

Friday, January 21, 1927.

Report of the Newspaper Conference.

I have not taken any final action on the Rivers and Harbors bill. It goes to various Departments for their recommendations. So far as they have come in they have all been favorable. I mean on the general proposition of the bill. There are two or three things in it that are not in agreement with the recommendations of the Board of Engineers.

Press: Would you care to specify which items those are?

President: I think the Board of Engineers recommended \$6,000,000 for the Missouri River instead of \$12,000,000. Then it was necessary to make some further study about some canals that are down in North Carolina.

Mr. O'Connor of the Shipping Board and some other members came up to speak to me about a bill that is pending putting more money into the loan fund. I think they now have \$59,000,000. They want to put more money into it, which they are prevented from doing on account of some technicality. \$59,000,000 is now in the loan fund. There is some other money that they thought manifestly belonged there, and on account of some ruling of Comptroller McCarl they want to get some legislation to provide for that. I told them I didn't know how sound that policy would be but would have the matter investigated.

There isn't anything new that I would wish to say about the practice of our State Department in consulting with the Treasury and Commerce when loans are to be floated here for foreign purposes. There are

several angles that come into that for the protection of the citizens of our country. One of them is in relation to foreign monopolies. Another one of course is the very broad question of whether at a particular time this country is in sufficient funds so that it is warranted in sending a considerable sum abroad. That is why the State Department consults with the Treasury, which has the advice of the Federal Bank Board. And there is the question of commerce to be taken up with the Secretary of Commerce, whether so far as he knows, also, the commerce of this country would not be likely to suffer if a loan was made abroad. There are those questions that come in. Sometimes one of them is applicable and sometimes another. But generally speaking the Government wants to interfere in transactions of that nature as little as it can, feeling that the people of this country have the right to make such disposition of their available resources as they wish. If they want to go into business in this country with it, why that is their privilege, and if they think it would be more to their advantage to invest it abroad, that again is a privilege we should not put any limits on unless it is to the disadvantage of the country as a whole. Under our bank laws and our federal reserve system we supervise our domestic finances, and by this somewhat voluntary method we place some supervision over transactions of our citizens in the foreign field.

I doubt if it would be helpful for me to undertake to enter into any discussion about arbitration that might relate to our difficulties with Mexico. I want to repeat again that we have only one question there and

that is the question of whether American property is going to be confiscated. From certain activities that I have seen, I doubt if the American people yet fully realize that that is the question at issue. There are some smaller collateral things, but when that question is decided there wont be any further difficulty. All the action that the Government is now taking or has been taking, all its negotiations that it entered into before recognizing the Obregon Government, were for the purpose of getting explicit agreements and prevent the confiscation of American property. When I say American I mean property owned by our nationals. Now, I don't say it in any criticism of any one. I don't mean it in that way at all. But it is very difficult for me to understand how any one in this country can see that there is more than one side to that question. Under our system of law, our Constitution and our institutions, and our form of society, the right of persons to own their property and not have it taken away from they by the Government unless they are compensated for it is one of our inalienable rights. I think our public mind would save itself of a great deal of confusion if it would come to a clear comprehension of what this question is. This Government is on one side of this question and the Mexican Government is on the other side. If the public understands that, I don't believe that they would wish to make any criticism of us for contending for that principle and its application in Mexico. It is a general principle of our intercourse with other nations.

Mr. John S. Lawrence, President of the New England Council, and his wife and daughter came in to lunch with us and make us a social call. The only matter that was discussed to partake of any other nature was a reference to what he said was the effort that was going on to organize the textile industries and the boot and shoe industry. He thinks one of the difficulties in those two industries is a lack of organization, finding that those industries that are thoroughly organized are prosperous and those that are not organized are not prosperous.

I think the press already has all the information that has come to me relative to the situation in China. That country is undergoing a revolution and is split up into different sections, each of them contending against each other and each of them pretty much entirely denying the authority of the central government, so that at the present time there are so many factions that it is difficult to know whether the central government is in possession of much of any authority. What we are trying to do there, of course, is to afford such protection as we can for the lives and property of our citizens in accordance with our treaty rights and faithfully execute the treaties that have been made between the Chinese Government and ourselves. Because of the very grave danger of disorder I understand that Mr. MacMurray has been ordered back to Peking, or has remained there, I haven't had any report from Mr. Kellogg about that within 24 hours I should say. I have talked with him about dispatches that came

from Mr. MacMurray. I don't think he indicated in any of them that MacMurray had started for home. But perhaps he had. We arranged some time ago that he might come home partly for the purpose of rest and recuperation and partly that we might have a chance to confer with him personally about all the different angles of the situation.

The last I knew about railroad consolidations was some talk that I had with Chairman Parker and some talk that I had with Chairman Watson. Mr. Parker was at that time going to take up the matter in his committee and Mr. Watson said that they were already holding hearings and expected to be able to produce a bill.

I don't know enough about the details of any proposed reapportionment legislation so that a discussion of it would be of any very great value. I suppose every one recognizes that it is desirable to have reapportionment. The House, as I recall, passed a reapportionment bill several years ago and sent it to the Senate, where for some reason or other it failed of passage. I suppose the question is not between reapportionment and no reapportionment. It is a question of what kind of reapportionment, and that is the difficulty that has prevented further action before this time. Some very good authorities say that the House ought not to be enlarged. Others who apparently are equally well informed, whose judgment you would suppose was just as good, say that it could be enlarged without serious detriment.

I haven't seen the text of the resolution adopted by the Foreign

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Relations Committee relative to action in Mexico. It is possible that that bill will afford to the people in this country and abroad a considerable amount of information as to the position of the Senate and perhaps result in clarifying the situation. I very much hope that that might be so.

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