

SIMMONS' ADDRESS TO SENATE

Senior Senator from North Carolina Advocates the Payment of the Same Rate to Second-Class Vessels For Mail Service as That Now Paid to First-Class Ships For the Same Service—The Bill Amends the Act of 1891—Also Offers Amendment Providing That the Compensation For Foreign Mail Service Shall Not Exceed the Estimated Revenues Therefrom.

Speech of Hon. F. M. Simmons, of North Carolina, in the Senate of the United States, Friday, March 13, 1908.

The Senate having under consideration the bill (S. 23) to amend the act of March 2, 1891, entitled "An act to provide for ocean mail service between the United States and foreign ports and to promote commerce."

Mr. President: I have given much thought and study to the proposed amendment in the bill now before the Senate. It deals with an exceedingly important question, and I have earnestly sought to bring to its consideration an unbiased and untrammeled judgment.

I shall not attempt an elaborate discussion of the subject, but I shall content myself with a plain, direct statement of the purpose and effect of the bill and the practical conditions which, I think, make its enactment at this time wise and expedient.

The bill is simply a proposition to amend the ocean mail service law of 1891. It does not change the principles that act in the slightest. The bill is very short, embracing only a few lines, and in order that I may present my argument with greater clearness, I will read it.

Be it enacted, etc. That the Postmaster General is hereby authorized to carry out ocean mail service under the act of March 2, 1891, in vessels of the second class on routes to South America, to the Philippines, to Japan, to China, and to Australasia, 4,000 miles or more in length, outward voyage, at a rate not to exceed the rate applicable to vessels of the first class as provided in said act.

The act of 1891 authorized the Postmaster General to enter into contracts for terms of years, not less than five nor more than ten, with American citizens for carrying the mails between this country and the ports of foreign countries. For the purposes of that law American steamships are divided into four classes: first, steamships of 20 knots speed per hour, with a gross tonnage of not less than 5,000 tons; second, steamships of 18 knots speed, with a gross tonnage of not less than 5,000 tons; third, steamships of 14 knots, with a gross tonnage of not less than 2,000 tons; and fourth, of 12 knots, with a gross tonnage of not less than 1,000 tons.

The act provides that the rate of compensation for such ocean mail service for steamships of the first class shall not exceed \$4 per mile outward voyage; of the second class, \$3 per mile; of the third class, \$2 per mile; and of the fourth class, 60 cents per mile, by the shortest practicable route.

In order to come within the provisions of the act steamships of the first, second, and third classes by requirement be constructed upon plans and specifications agreed upon by the Navy Department, with a view to prompt and economical conversion into auxiliary naval cruisers. These steamships are required also to carry a mail messenger with a suitable stowage room and accommodation both for him and the mail; also one cadet or apprentice, who is to be an American boy, for each thousand gross tons capacity and for each majority fraction of a thousand gross tons.

By the terms of the law all steamships employed may at any time be condemned by the government and purchased for use as auxiliary cruisers or transports upon a price to be agreed upon, or in case of disagreement to be fixed by appraisal.

Finally, under the act the contract is to be advertised and sealed bids invited, and the contract awarded to the bidder offering the lowest rate.

These are the essential provisions of the act of 1891 as they are affected by the bill under consideration.

At present, Mr. President, and for many years past our foreign mail service has not only been self-sustaining, but it has yielded a considerable profit. While the adoption of this bill will probably add twenty-five or twenty-seven high-class merchant ships to our almost at present insignificant merchant marine and give us prompt and reliable communication with the Orient and the important countries to the south of us, it is practically certain that Congress will never be called upon, if this amendment is adopted, to appropriate one dollar for the new and additional service. Certainly that will be the case if the amendment I shall offer and of which I shall speak later is adopted.

For the fiscal year ending June 30, 1907, the receipts from this service, exclusive of Canada and Mexico, amounted to \$3,579,043.40 while the disbursements amounted to only \$2,541,518.67, leaving a profit from this service in favor of the government in that year of \$1,037,524.73. For the year 1908 the excess in receipts over cost in this service in round figures amounted to \$2,900,000; in 1905, to \$2,000,000; in 1904, to \$1,500,000; in 1903, to \$2,500,000; in 1902, to \$1,600,000, and in 1901, to \$1,622,000.

On the average for the past seven years the volume of the ocean mails has increased annually a little over 11 per cent., the postage for ocean mails nearly 12 per cent., the cost of ocean transportation only 6 1/2 per cent., and the profits subject to slight qualifications, 21 per cent.

These figures show not only a gradual, but a rapid increase in the volume of the profits of this service, but they show that the excess in receipts over cost in this branch of the postal service is not occasional but is a fixed factor in the business of that department, and may therefore be safely relied upon as a fund for the improvement of that service.

Early in the month of February, shortly after this bill was introduced, and I wish to ask the attention of the Senator from New Hampshire at this point, I introduced a proposed amendment to the bill in these words:

Provided, That the compensation for foreign mail service in any one year shall not exceed the estimated revenue therefrom in that year.

I hope the Senator from New Hampshire will see his way clear to accept this amendment.

Mr. Gallinger rose.

The Vice President. Does the Senator from North Carolina desire to be heard now on this amendment?

Mr. Simmons. Certainly.

Mr. Gallinger. Mr. President, I will say to the Senator from North Carolina that I think his amendment is a very wise and proper one, so far as I am concerned, and I will take great pleasure in accepting it and letting it become a part of the proposed bill without any controversy.

Mr. Culberson. Mr. President, I do not desire to interrupt the Senator from North Carolina.

Mr. Simmons. Certainly.

Mr. Culberson. If it does not interrupt

the Senator, I would be glad to have him restate his amendment.

Mr. Culberson. The amendment is to be inserted at the end of the bill.

Mr. Culberson. Has the Senator the text of the amendment?

Mr. Simmons. I have. It reads as follows:

Provided, That the compensation for foreign mail service in any one year shall not exceed the estimated revenue therefrom in that year.

Mr. Culberson. Mr. President, if it does not interrupt the Senator from North Carolina, I desire to ask a further question, and that is, if he is able to state the expenditures and revenues of the postal service with reference to South America, the Philippines, Japan, China, and Australasia; in other words, I should like to know how the amount of expenditures for that particular service compares with the receipts?

Mr. Simmons. I have not been able to get the department to segregate the expenditures and the receipts of the service so as to enable me to answer the Senator's question.

Mr. Culberson. The figures now presented by the Senator from North Carolina refer to the whole foreign mail service?

Mr. Simmons. Yes; they relate to the whole foreign mail service. I will state that I have asked for such a segregation, but I have not up to this date received it.

The department estimates that it will require twenty-seven 16-knot steamers to give us adequate mail service with continuous and the department's estimate of the cost of this new service is correct, the receipts will be sufficient for the establishment of the routes now contemplated and my amendment would be unnecessary.

But Mr. President, the bill does not limit the number of lines the department may establish, nor the number of ships it may employ, and my purpose in offering this amendment is to limit expenditures to receipts and to prevent expansion of the service faster than the receipts from it may justify. This amendment is in line with the general policy of our postal administration, by which receipts from postage are appropriated to the expenses of the postal administration. It fixes automatically a limit on expenditures by requiring that the expenses on ocean mail service can not exceed receipts, but as the business increases and the receipts increase this service may be extended and improved.

Mr. President, the bill simply amends the act of 1891 by authorizing and empowering the Postmaster General to pay American steamships of the second class engaged in carrying our mail to South America, to the Philippines, to Japan, China, and Australasia the same rate that that act allows to American vessels of the first class, and the only difference between vessels of the first and second class as defined in the act is the difference between 20 knots and 18 knots' speed per hour and the difference between a tonnage capacity of 5,000 tons and 5,000 tons.

Would this amendment be to the interest of the postal service? Would it promote our foreign commerce and would it be a proper expenditure of the public money? I think, Mr. President, an analysis of the facts will show that the differentiation made by the act of 1891 between the compensation allowed steamships of first and second class is unwarranted and that in the conditions and requirements of our ocean transportation it is unjust and discriminatory against the larger and faster steamships which burden are to the trade between New York and Europe.

There are to-day in the whole world, Mr. President, and this I regard as a very important fact in connection with the subject which I am discussing—there are to-day in the whole world but twenty-one steamships of the first class, as ships of this class are defined in the act of 1891 and every one of these steamships, except two owned by the Canadian Pacific Railroad and running between Canada and Europe, sail from New York to the larger and faster steamships which sail from New York. Under the circumstances, to allow \$4 per mile for carrying the mail between New York and Europe, and only \$2 per mile for carrying it to South America and the Orient is an injustice and a discrimination which, in the interest of the public and the business involved, ought to be removed.

Mr. Gallinger. Mr. President—

The Vice President. Does the Senator from North Carolina yield to the Senator from Louisiana?

Mr. Simmons. With pleasure.

Mr. Foster. Mr. President, under the act of 1891 the Postmaster General is authorized to employ steamships of the first class or more \$4 per statute mile for the outward trip. That law also requires that such ships shall be built under certain requirements of the Navy Department.

Mr. Simmons. I have stated that.

Mr. Foster. And that they must be manned by American seamen and must be available as cruisers in time of war.

Mr. Simmons. Yes.

Mr. Foster. If this amendment prevails or not, will it give to the 16-knot ships the same pay that the original law gave to the 20-knot ships, will it likewise require the ships to be built according to the regulations of the Navy Department, and will it likewise require them to be available for cruising in time of war, and must they be manned by American seamen?

Mr. Simmons. Such ships will have to be built upon the same terms and conditions that the act of 1891 prescribes for the construction of ships of the first class to be employed in carrying the mails of the government. This is a mere amendment of that act. The Senator was probably absent from the Chamber when I stated the general provisions of the act of 1891. I stated them to be substantially as he has stated them.

Mr. Bacon. I understand the details which the Senator has recited apply to all the different classes.

Mr. Simmons. To all classes; yes, sir.

The proposed amendment raises the compensation of steamships of the second to that fixed by the original act for steamships of the first class—that is the only change it makes as respects compensation.

vessels of the first class, Mr. President—and it was the first class I was discussing—get \$4 per mile, as the Senator from Louisiana [Mr. Foster] has just stated, and every one of these is twenty-one ships which flies the American flag, now under the employment of the Postoffice Department under the act of 1891.

The conditions of the deep-sea-commerce of the Pacific are entirely different from those between New York and the ports of northern Europe. The volume and character of our trade in those waters does not justify the use of vessels of the first class. In that trade a vessel of the class could not live at all. Of the eleven great steamships, whether floating our flag or that of a foreign country, running between the Pacific ports of the United States and the important countries not one is of the first class, and only eight are of the second class, and it will probably be many years before the trade will justify the employment of ships of a higher class than these now in use.



present there is not a single ship either of the first or second class, and only three of the third class, employed in that trade. That trade does not require ships of the first class; it could not support them. Ships of 16 knots speed, with a tonnage capacity of 5,000 tons, are as fast and as large a class of boats as either our South American or Pacific business at present requires, and they are just as well adapted to that trade as ships of 20 knots speed and 5,000 tons capacity. The larger and faster steamships which sail from New York. Under the circumstances, to allow \$4 per mile for carrying the mail between New York and Europe, and only \$2 per mile for carrying it to South America and the Orient is an injustice and a discrimination which, in the interest of the public and the business involved, ought to be removed.

interesting statements and exhibits. With the indulgence of the Senate I will read a part of this letter.

I omitted giving you yesterday the statement you asked for showing that at the \$4 rate under the ocean mail contract law of 1891 the 20-knot American mail-line steamers have really received less than they would have received had they been paid under the act of 1872, sea and inland postage. The annexed table shows the details since 1900, taken from the reports of the superintendent of foreign mails. I have no report earlier than that date. The report for 1907 was not printed, but the company was actually paid under the act of 1891 the sum of \$601,234, while on sea and inland postage on mails carried it would have received \$631,260.12, showing that it would have received \$30,026.12 more under the act of 1872 than it did get under the contract act of 1891. For eight years the showing is as follows:

Excess of receipts.	
Excess (act 1872):	
1907	\$10,060.12
1906	12,816.00
1905	117,748.48
1904	61,552.23
1903	35,589.36
	\$307,822.32
Excess (act 1891):	
1907	36,223.36
1906	147,078.44
1905	283,258.32
1904	136,252.92
1903	98,909.07
	\$699,722.12

This table shows, Mr. President, that the beginning of its contract with the government the company operating this line of steamers would have received under the act of 1872 something over \$55,000 more than under the weight-rate of 1872, and that that condition continued for several years, but in recent years, especially during the last three years, on account of the immense volume of mail these steamers now carry, it would have received largely more under the weight-rate basis of the act of 1872 than under the mileage basis of the act of 1891. For these reasons, Mr. President, I say that the postal rate prescribed in this act is no longer necessary to secure our mails carried in American ships from New York to Europe.

Now, Mr. President, let us see what has been the result of the efforts of the owners of second-class American steamships to carry our foreign mail on the Pacific for \$2 per mile. There are only seven American steamships engaged in foreign trade on the Pacific which are eligible for contract under the act of 1891: these seven steamships only three, the Sonoma, the Ventura, and the Sierra, have seen fit to enter into contract under that act with the government upon the ground that they were losing money, and have gone out of business.

In other words, the compensation of \$2 per mile is so unattractive and unprofitable that none of the seven American steamships plying the Pacific are willing to carry our mails at this price. The situation with respect to South America, with the exception of Venezuela, is even worse. For seventeen years the Postmaster General has been ready and willing and anxious to employ American steamships to take our mails to and from South American countries, but no American shipowner has been found who is willing to perform that service for the compensation provided, with the result that to-day not a letter nor a postal card

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nor a pound of mail of any kind is carried from any South Atlantic or Gulf port to any country in South America, except Venezuela, upon a steamship of any kind floating the American flag.

Moreover, not a single American steamship of any kind or class is to-day running between this country and Brazil, or any South American country, except Venezuela. If we are willing that our work should be done by Asiatics, we can get it done at Asiatic prices. If we want it done by Americans, we must pay American prices. It has been demonstrated that we can not get our mails carried to South America in American bottoms at the prices fixed by the act of 1891.

Mr. President, the condition of our postal communication with South America is a disgrace to our government and people. The only steamship communication, either commercial or postal, we have with this country, with the exception of Venezuela, is by foreign ships, not one of which is of the first or second class, and most of which are below the third class, all running upon slow and irregular schedules, when, indeed, they attempt or pretend to operate under any schedule at all. They are practically freight steamers, and where they have any passenger accommodations at all they are of the crudest and most primitive character. Under these conditions we must either send our mail to South America by these slow and irregular channels, or we must send it across the Atlantic to Europe and then across the Atlantic again to its destination. As a matter of fact, to secure greater dispatch, a large part, perhaps the major part, of our foreign mail to South America goes by way of Europe. In his report of 1907 the superintendent of the foreign mail service says that in the last year the bulk of our mail to South America was sent by way of Europe, because business men of this country engaged in business with South America found that was the most expeditious method of communication with their customers in that country.

Mr. Gallinger. Mr. President—

The Vice President. Does the Senator from North Carolina yield to the Senator from New Hampshire?

Mr. Simmons. Yes.

Mr. Gallinger. I suppose the Senator means direct to South America?

Mr. Simmons. Of course. I understood the Acting Second Assistant Postmaster General to mean that we had only one direct dispatch of mail to South America during February. I regret I cannot find the letter among the files of matter I have before me.

Mr. Foster. Mr. President—

The Vice President. Does the Senator from North Carolina yield to the Senator from Louisiana?

Mr. Simmons. Of course.

Mr. Foster. While the author of the bill, the Senator from New Hampshire [Mr. Gallinger], is on his feet I should like to ask him a question for information only. Why is it that the provisions of this bill are limited to South America, the Philippines, Japan, China, and Australasia, and not to Central America? Why is Central America excluded from the provisions of the bill?

Mr. Gallinger. Mr. President, those of us who looked into that matter were of the opinion that the urgent necessity was to get communication with Brazil and Argentina; that the 4,000-mile route would apply to those countries, as well as to the oriental countries, and that we should make provision for such service at the present time. More than that, our trade with Brazil, with South America, rather than with Central America, and it is much more important, I think, that we should develop that trade.

Mr. Simmons. Besides that, if the Senator from New Hampshire will permit me, I think our trade with Central America and our communication is in much better condition than with South America.

Mr. Gallinger. It is in better condition at the present time. Of course we have no communication with South America.

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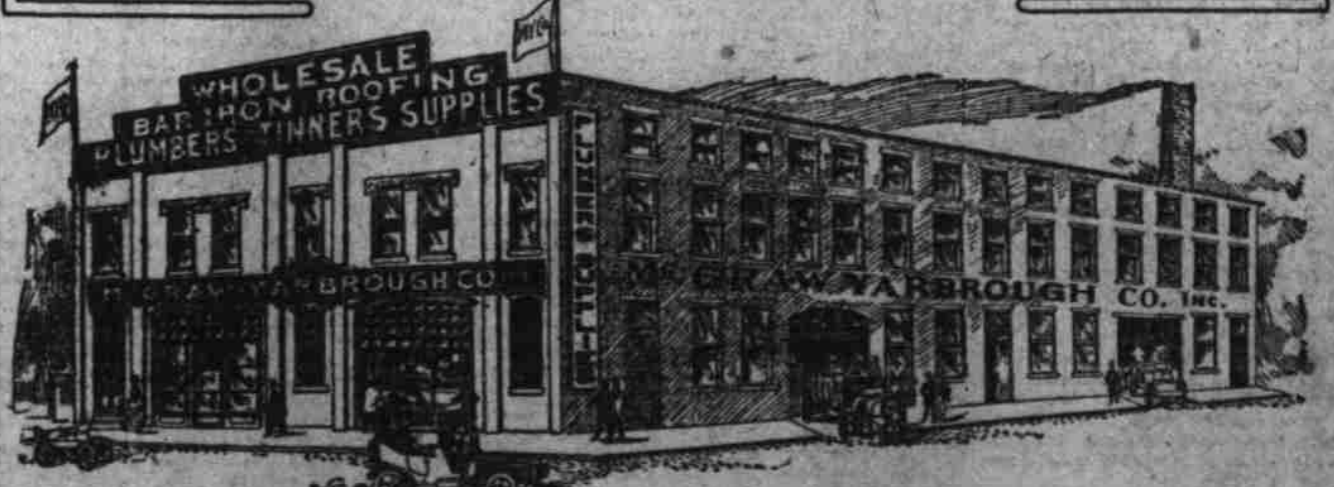
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