

Newspaper Conference, Friday, September 23, 1927.

THE PRESIDENT:

I do not think there are any appointments that have been made that have not already been announced.

General Lord and I did not discuss the matter of a possible tax reduction this morning. I do not know how much it would be possible to reduce taxes. In order to get anything like an accurate estimate of that kind I should have to get figures from the Treasury and the Bureau of the Budget. Of course generally it has to be borne in mind that a great many of the items or many items that swelled the surplus last year are of a non-recurrent nature. I think some payments were made last year that anticipated payments that we thought might be made in the future, like the payment of the Boston and Maine debt; and the New Haven debt, which has been already paid or is to be paid, is in the same category. That means that the <sup>receipts</sup> ~~excess~~ of last year or the <sup>receipts</sup> ~~excess~~ of this year will be temporarily swelled, and the receipts of this year and the receipts of next year will be less than we had anticipated. That is, if we had expected \$50,000,000, for instance, which is going to come in in the next fiscal year, to be paid at that time, - and as a matter of fact it had been anticipated and paid during this year, it would make the receipts this year \$50,000,000 larger than we had expected and the receipts of next year \$50,000,000 less than we had expected. It is difficult of course to forecast the returns from internal revenue, especially the income taxes, though the Treasury has been quite accurate in its estimates in that respect, but the amount of revenue that is derived from the income taxes relates to a very large degree on the state of business. If business is good the income is larger; if it is not so

good it is less. My best judgment is that the taxes that will be paid on the income of this year will be just about the same as on that of last year. I think there are some fields where the income is going to be a little larger than last year. Some other fields perhaps will not be quite so much. To a certain extent the fluctuations of business are absorbed by corporations. They are not absorbed by the individuals -- it shows up in their income tax returns -- but the corporations that pay a rather uniform rate of dividends do not change their rate because of small fluctuations in business. That goes to their stockholders, and their stockholders then pay income taxes which would not vary materially from year to year. An example of that would be a large corporation, like the American Telephone Company, which I think has paid the same rate of dividends for several years, though sometimes its income might be considerably in excess of what it was at some other time, but its stockholders would pay taxes on the same amount of returns from the company.

No definite program has been decided on relative to the Navy. I suppose it is generally understood that it will be felt desirable to build some more cruisers. I do not know just what may be necessary in the way of submarines. There has been something of an authorization of submarines since I have been President, and that program I think is being carried out as it was intended. We have recognized all along that more cruisers were to be built. Eight have been provided for since I was President, and undoubtedly the coming Congress will provide for some more. That has been expected all the while. If our recommendations had been

adopted at Geneva that is what we should have done, - we should have built more cruisers, - but as they were not adopted we shall naturally go on proceeding in the usual course of business of keeping our navy thoroughly equipped. It is my own feeling that the results at Geneva will probably make little difference one way or the other with the number of cruisers that are likely to be authorized at the coming session of Congress.

I noticed that the American Legion passed a modified resolution in favor of a unified department of national defense. I have forgotten just what language they put it in - whether it was as soon as expedient or as soon as it could be done or something of that kind, or a modified suggestion. That question was taken up and discussed to a considerable extent at the time President Harding had a commission working on the reorganization of the different departments. I think the commission rather favored it, and a bill was prepared with that in view. When I came to canvass the situation after I became President I was quite convinced that a provision of that kind in the bill would probably jeopardize its passage, so I think I recommended to the Congress the passage or the adoption of the recommendations of the commission with that exception. Of course, national defense is unified in the President, who is Commander-in-Chief of the Army and Navy. I do not know of any other way to unify it except by having a secretary of national defense, and then I think under him it would be necessary to have a secretary for the Army and a secretary for the Navy. I do not mean necessarily a member of the Cabinet but an assistant secretary. That would be necessary to work it out that way. The result in the Army and Navy I think would not be very much different than what it

is now. There would be an assistant secretary to run the Army and an assistant secretary to run the Navy. My own opinion is that the suggestion for a unified department is going to prove more or less academic. It is probably theoretically correct. It is the system we have in this country under the President and the system that goes into operation right away when we go into a state of war, because then the President takes immediate control and gives his attention to national defense. I think it is more or less academic to discuss it because I am quite certain that Congress would not look with favor on the adoption of a policy of that kind. As far as I can see there is very little difference one way or the other. One method works out in practice about the same as any other, but I think there would be a good deal of opposition to a change of that kind both in the Army and in the Navy.

I do not know of any foundation for any rumor that Secretary Jardine is to resign. It is always the fashion, as I have had occasion to remark heretofore, to have some member of the Cabinet resigning, and it almost always proves to be an unfounded rumor. Secretary Jardine is a very valuable man; he has worked out the organization of his Department in a manner that is very acceptable I think, and I feel that the Department of Agriculture is functioning exceedingly well. I should regret very much to lose Secretary Jardine. He tells me that there is no foundation for the rumor; that he has been offered another place but that the parties that it had been assumed that were offering to give him employment were not in <sup>position</sup> any ~~situation~~ to make an offer of employment to any one. Their situation is not such that it was feasible for him to go into anything of that kind.

I do not think that flood legislation is being delayed by the failure of Congressional committees to begin hearings at the present time. It is a very difficult operation for a committee to start out and have a hearing unless it has some concrete proposition on which to have a hearing. I mean by that some specific plan for relief or some bill. I presume that after the Engineers have reported and the bill has been drafted it probably will be in such terms that a great many of the people that might now think they might go before the committee and advance their plans might say: This is entirely satisfactory to me; it is being taken care of by <sup>the</sup> duly authorized agencies of the Government - the Engineers, the Mississippi River Commission and the Committee of the States, and I am willing to let them present my views to the committee. Perhaps in that way the committee would save a great deal of its own time and save the time and expense of people that want to come up and present a plan, which they would not want to do if they found a plan had already been presented which was fairly satisfactory to them. I do think that the committees of the House and Senate might very well consider assembling early so that they might take this matter up just as quickly as they can as soon as they get some report from the Board of Engineers. I have made that suggestion to them. It is merely a suggestion on my part. Of course it is for them to decide what they want to do. I do not have jurisdiction over committees of Congress or any authority to advise them what they ought to do. They are alert to the needs of the situation. Quite a large number of them live in the stricken areas so that I am sure that whatever may be necessary to be done will have their careful consideration and their most intelligent and aggressive action.

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