

Tuesday, August 7, 1928.

Report of the Newspaper Conference.

I am expecting to go over to Duluth some day. I think they are planning a sort of a drive for me around there. I don't know just when I shall go. I have been so busy out at the Lodge catching fish - there are 45,000 out there - I haven't caught them all yet, but I have them all pretty well intimidated. They have had to restock one lake.

I haven't any definite information or figures relative to the treasury receipts for the present fiscal year, which began July 1st and ends at midnight on June 30th next. Of course, the tax reduction will make some difference. We get about \$600,000,000 from the tariff. That of course is not changed at all and depends of course on the dutiable goods that are imported.

Question: Ordinarily in tax reduction it has usually resulted in increasing revenues, and this time with a reduction in corporation taxes, I wonder if that will bring up the revenues.

President: Well, no. That wouldn't have that effect on the corporation tax at all. Corporation income will undoubtedly be the same, except for an indirect effect. Now, the indirect effect comes from a stimulation of business, taking the burdens off of them. There is another tax reduction that usually brings up the revenue, and that is the one in relation to capital increases. That is, persons buy land or they buy securities and hold them. When the tax is very high they don't sell on account of the feeling that if they sell they have got to give so much to the Government that they had better hold it. And when taxes were reduced on that item of income it resulted in a considerable increase, because then people thought the amount the Government was

going to take from them was more fair and they made the sales and closed up their transactions. Undoubtedly, there was some waiting last winter and spring to see whether there might be some reductions in items of that kind. I think there were none and knowing that there would be no more in the immediate future those transactions will usually now take place and profits will accrue which will be taxable. But in general the income of the Government depends to quite an extent on the profits that are made in the transaction of all the business of the country, salaries, agriculture and commerce. Business is running very well and that would indicate an expectation of a fair return to the treasury, but, as I say, I have no figures, and nobody knows what expenditures the next session of the Congress will authorize. It goes without saying that I shall not approve bills calling for expenditures that are in excess of the income of the Government. Sometimes Congress approves bills that I have vetoed.

I haven't done anything further relative to Mr. Hoover's resignation. I have made no decision as to his successor.

I have no reports relative to the political prospects, other than those which are already public.

I don't know of any appointments that I now have for members of the Cabinet and Government officials to come here, but there undoubtedly will be several before I leave.

I am planning a trip to Wausau; that is on the 15th, Mr. Sanders?

Mr. Sanders: Yes, sir.

President: And I spoke of going to Duluth. I would like to go out to the Apostle Islands some time, but it is rather unhandy to go out there.