

# Light On the Ship Subsidy Proposition

Pending Mr. Roosevelt's promised "trip to the interior" when he will undertake the task of "educating the people on ship subsidy," it might be well for the prospective students to read up a little on the subject. To this end the house proceedings of February 26 will be interesting.

The subsidy bill was then under discussion. Mr. Rainey of Illinois directed attention to some of the misstatements made by subsidy promoters. He said:

Mr. Chairman, the arguments in favor of a ship subsidy always commence with the statement that our flag has disappeared from the seas; that a hundred years ago the merchant marine of this country whitened every sea, and that you do not behold it now on any sea. The gentleman from New York (Mr. Littauer) also made the same kind of statement a while ago, and said that a hundred years ago the tonnage of our American merchant marine was as great as it is today. These misleading statements have gone out over the country, until the people who live in the interior at least have acquired the impression that it is true.

As a matter of fact, our merchant marine today is second in importance and in number of vessels only to the merchant marine of Great Britain. As a matter of fact, the tonnage of our merchant marine today is nearly eight times greater than it was in the year 1800, eight times greater than it was in the year 1825, and the kind of statements to which I have referred are absolutely misleading. Why, according to the commissioner of navigation we had in commission in our merchant marine in 1903 (and I happen to have the figures for that year only) 4,597 vessels, with a tonnage of 3,064,000 and more. There is only one country in the world that has a greater tonnage than this. Germany has almost as much, but has over 2,000 less ships in her merchant marine. Now, assuming that the gentleman from New York (Mr. Littauer) limited his statement to vessels engaged in the foreign trade, we had, in the year 1800, 663,921 tons in the foreign trade, and in 1891 we had 1,005,000 tons in the foreign trade. In 1903 we had 888,000 tons in the foreign trade. We had in 1800 engaged in domestic trade a tonnage of 301,000, and today, not counting the immense tonnage of the Great Lakes, we have engaged in our coastwise trade over 5,000,000 tons.

Now, these are the facts; and what is the use of creating this sort of an impression throughout the country? Of course we are a bad second to England. She has three times as many vessels in her merchant marine as we have, but she has that many vessels in the merchant marine because years and years ago she abolished her absurd navigation laws, because years and years ago it became possible for an English citizen to buy a ship no matter where it was made, and the materials out of which the ship was built were free no matter where they came from. For a hundred years in this country there has been only three ways in which an American citizen could acquire a ship—build her in an American shipyard, capture one in war, or prowl along our coasts until he found a vessel wrecked and repair her. Under the repaired-wreck law within the last thirty years we have added over 300 vessels to our merchant marine.

Last year we closed that avenue and abolished that law, and now there are only two ways in which an American citizen can become the owner of a ship. One is to capture her in war—and the opportunities for doing that are not very good at the present time—and the other is to build her in our shipyards and pay tribute to the American steel trust.

The statement has been made throughout the country by representatives of the president, and the statement was made here yesterday upon this floor, that we had free raw material with which to build ships; that every stick of timber, every particle of material of any kind that entered into the construction of a vessel in American shipyards was admitted free of duty. That statement is absurd and misleading. The facts do not warrant it. We have free raw material for the purpose of building ships to be used exclusively in the foreign trade and for no other purpose, unless the ship is built in American yards for foreign ownership.

I have carefully searched the records, and since that law has been in force the Arthur Sewall company, of Maine, has been the only company in this country to take advantage of it. One other company tried it for a short time. They built the Dirigo up there in Maine out of materials imported free of duty.

I have here a letter from the other company which was foolish enough to take advantage of this law, and this is the objection to it, and the reason why it does not add anything to our mer-

chant marine is simply this: That the vessel constructed out of material admitted free of duty is excluded forever from our profitable coastwise trade except during two months in the year. No man wants to pay a million dollars for a ship and have her shut out forever from this profitable trade, and it does not do any good to admit a ship only two months in the year to this trade.

Now, I have had a bill pending in this house before the ways and means committee for four years, and have not been able to get a hearing on it, providing for free raw material for ships and the material that goes into repairs on a ship. I am prepared to show that if material were admitted free 33 per cent of the actual cost of a vessel could be saved. We built out of American material the Minnesota and the Dakota, ships engaged entirely in the foreign trade. Why did not this company take advantage of this law and build those vessels out of material admitted free of duty? It cost a million dollars more to build those two ships out of American material. Because during all the life of these vessels—and they might remain in operation for twenty-five or thirty years—it would be impossible to use either of them in our profitable coastwise trade, and that was the reason. We have here almost under the dome of this capitol the largest shipbuilding company in the world, employing six or seven thousand men every day in the year. We have near here the largest dry dock in the world.

The Minnesota and the Dakota, completed in American shipyards, are the largest ships that ply the seas at the present time, and not two years ago we finished up the Mongolia and the Manchuria in American shipyards, and in all the world there are only six more important ships than these, and we own two out of those six. Tell me that the shipbuilding industry in this country is passing into decay! You give us free raw material for ships and you will find out that our shipbuilders can compete with any of these companies over in England.

Vessels of 20 tons and under are simply licensed; vessels of 20 tons and over engaged in the coastwise trade are both licensed and enrolled, and vessels engaged in the foreign trade are registered. A vessel engaged in the foreign trade must surrender its registry if it wants to engage in our profitable coastwise trade, and whenever it surrenders its registry it is compelled to pay duty on every item of material that goes into the repairs on that vessel if she has been repaired in a foreign port, and for that reason it seldom happens that vessels surrender their registry and take out a license and enrollment. In order to show how absurd these shipping laws of ours are I want to call attention to the fact that vessels in operation upon the Great Lakes and upon our northern frontiers can only be licensed and enrolled. They alone of all our vessels that are simply licensed and enrolled can stop at foreign ports under the law; but if they are repaired in foreign ports they must pay the duty on the repairs as soon as they come back. Up there along the St. Lawrence river the Thousand Islands and St. Lawrence River Steamboat company, an American company, is operating a line of boats in opposition to the Canadian lines. There is no place on this side of the river where these boats can be repaired.

Mr. Kahn said: I understood the gentleman to say that if an American ship goes to a foreign port, if it is an ocean-going ship, and is repaired in that foreign port, when she returns to this country the owners have to pay duty on the repairs made.

Mr. Rainey replied: The gentleman misunderstood me. I did not say that. Every vessel enrolled and licensed, or simply licensed, that makes repairs in a foreign port must pay duty on the repairs as soon as the vessel is brought back to an American port. If a vessel engaged in our coastwise trade, licensed or licensed and enrolled, is blown from her course and is repaired in a foreign port as the result of any kind of accident, as soon as that vessel comes back to an American port the owners must pay the amount of the duty on the repairs that go into her.

Now, the trouble with the development of the merchant marine in this country is that no bill ever receives the attention of this house which attempts to repeal or modify these absurd navigation laws. The only bill that can ever get out of a committee is a bill which provides for the payment of a subsidy—which provides for taking money out of the pockets of the people and paying it over into the coffers of the rich who are able to build ships that cost a million dollars. There are 1,150 firms and individuals in this country, according to the last edition of Lloyd's Register, engaged in the business of building ships, repairing ships, or furnishing supplies for ships. And when I introduced my bill providing for free raw ma-

terial for ships, one of the simplest ways of encouraging the development of the American merchant marine, I wrote to every one of these 1,150 firms and individuals, and sent them a copy of my bill, which simply provides that vessels may be built and repaired and equipped in American ports out of material admitted duty free, no matter in what trade those vessels are to be used.

I received nearly five hundred replies from firms and the individuals who are directly interested in this industry, and every one of them, except twelve or thirteen, favored this kind of legislation, and those twelve or thirteen companies, every one of them, expected to obtain a subsidy either by this kind of a bill or by some other bill, and they were therefore opposed to it.

Now, no vessel simply licensed, or licensed and enrolled, can touch at a foreign port except the vessels engaged in trade upon the waters of our northern frontiers. And up here on the St. Lawrence river we have an example as to the effect of our navigation laws in this particular. The Thousand Islands and St. Lawrence River Steamship company, an American company, is operating a line of American boats. Every year thousands and thousands of American citizens take the trip down the grand rapids of the St. Lawrence to Montreal, but nearly all of them go on vessels owned by Canadian companies. Under the law vessels licensed and enrolled, or simply licensed, if repaired or equipped or even provisioned in a foreign port must pay duty on the provisions or the repairs or on any new equipment as soon as they get back to American ports.

The Chairman: The gentleman's time has expired.

Mr. Goulden: Mr. Chairman, I yield five minutes more to the gentleman.

The Chairman: The gentleman is recognized for five minutes more.

Mr. Rainey: This American line of ours is struggling along there, competing with the Canadian lines. There is no place within the boundaries of the United States where they can repair or equip their vessels. They must do it all on the other side, and before they can even stop on this side of the river they must pay 50 per cent duty on every item of material that goes into any repairs they make. And in this connection I want to send to the clerk's desk—

Mr. Littlefield: Mr. Chairman—

The Chairman: Does the gentleman from Illinois (Mr. Rainey) yield to the gentleman from Maine?

Mr. Rainey: Yes, sir.

Mr. Littlefield: I just wanted to inquire under what provision of the law duties were imposed upon repairs made under such circumstances.

Mr. Rainey: Under section 4318 of the law, and if I had the time I would read it to the gentleman.

Mr. Littlefield: Section 4318 of the Revised Statutes?

Mr. Pollard, republican of Nebraska, in his speech in favor of the subsidy asked this question: "Can any one explain why our merchant marine commenced to fade away from the seas about the year 1860, when prior to that time it had been such an important factor in commerce upon the high seas?" Mr. Pollard refused to allow Mr. Rainey to answer the question in Mr. Pollard's time. So Mr. Goulden yielded five minutes in order that Mr. Rainey might answer the question put by Mr. Pollard. Mr. Rainey said: "The question is not a difficult one to answer. Prior to that time we had free raw material for ships, because prior to that time ships were built out of wood, and our forests were full of material free to anybody who wanted to take it. Early in the last century they commenced to roll iron in England, and as soon as they did that persons and firms engaged in that business in this country insisted upon a tariff against the rolled iron of England in order that they might continue hammering out iron until their establishments fell into decay. They got a tariff that was exclusive, and they continued to hammer out iron until, in 1855, the first iron Cunarder plunged across the Atlantic ocean, and it became apparent at once that the ship of the future would be an iron ship. But our factories, protected by a protective tariff, had been hammering iron. They were not prepared to roll iron, and so, with our mountains full of iron ore, we were unprepared to build iron ships. For 60 years England had been rolling iron, and she commenced to build iron ships, and our supremacy upon the high seas commenced to fade away at once. It was on account of the fact that we had no free raw materials for ships. It was on account of the pernicious effect of the protective tariff. We are building today more wooden ships than any other nation in the world. We are building today more