Tuesday, June 8, 1926.

Report of the Newspaper Conference.

I have under consideration for appointment to the Shipping Board a man named Jefferson Myers. He was the State Treasurer of the State of Oregon. His term expired with the last election. He was a candidate for re-election and I think ran some 40,000 ahead of his ticket, but didn't get quite enough votes to be elected. He is a business man of large experience, owns a large amount of farm land, some timberland, and is in the banking business; a man about 62 years old. He was in this morning to call on me.

Press: Is he a Democrat or Republican, Mr. President?

President: Democrat.

Press: What is his home town, do you know?

President: Well, I think Portland. That is where his banking business is.

Press: Is that the place made vacant by the resignation of Mr. Haney?

President: Yes.

The Treasury, as I understand from Mr. Mellon, was able to make such payments as were required at this time largely by reason of our receiving considerable more money from back taxes than they had anticipated. One of the reasons for that was a special effort on the part of the Treasury to make all the collections it could of back taxes. A great deal more money came in from that source than had been anticipated and that swelled the amount of money in the Treasury. Of course the moneys that come into the Treasury at this time,

so far as income taxes go, come in by reason of the business of the country during 1925. So far as it comes in from customs receipts, why that indicates a considerable importation. Those customs receipts have been large. Generally speaking, that would mean that there is a buying power in the country. When the receipts are from raw materials, it would indicate a considerable degree of manufacturing here. When it accrues from materials that are ready for market, then we do not get the advantage of manufacturing, but it indicates buying power. So far as those things go that would indicate a present prosperity in the country, when manufacturing is going on and buying power is large. Now, nobody can tell ~~ca~~ anything about what the condition of the Treasury will be a year or two from now, because it depends so largely on the business prosperity of the country. If prosperity keeps up and business is good, the condition of the Treasury will be good. If we have a depression, it wont be so good. As far as indications go, they look to be favorable. But that is dependent upon such a vast number of things that no one, so far as I know, undertakes to prophecy what the business condition will be in 12 months or 24 months. They can say what present conditions indicate and that present conditions are favorable. But so much depends on whether, so much depends on what might happen abroad and what might happen here, whether industry goes on as it is going now or whether some controversy arises in industry that causes a slowing up, that nobody can tell what may happen in 1927 or 1928.

I haven't in mind many of the details of the river and harbor bill that passed the House. I had been favorable to the passage of a river and harbor

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bill. Now, this river and harbor bill that passed of course is not an appropriation. It is an authorization. It might not be put into effect by appropriations for several years. It is simply a statement by the Congress that these projects that are included in this bill seem to be worthy projects that ought to be carried out as fast as the financial condition of the country would warrant. I have no doubt that there are many items in the bill that, if I were drawing it myself, I would not put in. Very likely there are other items that, had I been drawing the bill myself, are not in the bill that I should have thought ought to be included. But that is rather inevitable. When the bill comes to me I shall consider it as a whole. If its benefits seem to outweigh its detriments, why of course I shall approve it.

Press: Have you any hope that the upper Missouri item will be changed in the Senate?

President: Well, that I don't know about. I have been very much interested in the development of the Missouri River and the Mississippi Basin, and for that purpose I had an addition of $10,000,000 made to the present budget, and I want to see all that development carried on as fast as the financial condition of the nation permits it. I think the question in relation to the upper Missouri is somewhat a question that hadn't had the approval of the engineering board. Ithink there was an old approval some 10 or 15 years ago, but recent surveys and studies that have been made haven't been completed so that raised some question about it. Whether that can be adjusted or not, I am not quite certain. I rather think that some method of adjustment may be found for that.

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I haven't made any final decision about the judge and the district attorney and marshal for the middle district of Georgia, but I expect to do that very soon.

Of course I don't know when I am going to leave for the Adirondacks. It will depend upon the adjournment of Congress. There are quite a number of things that I can't foresee. As I stated before, I couldn't get away until after the budget meeting, which I think is June 21st, and unless Congress should be in session I should expect to leave right after I go to Philadelphia. There isn't any indication now of any particular date when Congress will adjourn, so far as I know. They have several things that they want to try and work out up there. I don't think they have set any tentative date even. I have an idea that a little later they may introduce a resolution to see if the Congress can agree to some tentative date. I don't understand that there is any tentative date.

I have another question in relation to the Treasury. Of course it goes without saying that the better our financial condition is the less we shall have to pay for money. I know that there are considerable maturities of the public debt in the next two years. It says here $5,000,000,000. It is somewhere in that vacinity. Since Mr. Mellon became Secretary of the Treasury he has taken care of nearly $7,000,000,000, I think a little over $7,000,000,000 of maturities, and refinanced them. Now, some of those are going to come due within the next two years. Then there is the Third Liberty Loan, as I recall, that is due in 1928. All of that will require financing and it is perfectly apparent that we

can refinance if the present money market continues at a considerable less interest charge than we are paying at the present time. The Third Liberty Loan is 4-1/4, and I think all of these maturities are at least 4-1/4. The last of the long term bonds that we sold, we sold at 3-3/4, and sold them at a premium. I think the premium was one-half of one percent. A $100 bond sold for $100.50. Those are selling in the market at the present time at a slight advance over that, indicating that if we were to go to the market at the present time we could sell bonds about on that basis. That would save about one-half of one percent on such interest charges as we had to refinance.

I think the term of Mr. Hamlin of the Federal Reserve Board doesn't expire until along in September, so there isn't any statement that I can make about that now.

I talked with Senator Underwood a little about Muscle Shoals legislation. As you will recall, he put in a bill about that last year which had my support. I don't know whether it was perfect in all its details. I don't know whether he thought it was. But it seemed to be a method of solving this problem and so I supported that bill. Now, the bill that has now been introduced as a result of a special committee making an investigation and asking for bids is another bill that so far as I can see would solve the problem, and I have been willing to give that my support. Now,whether there are some things in the present bill that could be changed to advantage, it is difficult for any one but an expert to say. There have been some suggestions that it was not drawn in a way that made it as certain as we would like to have it that we would get a manufacture of

nitrates under it. If that is the case, why that undoubtedly can be changed some. I should like to see the present bill passed, if it is in the shape I think it is. That would give us some nitrates and use the surplus power in that neighborhood where the dam is to be located. Now, I don't presume that the present bill is a perfect bill. Perhaps some one could work out a better one. But I was willing to support it for the same reason I supported Mr. Underwood's bill, because I thought it was a practical method of dealing with the situation.

Press: Do you expect that to pass at this session?

President: Well, I don't know about that.