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THE UNITED STATES MERCHANT MARINE  
PRESENT AND FUTURE

LECTURE

delivered to

Class of 1923

6 October, 1922

by

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10 October, 1922

OUR MERCHANT MARINE

The American documented sea-going Merchant Marine as of August 31st, 1922, is composed of 3627 vessels of over 500 gross tons, a total of 13,314,288 gross tons. In the above are included 1097 wooden vessels of 1,672,435 gross tons, leaving a steel tonnage of 2530 vessels of 11,641,853. Of the total tonnage 1358 vessels are enrolled for coasting trade, a tonnage of 3,453,415 tons, leaving in the deep sea trade 2,066 steamers and 203 sailing vessels, of 9,588,720 gross tons and 272,153 tons respectively.

These figures do not include the tonnage of vessels on the Great Lakes amounting to about 4,500,000 gross tons.

The American documented fleet includes some 2,500,000 gross tons of tank steamers, which is almost exactly half of the world's vessels that carry oil as cargo.

Excluding the Great Lakes tonnage, America now owns 20% of the world's tonnage, or excluding Great Lakes and oil tonnage, roughly 16% of the world's tonnage.

In 1914, American documented sea-going tonnage amounted to only a little more than 2,000,000 tons while Great Lakes tonnage was something over 3,000,000 giving this country a percentage of less than 5, (excluding Great Lakes) of the world's sea-going tonnage.

The British and their possessions, today own over 20,000,000 gross tons or more than 30% of the sea-going merchant marine of the world, a decrease of nearly 15% from their position in 1914, when their ownership amounted to about 45% of the then existing total. That is, our gain in position from holders of

5% in 1914 to 20% in 1922 can be considered as altogether at the expense of the British while various other nations have absorbed the percentage held by the Germans before the war.

The French and Japanese are next after the United States the largest holders of tonnage, each with only about 6% of the world's total.

If the above really represented our position there would be little cause to worry about our present place on the sea. Unfortunately, however, the American figures hide the story of a badly balanced and largely Government owned fleet, most of which is idle. As of August 31st last the U.S. Shipping Board's fleet comprised 1679 vessels, of 7,567,059 gross tons, leaving only 1948 vessels of 5,747,229 tons as the privately owned sea-going merchant marine, over one-third of which is tanker tonnage.

Of the U.S. Shipping Board vessels there were in operation the end of August, 391 vessels of less than 2,000,000 gross tons. No less than 913 steel vessels of about 4,500,000 gross tons and 236 wooden vessels of about 500,000 tons are tied up and a large share of these vessels will never turn a wheel again. The recent study of the Board's fleet showed about one-third its vessels to be excellent in design and construction and well fitted to take their place as part of a balanced merchant marine, one-third to vary from good to fair and one-third, including, of course, the 236 wooden vessels to class as useless and to be good primarily only for the scrap heap.

next will be made of bottomless mines, sites now first to enabled with sufficient oil to fuel their engines

In light of the conditions at the time of their construction, this not only is not surprising, but is rather a better showing than those of us most familiar with conditions, had dared to hope. Nor is the United States alone in its predicament as every other war built fleet contains a large percentage of cripples.

The American Merchant Marine is now serving every important established trade route in the world. The distribution of the Shipping Board's fleet of active vessels, which represents a large part of our foreign shipping, is as follows:

<u>Route</u>	<u>Ships</u>	<u>Deadweight Tons</u>
United States Government	4	38,636
Northern Europe	166	1,424,651
Southern Europe	34	268,117
Orient and Australia	70	718,257
Africa	9	76,840
South America	39	317,042
West Indies	11	45,937
Foreign service	19	111,966
Coastwise	9	56,941
<b>Totals</b>	<b>361</b>	<b>3,058,387</b>

The war, of course, resulted in considerable additions to previously owned American fleets and today there are no less than fifteen fleets of over 40,000 gross tons under the American flag. Most of them, to be sure, are in the coast to coast or Caribbean trade, but many of these lines have operated (and a few are still <sup>so</sup> doing) in foreign trade in various direction. A list of these lines, the number of vessels owned by each and the approximate gross tonnage as of August 31st follows:

Freight &  
Passenger ships.      Gross tonnage.

Atlantic, Gulf & West Indies Co.	67	230,000
U. S. Steel Products Co.	34	194,000
American Ship & Commerce	24	183,000
Luckenbach S. S. Co.	18	132,000
United Fruit Corp.	22	100,000
Submarine Boat Corp.	29	100,000
Bull S. S. Co.	22	72,000
Matson S. S. Co.	12	70,000
Green Star S. S. Co.	13	67,000
Dollar S. S. Co.	13	56,000
Munson S. S. Co.	13	50,000
Crowell & Thurlow	10	46,000
Pacific Mail S. S. Co.	12	46,000
Merchants & Miners	15	41,000

Just as the necessity for building an enormous fleet of vessels found the country with few trained shipbuilders, so the necessity to operate this enormous fleet that began to accumulate in 1918 found few experienced operators capable of handling them. As a result, vessels were allocated for operation to a large proportion of people entirely unfitted for this work, while others were sold on partial payments to financially weak and incapable purchasers. There has been a gradual process of elimination going on ever since, until today instead of a

couple of hundred, there are not more than 50 operators who are handling Shipping Board's tonnage. Of these a measurable number are becoming skilled steamship operators and one of the real assets the country has to show for its prodigal expenditure.

The American fleet of today, however, is far from a balanced fleet. In tanker tonnage where we lead the world we are more than amply taken care of. In general cargo vessels, we have far more vessels than trade, although even here we are lacking in many special types, but in passenger vessels, both in intermediate and in high speed, we have a mere handful and it is their shortage that must first of all be made up to bring us to the point where we can successfully handle our share of the ocean trade. There are only 194 vessels of 1,199,000 gross tons under the American flag in various services licensed to carry passengers.

The following tables are interesting as showing the composition of the fleets of Great Britain, the United States and Japan:

Speed - Percentage - Table

Sea-Going Merchant Marine  
of  
2000 gross tons and over  
of  
Great Britain, United States and Japan  
giving  
Percentage of number of vessels of  
each  
Country in certain groups by speed.

	Great Britain	United States	Japan
Under 12 knots	72.	92.1	81.5
12 - 13 "	11.	2.4	7.6
13 - 14 "	6.6	1.9	5.3
14 - 16 "	6.5	1.9	4.2
16 - 18 "	2.6	1.4	1.2
18, over "	1.3	.3	.2
Total	100.	100.	100.

	Great Britain	United States	Japan
Under 12 knots	72.	92.1	81.5
12 knots & over	28.	7.9	18.5
Total	100.	100.	100.

From Lloyd's Register, 1921-22, adding new vessels.

Also the following tables give the distribution of tanker tonnage refrigerating and liner tonnage:

#### TANKERS

The following table shows the distribution of the useful tanker tonnage of the United States, Great Britain and Japan by number and deadweight:

	10,000 D.W.T. and over	7500 to 10,000 D.W.T.		Less than 7,500 D.W.T.		TOTAL		
		No. D.W.Tons	No. D.W.Tons	No. D.W.Tons	No. D.W.Tons			
United States	187	2,161,117	114	1,004,495	90	340,825	391	3,606,435
Great Britain	50	670,891	110	952,807	106	422,819	266	2,046,517
Japan	3	37,520	1	7,774	1	907	5	46,201
TOTAL	240	2,869,528	225	1,965,076	197	764,549	662	5,699,155

This table is from record of November 1, 1921. No sailing or unrigged tonnage is included. Vessels built prior to January 1, 1902, omitted.

REFRIGERATOR VESSELS.

The following table shows the approximate distribution, as of June 30, 1921, of the refrigerator tonnage of the United States, Great Britain and Japan by number, gross tonnage and refrigerator space. Only vessels having a minimum of 100,000 cubic feet of insulated space are given.

	<u>No.</u>	<u>Gross Tonnage</u>	<u>Cu. ft. Refri- gerator space.</u>
Great Britain	233	2,000,000	62,600,000
United States	44	220,000	9,200,000
Japan	0	0	0
<b>TOTAL</b>	<b>277</b>	<b>2,220,000</b>	<b>71,800,000</b>

LINER TONNAGE OF CERTAIN OF THE PRINCIPAL MARITIME NATIONS.

Vessels of less than 3,000 Gross tons and 13 knot speed not considered.

GROUP 1 - - Vessels of 13 to 20 knot speed.	<u>Number</u>	<u>Gross Tonnage</u>	<u>Troop capacity</u>
Great Britain	532	4,451,665	888,555
United States	112	1,004,396	200,478
Japan	54	381,460	76,138
All others	248	1,769,864	353,266
<b>Totals</b>	<b>946</b>	<b>7,607,385</b>	<b>1,518,437</b>

GROUP 2 -- Vessels of more than 20 knots speed.

	<u>Number</u>	<u>Gross tonnage</u>	<u>Troop capacity</u>
Great Britain	10	290,936	58,071
United States	6	123,426	24,635
Japan	0		0
All others	<u>10</u>	<u>146,253</u>	<u>29,192</u>
<u>Totals</u>	<u>26</u>	<u>560,615</u>	<u>111,898</u>

TOTAL OF GROUP 1 and 2.

	<u>Number</u>	<u>Gross tonnage</u>	<u>Troop capacity</u>
Great Britain	542	4,742,601	946,626
United States	118	1,127,822	225,113
Japan	54	381,460	76,139
All others	<u>258</u>	<u>1,916,117</u>	<u>382,458</u>
	972	8,168,000	1,630,336

From the above it is clearly evident that our fleet is insufficient in speed and very badly off for refrigerating and is ridiculously short of passenger tonnage.

OUR OVERSEAS COMMERCE OF TODAY.

(Taken from Shipping Bulletin issued by Bureau of Research  
U. S. Shipping Board, September 29, 1922)

To understand the real situation with reference to our overseas commerce, the figures of traffic ordinarily given out by Government Bureaus must be carefully analyzed. Recently the Bureau of Research of the U. S. Shipping Board stated that during the fiscal year ended June 30, 1922, United States Ports

witnessed 37,312 arrivals and departures of vessels engaged in our water borne foreign commerce, which aggregated 80,231,000 long tons of cargo. 49% of the arrivals and departures were American vessels and 52% of the total cargo tonnage handled through United States ports arrived under the American flag. The total vessel deadweight entering and clearing was 214,952,000 tons, 51% of which was American tonnage. These figures include oil cargo and tankers and traffic on Great Lakes, both of which are to a large extent carried on in American vessels. 51% of the total foreign borne commerce of the United States was with three foreign trade regions, which furnish 67% of our imports and absorb 39% of our exports. Of these, Mexico comes first, with 19,000,000 tons, Atlantic Canada with 11,500,000 tons and the Havre-Hamburg range of Europe 10,500,000 tons. If the Great Lakes trade and the oil movement and the commerce with adjacent nations, such as Canada and Mexico, is eliminated, a further study shows that the overseas commerce transported in American vessels did not exceed 30% of the total. Of this 30% only one-quarter was carried in private American bottoms, the remainder being carried in Shipping Board vessels where the Government pays the loss in operation. Of the total water borne commerce of some 80,000,000 tons, foreign ships carried 48%, Shipping Board ships 14% and private American shipping 38%, but this included over 12,000,000 tons carried on the Great Lakes, where American ships carried 69% of the traffic against 31% by Canadian vessels. Over 25,500,000 tons of the total represented shipments of mineral oil in bulk, only one-quarter of which was done by foreign flag ships, while privately owned American tankers did 65% and Shipping

Board ships the remaining 10% of this business. Subtracting these two totals, our foreign commerce falls to 42,500,000 tons, 67% carried by foreign ships, 19% by the Shipping Board and 14% by private American vessels. Nor must it be forgotten that of these above figures, a very considerable volume of trade is that with Canada, the West Indies and the Central American Republics, which is to a large extent a coastwise movement, amounting to 7,250,000 tons 49% of which was carried in American bottoms. Eliminating this commerce, foreign shipping does 70%, the Shipping Board 22% and privately owned American ships only 8% of American commerce.

It should be further noted that of this commerce, which I class as strictly oversea, 27,500,000 tons was export as against only 8,000,000 tons of import. The larger figure must naturally govern the tonnage employed, while vessels must come back partially empty under these trade conditions. Of our exports foreign ships carried 71%, Shipping Board vessels 22% and privately owned shipping only 7%. Further, one-half of our imports and two-thirds of our exports, a total of 22,250,000 tons of our real foreign trade of 35,250,000, tons moves from and to England and the North of Europe Countries, France, Germany, Holland and Belgium. Our exports are 19,000,000, tons as against less than 3,500,000 tons of imports and it is here that the great deficiency in the American Merchant Marine and the tremendous lack of balance between inward and outward cargoes is most apparent as is also the preponderating position which England and Germany occupy among the termini of our export trade.

The Shipping Board business is done at a large monthly cut-off pocket cost. If interest and depreciation were charged, the cost to the taxpayer would be appalling and one of the most urgent reasons for

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getting rid of the Government owned fleet is that while it exists the annual bill to the Government to pay for Shipping Board operations will not be less than \$50,000,000.

### WHY DO WE NEED A MERCHANT MARINE?

Before this audience it is superfluous to spend many minutes on this subject.

When the Limitation of Armament Conference settled upon equality in capital ships as between the United States and Great Britain, it conceded in reality to Great Britain a very great superiority because of the preponderance of high speed and intermediate passenger ships and special cargo vessels of many kinds, admirably fitted for military and Naval service today sailing under the British flag. If we are to have real equality on the sea, we must make good this deficit or we are a very poor second to our partner. Moreover, we must have a merchant marine to keep alive our shipyards during the period of suspension of Naval building or we will be sadly lacking in trained shipbuilders against the day of the Navy's need.

As a Nation we have passed the stage of our development where we are primarily an exporter of raw material and an importer of manufactured goods. Today the bulk of our exports by value are manufactured goods and about half the imports are raw material, leather, sugar, nitrates, tin, iron, etc., etc.. There is no case in history of a Nation that reached the stage of development of an exporting manufacturing nation that successfully depended on foreign ocean owned transportation. Successful foreign commerce in manufactured goods presupposes machinery for transportation, merchandising and financing all under our own control. By transportation under our

own control I mean that our goods shall move in American built, classed, owned, operated and manned ships and this is an essential if we are to have real advantage of position necessary to our growth as an export nation.

Twice in my own recollection I have seen American commerce entirely disarranged by foreign wars - the Boer war of 1899 and the Great War of 1914, when all ships of the Nationals were required for war service and we were left to handle our overseas commerce as best we could. A suitable American flag merchant marine would make such a contingency an impossibility.

Now, no one that I know contends that we should handle all of our commerce, but that we should do one-half of it in our own ships, both export and import, is a requirement so fair that no other nation can properly take exception to our determination so to do.

To compete with foreign ships this Merchant Marine must be privately owned and operated. The Government does sufficiently well as an owner and operator of a Navy, an Army, a Postoffice - all natural monopolies, but given a line of ships in competition with a live foreign privately owned company, the Government owned ships are nearly impotent while even on a basis of equal capital charges and wages, the privately owned foreign ship will yield a handsome profit when the Government owned line is showing a handsome loss.

WHY WE CANNOT HAVE A PRIVATELY OWNED MERCHANT MARINE WITHOUT GOVERNMENT AID?

Because wages are far higher than in foreign countries and because unlike automobiles, ships are built and not manufactured and wages are the greatest element in their cost we cannot in this

country build nearly so cheaply as abroad.

The amount of this handicap varies from country to country and in comparison with the same country from year to year. Today British wages are one-half American and while we have some measure of superiority in efficiency for the moment, there is today a twenty or thirty percent differential against a newly constructed American vessel. At an annual charge of 15% for insurance, interest and depreciation, this means a 3% handicap.

Operating costs on foreign ships are much less than on American ships. There is at least a \$1000 per month against an American 8000 ton cargo ship as against a similar English ship, or \$12,000 per year, which is about 5% on the present day value of this ship. Thus capital and operating wage costs handicap the American ship by at least 8%. But quite as much as this is the handicap of competing with people who have the experience in the trades and actually have the business. To break into that kind of business needs strong financial backing and how far American ingenuity will be able to go in this business against the world can only be told when we have had a chance to try to hold our share of the world's trade under the help of substantial Government aid.

FUTURE OF AMERICAN MERCHANT MARINE DEPENDS ON SUBSIDY.

Today we are at the parting of the ways. Either a means must be found for the country's oversea shipping to go forward under its own initiative, or it will die a lingering death under Government operation. Private capital cannot carry on our foreign shipping on

a losing basis. Congress will not continue to make the appropriations necessary to permit of continued Government operation, - an expenditure of \$50,000,000 that leads to no permanent progress. It is unthinkable that Congress will appropriate for new merchant ships after the experience it has had with the present fleet and in the light of present Treasury conditions. Therefore, the expenditure of the above amount, if available, would only spell the gradual demise of our shipping as our vessels became older and more obsolete with the passing years.

The alternative, private ownership and operation, can only be achieved at this time by some means that will at least partially equalize the cost of operating under the American as compared to the British flag. Capital can only be attracted to the business by the possibility of reasonable profits. Many methods for the upbuilding of our ocean shipping have been proposed in the last thirty years, and, while almost without exception informed Americans have agreed that we should have an American Merchant Marine, - at that point agreement ceased and until 1920 it was never possible to pass favorable legislation to this end. The Merchant Marine Act of that year authorized certain shipping aids. Among these, preferential treatment of American ships, the application of through ocean rates exclusively to goods shipped in American vessels and the inclusion of the Philippine Islands under our coastwise navigation laws, for various reasons, have not been put in operation. Both Presidents Wilson and Harding feared the result of the application of differential duties at this time as this required the modification or abrogation of some 34 commercial treaties. The various communities took such violent exception to the application of through

for has every right to demand a toll as is necessary to cover the expenses of the port and to do so in accordance with the law. This section of the law has been voided. The section relating to the Philippine Islands has been held up since last February on the plea that there were not sufficient of all classes of ships to meet the requirements of the trade but really, I believe, because of the protest of the Islanders that this looked like a step away from independence. However, there was no protest from this source when the new tariff continued the free exchange of its products with this country - a relationship which has been primarily responsible for the growth of these Islands in the last twenty odd years.

#### THE MERCHANT MARINE ACT OF 1922

For the last year the Shipping Board and the Committee of Congress have been framing a bill that would extend such aid as would permit an efficient American fleet to live and operate in competition with our rivals and would give somewhere in the neighborhood of 50% of our overseas trade to American vessels.

The result is the so-called Merchant Marine Act of 1922. This bill proposed to meet the situation by a series of direct and indirect aids and as the future of the United States on the sea is bound up with the bill, I am going to briefly summarize its principal provisions:-

After the usual introductory clauses, Section 3 of this Act modifies the Merchant Marine Act of 1920 by permitting the Shipping Board to establish immediately from the funds received from liquidation of its properties, or other special sources, a construction loan fund of \$125,000,000 that can be loaned to Americans at as

small a rate of interest as 2% for a maximum of 15 years and not to exceed in amount 66% of the cost of the new vessels - which must be built in American yards. As against a rate of 6%, a 2% rate in 15 years will permit paying off 60% of the loan from saving in interest and is roughly the equivalent of a reduction of 3% in total annual cost of interest, depreciation and insurance. Translated into dollars it is a saving of \$30,000 per annum on a \$1,000,000 ship, which is nearly the advantage in capital charges now held by a duplicate foreign ship that costs \$750,000. As this fund is repaid to the Government it can be used for additional ships and over a period can thus aid in building a considerable tonnage of desirable vessels.

Various exemptions for purposes of taxation are granted by this bill. The income derived from vessels operated in the foreign trade are tax exempt for nine years from 1921 provided double the amount of this tax is invested in new American built vessels. Profits from sale of vessels launched prior to 1914 are exempt from tax if entire proceeds of sale are invested in new vessels built in American yards. A person paying freight on goods carried abroad or imported in American vessels can deduct 5% of the amount of his freight bill from his income tax.

One of the most valuable provisions of the bill requires as nearly as practicable one-half of the immigrants admitted to the United States in any year to be carried in American vessels, provided there is no treaty to the contrary. If such treaty exists, the President is directed to modify it. This provision of the bill would go far to giving us a position in the North Atlantic

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trade where even under present conditions of restricted immigration receipts from third class passengers are of vital importance in profitable operation.

Then comes the provision for "direct aid" or subsidy. A Fund is created to consist of the proceeds of tonnage duties and taxes and light dues (previously doubled in amount in this bill) 10% of all custom duties and the amounts now payable for carrying our ocean mails together with certain excess earning that might accrue from privately operated and subsidized ships. The total from all these sources is estimated at from \$30,000,000 to \$50,000,000 annually. From this fund, every vessel in the foreign trade is to be paid  $1/2\%$  for each hundred miles covered for each gross ton - thus, a 6,000 ton ship making 7 round trips to western European ports in a year, or some 42,000 miles, is entitled to  $6,000 \times \frac{42.00}{100} \times \frac{1}{200}$  or \$12,600. This subsidy is independent of speed and all vessels less than 5,000 gross tons are figured as if they were of that tonnage. An additional subsidy is then paid for speed per gross ton per 100 miles steamed per year -  $1/10\%$  for from 12 to 13 knots, increasing geometrically to  $2.1\%$  for vessels over 23 knots. On a 24 knot vessel of 50,000 gross tons, making 15 trips per year to Western Europe, the base subsidy would be  $15 \times \frac{6,000}{100} \times \frac{50,000}{200} \times \frac{1}{100}$  or \$225,000, while the subsidy for speed would be  $\frac{21}{5} \times 225,000$  or \$945,000, a total subsidy of \$1,170,000.

To obtain this subsidy a vessel must be a privately owned vessel of the United States, classed by the American Bureau of Shipping and  $2/3$ rds of her crew must be American citizens. It must be an American ship within 60 days of the passage of this Act, or

must have been built in the United States, or a special type of foreign built vessel adjudged by the Board to be required by the American Merchant Marine. Foreign trade is carefully defined, as is American ownership.

The Shipping Board may in its discretion increase the subsidy compensation to not more than double the amounts specified in this bill, if necessary, to provide for the construction of special types, or for operation on special routes, or may decrease the compensation should it appear excessive. But when determined, the amounts of compensation are fixed by contract for a period of years, only changeable by mutual consent. Any owner receiving compensation under this act is obligated to turn over his vessel to the United States for National defense or in time of national emergency. He must make all repairs in the United States so far as possible and must carry all mails free, except parcel post. He must repay to the Board Subsidy Fund, 50% of the amount by which his net income from the operation of any vessel, as determined for income tax purposes, exceeds 10% of his invested capital in such vessel, up to the point when he has repaid the entire amount of the subsidy. Thus in a period of excessively high rates, such as existed during the war, all subsidies would be repaid while under such condition of extreme competition and cut throat rates as exist today ships would draw the maximum subsidy.

Army and Navy transport service is to be abolished when adequate privately operated tonnage is available to furnish facilities for such movements. This provision along with that placing the Philippines under the Coastwise laws, will give us a hold on our Pacific trade that will permanently restore our flag on that

ocean.

Railroad owned steamship lines in the foreign trades, except to Canada and Mexico are expressly permitted.

Government officials and supplies are to move in American vessels.

It is at present probable that Congress will be called in special session to consider this bill soon after the November election. President Harding has set his heart on its passage and in spite of the stiff fight that its opponents will put up, it seems reasonably probable that before March 4th next such of its remains as runs the gauntlet of our legislative bodies will become a law.

#### THE FUTURE OF THE AMERICAN MERCHANT MARINE.

The future of the American Merchant Marine depends in largest measure on the form of this bill. To be sure, our tanker fleet, which is a tool of the business will probably be safe with or without a subsidy. To be sure, the United Fruit Co., for the protection of the American flag, will probably continue its vessels in trade between the United States and the Caribbean in American ships. To be sure the growing coast to coast trade through the Panama Canal will develop a large ocean borne commerce of vessels of many types capable of trading around the world.

But if we are to have great lines in the North Atlantic - intermediate passenger steamers in the South American and Asiatic trades - special ships in special service - if our shipyards are to be maintained and our foreign trade fostered - if our country is to have the protection of equal standing on the sea with her great commercial rivals and the benefit of her own carriers in the foreign

trade - if these essentials are to be obtained and maintained for the next decade, our Government must stand the excess cost of operating under the American flag which is accomplished in the Merchant Marine Act of 1922.

How far will this Act increase our overseas fleet if passed as now drawn? There is no possible way of answering this question with accuracy. It will work no overnight revolution and at least five years must pass before the real value of the bill will be clearly determinable. Carefully checked figures, however, show that under its provision it is possible to build for instance two ocean greyhounds far in advance of anything in North Atlantic service today, with satisfactory assurance of a reasonable capital return and already plans to this end are well along under the direction of an American group strong enough to insure the carrying out of this operation once satisfactory arrangements are obtainable. Many of the Government operated freight lines now showing only small losses should be immediately salable, should the subsidy bill become a law. Some operators are laying plans for new freight lines. The passenger lines now operated by the Government should pass to private owner and new lines to various parts of the world should gradually be established.

JAPAN -- Japan will soon have a fleet of new high grade merchant liners built with a government loan of (\$125,000,000), the saving in battleship maintenance under the Four Power Treaty. The recent dividend of 15% by the Nippon Yusen Kaisha was made possible by its mail subsidy.

NORWAY -- Norway, has already appropriated \$6,500,000 to subsidize its ships this year. Vessels getting government aid carry the mails free and give free transportation to members of the Norwegian congress, important provisions when it is considered that many parts of Norway are inaccessible except by water. An interesting feature of Norway's subsidy is the allowance of 5,000,000 crowns

for excess cost of bunker coal and of 150,000 crowns a year, made to each of ten cargo steamers carrying coal to ports in northern Norway.

FRANCE -- France is restoring its "sea bounties" for ship operation which amount to \$13,000,000 a year. It disposed of its government owned ships soon after the war to French citizens at 400 francs (\$80) a ton.

GERMANY -- Heavy payments have been made to German shipowners to replace vessels lost in the war. Government loans at low rates are enabling the German shipping companies to build in German shipyards the most up-to-date liners. Hugo Stinnes, Germany's master mind, is heavily interested in shipping ventures and the government is backing his efforts to re-establish the German mercantile marine by liberal mail and operating subventions.

ITALY -- Combination cargo and passenger steamers built with government aid during the next four fiscal years will cost the government \$65,000,000. Terms under which this money is granted provide for what is virtually a shipyard trust under government supervision and the creation of a well balanced merchant fleet suitable to Italy's trade. This nation already subsidizes shipowners and has a law restricting immigration to Italian flag vessels. The shipbuilding subsidy of 325,000,000 lire carries with it a provision that the private owners furnish (\$100,000,000) for construction.

PORUGAL -- Preferential duties in the form of ten per cent reduction in customs dues and a ten per cent, decrease in assessments against vessels flying the Portugese flag is part of Portugal's plan to rehabilitate its merchant marine. Portugese ship owners also have the exclusive right to transfer state passengers and cargo to ports in Portugese territory and Portugese colonies. Maintenance of certain trade routes is made compulsory when this government aid is given. Another discrimination against foreign ships is the ruling that they must pay port dues in gold, while Portugese flag vessels may pay such dues in the depreciated currency of that country.

GREAT BRITAIN -- Great Britain continues its heavy yearly subventions to its old established lines like the Cunard (\$1,060,788); P.& Q.Line (\$1,484,130) and Union Castle Mail S.S.Co.(\$556,910)etc. Unofficially Great Britain's activities to aid its merchant marine are centered around the defeat of the United States shipping bill pending in Congress, as was pointed out in the Senate recently by Senator Joseph E. Ransdell (Dem.La.)

#### CONCLUSION

Omelets are only made with broken eggs - we can only obtain the share of our foreign trade that justly belongs to us by taking

it away from some other nation and already the wail of reproach is mounting to the skies.

I have no fault to find with any country that does its utmost to prevent our taking at their expense even that trade which is justly our own. If we are too weak or too ignorant, or too timid to seize today's opportunity, we are entitled to all the penalties the tomorrow will bring, but it is my fondest wish to see our Merchant Marine given the chance it has craved these thirty years to show whether the nation that swept the seas in the first half of the last century has so far lost its cunning that when given equal opportunity, it cannot acquit itself in true American fashion.

And in closing I say to you all that the Navy has a vital interest in the results that will flow from the passage or failure of this bill. History shows that neglect of our military and naval arms has followed after each of our great wars. With pressing burdens of taxation and urgent claims from the veterans, a Treasury situation has developed that must limit expenditures. The Army and Navy will suffer in consequence. But less than the price of a new battleship, each year expended will see an augmentation of our overseas fleet, that will maintain our shipyards for the day of the Navy's need; that will increase and insure our foreign trade and that will tend towards real equality of sea power with Great Britain, and that will in fact spell more value to the country in time of war, than if expended for purely military purposes.