction that an economic administration can provide. As I have indicated before that should go hand in hand with a reduction of the debt. That is a very fine investment of public money. It returns dividends to the people of the country in perpetuity.

I don't know of any special development relative to farm legislation.

There are no appointments to be announced.

I extended the usual hospitality to the visiting Japanese naval officers this morning. Their country is always especially hospitable to our naval officers when they make visits there. We were very much pleased to have the Japanese naval officers here, and I wanted to assist in extending to them every possible hospitality.