

Tuesday, October 2, 1928.

Report of the Newspaper Conference.

There have been and probably will continue to be efforts to make some arrangement by which the taxpayers of America may pay the German reparations. That isn't looked on with any favor in this country, nor do we see that it has any connection with the debts that are due to our country. Those have all been settled, with some trifling exceptions, and all been ratified but one. I don't see any good result to be secured by discussing it in the press. It has been my policy for a long time to refrain from any discussion in relation to it, considering it as a closed incident.

I haven't given any thought about going to Northampton to vote. I didn't go four years ago. I went two years ago. I have no present expectation of making any speech in Massachusetts.

I can't tell about the possible deficit or what arrangements may be made to prevent it until we get further reports as to the results on the income side. When we get reports in for July, August and September, we shall have considerable information that would enable us to make estimates for the other 9 months of the year, and we shall know how much it is probably necessary to reduce expenditures in order to have a balance with the income. Of course, that will be done. I don't know just how it will be done. We shall take such steps as may be necessary to accomplish that end.

Ambassador Houghton hasn't resigned. I don't know whether he intends to resign, and of course any speculation about a hypothetical situation of that kind while it might not be premature on the part of the press, which always delights in speculation, would be quite premature on my part. I have all I can do in dealing with facts and realities and leaving the press to deal with hypothetical situations. They are much better equipped

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to do that than I am.

I don't know what the Tariff Commission may find in relation to the tariff on corn and flax seed. All that they could find would be this - the difference in cost between production here and production in the principal competing country, and all that the President would be authorized under the law to do would be to put on an increase or a decrease in tariff, so as to balance up that difference. Now, that would mean that a foreign competing country and our own country could only be put on a basis of equality. That is, if it costs \$1 to raise a bushel of corn here and it costs 90¢ in a foreign country, then under the tariff law the President would have the right to increase the present tariff not more than 50% in order to make up any discrepancy. He couldn't under the law take any action that would be unfair and unjust to any foreign country, because all he could do would be to put the United States on a basis of equality, so that the foreign producer and the domestic producer would stand on the same basis in approaching the market. I presume that isn't well understood in some foreign countries. If it were well understood, I doubt if they would feel any trepidation at a possible change in our rates of duty, because it can't be anything that is going to be unfair to their producers and oftentimes it might still leave them in a position of advantage. I have forgotten what the present tariff on corn is - it isn't large, and it only authorizes it to be increased 50%, so that the situation might very well arise where after an increase of that kind had been made, if it should be made, the foreign producer would still have a considerable advantage over the domestic producer.

My wife is returning today from Northampton, I expect. I had a letter from her saying she was expecting to leave there this morning and reach here this evening, unless mother Goodhue is very much worse. I have had no wire

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from her this morning. I expect she is carrying out the plan mentioned in her letter. She wants to be here the 4th of October, because that is the anniversary of our wedding which took place in 1905. It will be the 23rd anniversary.