

Friday, November 5, 1926.

Report of the Newspaper Conference.

I have no information on any Senate plans in relation to the election of Mr. Vare. If there is any comment to be made on that it ought to come from the Senate.

I doubt if there is anything I can say about the recent elections that has not already been said as well as I could say it or better by the comment of the press. One of these questions suggests that wherever the Republican Party was not successful it was repudiated. If that is true, I assume that the converse would be true, that wherever the Democratic Party was not successful it was repudiated. The only national election we had was that of the House. There was only 1/3 of the Senate that was up for election, plus one or two vacancies. Obviously, it is not possible to gauge the sentiment of the country by the Senatorial elections, because they only covered 1/3 of the country. When I say 1/3 of the country I don't mean of course 1/3 of the states. But different elements come in, the personality of one Senator or another. The only national election we had is that of the House. My latest information is that in the House the Republican majority will be very large. I think in the present House the Republicans have 246 or 248 seats and they will have 11 less in the incoming house, still holding a very large majority.

There hasn't anything developed in relation to the appointment of a District Commissioner. I have noticed that the press of the District comments on this from time to time.

I suppose the boys that represent that are expected to write a piece once or twice a week about the District Commissionership. It is helpful to me and instructive to the readers. Sometimes I see considerable news in it myself. I am glad to have that done and glad to cooperate in any way I can, but there have been no developments. As I said, I think at the last conference, Commissioner Rudolph is going to retire, but he hasn't retired yet.

I haven't any information about a report that Senator Butler may retire as Chairman of the National Committee. I thought if he was re-elected to the Senate perhaps he would feel that he ought to retire so that some one who didn't hold the important and time-consuming office, if I may so state it, of Senator could give more attention to the National Committee than he might feel he could give. Now that he is not going to be in the Senate, so far as I can see there is the more reason why he would be able to give the National Committee such attention as it might need. I have never consulted with him about that, nor given him my opinion about it, nor has he given his. I have no information about it.

I have been investigating the revenue returns for the past few days with a view to seeing if anything could be done in the way of tax reduction. I think conditions are developing which may warrant some reduction of taxes at the incoming session of Congress. There are a number of organizations, both in relation to taxation and in relation to business that are manifesting some activity on the question of securing a reduction of taxation. I don't know how much help they can contribute to the problem. It is quite obvious that no plan for tax reduction could receive the consideration of the Congress that didn't

first have the general approbation of the Treasury Department. I don't mean by that that the Treasury Department ought to write the bill, but they of course would have to furnish the information on which a bill could be framed. So that outside activities in relation to the Government's finances would all have to be based on what the Treasury at some time might determine could be done. I doubt if we shall have sufficient information at hand as to the working out of the present tax law, so that we would be justified in making a permanent reduction. I might run us into a deficit if we should have any recession in the present period of prosperity. But I think that it might be possible to make some rebate of 10% or 12% or something of that kind.

Press: On the taxable income of this year?

President: On the taxable income of this year.

Press: You mean individual income?

President: All income taxes. I don't mean taxes that have accrued from customs receipts or special taxes like those that are placed on admissions or things of that kind, but those that come under the general head of income taxes.

Press: Individual and corporation?

President: Individual and corporation. It is my understanding that the present indications are that there will be a sufficient balance of revenue that will warrant a rebate to those who have not already paid their four full assessments and a refund to those that have already paid.

Press: You mean a rebate on this year?

President: Yes.

Press: On this calendar year?

President: I mean this fiscal year. The first payment of course comes on the 15th of March, the next one on the 15th of June, the 15th of Sept. and the 15th of Dec.

Press: In other words there would be a 10% or 12% reduction before any one paid any taxes for this coming year of 1926?

President: Yes.

Press: That is for 1925 isn't it?

President: I am talking about a refund of taxes that are being paid during the present fiscal year, that began to be paid on the returns that were made for the year of 1925. They are now being paid.

Press: Have you considered the shortness of the session in that connection?

President: Yes, of course, that is one of the things. It would be difficult to go into a sufficient study to determine just what reductions might be made on a permanent basis, but quite easy to draw a bill saying that a certain percentage on the income taxes that have to be paid during this year should be returned or rebated. Those that paid their taxes last January in full will, as I say, secure a refund. And those that are to be paid on the 15th of December and the 15th of March would secure a rebate.

(here the press asked a number of questions about the calendar year 1926)

President: There wouldn't be any consideration of tax reduction for the calendar year 1926. That hasn't anything to do with it. We can't tell anything about

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that until we get the returns in. We can't reduce any taxes on returns that haven't been made. There would be a refund to any one that has paid their full tax and a rebate to those that pay their taxes in quarterly payments.

Press: Would they be able to pass it?

President: I think so. It isn't necessary to pass that bill before the 15th of December, of course. Then, if it doesn't pass before that time they can get a refund. If it does pass before that time they get a rebate.

Press: Is there any information about the surplus, how much that would be?

President: Well, it is estimated to be somewhere over \$250,000,000.