

Friday, August 13, 1926.

Report of the Newspaper Conference.

Mr. Hoover and I didn't discuss to any extent the possibilities of the development of commercial aviation. The immediate question before the Department is the carrying out of the provisions recently enacted into law. It has mostly to do with the establishment of National Air Routes and with the making of rules for navigation and inspection of planes and the licensing of pilots on National Airways. I am going to appoint a National Advisory Committee to the Department of Commerce on the establishment of these National Air Routes. That Committee will consist of some representatives of those that are especially interested in aviation and will work in conjunction with the Assistant Secretaries of Commerce, War and Navy, in the laying out of the National Air Routes. I am also going to appoint another National Advisory Committee on rules for navigation, inspection of planes and the licensing of pilots on National Airways. Both of these Committees will represent the commercial industry and the various Government Departments. The Government of course will not operate planes on the National Airways except where the Post Office is engaged in such enterprise. These services will be for private and commercial airplanes.

Mr. Flaherty, representing the Knights of Columbus, has had a conference with Secretary Kellogg, which I suggested, thinking that the records are all there and all the details of our Mexican relations. The experts on that subject are there at the Department and he will be able to get much better information there than he would if he came to me in the first instance. I have

also suggested to him that after he had had that conference, if there were any matters that he thought could be cleared up by having a conference with me, I should be pleased to have a conference with him.

Nothing was said by General Lord or me in relation to appropriations for prohibition enforcement. I didn't go into the details of the budget recommendations for the various departments very much. I didn't go into the details at all of those that are recommended for - all these recommendations are tentative - for the Department of the Treasury, so I can't give any information on which you could rely very much as to the cost of enforcement for the coming year, as compared with the cost for this year. It is rather my impression that as the building program for the Coast Guard will be out of the way for next year that the entire appropriation for enforcement will not be as large for the coming year as it will be for this year. That is merely an impression that I have and it may not be absolutely correct.

Mr. Hoover reported to me, as I told you he would, on the general business condition of the country, which he said was excellent. I asked him especially about our foreign commerce. He said that foreign commerce of the European nations and foreign commerce of the world is just about the same now as it was before the War. The English commerce is about the same. They have gained a trifle. German commerce is not so much and the French commerce is not so much. Our foreign exports reduced to pre-war prices as nearly as we could do that is 50% greater than it was before the war. Our imports are 37% greater. There were

three items that went into the difference in the balance of trade between last year and the year before. The price of cotton and wheat which we exported was lower, so that our exports were not so much in dollars on that account. Not that our entire exports were less, but that on that account the value in dollars was less than they would have been if the price of wheat and cotton had been the same as it was the year before. And the cost of rubber importations was very much larger. So we had in dollars a bringing up of our imports and also in dollars a lowering of our exports, which left us with a less balance of trade in our favor. But in manufactures our exports are holding their own and increasing some. I think he said this year they were running about 12% ahead of last year. These other things are raw materials. The real question of whether we are able to maintain our trade with the rest of the world comes from our ability to do it in manufactured products. It isn't a question of raw materials, but of manufactures, and in that particular we are more than holding our own.

Mr. Hoover is working with the textile industry, the spinning industry especially, the cotton industry, and is making some progress in some readjustments in that industry that will be ~~be~~ beneficial. In the last month or six weeks there has been quite a distinct improvement. Some work is being done in the way of tentative plans for helping the agricultural situation by means of attempting to organize through the different agencies that extend farm credits, the banks, insurance companies and the mortgage loan concerns, to get coordinated effort there.