Friday, April 30, 1926.

Report of the Newspaper Conference.

About all that can be said as to the negotiations between Chile and Peru under the good offices of the United States is that they are still being carried on. The extension of the good offices doesn't mean that the President comes into the negotiations directly. Those negotiations are carried on by the Secretary of State, more or less in conference with the President. Secretary Kellogg I think has made some suggestions which are being considered by Chile and Peru. No decision has yet been reached about it.

I want very much to sign the Spanish War veterans bill, for the reason that they have not stood on a parity, quite, with the veterans of the Civil War and the Veterans of the World War. That has been in part because of the position that has been taken by the Spanish War veterans themselves. They have constantly gone before committees and asked that their widows and dependents be given pensions, stating that they were in the prime of life and could take care of themselves. Now, my difficulty is financing. We should come through this year with a small surplus, so, as I have indicated heretofore, that we could make provision for the payment of an obligation that wasn't continuing. Next year the indications are a small deficit at the present time of $21,000,000. If the Spanish War bill be approved that would raise the deficit up to $40,000,000 apparent deficit, as the Spanish War veterans bill provides for payments estimated for the next fiscal year at almost $19,000,000, $18,900,000 and something. Now, I have been in con-
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ference with the Treasury Department to see whether there is any method that we
can devise to take care of that situation. We can take care of not too large
an apparent deficit by a shifting of items and expenditures in one way or
another, but of course that couldn't be carried on for anything in the nature
of a large item.

I haven't yet decided where I shall spend the summer.

Let me go back and see if I have made myself plain. We are coming
through this year with a small surplus. At the end of of next year there is
an apparent deficit. That is the difficulty with taking on more obligations
that are for continuing appropriations like the Spanish War veterans bill.
It wouldn't make it necessary to say that a bill providing for public build-
ings, rivers and harbors, the building program in the Army and Navy, couldn't
be approved, because when we come to appropriate for items of that kind if
we haven't the money we simply don't carry on that operation in that year, but
anything like increases of wages and pensions that call for increases of
expenditures that must be carried on year after year we should have difficulty
with. Now, as I say, that doesn't include small items. We can take care of
a number of small things in one way or another, but when we come to large
items we can't.

I haven't decided where I shall go for the summer. I am still wait-
ing for the snow to clear up in Northern New England, as I have offers there
of places in New York, Vermont and New Hampshire - I don't want to slight
3.

Maine, I think I have offers from Maine, though I don't recall just where now - so as I can have the locations examined to see what their availability is. Then I can make a decision. I think perhaps that can be done next week. The snow is expected to be off. We are in communication with some of those localities.

Yes, I have talked with Rep. Parker this morning about his progress on a coal bill and his progress on a bill for the consolidation of railroads. When I say his progress I mean of course the progress of his Committee, he being Chairman of the Committee that has charge of that legislation for railroads and coal. And I was gratified to learn that they have worked out a coal bill that seems to be helpful, and a consolidation bill also which they expect to report out and pass - both measures. I didn't go into the details of them. I don't know that they are entirely complete in all their details. In their main features they are. I am very much gratified to know that he thought such legislation could be enacted by the House, and I should hope by the Senate. Now, again, I want to say a word of warning about the legislative program on my part. A great many people have bills that they are interested in and just because I happen to mention these two bills I don't want it understood that not there are a great many others that perhaps in some instances are more important - more important to the people that are interested in them. I am just answering a question here as to what I have discussed with Rep. Parker of New York this morning.
4.

I don't know of any vacancy that is likely to occur in the office of Vice Governor of the Philippines. Vice Governor Gilmore is here and I expect that he will return to the Philippines and continue in his office as Vice Governor.

I have the majority report of the Joint Congressional Committee on the Muscle Shoals problem. I haven't had an opportunity to read it. I should want it to provide as well as it could for the production of fertilizer and the payment to the United States of as much as the use of the property would seem to warrant. I conferred with Senator Deneen and Senator Sackett. They are considering one or two changes, I think, in relation to the building of additional dams. So I think we had better wait until the bill has the final approval of the majority before I go into very much discussion of it. The bid is very much better than the bids that were first submitted. I understand it would bring a return through the 50 years of something like $80,000,000 to the United States. I want to repeat again that I am anxious about the production of fertilizer. There are some interested parties that have some doubt about that. I want to have that made perfectly plain and clear. I didn't have any purchaser for the property. I was willing one party should purchase or lease as another. My sole desire is to have it in the hands of responsible parties under conditions that would produce fertilizer and distribute the surplus power as well as it could be and make the best return to the United States Treasury.

I have already spoken of Representative Parker.
I haven't any information about the Chief Surgeon of the Federal Penitentiary at Leavenworth. I had understood that he was being suspended or something of that kind pending an investigation. Now, that shouldn't be taken to indicate anything more than what happens right along in a great many Government departments, especially our prisons. Information comes perhaps to me, or complaints come to me, or they come to the Department of Justice. Well, whether we think they have any foundation or not, it is only the part of prudence that such complaints be investigated. Oftentimes it might be quite impossible to make an investigation of a department if the head of the department is to be left in charge while the investigation is being made. And so it probably in this case was necessary to say to the Chief Surgeon that he would be suspended while the investigation was going on. Otherwise, he would be there and would hinder and delay the investigation. His presence would make it difficult to secure statements from those who had knowledge of the subjects that were being investigated, though this is rather a negligible circumstance. But if complaints come in and no investigation is made, of course you can see what might ultimately occur to those that are responsible for the good management of our institutions. It might finally develop that a complaint, even though it looked rather absurd on its face, really had a foundation and then if no investigation had been of course those responsible for the management of an institution would be charged with rather culpable negligence. I think there have been three heads of the Atlanta Penitentiary since I have been President. So we make changes of that kind right along.
6.

I don't know of any application pending anywhere for a loan to France. I wouldn't want to make any statement relative to a loan to France until the question comes before the Government. Such application, as I have explained heretofore, would be taken up and determined on its own merits.