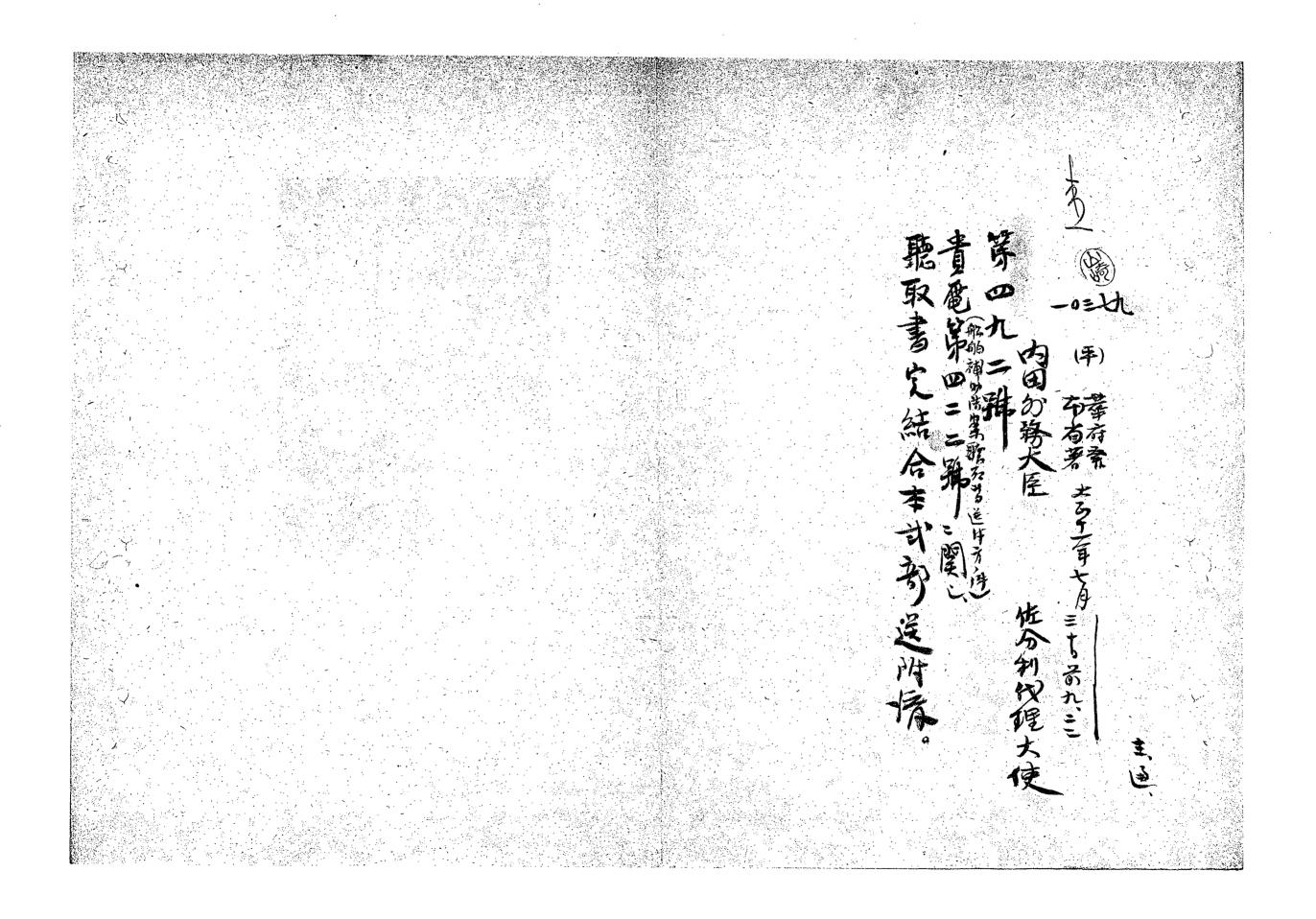
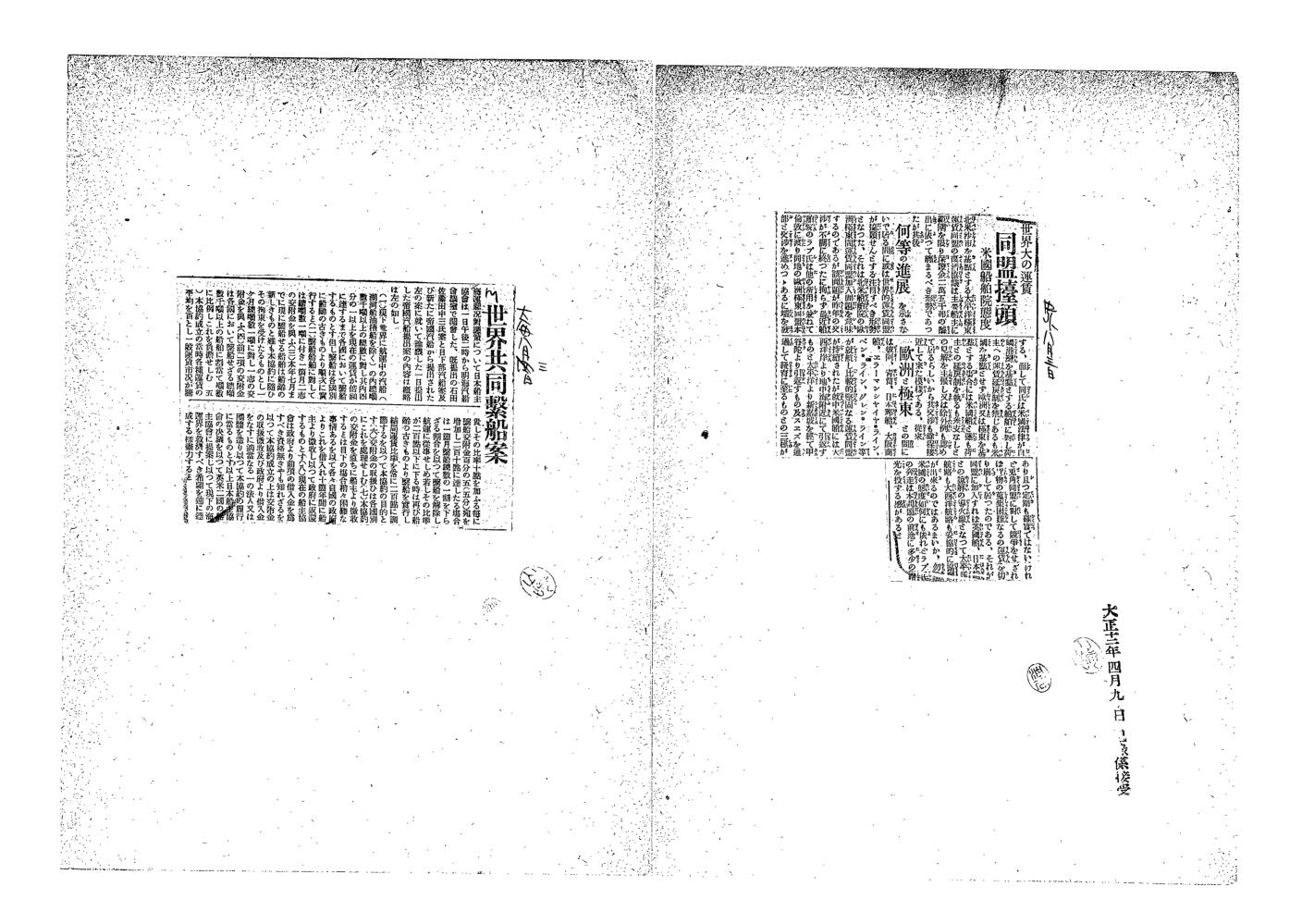
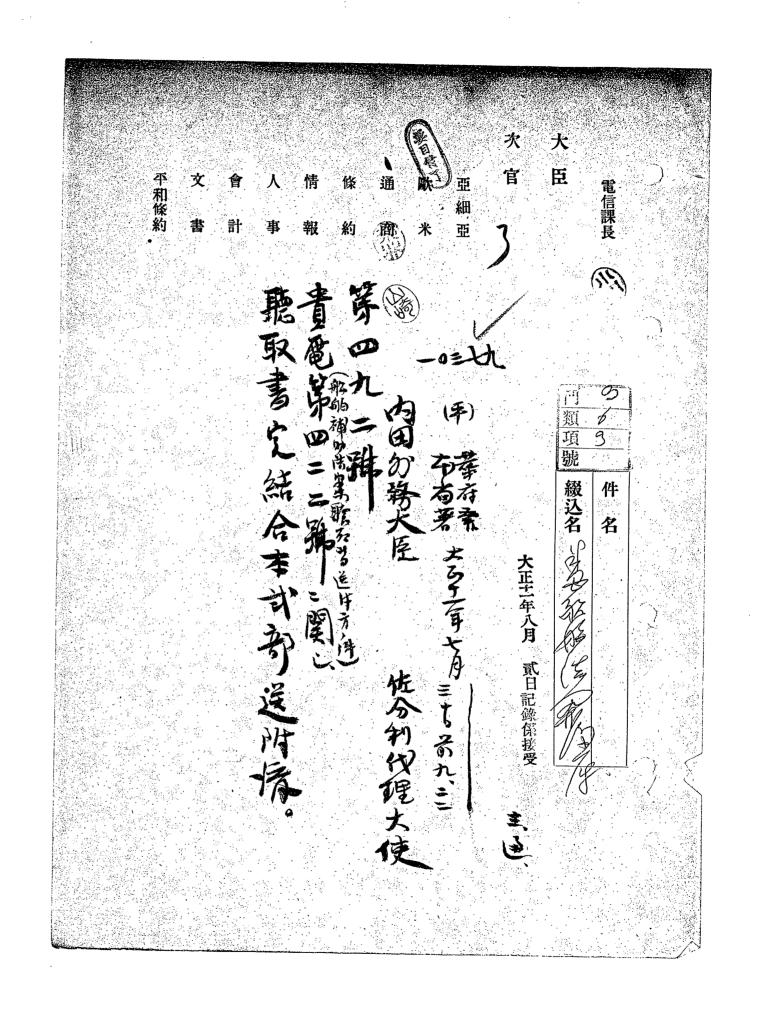


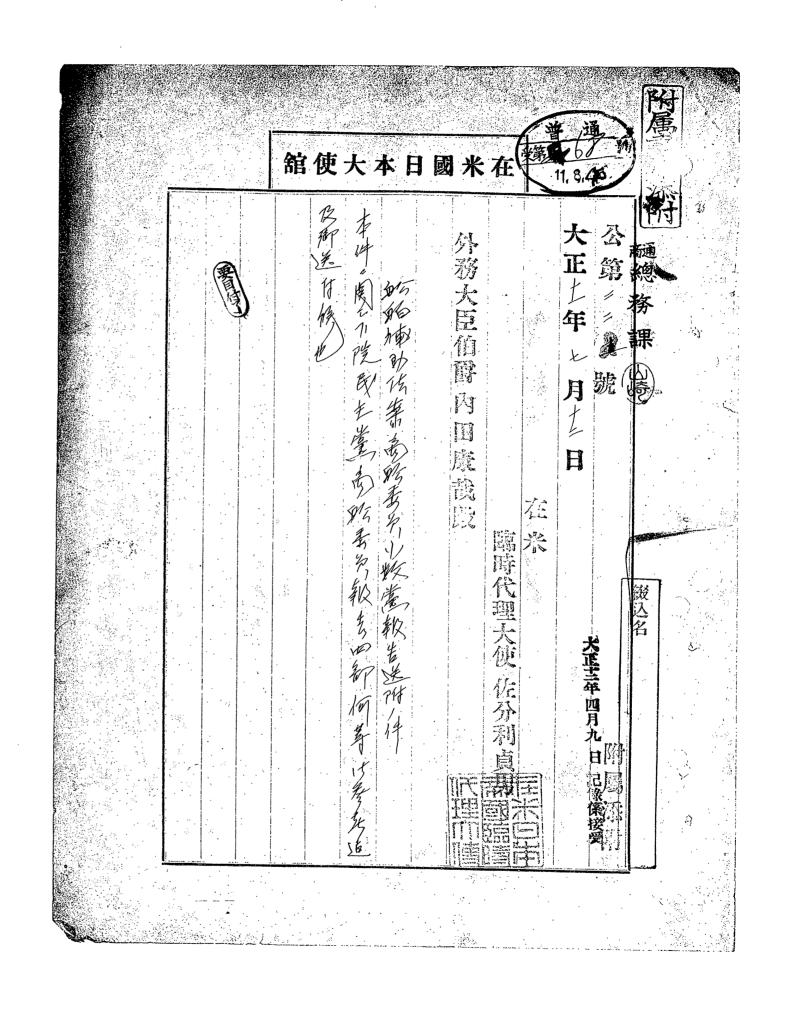
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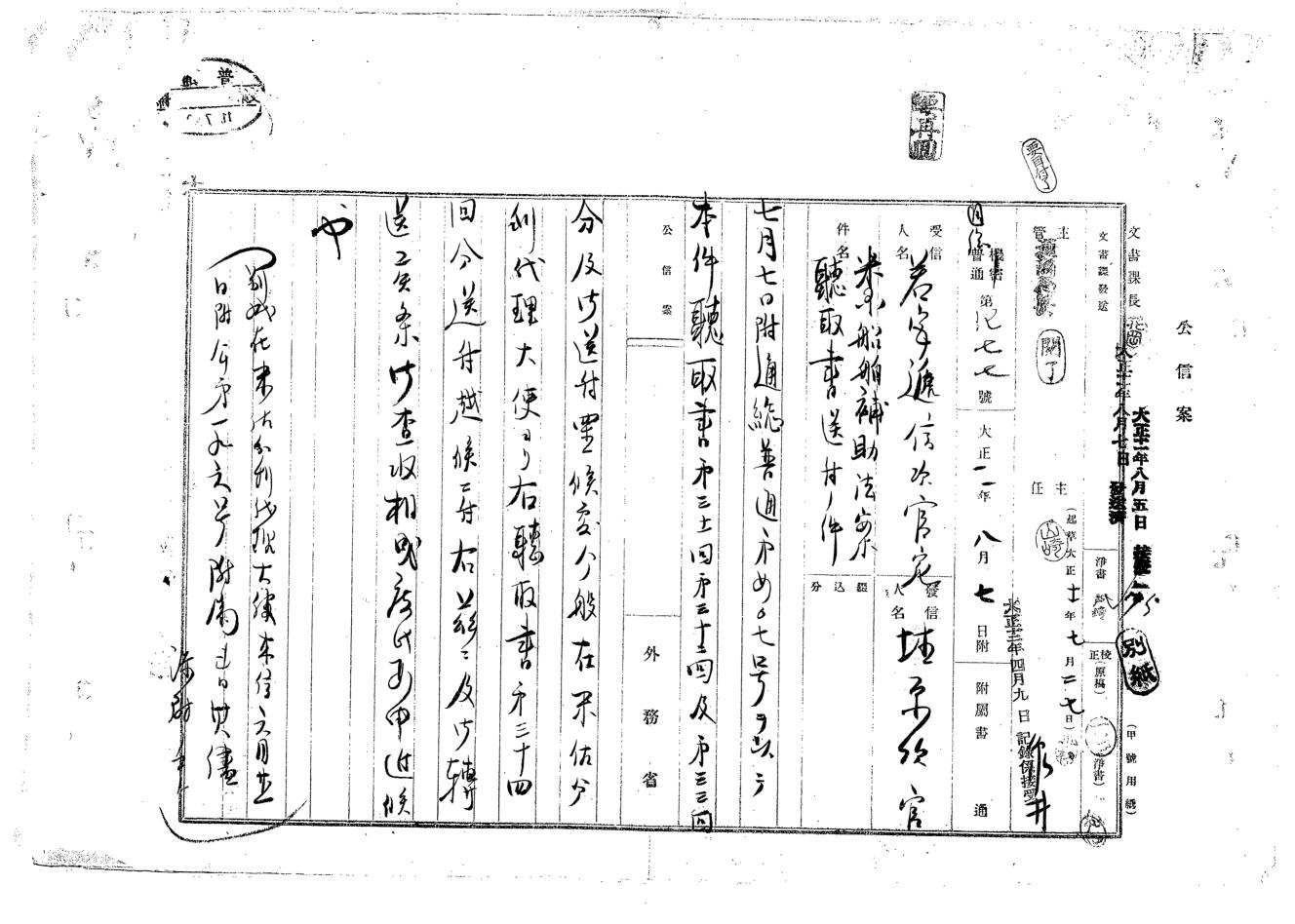






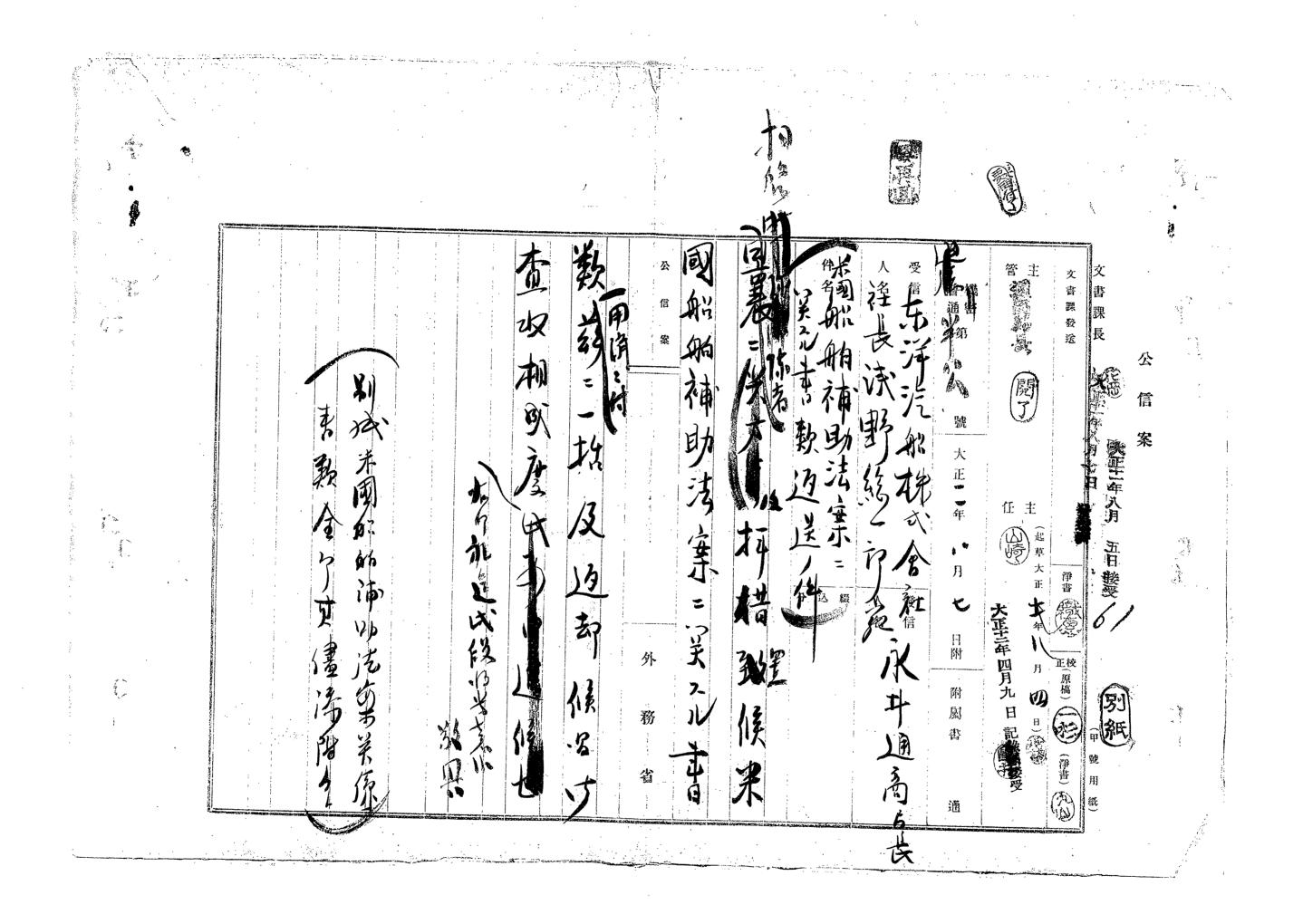




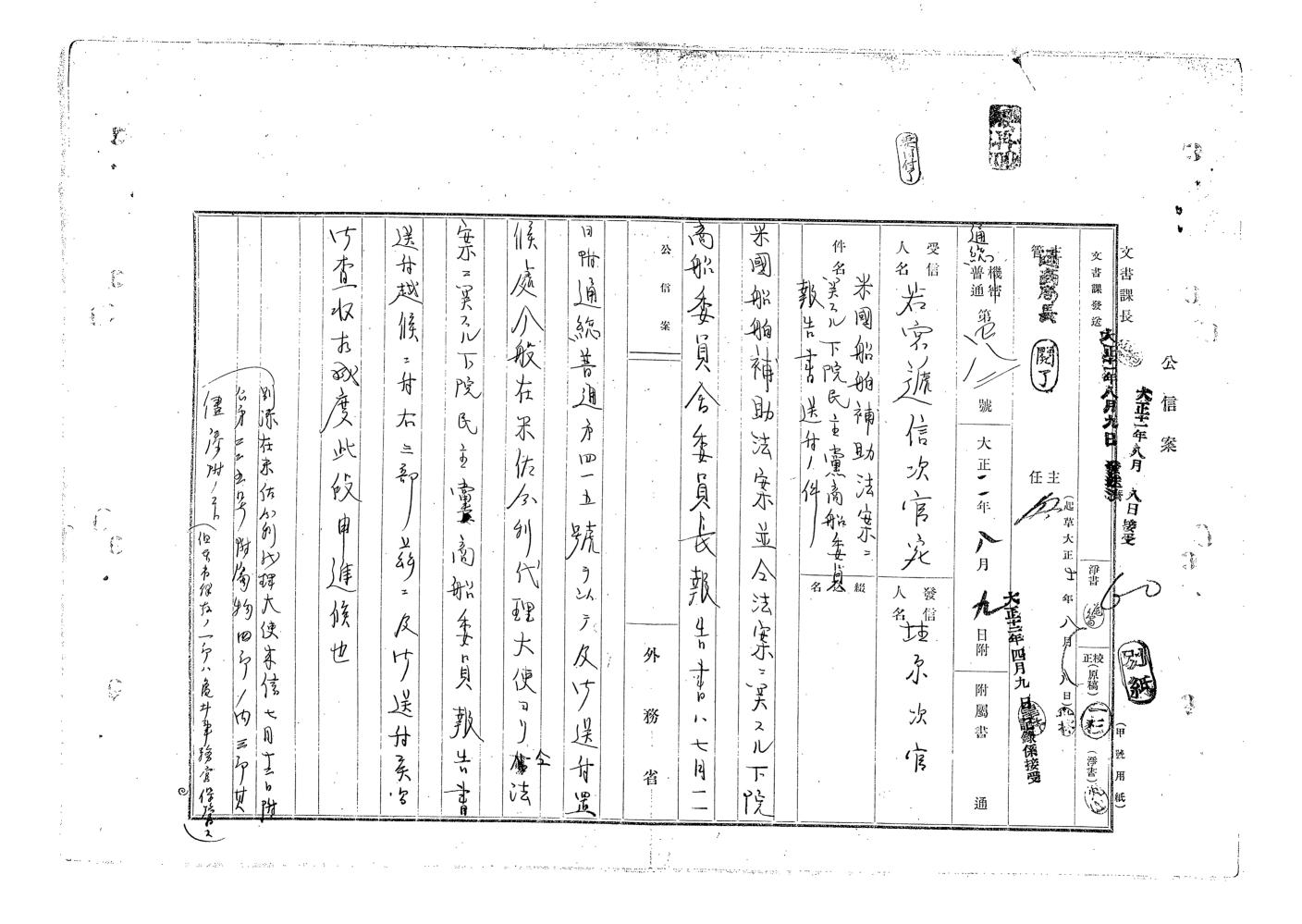


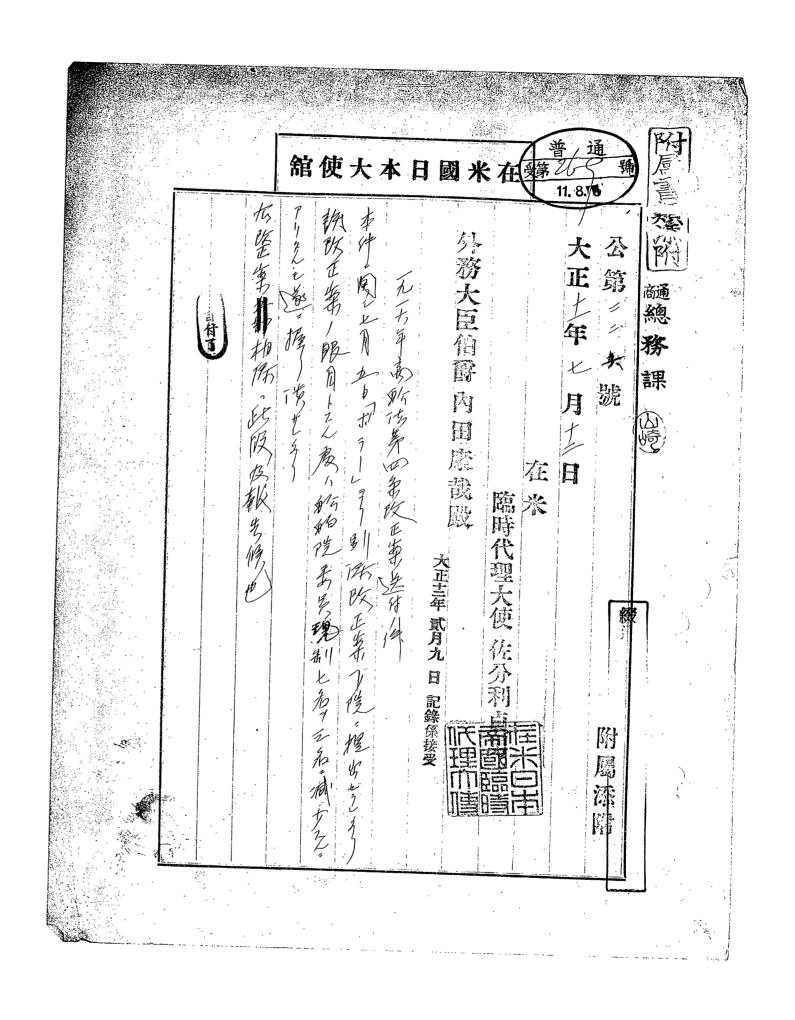
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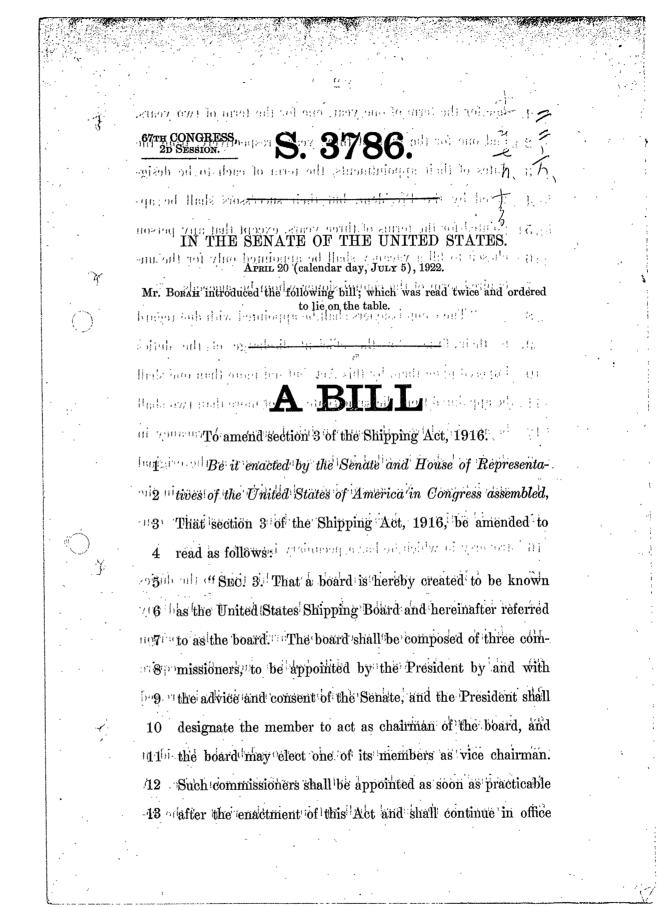
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補助法案,令議室但遇 大正三年四月九日記錄係接受





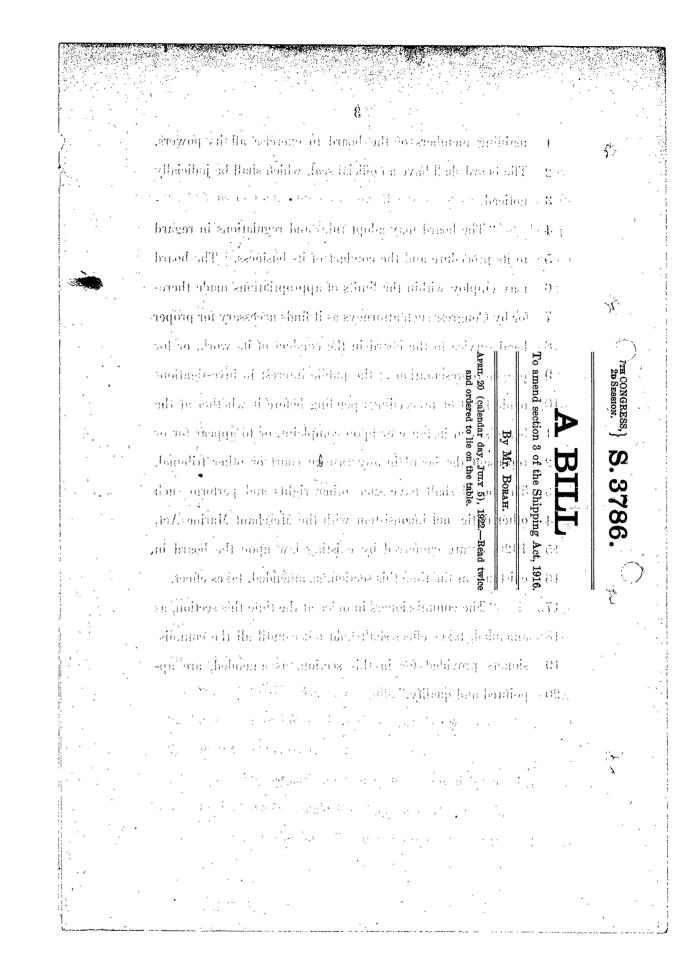


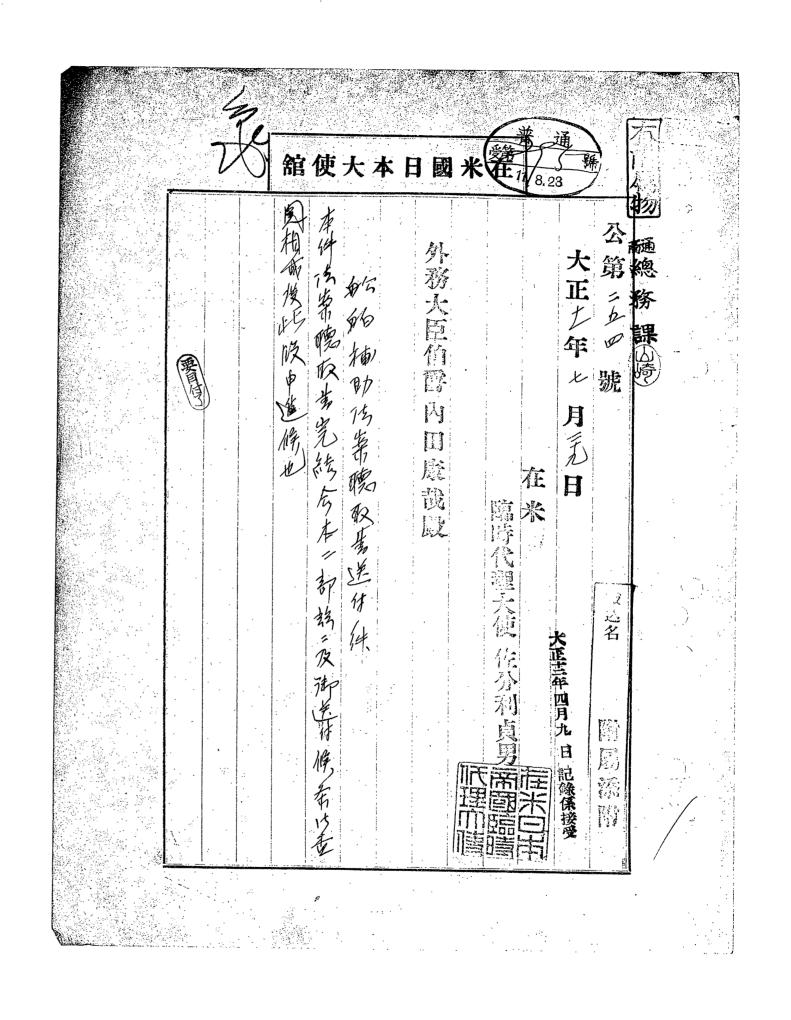
http://www.jacar.go.jp

one for the term of one year, one for the term of two years, and one for the term of three years, respectively, from the dates of their appointments, the term of each to be designated by the President, but their successors shall be appointed for the terms of three years, except that any person chosen to fill a vacancy shall be appointed only for the unin 7 m expired term of the commissioner whom he succeeds "The commissioners shall be appointed with due regard to their fitness for the efficient discharge of the duties imposed upon them by this Act, but not more than one shall be appointed from the same State. Not more than two shall 12 be appointed from the same political party. (11. A) vacancy in 13, the board shall be filled in the same manner as the original 14/mappointment., No commissioner shall take any part in the (15)) consideration (or decision of any claim or particular con-16 troversy in which he has a pecuniary interest, and have 117 and of "Each commissioner shall devote his time to the duties 18 of his office, and shall not be in the employ of or hold any 19, official, relation, to any common carrier, or other person 20, subject to this Act, non while holding such office acquire 21 any; stock or bonds thereof or become pecuniarily interested [22 | in any such carrier, die en ne redurent od annieled ut 23 grand, "Any commissioner may be removed by the President 24 of for inefficiency, neglect of duty, or malfeasance in office. 25, yacancy, in the board shall not impair the right of the re-

1 maining members of the board to exercise all its powers. 2 The board shall have an official seal, which shall be judicially noticed. "The board may adopt rules and regulations in regard to its procedure and the conduct of its business. The board may employ within the limits of appropriations made there-7 for by Congress such attorneys as it finds necessary for proper 8 legal service to the board in the conduct of its work, or for proper representation of the public interest in investigations made by it or proceedings pending before it whether at the board's own instance or upon complaint, or to appear for or 12 represent the board in any case in court or other tribunal. 13 The board shall have such other rights and perform such 14 other duties not inconsistent with the Merchant Marine Act, 15 1920, as are conferred by existing law upon the board in 16 existence at the time this section, as amended, takes effect. "The commissioners in office at the time this section, as 17 amended, takes effect shall hold office until all the commissioners provided for in this section, as amended, are ap-

pointed and qualify."





To Cost American Taxpayers

Millions Annually, New
Republic Says

New York—The New Republic, a large that the defence—if indeed the latter exists. Thus the question as to why America should have a marked to the state of the latter exists. Thus the question as the product of the ship in the product of the state of the latter and to be readed the latter exists. Thus the question are to we made the product of the ship in the

Ship Subsidy
Legislation
Flaws Shown

Merchant Marine Bill
Before Congress
Attacked
RADICAL PERIODICAL
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To Cost American Taxpayers

Millions Annually, New
Residuation

Regislation

Regislation

To Cost American Taxpayers

Millions Annually, New

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Regislation

Tegross ton on ships built in American wages, according to Winthrop L. Marvin, of the American Steamship Owners Association, are 30 to 40 per cent higher than those on British vessels. American subsistence is 70 to 80 cents per day per man instead of 50 as abroad.

Mr. Lasker and his friends have therefore centred attention skillfully, on the question, which is the most desirable form of subsidy? When in raid on the Treasury is in contemplation, the attack is always better or volube than the defence—if indeed the latter exists. Thus the question as to why America should have a merchant marine at all has never been raised not super the indeed to the Shipping Board and not to the Treasury which has to put up the money in the first place.)

Lest this provision should prove in adequate, any ship owner is completely exempt from taxation on any of his profits which he uses in building and outfitting new ships, this exemption, as in the case of the 2 per cent loan, applying to two-thirds of the total cost, of construction. These provisions would be sufficiently exempt from taxation on any of his profits which he uses in building and outfitting new ships, this exemption, as in the case of the 2 per cent loan, applying to two-thirds of the total cost, of construction. These provisions would be sufficiently exempt from taxation on any of his profits which he uses in building and outfitting new ships, this exemption, as in the case of the 2 per cent loan, applying to two-thirds of the total cost, of construction. These provisions would be sufficiently exempt from taxation on any of his profits which he uses in building and outfitting new ships, this exempt from taxation on any of his profits which he uses in building and outf

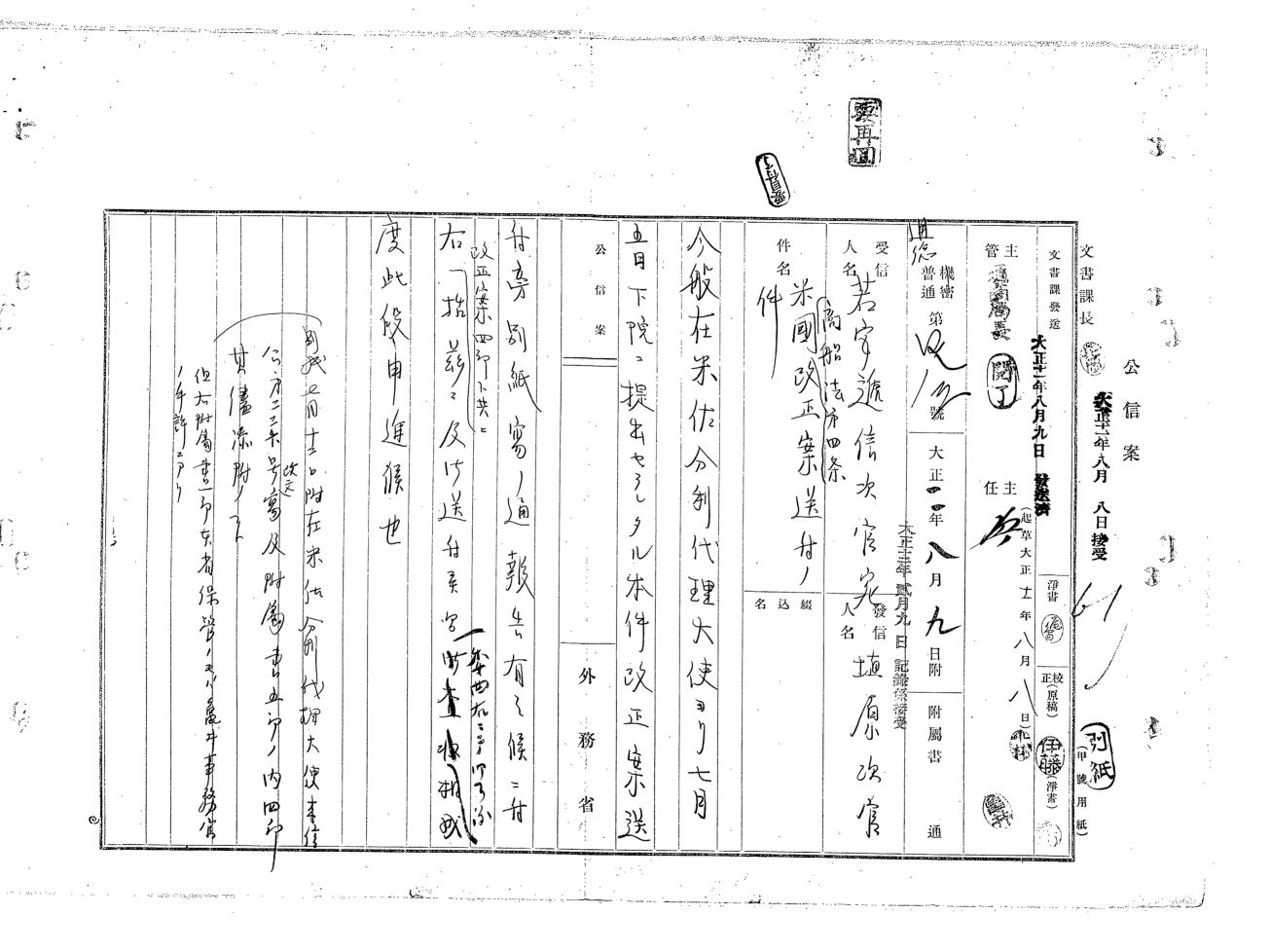
pay the man who buys one approximately twice its total value in the next 10 years. However, even this would not solve that problem, for not less than 5,000,000 and perhaps as much as 7,000,000 tons of ships are completely unsalable, and will remain in the government's hands. It may not be fair to assume that their upkeep will be one-half of the \$50,000,000 Mr. Lasker is now spending each year on his 10,000, more years. Congress may be rave enough to pass a law permitting no liner of any nationality to enter an American nort with liquor able. The national mind, which seems incapable of focusing on an economic question, whether it has to do with competition at sea or the production of coal, finds a quarrel about liquor dramatic and homely enough to stick in the memory. The prohibition issue is both accidental and incidental; but that may not prevent it from deciding fainly be considerable.

Operates 400 Ships

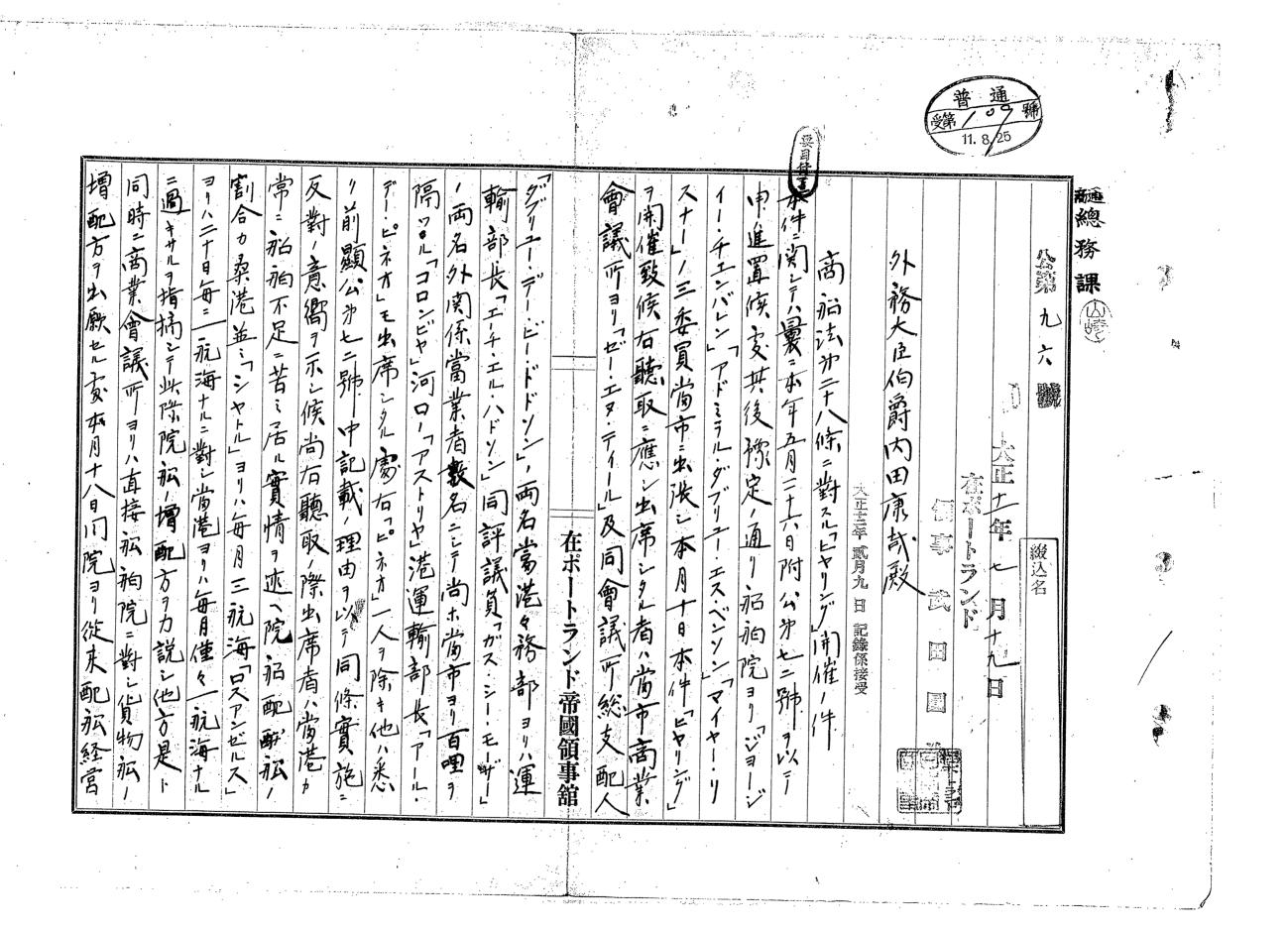
To be sure some of this annual expense of \$50,000,000 may be sheer waste, as is indicated by a remark waste as is indicated by a remarkable statement of Mr. Lasker's last week. The government, he said, is operating some 400 ships at a cost of \$55,000,000 a year. But if Congress will just pass the subsidy law, the same ships in private hands will need only \$8,000,000 of aid from the need only \$8,000,000 of aid from the government. In other words, Mr. Lasker admits that the Shipping Board is losing \$42,000,000 a year more than private owners would lose on the same operation. He feels that this is an indictment of government ownership. It is a little as though a Presbyterian, having burndly the ownership the ownership burndly are the ownership. eriment ownership. It is a little as though a Presbyterian, having burned down his own house, should assert that in view of his experience Presbyterians are obviously not entitled to houses. But Mr. Lasker's case is even worse, for his whole statement is incorrect. The government is not operating 400 ships; it is operating only a few ships in two lines, the Panama S.S. Co. and the United States Line, both of which are reported to be doing very well. The great majority of the 400 vessels on which Mr. Lasker is able to show such a fine loss are in the hands of private managers under under one form or another of lease. Even a cursory study of the provisions of the bill should give any thoughtful taxpayer grave doubts; but seemingly the thoughtful taxpayer does no exist, or does his cursory thinking on other subjects, for the whole fate of the merchant marine is apparently to be settled after all by liquor. All our passengers while the prohibition forces quite properly point out the monstrous paradox of the government's being the biggest

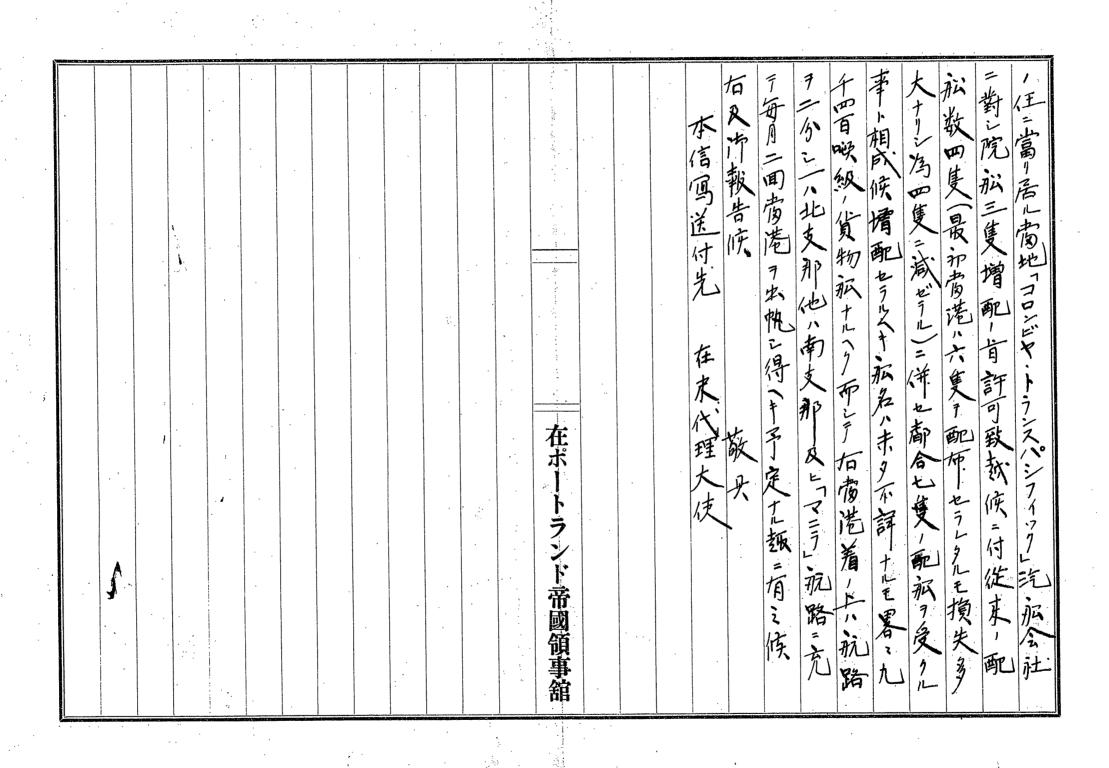
point out the monstrous paradox of the government's being the biggest and most shameless bootlegger. There is so much general opposition to the subsidy that it would probably the subsidy that it would probably
be hopeless to attempt an alternative
measure applying only to freight
vessels and with Mr. Lasker and the
Volsteadians locked in mortal combat, it seems more than likely that
the whole subsidy issue will be
wrecked entirely or postponed for

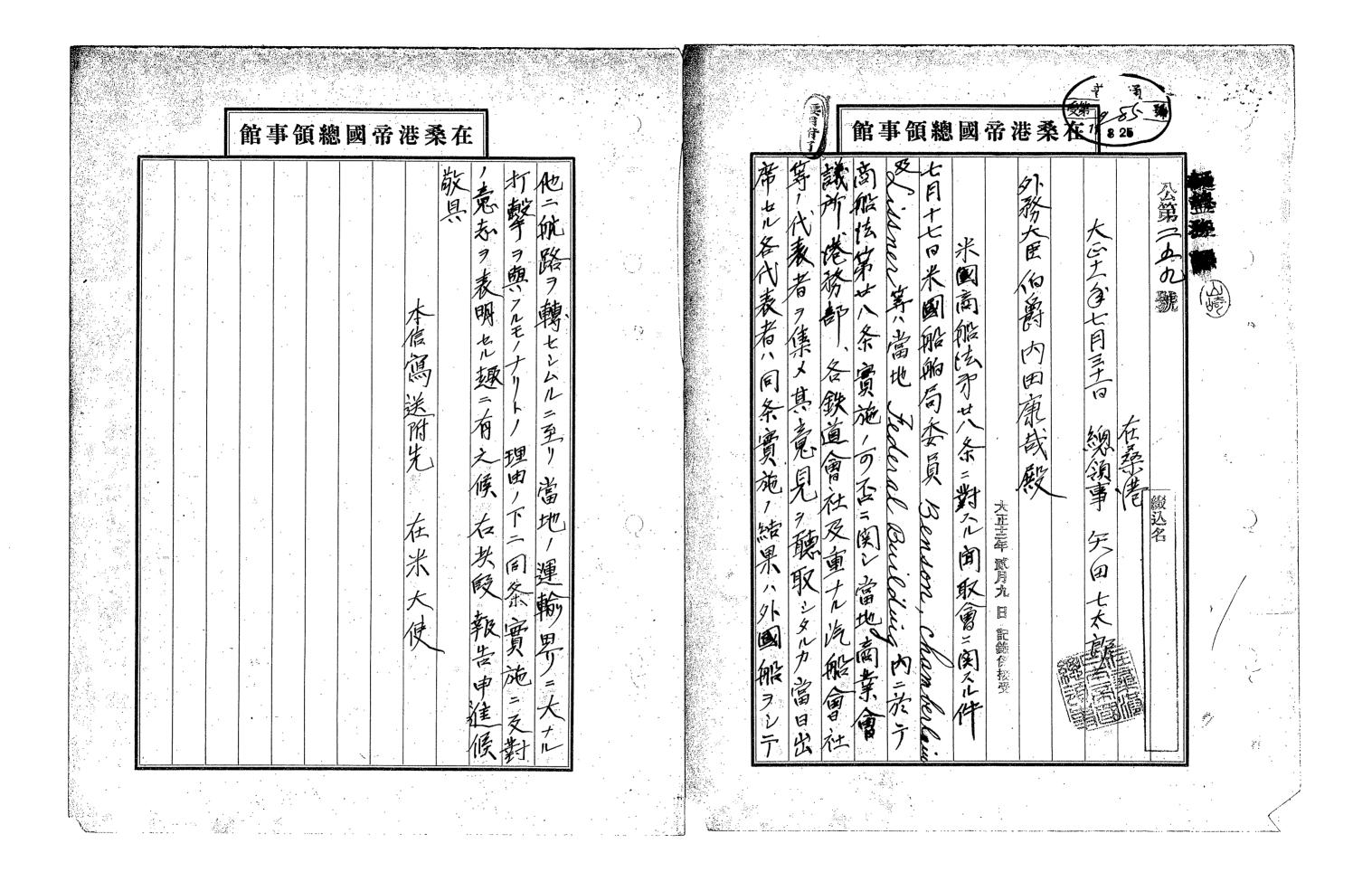
may not prevent it from deciding the fate of our merchant maring

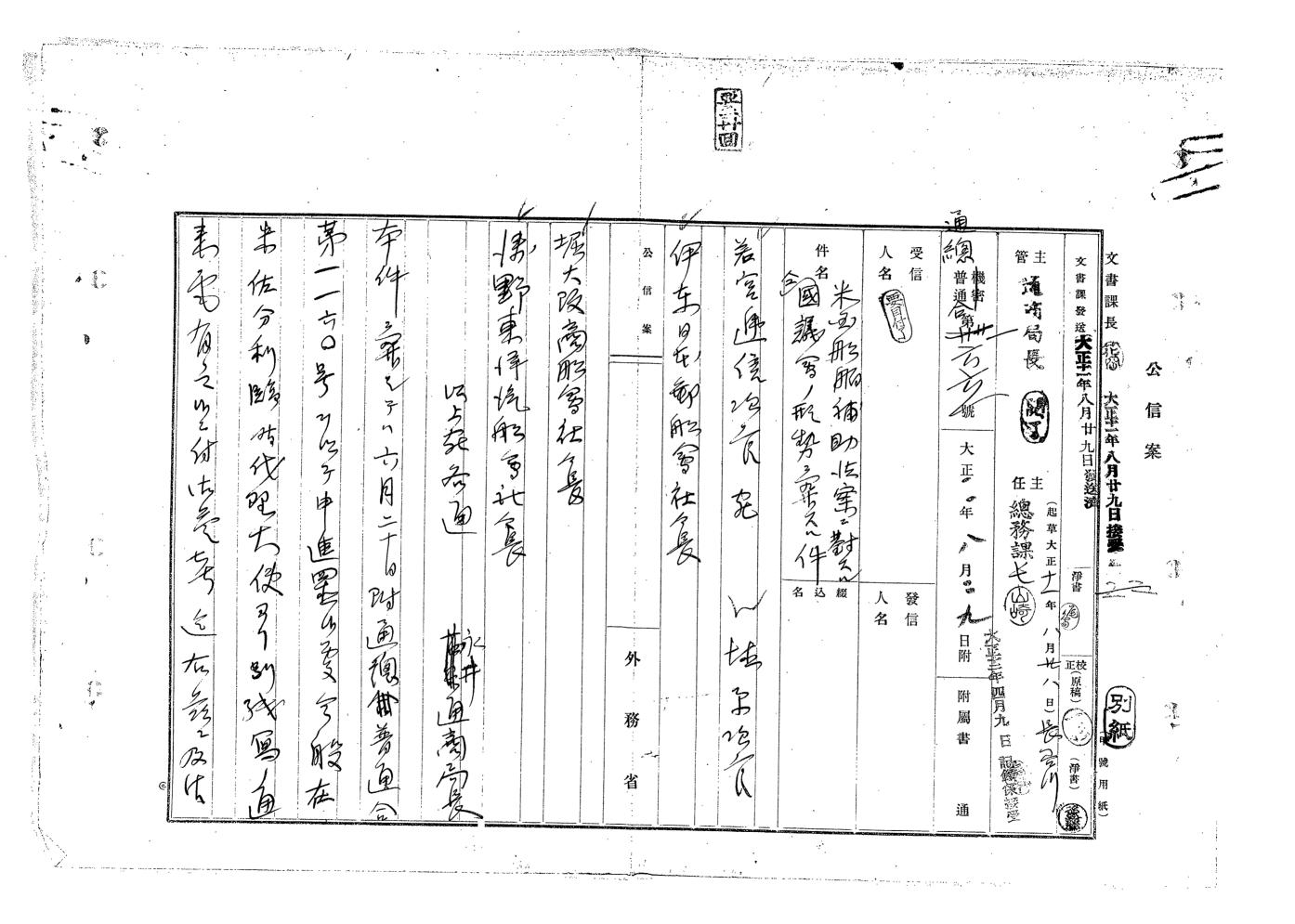


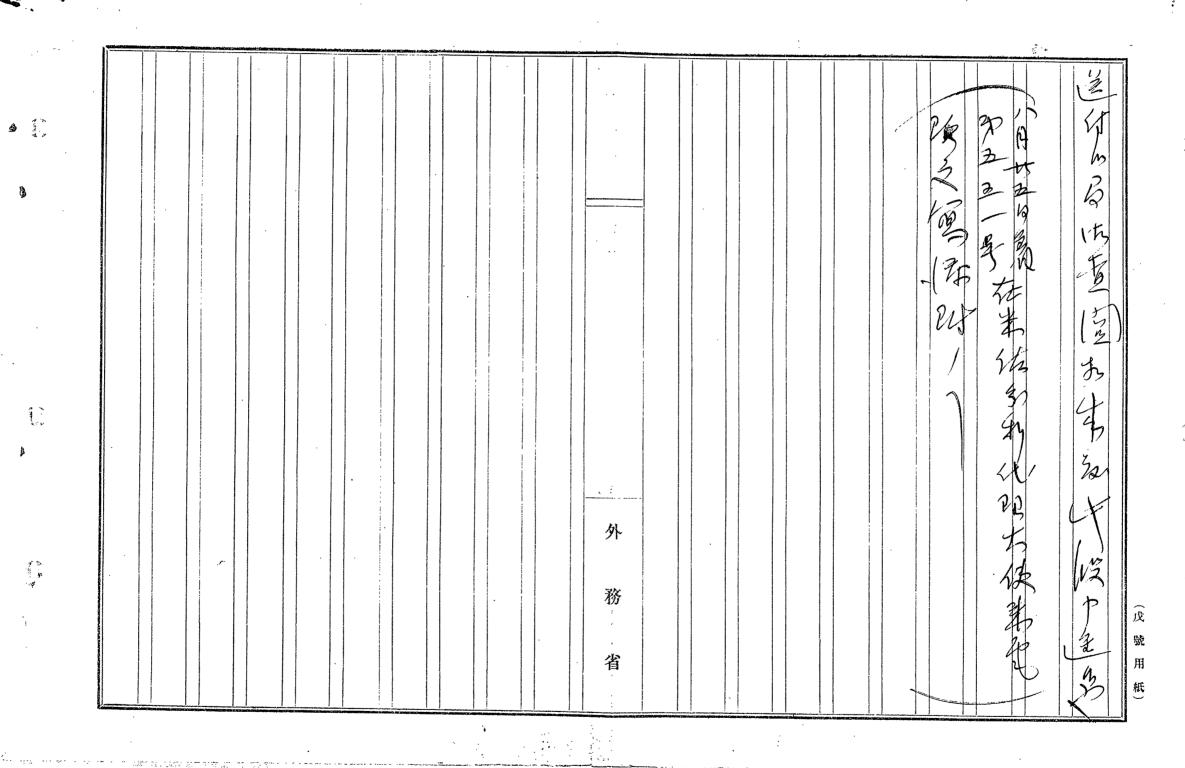
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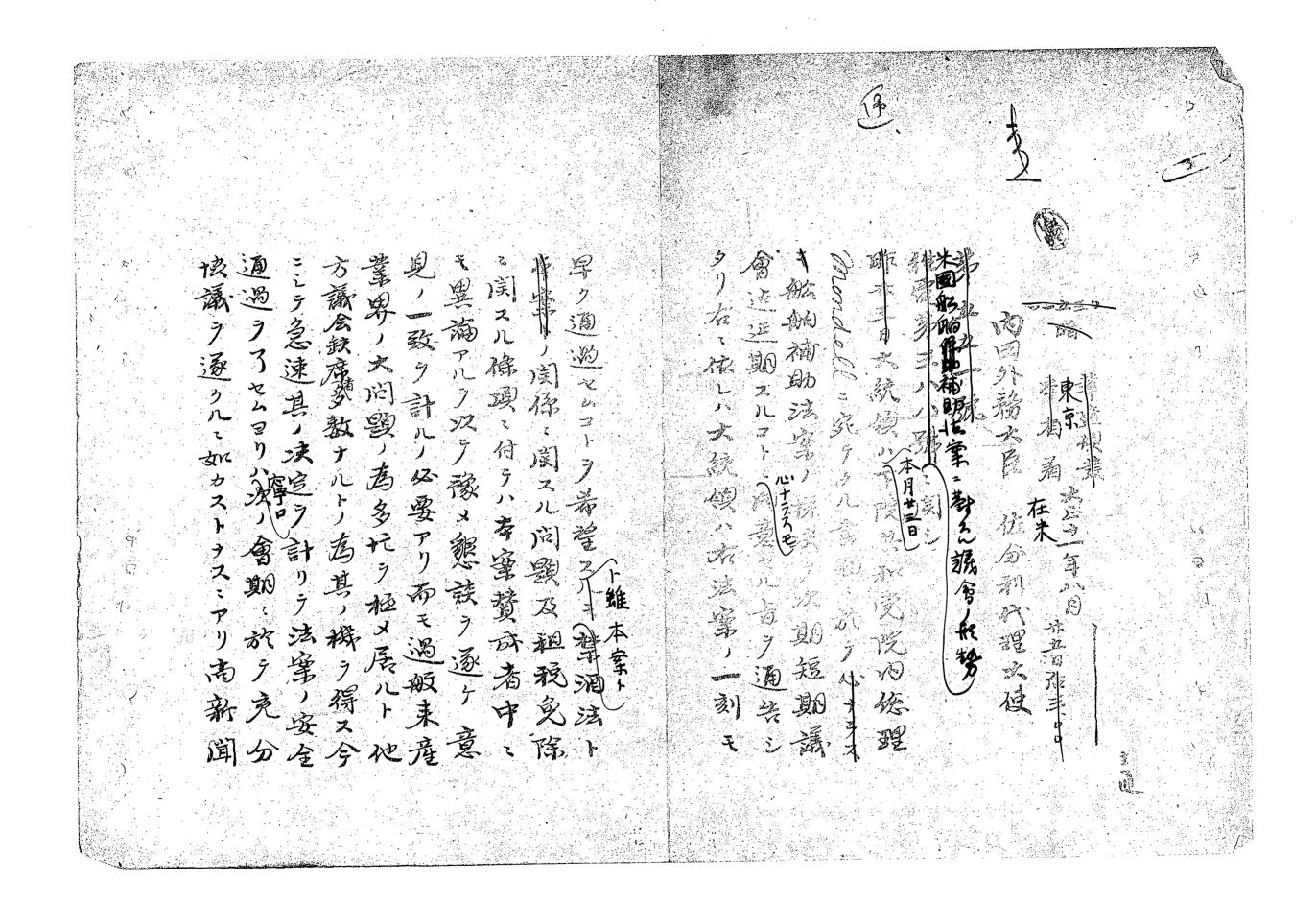


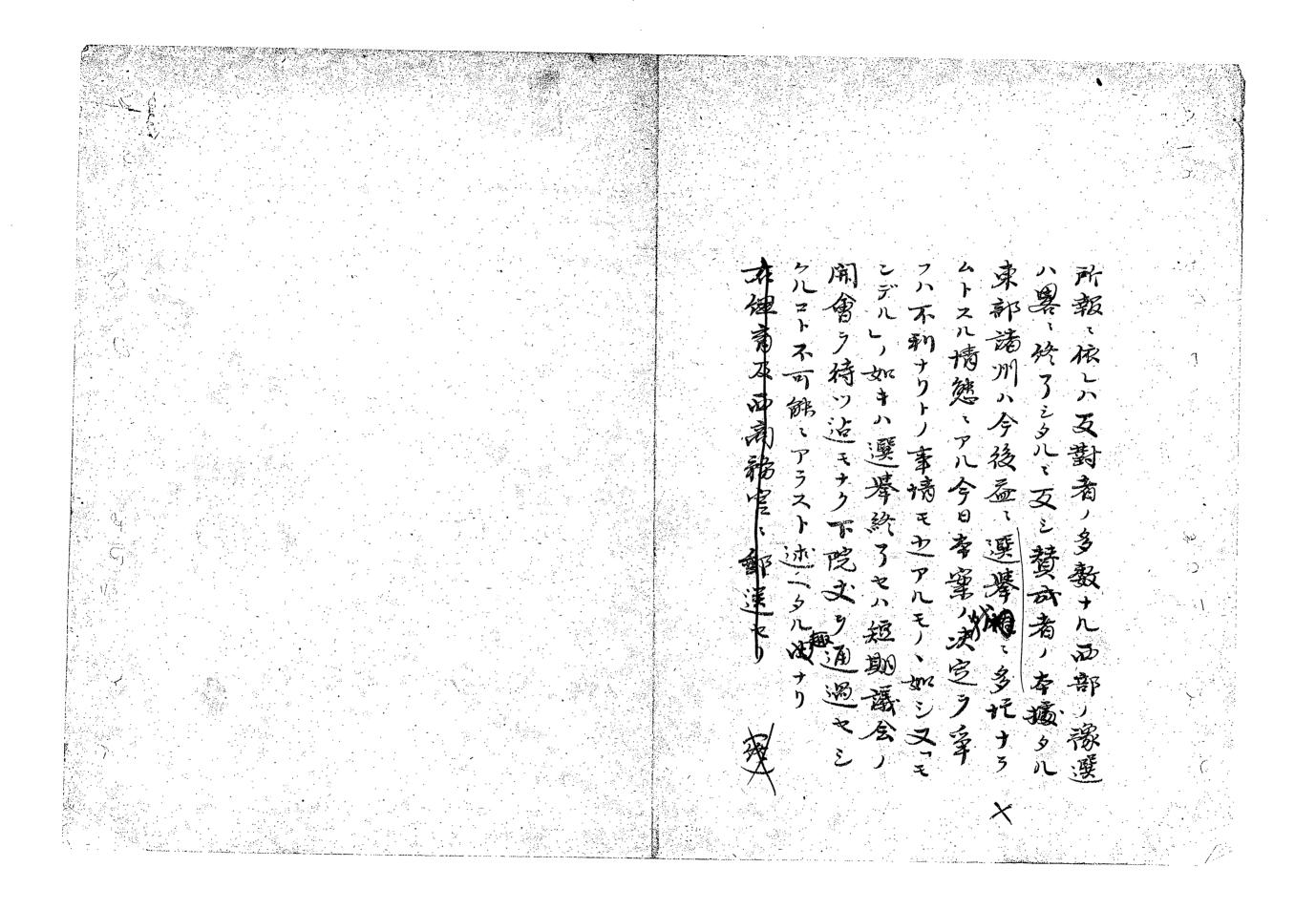


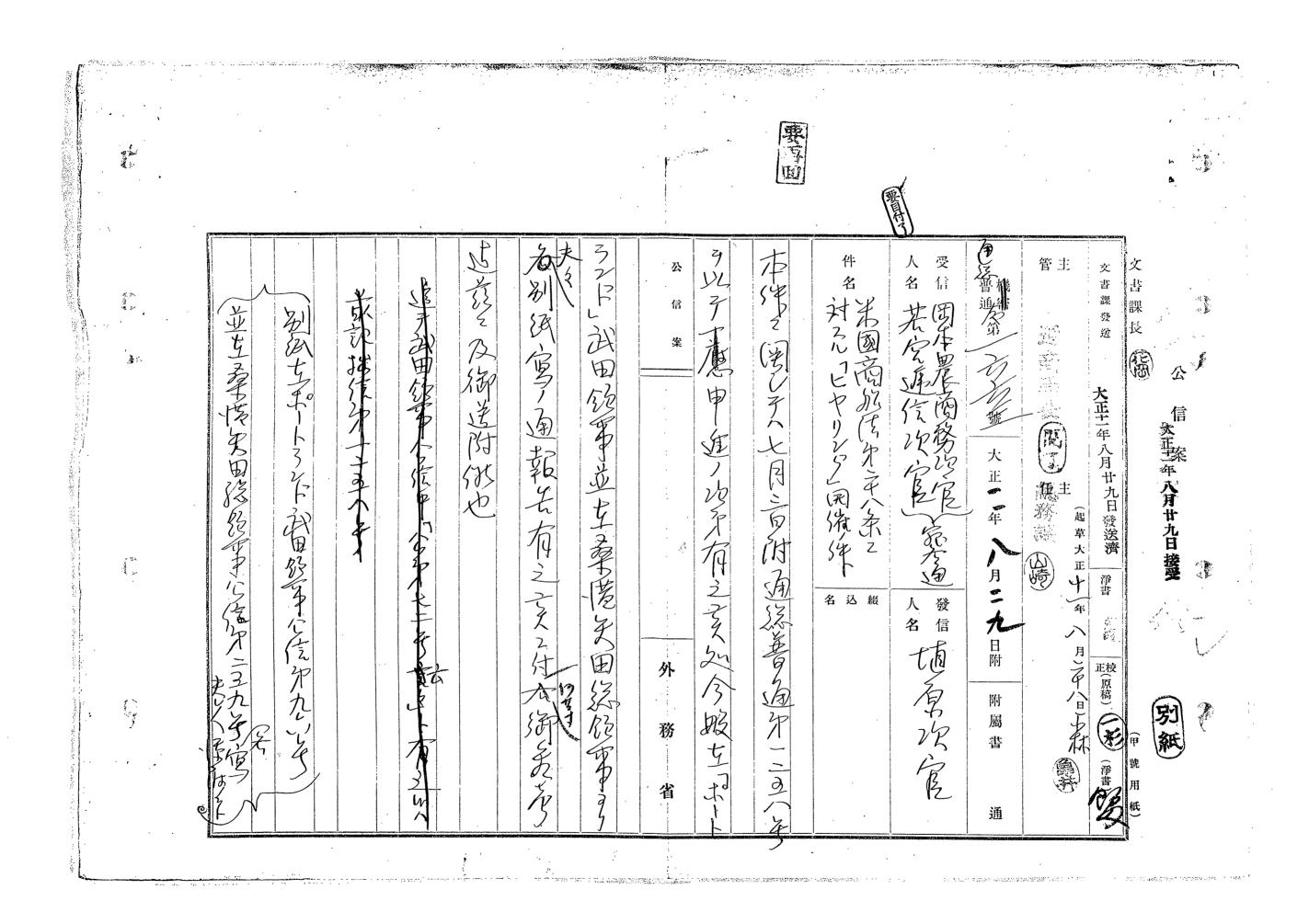


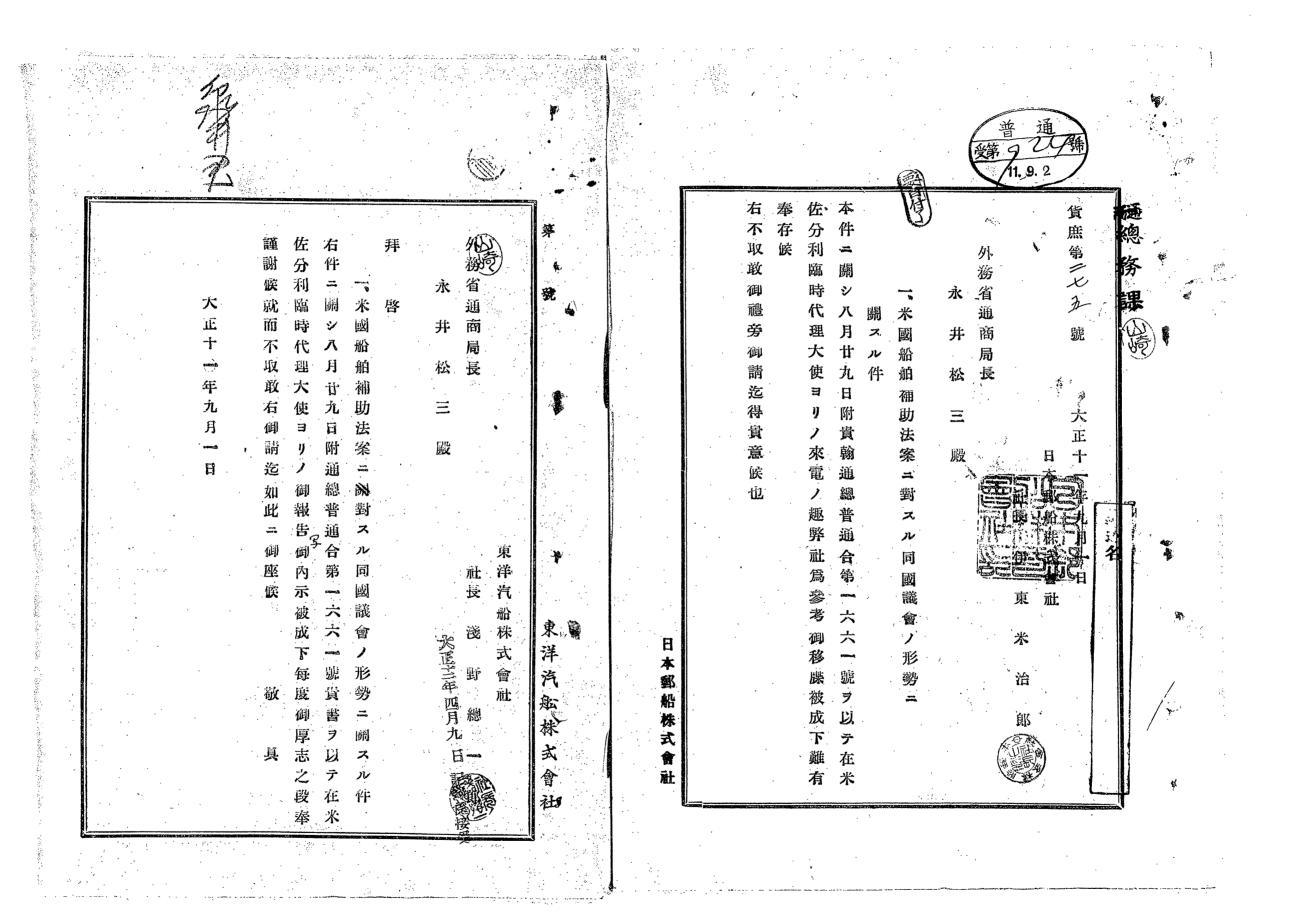




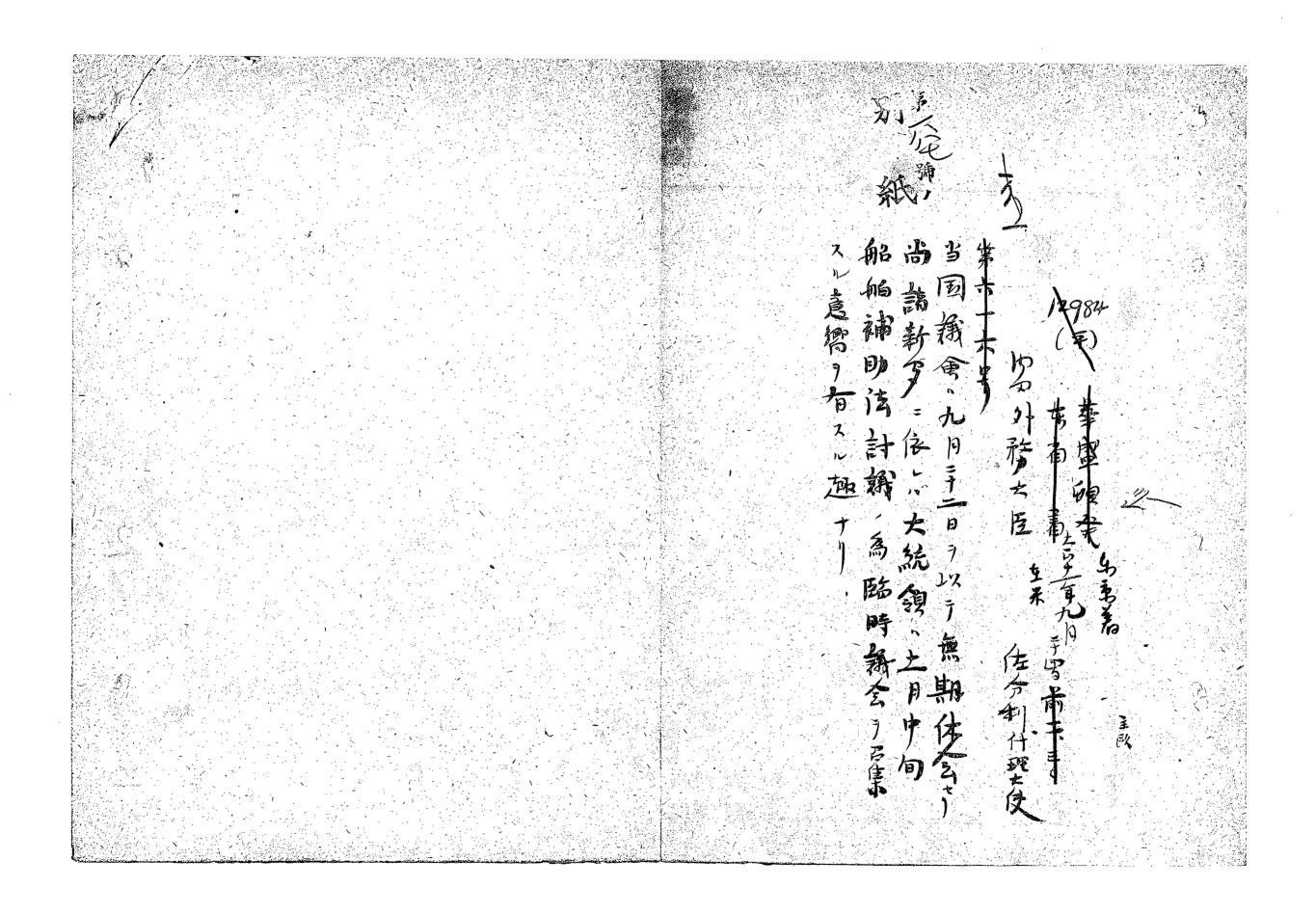


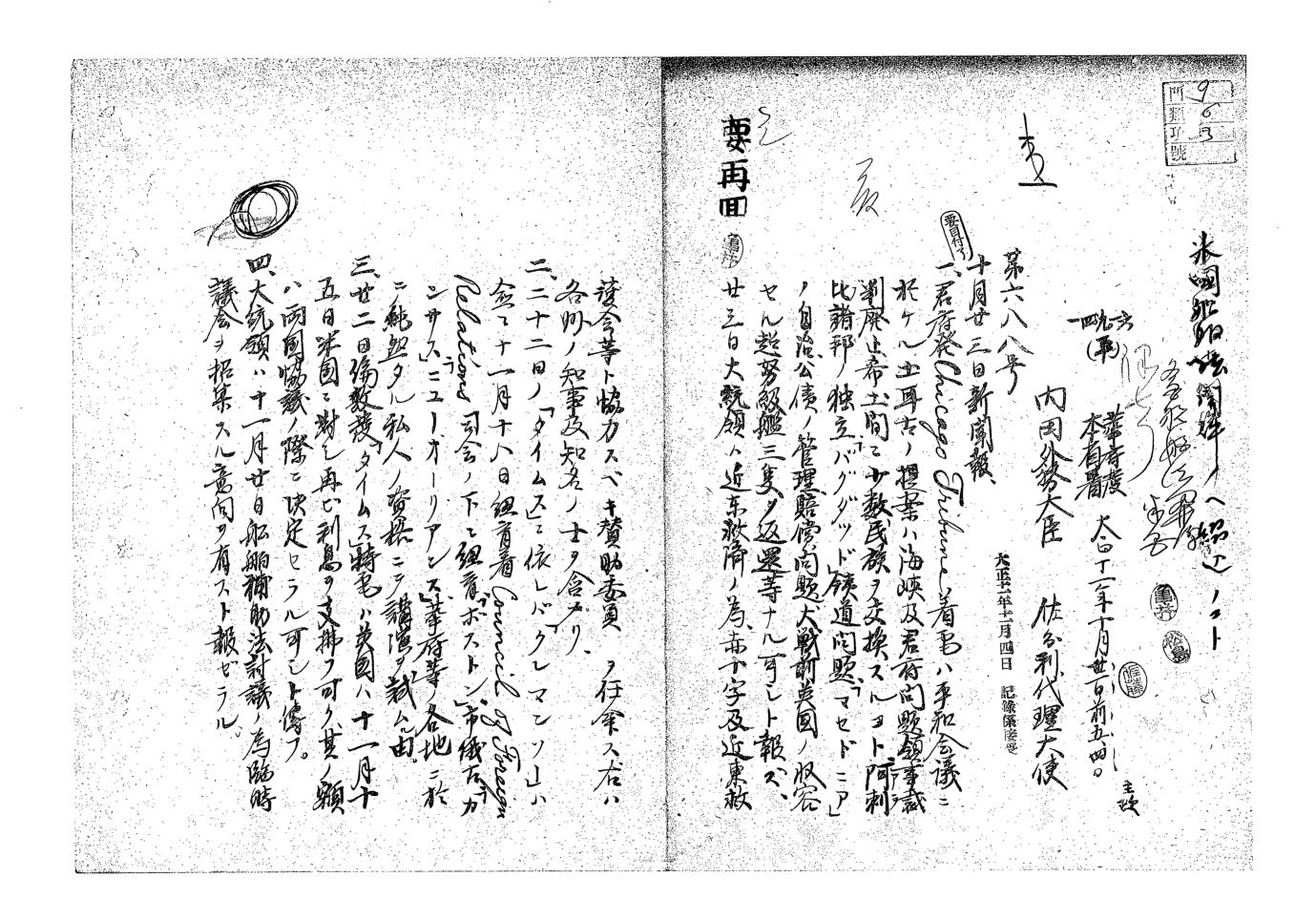




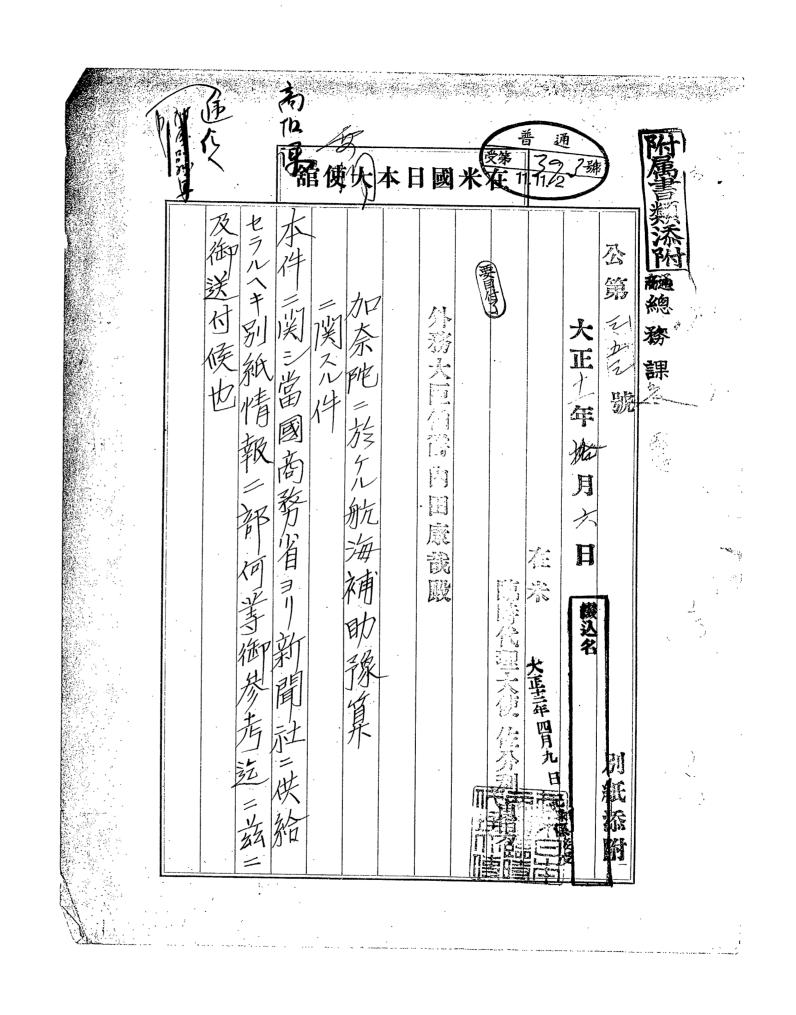


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Padical Change in Policy-Appropriations for 1922 Less Than Half Those of 1915.

The Canadian ocean mail subsidy system has been changed radically in both its trans-Atlantic and trans-Pacific services, says E. T. Chamberlain of the Transportation Division of the Department of Commerce, in a special article in the forthcoming issue of Commerce Reports. In 1915, the sum of \$1,000,000 was appropriated under contracts with the Allan line, the Canadian Pacific Railway (Atlantic Steamship Line) and the White Star Line for carrying the mails twice a week to Great Britain, and in addition \$122,500 was voted for minor mail services to Great Britain. Another contract, with the Allan Line, provided \$200,000 for not less than 15 nor more than 30 round voyages between Canada and France, so that the maximum of \$1,322,500 was provided for the Canadian mails to Europe. The pre-war contracts were annual contracts, except the Allan Line contract to France for five years which was terminated in 1917.

This system has been abandoned and the Canadian Government now pays for the mails for Great Britain according to the space occupied, using such steamers as from week to week are found most suitable for the service. The rate is 50 cents per cubic foot for not more than 25,000 cubic feet per voyage, or a maximum of \$12,500 for a voyage of about 2,600 miles. The volume of the mails rarely attains the maximum on a voyage and the total annual expenditures are about \$200,000.

The contract with the Royal Mail Steam Packet Company for \$340,666 for the service every fourteen days from Halifax and St. John to British Guiana, calling at Bermuda and the various British West Indies, including Barbados and Trinidad, is continued as before the war, and to an extent takes the place of the former Royal Mail Packet Company's contract with the British Government. The contract for \$146,000 with the Elder Dempster Company for monthly service from Montreal and Quebec, or in the winter from Halifax to Capetown and not less than two other South Mirican ports, is also continued as before the war.

The ten year contract with the Canadian Pacific Pailway Steamship Service for a mail service every two weeks from Liverpool to Quebec (Falifax in winter) thence by the Canadian Pacific Pailway to Vancouver, and thence by the company's steamers to Yokohama and Hongkong, expired April 6, 1921, and has not been renewed, and the expenditure of \$375,000 annually by the government under the contract has ceased.

The contract with the Canadian Pacific Railway for its trans-Pacific mail service began in 1890-91, and was in effect contributory to the system of imperial defense by sea adopted by the British Empire to meet increasing German maritime aggression, as well as a means of assuring regular mail communication between the parts of the Empire. With the scuttling of the surrendered German High Saas Fleet by its officers at Scapa Flow in 1919 the German menace to the British Empire and the naval reason for the Canadian

2-Canadian Ocean Mail Subsidies.

Pacific contract ceased, and the deficits incurred by the Canadian Government Merchant Marine doubtless suggested economy in mail contracts.

Since April, 1921, the Canadian mails to the Orient are paid for according to international postal rates, the same as the United States pays to foreign steamers for ocean mail transportation, namely, at the rate of 35 cents per pound for letters and $4\frac{1}{2}$ cents per pound for other articles. These rates are paid by the Canadian Government without regard to the flag of the ship which carries the mails, American, Canadian, British, Japanese or other nationality, and the Canadian Pacific Steamship company for over a year has come under this of the conditions of the contract, some of which were somewhat arduous in

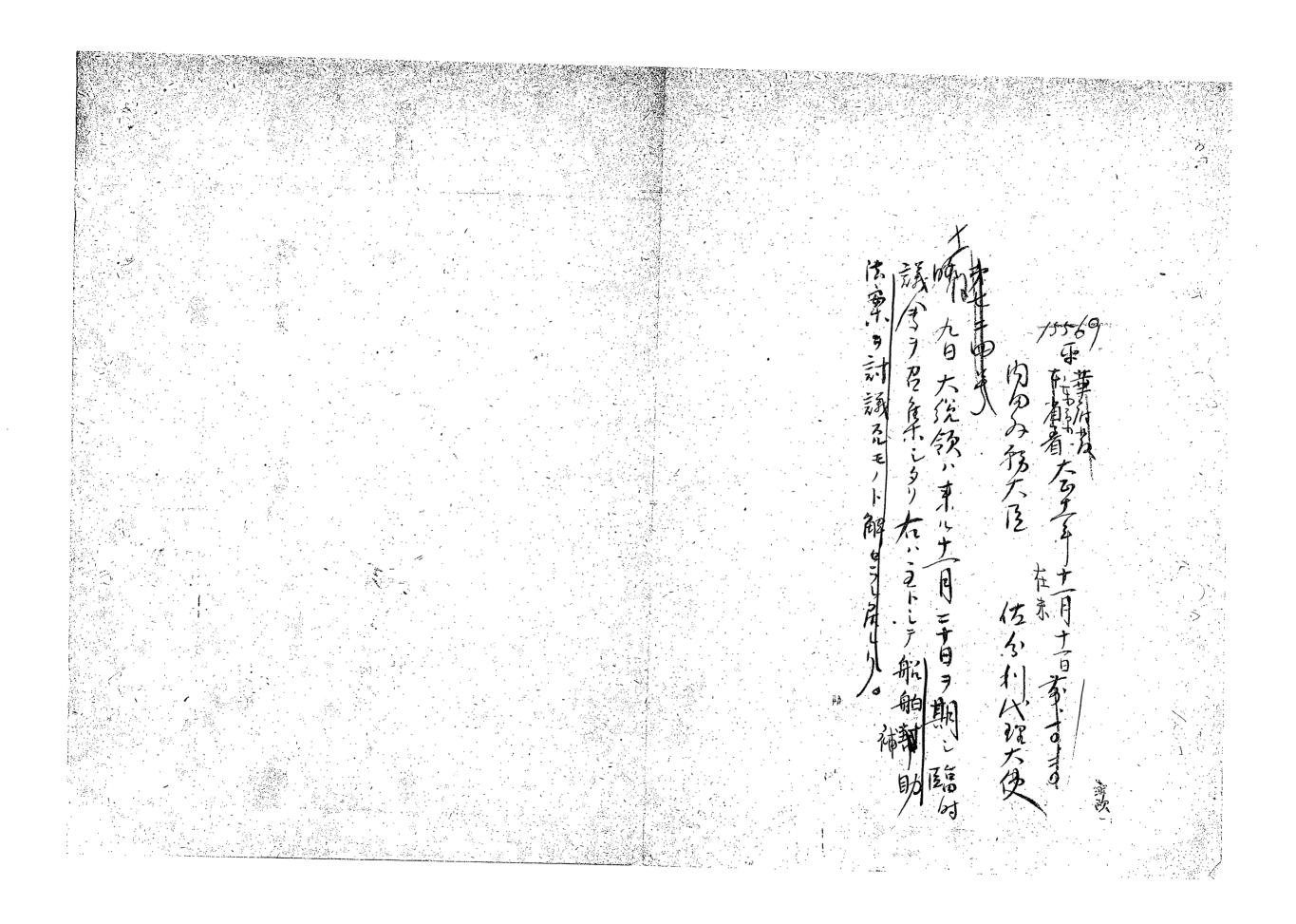
The payment of \$140,000 annually to the New Zealand Shipping Company for monthly voyages from Montreal during the open season of navigation to Australia and New Zealand ceased the same year. The five year contract with the Union Steamship Company of New Zealand for a service every four weeks between Vancouver and Auckland, New Zealand, for \$180,509 expired in August, 1916. It has been renewed as a yearly contract with a reduction of the subsidy to \$130,509, and retention of the provision that the call at Suva (Fiji Islands) is conditioned on a subsidy by those islands and the company is authorized to receive such subsidies as Australia and New Zealand may grant.

The mail contract service is now virtually confined to regular lines between Canada, the British crown colonies, and New Zealand in general compliance with the growing tendency of the United Kingdom, the Dominions beyond the Seas, and the colonies to promote inter-imperial trade and communication.

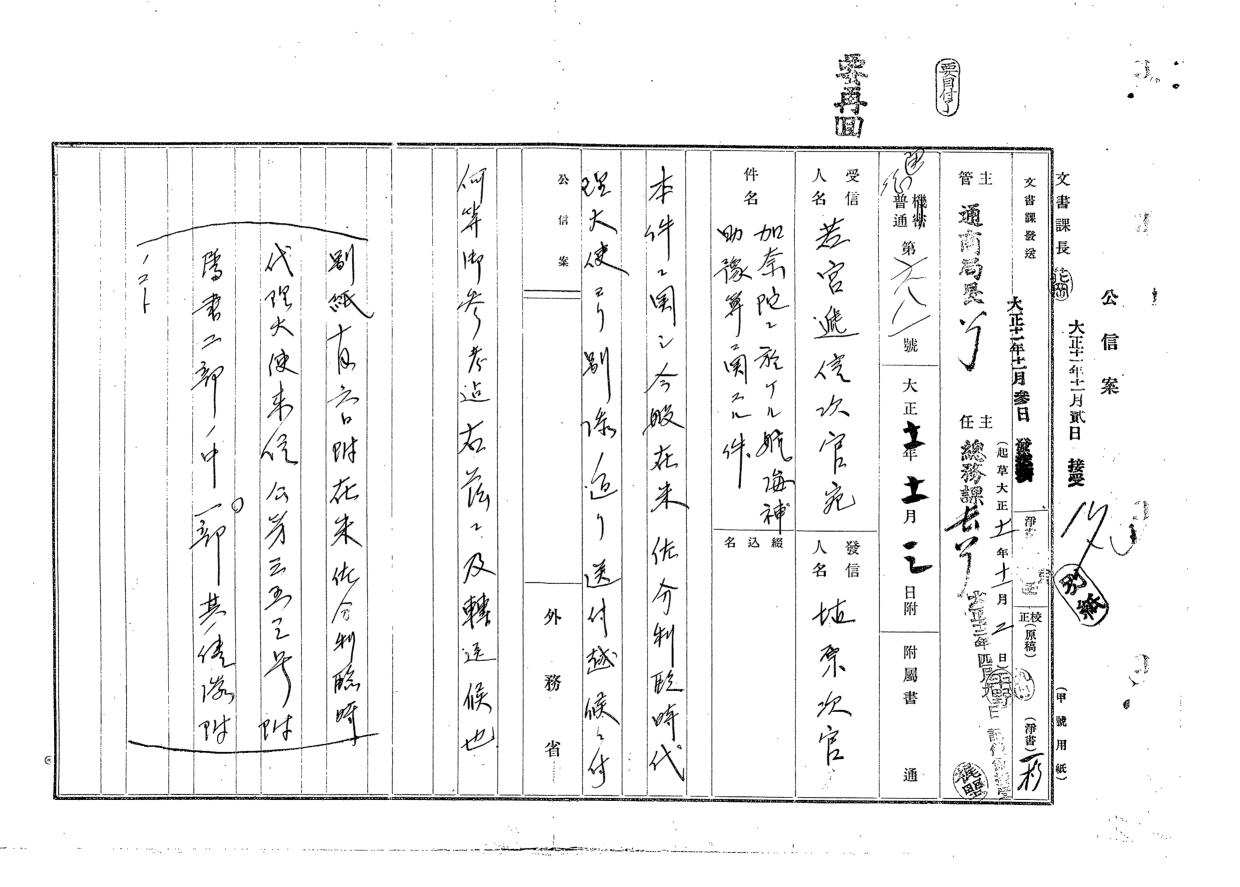
The total appropriations of the Canadian Government for mail subsidies and steamship subventions for the year 1913 were \$2,962,900, and \$1,463,467 for 1921. The estimates for 1922 were \$1,033,800.

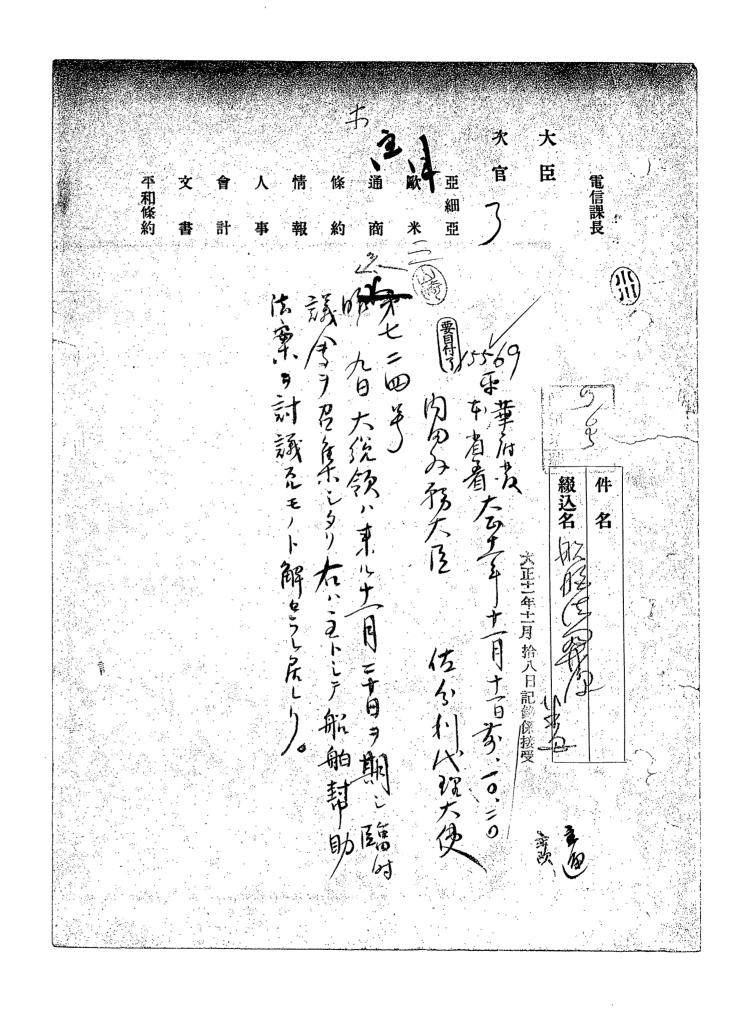
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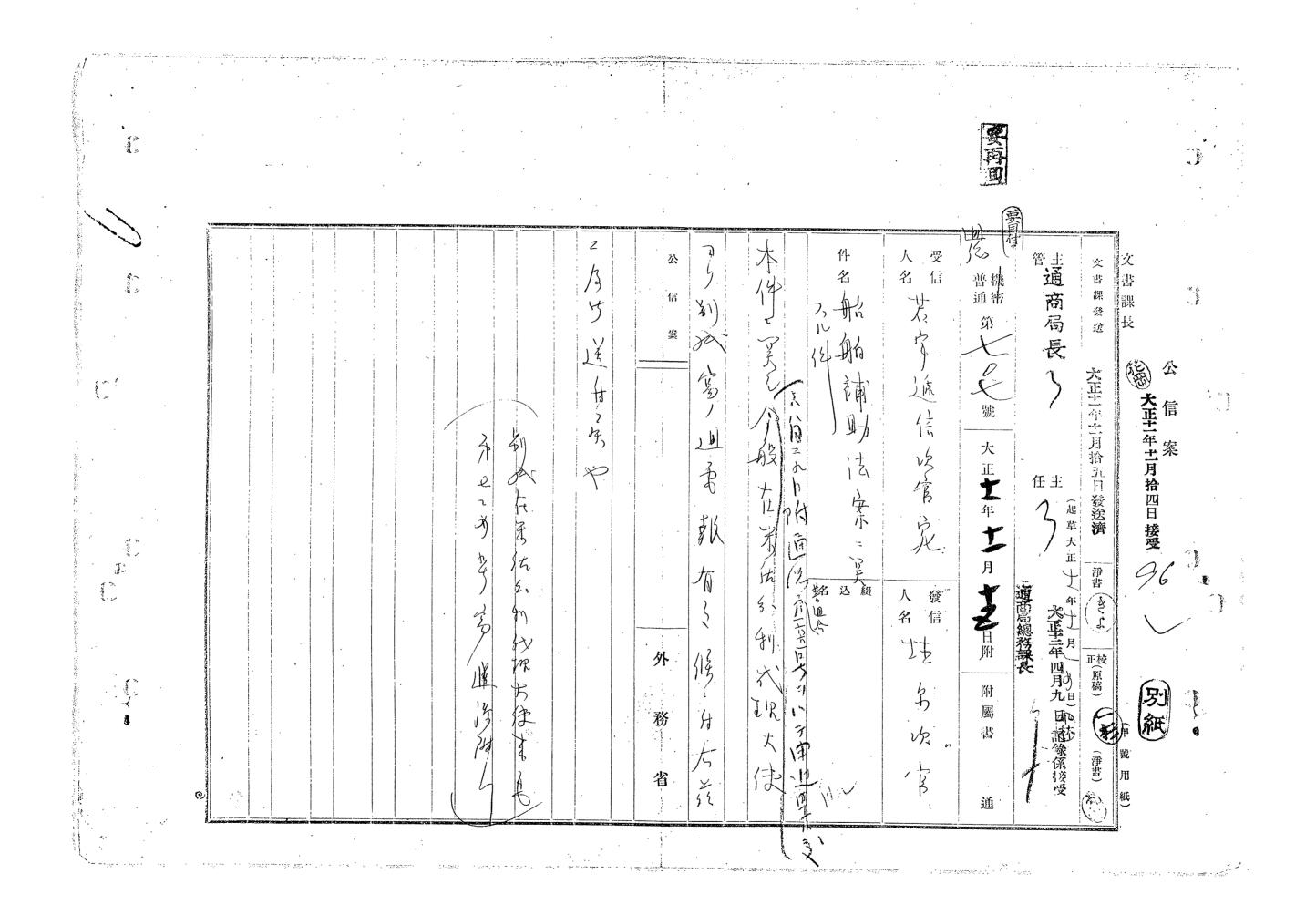
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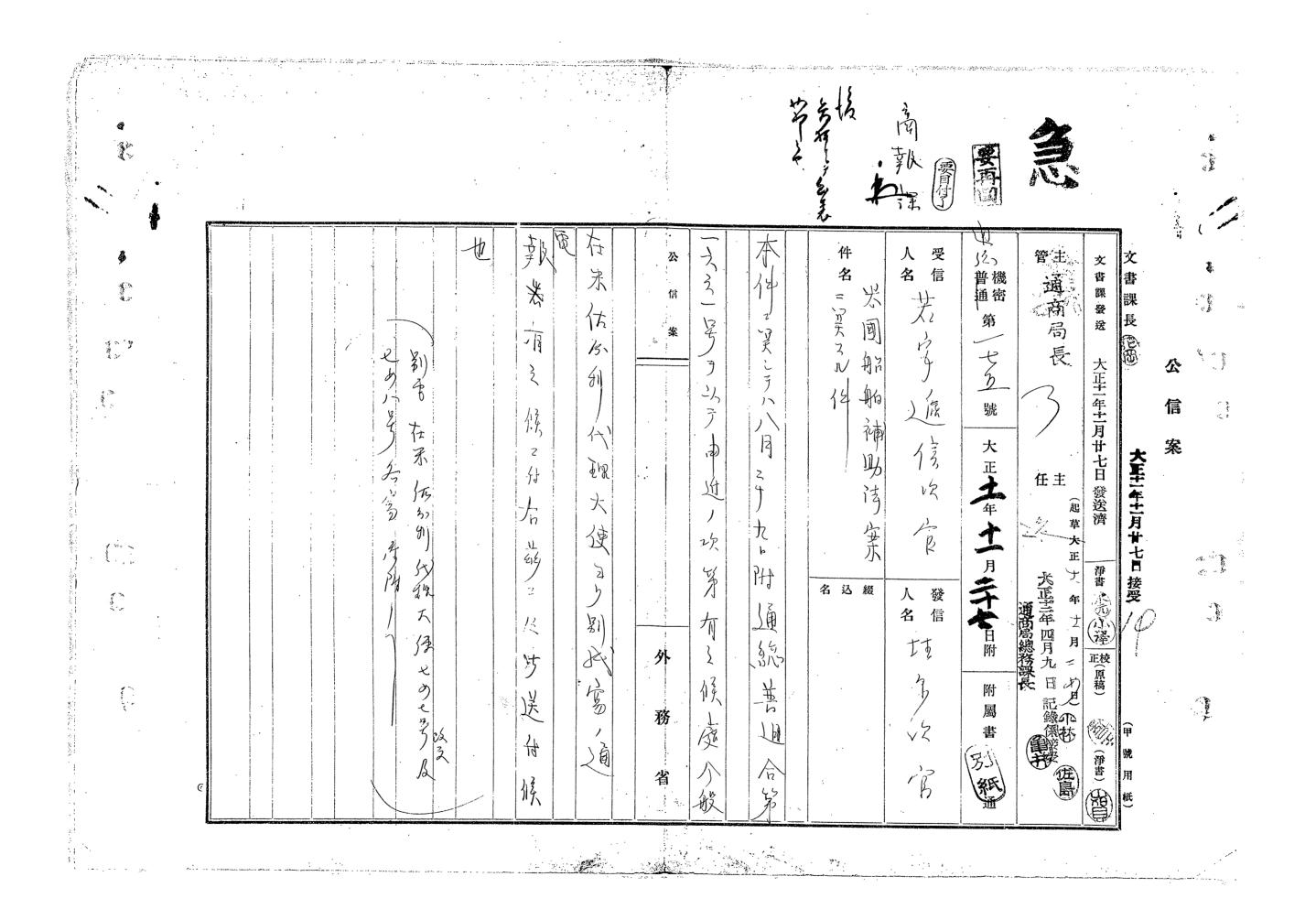


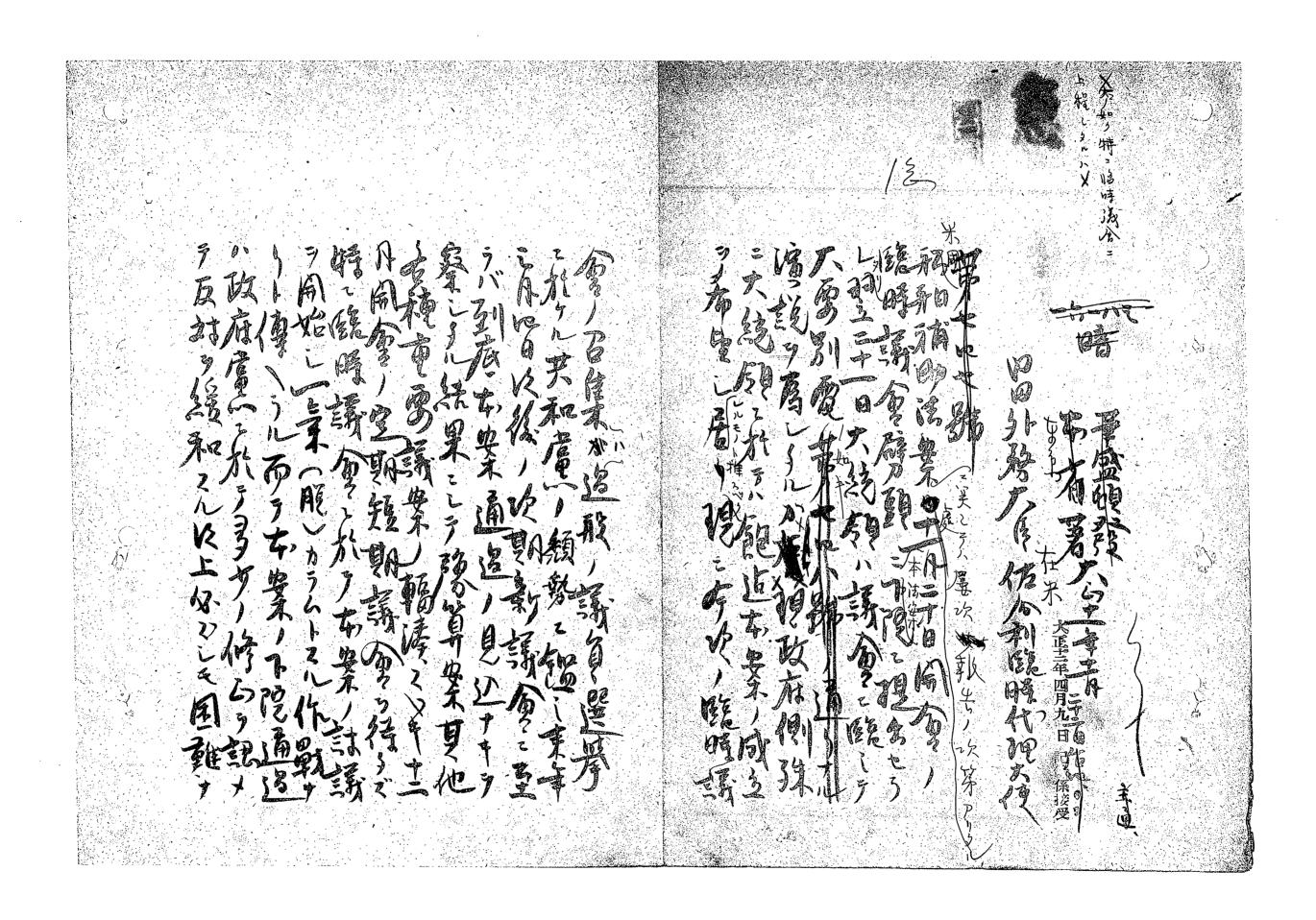


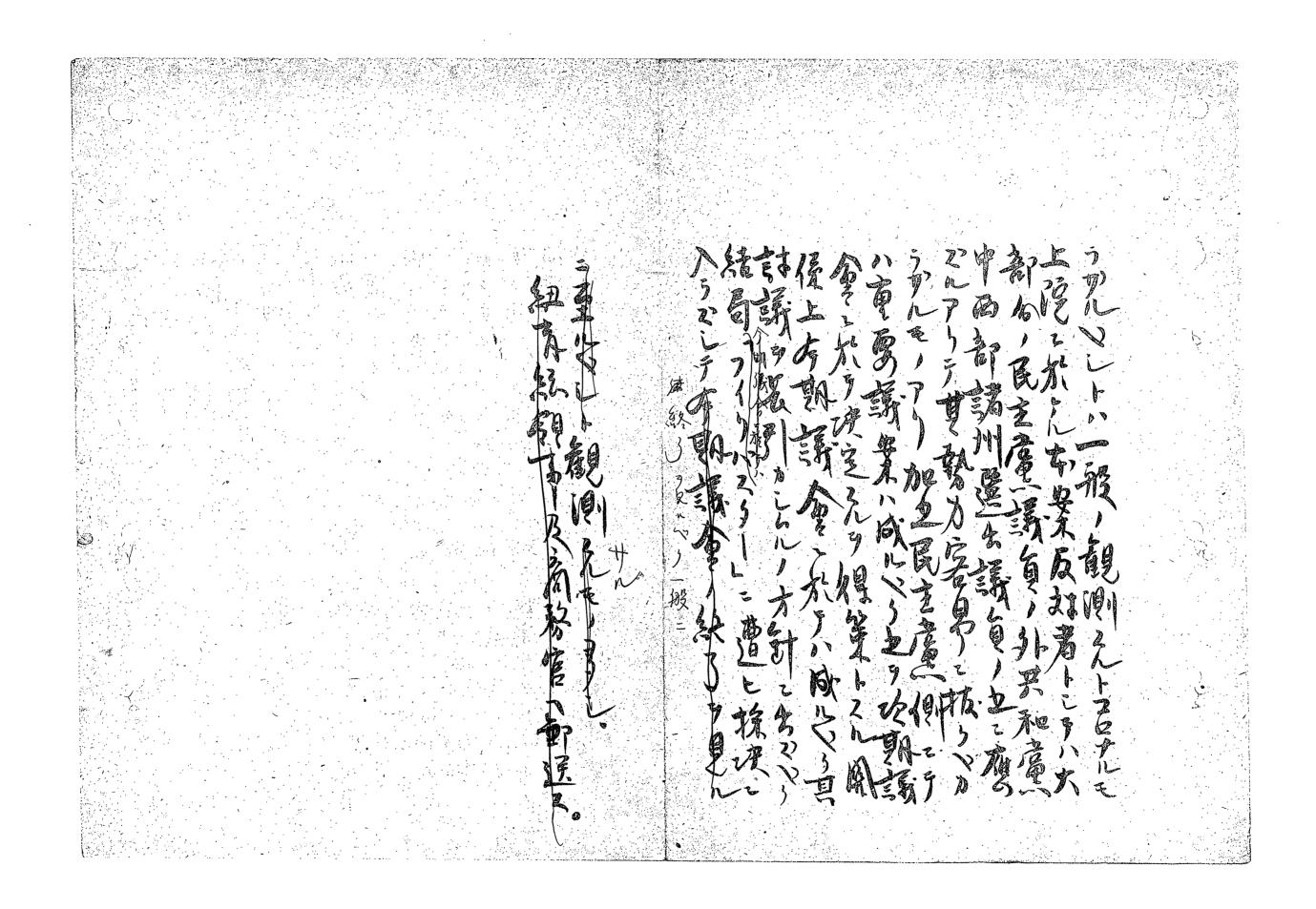




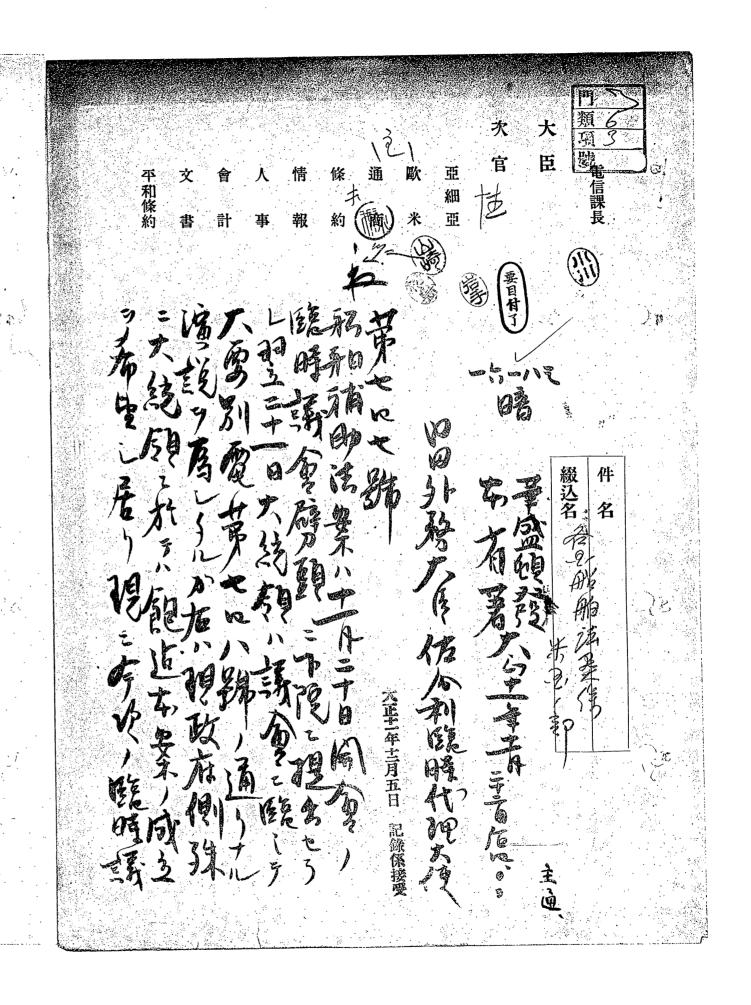


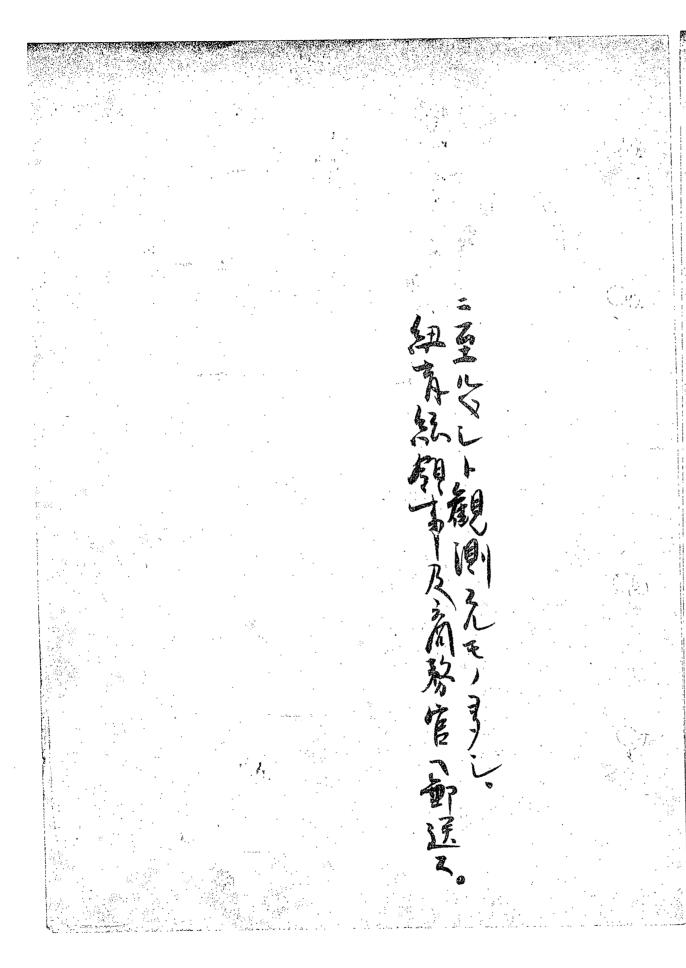


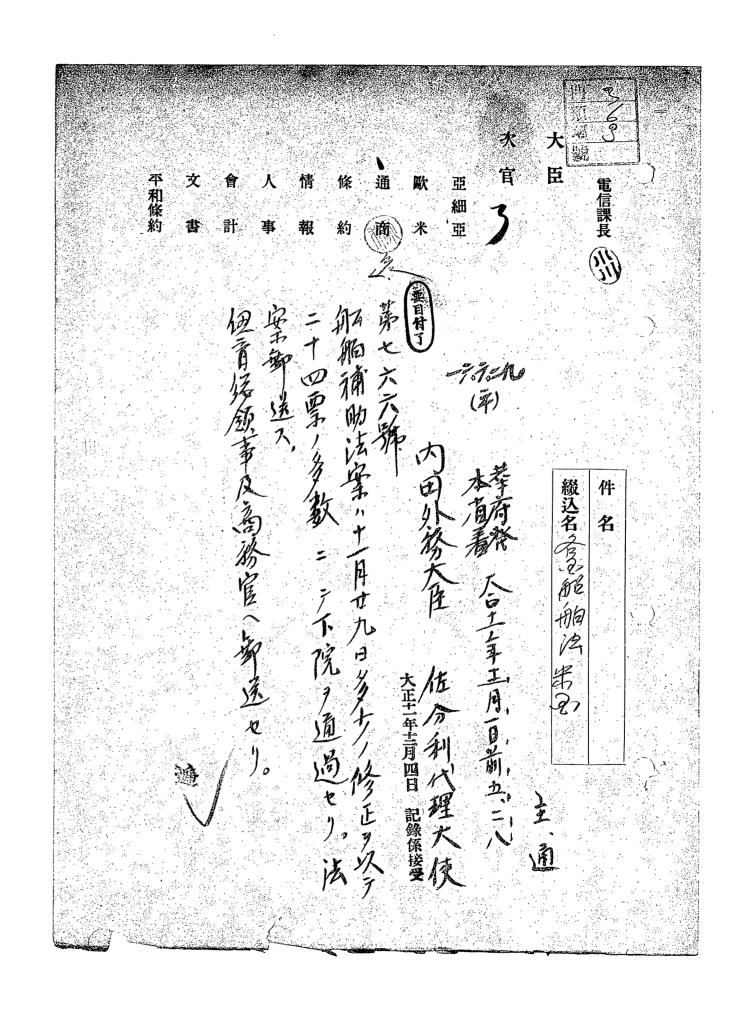




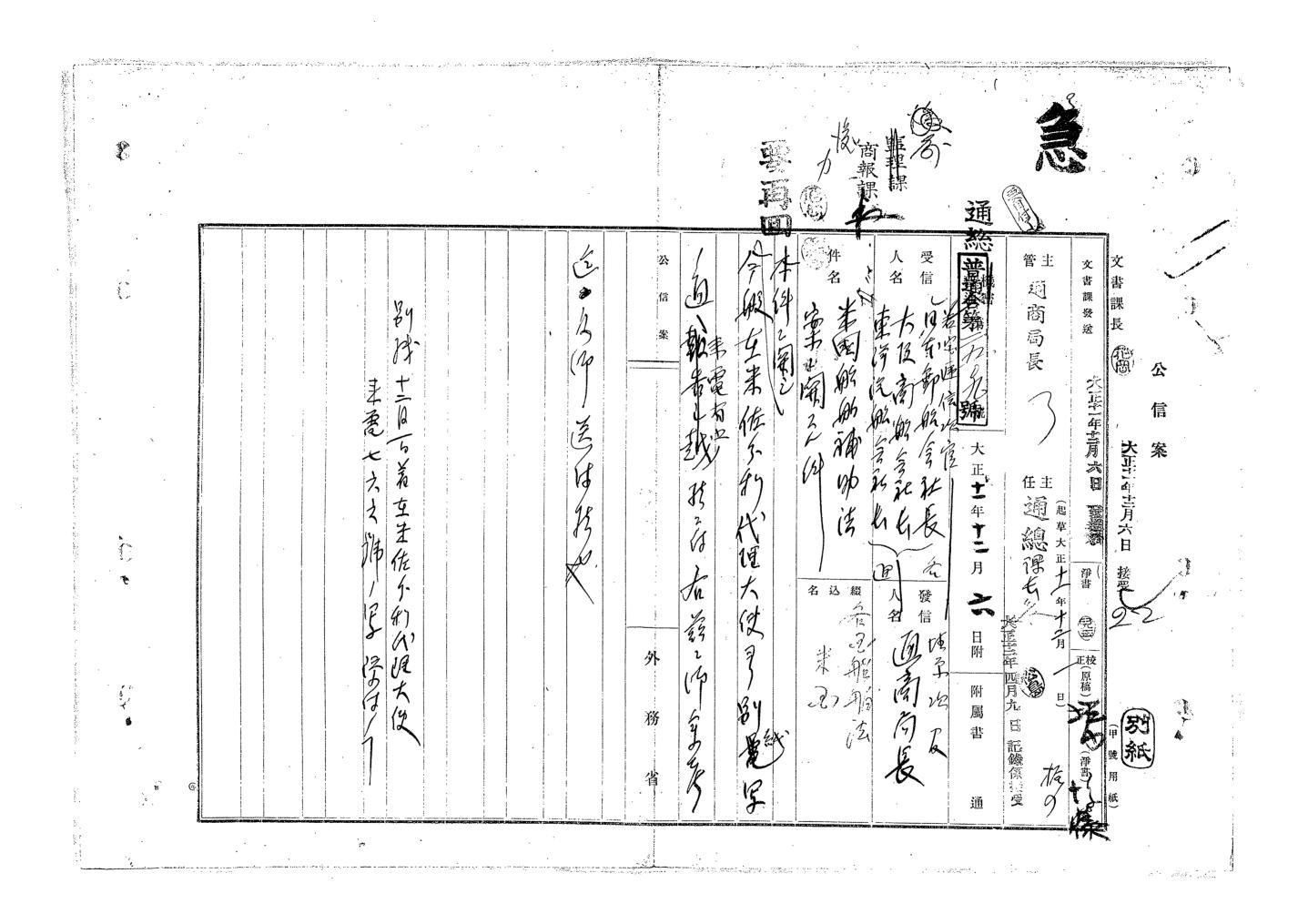
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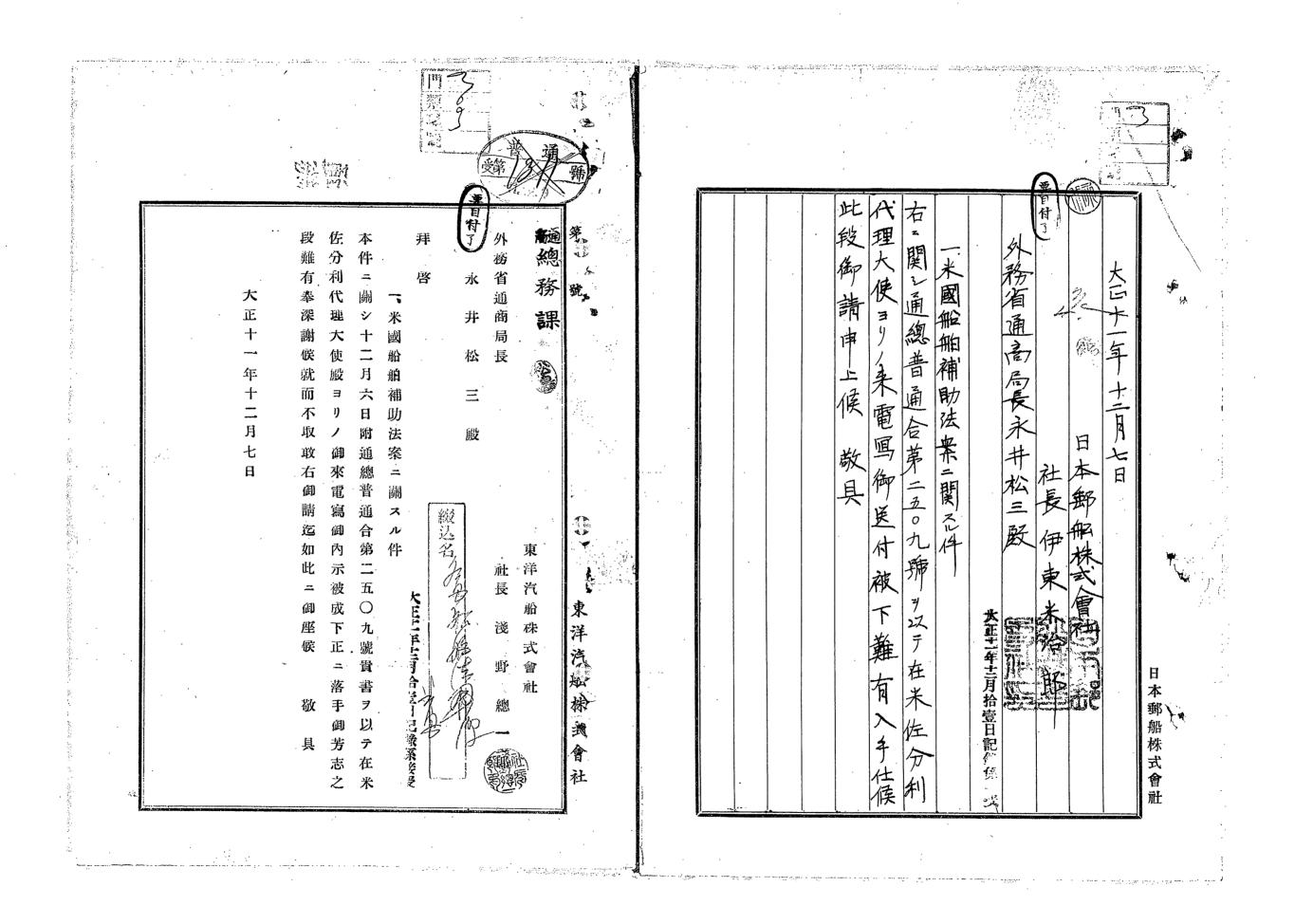




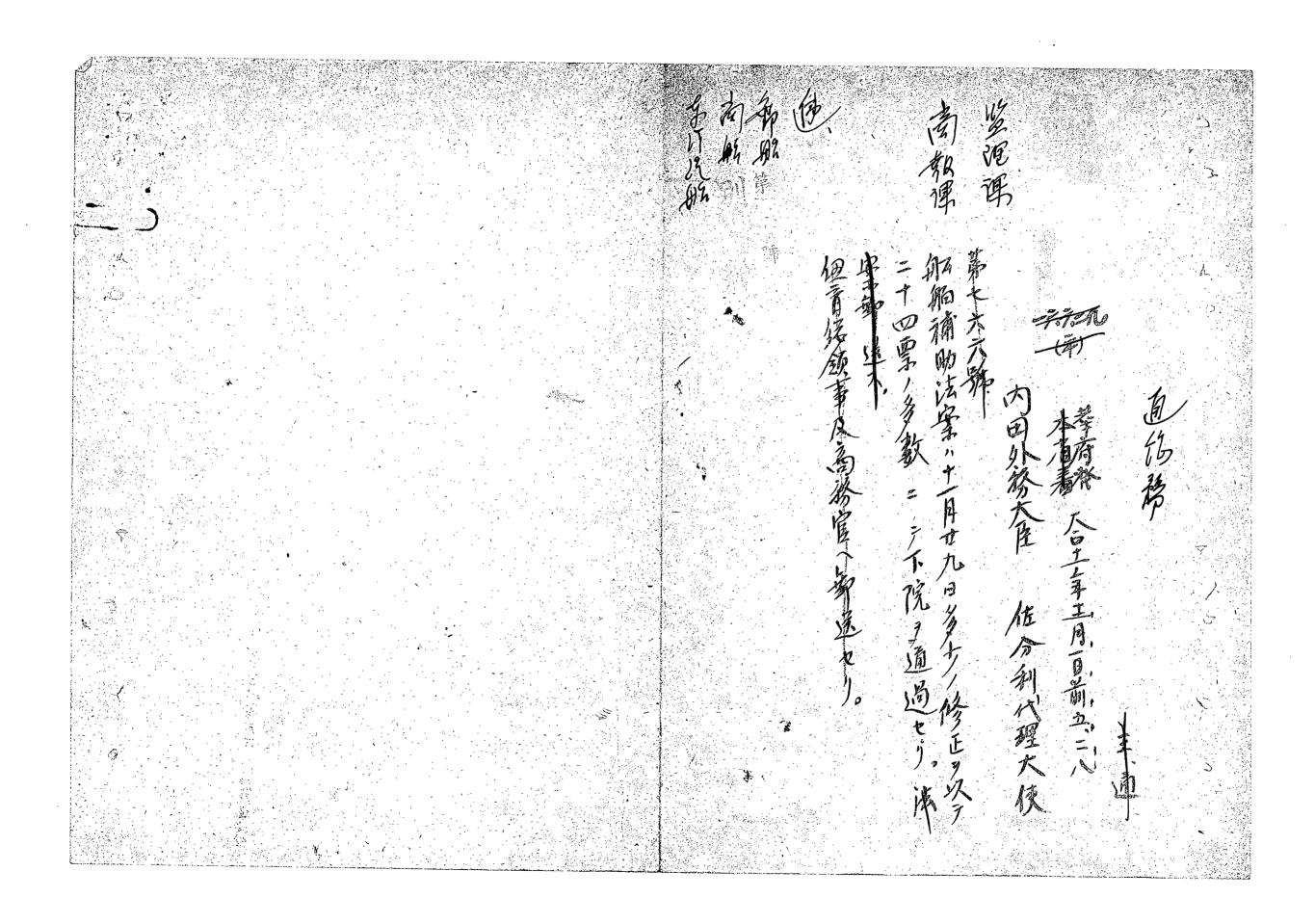


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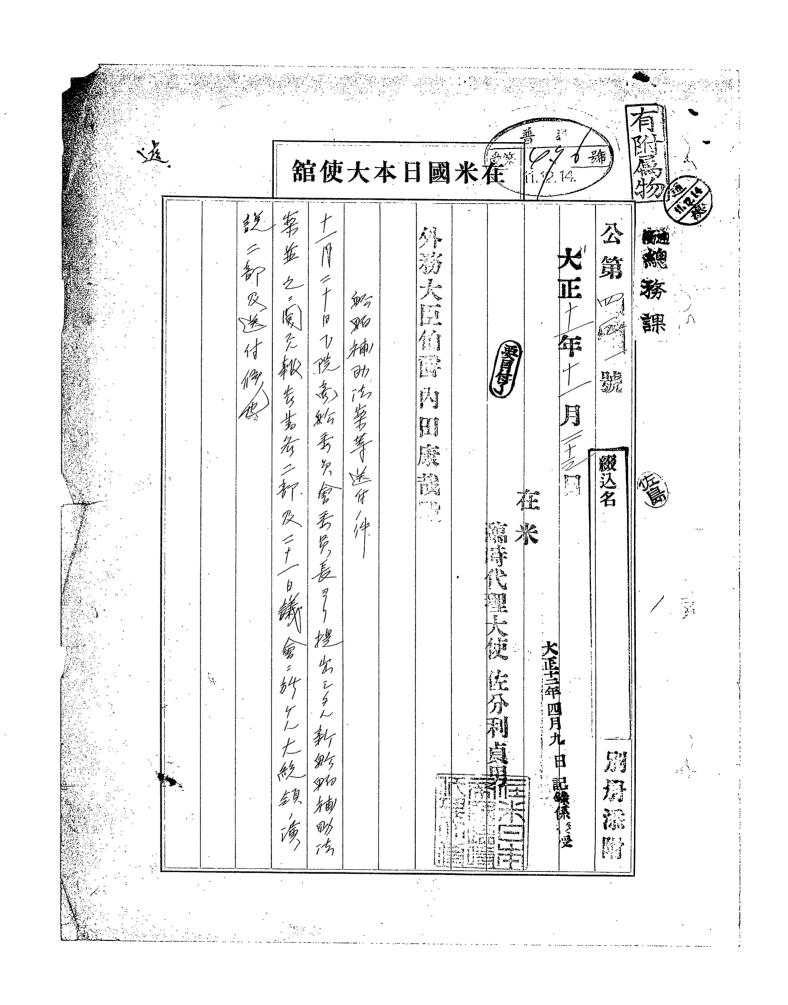


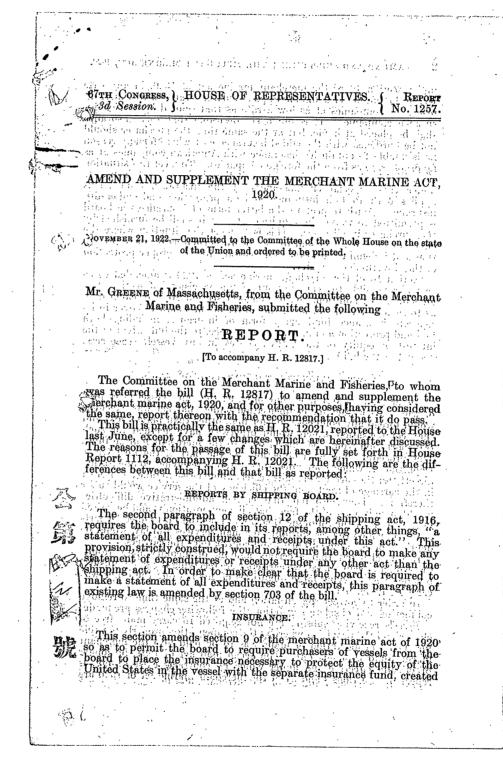


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he is unable to obtain his insurance with American companies at as favorable rate as from the foreign companies. To meet this situation the board is given authority to permit the placing of such insurance under these special circumstances in the insurance fund. This applies both to hull insurance and to protection and indemnity insurance. With respect to the latter form of insurance the board is permitted to waive the requirement that it shall be furnished by the purchaser in all cases. This is to meet the situation where the character of the vessel sold by the board is such as to make protect tion and indemnity insurance unnecessary for the proper protection of the Government's equity.

Section 10 of the merchant marine act of 1920 is amended so as to make possible the carrying out of the provisions of section 9 as amended. In addition, the language of section 10 is broadened so as to remove any doubt as to the power of the board to cover in its separate insurance fund every form of insurance, including both hull and protection and indemnity insurance, to the full extent of the interest or equity of the United States in any vessel. (See secs. 3 and 4 of the bill.)

COMPENSATION FOR THE CARRIAGE OF MAILS.

Under H. R. 12021 it is contemplated that any vessel in respect of which a contract for compensation under that act was executed would forego any compensation for mail other than parcel post and that compensation which would otherwise have accrued for such transportation would be turned over to the merchant marine fund. This procedure met with objections on the part of the Post Office Department, which contended that without receiving compensation directly for the carriage of mails vessels would cease to take an interest in the carriage of mails and the efficiency of the service would suffer therefrom. They also felt that certain administrative difficulties would arise in view of the fact that all compensation would be vested in the hands of the Shipping Board and that the Post Office Department, on which the responsibility for mail services still lay, would be deprived of effective authority and control over the carriers. It was also felt that a certain amount of inequity might result. Cases might occur where two carriers were receiving the same subsidy but one was carrying large quantities of mail, while the other was

carrying little, if any.

In order to correct this situation and at the same time to remove conflicting and obsolete legislation, the following changes are made:

Vessels receiving subsidy are not required to carry mails free of charge and the provision whereby the compensation properly payable for such transportation of mails was to be paid into the merchant marine fund is struck out. The ocean mail act of 1891 no longer practically effective and under which no contracts exist to day, is repealed. Sections 7 and 24 of the merchant marine act of 1920 are repealed. Sections 7 and 24 of the merchant marine act of 1920 are

but one was carrying large quantities of mail, while the other was

amended by striking out so much thereof as authorizes the Postmaster General, in conjunction with the Shipping Board, to enter-into contracts for the carriage of mails. (See sec. 6 of the bill.) In addition to the foregoing reasons for the change, there is the added one that the application of the eighteenth amendment and the Volstead Act seriously affects the revenues of passenger ships. It is these ships which usually carry the mails, and the committee, feels that the slight additional compensation which would thereby accrue to passenger vessels is highly desirable in view of the difficulty experienced in maintaining under our laws American passenger services in competition with foreign services on which those laws are not applicable, if head a retainment is not applicable in head a retainment in a price retained in the retainment in the

RATES OF INTERSTATE WATER CARRIERS.

The act of 1916 provided that common carriers by water in interstate commerce should file with the board their maximum rates and that if an unfair or unreasonable rate were charged the board could

prescribe a just and reasonable maximum rate.

Section 704 amends section 18 of the shipping act of 1916 so that such carriers shall file with the board their actual rates, fares, and charges. These rates and charges can not be altered except with the approval of the board, and after 15 days' notice in the case of an increase and 5 days' notice in the case of reduction. In case the board disapproves any rate or charge on the ground that it is unjust or unreasonable, it may prescribe a reasonable rate or a maximum or minimum limit, or both. In this the procedure of the interstate commerce act is followed and the powers given the both the Interstate ith regard to interstate carriers by water are those which the Interstate Commerce Commission enjoys with regard to interstate commerce by rails and a continuous son and the second solution of the continuous solutions.

APPROVAL OF BOARD TO TRANSFER OF DOCUMENTATION.

Section 42 of the shipping act of 1916 provides that vessels are documented under the laws of the United States until their documents are surrendered with the approval of the board. As it reads, however, this section only applies to subdivision B of section 37 of the same act, which subdivision prohibits the transfer without the approval of the board of a vessel documented under the laws of the United States during war our national processor. united States during war or national emergency. The effect of the amendment, which consists of the addition of the words "of section 9 and," is to make the board's approval of the surrender of couments equally necessary in time of peace and to prevent any evasion of the provisions of section 9 by first surrendering the macally decompants and then transferring the undecompanted vessel vessel's documents and then transferring the undocumented vessel. (See sec. 709 of the bill.)

HOME PORT OF VESSELS OF THE UNITED STATES.

Section 4141 of the Revised Statutes reads as follows:

Every vessel, except as is hereinafter provided, shall be registered by the collector of that collection district which includes the port to which such vessel shall belong at the time of her registry, which port shall be deemed to be that at or nearest to which the owner, if there be but one, or if more than one, the husband or acting and managing owner of such vessel, usually resides.

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The above section was enacted in 1792, before the time when corporations were engaged in operating vessels. The language of the provision was framed without consideration of the possibility of corporate, as distinguished from individual, ownership of vessels. The result is that, if the requirement that a vessel's home port be the place where "the owner * * * * * * usually resides" were literally enforced, many of our vessels would have home ports in such interior points as Denver, Colo., and Nogales, Ariz. However, the Bureau of Navigation has in practice generally authorized the issuance of the marine documents of a vessel at the port where the greater part of the vessel business of the owner is conducted rather than at such interior vessel business of the owner is conducted rather than at such interior points. This interpretation of existing law is based in part upon the decision of the Supreme Court of the United States in White's Bank v. Smith (1868), 7 Wall, 646, in which the court remarked that the b. Smith (1808), 7 Wall, 646, in which the court remarked that the home port is the port where negotiations or dealings with respect to vessels would naturally be conducted and in part upon certain implications drawn from the case of Southern Pacific Co. v. Kentucky (1911), 222 U. S. 63. This existing practice of the Bureau of Navigation is made law by the present bill in order that any question as to the lawful authority of the bureau to select coast ports as home ports rather than interior points in the State in which the corporation is created may be removed.

The question of the home port of the vessel also is of importance, not only in connection with the place of issuance of marine documents but in determining the place at which records of sales, conveyances, and mortgages of vessels of the United States shall be made. Subsection B of section 30 of the merchant marine act, 1920, is therefore amended to require that such record shall be made at the home port; as shown in the vessel's documents. In inserting the language "as shown in the vessel's documents," the validity on the record is made to rest not upon the vendee's or mortgagee's guess as to the home port of the vessel but on the definite fact of the actual

as to the home port of the vessel but on the definite fact of the actual determination of the home port by the collector of customs and the Secretary of Commerce, as shown in the vessel's documents.

While the general rule provided by the change is that the home port shall be that port of documentation at or nearest to, and in the same customs district as, the place at which there is conducted the greater part of the vessel business of the owner," the Secretary of Commerce is given power by regulation to prescribe home ports in cases not within the above rule—as, for instance, vessels owned by the United States or the United States Emergency Fleet Corporation, vessels not engaged in trade, as yachts or cable boats—and cases where there is no port of documentation in the same customs district as that which includes the place where the greater part of the vessels business of the owner is conducted.

The new provisions as to the home port of a vessel do not change

The new provisions as to the home port of a vessel do not change the existing law (sec. 4178 of the Revised Statutes, as supplemented by sec. 21 of the act of June 26, 1884) relating to the port of hail of a vessel; i. e., the port whose name is to be painted upon the bow and stern of the vessel.

The new provisions determining the home port of a vessel do not

in any way affect the situs of a vessel for taxation purposes, for the Supreme Court has held in Southern Pacific Co. v. Kentucky, above cited, that the taxable situs of a vessel is not dependent in any way upon the home port or port of hail.

Subsection O of section 30 of the merchant marine act, 1920, is also amended. The existing law provides that the documents of a vessel covered by a preferred mortgage may not be surrendered without the approval of the board, except in case of the forfeiture of the vessel and its sale by court order. By agreement between the Bureau of Navigation and the United States Shipping Board the board has given a blanket approval to surrender of the documents of a vessel covered by a preferred mortgage, in case of the renewal of the documents without change in ownership of the vessel, and in case of change of documents incident to change of trade, but without change of ownership of the vessel. These additional cases are now incorporated in the law. (See secs. 705 to 708 of the bill.)

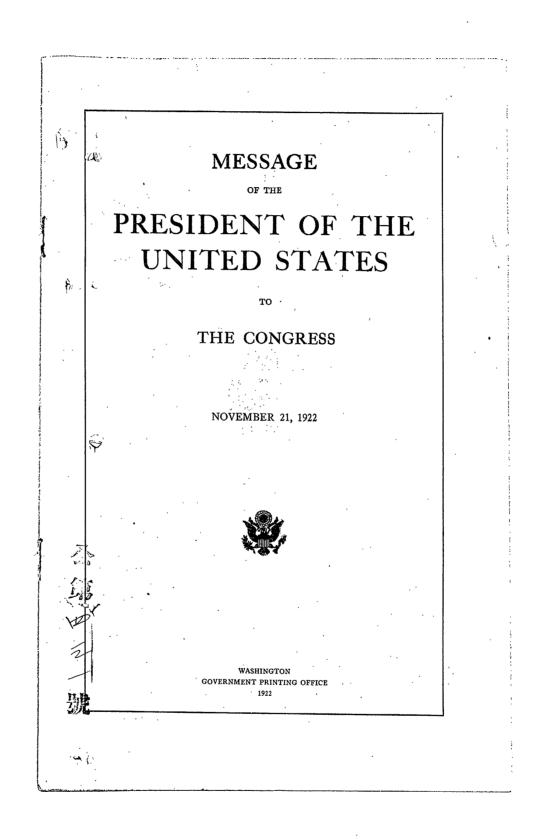
TAX PROVISIONS.

Several minor changes have been made in the administrative provisions of Title II of the bill relating to taxation.

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MEMBERS OF THE CONGRESS: Late last February I reported to you relative to the American merchant marine, and recommended legislation which the Executive branch of the Government deemed essential to promote our merchant marine and with it our national welfare. Other problems were press-Cing and other questions pending, and for one reason or another, which need not be recited, the suggested legislation has not progressed beyond a favorable recommendation by the House committee. The committee has given the question a full and painstaking inquiry and study, and I hope that its favorable report speedily will be given the force of law. It will be helpful in clearing the atmosphere if we start with the frank recognition of divided opinion and determined opposition. It is no new experience. Like proposals have divided the Congress on various previous occasions. Perhaps a more resolute hostility never was manifest before, and I am very sure the need for decisive action—decisive, favorable action—never was so urgent before.

We are not now dealing with a policy founded on theory, we have a problem which is one of grim actuality. We are facing insistent conditions, out of which will come either additional and staggering Government losses and national impotence on the seas, or else the unfurling of the flag on a great American merchant marine commensurate with our commercial importance, to serve as carrier of our cargoes in peace and meet the necessities of our defense in war. There is no thought here and now to magnify the relation of a merchant marine to our national defense. It is enough to recall that we entered the World War almost wholly dependent on our Allies for transportation by sea. We expended approximately three billions, feverishly, extravagantly, wastefully, and impractically. Out Vof our eagerness to make up for the omissions of peace and to meet the war emergency we builded and otherwise acquired the vast merchant fleet which the Government owns to-day. build and support a merchant shipping, which I hold to be one of the highest and most worthy aspirations of any great people; our problem is to deal with what we now possess. Our problem is to relieve the Public Treasury of the drain it is already meeting. Let Sich

us omit particulars about the frenzied war-time building. Possibly we did full as well as could have been done in the anxious circumstances. Let us pass for the moment the vital relationship between a merchant marine and a commercially aspiring nation. Aye, let us suppose for a moment the absurdity that with one \$3,000,000,-000 experience, and with the incalculable costs in lives and treasure which may be chargeable to our inability promptly to apply our potency-which God forefend happening again-let us momentarily ignore all of these and turn to note the mere business problem, the practical question of dollars and cents with which we are confronted. The war construction and the later completion of war contracts, where completion was believed to be the greater economy to the Public Treasury, left us approximately 13,200,000 gross tonnage in ships. The figures are nearer 12,500,000 tons now, owing to the scrapping of the wooden fleet. More than half this tonnage is Government owned, and approximately 2,250,000 tons are under Government operation in one form or another. The net loss to the United States Treasury-sums actually taken therefrom in this Government operation—averaged approximately \$16,000,000 per month during the year prior to the assumption of responsibility by the present administration. A constant warfare on this loss of public funds, and the draft to service of capable business management and experienced operating directors; have resulted in applied efficiency and enforced economies. It is very gratifying to report the diminution of the losses to \$4,000,000 per month, or a total of \$50,000,000 a year; but it is intolerable that the Government should continue a policy from which so enormous a Treasury loss is the inevitable outcome. This loss, moreover, attends operation of less than a third of the Government-owned fleet.

It is not, therefore, a question of adding new Treasury burdens to maintain our shipping; we are paying these burdens now. It is not a question of contracting an outlay to support our merchant shipping, because we are paying already. I am not asking your authorization of a new and added draft on the Public Treasury; I am appealing for a program to diminish the burden we are already bearing.

When your executive Government knows of public expenditures aggregating fifty millions annually, which it believes could be reduced by half through a change of policy, your Government would be unworthy of public trust if such a change were not commended, nay, if it were not insistently urged.

And the pity of it is that our present expenditure in losses is not constructive. It looks to no future attainments. It is utterly ineffective in the establishment of a dependable merchant marine, whereas the encouragement of private ownership and the applica-

tion of individual initiative would make for a permanent creation, ready and answerable at all times to the needs of the Nation.

But I have not properly portrayed all the current losses to the Public Treasury. We are wearing out our ships without any provision for replacement. We are having these losses through deterioration now, and are charging nothing against our capital account. But the losses are there, and regrettably larger under Government operation than under private control. Only a few years of continued losses on capital account will make these losses through depreciation alone to exceed the fifty millions a year now drawn to cover losses in operation.

The gloomy picture of losses does not end even there. Notwithstanding the known war cost of three billions of dollars for the present tonnage, I will not venture to appraise its cash value to-day. It may as well be confessed now as at some later time that in the mad rush to build, in establishing shipyards wherever men would organize to expend Government money, when we made shipbuilders overnight quite without regard to previous occupations or pursuits, we builded poorly, often very poorly. Moreover, we constructed without any formulated program for a merchant marine. The war emergency impelled, and the cry was for ships, any kind of ships. The error is recalled in regret rather than criticism. The point is that our fleet, costing approximately three billions, is worth only a fraction of that cost to-day. Whatever that fraction may be, the truth remains that we have no market in which to sell the ships under our present policy, and a program of surrender and sacrifice and the liquidation which is inevitable unless the pending legislation is sanctioned, will cost scores of millions more.

When the question is asked, Why the insistence for the merchant marine act now? the answer is apparent. Waiving every inspiration which lies in a constructive plan for maintaining our flag on the commercial highways of the seas, waiving the prudence in safeguarding against another \$3,000,000,000 madness if war ever again impels, we have the unavoidable task of wiping out a \$50,000,000 annual loss in operation, and losses aggregating many hundreds of millions in wornout, sacrificed, or scrapped shipping. Then the supreme humiliation, the admission that the United States-our America, once eminent among the maritime nations of the world-is incapable of asserting itself in the peace triumphs on the seas of the world. It would seem to me doubly humiliating when we own the ships and fail in the genius and capacity to turn their prows toward the marts of the world. This problem can not longer be ignored, its attempted solution can not longer be postponed. The failure of Congress to act decisively will be no less disastrous than adverse action.

Three courses of action are possible, and the choice among them is no longer to be avoided.

The first is constructive—enact the pending bill, under which, I is firmly believe, an American merchant marine, privately owned and privately operated, but serving all the people and always available to the Government in any emergency, may be established and maintained.

The second is obstructive—continue Government operations and attending Government losses and discourage private enterprise by Government competition, under which losses are met by the Public Treasury, and witness the continued losses and deterioration until the colossal failure ends in sheer exhaustion.

The third is destructive—involving the sacrifice of our ships abroad or the scrapping of them at home, the surrender of our aspirations, and the confession of our impotence to the world in general, and our humiliation before the competing world in particular.

A choice among the three is inevitable. It is unbelievable that the American people or the Congress which expresses their power will consent to surrender and destruction. It is equally unbelievable that our people and the Congress which translates their wishes into action will longer sustain a program of obstruction and attending losses to the Treasury.

I have come to urge the constructive alternative, to reassert an American "We will." I have come to ask you to relieve the responsible administrative branch of the Government from a program upon which failure and hopelessness and staggering losses are written for every page, and let us turn to a program of assured shipping to serve us in war and to give guaranty to our commercial independence in peace.

I know full well the hostility in the popular mind to the word "subsidy." It is stressed by the opposition and associated with "special privilege" by those who are unfailing advocates of Government aid whenever vast numbers are directly concerned. "Government aid" would be a fairer term than "subsidy" in defining what we are seeking to do for our merchant marine, and the interests are those of all the people, even though the aid goes to the few who

serve.

If Government aid is a fair term—and I think it is—to apply to authorizations aggregating \$75,000,000 to promote good roads for market highways, it is equally fit to be applied to the establishment and maintenance of American market highways on the salted seas. If Government aid is the proper designation for fifteen to forty millions annually expended to improve and maintain inland waterways in aid of commerce, it is a proper designation for a needed

assistance to establish and maintain ocean highways where there is actual commerce to be carried.

A But call it "subsidy," since there are those who prefer to appeal to mistaken prejudice rather than make frank and logical argument. We might so call the annual loss of fifty millions, which we are paying now without protest by those who most abhor, we might as well call that a "subsidy." If so, I am proposing to cut it in half, approximately, and to the saving thus effected there would be added millions upon millions of further savings through ending losses on capital account—Government capital, out of the Public Treasury, always remember—and there would be at least the promise and the prospect of the permanent establishment of the needed merchant

I challenge every insinuation of favored interests and the enrichment of the special few at the expense of the Public Treasury. I am, first of all, appealing to save the Treasury. Perhaps the unlimited bestowal of Government aid might justify the apprehension of special favoring, but the pending bill, the first ever proposed which carries such a provision, automatically guards against enrichment or perpetuated bestowal. It provides that shipping lines receiving Government aid must have their actual investment and their operating expenses audited by the Government, that Government aid will only be paid until the shipping enterprise earns 10 per cent on actual capital employed, and immediately that when more than 10 per cent earning is reached, half of the excess earnings must be applied to the repayment of the Government aid which has been previously advanced. Thus the possible earnings are limited to a very reasonable amount if capital is to be risked and management is to be attracted. If success attends, as we hope it will, the Government outlay is returned, the inspiration of opportunity to earn remains, and American transportation by sea is established.

Though differing in detail, it is not more in proportion to their population and capacity than other great nations have done in aiding the establishment of their merchant marines, and it is timely to recall that we gave them our commerce to aid in their upbuilding, while the American task now is to upbuild and establish in the face of their most active competition. Indeed, the American development will have to overcome every obstacle which may be put in our path, except as international comity forbids. Concern about our policy is not limited to our own domain, though the interest abroad is of very differing character. I hope it is seemly to say it, because it must be said, the maritime nations of the world are in complete accord with the opposition here to the pending measure. They have a perfect right to such an attitude. When we look from their viewpoints we can understand. But I wish to stress the American view-

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Not so many months ago the head of a company operating a fleet of ships under our flag called at the Executive Offices to discuss a permit to transfer his fleet of cargo vessels to a foreign flag, though he meant to continue them in a distinctly American service. He based his request for transfer on the allegation that by such a transfer he could reduce his labor costs alone sufficiently to provide a profit on, capital invested. I do not vouch for the accuracy of the statement nor mean to discuss it. The allusion is made to recall that in good conscience Congress has created by law conditions surrounding labor on American ships which shipping men the world over declare result in higher costs of operation under our flag. I frankly rejoice if higher standards for labor on American ships have been established. Merest justice suggests that when Congress fixes these standards, it is fair to extend Government aid in maintaining them until world competition is brought to the same high level, or until our shipping lines are so firmly established that they can face world competition alone.

Having discussed in detail the policy and provisions of the pending bill when previously addressing you, I forbear a repetition now! In individual exchanges of opinion not a few in House or Senate have expressed personal sympathy with the purposes of the bill, and then uttered a discouraging doubt about the sentiment of their constituencies. It would be most discouraging if a measure of such transcending national importance must have its fate depend on geographical, occupational, professional, or partisan objections. Frankly I think it loftier statesmanship to support and commend a policy designed to effect the larger good to the Nation than merely to record the too hasty impressions of a constituency. Out of the harmonized aspirations, the fully informed convictions, and the united efforts of all the people will come the greater Republic. Commercial eminence on the seas, ample agencies for the promotion and carrying of our foreign commerce, are of no less importance to the people of Mississippi and the Missouri Valley, the great Northwest, and the Rocky Mountain States, than to the seaboard States and industrial communities building inland a thousand miles or more. It is a common cause, with its benefits commonly shared. When people fail in the national viewpoint, and live in the confines of community selfishness or narrowness, the sun of this Republic will have passed its merid-प्रत्य तकार प्रति वर्षे, स्टब्से को स्टिप्स, अपूर्ण विकासिक प्रदेशक स्टिस्स स्टिस् jan, and our larger aspirations will shrivel in the approaching twilight.

But let us momentarily put aside the aspiring and inspiring view-point. The blunt, indisputable fact of the loss of fifty millions a year under Government operation remains; likewise the fast diminishing capital account, the enormous war expenditure, to which we were forced because we had not fittingly encouraged and builded as our commerce expanded in peace. Here are facts to deal with, not fancies wrought out of our political and economic disputes. The abolition of the annual loss and the best salvage of the capital account are of concern to all the people.

It is my firm belief that the combined savings of operating losses and the protection of the capital account through more advantageous sales of our war-built or war-seized ships, because of the favoring policy which the pending bill will establish, will more than pay every dollar expended in Government aid for 25 years to come.

It should be kept in mind that the approximate sum of five millions annually paid for the transport of ocean mails is no new expenditure. It should be kept in mind that the loan fund to encourage building is not new; it is the law already, enacted by the essentially unanimous vote of Congress. It is only included in the pending bill in order to amend so as to assure the exaction of a minimum interest rate by the Government, whereas the existing law leaves the grant of building loans subject to any whim of favoritism.

It should be kept in mind, also, that there are assured limitations of the Government aid proposed. The direct aid, with ocean carrying maintained at our present participation, will not reach twenty millions a year, and the maximum direct aid, if our shipping is so promoted that we carry one-half our deep-seas commerce, will not exceed thirty millions annually. At the very maximum of outlay we should be saving twenty millions of our present annual operating loss. If the maximum is ever reached, the establishment of our merchant marine will have been definitely recorded and the Government-owned fleet fortunately liquidated.

businesslike dealing to save all that is possible of the annual loss and avoid the millions sure to be lost to the Government's capital account in sacrificing our fleet. But there is a bigger, broader more inspiring viewpoint, aye, a patriotic viewpoint. I refer to the constructive action of to-day, which offers the only dependable promise of making our war-time inheritance of ships the foundation of a great agency of commerce in peace and an added guaranty of service when it is necessary to our national defense.

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Thus far I have been urging Government aid to American shipping, having in mind every interest of our producing population, whether of mine, factory, or farm, because expanding commerce is the foremost thought of every nation in the world to-day. I believe in Government aid becomingly bestowed. We have aided industry through our tariffs; we have aided railway transportation in land grants and loans. We have aided the construction of market roads and the improvement of inland waterways. We have aided reclamation and irrigation and the development of water power; we have loaned for seed grains in anticipation of harvests. We expend millions in investigation and experimentation to promote a common benefit, though a limited few are the direct beneficiaries. We have loaned hundreds of millions to promote the marketing of American goods. It has all been commendable and highly worth while. At the present moment the American farmer is the chief sufferer from the cruel readjustments which follow war's inflations, and befitting Government aid to our farmers is highly essential to our national welfare. No people may safely boast a good fortune which the farmer does not share. Already this Congress and the administrative branch of the Government have given willing ear to the agricultural plea for postwar relief, and much has been done which has proven helpful. Admittedly, it is not enough. Our credit systems, under Government provision and control, must be promptly and safely broadened to relieve our agricultural distress. To this problem and such others of pressing importance as reasonably may be dealt with in the short session I shall invite your attention at an early day, of interpretation of the feeting to I have chosen to confine myself to the specific problem of dealing with our merchant marine because I have asked you to assemble two weeks in advance of the regularly appointed time to expedite its consideration. The Executive branch of the Government would green feel sitself remiss to contemplate our yearly loss and attending failure to accomplish if the conditions were not pressed for your decision. More, Î would feel myself lacking in concern for America's future if I failed to stress the beckoning opportunity to equip the . United States to assume a befitting place among the nations of the world whose commerce is inseparable from the good fortunes to which rightfully all peoples aspire. As the second of the and the first state of the first state of the control of the contr

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