

M'ADOO ON THE SHIP PURCHASE BILL

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He, federalists, democrats, republicans, whigs and progressives have voted for and sustained the principle that the United States may subscribe to the stock of private corporations.

Can there be any question as to the necessity for an American merchant marine? I believe there is no difference of opinion on this score. Chambers of commerce from one end of the country to the other have passed resolutions reciting the necessity for an American merchant marine. Business men and politicians and statesmen of all shades of opinion are in agreement as to its necessity. Even our republican friends in congress admit the necessity. On March 26, 1914, Senator Weeks prepared and submitted to the senate a resolution containing the following preamble:

"Whereas it is desirable to develop and extend commercial relations between the United States and the countries of South America by the establishment of direct lines of communication for carrying the United States mails, for the transportation of passengers and freight, and

"Whereas private capital has not engaged in this service to a sufficient extent to furnish facilities comparable to those enjoyed by the people of other countries having trade relations with South America,

"Therefore it is resolved that the secretary of the navy be authorized to prepare a plan for the operation of some of the navy cruisers between New York and New Orleans, the city of Valparaiso, Chile, and intermediate points."

And subsequently Mr. Weeks presented to the senate a bill to carry out his plan, in which the secretary of the navy was authorized "to establish one or more navy mail lines, by employing such vessels of the navy as in his discretion are available, etc., for the purpose of establishing and maintaining regular communication between the east or west coast, or both coasts of the United States, and either, or both, coasts of South America, and between the United States and the countries of Europe." The secretary of the navy was also authorized to prescribe regulations for the operation of such vessels and to fix the rate or rates at which mail, passengers, and freight could be carried.

Can you imagine a more direct method of putting the government into the shipping business than to transform our battleships and cruisers and other naval vessels into merchant ships, operating them through and by virtue of the direct sovereignty of the United States government?

Just one month after Mr. Weeks' bill to put the navy in the shipping business had passed the senate, Judge Alexander, chairman of the house committee on merchant marine and fisheries, introduced a bill authorizing the government to take stock in a shipping corporation, just as the government owns the stock of the Panama Railroad and Steamship corporation, and to build or purchase some adequate steamships and put them into service between the leading ports of the United States and the leading ports of South America.

Now these merchant ships, under the Alexander bill, would have been suitable for service. Instead of carrying only 17 to 20 passengers and 150 tons of express freight, they would have been able to carry a large number of passengers and a great cargo of general freight, which would have made them not only highly useful to our commerce but would have made their operation profitable. Such a service as that proposed by the Alexander bill would

not have been a "makeshift," as Senator Gallinger described the Weeks bill, and the service proposed by the Alexander bill would have created, as Senator Gallinger described it, a "boom in American trade which would astonish not only our own people but the world." Any number of desirable ships could have been bought at that time, and at extremely low prices, if the Alexander bill had been promptly passed, and it would not have been necessary, nor was it the intention, to purchase the ships belonging to any belligerent power tied up in the harbors or waters of the United States. With extraordinary inconsistency, the republican senators in congress, after voting to put the government into the steamship business by operating an inadequate service with naval vessels, fought like tigers against the passage of the Alexander bill, which was the only practical measure proposed to solve the pressing ocean transportation problem then, and until this time, confronting the nation.

The congress authorized by resolution the holding of a Pan-American Financial conference in the city of Washington, and appropriated \$50,000 for the purpose of paying its expenses and entertaining, as the guests of the nation, the delegates of the eighteen Latin American countries which were represented in that conference. The secretary of the treasury, under the direction of the resolution, represented this government in this conference, and by the authority of the congress he invited leading bankers and business men of the United States to participate in the proceedings. By unanimous vote of the delegates representing all the countries of Central and South America, and of the one hundred or more leading bankers and business men of the United States whom the secretary of the treasury had invited to that conference, the following resolution was adopted:

"Resolved, That it is the sense of this conference that improved ocean transportation facilities between the countries composing the Pan-American Union have become a vital and imperative necessity, and that every effort should be made to secure, at the earliest possible moment, such improved means of ocean transportation, since it is of primary importance to the extension of trade and commerce and improved financial relations between the American republics."

I violate no confidence when I tell you that the delegates of South America returned to their homes with a feeling of disappointment that no practical means had been evolved by the conference for the creation of those steamship lines and facilities which they declared to be absolutely vital for the protection of trade and intercourse between their countries and ours. I earnestly hope that the next session of the congress may promptly pass some measure which will meet the existing situation and enable us to seize and possess ourselves permanently of the greatest opportunity ever presented to this nation of establishing enduring and mutually profitable commercial and friendly relations with our neighbors of the South American continent.

The claim is made that the government should not provide the proposed steamship facilities because it will interfere with private enterprise. According to the testimony of Senators Weeks, Gallinger and other distinguished men, American enterprise has failed to enter the South American field. They told us so when they voted for the adoption by the senate of the resolution introduced by Senator Weeks, which declares that "it is desirable to develop and extend commercial relations with South America by the establishment

of direct lines of communication for carrying the United States mails, for the transportation of passengers and freight," and that "private capital has not engaged in this service to a sufficient extent to furnish facilities comparable to those enjoyed by the people of other countries having trade relations with South America." How could the government, therefore, interfere with private capital, if it should undertake to give relief to South America, when private capital, as Senators Weeks and Gallinger and their colleagues declared, had failed to occupy that field?

For the past fifty years the government has given private capital the monopoly of the ocean transportation field. Private capital has failed to take advantage of its monopoly by developing the necessary steamship lines. Should we continue any longer this monopoly in favor of private capital, when it refuses to take advantage of it, and by so doing deprives our people of those facilities which are essential to their welfare and prosperity?

Shall this giant nation, strong in resources, intelligence and courage, sit impotently any longer and wait for indifferent private capital to build our naval auxiliaries and supply the marine facilities imperatively demanded for national preparedness and protection in time of war and for the welfare of our people and the promotion of our commerce in time of peace? We may as well ask private capital to build our navy, or hesitate to have a navy unless we can operate it at a profit.

I have no patience with the argument that the government should not supply needed or essential facilities or service to our people unless a profit can be earned. When private capital can not, or will not supply such facilities or service, then it is the duty of the government to supply them. If this "profit" line of reasoning had prevailed, would we ever have built the Panama canal? Absolutely no. Here is a huge enterprise vital to our material interests and to the interests of humanity. The undertaking was so large and the cost so great that private capital would not assume it. It was also certain from the very outset that the earnings of the canal would not even pay the interest at three per cent on the investment; that they would not pay the cost of maintenance and operation for many years to come. Did that deter the government from undertaking this great work and performing this great service for the welfare of all the people? Fortunately such arguments did not prevail. We have the Panama canal and it is worth to this nation many times more each year in actual dollars than the annual loss sustained. Suppose we had waited until now for private capital to build the Panama canal. We would not even have made a beginning.

We have done the same thing in building the Alaskan railroad to develop one of the greatest storehouses of wealth for the benefit of all the people. Private capital would not do it, so the government has undertaken it. No doubt many years will elapse before the earnings of the road will show a profit on the investment, but the indirect benefit and profit to the people of this country, to say nothing of the direct benefit to the people of Alaska and the northwest, more than justify the action of the government.

Can we afford to say that the government shall never do anything for the general welfare unless each agency can earn a profit? If we did, the government would and should go out of existence.

Take the public health service, for example. One of its chief functions is to protect our people against the

importation of contagious and infectious diseases. Two years ago the bubonic plague appeared in San Francisco. Rats become deadly enemies at such times because they are the most dangerous agency for the spread of the disease. The treasury department, of which the public health service is a bureau, was appealed to for help. We spent hundreds of thousands of dollars for the extermination of the rats and the plague. We shall never see that money again, but we saved San Francisco. Would you have had the government leave the people of San Francisco in peril until it could be assured of a profit on dead rats? Imagine the government hesitating to act in such an emergency because it could not see a profit on the operation of saving the people.

We maintain a life saving service at a cost of \$2,600,000 per annum. We saved 4,700 human lives during the fiscal year of 1914, but we didn't make a profit. Imagine a human being drowning and calling for help and Uncle Sam standing on the shore and shouting back that the price for each life saved is so many dollars, and refusing to help the drowning citizen until the price was secured! Should we allow 4,700 people to drown each year because we can not save them at a profit?

A less extreme case is the revenue cutter service. We saved that year approximately \$9,000,000 of property imperiled at sea. We made no profit on it, and it costs \$2,500,000 per year to operate the service. Salvage companies complain because the government interferes with "private business" in saving life and property endangered at sea. Shall such sordid considerations deter the government from operating useful agencies for the welfare of our country and the protection of humanity? Such arguments are not worth listening to, but they show the absurdity of one of the arguments made by the opponents of a merchant marine backed by the government, viz: that it ought not to be created because it may be operated at a loss. Such a consideration should not be the determining factor in any matter like a naval auxiliary merchant marine, which involves the vital interests of the nation. If the government backs a shipping corporation as proposed I believe that it will operate at a profit and not at a loss.

The champions of subsidy and private capital say that we must change our navigation laws, as well as give subsidies, before private enterprise will come to the front. There seems to be a great conflict of opinion among these gentlemen as to just what these changes should be, but they all seem to agree that the most important changes they want relate principally to the American seamen. Complaint is made that under our laws a larger number of seamen are required in the crews of the ships, that higher wages must be paid to them, and that the general standards for the comfort and upkeep of our sailors on board ships are more favorable to our sailors than those of other countries and, therefore, that it is more expensive to operate under our flag than under the flags of other countries.

I have no doubt that there are inequalities and inconsistencies in our navigation laws that can be corrected with advantage to the country. The shipping board can perform a most useful service by studying these laws and making intelligent recommendations to the congress.

But I do not believe that the standards for the American seamen should be lowered, nor do I believe that any congress of the United States will ever lower them. The reasons I believe it would be unwise to first, the question of humanity. The