

The American Merchant Marine

[Address of Hon. William C. Redfield before the Civic Club, Brooklyn, New York, December 15, 1915.]

May I take as texts these words from the Journal of Commerce of May 6th last: "About 1,000 bales of standard drills were sold for shipment to India last week and more could be sold if satisfactory shipping arrangements could be made," and also this extract from the monthly statement of the National City bank, New York, for May: "The lumber industry would be very much helped by the British demand if ships were available. Mills in Maine, the southern states, and the Pacific northwest are being hampered by this situation." Against these let me offset these words from the "Economist," London, of November 13:

"In future the government may requisition for the carriage of grain and other merchandise any ship registered in the United Kingdom, and after December 1st no British ship of over 500 tons may carry cargo from one foreign port to another without first obtaining a license from a committee in London. All British shipping is liable to be requisitioned for commercial purposes; all trade in British bottoms between foreign ports is to be under direct government control."

"These are revolutionary measures, which nothing but urgent necessity could justify and the full effects of which it is impossible to foretell."

The major facts of today respecting the shipping situation are unique. They present a spectacle in which one great fact that would in ordinary times be controlling is offset by another fact of equal weight, the whole forming a collection of extremes new to our knowledge and thought.

Our merchant marine was never as large as today. The increase in it was never as large as in the last fiscal year. It is growing today faster than it ever grew before. We never needed ships as badly as we need them now. We never were more dependent upon foreign ships than now we are. Never did this dependence rest on a more shaky foundation. Never had we so much of a marine. Never did we suffer so much from lack of one. Never did we add to it so fast. Never was our helplessness to add to it sufficiently more marked.

We have talked in the past about the cost of construction and of operation as if these were the only things to be considered. Now in a hundred business houses you would be told that these are trifles beside the greater fact that their goods will not be carried at all for reasons relating to war conditions which we did not create, for which we are not accountable but which permit the aliens who own the ships we need must use to make restrictions within their lawful power and right but prohibitive to our commerce. It does not answer this to say we never sold so much abroad before, for to that may be said we do so by the consent of others whose interest for the time it is that we should so sell, but whose interest it also is to impose certain restrictions necessary or desirable to them which prevent our doing business save so far as they consent to it.

A shipment of flour to Egypt is stopped at the dock because others need the ships that had contracted to carry it, and our shipper is helpless because of the war clause in his contract. A large manufacturer has 150 cases of goods returned to his factory because a bond is exacted in connection with a wholly neutral shipment of goods, the character of which is not questioned, which makes it impossible to continue the shipment. When in normal dependence upon a contract another shipper forwards goods to your port for foreign transit, the vessel that was to take them is commandeered by its government, and our shipper protests in vain. Here in Brooklyn a large shipment is refused transit because the shipper has not signed a certain agreement having nothing to do with the goods which are refused. Even a shipment from New York to Manila, (between two ports of the United States it will be noted) is refused transportation unless the shipper will sign an agreement as to the nationality of the consignee.

You will observe that it is not a question of

rates, or even in all cases of vessels, but rather that since we must depend on ships of alien ownership to carry our goods, it is clear that when the interest or the duty of those alien owners requires them to put their own necessities first, we helplessly stand aside. Just so far as these things go we are not an independent people. We do our trade by the consent of others when it pleases them to have us do it, as it pleases them to have us do it, and to the extent that it pleases them to have us do it, and under rules which they lay down. That is the condition in which we now stand. Until we get enough American ships we must accede to the necessities which may and now do compel alien owners of vessels to action hurtful to us.

The question is not one of dollars and cents, of cost and profit, but of our commercial independence. No people are free so long as they are bound, and we are not now a free people on the sea. We must for the greater part do as others say and accept the conditions as pleasantly as we can and pay the bills with as little demur as possible. I must not be understood as by implication criticising those many nations whose necessities have in one or another way caused us embarrassment. I do say that a marine declaration of independence is necessary and that the United States should be free to carry on its neutral trade and its lawful commerce unhindered save by the law of nations and the rules which it sees fit to impose for its own interest upon vessels under its own flag.

In our export trade are two great divisions—the temporary and the permanent. It is to our interest to promote the latter. It is to some extent the interest of our customers to promote the former. The farmer, the merchant, the mechanic, the miner are alike interested to have American commerce flow freely to all parts of the world where it wills to go, under control of those in sympathy with it and whose duty it is to promote it. We have been a department store without a delivery system, depending on our rivals for the use of their wagons. Now there are fewer wagons than there were and our need for delivery is greater than it was. Our rivals, indeed, want us to use so many of their wagons as will take to them the goods they need. They do not care to have us use other of their wagons because they need them themselves in their business, and their business just at present is not our business and is more important to them than our business is. So we are out of it in large part till we get wagons of our own. So much briefly for the need.

Our facilities are strained to meet it. On July 1st last we were building 76 steel merchant vessels in our shipyards. Between July 1st and December 1st 126 had been ordered, making 202 in all of a total of 761,511 gross tons. I do not tonight intend to discuss the so-called Seamen's act, but I may be permitted to say that an increase in the last five months of over one and a half times the number of vessels building on July 1st, does not seem to justify the charges of ruin against that measure. The construction of American merchant vessels now in progress or under contract is not only greater in tonnage than at any former time in the history of the United States, but this new tonnage is more efficient than the merchant ships constructed at any previous time in our history. Indeed there is competent authority for saying that the American freight steamer by reason of her design and equipment is a more efficient tool for transportation than her foreign competitor. If it be conceded that under conditions before the war she cost more to operate at sea, it is also true that she costs less to load in port, and by reason of her greater handiness in this respect she wastes less time at the dock and makes more trips at sea. This is true to the extent that in a business where the run is from three to four days from port to port such an American vessel would make a full extra trip a year, and would in so doing by her greater earning power nearly or quite offset the alleged difference in the cost of her operation.

The tonnage of merchant ships now building or under contract in the United States is greater than the amount of such tonnage which any nation, save Great Britain alone, has ever had under construction at any time in its history. By far the greater part of the tonnage under construction is specially adapted for the foreign export trade of the United States by sea. This

will appear by selecting those larger vessels which make up the great bulk of the tonnage now building. Thirteen are of 10,000 gross tons or over; 20 are from 7,000 to 10,000 tons; 36 are from 5,000 to 7,000 tons; 10 are from 4,000 to 5,000 tons; 19 are from 3,000 to 4,000 tons, a total of 98 which are in excess of 3,000 tons. If to the 98 ships thus building we add the 305 of similar sizes which we had on June 30th last, there would be a total which would place us third in the ownership of ocean steamers of 3,000 gross tons or over, following Great Britain and Germany but greatly exceeding France, Japan, Italy or any other nation. In our lake yards are building 7 ocean vessels for Norwegian shipowners,—a larger foreign order for merchant ships than we have had in many years. Nearly all these 98 larger ocean steamers are structurally adapted for the foreign ocean trade, and that structure is the test to be applied, for a ship so built may change at any time from the domestic to the foreign trade according as freights offer.

Another classification of the vessels now building over 3,000 tons is as follows: 11 of them are colliers, 47 are for carrying bulk oil, 34 are for general freight purposes, and 6 for passengers and freight. Four of those for oil are for Norwegian owners.

Apart from the building thus progressing, there have been admitted under the act of August 8, 1914, to American registry 171 vessels of 583,733 gross tons, which includes 6 yachts, and there have during the same period been transferred to other flags 92 vessels of 37,201 gross tons, 3 of which only, of 9,311 tons, were ships taken in under our Registry act. It is commonly said that many of these vessels will be replaced under foreign registry when the war shall close, but apart from the fact that congress may in its wisdom, and in accord with British precedents, see fit to consider whether the transfer of a ship under the American flag to an alien flag should not be conditioned upon the approval of our government, there are other indications that seem to throw doubt upon the statement.

Two-thirds of the officers of the ships which have thus come under the flag are American citizens or those whose first citizenship papers have been filed. Thus on December 9th, out of a total of 989 officers, 533 were full American citizens and 144 had taken out their first papers. Hence more than two-thirds (677 out of 989) were of this class. It seems strange that this should be so if it is reasonably certain the ships were going back under other flags, even where alien laws do not forbid American citizens to officer their ships.

The belligerent nations have assumed enormous debts, and this burden must be carried by taxation in which their shipping will be expected to take its share. Foreign taxation on shipping as a rule has not been onerous, but this may not prove to be the case hereafter. The income tax of a great English company has not been heavy in the past, but already these income taxes have been greatly increased. On the other hand there is no present tendency here toward a material increase in taxes on American shipping.

Despite this great past and present increase in our ocean shipping, we are yet sadly handicapped in our foreign trade, and much as we are doing we are still unable to seize to the full the opportunity at present offered us. Every craft that can by courtesy be called a ship is in service. The familiar coasting schooner is in the Mediterranean coal trade and if there were more of them they could be so employed. The English merchant marine has either lost or is using for war purposes one-quarter its full strength, perhaps more. In a degree the same is true of the other belligerent powers, and, of course, certain fleets are absent from the seas.

This leads us to discuss the question some have raised as to what will happen after the war. They say there will be a surplus of ships and no special need will therefore exist for us to develop our marine. I admire but do not understand the foresight of those minds who can tell what is going to happen before the war shall end. Thus far it seems to me there has been a pretty steady daily destruction of merchant vessels of almost all nations. If I read the press aright, the process is going on. As I do not know when and where it will stop, I can not make safe predictions upon it. It seems to me possible there may be fewer merchant vessels six months hence, save in our own fleet, than there are now. When the war shall end certain things seem likely to happen. Germany did a total foreign trade of nearly or quite \$4,500,000,000 yearly. She will want to get it back

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