

Tuesday, October 19, 1926.

Report of the Newspaper Conference.

The only time that I visited Wakefield, Va., the birthplace of George Washington, was when I went down the Potomac on the Mayflower and then went to shore in a boat. So I am not in a position to have much of any personal knowledge about the proposed construction of a boulevard between the City of Washington and Wakefield. I think I was told at the time I was there that the best way to reach that place was to go down to Fredricksburg and then over. It would be a very fine thing to have a boulevard of that kind some time, though perhaps my natural inclination is a good deal for utilities before we go too much into ornament. There isn't anything at Wakefield. There is no house there, no village, and none near there. If a road was to be built from here in that direction that would serve a considerable population along the way I should be much more in favor of it than I would if I found that it wasn't going to be helpful to the local population. And I don't know just how far the National Government ought to go in a matter of that kind. We are helping the States build good roads. It may be that some road of that kind ought to be taken up jointly between the National Government and the State of Virginia under the appropriations which have already been made.

I have not seen the manifesto so-called that was published in Europe today signed by certain bankers and manufacturers abroad and by Mr. Morgan and other financiers in New York advocating a lower tariff for the purpose of stimulating trade with Europe and between European states. I don't know

whether a rough draft of that document was given to Secretary Mellon while he was abroad last summer. The Secretary, so far as I can recall, and I feel quite confident I should have recalled it had he done so, has not made any mention of a document of that kind to me or acquainted me with its contents. My rather offhand opinion would be that there is quite a difference between the tariff customs that are levied among the European states and those that are levied between the United States and Europe. It wouldn't be possible to make any statement about this that would be worth very much without considerable study of the facts. It is quite well understood that those who lend money back and forth between different countries naturally are in favor of practically free trade. Those that import want free trade, while those that manufacture and are engaged in manufacturing and those that are employed as wage earners in manufacturing quite naturally want some measure of protection. But, as I said at the outset, there is quite a different standard I judge among the European states from that between our country and Europe, because their standards of living aren't so materially different as among themselves, while our standard of living is quite different than it is in Europe. It is to be borne in mind that I think out of imports of close to \$5,000,000,000 there is only a billion and a half that pays any duty. The rest comes in free. It is of course necessary for us to secure some revenue from that source and I haven't the figures, I don't know whether they could be ascertained or whether they would tell much, that might show how much \$1,500,000,000 of imports is a duty that is

a duty that is levied for protection and how much of a duty is levied substantially in its entirety for revenue. I should expect the duty for revenue would be quite a large proportion, so that while, as I said, I wouldn't want to form any ultimate judgement about it I should doubt if there is very much that can be done in that direction to stimulate European trade without gravely jeopardizing our own condition, our standard of living, our rate of wages, and our amount of production.

I don't recall that I have taken up with the Secretary of State any question of whether our Government would appoint a Minister to Canada if and when the Canadian Ministry sent one to Washington. I am quite certain that that would require an act of Congress and while it would be our disposition to take every measure that might seem required by the courtesies of the situation, it is my offhand impression that we have very little need of a Minister of that kind. Of course we have our Consular service there which takes care of our trade requirements and everything of that kind. But there is very little occasion for those offices that are performed as a ministerial service between governments.

I expect to go to Kansas City on Armistice Day. I do not expect to make any speeches either going out or coming back. I have received an invitation to go to St. Louis at that time, but I doubt if I can do that. And of course I shall be in receipt of a good many invitations from towns between here and Kansas City. I doubt very much if I can make any speeches either going

out or coming back.

I think the Secretary of State has given to the press all the information that has come to me relative to our negotiations with Mexico. The situation has changed little, if any. As I indicated in the summer, we have a good many unsolved problems with Mexico, a good many questions that have not reached final settlement, but we feel that we are making some progress. Mexico has taken a position in regard to land laws and oil laws that we feel somewhat afraid may result in injury to American interests in that country. I haven't seen the Secretary of State today. I had a telephone from him before the Cabinet came in that Ambassador Sheffield was over there, that he was talking with him and hadn't anything to lay before the Cabinet himself, so he wasn't coming over.

I had a very agreeable call from Charles L. Schwab yesterday. I could not help but think as he came in and went out how well he represented the result of America. Beginning, as he did, with no property and with meager opportunities he has developed a great manufacturing plant for the service of the people of America and is doing considerable business abroad. He told me that he started the Bethlehem Steel works with \$12,000,000 capital and now it represents \$800,000,000 capital. I have forgotten how many employees he said, they run into the scores of thousands. He reported to me that the steel business was good. I judge that he gave the same figures to the press that he gave to me, which was that last year the production of steel in this country

was ~~40~~ 50,000,000 tons, which is more than the production of any other period even during the war. He thought the outlook in the steel industry and in business in general was good. Along with that I have some interesting figures here on American industry. They were handed to me this morning by the Secretary of Labor. They are a comparison of the productivity of labor in American industries for a man between 1914 and 1925. In automobiles, for instance, the productivity is 310% greater, that is for the level of 1914 the output per man was 100 automobiles, now it is 310 automobiles. Petroleum refining 177%. Cement manufacturing 158%. Iron and steel 150%. Paper and pulp 133%. Rubber tires 314%. Coke, up to 1923, 154%. They run all the way from 314% in rubber tires down to 105% in lumber and timber products. Of course that great increase in productivity per person is the foundation for the increase in wages that has taken place since 1914. If we did not have that increase in production, the increase in wages could not be maintained. A

I am appointing Mr. Williams of the Farm Loan Board and Mr. James of the Federal Reserve Board to this Cotton Committee.