

Tuesday, January 10, 1928.

Report of the Newspaper Conference.

I don't know what kind of a proposal, if any, has been made, according to a question that has been presented to me, to sell some of our merchant ships or all of them to the Brown Boveri group. My policy relative to the sale of ships is well known. I discussed it a great many times in my messages and addresses. I have had quite a good many investigations made by members of the Cabinet and I think you will recall that I had Mr. Dalton of Cleveland make an investigation of our shipping situation two or three years ago. All of them have advised the sale of ships. The present law under which the Shipping Board operates directs the sale of ships. It has always been difficult to secure action of that kind. There is one member of the Board that I think has a perfect record of opposing every sale of ships that has been made or proposed. Not knowing what the terms of the offer may be of this group I wouldn't be in any position to judge as to its adequacy, but I should think that would be the main question to investigate, as to whether the offer was adequate and what the offer might demand of the Government. From all the studies that I have made and all the investigations I have had made, I am convinced it would be greatly to the advantage of the country and greatly to the promotion of the merchant marine interests if we could get our shipping into private hands.

I don't quite understand this question - oh, I misread it. It is a suggestion of Senator King that we ought to press as fast as we can the settlement of claims that our people have against Mexico. I think the question is perhaps asked under a misconception of the situation, because it says that the settlement of those claims should be given right of way over other questions we have with Mexico.

Durno: That is what Senator King said yesterday after he had seen you.

President: Oh yes. Well, the situation about that is this - that we

have reached an agreement with Mexico some time ago relative to the investigation and adjudication of these claims. I don't know what their amount may be, perhaps no one can tell in advance. They are considerable and run over a series of years. But we have under our agreement appointed a Claims Commission - I don't know but what there are two Claims Commissions, one anyway - and that work is in process of going on at the present time. What I want to get clear in the mind of the Conference is that this matter has been taken out of diplomatic channels. There is nothing further to be done about it through diplomatic channels. It has been transferred into judicial channels. That is we have set up a Court before which those that have claims may appear and prove their claims and have them allowed, and that work is going on. The time limit that was on that expired some time ago and it was renewed by the Mexican Government and this Government, and those claims are being pressed as rapidly as we can press them. I quite agree that we ought to press them as rapidly as we can, and I think that is the desire of our Government and the Mexican Government. Many of these claims are for amounts that are not large in comparison with the whole, but they are large so far as the individual that is pressing them is concerned. They oftentimes might represent all the accumulations of that individual for a good many years, and perhaps represent all the property that such an individual might have, and it is important that they be taken up and disposed of promptly. That is what our Government is trying to do.

Question: Do the arrangements for the adjudication of those claims provide any means for payment after their settlement?

President: I amnot sure just what is the case. I don't know whether they provide for any particular method by which they shall be paid. In general they would of course be paid out of the treasury of the Mexican Government.

3.

I had a short conference with Colonel Stimson this morning. He is lunching with me at 1:00 o'clock. He is very much encouraged at the prospects of his work in the Philippines. He seems to have assurances of cooperation from the Filipino people who have been over here and with whom he has talked, and it is evident that his appointment has been very well received by the Filipino people who are in the Philippines. What he is especially desirous of working out is a method by which he can be assured of an opportunity to secure adequate assistance. He was very much gratified that he had assurances that that can be worked out through some action of our Congress here and through the cooperation of the Filipino Government.

I have just spoken about the matter of the merchant marine. I knew that some bill had been reported out by the Senate Committee. I should doubt if it was expedient, for the reason that I have just stated, to have the unanimous agreement of the Shipping Board for the sale of ships. That would mean that one member of the Shipping Board was a majority, and I don't think the sale of a ship necessarily requires the meticulous care that we think is necessary in undertaking to convict one of our inhabitants of crime. In that case we require the unanimous agreement of 12 jurors. I don't think the sale of a ship is so important a function as that. I don't see any reason why it should require the unanimous consent of the Shipping Board. One of the reasons that I think our ships ought to be sold is the difficulty of the U. S. Government to transact business. Business is carried on for purposes of profit. The U. S. Government isn't carried on for that purpose at all, and if anything is to be done about a merchant marine the place to begin is to secure an adequate administration of it. I do not think that can be secured through putting operation and control into the hands of a Board of 7 men. I don't know of any private business of any consequence that could be undertaken through

that method and our shipping business suffers from the effort to administer it by that clumsy method. I am not in favor of having the U. S. Government build any ships at the present time. I think that an investigation would show that we have sufficient tonnage to more than carry all the freight that is offered and as I indicated at a previous conference what our shipping interests need is not more ships, but more use of the ships that we have, by people in this country that have merchandise and freight that is to be transported by water. Once in a while there is a temporary and local shortage of shipping, due to a seasonal movement of corn, or more especially cotton and wheat. That was because two years ago there was an unexpected movement through the Gulf ports and there was a slight shortage there for a very short period, because at that time there was the coal strike in Europe, especially in England, and the tramp steamers that are usually available for temporary work of that kind were all engaged in carrying coal and that made a slight shortage. Last year there was no shortage. I don't know of any shortage of ships at the present time. Certainly, we can't be expected to build any ships for profit. I think I am well within the mark when I say that the next day after a ship is launched it could not be sold in the market for 25% of what it cost. Now, I am very much in favor of maintaining an American merchant marine. It is very important to the interests of the country, but I think it can be best maintained and best carried on through the avenue of private ownership. But I realize that it will be necessary to give it some support from the Government, as other countries give their merchant marine support, through mail contracts or through some arrangement about the masters and crews of ships who are regarded, of course, as an auxiliary of our Navy, and who might well be taken into consideration in the matter of some payments or assistance of that nature for the maintaining of an adequate merchant marine.