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3. The Treatment of Native and other Populations in the Colonial Possessions of Germany and England. An Answer to the English Blue Book of Aug. 1918: "Report on the natives of South West Africa and their Treatment by Germany." 1919. pp.312.

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**THE AMERICAN MERCHANT
MARINE PROBLEM**

**STUDIES OF INTERNATIONAL
PROBLEMS**

**PUBLISHED BY THE
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AMERICAN MERCHANT
MARINE PROBLEM



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PREFACE

GOODS bought and sold, ships that carry them, capital that pays for them and builds industries to produce them, and travellers who come and go for pleasure or business—these are links that bind the United States to the rest of the world. With the development of the country, and especially as a result of the War, these links have been increased in number and strength till they have become a vital and pervasive force in our internal economic life.

This book of research is one of a series dealing with the major aspects of the broad problem of the character and effect of the changes in the economic position of the United States in world affairs brought about by the World War. The primary aspect of that problem is the rapid and sudden transformation of the United States into a creditor nation, as a consequence of the governmental loans to the Allied Nations during the war and of the subsequent expansion of private American capital investment abroad. This subject is treated in detail in another book of the National Industrial Conference Board, entitled "The International Financial Position of the United States." The second aspect of the general problem, that relating to the effect of this country's new creditor position upon its trade relationships with other countries, is discussed in the Conference Board's book, "The Foreign Trade of the United States."

The present study deals with a question that is in some respects closely related to the same general problem, not only because the World War produced a significant change in the position of this country as a maritime nation, but also because the maintenance of an American merchant marine and the policies adopted toward it may influence the international trade and financial relationships of the United States in many ways. But shipping is important not only as a link between the United States and the rest of the world and as a factor in all our international business transactions. It is itself a great and fundamental business, and its service as a factor in international economic life depends upon its position and growth as a business, and upon governmental policies affecting it.

Prior to 1914, American interests in shipping had for many years been chiefly in the operation of vessels in the coastwise and nearby foreign trades. During the war, the shipping industry in the United States was abnormally stimulated, and, thereafter, the decline in world production and trade and the general international economic disorganization left the industry, in respect both of ship construction and operation, in severe depression. Other basic industries greatly over-expanded in response to war needs were similarly affected, but in the case of shipping the problem of readjustment was complicated by the extent to which the Federal Government had become involved in the industry through the ownership and operation of vessels. That problem of readjustment has been modified by the gradual withdrawal of the Government from the field of ship operation and by the stimulus to private shipping interests afforded by the enactment of the Merchant Marine Act of 1928.

But the merchant marine problem has not yet reached a final solution nor has a definite public policy toward the problem as a whole been formulated, save in the most general terms. Though the United States is in some measure committed to a policy of merchant marine expansion, the extent to which it is desirable to carry this expansion and the means by which it may be most economically and soundly aided by governmental action are still vaguely defined. Moreover, it is still uncertain whether such expansion is to be determined primarily by consideration of the economic position of shipping as an industry, or rather by consideration of its functions as an instrument of foreign trade and national defense.

Finally, whatever the economic position of the shipping industry or the relation of our shipping facilities to our foreign trade, it is obvious that our merchant marine has a vital relation to national security and that our merchant marine policy must ultimately be determined by our fundamental requirements in this respect. What these requirements are can be accurately known only by military and naval authorities, and to that extent they constitute an indeterminate factor in our policy. Yet, the importance and vagueness of the national defense aspect of the merchant

marine problem do not preclude consideration of other aspects of merchant marine policy. If an unlimited expansion of American shipping with governmental aid were assumed beforehand to be desirable for purposes of national defense, there would be no merchant marine problem at all, and no reason for discussing it in the light of the facts bearing on the economic position of our shipping and the character of our foreign trade.

From a practical as well as an academic point of view, the American merchant marine problem presents questions of general interest and importance, which deserve wider attention and better understanding on the part of the American public. If a wise solution is to be found, these questions must be analyzed on the basis of a clear understanding of the pertinent facts and of a farsighted consideration of the intangible issues involved. The purpose of this book is not to suggest new or to support old proposals for the solution of the merchant marine problem, but to bring together and to clarify the facts and controversial issues and thereby to promote a clearer public understanding of the situation.

In the preparation of this study the Conference Board has greatly benefited by the cooperation and suggestions of its Advisory Committee, composed of men specially interested in international economic problems and shipping questions, to whom the Conference Board wishes to express its indebtedness, *viz.*:

Fred I. Kent, Director, Bankers Trust Company, New York City, *Committee Chairman.*

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- Herbert B. Walker, President, American Steamship Owners'
Association, New York City.
- Laurence R. Wilder, Sponsor, Transoceanic Corporation of
the United States, New York City.

The Conference Board is especially indebted to Mr. Alfred H. Haag, Director of the Bureau of Research of the United States Shipping Board, for valuable assistance in supplying special data for this study.

In the preparation of its studies the National Industrial Conference Board avails itself of the experience and judgment of the business executives who compose its membership, and of recognized authorities in special fields, in addition to the scientific knowledge and equipment of its Research Staff. The publications of the Board thus finally represent the result of scientific investigation and broad business experience, and the conclusions expressed therein are those of the Conference Board as a body.

This volume was prepared by Mr. H. K. Murphey of the Conference Board's Research Staff, under the supervision of the Board's Staff Economic Council.

MAGNUS W. ALEXANDER,
President.

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