

文書課長

米國航海獎勵法案一件

明治	年	月	日	名	發	宛	番	大	意
三三	一	一	三	在米公使 領事	公		八三	米國航海獎勵法案(ハンナ・ペイン案)	
三三	二	二	〇	在米公使 領事	公	送	二二	同上通知	
三三	三	一	〇	在米公使	公		七	全法案、成行問合せ	
三三	三	一	〇	在米公使	公		三二	同上回答	
三三	四	二	〇	在米公使	公		八六	同上寫	
三三	四	三	三	在米公使 領事	公		一五	全法案原文送委員會修正理由書	
三三	四	三	三	在米公使 領事	公		一一	同上轉送	
三三	四	三	五	在米公使 領事	公		八七	全法案再提出(フライ案)	
三三	一	二	六	在米公使	公		一二	全法案、運命	
三四	二	七		在米公使 領事	公	送	二二	同上寫	
三四	二	二	〇	在米公使 領事	公		二〇	全案、本議會、於否決ノ模様	
三四	二	二	〇	在米公使	公		一四	同上原文	
三五	一	一	五	管船局長	公		一五	同上轉送	
三五	一	一	〇	在米公使 領事	公		一四	フライ案、上院提出	
三五	一	一	八	管船局長	公		八	同上轉送	
三三	二	一		在米公使	公		四	全法案、關スル意見	
三三	三	二	七	在米公使 領事	公		五	同上寫	
三三	三	二	三	在米公使	公		四一	フライ案、上院通過、下院、於否形勢	

外務省



三	四	三	二	一	五	四	三	二	一
六	一	〇	四	五	五	一	二	三	三
在紐育 総領事	在紐育 海軍 通信次官	在紐育 総領事	在紐育 通信次官	在紐育 通信次官	在紐育 通信次官	在紐育 通信次官	在紐育 通信次官	在紐育 通信次官	在紐育 通信次官
電	送	電	電	公	公	電	公	公	電
二	七五	一三	一	五六	一九	三七	七四	三七	三八
航海補助法案(シラレー案) 下院提出	全上通知	全上下院委員会通過	全上法案原文	全上轉送	全法案下院に於て否決ノ模様迄郵船傳便	法案(カリニギー案)ノ提出	航海補助法案ニ對スル太平洋郵船會社、 反對意見見	全上寫	「ハンレー」案及「カリニギー」案ノ成行

明治年	月	日	名	發宛番號	大意
四三	四	八	在紐育 總領事官	電 六五	本案不決定儘議會閉會
四四	一	三	在米大使	公 六一	加州海運協會ノ本案通過運動
					同上開タル上院議員ノ上氏演説



西船  
以上は  
中  
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す

二年二月八日

公券八號ノ二

一九八九

合衆國海外貿易獎勵補助金議案ノ件

客月下旬上院議決ハシテヨリ海外貿易獎勵ノ

目的シテ合衆國船舶ニ補助金ヲ附與スルノ一議案

ヲ提出シタル也其頃聞知セシ處ニ於テ右議案通

過及其實施法、如何ニ將來我邦海外貿易者

及汽船会社ニ少カラカニ影響及ホスヘシト思考致

シテ爾來右議案ノ進行ニ注目致居ル處昨十日

華盛頓府上院ニ於テ通商委員ノ會議ヲ開キ該議案

ニ付討論スル處アリキ由ナルガ其席ニ於テ大北鐵道會社

長、セゼヒル氏、亦一ツハ頗ル注意スヘキモノト被存

大要ヲ左ニ抄譯致ス

此氏曰ク右議案ニ我カ海外貿易擴張ノ為メニ

甚ク緊切ナルモノト信ス此際更ニ新事業ヲ

起スル好コカレバ右議案ニシテ通商セハ太平洋橫

斷ノ一新航路ヲ開設シ以テ往來船舶欠乏ノ爲メ其

輸出ヲ滞滯セシメタル西方諸州ノ穀類及其他ノ產出

物ヲ輸送スル途ヲ開カント欲ス現時我國人カ其製産

物ヲ輸送スル爲メ外國船舶ニ費スル金額ハ年々貳千万

弗ソトラザルヘシ而シテ我輸出事業ハ今後益々

大スヘキハ明カナルモノト此際一良策ヲ施スニテ

我邦人ノ外國船舶ニ費スル金額モ亦益々増大ス

及シヤトル港等ヲ指テシテ經由スル輸送事業ハ近來長

ク進歩シテ殊ニ麥粉ノ如キ其需要供給殆ト無

限ニラザル者唯ク之ガ輸送ノ船舶ニ乏キヲ恨ムルニ

Handwritten signature or mark

字の地  
有

英手控後水産省に送付候件

本報公信第七号参照 故此時より更ニ航路ノ開  
 キロソキ一以西諸州に於テ産出シ且滞留スル巨額  
 ノ小麦及麥粉、輸出ノ途ヲ其ルハ該地方ノ人民  
 ニ大便宜益ヲ與フモノト思考ス 日本清國印度  
 及其他ノ東洋諸國に於テ航路産出物ノ對スル市場  
 ノ情況視察ノ者ニ名ノ委員ヲ派遣セシニ右市  
 場に於テ委實ハ孰シモ無限ナリトシ 航路産出物ニ  
 本報委員會議ニ於テハ其ノ所見ヲ述ベルニ  
 キガレ氏若シ航路産出物ニ於テ航路通過スルモノモ  
 或ハ當 管下ニ於テ或ハ一港ヲ其基トシ東洋地方ノ一航路  
 航路ノ日ヲ見ルニ至ルヤモ難計然ルハ航路船會社  
 ノ如キニ直接ニ其影響ヲ蒙ルハキニ必然ナリト信ス  
 同ノ如キニヨリ航路船會社ニ於テモ其東洋貿易ノ換  
 勵セシカ為メ其保護金ヲ更ニ壹百萬ルビ以上ニ  
 増加シ之ヲ以テ航路船會社ニ於テ航路船會社ノ味  
 ル航路船會社今後東洋市場に於テ強敵出現ノ期ニ至  
 キニアラハレバ航路貿易者ノ強ハ航路船會社ニ今ヨリ之ニ對  
 スルノ方策ヲ工夫スルハ最モ必要ノ事トシテ航路  
 大早計ニアラハレト存ス  
 本報具報置テ致具  
 明治三十二年一月十三日  
 在クマコ  
 二等領事林曾登  
 外務省官都館警署六號

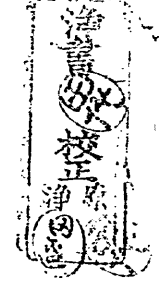


事務

二年二月廿日

記録課長

三月二十一日



明治廿二年二月二十日 土

次官

其ノ様

探ラ

問

通商

主任

送第 二 二 號

要再廻

日本郵政株式会社

東京海船株式会社

通商

貴上院係より海商貿易奨励ノ目的

見込船ノ補助金ヲ對其ノ減額ヲ提出スル

外務省

件ノ案ニ對シテ通商ノ在リテモ

リ報告者より其ノ旨を承知スル

可也

外務省印字送付

明治二十二年二月廿二日 第... 號 主 菅 通 德 齋

五〇一四六

拝啓 昨二十日附より米國より南洋多し米國  
船舶補助金附集洋業の関する重なる事  
事より、報告書寫り申廻り候へば、  
右の事業上頗る参考と申せり申付し、  
幸謝致し、右の事候と申せり申付し、  
明治二十二年二月二十日

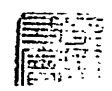
東洋汽船株式會社

事務者通商局御中

東洋汽船株式會社

明治二十二年二月廿二日

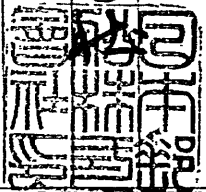




明治二十二年三月廿八日 記録課

日本郵船株式会社

米國之現況 議多し 日本船舶補助會  
 付白ノ議案ヲ提出スルニ件ニ乘シ在リ  
 事ニ領事トシテ 扶養ニ至ルニ付  
 多量ノ困難ヲ 遭遇スルニ付  
 上ノ如ク  
 明治二十二年三月廿七日  
 日本郵船株式會社  
 事務長 田中 吉太郎  
 田中 吉太郎



出帆... 船... 東洋...

通商 漢慕

二年四月六日

通商

漢慕

公署...

合衆國議案ニ提出セラルル船舶保護法

案ニ関スル件

合衆國議會ニ提出セラルル船舶保護法案

ニ関シ客月二十三日付送付スルヲ以テ

之趣領憲ニ同案ニ付後兩院委員會

ノ修正ヲ經テ議事日程ニ上リ

居テ議事ニ付通商ニ付議事會

ニ開會トシテ同案ニ付議事會

上院委員會ニ付テ漢慕ニ付ハ北鐵道

會社ニ付テ計画ハ早晩實現サレシトス

ルノ前跡ヲ見テ存大領同氏ニ付トシテ

漢慕ノ趣其意中ヲ探シカ者トシテ

タコマ日本領事館

同地ニ出張回也、而合テ亦ノ如ク若也

漢慕ノ趣ニ付目的ヲ達シ得ズシテ

歸難然、又テ間クハニヨリハリス、セルコ

ロイトトシテ船會社ニ付テモ太平洋

岸ノ一港ヨリ東洋地方、汽船航路ヲ開始

スル目的ニ付先般其調査中ナリトシ

趣、有リ、

カイヘリア、貫通線道ノ成功近キトシ

リ、セルノ案領ニ加ヘシカルカ者トシテ

海峡地方ト東洋地方、交通及貿易

ニ今後一大要動ヲ来リス、必スノコト、

存テ故、一兩年内ニ東洋間ニ新汽船航

路ノ増加ヲ見ハシ、多クニ推測ニ難カラ

ルコト、海軍省田中嘉吉少将の  
手紙

明治三十三年三月十九日

在クコト

三浦鎮守林曾良  


外務省  
都立図書館  
蔵

タコマ日本領事館



明治二十二年四月二十日

記録課長

浄書校正

明治二十二年四月十八日  
同 八年八月二十日

相原

別紙

三十二

番面

通商手続

本

送第

第

日本郵船株式会社

公通

通商手続

送第

日本郵船株式会社

局長ニ末威上院議員ヨリ海外貿易奨励

之目的ヲ以テ同国船舶ニ補助金ヲ附與スル議案

ヲ提出シタル件ニ関シ其後ノ模様等在リマシ

外務省

二等領事ニ向テ此旨ヲ通知ス

四報有之ニ付別紙相傳此旨ヲ通知ス

別紙ニ付矣此旨ヲ通知ス

14

明治二年四月廿二日

主普通商

五

受第 五二九四

謹啓 仰々 送 第八十六号ヲ以テ 合衆國議會

ニ提出セラレタル 船舶保護法案ニ關スル件ニ付キ 外ニ駐

在 林領事、御報告内ニ通 示下 市厚意ニ妥當

相謝 先々 右内 禮と 如年 市厚意 致具

明治二年四月廿二日

東洋船務株式會社

津野 總一郎

外務省通商局

御中

明治二年四月廿二日

東洋船務株式會社

明治三十四年四月八日 主務 政務局

通商局

受第 四六 號 外 務 省

大臣

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次官

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一部逐信

者ニ送付ス

米西戦争以後に當り政府及民間に於て  
 航海事業ノ必要ヲ感シ其發展  
 ヲ希望ス致して斯道ニ於て既ニ執心  
 シ以テ人ニ知らレ居ルオハヨリ州提出元老  
 院議員ハハンナ氏ニ之ヲ以テ州提出元老  
 院ニ提出シ但シ州ニ商業社人會ニテ早ニ  
 令知ラシ財務委員長ノ位地ヲ占メ居  
 ル向州提出議員ハイン氏ヨリ該法案  
 ヲ提出シ委員共ニ執心ニ該法案ニ通過  
 ノ運動致居ル其功一政府及民間  
 共和黨ノ振興感シタルカニ米西戦争ノ  
 結果トシテ當心政府ノ歳出ノ超過ニ  
 居ル際 補正法案確定ノ上ニ之ヲ實現  
 スルニヨリ 該法案トニサナカラスル  
 又おストノ二回ノ原因ニ於テ該法案  
 ニ委員會會ノ修正ヲ經テ夫ニ兩院ニ  
 事ノ日程ニ上リ居候ニモ係ハラズ之  
 議スルニ及ラスレテ該法案閉會ヲ告  
 ニ至リ申ハ  
 該法案に到底議會通過ノ見込ハ  
 之カリレシ以テ該會開會中ノ委員  
 告ノ必要ヲ見スルハ本邦に於テモ何  
 亦大ニ考テトモ相成ラリト存候コト  
 該法案

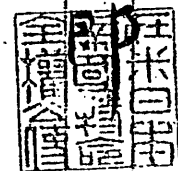
在米閣日本公使館

案并ニ委員會ノ修正理由書等一經呈  
ノ各二部ツ、以テ、以テ送附申進候旨、右一  
部ニ應信省ハ、申轉送相成ル様致事ハ  
此段申進候旨也

明治三十三年三月十日

左米元

特命全權公使小村嘉太



外務大臣子爵村主日本周藏殿

在米國日本公使館

[The Republic, St. Louis, Mo., September 6, 1895.]

*Protection for the farmers.*—Wednesday's big meeting of farmers at Maryville, Mo. (7,000 present), passed a resolution calling upon Governor McKinley to explain why an export bounty on agricultural products is not as just as an import duty on manufactured goods.

If there is anything whatever in the argument of protecting American labor, there is more reason for an export bounty than for an import duty. If the Government can give higher wages and can create prosperity by taxing the people for the benefit of a class, the farmers have a higher claim than the manufacturers.

PROMOTION OF COMMERCE AND INCREASE OF FOREIGN  
TRADE, ETC.

FEBRUARY 2, 1899.—Committed to the Committee of the Whole House on the state of the Union and ordered to be printed.

Mr. FITZGERALD, from the Committee on the Merchant Marine and Fisheries, submitted the following

VIEWS.

[To accompany H. R. 11312.]

The undersigned, member of the Committee on the Merchant Marine and Fisheries, being unable to agree to the reports either of the majority or minority, heretofore filed, respectfully submits the following as his views upon House bill 11312:

He agrees with the views of the minority in so far as they oppose the passage of the proposed bill granting exorbitant subsidies and bounties to ship owners and builders. He is as unalterably opposed to these great exactions upon the public Treasury as are the gentlemen who sign the minority report, but so long as the protective policy exists in this country as the law of the nation he does not consider it just to permit free trade in ships while protective duties are imposed upon all other articles of commerce and consumption.

He thinks that the men engaged in the shipbuilding industry, who are compelled to pay protective prices for everything that they use and consume, should have like privileges and benefits for the product of their labor. Free ships should not come until at least we have free coal, free iron ore, and other free raw materials.

The undersigned refrains at this time to give the many reasons which induce him to arrive at these conclusions, but will do so when the bill comes before the House for discussion and vote.

JOHN F. FITZGERALD.

[Post Intelligencer, Seattle, Wash.]

*Chamber of commerce adopts resolutions for the protection of agriculture and shipping—The movement for bounty on farm exports and shipping in the foreign trade meets with general favor.*

On motion that the resolutions as read be adopted, there were numerous seconds, and when the question was put by President Graves it carried almost unanimously. (Resolutions adopted same as Addenda, pp. 4 and 5.)

[The Boston Herald, Boston, Mass., July 23, 1895.]

Special dispatch, Bath, Me., July 24, 1895.

The hallway of the city building was filled with men who were unable to find seats in the council room, where the meeting of the shipping and business men of the city was being held this evening.

Hon. Arthur Sewall, member of the National Democratic Committee, remarked:

The terms "subsidy," "bounty," and "protection" have always been distasteful to me, but we must recognize the fact that it is the policy of this Government.

The people have expressed their views on the matter too emphatically for us to doubt it. In my judgement, it will be the policy for many years; for if we must raise the revenue by tariff taxes it seems only just to raise it so as to benefit our own industries.

It is a fact, however, that the protection policy benefits all our great industries excepting agriculture and shipping. Therefore agriculture and shipping stand on the same ground in this matter.

The price of the staples is fixed in Liverpool, and the price paid to ships in the foreign trade is also fixed in the world's market.

Therefore when the great agricultural industry, representing more than one-half the value of this nation, comes here and asks us to join with them in their protest against paying for protection from which they get nothing, I believe we should join hands with them, and I offer the following resolutions for adoption at this meeting. (See addenda, pp. 4 and 5, for resolutions.)

(Adopted unanimously.)

[Bath Times, Bath, Me., Thursday, July 25, 1895.]

People passing the city hall last evening must have noticed the corridor filled with men, and if they looked for the cause phenomenon they learned that the men were standing there for the simple reason that every seat, as well as the extra settees, in the common council room was occupied by men anxious to hear what the delegates from across the continent had to say about ships.

At 8 o'clock President Rogers called the meeting to order, briefly stated the object for which it was held, and introduced Hon. Leonard Rhone, master of the Pennsylvania State Grange and chairman of the executive committee of the National Grange, as the first speaker.

General Hyde said:

When I first heard of this plan I was opposed to it, because it seemed impracticable. Since hearing it explained, I think we should do all we can in this act to secure equity and justice to the agricultural interests.

I move that the resolutions offered by Mr. Sewall be given a unanimous passage. A rising vote showed all in favor of the measure.

(The resolutions adopted are the same as those in Addenda, pp. 4 and 5.)

[Public Ledger, Philadelphia, Wednesday, July 31, 1895.]

*Shipping and agriculture—Movement to secure for them equitable protection—Prominent shipbuilders' meeting at the maritime exchange adopted resolutions calling for a system of export bounty.*

Representatives of the Atlantic coast shipping interests met yesterday afternoon in the board room of the maritime exchange to take action toward securing equitable protection through national legislation for agriculture and shipping.

Capt. W. W. Bates, of William E. Woodall & Co., shipbuilders, of Baltimore, was unanimously elected chairman, and Alex. R. Smith, of the New York Seaboard, secretary of the meeting.

Among the well-known shipbuilders present were Alfred E. Cox, treasurer of the Atlantic Works, East Boston; Charles W. Pusey, president Pusey & Jones Company; Charles S. Robb, manager Jackson & Sharp Company, Wilmington, Del.; Charles H. Cramp, president William Cramp & Sons Ship and Engine Building Company; Charles Hillman, president, and Jos. Hillman, secretary, of the Charles Hillman Ship and Engine Building Company; John Dialogue, sr., and John H. Dialogue, jr., of Camden; W. F. Wood, president Maryland Steel Company, Sparrows Point, Md., and Gen. Thomas W. Hyde, president Bath Iron Works, Bath, Me.

General Hyde said he had become thoroughly satisfied that the farming industry of this country is not protected, and we all know very well that the shipbuilding industry is not protected, so the union of the two interests seems very desirable at this time for their mutual advancement.

Said F. W. Wood:

I think that all appreciate the interdependence of agricultural and manufacturing interests in general, and with regard to the particular question which has brought us here to-day I must say that it presents a possible solution of what we have been making greater or less efforts to solve for a great many years past, and it is time for some legislative help for the building up or the rebuilding of the merchant marine.

For remarks of Mr. Cramp see page 2 of memorial.

The following resolutions were unanimously adopted:

(L) Whereas agricultural staples being exports can not be protected by a tariff on imports as are manufactures:

(M) Whereas American shipping in the foreign trade being partly built of protected material and under protection wages are to disadvantage in the world's competition with ships constructed and operated in cheap-labor or free-trade countries, such advantage being beyond the reach of protection by a tariff on imports: Therefore

(N) Be it resolved by the representatives of the Atlantic coast shipping interests, That the depressed condition of the staple agricultural and shipping interests demand enactment of such legislation as will put both of these great industries upon a footing of equality with those now specially fostered by the Government.

(O) Be it further resolved, That since neither of the two great unprotected industries can derive any benefit from a tariff on imports, we call upon Congress to equalize the protective system by extending to agricultural staples and American shipping in the foreign trade that just measure of protection to which they are entitled so long as protection is the controlling and public policy of this nation; and this be done by an export bounty on the staples of agriculture and to American shipping in the foreign trade, either by a bounty on tonnage or differential duty which shall discriminate in favor of American and against foreign ships, all to the end that a restoration may be brought about for our merchant marine and that the land-owning farmer of the nation may not be driven into bankruptcy and ruin by the competition of the cheap land and labor countries of the world.

(Unanimously adopted.)

controlling and public policy of this nation. This, by a system of protection of American agricultural staples, a portion of which are exported, by the payment of a bounty by the Federal Government on such exports and under the protection of American shipping in the foreign trade, to the end that all industries in the United States which in any manner compete with the cheaper labor of foreign countries may be protected equally with such industries as are now protected by a tariff on imports.

[Record-Union, Sacramento, February 26, 1895.]

*State Senate—Joint resolution passed and ordered telegraphed to Congress.*

Senator Voorheis offered a resolution in the State senate providing that the memorial and resolutions adopted in joint session be transmitted to Congress by telegraph, which was carried.

(C) Whereas protection of American industries against the competition of the cheap-labor countries of the world is the controlling and public policy of this nation; and

(D) Whereas the present method of protection by a tariff on imports can only protect the home market of manufactures against imports, but can not protect the staples of agriculture against the competition in the home market of foreign prices, because agricultural staples are exports; and

(E) Whereas to protect one industry and leave the others unprotected is to compel the unprotected industries to pay for the protection of the protected industry, which is an injustice;

(F) Therefore, we respectfully memorialize the Congress of the United States to remove this injustice by providing, by law, an equal measure of effective protection to the staples of agriculture which is granted to manufacturers, and that this be done by applying a portion of the revenue now collected as protective tariff in the payment of an export bounty on the staples of agriculture.

(G) Resolved, That a copy of these resolutions be transmitted to Congress.

[The San Francisco Chronicle, May 10, 1895.]

*The chamber of commerce to meet—Shipping and agricultural interests will be discussed.*

President Dimond, of the chamber of commerce, has issued a call for a meeting of the chamber to consider the question of a bounty on the exports of agricultural staples and a tonnage bounty or differential duty in favor of American shipping.

The meeting will be held at 1.30 p. m. Thursday next, May 16.

In the call for the meeting is the following:

Believing that a union of the shipping and agricultural interests will be able to accomplish much of mutual advantage that is beyond the reach of either unaided, this call is issued to the members of the chamber of commerce.

[The Morning Call, San Francisco, Cal., May 17, 1895.]

*An important meeting of the chamber of commerce—The agricultural and shipping interests are to be fostered.*

One of the most important meetings of the year in San Francisco was held by the chamber of commerce yesterday afternoon.

It was called to consider the question of a bounty on the exports of agricultural staples and a tonnage bounty or differential duty in favor of American shipping, both of which industries are at present unprotected.

When the meeting was called to order by Vice-President Craig, nearly all of the available seating room was occupied. Among the assemblage were many representative men from the interior of the State.

After an exhaustive debate, the following resolutions were unanimously adopted:

(H) Whereas agricultural staples, being exports, can not be protected by a tariff on imports, as are manufactures; and

(I) Whereas American ships in the foreign trade, being built of partly protected material and under protection wages, are to disadvantage in the world's competition with ships constructed and operated in cheap labor or free trade countries, such advantage being beyond the reach of protection by a tariff on imports; Therefore,

(J) Be it resolved by the Chamber of Commerce of San Francisco, That we demand the enactment of such legislation as will put both these great industries upon a footing of equality with those now specially fostered by the Government.

(K) Be it further resolved, That since neither of the two great unprotected industries can derive any benefit from a tariff on imports, we call upon Congress to equalize the protective system by extending to agricultural staples and American shipping in the foreign trade that just measure of protection which they are entitled to so long as protection is the controlling and public policy of this nation, and that this be done by an export bounty on the staples of agriculture and American shipping in the foreign trade, either by a bounty on tonnage or a differential duty.

(Adopted unanimously.)

[California Fruit Grower, San Francisco, Saturday, May 25, 1895.]

*An important meeting of the Chamber of Commerce of San Francisco—Protection demanded for agriculture and shipping so long as manufacturing is protected.*

What was probably the most important meeting of the San Francisco Chamber of Commerce ever held convened on Thursday last in this city to consider the question of the best means to extend protection to American shipping and to the producer of agricultural staples dependent upon the prices fixed in foreign markets. (See Addenda, pp. 4 and 5, for resolutions unanimously adopted.)

[The Morning Oregonian, Portland, Oreg., Tuesday, June 11, 1895.]

*The chamber of commerce—Bounty for farmers.*

The monthly meeting of the chamber of commerce, held yesterday afternoon, was of unusual interest and was largely attended.

It was understood that resolutions were to be introduced favoring an export bounty upon agricultural staples and a differential duty in favor of American shipping in the foreign trade.

In addition to the members of the chamber present, there were many prominent members of the Grange of this State and Washington in attendance. (Resolutions adopted same as Addenda, pp. 4 and 5.)

[The Morning Oregonian, Portland, Oreg., Wednesday, June 12, 1895.]

Protection by an export bounty on agricultural staples is not unfair as a measure of help to the producer, unless the protective duties levied on foreign goods for the benefit of the domestic manufactures are also unfair.

This plan rather would be a measure of equality and justice. It would tend to equalize protection, which now is oppressively unequal. If our producers can not have protection in one way it is their right to seek it in another.



this mode of protection must, in the nature of things, tend to increase the price of ocean freight charges.

What, then, must follow? This, that the farmers of the nation will lose what the ship interests will gain; nor will this be all of the loss to the farmers, but much more besides, as will be shown by the following:

Whenever 30 bushels of wheat are exported out of 100, a raise in ocean freight of 5 cents a bushel would lower the home-export price 5 cents a bushel on the 30 bushels for export. This would cause a gain of \$1.50 for the American ships, and a corresponding loss of \$1.50 to the American farmer. This, however, is by no means the end of the farmer's loss on this kind of protection, but is only the beginning. By this system the farmer is destined to be caused a still further and much greater loss. He will likewise be compelled to sell his remaining 70 bushels out of the hundred (which is sold for home use) at the same loss of 5 cents a bushel that he sold the thirty bushels for. Thus, again, he would lose 5 cents on each of the 70 bushels, which makes \$3.50. This, when added to the \$1.50 loss on the 30 bushels, makes a total loss to the farmer of \$5 on 100 bushels and a gain to the shipping interests of \$1.50.

That such would be the case is evident from the fact that the export and home buyers of agricultural staples both pay the same price in the wheat pit or cotton exchange. Therefore, whenever the export price declines, the greater quantity for home use likewise declines. This is true not alone of wheat but likewise of cotton, corn, tobacco, hops, meat products, and other staples of agriculture.

This fact is evident and was freely admitted by the members of the San Francisco Chamber of Commerce at the time the matter was up for action. It was likewise clearly set forth in the resolutions unanimously adopted. (See Addenda, pp. 4 and 5.)

The same interpretation, understanding, and action was had at the convention of the Atlantic coast shipbuilders and shipowners at Philadelphia on July 30, 1895. (See Addenda.) It was this very fact that caused Mr. Charles H. Cramp, president of the great Philadelphia shipbuilding company, to say, at the convention, the following, which I take from the Ledger, of Philadelphia, July 31, 1895:

MR. CRAMP'S OPINION.

Mr. Charles H. Cramp said:  
"Mr. Chairman, I think that when we went to Congress to argue for a bounty for ourselves we committed a grave error, and I am going to do what I can to repair it.  
"There is not any mistake, gentlemen, the foundation of everything that is good amongst us—the foundation of morality itself, and everything that is good in this country—is due to agriculture.

"This is an agricultural country. I would not like to see it a manufacturing country alone. Such would not be a good country, and I do think now, since I have thought the matter over, that we made a signal error, and that instead of tacking agriculture on to shipping we should tack shipping on to agriculture."

You will see from the inclosed Addenda that almost all of the important shipowners and shipbuilders of the Atlantic coast were present at this meeting, and so unanimous were all on the point illustrated, that Mr. Cramp's remarks received unanimous assent and the resolutions (see Addenda, p. 7) were unanimously adopted.

A number of advocates for shipping protection base their argument for subsidies on the ground that this method is largely employed by European countries. These forget to take into consideration that but few European countries are exporters of agricultural staples; that on the contrary, most of them are importers.

Now, in a country where agricultural staples are imported, there can

be no harm in protecting shipping by subsidies, and agriculture by a tariff on imports, but whenever a country is an exporter of agricultural staples and at the same time protects its shipping, there is also protection for agriculture by a bounty on exports or by government reduction in the cost of carriage of agricultural products to the seaboard.

From what has been said, it is evident that protection for agricultural staples must go hand in hand and side by side and be a portion of the system of protection along with shipping in the foreign trade.

There is no section of the country which can receive greater benefits through shipping protection than the Pacific coast, but at the same time we must not forget that the Pacific coast is an agricultural section. It has, therefore, nothing to gain, but has much to lose through a system of protection for shipping at so great a cost to agriculture.

Shipping is unquestionably entitled to protection so long as the manufacturing interests are protected, and for the same reason agriculture is likewise entitled to protection.

The time has come when we all clearly understand that the tariff on imports can not protect the staples of agriculture so long as they are exports, no more than a tariff on imports can protect ships in the foreign trade.

There was a time, indeed, when manufactures could be protected at the expense of agriculture, but we all know that the new economic changes in the mode of agricultural production throughout the world has changed the condition absolutely. The time has now come when we must protect the staples of agriculture by a bounty on exports or do away with protection altogether. We find cotton selling at or below cost; the price of wheat, while temporarily profitable, is only so by reason of temporary adverse conditions in other countries.

Ordinarily and under the new economic changes we can no longer place any artificial burdens upon this industry, and what is true of agriculture is likewise true of shipping in the foreign trade, and the merchant marine may only be built up under a general system of free trade or under a special system of protection, but not at the expense of agriculture.

In conclusion, I respectfully and earnestly urge that S. bill 5024 be amended to include protection for agriculture by a bounty on exports.

ADDENDA.

[Evening Gazette, Worcester, Mass., November 15, 1895.]

At a conference of representatives of chambers of commerce, boards of trade, delegates of the Farmers' National Congress, and other commercial organizations from the various sections of the Union, delegates of the National Grange and Patrons of Husbandry, under the auspices of the National Grange at Worcester, Mass., November 14, 1895, the following resolutions were adopted:

(A) Whereas agricultural staples, being exports, can not be protected by a tariff on imports, as are manufactures; and American ships in the foreign trade, being built of partly protected material and under protection wages, are at a disadvantage in the world's competition with ships constructed and operated in cheap labor or free trade countries.

(B) Resolved, That we call upon Congress to equalize the protective system by extending to agricultural staples and American shipping in the foreign trade that just measure of protection to which they are entitled so long as protection is the



EXPORT BOUNTY ON AGRICULTURAL PRODUCTS.

MEMORIAL FROM CHARLES NELSON, PRESIDENT CHAMBER  
OF COMMERCE, SAN FRANCISCO, CAL., TO THE FIFTY-FIFTH  
CONGRESS, THIRD SESSION.

SAN FRANCISCO, *January 20, 1899.*

Hon. GEORGE C. PERKINS,  
*United States Senate, Washington, D. C.*

DEAR SENATOR: Having been recently elected president of the Chamber of Commerce of San Francisco, I deem it advisable to offer some suggestions in relation to bill S. 5024, by Senator Hanna, also known as H. R. 11312, by Mr. Payne, of New York. So as not to encumber this letter, I inclose sundry documents herewith in the form of addenda, etc., which will clearly set forth facts deemed essential in relation to the matter.

While I am glad to note that an effort is being made for the protection of shipping in the foreign trade and for the upbuilding of our merchant marine, I am, at the same time, constrained to ask why no provision has been made in this bill for the joint protection of agricultural staples with shipping.

As is well known and admitted, protection of either one of the two industries named would prove disastrous to the other. It is only by protecting both at the same time that an advantage may be had for both.

You doubtless remember that when this question came up for consideration before the Chamber of Commerce of San Francisco the unanimous conclusion of the chamber was expressed in favor of the joint protection of agricultural staples and shipping. (See Addenda, pp. 4 and 5.)

The same conclusion and like favorable action was had on this subject by the chambers of commerce of Portland, Oreg., and of Seattle, Wash., and by the Board of Trade of Bath, Me. In addition to these, the principal advocates of the joint protection of these two industries were the Atlantic coast shipowners and shipbuilders. (See Addenda, p. 7.)

No lengthy or elaborate argument is necessary to prove the fact that bill S. 5024, as it now stands, is not a wise and just measure; nor, indeed, is it calculated, in its present form, to receive the vote of any Member of Congress who represents an agricultural constituency. It is sufficient to point to the fact that this kind of shipping protection must diminish, and, in the end, exclude foreign competition in ocean carriage.

It must also be admitted that for a long time to come, and at least before a sufficient number of additional American ships are built, that

between vessels of the two countries in respect of their own products, beyond what may exist as to any other country, and no discrimination in respect of products themselves. This treaty is terminable on twelve months' notice.

*Nicaragua* (1867; B. T., p. 780, arts. 4, 5, and 6).—No discrimination in respect of the products of either country, and no discrimination between the vessels of the two countries in regard to the products of either. This treaty may be terminated on twelve months' notice.

*Peru* (1887; B. T., p. 1192, arts. 4, 5, and 6).—No discrimination between vessels of the two countries, without regard to origin of goods, and no discrimination between the products of the two countries beyond that of any other. This treaty may be terminated on one year's notice.

*France* (1800, 1803, and 1822; B. T., p. 325, art. 11).—This is really a favored-nation clause. Articles 1, 2, 3, and 4 of the treaty of 1822 make special provision for United States vessels paying 20 francs per ton more than French vessels on entry into French ports, and, reciprocally, France paying \$3.75 per ton additional on importations at United States ports. No provision for termination of treaty of 1803. That of 1822 terminable on six months' notice.

*Great Britain* (1794; B. T., p. 380, art. 3).—Goods may enter British North America by citizens of the United States on same duties as paid by British subjects on importation from Europe into British North America; and, reciprocally, goods imported to the United States by British subjects are to pay no more than if imported in American vessels into Atlantic ports; and same as to exports. This clause limits United States citizens to British North America, but gives all British subjects and vessels entry to the Atlantic ports of the United States from Europe and, apparently, from anywhere else.

The twelfth article of the treaty, relating to the West India trade, did not go into operation.

The thirteenth article provides for the East India trade. It provides that United States vessels may carry cargoes to the British East Indies and export them thence on the same terms as British vessels; but United States vessels can only export from the East Indies to the United States. And it is apparently the same in respect of goods going to the East Indies in United States vessels.

The fifteenth article provides, apparently referring to Europe, against all discrimination between the vessels and their cargoes of the two countries, measured by what is paid by other nations; and the same in respect to their respective products.

Article 26 provides that the first ten articles of the treaty shall be permanent, and that the others shall expire at the end of twelve years.

The treaty of 1815 (B. T., p. 410, art. 2) may probably be taken to supersede the provisions I have referred to in the treaty of 1794, as it was a new arrangement following the war of 1812.

Article 2 of this treaty provided that the products of His Majesty's European possessions and the products of the United States should stand on an equality in respect of their importation into either British Europe or the United States; and the same as to exportation. All limited by the measure of other countries.

As to vessels, it was provided that all British vessels should stand in the ports of the United States on the same footing as our vessels; but this equality of our vessels was limited to British possessions in Europe. The same provision is made as to drawbacks, etc. The British West Indies and British America were expressly excluded from the operation of the article.

Article 3 provided for American vessels in the principal settlements of the East Indies on terms of the most favored nation, and they were limited to carrying the products of the British East Indies direct to the United States. This treaty was limited to four years, and extended from time to time until 1827, when it was agreed that the same might be terminated on twelve months' notice. (B. T., p. 428; arts. 1 and 2.) The reciprocity treaty of 1854 has been terminated, and some of the commercial provisions of the treaty of 1871 have been terminated, and all that have not been terminated are terminable on two years' notice.

ports less than 1,500 miles from the United States. Of these steamships 83 are British, 81 Norwegian, 21 German, and only 6 American, of which 4 are under mail contract and 2 are foreign built.

Sixth. We shall have made it practicable for a resident of the United States to take passage at an Atlantic port for Rio de Janeiro, Montevideo, or Buenos Ayres on an American steamship and proceed directly to his destination, without first crossing the Atlantic to Europe and then crossing it again on a subsidized foreign steamship to his South American port of destination.

Seventh. Incidentally, we shall have arrested the decline of our fishing industry, and have rendered still possible the commercial navigation of American sailing vessels.

The subject has been regarded throughout purely from the commercial point of view. Considerations of the bearings of the project on our naval strength, of the utility of auxiliary cruisers and of American seamen, in the light of our recent experience, will readily suggest themselves to the minds of all.

If the expenditures of the fifth or sixth year should reach the annual sum of \$5,750,000 with the attendant results, it is believed the measure will have commended itself fully to the judgment of the country. While the sum is large in the aggregate, the return will be large. As late as 1870 and 1871 Great Britain expended annually upward of \$6,000,000 on the development and maintenance of certain phases of its navigation, and in 1837 the total expenditures of France for the purpose amounted to over 40,000,000 francs, or \$8,000,000 in round numbers. The expenditures under the bill are likely to reach the last-named figure about the tenth year, when the power to contract expires. This amount is thus the probable maximum annual expenditure. It is believed that an average annual expenditure of from \$5,000,000 to \$6,000,000 for the next twelve or fifteen years is a close approximation of the fiscal results of the measure.

*Austria* (1829; B. T., p. 24, art. 3).—This article provides for absolute equality in respect of importations of the products of any country between American and Austrian vessels, and whether coming from home ports or from any foreign port (art. 4). Article 6 provides against any discrimination in bounties, drawbacks, etc. This treaty may be terminated on twelve months' notice.

*Belgium* (1845; B. T., p. 53, art. 7).—Absolute equality between the vessels of the two countries trading direct from one country to the other. This treaty may be terminated on twelve months' notice.

*Brazil* (1828; B. T., p. 106, arts. 4 and 5).—Absolute equality between the vessels of the two countries, without regard to origin of goods. This treaty may be terminated on twelve months' notice.

*Bolivia* (1858; B. T., p. 90, art. 4).—Absolute equality between the vessels of the two countries, without regard to origin of goods. This treaty may be terminated on twelve months' notice.

*New Granada* (1846; B. T., p. 196, art. 4).—Absolute equality between the vessels of the two countries, without regard to origin of goods. This treaty may be terminated on twelve months' notice.

*Denmark* (1826; B. T., p. 232, arts. 3 and 4).—Absolute equality between the vessels of the two countries. This treaty may be terminated on twelve months' notice.

*Dominican Republic* (1867; B. T., p. 246, arts. 6 and 9).—Absolute equality on tonnage and cargo, without regard to origin of goods. This treaty may be terminated on one year's notice.

*Ecuador* (1839; B. T., p. 256, arts. 4 and 6).—Absolute equality between the vessels of the two countries, without regard to origin of goods. This treaty may be terminated on one year's notice.

*Greece* (1837; B. T., p. 503, arts. 3 and 4).—Absolute equality between the vessels of the two countries, without regard to origin of goods. This treaty may be terminated on one year's notice.

*Hanover* (1846; B. T., p. 523, art. 1).—Absolute equality between vessels of the two countries, without regard to origin of goods. This treaty may be terminated on one year's notice.

*Hanseatic Republic* (1827; B. T., pp. 533 and 534, arts. 1 and 2).—Absolute equality between the vessels of the two countries, without regard to origin of goods. This treaty may be terminated on one year's notice.

*Haiti* (1864; B. T., p. 553, arts. 10 and 11).—Absolute equality between vessels of the two countries, without regard to origin of goods. This treaty may be terminated on one year's notice.

*Italy* (1871; B. T., p. 582, arts. 5 and 6).—Absolute equality between vessels of the two countries, without regard to origin of goods. This treaty may be terminated on one year's notice.

*Mecklenburg-Schwerin* (1847; B. T., p. 653, art. 1).—This treaty adheres to that of Hanover, and makes sundry special provisions respecting rice, etc. This treaty may be terminated on one year's notice.

*Mexico* (1831; B. T., p. 605, arts. 4, 5, and 6).—No higher duty on products of either country than that paid by any other. No discrimination in exports. Absolute equality between vessels of the two countries in respect of their own products. This treaty was suspended for six years, and was terminable on one year's notice; and the same of the treaty of 1848. These treaties were followed by that of 1853 (B. T., p. 714), providing for reciprocity, which is also terminable on twelve months' notice.

*Portugal* (1840; B. T., p. 892, arts. 3, 4, and 6).—Absolute equality in respect of the vessels of the two countries as it regards the products of either. As to exports, the treaty appears to apply to all, without regard to origin of goods. This treaty is terminable on one year's notice.

*Prussia* (1828; B. T., p. 917, arts. 2, 3, 4, and 5).—No discrimination between vessels of the two countries, without regard to origin of goods. This treaty may be terminated on one year's notice.

*Russia* (1832; B. T., pp. 933 and 934, arts. 3, 4, and 5).—No discrimination between vessels of the two countries, without regard to origin of goods. This treaty may be terminated on one year's notice.

*Salvador* (1870; B. T., p. 958, arts. 4, 5, and 6).—No discrimination between vessels of the two countries, without regard to origin of goods. This treaty may be terminated on twelve months' notice.

*Sweden and Norway* (1827; B. T., p. 1060, arts. 2, 3, and 4).—No discrimination between vessels of the two countries without regard to origin of goods. This treaty may be terminated on one year's notice.

*Costa Rica* (1851; B. T., pp. 223 and 224, arts. 4, 5, and 6).—No discrimination between vessels of the two countries in respect of the products of either, and no higher impositions than those imposed on goods of any other country. This treaty may be terminated on twelve months' notice.

*Netherlands* (1839; B. T., p. 761, art. 1; and 1852, B. T., p. 763, art. 1).—No discrimination between vessels of the two countries, without regard to origin of goods. Article 5 provides for the Netherlands discriminating in respect of her direct colonial trade, but puts American vessels on the same footing. It authorizes the United States to impose discriminating duties as then existing on tea and coffee imported direct, but puts vessels of the other country on the same footing. This treaty may be terminated on twelve months' notice.

*Hawaii* (1849; B. T., p. 541, art. 3).—No discrimination between vessels of the two countries in respect of their own products. This treaty is terminable on twelve months' notice. (1875, B. T., p. 547.) Reciprocity.

*Honduras* (1864; B. T., p. 567, arts. 4, 5, and 6).—No discrimination.

made one or more such voyages, the total for 1897 being 1,401 different American vessels of 922,152 gross tons.

The speed and tonnage of these vessels and the distances between ports being known, it is practicable to ascertain with precision the expenditure under the provisions of this bill on the American navigation in foreign trade for the fiscal year 1897. Computed in this manner, American sail vessels would have received \$818,463 and American steam vessels \$2,262,687. A small number of American steamships during the year received, however, \$1,279,890 for carrying the foreign mails, and the bill provides that the compensation paid under its provisions shall be in lieu of all payments for carrying the mails. Deducting \$1,279,890 from the payments for steam vessels, there remains the sum of \$982,797, or for steam and sail combined, \$1,801,260.

The bill also provides that American vessels which during their voyages carry cargo from one foreign port to another shall also receive compensation. This provision is designed to cover vessels which distribute or collect their cargoes at various foreign ports before returning to the United States. Consular reports for 1897 show that of the steam and sail vessels already enumerated 587 vessels of 469,878 gross tons made such stops at intermediate foreign ports. These reports cover about 80 per cent of American navigation of this description, and for the entire navigation must be allowed the sum of \$100,752. The bill also provides a bounty for deep-sea fishing vessels and their crews, which for 1897 has been estimated at \$172,615.

On the basis of the actual American navigation of 1897 the bill thus calls for a new expenditure as follows:

Sailing vessels in foreign trade.....	\$818,463
Steam vessels in foreign trade.....	982,797
Voyages between foreign ports.....	120,752
Fishing bounties.....	172,615

Total new expenditure..... 2,094,637

In estimating the future expenditures under the bill, this amount of practically \$2,100,000 may be taken as a base. The tonnage in foreign trade involved, as shown, comprises 1,401 vessels of 922,128 gross tons. Before any compensation is paid under the bill to a vessel its owners must contract to build in American shipyards tonnage equivalent to 25 per cent of the existing tonnage. Assuming that the owners of the entire tonnage registered during 1897 will elect to avail themselves of the provisions of the bill, new construction amounting to 230,532 tons will be necessary. Taking this construction as it will run, large and powerful ocean steamships and small sailing vessels, the estimate of \$20,000,000 as the cost of such construction during the next five years is probably not excessive.

The bill also provides for the admission of about 200,000 tons of foreign shipping, built or under contract to be built, on condition that 100,000 additional tons be built in the United States. These vessels are all steam vessels, and the cost of constructing 100,000 tons of this shipping may be put at \$15,000,000.

The bill thus involves a construction in sight of 330,000 tons, at a cost of \$35,000,000, to be expended in American yards within five years, as a preliminary condition to the payment of compensation.

Our registered tonnage in the foreign trade on July 1, 1899, when the act is to take effect, would, under normal conditions, show no increase compared with that of 1897. The increase and decrease in our registered sail and steam tonnage during the last five years has been as follows:

Year.	Sail.	Steam.
1894.....	-103,000	+38,000
1895.....	-33,000	-6,000
1896.....	6,000	+13,000
1897.....	+36,000	-14,000
1898.....	-12,000	-5,000

The increase of registered steam tonnage last year was entirely due to the trade between the Puget Sound ports and Alaska, our vessels in that trade taking out registers in order to be prepared to enter Canadian ports in British Columbia or at the head waters of the Yukon. Much of the unusual decrease in registered sailing tonnage was due to the war. For the five years registered steam tonnage has been stationary and registered sailing tonnage has decreased. Under normal conditions the registered tonnage in foreign trade during the fiscal year beginning the 1st of next July would show no increase over the like navigation of 1897, on which the expenditure of \$2,100,000 has been computed. The passage of the bill, however, will at once

tend to increase our navigation in foreign trade. As an offset to this tendency, however, may be placed the delays incidental to a general understanding of its provisions, the time required to prepare contracts, and to ascertain the speed of vessels, and other administrative details. While the bill will, during the first year, unquestionably increase our navigation in foreign trade over 1897, the new expenditures, for the reasons stated and others, will not amount to \$2,100,000. They will not exceed \$1,700,000, and probably will fall about \$100,000 short of that figure.

The bill provides, as shown, for the construction of about 330,000 gross tons in the United States during the next five years as a condition precedent to the payment of the rates established. This tonnage will be put into trade from time to time during that period, and payments will begin accordingly. Besides this new tonnage which must be built, additional tonnage undoubtedly will be built for the foreign trade under the new conditions in that trade which the bill is designed to establish. Starting, therefore, with a new expenditure of about \$1,700,000 for the first fiscal year of its operation, the second fiscal year will show an increase over that amount; the third fiscal year a considerable increase. As the new seagoing tonnage prescribed in terms by the bill will about that time go into trade, the fourth year will probably show a decrease compared with the third year, and the fifth full year will witness the removal of all temporary elements incidental to the establishment of the system and will show the normal operations to be looked for thereafter.

During the fiscal year ending June 30, 1906, under the operations of the bill it is believed that our registered tonnage for the foreign trade will comprise 800,000 gross tons sail and 650,000 tons steam, and that the new expenditures provided for by the bill will amount to \$3,750,000. The increased sailing tonnage will come partly from new construction of steel square-rigged sailing vessels and of very large fore-and-aft schooners for the Gulf and South Atlantic trade and partly from the entry of similar schooners now in the coasting trade into the foreign trade under the more favorable conditions. The increase in the registered steam tonnage will come in about equal parts from the admission of foreign-built vessels, the construction of new steamships, and the entry of coasting steamships into the foreign trade, especially with the West Indies and Central and upper South America.

With the increased tonnage and for the expenditure proposed it may, however, be predicted with entire confidence that the year 1905-6 will witness the following material changes in our ocean navigation:

First. We shall have established or have in process of installation two fortnightly mail steamship services from the Pacific coast—one by the direct route to Japan, thence along the coast of east Asia to Hongkong, and a second by way of Honolulu, with Hongkong also as its southern terminal, thus giving the United States weekly mail connections with Manila. Our connections with the east coast of Asia will be superior to those on which Great Britain, Germany, and France are now expending each about \$2,000,000 annually. We shall have anticipated the British programme for an all-British route by way of the Atlantic, the Canadian Pacific, and Vancouver to Japan and China through Canada. We shall have made it practicable to post letters in Berlin, London, and Paris and send them more quickly to Yokohama, Shanghai, and Hongkong by American steamships and American railroads than they can be carried by the heavily subsidized lines of the Peninsular and Oriental, the North German Lloyd, or the Messageries Maritimes steamship companies through the Suez Canal.

Second. In addition we shall have in operation an adequate fleet of cargo steamships for the transportation of Western flour and Southern cotton to Asia in the temperate zone.

Third. We shall have a mail service to Australia nearly equal to that of Great Britain, and more complete connections with the lesser islands of the Pacific than are possessed by any other nation.

Fourth. We shall have so far improved our trans-Atlantic mail service as to reduce considerably our present reliance on the Cunard, White Star, North German Lloyd, and Compagnie Transatlantique lines. We shall have direct passenger communication under our own flag with the Continent of Europe, and several lines of cargo steamships crossing the Atlantic.

Fifth. We shall have reversed conditions in the trade with the West Indies, Mexico, Central America, and South America to the Orinoco, and shall do practically one-half of the actual carrying trade between foreign ports thus situated and the United States. The importance and value of this trade may be estimated from the fact that one firm in New York, on January 1, 1899, announced: "During the past twelve months we have remitted owners by cable and draft \$22,411,513, money collected for owners' account for hire of steamers under time charter only, not including the moneys remitted for rate or lump-sum freights." At the present time this firm acts as middlemen for the employment of 191 steamships, chiefly small cargo vessels, and almost without exception in trade with Atlantic, Gulf, and Caribbean

We quote further from the statement of the Commissioner of Navigation:

REGISTRY OF FOREIGN-BUILT STEAMSHIPS.

The bill, in sections 7, 8, and 9, departs from the principle of existing law which restricts the American registry to American-built vessels. These sections provide that foreign-built vessels may be admitted to American registry on certain conditions. In the project for the development of the American merchant marine outlined in the latest annual report of the Secretary of the Treasury, which in its main outlines is followed by this bill, the following is recommended:

"Extended application of the principle of the act of May 10, 1892, by virtue of which the *St. Louis* and *St. Paul* were constructed in this country upon the registry of the foreign-built steamships *New York* and *Paris*, this extension to continue for a short term of years and to be so guarded as to preserve the coasting trade to American-built vessels."

A comparison of the language of sections 7, 8, and 9 of the bill with the act of May 10, 1892, will show that the former act has been substantially reproduced. The bill provides that foreign-built steamships of which at least 80 per cent of the stock was owned by Americans on the 1st of December, 1898, may be admitted to American registry on condition that American owners acquire the entire property and that they build in American yards, within five years, at least 50 per cent of the amount of tonnage thus admitted to registry. This foreign-built tonnage and the new American tonnage built as an offset to it are not permitted to engage in the coasting trade. This provision broadens the principle of the act of 1892. While that act required that for every 1,000 tons foreign shipping registered 1,000 tons should be built in the United States, this bill provides that for every 1,000 tons foreign shipping registered only 500 tons need be built in the United States, the new tonnage, however, to be of the highest classification.

It is not practicable to ascertain precisely the tonnage under foreign flags which on December 1, 1898, was owned by Americans to the extent of 80 per cent. In some instances Americans own a controlling interest, and in others nearly the entire stock. A fair estimate, however, gives the steam tonnage under foreign flags eligible to American registry under the provisions of the bill at 150,000. The amount will not exceed or fall below this figure by 25,000 tons. The bill thus increases our tonnage for foreign trade by about 20 per cent directly, and calls for the construction in the United States of about 75,000 tons of new shipping of the highest classification for foreign trade within five years, involving an expenditure by shipowners in American yards under this item alone of from \$10,000,000 to \$15,000,000.

The principle is further extended by the provision of paragraph (b), that steamships contracted for in foreign yards on or before February 1, 1899, by Americans may be admitted to American registry on condition that the owners of these prospective vessels shall build within five years in the United States at least 50 per cent new tonnage of the highest class of the amount of foreign tonnage thus admitted. The amount of tonnage thus under contract in foreign yards for Americans at the present time is about 50,000 tons. The amount which may be under contract by February 1 next can not, of course, be estimated with precision. The new tonnage required to be built in American yards during the next five years under the provisions of paragraph (b) must amount to at least 25,000 tons, and will doubtless exceed that figure.

The conditional admission of foreign-built steamships is a present necessity which can not be obviated by any argument on the general theory of "free ships." Even in 1892 it was necessary to admit two foreign-built steamships to American registry in order to establish our only trans-Atlantic line. We have not on the Pacific coast to-day steamships of the speed and tonnage needed to establish a modern trans-Pacific mail service. The construction of proper vessels will require at least eighteen months. In the meantime, the three great foreign lines—the British Peninsular and Oriental, the North German Lloyd, and the French Messageries Maritimes—have completed within a year, or are now hastening to completion, ten steamships averaging about 8,000 tons and 14 knots, for the improvement of their trade relations with East Asia. Disregarding for the moment the matter of relative cost (the new Peninsular and Oriental steamships cost \$1,600,000 each, and the North German Lloyd steamships, of smaller tonnage and less speed, \$975,000 each), British and German yards at the present time can construct vessels more rapidly than they can be built in the United States, and the element of time is now of nearly as much consequence as the element of cost. Our naval programme involves a large amount of construction in domestic yards, and thus reduces for the present their capacity for the output of merchant shipping.

During the recent war the War and Navy Departments purchased and now own 16 American steel steamships of over 2,000 tons each, and aggregating 55,073 tons, or nearly 20 per cent of our registered steel steam tonnage on June 30 last, the place of

which should be supplied at an early day. The restriction of trade between the United States, Hawaii, and Porto Rico to American vessels will create a new, though not a large, demand for new construction. All these considerations, and doubtless others, must be reckoned with in legislation dealing with present and immediately prospective conditions of our merchant marine. The provisions of the bill are believed to be just to all interests. While the steel steam tonnage, built or to be built abroad and eligible to registry, is nearly equal in amount to our entire steel steam tonnage now registered for foreign trade, on the one hand, on the other, this tonnage can not engage in the coasting trade, and construction for American ship-builders to the amount of from \$15,000,000 to \$20,000,000 is provided for the immediate future.

DEEP-SEA FISHERIES.

The deep-sea fishermen of the United States come into direct competition on the Atlantic with Canadian and French fishermen, and on the Pacific with Canadian and Japanese fishermen. Ever since 1882 the Canadian government has appropriated annually \$160,000 for the encouragement of the deep-sea fisheries. By the act of April, 1898, Japan appropriated annually \$75,000 for the development of its deep-sea fisheries. The French Government appropriates annually \$300,000 for its deep-sea fisheries, a considerable portion of which is allotted to the French fishermen of St. Pierre, Miquelon. The tonnage of American vessels engaged in the deep-sea fisheries has decreased from 115,946 in 1880 to only 63,823 tons on June 30, 1898, or nearly one-half. In the same period the capital invested in the Canadian deep-sea fisheries has more than doubled, and now amounts to about \$10,000,000.

Action for the promotion of our fishing interests, especially in the North Atlantic, is the more important because, under the Halifax award of twenty years ago, the United States furnished the fund of \$5,500,000, the interest on which Canada has ever since employed to subsidize its fishing fleet. Furthermore, every American fishing vessel entering Dominion ports for bait, provisions, repairs, etc.—a trade as profitable to Canadian sellers as it is to American purchasers—is required to pay a yearly so-called "license" tax of \$1.50 per ton, American vessels thus contributing about \$15,000 annually directly to the competing Canadian interest.

By section 4 of the bill it is proposed to pay an American vessel engaged in the deep-sea fisheries an annual bounty of \$2 per gross ton. If the vessel is forced to resort to a Canadian port for bait or provisions, as already indicated, \$1.50 of this amount will be required to pay the "license" fee. The Canadian bounty for the past sixteen years has usually been at the rate of \$2 per ton, sometimes rising, as in 1893, to \$2.50. The Japanese bounty is equivalent to \$2.50 per ton. The Canadian bounty is paid to a vessel which engages in the fisheries during three months out of the year, and this provision has been incorporated in the bill.

The bill also in section 5 provides a bounty of \$1 per month for each American citizen engaged as a member of the crew of a deep-sea fishing vessel for at least three months. The minimum to be paid is thus \$3 a year, where any sum is paid, and the maximum, of course, is \$12. Under the Canadian system, where the rates vary from year to year, the maximum per man which has been paid is \$21.75, and the minimum 83 cents. The Japanese law provides a yearly bounty of \$5 per man, and the French bounty to cod fishermen on the Newfoundland banks ranges from \$6 to \$10 annually per man.

The American tonnage documented for the deep-sea fisheries on June 30, 1898, was 63,823 tons, and assuming that the entire tonnage obtained the bounty of \$2 provided by the fourth section, the expenditure under the section would be \$127,646. The Commissioner of Fisheries reports 9,348 men engaged in our deep-sea fisheries, of whom it is estimated that 7,500 are American citizens. Assuming that each on the average served six months, entitling him to \$1 a month, under the provisions of section 5, an expenditure of \$45,000 annually for fishermen would be necessary, which, with \$127,646 provided for the vessels, would make a total of \$172,646 annually, a sum about sufficient to offset Canada's bounties of \$160,000 to her fishermen plus the annual average of \$15,000 American fishermen are required to pay as "license" fees to enter Canadian ports for provisions.

ESTIMATE OF EXPENDITURES.

The means of communication under the American flag by sea between the United States and all foreign ports, whether by steam or sail, during the fiscal year ended June 30, 1897, are shown in the report of the Commissioner of Navigation for that year (pp. 196-260). The figures for 1898 are not taken on account of the disturbed conditions created by pending and actual war. It is shown that 185 different American steam vessels, aggregating 270,314 gross tons, made one or more voyages to foreign ports, and 1,219 different American sailing vessels, aggregating 651,838 tons,

## SAILING VESSELS.

The uniform rate of 1½ cents per gross ton for each 100 miles for the first 1,500 miles and 1 cent for the balance per 100 miles is fixed for sailing vessels. This class of vessels is rapidly decreasing. It is hoped by this compensation to keep the tonnage of sailing vessels where it now is. The principal advantage in keeping up our sailing vessels is for the purpose of training up experienced navigators and seamen. It is conceded that the best all around officers, petty officers, and able seamen are those who have been trained on sailing ships. The Government maintains sailing vessels for the training of naval cadets at Annapolis, although all our war vessels are steam vessels.

Additional compensation is provided for vessels with increased speed, but so graded as not to exceed the cost of the difference in operation of an American-built vessel by an American crew. For further explanation of the provisions of the bill, we quote from the statement of the Commissioner of Navigation before the committee:

## RESTRICTIONS ON COMPENSATION.

It is believed that the safeguards with which the bill is surrounded are so numerous and of such a character that abuse will not arise under its provisions.

The greatest safeguard in the bill lies in the fact that the rates of compensation have been compared with similar compensation paid by foreign governments. They not only do not, as a rule, exceed those rates, but after careful computation it may be affirmed that the rates in every instance, even in the case of the largest vessels of the highest rate of speed, fall considerably short of the cost of daily coal consumption. Under the bill vessels can not be navigated merely to draw upon the Treasury. There must be the prospect of a commercial success sufficient to induce a foreign vessel to enter the trade before an American vessel can make any voyage except at a loss if it relies chiefly upon the encouragement of Government.

Second. Compensation is to be paid only where foreign competition is keenly felt. Thus, no compensation is permitted in the coasting trade of the United States; in trade on the Great Lakes from the United States to Canada, where natural advantages enable us to overcome foreign competition; in trade between American ports and the few foreign ports less than 150 miles distant from them, respectively, where the preponderance of navigation is already ours. Whenever trade between the United States, Hawaii, and Porto Rico is restricted to American vessels, such vessels in that trade will not be entitled to compensation.

Third. Vessels in ballast are not entitled to any compensation. To secure the benefits of the act a vessel must be actually engaged in promoting the foreign trade of the United States either by cargo or passengers, or both, for every mile navigated for which it receives compensation.

Fourth. The fact that an American vessel is now engaged in foreign trade and purposes to continue in that trade will not suffice to enable it to share in the benefits of the act. Its owner must first contribute to the promotion of American shipbuilding and navigation by contracting within five years to build at least 25 per cent of new tonnage in this country.

Fifth. The officers of all American vessels are now required by law to be citizens of the United States. There is no law upon the subject of the nationality of the crew, in this respect our system resembling the British, German, and Norwegian. The bill requires that at least 25 per cent of the navigating crew of each vessel shall be American citizens or those who have taken out their first papers. While the percentage of Americans required is not large, conditions at the present time do not justify a more stringent requirement. At the present time only about 30 per cent of all our merchant seamen in foreign trade, including the officers, are American citizens. It is estimated that to man our entire tonnage, steam and sail, now registered for foreign trade, will require only 20,660 men.

Measures are now pending in Congress to increase the number of enlisted men and boys in the Navy to 21,000, and for obvious reasons it is desirable that as many as possible of these shall be American citizens. At the present time, therefore, a higher requirement than at least 25 per cent of Americans on each vessel would seriously retard the very development of American shipping in foreign trade which the bill is designed to promote. It will be observed, however, that a minimum only is established by the bill. The thirteenth section gives the President power to direct the preparation of regulations, and especially in the case of the larger and

speedier steamships, suitable for mail service or as auxiliaries; and the discretionary power vested in administrative officers will presumably be directed toward the increase in American seamen as rapidly as circumstances will permit. The preamble recites the necessity for such seamen as one of the objects of the measure, and officers intrusted with its execution would not be justified in overlooking that purpose. It has seemed desirable, therefore, to fix a minimum by law, where none is fixed at present, and to rely upon the discretion of administrative officers to increase the percentage of citizenship in directions where it from time to time may prove practicable.

The bill also provides a practical and continuous school of navigation for a certain number of American boys on shipboard, and provides at the same time that they shall be paid proper compensation. The apprentice system in the merchant navies of the world has proved a failure beyond power of resurrection for some years past; but the proposition to ship American boys, and require that they shall be paid for their work at the same time, under official regulation is believed to be entirely practicable.

Sixth. Compensation is to be paid to the same vessel for not more than sixteen round voyages during one year. Fifteen voyages are the greatest number thus far made across the Atlantic and return, and the annual number practicable during the next twenty years is not likely to exceed that number by more than three or four. To provide, however, against what would be deemed excessive payments to one vessel, the limit of sixteen voyages, the trans-Atlantic maximum now in sight, has been adopted. The importance of fixing a limit to the number of voyages for which compensation shall be paid in trade with the relatively near ports in the American hemisphere is evident, especially in view of the somewhat higher rates provided for such voyages.

Seventh. The special speed rates of compensation for large and fast steamships are to be paid only to vessels "suitable for carrying the mails of the United States or as auxiliaries to the forces of the United States in time of war or other need." The determination of the suitability of such vessels for these respective purposes rests with the officers of the Government, subject, of course, as are most official acts, to the review of the courts. In determining the suitability of a vessel for carrying the mails, it may well be required that it shall, if called on, be able to leave on stated sailing days, to make stated connections, to have proper accommodations for postal service and employees on board, and, in brief, to conform to the numerous regulations usually incorporated in ocean mail contracts, which, however, it is not feasible to recite fully in a statute. In the same manner vessels suitable as auxiliaries to the forces of the United States in time of war may be required to have gun platforms and supports ready or placed in position, machinery below the water line, officers and crews willing to enter the service of the United States in the event of war, and may be required to conform to such other reasonable regulations as may be desirable to carry out the purposes of the bill as declared in its preamble and its several sections.

Eighth. The bill provides that all vessels which avail themselves of its benefits shall carry the mails of the United States free of charge. The ocean mail service of the United States was thrown somewhat out of its usual channels by the war during the last fiscal year. During the fiscal year 1897 the United States paid \$1,681,344 for its ocean mail service, of which American vessels received \$1,288,674 and foreign vessels \$392,670. The necessity for an improved mail service on the Pacific is now conceded by all, so that our expenditures for ocean mails within a year or two must amount, annually, to over \$2,000,000. As far as practicable our ocean mail service should be under our own flag, and it is the aim of the bill to cause this service and the necessary expenditures it involves to contribute to the upbuilding of an American merchant marine for foreign trade.

Ninth. The power of regulation has been drawn in the broadest possible form in order to secure the amplest measure of protection for all public interests. The first section of the bill provides that payments shall be "subject to the provisions hereinafter contained," and, again, that payments shall be "subject to the provisions of this act," while the thirteenth section provides:

"SEC. 13. That the President of the United States shall from time to time cause to be made by the proper heads of departments regulations for the due execution of the provisions of this act."

The language provides for the adjustment of regulations to meet new or different conditions as they may arise from time to time, and provides that payments shall be subject to such regulations issued in pursuance of and with the effect of statute, unless in conflict with it.

The bill provides that the compensation established shall continue for twenty years. That period has been chosen as it is the period for which a well-constructed vessel on the average usually retains its class.



But these advocates of free ships do not tell us how we are to meet the competition of cheaper navigation both in labor and supplies. This seems to be left out of their calculation. And yet this would be a fatal defect in their whole method. Nor do they take into their calculations the subsidies which, as we have already seen, are paid by every foreign government in the very trade where we wish to become competitors.

Another proposition is to return to discriminating duties and a discriminating tonnage tax. But this does not seem to meet the emergency. Every commercial treaty that we now have with foreign governments contains a clause expressly stipulating against the enforcement of a discriminating tonnage tax or duty of any kind against vessels or goods carried under a foreign flag. A list of these treaties and a statement of their provisions on this subject is appended at the end of this report. If we wish to return to the old practice of discriminating duties we must abrogate all our commercial treaties and give up every advantage which we have under them. If we seek new commercial treaties in their stead we must overcome the hostile feeling engendered by the abrogation of the present treaty. Can we afford to do this? Then we invite retaliation. Conditions have changed since 1789, when we had no commercial treaties. Retaliation can be resorted to with much more ease now than then. A discriminating duty against the farmer's wheat sent out in the American ships might result in sending these ships across the water with ballast only for a cargo.

Under such conditions the American merchant marine can not thrive. It is said to be against the policy of Great Britain to impose tariff duties. But Great Britain has never failed to protect her commerce and her trade by some sort of custom, tonnage, or other port regulation when it was for her interest to do so. It is said that these duties would come out of the consumer and not out of the producer. Yet no tariff duty was ever exacted that did not in some degree lower the price to the producer. If we are to take and hold the Asiatic trade, if we are to enlarge our carrying trade and our commerce to every port in the world, the time to strike is now. Imperceptibly almost, our foreign trade has grown to be the largest in our history. With a billion and a quarter of exports in the last year, more manufactured goods exported than imported, the markets of Eastern Asia opening up, it would seem almost criminal folly if we did not try to take advantage of the situation at once. If we are to begin abrogating treaties, some of them require two years' notice, and we must abolish all of them before we can impose these new duties. We can not afford to wait. Surely this remedy is beset with difficulties.

Others propose an export bounty on all American products carried in American vessels. France and Germany tried the experiment of an export bounty on the product of sugar. Under its stimulating influence they largely increased their trade, especially with the United States. But we have taught them, by example, how to meet any export bounty we might be disposed to pay on American products exported in American ships. By the tariff of 1897 we have imposed an additional duty on bounty-paid sugars equal to the amount of the export bounty paid, and the remedy has been effectual and complete. We can never build up the American shipping by an export bounty.

Why not, then, take a lesson from the experience of other nations? Why not build up and encourage our merchant marine by granting

compensation for the benefits which American ships would bring to the Government of the United States and to the people thereof? The compensation required will equal but a tithe of the benefits received. It is estimated that the freight paid out for our entire foreign carrying trade amounts to between one hundred and seventy-five and two hundred millions of dollars.

The values of our exports and imports for the last year were nearly \$1,900,000,000. Ten per cent of the value of the cargo is said to be a fair average of the amount of freight paid. As stated in the hearings before the committee, a single firm paid out for freight to the owners of foreign vessels of a tonnage capacity equal to about one-tenth of that engaged in our foreign trade, for a single year, over \$22,000,000. It would seem, then, that \$200,000,000 would be about the right sum. Even half of this sum paid out and distributed in our own country to mechanics, laborers, farmers, and every man engaged in industrial pursuits would add much to the welfare, material comfort, and happiness of every citizen of the United States. In addition to this would be the money earned in building the ships, the expansion of our shipyards, and the increased army of shipbuilders all along our coast. It would save much in the construction of our Navy. In case of war the ocean would swarm with our fast cruisers guarding and carrying notice to the slower-going battleships. As Mr. Arthur Sewall said on the hearing before the committee:

You can not make a first-class nation of this country or of any other without your merchant marine. You want an effective merchant marine. You want to have live, effective shipyards on your Atlantic and on your Pacific, well equipped with modern equipments, with skilled labor. That is the defense, that is the object of this bill for this Government, and that is the consideration. Give us our shipyards on our Atlantic and on our Pacific, first-class yards, filled with the most modern equipments and appliances, and filled with skilled labor, and then you need not be afraid about your navy. We can build a navy then in sixty or ninety days.

We have sought in this bill to meet this condition.

#### PROVISIONS OF THE BILL.

The foundation of the compensation feature of the bill is that 1 cent per gross ton per 100 nautical miles is sufficient to equalize the difference in cost of operation, including factors dependent on differences in first cost of construction, of cargo steamships under the American and under foreign flags.

The departures from this foundation are that no compensation is allowed for voyages of less than 150 miles. Such traffic is on our northern border, both Atlantic and Pacific, and our trade with Havana and Matanzas, in the island of Cuba, corresponding with our lake trade, a trade which we now have.

To this compensation of 1 cent per gross ton per 100 nautical miles is added half a cent per gross ton per 100 nautical miles for the first 1,500 miles of both the outward and return voyage. This especially benefits vessels engaged in South American trade, where there is great competition, and will give special encouragement to the building of ships in the Southern States to carry their products to South America.

On the longer voyages it will contribute to offset the severer competition of rival foreign lines, aided by Government subsidies. For the shorter voyage, however, compensation is limited to 16 voyages. Our Atlantic liners do not make more than 11 round trips a year according to the testimony before the committee.

sidered would receive only \$158.93 for each 100 nautical miles, or about 25 per cent less than France deems necessary.

The Japanese Government adopted the policy of promoting Japanese steamships in 1882, and extended the system in 1892, when considerable support was given to the Nippon Yusen Kaisha for the establishment of communication with Bombay for the importation of cotton into Japan. The result of this enterprise has been a steady growth of cotton manufacturing in that country. The expenditures made by Japan on the development of its merchant marine were more than made good to the country by the services of the Nippon Yusen Kaisha during the war with China in 1891, when for nine months the company was able to put at the command of the Japanese Government fifty steamships under the Japanese flag and officered and manned almost entirely by Japanese subjects. The company transported nearly the entire fighting force of 120,000 soldiers and 100,000 coolie laborers which Japan suddenly projected into China, crushing out all opposition and bringing the war to a close.

Without disparagement to our own country, except in so far as its policy toward the commercial marine is concerned, the contrast may be drawn between Japan's readiness and our own difficulties during the war with Spain. Outside of the steamships owned by our mail lines under postal contracts, the United States found itself practically without ocean steamships available as auxiliaries, transports, etc. Within five months Congress was required to provide for the registry of 42,700 tons of foreign shipping, and the War and Navy Departments felt compelled to purchase in addition 91,000 tons of foreign shipping, in all 136,700 tons, which had to be secured for the transportation of a smaller number of troops and for a less distance than Japan put immediately into China with the 133,000 tons of the Nippon Yusen Kaisha's merchant fleet.

The Nippon Yusen Kaisha is about to receive from the Japanese Government an annual subsidy of about \$2,500,000, for which it maintains, besides numerous branches, the following main lines to foreign ports:

First. Monthly, from Yokohama to Hongkong, Suez, Marseilles, London, and Antwerp.

Second. Monthly, from Yokohama to Honolulu and Seattle; a service to be made fortnightly this year.

Third. Monthly, from Yokohama to Hongkong, Sydney, Melbourne, and Adelaide.

Fourth. Monthly, from Yokohama to Hongkong, Singapore, Colombo, and Bombay.

Fifth. Monthly, from Yokohama to Manila.

Sixth. Weekly, from Yokohama to Shanghai.

A comparison of the rates paid to Japanese vessels with the rates proposed in this bill is not practicable, nor would it be important. The services of the Nippon Yusen Kaisha have been outlined merely for the purpose of indicating the extent of endeavors by progressive nations to establish themselves in the navigation of the Pacific.

The means of communication between Great Britain, Germany, and France and Egypt, India, Hongkong, China and Japan have thus been set forth in some detail because it is believed that the facts are of the highest importance, not only to our maritime interests, but to the great producing interests of the United States. The value of the markets of east Asia, in the temperate zone, to our producers of cotton, wheat, timber, petroleum, and their manufactures—to enumerate but a few of our chief articles of production—can not be estimated.

It is well understood that the most formidable competitor of American cotton for some purposes is the product of Egypt and of British India. Events of the last year have surely pointed to an even more absolute ascendancy of Great Britain in Egypt than has hitherto been maintained. The undeveloped possibilities of cotton production along the Nile Valley must hereafter be reckoned with. From Suez to Shanghai is 7,168 miles, while from San Francisco to Shanghai is 5,850 miles. The handicap imposed by Suez Canal tolls on foreign steamships has been overcome by contributions from their respective Governments more than enough to pay those tolls and leave a liberal balance. The western outlet for American cotton, now handicapped by a railroad route and transshipment, must be improved by the development of competing American steamship lines from the Pacific coast to Asia.

There are almost unlimited opportunities for the export of American flour to northern and central Asia. American enterprise is already developing that market. But established foreign steamship lines are ready to bring the wheat of India into competition with the product of our Western States, when once the Asiatic taste for wheat flour has been developed, unless this country stands ready to establish means of communication equal to those which have been built up by intelligent and liberal legislation by foreign nations.

German manufactures are being pushed into all the markets of Asia, though the distance from the seat of her manufacturing industries is by practicable routes about double the distance of American manufacturing centers from those markets. The boast of the Norddeutsche Zeitung last month, that while German shipping passing

through the Suez Canal in 1878 was barely 1 per cent of the total it has now become nearly 11 per cent, is not without its meaning to all American exporters. That development has been coexistent with the policy of Government aid to German shipping, begun in 1885, steadily prosecuted, and extended during the past year.

It will thus be seen that every producer in America is interested in obtaining access to these markets. In cereals they will soon become large enough to take in all the products of the farms on the Pacific slope. They should even draw from the great wheat fields of Minnesota and of the Dakotas. The demand for iron and steel products and for the cotton goods of Southern mills has grown wonderfully in these markets in the last two or three years.

But these are not the only considerations. Our recent war with Spain has taught us the inestimable value of the modern steel cruiser of the highest class and the greatest speed. The assurance given to American shipping in our coastwise trade, by the presence of the *New York*, *Paris*, *St. Paul*, and *St. Louis*, watching for the coming of Cervera's fleet, and the fact that this fleet could not cross the ocean without being discovered by our cruisers and reported in ample time to enable Sampson's squadron to intercept them, saved to American ship-owners many times all the money the Government has ever expended in the payment of mail subsidies to the American Line. Could we have had a large fleet of similar vessels ready to be turned over to the Government at a moment's notice under the same conditions, fully manned and equipped with trained seamen and skillful engineers, there would have been no delay in the transportation of our troops and supplies in the late war, and untold millions would have been saved to the Government.

There ought not to be a single Representative who would not be swift to search out the correct remedy for the present deplorable condition of our merchant marine, and having found it, who would not have the patriotism to sacrifice every partisan feeling in applying the remedy.

Let us examine the several remedies that have been proposed. Some members of the committee have advocated the policy of wiping out the last vestige remaining of the shipping laws of the fathers, which have remained almost unchallenged for more than a century, and opening up our shipyards to free competition with the shipyards of the world. They say give us free ships, and then we can buy the cheapest ships in the world. Such a policy would destroy every shipyard in the United States; instead of building up it would tear down. We would not even have shipyards capable of providing the new ships required for our coastwise trade; thousands of men would be thrown out of employment and millions of capital destroyed. Under such a policy we would never be able to compete with foreign shipyards. No more American capital would be thus invested. No more American mechanics would be trained in the art of shipbuilding. The American genius would not be brought into daily contact with the problems of labor-saving machinery resulting in cheaper methods. A century ago, with cheaper material, we so advanced in the art of shipbuilding, under protective laws, that we met successfully the competition of the world. We built the cheapest ships. With protection to-day who doubts that American genius would soon find a way, by better machinery and better methods, to meet the competition of the world? In fact we have almost reached the solution of this problem in building ships of war, where we are allowed to build them on our own plans and according to our own patterns and methods. Give him protection and time and the American mechanic will again solve the problem of a cheaper-built vessel.



Pacific, sufficient to equalize differences in cost of construction and operation under the American and British flags. Such slow-cargo steamships can be operated in connection with the faster vessels under the measure proposed, and thus, by increasing the export freight trade, add to the volume of business of a competing American line, and thus reduce office expenses and expenses of superintendence and management. A fleet of six steamships can be managed at a relatively slight increase over the cost of managing a fleet of three steamships, in the matter of office expenses, agencies, advertising, and other business charges not strictly connected with ship-building and navigation.

If doubt be anywhere entertained of the purpose of maritime nations to put forth strenuous efforts to promote their shipping and trade in the Pacific, it will be at once dispelled by a perusal of the report of the German Reichstag, on which that body passed the bill last March increasing to 5,590,000 marks (\$1,330,420) the subsidy to the North German Lloyd Steamship Company for its lines on the Pacific. Liberal extracts from that document are included in the report of the Commissioner of Navigation for 1898 (pp. 137-147), to which attention is invited. The action of Germany alone should be sufficient to impress upon all the importance of immediate action by Congress, for the German programme is already well under way toward execution. While the bill was pending before the Reichstag, the annual report of the North German Lloyd Company made the following instructive revelations of the German programme:

"The proposition submitted by the Government to the Reichstag for the establishment of a fortnightly service to east Asia, unfortunately delayed, did not come to a vote at last year's session of the Reichstag. Consequently, at this year's session the Government submitted a new proposition, which differs from that of last year in so far as newly built vessels are required to maintain a minimum speed of 14 knots, and the Government reserves the right to demand an increase over this speed in so far as competing mail steamships of foreign countries shall, in compliance with their contracts, furnish a greater speed. Our increase of speed must be effected without any increase in compensation, if the increase of speed of competing lines is also effected without an increase in Government subsidy. Though the fulfillment of these conditions is difficult, yet, in view of our own experiences, we have been convinced that by the installation of the proper vessels the conditions will permit a satisfactory reestablishment of the service.

"During the suspension of action the Hamburg-American Line decided to undertake on its own account connections between Germany and the remote Orient, whereby, through the acquisition of Kiaotschau, the hopes of the German business world associated therewith of a rapid extension and development of our commercial relations with China will be stimulated. To avoid competition in the application for an extension of the Imperial mail service, we have come to an understanding with the Hamburg-American Line on the subject, so that this company will install a number of mail steamships in the east Asiatic Imperial mail service, remaining in the control of the North German Lloyd. This arrangement, under the restrictions of close and fixed conditions, has the approval of the Government. Simultaneously we have reached an agreement with the Hamburg-American Company concerning the prosecution of a joint freight steamship service to the East.

"This cooperation of the two corporations has an added significance for both companies from the fact that the Hamburg-American Company has arranged in the meantime to join operations with the German-Asiatic Steamship (King-sin) Company. On the basis of this union with the Hamburg-American Company, half of the steamships of the King-sin line will enter the service of the North German Lloyd. We cherish the hope that the union of the two greatest steamship companies of Germany for the prosecution of the service to eastern Asia will become the foundation for an active extension of the German merchant marine in the Orient."

The following extract from the annual report of the Hamburg-American Packet Company, issued also while the bill was pending in the Reichstag, still further illustrates the dependence on Government support of the German maritime programme in the East:

"An event of special significance to the further development of our company may be noted in our entrance into the competition for the trade of the Orient. The development which German relations to east Asia, and especially to China, appear about to take on, justifies our firm determination to follow the policy of our Emperor. We established, therefore, on January 3, 1898, a regular monthly freight line between Hamburg and Antwerp, and Penang, Singapore, Hongkong, Shanghai, Yokohama, and Higo, with connections to Foochow, Kiaotschau, Tientsin, etc. We have used principally vessels of our A class, which are peculiarly adapted to this service. Nevertheless, as we could not confine ourselves permanently to the employment of cargo steamers alone in such a service, considering the rank of our company and of our whole organization, we have, thanks to the understanding which the Imperial Government and our Bremen friends promoted, entered into an

agreement with the North German Lloyd, according to which our company, if the Reichstag approves the bill presented to it, will share in the trade of the German Imperial mail service to east Asia, so that the Government mail steamships shall start alternately every fortnight from Bremen and Hamburg.

"The first steamships to be installed by us in this service will be contracted for in German shipyards at the earliest date, assuming always the passage of the bill. As we have succeeded in establishing this friendly relation with the North German Lloyd, and, though a fifteen-year contract, in obtaining a participation in the east-Asia trade, which for this branch of the business of the two companies is hardly to be distinguished from a fusion, so also we have taken steps to reduce competition in the trade with Asia by the absorption of the German Steamship Company of Hamburg (King-sin line), etc."

The bill passed the Reichstag. The contract was made October 30, 1898, and published on November 18—about two months ago. By its terms the North German Lloyd Company for fifteen years is to receive an annual subsidy of \$1,330,420 for corresponding service for the following steamship lines:

- (1) Once in four weeks from Bremen or Hamburg to Genoa, Naples, Suez, Aden, Colombo, Singapore, Hongkong, and Shanghai.
- (2) Once in four weeks from Bremen or Hamburg to Genoa, Naples, Suez, Aden, Colombo, Singapore, Hongkong, and Yokohama.
- (3) Once in four weeks between Hongkong and Shanghai.
- (4) Once in four weeks from Bremen to Genoa, Naples, Suez, Aden, Colombo, Adelaide, Melbourne, and Sydney.
- (5) Once in eight weeks from Singapore to German New Guinea.

The new steamships for the Asiatic trade are to be of 6,000 gross tons and 14 knots speed, and the first is to be put into operation on October 1, 1899, the second on January 1, 1900, and others to follow rapidly. The temporary arrangements to secure the trade at once have been indicated in the extracts from the reports of the two principal German steamship companies. The rate of compensation is fixed at 5.3 marks per nautical mile, which is equivalent to \$125 for each 100 miles traversed by the ship. The voyage from Bremerhaven to Shanghai by the route described in the contract is 11,350 miles, so that for each round voyage the German Government, beginning this year, will pay \$28,625. Under the rates proposed by the bill under consideration an American steamship of the same tonnage and speed, voyaging side by side with the German steamship, would receive \$28,080, or about \$500 less than the German vessel.

In view of the cheaper cost of construction and operation in Germany, American competition would not be practicable over the same route as that traversed by the North German Lloyd and Hamburg-American steamships to Asia, even with the support proposed by this bill. It is rendered practicable by the lower rates of compensation proposed, because the American vessel has the advantage of the more direct route across the Pacific and is not subject to charges of several thousand dollars on vessels passing through the Suez Canal. The distance from San Francisco to Shanghai directly across the Pacific is 5,550 miles. An American steamship of 6,000 gross tons and 14 knots speed for the round voyage would receive, under the provisions of this bill, \$10,080, but as it could make double the number of voyages possible for a similar steamship from Bremen to Shanghai via the Suez Canal it is believed that competition will be feasible under the rates of compensation proposed.

The French Government, under its contract of 1895, pays \$2,400,570 to the Compagnie Messageries Maritimes, of Marseilles, for a number of steamship lines, of which only those to Asia and Australia need be considered at this time. Its lines to Asia comprise:

First. Once every four weeks from Marseilles to Suez, Bombay, Colombo, Singapore, Saigon, Hongkong, Shanghai, Kobe, and Yokohama, with connections at Colombo for Australia and New Caledonia.

Second. Once every four weeks from Marseilles to Suez, Aden, Colombo, Singapore, Saigon, Hongkong, Shanghai, Kobe, and Yokohama.

Third. Once in four weeks branch lines from Colombo to Pondichery, Madras, and Calcutta, and from Singapore to Batavia.

Fourth. Once every four weeks from Marseilles to Suez, Colombo, Adelaide, Melbourne, Sydney, and Nouméa (French New Caledonia).

Toward the support of its direct Asiatic lines it receives \$1,174,409, and part of the sum of \$599,832 paid annually for its lines to Australia must be considered as contributing up to Colombo in Ceylon toward its Asiatic service. For its lines to Asia and Australia the company now receives 31 francs per marine league, which is equivalent to \$199 for each 100 nautical miles. The largest and fastest vessel of the fleet of the Messageries Maritimes, built in 1897 under the contract of 1895, is the *Indus*, of 6,357 gross tons and 17 knots speed. This vessel, as stated, will receive \$199 for each 100 nautical miles navigated. An American steamship of precisely the same size and speed, on precisely the same route, under the provisions of the bill now being con-

The statement is made by the Commissioner of Navigation that—

All seagoing steamships of over 1,500 gross tons and 16 knots speed receive assistance from their respective governments in some form, except the *City of Rome*, 17 knots, 8,453 gross tons, built in 1881, and possibly seven fast steamships under the Chilean flag, of which information on this subject has not been received. Fully 80 per cent of all the seagoing steamships of 1,500 gross tons or over and 14 knots speed or over belong to companies which in one form or another receive the aid of their respective governments in maintaining operations. This assistance in the case of the 216 British and German vessels enumerated is in addition to the advantages they enjoy over American vessels in the matter of lower first cost of construction and lower cost of operation. If this examination be pushed further it will be found that about 65 per cent of the steamships of 13½ knots speed receive assistance or mail pay from their respective governments, and about 50 per cent of steamships of 13 knots receive similar assistance.

Just now we seem to have entered into the markets of the world. We are selling steam engines, all sorts of railroad locomotives and equipments, electric machinery, everything made of iron and steel, and products in a score of other different lines everywhere in the world. Geographically we are nearer the South American trade than any other country. Our Pacific coast, and even the factories of the East, by reason of our cheap railroad transportation, are nearer in time and in cost of freight by vessels under foreign flags than those of any other country. We can compete in price; what we need is vessels of the United States to carry our goods and recommend them to these markets of the world. Under equal conditions trade follows the flag. We can not expect the captain of a German or English vessel to recommend the goods of a country other than his own. To do business we must have mail facilities. The American producer works at an immense disadvantage when he is obliged to send his goods by the way of Liverpool to South America. On the Pacific coast there is an absolute dearth of even foreign vessels to carry our Asiatic commerce. The Japanese line is doing its best, but every ship leaves more freight behind than it is able to carry. Orders are declined for lack of transportation facilities. The trade is ours, if we but step in and take it. Our competitors are working hard for this Asiatic trade. They are already entrenched on the Atlantic and in the South American trade. They do not hesitate to subsidize new lines in order to get their goods into other markets.

We quote again from the statement of the Commissioner of Navigation:

ACCESS TO ASIATIC MARKETS.

Great Britain, Germany, France, Italy, and Austria-Hungary have deemed it of prime importance to establish regular and quick communication with the markets of Asia, and to this end these Governments have paid large sums annually for a period of years to steamship lines under their respective flags. Unquestionably considerations of national policy and the extension of markets for home productions have prompted such subsidies to a very considerable extent, probably more than has the desire to promote national shipbuilding and national navigation. The relative weight which different motives may have in establishing the systems of foreign compensation to steamship lines is a matter of comparatively little moment. It may be reserved for academic discussion. The patent fact remains that by voting large sums of money annually to secure communication under the national flag the several foreign Governments referred to have built up their shipping and have extended their markets.

Great Britain at the present moment is thus expending \$1,496,120 on the support of its steamship lines to Asia alone, and this very considerable sum is divided up between two corporations, the Peninsular and Oriental Steamship Company and the Canadian Pacific Steamship Company, organizations influential in determining the policies of the British Empire. The Peninsular and Oriental Steamship Company in 1897 signed a contract with the British Government by which, besides admiralty subventions and other contracts, it receives annually £330,000 (\$1,603,800) for maintaining the following lines of steamships:

First. Fortnightly from Brindisi, Italy, to Suez, Aden, Colombo, Penang, Singapore, Hongkong, and Shanghai, a distance of 8,304 nautical miles.

Second. Weekly from Brindisi to Suez, Aden, and Bombay, a distance of 3,972 nautical miles.

Third. Fortnightly from Brindisi to Suez, Aden, and Colombo, a distance of 4,434 miles, and from that point in Ceylon to Albany and Adelaide, in Australia, a distance of 6,712 miles additional.

The entire mileage covered annually by this contract amounts to 1,421,488 nautical miles, for which, as stated, the company receives \$1,303,800 (of which \$1,201,520 is for voyages to Asiatic ports), or at the average rate of \$112 for each 100 nautical miles. The company employs fifty-eight steamships (including slow vessels) on all its lines and connections, and the rate of compensation per gross ton according to speed can not be stated with precision. The best vessel of its fleet is the *Arabia*, of 7,903 gross tons, 18½ knots, completed and put into operation during 1898. From this the steamers run down to vessels of 3,000 and 4,000 tons of 11 knots. The average rate of compensation, as stated, is \$112 per 100 miles, which for a vessel of the *Arabia* class of 7,903 gross tons would be the equivalent of 1.4 cents plus per gross ton per 100 miles. To be entitled to that rate of compensation for speed by the bill under consideration (page 3, line 21) an American steamship is required to make between 17 and 18 knots compared with the *Arabia's* rate of 18½ knots.

In other words, to earn under this bill speed compensation equal to the average bounty paid by the British Government to the Peninsular and Oriental Line an American steamship must come within about half a knot of speed of the fastest, largest, and newest of the Peninsular and Oriental steamships. As a matter of fact the rates provided for in the bill are considerably lower than the rates paid by the British Government to the mail steamships of the average size and speed actually employed by this great British corporation, when allowance is made for differences in cost of construction and operation. Were it not for the fact that British steamships under this contract are required to pay considerable tolls in passing through the Suez Canal, which materially reduce their bounties, and that our route, directly across the Pacific, is not subject to such charges, competition would not be practicable for American vessels under the provisions of this bill.

The line of steamships operated on the Pacific under support of the British Government in connection with the Canadian Pacific Railroad is an even more significant illustration of the method adopted by Great Britain to develop her trade and promote her supremacy on the seas. The establishment and maintenance of this steamship line is only part of the general policy of Great Britain. It is proposed to establish soon a line of fast steamships by Government aid across the Atlantic from Great Britain to a terminal point on the Atlantic coast of Canada where connections can readily be made with the Canadian Pacific Railroad, and by means of that railroad with Vancouver, on the Pacific. The trans-Atlantic line would have been established during the current year had not certain complications arisen over the ability of the contractors to carry out the project.

The reports of the British postmaster-general for 1897 and 1898 show the unmistakable purpose of Great Britain, at any cost, to be first in establishing herself firmly in the trade between Asia and the west coast of North America. Once firmly established, Great Britain will thus be in a position to attract to herself and her colonies the trade which for geographical reasons we have hoped would be enjoyed by the Pacific coast and Western States of the United States.

An examination of the precise compensation which Great Britain has deemed necessary to establish connection between British Columbia and Japan and China and a comparison of that compensation with the compensation proposed by this bill can readily be made. The Canadian Pacific Steamship Line consists of three sister steamships, each of 5,905 gross tons and 10½ knots speed. These vessels operate from Vancouver, British Columbia, to Yokohama, Kobe, Nagasaki, Shanghai, Hongkong and return, a total distance for each round voyage of 12,570 miles. Under favorable conditions each vessel completes five round voyages during a year, and sometimes enters upon the outward voyage for a sixth time. For this service the British Government pays an annual subsidy of £60,000 (\$291,600), toward which the admiralty and the government of the Dominion of Canada contribute. Each of the three steamships thus receives annually the sum of \$97,200, or assuming that on the average it makes five round voyages a year, the sum of \$19,440 per voyage.

This compensation is at the rate of \$155 for the vessel for each 100 nautical miles, and the vessel being of 5,905 gross tons, the rate of compensation per gross ton per 100 miles is thus between 2.5 and 2.6 cents. Under the rates proposed by the bill under consideration, a competing American vessel of the same tonnage and the same speed as the Canadian Pacific steamships, making five round voyages over precisely the same route, would receive \$17,213 per round voyage, or \$2,200 less than the British vessel, the American steamship must be of greater tonnage or greater speed, or both. Competition would not be practicable under the terms of this bill were it not for the following considerations:

This bill provides a low rate of compensation for slow-cargo steamships across the

scious of this fact, our people feared no rivals, and in 1815, and notably in 1828, by a system of legislation and commercial treaties we gave up by degrees all protection to American shipping either from discriminating tonnage taxes or duties. Although there was a decline after 1828, it was slow and did not impair by more than 20 per cent the relative percentage of our tonnage compared with the foreign tonnage engaged in our foreign trade until the advent of steam.

With the introduction of steam vessels there was an entire change of conditions. This became more marked with the advent of iron and steel hulls. In those days British yards could easily produce the steam and iron vessel at a much less cost than our own. But Great Britain was not content to take her chances alone on her superiority in producing the new style of vessels. Her old navigation laws, which had existed for more than two centuries when we adopted ours in 1789, were modeled on the same plans as our own; and she had stipulated away these discriminations at the time we were making treaties with the same object in view. In 1839 she embarked on a system of subsidies. Her first contract was with the Cunard Line, a fast steam line designed to recapture a portion of American commerce with her own ports. Our people met her on the same ground, and in 1845, and again in 1848, subsidized the Collins Line. We continued this subsidy until 1858, since which period we have seemed to make no effectual effort toward either maintaining our ground or regaining our lost prestige. While in 1858 we were carrying over 70 per cent of our foreign commerce in American ships, and while we continued to lose this trade down to the beginning of the war in 1861, we still retained 65 per cent of it. The presence of privateers drove one-half of our ships from the ocean during the civil war, and we have never regained our lost position. On the other hand, we have lost from year to year, until now we are carrying only about 11 per cent of our foreign commerce under the American flag.

In 1789 we adopted a policy with these two distinctive features: First, that no ship should receive an American register unless it was built in the United States; second, that no foreign-built ship should in any manner engage in our coastwise trade. This policy has given us a lake and coastwise commerce far ahead of that of any nation in the world. While it has enabled us to build the finest of shipyards, yet this trade has not required the building of the larger modern ship. We have carried the same system of high wages into the shipyard that we have maintained in every factory in our country. This policy undoubtedly resulted in higher cost in the manufacture of vessels, as it did in the manufacture of articles made from iron and steel, for example. Unlike our factories, our shipyards have not been fully occupied. While we can now produce nearly everything else made from iron and steel to compete with the world, we have not yet reached that point where we can compete in the building of iron and steel ships.

It is doubtless true that the iron and steel bottoms, girders, steam engines, boilers, and propellers, and all the material that enters into the building of ships, can be laid down in an American shipyard at about the same price as on the Clyde. Yet these materials constitute not quite half of the cost of a modern-built ship in an American yard. Then comes in the question of labor. Our labor costs more. We pay from 40 to 50 per cent more wages in every branch of this industry. Our yards are not fully occupied. And yet the interest on the cost of the plant runs on the same at a higher rate than in the Old World. The

first ship costs far in excess for its construction than the second ship built in the same yard after exactly the same plans; and when a half dozen of these ships can be made on the same model the cost of construction is greatly reduced. Our yards build one ship of a class, while yards in the Old World build them by the score. Hence it is that our shipbuilders are required to charge from 30 to 40 per cent more for ships built here. This excess of cost enters into the expense of the future operation of the ship. The owner must pay 6 per cent interest and 6 per cent insurance on the excess and lose his 6 per cent in the deterioration of the vessel on the excess.

Nor is this all. The wages from the captain down to the common seamen is 50 per cent greater and sometimes double the cost of the wages in a foreign ship. Sailors will work for the same shipowner for much less wages under a foreign flag than under the American, though the vessels are the property of the same man. The sailor on the American vessel requires and receives better food, better accommodations, all of which add largely to the expense account. Congress has recently emphasized its determination that a sailor on an American vessel should be the best fed, the best housed, and the best clothed sailor in the world.

The following summary gives a comprehensive view of Government contributions toward the promotion of national navigation:

Great Britain .....	\$5,274,257
Items in table .....	\$4,017,602
Retainers to merchant seamen .....	596,565
Refund of light dues to ships with British boys (about) ..	250,000
Contracts and mail in table but not ascertained (about) ..	250,000
Canadian fishing bounties .....	160,000
Germany .....	1,885,880
Item in table .....	1,320,420
Trans-Atlantic mails:	
From United States .....	115,460
From continent (about) .....	450,000
France .....	6,885,248
Items in table .....	4,385,248
Construction, navigation, and fishing bounty .....	2,500,000
Spain .....	1,901,968
Item in table .....	1,629,927
Other items .....	275,041
Japan .....	3,786,000
Item in table .....	2,499,000
Construction bounties (N. Y. K.) .....	1,250,000
Other bounties .....	
Fishing bounties .....	37,000
Russia .....	1,211,000
Item in table .....	631,187
Other bounties .....	579,813
Sweden and Norway .....	108,995
Mails and bounties .....	108,995
Norwegian construction bounties .....	
Denmark .....	82,455
Mails and bounties .....	82,455
Netherlands .....	266,017
Colonial mails .....	266,017
Italy .....	1,941,477
Item in table .....	1,911,477
Austria .....	1,428,649
Item in table .....	1,428,649
Portugal .....	75,816
Items in table .....	75,816
Total foreign nations .....	24,850,762
Total United States .....	1,333,632

55TH CONGRESS, } HOUSE OF REPRESENTATIVES. { REPORT  
3d Session. } { No. 1866.

PROMOTION OF COMMERCE AND INCREASE OF FOREIGN  
TRADE, ETC.

JANUARY 27, 1899.—Committed to the Committee of the Whole House on the state  
of the Union and ordered to be printed.

Mr. PAYNE, from the Committee on the Merchant Marine and Fisheries,  
submitted the following

REPORT.

[To accompany H. R. 11312.1

The Committee on the Merchant Marine and Fisheries reports back  
the bill (H. R. 11312) to promote the commerce and increase the foreign  
trade of the United States, and to provide auxiliary cruisers, transports,  
and seamen for Government use when necessary, with amendments  
thereto, and recommends its passage.

The purpose of this bill is well expressed in the preamble, which  
reads:

Whereas the profitable employment of the surplus productive power of the farms,  
factories, mines, forests, and fisheries of the United States imperatively demands  
the expansion of its foreign commerce; and

Whereas the merchant vessels, officers, engineers, machinists, electricians, and  
seamen necessary to the expansion of the commerce of the United States are also  
essential as auxiliary to the forces of the United States in time of war and other-  
wise, and to the better security of the nation and the protection of its possessions;  
and

Whereas it is deemed especially expedient to make immediate provision to these  
ends.

The merchant marine of the United States has had a varied and  
interesting history. During the Colonial period, when anything besides  
a wooden vessel was unknown, although the Colonies had the cheapest  
raw materials for building vessels of any nation in the world, we built  
but few ships, and at the time of the adoption of the Constitution we  
were carrying under the American flag only about 11 per cent of our  
foreign commerce. Immediately after the adoption of the Constitution  
the fathers began to look around for means to remedy this evil. By a  
system of discrimination, by way of tonnage taxes and increased duties  
against foreign vessels, the growth of the American merchant marine  
soon attained wonderful proportions. Before the close of the century we  
were carrying nearly 90 per cent of the foreign commerce in American  
ships. We were able to build the cheapest ships in the world. Con-

is fallacious. The higher priced labor is always the more intelligent, more ingenious, more skillful, and more industrious labor. By the law of the survival of the fittest it always overcomes so-called "pauper labor." The markets of the world to-day are dominated by the goods manufactured in the United States, Great Britain, Germany, and France, and these are the four countries in which the level of wages is the highest. In the last few years there has been a remarkable growth in the exports of American manufactured goods. These goods are the product of American high-priced labor, going out to compete in price and quality in open free-trade markets.

Can it be successfully maintained that American sailors can not transport across seas without a bounty the multitude of manufactured goods which high-priced American workmen have succeeded in making at prices which prove attractive in the markets of the world? Such a proposition is contrary to common sense and contrary to the experience of American shipping in the past. As to coal and ship supplies, the American and the foreign shipowners are on equal terms, for ships are supplied, turn and turn about, at the home and foreign port. With the cheapest and best ships, and with the men whose services are worth the most aboard them, there will be no trouble about competing under the American flag with foreign ships.

If it were true that Americans can neither build ships nor run them after they are built as well and as profitably as other people the revival of American shipping would be a vain and hopeless dream. No bounty, although it gave to its recipients billions instead of the hundreds of millions proposed in this bill, could cure so hopeless a case. It would be like paying a bounty to moles to encourage them to fly or to birds upon condition that they burrow beneath the ground. Happily it is not so. Our people are well adapted to the seafaring life. They take to the water naturally and have at every period of our history, when conditions were favorable, demonstrated their ability to take care of themselves on the sea. The success of our merchant marine in peace has not been less conspicuous than the success of our Navy in war. Our sailors have left the foreign carrying trade only because their Government refused them the poor privilege of buying and using the best ships. Give them an open door to the sea, and we believe they will go out once more and earn their share of the hundred million of dollars which is paid every year for transporting our exports and imports across seas. We favor giving every opportunity and facility to every American citizen who desires to sail upon the sea, but we are forced to resist and oppose this committee of shipowners and shipbuilders who have organized for the purpose of sailing into the Treasury of the United States.

Notwithstanding arguments and statements to the contrary, this bounty scheme is not framed in likeness to the policy of any foreign country notable for the success of its merchant marine. The principle on which Great Britain has built up her supremacy in the carrying trade has been the free-ship principle. A British subject can buy his ship anywhere. The British carrying trade, whether foreign, colonial, domestic, or coastwise, is open on equal terms to any ship in the world. Great Britain does not give bounties to shipping. Her admiralty subvention is small; it is given only to such ships as are built so as to be especially adapted to the work of auxiliary cruisers; and it is received by not more than 20 ships. Her largest expenditure is for the carrying of her mails. For this she pays less in proportion than we pay.

To illustrate, we pay the International Navigation Company \$757,680

a year for carrying mails across the Atlantic. This is earned by four ships. The White Star Line and the Cunard Line, with a combined fleet of 22 ships, competitors of the International Navigation Company, receive both together only \$837,649. This latter sum is not a bounty at all. It is money earned by carrying mails, and a considerable portion of it is paid by our own Government. As to Germany, the most important of her steamship lines (those operating between Hamburg and Bremen on the one side and the United States on the other) were built up like all the ships of her Atlantic fleet, without subsidy, bounty, or any government aid beyond reasonable pay for carrying mails.

If we look abroad for illustrations of a bounty system and the results thereof, we must look not in the legislation of the nations which have succeeded in building up a great merchant marine, but in the legislation of countries which have failed in the attempt. France and Italy have been trying for fifteen years a bounty system not altogether unlike the one presented in this bill. Its results have been deeply disappointing, and their merchant marine is to-day among the least prosperous.

We have shown that this bill is in direct hostility to the underlying principles of the Democratic party. It is equally repugnant to the declared policy of the Republican party. In the St. Louis platform the Republican party, at its last national convention, declared in favor of an entirely different method of dealing with the American merchant marine. This bill therefore is the offspring of mere bounty beggars and should be repudiated by representatives of both political parties. It is vicious in principle. It is not necessary for the rehabilitation of our merchant marine to give hundreds of millions of the people's tax money. The bill is wholly unjustifiable.

LEVIN IRVING HANDY.  
H. D. CLAYTON.  
S. T. BAIRD.  
W. J. TALBERT.

Notwithstanding the destruction of our shipping which has resulted therefrom, the majority of our committee still look on these old commerce-killing laws with affection and speak of them in their report as "the shipping laws of the fathers, which have remained almost unchallenged for more than a century." Every maritime country in Europe, as well as Japan and China, long ago adopted the free-ship policy. Our country forbids an American citizen to buy a ship in a foreign country and use it on the high seas under the American flag. That prohibition is at the bottom of the decay of the American merchant marine.

Our shipbuilders and shipowners gained supremacy on the sea when the American-built wooden ship was the best and cheapest ship in the world. Our great virgin forests gave us the best and cheapest materials for shipbuilding. Our ingenious, industrious, and skillful artisans, with that advantage in material, produced the best and cheapest ships of that period; although American wages then as now were higher than those paid abroad. Our daring and competent sailors, with the ships thus built, underbid the world in freight charges, although wages on American ships then as now were higher than wages aboard other ships.

When the change came from wooden sailing ships to iron and steel steamships our shipbuilders were at a disadvantage, because steel and iron cost more here than in Great Britain. Englishmen and Scotchmen began to build the cheapest and best ships. When we built the cheapest and best ships Great Britain repealed her navigation laws, opened her trade to free ships, and enabled her shipowners to buy American-built ships, and thus to keep on the sea. When the tables were turned on us we stupidly continued our barbarous old navigation laws and doomed our great shipping interest to destruction.

To build up once more a great merchant marine should be one of the patriotic ambitions of American statesmanship. The way to accomplish it is plain and wide open, and in full accord with just principles of government. It can be done by taking off the shackles and giving American enterprise, American industry, and American seamanship an equal chance. Everything needed in building and equipping a ship should be admitted free of customs duty. Ship supplies should also be on the free list. Every American citizen should be free to buy ships to use in the foreign carrying trade wherever he can find them cheapest and best. Tonnage taxes should be abolished. Vexatious fees for official papers at our custom-houses should be done away with. This policy will build up an American marine of natural vigor, like a tree in the forest. The bounty scheme in the bill under discussion can at best make it little better than a hothouse plant, unable to thrive in the open, and sure to fade at the end of the bounty period.

Free ships for the foreign carrying trade could not possibly hurt the business of our American shipyards. Under present conditions they get but little or nothing to do in the way of building ships for the foreign trade. Surely if they can not build ships cheap enough to enter the foreign trade it will not hurt their business to permit Americans to own and use such ships built elsewhere. The repairs of a large fleet of free American ships, coming naturally to American shipyards, would amount to vastly more work than those yards are now doing in building new ships for foreign trade, because for years they have practically built nothing except for the domestic and coastwise trade. Repairs on the ships coming to our register for the foreign carrying trade under a free-ship law would be just that much additional work for American shipbuilders.

But the truth is that we are on the verge of brighter days for American shipbuilding. A change in conditions has come about in the cost

of the material for shipbuilding. The pendulum of advantage, which swung our way in the forties and swung over in Great Britain's favor in the sixties, is swinging our way once more. By changed conditions of production American steel and iron are now produced more cheaply than any other steel and iron in the world. We are exporting steel and iron in many manufactured forms. Steel plates to be used in shipbuilding are now being exported to Great Britain. The materials for building a great steamship can be assembled in one of the shipyards on the Delaware cheaper to-day than they can on the Clyde. Our cheaper steel and iron will enable our shipbuilders to do in the next ten years what our cheaper wood enabled them to do from 1845 to 1855, viz, build the best ships and the cheapest ships in the world.

But it is argued that the laborers in American shipyards get higher wages. True, and it is because they are worth more. They do more work. They do better work. They are more sober and reliable. They take fewer holidays. They are superior in many respects to the laborers in the shipyards on the Clyde. The difference in wages between our shipyards and foreign shipyards to-day is no greater than it was fifty years ago, when our shipyards beat them all. The great Cramp shipyard at Philadelphia recently underbid Armstrong, the great English shipyard, at Newcastle-on-Tyne, in competing for a contract given out by the Japanese Government. Cramp underbid Armstrong by 20 per cent and got the contract. The same American shipbuilders also recently underbid French and German builders in competing for a Russian contract. This contract was also secured by the American yard.

We make in this country the cheapest and best railroad locomotives. Like a steamship, a locomotive is made of iron. Like a steamship, it is a highly complicated piece of mechanism. We export our locomotives. The wages of men in locomotive works are about on a par with the wages of men in shipyards. With the cheapest material in the world, our shipbuilders, like our locomotive builders, will soon, if they are put to the trial, hold their own against the Englishman, Scotchman, and German. But the way to bring about the triumph of American shipbuilding is not by applying the sedative of a bounty. Let us rather apply the stimulus of freedom and open field and fair competition. Our shipbuilders have not lost their cunning. The behavior of the Navy last spring and summer shows that the ships built in American shipyards are the best. Every indication points that American-built ships may in the near future be the cheapest as well as the best.

It is also argued that even with the cheapest and best ship in the world an American shipowner can not keep the seas. The operating expenses are alleged to be greater for an American ship than for any other. The statistics before the committee show that the operating expenses of an English ship is greater than that of any other nation except our own. Yet, with greater operating expenses than his competitors—for the United States has not been a serious competitor for many years—the British mariner can still sing, "Britannia rules the waves." Evidently there is something awry with the argument that we can not run and operate ships because of the high wages paid American seamen. Our wages to seamen were always relatively high. That was the condition when our shipping was in its glory, fifty years ago. American seamen get high wages because they are high-class seamen and are worth more to their employers, and for no other reason.

The whole argument that high-priced labor as a class can not compete with low-priced labor as a class, whether applied to labor on the sea or labor on the land, to labor in shipyards or to labor in factories,



This bounty of \$8,250,000 a year does not include any estimate for supposed increase of our merchant marine, due to stimulation incident to a bounty system. It includes only the shipping now in sight and the shipping which must be built, under the contracts, to cover, according to the requirements of the bill, the shipping in sight. The new American-built shipping, covered by this enormous bounty of \$165,000,000, would amount to only 212,000 tons of steam vessels and 162,000 tons of sailing vessels. In short, this bill must cost the Treasury \$165,000,000, even if it be repealed by the next Congress. What it may cost, if it remains unrepealed, no man can foretell; probably not less than \$300,000,000.

Of this enormous bounty of \$165,000,000, which this bill must cost the public Treasury, the lion's share will go to a single company. Under the provisions of the bill the International Navigation Company will be entitled to receive a subsidy for twenty years of more than \$2,850,000 a year, amounting in the aggregate to more than \$57,000,000. To give out of hand to a single company operating for private gain \$57,000,000 of tax-raised money strikes us as a monstrous proposition.

This company now has eight ships under the American flag, ten ships under foreign flags, and four ships under contract for building in foreign shipyards. It is doing a profitable business now, for when asked "Are you running at a loss under the American flag?" Mr. Griscom, the representative of the International Navigation Company, replied:

No; four or five voyages each year; but we make it up in the summer. We make some money at the end of the year. We are enabled to live at present, but I will answer your question by saying that we have never been able to pay our shareholders a dividend, and if we want to progress under the American flag there is no way we can improve our position under present conditions. (See Hearings, p. 68.)

This company now receives \$757,000 a year from the Government of the United States for carrying mails. In view of the great increase of bounty which it is proposed to give his company, Mr. Griscom was asked: "What additional service will you perform for the Government?" He replied:

We would be able to make both ends meet, and able to expand our service under the American flag instead of under foreign flags, and have some hope of a dividend to our stockholders from our ships under the American flag. (See Hearings, p. 58.)

This company is to receive in twenty years \$57,000,000 of the people's money as a gratuity to fatten the dividends of its shareholders. Under such conditions the hope that the company may be able to "make both ends meet" seems to be within the range of possible attainment.

The bounties in this bill do great credit to the courage of the gentlemen who formulated them. Few men asking the Government to aid in their private business by a cash contribution would venture to ask for quite so much. An ordinary citizen who is building a house would be satisfied if the Government would contract to pay him in twenty years a bounty equal to the whole cost of the house. But in this bill it is provided that a man who builds a great and speedy ocean steamer shall be paid bounties in twenty years amounting to twice the whole cost of the ship. The bounty to be earned even by a slow freight steamer, with a speed of less than 14 knots, will amount every year to more than 8 per cent of her cost when new. On the faster steamers, like the best belonging to the International Navigation Company, the bounty will be rather more than 10 per cent of their cost when new. It is admitted by the advocates of the bill that the bounties will be large enough to pay all of the salaries and wages of the officers and crews who man the ships. In truth, they will do more than that. The

bounty will be about large enough to meet the pay roll and to pay for the ship's supplies. We submit that on the face of it these bounties are excessive. They go far beyond any effort to stimulate shipowning. They go to the extent of enriching shipowners at the expense of their fellow-citizens.

The right under this bill to contract for a twenty-year bounty will expire at the end of ten years. During ten years shipowners will have the privilege of contracting to receive bounties for twenty years from the date of contract; but ships built after the ten years have expired will receive no bounty. The result will be that in 1909 every American ship will be under a bounty contract for the full expectancy of its years of usefulness. New ships without bounty can not compete with the subsidized ships, and therefore no new ships for foreign trade will be contracted for after 1909. This bill says to the shipbuilding interests of the country: "After ten years of such prosperity as bounties to shipowners can give, there shall come a period when no American can afford to build a new ship." The difficulty above referred to is inherent in the bounty scheme and can not be avoided. When a bounty is once begun no good place for giving it up can ever be found. A bounty works on an industry like alcohol on the human system. The more you take the more you want, and after you have taken too much it will kill you to stop and kill you if you do not stop.

We are firmly convinced that bounties are repugnant to the spirit of our free institutions, under which all citizens should have equal rights, and no special privileges should be granted. The money given by a bounty to one citizen is necessarily taken from his fellow-citizens by taxation for that purpose. It is impossible to give a bounty to everybody and to all forms of industry. Will you give the farmer a bounty on his corn, wheat, cotton, and other staples? Will you give carpenters from the public treasury a cent for every 100 shingles they nail upon a roof; blacksmiths a dime for every horse they shoe; masons a quarter for every 1,000 bricks they lay; merchants a dollar for every \$10 worth of goods they sell? Will you let the railroads dip into the Treasury and take a bounty for every train of cars they move? Shall the miner have a bounty from the Government for every ton of coal or ore he brings to the surface, and the woodsman a bounty for every tree his ax brings down? If not, it is manifestly unequal and unjust to tax the farmers, carpenters, blacksmiths, masons, merchants, railroad men, miners, and woodsmen of the country to pay a bounty to shipowners for every mile they sail upon the sea. Bounties are so odious that they have been seldom attempted in the legislation of the United States. The sugar bounties of the McKinley bill, which were quickly repealed and never reenacted, stand almost alone in our history.

The pretense upon which the shipowners ask for the bounties in the bill (H. R. 11312) is that they are necessary in order to restore the American merchant marine and give it a fair share of the foreign carrying trade. This we believe to be a false and misleading assumption. Our merchant marine was once the most prosperous, and its growth the most vigorous in the world. The sails of American ships were on every sea and the American flag decorated every port in the world. The advantage gained by our shipping in the fifties would have been held until the present time but for our antiquated, illiberal, obstructive, and unwise navigation laws. They are the relic of the last century. Every other civilized government has long since wiped off from its statute books the old legislation which formerly hampered shipping. We alone have kept it in force.

PROMOTION OF COMMERCE AND INCREASE OF FOREIGN  
TRADE, ETC.

JANUARY 31, 1899.—Committed to the Committee of the Whole House on the state  
of the Union and ordered to be printed.

Mr. HANDY, from the Committee on the Merchant Marine and Fish-  
eries, submitted the following as the

VIEWS OF THE MINORITY.

[To accompany H. R. 11312.]

The undersigned, members of the Committee on the Merchant Marine  
and Fisheries, being unable to agree to the report of the committee on  
H. R. 11312, submit the following statement of their views:

This bill (H. R. 11312) is one that was prepared and brought to Con-  
gress by a voluntary committee of shipowners and shipbuilders, repre-  
senting the gentlemen who will receive the bounty which the bill  
proposes to give from the public Treasury. The bill as it is reported  
to the House is in almost the exact form and grants to a penny the  
bounties demanded by the gentlemen who are to receive them. The  
duties and obligations imposed upon the recipients of this bounty are  
such, and such only, as they have themselves voluntarily suggested.  
The bill is, therefore, naturally and entirely satisfactory to the "inter-  
ests" which have organized this movement to secure the vast sums  
carried in the bill as a gratuity to be used in carrying on their private  
business and enlarging the profits thereof.

The bill provides not simply for bounties, but for bounties which once  
granted can not thereafter be taken away. It authorizes and directs  
the Secretary of the Treasury to enter into contracts with owners of  
ships and with citizens who propose to build ships, binding the Gov-  
ernment to pay for a period of twenty years the bounties prescribed in  
this bill. If this bill becomes a law, the contracts will be quickly made,  
and once entered into no future Congress can in honor break them or  
refuse to make the necessary appropriations to pay them. To do so  
would look like repudiating a national obligation.

The twenty-year bounties thus provided are put in the bill in the lan-  
guage of so many "cents," but when the arithmetical calculation is  
made to find how big these bounties by "cents" will prove to be when  
the time comes to pay them, we find that they must be figured in tens  
of millions of dollars. By a careful and conservative estimate we find  
that the Government will be obligated, by the contracts likely to be  
entered into during the first twelve months under this bill, to pay boun-  
ties amounting to more than \$165,000,000.



Mileage and speed rate combined—Continued.

Nautical miles.	Mileage rate.	Over 1,500 tons.			Over 3,000 tons.			Over 8,000 tons.	
		14 knots.	15 knots.	16 knots.	17 knots.	18 knots.	19 knots.	20 knots.	21 knots.
		1 cent.	1.1 cents.	1.2 cents.	1.4 cents.	1.6 cents.	1.8 cents.	2 cents.	2.2 cents.
6,000	67.5	127.5	133.5	139.5	151.5	163.5	175.5	187.5	205.5
6,100	68.5	129.5	135.5	141.5	153.5	165.5	177.5	195.5	208.8
6,200	69.5	131.5	137.5	143.5	155.5	167.5	179.5	197.5	212.1
6,300	70.5	133.5	139.5	145.5	157.5	169.5	181.5	199.5	215.4
6,400	71.5	135.5	141.5	147.5	159.5	171.5	183.5	201.5	218.7
6,500	72.5	137.5	143.5	149.5	161.5	173.5	185.5	203.5	222.0
6,600	73.5	139.5	145.5	151.5	163.5	175.5	187.5	205.5	225.3
6,700	74.5	141.5	147.5	153.5	165.5	177.5	189.5	207.5	228.6
6,800	75.5	143.5	149.5	155.5	167.5	179.5	191.5	209.5	231.9
6,900	76.5	145.5	151.5	157.5	169.5	181.5	193.5	211.5	235.2
7,000	77.5	147.5	153.5	159.5	171.5	183.5	195.5	213.5	238.5
7,100	78.5	149.5	155.5	161.5	173.5	185.5	197.5	215.5	241.8
7,200	79.5	151.5	157.5	163.5	175.5	187.5	199.5	217.5	245.1
7,300	80.5	153.5	159.5	165.5	177.5	189.5	201.5	219.5	248.4
7,400	81.5	155.5	161.5	167.5	179.5	191.5	203.5	221.5	251.7
7,500	82.5	157.5	163.5	169.5	181.5	193.5	205.5	223.5	255.0
7,600	83.5	159.5	165.5	171.5	183.5	195.5	207.5	225.5	258.3
7,700	84.5	161.5	167.5	173.5	185.5	197.5	209.5	227.5	261.6
7,800	85.5	163.5	169.5	175.5	187.5	199.5	211.5	229.5	264.9
7,900	86.5	165.5	171.5	177.5	189.5	201.5	213.5	231.5	268.2
8,000	87.5	167.5	173.5	179.5	191.5	203.5	215.5	233.5	271.5
8,100	88.5	169.5	175.5	181.5	193.5	205.5	217.5	235.5	274.8
8,200	89.5	171.5	177.5	183.5	195.5	207.5	219.5	237.5	278.1
8,300	90.5	173.5	179.5	185.5	197.5	209.5	221.5	239.5	281.4
8,400	91.5	175.5	181.5	187.5	199.5	211.5	223.5	241.5	284.7
8,500	92.5	177.5	183.5	189.5	201.5	213.5	225.5	243.5	288.0
8,600	93.5	179.5	185.5	191.5	203.5	215.5	227.5	245.5	291.3
8,700	94.5	181.5	187.5	193.5	205.5	217.5	229.5	247.5	294.6
8,800	95.5	183.5	189.5	195.5	207.5	219.5	231.5	249.5	297.9
8,900	96.5	185.5	191.5	197.5	209.5	221.5	233.5	251.5	301.2
9,000	97.5	187.5	193.5	199.5	211.5	223.5	235.5	253.5	304.5
9,100	98.5	189.5	195.5	201.5	213.5	225.5	237.5	255.5	307.8
9,200	99.5	191.5	197.5	203.5	215.5	227.5	239.5	257.5	311.1
9,300	100.5	193.5	199.5	205.5	217.5	229.5	241.5	259.5	314.4
9,400	101.5	195.5	201.5	207.5	219.5	231.5	243.5	261.5	317.7
9,500	102.5	197.5	203.5	209.5	221.5	233.5	245.5	263.5	321.0
9,600	103.5	199.5	205.5	211.5	223.5	235.5	247.5	265.5	324.3
9,700	104.5	201.5	207.5	213.5	225.5	237.5	249.5	267.5	327.6
9,800	105.5	203.5	209.5	215.5	227.5	239.5	251.5	269.5	330.9
9,900	106.5	205.5	211.5	217.5	229.5	241.5	253.5	271.5	334.2
10,000	107.5	207.5	213.5	219.5	231.5	243.5	255.5	273.5	337.5
10,100	108.5	209.5	215.5	221.5	233.5	245.5	257.5	275.5	340.8
10,200	109.5	211.5	217.5	223.5	235.5	247.5	259.5	277.5	344.1
10,300	110.5	213.5	219.5	225.5	237.5	249.5	261.5	279.5	347.4
10,400	111.5	215.5	221.5	227.5	239.5	251.5	263.5	281.5	350.7
10,500	112.5	217.5	223.5	229.5	241.5	253.5	265.5	283.5	354.0
10,600	113.5	219.5	225.5	231.5	243.5	255.5	267.5	285.5	357.3
10,700	114.5	221.5	227.5	233.5	245.5	257.5	269.5	287.5	360.6
10,800	115.5	223.5	229.5	235.5	247.5	259.5	271.5	289.5	363.9
10,900	116.5	225.5	231.5	237.5	249.5	261.5	273.5	291.5	367.2
11,000	117.5	227.5	233.5	239.5	251.5	263.5	275.5	293.5	370.5
11,100	118.5	229.5	235.5	241.5	253.5	265.5	277.5	295.5	373.8
11,200	119.5	231.5	237.5	243.5	255.5	267.5	279.5	297.5	377.1
11,300	120.5	233.5	239.5	245.5	257.5	269.5	281.5	299.5	380.4
11,400	121.5	235.5	241.5	247.5	259.5	271.5	283.5	301.5	383.7
11,500	122.5	237.5	243.5	249.5	261.5	273.5	285.5	303.5	387.0
11,600	123.5	239.5	245.5	251.5	263.5	275.5	287.5	305.5	390.3
11,700	124.5	241.5	247.5	253.5	265.5	277.5	289.5	307.5	393.6
11,800	125.5	243.5	249.5	255.5	267.5	279.5	291.5	309.5	396.9
11,900	126.5	245.5	251.5	257.5	269.5	281.5	293.5	311.5	400.2
12,000	127.5	247.5	253.5	259.5	271.5	283.5	295.5	313.5	403.5

thus the probable maximum annual expenditure. It is believed that an average annual expenditure of from \$5,000,000 to \$6,000,000 for the next twelve or fifteen years is a close approximation of the fiscal results of the measure.

IMPORTANCE OF PROMPT ACTION.

The bill is general in its terms. The need of legislation to promote our merchant marine has been felt for years. Action is now imperative for the specific reason we must at once choose between action or surrender to foreign powers of the supremacy in the carrying trade of the Pacific as we have already yielded on the Atlantic. The measure is not war legislation and it is not advocated solely or chiefly for reasons growing out of the war, although they corroborate the argument in its favor. The war prevented the introduction of the bill at the last session. It has been brought forward at the earliest practicable moment at this session, because the events of the past year show that the contest for the carrying trade of the Pacific and the control of the markets of Eastern Asia is upon us.

Germany has taken possession of territory in China, and has increased her support to German steamships in the Pacific. The German imperial chancellor has sanctioned in the Reichstag the statement: "Political-commercial movements in Great Britain and the United States may occur in the next year which may make Germany deem it necessary to be independent of these two powerful nations and the British colonies by widening and strengthening her markets." Accident only has delayed the establishment of the subsidized British line across the Atlantic to connect with the subsidized Canadian Pacific Railroad and its subsidized steamship line to Japan and China. Japan has increased its navigation on the Pacific by the most liberal tenders of Government support, and France has renewed its steamship contracts on the Pacific for a long period. The Trans-Siberian Railroad is being hurried to completion in furtherance of Russian projects in northern China. American shipping in trade between the United States and the Orient is less now than it was twenty years ago, while foreign tonnage in this trade has more than doubled.

During 1896 the total tonnage entered and cleared in all trades of the treaty ports of China amounted to 33,500,000 tons, toward which American shipping contributed only 165,678 tons. With exceptional facilities, through our long Pacific coast line, for the carrying trade with China, American vessels comprised barely one-half of 1 per cent, while Germany's tonnage in China, practically all of which passed through the Suez Canal, amounted to 1,945,019 tons, or more than ten times that of the United States. The entries only of steamships into Japan during 1897 amounted to 3,569,877 tons, of which 69,467, or barely 2 per cent, were American.

The committee believes that the facts and arguments in support of the bill are conclusive, both as to its merits and its urgency.

TABLE OF RATES.

The following table will facilitate computation of the amount of compensation to be paid on any given foreign voyage by any American vessel. The first left-hand column gives distances in hundreds of nautical miles. The remaining columns give the rate in cents per gross ton for vessels of varying rates of speed, which are stated in knots at the head of each column. Thus, if the voyage is 3,500 miles outward, and is of a sailing vessel or steamship under 14 knots, the rate per ton will be found in the second column opposite "3,500," and is 42.5 cents. Multiply this rate by the gross tonnage, say 4,000 gross tons, and the product, \$1,700, will be the compensation outward. The return voyage would produce the same amount, so that the total compensation for the round voyage would be \$3,400. If the vessel is 14 knots or over, the rate should be ascertained under the third or subsequent vertical columns.

Mileage and speed rate combined.

Table with columns for Nautical miles, Mileage rate, and various speed rates (14 knots to 21 knots) for different tonnage categories (Over 1,500 tons, Over 3,000 tons, Over 8,000 tons).

During the fiscal year ending June 30, 1906, under the operations of the bill it is believed that our registered tonnage for the foreign trade will comprise 800,000 gross tons sail and 650,000 tons steam, and that the new expenditures provided for by the bill will amount to \$5,750,000. The increased sailing tonnage will come partly from new construction of steel square-rigged sailing vessels, and of very large fore-and-aft schooners for the Gulf and South Atlantic trade, and partly from the entry of similar schooners now in the coasting trade into the foreign trade under the more favorable conditions. The increase in the registered steam tonnage will come in about equal parts from the admission of foreign built vessels, the construction of new steamships, and the entry of coasting steamships into the foreign trade, especially with the West Indies and Central and upper South America.

The value of the combined exports and imports of the United States carried by vessels during 1897 was \$1,714,829,043, of which American vessels carried \$189,075,277 and foreign vessels \$1,525,753,766. The amount paid for the ocean freights of the United States is enormous, and does not require exaggeration. Export freights in this country are considerably higher than import freights, for obvious reasons, at all times. This is especially true at the present time, when the amount of our exports so much exceeds our imports. If we estimate ocean freights at 10 per cent of the value of the cargoes carried, we shall not underestimate the amount. Indeed, the sum of \$175,000,000 is undoubtedly sufficient to cover all the ocean freights on our imports and exports, and the sum paid for passage money also. The value of exports and imports carried by American vessels during 1897, as stated, was \$189,075,277, from which must be deducted the transportation across the Great Lakes, which are excluded from the bill. Making this deduction, the amount received in 1897 as freight money and passenger fares by American vessels in foreign trade may be estimated at about \$17,000,000, or a trifle less than 10 per cent of the total.

Under the operations of the bill the situation in 1905-6 will have very greatly changed. The estimated American tonnage in foreign trade during that year will be capable of earning, and undoubtedly will earn, fully \$40,000,000 in freights and fares. In other words, for the expenditure of \$5,750,000 under the bill during that year the freight money now paid to foreign corporations having no interest in our traffic beyond taxing it at the utmost will be reduced by \$23,000,000, and American receipts will be increased by the corresponding amount. In cash terms, the business will pay the United States 400 per cent on the investment.

The effect of increased competition in the line of reduction of freights will be important, but it is impracticable to reduce this effect to any precise statement.

With the increased tonnage and for the expenditure proposed it may, however, be predicted with entire confidence that the year 1905-6 will witness the following material changes in our ocean navigation:

First. We shall have established or have in process of installation two fortnightly mail steamship services from the Pacific coast, one by the direct route to Japan, thence along the coast of East Asia to Hongkong, and a second by way of Honolulu, with Hongkong also as its southern terminal, thus giving the United States weekly mail connections with Manila. Our connections with the east coast of Asia will be superior to those on which Great Britain, Germany, and France are now expending each about \$2,000,000 annually. We shall have anticipated the British programme for an all-British route by way of the Atlantic, the Canadian Pacific, and Vancouver to Japan and China

through Canada. We shall have made it practicable to post letters in Berlin, London, and Paris and send them more quickly to Yokohama, Shanghai, and Hongkong by American steamships and American railroads than they can be carried by the heavily subsidized lines of the Peninsular and Oriental, the North German Lloyd, or the Messageries Maritimes steamship companies through the Suez Canal.

Second. In addition we shall have in operation an adequate fleet of cargo steamships for the transportation of Western flour and Southern cotton to Asia in the temperate zone.

Third. We shall have a mail service to Australia nearly equal to that of Great Britain, and more complete connections with the lesser islands of the Pacific than are possessed by any other nation.

Fourth. We shall have so far improved our trans-Atlantic mail service as to reduce considerably our present reliance on the Cunard, White Star, North German Lloyd, and Compagnie Transatlantique lines. We shall have direct passenger communication under our own flag with the continent of Europe, and several lines of cargo steamships crossing the Atlantic.

Fifth. We shall have reversed conditions in the trade with the West Indies, Mexico, Central America, and South America to the Orinoco, and shall do practically one-half of the actual carrying trade between foreign ports thus situated and the United States. The importance and value of this trade may be estimated from the fact that one firm in New York, on January 1, 1899, announced: "During the past twelve months we have remitted owners by cable and draft \$22,411,513 money collected for owners' account for hire of steamers under time charter only, not including the moneys remitted for rate or lump-sum freights." At the present time this firm acts as middlemen for the employment of 191 steamships, chiefly small cargo-vessels, and almost without exception in trade with Atlantic, Gulf, and Caribbean ports less than 1,500 miles from the United States. Of these steamships 83 are British, 81 Norwegian, 21 German, and only 6 American, of which 4 are under mail contract and 2 are foreign built.

Sixth. We shall have made it practicable for a resident of the United States to take passage at an Atlantic port for Rio de Janeiro, Montevideo, or Buenos Ayres on an American steamship and proceed directly to his destination, without first crossing the Atlantic to Europe, and then crossing it again on a subsidized foreign steamship to his South American port of destination.

Seventh. Incidentally, we shall have arrested the decline of our fishing industry, and have rendered still possible the commercial navigation of American sailing vessels.

The subject has been regarded throughout purely from the commercial point of view. Considerations of the bearings of the project on our naval strength, of the utility of auxiliary cruisers and of American seamen, in the light of our recent experience, will readily suggest themselves to the minds of all.

If the expenditures of the fifth or sixth year should reach the annual sum of \$5,750,000, with the attendant results, it is believed the measure will have commended itself fully to the judgment of the country. While the sum is large in the aggregate, the return will be large. As late as 1870 and 1871 Great Britain expended annually upward of \$6,000,000 on the development and maintenance of certain phases of its navigation, and in 1897 the total expenditures of France for the purpose amounted to over 40,000,000 francs, or \$8,000,000 in round numbers. The expenditures under the bill are likely to reach the last-named figure about the tenth year, when the power to contract expires. This amount is

## ESTIMATE OF EXPENDITURES.

The means of communication under the American flag by sea between the United States and all foreign ports, whether by steam or sail, during the fiscal year ended June 30, 1897, are shown in the report of the Commissioner of Navigation for that year (pp. 196-260). The figures for 1898 are not taken, on account of the disturbed conditions created by pending and actual war. It is shown that 185 different American steam vessels, aggregating 270,314 gross tons, made one or more voyages to foreign ports, and 1,219 different American sailing vessels, aggregating 651,533 tons, made one or more such voyages, the total for 1897 being 1,404 different American vessels, of 922,152 gross tons.

The speed and tonnage of these vessels and the distances between ports being known, it is practicable to ascertain with precision the expenditure under the provisions of this bill on the American navigation in foreign trade for the fiscal year 1897. Computed in this manner, American sail vessels would have received \$818,463 and American steam vessels \$2,262,687. A small number of American steamships during the year received, however, \$1,279,890 for carrying the foreign mails, and the bill provides that the compensation paid under its provisions shall be in lieu of all payments for carrying the mails. Deducting \$1,279,890 from the payments for steam vessels, there remains as the additional expenditure called for by steam navigation the sum of \$982,797, or for steam and sail combined \$1,801,260.

The bill also provides that American vessels which during their voyages carry cargo from one foreign port to another shall also receive compensation. This provision is designed to cover vessels which distribute or collect their cargoes at various foreign ports before returning to the United States. Consular reports for 1897 show that of the steam and sail vessels already enumerated 587 vessels of 469,878 gross tons made such stops at intermediate foreign ports. These reports cover about 80 per cent of American navigation of this description, and for the entire navigation must be allowed the sum of \$100,752. The bill also provides a bounty for deep-sea fishing vessels and their crews, which for 1897 has been estimated at \$172,645. On the basis of the actual American navigation of 1897 the bill thus calls for a new expenditure, as follows:

Sailing vessels in foreign trade.....	\$818,463
Steam vessels in foreign trade.....	982,797
Voyages between foreign ports.....	120,752
Fishing bounties.....	172,645
Total new expenditure.....	2,094,657

In estimating the future expenditures under the bill this amount of practically \$2,100,000 may be taken as a base. The tonnage in foreign trade involved, as shown, comprises 1,404 vessels of 922,128 gross tons. Before any compensation is paid under the bill to a vessel, its owners must contract to build in American shipyards tonnage equivalent to 25 per cent of the existing tonnage. Assuming that the owners of the entire tonnage registered during 1897 will elect to avail themselves of the provisions of the bill, new construction amounting to 230,532 tons will be necessary. Taking this construction as it will run, large and powerful ocean steamships and small sailing vessels, the estimate of \$20,000,000 as the cost of such construction during the next five years is probably not excessive.

The bill also provides for the admission of about 200,000 tons of foreign shipping, built or under contract to be built, on condition that

100,000 additional tons be built in the United States. These vessels are all steam vessels, and the cost of constructing 100,000 tons of this shipping may be put at \$15,000,000.

The bill thus involves a construction in sight of 330,000 tons, at a cost of \$35,000,000, to be expended in American yards, within five years, as a preliminary condition to the payment of compensation.

Our registered tonnage in the foreign trade on July 1, 1899, when the act is to take effect, would, under normal conditions, show no increase compared with that of 1897. The increase and decrease in our registered sail and steam tonnage during the last five years has been as follows:

Year.	Sail.	Steam.
1893.....	-103,000	+33,000
1897.....	-33,000	-6,000
1898.....	-6,000	+12,000
1899.....	+35,000	-14,000
1894.....	-12,000	-5,000

The increase of registered steam tonnage last year was entirely due to the trade between the Puget Sound ports and Alaska, our vessels in that trade taking out registers in order to be prepared to enter Canadian ports in British Columbia, or at the head waters of the Yukon. Much of the unusual decrease in registered sailing tonnage was due to the war. For the five years registered steam tonnage has been stationary and registered sailing tonnage has decreased. Under normal conditions the registered tonnage in foreign trade during the fiscal year beginning the 1st of next July would show no increase over the like navigation of 1897, on which the expenditure of \$2,100,000 has been computed.

The passage of the bill, however, will at once tend to increase our navigation in foreign trade. As an offset to this tendency, however, may be placed the delays incidental to a general understanding of its provisions, the time required to prepare contracts and to ascertain the speed of vessels, the transfer of ocean mail steamships from the act of 1891 to this system, and other administrative details. While the bill will during the first year unquestionably increase our navigation in foreign trade over 1897, the new expenditures, for the reasons stated and others, will not amount to \$2,100,000. They will not exceed \$1,700,000, and probably will fall about \$100,000 short of that figure.

The bill provides, as shown, for the construction of about 330,000 gross tons in the United States during the next five years as a condition precedent to the payment of the rates established. This tonnage will be put into trade from time to time during that period, and payments will begin accordingly. Besides this new tonnage which must be built, additional tonnage undoubtedly will be built for the foreign trade under the new conditions in that trade which the bill is designed to establish. Starting, therefore, with a new expenditure of about \$1,700,000 for the first fiscal year of its operation, the second fiscal year will show an increase over that amount, the third fiscal year a considerable increase, as the new seagoing tonnage prescribed in terms by the bill will about that time go into trade, the fourth year will probably show a decrease compared with the third year, and the fifth full year will witness the removal of all temporary elements incidental to the establishment of the system and will show the normal operations to be looked for thereafter.

not exceed or fall below this figure by 25,000 tons. The bill thus increases our tonnage for foreign trade by about 20 per cent directly, and calls for the construction in the United States of about 75,000 tons of new shipping of the highest classification for foreign trade within five years, involving an expenditure by shipowners in American yards under this item alone of from \$10,000,000 to \$15,000,000.

The principle is further extended by the provision of paragraph (b), that steamships contracted for in foreign yards on or before February 1, 1899, by Americans, may be admitted to American registry on condition that the owners of these prospective vessels shall build, within five years, in the United States at least 50 per cent new tonnage of the highest class of the amount of foreign tonnage thus admitted. The amount of tonnage thus under contract in foreign yards for Americans at the present time is about 50,000 tons. The amount which may be under contract by February 1 next can not, of course, be estimated with precision. The new tonnage required to be built in American yards during the next five years, under the provisions of paragraph (b), must amount to at least 25,000 tons, and will doubtless exceed that figure.

The conditional admission of foreign-built steamships is a present necessity which can not be obviated by any argument on the general theory of "free ships." Even in 1892 it was necessary to admit two foreign-built steamships to American registry in order to establish our only trans-Atlantic line. We have not on the Pacific coast to-day steamships of the speed and tonnage needed to establish a modern trans-Pacific mail service. The construction of proper vessels will require at least eighteen months. In the meantime the three great foreign lines, the British Peninsular and Oriental, the North German Lloyd, and the French Messageries Maritimes, have completed within a year or are now hastening to completion ten steamships, averaging about 8,000 tons and 14 knots, for the improvement of their trade relations with East Asia.

Disregarding for the moment the matter of relative cost (the new Peninsular and Oriental steamships cost \$1,600,000 each, and the North German Lloyd steamships of smaller tonnage and less speed \$975,000 each), British and German yards at the present time can construct vessels more rapidly than they can be built in the United States, and the element of time is now of nearly as much consequence as the element of cost. Our naval programme involves a large amount of construction in domestic yards, and thus reduces for the present their capacity for the output of merchant shipping. During the recent war the War and Navy Departments purchased and now own 16 American steel steamships of over 2,000 tons each, and aggregating 55,073 tons, or nearly 20 per cent of our registered steel steam tonnage on June 30 last, the place of which should be supplied at an early day.

The restriction of trade between the United States, Hawaii, and Porto Rico to American vessels will create a new, though not a large, demand for new construction. All these considerations and doubtless others must be reckoned with in legislation dealing with present and immediately prospective conditions of our merchant marine. The provisions of the bill are believed to be just to all interests. While the steel steam tonnage built or to be built abroad and eligible to registry is nearly equal in amount to our present entire steel steam tonnage now registered for foreign trade on the one hand; on the other this tonnage can not engage in the coasting trade, and construction for American shipbuilders to the amount of from \$15,000,000 to \$20,000,000 is provided for the immediate future.

## DEEP-SEA FISHERIES.

The deep-sea fishermen of the United States come into direct competition on the Atlantic with Canadian and French fishermen and on the Pacific with Canadian and Japanese fishermen. Ever since 1882 the Canadian government has appropriated annually \$160,000 for the encouragement of the deep-sea fisheries. By the act of April, 1898, Japan appropriated annually \$75,000 for the development of its deep-sea fisheries. The French Government appropriates annually \$300,000 for its deep-sea fisheries, a considerable portion of which is allotted annually to the French fishermen of St. Pierre, Miquelon.

The tonnage of American vessels engaged in the deep-sea fisheries has decreased from 115,946 in 1880 to only 63,823 tons on June 30, 1898, or nearly one-half. In the same period the capital invested in the Canadian deep-sea fisheries has more than doubled, and now amounts to about \$10,000,000. Action for the promotion of our fishing interests, especially in the North Atlantic, is the more important because, under the Halifax award of twenty years ago, the United States furnished the fund of \$5,500,000, the interest on which Canada has ever since employed to subsidize its fishing fleet. Furthermore, every American fishing vessel entering Dominion ports for bait, provisions, repairs, etc.—a trade as profitable to Canadian sellers as it is necessary to American purchasers—is required to pay a yearly so-called "license" tax of \$1.50 per ton, American vessels thus contributing about \$15,000 annually directly to the competing Canadian interest.

By section 4 of the bill it is proposed to pay an American vessel engaged in the deep-sea fisheries an annual bounty of \$2 per gross ton. If the vessel is forced to resort to a Canadian port for bait or provisions, as already indicated, \$1.50 of this amount will be required to pay the "license" fee. The Canadian bounty for the past sixteen years has usually been at the rate of \$2 per ton, sometimes rising, as in 1893, to \$2.90. The Japanese bounty is equivalent to \$2.50 per ton. The Canadian bounty is paid to a vessel which engages in the fisheries during three months out of the year, and this provision has been incorporated in the bill.

The bill also, in section 5, provides a bounty of \$1 per month for each American citizen engaged as a member of the crew of a deep-sea fishing vessel for at least three months. The minimum to be paid is thus \$3 a year, where any sum is paid, and the maximum, of course, is \$12. Under the Canadian system, where the rates vary from year to year, the maximum per man which has been paid is \$21.75 and the minimum 83 cents. The Japanese law provides a yearly bounty of \$5 per man, and the French bounty to cod fishermen on the Newfoundland banks ranges from \$6 to \$10 annually per man.

The American tonnage documented for the deep-sea fisheries on June 30, 1898, was 63,823 tons, and, assuming that the entire tonnage obtained the bounty of \$2 provided by the fourth section, the expenditure under the section would be \$127,646. The Commissioner of Fisheries reports 9,318 men engaged in our deep-sea fisheries, of whom it is estimated that 7,500 are American citizens. Assuming that each on the average served six months, entitling him to \$1 a month, under the provisions of section 5, an expenditure of \$45,000 annually for fishermen would be necessary, which, with \$127,646 provided for the vessels, would make a total of \$172,646 annually, a sum about sufficient to offset Canada's bounties of \$160,000 to her fishermen, plus the annual average of \$15,000 American fishermen are required to pay as "license" fees to enter Canadian ports for provisions.



public interests. The first section of the bill provides that payments shall be "subject to the provisions hereinafter contained," and again that payments shall be "subject to the provisions of this act," while the thirteenth section provides:

SEC. 13. That the President of the United States shall from time to time cause to be made by the proper heads of departments regulations for the due execution of the provisions of this act.

The language provides for the adjustment of regulations to meet new or different conditions as they may arise from time to time and provides that payments shall be subject to such regulations issued in pursuance of and with the effect of statute, unless in conflict with it.

#### CERTAIN "PORTS OF THE UNITED STATES.

On page 2, lines 7 to 10, inclusive, are used the words "foreign port or from any port belonging to the United States the trade between which and the Atlantic, Gulf, and Pacific coast ports of the United States shall happen not to be confined to vessels of the United States." These words may require brief explanation. The United States have come into possession, permanent or temporary, of Hawaii, Porto Rico, and the Philippines. Congress has not yet determined whether the principle of the coasting trade shall be applied to trade between the United States and ports in these islands belonging to the United States, and that carrying shall be restricted to American vessels.

It is probable that this principle will be applied to Hawaii and Porto Rico and will not be applied to the Philippines for obvious reasons. It is not proposed by this bill to pay any compensation on navigation restricted to American vessels. The form of words used thus becomes necessary to prevent the payment of compensation to American vessels in trade between the mainland of the United States and Hawaii and Porto Rico, if restricted to American vessels, and to permit the payment of compensation to American vessels in trade between the mainland of the United States and the Philippines, if open also to foreign vessels. On page 6, line 24, the reference to section 1 of the act is to the form of words just recited, trade between the United States and the Philippines not being foreign trade, but coasting trade, though not restricted to American vessels. On page 5, line 3, the reference to section 1 of the act has the same meaning.

#### TWENTY-YEAR PERIOD.

The bill provides that the compensation established by the act shall continue for twenty years. This period has been chosen as it is the period for which a well-constructed vessel usually retains its class. The first of the rules of the American Shipmasters' Association reads thus:

The following rules have been adopted by the association for the building and classification of iron and steel vessels. These rules are based upon the knowledge that properly constructed iron and steel vessels of good materials, of sufficient strength, by the use of cement inside, when used on salt water, and with necessary attention to the outside coating, accidents excepted, will last in good condition for a period of twenty years and upwards, the woodwork used and the equipments necessarily excepted.

The rule of Lloyd's Register of Shipping reads:

The third survey must be complied with before the expiration of thirteen years from the date of launch for vessels with an A 1<sup>st</sup> certificate, ten years for vessels with

an A 1 certificate, and nine years for vessels with an A certificate; and the sixth survey before the expiration of twenty-six years from the date of launch for vessels with an A 1<sup>st</sup> certificate, twenty years for vessels with an A 1 certificate, and eighteen years for vessels with an A certificate.

The contracts of the British Government with the Onnard Line began in 1839, with the Royal Mail Packet Company in 1840, and with the Peninsular and Oriental Steamship Company in 1845. The contract of the German Government with the North German Lloyd Company began in 1885, and in 1893 was continued for fifteen years. The contract of the French Government with the Messageries Maritimes was renewed in 1894 until 1912.

Our ocean mail act of 1891 has brought no new American steamship lines into operation, but has effected the change of flag and reorganization of one line with two new steamships built in this country. It has merely prolonged the existence of lines in operation. The new line to Jamaica is attributable to development of trade expected to follow the recent war quite as much as to the act of 1891. One reason why the act of 1891 has failed to develop American navigation is that contracts under it are limited to ten years, and this period has been shown to be insufficient to induce capital to undertake the risks involved in establishing steamship lines.

#### REGISTRY OF FOREIGN-BUILT STEAMSHIPS.

The bill, in sections 7, 8, and 9, departs from the principle of existing law which restricts the American registry to American-built vessels. These sections provide that foreign-built vessels may be admitted to American registry on certain conditions. In the project for the development of the American merchant marine outlined in the latest annual report of the Secretary of the Treasury, which in its main outlines is followed by this bill, the following is recommended:

Extended application of the principle of the act of May 10, 1892, by virtue of which the *St. Louis* and *St. Paul* were constructed in this country upon the registry of the foreign-built steamships *New York* and *Paris*, this extension to continue for a short term of years, and to be so guarded as to preserve the coasting trade to American-built vessels.

A comparison of the language of sections 7, 8, and 9 of the bill with the act of May 10, 1892, will show that the former act has been substantially reproduced. The bill provides that foreign-built steamships, of which at least 80 per cent of the stock was owned by Americans on the 1st of December, 1898, may be admitted to American registry on condition that American owners acquire the entire property, and that they build in American yards within five years at least 50 per cent of the amount of tonnage thus admitted to registry. This foreign-built tonnage and the new American tonnage built as an offset to it are not permitted to engage in the coasting trade. This provision broadens the principle of the act of 1892. While that act required that for every 1,000 tons foreign shipping registered 1,000 tons should be built in the United States, this bill provides that for every 1,000 tons foreign shipping registered only 500 tons need be built in the United States, the new tonnage, however, to be of the highest classification.

It is not practicable to ascertain precisely the tonnage under foreign flags which, on December 1, 1898, was owned by Americans to the extent of 80 per cent. In some instances Americans own a controlling interest, and in others nearly the entire stock. A fair estimate, however, gives the steam tonnage under foreign flags eligible to American registry under the provisions of the bill at 150,000. The amount will

in every instance, even in the case of the largest vessels of the highest rate of speed, fall considerably short of the cost of daily coal consumption. Under the bill vessels can not be navigated merely to draw upon the Treasury. There must be the prospect of a commercial success sufficient to induce a foreign vessel to enter the trade before an American vessel can make any voyage, except at a loss, if it relies chiefly upon the encouragement of the Government.

Second. Compensation is to be paid only where foreign competition is keenly felt. Thus no compensation is permitted in the coasting trade of the United States, in trade on the Great Lakes, from the United States to Canada, where natural advantages enable us to overcome foreign competition, trade between American ports and the few foreign ports less than 150 miles distant from them, respectively, where the preponderance of navigation is already ours. Whenever trade between the United States, Hawaii, and Porto Rico is restricted to American vessels, such vessels in that trade will not be entitled to compensation.

Third. Vessels in ballast are not entitled to any compensation. To secure the benefits of the act a vessel must be actually engaged in promoting the foreign trade of the United States either by cargo or passengers, or both, for every mile navigated for which it receives compensation.

Fourth. The fact that an American vessel is now engaged in foreign trade and purposes to continue in that trade will not suffice to enable it to share in the benefits of the act. Its owner must first contribute to the promotion of American shipbuilding and navigation by contracting within five years to build at least 25 per cent of new tonnage in this country.

Fifth. The officers of all American vessels are now required by law to be citizens of the United States. There is no law upon the subject of the nationality of the crew—in this respect our system resembling the British, German, and Norwegian. The bill requires that at least 25 per cent of the crew of each vessel shall be American citizens or those who have taken out their first papers. While the percentage of Americans required is not large, conditions at the present time do not justify a more stringent requirement. At the present time only about 30 per cent of all our merchant seamen in foreign trade, including the officers, are American citizens.

It is estimated that to man our entire tonnage, steam and sail, now registered for foreign trade will require only 20,660 men. Measures are now pending in Congress to increase the number of enlisted men and boys in the Navy to 21,000, and for obvious reasons it is desirable that as many as possible of these shall be American citizens. At the present time, therefore, a higher requirement than at least 25 per cent of Americans on each vessel would seriously retard the very development of American shipping in foreign trade which the bill is designed to promote. It will be observed, however, that a minimum only is established by the bill.

The thirteenth section gives the President power to direct the preparation of regulations, and especially in the case of the larger and speedier steamships, suitable for mail service or as auxiliaries, the discretionary power vested in administrative officers will presumably be directed toward the increase in American seamen as rapidly as circumstances will permit. The preamble recites the necessity for such seamen as one of the objects of the measure, and officers intrusted with its execution would not be justified in overlooking that purpose. It has seemed desirable, therefore, to fix a minimum by law, where none

is fixed at present, and to rely upon the discretion of administrative officers to increase the percentage of citizenship in directions where it from time to time may prove practicable. The bill also provides a practical and continuous school of navigation for a certain number of American boys on shipboard, and provides at the same time that they shall be paid proper compensation. The apprentice system in the merchant navies of the world has proved a failure beyond power of resurrection for some years past, but the proposition to ship American boys and require that they shall be paid for their work at the same time, under official regulation, is believed to be entirely practicable.

Sixth. Compensation is to be paid to the same vessel for not more than sixteen round voyages during one year. Fifteen voyages are the greatest number thus far made across the Atlantic and return, and the annual number practicable during the next twenty years is not likely to exceed that number by more than three or four. To provide, however, against what would be deemed excessive payments to one vessel, the limit of sixteen voyages, the trans-Atlantic maximum now in sight, has been adopted. The importance of fixing a limit to the number of voyages for which compensation shall be paid in trade with the relatively near ports in the American Hemisphere is evident, especially in view of the somewhat higher rates provided for such voyages.

Seventh. The special speed rates of compensation for large and fast steamships are to be paid only to vessels "suitable for carrying the mails of the United States or as auxiliaries to the forces of the United States in time of war or other need." The determination of the suitability of such vessels for these respective purposes rests with the officers of the Government, subject, of course, as are most official acts, to the review of the courts. In determining the suitability of a vessel for carrying the mails it may well be required that it shall, if called on, be able to leave on stated sailing days, to make stated connections, to have proper accommodations for postal service and employes on board, and, in brief, to conform to the numerous regulations usually incorporated in ocean mail contracts, which, however, it is not feasible to recite fully in a statute.

In the same manner vessels suitable as auxiliaries to the forces of the United States in time of war may be required to have gun platforms and supports ready or placed in position, machinery below the water line, officers and crews willing to enter the service of the United States in the event of war, and may be required to conform to such other reasonable regulations as may be desirable to carry out the purposes of the bill as declared in its preamble and its several sections.

Eighth. The bill provides that all vessels which avail themselves of its benefits shall carry the mails of the United States free of charge. The ocean mail service of the United States was thrown somewhat out of its usual channels by the war during the last fiscal year. During the fiscal year 1897 the United States paid \$1,681,344 for its ocean mail service, of which American vessels received \$1,238,074 and foreign vessels \$392,670. The necessity for an improved mail service on the Pacific is now conceded by all, so that our expenditures for ocean mails within a year or two must amount annually to over \$2,000,000. As far as practicable, our ocean mail service should be under our own flag, and it is the aim of the bill to cause this service and the necessary expenditures it involves to contribute to the upbuilding of an American merchant marine for foreign trade.

Ninth. The power of regulation has been drawn in the broadest possible form in order to secure the amplest measure of protection for all



vessels on long voyages, will contribute to offset certain disadvantages, which were alluded to but not reckoned with in establishing the uniform rate of 1 cent. This addition of practically  $7\frac{1}{2}$  cents per gross ton for the first 1,500 miles is, of course, equivalent to 0.25 of a cent per 100 miles on a voyage of 3,000 miles, and 0.12 $\frac{1}{2}$  of a cent per 100 miles on a voyage of 6,000 miles. The labor cost of loading a cargo at European ports for Asia, for example, in the matter of stevedores' wages, etc., is less than in the United States, but the cargo once loaded, the vessel on the long voyage has an obvious advantage over the vessel on the short voyage, which has to load more frequently.

It is believed that these considerations together are sufficient to warrant the addition of one half cent per ton per 100 miles for the first 1,500 miles outward and homeward bound, to the uniform rate of 1 cent established by the bill.

#### SAILING VESSELS.

Only one rate is provided for sailing vessels, the uniform rate of  $1\frac{1}{2}$  cents per gross ton for each 100 miles for the first 1,500 miles, and 1 cent per gross ton for each 100 miles over 1,500 miles.

It is conceded that this rate is more than sufficient to offset the difference in the wages of the crews of American and foreign sailing vessels and the difference in cost of construction and factors in the cost of operation based on cost of construction. In this respect it is a deviation from the general purpose and method of the bill which calls for special explanation.

In 1878 our registered sailing fleet comprised 2,864 vessels, of 1,458,209 gross tons; in 1888 it comprised 1,330 vessels, of 760,386 gross tons, and on the 30th day of June, 1893, it comprised 824 vessels, of 443,645 gross tons. It is not necessary to recite the familiar causes which have led to the decline in sailing tonnage in the world's merchant fleets, the United States not being exceptional in this respect. It is not expected that the bounty proposed in the bill will offset the operation of these causes. On the contrary, it is conceded that other causes, notably the probable construction of a ship canal connecting the Atlantic and Pacific through Central America, will tend still further to reduce the opportunities for the profitable employment of sailing vessels, as did the construction of the Suez Canal.

There must remain, however, for some years to come, several branches of trade from which the larger sailing vessels will not be wholly excluded. These are the long voyages from the Atlantic to the Pacific or Indian oceans, around Cape Horn or the Cape of Good Hope, for square-rigged sailing vessels, especially those engaged in the export petroleum trade to the Orient; the voyages from the Pacific coast of the United States to Asia and Europe for square-rigged sailing vessels in the export lumber and grain trade, and the voyages from our Atlantic coasts for large fore-and-aft rigged vessels engaged in the export of coal to the West Indies, Central America, and ports of South America. It has not seemed judicious entirely to exclude such vessels from the provisions of the bill, and thus to accelerate the operation of natural causes leading to the disappearance of sailing vessels.

The principal reason, however, for providing compensation for American sailing vessels in the foreign trade is the undoubted services they perform in the training of navigators. The evolution of the modern steamship, whether for purposes of commerce or warfare, has rapidly reduced the proportion of the crew who are actually required to be familiar with steering, rigging, the launching of small

boats, and other strictly nautical work on or above deck. But by as much as their numbers are reduced the responsibility is increased of those who must be familiar with seamanship. It is conceded by all competent to give an opinion that the best all-around officers, petty officers, such as boatswains, carpenters, etc., and able seamen, are those who have had some training on board sailing ships. For this reason, although our modern navy is composed entirely of steam vessels, the Government maintains sailing vessels and vessels with only auxiliary steam power for the training of its naval cadets at Annapolis. For the same reason it is deemed good public policy to include sailing vessels within the provisions of the bill.

The purpose of the compensation proposed for such vessels is not to give Government support to maritime ventures with sailing ships which would otherwise be commercially impracticable. It is not even expected that the rates proposed will be sufficient to increase considerably the amount of American sailing tonnage engaged in the foreign trade. If the measure will serve to arrest wholly or in great part the rapid decline in this kind of tonnage, it will accomplish all that is hoped for in this respect. It is fully recognized that Congress should not be asked to furnish the support of Government to so great an extent as to attempt to overcome the inevitable operations of the rule of the survival of the fittest on sea. In this respect the bill differs radically from the French system.

Under the French law the highest rate of support, 65 francs per gross ton for construction and 1 franc 70 centimes per gross ton per 1,000 miles, the latter equivalent to 3.2 cents per ton per 100 miles, is paid to steel sailing vessels. Under the operation of the law this class of French vessels has increased from only 5, of 11,000 tons, in 1890, to 51, of 79,000 tons, in 1898, or over sevenfold, while the total of British vessels of the same kind has increased from 233,000 tons to 829,000 tons in the same period, or only threefold. While in this respect the French law has not failed, still the expenditure involved is greater in proportion to the results attained than would warrant the acceptance of that detail of the French law as a model.

The rate of  $1\frac{1}{2}$  cents per gross ton per 100 miles for the first 1,500 miles and 1 cent per gross ton for each 100 miles thereafter is more than sufficient to offset differences in the wages of the crews of American and British sailing vessels, and has been recommended for the purpose of preserving opportunities for the training of American officers and seamen in the practical school of navigation not to be obtained under the American flag by any other method. This feature of the bill accordingly is not strictly commercial. It is recommended the more readily because expenditures under it are not likely to increase in the future, though such an increase up to a reasonable point, in view of the results it would involve, would afford occasion for national satisfaction rather than regret.

#### RESTRICTIONS ON COMPENSATION.

It is believed that the safeguards with which the bill is surrounded are so numerous and of such a character that abuse will not arise under its provisions.

The greatest safeguard in the bill lies in the fact that the rates of compensation have been compared with similar compensation paid by foreign governments. They not only do not, as a rule, exceed those rates, but after careful computation it may be affirmed that the rates

Comparison has thus far been instituted between the rates of compensation proposed by this bill and the rates paid by the British, German, and French Governments to their principal lines on the Pacific and the Atlantic. It is believed that at every point the comparison has shown, not only that the rates proposed are not unreasonable, but that, to be sufficient, reliance must be also placed on our geographical advantages for the Pacific trade and on the enterprise and resources of our citizens. Neither alone will be sufficient to give us maritime prestige. Combined, they should give us a considerable and a very high rank among maritime powers.

It is not deemed necessary to examine and compare the rates paid to other foreign lines, including the Italian, Austrian, and Japanese. It is, however, to be noted that Spain and her late colonies paid the following amounts annually to the Spanish Compania Transatlantica (the peseta—the franc—19.3 cents): Spain, 4,615,782 pesetas; Cuba, 2,359,183 pesetas; Porto Rico, 337,026 pesetas; Philippines, 1,133,231 pesetas; while Cuba paid \$90,000 and Porto Rico \$12,750 additional for steamship services in the Gulf of Mexico and to Mexico.

#### DETAILS OF THE BILL.

The foundation of the compensation feature of the bill is that 1 cent per gross ton per 100 nautical miles is sufficient to equalize the difference in cost of operation, including factors dependent on differences in first cost of construction, of cargo steamships under the American and under foreign flags.

The departures from this foundation are as follows:

First. On voyages to a foreign seaport less than 150 miles distant from the last port of departure in the United States no rate whatever is allowed. There are only three such voyages:

(a) From Port Townsend, Seattle, and Tacoma, on the Pacific, to Victoria and Vancouver. During the fiscal year ended June 30, 1897, the tonnage entered and cleared in the Puget Sound customs district, including these ports, from and for British Columbia, amounted to 1,430,270 net tons American and only 249,893 net tons foreign vessels.

(b) From Key West to Havana and Matanzas. During the fiscal year 1897 the tonnage entered and cleared at Key West from Cuba comprised 212,365 net tons American and only 14,915 tons foreign vessels.

(c) From Eastport, Me., to St. Johns, New Brunswick. During the fiscal year 1897 the tonnage entered and cleared at the Passamaquoddy district from and for New Brunswick and Nova Scotia comprised 265,197 net tons American and 101,282 tons foreign vessels.

Included in the three statements above is doubtless some tonnage which traversed more than 150 miles, but nearly all of it was engaged in voyages of less than a day, similar to traffic across the Great Lakes to Canada. This trade is already well under American control, and any assistance to it by Government would be unnecessary and can not reasonably be favored.

Second. To the uniform rate of compensation of 1 cent per gross ton per 100 miles there has been added half a cent per gross ton per 100 miles for the first 1,500 miles on both the outward and the return voyage. While vessels on relatively short foreign voyages of less than 1,500 miles frequently engage in the coasting trade of the United States, and thus have an advantage in competition with foreign vessels not enjoyed as a rule by American vessels in competition for the oversea

trade, nevertheless they are also subject to special disadvantages of which cognizance should be taken, and in overcoming these disadvantages it is at the same time possible to consider favorably other matters. Following are some of the reasons for providing the rate of 1½ cents per gross ton per 100 miles for the first 1,500 nautical miles from the United States:

(a) The great majority of voyages of 1,500 miles or less are to the West Indies and South America. This trade is subject to the severest competition, owing to the fact that foreign vessels from Europe carry cargoes to South America and the West Indies and clear in ballast, if no cargo is offering, for the United States, thence departing again with cargo for Europe. From South American, Central American, and West Indian ports this foreign tonnage is willing to bring tropical imports into the United States at the lowest possible freight rates—any freight money obtainable being clear gain, owing to the large amount of tonnage which must necessarily leave for the United States in ballast. Thus, during the fiscal year 1897, of 1,429,050 net tons foreign tonnage which entered the United States from South America, 761,156 tons, or about half, entered in ballast; of 565,323 tons foreign shipping entered from the British West Indies, 152,135 tons entered in ballast; and of 526,890 tons foreign shipping which entered from Cuba, 179,984 tons entered in ballast. Within the limits of 1,500 miles is employed also the large number of Norwegian vessels, which are operated at extremely low cost and of late years have done much to reduce the volume of American shipping in the Gulf and Caribbean.

(b) Regular American lines in trade with the smaller islands and smaller ports of the West Indies and the Caribbean are frequently required, in order to maintain communications, to enter at ports where little or no cargo is offering, and thus are put at a further disadvantage in competition with occasional foreign vessels performing no regular and reliable service.

(c) The rapid development of the iron and coal industries of Alabama and other southern States promises that in time shipbuilding will be established in those States. That industry will naturally first engage in the building of vessels for the coasting trade, and then proceed to the construction of the smaller steel vessels required for the West Indian, Mexican, Central American, and South American trades. It is believed, that the slightly increased rates proposed for these trades will have the effect of accelerating shipbuilding in the South during the next decade, and that the result will be well worth the provision made for it in this bill. If the Nicaragua Canal is to be built early in the next century it seems desirable at this time that American shipping should be established as strongly as possible in the trade of the Gulf and Caribbean, and of the Pacific coast of North America from the Isthmus to California. During 1887 the tonnage of American vessels entered and cleared at ports of the United States in the Caribbean trade (Cuba and Porto Rico excluded) was 957,710 tons, and the foreign 1,044,928, while for 1897 the American tonnage was only 1,155,294 tons, and the foreign 2,331,556. Thus in ten years the foreign tonnage more than doubled, while American tonnage increased less than 25 per cent.

(d) To prevent a disproportionate expenditure, however, on voyages of 1,500 miles or less from the United States, the bill provides that compensation shall not be paid to the same vessel for more than 16 voyages during one year.

(e) Finally the addition of one-half cent per gross ton per 100 nautical miles for the first 1,500 miles outward and inward, when applied to

Great Britain to the Cunard Line, for in this instance the payment is based on the amount of mail carried; and, further, the payments to this line and to the White Star Line are stated in a lump sum in the reports of the British postmaster-general. The Cunard and White Star trans-Atlantic mail services received during 1897, together, the sum of \$837,000 from Great Britain in the way of mail pay and admiralty subventions and in mail pay from the United States. This sum is equivalent to \$8,054 per voyage from Liverpool to New York and back. While two of the steamships are of 12,950 tons and 20 knots, ranking slightly above our *St. Louis* and *St. Paul*, of 11,600 tons, this combined British service is performed by steamships averaging 8,825 tons and 19 knots maximum speed.

The bill under consideration is based on the fact that 1 cent per gross ton per 100 miles is sufficient to offset differences in cost of construction and operation. The graded rates for speed and tonnage for steamships adapted for use as cruisers are designed to offset the support afforded by foreign governments to their principal steamship lines. The special rate thus provided for an American steamship of 19 knots speed and 8,825 tons is 1.8 cents per gross ton per 100 miles, a rate which for the round voyage from New York to Liverpool and return will produce \$9,531, compared with \$8,054, the average rate paid by the British Government for the same service.

There is but one American trans-Atlantic steamship line, and that was engaged in the naval service of the United States during the closing months of the last fiscal year and the first two months of the current fiscal year. On the basis of compensation afforded to it during the fiscal year 1897, when it was in full operation, that line, by the provisions of this bill, will receive, on the average, between \$5,000 and \$6,000 per voyage more than under existing law. It will not, however, receive this increased compensation until it has built in the United States and registered a new steamship of over 11,200 tons of the highest classification, the cost of which at present rates will be between \$2,700,000 and \$3,000,000. A similar steamship could not be built in Great Britain to-day for less than \$2,250,000, as indicated by the cost of the latest large steamship of the Peninsular and Oriental Steamship Company. The construction of this new steamship not only means the employment of labor in the United States, but, by increasing our trans-Atlantic mail facilities under the American flag, will render it practicable to devote to American maritime enterprise part, at least, of the Government funds which are now necessarily used in sustaining the Cunard and North German Lloyd lines.

Several official efforts to ascertain the amount paid by the German Government to the North German Lloyd Steamship Company for its trans-Atlantic service have not elicited the information, nor is it disclosed in the company's annual reports. The annual amount of \$1,320,000, stated elsewhere as its subsidy, is the amount paid by the German Government for its lines on the Pacific alone. During the past five years the United States have paid the company for trans-Atlantic mails \$116,000 annually, on the average, and its receipts from the German Government have necessarily been several times greater than this amount.

A comparison of the company's reports for 1893 and 1897 warrants the assertion that this corporation is now dependent on the assistance of the German Government for its annual dividends.

The following statement from the company's reports for 1893 and 1897 is illustrative. The amounts are in marks. The insurance profit on the subsidized lines is taken from the report for 1896, and is an

understatement for 1897. This profit for 1896 is deducted from the total insurance profit for 1897.

## Trans-Atlantic lines.

	1897.	1893.
Receipts over expenses.....	Marks. 5,805,725	Marks. 5,419,344
Profit on insurance account.....	2,335,028	1,337,052
Deduct depreciation.....	6,140,753	6,756,398
Balance.....	4,428,750	5,034,300
	1,711,994	1,722,096

The decrease in earnings over operating expenses will be noted. The balance for 1897, namely, 1,711,994 marks, is substantially the mail pay for trans-Atlantic services.

## Subsidized Pacific lines.

	1897.	1893.
Receipts over expenses.....	Marks. 2,304,159	Marks. 705,978
Profit on insurance account.....	976,685	445,070
Deduct depreciation.....	3,280,844	1,152,046
Balance.....	1,705,800	1,042,700
	1,575,044	109,346

The increase in earnings over operating expenses appears at once, and the increase in the balance is substantially equivalent to the 1,500,000 marks added by the Reichstag last March to the previous contribution.

It may be put down as a mathematical certainty that no steamship burning daily \$1,000 worth of coal, as does the *Kaiser Wilhelm der Grosse*, can be operated as a commercial venture, even at the low rate of wages on German steamships, without the assistance of government in a direct or indirect form, substantially equivalent to the speed rates proposed in this bill. The instructive report of the German Reichstag on the North German Lloyd subsidy bill (see report of Commissioner of Navigation for 1893, House Doc. No. 14) makes this significant admission:

All experts agree that without the influence of the Government ocean mail service such a steamer as the *Kaiser Wilhelm der Grosse* could not have been built.

The Compagnie Générale Transatlantique receives 5,480,000 francs from the French Government for its navigation of 325,520 nautical miles annually between Havre and New York. That rate is equivalent to \$328 per 100 nautical miles. The largest and fastest vessel of the line is *La Touraine*, of 8,000 gross tons, 19 knots speed. An American steamship of the same tonnage and the same speed under the provisions of this bill would receive \$267 per 100 nautical miles, or a rate considerably below that deemed necessary to maintain the French line. It may be added that a new contract on more favorable terms for the company has been made for a term of sixteen years, but a copy has not yet been received from the company.

130,700 tons, which had to be secured for the transportation of a smaller number of troops and for a less distance than Japan put immediately into China with the 133,000 tons of the Nippon Yusen Kaisha's merchant fleet.

The Nippon Yusen Kaisha is about to receive from the Japanese Government an annual subsidy of about \$2,500,000, for which it maintains, besides numerous branches, the following main lines to foreign ports:

First. Monthly, from Yokohama to Hongkong, Suez, Marseilles, London, and Antwerp.

Second. Monthly, from Yokohama to Honolulu and Seattle, a service to be made fortnightly this year.

Third. Monthly, from Yokohama to Hongkong, Sydney, Melbourne, and Adelaide.

Fourth. Monthly, from Yokohama to Hongkong, Singapore, Colombo, and Bombay.

Fifth. Monthly, from Yokohama to Manila.

Sixth. Weekly, from Yokohama to Shanghai.

A comparison of the rates paid to Japanese vessels with the rates proposed in this bill is not practicable, nor would it be important. The services of the Nippon Yusen Kaisha have been outlined merely for the purpose of indicating the extent of endeavors by progressive nations to establish themselves in the navigation of the Pacific.

The means of communication between Great Britain, Germany, and France and Egypt, India, Hongkong, China, and Japan have thus been set forth in some detail because it is believed that the facts are of the highest importance, not only to our maritime interests, but to the great producing interests of the United States. The value of the markets of East Asia in the temperate zone to our producers of cotton, wheat, corn, timber, petroleum, and their manufactures—to enumerate but a few of our chief articles of production—can not be estimated.

It is well understood that the most formidable competitor of American cotton for some purposes is the product of Egypt and of British India. Events of the last year have surely pointed to an even more absolute ascendancy of Great Britain in Egypt than has hitherto been maintained. The undeveloped possibilities of cotton production along the Nile Valley must hereafter be reckoned with. From Suez to Shanghai is 7,168 miles, while from San Francisco to Shanghai is 5,550 miles. The handicap imposed by Suez Canal tolls on foreign steamships has been overcome by contributions from their respective governments more than enough to pay those tolls and leave a liberal balance. The western outlet for American cotton, now handicapped by a railroad route and transshipment, must be improved by the development of competing American steamship lines from the Pacific coast to Asia.

There are almost unlimited opportunities for the export of American flour to northern and central Asia. American enterprise is already developing that market. But established foreign steamship lines are ready to bring the wheat of India into competition with the product of our Western States when once the Asiatic taste for wheat flour has been developed, unless this country stands ready to establish means of communication equal to those which have been built up by intelligent and liberal legislation by foreign nations.

German manufactures are being pushed into all the markets of Asia, though the distance from the seat of her manufacturing industries is by practicable routes about double the distance of American manufacturing centers from those markets. The boast of the Norddeutsche Zeitung

last month, that while German shipping passing through the Suez Canal in 1878 was barely 1 per cent of the total, it has now become nearly 11 per cent, is not without its meaning to all American exporters. That development has been coexistent with the policy of government aid to German shipping begun in 1885, steadily prosecuted and extended within less than a year.

## TRANSATLANTIC NAVIGATION.

The committee looks for the earliest and greatest results of the bill on the Pacific. That ocean is not yet traversed, as is the Atlantic, by scores of foreign steamships, performing for the United States its carrying trade. The delay of a few years, however, will find foreign interests strongly fortified in that trade, and, indeed, German efforts will be in full operation by the time Congress shall reassemble in December.

The situation on the Atlantic is not promising. If the bill shall result in even a respectable display of the American flag in European ports during the next twenty years it will have accomplished all that can reasonably be expected of it. At the present time barely 4 per cent of the steamship tonnage which enters and clears at ports of the United States in trade with Europe is under the American flag.

During the fiscal year ended June 30, 1897, the American steam tonnage entered and cleared from and for Europe amounted to only 823,138 net tons, compared with 20,869,211 net tons foreign. So confident are Great Britain and Germany of their ability to control the carrying trade of the United States that the former power, though granting assistance to its steamship services to the West Indies considerably above the rates contemplated by this bill, for some years has found itself able to rely on the United States for contributions sufficient to make good the reductions it has effected in its own support of the Cunard Line. During the past five years the United States have paid \$730,000 to the Cunard Line alone, and \$530,000 to the North German Lloyd Company, besides a bonus in the way of tonnage-tax exemptions, bringing the total quite up to the amount paid to the Cunard Company.

The principal direct grant paid by Great Britain for trans-Atlantic service is the annual appropriation of £80,000 (\$300,000) to the Royal Mail Packet Company for a fortnightly service to the West Indies. This payment is equivalent to a sum of \$15,000 for each round voyage. The fastest and nearly the largest steamship of the Royal Mail is the *Magdalena*, of 5,362 gross tons, 18 knots speed. Under the provisions of this bill, an American steamship of the same size and speed for the voyage of 9,200 miles would receive compensation at the rate of \$13,716, or about \$1,300 less than the British vessel.

This comparison is made not because it is assumed that one of the operations of the bill, if approved, will be the establishment of an American line from the south coast of England to the Barbados and Jamaica in competition with the Royal Mail. Great Britain has steadily stood in support of that corporation for fifty-nine years with liberal support, and is not likely to allow it to suffer. The comparison is made for the purpose of showing that the extent of assistance proposed to be extended to American lines by this bill is reasonable even when compared with the rates which Great Britain still deems necessary after nearly two-thirds of a century's intelligent and persistent prosecution of the policy under consideration.

It is not practicable to state precisely the compensation paid by

development which German relations to east Asia, and especially to China, appear about to take on justifies our firm determination to follow the policy of our Emperor. We established, therefore, on January 3, 1898, a regular monthly freight line between Hamburg and Antwerp and Penang, Singapore, Hongkong, Shanghai, Yokohama, and Hogo, with connections to Foochow, Kiaotschan, Tientsin, etc. We have used principally vessels of our A class, which are peculiarly adapted to this service. Nevertheless, as we could not confine ourselves permanently to the employment of cargo steamers alone in such a service, considering the rank of our company and of our whole organization, we have, thanks to the understanding which the Imperial Government and our Bremen friends promoted, entered into an agreement with the North German Lloyd, according to which our company, if the Reichstag approves the bill presented to it, will share in the trade of the German Imperial mail service to east Asia, so that the Government mail steamships shall start alternately every fortnight from Bremen and Hamburg.

The first steamships to be installed by us in this service will be contracted for in German shipyards at the earliest date, assuming always the passage of the bill. As we have succeeded in establishing this friendly relation with the North German Lloyd, and through a fifteen-year contract in obtaining a participation in the east Asia trade, which for this branch of the business of the two companies is hardly to be distinguished from a fusion, so, also, we have taken steps to reduce competition in the trade with Asia by the absorption of the German Steamship Company, of Hamburg (King-sin line), etc.

The bill passed the Reichstag. The contract was made October 30, 1898, and published on November 18, about two months ago. By its terms the North German Lloyd Company for fifteen years is to receive an annual subsidy of \$1,330,420 for corresponding service for the following steamship lines:

- (1) Once in four weeks from Bremen or Hamburg to Genoa, Naples, Suez, Aden, Colombo, Singapore, Hongkong, and Shanghai.
- (2) Once in four weeks from Bremen or Hamburg to Genoa, Naples, Suez, Aden, Colombo, Singapore, Hongkong, and Yokohama.
- (3) Once in four weeks between Hongkong and Shanghai.
- (4) Once in four weeks from Bremen to Genoa, Naples, Suez, Aden, Colombo, Adelaide, Melbourne, and Sydney.
- (5) Once in eight weeks from Singapore to German New Guinea.

The new steamships for the Asiatic trade are to be of 6,000 gross tons and 14 knots speed, and the first is to be put into operation on October 1, 1899, the second on January 1, 1900, and others to follow rapidly. The temporary arrangements to secure the trade at once have been indicated in the extracts from the reports of the two principal German steamship companies. The rate of compensation is fixed at 5.3 marks per nautical mile, which is equivalent to \$126 for each 100 miles traversed by the ship. The voyage from Bremerhaven to Shanghai by the route described in the contract is 11,359 miles, so that for each round voyage the German Government, beginning this year, will pay \$28,625. Under the rates proposed by the bill under consideration an American steamship of the same tonnage and speed, voyaging side by side with the German steamship, would receive \$28,080, or about \$500 less than the German vessel.

In view of the cheaper cost of construction and operation in Germany, American competition would not be practicable over the same route as that traversed by the North German Lloyd and Hamburg American steamships to Asia, even with the support proposed by this bill. It is rendered practicable by the lower rates of compensation proposed because the American vessel has the advantage of the more direct route across the Pacific, and is not subject to charges of several thousand dollars on vessels passing through the Suez Canal. The distance from San Francisco to Shanghai directly across the Pacific is 5,550 miles. An American steamship of 6,000 gross tons and 14 knots speed for the round voyage would receive, under the provisions of this

bill, \$10,080; but as it could make double the number of voyages possible for a similar steamship from Bremen to Shanghai via the Suez Canal, it is believed that competition will be feasible under the rates of compensation proposed, in view of the fact that the German vessel pays several thousand dollars at Port Said.

The French Government, under its contract of 1895, pays \$2,406,570 to the Compagnie Messageries Maritimes, of Marseilles, for a number of steamship lines, of which only those to Asia and Australia need be considered at this time. Its lines to Asia comprise—

First. Once every four weeks from Marseilles to Suez, Bombay, Colombo, Singapore, Saigon, Hongkong, Shanghai, Kobe, and Yokohama, with connections at Colombo for Australia and New Caledonia.

Second. Once every four weeks from Marseilles to Suez, Aden, Colombo, Singapore, Saigon, Hongkong, Shanghai, Kobe, and Yokohama.

Third. Once in four weeks branch lines from Colombo to Pondichery, Madras, and Calcutta, and from Singapore to Batavia.

Fourth. Once every four weeks from Marseilles to Suez, Colombo, Adelaide, Melbourne, Sydney, and Nouméa (French New Caledonia).

Toward the support of its direct Asiatic lines it receives \$1,174,400, and part of the sum of \$599,832 paid annually for its lines to Australia must be considered as contributing up to Colombo in Ceylon toward its Asiatic service. For its lines to Asia and Australia the company now receives 31 francs per marine league, which is equivalent to \$199 for each 100 nautical miles. The largest and fastest vessel of the fleet of the Messageries Maritimes, built in 1897, under the contract of 1895, is the *Indus*, of 6,357 gross tons and 17 knots speed. This vessel, as stated, will receive \$199 for each 100 nautical miles navigated. An American steamship of precisely the same size and speed on precisely the same route under the provisions of the bill now being considered would receive only \$158.93 for each 100 nautical miles, or about 25 per cent less than France deems necessary.

The Japanese Government adopted the policy of promoting Japanese steamships in 1882, and extended the system in 1892, when considerable support was given to the Nippon Yusen Kaisha for the establishment of communication with Bombay for the importation of cotton into Japan. The result of this enterprise has been a steady growth of cotton manufacturing in that country. The expenditures made by Japan on the development of its merchant marine were more than made good to the country by the services of the Nippon Yusen Kaisha during the war with China in 1894, when for nine months the company was able to put at the command of the Japanese Government 50 steamships under the Japanese flag, and officered and manned almost entirely by Japanese subjects. The company transported nearly the entire fighting force of 120,000 soldiers and 100,000 coolie laborers which Japan suddenly projected into China crushing out all opposition, and bringing the war to a close.

Without disparagement to our own country, except in so far as its policy toward the commercial marine is concerned, the contrast may be drawn between Japan's readiness and our own difficulties during the war with Spain. Outside of the steamships owned by our mail lines under postal contract, the United States found itself practically without ocean steamships available as auxiliaries, transports, etc. Within five months Congress was required to provide for the registry of 42,700 tons of foreign shipping, and the War and Navy Departments felt compelled to purchase in addition 94,000 tons of foreign shipping, in all



Were it not for the fact that British steamships under this contract are required to pay considerable tolls in passing through the Suez Canal, which materially reduce their receipts, and that our route, directly across the Pacific, is not subject to such charges, competition would not be practicable for American vessels under the provisions of this bill.

The line of steamships operated on the Pacific under support of the British Government in connection with the Canadian Pacific Railroad is an even more significant illustration of the method adopted by Great Britain to develop her trade and promote her supremacy on the seas. The establishment and maintenance of this steamship line is only part of the general policy of Great Britain. It is proposed to establish soon a line of fast steamships by Government aid across the Atlantic from Great Britain to a terminal point on the Atlantic coast of Canada, where connections can readily be made with the Canadian Pacific Railroad, and by means of that railroad with Vancouver, on the Pacific.

The trans-Atlantic line would have been established during the current year had not certain complications arisen over the ability of the contractors to carry out the project. The reports of the British post-master-general for 1897 and 1898 show the unmistakable purpose of Great Britain at any cost to be first in establishing herself firmly in the trade between Asia and the west coast of North America. Once firmly established, Great Britain will thus be in a position to attract to herself and her colonies the trade which for geographical reasons we have hoped would be enjoyed by the Pacific coast and Western States of the United States.

An examination of the precise compensation which Great Britain has deemed necessary to establish connection between British Columbia and Japan and China, and a comparison of that compensation with the compensation proposed by this bill can readily be made. The Canadian Pacific Steamship Line consists of three sister steamships, each of 5,905 gross tons and 16½ knots speed. These vessels operate from Vancouver, British Columbia, to Yokohama, Kobe, Nagasaki, Shanghai, Hongkong and return, a total distance for each round voyage of 12,570 miles. Under favorable conditions each vessel completes five round voyages during a year, and sometimes enters upon the outward voyage for a sixth time. For this service the British Government pays an annual subsidy of £60,000 (\$291,600), toward which the admiralty and the Government of the Dominion of Canada contribute. Each of the three steamships thus receives annually the sum of \$97,200, or, assuming that on the average it makes five round voyages a year, the sum of \$19,450 per voyage. This compensation is at the rate of \$155 for the vessel for each 100 nautical miles, and, the vessel being of 5,905 gross tons, the rate of compensation per gross ton per 100 miles is thus between 2.5 and 2.6 cents.

Under the rates proposed by the bill under consideration a competing American vessel of the same tonnage and the same speed as the Canadian Pacific steamships, making five round voyages over precisely the same route, would receive \$17,243 per round voyage, or \$2,200 less than the British Government has considered necessary. To obtain rates equal to the British vessel, the American steamship must be of greater tonnage or greater speed, or both. Competition would not be practicable under the terms of this bill were it not for the following considerations:

This bill provides a low rate of compensation for slow cargo steamships across the Pacific, sufficient to equalize differences in cost of construction and operation under the American and British flags. Such

slow cargo steamships can be operated in connection with the faster vessels under the measure proposed, and thus by increasing the export freight trade add to the volume of business of a competing American line and thus reduce office expenses and expenses of superintendence and management. A fleet of six steamships can be managed at a relatively slight increase over the cost of managing a fleet of three steamships in the matter of office expenses, agencies, advertising, and other business charges not strictly connected with shipbuilding and navigation.

If doubt be anywhere entertained of the purpose of maritime nations to put forth strenuous efforts to promote their shipping and trade in the Pacific, it will be at once dispelled by a perusal of the report to the German Reichstag, on which that body passed the bill last March increasing to 5,590,000 marks (\$1,330,420) the subsidy to the North German Lloyd Steamship Company for its lines on the Pacific. Liberal extracts from that document are included in the report of the Commissioner of Navigation for 1898 (pp. 137-147), to which attention is invited. The action of Germany alone should be sufficient to impress upon all the importance of immediate action by Congress, for the German programme is already well under way toward execution. While the bill was pending before the Reichstag the annual report of the North German Lloyd Company made the following instructive revelations of the German programme:

The proposition submitted by the Government to the Reichstag for the establishment of a fortnightly service to east Asia, unfortunately delayed, did not come to a vote at last year's session of the Reichstag. Consequently, at this year's session the Government submitted a new proposition, which differs from that of last year in so far as newly built vessels are required to maintain a minimum speed of 14 knots, and the Government reserves the right to demand an increase over this speed in so far as competing mail steamships of foreign countries shall, in compliance with their contracts, furnish a greater speed. Our increase of speed must be effected without any increase in compensation, if the increase of speed of competing lines is also effected without an increase in Government subsidy. Though the fulfillment of these conditions is difficult, yet, in view of our own experience, we have been convinced that by the installation of the proper vessels the conditions will permit a satisfactory reestablishment of the service.

During the suspension of action, the Hamburg-American Line decided to undertake on its own account connections between Germany and the remote Orient, whereby through the acquisition of Kiaotschan and the hopes of the German business world associated therewith of a rapid extension and development of our commercial relations with China will be stimulated. To avoid competition in the application for an extension of the Imperial mail service we have come to an understanding with the Hamburg-American Line on the subject, so that this company will install a number of mail steamships in the east Asiatic Imperial mail service, remaining in the control of the North German Lloyd. This arrangement, under the restrictions of close and fixed conditions, has the approval of the Government.

Simultaneously, we have reached an agreement with the Hamburg-American Company concerning the prosecution of a joint freight steamship service to the East. This cooperation of the two corporations has an added significance for both companies, from the fact that the Hamburg-American Company has arranged, in the meantime, to join operations with the German-Asiatic Steamship (King-sin) Company. On the basis of this union with the Hamburg-American Company half of the steamships of the King-sin line will enter the service of the North German Lloyd. We cherish the hope that the union of the two greatest steamship companies of Germany for the prosecution of the service to eastern Asia will become the foundation for an active extension of the German merchant marine in the Orient.

The following extract from the annual report of the Hamburg-American Packet Company, issued also while the bill was pending in the Reichstag, still further illustrates the dependence on Government support of the German maritime programme in the East:

An event of special significance to the further development of our company may be noted in our entrance into the competition for the trade of the Orient. The

possibly seven fast steamships under the Chilean flag, of which information on this subject has not been received. Fully 80 per cent of all the seagoing steamships of 1,500 gross tons or over and 14 knots speed or over belong to companies which, in one form or another, receive the aid of their respective governments in maintaining operations. This assistance, in the case of the 216 British and German vessels enumerated, is in addition to the advantages they enjoy over American vessels in the matter of lower first cost of construction and lower cost of operation. If this examination be pushed further, it will be found that about 65 per cent of the steamships of 13½ knots speed receive assistance or mail pay from their respective governments, and about 50 per cent of steamships of 13 knots receive similar assistance.

The amounts included in the foregoing table relate chiefly to 14-knot steamers. The following summary gives a more comprehensive view of government contributions toward the promotion of national navigation:

Great Britain.....		\$3,274,257
Items in table.....	\$1,017,692	
Retainers to merchant seamen.....	596,565	
Refund of light dues to ships with British boys (about).....	250,000	
Contracts and mails in table, but not ascertained (about).....	250,000	
Canadian fishing bounties.....	160,000	
Germany.....		1,885,880
Items in table.....	1,320,420	
Trans-Atlantic mails—		
From United States.....	115,460	
From Continent (about).....	450,000	
France.....		6,885,248
Items in table.....	4,383,248	
Construction, navigation, and fishing bounties.....	2,500,000	
Spain.....		1,904,968
Items in table.....	1,629,927	
Other items.....	275,041	
Japan.....		3,786,000
Items in table.....	2,409,000	
Construction bounties (N. Y. K.).....	1,250,000	
Fishing bounties.....	37,000	
Russia.....		1,211,000
Items in table.....	691,187	
Other bounties.....	579,813	
Sweden and Norway.....		108,995
Mails and bounties.....	108,995	
Norwegian construction bounties.....		
Denmark.....		82,455
Mails and bounties.....	82,455	
Netherlands.....		266,017
Colonial mails.....	266,017	
Italy.....		1,941,477
Items in table.....	1,941,477	
Construction and navigation bounties.....		
Austria.....		1,428,619
Item in table.....	1,428,619	
Bounties.....		
Portugal.....		75,816
Items in table.....	75,816	
Total foreign nations.....		24,850,762
Total United States.....		1,333,632

## ACCESS TO ASIATIC MARKETS.

Great Britain, Germany, France, Italy, and Austria-Hungary have deemed it of prime importance to establish regular and quick com-

munication with the markets of Asia, and to this end these Governments have paid large sums annually for a period of years to steamship lines under their respective flags. Unquestionably considerations of national policy and the extension of markets for home productions have prompted such compensation to a very considerable extent, probably more than has the desire to promote national shipbuilding and national navigation.

The relative weight which different motives may have in establishing the systems of foreign contributions to steamship lines is a matter of comparatively little moment. It may be reserved for academic discussion. The patent fact remains that by voting large sums of money annually to secure communication under the national flag the several foreign Governments referred to have built up their shipping and have extended their markets.

Great Britain at the present moment is thus expending \$1,496,120 on the support of its steamship lines to Asia alone, and this very considerable sum is divided between two corporations, the Peninsular and Oriental Steamship Company and the Canadian Pacific Steamship Company, organizations influential in determining the policies of the British Empire. The Peninsular and Oriental Steamship Company in 1897 signed a contract with the British Government by which it receives (besides admiralty subventions and other contracts) annually £330,000 (\$1,603,800) for maintaining the following lines of steamship services:

First. Fortnightly from Brindisi, Italy, to Suez, Aden, Colombo, Penang, Singapore, Hongkong, and Shanghai, a distance of 8,304 nautical miles.

Second. Weekly from Brindisi to Suez, Aden, and Bombay, a distance of 3,972 nautical miles.

Third. Fortnightly from Brindisi to Suez, Aden, and Colombo, a distance of 4,434 miles, and from that point in Ceylon to Albany and Adelaide in Australia, a distance of 6,712 miles additional.

The entire mileage covered annually by this contract amounts to 1,424,488 nautical miles, for which, as stated, the company receives \$1,603,800 (of which \$1,204,520 is for voyages to Asiatic ports), or at the average rate of \$112 for each 100 nautical miles. The company employs 58 steamships (including slow vessels) on all its lines and connections, and the rate of compensation per gross ton according to speed can not be stated with precision. The best vessel of its fleet is the *Arabia*, of 7,903 gross tons, 18½ knots, completed and put into operation during 1898. From this the steamers run down to vessels of 3,000 and 4,000 tons, of 14 knots. The average rate of compensation, as stated, is \$112 per 100 miles, which, for a vessel of the *Arabia* class, of 7,903 gross tons, would be the equivalent of 1.4 cents plus per gross ton per 100 miles.

To be entitled to that rate of compensation for speed by the bill under consideration (page 3, line 21) an American steamship is required to make between 17 and 18 knots, compared with the *Arabia's* rate of 18½ knots. In other words, to earn under this bill speed compensation equal to the average amount paid by the British Government to the Peninsular and Oriental Line, an American steamship must come within about half a knot of speed of the fastest, largest, and newest of the Peninsular and Oriental steamships. As a matter of fact, the rates provided for in the bill are considerably lower than the rates paid by the British Government to the mail steamships of the average size and speed actually employed by this great British corporation when allowance is made for differences in cost of construction and operation.



where the classification calls for 8,000 tons; two 17-knot steamships of the French Compagnie Transatlantique, of 2,300 tons each; and three 17-knot steamships of the Navigazione Italiana, of 1,600 tons each, where the classification calls for 3,000 tons or over. These exceptions are believed to prove the accuracy of the classification adopted in the bill. An additional column shows the lines which in one form or another are promoted by their respective governments. Those marked "subsidy" receive a sum from their respective governments which does not depend on the amount of mail carried. Three of the British lines receive admiralty subventions included.

Those marked "mail" receive compensation according to the amount of mail carried. American vessels in the coasting trade, from which by law foreign vessels are excluded, are also indicated, as this legislation is substantial Government support. Those marked "free" receive no support from government so far as has been ascertained. Information has not been received concerning four lines with 25 steamships—the Chilean line—which is presumably supported by the Chilean Government, one British line in China, and two British Australasian lines. The last column gives the amount of subsidy, mail pay, or other government support as far as ascertained from contracts and the latest official reports. The amount given for the North German Lloyd is its Asiatic subsidy, and does not include the large amounts it receives from Germany for trans-Atlantic mails. The United States paid this line \$107,322 in 1897, and the German Government unquestionably paid it at least four or five times this amount.

Line.	Flag.	Speed in knots.								How promoted.	Amount of subsidy, etc.
		20	19	18	17	16	15	14	Total.		
Peninsular and Oriental	British	2	1	6	6	1	4	28	43	Subsidy	\$1,831,005
North German Lloyd	German	2	2	3	4	1	6	5	23	do	1,320,420
Compagnie Générale Transatlantique	French	1	1	7	1	6	7	7	22	do	1,921,694
Pacific Steam Navigation	British	2	2			5	10	7	22	Mail	116,440
Compania Transatlantica	Spanish				2	3	5	13	23	Subsidy	1,629,927
White Star	British	2	2		1	5	3	12	25	do	1,629,927
Cunard	do	4			1	1	4	10	20	Mail	537,649
Messageries Maritimes	French			1	6	4		11	22	Subsidy	2,463,354
Royal Mail	British		1	7	2	1		11	22	do	448,194
Navigazione Italiana	Italian			4	3	1	1	9	18	do	1,895,137
China Mutual	British					6	3	9	18	Unknown	
Compania Sud-America	Chilean					7		1	8	do	
Castle Mail	British			1	3	3		7	14	Mail	(a)
New York and Cuba Mail	United States					1	6	7	14	Subsidy	204,188
Union S. S. Co. (New Zealand)	British					2	5	7	14	do	(a)
Nippon Yusen	Japanese						7	7	14	do	2,499,000
Orient S. S. Co.	British			2	1	1	2	6	12	do	413,100
Lloyd Austriaco	Austrian				2	2		4	8	do	1,428,649
Bibby Bros.	British						6	6	12	Free	
Canadian Pacific	do					3		3	6	Subsidy	291,600
Union S. S. Co.	do				3	1	1	5	9	Mail	79,704
La Veloce	Italian				1	1	3	5	9	Subsidy	45,320
Pacific Coast S. S. Co.	United States				1	1	1	3	5	Coasting	
International Navigation Co.	do			4				4	8	Subsidy	757,650
Volunteer Fleet	Russian			4				4	8	do	631,187
"Admiral" (Jamaica) Line	United States					4		4	8	do	120,000
Pacific Mail	do				1	1	3	4	9	Mail	37,995
Leyland & Co.	British					1	3	4	8	Free	
Australasian Navigation Co.	do					1	3	4	8	Unknown	
Wilson-Leyland	do					4	4	8	16	Free	
Hendrik, Parker & Co.	do					4	4	8	16	do	
Old Dominion S. S. Co.	United States				2			2	4	Coasting	
Oceanic S. S. Co.	do					3		3	6	Subsidy	141,407
Canadian-Austral. Royal Mail	British					3		3	6	Unknown	
Wilson & Sons	do					2	1	3	6	Free	
Metropolitan S. S. Co.	United States					1	2	3	6	Coasting	
Merchant and Miners	do					1	2	3	6	do	
Red "D" Line	do					2	2	4	8	Subsidy	82,362

Line.	Flag.	Speed in knots.								How promoted.	Amount of subsidy, etc.	
		20	19	18	17	16	15	14	Total.			
J. & A. Allan	British							1	2	3	Mail	(a)
Houlder Bros.	do							3	3	6	Free	
Mala Real Portuguesa	Portuguese							3	3	6	Subsidy	43,740
Johnson & Co.	British							3	3	6	Free	
Hamburg-American	German	1	1							2	Mail	(a)
Savannah Line	United States					1	1			2	Coasting	
International Navigation Co.	British							2	2	4	Free	
Nederland-Amerikan	Dutch							1	1	2	do	
Nederland S. M.	do							2	2	4	do	
Beaver Line	British							1	1	2	Mail	(a)
Belgian-American	Belgian							1	1	2	do	
Miscellaneous (one vessel each):												
American	United States							3	3	6	Coasting	
British	British						1	3	4	8	Free	
Danish	Danish							1	1	2	do	
Swedish	Swedish							1	1	2	do	
Portuguese	Portuguese							1	1	2	Mail	32,076
French	French							1	1	2	Subsidy	(a)
Total		14	11	13	43	42	80	154	357			19,273,048

(a) Not ascertained.

The following summary of the above table shows the nationality of those steamships, it being worth note that 19 of the 43 American vessels are under the protection of the coasting laws of the United States:

Nationality.	Speed in knots.							
	20	19	18	17	16	15	14	Total.
British	8	1	9	21	17	46	69	191
American	4			1	4	13	22	44
French		1			13	6	9	24
German		2	3	4	4	1	6	25
Italian				4	4	2	4	14
Spanish			2			2	5	12
Chilean						7	1	8
Japanese						2	7	9
Austrian						2	2	4
Russian				4			3	7
Dutch							1	1
Portuguese							4	4
Belgian						1	1	2
Danish							1	1
Swedish							1	1
Total	14	11	13	43	42	80	154	357

The primary value of the foregoing table is its illustration of the extent to which foreign governments contribute to the support of high-powered ocean steamships. The table may be summarized as follows:

	Speed in knots.							
	20	19	18	17	16	15	14	Total.
Aided by government	14	11	13	42	35	62	110	287
Free				1		8	36	45
Not ascertained						7	10	25
Total	14	11	13	43	42	80	154	357

All seagoing steamships of over 1,500 gross tons and 16 knots speed receive assistance from their respective governments in some form, except the *City of Rome* (17 knots, 8,453 gross tons, built in 1881), and  
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ping property in the United States is believed to be a very low rate, while money can be borrowed on such property in Great Britain and Germany at 4 per cent, and even at 3 per cent at times.

The extent to which the original cost of the vessel enters into the annual cost of operation may be computed as follows:

	American.	British.
First cost.....	\$297,000	\$235,000
Insurance, 6 per cent.....	17,820	14,250
Depreciation, 5 per cent.....	14,850	11,900
Interest, 5 per cent.....	14,850	9,520
	47,520	35,700

a Four per cent.

The difference between these two amounts—\$11,820—is believed to be a very moderate statement of the difference in annual cost of operation, so far as based on first cost, of a steamship of the size and speed described, under the American and British flags. The difference of \$11,820 annually on a 4,000-ton steamship is equivalent to a difference of \$2.95 per gross ton annually. Such a steamship will average 45,000 nautical miles a year, so that this difference can be computed at 0.64 of a cent per gross ton per 100 nautical miles in favor of the British vessel. The difference in favor of the German vessel would be slightly less, and there would be no difference in favor of a French vessel, an American vessel being normally at a slight advantage.

#### RATE ADOPTED.

It has been shown that the pay roll of the steam ship is per gross ton per 100 nautical miles under the American flag, 0.93 of a cent; under the British, 0.58 of a cent, and under the German and French, 0.45 of a cent. The rates just computed amount to 2.64 cents for the American and 2 cents for the British vessel. The two rates—0.93 and 2.64 for the American vessel—amount to 3.57 cents, and the two rates for the British vessel—0.58 and 2 cents—amount to 2.58 cents. The combined differences in favor of the British vessel and against the American vessel amount as nearly as may be to 1 cent per gross ton per 100 miles, and this rate has been taken as the foundation of the bill.

By accidental coincidence this measure of difference in the cost of operation chances to be equivalent practically to the wages of the officers and crews. At first blush the proposition to equalize navigation under the American and foreign flags by paying all or nearly all the wages of the officers and crews of American vessels may seem untenable. Whether it is or not must depend on an examination of the efforts made by foreign nations in support of their merchant shipping. The fleet of steel steamships owned by the British Peninsular and Oriental Steamship Company aggregates 284,000 gross tons, compared with an entire registered tonnage of 245,059 gross tons of similar vessels in the United States. The latest annual report of that corporation at hand (1897) shows that the company received £376,760 under its contracts with the British Government, while the entire pay of its commanders, officers, and crews for the year amounted to £361,992.

The Compagnie Générale Transatlantique last year received 9,958,000 francs from the French Government and paid its officers and crews 4,376,373 francs.

The Lloyd-Austrian Company received last year 3,453,882 florins from the Austrian Government and paid its officers and crews 2,098,244 florins.

The Navigazione Italiana, according to the latest annual report at hand, received 9,301,334 lire from the Italian Government and paid its officers and crews 4,651,763 lire.

The reports of the North German Lloyd, the Cunard, Canadian Pacific, and the Messageries Maritimes do not state precisely the amount paid for wages, but it may be affirmed, without fear of successful contradiction, that government payments to the Asiatic lines of the first-named company, to the trans-Atlantic mail steamships of the Cunard Company, to the Canadian Pacific Steamship Company, and to the entire fleet of the Messageries Maritimes are sufficient to meet the cost of wages of officers and crews.

#### RATES FOR SPEED AND TONNAGE.

The basis of the general compensation, provided in paragraph (a) of the first section of the bill, as stated, has been to endeavor to equalize cost of operation, including factors dependent on cost of construction, under the American and foreign flags.

It is, however, a well-known fact that foreign governments, in the way of mail subsidies, admiralty subventions, naval reserve contributions, and in other ways, promote navigation under their respective flags. This assistance is afforded only to seagoing steamships of relatively high power and speed, and it is necessary to determine to what vessels this aid is afforded. Exaggerated statements tend to obscure the situation, and a careful and, it is believed, accurate investigation into the facts has been made.

This investigation has shown that this aid is not, as a rule, in Great Britain extended to vessels under 1,500 gross tons, or capable of less than 14 knots. Germany, France, Italy, Austria, and Japan give compensation to many vessels of as slow speed as 12 knots or even less, and our own postal mail act of 1891 provides mail pay for steamships of 12 knots. While this rate may at times be sufficient for present services in any project looking toward the future development of our merchant marine, vessels of 12 knots maximum speed must be classed as slow vessels, entitled to no higher place or consideration than cargo carriers. The requirements as to speed and tonnage of an American law ought to be appreciably above the requirements of other nations, and should approximate closely British standards if we are to have an effective merchant marine.

The following is a complete statement for July 1, 1898, the beginning of the current fiscal year, of all the ocean screw steamships of 14 knots speed or over in the world. The first column shows the steamship company owning two or more such vessels. Fifteen companies or individuals own only one steamship of this description, and these are consolidated at the end of the table. The second column gives the nationality of the vessels, and the following eight columns give the number of vessels of each rate of speed, respectively, and the total number (357) of ocean-going steamships of 14 knots or over in the world, tabulated according to owners.

A second tabulation as to size is unnecessary, as with but 7 exceptions the 357 steamships enumerated fall into the tonnage classes fixed by the bill when divided according to speed. These exceptions are two 20-knot Peninsular and Oriental steamships of only 1,700 gross tons each,

Steamship Company, of New Zealand, 5 per cent; Cunard Steamship Company, 2½ per cent; Pacific Steam Navigation Company, 4 per cent; Union Steamship Company, 5 per cent; British Steam Navigation Company, 10 per cent; Castle Mail Packet Company, 5 per cent; Frederick Leyland & Co., 9 per cent; West India and Pacific Steamship Company, 10 per cent. German lines: Hamburg-American Packet Company, 6 per cent; Hamburg South American Company, 12 per cent; Hamburg German-Australian Company, 8 per cent. French lines: Compagnie Générale Transatlantique, 3 per cent; Cyprien Fabre, 4 per cent.

## COST OF CONSTRUCTION.

It is doubtless to be regretted that ocean steamships can not be built in this country as cheaply as they can be built in Great Britain and Germany, but such is indisputably the fact. The impression in certain quarters to the contrary is not based on actual facts, but on conclusions deduced from other facts, which can not properly be applied to any consideration of the question of construction of steel steamships in the United States for the foreign trade.

We are told that the United States are now building war ships for Japan and Russia, and that therefore merchant vessels should be built as cheaply here as elsewhere. The building of war ships is not a business venture, and commercial considerations play only a minor part in the minds of contracting governments. Three considerations count for much more in the purchase of war ships than does the difference in cost of construction in different places. The first is the general excellence of the ship, and it is very much to the credit of our shipbuilders that two foreign nations, after a critical examination of our naval vessels, have placed part of their orders in the United States. The events of the year have undoubtedly added to the reputation of our builders of war ships.

Second, in the desire to secure the best possible war ships, purchasing nations are willing to experiment with the products of various shipyards. Thus, Japan has under construction war ships also in Great Britain and France, and it may be stated positively that the Japanese vessels being built in Great Britain are to cost, relatively, considerably less than those built in this country. Russia is carrying on extensive orders in Germany at the same time that work is in progress for her here. Again, political considerations have weight in determining the orders of foreign governments for war ships. The spirit of friendliness for the United States and the influence of Japanese educated in this country, and now active in Japanese official and naval circles, was powerful enough to outweigh the demands of home officials who desired to place contracts chiefly with Great Britain as the country of cheapest construction. No conclusion whatever as to the cost of construction for the merchant service can be drawn from the fact that our shipbuilders have Japanese and Russian naval contracts.

It is also argued that, because we are exporting locomotives to Europe, we can, therefore, build ocean steamships as cheaply here as they can be built elsewhere. The fact is most apposite to prove the contrary of the conclusion sought to be drawn from it. Our great inland distances have compelled the United States to bring all matters relating to railroading to the highest perfection, and the magnitude of our railroad systems has brought the cost of construction of rolling stock down to the lowest figure. This is precisely the situation of the shipbuilding

industry in Great Britain, whose relations of all descriptions with mankind are necessarily conducted by sea. All that pertains to navigation has accordingly been brought by her to a science, while experience has developed continuous economies in the construction and operation of her steamships.

The fact that during ten years we have built practically no steel steamships for the transoceanic trade, except such as have been built under postal contract or for trade from which foreign vessels are excluded, should be sufficient to dispel the impression that at present we can build steamships in competition with other nations.

The gratifying fact that this country has recently exported to Great Britain the steel plates for the greatest steamship under construction there for many years is auspicious for the distant future of shipbuilding in this country. Hopes built on it with the expectation of immediate realization must be tempered by the fact that these plates constitute only about 14 per cent of the cost of the vessel in the shipyard, and that the difference of about 15 per cent at present between the cost of the plates in this country and Great Britain means only an advantage of about 2 per cent in one item of the cost of the vessel.

The price of a steel steamship of 4,000 gross tons and about 11 knots speed for the transoceanic freight trade is now about \$297,000 in the United States and \$238,000 in Great Britain. No steamship of this description has been built in the United States for that sum or any other sum; but several firms can be found to undertake the work for that amount or a slightly larger sum. Numerous British vessels of this description have been built for less than the amount named, but in the present pressure of work in British yards, and with machinery which would be accepted by an American owner, the figure named is reasonable. This price is distributed among the following items, the builders' profit entering, of course, into each:

	American.	British.
Hull:		
Labor.....	\$124,000	\$74,000
Plates, angles, beams, rivets, etc.....	57,000	22,000
Anchors, rigging, cement, paint, sails, chains, and general outfit.....	35,000	32,000
Machinery:		
Labor.....	41,000	25,000
Material.....	40,000	39,000
Total.....	297,000	238,000

The prices for the materials are for the materials laid down in the shipyard, and the labor cost included covers the labor in the shipyard in putting the materials together and also cost of plans and of general superintendence. It has not been feasible to ascertain the cost of similar construction in Germany, but though wages are lower than in Great Britain, the cost of construction is higher. German shipbuilders are now engaged in endeavoring to induce the Government to reduce freights on shipbuilding materials on the Government railroads, in order to compete on better terms with Great Britain.

The first cost of the ship enters into three of the chief items of cost of operation, namely, insurance, depreciation, and interest. It is the practice of shipowners in this country and elsewhere to reckon insurance at 6 per cent on the value of the ship and depreciation at 5 per cent of the cost—an amount which removes the ship as an asset from the books at the end of twenty years. Interest at 5 per cent on ship-

At these rates per month the annual pay roll (excluding the master and others not enumerated) of the American steamship would be \$16,752, of the British steamship \$10,497.00, of the German steamship \$8,061.84, and of the French steamship \$8,161.08. Reducing these amounts to the equivalent sum per gross ton, to obtain a standard for estimates, the vessel being 4,000 tons, the average annual American pay roll would be \$4.19 per ton, the British \$2.62, the German \$2.02, and the French \$2.04. A steamship of the size, speed, and trade under consideration, allowing time for occasional repairs, delays in port, accidents to machinery, weather, etc., will traverse about 45,000 nautical miles during a year.

To get a still closer estimate as a basis for a just compensation of difference in wages, the annual wages per gross ton stated above will be equivalent per gross ton for each 100 nautical miles navigated to 0.93 of a cent on the American vessel, 0.58 of a cent on the British vessel, and 0.45 of a cent on the German and on the French vessels. The relative differences in these amounts will be somewhat increased if the pay of the masters were included, but for reasons given it is not practicable to state these with any precision.

For the same reason, account has not been taken of the sum Great Britain expends annually on her merchant seamen who are also enrolled in the royal naval reserves. The total sum being expended for that purpose during the current year amounts to \$1,250,000, in round numbers, but the part of that sum paid for actual drill money, board, lodging, etc., during drills should not be considered. The British Government pays annually to 25,500 selected seamen and firemen in its merchant service—more than three times the number required to man our entire steam tonnage registered for foreign trade—the sum of \$596,565 as annual retainers. Thus 11,000 able seamen and 3,500 firemen are paid each £6 (\$29.16) a year and 11,000 seamen are paid each £3 5s. (\$15.80) per year, equivalent to \$2.43 and \$1.32 per month, respectively. These grants are not for services rendered, but for the capacity to render service, if needed, and are in effect a direct contribution by the Government to the wages of merchant seamen.

A still further step in the same direction has been taken by Great Britain, and after the 1st of next April—the beginning of the British fiscal year—British vessels carrying boys enrolled in the naval reserves will have refunded to them from the British treasury a sum equivalent to 20 per cent of all light dues, corresponding to our tonnage taxes. British merchant seamen who draw retainers as naval reserves are found on steamships belonging to the great British mail lines. The provision of the act which is soon to go into effect applies to all British vessels, sail as well as steam. It is clearly impracticable to show the precise extent of assistance in this form by the British Government to any one merchant steamship, but in the aggregate it is an appreciable form of support.

#### OTHER OPERATING EXPENSES.

The item of coal is almost equal to wages in the cost of operating a steamship, and in some instances it is greater. It has not been necessary, however, to consider this item in computing differences in cost of operation, for steamships, as a rule, coal at each terminus of a voyage; thus a British trans-Atlantic steamship will coal outward bound at a British port and homeward bound at an American port, and, vice versa, a similar American steamship will coal outward bound at an American port and homeward bound at a British port.

The United States, by the act approved December 21, 1898, established a statutory scale of provisions for the crews of American merchant vessels. This measure was deemed important to the improvement of the condition of American merchant seamen. Great Britain has no such law. Consequently the cost of provisioning an American crew will be somewhat greater than in the case of a corresponding British crew.

The difference in the standards of living under recent legislation between American and foreign merchant vessels will be appreciable, but it can not readily be reduced to exact figures. It is within bounds to assert, generally speaking, that the expenses of provisioning an American crew will be about 25 per cent greater than the cost of provisioning a corresponding British crew. On a vessel of the description already considered this difference will add about \$1,000 to the operating expenses of the American as compared with the British vessel, although each vessel takes on ship's stores at both domestic and foreign terminal ports.

There are no Federal taxes on American shipping which are not paid also by foreign shipping, and the impression which seems to obtain in some quarters that the laws of the United States in this respect interfere with the growth of our merchant marine is without foundation. It is true, however, that the laws of some States impose taxes on American vessels as property much in excess of similar taxes imposed by foreign governments on vessel property under their respective flags. On the other hand, some States, notably New York, exempt all American shipping engaged in foreign trade, and owned in the State, from taxation as property. Where State tax laws operate to our disadvantage in competition with foreign shipping they can be remedied, if at all, only through appeal to State legislatures. Congress can not take cognizance of the fact, and this item in operation has been disregarded.

In the matter of expenses of management, agencies abroad, establishment of connections, advertising, and other charges relating to administration rather than to construction or navigation, we are at a considerable disadvantage, owing to the small part we now take in the carrying trade of the world. Nations like Great Britain, Germany, and Norway, which do a large share of the world's carrying, and have done it for years, have reduced these expenses to a minimum, just as a large wholesale establishment, by economies in management, can undersell smaller concerns. It is not practicable to reduce this disadvantage to exact money terms, but it is a factor to be borne in mind in an examination of the rates provided by the bill.

The impression that the profits from conservatively managed steamship companies are not sufficient at this time to attract American capital is not borne out by the facts. Besides the great and urgent national need, one of the principal reasons for prompt action on the bill under consideration is the fact that at the present time there appears to be an unusual abundance of American capital seeking new investments, and that this is a most opportune time for our entry into the business of transoceanic transportation. The preferred stock of the Peninsular and Oriental Steamship Company for 1897 paid dividends of 5 per cent, and the deferred stock (half the capital) paid dividends of 10 per cent with a 3 per cent bonus. The North German Lloyd stock paid 5 per cent, and the French Messageries Maritimes paid 5 per cent.

Other representative lines, according to their latest annual reports, paid dividends at the following rates: British: African Steamship Company, 5 per cent; Orient Steam Navigation Company, 2½ per cent; Union

principal maritime rivals. It is, therefore, entirely compatible with our treaty obligations and can be put into operation as soon as it shall have been approved by Congress. It has in its favor the experience of nations, and from that experience it is possible, in framing an American system, to avoid features and experiments which have not proved successful elsewhere.

Two methods of direct Government aid are in use—first, the payment of very liberal allowances to selected steamship corporations holding a more or less intimate relationship with the Government, and, second, the promotion of the entire range of national shipbuilding and navigation by Government assistance. In choosing between these two methods it is essential to bear in mind the purpose of and the necessity for any legislation on the subject. The object is to promote American foreign trade, whether in fast steamships or slow cargo vessels, with incidental regard to other considerations referred to in the preamble of the bill. The necessity for it arises from the facts that we are handicapped by both higher cost of operation and higher cost of original construction. Both purpose and necessity of legislation show that direct Government support to a limited number of steamship corporations—the policy adopted by Great Britain and Germany—will not satisfy American conditions.

Cost of construction is considerably less in Great Britain than in Germany, while the cost of operation is considerably higher. Each nation accordingly, in general navigation, can allow its special advantage to offset the special advantage of the other, and concentrate its energies and expenditures on the development of certain lines of steamships, largely for political purposes. The United States being at a disadvantage both in respect of operation and construction, are compelled to deal with the subject on general lines, as proposed in this bill, having in view also the development of fast steamship lines. The bill accordingly is so framed that—looking at the subject for the moment from the American shipowner's point of view—it shall equalize, within reasonable bounds, the conditions of competition under which any American vessel must engage in the foreign trade, whether it be an express steamship or slow sailing vessel.

There are two methods of extending Government aid to the general industries of shipbuilding and navigation, the first by compensation on construction, the second by compensation for value received on navigation. After careful examination the first method has been rejected in the preparation of this bill. The payment of such compensation is justified almost wholly on the ground that it is for services rendered, not only or chiefly in encouraging shipbuilding, but in extending the markets for our cotton, flour, petroleum, manufactures, and surplus products, from which the whole country derives benefit. Such services are not performed until the ship actually makes foreign voyages.

If a vessel is wrecked on its first or second voyage, the amount paid on construction is virtually wasted. Again, such compensation would be as difficult to adjust as an intricate tariff schedule, and would require constant alteration and amendment to meet changing industrial conditions here and abroad. Again, difference in cost of construction is chiefly felt in the matter of interest and insurance on original investment and in depreciation, all of which are important factors in the cost of operation; and difference in construction, accordingly, can properly be considered at the same time with difference in cost of operation. Finally, it has been shown that compensation for construction, as undertaken in France, have not been successful, while compensation for navigation services has produced reasonably satisfactory results.

The committee accordingly determined to favor a bill which shall have as its foundation a compensation for American vessels in the foreign trade sufficient to offset the difference in the cost of operation of the average vessel employed in that trade under the American flag as compared with a similar vessel under the British, German, or Norwegian flag. About 80 per cent of the foreign trade of the United States by sea is carried on in steamships. The average size of the steamships thus employed is now about 2,000 net tons, equivalent to about 3,400 gross tons (each 100 cubic feet generally reckoned as space sufficient to carry, on the average, about 2 tons of cargo). In our trade with Europe the average size of steamships is about 3,800 gross tons, and it may be set down as a present fact that the average steamship for transoceanic trade should be not less than 4,000 gross tons.

Of the ocean steamships of 4,000 tons or over now in existence 489 were built in the United Kingdom, 59 in Germany, 25 in France, 15 in the United States (most of which are in the coasting trade), 6 in Austria, 5 in Italy, 2 in Holland, and 2 are building in Japan. The cost of operation of a steel cargo seagoing steamship of 4,000 gross tons, single screw, and capable of about 10 knots an hour, or between 200 and 250 nautical miles a day—the type of vessel adapted to cargo service and frequently called the "tramp"—is, as nearly as can be ascertained, a trifle over 1 cent per gross ton per 100 nautical miles greater under the American than under the British or German flag, including in that estimate an allowance for difference in cost of construction as it enters into the daily cost of running the ship in the form of interest, insurance, and depreciation in the value of the vessel.

## COMPARATIVE WAGES OF CREWS.

The rates of wages paid at American and foreign ports can be ascertained without difficulty, as maritime nations require seamen's contracts for labor to be made out in the presence of government officers, by whom they are filed. The salary of the master, however, is a matter of private agreement, and can not be thus officially determined. Certain bonuses frequently enter into it, and occasionally he is under contract for a long period or is a part owner of the vessel. When stewards are employed fees are a factor, and boys are sometimes shipped virtually for their keep and instruction, with little or no pay. Following is a statement of the monthly pay roll of a vessel of the kind under consideration engaged in trans-Atlantic trade at American, British, German, and French rates of wages. Norwegian rates have not been ascertained precisely, but they are about equal to the German rates:

Crew.	American.	British.	German.	French.
Master.....				
First mate.....	\$65.00	\$53.46	\$39.76	\$38.60
Second mate.....	55.00	38.88	26.62	27.02
Third mate.....	40.00	29.16	22.22	22.00
Boatswain.....	27.50	24.30	16.39	21.23
Carpenter.....	33.50	29.16	19.00	15.44
Four quartermasters.....	160.00	82.62	57.12	58.00
Ten able seamen.....	508.00	102.35	119.00	115.80
First engineer.....	110.00	77.78	79.31	77.20
Second engineer.....	70.00	60.75	50.10	36.80
Third and fourth engineers.....	110.00	77.78	46.80	58.00
Fifteen firemen and trimmers.....	525.00	291.00	195.00	210.00
Five stewards, etc.....				
Five miscellaneous.....				
Monthly.....	1,394.00	874.80	671.82	680.09

flag in foreign trade, but it is doubtful whether much of anything pertaining to the vessel except its flag and its register would be American. The vessel would be of foreign workmanship, its officers and its crew would be foreign, and in emergency the ship itself would doubtless seek a foreign flag. Great Britain, which is dependent for existence to so large a degree on its ocean-carrying trade, follows this method, but the maritime greatness of the British Empire has been attained not on account of but in spite of the method. Her ability to build ships for herself and for others, and her own nautical population, not her free registry laws, have made England the great sea power.

By similar freedom, Norway has of late years shown a most formidable merchant fleet on her registry books; but an inspection of those books shows that a very large share of her recent remarkable increase in shipping is due to the transfer of British vessels to the Norwegian flag in order to load vessels deeper in the water than is permitted under the British load-line law. Of 110 steamers over 800 tons under the Norwegian flag 86 were built in Great Britain. Indeed, Norway in 1897, although its merchant fleet was apparently increasing rapidly, passed a bounty law paying a moderate sum per gross ton on the construction of vessels built in Norway, a measure deemed necessary to prevent the decline of the shipbuilding art on which the country to so large a degree is dependent. The objections to the repeal of our registry law are sufficient to prevent its adoption as a comprehensive project for the creation of a maritime interest. At best it is only a one-sided attempt to meet the situation, for it certainly can accomplish nothing to promote American shipbuilding, even if it should not prove very injurious to that industry, as American shipbuilders generally believe.

A second method proposed and considered has been the payment of bounties on American exports shipped in American vessels. The method appeals to many interests, but examination proves that it is impracticable without a disturbance of our treaties and commercial relations with the principal nations of the world. Many of our treaties provide that if we pay bounties on exports in American vessels we must also pay them on exports in foreign vessels. To give notice of our purpose to repeal all these treaties and to negotiate other treaties in their stead will require years of diplomatic negotiation and delay, and will, in effect, indefinitely postpone the promotion of our foreign commerce. The following extracts from our treaties with Great Britain, Hamburg, Bremen, and the Netherlands illustrate the impracticability of the project to give bounties on exports in American vessels:

And the same duties shall be paid and the same bounties allowed on the exportation of any articles, the growth, produce, or manufacture of the United States, to His Britannic Majesty's territories in Europe, whether such exportation shall be in British vessels or in vessels of the United States. (Treaty of 1815 with Great Britain, Article II.)

And the same bounties, duties, and drawbacks shall be allowed and collected, whether such exportation or reexportation be made in vessels of one party or of the other. (Treaty of 1827 with the Republics and free Hanseatic cities of Lubeck, Bremen, and Hamburg, Article I.)

The bounties, drawbacks, and other privileges of this nature which may be granted in the States of either of the contracting parties, on goods imported or exported in national vessels, shall also and in like manner be granted on goods imported or exported in vessels of the other country. (Treaty of 1815 with the Netherlands, Article I.)

A third project proposed has been the imposition of discriminating duties on imports into the United States in foreign vessels, but this project is open to the same objection as the export-bounty plan. It is in conflict with nearly all our commercial treaties, and its adoption at this time would, in effect, postpone indefinitely the rehabilitation of our

shipping in foreign trade. It is open to the further objection that it involves certain retaliation sufficient to destroy almost immediately all hoped-for benefits. In 1871 France experimented with this system, but abandoned it after a trial of less than two years. The following extracts from several of our treaties show the nature of our international obligations, which take discriminating duties out of consideration as a practicable measure:

All that may be lawfully imported into the United States of America in vessels of the said States may also be thereto imported in Swedish and Norwegian vessels and in those of the island of St. Bartholomew, from whatever place they may come, without paying other or higher duties or charges of whatever kind or denomination, levied in the name or to the profit of the Government, the local authorities, or any private establishments whatsoever, than if imported in national vessels. (Treaty of 1827 with Sweden and Norway, Article III.)

Objects of any kind soever introduced into the ports of either of the two States under the flag of the other, whatever may be their origin and from what country soever the importation thereof may have been made, shall not pay other or higher entrance duties, nor shall be subjected to other charges or restrictions than they would pay or be subjected to were they imported under the national flag. (Treaty of 1875 with Belgium, Article V.)

The high contracting parties agree that whatever kind of produce, manufactures, or merchandise of any foreign country can be from time to time lawfully imported into the United States in their own vessels may be also imported in Italian vessels; that no other or higher duties upon the tonnage of the vessel or her cargo shall be levied and collected, whether the importation be made in vessels of the one country or of the other. (Treaty of 1871 with Italy, Article V.)

A fourth plan to impose discriminating tonnage taxes on a foreign vessel entering the United States from any country other than that whose flag it carries is in violation of as many and as important treaties as the export-bounty and discriminating duty plans, and must accordingly be dismissed. Following are extracts from a few treaties, showing the impracticability of this project:

No duties of tonnage, harbor, pilotage, light-house, quarantine, or other similar or corresponding duties of whatever nature, or under whatever denomination levied in the name of or for the profit of Government, public functionaries, private individuals, corporations, or establishments of any kind, shall be imposed in the ports of the territories of either country upon the vessels of the other country, which shall not equally and under the same conditions be imposed in the like cases on national vessels in general or vessels of the most favored nation. Such equality of treatment shall apply reciprocally to the respective vessels, from whatever port or place they may arrive, and whatever may be their place of destination. (Treaty of 1895 with Japan, Article VIII.)

And that no higher or other duties upon the tonnage of the vessel or her cargo shall be levied and collected whether the importation be made in vessels of the one country or of the other. (Treaty of 1826 with Denmark, Article III.)

Austrian vessels and, reciprocally, vessels of the United States arriving, either laden or in ballast, in the ports of the dominions of Austria, shall be treated on their entrance, during their stay, and at their departure upon the same footing as national vessels coming from the same place, with respect to the duties of tonnage, light-houses, pilotage, and port charges, as well as to the fees and perquisites of public officers, and all other duties or charges of whatever kind or denomination levied in the name or to the profit of the Government, the local authorities, or of any private establishment whatever. (Treaty of 1829 with Austria-Hungary, Article II.)

#### METHOD OF THE BILL.

By process of selection the committee of men representing the widest diversity of interests, who have for more than a year been engaged in the preparation of the bill, thus reached the conclusion that the only feasible method at this time to promote American navigation and American shipbuilding for the foreign trade is by the direct assistance of Government. This conclusion is fortified by the consideration that in one shape or another, on narrow lines or on broad lines, precisely this method has for some years been employed and is now in use by our



too great, for the trade, once established, will be permanent; unaided now, it will be lost for a long future.

The provisions of the bill are believed to be in harmony with the last annual message of the President of the United States, and with the recommendations of the Secretary of the Treasury, the Postmaster-General, and the Commissioner of Navigation, and, it is hoped, will commend themselves to the patriotic judgment of Congress.

A table is subjoined, showing in some degree the extent to which the people of the United States are dependent on foreign shipping for their sea-borne commerce with each of the grand divisions of the world, and the amount and percentage of our exports and imports carried by American and foreign vessels.

Table showing the combined tonnage (net) of American and foreign vessels entered and cleared at seaports of the United States in the foreign trade for the fiscal year ended June 30, 1897, with the percentage of each in the trade with the various grand divisions of the world.

Trade with—	American tonnage.	Foreign tonnage.	Total.	Percentage.	
				Ameri-can.	For-ign.
Europe .....	899,081	23,024,093	23,923,174	5	95
Africa .....	57,396	916,125	1,003,521	6	94
Asia .....	303,226	1,150,265	1,453,491	21	79
Australia and Oceania .....	188,203	485,112	673,315	28	72
Hawaii .....	253,211	77,962	331,173	76	24
South America .....	691,231	2,055,999	2,747,230	25	75
North America (salt water) .....	4,832,195	4,892,863	9,725,058	50	50
Whaling vessels .....	4,080		4,080	100	
Total by sea .....	7,248,625	32,632,419	39,881,044	18	82

During the fiscal year ended June 30, 1897, the value of the exports and imports of the United States and the amount carried by land, by American vessels, by foreign vessels, and the percentage of exports and imports carried by water which were carried by American and by foreign vessels were as follows:

	By land.	By water.			Percentage.	
		American vessels.	Foreign vessels.	Total.	Ameri-can.	For-ign.
Exports .....	\$65,032,305	\$79,941,823	\$905,969,428	\$985,911,251	8	92
Imports .....	35,812,630	102,133,454	619,781,238	729,917,796	15	85
Exports and imports .....	100,844,935	182,075,277	1,525,750,666	1,714,829,047	11	89

The statement can not be without its impressive lesson that during the fiscal year ended June 30, 1897, only 7 iron or steel merchant steamships built in the United States during the past twenty years crossed the Atlantic or Pacific oceans. Of these 7, two were the *St. Louis* and *St. Paul*, the construction of which was made possible only by legislation similar to that proposed in this bill, and the others were the *City of Rio de Janeiro*, built in 1878, and the *Peru*, built in 1892 under a postal contract with the Pacific Mail Steamship Company, and the *Alameda* and the *Mariposa*, built in 1883 under a postal contract with the Oceanic Steamship Company. The seventh steamship was the *City of Everett*, built in 1894, which went abroad on a charitable mission, bearing relief to the sufferers from famine in India.

Although our builders are now busy with orders for naval construc-

tion and for the coasting trade, there is not at the present time, so far as can be ascertained, any steamship in course of construction in an American shipyard designed for transoceanic mercantile navigation.

This state of affairs is not due to the lack of American capital willing to embark in maritime enterprises, for it is a well-known fact that during the past dozen years some millions of American money has been invested abroad in vessels for the foreign trade, and it is also the fact that at the present time several large steamships for American owners are under contract in foreign shipyards. The situation is unmistakably attributable to the joint operation of two causes, and it can be remedied only by dealing with those two causes.

If, as is held in some quarters, the cost of original construction in this country is no greater than it is in Great Britain and Germany, and the greater cost of operating a steamship under the American flag than under foreign flags is the reason why there are so few American steamships in the deep-sea trade, then, evidently, steamships could and would be built in the United States and afterwards transferred to the British, German, or Norwegian flag—an easy process—and navigated under foreign colors to obtain the advantages of lower cost of operation. There are no steamships built in this country and thus transferred to foreign flags, so the hypothesis that increased cost of operation alone prevents our possession of a fair share of the deep-sea trade must be dismissed.

If, on the other hand, the greater cost of original construction in American yards than in foreign yards be the sole cause for our small part in the foreign trade, unquestionably strong pressure would have been brought to bear on Congress long ago by American shipowners and commercial bodies to repeal the law which prohibits the admission of foreign-built vessels to American registry. There has been no such pressure brought to bear, and special acts of registry, almost without exception, have been asked for only in order to obtain the privilege of entering the coasting trade. It is apparently realized that the cost of operation under the American flag is greater than under foreign flags, and that, regardless of original cost of construction, a modern steamship can be navigated more economically and profitably under a foreign than under the American flag.

It seems evident, then, that any legislation for the development of our merchant marine for the foreign trade must recognize both facts: That cost of operation is greater under our own flag than under foreign flags, and that cost of construction is greater in the United States than in Great Britain or Germany.

#### METHODS CONSIDERED.

Four methods of promoting American navigation and American shipbuilding have been considered, and one after another rejected, until the method proposed by the bill has been adopted as the only project which is feasible, prompt, durable, and complete.

A method frequently discussed is the total repeal of the registry law and the admission of foreign-built ships to the American registry. This plan finds no substantial support among shipowners or shipbuilders, and is also open to the objection already referred to that it fails to meet the difficulty created by increased cost of operation.

To make the repeal of the registry law effective, it would be necessary at the same time to repeal the law which requires the officers of American vessels to be American citizens, and also to encourage the shipment of foreign crews at foreign ports. If this course should be pursued we should doubtless have more vessels under the American



that the home market is one of the principal and great essentials to the prosperity of any nation which possesses the abundant and almost universal natural resources of those possessed by the United States. It means the cooperation and mutual assistance of all the people in the development and increase of all their industrial energies.

The full fruit of this development and increase must be found in our increasing our exportations of all our products and manufactures to every part of the globe where purchasers of them can be found. Such has been the wise and profitable policy of all the nations possessing in any considerable degree the natural or artificial resources necessary to these ends. Such nations have done this steadily and persistently, and have by subsidies and various other aids to their commercial and shipping interests, such as exploiting corporations for foreign trade, and by trading posts, banking facilities, etc., obtained great advantages over the producers, manufacturers, and the shipping interests of the United States. It is an obvious truth that the volume of the foreign trade of any nation is very largely influenced and increased by the fact that its own ships are the means of its communication and trade. Their influence on all the agencies of such a trade is naturally and properly directed to the development and increase of the trade of their own country. And so, while the United States have slept or been indifferent to these considerations, the trade with and markets of most of the nations using such things as the producing and manufacturing nations have to sell have fallen to and been absorbed by others than the United States.

The great bulk of our export trade must depend upon shipping. No theory or doctrine of protection or free trade, no theory or doctrine of finance or currency can affect the fact that our only means of communication and intercourse with more than 90 per cent of all the inhabitants of the globe is shipping. In order that the United States can fairly compete with other nations in the markets beyond the seas, it is essential that our means of communication and intercourse with the buying nations should be put under the protection of our own flag, and on a footing of equality at least with our competitors. In the present condition of national affairs and trade in those parts of the globe where perhaps the largest opening for the trade of ourselves and our competitors will exist in the future, the most efficacious means to these ends must be adopted.

It is an unpleasant fact that, at the present time, more than 85 per cent of the foreign commerce of the United States is conducted by means of foreign ships, and not only with the countries under whose flag such ships sail, but with other countries having little or no ocean marine, the result of which is, as above suggested, that there is a constant, powerful, and successful influence exerted in favor of the productions and manufactures of the country whose flag is borne by the trading ship and by all the accessories of government aids and of mercantile and financial influences in the ports and countries to which such ships go. If we are not speedily to endeavor, by every just means, to obtain a fair and equal footing in the foreign markets referred to, and not to abandon them to our competitors, whose wise and just policy for their own good maintains at every cost necessary to success their shipping intercourse and the facilities and aids that necessarily flow from it, we must speedily adopt a corresponding policy, and by the most liberal inducements rehabilitate our merchant marine, and try, by every fair means, to regain the position we once occupied, and which we ought to occupy in the future.

Such a course of policy does not chiefly rest upon the idea of help-

ing the ship building and ship sailing interests of the United States on their own account, but upon the element—common to all our productive and manufacturing industries—of their being one of the essential cooperating means of general prosperity and welfare. The main thing is to enable the producing and all other industries of the United States to regain our just position in the markets of the world. There is no honest and industrious worker in the manifold fields of labor in the United States who is not concerned in such an undertaking. The laboring man can only have house and home and food and clothing for himself and his family in proportion to the employment of and compensation for his labor; and his employer can only pay him by the advantageous sale of the things produced. All these considerations are truisms in the theory of the state, which is little more than an establishment for the cooperation, organized by law, of its citizens in all things relating to the safety and prosperity of all.

That American natural resources, capacity, and enterprise can not be excelled by those of the people of any other country may be asserted without presumption. And yet, in the face of this, the foreign commerce conducted by our own shipping has decreased from 80 per cent in 1846 and 66 per cent in 1860 to 11 per cent in 1897. Other manufacturing nations, influenced by the considerations before stated, have aided in shipbuilding and in establishing and supporting lines of sea connection under their own flags with distant countries, and have thereby enabled their own citizens to establish trading houses, banking houses, and other facilities for the sale of their productions in those countries; and they have thus, in a very large degree, secured a comparatively exclusive market for their own goods. Besides this, the cost of their shipping, owing to prices of labor, and so forth, being generally lower than those paid in the United States, has been considerably and sometimes very much less than that of ships built in the United States.

The result of all these circumstances has been to deprive the United States of the supremacy, or at least the equality in foreign trade, which it had in earlier days, and to very greatly retard the sale of American goods in these far-away countries in which the products of the industry of the United States ought to have an equal opportunity for disposition. It may well be repeated in this connection that by just so much as the export trade of the United States is increased will the industries and labors of our own people be benefited.

To regain a trade once lost or greatly curtailed requires extraordinary and persistent effort and expense. Once regained, it can support itself under equal conditions.

It is a well-known fact that the largest markets of the world not already well developed are to be sought for and found in eastern Asia. These markets are convenient of access from our Pacific coast, and will be almost equally so from our Atlantic coast when the canal crossing the Isthmus of Nicaragua shall have been built under the auspices of the United States.

It is obvious that the struggle of certain nations for political and military supremacy and spheres of influence in eastern Asia, as well as in Africa, has been, and is, with perhaps a single exception, founded upon a desire to obtain a dominating influence over the markets of those regions. In the commerce of those markets the United States ought to have a fair opportunity to compete. This can not be effectively obtained without our own ships and our own flag. The sooner adequate provision is made to this end the less will be the difficulty and the greater will be our reward. To attain these objects no expense to the common treasury in aid of shipbuilding and ship trading can be

55TH CONGRESS, }  
3d Session.

SENATE.

{ REPORT  
No. 1551.

PROMOTION OF COMMERCE AND INCREASE OF FOREIGN  
TRADE, ETC.

JANUARY 27, 1899.—Ordered to be printed.

Mr. FRYE, from the Committee on Commerce, submitted the following

REPORT.

[To accompany S. 5024.]

The Committee on Commerce, to whom was referred the bill (S. 5024) to promote the commerce and increase the foreign trade of the United States and to provide auxiliary cruisers, transports, and seamen for Government use when necessary, have considered the same and submit the following report, with the recommendation that the bill pass, as amended by the committee:

The fundamental and principal reason and purpose of the United States aiding and encouraging our own shipping—helping to create it when it does not exist to the extent necessary to the defense and advancement of our just interests—and promoting its capacity to carry our surplus productions of every kind to the countries and peoples that need or wish them, as well as to add to the strength of the nation in times (often coming suddenly) when our power and immediate means of self-defense may be taxed to the utmost, are stated in the preamble of the bill. If the preamble is true, the necessity for legislation of this character is demonstrated, unless it be shown that our present condition is due to the fault of American shipbuilders and shipowners, or to the paying of too high wages by manufacturers and others employing the labor of our people. It will scarcely be pretended that either of these alternatives exists. The condition of our commerce during many years is shown in the very instructive report of the Commissioner of Navigation for 1897 and 1898, and also in the report of the Secretary of the Treasury for 1898.

From these reports and other Government documents it definitely appears (a state of things long well known in all the productive and business circles of the country) that our exports have not kept pace with the increase of our population, or with the increase of our productive resources and power in producing food and food products, and in the production of manufacturing industries of all kinds which convert the raw material of our country into higher and more valuable forms, and thus find a necessary field of employment for the intelligence, scientific and mechanical skill and enterprise of our citizens. The larger this field is, the greater is the capacity of our citizens to utilize and enjoy the products of the farm and the shop, and thereby to enlarge and make profitable the home markets as well as the foreign ones for everything that is produced or manufactured. It scarcely need be said

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according to the dutiable value of the articles. Such a result could not, of course, be defended as in any way just or called for.

(c) An additional duty of 10 per cent would yield a fixed amount. A vessel making a short voyage of a few hundred miles to a nearby North Atlantic port would receive exactly the same amount that a vessel would receive in carrying the same articles across the Atlantic or on the long voyages from the Philippine Islands. This, of course, could not be just, reasonable, or effective.

(d) To add 10 per cent ad valorem duty upon the, say, 88 per cent of, say, \$800,000,000 worth of dutiable and free goods imported into the United States annually upon foreign ships would represent, say, \$70,000,000 of additional duty collected annually in the effort to give to our ocean shipping the encouragement for which the committee decides the \$2,000,000 at present to, say, \$6,000,000 annually in the future should be sufficient. The 10 per cent ad valorem duty that our own vessels would escape paying under this method would amount to about \$10,000,000 annually, a sum far in excess of any necessary requirement of existing competitive conditions.

(e) The discriminating duty method is an indirect method and deprives the people and their representatives in Congress of the opportunity to know exactly what aid is being extended to our merchant shipping. The committee deemed it far better to take the people and their representatives entirely into the confidence of the committee and exhibit clearly and definitely the exact character and amount of aid deemed essential to enable our citizens to build and operate ships for the foreign trade.

It matters not what method is adopted, the result must be to take from the Treasury of the United States and grant to citizens who may be thus induced to build and operate ocean ships, an amount sufficient to afford such citizens a reasonable opportunity of profit. Such expenditure of the public money is justifiable only because the nation needs and demands merchant shipping on the oceans carrying its flag and surplus products to all of the markets of the world in time of peace, and placing vessels and trained men at the service of the Government in time of war. If the Government levied an additional duty of 10 per cent upon imports in foreign vessels and relieved imports on our own vessels from the payment of this duty, it would be exactly the same in result as though the Government levied an additional duty of 10 per cent upon all imports and then returned this 10 per cent from the Treasury to the owners of our own ships upon the share of the imports they carried.

This is just as much a payment from the Treasury of the United States as any subsidy, bounty, or other form of compensation would be. It is the least desirable form of payment because it is of uncertain amount and duration; it is illogical in its great variations between articles; it is illogical in making no greater payment for a long voyage than for a short one, and it is unsatisfactory to the shipping interests because it is speculative.

(f) The adoption of the discriminating duty method would make it necessary to abrogate or amend treaties now existing between the United States and foreign nations. This would not be an easy matter as it involves the negotiation of new treaties that we want to be more favorable to the United States than the present ones are.

(g) Discriminating duties invite retaliation. They insure aggressive commercial war. Peaceful methods are preferable when seeking success in mercantile transactions.

No. 26.—Total number and tonnage of vessels (American and foreign) entered and cleared at the customs districts of the United States in the trade with the countries of Asia and Oceania during the years ending June 30, 1893 to 1897.

Country.	Year.	Entered.				Cleared.			
		American.		Foreign.		American.		Foreign.	
		Ves-sels.	Tons.	Ves-sels.	Tons.	Ves-sels.	Tons.	Ves-sels.	Tons.
ASIA.									
Aden	1897								
	1893	8	5,662	7	10,116	15	15,452	8	15,928
	1894	4	6,977	5	9,311	20	30,057	29	43,384
	1895	3	2,563	11	20,195	26	32,263	16	29,431
	1896	14	11,027	21	39,504	40	48,135	26	44,634
	1897	26	31,722	24	60,730	18	22,937	47	91,914
British India and East Indies	1893	21	26,387	70	112,207	8	9,990	51	92,607
	1894	9	10,608	44	70,706	1	1,027	76	118,425
	1895	14	16,821	80	146,544	2	3,638	44	84,577
	1896	16	20,412	50	86,185	3	3,241	31	58,325
	1897	7	8,158	59	102,199	2	3,030	40	71,224
Dutch East Indies	1893			33	51,574	2	2,649	48	52,127
	1894			43	67,531	2	1,937	58	73,572
	1895			39	70,722	4	6,118	29	37,624
	1896	6	9,479	75	132,787	6	6,294	30	41,234
	1897	1	1,453	79	134,475	4	5,646	50	61,966
French East Indies	1893					2	2,569	3	3,745
	1894					3	3,227	5	5,419
	1895	1	476			4	3,740	1	1,289
	1896	1	1,376			1	1,305	2	2,495
	1897					1	1,418		
Portuguese East Indies	1893							1	28
	1894	32	60,519	38	77,861	30	61,786	53	105,703
	1895	35	71,240	38	83,122	24	70,256	50	108,182
	1896	35	67,517	31	73,583	19	46,674	45	99,496
	1897	30	59,263	41	94,409	27	60,377	49	116,638
Hongkong	1893	34	68,353	48	98,480	26	57,705	64	138,754
	1894	11	15,065	38	67,477	11	18,413	36	87,591
	1895	26	24,424	48	80,017	18	28,565	39	66,379
	1896	26	36,085	50	87,530	17	27,948	18	34,764
	1897	29	31,788	55	101,859	21	33,508	35	70,843
Japan	1893	35	36,062	112	221,704	37	55,839	63	120,801
	1894	2	1,323	2	336	5	1,740	2	326
	1895	2	377	2	336	2	3,755	2	391
	1896	2	770	2	391	6	2,548	6	4,232
	1897	4	1,659	3	928	8	5,026	3	768
Russia, Asiatic	1893								
	1894								
	1895								
	1896								
	1897								
Turkey in Asia	1893	1		28	21,462				
	1894	1	930	26	21,029				
	1895			32	27,031				
	1896			25	22,588				
	1897			26	24,976				
All other Asia	1893							1	799
	1894							1	1,992
OCEANICAL.									
Auckland, Fiji, etc.	1896	1	391			2	923		
	1897	4	1,815			4	1,203		
British Australasia	1893	33	37,505	127	207,674	39	44,070	79	88,961
	1894	18	24,827	83	140,574	42	46,491	65	74,812
	1895	23	27,728	95	173,831	50	55,626	74	108,874
	1896	29	37,519	113	201,035	56	61,108	102	146,187
	1897	38	43,343	136	238,978	76	79,854	136	195,831
French Oceanica	1893	14	4,485			13	4,154	1	84
	1894	16	5,029	1	999	14	3,910	11	64
	1895	19	5,300	1	412	15	4,746	1	61
	1896	15	4,956	1	1,103	17	5,617	3	450
	1897	16	5,105	1	228	3	450	2	8,101
German Oceanica	1893	167	105,112	23	21,357	138	80,308	11	11,683
	1894	185	117,242	26	24,769	166	102,783	13	18,789
	1895	180	117,143	31	19,663	148	100,435	22	18,793
	1896	191	132,759	33	34,391	178	121,578	19	29,203
	1897	214	155,529	41	48,759	180	127,682	26	29,203
Hawaiian Islands	1896	1	110			1	50		
	1897	1	222			1	590		
Spanish Oceanica	1896	3	693			4	635		
	1897	4	922			4	635		
Tonga, Samoa, etc.	1893	18	23,644	26	50,113	4	5,822	2	2,218
	1894	10	21,143	23	45,498			2	2,455
	1895	20	35,187	22	36,047			2	2,773
	1896	11	17,369	32	49,062	1	1,941	2	2,764
	1897	13	19,379	31	45,364			2	3,168

No. 27.—Merchant vessels entered at ports of the Hawaiian Islands.

Nationality.	1887.		1890.		1896.		1897.	
	No.	Tons.	No.	Tons.	No.	Tons.	No.	Tons.
Hawaiian	43	50,287	34	42,229	26	23,049	41	46,337
American	174	118,847	227	150,676	247	213,983	286	270,045
United Kingdom	19	20,040	18	22,303	88	175,120	81	171,041
German	8	4,930	8	6,110	8	9,705	4	4,788
All other	10	7,593	8	8,802	17	24,140	12	18,565
Total	254	210,703	295	230,129	386	477,997	427	513,826
Per cent of American		56.46		65.52		51.04		52.42

COMMUNICATION FROM FRANK J. FIRTH, MEMBER OF A COMMITTEE TO PROMOTE THE REVIVAL OF THE AMERICAN MERCHANT MARINE.

The committee was called upon to consider with great care the discriminating duty method of encouraging the merchant marine, warmly advocated at first by a number of its members, but necessarily abandoned by unanimous consent for a number of practical reasons developed during the investigation. The question is of sufficient importance and general interest to excuse the committee in hereby placing on record some of the considerations inducing the abandonment of the discriminating duty method, which is known to have yielded such excellent results under the entirely different commercial and competitive conditions prevailing over half a century ago.

There are two methods under either of which the discriminating duty plan could be applied:

1. By refunding 10 per cent of all duties collected on property imported on our own ships.

This would give no aid to our ships carrying property on the free or nondutiable list. It would give no aid to our ships on exports carried. It would give no protection against the competition of foreign ships coming to our ports in ballast to carry exports thence, and about 20 to 25 per cent of our exports are now carried by such ships. These are among the considerations that obliged the committee to decide without going any further that this method of applying discriminating duties could not possibly be effective to encourage ship owners by our citizens. The other method proposed is far more logical and thorough. It is to proceed:

2. By imposing a duty of 10 per cent in addition to the duties now imposed upon all imports carried to United States ports upon foreign ships. This would apply to both free and dutiable property.

The committee investigated very thoroughly the practical efficiency of this method, and was obliged to abandon it also, and for the following, among other considerations:

(a) Upon conference with ship owners and those interested in shipping, the committee was satisfied that this method of encouragement was too uncertain in amount and duration to attract the new capital essential to recover any important share of the foreign shipping trade.

(b) An additional duty of 10 per cent would yield widely varying amounts, dependent upon the value of the articles carried and the present rates of duty upon them. A list of imported articles was carefully prepared, with their values, duties, and present ocean freights. It was found that the additional 10 per cent duty would represent a possible advance in ocean freights of from 28 per cent to 848 per cent,

No. 22.—Table of merchant vessels entering at the ports of Japan from foreign countries in each year from 1893 to 1897.

	1893.		1897.	
	No.	Tons.	No.	Tons.
<b>STEAMERS.</b>				
Japanese.....	356	318,163	529	650,839
Austrian.....	22	54,490	29	65,793
British.....	696	1,253,305	950	1,890,227
Chinese.....	5	5,446	8	9,534
Danish.....	1	1	1	253
Dutch.....	15	10,978	11	9,031
French.....	26	53,522	26	53,119
German.....	311	263,873	348	448,126
Hawaiian.....	1	294	7	16,499
Korean.....	7	2,859	19	6,590
Norwegian.....	104	92,767	193	182,774
Russian.....	49	57,531	79	152,547
Spanish.....	1	1	6	4,128
Swedish.....	1	1	5	4,949
United States of America.....	37	88,826	26	62,467
<b>Total.....</b>	<b>1,660</b>	<b>2,214,220</b>	<b>2,237</b>	<b>3,569,877</b>
<b>SAILING VESSELS.</b>				
Japanese.....	86	10,926	64	8,688
Japanese (junk).....	560	12,831	1,081	23,378
British.....	81	49,533	70	84,668
Chinese.....	1	1,049	1	1,650
Danish.....	1	778	1	694
Ecuadorian.....	1	1,320	1	848
French.....	9	10,812	13	23,729
German.....	1	1	1	1
Hawaiian.....	1	1	1	1
Korean.....	1	1	1	1
Nicaraguan.....	1	1	1	1
Norwegian.....	1	1	1	1
Russian.....	1	1	1	1
Swedish.....	1	1	1	1
United States of America.....	60	33,028	50	57,357
<b>Total.....</b>	<b>770</b>	<b>121,120</b>	<b>1,287</b>	<b>201,012</b>
<b>Grand total.....</b>	<b>2,430</b>	<b>2,335,340</b>	<b>3,524</b>	<b>3,770,889</b>

VESSELS ENTERED AND CLEARED AT PORTS OF CHINA AND JAPAN, 1886-1896.

No. 23.—Total tonnage of sailing and steam vessels, distinguishing national and foreign, engaged in the foreign trade, entered and cleared, with cargoes and in ballast, at the ports of China and Japan.

Countries and nationality.	1886.	1890.	1895.	1896.
<b>CHINA.</b>				
Entered:				
Chinese.....	75,983	205,667	157,285	219,220
Foreign.....	2,486,557	2,733,425	4,135,049	4,574,462
Cleared:				
Chinese.....	86,311	224,332	159,589	221,350
Foreign.....	2,417,060	2,747,096	4,055,184	4,484,502
<b>JAPAN.</b>				
Entered:				
Japanese.....	170,597	352,706	97,874	476,518
Foreign.....	862,099	1,283,160	2,753,482	3,154,633
Cleared:				
Japanese.....	169,633	343,709	114,367	473,448
Foreign.....	866,791	1,176,829	2,304,814	2,612,933

BRITISH POSSESSIONS IN ASIA AND OCEANICA.

No. 24.—Total tonnage of vessels entered and cleared (exclusive of coasting trade).

Possessions.	1886.	1890.	1896.
	Tons.	Tons.	Tons.
India.....	7,172,193	7,664,954	11,121,898
Straits Settlements.....	6,978,171	8,641,911	7,079,678
Ceylon.....	3,923,481	5,117,932	7,079,678
Mauritius.....	692,270	659,622	767,227
Labuan.....	52,278	114,750	128,873
Hongkong.....	9,080,890	9,771,741	12,333,396
<b>Australasia:</b>			
New South Wales.....	4,258,004	4,761,872	6,189,760
Victoria.....	3,733,387	4,363,341	4,566,230
South Australia, except Northern Territory.....	1,558,476	2,190,422	3,317,537
Northern Territory.....	207,633	164,264	177,079
Western Australia.....	501,619	904,861	2,136,378
Tasmania.....	682,429	931,247	890,861
New Zealand.....	990,835	1,312,474	1,241,756
Queensland.....	1,120,479	910,779	1,094,043
<b>Total.....</b>	<b>13,065,750</b>	<b>15,559,280</b>	<b>19,612,999</b>
Fiji.....	165,262	117,355	231,056

No. 25.—Number and tonnage of vessels engaged in the foreign trade which entered and cleared at ports in British India.

Nationality.	1886-87.		1896-97.	
	No.	Tons.	No.	Tons.
British.....	1,903	2,745,162	1,969	3,068,671
British India.....	1,011	133,865	921	138,101
Foreign.....	780	559,861	550	581,725
Native.....	4,446	78,784	1,546	77,192
<b>Total.....</b>	<b>5,140</b>	<b>3,514,672</b>	<b>5,006</b>	<b>3,863,969</b>
<b>CLEARED.</b>				
British.....	1,969	2,838,614	1,930	3,073,271
British India.....	1,010	133,215	926	137,856
Foreign.....	736	542,864	494	521,341
Native.....	1,709	87,823	1,544	77,123
<b>Total.....</b>	<b>5,444</b>	<b>3,607,521</b>	<b>4,934</b>	<b>3,814,596</b>
<b>Total entered and cleared.....</b>	<b>10,584</b>	<b>7,172,193</b>	<b>9,940</b>	<b>7,698,585</b>

No. 19.—Total values of merchandise exported from the United States in the trade with Asia and all other countries, and the per cent of trade with Asia, from 1821 to 1898.

Table with columns: Year ending, Exports (To Asia, To all other countries, Per cent to Asia). Rows range from 1821 to 1898.

SHIPPING STATISTICS.

VESSELS ENTERED AND CLEARED AT THE PORTS OF CHINA, JAPAN, BRITISH INDIA, AUSTRALASIA, AND HAWAII, INDICATING NATIONALITY, 1887 TO 1897.

CHINA AND JAPAN.

No. 20.—Vessels in foreign and coasting trade entered and cleared at ports of China, 1892 to 1897.

Table with columns: Flag, 1892 (No., Tons), 1897 (No., Tons). Rows include American, British, Chinese, etc.

No. 21.

The shipping for the last ten years has been divided between steamers and sailing vessels in the following proportions:

Table with columns: Year, Steamers entered and cleared (No., Tons), Sailing vessels entered and cleared (No., Tons), Total entered and cleared (No., Tons). Rows range from 1888 to 1897.

No. 14.—Imports by articles and classes of articles, 1894-1895—Continued.

Articles.	Total of 1894.	Total of 1895.
Live stock—Continued:		
Sheep.....	£519,386	£455,584
Pigs.....	6,932	31,613
Hardware and ironmongery.....	635,737	649,852
Government and military stores.....	109,233	100,464
All other articles.....	7,709,938	8,360,419
<b>Total.....</b>	<b>£8,991,226</b>	<b>£9,607,932</b>
	48,718,740	50,764,183
	337,089,747	247,043,897

IMPORTS INTO CHINA, JAPAN, AND BRITISH INDIA, BY COUNTRIES, 1886-1896.

No. 15.—Imports into China.

Countries.	1886.	1890.	1896.
United Kingdom.....	HK. taels. 22,033,000	HK. taels. 24,038,000	HK. taels. 44,571,000
Hongkong.....	34,890,000	72,057,000	91,357,000
India.....	16,820,000	10,300,000	23,027,000
Straits Settlements.....	1,236,000	1,772,000	3,240,000
Australia and New Zealand.....	298,000	226,000	885,000
South Africa and Mauritius.....	28,000	612,000	2,148,000
British North America.....	4,617,000	3,676,000	11,230,000
United States.....	2,758,000	3,138,000	11,464,000
Continent of Europe.....	202,000	211,000	193,000
Russian Manchuria.....	5,691,000	7,389,000	17,490,000
Japan.....	82,000	4,271,000	3,585,000
Yokohama.....	210,000	342,000	1,000,000
Philippine Islands.....	192,000	93,000	194,000
Cochin China, Tonquin, and Annam.....	41,000	5,000	5,000
Siam.....	55,000	5,000	517,000
Other countries.....	89,319,000	128,758,000	211,623,000
<b>Total.....</b>	<b>108,883,971</b>	<b>162,517,501</b>	<b>171,611,455</b>

No. 16.—Imports into Japan.

Countries.	1886.	1890.	1896.
Russia.....	Yen. 13,000	Yen. 770,000	Yen. 1,417,000
Germany.....	2,975,000	6,857,000	17,184,000
United Kingdom.....	16,012,000	26,619,000	59,232,000
Belgium.....	631,000	1,022,000	3,106,000
France.....	1,665,000	3,869,000	7,682,000
Switzerland.....	330,000	859,000	2,531,000
Italy.....	148,000	120,000	183,000
Austria.....	19,000	24,000	40,000
United States.....	4,258,000	6,875,000	16,373,000
British North America.....	26,000	26,000	52,000
British East Indies.....	8,911,000	22,517,000	22,517,000
Siam.....	256,000	203,000	203,000
China.....	7,124,000	8,850,000	21,315,000
Hongkong.....	5,496,000	4,384,000	5,119,000
Korea.....	563,000	255,000	335,000
Philippine Islands.....	100,000	334,000	1,803,000
Australia.....	247,000	6,344,000	2,893,000
Other countries.....	37,637,000	81,837,000	188,666,000
<b>Total.....</b>	<b>79,763,514</b>	<b>132,290,000</b>	<b>204,439,000</b>

No. 17.—Imports into British India.

Countries.	1886-87.	1890-91.	1896-97.
Europe:			
United Kingdom.....	Rr. 52,671,537	Rr. 63,456,814	Rr. 59,165,259
Austria.....	894,479	1,811,900	1,520,006
Belgium.....	295,253	978,750	2,403,703
Denmark.....	.....	.....	758
France.....	839,141	1,045,235	1,073,242
Germany.....	160,500	1,091,649	2,307,222
Greece.....	378	150	332
Holland.....	2,353	18,739	240,105
Italy.....	587,431	593,464	464,721
United States.....	1,857,296	1,570,175	1,538,716
China.....	4,269,817	7,013,494	2,625,452
Japan.....	53,077	168,732	547,357
Java.....	16,476	58,915	110,480
Maldivo Islands.....	18,583	10,168	8,763
Mekran and Somiani.....	93,204	88,991	73,168
Persia.....	679,392	897,543	838,015
Russia.....	67,742	838,968	1,858,965
Siam.....	7,478	30,703	96,165
Straits Settlements.....	1,668,008	3,622,291	1,900,935
Australia, New Zealand, and Tasmania.....	626,528	1,254,088	7,922,716
Imported via Suez Canal.....	55,164,734	70,039,276	70,573,904
Imported by other routes.....	14,550,047	20,915,110	14,716,146
<b>Total.....</b>	<b>69,714,781</b>	<b>90,954,386</b>	<b>84,990,050</b>

No. 18.—Value of the exports from the United States to the countries of Asia, from 1893 to 1907, inclusive.

Countries.	Exports from the United States to—				
	1893.	1894.	1895.	1896.	1897.
<b>ASIA.</b>					
Aden.....				\$310,100	\$991,397
China.....	\$3,000,457	\$5,862,426	\$3,603,810	6,921,933	11,924,433
East Indies:					
British.....	3,152,780	4,329,103	3,833,941	3,225,368	3,844,911
Dutch.....	1,183,605	1,722,876	1,147,315	1,576,316	2,094,109
French.....	156,020	192,049	69,136	163,855	125,183
Portuguese.....	.....	.....	.....	.....	.....
Hongkong.....	4,216,605	4,203,847	4,253,040	4,631,201	6,060,039
Japan.....	3,195,491	3,986,815	4,634,717	7,639,685	12,235,478
Korea.....	.....	.....	.....	.....	509
Russia, Asiatic.....	145,591	163,855	204,927	568,002	413,942
Turkey in Asia.....	132,786	107,162	130,236	41,248	74,899
All other Asia.....	139,039	297,628	427,895	242,129	480,005
<b>Total Asia.....</b>	<b>16,222,554</b>	<b>20,872,761</b>	<b>17,325,057</b>	<b>25,630,029</b>	<b>39,274,905</b>
<b>OCEANICAL.</b>					
Auckland, Fiji, and Norfolk Islands.....				18,600	19,773
British Australasia.....	7,921,228	8,131,939	9,014,268	12,748,074	17,460,223
French Oceania.....	296,396	330,590	252,651	219,531	320,364
German Oceania.....	.....	.....	.....	.....	11,102
Spanish Oceania.....	.....	.....	.....	11,244	.....
Tonga, Samoa, etc.....	.....	.....	.....	81,907	46,576
Hawaiian Islands.....	2,827,603	3,206,187	3,725,057	3,985,707	4,600,075
Philippine Islands.....	154,278	143,466	119,255	162,446	94,597
<b>Total Oceania.....</b>	<b>11,199,477</b>	<b>11,914,182</b>	<b>12,109,231</b>	<b>17,197,229</b>	<b>22,662,773</b>
<b>Total Asia and Oceania.....</b>	<b>27,421,831</b>	<b>32,786,943</b>	<b>30,434,288</b>	<b>42,827,258</b>	<b>61,937,678</b>

12377—4



BRITISH INDIA.

No. 13.—Imports, by articles and classes of articles, 1886-1897.

[Population, 222,000,000; area, 964,993 square miles.]

Articles.	1886-87.	1889-90.	1893-96.	1896-97.
	<i>R. a</i>	<i>R. a</i>	<i>R. a</i>	<i>R. a</i>
Apparel.....	1,095,534	1,296,394	1,594,280	1,516,423
Arms, ammunition, and military stores.....	109,973	191,591	287,406	239,390
Books, paper, and stationery.....	676,612	851,639	983,612	933,403
Coal, coke, etc.....	1,316,615	1,308,389	1,402,790	979,922
Cotton twist and yarn.....	3,318,377	3,482,529	2,971,090	3,325,871
Cotton manufactures.....	23,846,508	26,391,399	22,784,782	26,424,204
Dyes.....	384,867	398,172	561,162	508,636
Fruits and vegetables.....	201,321	518,468	638,493	731,347
Glass.....	201,653	217,932	103,794	118,837
Gums and resins.....	500,850	617,127	741,078	704,185
Hardware, cutlery, and plated ware.....	69,328	125,665	150,397	111,010
Horses.....	865,397	1,096,191	1,422,532	1,479,563
Ivory.....	252,162	231,400	301,628	361,747
Jewelry and precious stones.....	302,795	228,250	345,283	231,922
Liquors:	231,446	231,211	779,339	610,633
Malt.....	354,026	462,110	477,594	472,824
Spirits.....	770,599	673,742	802,103	806,994
Wines, liquors, etc.....	355,148	328,293	416,131	365,126
Machinery and millwork.....	1,371,459	2,433,385	3,227,401	3,510,190
Metals:				
Iron.....	1,782,900	2,414,317	2,811,846	2,772,861
Steel.....	209,862	328,440	1,036,753	962,816
Brass.....	49,249	71,665	60,073	57,870
Copper.....	1,994,009	2,223,354	2,089,935	1,075,414
Spelter.....	184,008	118,477	125,100	70,232
Tin.....	267,878	284,553	329,411	220,537
Lead.....	119,773	153,490	174,116	169,338
Quicksilver.....	24,512	51,243	60,815	41,197
Unenumerated.....	57,016	63,418	85,421	93,488
Total metals.....	4,689,608	5,705,987	6,773,472	5,462,773
Oils.....	1,408,430	2,615,213	3,137,420	3,439,150
Paints and colors, etc.....	237,558	267,366	375,577	340,726
Perfumery.....	58,874	30,367	23,559	21,415
Porcelain and earthen ware.....	170,828	223,929	231,422	215,101
Provisions.....	1,179,474	1,596,565	1,797,245	1,549,816
Railway plant and rolling stock.....	1,435,124	1,821,339	1,520,585	2,661,717
Silk.....	763,987	894,332	633,226	628,544
Raw.....	793,376	1,067,045	1,222,950	875,488
Manufactures of.....	1,323,735	1,778,114	1,704,320	1,366,669
Spices.....	665,845	832,350	659,229	604,674
Sugar, refined, etc.....	2,086,540	2,200,049	3,106,313	3,181,829
Tea.....	324,260	363,681	493,483	518,430
Tobacco.....	110,482	127,716	284,512	263,026
Umbrellas.....	274,461	314,106	341,218	306,943
Wood, and manufactures of.....	81,591	158,977	325,667	262,735
Raw.....	80,757	136,744	160,749	140,228
Manufactures of.....	1,528,865	1,435,235	1,443,517	1,692,525
All other articles.....	3,029,895	3,814,879	4,843,025	4,784,178
Total.....	58,661,462	66,566,121	69,316,395	71,914,697

a Values in the tables relating to India are stated in tens of rupees (R.). The value of the rupee on January 1, 1885, in United States money was 27.5 cents; 1886, 35.7 cents; 1887, 34.6 cents; 1888, 32.2 cents; 1889, 32.3 cents; 1890, 33.2 cents; 1891, 32.6 cents; 1892, 32.3 cents; 1893, 29.2 cents; 1894, 24.5 cents; 1895, 21.6 cents; 1896, 23.3 cents; 1897, 22.5 cents; 1898, 23.1 cents.

AUSTRALASIA.

No. 14.—Imports by articles and classes of articles, 1891-1895.

[Population, 4,792,000; area, 3,173,538 square miles.]

Articles.	Total of 1891.	Total of 1895.
Books, etc.:		
Books, printed, and periodicals.....	4789,416	4826,323
Stationery.....	683,523	683,198
Paper of all kinds.....	1,273,227	1,550,346
Machines, tools, and implements.....	60,573	116,873
Carriages, etc.:		
Bicycles and tricycles.....	125,739	149,639
Building materials:		
Cement.....	874,125	933,864
Manures (including guano and bone dust).....	68,772	93,030
Wool and worsted manufactures.....	73,555	117,190
Chemicals:		
Drugs and chemicals.....	574,125	933,864
Manures (including guano and bone dust).....	68,772	93,030
Opium.....	73,555	117,190
Textile fabrics, dress, etc.:		
Wool and worsted manufactures.....	73,555	117,190
Silk manufactures.....		
Cotton and linen manufactures.....		
Drapery.....		
Haberdashery.....	8,774,145	9,738,553
Dress:		
Gloves.....		
Hats, caps, and bonnets.....		
Hosiery.....		
Apparel and slaps.....		
Boots and shoes.....	654,027	683,113
Manufactures of fibrous materials:		
Bags and sacks (including woolpacks).....	695,642	384,987
Food, animal:		
Fish.....	200,816	220,690
Butter.....	97,407	233,361
Food, vegetable:		
Flour and biscuit.....	539,691	506,478
Grain:		
Wheat.....	159,488	210,338
Oats.....	127,572	208,669
Rice.....	212,734	199,787
Fruit (including currants and raisins).....	610,160	684,311
Jams, jellies, and preserves.....	69,284	70,110
Malt.....	155,632	158,009
Potatoes.....	152,757	161,831
Sugar and molasses.....	2,276,915	1,550,019
Drinks and stimulants:		
Beer, cider, and perry.....	520,615	518,474
Spirits.....	940,923	930,679
Wine.....	172,267	193,551
Hops.....	87,428	82,332
Tobacco, cigars, and snuff.....	642,055	738,049
Tea.....	1,100,210	1,128,032
Coffee.....	118,536	134,587
Cocoa and chocolate.....	122,277	122,613
Milk, condensed and preserved.....	113,418	149,311
Salt.....	126,015	146,262
Animal substances:		
Wool.....	3,639,869	3,719,423
Leather.....	281,202	280,296
Tallow.....	327,242	322,594
Soup.....	73,757	79,702
Candles.....	118,661	134,945
Vegetable substances:		
Timber.....	647,677	818,750
Hay and chaff.....	161,906	261,594
Oils:		
Kerosene.....	268,343	341,768
Stone, clay, earthenware:		
Earthenware and chinaware.....	219,537	223,610
Minerals and metals:		
Gold, bullion.....	2,903,829	3,480,076
Gold, specie.....	1,663,698	2,022,671
Coal and coke.....	686,412	622,959
Iron and steel.....	1,894,852	2,064,894
Railway and tramway material (for use of Government).....	378,859	244,814
Silver bullion, ore, silver lead, etc.....	1,996,774	1,331,432
Live stock:		
Horses.....	261,157	219,877
Cattle.....	536,125	481,011

IMPORTS INTO CHINA, JAPAN, BRITISH INDIA, AND AUSTRALASIA, BY ARTICLES AND CLASSES, STATING QUANTITIES AND VALUES, 1886-1896.

CHINA.

No. 11.—Imports, by articles and classes of articles, 1886-1896.

[Population, 402,680,000; area, 4,218,401 square miles.]

Table with 5 columns: Principal articles, 1886, 1890, 1895, 1896. Rows include Biche de mer, Coal, Cotton, Yarn, Fish and fishery products, Flour, Ginseng, Machinery, Metals, Copper, Iron, Lead, Tin, Oil, Opium, Malwa, Patna, Benares, Pepper, Rice, Seaweed, Sugar, Timber, Wool.

a Picul=133 1/3 pounds avoirdupois; catty=1 1/2 pounds; tael=1 1/2 ounces. b Value of Halkwan tael on January 1, 1888, \$1.15, 1; 1890, \$1.14, 8; 1891, \$1.27; 1892, \$1.13, 7; 1893, \$1.01; 1894, \$0.81, 9; 1895, \$0.74, 9; 1896, \$0.80, 8; 1897, \$0.78; 1898, \$0.60, 7.

JAPAN.

No. 12.—Imports, by articles and classes or articles, 1886-1896.

[Population, 42,270,020; area, 82,000 square miles.]

Table with 5 columns: Principal articles, 1886, 1890, 1895, 1896. Rows include Food products, Raw materials, Manufactured articles, Miscellaneous articles.

a Value of yen on January 1, 1883, in United States money, 85.8 cents; in 1886, 81 cents; 1887, 78.4 cents; 1888, 75.2 cents; 1889, 73.4 cents; 1890, 75.2 cents; 1891, 82.1 cents; 1892, 74.5 cents; 1893, 66.1 cents; 1894, 55.6 cents; 1895, 49.1 cents; 1896, 52.9 cents; 1897, 51.1 cents; 1898, 49.8 cents. b Picul=133 1/3 pounds avoirdupois; catty=1 1/2 pounds; tael=1 1/2 ounces.

No. 6.—Exports to Japan.

Year.	United Kingdom.	Germany.	France.	China.	British India.	United States.
1887	£3,535,000	6,338,000	7,700,000	2,113,000	379,000	\$3,335,000
1888	3,977,000	5,243,000	9,161,000	3,562,000	719,000	4,211,000
1889	3,838,000	18,529,000	9,959,000	6,469,000	1,037,000	4,619,000
1890	4,592,000	18,481,000	15,312,000	4,832,000	1,222,000	5,232,000
1891	2,884,000	14,399,000	12,373,000	5,501,000	1,212,000	3,200,000
1892	2,993,000	17,108,000	13,692,000	8,054,000	1,288,000	3,200,000
1893	3,483,000	18,578,000	11,014,000	9,335,000	1,617,000	3,195,000
1894	3,724,000	17,073,000	12,306,000	9,258,000	1,419,000	3,986,000
1895	4,545,000	26,077,000	12,472,000	14,322,000	1,651,000	4,634,000
1896	6,034,000	35,611,000	19,439,000	11,379,000	2,820,000	7,669,000
1897	5,868,000	39,247,000	11,833,000	16,627,000	4,094,000	13,255,000

No. 7.—Exports to British India.

Year.	United Kingdom.	Germany.	France.	Belgium.	Italy.	China.	Japan.	United States.
1887	£32,095,000	7,233,000	7,900,000	3,817,000	14,145,000	7,968,000	453,000	\$3,902,000
1888	33,906,000	8,454,000	12,220,000	4,674,000	14,035,000	1,039,000	437,000	3,795,000
1889	32,420,000	26,595,000	14,375,000	8,902,000	13,456,000	1,090,000	1,319,000	4,330,000
1890	35,230,000	32,163,000	12,633,000	9,564,000	12,924,000	1,056,000	591,000	4,635,000
1891	32,519,000	33,022,000	8,956,000	9,012,000	13,385,000	1,563,000	588,000	4,400,000
1892	29,017,000	32,278,000	12,220,000	12,008,000	14,620,000	1,403,000	1,422,000	3,674,000
1893	29,932,000	46,935,000	10,208,000	14,910,000	14,909,000	2,735,000	2,471,000	3,153,000
1894	20,115,000	39,169,000	13,356,000	15,831,000	13,533,000	2,543,000	3,688,000	4,329,000
1895	23,487,000	41,629,000	11,694,000	20,267,000	19,636,000	2,764,000	4,359,000	2,832,000
1896	30,842,000	49,179,000	11,810,000	30,993,000	25,909,000	2,176,000	4,598,000	3,255,000
1897	28,009,000	47,271,000	12,445,000	16,814,000	13,793,000	1,016,000	5,563,000	4,815,000

No. 8.—Exports to Australasia.

Year.	United Kingdom.	Germany.	France.	Belgium.	China.	British India.	United States.
1887	£22,296,000	7,470,000	5,900,000	1,468,000	2,101,000	528,000	\$3,543,000
1888	28,603,000	12,022,000	6,054,000	4,677,000	3,141,000	1,125,000	11,168,000
1889	28,022,000	21,235,000	4,365,000	3,768,000	1,422,000	1,072,000	12,322,000
1890	25,470,000	21,954,000	3,309,000	5,577,000	1,265,000	1,072,000	11,266,000
1891	22,256,000	29,457,000	3,322,000	6,847,000	1,197,000	1,227,000	13,017,000
1892	21,523,000	20,679,000	2,374,000	5,405,000	1,626,000	974,000	11,368,000
1893	16,931,000	17,963,000	1,809,000	3,511,000	1,018,000	1,117,000	7,821,000
1894	17,903,000	29,334,000	2,599,000	4,059,000	938,000	1,024,000	8,131,000
1895	19,348,000	22,862,000	3,421,000	5,666,000	1,212,000	1,330,000	9,014,000
1896	21,335,000	29,247,000	5,395,000	7,965,000	688,000	1,219,000	12,748,000
1897	23,696,000	31,294,000	6,729,000	8,326,000	775,000	1,190,000	17,460,000

No. 9.—Exports to the Philippine Island

Year.	United Kingdom.	Germany.	Spain.	China.	Japan.	British India.	United States.
1887	£223,000	3,849,000	4,512,000	228,000	70,000	21,000	\$148,000
1888	1,222,000	4,609,000	6,292,000	314,000	314,000	21,000	166,000
1889	1,592,000	4,035,000	8,651,000	342,000	21,000	15,000	183,000
1890	1,031,000	3,481,000	9,214,000	221,000	197,000	4,000	122,000
1891	812,000	3,009,000	14,053,000	233,000	117,000	31,000	125,000
1892	754,000	2,870,000	18,940,000	161,000	97,000	51,000	61,000
1893	719,000	3,728,000	22,637,000	173,000	120,000	22,000	154,000
1894	675,000	2,785,000	23,584,000	205,000	221,000	22,000	145,000
1895	444,000	3,212,000	25,170,000	161,000	195,000	31,000	119,000
1896	530,000	3,130,000	41,309,000	123,000	188,000	35,000	162,000
1897	454,000	2,324,000	.....	132,000	186,000	31,000	95,000

COMMERCE OF ASIA AND OCEANICA.

No. 10.—Population and commerce of the countries of Asia and Oceanica and the share of the United States in their commerce.

Countries.	Population.	Year.	Imports into.		
			Total.	From United States.	Per cent of United States.
<b>ASIA.</b>					
Ceylon	3,003,466	1896	\$20,722,243	\$59,546	0.29
China	402,680,000	1896	179,591,354	9,629,410	5.64
British India and East Indies	287,223,431	1897	179,786,742	3,667,370	2.04
Dutch East Indies	34,090,000	1895	66,438,540	1,147,313	1.73
French East Indies	21,821,910	1895	790,888	69,136	8.74
Hongkong	241,258	1897	No data.	6,000,039	.....
Japan	42,270,620	1897	111,282,694	13,812,605	12.42
Korea	10,528,937	1895	8,088,123	.....	.....
Persia	9,000,000	1894	25,476,000	.....	.....
Russia, Asiatic	23,051,972	1894	21,576,829	163,858	.76
Siam	5,000,000	1893	19,324,000	.....	.....
Straits Settlements	538,935	1896	112,248,947	.....	.....
<b>OCEANICA.</b>					
Philippine Islands	7,670,000	1896	28,815,075	162,446	.55
British Australasia	4,703,900	1896	277,879,967	16,199,328	5.83
Mauritius	374,942	1896	15,910,560	303,879	1.91
Hawaiian Islands	109,020	1896	7,164,561	5,464,208	76.27
<b>Total.</b>	<b>832,443,391</b>	<b>.....</b>	<b>1,066,557,653</b>	<b>56,749,167</b>	<b>5.33</b>

- 22. Vessels entering ports of Japan, 1893-1897, showing number, tonnage, and nationalities, steam and sailing vessels separately stated.
- 23. Total tonnage of sail and steam vessels entering Chinese and Japanese ports, distinguishing between native and foreign vessels, 1886-1896.
- 24. Tonnage of vessels entered and cleared at ports of British possessions in Asia and Oceania, 1886-1896.
- 25. The number and tonnage of vessels entered and cleared at ports of British India, 1886-1896.
- 26. Number and tonnage of American and foreign vessels entered and cleared in the trade between the United States and countries of Asia and Oceania in each year from 1893 to 1897, stating country for which cleared or from which entered.
- 27. Vessels entered at ports of the Hawaiian Islands, stating nationality, number, and tonnage, 1887-1897.
- 28. Passengers arrived at and departed from Honolulu, by countries, 1887-1897.

IMPORTS INTO CHINA, JAPAN, BRITISH INDIA, AND AUSTRALASIA, 1870-1896.

TOTAL VALUE OF ALL IMPORTS, AND VALUE OF THOSE FROM PRINCIPAL COUNTRIES OF THE WORLD.

No. 1.—Imports into China.

[From official returns of Inspector-general of customs, Chinese Empire.]

[Values stated in Haikwan taels.]

Year.	Total imports.	From United Kingdom.	From Hongkong.	From British India.	From Japan.	From Continental Europe.	From United States.
1870	65,625,000	24,181,000	19,175,000	17,785,000	1,286,000	482,000	374,000
1875	69,994,000	21,124,000	27,525,000	14,835,000	2,486,000	766,000	1,016,000
1880	81,640,000	21,821,000	39,253,000	20,706,000	3,501,000	2,297,000	1,205,000
1885	89,497,000	23,992,000	35,268,000	16,149,000	5,764,000	2,339,000	2,315,000
1890	123,788,000	29,608,000	72,057,000	10,300,000	7,388,000	3,158,000	2,676,000
1891	136,011,000	29,628,000	68,156,000	12,473,000	5,705,000	5,265,000	7,732,000
1892	137,423,000	28,870,000	69,817,000	13,361,000	6,702,000	5,219,000	6,062,000
1893	153,227,000	28,156,000	80,591,000	16,740,000	7,852,000	5,220,000	5,444,000
1894	165,616,000	29,944,000	82,424,000	19,929,000	9,130,000	6,629,000	9,263,000
1895	174,947,000	33,960,000	81,191,000	18,941,000	17,195,000	9,344,000	5,093,000
1896	211,622,000	41,571,000	91,337,000	22,027,000	17,590,000	11,464,000	11,530,000

Value of Haikwan tael on January 1, 1870, \$1.61; 1880, \$1.58; 1890, \$1.15; 1896, \$0.81.

No. 2.—Imports into Japan.

[From official returns of Japanese customs inspector.]

[Values stated in yen.]

Year.	Total imports.	From United Kingdom.	From Hongkong.	From British India.	From China.	From Continental Europe.	From United States.
1891	31,125,000	16,265,000	No data.	2,209,000	5,206,000	4,993,000	1,785,000
1895	32,710,000	14,591,000	No data.	3,404,000	6,343,000	4,409,000	3,216,000
1890	81,837,000	26,619,000	5,496,000	8,211,000	8,850,000	10,853,000	6,875,000
1891	83,851,000	19,994,000	5,020,000	5,614,000	8,798,000	10,205,000	6,849,000
1892	75,952,000	20,789,000	5,986,000	7,662,000	12,509,000	12,575,000	5,988,000
1893	89,355,000	27,930,000	8,283,000	8,670,000	17,994,000	14,209,000	5,050,000
1894	121,677,000	42,190,000	9,000,000	10,560,000	17,511,000	15,432,000	10,953,000
1895	138,615,000	45,172,000	8,078,000	12,002,000	22,983,000	22,111,000	9,276,000
1896	188,668,000	59,252,000	9,133,000	22,517,000	21,345,000	32,146,000	16,373,000

Value of yen in 1885, 85.3 cents; 1890, 75.2 cents; 1894, 55.6 cents; 1896, 52.9 cents.

No. 3.—Imports into British India.

[Values stated in tens of rupees.]

Year.	Total imports.	From United Kingdom.	From Hongkong.	From China.	From Japan.	From United States.
1870	46,882,000	27,115,000	5,386,000	1,484,000	458,000	105,000
1875	44,283,000	25,059,000	2,956,000	.....	11,000	193,000
1880	52,521,000	28,449,000	4,521,000	1,065,000	229,000	526,000
1885	62,891,000	32,668,000	2,302,000	1,116,000	212,000	1,207,000
1890	86,660,000	68,115,000	3,361,000	1,256,000	66,000	1,819,000
1891	93,910,000	66,374,000	4,999,000	2,014,000	167,000	1,570,000
1892	84,155,000	56,856,000	4,931,000	1,641,000	67,000	1,767,000
1893	83,275,000	60,829,000	3,171,000	889,000	91,000	1,166,000
1894	95,983,000	68,856,000	3,517,000	1,235,000	253,000	2,017,000
1895	83,110,000	61,534,000	2,211,000	961,000	295,000	1,106,000
1896	86,205,000	59,752,000	2,018,000	1,159,000	551,000	1,253,000

Value of rupee, 1870, 1880, and 1890, 33.2 cents; 1894, 23.3 cents.

No. 4.—Imports into Australasia.

[Values stated in pounds sterling.]

Year.	From United Kingdom.	From Germany.	From France.	From Belgium.	From United States.
1870	14,103,000	.....	205,000	.....	617,000
1875	23,721,000	.....	15,000	.....	814,000
1880	20,178,000	.....	79,000	.....	1,156,000
1885	32,532,000	642,000	588,000	342,000	2,313,000
1890	28,156,000	1,727,000	312,000	275,000	2,639,000
1891	30,818,000	1,772,000	302,000	314,000	2,903,000
1892	23,692,000	1,359,000	92,000	.....	2,186,000
1893	21,775,000	875,000	112,000	200,000	1,559,000
1894	19,691,000	897,000	125,000	215,000	1,572,000
1895	20,597,000	788,000	242,000	269,000	1,774,000
1896	24,858,000	1,642,000	351,000	269,000	3,339,000

EXPORTS FROM PRINCIPAL COUNTRIES TO CHINA, JAPAN, BRITISH INDIA, AUSTRALASIA, AND PHILIPPINE ISLANDS, 1887-1897.

[From official reports of countries named.]

No. 5.—Exports to China.

Year.	United Kingdom. <sup>a</sup>	Germany. <sup>a</sup>	France.	Belgium.	Russia.	Japan. <sup>a</sup>	British India. <sup>a</sup>	United States. <sup>a</sup>
1887	£9,494,000	14,309,000	4,500,000	6,433,000	2,532,000	10,970,000	12,439,000	\$9,277,000
1888	9,353,000	16,067,000	7,751,000	7,757,000	2,900,000	11,427,000	12,128,000	7,028,000
1889	7,479,000	24,239,000	4,310,000	6,928,000	1,355,000	12,781,000	14,190,000	6,467,000
1890	9,504,000	29,863,000	4,125,000	8,507,000	3,022,000	14,583,000	13,965,000	7,379,000
1891	9,237,000	32,914,000	2,530,000	7,643,000	4,896,000	18,405,000	14,524,000	13,443,000
1892	7,510,000	29,830,000	2,169,000	7,330,000	4,782,000	19,648,000	13,823,000	10,550,000
1893	6,634,000	32,568,000	2,432,000	7,581,000	4,067,000	23,403,000	11,553,000	8,155,000
1894	6,572,000	28,155,000	2,822,000	8,569,000	4,488,000	24,513,000	11,291,000	10,166,000
1895	7,469,000	35,412,000	3,097,000	9,939,000	5,047,000	27,498,000	12,727,000	7,648,000
1896	8,820,000	45,266,000	4,971,000	11,257,000	5,482,000	33,890,000	14,068,000	11,602,000
1897	7,200,000	32,534,000	4,811,000	8,153,000	No data.	16,715,000	15,815,000	17,984,000

<sup>a</sup> Includes Hongkong.

upon our welfare, regardless of the cause or causes that have brought about the existing condition of affairs. If we, as a nation, feel it necessary for our best interest in time of peace and for our safety in time of war to have a merchant marine upon the oceans, we must, as a nation, undertake to encourage our citizens to own and operate vessels by the enactment of legislation insuring such citizens at least an equality in opportunity for securing a fair return from their capital and labor employed. If we are not willing to do this, it means that we do not yet recognize the importance of a prosperous ocean merchant marine to the welfare and safety of the entire nation. This is merely stating an axiom. When we, as a nation, decide that we want and intend to have a share of the foreign carrying trade and of the markets for our surplus products that this represents, then it becomes merely a question of detail as to the amount of the aid to be offered to citizens who may thereby be induced to build and operate ships under our flag in the foreign trade, and the method under which it shall be granted.

For two years past a large and representative committee of legislators, shipbuilders, shipowners, and patriotic citizens, representing all political beliefs and all sections of our country, has been engaged in an effort to formulate legislation it could recommend as, in the judgment of its members, would be likely to be efficient and to benefit all of our people. This committee included men favoring many methods, and the members were persistent advocates of their various legislative theories. They were patiently heard. The best of what they offered was retained. What was not recognized to be practically valuable was discarded. At the end of the two years' labor the committee has unanimously agreed to recommend the bill now before you. It has been erroneously referred to as a "compromise" bill. It is better described as a "composite" bill. It retains, as has been before stated, all that was best in all of the many methods of dealing with this important question that the committee was called upon to consider.

In conclusion, your attention is asked to the amount of aid it is proposed to extend to citizens who may be willing to expend their capital and effort in an endeavor to recover some share of our lost supremacy in the foreign carrying business and markets. Unless the aid is sufficient for the purpose the entire effort must prove a failure. If it should be at all in excess of what is actually necessary, the result will be a greater increase in our foreign shipping than the present trade conditions require, and the competition thus brought about will certainly result in reducing ocean freights on the products carried. The rate of compensation provided for in the bill before you has been carefully considered, and it is the judgment of the entire committee that it should be sufficient to insure the result sought to be accomplished, and that it is not sufficient to be subject to any just criticism as being more than is requisite. The most serious mistake that can be made in enacting this description of legislation is to provide for rates of compensation that those experienced in the business advise can not meet the competitive demands. In all of the discussion that has thus far followed the introduction of the bill, it is noticeable that the few who criticize the amount of compensation it provides as being excessive are inexperienced in shipping, and the difference between the amount the bill calls for and the amount proposed in lieu thereof, even by such critics, is too inconsiderable to justify hazarding the success of the entire measure.

On behalf of the Lake Carriers' Association, I respectfully urge that

the Senate Committee on Commerce shall favorably report the bill at its earliest convenience.

Yours, truly,

FRANK J. FIRTH,  
Chairman Subcommittee Lake Carriers' Association.

#### IMPORTS INTO ASIA AND OCEANICA.

The following was also ordered to be printed as part of the record: The following tables prepared by the Bureau of Statistics, Treasury Department, show the imports into the countries of Asia and Oceanica, by articles and classes of articles, quantities and values, during a term of years; also the share which each country has had in the imports into these countries, and the proportion of the export trade of the United States which has gone to Asia and Oceanica in each year from 1821 to 1898. An examination of the statements will show the rapid gain which European nations are making in their exports to these countries, and enable a comparison with the progress which the United States has made in the same lines.

It is proper to add that the statements of imports into China and Japan, taken from the official statements of those countries, show upon their face more rapid gains than do the other tables, which state the exports of the leading countries to China and Japan. The explanation of this is found in the fact that the measures of value in China and Japan (the Haikwan tael in China and the yen in Japan) have decreased in value during the term of years under consideration, while the measures of value of the European countries and the United States, whose tables of exports to Asia are shown from their own official statements, have not changed during the period under consideration.

The tables are as follows:

1. Imports into China from 1870 to 1896, stating total value of imports in each year named, and the amount from the United Kingdom, Continental Europe, the United States, and Asiatic countries separately.
2. Same for Japan.
3. Same for British India.
4. Same for Australasia.
5. Exports of leading European and Asiatic countries and the United States to China in each year from 1888 to 1898, showing growth of exports during that period.
6. Same for Japan.
7. Same for British India.
8. Same for Australasia.
9. Same for Philippine Islands.
10. Population and total imports of each of the countries of Asia and Oceanica in latest attainable years and the share of the United States in those imports.
11. Imports into China, by articles and classes of articles, 1886 to 1896, showing quantities and values and total of all imports.
12. Same for Japan.
13. Same for British India.
14. Same for Australasia.
15. Imports into China, by countries, 1886 to 1896, giving value of importations from each country and total values of all importations.
16. Same for Japan.
17. Same for British India.
18. Exports from the United States to each country of Asia and Oceanica, by years, from 1890 to 1897, showing values only.
19. Value of total exports from the United States to Asia in each year from 1821 to 1898, and the percentage which it forms of our total exports in each year.
20. Vessels entered and cleared at ports of China, 1892-1897, showing number, tonnage, and nationality.
21. Total vessels entered and cleared at Chinese ports, 1888-1897, distinguishing steam and sailing vessels.

12. The maritime nation that does not provide for its own shipbuilding and have ever ready ships of its own and the means instantly available for building and repairing its ships in time of military need is put at a most dangerous disadvantage.

The recent war, brief as its military and naval events were, demonstrated this.

Had the war existed with a strong naval power, it is manifest that the auxiliary assistance derived by the Government from the ships already under our flag would have been disastrously inadequate for the purpose of national defense, and a state of war once begun we could get no more.

The advantage, therefore, to the United States in having at hand a fleet of merchant vessels, both useful and necessary in time of peace, and promoting our interests in trade all the time, will be worth many times the total amount that can be expended under the provisions of this bill.

It is the highest economy for a nation exposed as ours will continue to be, to dangers far greater than have recently existed, to provide auxiliary merchant forces immediately.

13. The persistent carrying out of the policy of the bill will not only bring to the United States the millions of money now paid for freights, etc., to foreign ships, and which money goes, of course, to foreign countries and is there expended in promoting their commerce, but it will, in connection with the trade effects of the bill, it is believed on good grounds, make in the course of years the chief financial center of the United States that of the whole commercial world, which, as is well known, very largely affects the value of everything that the farmers, the manufacturers, and the tradesmen produce and have to sell.

14. The importance of immediate action can not be overestimated. The position of the foreign trade in countries that are opened and can be opened to our productions by our commercial rivals is growing more and more strong every day, and events, on their face political, in Africa and eastern Asia demonstrate that if the United States is to have its just share in the commerce of those countries it must have, and have at the earliest possible moment, a merchant marine and a trade of its own, which shall be protected, if protection be needed, by all the power of the United States.

#### COMMUNICATION FROM LAKE CARRIERS' ASSOCIATION.

The following communication was received and ordered printed:

PHILADELPHIA, PA., January 16, 1899.

Hon. W. P. FRYE,  
Chairman Committee on Commerce,  
United States Senate, Washington, D. C.

DEAR SIR: The Lake Carriers' Association has filed with your committee a certified copy of preamble and resolutions in support of bill No. 5024, "To promote the commerce and increase the foreign trade," etc. As the chairman of the subcommittee instructed to submit some of the considerations that induce the lake carriers to advocate the passage of this bill, and because I was unable to appear before your committee last week, I ask that you will place this communication upon your committee file of papers relating to this subject.

The Lake Carriers' Association includes in its membership about

700,000 tons of lake vessels, many of them being among the finest vessels in the world for the class of trade for which they are designed. They have created and support prosperous shipbuilding industries at all important cities upon the American side of the Great Lakes, and send through these cities life-giving streams of business activities to the farms, mines, forests, and factories of the interior country, from which the shipyards draw their supplies of every description. The lake carriers move the products of our farms, mines, and factories in vast volume and with an economy unequaled elsewhere in the world. They are not direct beneficiaries under the bill they now advocate. On the contrary, it is distinctly provided that none of the compensation to be paid by the United States under the bill shall go to any lake-vessel owner. The lake carriers know, however, that they must share in the general prosperity of the entire country, and they know the value of ships and shipyards in contributing to such general prosperity.

If the shipowners on the Great Lakes were obliged to meet such competitive conditions as are well known to exist in the foreign trade on the oceans, the decadence of shipping would be as certain and as rapid upon the lakes as it has been on the oceans. The lake shipyards would go out of existence for lack of employment, and the lake cities and the country tributary to them would be deprived of the comfort and prosperity they now enjoy. These are facts known to every important shipowner upon the lakes, and they admit of no argument. It is these facts, established by practical experience, that constrain the lake shipowners to urge Congress to find some legislative aid to shipping under our flag in the foreign trade that may be as effective for good as are the coastwise laws under which the lake shipping thrives and carries prosperity to all the residents of a widely extended region. So much for the reasons why the lake carriers, although not direct beneficiaries under the bill, urgently advocate its adoption in the interest of all of our people.

There are certain facts respecting our ocean shipping that no one can successfully question. For many years there has been a steady decline in our merchant marine on the oceans until, at present, almost the entire carrying of our products to foreign markets is done by the ships of other nations, and, in consequence, many millions of dollars follow these foreign ships into their own countries to benefit their own people. The reason for this decline in our ocean merchant marine can only be that our citizens can not profitably operate vessels on the oceans in competition with vessels of other nations. If there was a fair profit in the business our active citizens—second to none in energy and ability—would demand and take their proper share of such business. It is not possible to procure from ocean passenger fares and freight rates enough revenue to meet expenses for operating and maintenance and yield a fair net return for capital and labor employed. This is the fact. The cause may be that other nations are paying, or have heretofore paid, bounties, subsidies, or other form of compensation to their shipbuilders or owners. It may be that because of the existence of vast naval establishments other nations employ their shipyards so largely upon Government work that the building of merchant vessels only occupies their surplus yard room and energy, and therefore represents an abnormally small cost. Or it may be, and undoubtedly is, the case that other nations pay far less than we do for labor and for vessel supplies.

It is interesting to speculate upon which of these causes contribute most largely to the known results, but, after all, the matter of practical interest to us as a nation is to recognize a known result and its effect

applied it to a great many other cases before we decided upon the scale of compensation embraced in the bill, and they all came out relatively the same. Therefore I confidently assert that the scale of compensation which we ask you to adopt is a fair one, and that it is not any more than is absolutely essential if there is to be an American merchant marine.

Mr. EDMUNDS. I have prepared in the briefest way for your convenience a résumé of the effect of the bill, condensed. Of course the important thing is the desirability of our getting hold of the foreign trade and extending our present exportations to every part of the world, and at the same time to be ready, when we get into trouble, to have ships of our own to be called in to the aid of our Army and Navy. This bill has been spoken of as a twenty-year contract, as if the United States bound itself to pay so many dollars a year for twenty years. That is not the bill. The United States only agrees to pay during the period of twenty years, for every voyage made from a port of the United States to a foreign port and coming back, so much for that voyage. Therefore this Government only pays voyage by voyage, and there is no obligation on it to do anything else.

Senator VEST. This bill creates a naked subsidy, does it not? It does not provide for postal pay, but is just a subsidy. As I understand Mr. Clyde, it is a bill to take care of the American shipowner, so that if he tackles the other fellow and comes out at a loss the Government will make up the probable loss. What I ask you is, is this a bill giving a naked subsidy?

Mr. EDMUNDS. It is not.

Senator VEST. What do you call it?

Mr. EDMUNDS. I call it a bill (as the bill itself does) undertaking on the part of the United States to pay people who will build ships and run particular voyages to foreign ports, carrying American cargoes and bringing back our imports. While they are doing that they are training men for service in our Navy. For every voyage which they make under these conditions, subjecting their vessels to the call of the United States, and educating their crews in the art of running and managing vessels and fighting, they are to be paid so much. We are doing that, and not paying subsidies.

Senator VEST. Mr. Clyde said that the bill was intended to reimburse the American shipowner for the difference between the cost of building and running an American ship and the cost of building and running foreign ships.

Mr. EDMUNDS. So it is.

Mr. CLYDE. In order that our ships may be auxiliaries to the Navy when needed.

Mr. EDMUNDS. But the other thing is, it is to pay these American shipowners for the voyages made carrying American products—the products of the farm, of the shop, and of everything that we want to sell and dispose of, and to get the money back to the United States; so that, I submit, it is not a just criticism to give the bill the name (be it good or bad) of a subsidy. The money which you give to the shipowner is a compensation to equalize the difference in cost of building and running American and foreign ships. That is the view of the American shipowner's side of the case. The view on the side of the United States is, first, endeavoring to get foreign commerce on the ocean; second, the auxiliary business; third, having a body of naval men ready to fight and man the ships of the Navy; and, fourth, carrying the mails to every port where these vessels go. It is a business proposition from beginning to end.

Senator VEST. And you put it under the commerce clause of the Constitution?

Mr. EDMUNDS. I put it under the commerce clause of the Constitution and upon the common-defense clause of the Constitution, on which the majority in Congress has determined to fight, and we must go with the majority in the fight.

The following is the paper submitted by Mr. Edmunds:

*Résumé of the nature and effects of the bill in its leading particulars.*

1. It has been found, on the most careful and patient investigation, that no other means are practicable to effectuate the great national objects that all agree it is most necessary for the United States to immediately endeavor to attain.

2. No one can get compensation without agreeing to build more ships in the United States.

3. No one can get compensation without making the voyages.

4. No one can afford to make even a single voyage unless he has a very considerable cargo, because no one can afford to make a single voyage with a full cargo without sufficient compensation to make good the difference in the cost of shipbuilding and ship operations, national assistance, etc., now existing in respect of the greatest part of all foreign ships belonging to our competitors for trade.

5. It is therefore self-regulating, and if there should come a great increase of demands on the Treasury, it will be only and so far as there is a corresponding increase of our exports, which is one of the great objects to attain.

6. The plan adapts itself to a single voyage of a single ship with a cargo of American productions to a port or ports to open trade there, and so if the venture shall not succeed there will be no more money to pay.

7. No vessel claiming compensation can have any mail pay from the United States, and every such vessel is bound to carry our mails free, so that we will have a mail service to every port to which any of these vessels go, a matter of very great value to the business interests of the United States.

8. The bill happily allows no opportunity for favoritism to anybody. Every citizen who wishes to obtain compensation for a voyage of his ship may take the necessary steps to that end as of right.

9. The bill provides that all these vessels shall always be subject to be taken or employed by the United States for national purposes in time of need, and provides a just means of valuation. There is no chance for jobbery in such cases.

10. The bill also provides for these vessels employing and training seamen in all the kinds of sea service necessary to the military operations of our country.

11. Without the American shipping provided for in the bill, in a time of war between the powers whose ships now carry both ways more than nine-tenths of all our imports and exports, the United States would be absolutely helpless as a neutral power in carrying on its necessary and neutral trade. Even the transfer of the merchant flags of the ships of belligerent nations to our protection would necessarily lead to seizures and questions of the nature of the transfer, etc., that would expose the United States to the danger of becoming embroiled, even if we should make the grave mistake of changing our laws so as to admit foreign ships to the protection of our flag, and the other benefits of American-built vessels.



Mr. CLYDE. I beg to differ with him. Now let us apply these figures to the question of carrying cargoes in American ships in comparison with carrying cargoes in foreign ships. The owner of the American ship has to begin by paying \$335,000 less \$217,000, or, say, \$118,000 more money for his ship than the foreign owner, and has to charge interest, depreciation, and insurance on that amount of extra capital before he can show a profit. The rate of depreciation figured by the English Government in appraising vessel property is 6 per cent, which is generally recognized as fair. The American owner must therefore charge each year until the full value of his vessel is charged off \$7,080 (6 per cent on \$118,000) more than his English rival for depreciation. He must also charge 6 per cent interest on his \$118,000 extra capital, for he can not borrow it for less; but as the depreciated account will greatly extinguish the capital account, the average interest charged for the entire period would be only 3 per cent per year, or on \$118,000, say, \$3,540 per year. The rate for insurance on such a ship would be 6 per cent to begin with and higher later, say, an average of 8 per cent. Assuming that the owner reduced his insurance every year to correspond with the depreciated account (which, as a matter of fact, the owners do not do, as it is the custom to keep ships fully insured for what they cost for many years, because it will cost them as much again to replace them if lost); but, assuming that the owner did this, then his average annual insurance on his extra capital (say \$118,000), would be 4 per cent, or, say, \$4,720 per year.

Adding together these three items of extra annual expense to the American owner in the case of a vessel like the *Masconomo*, we have

Depreciation on extra cost.....	\$7,080
Average interest on extra cost.....	3,540
Average insurance on extra cost.....	4,720
Total.....	15,340

as the amount of extra expense to the American owner of operating such a vessel by reason of her extra cost alone.

In addition to this there is the important item of extra expense of an American crew, paid American wages, and fed and housed according to the unwritten law of American custom. There is also the extra cost of repairs and supplies at American prices, which is a very considerable difference. The owners of the *Masconomo*, which is able to make eight voyages a year in trans-Atlantic trade, have gone into this question very carefully, and the average difference between operating the *Masconomo* with an English crew at English rates of wages, and buying supplies and repairs at English prices, as against American prices, amounts to at least \$1,000 per voyage, or say \$8,000 per year, and my own experience bears that out very fully. I think that that is quite reasonable.

Mr. EDMUNDS. You mean your own experience in running the vessels of the Clyde Line?

Mr. CLYDE. Yes, sir. Adding this to the \$15,340 of extra expense we have \$23,340 as the total disadvantage, expressed in dollars, per annum of extra expense, that the owner of an American *Masconomo* would labor under as compared with the owner of a foreign *Masconomo* if they should compete for foreign trade; and the owner of the foreign *Masconomo* has another advantage which it is difficult to express in dollars, but which for some years must be equivalent to a very considerable sum. That is the fact that the foreign *Masconomo* already has the business, and her owner has all the advantages of established

agencies and connections that have been working together for years, and in some cases for generations, for their mutual benefit and to safeguard their business in every possible way from attack. The owner of the American *Masconomo* has got to get the business after you put him precisely on the same plane. The American merchant, therefore, before he will risk his capital in building an American *Masconomo* to underbid a field of enterprise already occupied by the strongest of foes must not only be assured of sufficient Government aid to counter-balance the extra expense of building and operating the American *Masconomo* as compared with her foreign sister, but must, in addition to this, have some additional inducement offered him to compensate for the loss that he must necessarily face for a considerable period in the death struggle in which he must engage with his foreign rival for the business.

Let us now see what the bill now before you is designed to do for the owner of an American *Masconomo*. Being 4,200 tons gross, and making eight voyages per year, she would receive under this bill in her present trade, say \$26,000 per year compensation, the amount varying a few hundred dollars, according to which ports she runs between. She may run between New York and Liverpool, and she may run between Baltimore and Southampton and London or Hull, and that would vary the amount a few dollars one way or the other. The average run being about 3,100 miles either way, she would get under this bill \$26,000 per year for twenty years, if her owners should enter into contract to keep her running. In other words, under this bill the Government is asked to pay the owner of an American *Masconomo* \$26,000 per year for twenty years to induce him to build and operate such a vessel under the American flag and to compete for foreign trade with her under a fixed disadvantage, as compared with her foreign rival, of \$23,340 per year for the greater expense of operation, besides the certainty for a considerable period of a costly contest for the business.

The difference between the compensation paid by the bill and the extra cost of operation, say not over \$2,700 to \$3,000 per annum, would not in itself begin to compensate the prospective loss during the struggle for the business. But you will observe that the contract is to run for twenty years, while by charging off 6 per cent depreciation on the original cost every year the extra expense due to the greater cost of building the *Masconomo* in America would disappear from her accounts in sixteen and two-thirds years, so that for the balance of the contract, say three and one-third years, the owner of the American *Masconomo* would have his \$26,000 per year from the Government, against which he need only charge up the \$8,000 extra cost of wages, subsistence and supplies under the American flag, and the \$1,000 extra cost of ordinary repairs in America. This would leave \$17,000 per year profit on the Government contract account for that period, in addition to what he might make from the business which it is assumed he would by that time have taken, to some extent at least, from his foreign rival. You will note that there is nothing in the bill that would enable the American owner to carry on the business or warrant him in doing so unless he can not only run his ships, but do a profitable carrying business. You are simply asked to put him on the same plane with the owners of the foreign *Masconomo* and to give him a slight additional inducement to induce him to tackle that foreign owner and get some of the trade away from him, taking the risk of the other fellow giving him pretty hard raps while he is doing it.

That is the principle of this bill applied to a specific case. We have

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who would not mass the mails so that we could earn \$600,000 a year. That is the consideration which made us take the contract.

Senator ELKINS. Do I understand you to say that this bill will equalize conditions and give you a fair start in the race with Great Britain?

Mr. GRISCOM. We have made a very exhaustive study of the question, and what we have tried to do is to make the compensation in this bill just enough to equalize the difference for all classes of ships, from the tramp to the fast passenger ship. The statistics that have been prepared by the Commissioner of Navigation, at the instance of Mr. Payne, go into that question very carefully. They will be printed in a day or two, and they will give you a comprehension of the workings of this bill and its cost.

Senator ELKINS. Suppose this bill puts us on an equality with England, and suppose that England then says that she will pay \$5,000,000 a year more in the way of subsidies?

Mr. GRISCOM. Of course that would be a game at which two or three may play.

Senator ELKINS. England has done it before. We undertook to subsidize American ships before the Inman Line, and England gave more than we did. Subsidies are the life of English ships. Now, will the American people go on and give subsidies equal to what England may do? Foreign commerce is not one of the most important interests with us, but it is the most important with England. If England says that she will pay out five millions and more in subsidies than we pay can we then enter into competition with her?

Mr. GRISCOM. I do not know why we should not compete with the ships that we will have. I am one of those who believe that we can win if we are not handicapped too heavily. England will not touch this question until we have a dangerous percentage of the foreign carrying business. The English have 80 per cent of it now, and they will let us get some of it. I believe they would prefer us to get a fair share against any other nation, because it is traffic mostly emanating in this country.

I have told you this story about the postal business because there has been an impression that we were receiving enormous sums of money for carrying the mail. As a matter of fact, we are only getting \$150,000 more than we would get without the postal law, for which our Government got four auxiliary naval cruisers, the value of which has been recently determined.

Senator ELKINS. Do you favor increasing the tonnage tax of the United States and making it equal to the tonnage tax of England?

Mr. GRISCOM. Yes.

Senator ELKINS. Why is not that done in this bill?

Mr. GRISCOM. It was in a bill previously prepared, when you turned it out.

Senator ELKINS. Who turned it out?

Mr. GRISCOM. It was in the Dingley revenue bill, but after we saw Congress jumping on it with both feet we dropped it out of this bill.

Senator ELKINS. Why not put it in this bill? Why not charge England with tonnage taxes the same as England charges us?

Mr. GRISCOM. We ought to.

Senator ELKINS. Let us get it into this bill.

Mr. GRISCOM. I think not. This bill is the result of long and tedious consideration. We have worked twelve months at it, revising and revising and revising, and we do not think it should be loaded with a revenue measure.

Senator ELKINS. Do you not think that some member of the House or of the Senate may propose to put in the bill the same tonnage taxes that England charges us, so as to equalize conditions?

Mr. GRISCOM. We can not put it in for the purpose of equalizing conditions, or else we make a discrimination in favor of our own ships and against theirs.

Senator ELKINS. What is their tonnage tax against us?

Mr. GRISCOM. Their charges for aids to navigation amount to about 10 cents a ton at Southampton and 12 cents a ton at Liverpool. The tax in the United States is 6 cents a ton.

Senator ELKINS. I want you to give your judgment on the question whether it would not be just and fair all around to charge the same tonnage tax to other countries as other countries charge to us.

Mr. GRISCOM. Absolutely fair. It has been a mistaken policy not to have done so for the last thirty or forty years.

Senator ELKINS. If I offer an amendment in the Senate for this tonnage tax, I want to have the weight of your name.

Mr. GRISCOM. If you will introduce that as a separate bill in Congress I will do all that I can to help you.

Mr. EDMUNDS. But it is embarrassing, when we have got a system, to tack something else on to it, no matter how self-evident its propriety is. It raises difficulties. I agree with you that leaving the tonnage tax as it is is an abomination.

#### STATEMENT OF MR. THOMAS P. CLYDE.

Mr. Thomas P. Clyde, of the Clyde Steamship Company of New York, next addressed the committee. He said:

MR. CHAIRMAN AND GENTLEMEN OF THE COMMITTEE: If you are not already convinced that the revival of the American merchant marine in some way or other is no longer a party question or a question of favor for some particular class or any other question, except a national question of the greatest possible importance, there will not be enough time left to-day for me to undertake to convince you. I will therefore come down to a practical illustration of whether the compensation provided for in this bill is necessary, and I will apply the rates of compensation to a vessel which we may take as about the average type of cargo boat, such as is commonly engaged in the trans-Atlantic trade. The figures apply to a ship just built, and, therefore, apply to the present condition of affairs. The British steamship *Masconomo*, 4,200 tons gross register, dimensions 370 by 48 by 30, speed 10 knots loaded, was built in England and delivered in July last to her American owners for the sum of \$217,000. Her said owners, wishing to duplicate her, and having in mind something of this kind which you are now discussing, submitted the identical plans and specifications on which she was built in England to two prominent shipbuilding establishments in this country, asking them to quote prices. One of them quoted prices at \$335,000, and one at \$350,000, and both said that these were low prices. This is a fair example of the difference in cost of an ordinary cargo steamer built in England and one built in this country, and is of especial value because the case is an actual one and not an imaginary one.

Senator ELKINS. Would that be about the difference with regard to all ships?

Mr. CLYDE. I think so.

Senator ELKINS. President Cleveland says that we can build war ships in this country as cheap as they can be built abroad.

\$54,340 more than if operated under the British flag. I have now submitted a correct statement of the results of running our ships under the American flag compared with what it would have been if we had not had the patriotic desire to be American, if I may say so. Of course it is obvious that we will not enlarge the experiment. I do not mean that we will quit the business, far from it; but I mean that we can not afford to carry on this experiment. These four ships will run until they are sold or replaced, but our annual expansion will necessarily be under foreign flags, where the conditions are more favorable, unless Congress supplies the remedy.

Mr. EDMUNDS. Before you go on, I wish you to state whether or not your line is managed with the best economy that you are capable of.

Mr. GRISCOM. I think the answer to that is that we have enjoyed a fair degree of prosperity under the Belgian and British flags, running against the sharpest and shrewdest managers in the business. We are going on and are able to cope with them under their own flags.

Mr. EDMUNDS. Taking those four American ships—the two built abroad and the two built here—that have been running since the operation was started, how much gain has there been to your company? Has there been enough to pay the fixed charges of keeping the line going, keeping the vessels in repair, and paying the interest on the money which you borrowed?

Mr. GRISCOM. We have done that.

Mr. EDMUNDS. How much have you ever paid as dividends?

Mr. GRISCOM. We never paid a dividend upon these boats.

Mr. EDMUNDS. Have you failed to pay dividends because of a wish to accumulate money, or because you did not have the money to pay them?

Mr. GRISCOM. We could not pursue the policy of accumulating money and not paying a dividend. The fact is that we have not paid any dividend because they have not earned money enough to do so and provide a proper sinking fund.

Mr. EDMUNDS. I want Mr. Berry to understand perfectly that, after paying the interest on the bonds which you sold to get the money to build the ships, and with the best and most economical management, you are making no profit in running your ships.

Mr. GRISCOM. In regard to management, we have been approached more than once by some of the most important foreign companies asking us to take charge of their business in this country. That shows, I think, that our competitors think we understand our business.

Senator ELKINS. How many ships have you under the American flag and how many under foreign flags?

Mr. GRISCOM. We have the four mail boats under the American flag and eleven steamers under foreign flags, and four smaller boats under the American flag in the Pacific.

Senator ELKINS. This subvention that you get from the Government, does it go to all the ships of your line?

Mr. GRISCOM. It goes to the four ships which perform the weekly service.

Senator ELKINS. The \$750,000 paid by the Government goes to those four ships?

Mr. GRISCOM. Certainly.

Senator ELKINS. Then this \$750,000 has produced two American ships, has it?

Mr. GRISCOM. No.

Senator ELKINS. How many has it produced?

Mr. GRISCOM. It has not produced any. It simply enables us to run four American ships, and we are \$104,000 a year the worse off for so doing.

Senator ELKINS. We gave you \$750,000 to build up American shipping.

Mr. GRISCOM. No; you gave it to carry the mails and to provide auxiliary naval cruisers, and it is too small a compensation.

Senator ELKINS. Why did we give it? Was it not to encourage American ships?

Mr. GRISCOM. You gave it because you wanted the mails carried; you wanted auxiliary cruisers, and you hoped it would lead people to build more ships. You never succeeded in getting anyone but our company to do it, and you would not have got us at the price if we had not lost the British post-office contract, with two costly ships on our hands that could not be run without mail pay from some source.

Senator ELKINS. Could not the United States have had that mail carried by foreign vessels cheaper than \$750,000?

Mr. GRISCOM. Certainly, for they are also paid on west-bound mails by their own Governments, and can afford to carry United States mails at any price our Government chooses to pay.

Senator ELKINS. Will subsidies restore American shipping?

Mr. GRISCOM. I do not know what the name of the thing is that will restore American shipping, but nothing will restore it that does not equalize the difference in cost of building and running between American ships and foreign ships. I have shown you correctly that we are losing \$104,000 a year, so far as these four ships are concerned, for having taken this postal contract and hoisting the American flag.

Senator ELKINS. How much more will this bill aid you than \$750,000?

Mr. GRISCOM. It so happens just exactly to the extent of Senator Frye's bill of 1891. It was then stated that \$6 a mile was what was necessary to equalize the difference between the same character of ship under the American flag and under foreign flags, but the compensation was cut down to \$4 by the House.

Senator VEST. And this bill increases it \$2 a mile?

Mr. GRISCOM. Yes, for 20-knot ships.

Senator ELKINS. How many more ships will you build if this bill goes through?

Mr. GRISCOM. If this bill goes through we will have to build four 12,000-ton ships within five years, and contract to build another during the same period—altogether 60,000 tons, representing an investment of not less than \$7,500,000.

Senator ELKINS. Can you see your way clear to do that?

Mr. GRISCOM. We intend to do it. To resume the story, the time the *New York* and *Paris* were put under the American flag I asked the Postmaster-General to inform me what mail pay he could give us under the law as it stood, outside of the postal laws, providing the mails were fairly massed on our sailing day on our ships—that is, if we were to get all the Wednesday mail how much money would we get. Here is his letter, in which he says \$600,000 per annum. I took that letter back to my directors and said, "Look here, will you make a contract agreeing to carry the mail for ten years, agreeing to run winter and summer, when, if the Government be friendly, you can by law get \$600,000 a year mail pay and avoid making a contract which will give you only \$150,000 more per annum, no speed requirement, and no auxiliary cruiser obligations?" We had several board meetings, and finally we made up our minds that we would take the contract, for the reason that we might sometime or other be confronted by a Postmaster General

built the postal contract with Great Britain was about to expire, and we received word one day from the English post-office department that the Government had given careful consideration to the matter and were satisfied that three sailings a week were too much, and that therefore the post-office proposed to reduce it to two sailings. We were afterwards told unofficially that the English Government really did not feel that a company owned entirely by American capital ought to receive mail pay from the British Government. That put us in a serious predicament. We had two costly ships nearly finished. Just at that time Senator Frye introduced in the Senate and had passed a postal bill, which, unfortunately, was emasculated in the House; but as it was passed it was all that could be had at that time. We were in the predicament of having either to fish or to cut bait, and we decided if possible to act under this postal law. Then we came to Congress and said, "If you will give us the American flag for the *New York* and *Paris* we will build two equivalent ships in the United States;" and Congress did so. That brings down the narrative to the present discussion so far as our interest is concerned.

Senator VEST. What did you receive under the late law from the British Government?

Mr. GRISCOM. Forty thousand pounds a year was about the Inman Line one-third of the postal earnings. The British Government paid on the volume of mail carried on these three lines, and instead of each line taking the mail earnings derived on its day, they agreed it should go into one pot, to be divided among the three.

Now I want to give you the commercial side of this experiment of ours, because it bears on the question of free ships. I prepared last night this memorandum (referring to a paper). This paper will tell you what it has cost us to fly the American flag. When we left the British flag and came to the American flag our two ships, the *New York* and *Paris*, were enrolled as British admiralty cruisers, and received the subvention allowed to all ships that can be used in the navy. That subvention was £10,500 a year for each ship. This we had to relinquish when we became American.

Foreseeing that some day we might become American the British Government stipulated to retain one year's pay, so that when we became American we forfeited practically two years' back pay, as we forfeited the year overdue and ten months earned for the current year when we changed the flag. If we had built those two ships under the British flag (the *St. Paul* and the *St. Louis*), the British Government then would have given us \$220,000 a year for the privilege of enrolling the four steamers and calling for them as admiralty cruisers. We sacrificed \$220,000 back pay, which, divided by 10, is the equivalent of \$22,000 a year for the period of our United States mail contract. Although the British Government would not give us the mails as a contractor, we did get some mail from various sources, averaging £675 a voyage, equal to \$175,500 per annum, which we lost from becoming American. Our postal laws require us to carry 11 cadets and a mail master, and to keep a sorting room, and we have to maintain these persons. I have carefully computed the value of that service and I find that we have lost space worth \$24,700 per annum from this requirement. Again, you have a law which requires us to run our ships once a week throughout the year, and to run 20-knot ships, not allowing us to substitute slow ships in winter, as other Governments allow. The extra cost of maintaining that service during the winter months is not less than \$100,000 per annum. There is no volume of

passengers in the winter months that will support such ships. All the other companies ship in slow boats and their Governments permit or overlook it.

Senator VEST. Will you repeat that statement?

Mr. GRISCOM. For five voyages in the winter our average loss is \$20,000 a voyage—that is, \$100,000 a year—in order to maintain this regular service during the winter. If we had built these two ships, the *St. Louis* and *St. Paul*, in Great Britain instead of in the United States, we could have procured them for \$1,100,000 less money than we had to pay for them. There is a perpetual loss on that increased investment for insurance, depreciation, and interest equal to \$165,000 per annum. We had to pay interest at the rate of 6 per cent for borrowed capital.

Mr. EDMUNDS. Why?

Mr. GRISCOM. Because the people in this country who have money to invest are not accustomed to steamship securities. That is not the case in Great Britain, where you can get money more readily on steamship investments than on almost any other security. The banks of Great Britain live largely on the interest which they receive on loans to shipbuilders and shipowners. This additional \$1,100,000 of extra cost of the two ships built here, for the life of the ships, for depreciation, insurance, and interest, amounts to \$165,000 per annum. Those two ships, if built in Great Britain, would have cost us \$4,000,000; but in this country they cost us \$5,100,000. We had to pay 6 per cent interest on the bonds we sold to get money to pay for these ships. In England we would not have had to pay over 3½ per cent, so that on this item we lose \$100,000 per annum.

Senator BERRY. Notwithstanding all these losses of which you speak, do these ships of yours pay a profit?

Mr. GRISCOM. It is not a question as to whether we have made money or lost money on our whole business, including our fleet under foreign flags.

Senator BERRY. That is the question with me. Of course you can decline to answer my question.

Mr. GRISCOM. I will not decline to answer it, but I will tell you in another way. The lesson that I am trying to teach is that no man, or organization of men, can run ships under the American flag in competition with ships run under the British or German flags. I do not say that the American shipowner may not live under such competition, but he will never be able to expand and grow under these adverse conditions. The sum of the debits to this account against our four mail boats for one year's work is \$861,540, while on the credit side is only the \$757,000 which the Government gave us for carrying the mails, and we are out of pocket \$104,540 per annum, because we elected to be under the American flag rather than remain under the British flag for this service. As a matter of fact we do make some money, but not much. We have always paid the interest on our bonds and kept our fleet in first-class condition, but we have never made money enough to pay a dividend to our shareholders since we had the four mail boats.

Senator NELSON. You did not pay any more for your help in running your vessels under the foreign flag than you pay now?

Mr. GRISCOM. For our foreign ships we draw on the foreign labor market, and for the ships under the American flag we ship crews in the United States to the extent required by law.

Senator NELSON. Is there any material difference in the wages?

Mr. GRISCOM. The annual difference in wages on the four ships is

(a raise of \$10 a year) he thereby incurred the ill will of the neighbors around, because of his rise in the price of labor in that locality. In that locality to-day you can not get such a man as that for \$240 a year. That includes board, of course. It only shows that labor has largely increased since that time, and that is largely the reason why we have not been able to build our ships.

This is in addition to the cheap iron abroad. Our labor is a well-paid labor to-day. Its condition can not well be otherwise, and in order to cover it there must be some support given to the shipbuilding interests that will enable them to employ labor and produce results which we are all anxious to obtain. I believe that this bill on the lines on which it is framed will accomplish the proposed results. To some of you it may seem that the bounties are more than adequate. I hardly think that they are sufficient. But I want to say that it was our duty in the consideration of a bill of this kind to draw the line very sharply, for the reason that countries that now possess the shipping trade will not give it up without a struggle. They will do everything it is possible for them to do in order not to lose their preeminence. There is going to be a competition springing up that will be very troublesome to meet, and unless there is some margin allowed we will find ourselves discomfited in the end. I think, then, that there should be a very considerable margin. In fact, I have some doubt as to whether the bill is drawn liberal enough to meet that condition of affairs. But that is not for me to discuss while there are other gentlemen here who are engaged in the trade and who are more able to handle the question. Whatever be the outcome of this legislation, if it does nothing else, it will bring about a reduction of freight all along the line, and in that way our manufacturers will be able to send out their manufactures to other countries with more ease than they do to-day.

I am satisfied that we are growing in our exports, and that we are going to grow more largely in the future than we have during the last few years. It is a condition which confronts us. We are producing more than we can consume at home, and it is our business as manufacturers to find some outlet for our products. That has been the rule with other nations when confronted with that same dilemma, and it will be our rule. We would be recreant to our trust if we did not look forward to that condition of affairs. I do not know of anything that is before this country to-day which seems to stand in the way of its further progress and prosperity as much as the lack of an American merchant marine. Our association has failed in no effort to meet it. We have had our agents throughout the world. We have had them in all the new countries where there have been changes of political conditions lately, and the reports coming from them all show that American goods and American men and American methods are in favor. All that is wanted is for us to take hold of the enterprise with energy and activity and to push it. There is nothing that Congress can do now that will help the nation more than the passage of a bill like this. You probably have not lost sight of the fact that the two hundred millions of dollars which is now annually sent abroad for the carrying of American produce would be a tremendous impetus to all the manufacturing interests of this country if it were kept at home. There is hardly an American industry that is not affected by this great question, and none of those industries are affected more than the interest of labor, and I believe that the labor interest will be with you in any vote you may give in favor of this bill.

## STATEMENT OF MR. CLEMENT A. GRISCOM.

Mr. Clement A. Griscom, of Philadelphia, president of the International Navigation Company, addressed the committee. He said:

Mr. Chairman, I have been requested to tell you the tale of the organization over which I preside, which is engaged in the North Atlantic trade, and I will try not to be tedious in doing so. It is a dry subject, and I can not make it very interesting, except as facts are interesting in the discussion of this question.

We commenced our steamship business in 1873 with three steamships, under the Belgian flag, between Philadelphia and Antwerp.

The CHAIRMAN. How long ago?

Mr. GRISCOM. In 1873. We commenced under the Belgian flag, after having given a very careful study to the conditions which surrounded the operation of steamships under the American flag, and finding that we could not, under the American flag, compete with those who sailed ships under the British, the Belgian, or German flag. So, very reluctantly, we organized as a foreign company and commenced business.

Senator NELSON. Under the Belgian law ships are free and you can buy them anywhere.

Mr. GRISCOM. Yes.

Senator NELSON. That is an advantage which we do not have in this country.

Mr. GRISCOM. No, sir. We commenced service with three ships. We had hardly started before the Belgian Government announced that they wanted a line of steamships to New York, and they offered us, after a few interviews, \$100,000 a year mail pay if we would establish a weekly service to New York. And they also offered us a rebate of all pilotages, light dues, etc., and assigned excellent terminal facilities, all amounting in value to about \$30,000 a year more. We accepted the offer, and we have run the line ever since with a fair degree of prosperity, steadily increasing our tonnage. About 1888 we were offered the Inman Line, a very old line with an excellent good will, that had been running between Liverpool and New York for many years. Mr. William Inman had died and they offered it to us. My directors decided that I might go abroad and undertake the purchase. At that time the Inman Line had one-third of the mail carrying between Great Britain and the United States. There were three sailings in a week—Tuesdays, Thursdays, and Saturdays—and the Inman steamers ran on Tuesdays. Knowing that we could not develop that line without a continuation of this mail pay, I sent to the managers of the White Star and Cunard lines, the other contractors, and asked them whether it would be agreeable to them for us to purchase the Inman Line and go on with it. They thought it over and sent word back to me that they hoped we would buy the line. We bought it and immediately commenced upon designs to improve the service, the result being the ships known to you as the *New York* and the *Paris*.

Senator ELKINS. Did you do so with American capital?

Mr. GRISCOM. Yes; 99 per cent of it was American capital. We went on and designed the *New York* and *Paris*, which were the first twin-screw steamers designed for commercial trade. They were the first ships ever built to be absolutely unsinkable, and the first to have such luxurious arrangements on the promenade deck. I mention this to show that we started in courageously to develop that company and give it the right sort of equipment. About the time these ships were partially

Mr. KEEP. The Lake Carriers' Association is an organization of owners of vessels on the lakes, and perhaps the question may arise in your minds what especial interest we have in this bill, as by one of its specific provisions we are exempted from the operation of the act. As you know, nearly all the commerce of the lakes is carried on between different ports of the United States, but there is some foreign commerce on the lakes, especially in the fall of the year. Still that foreign commerce on the lakes does not come within the provisions of this act. Our interest in the matter comes from the fact that we on the lakes are familiar with the benefits of having a merchant marine. We know what it is to have a great merchant marine engaged in prosperous and successful business.

We have got on the lakes between fifteen and sixteen million dollars' worth of boats, all of them steel vessels, and practically all of them 400-footers and more, and we know that lake transportation is one of the great businesses of our part of the country, not only because of the navigation itself, but because of the many confederated interests dependent upon it. The iron ore must be transported to where the coke and coal are found and where the proper conditions for manufacturing steel and iron are found, and we feel that if the great shipbuilding interests and the great carrier industries can be built up on the seacoast of the United States that will be a great factor in the industrial progress of the country, and that we on the lakes will get our share of the benefits. The only special point in which this bill touches us is the building of ships on the lakes. The Globe Iron Works, of Cleveland, turns out a steel vessel 320 feet long every thirty days, and if this shipbuilding industry is built up on the Atlantic coast we may build some ships later on, in spite of the fact that we have not yet connection that would bring the ships down; but within twelve months the Canadian canals will be so enlarged that we can take quite a large vessel down from the lakes to the sea. We hope to be building some steel vessels for the domestic trade on the lakes.

#### STATEMENT OF MR. THEODORE C. SEARCH.

Mr. Theodore C. Search, treasurer and general manager of the John B. Stetson Company, manufacturers of hats, in Philadelphia, and president of the Association of Manufacturers of the United States, addressed the committee. He said:

MR. CHAIRMAN AND GENTLEMEN OF THE COMMITTEE: The National Association of Manufacturers of the United States organized at Cincinnati four years ago. In their organization they made some statements regarding national affairs which have been their beacon light throughout these last four years. Among them they declared for the restoration of the American merchant marine, the construction of the Nicaragua Canal, the improvement of our consular service, and the preservation of our home markets. These points, with one or two others, have been the great guiding points for the association. The association, therefore, has been national, and is national in its work. We claim that it is patriotic in its work. At the close of each year since that time we have had annual meetings, and they have been largely attended. On each occasion we have taken up the subjects which I have just mentioned, and have renewed our faith in them as part of the cardinal doctrines and principles of our organization.

We have lost no opportunity to try and further the interest of the

American merchant marine from patriotic motives. You will recollect, Mr. Chairman, that four years ago the exportation of manufactured products from this country was not of any large amount. You will also recollect that in the progress of events since then the exportation of manufactured products from this country to foreign countries has grown to be very large, and our manufacturers have an unexpected interest to-day in the American merchant marine. You may say that we have more of a selfish interest than a patriotic interest in the matter, but it is a patriotic interest also. But whether it is selfish or not, it stands in the light of progress, and we feel it is our duty to promote foreign commerce as much as we possibly can. The manufacturers have not felt themselves called upon to go into the details of a bill of this kind. They knew that there was a hiatus which had been caused by conditions with which they were familiar in a general way, but they did not know exactly the details which they would have to encounter in order to get up a bill of this kind; but we joined hands with the gentlemen who are engaged in the preparation of this bill, in order to study the question, and give it such support as we might. That has been our motive, and the work resulting from it has led the president of this organization to be fully in accord with all that this bill contemplates and calls for.

We feel that this country has enjoyed a very large degree of prosperity in the past, owing to the manner in which its industries have been protected by the National Congress. We see that protection, however, did not, and can not, in any way reach the merchant marine, so that we have been of late years lookers-on at a spectacle which showed the moving of our trains on our railroads like shuttles in a vast commercial fabric, spinning web into web and weaving their selvages on every coast, but unable to proceed further without calling in foreign assistance. That foreign assistance has been called in at a tremendous cost to us, as you know. We manufacturers feel that that state of affairs should be discontinued as soon as possible. We feel that that commercial web is one which should be woven around the world without a seam, and that the American flag is fully able to carry it there, provided it receives the proper protection at the hands of the American Congress.

I might recite some of the reasons which draw me to that conclusion. The palmiest days of our commerce, many years ago, you are all familiar with. At that time labor in this country was cheap and timber was cheap. In the progress of events the iron ship came along, because cheap iron and cheap labor seemed to be available and more suitable, and then our shipping interests received their first setback. This continued until the civil war, when, for protection, what was left of our shipping was placed under a foreign flag. We see no way, Mr. Chairman, to extricate it from that position except by extending protection or compensation to the merchant marine with such force as will insure the introduction of American capital into the business of transporting goods under the American flag. That that state of facts is true I am very much reminded by the condition of labor when I was a boy. About the time that the merchant marine of this country was in its palmiest condition, I recall very well (having been brought up on a farm) that labor in those days could be obtained on a farm for less than one-half what the same labor can be obtained for to-day. I recall most vividly a little incident, when my father was engaging his principal farm hand, to whom he had been paying \$110 a year (which was the standard payment in those days in that locality, 17 miles north of Philadelphia, in a populous country). I remember that when my father paid that man \$120 a year



with the result of finding that the officers of the American Line are American citizens and that the American Line employs about an equal number of Americans and foreigners, and upward of 90 per cent of its stock is owned in this country and always has been so owned, the only foreign shareholders being the agents of the company.

This bill has the approval and support of the present Administration, and is probably the only bill that can be passed at the present session of Congress. If it is not passed now it means a year's delay at a critical time in the commercial history of our country. The attention of capital is now directed toward the possibilities for foreign trade. If they can make investments in shipping with a fair prospect of receiving an adequate return, capital will flow into this channel, which it has hitherto avoided on account of the risk and inadequate returns of such investments. At the recent convention of the National Board of Trade, which was composed of delegates from 46 of the principal commercial bodies of the country, the following resolution was unanimously adopted:

*Resolved*, That the National Board of Trade approves the recommendations contained in the message of the President and in the report of the Secretary of the Treasury regarding the upbuilding of an American merchant marine, and respectfully urges the enactment of a law to carry these recommendations into effect.

The American Federation of Labor, which is equally as representative of labor interests as the National Board of Trade is of commercial interests, at its annual convention held at Nashville, December, 1897, adopted the following resolutions:

Whereas machinery has enormously increased the producing capacity of this country, with the result of frequent periods of overstocked markets and idle mills:

*Resolved*, That the policy of our Government should be to widen our markets, and thus give continuous employment to our labor and capital.

*Resolved*, That as one means to this end the development of an American merchant marine should be encouraged. Steamship lines work for their own countries just as railroad lines work for their terminal points, and we can never hope for the full development of our foreign commerce until we have American ships to distribute American goods. We should profit by the example of our competitors for the world's trade and help establish and sustain steamship lines until sufficient business is developed to make them self-sustaining. While not opposed to a creditable navy, we do not need a fleet of Government yachts, but do need a fleet of merchant steamers which are nearly self-sustaining in time of peace and which are available as a marine militia in time of war.

*Resolved*, That the industry of shipbuilding, which utilizes American materials and employs American labor in its numberless ramifications, from the mining of the ore to the weaving of the colors, should be as much encouraged and protected as any other American industry, and in the name of American labor we say to our legislators, "Don't give up the ship."

Thus we have the voice of the two most influential organizations representing labor and capital in the United States urging the necessity of some action upon this important subject. I earnestly hope that the bill under consideration will be favorably and promptly reported by your committee.

Adjourned.

WASHINGTON, D. C., Friday, January 13, 1899.

The committee met at 10.30 a. m. Present, the same Senators as on yesterday.

STATEMENT OF MR. CHARLES H. KEEP.

Mr. Charles H. Keep, secretary of the Lake Carriers' Association and also secretary of the Buffalo Merchants' Exchange, addressed the committee. He said:

I have here resolutions adopted by the two organizations of which I am secretary and which I desire to file with the committee.

The resolutions are as follows:

At a meeting of the board of trustees of the Buffalo Merchants' Exchange, held at the office of the exchange on January 6, 1899, at 3.30 p. m., President R. R. Heford, of the exchange, presiding, the following resolutions were adopted:

*Resolved*, That the Merchants' Exchange, of the city of Buffalo, believe that Government aid is necessary to induce citizens of the United States to build and operate on the oceans merchant vessels to carry our foreign trade in competition with the vessels of foreign nations, which now monopolize said trade to the almost entire exclusion of vessels of our country; and

*Resolved*, That prosperous ship building and owning industries are essential to the welfare of the nation in time of peace, and to its safety in time of war, benefiting all our citizens wherever and whatever may be their field of labor.

*Resolved*, That the bill introduced in the Senate and House of Representatives December 19, 1898, and entitled "A bill to promote and increase the foreign trade of the United States and to provide auxiliary cruisers, transports, and seamen for Government use when necessary," is believed to represent a well-considered plan for the creation and support of an ocean merchant marine under our flag, and that our Senators and Representatives are urged to give it their active support as a great national measure, irrespective of party politics.

*Resolved*, That copies of these resolutions be given to the Associated Press and forwarded to the President and to members of the Senate and House of Representatives representing this State and district.

A true copy.

C. H. KEEP, Secretary.

At a meeting of the legislative committee of the Lake Carriers' Association, held at Buffalo, N. Y., on January 6, 1899, the following resolution was adopted:

Whereas the members of the Lake Carriers' Association are directly interested in whatever promotes the prosperity of the entire country; and

Whereas the alarming and continued decline in the merchant vessels of the United States engaged in the foreign ocean trade has been the cause of deep concern, operating, as it does, to restrict our markets for the surplus products of our manufacturing, farms, mines, and forests in time of peace, and to seriously endanger the nation in time of war; and

Whereas a bill, in the preparation of which the committee of the Lake Carriers' Association has been actively interested, has been introduced in Congress "To promote the commerce and increase the foreign trade of the United States, and to provide auxiliary cruisers, transports, and seamen for the Government use when necessary;"

*Resolved*, That the creation and support of an American merchant marine in the foreign trade, carrying our flag and surplus products to all the markets of the world, is a great national work, rising above all political or sectional differences, and designed to bring prosperity to all our people.

*Resolved*, That our Senators and Representatives from the States tributary to the Great Lakes are urged to give the aforesaid bill for the restoration of the American ocean merchant marine their earnest consideration and support in the interest of the entire country, irrespective of party politics; and

*Resolved*, That the subcommittee appointed to represent the Lake Carriers' Association in the consideration of appropriate legislation upon this important question is hereby empowered and directed, by argument before appropriate committees of the Senate and House, and in every other legitimate way, to urge the prompt enactment by Congress of such legislation as will insure the Government aid necessary to induce citizens of the United States to build in the shipyards of the United States and operate under the flag of the United States merchant vessels to carry our surplus products in time of peace and to be subject to the call of the Government for use in time of war.

A true copy.

C. H. KEEP, Secretary.



steamship line running anywhere that is not a subsidized line in one form or another.

Senator ELKINS. Can we match other nations of the world in the matter of subsidies?

Mr. HILL. Navigation on the Great Lakes is the cheapest water navigation in the world, and it is not subsidized.

The CHAIRMAN. You have examined this bill under consideration?

Mr. HILL. Yes.

The CHAIRMAN. In your judgment, if this bill should be enacted into law what would be the effect of it as to establishing American lines of steamers across the Pacific Ocean?

Mr. HILL. I am not anxious to engage in new enterprises, but I feel this, that as the people of Minnesota and North Dakota depend largely upon their wheat, a line to the Orient which would carry that wheat would help the whole people quite as much as if that grain was taken from east of the Rocky Mountains, and I would be inclined to say that an American line should be established there as early as we could get the ships. I would even go a little further and say that I am not sure but that we may be compelled finally to put ships there, and to put them under another flag.

Senator VEST. You said that the estimated pay to foreign vessels carrying American exports abroad is two hundred millions a year. If we are paying out that amount, why is there a scarcity of foreign ships at our ports? My information is that there are plenty of foreign ships, but that the object of this bill is to put the carrying trade in the hands of Americans.

Mr. HILL. My remarks applied to the Pacific coast, where the trade is very limited. The bulk of our carrying trade is done on the Atlantic Ocean.

Senator VEST. Then do I understand you that on the Atlantic side there is plenty of foreign transportation, but that there is not enough on the Pacific side?

Mr. HILL. I think there is enough on the Atlantic side.

Mr. EDMUNDS. I forgot to call the attention of the committee to what would happen in the present condition of things the moment a three-cornered war would break out between England and France, Germany and France, or England and Russia on any of these questions which may lead to war at any moment. Our foreign traffic would have to be carried on under the flag of a nation at war. That could not be done, and of course the whole thing would be gone up at once and we would be left absolutely with nothing on hand to get our goods carried abroad.

#### STATEMENT OF MR. F. B. THURBER.

Mr. Francis B. Thurber, of New York, president of the United States Export Association, addressed the committee. He said:

MR. CHAIRMAN AND GENTLEMEN OF THE COMMITTEE: I appear before you as president of the United States Export Association, an organization formed to widen the market for American products, and whose members are the leading houses in 93 principal branches of industry situated in 34 States, with an invested capital of over \$1,200,000,000 and employing more than 500,000 persons.

In the work of this association during the last three years we have found that it was desirable to have American ships distribute American goods. Steamship lines work for their own countries just as rail-

road lines work for their terminal points, and every ship is a missionary of trade. Tradesmen do not employ competitors' wagons to distribute their goods, and, while it may be said that it does not matter whether goods are delivered by one carrier or another, so long as they get there, such statements are misleading to a great extent. My study of this question has extended over a period of many years. I have been a large shipper of goods for export, and my brother and myself invested heavily in the United States and Brazil Mail Steamship Company because we thought it a shame that an American merchant should have to send his letters to Brazil by the way of Liverpool.

At that time it was the policy of our Government to pay for the mails carried on the sea only the postage collected on that particular route. At the same time it was paying on land for the carriage of the mails whatever the service was worth, regardless of the amount of postage collected, and if the same principle had been applied on land as was applied on the sea it would have stopped two-thirds of the mail routes in the United States. The Brazilian Government paid the United States and Brazil Mail Steamship Company about \$96,000 a year, while the sea postage paid by the United States was only about \$3,000 per year, which was not enough to pay the cost of boat hire in landing the mails at the nine ports touched by these steamers. This steamship line failed, largely because the United States failed to pay as much as Brazil paid for mail service, this little straw being sufficient to turn the scale between success and failure, and the stockholders lost all that they had invested. This object lesson, however, was sufficient to change the policy of our Government as regards the carriage of sea mails, but the law is still very inadequate and insufficient to enable American lines to compete with the heavily subsidized mail lines of competing nations.

The policy of all the principal commercial nations has been to pay liberal compensation or subsidies for the carriage of the mails until sufficient commerce has been developed to make the lines remunerative, when such support has been gradually withdrawn. In some countries, as you are aware, a bounty is paid both for the building of ships and for the distance sailed, and I believe it to be necessary, after the great decline in American shipping consequent upon the development of the shipping of foreign countries through the fostering care of their Governments, that we should for a time do as much for American shipping as any of our competitors for the world's trade do for their shipping.

The bill under consideration may not be all that different interests might desire, but I believe it to be a fair compromise of the differing views and probably the best measure that can be obtained at this time. I personally favored the idea of differential duties as proposed in the bill introduced in the Senate by Senator Elkins, but on further study of the subject it seemed to involve the abrogation of so many treaties with friendly nations that probably we are following the line of least resistance when we follow the example of our chief competitors for the world's trade, as we do in the bill under consideration, and I believe that the more those who may be opposed to it study its provisions the more favorably they will regard it.

In talking with a seafaring man, who is a friend of mine, he objected to the bill on the ground that it might unduly favor foreign capital, and made the statement that three-fourths of the officers and crews of the present single American line between Great Britain and the United States were foreigners and 80 per cent of its stock was owned abroad and dividends went abroad. I took pains to analyze this statement,

to 1895, a number of Japanese gentlemen were here making an arrangement for their subsidized Japanese Government lines. I found that they were afraid that they could not get return freight from America for their ships. They felt certain that they could get plenty of cargo on the line that they were establishing between New York, Antwerp, and London, but they did not know that they could get cargo from the United States. As a matter of fact, no ship has ever left the dock at Puget Sound which has not left behind it freight which it was unable to take. I asked those gentlemen if they would interest themselves in the use of American cotton. I found that Japan had been using the short-staple Egyptian cotton, which makes an inferior yarn. They commenced using the American long-staple cotton, and they found that that helped them for mixing with the other, and they imported it to such an extent that at this time every foot of room on their ships that is available for cotton is engaged now up to the 1st of August next, and we have refused cargo after cargo.

One day during the month of October, or about the 1st of November, we were offered from Texas alone 20,000 tons of cotton, which we had to refuse. We could carry it by land, but we had no ships to carry it by water, and there were no ships on the Pacific Ocean which we could bring there to carry it at a price at which it had to be carried. Now, the trade is not confined to cotton or tobacco or oil. I think it is safe to say that we have refused from 60,000 to 70,000 tons of steel or iron freight in different forms because we had no way to carry that freight on the ocean. What ships were there in the spring, outside of the Japanese line, were largely taken by our Government as transports. Even some of the old English-owned ships, that were rather out of date on the Atlantic, and that had been relegated to the trade of the Pacific coast, were taken by the Government. Then the English shipowners to whom they had belonged turned around and built, at the expense of this country, better ships than they had before—new, modern, first-class ships—with which they come in and carry our traffic and take away our money for carrying it.

Senator ELKINS. Is what you say confined to San Francisco or to Puget Sound?

Mr. HILL. I am speaking of Puget Sound.

Senator ELKINS. Are you able to speak as to San Francisco?

Mr. HILL. I am not so able to speak of that as are gentlemen who live at San Francisco. I have not the slightest doubt, however, that the congestion is very great there. San Francisco is as much on the highway to the Orient as Puget Sound is.

Senator ELKINS. I suppose that cotton from Texas would reach San Francisco as soon as Puget Sound.

Senator PERKINS. There has been a new line of Japanese steamers established, to commence operations next month.

Senator ELKINS. I suppose that a similar amount of cotton has been received by the Southern Pacific road.

Mr. HILL. I suppose so.

Senator PERKINS. The same conditions prevail at San Francisco as at Puget Sound.

Mr. HILL. There are no ships there to carry this business. There is an interest which affects my people much more than cotton, and that is grain. When I undertook to build a road to that country, and when I undertook to send men abroad to China and Japan, the question which came uppermost in my mind was what trade we could do with them, and whether we were going to have trade enough to have ships carrying

cargoes back and forth. If there was only to be an outgoing cargo and nothing coming back, the outgoing cargo would have to pay the entire cost of transportation. After I had devoted a good deal of time to the matter, and got the information from the men I sent abroad, I took the question up with an intelligent Chinese merchant on the Pacific coast. I wanted to know when we had introduced our wheat or grain into China, and it had displaced their rice, what they would do with the rice, and whether the price of their rice would not fall so low that the people would have to go back again to the use of rice, and so displace our wheat. This Chinaman told me that in the district from which he came there were some 18,000,000 of people, and he said that if we gave them 1 ounce of wheat a day per capita it would take all the wheat we could export and more, and that we could not displace a great deal of rice with an ounce of flour per day per capita. He said that the question would not arise for fifty years. He said: "In China and Japan we have fully one-third of the population of the world. They are a commercial people, an intelligent people. They are not a savage people, roaming about without homes or aims in life. They are a people that you can build up a commerce with."

In 1893 our trade with Japan amounted to \$5,000,000 in exports, and we paid for them with nearly three millions of salt fish and the balance in sterling. We paid about thirty-five millions balances in London. We hire other nations to carry our produce everywhere. I have seen the figures, but I have never committed them to memory. It is said, however, that we pay as much as two hundred millions a year to foreign ships to carry our produce. If that is correct, it is a sum which would be only possible to be cared for by a very rich nation. Two hundred million dollars is a very large sum. It is a burden which only few countries could bear. We are now deriving the benefits of our foreign trade. Our country is prosperous from end to end. Our financial condition is so good that the nations of the world buy our produce and borrow the money to pay for it in our own markets. They have not got the gold to send us. If we can continue this, if we can keep the greater part of this two hundred millions a year at home, we will not hear so much about putting India and other countries upon a gold basis. They have not the gold for the purpose.

I will be glad to answer any questions which any gentleman of the committee may desire to ask. In 1900 we will probably have a population of 80,000,000, and ten years later we will have a population of 100,000,000. In 1920 we will have 120,000,000 of population, or four times the number of people who lived in this country at the commencement of the civil war.

Senator GALLINGER. You spoke about the greatly increased exportation of cotton. What have you to say about the exportation of wheat or flour?

Mr. HILL. I spoke upon that subject recently to a miller in Minnesota. I said, "How are you getting along?" He said, "I can not find room for 300 barrels a day, and we are getting 1,500 barrels."

Senator WHITE. What does the Japanese Steamship Company carry flour for?

Mr. HILL. At first they carried it for about \$3 a barrel. Later they got together and put the price up to \$5 a barrel, and I think that the present price is \$6.

Senator GALLINGER. Is that a subsidized line?

Mr. HILL. Yes; it is very heavily subsidized. There is no important

by countervailing action of other countries wherever their interests were touched.

The third method might be by means of reciprocity arrangements, such as we have inaugurated in respect of products being made to include special reciprocal advantages to the vessels of the two countries having reciprocity, which advantages might be confined (if thought advisable) to vessels built as well as owned in them.

It might be supposed at first view that such an arrangement would not be in violation of our treaties against discrimination. But many of these treaties go entirely beyond the favored-nation clauses and require that there shall be no discrimination or greater charge upon vessels and cargoes, or greater bounties, drawbacks, etc., than shall be paid by or imposed upon the vessels and cargoes of any other country.

It is not easy, however, to distinguish in such an arrangement of reciprocity as to ships as well as goods between the two; and I must conclude that if we may, in view of the treaties to which I have referred, have reciprocity with any country at all in respect of goods on terms of mutual compensation, which are not open to other countries with whom we have the treaties to which I have referred, that the same arrangement may be made in respect of the vessels of two countries. If we have the right to do one we have the right to do both. And I think it may be now considered as sufficiently settled international law that reciprocity arrangements between two particular countries do not fall within the stipulations of such treaties as I have referred to. But, of course, if we are at liberty to make such arrangements in view of these treaties the other powers are equally so. It is obvious that arrangements of this character would certainly, at first, be narrow in their application, and might not prove of much early advantage to our general maritime interests.

The fourth aspect of the subject is that of granting subsidies to American ships for carrying on some species of Government service, as in the case of postal communication, ships built with a view to use in time of war, and with the right on the part of our Government to have them for such use in such a case.

Under this head, it would, of course, be competent for Congress to provide as extensive a system as it should think wise—so extensive, indeed, as in one way or another to cover every American vessel of a described class and quality trading to any country whatever.

The fifth aspect of the subject is that of mitigating the requirements of our law in respect of the nationality of the crews of our vessels. The extent to which this would prove an advantage is a practical one of actual business, which can be determined by the gentlemen engaged in it better than by others.

In respect of all these heads, except the first, Congress could bind the United States to a legal obligation with shipbuilders and ship-owners to carry on the arrangement for a definite and specific time, under such provisions of detail, etc., as should appear to be wise. But, as we all know, Congress has sometimes omitted to provide for discharging its legal obligations—always, doubtless, from patriotic motives. And, at least, no payment can be made under any contract whatever without an appropriation by Congress itself. But I should confidently expect, on the whole, that whatever engagements Congress should enter into or authorize it would provide the money for executing it, although there might be, at times, an inadequacy of appropriation.

Referring to Senate bill 2410 (Fifty-fifth Congress, first session), intro-

duced by Senator Elkins, and which you inclose to me, I have to say that if it is to be passed some of its words and clauses should probably be changed. The words "not belonging to citizens of the United States" of course imply that any vessel belonging to citizens of the United States shall have the advantage of discriminating duty, no matter where built or under what flag it sails. In such a state of things citizens of the United States might become the owners of any number of British ships, for instance, and could bring goods to the United States on the same terms as those built in the United States and registered under our flag. I should imagine that such legislation would in a short time prove of very little value to real American shipping interests.

The first typewritten draft attached to the bill you sent me seems to put foreign vessels on the same footing as United States vessels in respect of the products of the country in which they are owned and registered, with the limitation that they must have been owned and registered in that country on the 5th of March, 1896, or built in that country afterwards. It seems to me that this provision would be quite satisfactory to nations like Great Britain, Germany, France, etc., having great shipbuilding facilities, and having a vast amount of ships of their own already registered. And I should suppose that it would be of very little, if any, benefit to the shipbuilders or shipowners of American ships.

The second draft attached to the bill is substantially the same as the first.

I think the foregoing is a response to the questions you sent me, and covers, I think, most of the aspects in which the matter can be considered.

Very respectfully, yours,

GEORGE F. EDMUNDS, Counsel.

CLEMENT A. GRISCOM, Esq.,  
Chairman, etc., 307 Walnut Street, Philadelphia, Pa.

#### STATEMENT OF MR. JAMES J. HILL.

Mr. James J. Hill, president of the Northern Pacific Railroad Company, addressed the committee. He said:

MR. CHAIRMAN AND GENTLEMEN OF THE COMMITTEE: I will endeavor to occupy as little time as I can, and will confine myself to the business of the Pacific Ocean, as I am possibly more familiar with that than with the business of the Atlantic. A few years ago, when we were building our railroad to Puget Sound, the question of traffic was an urgent one with us, and I sent two men abroad, one to China and one to India. I kept them there for over a year, and in that way we undertook to arrive at the exact conditions of the traffic, and whether it was a traffic which could be diverted to our country. I was not the first person in this country who was trying to reach the trade of China or the Orient. Looking at the map I found where President Jefferson had tried to find a northwestern route to India through the efforts of Lewis and Clark. No one has been more astonished than myself at the result of the efforts which have been made in that direction. I found that our trade with the Orient (mainly with China and Japan) is susceptible of extension almost indefinitely.

Last year we carried over 10,000 tons of manufactured cotton in our Puget Sound boats to Asia from North and South Carolina. We carried about 35,000,000 pounds of raw cotton from Texas. Going back

tion in respect of products themselves. This treaty is terminable on twelve months' notice.

*Nicaragua (1867; B. T., p. 780, arts. 4, 5, and 6).*—No discrimination in respect of the products of either country, and no discrimination between the vessels of the two countries in regard to the products of either. This treaty may be terminated on twelve months' notice.

*Peru (1887; B. T., p. 1192, arts. 4, 5, and 6).*—No discrimination between vessels of the two countries, without regard to origin of goods, and no discrimination between the products of the two countries beyond that of any other. This treaty may be terminated on one year's notice.

*France (1800, 1803, and 1822; B. T., p. 325, art. 11).*—This is really a favored-nation clause. Articles 1, 2, 3, and 4 of the treaty of 1822 make special provision for United States vessels paying 20 francs per ton more than French vessels on entry into French ports; and, reciprocally, France paying \$3.75 per ton additional on importations at United States ports. No provision for termination of treaty of 1803; that of 1822 terminable on six months' notice.

*Great Britain (1794; B. T., p. 380, art. 3).*—Goods may enter British North America by citizens of the United States on same duties as paid by British subjects on importation from Europe into British North America. And, reciprocally, goods imported to the United States by British subjects are to pay no more than if imported in American vessels into Atlantic ports. And same as to exports. This clause limits United States citizens to British North America, but gives all British subjects and vessels entry to the Atlantic ports of the United States from Europe, and apparently from anywhere else.

The twelfth article of the treaty relating to the West India trade did not go into operation.

The thirteenth article provides for the East India trade. It provides that United States vessels may carry cargoes to the British East Indies and export them thence on the same terms as British vessels; but United States vessels can only export from the East Indies to the United States. And it is apparently the same in respect of goods going to the East Indies in United States vessels.

The fifteenth article provides—apparently referring to Europe—against all discrimination between the vessels and their cargoes of the two countries measured by what is paid by other nations. And the same in respect to their respective products.

Article 28 provides that the first ten articles of the treaty shall be permanent, and that the others shall expire at the end of twelve years.

The treaty of 1815, B. T., page 410, article 2, may probably be taken to supersede the provisions I have referred to in the treaty of 1794, as it was a new arrangement following the war of 1812.

Article 2 of this treaty provided that the products of His Majesty's European possessions and the products of the United States should stand on an equality in respect of their importation into either British Europe or the United States, and the same as to exportation, all limited by the measure of other countries.

As to vessels, it was provided that all British vessels should stand in the ports of the United States on the same footing as our vessels, but this equality of our vessels was limited to British possessions in Europe. The same provision is made as to drawbacks, etc. The British West Indies and British America were expressly excluded from the operation of the article.

Article 3 provided for American vessels in the principal settlements of the East Indies on terms of the most favored nation, and they were

limited to carrying the products of the British East Indies direct to the United States. This treaty was limited to four years and extended from time to time until 1827, when it was agreed that the same might be terminated on twelve months' notice. (B. T., p. 428, arts. 1 and 2.)

The reciprocity treaty of 1854 has been terminated, and some of the commercial provisions of the treaty of 1871 have been terminated, and all that have not been terminated are terminable on two years' notice.

There are probably some other treaties of the same character as those I have referred to that I think it not important to mention, inasmuch as the large number I have cited show the general state of our treaty arrangements in respect of commerce. I am of opinion, upon consideration, that, although the treaty of 1794 with Great Britain provided that its first ten articles should be permanent, that treaty having been annulled, or at least suspended, by the war of 1812, and the termination of that war having been followed by a new treaty covering in substance the very same subject, this last treaty supersedes and takes the place of the first, and that we may fairly regard the first as having now no operation in respect of the topics we have under consideration. If this be so, our existing arrangements with Great Britain stand substantially on the same footing in respect of their termination as those with all the other countries I have mentioned.

We are thus, I think, in the attitude of being able, without any breach of treaty obligations, to resort to discriminations in respect of our vessels and commerce, after giving the requisite notices, and after the lapse of time referred to.

I think I have now answered both the questions which you submitted.

But related to them both is the broad question of what may be the best policy for the United States to adopt for the increase and encouragement of our maritime interests. This question may be considered under several heads:

First. In the matter of discriminating duties, both on goods and tonnage, which may be either direct and executed at the custom-houses, or by way of rebate, to be allowed under such circumstances as should seem best. These circumstances might embrace the nationality of the vessel, the country of her construction, the particular country whence goods should be imported or to which they should be exported.

The first and obvious counter consideration is the possibility—and very likely the probability—that other maritime nations would, as it respects intercourse with us, and also as it respects the carrying trade elsewhere, adopt similar measures adequate to counteract the advantage which our shipping and our commerce might gain from our discriminations. It would certainly be perfectly easy and natural that other countries having protective systems should adopt countervailing measures in order to aid and protect their commerce and shipping from precisely the same motives that had governed us in similar action. And of this we, of course, could not complain in any sense. This consideration would apply to France, Italy, Germany, and Spain especially. As to Great Britain, her customs policy would not in itself make it easy to countervail our action in precisely the same way; but I am very strongly inclined to think that in some way she would find means to the same end.

The second method might be bounties on ships built in the United States or actually owned by citizens of the United States and sailing under our flag in respect of importing goods or exporting American goods. This course of action could, and probably would, be followed

national experience has shown (especially in comparatively recent years) that the subject of our customs policy and (necessarily involved in it) our shipping policy has been the subject of large variation and vibration. It is impossible for me to say, therefore, that I think such legislation can be made permanent. Of course if the result of such legislation should prove manifestly advantageous to the interests of the United States it would doubtless be adhered to. But whether it would be thus advantageous is a question that I think can only be answered by experience. Theoretically it would seem that the encouragement and preference of American built and American managed ships engaged in our commerce would be advantageous to the public interests. But we must not lose sight of the power of other nations (acting according to their own views of their own interests) to make laws and regulations intended and having the effect to countervail the advantages apparently gained to our own ships and the commerce of our own citizens. Looking to these various considerations, I can not answer your first question definitely either way.

Your second question is, "whether there is any legal difficulty in the way of such legislation." An intelligent consideration of this question compels a reference to our various treaties with foreign powers, as it is plain that there can be no legal difficulty in such legislation otherwise than in the aspect of its being a breach of our engagements with other nations. Our treaties with other powers touching this subject appear to be substantially as follows:

*Austria (1829; Book of Treaties, p. 21, art. 3).*—This article provides for absolute equality in respect of importations of the products of any country between American and Austrian vessels, and whether coming from home ports or from any foreign port (art. 4). Article 6 provides against any discrimination in bounties, drawbacks, etc. This treaty may be terminated on twelve months' notice.

*Belgium (1845; B. T., p. 53, art. 7).*—Absolute equality between the vessels of the two countries trading direct from one country to the other. This treaty may be terminated on twelve months' notice.

*Brazil (1828; B. T., p. 106, arts. 4 and 5).*—Absolute equality between the vessels of the two countries, without regard to origin of goods. This treaty may be terminated on twelve months' notice.

*Bolivia (1858; B. T., p. 90, art. 4).*—Absolute equality between the vessels of the two countries, without regard to origin of goods. This treaty may be terminated on twelve months' notice.

*New Granada (1846; B. T., p. 196, art. 4).*—Absolute equality between the vessels of the two countries, without regard to origin of goods. This treaty may be terminated on twelve months' notice.

*Denmark (1826; B. T., p. 232, arts. 3 and 4).*—Absolute equality between the vessels of the two countries. This treaty may be terminated on twelve months' notice.

*Dominican Republic (1867; B. T., p. 246, arts. 6 and 9).*—Absolute equality on tonnage and cargo, without regard to origin of goods. This treaty may be terminated on one year's notice.

*Ecuador (1839; B. T., p. 256, arts. 4 and 6).*—Absolute equality between the vessels of the two countries, without regard to origin of goods. This treaty may be terminated on one year's notice.

*Greece (1837; B. T., p. 503, arts. 3 and 4).*—Absolute equality between the vessels of the two countries, without regard to origin of goods. This treaty may be terminated on one year's notice.

*Hanover (1846; B. T., p. 523, art. 1).*—Absolute equality between vessels of the two countries, without regard to origin of goods. This treaty may be terminated on one year's notice.

*Hanseatic Republic (1827; B. T., pp. 533 and 534, arts. 1 and 2).*—Absolute equality between the vessels of the two countries, without regard to origin of goods. This treaty may be terminated on one year's notice.

*Haiti (1864; B. T., p. 553, arts. 10 and 11).*—Absolute equality between vessels of the two countries, without regard to origin of goods. This treaty may be terminated on one year's notice.

*Italy (1871; B. T., p. 582, arts. 5 and 6).*—Absolute equality between vessels of the two countries, without regard to origin of goods. This treaty may be terminated on one year's notice.

*Mecklenburg-Schwerin (1847; B. T., p. 653, art. 1).*—This treaty adheres to that of Hanover, and makes sundry special provisions respecting rice, etc. This treaty may be terminated on one year's notice.

*Mexico (1831; B. T., p. 665, arts. 4, 5, and 6).*—No higher duty on products of either country than that paid by any other. No discrimination in exports. Absolute equality between vessels of the two countries in respect of their own products. This treaty was suspended for six years and was terminable on one year's notice, and the same of the treaty of 1848. These treaties were followed by that of 1883, B. T., page 714, providing for reciprocity, which is also terminable on twelve months' notice.

*Portugal (1840; B. T., p. 892, arts. 3, 4, and 6).*—Absolute equality in respect of the vessels of the two countries as it regards the products of either. As to exports, the treaty appears to apply to all, without regard to origin of goods. This treaty is terminable on one year's notice.

*Prussia (1828; B. T., p. 917, arts. 2, 3, 4, and 5).*—No discrimination between vessels of the two countries, without regard to origin of goods. This treaty may be terminated on one year's notice.

*Russia (1832; B. T., pp. 933 and 934, arts. 3, 4, and 5).*—No discrimination between vessels of the two countries, without regard to origin of goods. This treaty may be terminated on one year's notice.

*Salvador (1870; B. T., p. 958, arts. 4, 5, and 6).*—No discrimination between vessels of the two countries, without regard to origin of goods. This treaty may be terminated on twelve months' notice.

*Sicily and Norway (1827; B. T., p. 1060, arts. 2, 3, and 4).*—No discrimination between vessels of the two countries, without regard to origin of goods. This treaty may be terminated on one year's notice.

*Costa Rica (1851; B. T., pp. 223 and 224, arts. 4, 5, and 6).*—No discrimination between vessels of the two countries in respect of the products of either and no higher impositions than those imposed on goods of any other country. This treaty may be terminated on twelve months' notice.

*Netherlands (1839; B. T., p. 761, art. 1; and 1852, B. T., p. 763, art. 1).*—No discrimination between vessels of the two countries, without regard to origin of goods. Article 5 provides for the Netherlands discriminating in respect of her direct colonial trade, but puts American vessels on the same footing. It authorizes the United States to impose discriminating duties as then existing on tea and coffee imported direct, but puts vessels of the other country on the same footing. This treaty may be terminated on twelve months' notice.

*Hawaii (1819; B. T., p. 511, art. 3).*—No discrimination between vessels of the two countries in respect of their own products. This treaty is terminable on twelve months' notice. (1875; B. T., p. 547.) Reciprocity.

*Honduras (1864; B. T., p. 567, arts. 4, 5, and 6).*—No discrimination between vessels of the two countries in respect of their own products beyond what may exist as to any other country, and no discrimina-

answer the question. Some of the gentlemen who are here and are connected with shipping can tell you that. Prima facie, I should say that it was the highest classification—A1.

The CHAIRMAN. I desire, myself, that amendment, and I shall have to be convinced that it is not a proper one, otherwise I shall insist upon it.

Mr. EDMUNDS. I certainly do not see any objection to it. I do not want to have a lot of old ships brought in.

Mr. THOMAS CLYDE. The only objection to having it stated in the bill that the ships shall be of the highest classification is that you have got to have a number of bulkheads, stanchions, etc., located in your ships in such a way as would make them useless for their trade; that is, you would diminish your space. Now, as a matter of fact, we have always been able to induce societies in which we are registered to allow us to put in additional material by way of bulkheads and stanchions; but if the bill were changed as the chairman suggests it would put the matter absolutely in the hands of those classification societies, and the bulkheads and stanchions would have to go in the ships exactly as the rules of those societies read now.

Mr. EDMUNDS. There is another amendment of substance to come in at the end of section 1, a new and distinct clause on page 5. We propose it as part of section 1, as follows:

And the Secretary of the Treasury is hereby further authorized and directed to contract with any citizen or citizens of the United States (including as such citizens corporations created under the laws of the United States or of any of the States thereof) who shall apply to said Secretary within five years next after the passage of this act for a navigating contract such as is in this act provided, and shall, on applying for such contract, give bond to the United States in a penal sum equal to five dollars per gross ton of the vessel or vessels so to be built, pursuant to such bounty, with security to the satisfaction of the Secretary of the Treasury: *Provided*, That such citizen or citizens will, within five years next after the giving of such bond, build and make ready for service and register for the foreign trade of the United States, in this section mentioned, one or more of the classes and descriptions of the vessels mentioned and described in paragraphs a, b, and c of this section, and to be described in such bond if such citizen or citizens desire to engage in the foreign or other trade for which compensation is provided for and as in this act described, that there shall be paid, out of any money in the Treasury not otherwise appropriated, to such owner or owners of such vessel or vessels so to be built, the same compensation for the same length of time in this section stated and for the same services mentioned in paragraphs a, b, and c of this section, and such citizen or citizens so contracting, and the owners of such vessels so to be built, shall be subject to all the duties, liabilities, and conditions in respect of such vessels so to be built as are in this act provided in respect of the owners and of the vessels in this act mentioned. But if it shall happen that any of such new vessels shall, without any fault or want of diligence on the part of the obligors in such bond, fail to be built and registered as required by this section, the Secretary of the Treasury shall extend the time of the performance of the conditions with such bond for such period or periods as may appear to him to be just, and, in that case, the right of such obligors shall be the same as if the performance of the conditions of such bond had occurred within the said five years.

The substance of that amendment is this: Any American citizen who will engage with the Secretary of the Treasury to build, within five years, some one or more of the ships classified in the first part of the bill, and put them into this foreign trade, shall have the same compensation and shall be liable to the same responsibilities (as to the ships being taken for the Government service), although he has not any ships on hand at the present moment. I am informed that some gentlemen connected with the Norfolk and Western Railroad Company intend to bring out the products of North and South Carolina, part of Virginia, part of Maryland, and across the mountains of Tennessee, through the different lines of railway coming into Norfolk. If they can have these

conditions they will do it. They will establish a strong American line to South America and carry coal, salted meats, and all the things that can be disposed of in South America; and they will establish an outlet for all that great central region of Southern States from which lines of railroad come into Norfolk. They would establish a line of steamships which would skim through the West Indies and reach the coast of South America. Therefore this provision has been framed so as to put them on the same footing as the others. The Secretary of the Treasury may make the same contract with them for five years as with the others.

Senator WHITE. For such vessels as are put in the trade?

Mr. EDMUNDS. Oh, yes. That is the fundamental principle of the bill. Nobody gets a cent of money from the Treasury until his ship has crossed the ocean carrying American goods and bringing goods back.

On page 16 we propose to insert an additional section, to be numbered 15, as follows:

No contract shall be made by the Secretary of the Treasury after ten years next following the passage of this act, and Congress may at any time amend or repeal this act, subject to the obligations of the contracts existing at the time of such amendment or repeal.

I thank the committee for being so patient with me in this desultory and noisy sort of address which I have made.

The CHAIRMAN. I suggest that the tables be printed with your memorandum.

Mr. EDMUNDS. Here is the memorandum which I made in April, 1897, in regard to the treaties. I will leave it with the committee to look over.

#### MR. EDMUNDS'S REPORT AS TO TREATIES.

1724 SPRUCE STREET, Philadelphia, April 2, 1897.

DEAR SIR: Some time since you submitted to me, on behalf of the committee upon the restoration of the American mercantile marine, the following resolution of your committee:

*Resolved*, That the chair be requested to submit to Senator Edmunds, as counsel, the discriminating duty bill introduced in the Senate by Senator Elkins, together with any amendments thereof and argument relating thereto that may be desired by any member of this committee, and that the opinion of counsel be asked—

First, as to whether legislation of this character can be made reasonably permanent; and,

Second, as to whether there is any legal difficulty in the way of such legislation.

I have carefully considered the subject and examined our treaties and statutes in relation thereto.

Section 2502 of the Revised Statutes provides for a discriminating duty of 10 per cent on goods, etc., which shall be imported on vessels "not of the United States," and with the saving provision that the law shall not apply to foreign vessels entitled by treaty or act of Congress to an equality with our own.

Senator Elkins's bill appears only to change the description of the vessels from those carrying our flag to those owned by citizens of the United States. But the saving clause in section 2502 is by his bill abolished, and provision is made that "Any and all clauses in existing treaties in contravention herof, and all acts of Congress contrary thereto," are repealed.

I answer your first question by saying that, in my opinion, such legislation can not be made "reasonably permanent" otherwise than by a continued condition of public opinion which shall lead Congress to adhere to the substantial provisions of Senator Elkins's bill. Our



man can sail his vessel to any foreign port and bring her back again upon the compensation allowed in this bill.

The CHAIRMAN. The memorandum which you propose to leave contains such information as the Senator from Louisiana inquires about?

Mr. EDMUNDS. Yes, sir; and that is the reason why I said I would not go into details.

Senator PASCO. This is the estimate from the Commissioner of Navigation?

Mr. EDMUNDS. Yes. It was given by the Commissioner of Navigation at the request of Mr. Payne. It was given to him and I have borrowed it. But, after all, I think it is impossible to figure the amount of tonnage that will go out to a given port, say from San Francisco to Shanghai, because it depends upon how much would be the products of the farm, of the mill, or of the factory that our producers want to ship. If there was an enormous demand for ships to carry goods to Shanghai there would be more tonnage embarked and the United States would have to pay more.

Senator CAFFERY. If there was an enormous demand for ships would not our ships go there without subsidies?

Mr. EDMUNDS. No; and for this reason: Without subsidies the foreigners are able to beat us all the time, and they are already in possession. They have got their routes established; they have got their agents there; they have got their houses and their runners. Trade follows the flag, and of course every shipowner and sailer is exerting all his influence to promote the increased trade of his own country, and he is doing perfectly right. Therefore the thing follows that, they being in possession of this trade we can not get it unless we can help our shipping and unless we can enable American shipowners to carry American goods in American vessels at a price that will leave all a margin to live on. There is the fundamental thing. If the cost of building a ship and running it was no greater in the United States than in the countries of our competitors we could start without any provision at all, because it would be a perfectly even scale; but, unhappily, to-day we have gone down to only having some 5 or 10 per cent of foreign trade carried under the flag of the United States.

Senator CAFFERY. I desire to know why it is that, while we had no subsidies prior to 1860 the United States flag carried United States goods in wooden ships, and not only carried them from our own ports, but competed with European nations from their own ports. Our ships carried English goods and French goods without subsidies when the condition of trade and other conditions were perhaps more against us than they are now.

Mr. EDMUNDS. The question is how to turn back to that condition of things. The bucket is turned upside down. These foreign countries, whenever they had a chance to put in a handspike to turn us over, did it. They gave subsidies and subventions and admiralty pay. Their policy was the one that I am now asking you to adopt. The result was that our trade under our own flag ran down, so that instead of our carrying 80 per cent of the foreign trade, as we did in 1846, we now carry only 5 to 10 per cent of it. When the civil war came there was exactly the same sort of affairs, and Great Britain encouraged that war, and thought she was wise in supplying our opponents with cruisers. These drove our commerce from the sea. Great Britain walked in and took it, and, once in possession, it is very hard for a competitor to go in and get a fair share without a long struggle.

Senator WHITE. Have you a list showing the subsidies paid by other nations?

Mr. EDMUNDS. Yes, sir; they are all here. We endeavored to get all the facts bearing on the question, and I must say for the Commissioner of Navigation, who came into office under Mr. Cleveland's Administration, that a more complete statistical document than that which he has prepared I never have had the pleasure of reading. It gives the history of all these transactions—the operations of foreign subsidies, etc.

Senator WHITE. Suppose a 2,000-ton vessel belonging to the Northern Pacific Railroad were taking freight to Yokohama and return, what would the amount of subsidy be?

Mr. EDMUNDS. I have not that in mind; but there are gentlemen here—practical men in the details of running ships—who can explain a great many things which I can not explain, and, therefore, I thought that it was more suitable and better for me (speaking as an American and not as the counsel for these gentlemen in helping them to put the bill into legal form) to go on the broad ground of commending this bill to you for the beneficent effect which its passage would have upon the commerce of the country.

The CHAIRMAN. I took a Spanish ship in the Brazilian trade and I took one of our old Brazilian liners, both of the same carrying capacity. I obtained information as to the exact cost of working these two ships, and I found, taking the subsidy which the Spanish Cortez paid, that the Spanish ship could carry freight from New York to Rio at \$5 a ton which would cost the American ship \$7.50 a ton. Of course the result was inevitable; the American line went out of the trade, and now we have no line of ships to Rio Janeiro.

Senator WHITE. There was a line running from New York to Rio for a brief time.

The CHAIRMAN. Yes; John Roach had a line which he ran, but he had to give it up. Mr. Thurber then took it up and ran it at a loss, then he gave it up.

Mr. EDMUNDS. There is another amendment, of substance, which I propose on page 4 of the bill. It was thought, on consideration, that the clause relating to vessels of over 10,000 gross tons and of high speed was not necessary at this time, and that we could omit that clause. If the world is to go on as it has been going on for the last twelve months, I would be in favor of retaining the clause myself, and if we could induce anybody to build vessels of that tonnage and of that speed I should favor keeping in the clause; but it is thought better to leave it out.

Then, on page 9 of the bill, in order to bring the American register to two or three foreign-built ships belonging to a corporation in which the stockholders and operators are Americans, and of which Americans hold 90 per cent of the shares, we propose to strike out 90 per cent and insert 80 per cent. Mr. Hogan's line did not have quite 90 per cent of American stockholders. The percentage was 82 or 83, and therefore it was thought just to strike out "90" and insert "80," so that that line, which is really an honest American line, may be allowed to come in.

The CHAIRMAN. On page 7 there is a provision as to the classification of vessels in the Record of American and Foreign Shipping, or in Lloyd's Register of British and Foreign Shipping, or in the Bureau Veritas, and I call the attention of the shipping committee to the question whether or not that should not be the highest class of vessel.

Mr. EDMUNDS. I am not sufficiently skilled in ship classification to



vessel. That is a question of practical and actual experience. It is also found that the expense of operating an American ship, with the crews which are shipped on those vessels (three-fourths of them foreigners at that, who, if working in their own country would get not one-half part of the wages of our seamen, but the moment they ship upon American vessels they require American wages), is much larger than the expense of operating foreign vessels.

A Portuguese or a Norwegian, or any other foreign sailor, when he ships on one of Mr. Griscom's steamers, or one of Mr. Sewall's sailing vessels, or on one of Mr. Clyde's West Indian steamers, comes right up and gets his \$25 and \$30 a month. Then, while he will take almost anything to eat in a foreign ship, he demands, so to speak, terrapin and champagne on the American ship. I mean he demands the best of American food on our ships, just about as good food as foreign merchant ships supply for cabin fare. That of course adds very largely to the expense of running and operating American ships. And when you come to the question of space, the same is also true. I do not know how it is as to insurance. I suppose that foreign Lloyds would probably insure an American vessel as cheaply as a British one, but the rating may be such that the British vessel gets an advantage over us.

Therefore it will be found that there is no danger that the Treasurer of the United States will be paying out money which is not accompanied, as well as followed, by the actual increased exportation of American goods—by largely increased exportations of American goods.

Then the question is whether it is worth while to increase the exportation of American goods. I need not go into that, if you please. We all know what it means. It means, in a country like this, with its population growing and growing all the time, that the people can pay for their homes and can support their wives and children and have their schools. Of course, our capacity for production infinitely exceeds our capacity for home consumption. We are an island just as much as Great Britain is, only our island is so very much larger. We can not communicate with our foreign neighbors, except with Mexico and British North America, without crossing thousands of miles of sea. Our case, therefore, would be analogous to that of a man who had a very large farm in the center of a county and who thought that he could carry on the operations of his large farm, his boys being able and willing to work, and that he could raise all sorts of things. That man tries to carry on that work without having horses and wagons or anything to carry his produce to market. In order to carry his produce 20 miles away, he has got to depend upon his neighbors and upon their teams. Of course, anybody can see that a man who would undertake to run a farm in that way would be a candidate for an insane asylum; and yet the analogy is absolutely perfect. Here we are, surrounded by thousands of miles of ocean. The places where we wish to establish markets for our ever-increasing produce and our ever-increasing means of livelihood can not be reached by us in our own ships, and we have to depend upon our rivals. We must have ships to carry our cargoes. Now, we can do this thing, and do it immediately. This is a crisis of time now. Every moment of delay increases the strength of our rivals in their establishments in China, Japan, South America, Australia, and everywhere. Many of you who now sit around this table will live to see the time when, instead of London being the financial center of the world, New York, in the United States of America, will be the financial center; and the hundreds of thousands of dollars which now go to pay for the use of foreign vessels, instead of being turned into the central market in London to put

up the price of wheat or to put up the price of gold or silver, will do it in the city of New York within twenty years. If we can do this thing now London and all Europe, and all the people concerned in financial affairs, will find their center of finance in the city of New York. I think it is worth paying a good deal of money to get that if we can do it honestly.

You may think, gentlemen, that the classification as to sizes and the speed of vessels contained in this bill is wrong. You may think that the payments provided for are too large; but when you investigate the whole subject you will find it is not so. You will find that the best way to do this thing is to do it now, because every day that goes by in the present condition of the world's affairs adds to our difficulties. You gentlemen who have recently returned from Paris know what the present condition of the world's affairs means. You know that we can not afford to let the grass grow under our feet. China possesses almost half the population of the globe. When you get north of a certain line of latitude in China there is a territory as large as any twenty States of this Union (I am sure that I am under the mark in saying that) which has a soil as fertile and a climate as agreeable to labor, cool, temperate, healthful, as any of those twenty States in the middle belt or in the whole of the United States. Now, the inhabitants of that region, even the pure Mongolians and Manchurians, are an industrious, intelligent people, and all that they want to be induced to buy the things that we have to sell of every kind that goes to make up the prosperity of a land (the products of New York, Minnesota, Ohio, and Alabama) is to have brought to them the knowledge that for the things which they can make and raise and sell they will be able to buy the things which we make. And further, there will probably be railroads running up into those regions, and there will be the largest outlet, in the indefinite future, for the products of industrial communities like Great Britain, and Germany, and France, and the United States that there is on the face of the globe.

That of course accounts, as Senators understand, for the struggle that is now going on among these several nations to become the masters of the commerce of this region. We have stayed back and waited reluctantly, happy in our seclusion, and we have let all the world go by, as far as trade and exportation goes, so that our flag is hardly if ever seen in those distant regions, unless it is our naval flag, which comes along once in a while. I have laid stress on this because, although I know that this is a short session and that you have heavy and pressing things to do, still, in my humble comprehension as a fellow-citizen, this is one of the two or three things that ought to be done at this session in some way if you can find what you think a fairly proper way to do it.

[If I were to go into the details of this bill, it would take up too much of your time. There are two or three amendments which have been submitted to the House committee, and which I propose to call your attention to.]

[The amendments were subsequently reduced to form and submitted to the committee.]

Senator CAPPERY. Have you estimated the tonnage which would go in American ships if this bill were to pass?

Mr. EDMUNDS. We can not estimate the amount of tonnage. It would depend upon the port to which the vessel was going and upon how much freight she would carry, because it is indisputable that no

to the position I have stated. Of course the first thing to be done was to examine into the treaties and see what we could do without violating treaties. The first thing that occurred was discriminating duties, and I made a written report at the time, a year and a half ago, a copy of which I shall leave with you as possibly being of some assistance.

Senator WHITE. Is your report in print?

Mr. EDMUNDS. No, sir; it is typewritten, and I will leave a copy with the committee. I found that with the principal nations (those who are competitors and who have possession of the largest part of the trade) we were tied up with treaties hand and foot. All of these treaties, it is true, can now be abrogated, usually on twelve months' notice; though two or three of them may require two years' notice. Then the question arose how to carry out this abrogation of the treaties, supposing Congress and the President should choose to ask for their abrogation. Our Secretary of State could communicate with the foreign government and say that we wished to abrogate article so and so of the treaty of such and such a date—say the treaty of 1815, the one now in force between this country and Great Britain. Our Secretary of State would say to the British minister, "We want to strike out this clause which prevents our levying discriminating duties." The British minister would say, "Very well, if you want to abrogate the whole treaty you may do so, but you have no right to take out one particular thing in the treaty and say that you will give notice to have that abrogated." And if we were to abrogate the whole treaty, as we might, with Great Britain, Germany, France, and other commercial nations, we are then, of course, thrown into a condition of extreme embarrassment until new treaties can be entered into which cover all the topics that treaties between civilized nations must cover. Meantime those who are in possession of the trade are strengthening themselves in foreign ports and in foreign markets and are increasing the strength of their positions. Then, as I point out to these gentlemen in this very brief report, we are immediately met by the consideration of retaliation.

If we impose discriminating duties upon foreign goods coming into our ports, the countries which produce those goods will impose discriminating duties in favor of their own vessels, against our vessels and against our products going in any other ships than their own into their ports. So that it was obvious to me that the great thing which we had in view could not be accomplished by trying to get rid of those treaties, and that much the best way was to do something in the way of subsidies. One difficulty about that was (as Mr. Frye and I used to know in old times) that where one vessel would be enough to carry the mails, and where the Postmaster-General, in the exercise of good judgment, would give the mails to one vessel, other vessels would seek to have the same advantage, and of course they could not all get it. But for the carrying of our products it is necessary to increase our shipping to all parts of the globe. Then came the question whether we could give a bounty. In these treaties, for instance, it is specifically stated that if we give a bounty upon goods exported in our vessels to any portion of the globe we shall give the same bounty to goods exported in foreign vessels. So of course that could not be done. Then we came to the question whether we could make it out on tonnage, and we then found that in nearly all of these treaties there was a standing phrase that no difference should be made in regard to tonnage, or light-house dues, or anything else in favor of American vessels. We put that into the same category of impracticability. The question then was, what could

we do, and those gentlemen who represent all the shipping interests of the United States have consequently come to the conclusion that the truest and best and really the only effectual way was to make a measure which they, working together carefully, have put into form and have submitted to be introduced by Mr. Hanna in the Senate and by Mr. Payne in the House, and which you now have before you.

The fundamental principle of this bill is, first, it treats every American shipowner and shipbuilder exactly alike. Every man who will run his ship to a foreign port, carrying cargo and passengers and bringing cargo and passengers back here again, is to have a certain amount of compensation, dependent upon the distance he goes and on the distance which he returns, so that there can be no trustism in the business, no syndicate in the business, and no favoritism. That is the fundamental scheme of the bill. The bill goes into details, of course. It provides for making contracts with gentlemen who have ships and to pay them a certain compensation by the gross ton, according to their class, for the distance that they run. In the consideration of this bill Mr. Payne, the chairman of the House committee, asked the Commissioner of Navigation to go through his official records and prepare statistics bearing on the subject, showing the extent of our present shipping, where it trades, how much we have got, and compare it with the foreign shipping. These statistics were prepared by Mr. Chamberlin, and were submitted to Mr. Payne at a meeting of the House committee the other day. I will leave a copy here for this committee. It goes into details, and figures between what the trade now is and what it is to be under the operation of this bill. I therefore think I am safe in saying that I think it is not a partisan paper, but that it is one which represents strictly official information, taken from the books of the Commissioner of Navigation and of the Bureau of Statistics of the Treasury Department; so that it is safe to rely upon it as setting out the existing condition of things just as they are.

There is another consideration which enters into the question. It might be said that American shipowners would run their vessels without sufficient freight or passengers for the purpose of receiving the allowances provided for in the bill. The answer to that is that the amount of compensation provided for in the bill is so low that it is absolutely impossible for any shipowner to sail his ship to any of the foreign ports for the sake of getting the compensation. The compensation aids him to that extent; but he must have a substantial cargo of goods of the United States going to market, for if he should go empty, or nearly empty, he would have to run his ship at a loss. There is absolute safety in respect to this compensation. It is not the mere idle paying out of money without getting anything back, because, as I say, it is impossible for a man to run his ships without having passengers and cargo.

These statistics show the cost of shipbuilding abroad and at home. At present a foreign shipbuilder can buy some classes of the iron and steel that he uses cheaper in the United States than in England. That is a very fortunate circumstance, which has rarely happened before, and how long it will last now, of course we can not tell. But even taking that into consideration, and taking into consideration the expense of labor abroad and of labor in the United States, the final results are that you can not build a ship in the United States as cheaply, by from 15 to 25 per cent, as you can build it abroad. And then, after you have got your ship built, the question is as to the comparative cost of running that vessel and the cost of running a foreign-built

*Chinun-pollun-sun  
Jung-un-buk-pan in  
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REVIVAL OF AMERICAN SHIPPING.

NOTES OF HEARINGS ON THE BILL (S. 5024) "TO PROMOTE THE COMMERCE AND INCREASE THE FOREIGN TRADE OF THE UNITED STATES, AND TO PROVIDE AUXILIARY CRUISERS, TRANSPORTS, AND SEAMEN FOR GOVERNMENT USE WHEN NECESSARY."

SENATE COMMITTEE ON COMMERCE,  
Thursday, January 12, 1899.

The committee met at 10 a. m.  
Present: Senators Frye (chairman), McMillan, Elkins, Nelson, McBride, Gallinger, Vest, White, Murphy, Berry, Pasco, and Caffery.  
The CHAIRMAN: The meeting this morning is to be devoted to a hearing on what is known as the Hanna-Payne shipping bill. Ex-Senator Edmunds represents gentlemen who appear here this morning to be heard.

REMARKS OF EX-SENATOR EDMUNDS.

Hon. George F. Edmunds, ex-Senator from the State of Vermont, addressed the committee. He said:

This is my first appearance, Mr. Chairman and gentlemen, before a committee of the Senate since I left that body. In the twenty-five years or so that I was a member of the Senate, I was always with Mr. Frye in doing what I could to help promote the increase of the exportation of our products in every way possible. Prior to 1846, and up to 1861, we had been for a great many years at the head of the carrying trade of the world. We transported the products of our mines and farms and forests, and had everything which goes to make a people prosperous in a country which has an inexhaustible supply of everything, except, possibly, tea, sugar, and spices. During all this time I have been earnestly in favor of doing the best thing that can be done to bring ourselves back again to be the head of the carrying trade of the world, for the benefit of the whole people, and not especially for the benefit of shippers or shipowners, although they are important factors in the prosperity of the country.

Two years ago, after I left the Senate, the Committee on American Shipping Interests applied to me as counsel and lawyer, and my understanding was that I would not be asked even to come before a committee, because I felt a repugnance, as an ex-Senator, to being seen around the halls of Congress talking about legislation. But so far as a hearing before this committee, or before the committee of the House, was concerned, I told them that I thought you would not misunderstand me if I came to explain the work which I had done. They asked me to investigate all the means that could be adopted to restore ourselves

CALENDAR NO. 1692.  
ESTH CONGRESS, } S. 5590.  
3D SESSION

**A BILL**

To promote the commerce and increase the foreign trade of the United States and to provide auxiliary cruisers, transports, and sea-men for Government use when necessary.

By Mr. FAYE.

FEBRUARY 28, 1899.—Read twice.

stated, have aided in shipbuilding and in establishing and supporting lines of sea connection under their own flags with distant countries, and have thereby enabled their own citizens to establish trading houses, banking houses, and other facilities for the sale of their productions in those countries; and they have thus, in a very large degree, secured a comparatively exclusive market for their own goods. Besides this, the cost of their shipping, owing to prices of labor, and so forth, being generally lower than those paid in the United States, has been considerably and sometimes very much less than that of ships built in the United States.

The result of all these circumstances has been to deprive the United States of the supremacy, or at least the equality in foreign trade, which it had in earlier days, and to very greatly retard the sale of American goods in these far-away countries in which the products of the industry of the United States ought to have an equal opportunity for disposition. It may well be repeated in this connection that by just so much as the export trade of the United States is increased will the industries and labors of our own people be benefited.

To regain a trade once lost or greatly curtailed requires extraordinary and persistent effort and expense. Once regained, it can support itself under equal conditions.

It is a well-known fact that the largest markets of the world not already well developed are to be sought for and found in eastern Asia. These markets are convenient of access from our Pacific coast, and will be almost equally so from our Atlantic coast when the canal crossing the Isthmus of Nicaragua shall have been built under the auspices of the United States.

It is obvious that the struggle of certain nations for political and military supremacy and spheres of influence in eastern Asia, as well as in Africa, has been, and is, with perhaps a single exception, founded upon a desire to obtain a dominating influence over the markets of those regions. In the commerce of those markets the United States ought to have a fair opportunity to compete. This can not be effectively obtained without our own ships and our own flag. The sooner adequate provision is made to this end the less will be the difficulty and the greater will be our reward. To attain these objects no expense to the common treasury in aid of shipbuilding and ship trading can be too great, for the trade, once established, will be permanent; unaided now, it will be lost for a long future.

In view of our existing treaty relations with other countries, it is manifest that the ends before referred to can only be presently and effectively attained by the enactment of a law giving direct aid and encouragement to the increase of our merchant marine and to the establishment of American lines of communication and trade with foreign markets, and especially with those above referred to.

The substance of the proposed bill may be stated as follows:

I. In order to obtain the earliest possible action pursuant to the policy of the United States above referred to, the bill provides for bringing under our flag and the protection of our laws the few foreign-built ships now actually owned and contracted for by American citizens, and in which and in their trade American capital has been and is actually invested. These ships have been built and their trade established under a foreign flag, because the ships could not be built and fitted out here and operated at a cost that would enable them successfully to compete with the ships and trade of foreigners, aided as they have been, are, and will continue to be in various ways, by their own governments.

II. The American registry of these foreign-built ships is conditioned upon their owners building here and putting into our own trade at the earliest practicable time new vessels of a tonnage fairly proportionate to that of the admitted ships.

III. None of these foreign-built ships, or of the new ships so to be built here, are permitted to engage in our coasting trade; but they are permitted to engage in trade with such other ports belonging to the United States as ships under foreign flags are permitted to trade with.

IV. All the owners of American trading ships now existing are required to undertake the construction of new tonnage fairly proportioned to that of the ships claiming the benefit of this act.

V. All these ships are required to carry the mails of the United States free of charge.

VI. All the new ships must be built so as to be readily converted into cruisers or other auxiliary aids to the military power of the United States whenever needed for such purposes.

VII. When needed, they can be taken or employed by the United States at any time.

VIII. All these ships are bound (in addition to the indispensable training of their crews) to constantly educate and train American boys for the various necessities of naval operations.

IX. All the foregoing mentioned conditions and requirements being complied with, American vessels are to be aided and assisted in regaining and increasing our trade to distant ports by a compensation graduated (with one exception) upon the distance sailed and upon the size and speed of the ships.

X. The exception referred to in the last paragraph applies to sailing vessels and to slow steamships, the maintenance of which is also essential to our maritime progress and prosperity and also to the strength of our military power.

XI. Vessels engaged in the deep-sea fisheries are also provided for upon the same policy of supplying to the United States a body of intelligent and experienced American mariners at all times, ready to serve our country when needed.

XII. The respective compensations arranged in the bill have been computed, it is believed, upon the lowest basis consistent with the attainment of the great and urgent objects already stated.

The foregoing paragraphs present the scheme and main points of the bill. The other provisions are incidental and of detail.

The provisions of the bill are believed to be in harmony with the last annual message of the President of the United States and with the recommendations of the Secretary of the Treasury, the Postmaster-General, and the Commissioner of Navigation, and, it is hoped, will commend themselves to the patriotic judgment of Congress.

A table is subjoined showing in some degree the extent to which the people of the United States are dependent on foreign shipping for their sea-borne commerce with each of the grand divisions of the world, and the amount and percentage of our exports and imports carried by American and foreign vessels.

Table showing the combined tonnage (net) of American and foreign vessels entered and cleared at seaports of the United States in the foreign trade for the fiscal year ended June 30, 1897, with the percentage of each in the trade with the various grand divisions of the world.

Trade with—	American tonnage.	Foreign tonnage.	Total.	Percentage.	
				American.	Foreign.
Europe .....	899,081	23,024,093	23,923,174	5	95
Africa .....	57,396	946,125	1,003,521	6	94
Asia .....	303,226	1,150,265	1,453,491	21	79
Oceania .....	158,205	485,112	643,317	25	75
Hawaii .....	283,211	77,962	361,173	88	12
South America .....	691,231	2,055,999	2,747,230	25	75
North America (salt water) .....	4,852,195	4,892,863	9,745,058	50	50
Whaling vessels .....	4,080	.....	4,080	100	.....
Total, by sea .....	7,218,625	32,632,419	39,851,044	18	82

During the fiscal year ended June 30, 1897, the value of the exports and imports of the United States and the amount carried by land, by American vessels, by foreign vessels, and the percentage of exports and imports carried by water which were carried by American and by foreign vessels were as follows:

	By land.	By water.				Percentage.	
		American vessels.	Foreign vessels.	Total.	Percentage.		
					American.	Foreign.	
Exports .....	\$65,082,305	\$79,911,833	\$905,969,428	\$985,911,251	8	92	
Imports .....	\$3,812,620	\$100,133,454	\$19,784,338	\$23,917,796	15	85	
Exports and imports .....	\$68,894,925	\$180,045,287	\$925,753,766	\$1,014,829,043	11	89	

1 under contract to carry the mails of the United States may  
2 apply to the Postmaster-General to be released from such  
3 contract; and on such application the Postmaster-General shall  
4 thereupon cause such contract to be terminated and canceled.

5       SEC. 15. That no contract shall be made by the Secre-  
6 tary of the Treasury after ten years next following the pas-  
7 sage of this Act; and Congress may at any time amend or  
8 repeal this Act, subject to the obligations of the contracts  
9 existing at the time of such amendment or repeal.

10       SEC. 16. That all acts and parts of acts inconsistent  
11 with or superseded by the provisions of this Act are hereby  
12 repealed.

The following considerations are submitted in respect of the bill to promote the com-  
merce and increase the foreign trade of the United States, and to provide auxiliary  
cruisers, transports, and seamen for Government use when necessary.

The fundamental and principal reason and purpose of the United States  
aiding and encouraging our own shipping—helping to create it when it does not  
exist to the extent necessary to the defense and advancement of our just inter-  
ests—and promoting its capacity to carry our surplus productions of every kind  
to the countries and peoples that need or wish them, as well as to add to the  
strength of the nation in times (often coming suddenly) when our power and  
immediate means of self-defense may be taxed to the utmost, are stated in the  
preamble of the bill. If the preamble is true, the necessity for legislation of this  
character is demonstrated, unless it be shown that our present condition is due to  
the fault of American shipbuilders and shipowners, or to the paying of too high  
wages by manufacturers and others employing the labor of our people. It will  
scarcely be pretended that either of these alternatives exists. The condition of  
our commerce during many years is shown in the very instructive report of the  
Commissioner of Navigation for 1897 and 1898, and also in the report of the Secre-  
tary of the Treasury for 1898.

From these reports and other Government documents it definitely appears (a  
state of things long well known in all the productive and business circles of the  
country) that our exports have not kept pace with the increase of our population,  
or with the increase of our productive resources and power in producing food and  
food products, and in the production of manufacturing industries of all kinds which  
convert the raw material of our country into higher and more valuable forms, and  
thus find a necessary field of employment for the intelligence, scientific and mecha-  
nical skill and enterprise of our citizens. The larger this field is, the greater is the  
capacity of our citizens to utilize and enjoy the products of the farm and the  
shop, and thereby to enlarge and make profitable the home markets as well as the  
foreign ones for everything that is produced or manufactured. It scarcely  
need be said that the home market is one of the principal and great essentials to  
the prosperity of any nation which possesses the abundant and almost universal

natural resources of those possessed by the United States. It means the coopera-  
tion and mutual assistance of all the people in the development and increase of  
all their industrial energies. The full fruit of this development and increase  
must be found in our increasing our exportations of all our products and manu-  
factures to every part of the globe where purchasers of them can be found.  
Such has been the wise and profitable policy of all the nations possessing in  
any considerable degree the natural or artificial resources necessary to these  
ends. Such nations have done this steadily and persistently, and have by sub-  
sidies and various other aids to their commercial and shipping interests, such  
as exploiting corporations for foreign trade, and by trading posts, banking  
facilities, etc., obtained great advantages over the producers, manufacturers,  
and the shipping interests of the United States. It is an obvious truth  
that the volume of the foreign trade of any nation is very largely influenced and  
increased by the fact that its own ships are the means of its communication and  
trade. Their influence on all the agencies of such a trade is naturally and  
properly directed to the development and increase of the trade of their own  
country. And so, while the United States have slept or been indifferent to  
these considerations, the trade with and markets of most of the nations using  
such things as the producing and manufacturing nations have to sell have fallen  
to and been absorbed by others than the United States. The great bulk of  
our export trade must depend upon shipping. No theory or doctrine of  
protection or free trade, no theory or doctrine of finance or currency, can affect  
the fact that our only means of communication and intercourse with more than  
ninety per cent of all the inhabitants of the globe is shipping. In order that the  
United States can fairly compete with other nations in the markets beyond the seas,  
it is essential that our means of communication and intercourse with the buying  
nations should be put under the protection of our own flag, and on a footing of  
equality, at least, with our competitors. In the present condition of national  
affairs and trade in those parts of the globe where perhaps the largest opening  
for the trade of ourselves and our competitors will exist in the future, the most  
efficacious means to these ends must be adopted.

It is an unpleasant fact that, at the present time, more than eighty-five per  
cent of the foreign commerce of the United States is conducted by means of  
foreign ships, and not only with the countries under whose flag such ships sail,  
but with other countries having little or no ocean marine, the result of which is,  
as above suggested, that there is a constant, powerful, and successful influence  
exerted in favor of the productions and manufactures of the country whose flag  
is borne by the trading ship and by all the accessories of government aids and of  
mercantile and financial influences in the ports and countries to which such ships  
go. If we are not speedily to endeavor, by every just means, to obtain a fair and  
equal footing in the foreign markets referred to, and not to abandon them to  
our competitors, whose wise and just policy for their own good maintains at  
every cost necessary to success their shipping intercourse and the facilities  
and aids that necessarily flow from it, we must speedily adopt a corresponding  
policy, and by the most liberal inducements rehabilitate our merchant marine,  
and try, by every fair means, to regain the position we once occupied, and which  
we ought to occupy in the future. Such a course of policy does not chiefly rest  
upon the idea of helping the ship building and ship sailing interests of the  
United States on their own account, but upon the element—common to all our  
productive and manufacturing industries—of their being one of the essential  
cooperating means of general prosperity and welfare. The main thing is  
to enable the producing and all other industries of the United States to regain  
our just position in the markets of the world. There is no honest and industrious  
worker in the manifold fields of labor in the United States who is not concerned  
in such an undertaking. The laboring man can only have house and home and  
food and clothing for himself and his family in proportion to the employment of  
and compensation for his labor; and his employer can only pay him by the  
advantageous sale of the things produced. All these considerations are truisms  
in the theory of the state, which is little more than an establishment for the coop-  
eration, organized by law, of its citizens in all things relating to the safety and  
prosperity of all.

That American natural resources, capacity, and enterprise can not be excelled  
by those of the people of any other country may be asserted without presumption.  
And yet, in the face of this, the foreign commerce conducted by our own shipping  
has decreased from 80 per cent in 1816 and 66 per cent in 1860 to 11 per cent in  
1897. Other manufacturing nations, influenced by the considerations before

1 conditioned that such owner or owners will, within five years  
 2 next after the giving of such bond, make, in good faith and  
 3 with responsible parties, a contract or contracts, as the case  
 4 may be, for the building in the United States of another ves-  
 5 sel or other vessels, as the case may be, of an aggregate gross  
 6 tonnage at least equal to twenty-five per centum of the ton-  
 7 nage of the vessel or vessels so now existing in respect of  
 8 which such compensation shall be claimed. The provisions  
 9 of this section shall not affect the rights of the owners of the  
 10 vessels mentioned in section four of this Act.

11 SEC. 11. That all the vessels, excepting those provided  
 12 for in section four of this Act, receiving compensation under  
 13 this Act shall, when required so to do by the Secretary  
 14 of the Treasury or the Secretary of the Navy, as the case  
 15 may be, carry on each foreign voyage as a member of  
 16 the ship's company one American boy under twenty-one years  
 17 of age, and suitable for such employment, for each one thou-  
 18 sand tons gross registered tonnage; which boys shall be taught  
 19 in the duties of seamanship, or engineering, or other maritime  
 20 knowledge, as the case may be, respectively, and receive  
 21 such pay for their services as shall be reasonable.

22 SEC. 12. That any and every vessel receiving com-  
 23 pensation under this Act may be taken or employed  
 24 and used by the United States as cruisers or transports

1 at any time; and in every such case the owner or owners  
 2 of any such vessel or vessels so taken or employed shall be  
 3 paid the fair value thereof, if taken, at the time of the taking,  
 4 and, if employed, shall be paid the fair value of such use.  
 5 And if there shall be a disagreement as to such fair value, the  
 6 question of the valuation shall be submitted to and determined  
 7 by three impartial appraisers, one to be appointed pursuant to  
 8 the regulations provided for in section thirteen of this Act, one  
 9 by the owner or owners of the vessel, and one as next stated.  
 10 The appraisers so appointed shall, before they proceed to act,  
 11 select a third appraiser, who shall form one of the appraisal  
 12 board. The decision of a majority of said board shall be final  
 13 and effective.

14 SEC. 13. That the President of the United States shall  
 15 from time to time cause to be made, by the proper heads of  
 16 departments, regulations for the due execution of the provi-  
 17 sions of this Act.

18 SEC. 14. That all vessels receiving compensation under  
 19 this Act shall carry mails of the United States free of charge  
 20 if required to do so, and no vessel shall be entitled to compen-  
 21 sation under this Act the owner or owners of which receive  
 22 any other compensation from the Government of the United  
 23 States for carrying the United States mails; but the owner  
 24 or owners of any vessel or vessels of the United States now



1 justice and equity, which vessel or vessels of a fleet of the  
2 same owner or owners shall be the vessel or vessels to be  
3 deprived of registry as aforesaid.

4 SEC. 8. That no further or other inspection shall be re-  
5 quired for such foreign-built steamship or steamships than is now  
6 required for foreign steamships carrying passengers under the  
7 existing laws of the United States; and a special certificate of  
8 inspection shall be issued for each foreign-built steamship regis-  
9 tered under this Act; and before issuing the registry for any  
10 such steamship as a vessel of the United States the collector of  
11 customs of the proper collection district shall cause such steam-  
12 ship to be measured and described in accordance with the laws of  
13 the United States, which measurement and description shall be  
14 recited in the certificate of registry to be issued under this  
15 Act, after which such vessel shall be entitled to all the rights  
16 and privileges of vessels of the United States as provided for in  
17 section one of this Act, except that it shall not be employed  
18 in the coasting trade of the United States, including the trade  
19 between the Atlantic and Gulf ports and the Pacific coast  
20 ports thereof.

21 SEC. 9. That the compensation earned under the provi-  
22 sions of this Act by any foreign-built vessel or vessels registered  
23 as vessels in the United States, as provided in section seven  
24 of this Act, shall be retained by the Secretary of the Treas-

1 ury until the American owner or owners of such vessel or ves-  
2 sels shall have fulfilled the conditions of the bond provided for  
3 in said section seven: *Provided, That*, as each new vessel built  
4 according to the conditions of said bond shall be completed and  
5 registered as a vessel of the United States, the owner or owners  
6 of such new vessel shall receive compensation, out of such  
7 compensation retained under this Act, from the date of the  
8 registry of such foreign-built vessel or vessels, on a tonnage  
9 in a proportion equal to the amount of the gross tonnage  
10 of the new vessel or vessels aforesaid; and the compen-  
11 sation thereafter earned by such foreign-built vessel or vessels  
12 shall be retained only in the same proportion applied to the  
13 total gross tonnage of the new vessel or vessels remaining to  
14 be built, completed, and registered as provided in this Act.

15 SEC. 10. That the compensation applicable to the service  
16 of the existing vessels of the United States provided for  
17 in this Act, other than as conditioned in section seven  
18 of this Act, shall be allowed and paid only on the condi-  
19 tion precedent that the owner or owners of any such now  
20 existing vessel or vessels claiming such compensation shall  
21 have given bond to the United States in a penal sum equal to  
22 ten dollars per gross ton of the vessel or vessels to be  
23 contracted for as in this section provided, with surety  
24 to the satisfaction of the Secretary of the Treasury,

1 owner or owners of such vessel or vessels will build, or  
 2 shall have built after the passage of this Act, in the United  
 3 States, and shall duly make written application to the Secre-  
 4 tary of the Treasury to have registered in the United States,  
 5 within ten years next after the time of the registry of any  
 6 such foreign-built vessel or vessels, a new vessel or vessels,  
 7 respectively, of an aggregate gross tonnage equal to at least  
 8 the aggregate gross tonnage of such foreign-built vessel or  
 9 vessels so registered, which new vessel or vessels shall be  
 10 capable of receiving the class A1 in the Record of American  
 11 and Foreign Shipping, or the United States Standard Own-  
 12 ers, Builders, and Underwriters' Association, or equivalent  
 13 classification in any other register of shipping of at least  
 14 equal merit; and when any such new vessel or ves-  
 15 sels shall have been so built, notice thereof may be given  
 16 to the Secretary of the Treasury, who shall, upon the pro-  
 17 duction of the builders' sworn and satisfactory certificate,  
 18 certify that the said vessel has been built in compliance with  
 19 the conditions of the said bond; but the new vessel or ves-  
 20 sels so built shall be subject to the same provisions and re-  
 21 strictions as the foreign-built vessel in respect of the coasting  
 22 and other trade, as in this Act provided. If the conditions  
 23 of the bond in this section mentioned shall fail  
 24 to be wholly performed as herein provided, the registry  
 25 of any such foreign-built vessel or vessels, in relation to

1 which said bond was executed, shall be canceled, and such  
 2 vessel or vessels shall cease to have any rights or privi-  
 3 leges of vessels of the United States; but if any such  
 4 contract shall have been partly performed by the building,  
 5 completion, and registry of any such new vessel or vessels,  
 6 the registration of such foreign-built vessel or vessels shall  
 7 be canceled and such vessel or vessels deprived of the  
 8 rights and privileges of vessels of the United States only  
 9 to the extent of the proportionate failure to build, com-  
 10 plete, and register the amount of tonnage of the new  
 11 vessel or vessels required by this section. The provisions  
 12 of this section shall not affect the liability of the signers  
 13 of the bond provided for herein, and all earned and unpaid  
 14 compensation in respect of any vessel or vessels the registry  
 15 of which shall be so canceled shall be forfeited to the United  
 16 States. But if it shall happen that any of such new vessels  
 17 shall, without any fault or want of diligence on the part of the  
 18 obligors in such bond, fail to be built and registered as required  
 19 by this section the Secretary of the Treasury shall extend  
 20 the time of the performance of the conditions of such bond  
 21 for such period or periods as shall appear to him to be just,  
 22 and in that case the right of such obligors shall be the same  
 23 as if the performance of the condition of such bond had  
 24 occurred within the said five years. The Secretary of the  
 25 Treasury is hereby empowered to decide, upon principles of

1 nine, actually owned by and then really representing the  
 2 capital of a citizen or citizens of the United States (including,  
 3 as such citizens, corporations created under the laws of the  
 4 United States or any of the States thereof), or a foreign cor-  
 5 poration or association of which not less than eighty per centum  
 6 of the capital stock thereof was on the first day of January, anno  
 7 Domini eighteen hundred and ninety-nine, actually owned by,  
 8 and really representing the capital of, a citizen or citizens of the  
 9 United States (including, as such citizens, corporations created  
 10 under the laws of the United States or any of the States thereof),  
 11 upon such American owner or owners of such majority interest  
 12 obtaining a full and complete transfer of, and title to, such  
 13 steamships from the foreign corporation or association owning  
 14 the same and proving to the satisfaction of the Secretary of  
 15 the Treasury that all the foregoing stated requirements have  
 16 been complied with;

17 (b) To such foreign-built steamships as shall have been  
 18 actually under construction on or before the first day of Jan-  
 19 uary, anno Domini eighteen hundred and ninety-nine, and  
 20 which shall, when built as provided for in this Act and the  
 21 registry thereof requested, receive, or be fit to receive, the  
 22 class of A1 in the Record of American and Foreign Ship-  
 23 ping, or the United States Standard Owners, Builders, and  
 24 Underwriters' Association, or equivalent classification in any  
 25 other register of shipping of at least equal merit, such vessels

1 being actually contracted for by an American citizen or citi-  
 2 zens (including as such citizens corporations created under  
 3 the laws of the United States or any of the States thereof),  
 4 who shall have been such since the first day of January,  
 5 anno Domini eighteen hundred and ninety-nine, or by a for-  
 6 eign corporation or association, of which not less than eighty  
 7 per centum of the shares of the capital thereof shall have  
 8 been actually owned by a citizen or citizens of the United  
 9 States (including as such citizens corporations created under  
 10 the laws of the United States or any of the States thereof),  
 11 and really representing American capital, on the said first  
 12 day of January, anno Domini eighteen hundred and  
 13 ninety-nine, and shall have continued to be so owned until  
 14 the passage of this Act, and upon such American owner or  
 15 owners of such majority interest obtaining a full and complete  
 16 transfer of and title to such steamships from the foreign cor-  
 17 poration or association owning the same and proving to the  
 18 satisfaction of the Secretary of the Treasury that all the fore-  
 19 going-stated requirements have been complied with: *Provided,*  
 20 That such American owners shall, before the first registry of  
 21 the foreign-built vessels before mentioned in clauses (a) and (b)  
 22 of this section shall be had, give a bond to the United States in  
 23 a penal sum equal to ten dollars per gross ton of said  
 24 vessel or vessels, with sufficient surety, to be approved  
 25 by the Secretary of the Treasury, conditioned that such

1        SEC. 4. That a documented vessel of the United States  
2 engaged in the deep-sea fisheries for three months during  
3 twelve consecutive months shall receive a bounty annually,  
4 from any money in the Treasury not otherwise appropriated,  
5 of two dollars per gross ton: *Provided*, That at least one-  
6 third of the crew shall be American citizens.

7        SEC. 5. That an American citizen serving as a member  
8 of a necessary and proper crew of an American vessel licensed  
9 for and engaged in deep-sea fisheries for three months or more  
10 during twelve consecutive months shall receive a bounty, from  
11 any money in the Treasury not otherwise appropriated, of one  
12 dollar per month during the time necessarily employed in the  
13 voyages of such vessel.

14        SEC. 6. That no compensation shall be allowed in re-  
15 spect of any of the following-named vessels:

16        (a) A vessel not engaged in trade;

17        (b) A vessel trading wholly upon interior waters not  
18 tidal between a port in the United States and a foreign port;

19        (c) A vessel of the United States employed in the coast-  
20 ing trade or in the fisheries, except as provided in sections  
21 one, four, seven, and eight of this Act;

22        (d) A vessel owned by a citizen of the United States  
23 which shall not be entitled under the provisions of section  
24 forty-one hundred and thirty-one of the Revised Statutes or  
25 any amendments or supplements thereto, or under this Act,

1 to the benefits and privileges of a vessel of the United  
2 States;

3        (e) A vessel on a voyage extending only to a foreign  
4 port less than one hundred and fifty nautical miles from her  
5 last port of departure in the United States at which cargo,  
6 passengers, or mails shall have been taken, or from a foreign  
7 port less than one hundred and fifty nautical miles from her  
8 first port of arrival in the United States at which cargo,  
9 passengers, or mails shall have been discharged.

10        SEC. 7. That the Secretary of the Treasury is hereby  
11 authorized and directed, on the application of the owners of  
12 such vessels, to grant registers as vessels of the United States,  
13 under the conditions hereinafter stated, to the following-  
14 described vessels:

15        (a) To such foreign-built steamships as were on the  
16 first day of January, anno Domini eighteen hundred and  
17 ninety-nine, engaged in an established freight or passenger  
18 business, or both, from a port of the United States, and as  
19 have received, or shall be fit to receive, the class A1 in the  
20 Record of American and Foreign Shipping, or the United  
21 States Standard Owners, Builders, and Underwriters' Associa-  
22 tion, or equivalent classification in any other register of ship-  
23 ping of at least equal merit, and as were also on the said first  
24 day of January, anno Domini eighteen hundred and ninety-

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1 so to be built pursuant to such bond, with security to the  
 2 satisfaction of the Secretary of the Treasury, conditioned that  
 3 such citizen or citizens will, within five years next after  
 4 the giving of such bond, build, make ready for service,  
 5 and register for the foreign trade of the United States in  
 6 this section mentioned one or more of the classes and descrip-  
 7 tion of the vessels mentioned and described in paragraphs  
 8 (a), (b), and (c) of this section and to be described in such bond,  
 9 with which such citizen or citizens desire to engage in the foreign  
 10 or other trade for which compensation is provided for and as  
 11 in this Act described, that there shall be paid, out of any  
 12 money in the Treasury not otherwise appropriated, to such  
 13 owner or owners of such vessel or vessels so to be built the  
 14 same compensation for the same length of time in this section  
 15 stated and for the same service mentioned in paragraphs (a),  
 16 (b), and (c) of this section; and such citizen or citizens so  
 17 contracting, and the owners of each of such vessels so  
 18 to be built, shall be subject to all the duties, liabilities, and  
 19 conditions in respect of such vessels so to be built as are in  
 20 this Act provided in respect of the owners and of the vessels  
 21 in this Act mentioned. But if it shall happen that any of  
 22 such new vessels shall, without any fault or want of diligence  
 23 on the part of the obligors in such bond, fail to be built and  
 24 registered, as required by this section, the Secretary of the  
 25 Treasury shall extend the time of the performance of the con-

1 ditions of such bond for such period or periods as shall ap-  
 2 pear to him to be just, and in that case the right of such obli-  
 3 gors shall be the same as if the performance of the condition  
 4 of such bond had occurred within the said five years

5 SEC. 2. That no vessel shall be entitled to compensation  
 6 under section one of this Act unless at least one-fourth of her  
 7 navigating crew shall be citizens of the United States or such  
 8 persons as shall be within the provisions of section twenty-  
 9 one hundred and seventy-four of the Revised Statutes of the  
 10 United States.

11 If it shall happen at any time that the foregoing stated  
 12 proportion of an American crew can not be reasonably obtained,  
 13 the shipping commissioner or the officer discharging his duties  
 14 at any port of the United States, or the United States consul or  
 15 the officer discharging his duties at the foreign port whence  
 16 any such vessel is to clear, shall allow the shipment of persons  
 17 not Americans to make up the necessary number of the crew.

18 SEC. 3. That the test for the speed of the vessels pro-  
 19 vided for in this Act shall be made under the direction and  
 20 supervision of a board of naval officers, which the Sec-  
 21 retary of the Navy shall appoint upon the application of  
 22 the owner or owners of any such vessel, and the test  
 23 must include not less than four hours' continuous steam-  
 24 ing at sea in ordinary weather in water of sufficient depth to  
 25 make the test a fair and just one.

1 Sixth. Nineteen knots or over, one and eight-tenths  
2 cents per gross ton.

3 Vessels over eight thousand gross tons:

4 Seventh. Twenty knots and less than twenty-one knots,  
5 two cents per gross ton.

6 Eighth. Twenty-one knots or over, two and three-tenths  
7 cents per gross ton.

8 No vessel shall be entitled to compensation under more  
9 than one of the tonnage and speed classifications in this  
10 clause specified.

11 (c) The mileage upon which compensation shall be paid  
12 under the hereinbefore-stated clauses (a) and (b) shall be de-  
13 termined by the direct customary route from the last port of  
14 departure at which cargo, passengers, or mails shall have been  
15 taken in the United States for and carried to a foreign port,  
16 or a port belonging to the United States described in section  
17 one of this Act at which cargo, passengers, or mails shall have  
18 been discharged or taken, and from such last-mentioned port  
19 by the direct customary route to the first port of arrival  
20 in the United States at which cargo, passengers, or mails  
21 shall have been discharged. If during the voyage the vessel  
22 shall discharge or take cargo, passengers, or mails at two or  
23 more foreign ports, or ports belonging to the United States  
24 described in section one of this Act, the distance by the direct  
25 customary route between such ports shall also be included in

1 the mileage upon which compensation shall be paid under the  
2 aforesaid clauses (a) and (b).

3 (d) A foreign-built vessel admitted to American registry  
4 pursuant to the provisions of this Act shall be entitled to  
5 compensation at the rate of fifty per centum of the rates fixed  
6 by this section, and no more.

7 (e) The total compensation to be paid out of the Treas-  
8 ury as provided in this section shall in no fiscal year exceed  
9 the sum of nine millions of dollars, and the Secretary of the  
10 Treasury shall make such regulations for the payment of  
11 said compensation as will cause any excess in the total  
12 amount of compensation earned under this section in any  
13 one fiscal year over and above nine millions of dollars to  
14 be deducted pro rata from the total compensation due each  
15 individual or corporation entitled to such compensation here-  
16 under during said fiscal year.

17 And the Secretary of the Treasury is hereby further au-  
18 thorized and directed to contract with any citizen or citizens  
19 of the United States (including as such citizens corporations  
20 created under the laws of the United States or any of the  
21 States thereof) who shall apply to said Secretary within five  
22 years next after the passage of this Act for a navigating con-  
23 tract such as is in this Act provided, and shall, on applying  
24 for such contract, give bond to the United States in a penal  
25 sum equal to five dollars per gross ton of the vessel or vessels