Friday, March 5, 1926.

Report of the Newspaper Conference.

The railroad-labor bill should hardly be referred to as an administration measure. It didn't originate with the administration in any way, but represents an agreement between the major portion of the railroad managers and the major portion of the railroad employees. Whether any amendments ought to be made to it, will be distinctly a question for the Congressional committees to determine after hearings. I thought that the agreement was a matter of a great deal of promise and consequence. The fact that they have been able to agree on an important measure of this kind has seemed to be a long step in advance for an amicable adjustment of wage disputes. Now, whether the agreement as embodied in the bill is perfect so that it needs no amendments, I wouldn't be able to pass judgment on without hearing the interested parties.

Ambassador Houghton and Hugh Gibson our Minister to Switzerland - Ambassador Houghton of course is the Ambassador to London and Mr. Gibson is our Minister to Switzerland - are coming to Washington to consult with the Secretary of State about the preliminary arrangements for the Limitation of Arms Conference and other questions, and they will sail on the President Roosevelt on the 7th of March.

Press: How long have they been in Washington, Mr. President?

President: They are coming and will sail for America on the 7th of March, arriving in Washington, I should judge, about a week from that time.

The economic situation and business outlook hasn't changed any, as
2.

I can see, in the past week. Since I made some statement about it I had an interesting report from the Postmaster General on the receipts of the 50 important cities for the month of February. As compared with February last year it is over 8% greater. The receipts for February this year are more than 6% greater than the receipts for February, 1925. The January receipts were between 6% and 7% greater for this year than for a year ago. That was substantially all that came up in the Cabinet in relation to the business situation. I don't like to say very much about the prices of securities. I should judge that the main effect of the security prices for the last two weeks would be distinctly stabilizing, leaving that market on a perhaps more sound foundation than it was previously. The speculation that has been going on in securities had not reached over into the industries. There has been no speculation, as far as I have any information, in commodities, so that so far as we can judge the commodity market is on a sound basis. And as I indicated a week ago, the general business condition of the country appears to be promising. Orders are keeping up and production is going forward. The Secretary of Labor did say at the Cabinet meeting this morning that there was no unemployment anywhere. Of course there are some strikes going on in different places. That is the reverse of unemployment, - people asking for higher wages. Unemployment means that they can't get work at the prevailing rate of wages.

I can't set any amount that would be said to be a practical amount for an Air Service appropriation. I think our present Air Service appropriation is about $70,000,000 a year. The present budget carries somewhat more than that.
The total appropriations in the present budget for the Army and Navy would be $674,000,000. That is $11,000,000 more than last year. There are some bills pending in relation to the Air Service, one for the Naval Air Service, and there is a bill being drafted, I think, for the Army Air Service. With these large appropriations that are now being made, it seems to me that we ought to get along without enlarging appropriations. If more men are to be taken into the Air Service, why then I should think an arrangement should be made so that more men could be dispensed with in some of the other branches of the service. We have a force in this country, I think I have stated it, of about 558,000 men that could be put into the service almost overnight, which would appear to be ample for any needs we may have. The Army has 118,000 enlisted men, the Navy I think 82,000. Now, if it is desirable to have more men in the Air Service and more officers, why I think some provision ought to be made to meet that expenditure by a reduction of expenditures in some other direction, especially so on account of the present condition of the Treasury. I saw a newspaper report that seemed to indicate that some one in the Treasury had undertaken to suggest that the statement I made about the coming deficiency wasn't correct. My statement was correct, and I think a careful reading of what the Treasury was said to have given out would have revealed that there was no conflict between what I said and what the Treasury said. I don't expect any deficiency for the present year. The indications now are, unless there are additional appropriations that do not now appear to be, that we should finish this year, the 30th of next June, with a small surplus. But for the year after that the indications are that
there will be a deficit. I have suggested several times that if the Congress made a larger reduction in the tax bill than I thought was desirable, that I should expect them to take care of it by refraining from making appropriations that would cause a deficit. That is very important in relation to the business situation of the country. If Congress goes ahead and appropriates more money than there is in the Treasury, and makes it necessary to put in a bill increasing taxes, it won't encourage the business of the country. If Congress goes along as it is doing now, without increasing appropriations, I think the outlook for business would be very much more encouraging, and in that respect I want to commend the Congress for the prudent way in which it is making its appropriations. It is following the budget recommendations almost entirely. I don't think any bills that are coming along have had the recommendations that were made in the budget materially increased. There may be some trifling increases in some and some reductions in others, but the general result is just about what the budget recommended.

Press: If the Congress keeps within the budget recommendations next year, will there be a deficit?

President: No, because we should make the budget recommendations next year so that the budget will balance, of course. But I am talking now of the expenditures that would be required under the present budget and those that would naturally be expected under the budget of next year. It means that we shall have to prune somewhat.
5.

I don't think I can make any suggestion about the achievements of the administration during the past year, for the reason that I think perhaps it would be more appropriate for somebody else to dwell on that than it would be for myself. I would like to reiterate though that I have been exceedingly pleased with the cooperation I have had from the present Congress, and I think the country is reflecting the satisfaction that it has had with the business-like way in which they have transacted the governmental affairs.