

Elimination of National Waste Keynote of Speech

Secretary Herbert Hoover Makes Public Portion of Annual Report at Department of Commerce Today.

WASHINGTON, D. C.—"Elimination of national waste" is the keynote of Secretary Hoover's annual report, made public at the Department of Commerce today. Under this head Mr. Hoover reviews the accomplishments of the department during the first three years of the present administration, notably in the fields of unemployment, seasonal construction, coal, superpower, standardization, simplified practices, cooperative marketing and the reduction of housing costs. "Trade association activities are discussed from the same angle. The conference on street and highway safety, to be held at the department next month is referred to as an effort to cope with the most challenging of all wastes—the waste of human life."

"A definite constructive national program has been developed for the elimination of waste in our economic system," says Mr. Hoover. "The need is plain. The American standard of living is the product of high wages to producers and low prices to consumers. The road to national progress lies in increasing real wages through proportionately lower prices. The one and only way is to improve methods and processes and to eliminate waste. Just 20 years ago we undertook nation-wide conservation of national resources, so now we must undertake nation-wide elimination of waste. Regulation and laws are of but minor effect on these fundamental things. But by well-directed economic forces, by cooperation in the community, we can not only maintain American standards of living—we can raise them."

Efficiency Lauded.

"We have the highest ingenuity and efficiency in the operation of our industry and commerce of any nation in the world. Yet our economic machine is far from perfect. Wastes are legion. There are wastes which arise from widespread unemployment during depressions, and from speculation and over production in booms; wastes attributable to labor turnover and the stress of labor conflicts; wastes due to intermittent and seasonal production, as in the coal and construction industries; vast wastes from strictures in commerce due to inadequate transportation, such as the lack of sufficient terminals; wastes caused by excessive variations in production; wastes in materials arising from lack of efficient processes; wastes by fire; and wastes in human life."

"Against these and other wastes the department, acting always in cooperation with the industries, has for the past three years developed an increasingly definite program. As these manifold activities of the department are based upon cooperation with industry and commerce, none of them leads to paternalistic ends."

Reviews Work.

At the outset the secretary reviews briefly the work of the National Conference on Unemployment in 1923 and says that the report on "Unemployment and the Business Cycle" did much to curb the beginnings of a dangerous boom in the spring of 1923.

In response to the need for more adequate industrial statistics, stressed in the Business Cycle Committee's report, the department inaugurated the publication of the monthly "Survey of Current Business" which has been steadily expanded until it now covers 1400 separate items.

A second committee from the Unemployment Conference undertook the study of seasonal operation in the construction industries. This committee made its report last July.

"The report showed conclusively that custom, not climate, is mainly responsible for the seasonal ups and downs in building, and that these evils are largely unnecessary and can be eliminated," says Mr. Hoover. "For as yet types of construction it is now possible to build the year round in all parts of the United States. The elimination of these wastes would strengthen the entire business structure, for construction is the balance wheel of American industry. The value of yearly construction in the United States is more than \$50,000,000,000. If building falls off, there is always a slackening in many other lines of industry, resulting in unemployment, decreased purchasing power of employees, and further depression."

Coal Taken Up.

The annual report then turns to the bituminous coal industry. In investigations made early in the present administration revealed the high instability of this industry and the fact that it was functioning at great national loss. Of accomplishments in this field Mr. Hoover says:

"Through cooperation of trade associations of the principal industrial consumers, through chambers of commerce and public utilities a large amount of regular summer storage has been induced. Through the fine cooperation of the railways greater equipment and terminal facilities have been provided and car shortages have been largely eliminated. Through cooperation by the department with the unionized operators and with the leaders of the United Mine Workers a long term agreement has been entered upon, which insures industrial peace in the industry."

"It is true that during the past few months the industry has been somewhat demoralized by the large stocks of coal accumulated in anticipation of a possible strike last spring, and by the increased demand during the summer. The broad result of gained stability,

however, has been that the public has received its coal during the last fiscal year at the lowest price of any year since before the war. The past year, as compared to the year 1920, shows a saving to the consumer of about one billion dollars, which must be reflected in decreasing costs of production in every avenue of industry and commerce."

The programme of the North-eastern Superpower committee, under Mr. Hoover's chairmanship, is discussed as another effort in the direction of waste elimination. Revision of federal and state purchasing specifications, under the auspices of the Bureau of Standards, is still another. Industrial research work undertaken by the bureau, in cooperation with the industries concerned, and with a view to improvement in technical processes, is still another. "There was also established in the bureau a Division of Simplified Practices, to help eliminate the wastes arising from unnecessary diversification."

Many Sizes Developed.

"Soon after the division was established the national brick manufacturers brought to its attention

the need for simplifying the number of sizes of paving bricks," the secretary continues. "It developed that no less than 65 sizes were actually being manufactured and sold."

"This department promptly called a conference of all interested parties, with the result that varieties of paving brick were reduced by mutual consent from 65 to 11. Since then there has been a further reduction to 5 varieties. This is but a sample of the accomplishments of this division. During the year under review varieties of files and rasps were simplified from 1351 to 498; range boilers from 130 to 13; sizes of bed blankets from 73 to 13, etc."

The Department of Commerce has also moved in the direction of eliminating distribution waste, the report reveals, by conducting an exhaustive investigation into the processes of marketing perishable products. After summarizing the wastes of the present-day system, Mr. Hoover concludes:

"It has been the department's view that the best remedy for these evils lies in the extension of cooperative marketing and in the better organization of the distribution at the terminal markets. The department has already proposed a definite plan which I believe will mobilize economic forces to reduce these wastes with a minimum of governmental intervention."

Reduction of Costs.

Under the head of reducing housing costs Mr. Hoover says: "The high cost of housing construction brought to the front the necessity for the elimination of waste in that field as a contribution to lowering costs within the purchasing power of the community, and so maintaining activity."

And so maintaining activity. Aside from the work of the department upon the simplification of building materials, the Division of Building and Housing was established to attack such problems as the development of uniform municipal building codes, the investigation of losses and wastes in financing home building, and the study of city and town zoning."

With the cooperation of those directly concerned the division has prepared a standard municipal building code for small house construction, a recommended plumbing code, and a standard waste zoning enabling act which has already been adopted by 13 states. During the past year officials of the department joined with private endeavor to form "Better Homes in America" as an organization for education and public service, under the presidency of Mr. Hoover.

The report tells how the department recently took the lead in an investigation of the tremendous human and physical losses due to traffic accidents. A number of committees of representative men from all parts of the country have been at work on preliminary studies, and will make their reports to a National Conference on Street and Highway Safety to be held in Washington December 15th. A committee on statistics has already brought in a report indicating that the deaths in 1923 were not less than 22,600, the number of people injured not less than 678,000, and the total economic loss not less than \$609,000,000.

Trade Association.

In the section of the report dealing with trade associations

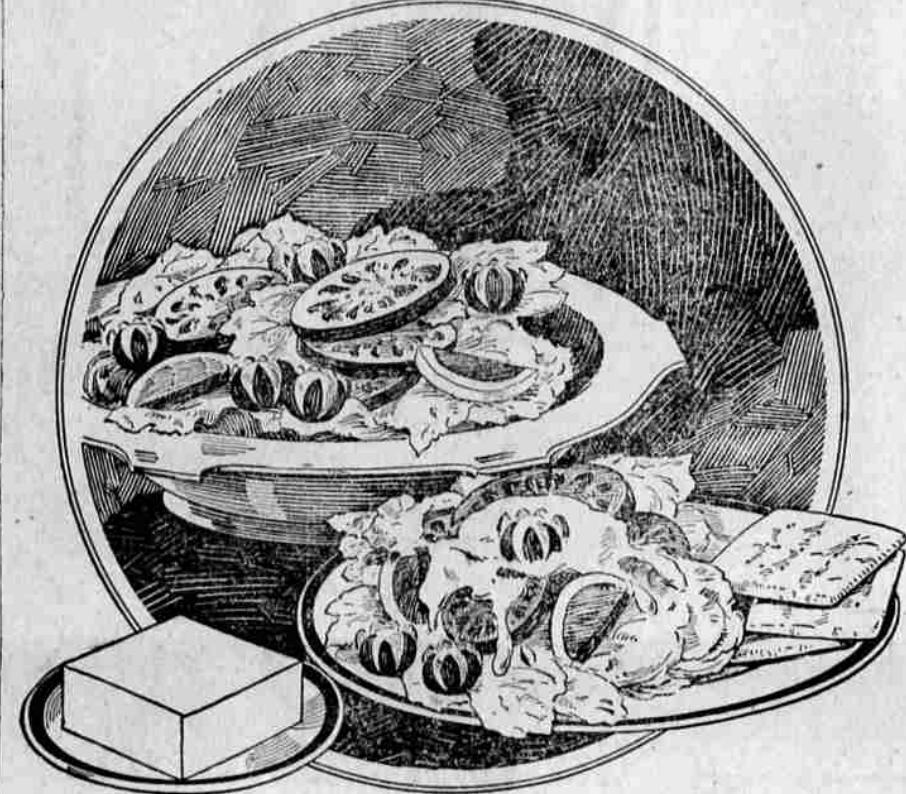
Mr. Hoover says: "One of the most important agencies through which the elimination of waste may be promoted is the trade association. It is true that a small minority of these associations have been in the past used as cloaks for restraint of trade by such activities as open-price associations and other attempts to control distribution or prices. It is equally true that the vast majority of trade associations have no such purpose and do no such things. The dividing line, however, between what activities are in the public interest and what are not in the public interest is not today clearly defined either by law or by court decision."

"In consequence of recent decisions of the courts many associations are fearful of proceeding with work of vital public importance, and we are losing the value of much admirable activity. At

the same time we are keeping alive the possibility of wrongful acts. It is imperative that some definition should be made by which an assurance of legality in proper conduct can be had, and by which illegality or improper conduct may be more vigorously attacked."

"Any collective activity can be used as a smoke screen to cover conspiracy against the public interest, but that is no reason for condemning all collective activities. Just because automobiles are sometimes used by bootleggers for the illegal transportation of liquor we do not prohibit their manufacture or their legitimate use."

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