

14/10

文書課長

明治卅五年五月三日受

明治卅五年五月八日發遣

通商局長

主任

陸田通信所長宛
陸田通信所長宛

貴所航海獎勵法案送付の件

外務省

貴所より來米海上院に付海中
ナリ之航海獎勵法案の案本日十七日奉
一々對せん日十三日多數の議決上院通過
之院より院へ回参の議決
在米高等學堂公使より別冊に道知上
院通過案書類付送同案書類
送付候所也
此の件は一々付送法案送付の件

表書録

親

明治三十五年 五月 二十 日 起 草
同 年 五月 十八 日 發 遣

明治卅五年五月三十一日

通商局

主任

送第一号

日本郵船株式會社社長 加藤清
東洋汽船株式會社社長 加藤清

外務省

米北航海防局法務部、
在日米商會、
米北航海防局、
米北航海防局、

（通商局）

明治廿五年五月十一日 接受

東洋汽船株式會社

拝啓送第一三八号ヲ以テ米國駐劄高平公使ヨリ米國議會ニ於テ航海獎勵法案通過ノ模様ニ関スル貴省宛ノ御報告書印示ニ被下奉拜謝候右不取敢拜度ノ訖述此ニ御座候謹白
明治二十五年五月九日

東洋汽船株式會社社長

淺野總一郎

外務省通商局長杉村清殿

明治 三十三年五月廿二日 記録課受

東洋汽船株式會社

明治廿五年五月十一日 接受

通商局

日本郵船株式會社

送第一三八号ノ御報告書米國駐劄高平公使ヨリ米國議會ニ於テ航海獎勵法案通過ノ模様ニ関スル貴省宛ノ御報告書印示ニ被下奉拜謝候右不取敢拜度ノ訖述此ニ御座候謹白
明治二十五年五月九日

東洋汽船株式會社社長

淺野總一郎

外務省通商局長杉村清殿

三十三年五月十三日 記録課受

明治三十五年六月廿四日

主官 通商局

遞信省

管轄九四九号

八九四七

合衆國航海漁業特許法案ニ
関スル件

右本月八日付送第九八號ノ
沈通探ニ越了取利冊一冊
ニ付及返シニ付也

明治三十五年五月二十日



外務省為長官臨田檢已取

三十五年六月廿六日録印

57th CONGRESS,
1st Session.

S. 1348

AN ACT

To provide for ocean mail service between the United States and foreign ports, and the common defense; to promote commerce, and to encourage the deep-sea fisheries.

March 19, 1902.—Ordered printed as passed by the Senate.

3-1996

0213

1 of a necessary and proper crew of a vessel of the United States
 2 documented and engaged in deep-sea fisheries for at least three
 3 months during any one fiscal year, one dollar per month dur-
 4 ing the time necessarily employed in the voyages of such
 5 vessel.

6 TITLE IV.

7 GENERAL PROVISIONS.

8 SEC. 13. That a vessel shall not be entitled to compen-
 9 sation under two or more titles of this Act at the same time.

10 SEC. 14. That a vessel which has at any time received
 11 compensation pursuant to any of the provisions of this Act
 12 shall not be sold, except by the consent of the Secretary of
 13 the Treasury, to a citizen or subject of a foreign power, under
 14 penalty of forfeiture.

15 SEC. 15. That the President of the United States shall
 16 from time to time cause to be made, by the proper heads of
 17 Departments, regulations for the due execution of the provi-
 18 sions of this Act.

19 SEC. 16. That Congress reserves the power to alter,
 20 amend, or repeal this Act, in whole or in part, whenever in
 21 its judgment the public interest shall so require, without, how-
 22 ever, impairing in anywise the obligation of any specific con-
 23 tract then in force which shall have been entered into under
 24 the provisions of Title I hereof.

25 SEC. 17. That no foreign-built ship shall receive or be

1 entitled to receive any subsidy, or other benefit from this Act,
 2 or any other Act of Congress except as herein or therein ex-
 3 pressly stipulated: *Provided, however,* That nothing contained
 4 in this Act or any other Act of Congress shall be construed to
 5 prevent any citizen or corporation of the United States or of any
 6 State from contracting for, acquiring, holding, or operating
 7 any interest in one or more steamship lines engaged in foreign
 8 commerce, but no foreign-built ship of any such line shall
 9 hereafter be admitted to American registry.

Passed the Senate March 17, 1902.

Attest: CHARLES G. BENNETT,
Secretary.

1 the direct customary route between such ports shall also be
2 included in the mileage upon which compensation shall be paid
3 under this title.

4 SEC. 9. That any vessel, before receiving compensation
5 under this title, shall have carried, free of charge, the mails of
6 the United States, if the Postmaster-General shall have so
7 required, for the whole or any part of a voyage for which
8 compensation shall be claimed.

9 SEC. 10. That any vessel, before receiving compensation
10 under this title, shall, when required so to do by the Secre-
11 tary of the Treasury, carry on each foreign voyage, as a
12 member of the ship's company, one American boy, under
13 twenty-one years of age and suitable for such employment,
14 and one such boy in addition for each one thousand gross
15 registered tons, who shall be taught in the duties of seaman-
16 ship or engineering, or other maritime knowledge, as the
17 case may be, respectively, and receive such pay as shall be
18 reasonable.

19 SEC. 11. That the owner of any vessel, before receiving
20 compensation pursuant to this title, shall agree, in writing,
21 that said vessel may be taken or employed and used by the
22 United States for the national defense or for any public pur-
23 pose at any time; and in every such case the owner of any
24 such vessel so taken or employed shall be paid the fair value
25 thereof, if taken, at the time of the taking; and if employed,

1 shall be paid the fair value of such use. And if there shall
2 be a disagreement as to such fair value the question of the
3 valuation shall be submitted to and determined by three im-
4 partial appraisers, one to be appointed by the Secretary of
5 the Treasury, one by the owner or owners of the vessel, and
6 the two appraisers so appointed shall, before they proceed to
7 act, select a third appraiser. The decision of a majority of
8 such board shall be final and effective. In case of any tak-
9 ing or employment, as provided in this section, the shipping
10 obligations of the officers and crews existing at the time shall
11 be deemed to have terminated.

12 TITLE III.

13 DEEP-SEA FISHERIES.

14 SEC. 12. That from and after the first day of July,
15 nineteen hundred and two, the Secretary of the Treasury is
16 hereby authorized and directed to pay, out of any money in
17 the Treasury not otherwise appropriated, bounties as follows:

18 (a) To the owner or owners of a documented vessel of
19 the United States engaged in the deep-sea fisheries for at
20 least three months in any one fiscal year, two dollars per
21 gross ton per annum: *Provided*, That at least one-third of the
22 crew shall be citizens of the United States, or such persons
23 as shall be within the provisions of section twenty-one hun-
24 dred and seventy-four of the Revised Statutes.

25 (b) To a citizen of the United States serving as a member

1 gross registered tons, one cent per gross registered ton for
2 each one hundred nautical miles sailed.

3 (b) On each entry, not exceeding sixteen entries in any
4 one fiscal year, and for a period of five years from the date
5 of registration of a vessel of over one thousand gross regis-
6 tered tons, which shall be completed and registered after
7 the passage of this Act, one-fourth of one cent per gross
8 registered ton for each one hundred nautical miles sailed, in
9 addition to the compensation provided in paragraph (a).

10 All vessels receiving compensation under this section shall
11 be at least of Class A1 or its equivalent, as defined in para-
12 graph (c) of section seven of this Act, during the whole period for
13 which payment is authorized under the provisions of this title.

14 SEC. 7. That compensation under this title shall not be
15 allowed in respect of any of the following-named vessels:

16 (a) A vessel on a voyage extending only to a foreign
17 port less than one hundred and fifty nautical miles from her
18 last port of departure in the United States or from a foreign
19 port less than one hundred and fifty nautical miles from her
20 first port of arrival in the United States.

21 (b) A vessel on a voyage less than one-half of the whole
22 length of which, on her outward and homeward voyages,
23 respectively, shall have been on the sea between a port of
24 the United States and a foreign port.

25 (c) A vessel which shall not be at least of the Class A1,

1 as classified either by the Record of American and Foreign
2 Shipping or the United States Standard Owners, Builders, and
3 Underwriters' Association, or equivalent classification in any
4 other register of shipping of at least equal merit.

5 (d) A vessel of which less than one-fourth of the crew
6 shall be citizens of the United States or such persons as shall
7 be within the provisions of section twenty-one hundred and
8 seventy-four of the Revised Statutes.

9 (e) A barge, canal boat, or vessel proceeding from port
10 to port in tow, or a tugboat, or a vessel engaged in wrecking.

11 (f) A foreign-built vessel, hereafter admitted to Ameri-
12 can registry pursuant to the provisions of section forty-one
13 hundred and thirty-six of the Revised Statutes.

14 (g) A vessel while employed in the coasting trade.

15 (h) Steamers which during their trials have not obtained
16 a minimum speed of eight knots, half loaded.

17 SEC. 8. That the mileage upon which compensation shall
18 be paid under this title shall be determined by the direct cus-
19 tomary route from the last port of departure in the United
20 States to a foreign port or a port in the Philippine Islands,
21 and from such last-mentioned port by the direct customary
22 route to the first port of arrival in the United States. If
23 during the voyage the vessel shall enter at two or more for-
24 eign ports or ports in the Philippine Islands, the distance by

1 in carrying the mails to a foreign port in North America under
 2 any contract hereafter to be made under the provisions of this
 3 Act shall not exceed seventy per centum of the maximum
 4 rates established by this section: *Provided*, That in the case
 5 of failure from any cause to perform the regular voyages stip-
 6 ulated for in said contracts, or any of them, a pro rata deduc-
 7 tion shall be made from the compensation on account of such
 8 omitted voyage or voyages, and that suitable fines and pen-
 9 alties may be imposed for delays or irregularities in the due
 10 performance of service according to the contract, to be deter-
 11 mined by the Postmaster-General: *And provided further*,
 12 That until July first, nineteen hundred and seven, not more
 13 than five millions of dollars shall be expended in any one
 14 year under the contracts provided for in this title, and after
 15 that date not more than eight millions of dollars shall be
 16 expended in any one year under the contracts provided for in
 17 this title; and the Secretary of the Treasury shall make such
 18 regulations for the payment of said compensation as will cause
 19 any excess in the total amount of compensation earned under
 20 this title in any one fiscal year over and above said sums
 21 respectively to be deducted pro rata from the total compen-
 22 sation due each person or corporation under this title during
 23 said fiscal year."

24 SEC. 5. That section eight of the Act aforesaid be, and
 25 the same is hereby, amended to read:

1 "SEC. 8. Such vessels shall take, as cadets or apprentices,
 2 one American-born boy, under twenty-one years of age, for
 3 each one thousand tons gross register, and one for each ma-
 4 jority fraction thereof, who shall be educated in the duties of
 5 seamanship or engineering, rank as petty officers, and receive
 6 such pay for their services as may be reasonable."

7 TITLE II.

8 GENERAL SUBSIDY.

9 SEC. 6. That from and after the first day of July, nine-
 10 teen hundred and two, the Secretary of the Treasury is hereby
 11 authorized and directed to pay, subject to the provisions of
 12 this title, out of any money in the Treasury not otherwise
 13 appropriated, to the owner or owners of any vessel (here-
 14 after built and registered in the United States or now duly
 15 registered by a citizen or citizens of the United States
 16 (including as such citizens any corporation created under
 17 the laws of the United States or any of the States thereof),
 18 and being at the time of entry engaged in the foreign
 19 trade of the United States, which shall be entered in the
 20 United States from a foreign port or from any port in the
 21 Philippine Islands, compensation as hereinafter provided, that
 22 is to say:

23 (a) On each entry, not exceeding sixteen entries in any
 24 one fiscal year, of a sail or steam vessel of over one thousand

1 shall be constructed with particular reference to prompt and
 2 economical conversion into auxiliary naval cruisers, and accord-
 3 ing to plans and specifications to be agreed upon by and between
 4 the owners and the Secretary of the Navy; and they shall be
 5 of sufficient strength and stability to carry and sustain the
 6 working and operation of, at least four effective rifled cannon
 7 of a caliber of not less than six inches, and shall be of the
 8 highest rating known to maritime commerce. And all vessels
 9 of said five classes heretofore built and so employed shall,
 10 before they are accepted for the mail service herein provided
 11 for, be thoroughly inspected by a competent naval officer or
 12 constructor detailed for that service by the Secretary of the
 13 Navy; and such officers shall report, in writing, to the Secre-
 14 tary of the Navy, who shall transmit said report to the Post-
 15 master-General; and no such vessel not approved by the
 16 Secretary of the Navy as suitable for the service required
 17 shall be employed by the Postmaster-General as provided for
 18 in this Act. And every vessel in respect of which any con-
 19 tract authorized by this Act shall be applied for or made shall
 20 be of the Class A1 as classified, either by the Record of
 21 American and Foreign Shipping or the United States Stand-
 22 ard Owners, Builders and Underwriters' Association, or
 23 equivalent classification in any other register of shipping of
 24 at least equal merit. All vessels under contract as provided
 25 for in this Act shall be of Class A1 or its equivalent, as here-

1 inbefore in this section mentioned, during the whole period
 2 of their service under the contracts provided for in this Act."

3 SEC. 4. That section five of the aforesaid Act be, and is
 4 hereby, amended to read:

5 "SEC. 5. The rate of compensation for such ocean mail
 6 service, to be paid per gross registered ton for each one hun-
 7 dred nautical miles sailed from the port of clearance in the
 8 United States to the port of entry in the United States, ac-
 9 cording to the route required by the Post-Office Department,
 10 shall not exceed the following:

11 "Steamships of the first class, two and seven-tenths
 12 cents.

13 "Steamships of the second class, two and five-tenths
 14 cents.

15 "Steamships of the third class, two and three-tenths
 16 cents.

17 "Steamships of the fourth class, two and one-tenth
 18 cents.

19 "Steamships of the fifth class, one and nine-tenths
 20 cents.

21 "Steamships of the sixth class, one and seven-tenths
 22 cents.

23 "Steamships of the seventh class, one and five-tenths
 24 cents.

25 "The rates of compensation to a steamship to be employed

1 the carrying of mails on American steamships between ports
 2 of the United States and such ports in foreign countries, the
 3 Dominion of Canada excepted, as in his judgment, having re-
 4 gard to the national defense, will best subserve and promote
 5 the postal, commercial, and maritime interests of the United
 6 States; the mail service on such lines to be equitably dis-
 7 tributed among the Atlantic, Mexican Gulf, and Pacific ports.
 8 Said contracts shall be made with the lowest responsible
 9 bidder for the performance of said service on each route, and
 10 the Postmaster-General shall have the right to reject all bids
 11 not in his opinion reasonable for the attaining of the purposes
 12 named: *Provided*, That no contract shall be made under the
 13 provisions of this title which shall extend beyond the first
 14 day of July, nineteen hundred and twenty."

15 SEC. 2. That section three of the Act aforesaid be, and
 16 the same is hereby, amended to read:

17 "SEC. 3. That the vessels employed in the mail service
 18 under the provisions of this Act shall be American-built
 19 steamships, owned and officered by American citizens, in con-
 20 formity with the existing laws, or so owned and officered and
 21 registered according to law; and upon each departure from
 22 the United States the following proportion of the crew shall
 23 be citizens of the United States, to wit: During the first two
 24 years of such contract for carrying the mails, one-fourth thereof;
 25 during the next three succeeding years, one-third thereof, and

1 during the remaining time of the continuance of such contract,
 2 at least one-half thereof; and shall be constructed after the
 3 latest and most approved types, with all the modern improve-
 4 ments and appliances for ocean steamers. They shall be screw
 5 steamships of iron or steel, and divided into the following
 6 classes according to gross registered tonnage and capacity to
 7 maintain at sea in ordinary weather the following speeds:

8 "Over ten thousand tons:

9 "First class, twenty knots or over.

10 "Second class, nineteen knots and less than twenty knots.

11 "Over five thousand tons:

12 "Third class, eighteen knots or over.

13 "Fourth class, seventeen knots and less than eighteen knots.

14 "Fifth class, sixteen knots and less than seventeen knots.

15 "Sixth class, fifteen knots and less than sixteen knots.

16 "Over two thousand tons:

17 "Seventh class, fourteen knots or over.

18 "It shall be stipulated in the contract or contracts to be
 19 entered into for the said mail service that said vessels may
 20 carry passengers with their baggage, in addition to said mails,
 21 and may do all ordinary business done by steamships."

22 SEC. 3. That section four of the Act aforesaid be, and
 23 hereby is, amended to read as follows:

24 "SEC. 4. That all steamships of the first, second, third,
 25 fourth, and fifth classes, employed as above and hereafter built,

57TH CONGRESS,
1ST SESSION.

S. 1348.

IN THE SENATE OF THE UNITED STATES.

MARCH 19, 1902.

Ordered printed as passed by the Senate.

AN ACT

To provide for ocean mail service between the United States and foreign ports, and the common defense; to promote commerce, and to encourage the deep-sea fisheries.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

TITLE I.

OCEAN MAIL STEAMSHIPS.

5 SECTION 1. That section one of an Act approved March
6 third, eighteen hundred and ninety-one, entitled "An Act to
7 provide for ocean mail service between the United States and
8 foreign ports, and to promote commerce," be, and hereby is,
9 amended to read:

10 "The Postmaster-General, until July first, nineteen
11 hundred and ten, is hereby authorized and directed to
12 enter into contracts, for a term not less than five nor more
13 than fifteen years in duration, with American citizens for

3-1996

0220

108

此形勢に對し英子如何カ所ナカルコト然レモ保
 守自爲ニ爲シタル英人ノ現状ハ此衰勢挽回ノ段
 々多ク東洋に得ルモノ見ヘザリキ
 此時ニ當リ競リテ東洋ノ情勢ヲ察スルニ内地ノ産業ハ
 長足ノ進歩ヲ執リテ其ノ進歩ニ對シテ海軍ノ進歩ハ
 溢シテ輸出ノ年々進フニ増大スルニ拘ラス格ナリ其ノ海軍
 力其太西洋に於ケルモノニ至ラズハ何事ノ計進ナラザル
 然レテ其太西洋に於ケルモノニ至ラズハ何事ノ計進ナラザル
 是事ヲ輸送シタルモノ今日ハ僅々其約八分ヲ輸送
 レ得ルニ過カス從ヒテ常ニ巨額ノ運賃ヲ看ク外國
 船舶ニ支拂ハルヲ得サルニシテ其ノ貿易上亦
 其支拂既リ被ラサルヲ得サルニ不便不利リ甘受セリ而シ
 テ先年來南西戰事ノ爲メ太西洋ノ航運ニ從事シタル
 多數英船引上テタルヨリ紐育 幕士牧費村等
 太西洋岸ノ市場ニ於テハ輸出貨物大ニ停滯シタ
 ル事ナリ此等ノ現情ヲ目撃セル者子、戰者物
 ニ否業者カ海軍擴張ノ急務ヲ益々切感スルニ至
 リタルニ當リ自然ノ執力ナリ然ルニ此ニ米子ノ航業者
 取リテ一難事ハ其政府多ク保護ヲ爲スルナリ恰カモ
 略シ今日英子海運ニ衰勢ヲ取リテ乘ス可キ機會
 ニシテ此機會ヲ利用セバ如何カ此ニ米子海運擴張
 大計畫ヲ策スルニ道アルニシテ當リ止業家ノ眼中
 ニ注ヒタル所ナリ其結果昨午ノ夏紐育ニ於テ北西
 洋航業合同ノ組織ヲ目的トシタル「モルカン」一派ノ會
 合アリ而テ其計畫ニ着々進ム道ニ至ルニ二月ニ至
 リ尤六線ハ右合同ニ合併セラルルノ下ニ航業の巨月

在米國日本公使館

46

11

<p>暫行して假契約書 (Provisional agreement) 調 印ラリトタリ此契約書ハ五月八日倫敦ニ北ニ発表セリ (タリ)</p>	
<p>線路</p>	<p>全路概算</p>
<p>ボワイトスターライン</p>	<p>二一三、二四五</p>
<p>ドミニオンライン</p>	<p>六三、〇五四</p>
<p>レーランドライン</p>	<p>二五九、二八三</p>
<p>アトランティックツラニ</p>	<p>五八、六〇二</p>
<p>ポルトライン</p>	<p>三四、七二七</p>
<p>アンリカンライン</p>	<p>三九、七六三</p>
<p>レッドスターライン</p>	<p>計六四八、六七四</p>
<p>而レモルガニ氏者初計考ニテ未^御決定ニ所属 シンブルグ、アメリカ及ノルド、ドイツ、セルロイド、ニ会社ツモ 在米國日本公使館</p>	<p>米 白</p>
<p>右ニ合同中ニ全路買収セリトスルニアリタル由ナルモ、 ハス然向去ル五月ニ至リ右ニ会社トハ一部利益配分者及航 路經營上ノ決定ヲ遂ケ以テ營業者ト共同計ルル事成リ タル由ナリ右契約書ハ五月廿日公表セラルルニ在リ カ此合同ニ合併スル所シテシタル所シテモハ一部其会社ノ 株主ト國旗ノ重要ナル所以ヲ屬クタルト外ナラサルベク而 シテ然向尙右ノ決定ヲ遂クルニ至リタル所以ノモ、徒 ラニ右ニ合同ト競争ノ地位立ツル事亦上不利ナル 虞^ルタルトモセラルル事ナシ</p>	
<p>右ニ合同ニ添付ナリトシテ其假契約書ニ掲ケラレタ ル所ハ一億七千萬井ニシテ其背後ニ夫ノ鋼鉄 聯社及鐵道連合ノ有力ナル援助ヲ招ク居ルヤニ傳 ハラル、モ其内部ノ關係トシテ何ニテハセルヤ、知ル由</p>	

109

其の事モトアツル可クハ明ナルハクモトモ又默シテ者々他
 ノ競争ニ慮セシトスルヲニアラザル可クハ高更ラシテ明ナリ此
 北ノカカヨリ同シク其政府保護シタルノ事あり講ス可ク
 ハ蓋シ必然ノ勢ナリ可シ論者或ハ曰ク米子今日ノ船
 舶法ニ依リバ外子船製造ノ船船ハ米子船籍タル能ハ
 カルナリ然ルニ前記該合同假契約書中造船者ハ其
 ノ約定ノ條款ニ見ルニ今在合同北ノ要スル形船舶
 ノ多クハ英子ハコノレドエドウルコト造船所ニ注セシ
 デシト云ヒ又今向在合同内受シタル船舶諸船舶ハ依
 然トシテ外子旗ノ下ニ其要ス可シト云ハ其目的政府
 ノ保護シタル受ケレトスルモノニアザルハ明ナリト然レモ皮
 相ノ見タルシ免レス法律ノ制定ハ其海令北ノ事子
 一授足ラフコト彼等當事者トシテ他ト競争而モ有
 在米國日本公使節

カナル政府ノ保護アリ有スルニトモ競争上已レモ其カク保護
 ヲ受タルニ必要ニ感スルニ至ラハ之ヲ為ル道ヲ講ズルニ至ル可
 キ事也此ノ理ノ略易クモナリ而シテ其北後ニ有スル船力
 カノ大ナル丈ケニ競争ノ動力カス力ヲ大ナル可ク改メヤ
 論ノ點多クモ米子内地産物今日ノ交通ハ殆レト
 多クハ海運政策ノ結果ト出テタルニ拘ラズ海運
 ニ至ラザル保護ノ惠澤ニ浴セサリレシコト今日ノ格
 之ヲ要求スルノ理由ハ不方ルモノアザルコトヤ
 故ニ上述ノ形勢カレシテ短期ニテモ繼續セハ當事海令
 ニ北ナル航海獎勵協定案ノ前途ハ蓋シ多ク望シナリトモ
 コノク從ヒシ我邦北ノ事今日ノ之ニ對シテ方勝リ講
 シ置ク可急務ナルコト
 附又上述ノ大合同タル今日ノ要スル是ツヨク北太平洋

48

ノ航運ノ目的トスルモノナル傳商ノ所ニ依ルハ當ノ者
 船中ニ之ヲ第一歩トシテ結句世間ノ航運ノ一手ニ
 治心控セシトスルハ固ヨリ難クモセリト云フ但シ右合同
 内節ニ精マレテ則チ必ズ之レカ運送ノ方法ヲ會要ノ諸
 息ニ更テ之ヲ表セシメサルヲ以テ之ヲ知ルニ由ナリト云
 富力ノ止セ方又其精力ヲ多ク推展スレハ此ノ如ク
 二有リト云フ一事ト案ニセサルハ去レハ我邦ニ此レモ
 夫ノ航運獎勵法案ニ前途ト作セシ此大合同内見
 所ニ於テ其ノ甚クハ切實ナリト信ス
 要之此合同大向也ハ各方面ニ報告シテ徹示シテ精
 細ニ研究シテ之ヲ上ナラシメ固ヨリ確實ノ見解ニ定
 立ルルヲ以テサルモノモ今日此レ外内消息ニ依リテ
 親家ノハ此ノ事情ハ略々上述スル所ニ依リテ奉
 向也ハ既述スル如ク各國係者内ニ競争ヲ以テ其
 勝敗ノ決スルハリ手附ク然ルニ至テは其ノ依リテ
 後ラシク見ル可キ事ハ最モ注目スル所ナリ以テ今後
 報運ハ随次報告スルニ急ガサル可シ

在米國日本公使館

（一）
 本館ニ於テハ此ノ合同ニ關シテ詳細ニ調査スルニ當リ
 船中ノ事情ハ先ニ整然トシテ之ヲ報告スルニ急ガ
 サル可シ

14. If the Sellers are unable within the said period of thirty days mentioned in the two preceding clauses to induce the owners of at least 60 per cent of the shares of the Company to agree to sell the same on the terms hereof, then the Sellers may at their option declare this contract to be cancelled and this contract shall become null and void for all purposes.

15. The Sellers and Purchasers are released from all obligations to fulfill this contract or any part thereof if the agreement marked "2-B" of even date herewith and made between the same parties is not carried into effect, the intention of the parties being that the contracts are dependent upon one another and are only to be completed together.

Paragraphs 16 and 17 are identical with paragraphs 11 and 18 of Agreement "1-a."

AGREEMENT "2-B."
An Agreement, made this fourth day of February, in the year nineteen hundred and two, between

Richards, Mills & Co., of No. 30 James street, in the city of Liverpool, of the one part; and
J. P. Morgan & Co., of the city of New York, of the other part.
(Here follows the principal contract in the Provisional Agreement, par. 1.)

Then follows:
Whereas, Among the maritime properties and businesses to be acquired by the Corporation are the following:

2-b. The business, ass-ns, and goodwill of the partnership or firm of Richards, Mills & Co., as managers, agents, forwarding agents, master porters, or otherwise, in connection with the business of the British & North Atlantic Steam Navigation Company, Limited, and the Mississippi & Dominion Steamship Company, Limited, as carried on by them, whether in Great Britain or abroad; but excluding therefrom all of the properties and rights hereinafter specifically excluded.

Now, therefore, in consideration of the premises, the parties hereto agree as follows, to wit:
1. The Sellers shall sell to the Purchasers and the Purchasers shall purchase all that the business assets and goodwill (including all the rights and interests of the Sellers in the name of Dominion Line and in the flag of such line) of the Sellers' partnership or firm as managers, agents, forwarding agents, master porters, or otherwise, in connection with the business of the British & North Atlantic Steam Navigation Company, Ltd., and Mississippi & Dominion Steamship Company, Limited, as carried on by them, whether in Great Britain or abroad, to take effect as from the 1st day of January, 1901, but excluding therefrom any debts or liabilities to the Sellers' firm which had accrued due for payment on or before the 31st day of December, 1900, but were then unpaid, and all unshared profits or property representing undivided profits of that or previous years.

(Pars. 2 and 3 are similar to pars. 2 and 3 of Agreement "1-b.")
4. The valuation of the property of the Sellers to be transferred hereunder and under said principal contract, shall be a sum equal to ten times the net income of the Sellers during or of the year 1900 from their business as managers, agents, forwarding agents, master porters, or otherwise, in connection with the business of the aforesaid two companies.
(Pars. 5 and 6 are similar to pars. 6, 7 and 8 of Agreement "1-b.")
7. The Sellers are until completion of the purchase to carry on their business as heretofore, but for account of the Purchasers in case the contract is duly completed, and are immediately after completion, if so requested by the Purchasers, formally to resign the position of directors, managers, agents and officers of the two companies.
8. The Sellers are to conduct the business sold without remuneration for their personal services until the completion of the purchase, but from the 30th day of September, 1900, they are until completion of the purchase to be paid interest on the amount of unpaid purchase money at the rate of five per cent per annum.

(Pars. 9, 10 and 11 are similar to pars. 15, 16 and 17 of Agreement "1-b" and par. 12 is similar to par. 11 of the same.)
13. This contract is to be completed and the shares handed over on such date as the Purchasers may by thirty days' notice in writing given to the Sellers appoint for that purpose, and such completion is to take place at the registered office of the company in Liverpool, or at the offices of Messrs. J. P. Morgan & Co., of No. 22 Old Broad street, London, as the Purchasers may elect against transfers of the shares to be transferred with certificates attached.

(Par. 14 is similar to par. 18 of Agreement "1-b.")
The following is the

BUILDERS' AGREEMENT.

An Agreement, made this fourth day of February, in the year nineteen hundred and two, between
Harland & Wolff, Limited, of Belfast, Ireland, shipbuilders and engineers, of the one part; and
J. P. Morgan & Co., of the City of New York, of the other part.
(Here follows the principal contract in the Provisional Agreement (par. 1).)

Then follows:
Whereas, the Purchasers desire, in case said principal contract is carried out, to arrange with the Builders for the construction and repair of ships for the Purchasers.
Now, this Agreement witnesseth:
1. In consideration of the undertakings given by the Builders in Clauses 2 and 3 of this agreement the Purchasers bind and oblige themselves to place or cause to be placed with the Builders, on commission, terms as set forth in Clause 4 of this agreement, all orders for new steamers or heavy repairs or alterations that require to be done at a shipyard in the United Kingdom of Great Britain and Ireland, including re-bolling, re-engining, and such like. Nothing herein contained, however, shall prevent the Purchasers from placing orders for new steamers or heavy repairs or alterations, re-bolling or re-engining at shipyards in the United States.

2. The Builders shall and do undertake to carry out all such orders to the full capacity of their shipyards and workshops, except as regards the Hamburg-Americanische Packetfahrt Actien Gesellschaft's contract provided for in the following clause:

3. The Builders shall and do undertake not to build for any other shipowners than the parties hereto, provided orders from the Purchasers suffice to keep the said Builders' works fully and continuously employed, and in any case the Builders are not to accept orders from parties who are competitors of the Purchasers in any trade at the time carried on by them without first obtaining the Purchasers' consent; but this proviso is not to prevent the Builders accepting orders from the Hamburg-Americanische Packetfahrt Actien Gesellschaft.

4. The commission terms on which the

work shall be carried out are to be as follows: The cost to the Purchasers to be—

1. The cost as shown by the Builders' books, including wages, materials, direct expenses, and a due proportion of fixed expenses and establishment charges.
2. A commission on the whole as the Builders' profit, said commission in the case of new ships and their machinery to be reckoned at five per cent, on new boilers and on engines for other than new ships, ten per cent, and on repairs, renewals, alterations and shipwork in connection with re-bolling and re-engining, fifteen per cent.

Payment is to be made by the Purchasers as required by the Builders on the basis of cash against expenditure during the progress of the work, and the ascertained balance on completion, and interest at five per cent per annum to be allowed on expenditure in advance of payments or payments in advance of expenditure, as the case may be, but no large balances to stand over except by mutual arrangement.

5. Nothing in this agreement shall prevent the Purchasers from building, repairing or altering, re-bolling or re-engining in other shipyards should the Builders be unable to undertake it within reasonable time.
6. This arrangement to be for ten years from the date hereof and terminable at the expiration thereof or after by five years' notice by either party.

7. In case the object and purpose of said principal contract shall not be accomplished, this agreement and all obligations hereunder shall terminate and become null and void.
In witness whereof, the parties hereto, severally and respectively, have affixed their signatures this fourth day of February, 1902.

become entitled to and shall declare that Agreement to be cancelled and the same shall become null and void, then this agreement shall become null and void for all purposes.

15. The Sellers and Purchasers are relieved from all obligation to fulfill this agreement or any part thereof, if the agreement or even date herewith referred to in Clause 14 hereof is not carried out and completed, the intention of the parties being that both contracts are dependent upon one another, and are only to be completed together.

16. This contract does not extend to, affect or include any property belonging to the various partners of the Sellers' firm, but extends to and affects only property of the partnership or firm as such and with the exceptions referred to in Clause 1 hereof.

17. The Sellers, and each of them, hereby agrees that they will not, nor will any of them, except with the consent of the Purchasers or its successors or assigns, as the case may be, for a period of 11 years from the date hereof, directly or indirectly be interested, whether as principal, agent, manager, or otherwise, in the steam or shipping trade between the seaboard of the United States, of Canada, of the West Indian Islands, and of the Gulf of Mexico and ports in the United Kingdom, or on the Continent of Europe, or in any steam or shipping trade in which the steamers of the Oceanic Steam Navigation Company, Limited, have hitherto traded, or to or from ports adjacent thereto. This restriction is not to prevent the Sellers, or any of them, from being shareholders merely in any company owning vessels trading in the prohibited areas. Nothing herein contained shall prevent the Sellers, or any of them, from continuing to act as a director or manager of the Company, or any other company which the Purchasers form for carrying on shipping business.

18. Inasmuch as the partnership of the Sellers is domiciled in England, it is agreed that all questions concerning the Sellers arising under this agreement are to be controlled and decided by English law.

In witness whereof the parties hereto severally and respectively have affixed their signatures this fourth day of February, 1902.

AGREEMENT "A."

An Agreement, made this fourth day of February, in the year nineteen hundred and two, between

Richards, Mills & Co., of No. 30 James street, in the city of Liverpool, of the one part, and

J. P. Morgan & Co., of the city of New York, of the other part.

(Here follows the principal contract in the Provisional Agreement-paragraph 1.)

The Agreement continues:

Whereas, Among the maritime properties and businesses to be acquired by the corporation are the following:

2-a. All the shares of the British & North Atlantic Steam Navigation Company, Limited (hereinafter referred to as the "Company"), including all shares of the Mississippi & Dominion Steamship Company, Limited (hereinafter referred to as the "Mississippi Company"), including all the new vessels building for said companies, and including all rights in the name of Dominion Line and in the flag of such line; but excluding therefrom all of the properties and rights hereinafter specifically excluded.

Clauses 1 (a and b) are the same as in Agreement "1-a," with the exception that in par. "a" the brokerage and discounts are 2½ and 10 per cent, instead of 3% and 10 per cent. Then follows:

(c) Subject as hereinafter provided, the profits or losses of all vessels which completed their voyages by arrival in their home ports during the year 1900, or which were then employed under Government charter, are subject to the terms hereof, to be included in the calculations of the year's net profits.

(d) In respect of steamers delivered to either Company between the 31st day of December, 1899, and the 1st day of July, 1900, allowance is to be made in ascertaining the year's profits by computing the net earnings of each such steamer as if she had been delivered to the Company on the 31st day of December, 1899, and had thereafter been making the same net earnings as corresponding steamers of the Companies at corresponding dates in their ordinary trades, but less depreciation and insurance as aforesaid on the actual cost price thereof.

(e) In respect of steamers delivered to either Company after the 30th day of June, 1900, or still under construction, the Purchasers are to pay in cash to the Sellers the actual cost price thereof, so far as paid up to, and inclusive of the 31st day of December, 1900, with interest thereon until completion of purchase, calculated at the rate of five per cent per annum from the respective dates when the various payments on account of such steamers were made to the builders thereof, and all receipts and expenditure in respect of such steamers are to be excluded from the calculations of profits above provided for, and are to be for account of the Purchasers.

(f) Expenditure or receipts not in connection with voyages completed by arrival as above provided during the year 1900 are to be excluded from the calculation of profits of that year.

2. The purchase is to take effect as on and from the 1st day of January, 1901, and as deemed to have been in effect from that date for account and risk of the Purchasers and the Sellers are to account to the Purchasers for all dividends or bonus paid by the said Companies on and after the 1st day of January, 1901.

3. As a further part of the price to be paid for the said shares, the Purchasers are also, on completion, to pay or allow to the Sellers, in account

(Clauses "a" and "b" of par. 3 are equivalent to clauses "a" and "b" in par. 4 of Agreement "1-a.")

4. The Sellers are to pay and allow in account to the Purchasers a sum sufficient as of the 31st day of December, 1900, to satisfy all indebtedness of the Company, except that, if they so desire, they may leave the debenture debt of the Company unprovided for, and in that case the Purchasers shall deduct the amount thereof from the purchase price and shall pay all debenture interest as from the said 31st day of December, 1900, and subject thereto the intention of the parties is that the respective Companies are to be placed by the Sellers in the position of being free of debt except in respect of voyages not completed at that date.

5. Where any debts, contracts or liabilities of either Company are applicable to periods before and after the 31st day of December, 1900, the accounts, payments and liabilities in respect thereof are to be apportioned and adjusted, paid and borne accordingly as between the parties.

Paragraphs 6 and 7 are similar to paragraphs 7 and 8 of Agreement "1-a."

8. Until completion of the purchase the Sellers undertake that the business of the Companies shall be carried on as heretofore by them, but for account of the Companies, the Companies paying in cash all expenses of carrying on the business, instead of paying the same rates of commission that the Sellers have hitherto been receiving.

9. The Purchasers hereby adopt and confirm and undertake not to dispute any acts, deeds, transactions, or engagements of the Companies or their directors or managers hitherto done and undertaken as on and from the 1st day of January, 1901, that the Companies will respectively undertake to satisfy and fulfill all their contracts and engagements then current and unperformed, and indemnify the Sellers from all responsibilities thereunder.

10. Upon completion of the purchase the Sellers will use their influences and votes to cause the present directors of the Companies to resign their positions.

11. The Sellers or the holders of the shares of the respective companies are to receive payment of their respective amounts of purchase money, other than such portions as are expressly provided to be paid in cash, as stated in Article Fifth, Clauses 1-a-1-b, of the said principal agreement. The shares are to be fully paid up and are to be of the same classes and priorities and to confer on the holders hereof the same rights and privileges as the shares taken by the other owners of shipping property and businesses included in the corporation and the Sellers are to receive such shares in the same relative proportions as the respective capitals admitted into the Corporation bear to each other.

Paragraphs 12 and 13 are in effect the same as paragraphs 10 and 11 of Agreement "1-a," except that the former stipulate that 25 per cent of the shares shall be obtained by the Purchasers.



5

present carried on, and the said Company are also to carry out and fulfill all contracts with the staff and employees of the Company, who are on monthly or yearly pay, at not less than their present salaries and bonus, for at least one year from the date of completion, unless reasonable cause is shown to the contrary.

16. The Purchasers also shall undertake so far as regards commanders and other officers and employes in the employment of the Company on the day of completion to continue the present officers' insurance scheme on the lines hitherto existing or some other insurance scheme approved by a majority of the said officers in substitution therefor.

17. This contract is to be completed and the shares handed over on such date as the Purchasers may by 30 days' notice in writing given to the Sellers appoint for that purpose, and such completion is to take place at the registered office of the Company in Liverpool or at the offices of Messrs. J. S. Morgan & Co., of No. 22 Old Broad street, London, as the Purchasers may elect against transfers of the shares to be transferred with certificates attached.

13. Inasmuch as the Company is English and domiciled in England all questions concerning the Sellers arising under or pursuant to this contract are to be controlled and decided by English law.

In witness whereof, the parties hereto severally and respectively have affixed their signatures this fourth day of February, 1902.

AGREEMENT "A-B"

An Agreement, made this fourth day of February, in the year nineteen hundred and two, between

Ismay, Imrie & Co., of No. 30 James street, in the city of Liverpool, of the one part, and

J. P. Morgan & Co., of the city of New York, of the other part.

(Here follows the principal contract in the Provisional Agreement (par. D).)

Then follows:

Whereas, Among the maritime properties and businesses to be acquired by the Corporation are the following:

1-b. The business, goodwill, assets and property of the firm or partnership of Ismay, Imrie & Co., as carried on by them in the cities of Liverpool, London, or elsewhere, including so far as the Sellers can sell and dispose thereof, the position of managers of the Oceanic Steam Navigation Company, Limited; but excluding therefrom all the properties and rights hereinafter specifically excluded.

Now, therefore, in consideration of the premises, the parties hereto agree as follows, to wit:

1. The Sellers shall sell to the Purchasers and the Purchasers shall purchase as on and from the first day of January, 1901, subject to the exceptions hereinafter set forth, all that the business, goodwill, assets and property of the Sellers firm or partnership of Ismay, Imrie & Co., as carried on by them in the cities of Liverpool, London, or elsewhere, including so far as the Seller can sell and dispose thereof the position of Managers of the Oceanic Steam Navigation Company, Limited, but excluding therefrom the three shares of the Oceanic Steam Navigation Company, Limited, the property of the firm and all undivided profits of previous years, and also the annual payments made or to be made to the Sellers by the Managers of the Asiatic Steam Navigation Company, Limited, of the City of Liverpool, aforesaid, and by Messrs. Harland & Wolff, Limited, of the City of Belfast, in Ireland, and also any debts and liabilities of the Sellers' firm which had accrued due for payment but were still unpaid on the 31st day of December, 1900, which debts include the full indebtedness then existing to the Sellers' firm of the Oceanic Steam Navigation Company, Limited.

2. The purchase does not include the right to use the name of the Sellers' firm, and that name is at any time after the completion of the purchase on the request of the Sellers to be forthwith discontinued, except so far as may be necessary for the purpose of enforcing any contracts previously made by the Sellers or bringing or defending legal proceedings in reference thereto.

3. The Sellers are themselves to satisfy and discharge all debts and liabilities of their said firm up to and inclusive of the said 31st of December, 1900, but where any contract or engagements of the said firm were on that date current and unfulfilled, the profits and liabilities in connection therewith are to be apportioned and adjusted between the parties hereto as of that date and received and paid accordingly.

4. The valuation of the property of the sellers to be transferred hereunder and under the said principal contract shall be a sum equal to ten times the net income of the Sellers during or of the year 1900 from their whole business in any way connected with shipping property, including their position as managers of the Oceanic Steam Navigation Company, Limited, but excluding from such profits the annual payments made to them referred to in clause 1 hereof.

5. The Purchasers are, in addition, to pay in cash to the Sellers the value of all land-lord's fixtures belonging to the estate of the late Thomas Henry Ismay erected or used in any of their offices and premises in Liverpool or elsewhere; the price thereof to be the actual cost, less depreciation, to the 1st day of January, 1901, at the rate of 3 per cent per annum.

6. If the parties are unable to agree thereon, the figures necessary to ascertain the exact amount of purchase money payable to the Sellers shall be ascertained by Messrs. Price, Waterhouse & Co., of the city of London, chartered accountants, and the parties hereto hereby agree to accept as final and binding the figures so fixed and to act accordingly.

7. The charges of Messrs. Price Waterhouse & Co. are to be borne by the parties hereto in equal shares.

8. The business of the Sellers, so far as the same is hereby disposed of, as and from the 1st day of January, 1901, is, in case this contract is duly completed, to be deemed to have been carried on for account of the Purchasers, and they shall with the exceptions aforesaid, as from that date be entitled to all profits, and shall bear all expenses and losses made by the Sellers in connection with the business sold and all engagements of the Sellers' firm then current and unperformed and indemnify the Sellers therefrom.

9. Except that the Sellers guarantee a good title to the property of the late Thomas Henry Ismay hereby agreed to be sold, the Purchasers shall without exception thereto accept such title as the Sellers have to any property hereby agreed to be sold, and the Purchasers are at their own cost and risk to obtain all necessary licenses and consents to any transfers or assignments necessary to carry out this Agreement, but the Sellers undertake at the cost of the Purchasers to render any assistance in their power for that purpose.

10. The Sellers are, until completion of the purchase, to carry on their business as heretofore, but for account of the Purchasers in case the contract is duly completed and are immediately after completion, if so requested by the Purchasers, formally to resign the position of managers of the Oceanic Steam Navigation Company (Limited), and they are to be paid or pay out of the moneys of the Company all outgoings and expenses of every description incurred in carrying on the business as aforesaid, but in respect of their personal services they are to be paid such amount of remuneration as shall be fixed by Mr. J. P. Morgan, of the City of New York.

11. The Sellers are to receive payment of their purchase money, other than such portion thereof as is expressly agreed to be paid in cash, as stated in Article Fifth, Clause 1-a-1-b, of the said principal agreement. The shares are to be fully paid up and are to be of the same classes and priorities, and to confer on the holders thereof the same rights and privileges as the shares taken by the other owners of shipping property and business included in the corporation, and the Sellers are to receive such shares in the same relative proportion as the respective capitals admitted into the Corporation bear to each other.

12. Until the completion of the purchase as hereinbefore provided, the business is to be continued by the Company as it is at present carried on, and the said Company are also to carry out and fulfill all contracts with the staff and employes of the Company, who are on monthly or yearly pay, at not less than their present salaries and bonus, for at least one year from the date of completion, unless reasonable cause is shown to the contrary.

13. Subject as hereinbefore and hereinafter provided the purchase is to be completed at the Sellers' office, No. 20 James street, aforesaid, or at the office of Messrs. J. S. Morgan & Co., No. 22 Old Broad street, London, as the Purchasers may elect on such date, as the Purchasers may by thirty days' notice in writing given to the Sellers appoint for that purpose. The Purchasers are at the same time also to pay to the Sellers in cash interest on the purchase money at the rate of 2 1/2 per cent per annum from the said 31st day of December, 1900, to the date of completion.

14. If under Clause 11 of the Agreement 1-a of even date made between the parties hereto either the Sellers or the Purchasers shall

ers to be transferred hereunder and under the said principal contract shall be a sum equal to ten times the net income of the Sellers during or of the year 1900 from their whole business in any way connected with shipping property, including their position as managers of the Oceanic Steam Navigation Company, Limited, but excluding from such profits the annual payments made to them referred to in clause 1 hereof.

5. The Purchasers are, in addition, to pay in cash to the Sellers the value of all land-lord's fixtures belonging to the estate of the late Thomas Henry Ismay erected or used in any of their offices and premises in Liverpool or elsewhere; the price thereof to be the actual cost, less depreciation, to the 1st day of January, 1901, at the rate of 3 per cent per annum.

6. If the parties are unable to agree thereon, the figures necessary to ascertain the exact amount of purchase money payable to the Sellers shall be ascertained by Messrs. Price, Waterhouse & Co., of the city of London, chartered accountants, and the parties hereto hereby agree to accept as final and binding the figures so fixed and to act accordingly.

7. The charges of Messrs. Price Waterhouse & Co. are to be borne by the parties hereto in equal shares.

8. The business of the Sellers, so far as the same is hereby disposed of, as and from the 1st day of January, 1901, is, in case this contract is duly completed, to be deemed to have been carried on for account of the Purchasers, and they shall with the exceptions aforesaid, as from that date be entitled to all profits, and shall bear all expenses and losses made by the Sellers in connection with the business sold and all engagements of the Sellers' firm then current and unperformed and indemnify the Sellers therefrom.

9. Except that the Sellers guarantee a good title to the property of the late Thomas Henry Ismay hereby agreed to be sold, the Purchasers shall without exception thereto accept such title as the Sellers have to any property hereby agreed to be sold, and the Purchasers are at their own cost and risk to obtain all necessary licenses and consents to any transfers or assignments necessary to carry out this Agreement, but the Sellers undertake at the cost of the Purchasers to render any assistance in their power for that purpose.

10. The Sellers are, until completion of the purchase, to carry on their business as heretofore, but for account of the Purchasers in case the contract is duly completed and are immediately after completion, if so requested by the Purchasers, formally to resign the position of managers of the Oceanic Steam Navigation Company (Limited), and they are to be paid or pay out of the moneys of the Company all outgoings and expenses of every description incurred in carrying on the business as aforesaid, but in respect of their personal services they are to be paid such amount of remuneration as shall be fixed by Mr. J. P. Morgan, of the City of New York.

11. The Sellers are to receive payment of their purchase money, other than such portion thereof as is expressly agreed to be paid in cash, as stated in Article Fifth, Clause 1-a-1-b, of the said principal agreement. The shares are to be fully paid up and are to be of the same classes and priorities, and to confer on the holders thereof the same rights and privileges as the shares taken by the other owners of shipping property and business included in the corporation, and the Sellers are to receive such shares in the same relative proportion as the respective capitals admitted into the Corporation bear to each other.

12. Until the completion of the purchase as hereinbefore provided, the business is to be continued by the Company as it is at present carried on, and the said Company are also to carry out and fulfill all contracts with the staff and employes of the Company, who are on monthly or yearly pay, at not less than their present salaries and bonus, for at least one year from the date of completion, unless reasonable cause is shown to the contrary.

13. Subject as hereinbefore and hereinafter provided the purchase is to be completed at the Sellers' office, No. 20 James street, aforesaid, or at the office of Messrs. J. S. Morgan & Co., No. 22 Old Broad street, London, as the Purchasers may elect on such date, as the Purchasers may by thirty days' notice in writing given to the Sellers appoint for that purpose. The Purchasers are at the same time also to pay to the Sellers in cash interest on the purchase money at the rate of 2 1/2 per cent per annum from the said 31st day of December, 1900, to the date of completion.

14. If under Clause 11 of the Agreement 1-a of even date made between the parties hereto either the Sellers or the Purchasers shall

ers to be transferred hereunder and under the said principal contract shall be a sum equal to ten times the net income of the Sellers during or of the year 1900 from their whole business in any way connected with shipping property, including their position as managers of the Oceanic Steam Navigation Company, Limited, but excluding from such profits the annual payments made to them referred to in clause 1 hereof.

5. The Purchasers are, in addition, to pay in cash to the Sellers the value of all land-lord's fixtures belonging to the estate of the late Thomas Henry Ismay erected or used in any of their offices and premises in Liverpool or elsewhere; the price thereof to be the actual cost, less depreciation, to the 1st day of January, 1901, at the rate of 3 per cent per annum.

6. If the parties are unable to agree thereon, the figures necessary to ascertain the exact amount of purchase money payable to the Sellers shall be ascertained by Messrs. Price, Waterhouse & Co., of the city of London, chartered accountants, and the parties hereto hereby agree to accept as final and binding the figures so fixed and to act accordingly.

7. The charges of Messrs. Price Waterhouse & Co. are to be borne by the parties hereto in equal shares.

8. The business of the Sellers, so far as the same is hereby disposed of, as and from the 1st day of January, 1901, is, in case this contract is duly completed, to be deemed to have been carried on for account of the Purchasers, and they shall with the exceptions aforesaid, as from that date be entitled to all profits, and shall bear all expenses and losses made by the Sellers in connection with the business sold and all engagements of the Sellers' firm then current and unperformed and indemnify the Sellers therefrom.

9. Except that the Sellers guarantee a good title to the property of the late Thomas Henry Ismay hereby agreed to be sold, the Purchasers shall without exception thereto accept such title as the Sellers have to any property hereby agreed to be sold, and the Purchasers are at their own cost and risk to obtain all necessary licenses and consents to any transfers or assignments necessary to carry out this Agreement, but the Sellers undertake at the cost of the Purchasers to render any assistance in their power for that purpose.

10. The Sellers are, until completion of the purchase, to carry on their business as heretofore, but for account of the Purchasers in case the contract is duly completed and are immediately after completion, if so requested by the Purchasers, formally to resign the position of managers of the Oceanic Steam Navigation Company (Limited), and they are to be paid or pay out of the moneys of the Company all outgoings and expenses of every description incurred in carrying on the business as aforesaid, but in respect of their personal services they are to be paid such amount of remuneration as shall be fixed by Mr. J. P. Morgan, of the City of New York.

11. The Sellers are to receive payment of their purchase money, other than such portion thereof as is expressly agreed to be paid in cash, as stated in Article Fifth, Clause 1-a-1-b, of the said principal agreement. The shares are to be fully paid up and are to be of the same classes and priorities, and to confer on the holders thereof the same rights and privileges as the shares taken by the other owners of shipping property and business included in the corporation, and the Sellers are to receive such shares in the same relative proportion as the respective capitals admitted into the Corporation bear to each other.

day of December, 1900, for or on account of new steamships whose earnings are not included in the profits of the year 1900, whether such steamships were then already delivered, or were then, or still are under construction, together with interest thereon in cash, at the rate of 5 per cent per annum, to the date of completion of this contract from the various dates when such amounts were paid to the builders.

4. As a further part of the price to be paid for the said shares, the Purchasers are also on completion to pay in cash to the Sellers:

(a) A sum equal to the amount of all debts other than over payments for new steamers which on the 31st day of December, 1900, were due for payment to the Company in respect of voyages completed to that date, and the Sellers guarantee all such debts to be good.

(b) A sum equal to the amount of all moneys which on the said 31st day of December, 1900, were in the hands of the Company or its agents or to its credit at any of its bankers after deducting the amount of prepaid passage money or freights or deposits made with the Company or its agents for transmission against drafts or any other sums received by the Company on account of business to be transacted on or after the 1st day of January, 1901.

5. The securities standing in the Company's books of account on the 31st day of December, 1900, remain the property of the Company, but the Purchasers are on completion to pay to the Sellers such a sum not exceeding the value of the said securities as may be sufficient to satisfy the indebtedness of the Company to their bankers and to the Sellers as managers of the Company and to the estate of the late Thomas Henry Ismay on the 31st day of December, 1900, and the Sellers undertake on payment of the said sum herewith to at once liquidate the said indebtedness. For the purpose of this clause the value of the said investments is to be ascertained where the investments had a public quotation from the official London Stock Exchange making-up price for the last account in December, 1900, excepting for consols which shall be the making-up price for first account in January, 1901. Where there was no public quotation and the investments were in connection with the business of the Company they are to be treated as of par value with allowance for the proportion of interest to and including the said 31st day of December, 1900.

6. Subject as aforesaid the Sellers are to pay in cash to the Purchasers a sum sufficient as of the 31st day of December, 1900, to satisfy and discharge all indebtedness of the Company, and the Purchasers under-

take to satisfy and discharge the same, the intention of the parties being that as on the 1st day of January, 1901, the Company is to be placed by the Sellers in the position of being free of debt except in respect of voyages not completed at that date. Where any debts, contracts or liabilities of the Company were applicable to periods before and after the 31st day of December, 1900, the same are to be apportioned and adjusted, paid and borne accordingly as between the parties.

7. The Purchasers are also on completion, in addition to the various sums to be paid by them, as above provided, to pay in cash to the Sellers interest thereon at the rate of five per cent per annum, calculated from the 31st day of December, 1900, to the date of payment (except the payments provided for in Clause 4 hereof, where interest is already provided for).

8. All calculations necessary to arrive at the exact sums to be paid or accounted for by or to the Sellers or Purchasers, respectively, under any of the provisions of this agreement are, if the parties are unable to agree thereon, to be made by Messrs. Price, Waterhouse & Co., of the City of London, chartered accountants, and each party agrees to accept their calculations and decision thereon as final and binding, and to act accordingly, and to pay one-half of their charges.

9. Until the completion of the purchase the Sellers undertake to carry on the business of the Company for its account, as heretofore, and they are to be paid or pay out of the moneys of the Company all outgoings and expenses of every description incurred in doing so, but in respect of their personal services they are to be paid such amount of remuneration as shall be fixed by Mr. J. P. Morgan, of the City of New York.

10. Subject always to Clause 11 hereof, if within 30 days from such date as the Bankers shall call upon the Sellers to take the necessary proceedings for that purpose the Sellers are unable to obtain the undertaking of any of the owners of the 750 shares in the Company to sell their shares to them, or to the Purchasers, or to their respective nominees, subject to the terms and for the purpose of carrying out this agreement, or if the Sellers shall, previous to the date fixed for completion, have been unable to obtain a transfer to them, or to the Purchasers, or to their respective nominees, of any of the said shares, then the Sellers shall, in respect and to the extent of said shares, be absolutely released from all responsibility hereunder, and the purchase and this contract shall subject, as hereafter provided, stand good only in respect of such shares as the Sellers can procure to be sold and actually transferred on the terms and conditions hereof, and the purchase price and other amounts to be paid by the Purchasers to the Sellers, and the obligations of the Sellers toward the Purchasers shall, respectively, be reduced pro rata, in proportion to the number of shares to be actually transferred.

11. If the Sellers are unable within the period of thirty days mentioned in the last clause to induce the owners of at least 75 per cent of the shares of the Company to agree to sell the same on the terms hereof, then either the Sellers or the Purchasers may, at their option, declare this contract to be cancelled, and thereupon this contract shall become null and void for all purposes. The Sellers shall notify to the Bankers' house in London, before the expiration of such thirty days, whether they have received the necessary number of assents heretofore provided.

12. The Sellers and Purchasers are released from all obligations to fulfil this contract or any part thereof, if the agreement named 1-b of even date herewith made between the same parties is not carried into effect and completed, the intention of the parties being that said contracts are dependent upon one another and only to be completed together.

13. The Purchasers shall adopt and confirm and undertake that the Company will not dispute any acts, deeds, transactions or engagements of the Company or its managers hitherto done, and shall undertake as on and from the 1st day of January, 1901, that the Company will satisfy and fulfill all its contracts and engagements then current, and unperformed and shall indemnify the Sellers from all responsibility thereunder. They shall further undertake that the Company shall agree to indemnify the Sellers and each of them from all responsibilities in respect of property which on or after the 1st day of January, 1901, may be or have been vested in them, or any of them, for account of the Company.

14. The Sellers or the holders of the shares of the Company are to receive payment of their respective amounts of purchase money, other than such portions as are expressly provided to be paid in cash, as stated in Article Fifth, Clause 1-a-1-b of the said principal agreement. The shares are to be fully paid up and are to be of the same classes and priorities and to confer on the holders thereof the same rights and privileges as the shares taken by the other owners of shipping property and businesses included in the Corporation, and the Sellers are to receive such shares in the same relative proportions as the respective capitals admitted into the Corporation bear to each other.

15. Until the completion of the purchase as hereinbefore provided, the business is to be continued by the Company, as it is, at

30

line, and of all of the business represented by the said Vendor as hereinbefore stated, to the Corporation, upon the terms and for the considerations hereinabove set forth, after thirty days' notice, by the Bankers in behalf of the Syndicate on or before the 31st day of December, 1902.

Second.—The Bankers will use their best efforts to form a Syndicate (in which the Vendors or any of them may be participants) upon the terms above stated, to purchase from the Vendors the said debentures and the said £25,000,000 of common stock and £2,500,000 of preferred stock of the Corporation for the sum of £30,000,000 in cash. The Bankers, however, shall not incur any pecuniary obligation hereunder except to the extent to which, as syndicate subscribers, they may become personally bound for a share of the obligation of the Syndicate when completely formed.

In case the Bankers shall not have formed such Syndicate on or before April 30, 1902, this agreement and all obligations thereunder or collateral thereto shall cease and determine on the 31st day of April, 1902, but if notice under article 1st of this agreement be not given by the Bankers before that date, this agreement shall continue in full force and effect unless and until notice in writing shall have been given determining the same, by any party hereto, whereupon this agreement forthwith shall cease and determine.

Third.—Each and every party hereto, without incurring any pecuniary obligation except or in addition to that above stated, will use his best efforts to promote and to effectuate the purposes of this agreement.

Fourth.—Any of the parties hereto may make with any of the other parties any contract with reference to any stock, property, assets or business represented by any Vendor hereto, and when so made any and every such contract or agreement shall, to the extent of the stock, property, assets or business represented by the Vendor subscribing the same, be taken to be and shall be in respect of such property an agreement collateral to and incorporated in this agreement, provided that except with the consent of all the parties hereto the amount of the debentures and of the capital stock of the said Corporation and of the relative distribution thereof as hereinbefore provided, shall not be changed.

In witness whereof, the parties hereto severally and respectively have affixed their signatures this 4th day of February, 1902.

The following letter, dated New York, 5th February, 1902, was addressed to the following firms: Messrs. Ismay, Imrie & Co.; Richards, Mills & Co.; P. A. B. Widener; Clement A. Griscom and Bernard N. Baker.

Referring to the agreement entered into by the undersigned with your good selves, under date of February 4, 1902, we beg to confirm the statement already made to you orally, that, in our judgment, it may be an essential condition to the completion of said contract that the majority of the shares of the new Corporation should at the outset be held in America. As the contract and capitalization are now arranged, this might not be the case. As we have stated to you, under such conditions, we do not think it would be practicable to bring out the Company successfully in America. We think it likely, however, that arrangements can be made outside of the contract, which will avoid this difficulty, and having made this explanation we are quite willing to execute the agreement, our only desire being that you should be in full possession of our views on the subject, so that in case it should prove impossible to avoid the difficulty which we now hope to overcome, you might not be disappointed if we should be compelled to advise you that we are unable to successfully carry out the contract.

Yours faithfully,
J. P. Morgan & Co.

The following are the agreements referred to in the foregoing contract:

AGREEMENT "I-A."

An Agreement, made this 4th day of February, in the year nineteen hundred and two, between

Ismay, Imrie & Co., of No. 30 James Street in the city of Liverpool (hereinafter called the "Sellers"), of the one part, and

J. P. Morgan & Co., of the city of New York (hereinafter called the "Bankers"), of the other part.

(Here follows the principal contract in the provisional agreement (par. 1), the only difference being the substitution of the word "Purchaser" for "Corporation.")

The Agreement continues:

Whereas, Among the maritime properties and businesses to be acquired by the Corporation are the following:

1-a. Seven hundred and fifty (75) shares of one thousand pounds (£1,000) each, fully paid up, of the Oceanic Steam Navigation Company (Limited), of No. 30 James Street, in the city of Liverpool (hereinafter referred to as the "Company"), including all rights in the name of the White Star Line and in the flag of such line, but excluding therefrom all of the properties and rights hereinafter specifically excluded.

Now, therefore, in consideration of the premises, the parties hereto agree as follows, to wit:

1. The valuation of the said shares hereunder and under said principal contract, shall, subject as hereafter provided, be a sum equal to ten times the net profits of the company of the year 1900, such profits to be taken subject as hereafter defined as shown by the company's books, but without deduction for insurance, depreciation, contributions to protection and indemnity associations, and subject also to the following exceptions:

(a). There shall be deducted from such net profits for the year 1900 a sum for depreciation equal to six per cent on the amounts at which the steamships and steamship property of the company stood in its books on the first day of January, 1900, and a sum for insurance for the said year equal to 1 1/2 per cent on the same amount, less the brokerage and discount of 3 1/2 per cent and 10 per cent.

(b). The net earnings of steamships which have during the year 1900 or part thereof been employed under charter to the British Government are, as far as they affect the net profits above mentioned, to be excluded therefrom, and the steamships so employed are to be deemed to have been making, and are, irrespective of their dates of arrival in their home ports, to be credited in the account for the year or part thereof under charter to the British Government with net earnings of the same amount as were earned or would have been earned by similar steamships of the company for the same periods in their ordinary trades.

(c). The profits or losses, as the case may be, of all vessels which completed their voyages by arrival in their home ports during the year 1900, are to be included in the calculations of the year's net profits.

(d). Expenditure or receipts not in connection with voyages completed as aforesaid during the year 1900, are to be excluded from the calculations of profits of the year 1900.

2. The purchase is to take effect as on and from the 1st day of January, 1901, and as on and from that date the shares are to be deemed to have been held in all respects for account and risk of the Purchasers, and any receipts or expenditure in connection with voyages completed after 31st day of December, 1900, whether received or paid before or after that date, are to be for account of and to be received, borne or paid by the Purchasers as such shareholders, and any moneys paid by the Company as dividend or bonus in or subsequent to the year 1901 are to be credited to the Purchasers as against the amount of purchase money payable in cash.

3. As a further part of the price to be paid for the said shares, the Purchasers are on completion to pay in cash to the Sellers a sum equal to the amounts paid by the Company to the builders, on or before the 31st



by the Corporation, respectively, under any of the provisions of this agreement, are, if the parties shall be unable to agree thereon, to be made by Messrs. Price, Waterhouse & Co., of the City of London, chartered accountants, and each party shall accept their calculations and decision thereon as final and binding, and act accordingly, and pay one-half of their charges.

1-b. The valuation of the business, goodwill, assets and property of Ismay, Imrie & Co. shall be a sum equal to ten times the net income of the said firm during or of the year 1900 from their whole business in any way connected with shipping property, including their position as managers of the Oceanic Steam Navigation Company (Limited), but subject to the exceptions and with the further conditions shown and stated in said agreement "1-b" collateral hereto, with respect to the method of the ascertainment of the price and the business of Ismay, Imrie & Co., involved hereunder: It being expressly understood that all calculations necessary to arrive at the exact sum to be paid or to be accounted for by Ismay, Imrie & Co., or by the Corporation, respectively, under any of the provisions of this agreement, are, if the parties shall be unable to agree thereon, to be made by Messrs. Price, Waterhouse & Co., of the City of London, chartered accountants, and each party shall accept their calculations and decision thereon as final and binding, and act accordingly and pay one-half of their charges.

2-a. The valuation of the shares of the Dominion Line shall be a sum equal to ten times the net profits earned by the British & North Atlantic Steam Navigation Company (Limited) and the Mississippi & Dominion Steamship Company (Limited), from carrying on their business during the year 1900, such profit to be taken as shown by the Company's books, subject to the deductions and exceptions and with the further conditions shown and stated in said agreement "2-a" collateral hereto, with respect to the method of the ascertainment of the price and property of the British & North Atlantic Steam Navigation Company (Limited), including the Mississippi & Dominion Steamship Company (Limited) involved hereunder: It being expressly understood that all calculations necessary to arrive at the exact sum to be paid or to be accounted for by the Dominion Vendors or by the Corporation, respectively, under any of the provisions of this agreement, are, if the parties shall be unable to agree thereon, to be made by Messrs. Price, Waterhouse & Co., of the City of London, chartered accountants, and each party shall accept their calculations and decision thereon as final and binding, and to act accordingly and to pay one-half of their charges.

2-b. The valuation of the business, goodwill, assets, and property of Richards, Mills & Co. shall be a sum equal to ten times the net income of the said firm during or of the year 1900, from their business of managers, agents, forwarding agents, master porters, or otherwise, in connection with the business of the said two companies; but subject to the exceptions and with the further conditions shown and stated in agreement "2-b" collateral hereto, with respect to the method of the ascertainment of the price and business of Richards, Mills & Co. involved hereunder: It being expressly understood that all calculations necessary to arrive at the exact sum to be paid or to be accounted for by Richards, Mills & Co. or by the Corporation, respectively, under any of the provisions of this agreement, are, if the parties shall be unable to agree thereon, to be made by Messrs. Price, Waterhouse & Co., of the City of London, chartered accountants, and each party shall accept their calculations and decision thereon as final and binding, and to act accordingly, and to pay one-half of their charges.

3. The aggregate valuation of the American Line and of the Atlantic Transport Line, including new tonnage, and as to the American Line, subject to \$12,000,000 of the five per cent bonds of that line, shall be \$14,155,000.

5. The valuation of the said shares of the Leyland Line shall be \$11,725,000, it being understood that there are or will be outstanding £315,000 five per cent preference shares, and £500,000 four per cent debentures of the said line, not included hereunder.

The price and the method of payment of the price for the said several properties to be conveyed to the Corporation shall be as follows:

1-a.-1-b. For the total valuation of the White Star Line, and the business of Ismay, Imrie & Co. determined, as aforesaid (exclusive of new tonnage and except as otherwise provided in said collateral agreements), twenty-five per cent thereof in cash, seventy-five per cent thereof in preferred stock at par, and a sum equal to thirty-seven and one-half per cent thereof in common stock at par of the Corporation.

2-a.-2-b. For the total valuation of the Dominion Line and the business of Richards, Mills & Co. determined as aforesaid (exclusive of new tonnage and except as otherwise provided in said collateral agreements), twenty-five per cent thereof in cash, seventy-five per cent thereof in preferred stock at par, and a sum equal to thirty-seven and one-half per cent thereof in common stock at par of the Corporation.

3. For the total valuation of the American Line and the Atlantic Transport Line (exclusive of new tonnage and also exclusive of proper interest adjustment), \$18,314,000 in the preferred stock at par and \$9,157,000 in the common stock at par of the Corporation, and, also, as and when required, \$15,844,000 in cash for new tonnage and indebtedness, and such further cash as may be required for proper adjustment of interest at a rate not exceeding 6 per cent per annum.

5. For the said ordinary shares and preference shares of the Leyland Line, \$11,725,000 in cash, with a proper addition thereto for interest at a rate not exceeding 6 per cent per annum.

All of the remainder and residue of the preferred stock and the common stock of the Corporation and also its said collateral trust bonds for \$50,000,000 are to be retained by and are to belong to the Vendors, who, however, are to contribute to the Corporation, as working capital, \$750,000 in preferred stock and \$2,653,000 in common stock, and are to transfer to the Syndicate (if and when formed by the Bankers) for \$50,000,000 cash, and in full payment for its services, the said \$7,000,000 debentures and \$2,500,000 of preferred stock and \$25,000,000 common stock of the Corporation.

It is understood that if so determined by the Bankers (who are hereby vested with power to make such determination in the exercise of their unrestricted discretion), the Corporation either may take or may decline to take any one or more of the said lines (except as otherwise provided in clause 11 of the collateral agreement "1-a"), of which less than three-fourths interest shall be delivered to the Corporation at the time that it shall complete its purchase as aforesaid on or before December 31, 1902. Notwithstanding the exclusion of any one or more of said lines or businesses (if so determined by the Bankers), the Corporation may take any or all of the other lines or businesses hereinabove described. In the event any of said lines or businesses shall be so excluded from the transfer herein proposed, then and in every such case the indebtedness and capitalization of the Corporation shall be reduced correspondingly.

Now, this Agreement witnessed:

That in consideration of the premises and of the purposes herein expressed, and of the mutual promises herein contained, and the mutual benefits expected from the performance thereof, the said Vendors, severally and respectively, each for themselves and no one for any other, and the Bankers, mutually have agreed and promised and by these premises mutually do agree and promise, as follows, to-wit:

First—Each of the Vendors, severally and respectively, will use his best efforts to cause and induce, and to the extent of his ownership and control thereof, will make the transfer of not less than three-fourths of the stock, property, assets, and business of the

The Directorate of the Hamburg-American Line sent to the shareholders of the company on May 20 a circular setting forth the following facts about the formation of the Ship Trust and its arrangement with the German lines:

About a year ago there was a meeting in New York of interested parties, headed by the firm of J. P. Morgan & Co., with the object of amalgamating in a trust the great steamship companies participating in the North Atlantic traffic. After prominent English and American shipping firms had declared that they were prepared to join the trust it devolved upon us to adopt an attitude toward an event of this exceptional character, calculated as it was to effect a complete revolution in the existing situation.

On the one hand, it was impossible for us to ignore the danger of this combination. On the other hand, in view of the unsatisfactory state of things created in particular by the mutual jealousy of the English lines, we could not fail to recognize the great value of a comprehensive working combination such as had been an object of our endeavors for many years past.

It was out of the question that we should entertain proposals which were calculated to affect even indirectly in any form or shape the nationality and the independence of our company. Ways and means had, therefore, to be found for maintaining these indispensable preliminary conditions, and, at the same time, obtaining such a connection with the contemplated syndicate as would guarantee friendly co-operation between the parties. Protracted negotiations led to the conclusion of an agreement between the syndicate on the one side and our company and the North German Lloyd on the other—an agreement which we are convinced entirely corresponds to the objects in view.

The essential provisions of this agreement are as follows:

1. The syndicate undertakes not to acquire shares in the German companies, either directly or indirectly; in like manner the German companies undertake to abstain from the direct or indirect acquisition of shares in the syndicate.
2. In order, nevertheless, to enable the contracting parties to have a direct interest in the returns of their business, the two German companies have undertaken to pay over annually to the syndicate a portion of their dividends which would correspond to the ownership of at least 20,000,000 marks (20,000,000) in shares. This arrangement was made at a time when the capital of each of the two companies in shares amounted to 80,000,000 marks (80,000,000). In the event of an increase in the capital such as has, in fact, since taken place, the syndicate has the right to raise the amount on which its quota of the dividend is reckoned to 25 per cent. of the share capital. Per contra the syndicate undertakes to pay the two German companies from its own funds an interest of 6 per cent. upon the same amount—that is to say, upon at least 20,000,000 marks.
3. In order to secure the advantageous co-operation of the two parties it has been decided to establish a committee which shall see that the agreement is faithfully carried out, which shall keep the German companies and the syndicate in constant touch with each other, and which shall secure an understanding on matters affecting their common interests. This committee shall consist of two representatives of the syndicate and two representatives of the German companies.
4. The combination is intended to represent a defensive and offensive alliance (Schutz-und-Trutzbündnis); the syndicate and the two German companies accordingly undertake to support one another against the encroachments of outside competition.
5. If one of the parties should temporarily need more ships than are at its disposal in order to meet the requirements of its traffic, it shall be bound before chartering such ships from outside firms to give the

other party the preferential right to supply it with such extra steamers on conditions the details of which are laid down in the agreement.

6. The syndicate undertakes not to send any of its vessels to a German port without the consent of the two German companies. On the other hand, the German companies undertake to observe certain restrictions in respect of their traffic with British ports. These obligations do not, however, prevent—(a) the entire maintenance of connections already established; (b) the future inclusion of British ports for any connections to places to which the syndicate itself has not liners running from England; (c) the future adoption of British ports for the lines of the German companies to South America, Mexico, or the West Indies, even if the syndicate has lines to those places from England.

7. The Syndicate undertakes for all its lines between Great Britain and America not to let more than two of its vessels per week touch on the outward or homeward voyage at any French port. Reciprocally, the German lines undertake to continue, as in the past, not to call at Belgian ports with their vessels that ply to and from North America; and they promise that neither of them shall let their vessels plying to and from North America call at English ports more than seventy-five times in the year on the outward and seventy-five times on the homeward voyage—that is to say, not more than 300 times in all. If the German companies increase their sailings from French ports, as they are at all times at liberty to do, the syndicate is likewise entitled to make a proportionate increase in its sailings.

8. The establishment of new steamship lines, or the extension of an existing connection when considerable enough to represent the doubling of the number of sailings (Erweiterungen), shall, before being carried into effect, form the subject of deliberation by the committee mentioned in Clause 3. The committee is not entitled to prevent the establishment of such new connections or such extensions of business. But it has been agreed that if the syndicate wishes to effect such extension, or to establish a new line, it is bound to offer the German companies the option of participation to the extent of a third of the enterprise. The same obligation is undertaken by the German companies toward the syndicate. This participation shall take the following form: The party that claims to participate shall pay the party which undertakes the enterprise interest at the rate of 5 per cent. on the third part of the capital required for the extension; and in return it shall participate to the extent of one-third in the profit or loss derived from the extension. These arrangements do not, however, apply to coasting lines or similar minor enterprises.

9. The North Atlantic saloon passenger traffic of both parties will be regulated by a separate agreement with the object of arranging a pool for this branch of the business. The pool arrangements regarding third-class passengers, which have been carried out for more than ten years between the companies concerned, will remain in force.

10. Similar arrangements with reference to freights are not for the present contemplated beyond existing agreements or beyond the reciprocal services provided for in Clause 4.

11. In a case of differences which the members of the joint committee are unable to settle among themselves, the decision shall lie either with a commission chosen by the boards of supervision (Aufsichtsräthskorporationen) of both parties, or with an impartial court of arbitration.

12. Should there be war between Germany and the United States or between Germany and England or between England and the United States the agreement shall cease to have effect throughout the duration of the war.

13. The agreement is concluded for a period of twenty years; but each party shall have the option of proposing a revision of the agreement at the end of ten years, and of withdrawing from the agreement at the end of the ensuing year if the revision cannot be effected in a satisfactory manner.

14. The syndicate has given the Hamburg-American Line an undertaking—without prejudice to the provisions of Clause 8—that it will leave to that line exclusively the traffic between New York and East Asia and the traffic between New York and the West Indies.

The circular announcing the terms of agreement was signed by the Board of Supervision of the Hamburg-American Line, including Prince Hohenlohe-Schillingsfuerst, and by the Directors, of whom Herr Ballin is the head.

The Directorate of the Hamburg-American Line sent to the shareholders of the company on May 26 a circular setting forth the following facts about the formation of the Ship Trust and its arrangement with the German lines:

About a year ago there was a meeting in New York of interested parties, headed by the firm of J. P. Morgan & Co., with the object of amalgamating in a trust the great steamship companies participating in the North Atlantic traffic. After prominent English and American shipping firms had declared that they were prepared to join the trust it devolved upon us to adopt an attitude toward an event of this exceptional character, calculated as it was to effect a complete revolution in the existing situation.

On the one hand, it was impossible for us to ignore the danger of this combination. On the other hand, in view of the unsatisfactory state of things created in particular by the mutual jealousy of the English lines, we could not fail to recognize the great value of a comprehensive working combination such as had been an object of vain endeavors for many years past.

It was out of the question that we should entertain proposals which were calculated to affect even indirectly in any form or shape the nationality and the independence of our company. Ways and means had, therefore, to be found for maintaining these indispensable preliminary conditions, and, at the same time, obtaining such a connection with the contemplated syndicate as would guarantee friendly co-operation between the parties. Protracted negotiations led to the conclusion of an agreement between the syndicate on the one side and our company and the North German Lloyd on the other—an agreement which we are convinced entirely corresponds to the objects in view.

The essential provisions of this agreement are as follows:

1. The syndicate undertakes not to acquire shares in the German companies, either directly or indirectly; in like manner the German companies undertake to abstain from the direct or indirect acquisition of shares in the syndicate.

2. In order, nevertheless, to enable the contracting parties to have a direct interest in the returns of their business, the two German companies have undertaken to pay over annually to the syndicate a portion of their dividends which would correspond to the ownership of at least 20,000,000 marks (£1,000,000) in shares.

This arrangement was made at a time when the capital of each of the two companies in shares amounted to 80,000,000 marks (£4,000,000). In the event of an increase in the capital such as has, in fact, since taken place, the syndicate has the right to raise the amount on which its quota of the dividend is reckoned to 25 per cent. of the share capital. Per contra the syndicate undertakes to pay the two German companies from its own funds an interest of 6 per cent. upon the same amount—that is to say, upon at least 20,000,000 marks.

3. In order to secure the advantageous co-operation of the two parties it has been decided to establish a committee which shall see that the agreement is faithfully carried out, which shall keep the German companies and the syndicate in constant touch with each other, and which shall secure an understanding on matters affecting their common interests. This committee shall consist of two representatives of the syndicate and two representatives of the German companies.

4. The combination is intended to represent a defensive and offensive alliance (Schutz-und-Trutzhündnis); the syndicate and the two German companies accordingly undertake to support one another against the encroachments of outside competition.

5. If one of the parties should temporarily need more ships than are at its disposal in order to meet the requirements of its traffic, it shall be bound before chartering such ships from outside firms to give the

other party the preferential right to supply it with such extra steamers on conditions, the details of which are laid down in the agreement.

6. The syndicate undertakes not to send any of its vessels to a German port without the consent of the two German companies. On the other hand, the German companies undertake to observe certain restrictions in respect of their traffic with British ports. These obligations do not, however, prevent—(a) the entire maintenance of connections already established; (b) the future inclusion of British ports for any connections to places to which the syndicate itself has not liners running from England; (c) the future adoption of British ports for the lines of the German companies to South America, Mexico, or the West Indies, even if the syndicate has lines to those places from England.

7. The Syndicate undertakes for all its lines between Great Britain and America not to let more than two of its vessels per week touch on the outward or homeward voyage at any French port. Reciprocally, the German lines undertake to continue, as in the past, not to call at Belgian ports with their vessels that ply to and from North America; and they promise that neither of them shall let their vessels ply to and from North America call at English ports more than seventy-five times in the year on the outward and seventy-five times on the homeward voyage—that is to say, not more than 300 times in all.

If the German companies increase their sailings from French ports, as they are at all times at liberty to do, the syndicate is likewise entitled to make a proportionate increase in its sailings.

8. The establishment of new steamship lines, or the extension of an existing connection when of considerable enough to represent the doubling of the number of sailings (Expeditionen), shall, before being carried into effect, form the subject of deliberation by the committee mentioned in Clause 3.

The committee is not entitled to prevent the establishment of such new connections or such extensions of business. But it has been agreed that if the syndicate wishes to effect such extension, or to establish a new line, it is bound to offer the German companies the option of participation to the extent of a third of the enterprise. The same obligation is undertaken by the German companies toward the syndicate. This participation shall take the following form: The party that claims to participate shall pay the party which undertakes the enterprise interest at the rate of 5 per cent. on the third part of the capital required for the extension; and in return it shall participate to the extent of one-third in the profit or loss derived from the extension. These arrangements do not, however, apply to coasting lines or similar minor enterprises.

9. The North Atlantic saloon passenger traffic of both parties will be regulated by a separate agreement with the object of arranging a pool for this branch of the business. The pool arrangements regarding third-class passengers, which have been carried out for more than ten years between the companies concerned, will remain in force.

10. Similar arrangements with reference to freights are not for the present contemplated beyond existing agreements or beyond the reciprocal services provided for in Clause 4.

11. In a case of differences which the members of the joint committee are unable to settle among themselves, the decision shall lie either with a commission chosen by the boards of supervision (Aufsichtsratskorporationen) of both parties, or with an impartial court of arbitration.

12. Should there be war between Germany and the United States or between Germany and England or between England and the United States the agreement shall cease to have effect throughout the duration of the war.

13. The agreement is concluded for a period of twenty years; but each party shall have the option of proposing a revision of the agreement at the end of ten years, and of withdrawing from the agreement at the end of the ensuing year if the revision cannot be effected in a satisfactory manner.

14. The syndicate has given the Hamburg-American Line an undertaking without prejudice to the provisions of Clause 8—that it will leave to that line exclusively the traffic between New York and East Asia, and the traffic between New York and the West Indies.

The circular announcing the terms of agreement was signed by the Board of Supervision of the Hamburg-American Line, including Prince Hohenlohe-Schillingenstädt, and by the Directors, of whom Herr Ballin is the head.

ト
ル
カ
ニ
航
業
合
同
の
概
況
及
本
社
の
取
組
み
等
を
記
述
す

昭和五年十一月四日

通商新聞

公事老四志

受第一四四二一編

大正洋行社長向土著小航業復興會の件
おの親家二班結報

新聞掲載
通商新聞

通商新聞
第...号

141
No. 84

振込伝

本件就其旨表より七月十日附の第百〇三號信以
 なる報を以て右航業復興會の組織は此程漸次成す
 べきものと見ゆ本月一日三ヶ年計画の案をトレンティン市
 政會議に提出すべしと云ふ案行の着目スルところ成中
 今其組織の要項ナリト云ふ間々該會の Secretary
 Mr. Ronald H. Malone のナルを稱して事業の經營ス
 るに於て此の航業復興會社ナルモノ特ニ創設セラレタル
 ナス夫ハアメリカレニシテトドスターライシニシテ方者々
 ル子船航業復興會社ヲ改称シ其資本資本を千五百
 萬ナリシモノを倍々千萬ナリト増加シ(由六千萬ナリハ
 六分増加せるが如し)倍々千〇〇〇〇〇〇ナリト増
 加ナリ)外に四〇〇〇〇〇〇〇〇ナリト増加ナリト云フ
 此のタルモノナリ右様式之ヲ市場ニ募集スルべく且内債者
 之ヲ引受ケ又右様式ハ前月前迄組織セラレタル成ルコト
 シタケトシ(其性質ハ募集セラレズ)ニ倍々千〇〇〇〇〇〇
 而シテ其を彼ハ尤も決意シテタリト云フ
 社長一人(右様式航業復興會社長トシテ)トリス
 氏之也
 理事十三人(内八人米人)ケリスコト也(其中五名)五人英
 人(二名)其内一名ハトリスコト也トリスコト也トリスコト也
 此の航業復興會タルトリスコト也トリスコト也トリスコト也
 トスターライシニシテ倍々千〇〇〇〇〇〇トリスコト也

在米國日本公使館

88

つせサルシト折約ウタリ、又ハ、ウケルトシテ、内シレハ
英子政府之保護を增加シタルヲ以テ、該会社は、
海防ナルヲテ、メスモナリト解スルハ、非ナリ、是レ、政治ノ具地
リ、シテ、海防ノ一部、民防ノ要也、是レ、政治ノ具地
取ラ、寧ロ、必要ノ措置ナリシナラシム、云々ト、此、説ハ、
以テ、事、態、ノ、真、相、ヲ、穿、テ、ル、ル、似、ス、リ

又、英子ト、カ、合、同、ト、向、テ、速、力、大、ナ、ル、航、路、内、設、ク、計
劃、シ、当、レ、ル、ル、ハ、英、子、政、府、ハ、亦、ウ、モ、ル、ガ、レ、及、ク、ナ、ル、ド、
會、社、ト、マ、シ、協、定、シ、テ、自、己、以、テ、自、己、以、テ、自、己、以、テ、
テ、何、等、ノ、協、助、ヲ、與、ハ、ル、ヤ、ト、至、ラ、サ、ト、排、他、シ、生、ス、ル、
ル、リ、然、レ、モ、為、メ、ト、其、計、劃、全、ク、放棄、セ、ル、ル、カ、ハ、中、野、ハ、ナ、カ
ル、ク、ウ、テ、結、局、カ、合、同、内、設、ク、速、力、ト、規、模、ト、ト、テ、者、初、計
劃、ヲ、ハ、ナ、ル、モ、ウ、テ、満、足、ス、ル、ト、ナ、ル、カ、ハ、本、月、一、日、加

在米國日本公使館

合、同、大、事、業、會、社、長、サ、ト、マ、ス、シ、ヤ、ウ、ウ、ン、レ、ト、氏、カ
其、株、主、總、局、ヲ、移、ス、ル、事、業、ヲ、見、放、テ、者、内、陸、シ、テ、者、
價、位、ア、ル、以、テ、尤、之、ヲ、拘、レ、ル、一、定、額、ハ、中、野、ハ、ナ、カ、
ル、ク、ウ、テ、結、局、カ、合、同、内、設、ク、速、力、ト、規、模、ト、ト、テ、者、初、計
劃、ヲ、ハ、ナ、ル、モ、ウ、テ、満、足、ス、ル、ト、ナ、ル、カ、ハ、本、月、一、日、加

"When the subject of an improved Atlantic service between Great Britain and Canada was receiving consideration in London, your directors thought it wise to submit to the Canadian Government on behalf of the company a proposition to provide what they believe to be the best and most practicable service under existing conditions. The company offered subject to certain traffic arrangements, to establish a weekly service of 20-knot steamships between Liverpool and a St. Lawrence port during the summer months, Halifax to be the Canadian port during the winter months, for a subsidy of £25,000 sterling a year during the first ten years, with a graduated reduction in the amount of subsidy during each of the two following periods of five years; the ships to be most modern in every respect and to be built especially for the route. In addition to this, the company signified its willingness to furnish a fleet of modern freight steamers of 10,000 tons capacity each, sailing at a speed of about twelve or thirteen knots per hour, serving Canadian ports. Up to the present time your directors have no information as to the policy likely to be adopted by the Government. It is evident, however, that whatever may be the outcome of the negotiations for the fast mail service, the rapid growth of your export tonnage and the necessity for being in a position to meet the rates of any of your competitors, make it imperative that your company be so situated on the Atlantic that it can quote through rates of freight and give through bills of lading without being compelled to negotiate for space and rates with independent steamship lines. To that end there will be submitted for your approval a resolution authorizing the directors to make arrangements for the charter or control of vessels; if, and when, in their opinion, they are required for the protection of the company's freight interests on the Atlantic Ocean. It is not expected, of course, that these freight vessels, when provided, will receive any Government subsidy; therefore, there will be no restrictions to prevent your company from running them between such ports as may best suit the purposes of the company."

右、事、業、會、社、長、サ、ト、マ、ス、シ、ヤ、ウ、ウ、ン、レ、ト、氏、カ
其、株、主、總、局、ヲ、移、ス、ル、事、業、ヲ、見、放、テ、者、内、陸、シ、テ、者、
價、位、ア、ル、以、テ、尤、之、ヲ、拘、レ、ル、一、定、額、ハ、中、野、ハ、ナ、カ、
ル、ク、ウ、テ、結、局、カ、合、同、内、設、ク、速、力、ト、規、模、ト、ト、テ、者、初、計
劃、ヲ、ハ、ナ、ル、モ、ウ、テ、満、足、ス、ル、ト、ナ、ル、カ、ハ、本、月、一、日、加

明治廿六年三月廿三日

海軍通商局

抄

受

海軍通商局長官

三三三

航海獎勵法案三閣ニ付

受三三八〇四號

大臣

總務長官

右法案前期議会中上院ヲ通過シ下院ニ廻付
 上院議高船及運船委員ニ付托セラレタルモ該委員
 ハ同期中何れノ処置ヲ執ルコトナク其供議会ノ
 閉会ヲ見ルニ至リタルニテハ其當時及報告置在
 今期議会開会以來モ(今期議会ハ第五十七回分二期
 議会ニシテ前期ヨリ継続ニ居ルモノナリ)前期議会ト同様
 下院委員ノ手ニ於テ拒ト握リ渡シ形執カレタリ
 本法案維持通過ニ最モ熱心ナル上院議員コライ
 ハンナ両氏下院議長ヘンゲーション氏等ハ右委員ノ向
 奔走シテ最モ非今期議会中該委員ヲシテ本法案
 三十六年四月八日記録参照
 在米國日本公使館
 採用ノ意見ヲ下院ニ報告セシムコトノ老カセラレ
 熟ニテ其結果昨廿三日下院高船委員会ヲ開ク
 コトナリ本法案報告ノ一ノ在ニ付投票票ヲ行ヒタルニ
 右本法案維持者等ノ熱心ナル老カモ其効力六
 對スル十ノ多數ヲ以テ採用ノ意見報告ノコトヲ
 決定ス
 下院高船及運船委員ハ十七名ヲ成リ内十一名ハ現
 政府委員六名ハノデモウラ上院委員ニ付昨日投
 票ノ際ハ現政府委員一名欠席ニタルノコトニシテ
 出席者十六名ノ内ノ投票員六名(内二名ハ病ヲ押シテ
 出席シタリトス)ハ等々反對シ内計ニ四名ハ現政府委
 員モ亦反對シタルヲ以テ是ノ前陳ノ結果ヲ見ルニ
 是ッタルモノトナシ

得又本草案に對し地方的傾向ヲ知ルに便スルニ俾
 参考マテ左に反對贊成兩者ノ氏名及選出物
 名ヲ列記ス

賛成者 (凡テ現政府賛成)

- コハイラ物 グロスウツリ氏
 - ペンニラウア物 ヤング氏
 - マキセツ物 グリーン氏
 - ミトゲン物 マトドニ氏
 - マリランド物 ウォルヤク氏
 - ノリン物 リトルズ氏
- 欠席者ハ豫テ登壇スル内ニ棄入セズ座リテ見送ルベシ

反對者

- イリノヤ物 ホッペンズ氏
 - ウイスコンシン物 マイノール氏
 - ミネソタ物 スターブンス氏
 - ウァシントン物 ジョーンズ氏
- 以上現政府賛成

在米國日本公使館

- ミスシゴト物 スパイト氏
 - ノースカロライナ物 スモール氏
 - フロリダ物 ダヴリス氏
 - ネブラスカ物 マクダモット氏
 - オレゴン物 ベルモント氏
 - コハイラ物 スヌーク氏
- 以上テ賛成

前陳述中ニテ下院委員會ハ本案採用意見報
 告ノエトワテ決シタルニテ其ノ案ハ今期議入中(開
 會日數條ス所僅カニ一週間)到底下院ノ討議ニ付セ
 るコト右ニ示シ聞布從テ因案ハ實際上今期議
 會ニ於テ消滅ニ歸シタルモノト見依シテ其ノ案無
 ト被存ルカ尤モ本年送紙船海保復強勵ノ
 コトニ付テハ現政府委員有方者間ニ車カニ通
 告テ法律制定ノ必要ヲ認識シ居ル向モ其動

此存目下議合、懸案中、法の案ハ結ぶ迄期
後合、於テ消滅ニ歸シ終ルトスルモ第五十八回議
合ニ於テ更ニ新案ノ提出ヲ見ルニ至ルハワトホ
セシカ

右及報告文紙

明治廿六年二月廿四日

在米

物産事務公使高平小五郎



外務大臣男爵小村敦吉郎殿

在米國日本公使館

文書課長

明治三十六年四月六日換題

44

明治三十六年四月二日
同日發達

道長

主任

任田の

大井

他信

唐

三十六年四月八日記録簿

外務省

紙梅

平

馬

(封)

明治三十六年四月十七日

明治七年六月六日接受

管通郵(杉村)

發

公印七十八號

受第 六五

號

航海獎勵法ニ関スル件

總督のバラム (Pelham) 市アレキサンダー・アーン
スミス (Alexander R. Smith) 氏より書目十
七の書翰あり以テ當國上院通商委員長
ウヰリヤム・ポーター (Mr. R. Porter) 氏ノ宛ニ
當國ニ於ケル航海獎勵ノ急務ニ關シ去
十月中リバプール船舶所有者協會ヨリ英
國內閣總理大臣ニ提出セル上懸旨ノ意見
書ヲ考證トシ別紙寫シ通リ建議相成ル
將又航海獎勵法案ハ先年來當國議會
内外ニ懸存ノ問題ト有之目下開會ノ議會
ハモ該案提出可相成様子ト有之其處頃
三十七年一月十一日東京新聞

在米國日本公使館

傳集ノ要ニ取リテ該法主張者ト全ク對
待者トノ間ニ懸隔ノ結果先ツ大統領ニ
於テ當黨派ト關係中調査委員ヲ簡
任シ本件ニ關シ充分ノ取調ヲ遂ケル
ハキ然レノ中ニ存シ

右及報先候致ス

明治三年六月七日

在米

特命全權公使小村壽吉



外郎大臣 尾野實付 小村壽吉 敬

competition with foreign shipping, and in great and increasing numbers the vessels with which we compete are being sailed at the cost of the state whose flag they carry and not as commercial ventures.

The evidence given before the subsidies committee on behalf of the association showed that France, by a payment exceeding £1,500,000, pays in direct subsidies to its shipowners an amount equal to 12½ per cent per annum on the total value of the whole of its mercantile marine; that in Austria the subsidies amount to nearly 15 per cent per annum, and in Hungary to nearly 18 per cent per annum on the value of the national ships.

We have no precise figures with reference to the subsidies allowed by Russia, but we know that they are large, and we know that the State repays to its shipowners all dues paid by them to the Suez Canal Company.

In Germany we know that its principal steamship company receives from the Government subsidies which amount to 7 per cent on its total capital.

So far the United States of America has contented itself with paying American vessels—but only American vessels—very liberally for the carriage of mails, but we also know that efforts are being made to secure for American shipping subsidies of immense value.

But, sir, the matter does not rest here; almost every government except our own recognizes as a national duty the distribution of the nation's exports by means of the national shipping. To that end the railways are placed at the service of the manufacturers and of the national shipowners at rates which, from a railway point of view, must be ruinous. To that end ports are opened, docks are built, harbors and rivers are dredged, and the coast is lighted at the cost of the nation.

To show you the manner in which the British shipowner is feeling this state-aided competition, I would venture to refer you to the Blue Book recently printed by the board of trade, showing the tonnage of vessels entered and cleared in the foreign trade in the principal maritime countries of the world and in the British colonies.

We have extracted the figures for the years 1890 and 1900, and we find that in 1890 the tonnage entered and cleared in foreign countries amounted to 208,000,000. Of this tonnage 62,000,000 was national, 78,000,000 British, and 68,000,000 belonged to other foreign countries.

In 1900 the total was 309,000,000, of which 98,000,000 was national, 98,000,000 British, and 112,000,000 belonged to other foreign countries.

The figures show, I would submit, conclusively that the policy adopted by foreign countries is seriously damaging the position of this country as the common carrier of the world.

We, here in Liverpool, looking back, can not blame ourselves for any want of effort on our part to retain our trade. We have advanced with the times. We abandoned our wooden sailing ships for iron and steel vessels; we have advanced from iron to steel in our steamships; we have during the last ten or fifteen years rebuilt our steam fleet to obtain the benefit of every known economy; we have never hesitated, at whatever loss, to "scrap" our tools the moment they have become out of date, and we have only by these means been able to keep as much of the hold as we have kept on the carrying trade of the world.

But, sir, this direct state-aided competition is a serious matter for us to deal with, and we would respectfully ask your consideration as to whether it is not only possible but expedient for the state, in some

practical form, to recognize the necessity for assisting in the distribution of the country's exports.

The second question which we have had constantly under consideration is the preference shown in the ports of the United Kingdom to foreign vessels.

We, as shipowners engaged in the foreign trade of the country, have no home market. We sometimes think that our home manufacturers, with their large home market secured to them in great measure geographically, do not really know what foreign competition is. We do; not only in every foreign port, but also in every port in the United Kingdom. We are subjected to unfair competition not only on the high seas but also in our own ports.

The maintenance of all British ships at a degree of efficiency higher than is demanded by any other country is stringently insisted on by our Government not only in our own ports but everywhere on the high seas.

These conditions are not insisted on in the case of foreign ships, even when they are engaged in carrying passengers and cargoes from our home ports, and the trade as between the different parts of the Empire is open to all comers whether they conform to the British standard or not.

Our vessels are the best built, the best equipped, and the best manned ships afloat. We pay higher wages to our seamen. We carry on our trade with far less loss of life than the shipowners of any other nation.

We do ask, at the least, for a fair field in our own ports to fight in.

In conclusion, I would venture to remind you, sir, that it is of paramount importance to the Empire that the lines of communication should be in British hands, but that British shipping can only be maintained so long as they show a fair return on the capital invested in it. If they cease to be profitable to us there will be no lack of foreign states prepared to make them profitable investments for their shipowners.

Your obedient servant,

ALFRED S. COLLARD, *Chairman.*

The Right Hon. A. J. BALFOUR,
First Lord of the Treasury.

O

object to the United States Government recognizing its "national duty" as to the carriage of our exports on such a basis. "To that end," they continue, "the railways are placed at the service of the manufacturers and of the national shipowners at rates which, from a railway point of view, must be ruinous." Precisely as the vessel rates of state-aided ships are ruinous to unaided competing ships. And these Liverpool shipowners proceeded to show their premier that British shipping is steadily being eclipsed by foreign shipping—state-aided foreign shipping. "The figures show," they conclusively submitted, "that the policy adopted by foreign countries is seriously damaging the position of this country as the common carrier of the world." Their free-ship policy doesn't save them, then, after all.

Two and a half centuries ago Dutch shipping was supreme as the "world's common carrier," and Dutch ships were unprotected. This successful competition inflamed the British, and drastic measures of protection, commended and indorsed by Adam Smith and John Stuart Mill, however, were adopted in order that British shipping might drive out the Dutch. Wars followed, desperate and bloody, and finally protected British ships vanquished the unprotected Dutchmen, and under protection Great Britain became "the mistress of the seas." She adhered with a tenacity that was the most conspicuous evidence of her sagacious statesmanship to this protective policy for a full two centuries, and it was only abandoned for the free-trade policy, which had formerly made the Dutch successful, when British statesman found that her iron ships were destined to supersede the wooden ships of her rivals. Then protection was abandoned, although under her free-trade policy British statesmen have managed to pay to British steamship owners during the past sixty years not less than \$260,000,000 in subsidies for carrying the mails.

British maritime supremacy was gained by protection, it was retained for two centuries under protection, and during the last half century wherever the great ocean highways of commerce are there are seen liberally subsidized lines of British steamships. And now, being threatened with the loss of her maritime supremacy because of the protection her rivals give to their merchant ships, naturally enough Liverpool steamship owners desire a "change" in the national British maritime policy.

The Liverpool shipowners do not hesitate to say that they want Government assistance, although they have had "free ships" for fifty years and more, as note the following paragraph in their appeal:

But, sir, this direct state-aided competition is a serious matter for us to deal with, and we would respectfully ask your consideration as to whether it is not only possible but expedient for the state, in some practicable form, to recognize the necessity for assisting in the distribution of the country's exports.

Surely, it is not inconsistent nor wild nor venal for American shipowners, in the light of such appeals as these from the shipowners that have made Great Britain the mistress of the seas, to ask for Government assistance for American ships in competition with state-aided foreign ships.

While I might traverse this remarkable document at greater length, I fear that I have already overtaxed your kind indulgence, but I respectfully beg that you note the significance of its closing paragraph, in which it is asserted that it is "of paramount importance to the Empire that the lines of communication should be in British hands." Some

importance must attach, surely, to the need of lines of communication upon the ocean in American hands. To me it seems that it is of the very greatest importance that this should be so. Our Liverpool friends say that "British shipping can only be maintained so long as they (sic) show a fair return on the capital invested in it." The same is equally true of American shipping. Equally applicable to American shipping is the closing sentence in the appeal to the British Premier made by the Liverpool Steamship Owners' Association, as follows: "If they cease to be profitable to us there will be no lack of foreign states prepared to make them profitable investments for their shipowners." And to the foreign states all of the military as well as the economic advantages inhering in successful merchant ships will come, their national defenses will be strengthened, there will be profitable employment for their shipbuilders and their seamen, and their foreign commerce will be increased and its stability assured so long as it is carried in their own ships.

Again I beg to renew my suggestion that the necessity was never greater nor more urgent for courageous, immediate, and effective legislation for the upbuilding of American shipping in the foreign trade than it is to-day. If we defer the doing of it too long the consequences may be calamitous and irreparable.

I have the honor to remain, very respectfully, yours,

ALEX R. SMITH.

Hon. WILLIAM P. FRYE,
Chairman of the Committee on Commerce,
United States Senate, Washington, D. C.

LIVERPOOL STEAMSHIP OWNERS' ASSOCIATION,
October 28, 1903.

SIR: I am directed to submit to you the following resolution, passed at a general meeting of the Liverpool Steamship Owners' Association, held to-day:

The Liverpool Steamship Owners' Association, in view of the changed conditions in the maritime affairs of the world, owing to the bounties, subsidies, and operations of the navigation laws of foreign nations, are of the opinion that the time has arrived for reconsideration of the laws and conditions affecting the shipping and commerce of the country.

In submitting this resolution I would, on behalf of the association, venture to direct your attention to two questions which have received the anxious consideration of the members during the last ten years.

The first relates to the state-aided competition they encounter in every port in the world, including our home ports; the second is the preference shown to foreign shipping in our home ports.

I would explain that the tonnage owned by the members of the association is upward of 3,000,000 tons—a tonnage which is half as large again as that owned by the German Empire, double the tonnage owned by Norway, and more than three times the tonnage owned by any other foreign state, including the United States of America.

This shipping is engaged in all parts of the world, but primarily in maintaining the communications between this country and other ports in the Empire and foreign countries. In our trade we are daily in

at a cost fully 25 per cent lower than the cost of building ships in the United States—as is the case—and of ships that are operated at from 25 to 35 per cent less cost than American ships are operated, is there not imperative need for “reconsideration of the laws and conditions affecting” American shipping and commerce?

I beg of you to note that it is not an American advocate of subsidies who in that document states that bounties and subsidies are paid to foreign vessels, but, on the contrary, Liverpool steamship owners—men whose word should be sufficient wherever opposition to the development of American shipping in the foreign trade is to be found. I should like to suggest also that if subsidies and bounties and other forms of state aid enable foreign ships to better compete with British ships in the world's carrying trade such competition can only be successful through a reduction in the rates of freight charged by the foreign subsidized, bountied, and state-aided ships. From this it would appear that subsidies, bounties, and other state aid are not absorbed by the shipowners that receive them, but are an instrument for the development of the foreign trade of foreign countries through reduced rates of transportation; and I regard this as an especially important consideration.

Note that for ten years the Liverpool steamship owners have given “anxious consideration” to the competition of foreign shipping, and then please recall that ten years just about measures the period during which other nations have pursued a vigorous and persistent policy of government aid for the promotion of their merchant shipping. It would appear that the policy of protection applied by foreign nations to their merchant shipping is seriously threatening the supremacy of British shipping upon the seas. Is such testimony as this, from such an authoritative source as the Liverpool Steamship Owners' Association, likely to induce foreign nations to discontinue their successful policy of ship protection? And if they continue it, as they are quite sure to do, is there any chance whatever for the development of unaided American shipping in the world's carrying trade? These are searching questions, to be sure, but they are practical questions that American legislators must seriously ask each other if they are to do anything effective for the rehabilitation of our ocean-going marine.

And is it not proper to suggest that if we should adopt “free ships”—that is to say, if we should permit of the registry of foreign-built vessels as American—such a measure would be utterly incapable of meeting the conditions established through the subsidies, bounties, and other forms of state aid enjoyed by foreign ships with which our own must compete? But, if free ships is a remedy, how is it that it does not suffice to satisfy British shipowners? They have free ships and yet they complain of the competition of subsidized, bountied, and state-aided foreign shipping. Free ships, too, seem to have failed to maintain a successful mercantile marine. And, having failed in Great Britain, it must be obvious that they could not succeed with us.

“In every port in the world,” say the Liverpool steamship owners, they “encounter state-aided competition.” The same must be true of American ships. Note that the tonnage owned by the Liverpool steamship owners is “more than three times the tonnage owned by * * * the United States of America,” and yet the Liverpool shipowners are alarmed, and for ten years have been “anxious.” What must be the state of American shipowners, burdened with a handicap of 25 per cent

additional construction cost and 25 to 35 per cent additional operation cost, in competition with foreign vessels—in competition with these very Liverpool shipowners? Is it any wonder that an appeal is made to Congress for a remedy for conditions that the shipowners have not themselves created, which they are powerless to alter, and which only Congress can remedy?

“In our trade,” say the Liverpool shipowners, “we are daily in competition with foreign shipping, and in great and increasing numbers the vessels with which we compete are being sailed at the cost of the state whose flag they carry, and not as commercial ventures.” While this assertion is not made by American shipowners, is it not equally applicable to them? And how is it possible for American ships to compete with foreign ships that “are being sailed at the cost of the state whose flag they carry?” With all that is said of the failure of foreign subsidies and bounties, it seems from the evidence of the owners of 3,000,000 tons of British steamships that they are successful.

The Liverpool shipowners state that France pays one and a half million pounds sterling “in direct subsidies to its shipowners, an amount equal to 12½ per cent per annum of the total value of the whole of its mercantile marine.” We see these French ships crowding American ships out of the grain-carrying trade of our Pacific ports, as they are able to carry cargoes for one-half the sum that would be necessary to give a living freight to an American ship. And how is an unaided American ship to overcome competition of such a character? How can unaided American ships compete with the national treasury of France? And we must not forget that France's purpose in paying such enormous subsidies to her ships is more—far more—military than commercial.

After reciting a number of other cases of state-aided foreign shipping, the Liverpool shipowners state that the United States pays “very liberally, but only to American vessels, for the carriage of mails.” What a pity that we do not pay foreign ships “very liberally” too for carrying the mails, considering how “very liberal” their own governments are to them in that respect. It is the deliberate and fixed policy of the British Government not to send a single pound of mail to a foreign country in a foreign ship, but, on the contrary, to pay most liberally British ships for carrying it all. But the Liverpool shipowners “also know that efforts are being made to secure for American shipping subsidies of immense value.” And why should not such efforts be made? And what is it that Liverpool shipowners want from the British Government but something of “immense value” to enable them to overcome the foreign competition, state aided, that threatens their destruction? Their appeal to the British Premier does not contain the statement that protection does not hurt them when enjoyed by their rivals, but is made for the purpose of showing how much the protection their rivals enjoy does hurt them. And from that they ask their Government to succor them. How? Only by state aid.

“But,” say these extremely frank British shipowners, “the matter does not rest here. Almost every government except our own recognizes as a national duty the distribution of the nation's exports by means of national shipping.” If that were true of our Government, instead of American ships carrying a beggarly \$180,000,000 worth of our total imports and exports that are worth \$2,500,000,000, they would carry our exports valued at \$1,500,000,000, to say nothing of the imports they would bring back. The Liverpool shipowners might

AMERICAN SHIPPING ENGAGED IN FOREIGN TRADE.

CORRESPONDENCE RELATING TO AND FAVORING LEGISLATION
FOR THE UPBUILDING OF AMERICAN SHIPPING ENGAGED IN
FOREIGN TRADE.

NOVEMBER 19, 1903.—Ordered to be printed.

PELHAM, N. Y., November 16, 1903.

SIR: The necessity for Congressional legislation that will build up our shipping in the foreign trade is even more urgent to-day than it was at the adjournment of the last Congress. Our foreign commerce is increasing, while the tonnage under the American flag available for its carriage is decreasing. This places us more than ever dependent upon foreign shipping for the carriage of all but a slight proportion of our foreign commerce, a dependence that threatens the stability of our foreign commerce, since the sudden withdrawal of the foreign shipping upon which we now depend would leave us helpless as to means with which to reach foreign markets with our ever-increasing surplus products.

The American tonnage under register for the foreign trade last year is but little more than equal to the carrying of the increase in our exports and imports for the past year. That is to say, the foreign tonnage employed in doing our foreign carrying this year could have carried all of our foreign commerce last year. Stated in still another way, if the American tonnage under register last year should be doubled this year foreign ships would still be able to carry as much of our commerce this year as they did last year. To such a pitiful and humiliating condition has our over-sea shipping fallen.

My particular purpose in addressing you at this time is to invite your attention, and that of your Committee on Commerce, and of Congress, to a document, copy herewith inclosed, addressed by the Liverpool Steamship Owners' Association to the British prime minister, calling his attention to the depressed condition of British shipping in the world's carrying trade, and the competition which that shipping is compelled to meet. The Liverpool Steamship Owners' Association owns 3,000,000 tons of vessels, and the statement of their difficulties presents in a greatly minimized form a recital of the conditions that beset American shipping in the foreign trade.

The Liverpool shipowners believe that "the time has arrived for reconsideration of the laws and conditions affecting the shipping and commerce" of Great Britain, owing to the nature of the competition that British shipping is facing. If that be so of ships that are built

[PUBLIC—No. 245.]

An Act Creating a commission to consider and recommend legislation for the development of the American merchant marine, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That a commission is hereby created, to be called "The Merchant Marine Commission," to be composed as follows: Five members of the Senate of the United States and five members of the House of Representatives of the United States, to be appointed by the presiding officer of each House of Congress, respectively: *Provided,* That at least two of the said members of the Senate and two of the said members of the House of Representatives shall be members of the minority party.

SEC. 2. That it shall be the duty of this commission to investigate and to report to the Congress on the first day of its next session what legislation, if any, is desirable for the development of the American merchant marine and American commerce, and also what change, or changes, if any, should be made in existing laws relating to the treatment, comfort, and safety of seamen, in order to make more attractive the seafaring calling in the American merchant service.

SEC. 3. That the commission shall give reasonable time for hearings, if deemed necessary, and if necessary it may appoint a subcommission or subcommissions of its own members to make investigation in any part of the United States, and it shall be allowed actual necessary expenses for the same. It shall have the authority to send for persons and papers and to administer oaths and affirmations. All necessary expenses, including clerks, stenographers, messengers, rent for place of meeting, and printing and stationery, shall be paid from any money in the Treasury not otherwise appropriated; however, not to exceed twenty thousand dollars for expenditure under this section, to be paid upon vouchers to be approved by the chairman of the commission.

SEC. 4. That any vacancies occurring in the commission, by reason of death, disability, or from any other cause, shall be filled by appointment by the officer and in the same manner as was the member whose retirement from the commission creates the vacancy.

Approved, April 28, 1904.

3-1996

0257

式書寫長

明治三十八年三月廿八日 別紙 附 26

明治三十八年三月廿八日 日起草 日發遣 廿八日

主任 藤野

通書寫長

Handwritten signature

田島信次郎 御返書

明治三十八年四月五日

取寄保度分領酒券事久取

寄書お返し件

外務省

今般在米言平公使ヨリ航業保
か護一戸給 御直委身 按寄書外新
航業特天仰 法業ニ至る 御印刷
物方取く 御成書一 御之被 寄書所 来成る
方ソ之 寄書 右ノ 送付 也

別紙 付

御返書 御成書 御印刷 御成書

14
1810



急

明治三十九年三月十六日付

手回船務部に送るべき件
キリシム

全管 通商

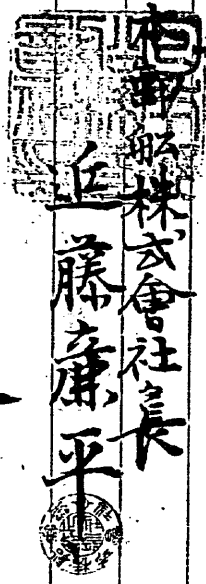
日本郵船株式会社

三七九七

前事諸國及び米國議會に於て討議中、有る候
航海助成案、關る當會社之息見別紙ヲ以テ具申
仕候也

明治三十九年三月十五日

日本郵船株式會社社長



正 藤 藤 平

外務省通商局長石井菊次郎殿

明治三十九年三月廿八日附録課接

漸次巨大快速之新船ヲ作、在来ノ船ヲ取替ヘ、鋭意航路改善ヲ圖
 ヲ居候畢竟全社ノ幹部ニ於テ其損失ヲ補填シ且ツ
 之ヲ改良、改良ノ故ニ外ナラ候、斯ノ如ク彼ノ鐵道會社ニモ巨
 多ノ損失ヲ甘シテ尚ホ其聯絡航路、改良ノ地ニ種候ハ、本案ノ實
 施ニテ政府ノ巨額ノ助成ヲ得、余用ニ時益々其航路、改良ノ勉
 メ実力ヲ増進シ、今ノ事ヲ相成可申候、而シテ其影響ハ忽チ我航業
 上ニ及應可致候。詳言ニシテ東洋ノ米國ニ來往シ、貨物船客ノ何レ皆
 彼ノ快速美麗良船ヲ選ビ我船ヲ棄ルニ至ル候。
 次ニ今条第十項ニ合衆國ノ太平洋沿岸ノ一港ヲ日本支那及比律
 賓ニ乘リ一航路ヲ速力十三海里以上、合衆國海船ヲ使用シ月一回、
 航海ヲ為スモ、一月廿二日、航海ヲ為スモ、一月廿二日
 併補助金ヲ與フ事ヲ相成居候。本邦郵船會社、シヤトシ航路

米國大北汽船會社 (シヤトシ航路) 及ボボトシ汽船會社 (シヤトシ航路)
 ト、航路之ニ寄ルモト存候。右ノ中ノボトシ航路、シヤトシ航路トシ、
 大船トシ、シヤトシ航路、及ボボトシ航路、三隻ト都合五隻ヲ以テ、現
 在ノマニラ航路、約月一回、航路ヲ張リ居候、付、其傍ニモ、本案ノ航
 路、月一回、航海ヲ為スモ、適合可致候。大北汽船會社、至
 目下未ダシ、シヤトシ航路、及ボボトシ航路、二巨船ヲ以テ、營業
 一面、航路ヲ張リトモ、出来カ多ク候。然レ、大北汽船會社、ボトシ
 條ト相提携、(或、合同)シ、七隻ヲ以テ、月一回、航路ヲ張リ、本案ノ助成
 ニ浴ス、策ヲキテ、現今兩者、關係ハ頗ル密ニ、以策、実行無
 ト、謂フカラス。又、大北鐵道會社、既ニ巨額ノ投資ヲ投シ、損失多ク、東
 洋航路ヲ開始シ、之ヲ維持ス、推斷ス、本案規定ノ助成金
 ヲ得、見込確ニ、至ル、更ニ新船一隻ヲ加、三隻ヲ以テ、獨力月一

一面、航路ヲ張ルコトモ亦之ヲ絶無ト謂フカラズ。何レ途本項ニ
当リ現在、二航路ハ本邦實施ト共ニ擴張發展、策ヲ定ムルキ
ト謀ル置カレハカラス、然レ時ハ我レヤトル節、蒙ルベキ影響モ亦少カラズ
ルシト存スル候。

次ニ普通獎勵法(本案第三條)ニ依リ所謂臨時船ノ
競争モ亦法ニ輕視スカラズ、命令航船ニテハ、其定期航船
ノ事實ヨリテ、他、定期船ト共同利害、下ニテ要スル点、ナキモアラ
ズ、隨テ彼我ノ競争モ甚シカラザラ得ベキ見込アリ、是等臨時船ノ臨時
出沒ニテ、航業場裏ニ競争スル其動作、之ヲ牽束スル事ニ容易ナラ
ズ、追々其隻數増加ニ伴ヒ、案外ノ大影響ヲ来ス事トモ相成ヘキト
存候。前記大北洋船會社、二大船如キモ、命令航船ノ張ル能ハル時ニ
普通獎勵法ニテ補助金ヲ得其損失ヲ輕減スル途ヲ得ル至ヘラ

候。

尤モ前記郵便航送命令又、普通獎勵法ニテ補助金ヲ受ケトスルニ其
乗組員、六分一、米國人ヲ使用セザルベカラズ、又、五年以内ニ船員、四
分一、海軍豫備籍ニ登録セラザルモラ使用セザルベカラズ、其外修繕
及、検査、米國ニ於テ行ハザルベカラズ、戰時ニ其船舶ヲ政府ノ使用供出
ベカラズトモ加キ種々ナル義務条件有之、米國船主、責任、決ニテ
輕微ニ無之候得共、去連以義務条件、為テ、本案、効力ヲ甚シ
ク減少セシムル至ルシトモ思考セシム候、初メ間、船主等モ多少ノ苦痛
ヲ感スベキモ、遂ニ之ニ應ジキ方法ニ相立テ申様相成ベキカト存ス候。
米國比律賓群島間、貿易ヲ米國船ニ限ル條例、施行期限ヲ千
九百九年七月迄延期スベシトシテ、議ハ其通過ヲ切望ス、米國ヨリ全島
出入ル船客貨物近來其數ヲ増シ、指令ト全島迄直航スル船船ヲ

モ中間持候ノ方法ヲ以テ之ヲ積取来リ然レテ該禁止條例ニテ實施
ト相成候時ハ忽チ其利益ヲ失ヒ之ヲ為メ少クモ其影響有テ蒙ル候況
ニヤ今島直航ル船舶ニ於テヤ故ニ以延期ノ議ハ是非實行ニ付セラ
レ候様致度モ候以上

四

長門守 守中 廿七年四月廿日
公卿等 七月廿七日 亦七月廿六日 付
送分 一 号 多 少 在 少 多 是 也
其 必 大 是 也 今 在 少 多 是 也
亦 在 少 多 是 也 亦 在 少 多 是 也
亦 在 少 多 是 也 亦 在 少 多 是 也

外務省

寫

明治三十九年二月二十六日記

電券二四号

在米日産臨時代理公使 土佐

貴信公券一ニ六号「カリソングー」券示ハ其
後如何ニ成行キシヤ

原文ハ券十七内「海防貿易」アリ

外務省



華蓋頓表

東京着

三十九年三月一日 宿の四六

加と藤外務大臣

日蓮代理公使

券二三号

貴電券ニ四号ニ其ニカリソニガリ業止院
ヲ通過シ目下下院委員ノ手ニ在リ終局
ノ運命更ニ分ラス(下略)

原文十七門 注海貿易 帝立リ

外務省

リトスル此と注意し他は可なり理學カトヒ
白多

該節は為案の初五日リト下段ニ同付せし
立付其高案各漢書委員附托ト成り
ルモ今更ニ案曰番久令リテ該案討査院
始とラレタル事ハ未知也

既自の知と通リ該案年ハ特取付
航業法近時タル條似多ク是等
年ハ何れ就リハ多ク注意以テ其際
サ西國貴賓員前令接出ハ各更
二三ノ信憑心ハ可也就リハ
院ニ付ケル該案運年ハ何れ就リハ
何レと確カル見込リ付ハ難クモ
在米國日本公使館

由ハ種々アリハ尤モ其便概ラ指代スル
一節内題ニ各ル與論ノ中ニ多ク此
カトル才五十七歳令中ハ所積ハナリ
イ案ナルモ提出セラレタル以テ航業
奨力向也ハ成カ朝野其間ハ其綿密
ナル研鑽ヲ付テ大ニ該法制定
從シタルモアルハ物々其ハ是等
市夫ニシテ且ツ後世ハ其ハ
的ニ其案否の何れハシハナルト
ハ航業保護ノ必要ナルヲ認ルモ
リラモ且提唱セラレタル中
ニ航業ハ當初より其提唱ニ係ル

ニ航業ハ當初より其提唱ニ係ル

ノ從ヒテシテ變ハ其美(勝)上(依)此トレシ
之ニ及對カントレシ(下)段(中)レ
在ラセ上(依)此(中)レ
フ(下)段(中)レ
向リ計リシ事(依)此(中)レ
斗(下)段(中)レ
ル(下)段(中)レ

三、下段(中)レ
業(下)段(中)レ
オ(下)段(中)レ
ケル(下)段(中)レ
ラ(下)段(中)レ

在米國日本公使館

テ(下)段(中)レ
シ(下)段(中)レ
及(下)段(中)レ
四(下)段(中)レ
上(下)段(中)レ
カ(下)段(中)レ
等(下)段(中)レ
能(下)段(中)レ
紐(下)段(中)レ
一(下)段(中)レ
ニ(下)段(中)レ
元(下)段(中)レ

此議案ニシテ下院ヲ通過ス可キヤカシキアリセハ
 決シテ上院ヲ通過セザリシナルコトハ極言セ
 ルニアル他、一方ハ紐音イブジノールノ
 附プロセス、回レツカヤ、紐音トリビュン、
 中、何レトモ大體ニシテ之ヲ賛成シ今中其通
 過ス可キ時機ニ達せんコト言ハルガ如シ
 形勢右メタルコト目下果シテハ該案ノ通
 過ハ何レトモ確言シ難ク、一般ノ感念ハ
 寧ろ日該案ハ結局下院通過スルモ、
 若クハ好シ本議ニ上ルコトアリトスルモ、
 更ニ東ナカレワレトセツコト在ルモ、
 右メタルコト若シ下院ヲ通過スルコト
 スレハ、
 在米國日本公使館

其日此議案ニ歸スルコトハ、
 本邦者事夫、至夫、
 之是、
 場合、
 實シ別、
 中、
 官、
 此、
 提出、
 等、
 為、
 意、
 此、

シハ何刻今ニ由リ何レノ條ニ傳ルヲカ由リテ
此トモナシクハカ方、
右ノ報ヲ送ル
明治廿九年四月廿日

在米國日本公使館
長官 野村胡堂

小幡本に於ける
野村胡堂

在米國日本公使館

59th CONGRESS, }
1st Session. } S. 529.

AN ACT

To promote the national defense, to create a
naval reserve, to establish American ocean
mail lines to foreign markets, and to pro-
mote commerce.

February 15, 1906.—Ordered printed as passed by the
Senate.

1 SEC. 7. That all contracts hereafter made pursuant to the
 2 Act of March third, eighteen hundred and ninety-one, before
 3 mentioned, or pursuant to sections five and six of this Act,
 4 shall provide that on each voyage the following propor-
 5 tion of the crew shall be enrolled in the Naval Reserve:
 6 After July first, nineteen hundred and eight, one-eighth;
 7 after July first, nineteen hundred and twelve, one-sixth; and
 8 after July first, nineteen hundred and seventeen, one-fourth:
 9 *Provided*, That if the foregoing stated proportions of naval
 10 reserves can not be obtained at a foreign port with reasonable
 11 effort, as certified by the consul, other persons may be substi-
 12 tuted until the first return of said vessel to the United States,
 13 without forfeiture of the compensation.

14 SEC. 8. That on proof to the satisfaction of the Com-
 15 missioner of Navigation that a vessel of the United States has
 16 on any foreign voyage carried a boy or boys, a citizen or citizens
 17 of the United States, under twenty-one years of age, suitably
 18 trained during that voyage in seamanship or engineering, in the
 19 proportion of one for such vessel, and in addition one for each
 20 one thousand tons of her net registered tonnage, there shall be
 21 paid to the owner or owners of the vessel, out of any money in
 22 the Treasury not otherwise appropriated, an allowance equiva-
 23 lent to eighty per centum of the tonnage duties paid in respect
 24 of the entry in the United States of that vessel from that
 25 voyage: *Provided*, That such payment shall not be made

1 after July first, nineteen hundred and eight, except in respect
 2 of any boy who is enrolled as seaman, third class, in the
 3 Naval Reserve, or is an apprentice indentured in accordance
 4 with law.

5 SEC. 9. That this Act shall take effect on July first,
 6 nineteen hundred and six.

7 SEC. 10. That Congress reserves the right to alter, amend,
 8 or repeal this Act, in whole or in part, whenever in its judg-
 9 ment the public interest shall so require, without, however,
 10 impairing in any wise the obligation of any specific contract
 11 then in force which shall have been entered into under the
 12 provisions of sections two, three, five, and six of this Act.

Passed the Senate February 14, 1906.

Attest: CHARLES G. BENNETT,
Secretary.

1 on steamships of the United States of not less than twelve
2 knots speed, for a weekly service at a maximum compen-
3 sation not exceeding seventy-five thousand dollars a year.

4 Seventh. From a port of the United States on the Gulf
5 of Mexico to Mexico, on steamships of the United States
6 of not less than twelve knots speed, for a weekly service at a
7 maximum compensation not exceeding fifty thousand dollars
8 a year.

9 Eighth. From a port of the Pacific coast of the United
10 States via Hawaii to Japan, China, and the Philippines, on
11 steamships of the United States of not less than sixteen knots
12 speed, for a monthly service at a maximum compensation not
13 exceeding three hundred thousand dollars a year, or for a
14 fortnightly service at a maximum compensation not exceeding
15 six hundred thousand dollars a year.

16 Ninth. From each of two ports, namely, Puget Sound
17 and the Columbia River of the North Pacific coast of the United
18 States to Japan, China, and the Philippines, on steamships of
19 the United States of not less than thirteen knots speed, for a
20 monthly service at a maximum compensation not exceeding
21 two hundred and ten thousand dollars a year; or for a fort-
22 nightly service, at a maximum compensation not exceeding
23 four hundred and twenty thousand dollars a year.

24 Tenth. From a port of the Pacific coast of the United
25 States via Hawaii and the Samoan Islands to Australasia,

1 on steamships of the United States of not less than six-
2 teen knots speed, for a service once in three weeks at a
3 maximum compensation not exceeding two hundred and seven-
4 teen thousand dollars a year in addition to the compensation
5 now provided pursuant to contract under the Act of March
6 third, eighteen hundred and ninety-one, entitled "An Act to
7 provide for ocean mail service between the United States
8 and foreign ports, and to promote commerce."

9 Eleventh. From a port of the Pacific coast of the
10 United States to Mexico, Central America, and Port La
11 Boca on the Isthmus of Panama, on steamships of the
12 United States of not less than twelve knots speed, for
13 a fortnightly service at a maximum compensation not ex-
14 ceeding one hundred and twenty thousand dollars a year:
15 *Provided*, That the requirements of this section as to
16 the rates of speed shall be deemed to be complied with if
17 said rates are developed during a trial of four hours' continuous
18 steaming at sea in ordinary weather in water of sufficient
19 depth to make the test a fair and just one, and if the vessels
20 are maintained in a condition to develop such speed at any
21 time while at sea in ordinary weather. This trial shall be
22 made under the direction and supervision of a board of naval
23 officers which the Secretary of the Navy shall appoint upon
24 the application of the owner or owners of the vessel to be
25 tested.

1 employed and paid for carrying mails under sections five and
 2 six of this Act shall be made in the United States, except in
 3 cases where dry docking is necessary and no American dry dock
 4 of sufficient capacity shall be within a distance of five hundred
 5 miles of the location of the ship when the repairs shall be
 6 needed; and that such a steamship shall not, except as pro-
 7 vided in section six of this Act, receive any other subvention,
 8 subsidy, or bounty from the Treasury of the United States.

9 SEC. 6. That as soon as may be practicable the Post-
 10 master-General shall establish, in the manner prescribed in
 11 section five, the following ocean mail services:

12 First. From a port of the Atlantic coast of the United
 13 States to Brazil, on steamships of the United States of not less
 14 than fourteen knots speed, for a monthly service at a maximum
 15 compensation not exceeding one hundred and fifty thousand
 16 dollars a year, or for a fortnightly service at a maximum
 17 compensation not exceeding three hundred thousand dollars
 18 a year.

19 Second. From a port of the Atlantic coast of the United
 20 States to Uruguay and Argentina, on steamships of the United
 21 States of not less than fourteen knots speed, for a monthly
 22 service at a maximum compensation not exceeding one hundred
 23 and eighty-seven thousand five hundred dollars a year, or for a
 24 fortnightly service at a maximum compensation not exceeding
 25 three hundred and seventy-five thousand dollars a year.

1 Third. From a port of the Atlantic coast of the United
 2 States to South Africa, on steamships of the United States of
 3 not less than twelve knots speed, for a monthly service at a
 4 maximum compensation not exceeding one hundred and
 5 eighty-seven thousand five hundred dollars a year, or for a
 6 fortnightly service at a maximum compensation not exceed-
 7 ing three hundred and seventy-five thousand dollars a year.

8 Fourth. From a port of the United States on the Gulf of
 9 Mexico to Brazil, on steamships of the United States of not less
 10 than twelve knots speed, for a monthly service at a maximum
 11 compensation not exceeding one hundred and thirty-seven
 12 thousand five hundred dollars a year, or for a fortnightly
 13 service at a maximum compensation not exceeding two hun-
 14 dred and seventy-five thousand dollars a year.

15 Fifth. From a port of the United States on the Atlantic
 16 coast, south of Cape Hatteras, and from a port on the Gulf
 17 of Mexico to Cuba, on steamships of the United States of not
 18 less than fourteen knots speed, for a weekly service, at a
 19 maximum compensation not exceeding seventy-five thousand
 20 dollars a year, or for a semiweekly service at a maximum com-
 21 pensation not exceeding one hundred and twenty-five thou-
 22 sand dollars a year.

23 Sixth. From each of two ports of the United States on
 24 the Gulf of Mexico and from New Orleans to Central America
 25 and to the port of Cristobal on the Isthmus of Panama,

1 where dry docking is necessary and no American dry dock of
2 sufficient capacity shall be within a distance of five hundred
3 miles of the location of the ship when the repairs shall be
4 needed.

5 Sixth. A vessel shall not be entitled to the subvention
6 above provided for, unless during the period of employment
7 in the foreign trade or deep-sea fisheries the following pro-
8 portions of the crew of the vessel after the dates specified
9 shall have been enrolled in the naval reserve: After July
10 first, nineteen hundred and eight, one-eighth; after July
11 first, nineteen hundred and twelve, one-sixth; after July first,
12 nineteen hundred and seventeen, one-fourth: *Provided*, That
13 if the foregoing stated proportions of naval reserves can
14 not be obtained at a foreign port with reasonable effort,
15 as certified by the consul, other persons may be substituted
16 until the first return of said vessel to the United States,
17 without forfeiture of the subvention.

18 SEC. 4. That the contracts provided for in section three
19 shall be for a period of one year, and shall be renewed from
20 time to time. At the expiration of each annual contract the
21 owner of the vessel shall be required to prove to the satisfac-
22 tion of the Secretary of Commerce and Labor, in such man-
23 ner as the said Secretary shall prescribe, that its obligations,
24 each and all, have been satisfactorily complied with.
25 The Secretary of Commerce and Labor shall thereupon

1 certify to the Secretary of the Treasury the amount of
2 subvention to which said owner shall be entitled in fulfill-
3 ment of said contract and of the provisions of this Act, and
4 the Secretary of the Treasury upon proper audit shall there-
5 upon pay the subvention due.

6 SEC. 5. That the Postmaster-General is hereby authorized
7 and directed to enter into contracts, for a term not less than five
8 nor more than ten years in duration, with citizens of the
9 United States for the carrying of mails on steamships here-
10 after built and registered in the United States, or now duly
11 registered by a citizen or citizens of the United States (includ-
12 ing as such citizens any corporation created under the laws
13 of the United States or any of the States thereof), between
14 ports of the United States and ports on the routes
15 and for the amounts prescribed in section six of this Act.
16 All the provisions of the Act of March third, eighteen hun-
17 dred and ninety-one, entitled "An Act to provide for ocean
18 mail service between the United States and foreign ports,
19 and to promote commerce," are hereby made applicable
20 in all respects to the services provided for in section
21 six of this Act: *Provided*, That the specific rates of com-
22 pensation provided for in section five of said Act shall not
23 apply to the services provided for in section six of this Act,
24 and that all ordinary repair or overhauling of a steamship

1 subvention of thirty per centum of the rates provided in this
2 section. After that date a vessel of the United States so
3 engaged shall receive no subvention under this section.

4 A vessel receiving a subvention under this section shall not
5 receive any other subvention, subsidy, or bounty from the
6 Treasury of the United States.

7 SEC. 3. That before receiving any subvention under the
8 provisions of section two of this Act the owner or owners of
9 any vessel shall contract, in writing, with sufficient sureties,
10 with the Secretary of Commerce and Labor to fulfill each and
11 all of the following obligations:

12 First. That said vessel may be taken and used by the
13 United States, for the national defense or for any public purpose,
14 at any time, upon payment to the owner or owners of the fair
15 actual value of the same at the time of the taking, or a fair
16 rate of hire to be agreed upon. And if there shall be a dis-
17 agreement as to such fair actual value or fair rate of hire
18 between the United States and the owner or owners of such
19 vessel, the United States is hereby authorized and empow-
20 ered to take the vessel at once, leaving the fair actual value
21 or fair rate of hire to be determined thereafter by two impar-
22 tial appraisers, one to be appointed by each of said parties,
23 they to select a third, who shall act in such appraisalment in
24 case the two shall fail to agree and the provisions of this sub-

1 division shall be embodied in every contract between the
2 vessel owner or owners and the United States.

3 Second. That said vessel shall carry, free of charge, the
4 mails of the United States, when the Postmaster-General shall
5 so require, for the whole or any part of a voyage for which
6 subvention shall be claimed.

7 Third. That until July first, nineteen hundred and twelve,
8 upon each departure of said vessel from the United States at
9 least one-sixth, and after July first, nineteen hundred and
10 twelve, one-fourth of the crew shall be citizens of the United
11 States, or men who have declared their intention to become
12 citizens, and of the navigating force on deck, excluding licensed
13 officers, at least one-half shall be able seamen, who are hereby
14 defined to be men who have had two years or more experi-
15 ence on deck at sea or on the Great Lakes.

16 Fourth. That a vessel employed in the foreign trade
17 shall maintain, during the period so employed, at least class
18 A1 if a steam vessel and at least class A1½ if a sail vessel, as
19 such classes are now established by either the Record of
20 American and Foreign Shipping or the United States Stand-
21 ard Owners, Builders, and Underwriters' Association, or
22 equivalent classification in any other register of shipping of
23 at least equal merit.

24 Fifth. That all ordinary repair or overhauling of said
25 vessel shall be made in the United States, except in cases

1 zen or citizens of the United States (including as such
 2 citizens any corporation created under the laws of the
 3 United States or any of the States thereof), engaged
 4 exclusively as a common carrier for the service of
 5 the public, subventions as hereinafter provided; that is to
 6 say, (a) the sum of five dollars per gross registered ton
 7 for each vessel which has been engaged in the foreign
 8 trade by sea or the deep-sea fisheries for a period of
 9 twelve months, including time necessarily consumed in re-
 10 ceiving or discharging cargo, or not to exceed two months in
 11 making annual or extraordinary repairs; (b) the sum of four
 12 dollars per gross registered ton for each vessel which, during
 13 any twelve consecutive months, has been engaged in the for-
 14 eign trade by sea or the deep-sea fisheries for a period of nine
 15 months or over, but less than twelve months, including time
 16 necessarily consumed in receiving or discharging cargo or not
 17 to exceed one month in making extraordinary repairs; (c) the
 18 sum of two dollars and fifty cents per gross registered ton for
 19 each vessel which during any twelve consecutive months has
 20 been engaged in the foreign trade by sea or the deep-sea
 21 fisheries for a period of six months or over, but less than nine
 22 months, including time necessarily consumed in receiving or
 23 discharging cargo or not to exceed one month in making
 24 extraordinary repairs.

1 The subventions provided for in this section shall not be
 2 paid to:

3 (a) A vessel for a voyage on which the principal part
 4 in bulk of her cargo shall have been transported from one port
 5 of the United States to another port of the United States, as
 6 provided in section forty-three hundred and forty-seven of the
 7 Revised Statutes as amended by the Acts of February fifteenth,
 8 eighteen hundred and ninety-three, and February seventeenth
 9 eighteen hundred and ninety-eight.

10 (b) A vessel while exclusively employed in carrying
 11 between foreign ports.

12 (c) A vessel for a voyage extending only to a foreign port
 13 less than one hundred and fifty nautical miles from her last
 14 port of departure in the United States, or from a foreign port
 15 less than one hundred and fifty nautical miles from her first
 16 port of arrival in the United States.

17 Sections one and two of an Act approved April fifteenth,
 18 nineteen hundred and four, entitled "An Act to regulate ship-
 19 ping in trade between ports of the United States and ports or
 20 places in the Philippine Archipelago, between ports or places
 21 in the Philippine Archipelago, and for other purposes," shall
 22 not take effect until July first, nineteen hundred and nine, and
 23 until that date a vessel of the United States employed in trade
 24 between the United States and the Philippines shall receive
 25 for the period of its employment in such trade an additional

1 either by birth or naturalization. These members of the Na-
 2 val Reserve shall be enrolled for a period of four years, dur-
 3 ing which period they shall be subject to render service on
 4 call of the President in time of war. They shall also possess
 5 such qualifications, receive such instruction, and be subject to
 6 such regulations as the Secretary of the Navy may prescribe.
 7 The Secretary of the Treasury is hereby authorized and di-
 8 rected, upon proper audit by the Auditor for the Navy De-
 9 partment, to pay, out of any money to be annually appropri-
 10 ated therefor upon estimates to be annually submitted to
 11 Congress in the Book of Estimates, to each officer, petty
 12 officer, or man thus enrolled and employed in the merchant
 13 marine or fisheries, including the coastwise trade of
 14 the Atlantic and Pacific and the Great Lakes as
 15 hereinafter provided, an annual retainer as follows:
 16 For each officer of the line or Engineer Corps, having the rank
 17 of lieutenant of the Naval Reserve, one hundred and ten
 18 dollars; for each officer of the line or Engineer Corps, having
 19 the rank of lieutenant (junior grade) in the Naval Reserve,
 20 ninety dollars; for each officer of the line or Engineer
 21 Corps, having the rank of ensign in the Naval Reserve,
 22 eighty dollars; for each man with a rating of chief petty
 23 officer, seventy dollars; for each man with a rating of petty
 24 officer, first class, sixty dollars; for each man with a rating
 25 of petty officer, second-class, forty-eight dollars; for each

1 man with a rating of petty officer, third-class, forty dollars;
 2 for each seaman, first-class, thirty-six dollars; for each sea-
 3 man, second-class, thirty dollars; for each seaman, third-
 4 class, twenty-four dollars. Such retainer shall be paid at
 5 the end of each year of service on certificate, by the Secretary
 6 of the Navy, that the member of the Naval Reserve has sat-
 7 isfactorily complied with the regulations, and on certificate
 8 by the Secretary of Commerce and Labor that such member
 9 has served satisfactorily for at least six months of the pre-
 10 ceding twelve months on vessels of the United States in the
 11 merchant marine or in the deep-sea fisheries. The total
 12 number of officers, petty officers, and men enrolled in the
 13 Naval Reserve shall not at any time exceed ten thousand.

14 SEC. 2. That in the interest of the national de-
 15 fense and for the performance of the public services
 16 hereinafter specified, after July first, nineteen hundred
 17 and seven, the Secretary of the Treasury is hereby author-
 18 ized and directed to pay, subject to the provisions of
 19 this Act, out of any money in the Treasury to be annually
 20 appropriated therefor upon estimates to be annually submitted
 21 to Congress in the Book of Estimates, to the owner or owners
 22 of any steam vessel of over one thousand gross tons, and of
 23 any sail vessel of over two hundred gross tons, and fishing
 24 vessel of over twenty gross tons hereafter built and registered
 25 in the United States or now duly registered by a citi-

59TH CONGRESS,
1st Session.

S. 529.

IN THE SENATE OF THE UNITED STATES.

FEBRUARY 15, 1906.

Ordered printed as passed by the Senate.

AN ACT

To promote the national defense, to create a naval reserve, to establish American ocean mail lines to foreign markets, and to promote commerce.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*
 3 That there shall be enrolled, in such manner and under such
 4 requirements as the Secretary of the Navy may prescribe,
 5 from the officers and men now and hereafter employed in
 6 the merchant marine and fisheries of the United States, in-
 7 cluding the coastwise trade of the Atlantic and Pacific and the
 8 Great Lakes, such officers, petty officers, and men as may be
 9 capable of rendering service as members of a Naval Reserve,
 10 for duty in time of war, and who are willing to undertake such
 11 service, to be classified in grades and ratings according to their
 12 capacity as shown at time of enrollment. No man shall
 13 be thus enrolled who is not a citizen of the United States

附録第一号
 中道勇三郎
 一部は郵船会社一部は東洋汽船会社

with China, whence 50 per cent of our imports are free; or in the trade with India, whence 69 per cent of our imports are free.

The plan proposed by the majority of the Commission would, however, not confine its benefits chiefly to steamship lines to Europe or to Cuba. It would give certain, and what is believed to be adequate, encouragement to every American cargo carrier—steam, "tramp," or sail vessels—that engages in the important trade to South America and the Orient. The minority report apparently does not dissent from those sections of the bill that offer mail subventions to relatively fast passenger and cargo lines to South America, Asia, and the Philippines. But the minority report does appear to leave without, or almost without, encouragement in these trades the humble but useful and, indeed, indispensable cargo carriers—the steam "tramps" and the sailing vessels.

In other words, the minority report neglects almost altogether in the Brazil-Central America trade and in more than one-half of our oriental trade the rough-and-ready freighters which, though slower, less expensive, and less imposing than the regular mail liners, are still an invaluable adjunct of commerce and an essential part of any great and prosperous mercantile marine.

These cargo carriers can not be adequately encouraged in certain important trades by any discriminating-duty plan unless the free list is eliminated. If Congress is unwilling to undertake this, the only effective mode of encouraging cargo carriers pure and simple in the South, Central American, and oriental trades is by some such carefully guarded method as that which the majority of the Commission has adopted.

This is a form of naval subvention, payable to both ships and men in foreign trade, and modeled closely after an old American policy initiated on information furnished by Thomas Jefferson, as Secretary of State, in 1791, and maintained substantially the same until 1836 through all the changes of party control and the shifting of national administrations. This is not a mere commercial bounty or subsidy, but a provision for the national defense through a sea militia after the fashion of Jefferson's deep-sea fishermen, and also a provision for the encouragement of shipping, without which an adequate sea militia is impossible.

Immediately a deep impression upon the Commission and had an important part in shaping the final judgment of the majority.

It was, moreover, pointed out by some of the members of the Commission that when a century ago the discriminating-duty policy was so effective and successful the United States imported much more than it exported, but that now that the country exports much more than it imports we have become exceedingly vulnerable to foreign retaliation directed at our export commerce.

Next in order the Commission considered the relation of a discriminating-duty policy to the tariff in view of the fact that 43 per cent in value (47 per cent in the fiscal year 1904) and 60 or 70 per cent in bulk of our imports were on the free list in the fiscal year 1903. In the old days of discriminating duties the free list was relatively unimportant; a duty—not a large one—was levied on almost everything. Now, however, such important food articles of tropical production as tea, coffee, cocoa, spices, and such important crude materials as rubber, jute, and many other fibers, and great quantities of drugs and chemicals that enter into domestic manufacturing are and long have been free of all customs duties in the ports of the United States. As the Commission looked more and more closely into this question it became more and more manifest that in order to give really broad and effective encouragement to our ocean shipping through discriminating duties the free list would have to be abolished.

For it was discovered on analysis that no less than 98 per cent of our imports from Brazil, 96 per cent of those from Chile, 81 per cent from Colombia, 80 per cent from Venezuela, 82 per cent from Ecuador, 77 per cent from Bolivia and Paraguay, or 82 per cent of our imports from all South America and 94 per cent of our imports from all Central America are nondutiable. Moreover, 64 per cent of our imports from Japan, 50 per cent of our imports from China, and 69 per cent of our imports from India are now nondutiable.

On the other hand, it is true that only 28 per cent of our imports from Europe and only 17 per cent of our imports from the West Indies (such imports being chiefly raw sugar and tobacco) are nondutiable. To the trade with Europe, conveyed largely in relatively fast, high-cost vessels, and to the trade with the West Indies discriminating duties could, undoubtedly, be applied with benefit to American shipping, even though the free list were not reduced. But everywhere in the country the testimony before the Commission has laid especial emphasis upon the importance of establishing American shipping lines to South America and Asia, where the present transportation facilities for American goods are most inadequate and where American ships and the American mercantile houses that would naturally accompany them are most urgently required for the extension of our foreign markets. A bill to encourage American shipping which gave such encouragement chiefly to ships running to Europe and the West Indies and not to ships running to South America and Asia would, plainly, never meet with the approval of the American people.

But when the issue came up in concrete form not one member of the Commission was willing to abolish the free list, or even to reduce it temporarily in order to make discriminating duties effective for the restoration of American shipping. A relatively small duty on these articles now free, if imported in foreign ships, would undoubtedly suffice to give American ships the preference. But all the American ships now in existence that are registered for and engaged in foreign trade are able to carry only 10 per cent of our total imports and exports. It would require several years of unremitting activity on the part of all the shipyards of the United States to build a registered fleet of capacity equal to that which we now possess, so that the American portion of our carrying trade would be doubled to 20 per cent. For several years, therefore, the imposition of even a low duty on free goods if imported in foreign vessels would mean the actual collection of such a duty on these goods, or most of them, there not being enough American vessels in existence to bring them in free. These free articles, as a rule, are articles the like of which is not produced in the United States—that is, they are, as a rule, noncompetitive products peculiar to the Tropics. The imposition of a duty, even a small duty, on them would therefore almost inevitably lead to an increase in price, which would be likely to be resented by American consumers.

Yet, unless this duty is put on articles now free—in other words, unless the free list is abolished—discriminating duties can not be made effective for the upbuilding of American shipping of the useful, general-cargo type in the very trades—to South America and the Orient—where all thoughtful observers agree that American ships are most necessary and most valuable. There are manifest

political as well as commercial reasons why there should be many American vessels constantly plying between our ports and South America and the Orient. Yet, unless the discriminating principle is applied to the free list, American vessels would find in just these important trades the least and not the greatest measure of encouragement.

Moreover, the particular form of discriminating duties most favored has been discrimination in the so-called indirect trade—that is, discrimination in duties against foreign vessels bringing merchandise from countries other than their own. This would affect not a British vessel bringing British goods or a German vessel bringing German goods, but a British vessel bringing Brazilian goods or a German vessel with a cargo from China or India. It has been contended with great force that the operation of such a policy, while provoking the minimum of retaliation, would be to gain for American ships control of the trade with nonshipping countries, like those of Central and South America and many of the countries of the Orient. But inasmuch as most of the imports from these very nonshipping countries are free of duty, this hope would inevitably prove futile unless the free list were abolished.

Here is the most powerful reason why the discriminating-duty policy has not been recommended to Congress by the Merchant Marine Commission, a probable majority of whose members preferred this policy when they were appointed and preferred it until they had given eight months of earnest and impartial study to the question and become convinced that to make discriminating duties honestly effective for the encouragement of American shipping where American shipping is most needed the free list would have to be eliminated.

Those three members of the Commission who sign the minority report and recommend discriminating duties as a substitute for sections two, three, and four of the Commission bill are no more in favor of abolishing the free list than are the majority. They say, frankly, in their minority report:

"But we are not willing, nor do we think it is necessary, to commit ourselves to the proposition that anything now upon the 'free list' should be made 'dutiable.' We prefer to take the chances of aiding our merchant marine by discriminating duties upon the 60 per cent of imports now on the 'dutiable' list."

This dutiable list in the fiscal year 1903 included not 60 per cent in value but 57 per cent of the entire imports. In the fiscal year 1904 the free imports were 47 per cent of the total imports, so that instead of 60 per cent 53 per cent of the total imports are dutiable and available for the encouragement of American shipping.

But this is 53 per cent in value. Now, it happens that most of the 47 per cent in value of the articles on the free list are from their nature very bulky, being chiefly foods and crude materials. It is estimated that the 47 per cent in value really represents 60 to 70 per cent in sheer bulk of our imports. A freight ship must, if possible, fill her holds with merchandise to insure the most economical rate of carrying; that is, she needs bulk as well as value of cargo to utilize her space to the best advantage and make her most seaworthy.

It is an important fact, therefore, as bearing on this problem of the mercantile marine, that only from 30 to 35 per cent of the total bulk of our imports are available to give encouragement to American ships, in case the policy is applied only to dutiable goods, and not to the enormous quantity of merchandise now on the free list.

This means, in effect, that the discriminating-duty policy, as proposed by the minority report, would encourage only about 1 ton out of every 3 tons of American shipping engaged in foreign trade, or only one ship out of every three ships, on the basis of actual bulk of cargo carried. On the other hand, the plan of the majority of the Commission would apply equitably to every ship that employed its quota of naval volunteers and complied with the other Government requirements.

Discriminating duties in the indirect trade, with the treaties abrogated, as can be done with notice of a year, would undoubtedly benefit American steamships in the trade with Europe, and American steamships and sailing vessels in the trade with the West Indies, especially with Cuba. But it is unmistakable and undeniable that discriminating duties limited to articles now dutiable would not encourage American shipping appreciably in the trade with Brazil, whence 98 per cent of our imports are free; or in the trade with Chile, whence 96 per cent of our imports are free; or in the trade with Central America, whence 94 per cent of our imports are free. And while the effect of discriminating duties on dutiable goods only would be greater, it would still not be adequate in the trade with Japan, whence 64 per cent of our imports are free; or in the trade

PENSACOLA CHAMBER OF COMMERCE.

November 28, 1905.

Whereas upon the recommendation of President Roosevelt, a Commission was appointed by the last Congress which thoroughly investigated the condition of the American shipping, said Commission presenting a report, together with a bill to carry into effect its recommendations; and

Whereas the Commission found that but 9 per cent of our ocean carrying is done by American vessels, 91 per cent being carried by the subsidized and bountied shipping of other countries; that annually \$200,000,000 are being paid to foreign ships, and this condition the Commission's bill would so remedy as to give to American ships a much larger and fairer share of our deep-sea carrying; and

Whereas the Commission's bill conforms in its provisions to the practices of other nations in dealing with their merchant shipping and is so designed as to not only give our shipowners the greatest share of our foreign carrying, but to create a demand for American materials and American labor in shipbuilding, as well as to afford employment for American ship officers and seamen, the ships and men being essential to the national defense for auxiliary naval purposes in the time of trouble: Therefore, be it

Resolved, That the Chamber of Commerce of Pensacola, Fla., recognizing the pressing importance of an American mercantile marine, warmly commends the work of the Congressional Merchant Marine Commission and expresses the earnest hope that its bill will receive the support of Florida's Senators and Representatives in Congress, to the end that we will have an effective and enduring American mercantile marine commensurate with our position as a great world power; and be it further

Resolved, That nothing in the foregoing resolutions shall effect State control of pilotage matters in the several States of the Union.

Resolved, That a copy of these resolutions be forwarded to the President of the Senate and the Speaker of the House of Representatives, and to the members of the Florida delegation in Congress.

RESOLUTIONS ASKING CONGRESS TO RESTORE THE MERCANTILE MARINE.

TRANSMISSISSIPPI COMMERCIAL CONGRESS.

Representing all the States and Territories west of the Mississippi River, including Hawaii and the Philippines, in annual meeting at Portland, Oreg., August 19, 1905.

We unqualifiedly favor the progressive national policy on the part of the United States of fostering and building up an American merchant marine by every available means, and we respectfully urge upon the consideration of Congress the national importance of this question in the development of our foreign trade.

NATIONAL ASSOCIATION OF WHOLESALE DRUGGISTS.

October 5, 1905.

Whereas over 95 per cent of our exports, imports, passengers, and freight are carried under every flag except the Stars and Stripes, the National Association of Wholesale Druggists and its allied interests in convention assembled in one of the largest world seaports:

Resolved, That for our commerce in times of peace and our Army and Navy in times of war we ask Congress to restore to us an American merchant marine by passing an effective shipping bill.

APPENDIX D.

WHY A MAJORITY OF THE MERCHANT MARINE COMMISSION DID NOT RECOMMEND DISCRIMINATING DUTIES.

[Presented by Mr. GALLINGER to the Senate February 21, 1906, and ordered to be printed.]

When the Merchant Marine Commission of five Senators and five Representatives was appointed by the President of the Senate and the Speaker of the House on April 28, 1904, it is probable that a majority of those members of the Commission who had positive views as to the best method of reviving the merchant marine in foreign trade favored a return to the historic policy of discriminating duties. It was with a distinct preference for this method and a hope that the inquiry would justify its adoption that the Commission entered upon the exhaustive series of hearings which covered every section of the country and were not concluded at Washington until the middle of December, 1904.

These hearings in the ports of the North and South Atlantic, the Great Lakes, the Pacific, and the Gulf of Mexico disclosed a very strong sentiment for the discriminating-duty plan, and also a considerable sentiment for some carefully guarded and equitable form of subsidy or subvention. Between these two plans the testimony of what may perhaps be called the "interested parties"—that is, the practical shipowners and shipbuilders with close personal knowledge of ocean trade—seemed to be rather evenly divided. Several shipowners and shipbuilders stated that they had formerly believed in subsidy or subvention, but had changed their minds and now preferred discriminating duties.

It can be said emphatically that it was not in anyway the evidence of these "interested parties" which caused the Commission to reach its final conclusions, for, as has been said, the testimony of shipowners and shipbuilders on the one side is evenly balanced on the other. This division of what may be regarded as the expert evidence left the Commission free to choose the policy which commended itself to its own judgment.

When the Commission assembled in Washington to consider the testimony, frame its recommendations, and prepare its report to Congress the policy of discriminating duties was the first thing that was taken up after a few points of general agreement, like the Panama Canal trade, the Cuban reciprocity trade, and the transport service, had been disposed of. The Commission discussed, first, the 30 commercial treaties with foreign governments which forbid discrimination in customs duties or tonnage duties. Notice of the abrogation of these treaties would have to be given a year in advance of the application of a discriminating-duty policy and, if possible, new treaties which did not prohibit such discrimination would have to be negotiated. As these treaties form the very groundwork of our modern commercial relations, it seemed to be the prevalent judgment of the Commission that to abrogate them and then to induce foreign governments to renew them on as good terms as before would be a formidable undertaking. However, this was not regarded as absolutely impossible.

Next, the Commission passed on to consider the element of retaliation by these foreign governments if we were to discriminate in favor of our shipping. It seemed to be the general opinion that such retaliation would be directed not against American shipping alone, but against American export trade in general, wherever it could be most seriously affected. In this connection the chairman of the Commission presented an important remonstrance against discriminating duties, which had been received from commercial associations of the Central West. This remonstrance was so ably and cogently expressed and came from such an influential section of the country that it produced

BOARD OF TRADE OF THE STATE OF MAINE.

September 22, 1905.

Whereas for many years the State of Maine was famous for its shipbuilding, the products of its forests and the skill of its mechanics being known the world over for the safety, speed, and beauty of its ships; and

Whereas a century ago and for a period of over thirty years American ships carried an average of 90 per cent of our entire foreign commerce, they were unrivaled in construction; they were commanded, officered, and manned by men who were unequalled for their ability and whose courage and intrepidity have repeatedly shed imperishable renown upon the pages of our history, in all of which Maine ships and Maine men bore a conspicuous and glorious part; and whereas, while during the past half century the growth of our land industries has been the marvel of mankind, while our domestic carrying has by national law been confined to American vessels, which have increased and prospered under freight rates that have been steadily reduced under the competition of our own people, our shipping in the foreign trade has shrunk to but one-third of its former proportions, being now of less tonnage than it was in 1810; and

Whereas despite the wonderful growth of our foreign commerce, now approaching in value \$3,000,000,000 annually and requiring a shipping of fully 6,000,000 of tons for its ocean transportation, shipbuilding in the United States for the foreign trade has practically ceased; our Maine shipyards are shut down and in many places dismantled; our enterprising builders are facing ruin; our owner of deep-sea shipping are laying up, selling, or facing constant losses in the operation of their vessels; our shipmasters, officers, and seamen are without employment in the foreign trade; our young men are no longer bred to the sea, and we are threatened with extinction in the world's carrying trade, and

Whereas our almost complete dependence upon foreign shipping for the transportation of our growing surplus products to distant markets is a grave menace to the stability and safety of our foreign trade, since war between any of the great European powers—always possible—upon whose ships we rely for our ocean-carrying would suddenly and indefinitely deprive us of the means with which to market our exports, and cause disaster and widespread losses in every avenue of trade, and

Whereas our foreign commerce at present affords employment for foreign vessels that are so constructed as to be available as auxiliaries to the navies of the nations whose flags they fly, their officers and seamen being trained and educated at our expense as a reserve in time of need for our rivals and our possible enemies, while our Government is lacking in similar resource that is essential to our national defense, and

Whereas upon President Roosevelt's urgent recommendation the last Congress appointed a commission which thoroughly investigated the condition and needs of American shipping, their report and their bill to carry into effect their recommendations being now ready for presentation to the coming Congress: Therefore, be it

Resolved by the Maine State Board of Trade, That we keenly feel the loss to the nation and to our State resulting from our humiliating decay and impotence; that we appreciate the thorough work of the Congressional Merchant Marine Commission, which we commend to the earliest possible and most earnest consideration of Congress; that we are grateful of the splendid past services of Maine's Senators and Representatives in Congress and confidently rely upon them to take the lead in the coming Congress in presenting and urging the promptest possible enactment of adequate legislation for the upbuilding and prosperous and permanent development of our deep-sea shipping, and we especially depend upon the commanding influence, deep interest, and solicitous concern of President Roosevelt in the rehabilitation of our merchant marine to help place upon our national statutes provisions for an effective and enduring American maritime policy; and be it further

Resolved, That the president and secretary be requested to send attested copies of these resolutions to President Roosevelt, to the President of the Senate and to the Speaker of the House of Representatives in the Congress of the United States, and to the press.

AMERICAN BANKERS' ASSOCIATION.

October 12, 1905.

Resolved by the American Bankers' Association, assembled:

1. That the members of this association are deeply interested in any measure which will promote the interest of the whole country commercially and industrially, and especially with reference to our foreign commerce.
2. That we favor and most respectfully urge the passage by Congress of some measure to foster and encourage the upbuilding of our merchant marine, and to give us back the prestige upon the high seas which we once enjoyed.
3. That we favor the ship-subsidy measure which has received consideration by Congress, which, we think, would tend to restore our flag upon the seas and build up our merchant marine to the extent that the necessities of our trade now and in the future may demand.
4. That we recommend that our Senators and Congressmen favor some just and equitable measure that will bring about the results and afford the relief above suggested.
5. That through our legislative committee we memorialize the Senate and House of Representatives of the United States with a copy of these resolutions.

NATIONAL FOUNDERS' ASSOCIATION.

November 15, 1905.

Resolved, That this convention of the National Founders' Association does most earnestly urge that our national legislators give their early attention to the deplorable condition of the American merchant marine.

Resolved, That we urge the immediate passage of the merchant-marine bill proposed by the Merchant Marine Commission and submitted to the last Congress as a part of its report.

COMMERCIAL CLUB OF MOBILE.

November 17, 1905.

Whereas upon the recommendation of President Roosevelt a Commission was appointed by the last Congress which thoroughly investigated the condition of American shipping, said Commission presenting a report, together with a bill to carry into effect its recommendations; and

Whereas the Commission found that but 9 per cent of our ocean carrying is done by American vessels, 91 per cent being carried by the subsidized and bountied shipping of other countries; that annually \$200,000,000 are being paid to foreign ships, and this condition the Commission's bill would so remedy as to give to American ships a much larger and fairer share of our deep-sea carrying; and

Whereas the Commission's bill conforms in its provisions to the practices of other nations in dealing with their merchant shipping and is so designed as to not only give our shipowners a greater share of our foreign carrying, but to create a demand for American materials and American labor in shipbuilding, as well as afford employment afloat for American shipmasters, officers, and seamen, the ships and men being essential to the national defense for auxiliary naval purposes in time of trouble: Therefore, be it

Resolved, That the Commercial Club of Mobile, Ala., recognizing the pressing importance of an American mercantile marine, warmly commends the work of the Congressional Merchant Marine Commission and expresses the earnest hope that its bill will receive the support of Alabama's Senators and Representatives in Congress, to the end that we shall have an effective and enduring American mercantile marine measurably commensurate with our position as a great world power; and be it further

Resolved, That a copy of these resolutions be forwarded to the President of the Senate and the Speaker of the House of Representatives, and to the members of the Alabama delegation in Congress.

104 AMERICAN MERCHANT MARINE AND AMERICAN COMMERCE.

Whereas this chamber perceives that the principle of the proposed subvention is essentially the same as that of discriminating duties; that each form involves national aid from a fund provided by law; that in either case the people are taxed to bestow the benefit; that the difference between the two systems is merely a difference in measures and not of the thing measured—a difference in the name of the fund derived, but not a difference in the fund, a difference in convenience, not in essence: Now, therefore, be it

Resolved, That the chamber of commerce of this city believes that the proposed encouragement to the maritime interests of this country is a measure which will not only advance the commercial interests of this country, but, by reason of intimate relations between sea commerce and national security, will contribute largely to naval effectiveness; that this chamber of commerce believes that these considerations place the proposition upon a plane of patriotism rather than of politics; that, entertaining these views this chamber respectfully urges our Senators and Representatives in Congress to secure the passage of the said measure.

AMERICAN ASSOCIATION OF MASTERS AND PILOTS OF STEAM VESSELS.

January, 1905.

Whereas American ships now convey only 10 per cent of the imports and exports of the United States, while 90 per cent are conveyed in foreign ships, thus building up at the expense of the American people the naval reserve of foreign nations; and

Whereas this condition of affairs deprives American officers and seamen of employment in ocean trade, and thus prevents the development of an adequate naval reserve in our own country: Therefore,

Resolved, That the American Association of Masters and Pilots of Steam Vessels, realizing the need of American deep-sea shipping and the value of a strong merchant fleet to the nation in peace or war, heartily commends the work of the Merchant Marine Commission, authorized by Congress on the recommendation of the President, and urges the prompt enactment of Senate bill 6291, reported by the Commission, "to promote the national defense, to create a force of naval volunteers, to establish American ocean mail lines to foreign markets, to promote commerce, and to provide revenue from tonnage."

PHILADELPHIA BOARD OF TRADE.

February 2, 1905.

To the honorable the Senate and House of Representatives of the United States in Congress assembled:

This memorial of the Philadelphia Board of Trade respectfully represents: That this board for many years, dating back to the time when American shipping in the foreign trade commenced showing a marked and rapid decline in tonnage, has persistently and earnestly petitioned your honorable bodies to enact such legislation as might tend to again place upon the seas the flag of our country on vessels of American build, and have it borne to the ports of the world.

That the board earnestly favored the appointment by Congress of the Merchant Marine Commission, and believes that this advocacy was wise and timely, as shown by the intelligent and exhaustive report of the majority of the said Commission submitted to Congress.

That the recommendations as presented by the majority report mentioned above it is believed, if promptly adopted, will aid materially in rehabilitating our merchant marine: Therefore,

Your memorialist, the Philadelphia Board of Trade, earnestly petitions your honorable bodies to promptly enact at this session of Congress the bill presented for its consideration by direction of the Merchant Marine Commission (Senate bill No. 6291), "to promote the national defense, to create a force of naval volunteers, to establish American ocean mail lines to foreign markets, to promote commerce, and to provide revenue from tonnage."

AMERICAN MERCHANT MARINE AND AMERICAN COMMERCE. 105

CHAMBER OF COMMERCE OF SAN FRANCISCO.

February 3, 1905.

Whereas the Chamber of Commerce of San Francisco has ever advocated the interests of the merchant marine of the United States and steadfastly believes that all means should be adopted whereby it may ultimately flourish in consonance with our national greatness, and has heretofore memorialized Congress to this effect; and

Whereas the Chamber of Commerce of San Francisco also believes that the sea power of the United States should be maintained and strengthened, and particularly by making provision so that our merchant marine may be ancillary to our Navy should the emergency require: Therefore, be it

Resolved, That the Senators and Representatives of the State of California in Congress be, and they are hereby, requested to support and secure the enactment of legislation substantially as provided for in Senate bill No. 6291, Fifty-eighth Congress, third session, entitled "To promote the national defense, to create a force of naval volunteers, to establish American ocean line mails to foreign markets, to promote commerce, and to provide revenue from tonnage."

AMERICAN COTTON MANUFACTURERS' ASSOCIATION.

May 11, 1905.

Resolved, That more American ships to deliver the products of American factories are indispensable to a full development of our export trade with foreign lands, and especially with South America and the Orient.

Resolved, That the American Cotton Manufacturers' Association heartily commends the frank and thorough report of President Roosevelt's Merchant Marine Commission, and urges Congress at the next session to enact vigorous legislation for the upbuilding of American shipping in overseas trade, as a most effective method of commercial expansion. The American people must no longer be dependent upon the flags of England, France, and Germany, their mercantile competitors, for the means of reaching the neutral markets of the world.

NATIONAL ASSOCIATION OF MANUFACTURERS.

May 17, 1905.

Whereas this association has annually for several years plead for the restoration of the merchant marine, now imperative and indispensable for our present and future commerce, our exports having reached nearly a total of a billion and a half and our imports over a billion and still increasing; and

Whereas our flag has almost entirely disappeared from the high seas, 92 per cent of our entire foreign commerce having been transported in foreign-built vessels in 1903 and over 95 per cent in 1904, including naturalized steamships under American registration; and

Whereas in the Fifty-eighth Congress a commission was created for the purpose of investigation and reporting upon the merchant-marine necessities of the United States: Therefore, be it

Resolved, That the National Association of Manufacturers commends the work of the Merchant Marine Commission, heartily approves the passage of a bill for the upbuilding of American shipping in the foreign trade for our passengers, mails, and war service, and requests Congress to promptly take action on such a bill, thereby making possible an American marine power for the present and future expansion of our great commerce and as an auxiliary to our Navy.

102 AMERICAN MERCHANT MARINE AND AMERICAN COMMERCE.

Upon vessels which shall be entered in the United States from any foreign port or place there shall be paid duties as follows: On vessels built within the United States but belonging wholly or in part to subjects of foreign powers, at the rate of thirty cents per ton; on other vessels not of the United States, at the rate of fifty cents per ton. Upon every vessel not of the United States, which shall be entered in one district from another district, having on board goods, wares, or merchandise taken in one district to be delivered in another district, duties shall be paid at the rate of fifty cents per ton. Nothing in this section shall be deemed in any wise to impair any rights or privileges which have been or may be acquired by any foreign nation under the laws and treaties of the United States relative to the duty of tonnage on vessels. On all foreign vessels which shall be entered in the United States from any foreign port or place, to and with which vessels of the United States are not ordinarily permitted to enter and trade there shall be paid a duty at the rate of two dollars per ton; and none of the duties on tonnage above mentioned shall be levied on the vessels of any foreign nation if the President of the United States shall be satisfied that the discriminating or countervailing duties of such foreign nations, so far as they operate to the disadvantage of the United States have been abolished. In addition to the tonnage duty above imposed, there shall be paid a tax, at the rate of thirty cents per ton on vessels which shall be entered at any custom-house within the United States from any foreign port or place; and any rights or privileges acquired by any foreign nation under the laws and treaties of the United States relative to the duty of tonnage on vessels shall not be impaired; and any vessel any officer of which shall not be a citizen of the United States shall pay a tax of fifty cents per ton.

Section 4232 of the Revised Statutes:

The mail steamships employed in the mail service between the United States and Brazil shall be exempt from all port charges and custom-house dues at the port of departure and arrival in the United States if, and so long as, a similar immunity from port charges and custom-house dues is granted by the Government of Brazil.

APPENDIX C.

RESOLUTIONS OF COMMERCIAL ASSOCIATIONS SPECIFICALLY
INDORSING THE SHIPPING BILL OF THE MERCHANT MARINE
COMMISSION.

NATIONAL BOARD OF TRADE.

January 18, 1905.

Whereas the American people are sprung from the greatest seafaring races of the world, and have most notably exemplified both by commerce and in war upon the sea the skill and courage of their ancestry; and

Whereas the great States of Ohio, Indiana, and Illinois have been largely developed by the railroad systems which were built by the concentrated capital that grew out of the seagoing foreign commerce of the people earned in the first half of the nineteenth century; and

Whereas the far West depends for its communications on transcontinental railways which were called into being by subsidies from the National Treasury; and

Whereas a Congressional Commission has, at large expense and with great patience and personal attention, spent months of time and thousands of miles of travel in examination of the causes of the disgraceful decay of American commerce, and as a product of their labor have proposed a remedy for this decay in Senate bill No. 6291, by which a threefold purpose may be obtained, which purpose is expressed, firstly, in the creation of a naval militia reserve; secondly, in the creation of a labor equalization allowance, by which American labor on the ocean may compete without degradation with the seamen of Europe and Asia; thirdly, in the authority to the Post-Office Department to spend such sums as will be sufficient to provide direct postal service with the ports of South Africa, South America, and Asia without attempting competition with the extravagant sums paid by foreign governments for the service between British and north seaports and those on our Atlantic seaboard; therefore,

Resolved, That the National Board of Trade heartily commends the work of the Congressional Marine Commission, and urges upon Congress the enactment at the earliest possible date of Senate bill No. 6291.

NEWPORT NEWS CHAMBER OF COMMERCE.

January 9, 1905.

Whereas the Chamber of Commerce of the city of Newport News have learned through the public press of the report of the Congressional Commission on the American merchant marine, and has observed with keenest interest the bill recommended for the advancement of the maritime interests of our country; and

Whereas this chamber is aware of the attachment which the Hon. Thomas S. Martin, United States Senator from this State, has displayed for our ancient system of discriminating duties, and this chamber has shared his view in that respect, but this chamber nevertheless notes with entire approval the fact that Senator Martin's name was not appended to the minority report; and

Whereas it is the conviction of this body that the previous national policy of inaction has so sapped the marine resources of this country as to abundantly demonstrate the necessity for retaliatory measures; and

zens. If the officers by any chance are aliens, although the vessel in all other respects is a vessel of the United States, this penal tax of 50 cents a ton is imposed. This part of section 4219 is thus one of the means by which the law is enforced requiring officers to be American citizens. Most of the cases under section 4219 are of this description. Of course we want to retain this part of section 4219 and one or two other parts which I can indicate, if necessary. Then, too, the following words are the legislative provision to carry out parts of our treaties with foreign nations, and should not be and are not disturbed by your bill. On the other hand, the very first words of section 4219 impose a tonnage tax on vessels of the United States of 30 cents a ton. This was repealed in 1884, and your bill merely keeps up the continuity of repeal.

Sincerely, yours,

E. T. CHAMBERLAIN,
Commissioner.

Hon. J. H. GALLINGER,
United States Senate.

SECTIONS OF LAWS AMENDED OR REPEALED BY SECTION 10 OF S. 529,
FIFTY-NINTH CONGRESS, FIRST SESSION.

Section 14 of the act approved June 26, 1884:

That in lieu of the tax on tonnage of thirty cents per ton per annum heretofore imposed by law, a duty of three cents per ton, not to exceed in the aggregate fifteen cents per ton in any one year, is hereby imposed at each entry on all vessels which shall be entered in any port of the United States from any foreign port or place in North America, Central America, the West India Islands, the Bahama Islands, the Bermuda Islands, or the Sandwich Islands, or Newfoundland; and a duty of six cents per ton, not to exceed thirty cents per ton per annum, is hereby imposed at each entry upon all vessels which shall be entered in the United States from any other foreign ports: *Provided*, That the President of the United States shall suspend the collection of so much of the duty herein imposed, on vessels entered from any port in the Dominion of Canada, Newfoundland, the Bahama Islands, the Bermuda Islands, the West India Islands, Mexico, and Central America down to and including Aspinwall and Panama, as may be in excess of the tonnage and light-house dues, or other equivalent tax or taxes imposed on American vessels by the Government of the foreign country in which such port is situated, and shall upon the passage of this Act, and from time to time thereafter as often as it may become necessary by reason of changes in the laws of the foreign countries above mentioned, indicate by proclamation the ports to which such suspension shall apply, and the rate or rates of tonnage duty, if any, to be collected under such suspension. *And provided further*, That all vessels which shall have paid the tonnage tax imposed by section forty-two hundred and nineteen of the Revised Statutes for the current year, shall not be liable to the tax herein levied until the expiration of the certificate of last payment of the said tax. And sections forty-two hundred and twenty-three and forty-two hundred and twenty-four and so much of section forty-two hundred and nineteen of the Revised Statutes as conflicts with this section are hereby repealed.

Sections 11 and 12 of the act of June 19, 1886, entitled "An act to abolish certain fees for official services to American vessels, and to amend the laws relating to shipping commissioners, seamen, and owners of vessels, and for other purposes."

Sec. 11. That section fourteen of "An act to remove certain burdens on the American merchant marine and encourage the American foreign-carrying trade, and for other purposes," approved June twenty-sixth, eighteen hundred and eighty-four, be amended so as to read as follows:

"Sec. 14. That in lieu of the tax on tonnage of thirty cents per ton per annum imposed prior to July first, eighteen hundred and eighty-four, a duty of three cents per

ton, not to exceed in the aggregate fifteen cents per ton in any one year, is hereby imposed at each entry on all vessels which shall be entered in any port of the United States from any foreign port or place in North America, Central America, the West India Islands, the Bahama Islands, the Bermuda Islands, or the coast of South America bordering on the Caribbean Sea, or the Sandwich Islands, or Newfoundland; and a duty of six cents per ton, not to exceed thirty cents per ton per annum, is hereby imposed at each entry upon all vessels which shall be entered in the United States from any other foreign ports, not, however, to include vessels in distress or not engaged in trade: *Provided*, That the President of the United States shall suspend the collection of so much of the duty herein imposed, on vessels entered from any foreign port, as may be in excess of the tonnage and light-house dues, or other equivalent tax or taxes, imposed in said port on American vessels by the Government of the foreign country in which such port is situated, and shall, upon the passage of this Act, and from time to time thereafter as often as it may become necessary by reason of changes in the laws of the foreign countries above mentioned, indicate by proclamation the ports to which such suspension shall apply, and the rate or rates of tonnage duty, if any, to be collected under such suspension: *Provided further*, That such proclamation shall exclude from the benefits of the suspension herein authorized the vessels of any foreign country in whose ports the fees or dues of any kind or nature imposed on vessels of the United States, or the import or export duties on their cargoes, are in excess of the fees, dues, or duties imposed on the vessels of the country in which such port is situated, or on the cargoes of such vessels; and sections forty-two hundred and twenty-three and forty-two hundred and twenty-four, and so much of section forty-two hundred and nineteen of the Revised Statutes as conflicts with this section, are hereby repealed."

Sec. 12. That the President be, and hereby is, directed to cause the governments of foreign countries which, at any of their ports, impose on American vessels a tonnage tax or light-house dues, or other equivalent tax or taxes, or any other fees, charges, or dues, to be informed of the provisions of the preceding section, and invited to cooperate with the Government of the United States in abolishing all light-house dues, tonnage taxes, or other equivalent tax or taxes on, and also all other fees for official services to, the vessels of the respective nations employed in the trade between the ports of such foreign country and the ports of the United States.

Section 1 of the act approved April 4, 1888, entitled "An act to amend the laws relating to navigation, and for other purposes:"

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section eleven of an act to abolish certain fees for official services to American vessels, and to amend the laws relating to shipping commissioners, seamen, and owners of vessels, and for other purposes, approved June nineteenth, eighteen hundred and eighty-six, be amended by striking out of the sixth and seventh lines of the subproviso of said section the words "of the country in which such port is situated, or on the cargoes of such vessels;" and substituting in lieu thereof the words "of such country, or on the cargoes of such vessels;" but this proviso shall not be held to be inconsistent with the special regulation by foreign countries of duties and other charges on their own vessels, and the cargoes thereof, engaged in their coasting trade, or with the existence between such countries and other states of reciprocal stipulations founded on special conditions and equivalents and thus not within the treatment of American vessels under the most favored nation clause in treaties between the United States and such countries.

Section 4219 of the Revised Statutes:

Upon vessels which shall be entered at any custom-house in the United States, from any foreign port or place, there shall be paid the respective duties following: On vessels of the United States, thirty cents a ton; on vessels built within the United States, but belonging wholly or in part to subjects of foreign powers, sixty cents per ton; on foreign vessels entered in the United States from any foreign port to and with which vessels of the United States are not ordinarily permitted to enter and trade, two dollars and thirty cents per ton; on other vessels, thirty cents per ton: *Provided*, That the President of the United States shall be satisfied that the discriminating or countervailing duties of any foreign nation to which such vessels belong, so far as they operate to the disadvantage of the United States, have been abolished; otherwise, eighty cents per ton: *And provided*, That nothing in this section shall impair any rights or privileges which have been or may be acquired by any foreign nation, under the laws and treaties of the United States, relative to the duty of tonnage on vessels.

vessel with a cargo from a German port, but against European craft that seek to invade our carrying trade with Brazil or China or other neutral nations. It has been urged that discriminating duties in this indirect trade would not be so likely to provoke European retaliation as if the duties were imposed against British or German ships bringing goods of their own country. And it has been urged also that discrimination in the indirect trade, while arousing the least possible resentment, would give our vessels entire control of our trade with the non-shipowning peoples of South America and the Orient.

A LARGER PART FREE.

Unfortunately, however, it is this very trade with South America and the Orient that can not be gained for American ships unless the free list is abolished, for most of the products of those southern and eastern countries are now and long have been nondutiable in the ports of the United States. Thus, when the Commission looked into this question it found that 98 per cent of our imports from Brazil, 96 per cent from Chili, 81 per cent from Colombia, 80 per cent from Venezuela, 82 per cent from Ecuador, or 82 per cent of all our imports from South America and 94 per cent from Central America were absolutely free of duty. In our import trade with China 50 per cent, with Japan 64 per cent, and with India 69 per cent are free of duty. Unless the free list were abolished discriminating duties could not adequately encourage American shipping to engage more largely in commerce with the republics to the south of us and the great markets of the Orient.

If conditions were everywhere as they are with our trade in Europe, where the free imports represent 28 per cent, or our trade with Cuba, whence we import chiefly sugar and tobacco and only 17 per cent of our purchases are on the free list, discriminating duties could be effectively applied for aid to American shipping. But the long series of public hearings before the Commission has made it unmistakable that the American people desire American ships, not only in our Cuban trade, but also and especially in our trade with South America and the Far East. Discriminating duties would not give us American ships in these important trades unless the free list were abolished, and here is the most urgent of the several reasons why the discriminating-duty policy has not been recommended by the majority of the Commission. The plan of mail and other subventions embodied in the bill of the Commission was finally adopted because it is both more equitable and more effective.

EITHER PLAN WILL COST.

These subventions will cost something. So, too, would it cost something to apply discriminating duties by the method suggested of reducing the duties on goods imported in American vessels. In either case it is necessary, in order to make this encouragement of shipping adequate and effective, to equalize the difference in wages and cost of construction between American and foreign ships, and in some cases to offset foreign subsidies. American ships in order to reach an equality of conditions must either receive a certain sum in subvention or retain an equivalent from the reduced duty in the form of higher freight rates.

In the long run, it is likely to be found that the subvention plan will involve the less actual cost to the Treasury.

LAWS AMENDED OR REPEALED.

DEPARTMENT OF COMMERCE AND LABOR,
BUREAU OF NAVIGATION,
Washington, January 15, 1906.

MY DEAR SENATOR: I am informed that you desire a brief explanation of the acts to be repealed by section 10 of S. 529.

Section 14 of the act approved June 26, 1884, down to the proviso, states the rates of tonnage tax now imposed. It should be repealed because you propose entirely different rates. The first proviso was the first effort to establish the so-called "reciprocity" principle in tonnage taxation, and applied only to trade between the United States and the balance of North America, including near-by islands. As you will recall, there is no "reciprocity" in this arrangement, as foreign vessels do so large a part of the carrying trade of this country. The second proviso was, as you will notice, a temporary matter, covering only a few cases in the year 1884 and is now of course dead at any rate.

Sections 11 and 12 of the act of June 19, 1886, extended the so-called reciprocity principle to all the world. The objections to this are perfectly familiar to you. If foreign nations should suspend all tonnage taxes the United States would lose between \$12 and \$13 for every dollar of exemption we gained abroad.

Section 1 of the act approved April 4, 1888, is merely a technical amendment to the previous laws embodying the so-called reciprocity principle.

Section 4232 of the Revised Statutes has been dead for some years. There is no such mail line and no such exemption in Brazil from tonnage taxes. The section should be repealed because so long as it remains on the statute books and ever is actually operative foreign nations under the most-favored-nation clause can, of course, claim the same privilege as that granted to Brazil on the same conditions.

Section 4219 of the Revised Statutes.—The words "So much of section 4219 of the Revised Statutes as conflicts with this act" are taken from section 11 of the act of June 19, 1886 (italicized on p.—). As that section is repealed it seems to me safest to retain the word quoted, although possibly they are superfluous. The effect of the words is to keep still in force such parts of section 4219 of the Revised Statutes as are in force at the present time. Only portions of section 4219 are now in force and cases seldom arise under those portions, as I wrote you the other day. For example, the portion which I have marked on page — "upon every vessel not of the United States * * * duties shall be paid at the rate of 50 cents per ton." To be a vessel of the United States the officers, as you know, must be American citi-

DISCRIMINATING DUTIES.

The historic policy of discriminating duties which the United States maintained in full to 1815 and in part as late as 1828 and even 1849, occupied so large a place in the inquiry of the Merchant Marine Commission that it is well to make at once a frank explanation why a return to this policy at the present time has not seemed wise to a majority of the Commission.

It is probable that when the Commission was appointed a majority of those Senators and Representatives composing it who had positive views favored another trial of the discriminating duty policy, and believed that that course would be recommended to Congress. Moreover, from the very beginning of the inquiry, powerful arguments for the discriminating duty plan were advanced, especially by the Maritime Association of the Port of New York, the largest shipping trade organization in America. This policy of the fathers of the Republic, as it was well described, was ably advocated not only by many practical shipowners and shipbuilders, but by many manufacturers and merchants—usually, however, in connection with the policy of mail subventions to regular lines, which may be said to have met with almost unanimous support in every section of the country.

TREATIES IN THE WAY.

These arguments had a very great effect upon the Commission, but at the same time some very serious objections were disclosed in the radical difference of mercantile conditions between the first half of the nineteenth century and the first decade of the twentieth century. In the first place, there were the thirty commercial treaties with foreign governments—the very foundation of our modern commercial relations—which prohibit both discriminating custom duties and discriminating tonnage dues. These treaties of course could be abrogated, but notice of this would have to be given a year in advance, and new treaties without a discriminating duty clause negotiated on terms as favorable as before. This, manifestly, would be a difficult though not an impossible undertaking.

THE RISK OF RETALIATION.

Far more serious than the abrogation and renegotiation of thirty commercial treaties would be the almost certain retaliation of foreign governments. It is true that if they retaliated only against our shipping they could not do much harm, for an American vessel, even direct from the United States, is seldom seen now in European waters. But these foreign governments would probably shape their retaliation where it would hurt and be effective—against our export trade in general—by discriminating duties on the products of our agriculture and our manufactures.

96

Indeed, certain important commercial associations of the central West, while strongly favoring the development of the merchant marine, sent to the Commission a formal remonstrance against the adoption of the discriminating duty policy because of the danger of foreign retaliation that would be provoked by it against the export trade of the United States. In this connection the fact is worth considering that in the years from 1789 onward, when the discriminating duty policy was practiced with so much success, the United States imported far more than it exported, so that discriminating duties were applicable to the larger part of our foreign trade, while now the United States exports very much more in both bulk and value than it imports, so that not only would discriminating duties be less effective for the encouragement of American shipping, but foreign retaliation would be far easier and more injurious.

ABOLISHING THE FREE LIST.

But the weightiest of all objections to a return to the discriminating duty plan is neither the treaties nor retaliation, but the fact that in order to apply these duties for the adequate encouragement of the merchant marine, the free list of the tariff, covering almost half of the foreign commodities we purchase and consume, would have to be abolished. It is safe to say that this consideration counted more heavily than any other in bringing the majority of the Commission reluctantly to the conclusion that discriminating duties could not now be invoked for the object we all desire—the rehabilitation of the American merchant marine in foreign trade.

NEARLY HALF IN VALUE NOW FREE.

In the fiscal year 1903, 43 per cent; in 1904, 47 per cent, and in 1905, 46 per cent of our entire imports came in free of customs duty. This is in value; in bulk, inasmuch as these free imports were largely foods and raw materials, probably 60 or 70 per cent were free. In other words, unless the free list were abolished, discriminating duties could be applied to the encouragement of not more than 30 or 40 per cent of American shipping engaged in general foreign trade.

On the other hand, if the free list were abolished, and these free articles made dutiable, the result would be an increase in the cost of certain foods of the American people and certain crude materials of their manufacturing, for those free articles are, as a rule, noncompetitive products, chiefly from tropical countries, which can not, even under a duty, be produced in the United States. In 1789 and afterwards, when discriminating duties were so successfully applied for the encouragement of our shipping, nearly all imports were dutiable and such a thing as a free list was scarcely known to our own or any other government.

THE INDIRECT TRADE.

There are strong political as well as commercial reasons why, if we are to have any American ships at all, we should have them in the trade with our sister republics of this continent, and the great neutral markets of Asia. In fact, the specific form in which discriminating duties have been most often and earnestly advocated before the Commission has been as applying to the so-called "indirect trade"—that is, not against a British vessel bringing British goods, or a German

S. Rep. 10, 59-1—7*

There is also the factor of cost of maintenance after the ships are built. Here exact figures are available for three typical Atlantic liners under their national flags:

Monthly wages on trans-Atlantic steamers.

Rating.	American— <i>St. Louis</i> .		British— <i>Oceanic</i> .		German— <i>Kaiser Wilhelm der Grosse</i> .	
	Num-ber.	Total wages.	Num-ber.	Total wages.	Num-ber.	Total wages.
Deck officers.....	6	\$430.00	7	\$352.64	6	\$221.34
Deck force.....	45	1,129.58	44	977.14	53	656.99
Engineers.....	29	1,565.00	25	1,455.57	31	1,069.53
Firemen.....	136	4,800.75	153	3,676.59	179	2,879.80
Purser, etc.....	4	212.50	5	231.85	5	138.04
Culinary.....	27	680.09	21	430.29	23	482.56
Stewards.....	125	2,179.01	162	2,530.26	191	2,156.27
Miscellaneous.....	8	189.13	10	177.83	7	106.63
Total per month.....	380	11,306.09	427	9,691.32	500	7,718.55

AN ESSENTIAL NAVAL RESERVE.

The difference in the rate of wages between the American and German ship is just about equivalent to the difference in wages between an American and a German hosiery mill or cotton or woolen factory—the higher cost of American labor being compensated for in this case by the protective tariff, while the protection of the American ship is found in the mail subvention, which must, therefore, be necessarily something more than mere pay for carrying so many sacks of mail.

This difference in the rate of wages between the *St. Louis* and the *Kaiser Wilhelm der Grosse*, great as it is, is not so wide as the difference in the rate of wages between an American and a German battle ship or cruiser. To give the carrying of our mails, freight, and passengers to European rivals means not only the destruction of our naval reserve of ships, but, more disastrous still, the destruction of our naval reserve of American officers and seamen, leaving our nation terribly handicapped in case of war with a prepared and powerful enemy.

The postal aid law of 1891 requires that all the officers and at least one half of the crew of a ship like the *St. Louis* shall be American citizens. The proposed bill of the Merchant Marine Commission requires, in addition, that a certain increasing proportion of these American officers and seamen shall be enrolled in the Naval Reserve and trained in the work of the service.

If British subsidies and German low wages are to be allowed to drive our "merchant cruisers" off the ocean, our naval as well as our mail and commercial resources will be severely crippled, and foreign governments will strengthen their own naval reserves at our expense.

THE CASE SUMMED UP.

To sum up, therefore, it may be said that the proposed increase in the mail compensation of the American line is justified by these facts:

1. That ships cost more to build in the United States than abroad, because of the higher wages of the American mechanic.
2. That ships cost more to operate under the American flag, because of the higher wages of the American officers and seamen.

3. That American ships are discriminated against in the matter of mail pay westward bound—receiving from foreign governments only a trivial sum, while our Government adds more than \$600,000 annually to the subsidies of foreign steamers.

4. That the American Line, though a few faster steamers exist under foreign flags, performs now as it has long been performing the fastest average mail service, the most regular, reliable, and expensive on the North Atlantic.

5. That an increase of \$250,000 a year would bring the American Line compensation up to the figures carefully estimated as no more than adequate by the framers of the postal aid law of 1891, and the amount actually included in the law as it passed the Senate.

6. That the new Cunard subsidy of \$1,100,000 a year for twenty years, and especially the extraordinary terms on which it is granted, strike at the very existence of our one American trans-Atlantic line and threatens the loss of the four best ships of our Naval Reserve—the only four 20-knot steamers of American registry.

7. That in view of the formal declaration of Admiral Dewey and the General Board of the Navy Department, that no fewer than 24 of these 20-knot steamers, or one to each battleship, would be required from the merchant marine as scouts to our squadrons in case of war, there is imperative need that the four fast ships we now possess should be increased in number and not lost to the flag and the country.

by \$250,000 annually, as now proposed, and as may be necessary to save our four 20-knot steamers to the flag of the United States.

Before another year the new Cunard subsidy of \$1,100,000 for twenty years will be in operation. The actual value of this subsidy is far greater, for the British Government goes to the extraordinary length of loaning the Cunard Company out of the public treasury the sum of \$13,000,000 required to build two new ships; loans this money at the nominal rate of only 2½ per cent, and then in addition provides a subsidy by which the loan and interest may be repaid. This transaction virtually means that the British Government presents the Cunard Company with the two greatest and costliest steamships in the world.

One certain result of such unexampled Imperial favor will be to intensify the competition of the Cunard with the American steamers and make the exacting American service even more difficult to maintain. If a foreign government attempted to force a reduction in the number of American battle ships and thus to lessen our resources of national defense, the American people would as one man sustain their Government in every effort to prevent this, and the distinguished Admiral of the Navy declares that he and his fellow officers regard the possession of one 20-knot merchant cruiser or scout for every battle ship as essential to our preparedness for a naval war.

FAR LESS THAN CRUISERS WOULD COST.

One million dollars a year for four 20-knot steamships may seem a large expenditure, but it is far less than the cost of maintaining four regular naval cruisers of equal power and speed, to say nothing of the original cost of their construction.

Moreover, it is a striking fact, of which few persons are aware, that if instead of their annual mail subsidy the four American liners had last year been paid the usual rates for carrying mails by weight, they would actually have received \$119,000 more than the \$662,000 paid to them under their contract and the law of 1891. This fact is stated on page 18 of the annual report of the superintendent of foreign mails.

There is another fact brought out in this report which is well worth considering. It is that while the United States paid in the last fiscal year \$662,000 to the American Line for carrying our trans-Atlantic mails, it paid nearly as much, or \$617,000 to the British, French, and German lines, thus to that extent assisting foreign governments to maintain just the class of scouts which Admiral Dewey and the General Board so emphatically declare will be indispensable to the efficiency of our squadrons in time of war. In other words, we are deliberately aiding foreign governments to maintain an auxiliary naval fleet which, in case of a conflict, could be used with terrible force against us, and steamers which are direct competitors with American industry. These foreign governments on their side recognize the truth of this, by refusing to contribute to the maintenance of American steamers, and by denying the mails and the mail compensation to our vessels even when they are faster than their own.

Here is a policy in which the United States stands practically alone among the nations. These other governments follow a rigid, even an extreme protectionist policy of reserving their mail pay to ships of their own flags. Thus the British Government, in spite of its professions of free trade, will not dispatch any British mails, except

letters which their owners may specially address, by the fast American steamers from Southampton. If a 16-knot British steamer and a 20-knot American steamer are sailing on the same day—the American to reach New York on Saturday, the British vessel on the Monday following—the British steamer gets His Majesty's regular mails from the London post-office. It has frequently happened that goods sent by the American liners have reached New York several days before the bills of lading sent in the British mails, and New York merchants have frequently remonstrated to the British Government, but in vain.

THE AMERICAN POLICY.

The American policy, on the contrary, is thus described in the report of the superintendent of foreign mails:

As heretofore, the mails for Great Britain and the Continent have been dispatched by every fast steamer, and when two fast steamers sail on the same or succeeding days the mails have been, as a rule, assigned to the one whose previous record gave reason to believe that it would deliver the mails sooner on the other side of the Atlantic. Other things being equal, preference has been given to steamers sailing under the flag of the United States, and especially to those under contract with this Department, at a compensation of \$4 for each mile traveled from New York to Southampton.

Under this policy—so much more liberal than that of the British and other foreign Governments—the United States last year gave in mail pay \$212,000 to the White Star (British) line, \$168,000 to the North German Lloyd line, \$101,000 to the Cunard (British) line, \$64,000 to the Hamburg-American (German) line, and \$60,000 to the Compagnie Générale Transatlantique.

The American line in return received \$10,511 from the British and nothing from the French Government—only \$1,614 being received for the mails originating in interior Europe and delivered to the American ships at Cherbourg.

Clearly this is not reciprocity, and deciding what is adequate mail pay for the American line it must be remembered that these American ships are systematically boycotted by foreign governments, while the United States pays upward of \$600,000 a year to their British, German, and French competitors.

OTHER FACTORS IN THE QUESTION.

There are other factors also. First, is the higher original cost of the American-built steamers, due principally to the higher wages of the workman in the yards and very little, if at all, to materials which for such vessels can, if desirable, be procured duty free. Ships like the four American liners which could be constructed here for about \$3,000,000 each could be built abroad for from 25 to 30 per cent less, though this difference would narrow rapidly if more such ships were launched in the United States and our shipbuilders and their workmen were enabled to profit from experience.

On October 12, 1905, the Post-Office Department renewed the contract with the American Line at the existing rate of compensation for another ten-year period, with the privilege, however, of terminating the contract at the end of any year after five years on a year's notice.

The new contract of the British Government with the Cunard Company is for twenty years, at \$1,100,000 a year. The present contract of the North German Lloyd with the German Government runs for fifteen years, and involves a subsidy of \$1,330,000 a year for an Asiatic and Australian service.

STILL THE ONLY 20-KNOT MAIL SERVICE.

In 1895 the American Line entered upon what was then the only 20-knot weekly mail service on the North Atlantic.

It is a significant fact that now, after ten years, the American Line is still performing the only 20-knot weekly mail service between the United States and Europe.

In this decade several faster ships have been built—three for the North German Lloyd, one for the Hamburg-American Company, one for the White Star, and one or two for the Compagnie Générale Transatlantique. But it is still true, and will remain true until the two new Cunard "greyhounds" are completed, that the American Line is still, as it was in 1895, the only company which fulfills a regular 20-knot weekly service with twin-screw ships between the ports of the United States and Europe.

Occasional faster passages are made by individual ships of foreign lines, but in the important characteristic of regularity, swiftness, and reliability of service the American Line still stands preeminent. It is the only line whose ships steadily deliver across the Atlantic mails that started one week before.

According to the report of the superintendent of foreign mails, the three fast steamers of the North German Lloyd made 30 passages in the fiscal year ending June 30, 1905; the one fast steamer of the Hamburg-American, 8 passages; the two fast steamers of the Cunard, 25 passages; the two fast steamers of the French line (to Havre), 23 passages; the four fast steamers of the American Line, 45 passages.

This report of the superintendent of foreign mails shows further that the two British companies presented for the mails last year on 24 passages ships of 16 or 17 knots, which would reach the other side two or three days behind the American liners. The German service is often performed, especially in the stormy winter months, by steamers even slower.

MOST EXACTING OF ALL.

The United States is the only Government which by the terms of a present contract requires a 20-knot mail service all the year round. This is an important consideration when the character of the North Atlantic steamship service is understood. All fast steamers really fit for carrying the European mails are dependent upon the cabin passenger traffic, and there are only a few months in the year when this traffic is very profitable—May, June, and the first half of July, eastward bound and the two or three subsequent months returning. During this advantageous period the foreign companies operate all their fast and costly ships, but not being limited by any rigid government requirements they retire their swift steamers and substitute slower and less

valuable craft in the winter months, when cabin travel is light and the voyages most boisterous and expensive.

The American Line, however, alone of all Atlantic services, is compelled by its Government mail contract to keep its fast ships constantly in operation or forfeit its subsidy for any given voyage. This is undoubtedly beneficial to the mail service and the business interests of the United States, but it involves a heavy expenditure to drive the great American ships across the Atlantic every week in winter hurricanes, while their fair-weather foreign rivals are laid up in security at Bremen or Hamburg, or Havre or Liverpool.

Managers of the American Line have testified within a few years before committees of Congress that their fast steamers, running on this exacting schedule, earn no dividends. It is stated also by officials of foreign companies that their "greyhounds" are not themselves profitable, though no such constant service is required of them by foreign governments. Both here and abroad it is understood to be the judgment of steamship companies that the best money-making steamers are the vessels of economical, moderate speed.

FAST SHIPS INDISPENSABLE.

The peculiar value of the swift liners accrues rather to the nation whose flag they fly than to the company responsible for their maintenance. These fast ships, or a certain number of them, are indispensable for quick mail communication on the important trans-Atlantic route, and in time of war for service as "scouts" or auxiliary cruisers. Up to the spring of 1898, when they were suddenly called to the national defense, the four American liners had cost the United States about \$2,000,000 in subsidies, but the Government, whose agents were scouring the dockyards of Europe for suitable vessels, without success, probably regarded these four fast "scouts" as worth ten times that expenditure.

The importance of swift merchant cruisers as the "eyes of the fleet" has apparently grown rather than diminished since the year when the Navy Department rushed the *St. Paul*, *St. Louis*, *Yale*, and *Harvard* away to watch for Cervera's ships on the edge of the Caribbean. For Admiral Dewey, president of the General Board, in his impressive statement on "The Merchant Marine as an Auxiliary to the Navy" (published in the recent report of the Merchant Marine Commission), declares that "the most important service which merchant vessels can perform for the Navy in time of war is as scouts," that "vessels of less than 20 knots sustained sea speed would be of little value for this service," and that "the General Board believes that approximately one vessel of this type would be needed in time of war for each battle ship."

ADMIRAL DEWEY'S VIEW.

Admiral Dewey further states that if the United States should go to war when the vessels now authorized by Congress are completed eight 20-knot scout cruisers would be required from the merchant marine for each battle-ship squadron, or 24 such scouts in all.

There are now in the entire American merchant marine only four 20-knot ocean-going steamships—the four American liners.

Here is a fact of momentous significance as bearing on the question whether the compensation of these American liners should be increased

THE ONE AMERICAN LINE TO EUROPE.

In the eighth paragraph of section 6 of the shipping bill of the Merchant Marine Commission is the only provision which that bill contains for a very fast ocean mail service of 20 knots, and the only provision in regard to a line to Europe, all the other regular lines proposed in the bill running either to South America, the West Indies, Mexico, Africa, Australia, or the Orient.

This provision, numbered eighth, is in effect for an increase of \$250,000 a year in the present compensation of \$757,000 payable under the postal-aid law of 1891 to the American Line of trans-Atlantic steamers from New York to Plymouth, Cherbourg, and Southampton, the only line employing exclusively American tonnage now operating in trans-Atlantic commerce.

A glance at the history of this solitary American line is interesting. It is the outgrowth of a steamship service started more than thirty years ago by the International Navigation Company. This company, composed almost entirely of Americans, desired to operate American steamers, but found on careful examination that without a subsidy it could not compete with British companies which had long been subsidized, and at that time no subsidy was to be secured from Congress. Therefore this American company as an alternative accepted the offer by the Belgian Government of a subsidy of \$100,000 a year for ten years and port privileges worth \$30,000 more for a service between Antwerp and the United States, a condition of the contract being that the ships should sail under Belgian colors.

Therefore, instead of building new steamships in America and flying the Stars and Stripes, the company built in British yards and flew the Belgian flag. The enterprise, aided by the subsidy, proved so successful that in 1886 the International company was able to acquire the well-known British Inman Line, after the death of its founder, William Inman.

BUILDING THE PARIS AND NEW YORK.

The first step of the American owners of the Inman service was to construct two steamers, the celebrated *City of Paris* and *City of New York*, the first twin-screw ships and the swiftest and finest vessels that had ever been designed for commercial service. The Inman was a mail subsidized British company and the new vessels were of course built in British yards. Before they were completed the British post-office suddenly withdrew its mail subsidy from the Inman Company, in pursuance of the traditional British policy of reserving every penny of mail pay as far as possible to British shipowners.

88

The *City of New York* and *City of Paris* were very much faster than any other ships afloat, but the British Government preferred to send its mails by slower vessels provided they were British-owned, rather than by the superb new "greyhounds," which, though they flew the British flag and carried British officers and crews, were owned by American capital.

The *City of Paris* and *City of New York*, the costliest ships in the world, could not be run without the help of a subsidy. In its unforeseen dilemma the International Navigation Company now appealed to Congress for American registry for the two steamers, promising, if this were granted, to build two similar ships in the United States, and, if given an American subsidy under the postal aid law of 1891, to undertake a weekly service from New York to Europe.

The postal-aid law as it has been passed by the Senate provided a mail compensation of \$6 per mile, or \$19,400 for every outward voyage. But the House in passing the bill had cut the compensation down to \$4 per mile or \$14,500 for every outward voyage, a rate regarded by American shipowners as insufficient to offset long-standing British subsidies and low wages, so that no line of American-built ships had been started under this provision.

THE ST. LOUIS AND ST. PAUL.

The International Navigation Company, however, having lost its British subsidy because of its American ownership, was compelled to grasp at anything it could get, for without a subsidy its two swift steamers could not be operated. Congress, by act of May 10, 1892, gave American registry for the foreign trade to the *New York* and *Paris*, the *St. Louis* and *St. Paul*, of somewhat larger tonnage, were completed in 1895 at the Cramp yard in Philadelphia, and the four steamers entered upon the performance of a weekly 20-knot service from New York to Southampton, under a ten-year contract, pursuant to the postal aid law of 1891, the maximum compensation payable being \$4 per outward mile, or \$757,000 annually. But to earn this compensation a 20-knot steamer must perform the service every week in the year. No substitution of a slower vessel, even for a single passage, is allowable.

This exacting service, the most difficult and costly in the world, has been carried on by the American Line until the present time, except for an interruption in the Spanish war, when the four fast ships were taken and armed by the United States and employed as scouts and cruisers in the operations against Cervera's fleet and in the blockade of Cuba and Porto Rico.

In 1902 the International Navigation Company, which owned the American Line, was merged with other companies into the International Mercantile Marine Company. Most of the tonnage of this great concern is foreign, but the American Line continues to be operated by American citizens from offices in New York, and indeed the financial control of the whole combined company is held in New York City by Americans. Practically all of the bonds covering the American Line steamers and 75 per cent of the bonds of the combined companies are held in the United States, and a very large majority of the preferred and common stocks are also held here.

THE PRESIDENT'S VIEW.

President Roosevelt was familiar with these significant facts when he wrote in his message to Congress, December 5, 1905:

To the spread of our trade in peace and the defense of our flag in war a great and prosperous merchant marine is indispensable. We should have ships of our own and seamen of our own to convey our goods to neutral markets, and in case of need to reinforce our battle line. It can not but be a source of regret and uneasiness to us that the lines of communication with our sister republics of South America should be chiefly under foreign control. It is not a good thing that American merchants and manufacturers should have to send their goods and letters to South America via Europe if they wish security and dispatch. Even on the Pacific, where our ships have held their own better than on the Atlantic, our merchant flag is now threatened through the liberal aid bestowed by other governments on their own steam lines. I ask your earnest consideration of the report with which the Merchant Marine Commission has followed its long and careful inquiry.

The bill of the Merchant Marine Commission, as has been said, acts directly on such recommendations as these, providing one line fortnightly from an Atlantic port to Brazil, with a mail subvention of \$300,000 per year; one line fortnightly from an Atlantic port to Argentina, with a mail subvention of \$375,000; one line fortnightly from a Gulf port to Brazil, with a mail subvention of \$275,000, and in the Pacific, one line fortnightly from a Pacific port to the Isthmus of Panama, with a mail subvention of \$120,000—these, besides a line from a Gulf port to Cuba, with \$75,000 for a semiweekly service; a line from a Gulf port to the Isthmus of Panama, with \$75,000 for a weekly service, and a line from a Gulf port to Mexico, with \$50,000 for a weekly service.

Value of imports and exports in the trade between the United States and the Republics of Argentina, Brazil, Paraguay, and Uruguay during the fiscal year ending June 30, 1904.

EXPORTS.

To—	Steam vessels.		Sailing vessels.	
	In American vessels.	In foreign vessels.	In American vessels.	In foreign vessels.
Argentina.....		\$14,988,274	\$140,779	\$16,730,137
Brazil.....	\$19,845	9,850,464	273,818	10,955,516
Paraguay.....	2,009	19,214		21,333
Uruguay.....		1,670,247	3,757	456,011

IMPORTS.

From—	Steam vessels.		Sailing vessels.	
	In American vessels.	In foreign vessels.	In American vessels.	In foreign vessels.
Argentina.....	\$18,683	\$5,537,296	\$1,111,041	\$3,168,141
Brazil.....	91,715	74,678,536	1,151,504	230,495
Paraguay.....		17,512		416
Uruguay.....	32,907	815,206	11,254	785,046

PHILIPPINE TRADE.

American steamers engaged in the trade between the Philippines and the United States during the year ending June 30, 1905.

FROM THE PACIFIC COAST.

Three voyages, nine months:		Gross tons.
Lyra.....	.....	4,417
Tremont.....	.....	9,606
Total.....	.....	14,023
Two voyages, six months:		Gross tons.
Siberia.....	.....	11,284
Hyades.....	.....	3,753
Korea.....	.....	11,276
Mongolia.....	.....	13,638
Pleiades.....	.....	3,753
Manchuria.....	.....	13,638
Total.....	.....	57,342
One voyage, three months:		Gross tons.
Shawmut.....	.....	9,606
China.....	.....	5,060
Total.....	.....	14,666

FROM THE ATLANTIC COAST.

One voyage, six months:		Gross tons.
Missouri.....	.....	7,914
Mississippi.....	.....	7,913
Lewis Luckenbach.....	.....	3,905
Total.....	.....	19,732

American sail vessels in the Philippine trade are not separately reported, but they are a relatively small factor, steam vessels heavily predominating.

The 14,023 tons of steamers engaged for nine months in the Philippine trade would earn under this bill \$72,919 in subventions; the 77,074 tons of steamers engaged for six months would earn \$250,490—a total of \$323,409.

The 14,666 tons of steamers engaged for three months in the Philippine trade would receive nothing.

Seven of these American steamers, including all of the largest in the list, would be eligible for the mail service under this bill, and receiving this mail pay could not earn the general cargo subvention.

What is true of our trade with Argentina and the causes which hamper it is true also of our trade with Uruguay. The American consul at the great port of Montevideo says:

I am frequently asked by American inquirers whether or not there is any prejudice against American products in this country. My answer is that there is no prejudice against them, but that on the contrary they are in favor and rather preferred when known. But it must be remembered that American manufactured goods of all classes, in this country particularly, are offered for sale by men not Americans—men who have no interest in our country or in its products except as they may obtain a profit from the sale of them.

The same people who push our merchandise aside and force that of other nations to the front push our country aside and say that while we are a great producing nation we have no facilities for marketing our products. Here we are forced to silence. The records show that during the fiscal year ending June 30, 1905, there were exported from this country to the United States goods to the value of \$3,998,175 in American gold and that not one dollar's worth of this amount left this port on an American vessel. Of the imports to this country from the United States during the same period, estimated at \$2,500,000, but two cargoes, each with less than 1,000,000 feet of lumber, came in American sailing vessels. The great bulk of the exports from and imports to the United States, so far, at least, as Uruguay is concerned, is carried in foreign ships. Only a few days ago the Government of Argentina passed a law granting a subsidy amounting to about \$56,000, gold, monthly for a term of ten years, available to two steamship lines plying between that country and Europe, all because the people of Europe are energetic and looking to their own best interests. My remedy for all this is—

1. Establish a line of American steamships for passengers, freight, and mail between New York and the river Plata (the mail received October 6 was posted at New York September 2) and in that way make this great market within easy reach of ours, and provide the American people with a more rapid and easy means of communication with this portion of this continent, of which most of our people know so little.

2. Send there good American agents with business training and experience. Let them establish permanent houses and give these people to understand that they are here to cater to their wants and to supply them.

ARGENTINA'S NEW SUBSIDY.

It will be noted that our consul at Montevideo refers to an offer of a subsidy of \$56,000 gold a month for two lines from Buenos Aires to Europe. These steamers are to be run under the Argentine flag, will carry naval reserve men of the Argentine navy, and will be held at the disposal of the Government in war. In a report explaining the details of this Argentine subsidy, Mr. A. M. Beaupré, our present Minister to Argentina, says:

During the agitation and discussion of the past two months that have attended these measures the question of the United States and of the existing service between its ports and those of this great Republic has been raised. The press has evinced some surprise that the American ports were not included. It has been asked: Is nothing to be done to improve the service, or rather to establish a service, with the ports of the north? But these questions have remained unanswered because the Americans are few in number here, the American manufacturers intrusting their interests mainly to European agents, whose interests are at least divided. There are, however, important reasons as it seems to me and I believe to every American who knows this east coast of South America, for the establishment of regular and rapid and comfortable communication with the ports of North America.

It is an easy matter for merchants in any part of the world to get their goods nowadays. The harbors of the world are full of craft that have had to "lay up" for lack of freights, and steamers of good capacity and indifferent speed ply into every port and corner of the world. The merchants of South America will therefore readily and truthfully answer—and the more readily if they are European, as the most of them are—that they have no difficulty in getting their merchandise out from the United States, and that the facilities are abundant. They are abundant, it is true, but not so abundant in proportion to the trade done as the facilities for getting

goods from Europe. And yet the Argentine Government is planning to give outright three-quarters of a million dollars gold per annum to secure an improvement in the already rapid European service.

The main advantage of a fast service is not so much in the quick and regular delivery of merchandise; the greater advantage is that it brings the producer and consumer, the factory and the market, closer together. It carries the buyer to the source of supplies, enables him to buy in person of the producer and not from samples in the hands of indifferent or incompetent agents. In short, with rapid and comfortable means of communication the Argentines would readily visit the United States, would soon come to know the extent and value of its production, and would seek its many articles of superior quality. The Argentines are well disposed toward American goods; they are without exception interested in the United States and express the desire to visit them. At present the United States are a distant country because for comfort and speed one must first go to Europe—pass through the markets of Europe to reach them. Were fast communications established the American markets would be the nearest and Europe would be the distant country.

READY TO MEET THE UNITED STATES.

That this offer by Argentina of this large subsidy to new lines of steamships ignores the United States—for these lines are to run to continental ports of Europe—does not imply an unfriendliness on the part of the Argentine Government. The truth apparently is that the Argentine authorities regard the United States as not yet sufficiently enlightened and progressive to do its own part toward the establishment of a direct steamship service. For, some time ago, the Argentine Government sounded our own Government on this subject without any response. Minister Barrett declared in 1904 before the Merchant Marine Commission at Chicago:

I have now the further honor and pleasure to inform your commission that the Argentine Government has informally intimated to me that it stands ready to do its share in paying for this transportation of mails, which will enable a first-class line to be established, provided the United States will do its part. General Roca, the able President of Argentina, a man who stands in southern South America in just as much prominence as General Diaz does in Mexico, a man of great character and great influence, said to me, just before I was leaving Buenos Aires, that he and his countrymen maintained that the greatest possible influence which could be exerted for the building up and cementing of closer relations of friendship and commerce between the east coast of South America would be the putting on of a first-class mail, passenger, and fast-freight steamship line between New York and Buenos Aires which would also touch at such ports as Rio Janeiro, Bahia, Santos, and Montevideo.

In fact it is a constant source of surprise to South American statesmen and business men that the United States, with all its claims to greatness and progress, is not willing to take the initiative in a movement of such importance which South America is ready to follow with earnestness and with even enthusiasm.

If you will go back you will remember the first Pan-American conference which was held in Washington, presided over by Mr. Blaine. This appeals especially to me because I had the honor of being one of the delegates to the second Pan-American conference, held in Mexico. At that first conference the United States delegates recommended that a steamship line be established between New York and Buenos Aires, and that certain sums should be paid respectively and proportionately by the United States and Argentine Governments. Argentina carried out her part of the contract. Her Congress passed the law; the United States did nothing, and ever since they have been asking whether we were a people of our word or not.

Even if there is opposition in the United States to the granting of what are termed "subsidies," it would seem as if there ought to be no objection to paying a reasonable sum for carrying the mails, especially when Argentina, Brazil, and possibly other countries of that section stand ready to cooperate. The amount that the United States would find it necessary to appropriate for such facilities would be completely lost and forgotten in the increase of our trade with Argentina, Brazil, Uruguay, and Paraguay, which would result. In other words, for a few hundred thousand dollars per annum the United States would give the business interests of our country new and unrivaled opportunities for developing their trade to large proportions in a field which already has a commerce with the other world of nearly \$800,000,000, but where the share of the United States is now less than \$100,000,000.

Congress. Religiously protecting our interests in every other way, fostering and encouraging our manufacturers and developing home industries for domestic consumption, it makes no provision for markets for surplus products, and thus paves the way for future industrial stagnation. In the meantime other countries reap the benefits of the trade demands of these nations by establishing steamship lines and commercial agencies in every important city. Is it any wonder that Mr. Lincoln Hutchinson, who is now in Brazil making a study of the conditions there, exclaims: "The mass of the people scarcely know that such a country as the United States exists!"

THE FOREIGN MONOPOLISTS.

This vigorous admonition was further emphasized by a merchant in New York familiar with the Brazilian trade in a letter of August 19, 1905, to the New York Journal of Commerce:

I beg leave to call your attention to the very important fact, evidently overlooked by Special Agent Hutchinson and Consul Furniss, that merchants dealing with Brazil have valid and just causes for complaint owing to the fact that all the steam transportation companies carrying freight between United States ports and Brazil formed a combination some years ago, and as they monopolize the trade their rates of freight are so high as to be prejudicial to the business interests of those who are unfortunately obliged to patronize these companies.

Any independent merchant in this city (New York) or in Brazil—whether importer or exporter—knows that the Lamport & Holt, Prince and Sloman lines, plying between this and Brazilian ports, from Pernambuco southward, exact exorbitantly high rates of freight on merchandise carried either way. In the coffee trade it is a well-known fact that these monopolists, notably Lamport & Holt, discriminate in favor of some of the large importers of coffee by making them substantial concessions in freight, which, of course, is detrimental to the smaller importers. This disgraceful state of affairs certainly calls for a drastic remedy. As a merchant and shipper long connected with Brazil I most heartily and unqualifiedly indorse Consul Furniss's recommendation concerning the need for an American steamship line between the United States and Brazil. Practically the entire trade between the United States and Amazon ports and Maranhão and Ceará is monopolized by the Booth Steamship Company of Liverpool, which, owing to arrangements concluded with other steamship companies, dictate rates, conditions, etc., to suit itself, but always at the expense of the interests of this country. I hope the consul's appeal will result in the establishment of a new line of steamers, which I am positive would speedily secure a very large share of the business between this country and Brazil.

OUR TRADE WITH ARGENTINA.

Another great South American country which ought to furnish a large and expanding market for American goods is Argentina, whose total foreign commerce has increased with wonderful rapidity from \$113,000,000 in 1881 to \$451,000,000 in 1904. But our share of this is only about \$25,000,000. The main cause of this beggarly showing is the same as in our Brazilian commerce—in the main the lack of regular, adequate shipping facilities controlled by Americans in American interests. There are now running from New York to the River Plata several so-called "steamship lines," owned and managed by foreigners, under foreign flags, the vessels being in general older, slower, and inferior in every way to the ships trading between the River Plata ports and Europe. Hon. John Barrett, formerly minister to Argentina, stated before the Merchant Marine Commission at Chicago in 1904 that the share of the United States in the Argentine trade when he was at Buenos Aires was only \$24,000,000. "There is no valid reason except that of insufficient steamship relations," declared Mr. Barrett, "why our trade with Argentina should not become \$50,000,000 per annum instead of the present low figure." And he added:

Coming now to the direct point in hand, it is my opinion, supported by nearly all the authorities I consulted in South America, that at least a monthly line of steamers, carrying mails and passengers and having the freight facilities characteristic of such

vessels, should be established with its terminal points at New York in the United States and Buenos Aires in Argentina. At present there is no through mail, passenger, and fast service between these two ports. There are freight steamers leaving New York every week for Argentina, but they are slow and unsuited for mails, passengers, and fast freight or express.

Mr. Barrett also said:

There are six first-class mail and passenger steamship lines between Buenos Aires and European ports, so that it is possible for mails, passengers, and important or perishable freight to be dispatched at the rate of a steamer and a half a week, and I think in another two weeks there will be another line; but I wish to make a conservative statement, and I therefore say six.

I wish especially to call your attention to this point, and you business men who are here can realize its importance. The business men of Buenos Aires can write to Europe and receive a reply easily in fifty days. It is very seldom that they can ever communicate with New York and Chicago and get an answer in less than eighty days. Any one who is familiar with business methods and the importance of good exchange realizes what a handicap this is to the extension of American commerce. I have heard scores of South American merchants and bankers complain of the wretched mail arrangements between the United States and Argentina. If there were direct and regular service between Buenos Aires and New York, there is no doubt in my mind that four-fifths of the South Americans who travel to the Northern Hemisphere on either business or pleasure would come or return via the United States.

NATIONAL AID NECESSARY AT FIRST.

That with this great need of steamship communication no direct line was established, Minister Barrett explained thus:

The principal reason that we do not have direct steamship communication now of the class which I mention is that no company is willing to undertake it as an experiment or venture unless they can receive a compensation for carrying the mails, which will insure them against primary or temporary loss. I have talked with leading steamship men in Buenos Aires, Paris, Hamburg, and London, as well as in New York, and they have all told me that it would be impossible to initiate a great and important undertaking of this kind unless they could receive sufficient support from the United States and the South American Republic to protect them while they were building up sufficient travel to maintain the line on a paying basis.

I wish to explain a little in regard to this point. The question arises, if the business is there why do not men go into it? Let me remind you that Europe has become established in this trade in the first place, and that she controls it at the present time. All the steamship lines that undertake this business are European steamship lines, and wishing to build up the trade with Europe rather than with America they form combinations and use their influence against the establishment of American lines. You see that in the agreement of the Lamport & Holt Line, which runs a line of passenger to Rio, but does not go on to Buenos Aires. Because of an agreement with the Royal Mail Steamship Company of England they agree that they will not run their passenger steamers farther than Rio, and yet I was informed in New York and Philadelphia that an American company was already organized that would be willing to undertake to put on a line of steamers between New York and Buenos Aires provided they could receive enough money for carrying the mails to insure them against loss while they were establishing a regular trade and traffic.

THE TRADE WITH URUGUAY.

In reply to an inquiry from the chairman of the Merchant Marine Commission, Senator Gallinger, Mr. Barrett stated that all the first-class European steamship lines out to Buenos Aires received a subvention of some kind and that the head of the British Royal Mail Company had informed him that "they could not have established themselves if it had not been for the assistance that they received from the English Government."

new American line to Brazil would be stormy, but faster service, better and more economical ships, together with fairer business methods, must win the issue in the end, affranchise American commerce from this foreign despotism, and secure for our own glory and enjoyment the trophy of American trade on American ships.

It is possible that if there were American steamship companies in our trade with South America, they might form a combination of their own. But, in that event, as American companies organized in the United States, they could be held responsible by our Government, while it would be very much more difficult to prosecute and break a combination "in restraint of trade" by foreign companies which can not so readily be reached by American laws.

Moreover, if there were American steamship companies, their stock or bonds would be owned or controlled in large measure by American merchants and manufacturers and other business men who would have a great deal of interest in maintaining favorable rates for our export trade to South America. On the other hand, the foreign steamship companies, whose inferior vessels now run in the South American trade, are owned and controlled primarily in the interests of merchants and manufacturers of Europe.

OUR FARMERS THE VICTIMS.

As it happens, the exactions of the European steamship monopoly in our Brazilian commerce fall most heavily on the wheat farmers and millers of our Northwestern States. The Brazilian Review, a semi-official organ, states that the Brazilian imports of American flour decreased from 526,816 barrels, valued at \$2,735,403, in 1902, to 337,740 barrels, valued at \$2,180,303, in 1904, while the imports from Argentina increased from 418,818 barrels, valued at \$1,898,165, to 1,001,701 barrels, valued at \$4,590,115. As the Brazilian Review says:

Argentine flour has entirely monopolized the South, Rio, and Santos, has driven the American article from Bahia and Victoria, and is already competing vigorously for the markets of Pernambuco.

American flour brings a higher price in Brazil than Argentine flour because of its better quality. The Brazilian Review attributes the falling off in the American flour trade with Brazil to the higher freight rates charged by this European steamship ring, which, of course, has no especial interest in increasing American commerce. Thus, while freight rates from Argentina on flour to Brazil have decreased in 1904 as compared with 1902, freight rates on flour from the United States, as the Brazilian Review shows, have actually increased. Indeed, the freight rates on flour from Austria-Hungary, which is imported in increasing quantities into Brazil, are much lower than on American flour from New York.

This decline in the sales of American flour to Brazil has been going on for a long time, and the cost of it has fallen on the shoulders of the farmers of Minnesota, the Dakotas, and the other wheat States of the Northwest and on the flouring mills of Minneapolis and other centers. Our total exports to Brazil have decreased from \$15,165,000 in 1895 to \$11,046,000 in 1904. Germany's exports to Brazil are now larger than ours, and Great Britain's more than twice as large.

This decline has not been passed unnoticed in Brazil, if it has among the lawmakers of America. Several years ago the Brazilian Government sent a distinguished officer of its navy to this country to bring

the facts to the attention of the authorities in Washington. This officer, Capt. J. Cordeiro da Graca, was authorized by his Government "to offer to any American company which would undertake the work a substantial subsidy for a line of direct communication between New York or Philadelphia and the Atlantic coast ports of Brazil." Captain da Graca, warned the American people that their communication with Brazil was now in the hands of European companies and that even the Brazilian coasting trade was in the hands of Germans, "the service of both kinds leaving much to be desired, both in respect to the rates charged and as regards efficiency." "The question of transportation between the two countries," Captain da Graca declared to be "the key to Brazilian commerce." "A line between the two countries," he added, "fed by the coasting service of the Brazilian Lloyd's, all being under the control of Americans, would prove to be a valuable investment to those directly interested and of incalculable advantage to American commerce in general."

Of course the Brazilian subsidy was conditional on the offer of an equal subsidy by the United States. None was forthcoming. The foreign ring was allowed by Congress to continue to monopolize the Brazilian shipping trade, and the farmers of Minnesota and the Dakotas and the millers of the northwestern cities were year by year crowded more and more out of the Brazilian market.

WORDS OF OFFICIAL WARNING.

This deliberate sacrifice of American export trade amounting now to millions of dollars was not the fault of American official representatives in Brazil. Year after year they have sent their appeals and warnings to Washington. In his annual report of the year 1904, Mr. Henry W. Furniss, American consul at Bahia, said:

I have to reiterate my oft-repeated report of the need for an American steamship line. The mail service between the United States and this section of Brazil during the year just past has become much worse than heretofore, due to the withdrawal of one or two monthly boats. As a result of the cargo offering here for the United States and the frequent call of vessels to get it, coupled with the fact that Brazil requires all steamers to take mail, there have been frequent calls of vessels to get mails from here, but there is only one regular boat bringing mails from New York. Between times, letters are sent hither from New York by various roundabout ways. This has virtually paralyzed the mail service. For this reason it is frequently the case that mail sent from New York in the middle of a month arrives here days after the mail leaving New York on the first of the ensuing month. This causes great prejudice to business, as the mails arriving last often have bills of lading and custom-house documents for goods arriving by the prior steamer, necessitating extra expense, vexatious delays, and great trouble to withdraw from the custom-house here, which seriously hurts our trade.

It is impossible to maintain trade without frequent and rapid mail service. With the lack of this to contend with and the high freight charges out of New York, it is not to be wondered at that year by year our trade with this section is growing less, while the balance of trade in favor of Brazil is increasing. The present lines from New York seem to prefer high freight and little business, and make up by sending their vessels on a triangular course, viz, from Brazil to the United States, from the United States to Europe, and then from Europe, with European goods, to Brazil, with only a few vessels going and coming between Brazil and the United States direct. The German steamship lines are making preparations for an increased service with Brazil. With the aid given by these lines German trade has increased even more rapidly than ours is decreasing, and with the contemplated further increase in its fleet the outlook for German trade is even brighter than heretofore.

The manner in which the trade interests of the United States are made to suffer by reason of the inadequacy of the transportation service between this country and South American ports is nothing short of a crime which must be laid at the doors of

Even little Sweden is looking to the South American field, the Royal Board of Trade having recommended a subvention of 950,000 kroner (\$251,000) for a new steam line to encourage Swedish exports to Argentina.

The American consul-general at Yokohama advises the State Department that the Toyo Kisen Kaisha is establishing a line of steamers from Japan to Chile with a generous subsidy from the Japanese Government. The first vessel of this new Japanese service is now on its way out to South America. It is also announced that another Japanese line is to be started by subsidy to Argentina and to be extended later to Brazil.

Thus every other nation, including even Sweden and Japan, is providing steamship service at the national expense to assist its manufacturers and merchants to capture the markets of South America. Only the United States stands aloof, inactive, and neglectful.

FOREIGN MONOPOLIES.

Not only is the United States Government doing nothing to provide American ships for our South American commerce, but it is allowing our trade to be stifled or diverted to other lands by the arbitrary acts of foreign steamship monopolies. Several years ago Consul-General Seeger, at Rio de Janeiro, gave fair warning of the methods and purposes of the foreign steamship ring, controlling our trade with the greatest country of South America. He said in his report to our Government:

The united steamship companies which control the carrying trade between the United States and Brazil—the Lamport & Holt Line, the Prince Line, the Robert M. Sloman Line, and the Chargeurs Reunis—have agreed to raise their rates on coffee from Santos and Rio de Janeiro from 30 cents and 5 per cent primage per bag of 133 pounds to 35 cents and 5 per cent. This rate will go into force in October, but as the cargoes for the steamships *Byron*, *Catania*, *Bellarden*, and *Soldier Prince* have already been in large part purchased, these steamers, leaving in the early part of October, have been excepted from this tariff and will carry their cargoes at the old rate.

A EUROPEAN STEAMSHIP TRUST.

This European steamship monopoly, which our own neglect of our merchant shipping makes possible, is thus further described by a writer in a commercial journal:

THE BRAZILIAN SHIPPING RING—A COMBINATION THAT HOLDS THE SHIPPERS TIGHTLY IN ITS GRASP.

[By Julian Hagwitz in "American Trade."]

No phase of industrial development receives more attention at this day than the increasing formation of trusts and combines in all branches of trade, and the news of every freshly organized concentration is followed by a cry of alarm and by animated journalistic dissertations. Without attempting to solve the question of whether a trust or a pool is nowadays an economical necessity, whether the trust movement is in the line of industrial progress and the advantages offered by large capitalistic conglomerations outweigh the attending evils, this sketch purports to give an instance of the fact that the tendency to consolidate similar interests is more general than would appear from census or charter issues; that there exist trusts unnamed and organizations unwritten so far as any public record goes, and against which the law can afford no relief.

POOLS IN TRANSPORTATION.

Pools in the transportation business are old in history, and numerous have been the legal enactments devised to prevent extortions and discriminations along the arteries of trade on the part of the railroads, and such measures have been successful in that they have had a curbing influence if the evils aimed at were not abolished

altogether. Among the ocean carriers, which are necessary links in the chain of international trade, similar combines have been existing a long time, and here the cosmopolitan character of the partners has made national intervention impossible. Rather than restrain steamship companies they have been pampered, coddled, and fed on subsidies, as a favorite among all other commercial enterprises, by every nation that owns a strip of seashore, and no harsher despotism nor oppression more arbitrary has been endured than that imposed on the maritime trade.

THE BRAZILIAN SHIPPING RING.

Our commerce with Brazil and the River Plate countries is at the mercy of such a shipping combine. Ostensibly four lines are competing in "serving" the route between New York and Pernambuco southward, viz, the Lamport & Holt Line, Prince Line, Norton Line, all British, and the R. M. Sloman Line, which is German. In reality, however, the management of these services is centralized in Liverpool, the freights are pooled, and the spoils divided pro rata.

At the head of this syndicate stands Lamport & Holt, of Liverpool, a powerful firm owning and managing over a hundred vessels. The ships engaged in the New York-South American service are mostly slow and obsolete, steaming 8 to 10 knots an hour, and yet the rates of freight levied on American cargo are nearly double those charged by the speedy, modern, elegant ships plying between Europe and the east coast of South America. Not a case of kerosene or a bag of coffee can escape paying toll to this freight ring, and there was more truth than comedy in the facetious request sent by a Rio shipper to the syndicate's agents at that port asking for a permit to ship some coffee on an outside vessel over their ocean. Numerous tramps or outsiders have been willing in Brazilian ports to take coffee to New York for 20 cents a bag instead of 40 cents, as now exacted. But whenever such a vessel has been placed on the berth the syndicate has promptly lowered its freight to 10 cents, besides boycotting the shippers patronizing the intruder.

A POLICY OF EXCLUSION.

Another way by which the syndicate tightens its grip on its victims is to offer them a graduated return on the freights paid at the end of the year provided no case of infidelity has occurred. An example illustrative of the combine's methods of persuasion and the shippers' liberty of trade happened last fall when a large coffee firm in Santos received an order for 20,000 bags of coffee from New York. The syndicate's freight charge was 40 cents a bag plus 5 per cent, but several outsiders were anxious to carry this cargo at 20 cents, which meant a saving of \$4,000 to the exporter on this lot alone, and in the same proportion an economy of \$1,000,000 to American coffee drinkers on the 5,000,000 bags imported from Brazil last crop year. The firm in question, having the freight room on hand at 20 cents, asked the syndicate to take the coffee at the same rate, and on the latter's refusal advanced its offer to 30 cents. The combine insisted on its full pound of flesh, and when the exporter accepted the tramp's charter, the former dropped its rates to 15 cents and later to 10 cents for all other shippers, debarring this firm and one or two other strikers from shipping on the combined boats except at the full old rates.

The enormous advantages enjoyed by their less independent competitors, thanks to the combine's bounty, and worth thousands of dollars a day in a business worked on close margins and daily cable offers, soon brought the insurgents to terms, capitulation followed and the former rates were restored. One over-conscientious agent at Santos demurred to boycotting his neighbor, and his scruples cost him the loss of the Sloman Line agency.

AMERICAN SHIPS THE REMEDY.

The remedy against this combine, as against all similar conspiracies, I believe to lie less in legislative drugs than in homeopathic treatment. To combat like with like, or with better, is a maxim that must succeed in trade. When trusts become extortionate their profits will invite the formation of rival trusts. No monopoly can evade the laws of competition, and though that competition is harder to organize than in the days of small individual enterprises, yet competition has simply been removed to a higher, larger plane. In the case before us the returns earned by the combined lines should attract the establishment of an independent American line which would build or buy ships more modern and more economical to run, and offer shippers and passengers faster voyages at a smaller cost of operating. In addition, mail subsidies would probably be granted by one or more countries which would be connected, as in the case of the defunct United States and Brazil Mail Steamship Company. There is no doubt that the early stages of the existence of a

A WRETCHED MAIL SERVICE.

In the annual report of the Postmaster-General this year, under the head of "Foreign mail service," Mr. Cortelyou says:

This (the lack of regular and efficient steamship service) is especially true in regard to several of the countries of South America with which we have cordial relations, and which, for manifest reasons, should have direct mail connections with us. I refer to Brazil and countries south of it. Complaints of serious delay to mail for these countries have become frequent and emphatic, leading to the suggestion on the part of certain officials of the Government that for the present, and until more satisfactory direct communication can be established, important mails should be dispatched to South America by way of European ports and on European steamers, which would not only involve the United States in the payment of double transit rates to a foreign country for the dispatch of its mails to countries of our own hemisphere, but might seriously embarrass the Government in the exchange of important official and diplomatic correspondence.

A few years ago the National Association of Manufacturers sent out a delegation of its members to make a special study of trade conditions in South America. They were compelled to cross on the American Line to Southampton and thence to recross the Atlantic in subsidized ships of the Royal Mail to Rio de Janeiro and Buenos Aires in order to travel with reasonable comfort and dispatch. Now our mails are often compelled to go that way and some of our merchandise. Consul-General Eugene Seeger, at Rio de Janeiro, reports that because of the lack of American ships and because of the high discriminating freight rates enforced by foreign shipowners, "a Rio commission house made a profit by shipping flour to New York and thence to Rio, although the increased distance of travel was over 3,000 miles."

EUROPE'S GREAT ADVANTAGE.

Every one of our European rivals in trade now has swift, regular, and efficient steamship communication under its own flag with South America. Before the civil war the British Government created the Royal Mail Steam Packet Company with the grant of a subsidy of \$1,200,000 a year for a steamship service to the West Indies and the Isthmus of Panama, subsequently extended with an increased subsidy of \$1,300,000 to Brazil and Argentina. When after several years this British steamship line had become securely established its subsidy was gradually reduced to \$400,000 a year.

In the wake of these subsidized European steam lines, other steamers not always directly subsidized, but indirectly beneficiaries of the policy, have followed to share the trade the subsidies created. France has subsidized steam lines of her own to South America; so has Italy, which, like France, subsidizes everything and is swiftly building up not only a merchant fleet but commerce. The new Lloyd-Italiano Steamship Company between Genoa and South America has five 10,000-ton ships nearly ready for service—more than twice as large as any foreign steamer now plying regularly or irregularly between our ports and South America.

Germany has 43 large steamers in her South American trade and 6 more building, representing all together 217,000 tons. Nineteen of these have been built since 1900. They ply on four routes from Hamburg to the La Plata countries and Brazil.

The Portuguese Chamber of Deputies has recently granted a subvention to a Portuguese company in the shape of guaranteed dividends of 6 per cent a year for a line to South America.

THE SOUTH AMERICAN TRADE.

Not one American steamship is now engaged in trade with South America beyond Venezuela. There is a line of the Pacific Mail Company in the Pacific from San Francisco to the Isthmus of Panama touching at Mexican and Central American ports—a line long in existence and maintained for many years by special contract with the Panama Railroad. In the Atlantic there is a line direct from New York to Colon, formerly owned by the Panama Railroad and acquired with the rest of the railroad and canal property by the United States Government, which operates several steamers in the service.

From New York there runs an American commercial line, the "Red D," to the Dutch West Indies and Venezuela, touching en route at Porto Rico, and receiving a mail subvention of about \$103,000 a year, under the terms of the postal aid law of 1891. This service is regular and efficient.

But these three steam lines, one of them owned by the Government, and only the "Red D" Line running south of the Isthmus, represent the entire share of the United States in the ocean trade of South America. Not one American steamship now runs to Brazil, Uruguay, Argentina, Chile, Peru, or Ecuador, and even American sail vessels are disappearing from the trade. In the six months ending June 30, 1904, only three American sail craft arrived at New York from South America—two at Baltimore and one at Boston.

There are several so-called steam lines under foreign flags operating between our Atlantic ports and South America, chiefly out of New York, but the word "line," as applied to them, is generally misnamed. Some foreign steam tramps occasionally appear also in the trade. As a rule these foreign steamers are owned by foreign companies, with headquarters in Europe and their main interests in Europe; and if these ships are needed for European trade they are unceremoniously taken from America. Merchants say that sometimes on the day these foreign ships are advertised to sail from New York they are actually in England, having never come over at all.

The slowness, irregularity, and general inefficiency of the foreign steamship service between our ports and South America have been described in strong terms by many manufacturers and merchants, who appeared as witnesses before the Merchant Marine Commission.

Only two of the foreign steamers now more or less regularly engaged in our trade with South America are at least nominally of 14 knots, the speed required of the Atlantic Brazil and Argentina mail line in the proposed bill of the Merchant Marine Commission. Some of these foreign ships are actually as slow as 8 or 9 knots, and conditions seem to get worse instead of better.

practically all of the American investments in foreign shipping, were asked point blank if they would put their ships under the American flag provided Congress opened registry to them.

Without an exception, in reply to this specific question, they said they would not do so, unless, indeed, enough aid were given through subsidy or discriminating duty to enable these foreign-built ships to pay American wages to their crews and to offset foreign subsidized competition.

Yet, if there were any actual benefit in "free ships," these American owners of vessels under foreign flags would be the prime beneficiaries.

Their unanimous opposition, therefore, is exceedingly significant. "Free ships" are not only discredited by the experience of the world, but are overwhelmingly opposed by the trained judgment of American ship merchants.

TONNAGE TAXES.

Tonnage taxes are now lowest in the United States of all mercantile countries. The present rates here are 3 cents per net register ton (not to exceed 15 cents per ton a year) on each arrival of a vessel, American or foreign, from a foreign port in the North American Continent or adjacent islands, and 6 cents per net register ton, not to exceed 30 cents per ton a year, on each arrival of a vessel from a distant foreign port (Europe, Asia, South America, Africa, etc.).

The proposed bill in section 8 provides an increase to 8 cents per net register ton, not to exceed 80 cents per ton a year, on each arrival of a vessel from the near by, and 16 cents a ton, not to exceed \$1.60 per ton a year, on each arrival from distant foreign ports.

Following a British precedent of remitting a part of the tonnage taxes to British ships carrying boys as apprentices, this bill remits 80 per cent of the increased tonnage taxes to American vessels carrying boys as apprentices enrolled in the naval reserve.

Allowing for this rebate, the increased tonnage taxes, it is estimated by the Merchant Marine Commission, will provide for a net increase of \$1,900,000 a year over the present revenue from tonnage taxes, which was \$856,204 in the fiscal year ending June 30, 1905. In that year the United States expended \$3,086,000 on its light-house and buoy service. Great Britain collected in 1903 £548,196 in tonnage taxes and spent £199,404 on her light-house and buoy service.

British tonnage taxes up to 1899 were twice as high as ours. Then, on a suggestion of increasing the taxes in this country, British taxes were cut down to a maximum of 32 cents a ton for steamers and 27 cents for sail vessels.

German taxes at Hamburg are a little over and at Bremen a little under 8 cents a ton on each arrival, so that a steamer arriving at either port twelve times a year would pay now 96 cents a ton against a maximum of 30 cents a ton at New York.

French taxes are 20 cents on each arrival, producing a sum sufficient to pay the construction and navigation bounties to French shipping.

Italian taxes are 27 cents on each arrival, commutable, however, on three arrivals to 81 cents a year. These taxes produce a revenue more than sufficient to pay the construction and navigation bounties given to Italian shipping.

Spanish taxes are 48½ cents per ton of weight unloaded, with no tax on vessels arriving in ballast.

Norwegian taxes are 35 cents per net ton on each arrival for that portion of the vessel's net tonnage actually filled with cargo.

Austrian taxes are 16 cents on first and second voyages, 12 cents on third and fourth, and 8 cents thereafter.

The net register tonnage of a vessel represents the cubic space (exclusive of crew quarters, machinery, etc.) actually available for passengers and cargo.

to adopt a comprehensive system of subsidies to all ships, including bounties on construction.

The Italian merchant fleet has grown rapidly of late years, from 860,000 tons in 1894 to 1,259,000 tons in 1904.

JAPAN.

Japan, too, has followed the same course. She tried "free ships" persistently, with the result that as late as 1894 she had only 200,000 tons of shipping of all kinds, and almost no shipyards.

The war with China in 1894 taught Japan a sharp lesson of the value of a merchant marine. She turned now to subsidies and bounties on a liberal scale, developing steamship lines and native shipyards, and possessed a merchant fleet of 830,000 tons in 1904, sufficient for her needs of transports and auxiliary cruisers in the greater war with Russia.

GENERAL CONCLUSIONS.

To sum up, therefore, it may be said that all the maritime nations of the world have tried "free ships" in the past, and, disappointed with the results of this expedient alone, have now all turned to some form or degree of subsidy, bounty, or subvention.

Even Great Britain has so little faith in "free ships" as an economic principle that her recent mail contract with the Cunard Line requires specifically that the subsidized steamships shall be "built in the United Kingdom." Thus the "free-ship" idea is conspicuously flouted, though not formally abandoned by the British Government.

Other governments, as a rule, do not actually forbid a "free-ship" policy, but they do all they can to encourage their merchants to build their ships at home, and not add further to the maritime dominance of Great Britain.

European bounties on shipbuilding are, of course, a direct discouragement to "free ships" and a powerful protection to native industry. If the United States Government were to pay ten to twenty dollars a ton on every ship built in the United States something might be said for the free registry of British-built vessels in America. But to practice "free ships" without any aid or encouragement to home building is something which is done now by not one of the maritime nations.

OF DUBIOUS ADVANTAGE.

Even if the "free-ship" policy were applied in connection with a subsidy policy in the United States, the "free-ship" principle would be of very dubious advantage. If out of 100,000 tons of steamships subsidized and added to our merchant fleet in a single year 50,000 tons were built in this country and 50,000 tons bought in Great Britain, the 100,000 tons would undoubtedly cost less than if they were all of American construction.

But, on the other hand, to the extent of 50,000 tons we should then have developed the shipyard resources of the United Kingdom, and should have deprived American yards of 50,000 tons of that experience which must be had before American ship prices can be reduced, as they must some day be reduced, to the level of our formidable competitor.

HOW TO REDUCE COST.

American shipyard wages are the highest in the world. But they are no higher than the wages in American locomotive works and bridge works, and American locomotives and bridges are competing in cost with similar British articles.

How, with our high wages, have we been able to bring down the price of American locomotives and bridges? Why, by keeping these works constantly employed to their full capacity, by standardizing their product, and by maintaining steadily an enormous volume of production.

PLAYING INTO FOREIGN HANDS.

To manage to do the same thing with our shipyards is finally to reduce the price of ships, and it is the only sure way in which this can be accomplished, except, indeed, by a reduction of American shipyard wages, which nobody would advocate.

But to buy ships in Great Britain under a "free-ship" policy instead of building the ships, even at a temporarily higher price here, is to hamper this process of industrial evolution and play directly into the hands of our great antagonist.

AS THE ENGLISH SEE IT.

This fact is clearly seen by our British rivals. As the London Engineer not long ago said:

Free ships would be a good thing for our English shipbuilders, for whether at first or at second hand, the vessels purchased would be of English build for the most part. The development of a native American shipbuilding industry can be of advantage to neither builders nor owners here.

ALSO THE AMERICAN VIEW.

This is also the expert view of the practical ship merchants of America. Nearly all of the experienced shipowners of this country engaged in foreign trade testified in the course of the recent long and careful inquiry of the Merchant Marine Commission.

These practical men were asked: "Do you desire 'free ships'?" "If Congress changed our law and enabled you to buy ships abroad and run them in the foreign trade, would you do so?"

With only one or two exceptions, these practical men emphatically replied that they did not desire "free ships;" that they could not buy foreign vessels and run them under the American flag at the American wage rate against the cheap wages and often the subsidies of their foreign competitors; that "free ships," if adopted, would prove to us, as to others, a delusion, and would be of no advantage whatever toward the real development of an ocean fleet in the United States.

ALL OPPOSED.

Moreover, the Merchant Marine Commission caused a direct special inquiry to be addressed to the International Mercantile Marine Company and other concerns, wholly or in part American, owning ships under foreign colors. The managers of these concerns, representing

kill the manufacture of such machinery in the United States and reduce a number of skilled mechanics to idleness and want. But the woolen mills could import their machinery free of duty, and doubtless would get it for a somewhat lower price.

If, now, a protective duty were kept on woolen goods, it is probable that a great deal of "free" foreign machinery would be bought and operated. But if there were no protective duty whatever on woolen manufactures—just as there is now no protection for ships—it is probable that foreign woolens made with low wages would overwhelm our mills, and that even with machinery "free," very little, if any, machinery would be purchased.

THE WORLD'S EXPERIENCE.

In the matter of shipping, this is no mere conjecture. It is exactly what has happened in the maritime experience of the world. In the years between 1840 and 1860 the crisis of the transition from sails to steam and from wood to iron in shipbuilding, the British Government gave generous subsidies to steamship lines; at this date the chief part of British steamship tonnage was subsidized. One result was to give iron shipbuilding and steam-engine building such an impetus in British yards that no nation could compete with them. Foreseeing this, the British Government for the first time passed a "free-ship" law, shrewdly hoping that all other nations, especially the United States, would follow, and that soon all the ships of the world would be built of British iron by British workmen.

FRANCE.

But the United States did not follow. After a time, however, France did, and Germany and Italy and Norway and other nations.

The result in France was that in 1881, after a long trial of the privilege of buying "free ships" in Great Britain, the French people found themselves with fewer ships (914,000 tons) than they had in 1870 (1,072,000 tons), while French shipbuilding had so nearly disappeared that it was difficult to get new battle ships for the national defense without going to England for them also.

Of course, this weakening of the French navy was one of the results which British statesmen had sought when they gave their first subsidies to steamships, and encouraged their neighbors across the channel to adopt a "free-ship" policy.

DRIVEN TO SUBSIDY.

In despair at the disastrous consequences of the "free-ship" policy, and realizing how Great Britain had tricked her, France now adopted an elaborate plan of subsidies to French shipping, steam and sail, and bounties to shipbuilding. The French subsidy system in many respects was a blundering one, though it has been much amended and improved.

But with all its faults of detail it has established French shipyards fit to build the heaviest armor clads; it has created a large naval reserve of merchant officers and sailors; and finally it has increased French tonnage (which shrank steadily under "free-ships") from 914,000 in 1881 to 1,760,000 in 1904, very nearly double.

GERMANY.

Germany also tried "free ships." Her merchants were allowed to buy all their seagoing vessels in Great Britain, but while this expedient increased German tonnage scarcely any (only from 1,098,000 in 1873 to 1,243,000 in 1881), it did smother German shipbuilding so effectively that there was not a yard in the Empire that could construct a man-of-war to protect the coasts, and the few armor clads which Germany possessed were bought of British builders.

In 1881 Bismarck appealed to the Reichstag to put an end to this, and to give subsidies to German steamship lines after the British example. A subsidy of \$1,047,500 was given to the North German Lloyd for a service to Japan, China, and Australia, and of \$214,000 to another company for a line to Africa.

But the Reichstag would have no "free ships" for those new lines. It required, significantly, that the subsidized ships should be built in German yards, as far as possible of German materials. Thus, these subsidies created the German shipyards that are now building Kaiser Wilhelm's battle line, and have built the monster Deutschland and other Atlantic flyers.

THOROUGHLY PROTECTED.

German shipping, which had made no notable increase under "free ships" alone, has grown wonderfully since Bismarck led the way for imperial encouragement. Besides these generous mail subsidies, the German State railways haul material at nominal rates for shipyards—a virtual bounty on shipbuilding—and these same State railways grant favorable rates on goods exported by German steamers.

The German merchant marine interests are fostered in every possible way, and though a "free-ship" policy still exists, relatively few German steamers are now bought abroad.

German tonnage, which was 1,243,000 in 1881, is now 3,393,000.

NORWAY.

Norway at first made best use of the "free-ship" experiment. The Norwegians are born sailors, and they work for almost the lowest wages. Between 1870 and 1880 Norway bought a great many American and British sail vessels, sold at a low price because they could no longer compete with steam, and Norwegian tonnage rose rapidly from 1,022,000 to 1,650,000.

But there it seemed to stop. While France, with very much less aptitude for the sea, increased her tonnage by help of subsidy from 1,104,000 in 1890 to 1,760,000 in 1904, Norwegian tonnage has scarcely gained at all, or only from 1,650,000 to 1,779,000.

But now Norway, though she is very poor and small, has followed the other nations in showing her dissatisfaction with "free ships" alone, and has begun to give small subsidies to regular mail lines and bounties to native shipbuilding.

ITALY.

Italy tried "free ships," as France and Germany did, with exactly the same experience. Her ships did not increase, and her shipyards vanished. Finally Italy also, to save her shipping trade, was forced

aid by subsidy and bounty depends naturally on the native aptitude of its people for the sea, there is not a single instance in which this aid has failed to increase a country's merchant fleet. France is relatively the least and Japan (the latest to try subsidy) is the most signally successful. Every one of the nations now giving subsidy has tried free ships and found this expedient disappointing while standing alone.

France, Italy, and Japan allow their people to buy ships abroad, but these foreign-built ships do not enjoy the full benefits of subsidy and bounty bestowed on home-built vessels. Germany, though allowing her merchants to buy foreign ships in general, denies the imperial mail subsidies to ships that are not built in German shipyards.

THE "FREE SHIP" QUESTION

To repeal our century-old registry laws and allow shipowners to buy or build at low prices abroad the ships needed for our commerce seems at first glance an easy and inexpensive way of securing a large mercantile marine.

ONLY HALF THE QUESTION.

But it meets only one-half of the question. American ships now cost more to build than foreign ships, chiefly because American shipyard wages are higher, and only in very small part because of the cost of materials, which are free anyway for vessels for the foreign trade.

But American ships also cost more to run after they are built, because of the higher wages on shipboard, and often, also, because foreign ships not only have low wages, but receive bounties from their governments.

"Free ships" would not solve this difficulty; they would not touch it.

A CASE IN POINT.

Suppose two steamers, identical in size and cost, were built side by side in a British yard and sold, one to an American, the other to a British company, for the trade to South America. The steamer flying the British flag could procure its officers and crew at Liverpool for wages about 30 per cent less than the steamer flying the American flag could at New York or New Orleans.

This is a serious handicap, but the British steamer, besides carrying the British mails, would receive some thousands of dollars in subsidy, while the American steamer would receive either nothing at all or at most some few hundred dollars of United States mail pay.

Perhaps the British subsidy would be large enough to guarantee a handsome dividend on the British steamer, which could thereby carry freight at cost, while the American steamer, without the help of a subsidy, would either have to ask higher freight rates on American goods, or forego a dividend altogether.

A TARIFF SIMILE.

This illustration will show that "free ships," even if the policy were adopted, would not solve the shipping question; that there would still be left the difficulty of the higher American shipboard wages, and in some cases also of the foreign subsidies.

It would be very much as if a policy of free trade were adopted, for example, in the machinery of woolen mills. Of course, the immediate result of the entire removal of the protective duty would be to