Paul Smith's, N.Y.,
September 14, 1926.

Report of the Newspaper Conference.

It hadn't occurred to me that there was any political significance in the time that I might choose to travel between here and Washington. It might help the members of the press in interpreting the significance of the actions of the President if they would remember that he does pretty much as everybody else does and very largely because he wants to do it that way. Sometimes I have to defer to superior authority. I wanted to go from here to Plymouth by automobile. Members of the press wanted to go by train, so we went by train. I may go back to Washington partly in the daytime. I am told it is a very delightful trip down the west bank of the Hudson River by daylight. It is a trip I have never happened to take. I thought I would like to take it. Of course the country along the New York Central I have seen and the country between New York and Washington. We do not go into New York. We go into Jersey City, I think. Only a part of the country between here and Utica is familiar to me.

I haven't any information about the report of Sherwood Eddy relative to Russia. I should doubt very much if he is able to contribute greatly to the information that the State Department now has and has had for some time.

I don't know about the details of the business men's conference of twelve central states that is going to meet at St. Paul in October to discuss the farm situation. I knew in a general way that some conference of that nature was under way. I should think it might be a very helpful thing. There ought
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to be a better understanding between the business men of the country and the
farm interests. I should think a conference of that kind would be quite helpful.

There isn't much that I can say about the proposal to reduce taxes $560,000,000
in the coming session of Congress. The figures that have been presented to me
from time to time by the Treasury and the Budget Bureau do not indicate that any-
ting of that kind will be possible without it is expected that there be an entire
re-arrangement of the amount of money that is now used for the payment of the
national debt. Our interest charge is now just over $800,000,000. I can't tell
exactly what our sinking fund is. Of course I suppose it is expected that the
interest would be paid, so that the only opportunity for any change in that item
would be a change in the provisions of the sinking fund. It would be necessary
to know what sinking fund was provided for when the original bonds were issued
under the law, in order that the Government might keep faith with its creditors.
To borrow money on the assurance that a certain sinking fund would be provided
for its retirement and then fail to provide the sinking fund would be a gross
violation of faith, and I should think would be very injurious to the credit of
the country. I don't suppose any one would seriously propose anything of that
kind. As I say, I don't know just what the requirement may have been or just
what the prospectus may have stated when the money was borrowed. It is only in
theory that we have a surplus. There is a slight margin between what is needed
for current expenses and the current income. There isn't any margin at all,
in fact. There is a deficit between what is received each year and what the
Treasury is obliged to meet, when you come to take into consideration the matur-
ing debt obligations. I think last June for the first time the Treasury was
able to meet out of current income the maturing debt obligations. It wasn't able
to meet the maturing obligations which come the 15th of September. That is
tomorrow. And so it had to borrow I think it was $350,000,000 - either $350,000,000
or $250,000,000. So that the requirements of the Government at the present time
to meet all its maturing obligations are larger than our current income. When you
come to reduce it to its lowest terms, the question of any large tax reduction at
this time, it means that we should borrow more money to meet our maturing obliga-
tions. What I have been working for to quite an extent in the matter of taxes
is not only to reduce taxes, which has been done, but to secure tax reform under
which I expected that we should have a larger income by reason of an increase in
business at a reduced rate. It isn't possible yet to tell just how well that has
worked out, or whether the expectations have been verified either more or less than
the hope at the time the tax bill was passed. I suppose anybody can reduce taxes
if there is an executive that will keep expenses down. I don't need to state that
I am in favor of reducing taxes as fast as we consistently can with a fair margin
with which to take care of any depression in business that might cause a con-
siderable shrinkage of our revenues. The revenues of the country are dependent to
a very large extent on the volume of business that is done. That is very ap-
plicable to the postoffice. There is a deficit in the Post Office now and any
shrinkage in business that makes less sale of stamps for the carrying of the
different classes of postal matter of course would make a reduction in the income.
A good deal of our revenue is derived from the income and the dividends of cor-
porations. That of course is dependent on the state of business in the country,
and if we hew too close to the margin we will find ourselves in this condition -
that we are reducing taxes when business is good and finding ourselves in the
position of being obliged to increase taxes when business is bad. If we had a
season of bad business, I can't think of anything that would be more discouraging
to its increase and prosperity again than for the Government to have to go and
pass a law taxing business more when the business condition is bad.

Now I haven't been able to discuss this in a way that is perhaps very
clear. Perhaps I might summarize it. That the condition of the Treasury wouldn't
warrant a reduction of $550,000,000, unless it is to be somehow applied to the
reduction now of the interest and retirement of the public debt. I am in favor
of reducing taxes as fast as we can. I am also in favor of paying off the debt
as fast as we can. Part of our increase in revenue has no doubt come from tax
reform, which apparently is offsetting to a considerable degree tax reduction.
It will be necessary to wait and see how the present law works out before I should
be willing to come to any final conclusion about what can be done in further
tax reduction. If we should reduce taxes now when everyone recognizes that
the country is prosperous and business is good, which makes a large income for
the Government we would run into the danger of having to increase taxes in time
of depression. There is a little lack of harmony of advice from the country
about our financial condition. There are some people that want to cancel the
foreign debts and if that were done of course we couldn't have any tax reduction.
Some people want to have tax reduction, I suppose in addition to cancellation.
I don't see how those two things could harmonize very well. So I suppose that there is a difference of opinion. Some people want to cancel the debt and let the American taxpayers make up the difference. Other people, I assume, want to reduce taxes and not cancel the debt.

I think that some recommendations have been sent to me relative to an appointment to the Federal Trade Commission. I haven't taken up the matter yet in detail. I shall not until I return to Washington.

I have of course had a very pleasant summer up here. It has been very interesting and helpful. I think the change that one gets from coming up to this altitude after being in Washington all winter is very helpful too. I do not expect to be in this region next summer. One of my purposes in coming here was because I had never seen much of the Adirondacks. I thought for that reason it would be interesting to me. Next summer, quite naturally, for the same reason, I shall prefer to go somewhere else where I would get another change of scenery.

My health was apparently good when I came up and I have been able to hold my own up here. I sometimes tell people that I have one distinction. I suppose I am the healthiest President that they ever had. I am sure that the outdoor life has refreshed me, invigorated me, and been very beneficial. I have about the same amount of routine work to do wherever I am. I do it under a little different surroundings and get a new reaction from it, all of which results in giving me the benefit of a change.

I haven't any plans about my place in Plymouth. It stands there very much as it has. If there has been any report of such plans it is the result of
some one desiring to write an interesting article, rather than the result of any plans that I have in mind.

Now, there are some members of the conference that haven't been up to the Camp since we have been here. I would like to have you all have an opportunity to come up if you wish and will be glad to have you come this afternoon. Some of you are accompanied by your wives and I would be pleased to have them come. Some of you have automobiles and some do not. If there are any of you that would like transportation I would be glad to send cars down to take any of you up. Those of course that would like such transportation can let Mr. Clark know and we will have the cars ready to meet you - why I assume the best place would be at the hotel?

Press: Yes, sir.

President: Be at the hotel at about quarter or ten minutes to two. This invitation is just to the members of the press conference and their wives. It does not include their friends.

Mr. Groves: Mr. President, I have been asked by my colleagues to express our very great appreciation for your courtesy and consideration during this summer. The newspaper work of course has its difficulties and this has been an important assignment, important to us, important to our newspapers, and important to the public. But your consideration has been constant and I think that the little matter of the trip to Plymouth is an example of the fact that you had our comfort in mind. And especially do we appreciate the manner in which you have ordered the activities of this office, the fact that you have
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held your conferences regularly twice a week and that you have brought your guests, your important guests, down here so that we might see them at this office instead of chasing them all over the country. And I am sure that I express the feeling of the correspondents when I say that we are very very glad that you had a pleasant summer and that your health has been maintained, and we do appreciate everything that you have done for us.

President: I am very much gratified to know that. I know the difficulties that the members of the press usually have on summer vacations. In fact, it is a tradition of the Presidential office, with the old heads in there like Mr. Forster, that whenever the President goes away on a summer vacation that it is always very difficult for the members of the press that go with him. Usually there isn't much for them to write about and they are sent there by their paper and are supposed to furnish copy, and they have to resort to a good deal of fabrication and fable. Of course there is always some of that that goes on. I don't think it is particularly important, though it is important that the Presidential office should be correctly represented to the country and the attitude of the Presidential office should be accurately interpreted. But that isn't a personal matter that the President, I suppose, cares very much about. But I regard it as rather necessary to the carrying on of our republican institutions that the people should have a fairly accurate report of what the President is trying to do, and it is for that purpose of course that these intimate conferences are held. Now, I don't regard, as you men know, that it is
at all necessary for the President to give out a verbatim statement of everything that may be discussed here, but rather to leave it to the different reporters, because they are reporters, and a great many times can do those things on the whole better than the President could do them and leave it to them to make their interpretation. That of course is where the art of reporting comes in. I have found the interpretation of these press conferences given to the country on the whole accurate, and I think helpful to the country and fairly satisfactory to me. I think you have done rather better than I could have done, if I had undertaken to sit down twice a week and dictated a statement to be given out. As I have indicated once or twice before, if I did that I would become a reporter and I don't know what would become of the occupation that your gentlemen now have. I don't want to compete with your business. I am sure that we all had a very pleasant time up here and look forward to having another pleasant summer next year.