

Tuesday, January 3, 1927.

Report of the Newspaper Conference.

All the information that has come to me, and I think all that has come to the War Department or State or the Navy, relative to the situation in Nicaragua, has already been published in the press.

We are not burdened this morning with any multiplicity of newspaper questions. Perhaps I might take this occasion to wish you all a very Happy New Year.

(The same was wished for the President by the members of the press).

The various departments that I have consulted with are looking forward to the prospect of a fairly good year in the business of the country. There has apparently been quite an increase in opportunities for employment in the past few weeks. The railroads are showing a disposition to purchase equipment. The automobile trade is starting up. There is a plentiful supply of credit, which means that rates of interest are reasonably low, so that industry and commerce have no difficulty in financing themselves. The general rate of wages throughout the country appears to be at its highest peacetime record. It has been suggested to me that on account of the improvements in machinery and the advanced methods of production that the country may be entering upon a new era, somewhat similar to that which was produced by the adoption of the factory system several generations ago, as distinguished from what had before that been the old method of hand and household production. You will readily see the significance that would attach to that and the difference in the policy in our economic development that would be involved. It would mean a very large production of goods and merchandise at decreased cost, bringing a wider distribution to the people and giving all of us an opportunity to enjoy and use many things that in the past have been impossible to secure.

The War Dept. is still working on the question of methods of financing the Mississippi flood problem, with the idea of relieving any possible inequalities that might arise from a general application of the principle of contribution by the localities, trying to work out some method of applying different rules to the different elements of the problem. It doesn't know yet just how that can be done, but hopes it can be worked out. Now, the elements of the problem that have to do with local contributions are the raising of the level of the present levees, the securing of new spillways, and the erection of new levees along the borders of the new spillways. It was estimated that that work would cost about \$180,000,000, and there is \$110,000,000 or \$120,000,000 that is to be used for the improvement of the river - broadly speaking we can call it the improvement - the whole cost being about \$300,000,000. That \$110,000,000 was to be borne in the plan presented by the Board of Engineers entirely by the U. S. Government, so that the contribution was not anticipated in the first instance on anything of the \$180,000,000, which at 20% would have been \$36,000,000, with some additions for rights of way. Those are the elements they are trying to readjust in some way.