Tuesday, October 18, 1927.

Report of the Newspaper Conference.

The Treasury hasn't submitted yet any figures or any estimates relative to the expected surplus for next year. That would be ascertained by a combination of effort on the part of the Treasury, showing what receipts were to be expected, with the Bureau of the Budget showing what expenditures were probable. The comparison of the receipts and the expenditures would of course show the probable condition of the Treasury for the 20th of June 1929. So far as I know now, there will be some surplus, but the amount of it I do not yet know.

That reminds me that I saw some suggestion the other day that I had stated that there might be a tax reduction of $300,000,000. I hadn't intended to make any statement of that kind. I said I doubted if it could be $350,000,000 or $400,000,000. I did not intend to indicate that $300,000,000 was or was not possible. I did state that it wouldn't be possible for me to make any estimate until I had secured the figures from the Treasury and the Budget, which I have not yet done.

The position of Governor General of the Philippines has not been offered to any one, and no final decision has been made upon it.

I don't know exactly what is in contemplation by the Shipping Board. I saw that they were making some changes there, rather in line with putting the operation of the fleet under more direct control of the Shipping Board itself. That is a matter of administration of the business of the Shipping Board and the Fleet Corporation. Nobody can tell in advance whether it will produce better results than have been produced in the past. It depends on the efficiency of the administration of the new plan.

I have no information about the attitude of the Cuban Government relative to the production or export of sugar, except of the most general nature. I knew that
the price of sugar has been quite low, and that the people in Cuba were interested in taking some action to get a better price.

I don't know what the policy of the Shipping Board is relative to the sale of some trans-Pacific lines. I think it has been usual to provide that they should be operated for five years. There has been some discussion about increasing that to ten. The only information I have about that is the fact that I was informed that some of the members of the Shipping Board did not think that ships could be sold on that condition. They could be sold to be operated for five years, but doubted if any one would purchase them to be operated for ten years.

I haven't any new information about possible farm legislation. Studies on that are still going on. I think I mentioned at the last conference that the committee, of which ex-Secretary Nagel is Chairman, was going to make some report. It might throw some light on the situation.

I am expecting to see General Summerall today or tomorrow. There were some reports in the press of remarks that he was said to have made, about which I wished to inquire, which I am advised he did not make. So that closes that incident. I expect to confer with him about general military matters and prospective appropriations either today or tomorrow.

No decision has been made about an Ambassador to Cuba, nor, as I said, the Governor General of the Philippines, nor as to a successor to Colonel Dillon of the Radio Board.

I haven't any positive information that Commissioner Hall is going to retire. His health has not been of the best ever since I have been President and there have been constant rumors that he might retire. They are a little more circumstantial now than they have been at some other times, but I don't know that any definite conclusion has been reached by him. If so, I have no authoritative information on it. So that nothing has been done about choosing his
successor by me. A number of recommendations have come in. That is a bi-partisan board. Commissioner Hall is a Democrat and his place would therefore be filled by a Democrat. He comes from the Mountain region and I should first explore that region to see if I could find someone there that was suitable. If I didn’t find any one that seemed to fill the requirements from that region, why then I should look somewhere else and appoint the man that seems best qualified for the place.

Mr. Davis, the Secretary of War, wanted to make another inspection of the Mississippi region; part of it is in relation to our barge lines. We have opened a new barge line from the Twin Cities down to St. Louis. He wants to see how that is running, and I think he may take a trip over part of the river for that purpose. Then we have the barge line south of there that he wishes to give some attention. Then of course there is the matter of flood control and the closing up of the crevasses. That work is going forward and I have been assured by General Jadwin, Chief Engineer, that it will be completed this Fall. As is well known, the War Department is charged with looking after flood control and the expenditure of considerable sums of money each year on it, and Secretary Davis wishes further to inform himself about it. He has made one or two trips into the region already and this is for the purpose of making a final inspection now that the floods have receded.

I am advised by members of the Cabinet that the business situation is apparently improving and that the outlook for the future is encouraging. Of course, all that can be said in that direction relates to the present. It is impossible to prophesy. But it is possible to tell what the present appearances indicate. The construction program of the nation seems to be going on. Up to October 8th, I think, the amount of contracts let were only one-fourth of one percent less than they were a year ago. There has been some falling off in the net receipts of rail-

01503
roads, but not very much falling off in the amount of business that the railroads are doing, perhaps some diminution in passenger traffic. That has been going on for some years, apparently due to the use of the automobile. That doesn't militate against the general business condition of the country. If the people are riding in automobiles instead of riding on trains, perhaps it indicates a little better economic condition on the part of the people. The amount of coal that has been transported is not quite so heavy as it was last year, because the people were laying in a stock in anticipation of a possible cessation of production. Now, they are using up that stock on account of the strike which has been going on and there hasn't been quite so large a movement of coal. The coal strike has been settled up to a very considerable degree. Illinois is settled, most of Indiana, a considerable portion of Ohio. There is some area in Western Pennsylvania and the edge of Ohio where a settlement has not been made, but where considerable production is going on in nonunion mines. The crops of the country, with the exception of cotton, are fully as good as they were last year. The corn crop has increased over what was expected very materially during the last few weeks, on account of the warm weather. The price of corn isn't quite so high as it was, but considerably higher than it was last year at this time. The prices of cattle are very high. The sheep industry seems to be in very fair condition, and the hog industry. The price of wheat is fair. The price of cotton is very much improved over what it was a year ago and the fact that the production this year will not be so large as it was last may not be of very much damage to the industry as a whole. The lack of production is due to the boll weevil. That can be remedied by action in time, but the last two or three years whether conditions have been such that the boll weevil didn't damage the crop much and the growers of cotton this year didn't take the precautions that are necessary. The weather changed
and a good deal of damage resulted from the boll weevil. It is expected that there will be a very considerable increase in the production of automobiles. Some people have been out of employment, but the reports that are coming in to the Labor Department indicate that the number is decreasing. The sales by the mail order houses, which I remember Mr. Rosenwald told me were very large last year, when he was at the Pine Camp, — some of you may recollect, materially increased this year, which indicates a large buying power. With the better conditions in agriculture that seem to exist this year over what they did last year, taking everything into consideration, it is expected that there will be a somewhat greater buying power in the agricultural region, which is of great importance to the business of the country. So that such information as I can get from the Secretary of the Treasury relative to the abundance of funds and credit conditions, all of which appear to be favorable, from the Secretary of Commerce about general trade conditions, which I have mentioned, and I might add that our exports and imports are keeping up where they were last year. — In fact, our exports are somewhat larger. Our imports do not appear quite so large in dollars, due to the fact that we are not having to pay so much for rubber. Last year the price of rubber was very high, and it made the dollar amount of our imports greater on that account. But the volume coming in is probably a little larger than last year and the volume going out for the first nine months is somewhat larger. And such information as I get from the Department of Labor relative to the employment condition, coupled with the fact that last year at this time we were having some over 50 strikes that were reported to me, and this year there are only 27 at the present time — indicates a contented condition on the part of industry. Those things all put together seem to demonstrate that the country is in fairly good economic condition and do not seem to indicate weak places developing that are going to cause material difficulty in the future, and therefore we expect that the busi-
6.

ness of the country is going to go on in a fairly prosperous condition.

Query: Is there anything on textiles and steel?

President: The textile business is considerably better than it was. It hasn't been very good for two or three years. The steel industry seems to be picking up some. It is not yet back to a maximum of production. I learned when I was in Pittsburgh that the Penn. R. R. recently placed an order for 300,000 tons of steel rails. The railroad equipment buying has not been very brisk for some time, there but the indications are that it is going to be need in the not distant future for considerable replacements of railroad equipment. Due to efficiency of operation and new methods of handling the motive power, like having self-oiling engines, it is possible to operate engines for a longer distance and have engines that last longer. They do not have to go into the repair shop so often, so that they do not need to use so many. But that surplus is being used up and the indications are that there will be need of replenishments very soon.