

21.
Co.
The World's Columbian Water Commerce Congress

CHICAGO, 1893

THE COMMERCE OF THE UNITED STATES
AS RELATED TO THAT OF OTHER
COUNTRIES

BY

WILLIAM W. BATES

EX U.S. COMMISSIONER OF NAVIGATION

F. No. 19844



BOSTON
DAMRELL & UPHAM
The Old Corner Bookstore
283 Washington Street



II-354684



~~III 19689~~

BPK- B- 2/2013

Biblioteka Politechniki Krakowskiej



100000318902

THE COMMERCE OF THE UNITED STATES
AS RELATED TO THAT OF OTHER
COUNTRIES.

Once the commerce of the United States was carried on by American merchants with shipping built at home.

Now, it is known the world over that our ships have almost quit the sea, and our merchants are few indeed in the foreign trade.

Expressing the national pride in 1825, Daniel Webster said,—

“We have a commerce which leaves no sea unexplored; navies which take no law from superior force.”

In 1893, nautical enterprises have been given up, and our naval weakness compels us to take our law from foreign arbitrators.

Eighty-three years ago we had more tonnage in the foreign trade than last year. When Washington became our President, American carriage in the foreign trade was double the percentage of to-day. In the grain trade of California only a single American ship, to 109 foreign, has sailed to Europe in the past seven months. Four years ago the monthly proportion was 5 to 19, and ten years ago 14 to 17.

Sixty-five years ago our percentage of carriage of our own commerce was 92.5; when the war for the Union began, it was 65.2; when it ended, 27.5; and last year 12.3. In the course of this decadency whole classes of the best of citizens have been discharged of work and ruined of fortune to give employment and business to the owners, builders, merchants, underwriters, and workmen of foreign countries.

etke 3684/51

A famous Englishman has left on record this conclusion : —

“Whosoever commands the sea commands the trade; whosoever commands the trade of the world commands the riches of the world, and consequently the world itself.”

The principle thus sharply set forth, and deemed essential to British prosperity, strange to say, presents no point to the American mind, as it marvels to-day at British success, and wonders why failure has followed dulness. A different spirit illumed our way, in our fathers' time. Then the British aphorism was understood. A wise and well-timed policy caused and developed an active commerce in our own vessels. We soon attained to commercial independence, laid the foundation for naval power, and took rank among the nations. Our commerce was American in root and branch. It created the prosperity of early years. It cemented the Union of the States. It made us a name, and spread abroad a fame that yet forms part of our repute. It enriched our cities, fought our battles, won our victories, and advanced our civilization. The benefits which we then derived from the trade of the world were many and positive.

Now all is altered, warped, or cut out. Our navigation having perished, commerce has become a burden and a drag. It has grown immense, but its former advantage has passed away. It is as passive now as it was alert before. No longer do we strike its balance or trim it to our requirement. But alien merchants of many nations, foreign shipping built abroad, distant underwriters, and bankers who are strangers conduct, transport, and control our commerce with the world at the present time. Through the change that has come, foreign influence has grown strong, and may yet be gigantic. It seeks already to modify our monetary system and to reform the revenue. For many years it has opposed the restoration of our marine, and to-day it sees no need for a navy or the fortification of our ports.

When we had what Mr. Jefferson called a “protuberant navigation,” and our commerce was carried on by citizens, our politics were free from foreign bias, patronage, or subservience. Our commercial relations had no danger for the State. The consequences of our trade and transportation

falling into foreign hands were known in the beginning. In 1791, Mr. Jefferson cautioned us that "the marketing of our productions will be at the mercy of any nation which has possessed itself exclusively of the means of carrying them, and our politics may be influenced by those who command our commerce."

The average citizen is the unit of government in the United States. Our rivals want him to be a "farmer" and plough the land, and let the sea go unfurrowed. They argue it is *cheaper* to hire foreign vessels than to build and sail our own; that, when it *pays* to send our ships to sea, it will be time enough to think of voyages, and of shipping and receiving cargoes. Till that time comes, we would better give up building, cease sailing, stop merchandizing, quit underwriting and all business connected with foreign trade. They will serve us economically, humbly, and with an eye single to our pleasure and content.

But the advice of history reads otherwise. Disinterested counsel and unselfish service of one people to another is not the habit of mankind. The commercial policy of a great country must have independence for its basic principle. Of foreign nations we should ask no favor; to them show no preferences; and with them share no advantages that are the birthright of our own people.

For politic reasons navigation is an essential interest of a maritime nation. The question of a marine in active commerce includes many problems of public concern. That of the almighty dollar for individual gain is worth consideration; but greater and graver interests make it quite as important to carry our own commerce as to have a commerce of our own to carry. We have a national defence that must be made by sea. Ship-building and navigation are military arts. Ability to build and sail is in itself a pillar of independence. The use of ships provides a force, inspires a courage, and gives an energy peculiar to navigating nations. Communities who take and keep the sea develop largely both civil and military power. Ship-building and navigation have won from barbarism two-thirds of the globe. From the ninth century down, England has been the most impor-

tant maritime State. For two hundred and forty years she has led the way in nautical pursuits and national progress. In extension of language, laws, and institutions, she has surpassed all modern nations. She now builds three-fourths and owns more than half the shipping of the world. Her commercial prominence and naval power are based firmly on her mercantile marine. Great Britain thinks so much of commercial rule, and values ascendancy at sea so highly, that she has given up thousands of lives and spent millions of money to reach and to hold her present position of profit and of power.

The utility and importance of navigation are not to be measured by its failure in one country and success in another. It has not decayed here because it has not paid our ship-owners well, but for this reason: the national interest has *not* been appreciated, cared for, and *protected*. When this was the case, our shipping kept the sea, and the country prospered.

President Grant said to Congress in 1870:—

“Building ships and navigating them utilizes vast capital at home; *it creates a home market for the farm and the shop*; it diminishes the balance of trade against us, precisely to the extent of freights and passage money paid to American vessels; and gives us a supremacy of the seas of inestimable value in case of foreign war.”

So it is not personal profit and private gain, but public good and national advantage, that compensate and overbalance for being our own ship-builders, ship-owners, and merchants.

The subject of proper relations for American commerce is not of recent origination. It first came up with the questions of the Union and the Constitution. On the meeting of the first Congress, an *active* commerce in our own vessels became a leading object of legislation. Every patriot of distinction then favored the building and maintenance of an ample marine. Two vital purposes ruled their action. The first was to provide *ships* and *seamen* for the national defence; the second, to secure *safety* in our foreign trade. Painful experience had taught the need of a navigation pol-

icy, such as they established. After the war of the Revolution, British merchants, having the capital and the carriers, soon engrossed our richest commerce. In a few years we fell deeply into debt, about 30 per cent. of it for freightage, payable in coin. Coin was also demanded largely in payment for imports. *Our exports were neglected.* Herein was seen the disadvantage of alien merchants and foreign shipping carrying on our trade. Clever rivals make unfit agents. No man can serve two masters, and no marine can serve two nations. The foreign merchant, acting for his country, exported much, but imported less, and took his freightage and balance in money. This crushed our industries, and also brought us into debt. Our fathers legislated to correct these evils, by building vessels of our own, and raising up merchants of our own, and committing to their hands the trades of exporting, importing, freighting, and bringing home the balances in coin. It was better understood then, than it appears to be now, that an adverse balance that must be paid in gold, whether created for imports or freights, is equally distressing. The difference between the employment of a foreign, and a home marine is, practically, that of paying the one *in gold abroad* and the other *in bank-notes at home.*

Furthermore, it is the function of shipping to create and discharge adverse balances of international trade. Freightage is a product of vessels. By ships of our own to foreign countries it is an export; from foreign countries it saves an import. With more or less of foreign carriage in our traffic, *a balance of transportation*, as well as a "balance of trade," results. To illustrate this fact, and to show, also, the extent of our ill-fated dependence on foreign shipping, let us set out the figures for 1892:—

American Commerce.	Per cent.
Foreign carriage of exports,	92
Our own carriage of exports,	8
Adverse balance of carriage,	84
Foreign carriage of imports,	83
Our own carriage of imports,	17
Adverse balance of carriage,	66

The exports by foreign and American vessels were valued at \$997,056,676. Taking 15 per cent. of value for freightage, we have \$125,629,140 balance against us on *export* carriage. The imports by foreign and American vessels were valued at \$787,675,867. At 10 per cent. of value for freightage, we have \$51,986,607 as adverse *import* carriage; and for the total against us, \$177,615,747. Thus we see that trade and transportation are complements of each other. While one may balance the other, both must be combined in balancing commerce with foreign countries. Such being the case, let us find how great a figure the freightage of foreign ships cuts in our present exports of gold. For the year ended May 31, 1893, there is reported an adverse balance of "trade" of \$88,525,442. To this should be added about \$168,474,558 of adverse balance of transportation, making a total debit of \$257,000,000: against which we have sent abroad of gold and silver coin and bullion, in excess of imports, \$118,808,764. Apparently, it will take \$138,000,000 more of specie, produce, or securities, to discharge the balance yet due. If we had carried five-eighths of this commerce instead of one-eighth only, we would now be in debt abroad — *not one cent.*

"An amount of money not less than \$2,000,000,000 or an average of \$200,000,000 annually, for ten years past, has been earned by foreign ships in doing our ocean transportation, and is now represented in stocks and bonds held abroad, that are liable to be returned for gold."

To be our own merchants and carriers can alone insure safety and success in foreign trade. Our early history proves that wise legislation will bring into being every element required for nautical advantage and commercial ascendancy. We now depend too much on Europe for good times and bad, instead of being under obligations and in debt to no people under the sun. There is too much "Stock-Exchange" and "Board-of-Trade" in our foreign commerce. For the want of a proper shipping and commercial policy, the citizens, who might otherwise be our merchants and our ship-owners, waste their lives and their fortunes in speculation, of no profit to the country.

In *conclusion*, we may briefly outline the story of the American ship. Under colonial government, foreign trade was British, principally. The Revolutionary War relaxed their hold of it, but after the peace of 1783, and until 1789, the foreign merchant had it his own way again. American merchants and Yankee vessels had much competition, but little business. Congress speedily changed the situation. A protective policy was applied, then American ships *paid*, and American merchants prospered. Foreign shipping and alien merchants soon disappeared. Before the passage of our navigation laws, foreign vessels were doing 75 per cent. of our transportation. In *six* years thereafter they did *only* 10 per cent. of it; and for seventeen years following, foreign merchants and their vessels did not average over 10 per cent. of American trade. Then the War of 1812 was forced upon us, to check our ascendancy and break down the policy of controlling our foreign traffic. Although our government gave way to this unjust demand in the act of March 3 and treaty of July 3, 1815, in *five* years' time we recovered, and held for ten years thereafter a share of 90 per cent. of our foreign trade and transportation.

For twenty-six years our primal policy had full force: then, from 1815 to 1828, it exerted a diminishing power, in consequence of limiting and restricting its operation, by acts of Congress and treaties with foreign nations. It gave place, finally, to "maritime reciprocity," a *free-trade* device, grandly styled "the reciprocal liberty of commerce." It is under this fruitless, bootless, and abortive scheme of foreign traffic that we have lost its conduct and direction, wrecked our marine, ruined our mercantile interest, wasted our wealth, and disgraced our name.

The year 1830 is the point in history where, as carriers of our own commerce, our rise ended and our fall began. From this point onward dependence on foreign shipping grows constantly, with now and then a lapse, to 1864; and again from 1870 to the present time. While we had a spurt of ship-building and gains of tonnage in the fifties, the prospect of regaining our place, already partially lost, as "our own merchants and carriers," had only a seeming

reality, which the war converted into romance. From 1830 to 1840, while our own tonnage gained but 40 per cent. in all the ports of the world, British tonnage gained 400 per cent. in American ports alone. In later periods similar gains followed. As for proportionate *carriage*, from 1830 to 1840 we lost 7 per cent.; from 1840 to 1850, 11 per cent.; from 1850 to 1861, 6 per cent.,—making in all about 24 per cent. before the war. In 1864 our carriage had fallen to 27.5, being a loss of 38 per cent. By 1870 we had regained 8 per cent., making the net loss 30 for the decade.

Of late years there is almost a foreign monopoly of our export trade. In 1892 only 8.11 per cent. of value was carried by American vessels, and presumably shipped by American merchants. Much the greater proportion of our exports is foreign property before it is forwarded from interior points to the cities of the coast. A considerable portion of the staple crops are raised and marketed on loans of foreign capital. Our principal markets are manipulated in the foreign interest. In this interest prices are constantly falling, and are always lowest at harvest time. In this interest, also, our gold is exported in payment of debts. The true remedy for these and other evils is a sound sentiment and a judicious policy that will restore our ships to the sea, our merchants to their counting-rooms, our producers to their rights, and all our people to their inheritance, their interest, and independence.

31,50

Biblioteka Politechniki Krakowskiej



II-354084

Biblioteka Politechniki Krakowskiej



100000318902