

**TO AMEND SECTION 27 OF THE MERCHANT  
MARINE ACT OF 1920: HEARINGS,  
COMMITTEE ON THE MERCHANT  
MARINE AND FISHERIES, SIXTY-SEVENTH  
CONGRESS, FIRST SECCION ON H.R. 6645.  
OCT. 28 AND NOV. 3, 1921**

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TO AMEND SECTION 27 OF THE MERCHANT  
MARINE ACT OF 1920

HEARINGS

BEFORE THE

COMMITTEE ON THE  
MERCHANT MARINE AND FISHERIES

HOUSE OF REPRESENTATIVES

SIXTY-SEVENTH CONGRESS

FIRST SESSION

ON

**H. R. 6645**

OCTOBER 28 AND NOVEMBER 3, 1921



WASHINGTON  
GOVERNMENT PRINTING OFFICE  
1922

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES.

HOUSE OF REPRESENTATIVES.

SIXTY-SEVENTH CONGRESS.

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TO AMEND SECTION 27 OF THE MERCHANT MARINE ACT OF  
1920.

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES,  
HOUSE OF REPRESENTATIVES,  
Friday, October 28, 1921.

The committee met at 10.30 o'clock a. m., Hon. William S. Greene (chairman) presiding.

The CHAIRMAN. Gentlemen, this hearing is on H. R. 6645, and I have two communications here I want to read and put in the record.

The bill reads as follows:

"[H. R. 6645, Sixty-seventh Congress, first session.]

"A BILL To amend section 27 of the act entitled 'An act to provide for the promotion and maintenance of the American merchant marine, to repeal certain emergency legislation, and provide for the disposition, regulation, and use of property acquired thereunder, and for other purposes,' approved June 5, 1920.

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 27 of the act of June 5, 1920, entitled 'An act to provide for the promotion and maintenance of the American merchant marine, to repeal certain emergency legislation, and provide for the disposition, regulation, and use of property acquired thereunder, and for other purposes,' is hereby amended to read as follows:

"SEC. 27. That no merchandise shall be transported by water, or by land and water, on penalty of forfeiture thereof, between points in the United States, including Districts, Territories, and possessions thereof embraced within the coastwise laws, either directly or via a foreign port, or for any part of the transportation, in any other vessel than a vessel built in and documented under the laws of the United States and owned by persons who are citizens of the United States, or vessels to which the privilege of engaging in the coastwise trade is extended by sections 18 or 22 of this act: *Provided*, That this section shall not apply to merchandise transported between points within the continental United States, including Alaska, over through routes heretofore or hereafter recognized by the Interstate Commerce Commission for which routes rate tariffs have been or shall hereafter be filed with said commission when such routes are in part over Canadian rail lines and their own or other connecting water facilities: *Provided further*, That this section shall not become effective upon the Yukon River until the Alaska Railroad shall be completed and the Shipping Board shall find that proper facilities will be furnished for transportation by persons citizens of the United States for properly handling the traffic."

(The letters referred to by the chairman follow:)

NEW ENGLAND FISH CO.,  
Boston, Mass., July 29, 1921.

HON. WILLIAM S. GREENE,  
House of Representatives, Washington, D. C.

SIR: We desire to call your attention to H. R. 6645, introduced by Mr. Sutherland of Alaska. The purpose of this bill is to amend section 27 of the act of June 5, 1920, entitled "An act to provide for the promotion and maintenance of the American merchant marine, etc.," commonly known as the Jones bill. The only change made in section 27 is to substitute the word "including" for the word "excluding," in line 13 of section 27.

Section 27 provides:

"That no merchandise shall be transported by water, or by land and water, on penalty of forfeiture thereof, between points in the United States, includ-

ing Districts, Territories, and possessions thereof embraced within the coastwise laws, either directly or via a foreign port, or for any part of the transportation, in any other vessels than a vessel built in and documented under the laws of the United States, and owned by persons who are citizens of the United States, or vessels to which the privilege of engaging in the coastwise trade is extended by sections 18 or 22 of this act: *Provided*, That this section shall not apply to merchandise transported between points within the continental United States, excluding Alaska, over through routes heretofore or hereafter recognized by the Interstate Commerce Commission for which routes rate tariffs have been or shall hereafter be filed with said commission when such routes are in part over Canadian rail lines and their own or other connecting water facilities."

The purport of H. R. 8845 is to place Alaska upon an equal basis with the States of the Union. By the express terms of the proviso, Alaska is deprived of the privileges extended by the act to other sections of the continental United States. The proposed bill eliminates this discrimination and attempts to place Alaska upon a parity with the balance of the United States.

Our company is extensively engaged in the fresh-fish business. It has a plant at Vancouver, British Columbia. Its fish are caught at Ketchikan and other points in Alaska. The fish are brought on Canadian vessels from Ketchikan and other points in Alaska to Vancouver. The fish are entered through the customshouse at Vancouver and become a part of the general assets and property of the Dominion of Canada. There are no American vessels suitable for transporting the fish from Alaska to Vancouver, and the amount of the tonnage is insufficient to justify the equipment and operation of American vessels for this purpose. If we are prohibited from transporting such fish from Vancouver into the United States, it will work a serious hardship upon us, as well as increase the price of halibut and other varieties of fish to the ultimate consumer in Boston, New York, and elsewhere. On the other hand, if the fish caught at Ketchikan and other points in Alaska can not be handled through Vancouver or Prince Rupert, the fishermen and citizens of Alaska must be the sufferers, as they will be unable to realize for their fish the prices that they are now getting from us.

Section 27 affects us materially, but it likewise works a greater hardship upon the residents of Alaska engaged in the fishing business. It also discriminates against all of the people of Alaska and materially affects them likewise. We know of no reason why Alaska should be treated differently from other sections of the continental United States. The inhabitants are citizens of the United States, and it would seem that they should be entitled to the same consideration by Congress as other citizens who happen to reside within the continental United States.

We might enumerate some of the discriminations in section 27:

(a) Merchandise may be shipped west from New York, Boston, Chicago, or other eastern United States points via the Canadian Pacific Railway or the Grand Trunk Pacific Railway to Vancouver or Prince Rupert and there placed on a Canadian (British) vessel and carried to Seattle, Portland, or San Francisco legally but not to Ketchikan, Juneau, Skagway, or any other Alaskan port. If it is thus carried to Skagway the merchandise is subject to forfeiture thereof to the United States.

It is perfectly legal to carry it south to Seattle, but it is a crime to carry it north to Skagway. This discrimination affects our business materially, but you can readily see how it discriminates against every resident of Alaska.

(b) The forfeiture applies if "any part of the transportation" is in a Canadian vessel; so, even if the freight be legally carried south to Seattle, the criminal forfeiture instantly applies if even an American vessel carried it from Seattle north to Skagway, provided a Canadian vessel carried it south to Seattle. This is another pronounced discrimination.

(c) While the section does not apply to the waters of the Yukon River until the Alaskan Railway is finished and the "Shipping Board shall find that proper facilities will be furnished for transportation by persons citizens of the United States for properly handling the traffic," this forfeiture does apply to the water route from Vancouver to Skagway, and Skagway is thus as effectively cut off from Vancouver as are Ketchikan and Juneau.

A preference is extended by the Jones bill to the ports of the States of Washington, Oregon, California, and even to the Philippine Islands, but such preference is withheld from the Alaskan ports. The proposed bill is to give to Alaska the same preference extended to other portions of the United States.



The Constitution of the United States provides:  
 "No preference shall be given by any regulation of commerce or revenue to the ports of one State over those of another."

Of course, if Alaska were a State, the Jones bill would be unquestionably unconstitutional, but Alaska is a Territory and is probably subject to the complete control of Congress. However, Congress has heretofore specifically extended the Constitution to Alaska and declared that "it shall have full force and effect" there, and the Supreme Court of the United States has declared that when once so extended it can not be recalled—that it remains thereafter irrevocably the supreme law of the Territory.

But, conceding that Congress has the power to enact such a law as section 27 of the Jones bill, still such power ought not to be exercised to the detriment of the Territory of Alaska and its citizens.

We earnestly request you to lend your valuable support to the passage of H. R. 6645. We believe that it is only fair to the inhabitants of Alaska that the discrimination of the Jones bill should be eliminated. If we can be of any assistance in furnishing any further information, we shall be glad to do so. It occurs to us that a public hearing should be had upon the bill and an opportunity given to the people of Alaska and others interested to be present and express their views.

Very respectfully,

NEW ENGLAND FISH CO.  
 By ORSON M. ARNOLD, *President*.

DEPARTMENT OF COMMERCE,  
 BUREAU OF FISHERIES,  
 Washington, August 11, 1921.

Hon. WILLIAM S. GREENE,

*Chairman Committee on the Merchant Marine and Fisheries,  
 House of Representatives, Washington, D. C.*

DEAR SIR: In response to your letter of August 8 requesting information concerning the cold-storage space available for vessels in the Alaska trade, the following telegrams were exchanged with the bureau's statistical agent in Seattle:

"E. J. BROWN,

*"1608 L. C. Smith Bldg., Seattle, Wash.*

"Wire cold-storage space by names of vessels in Alaska service, Canadian Pacific, Grand Trunk, Pacific Steamship, Alaska Steamship. If no space available any of these lines, state which. Is frozen fish from Ketchikan to Vancouver handled cold storage or open cargo. Urgent.

"MOORE."

"MOORE,

*"Fisheries, Washington, D. C.:"*

"Cold-storage space Pacific Steamship *Watson* fifty, *Spokane* thirty-five, *City Seattle* twenty-five, Alaska steamship *Alameda* twenty-three, *Jefferson* twenty-five, *Northwestern* twelve, *Victoria* fifty. Grand Trunk Pacific no vessels on Alaska run. Canadian Pacific no cold-storage space. All frozen fish carried from Ketchikan to Vancouver open cargo.

"BROWN."

It is believed that Mr. Brown's telegram furnishes the information which you desire.

Very truly, yours,

H. F. MOORE, *Acting Commissioner*.

The CHAIRMAN. Mr. Sutherland, do you wish to be heard first?  
 Mr. SUTHERLAND. Yes, Mr. Chairman.

#### STATEMENT OF HON. DAN A. SUTHERLAND, THE DELEGATE FROM ALASKA.

Mr. SUTHERLAND. I am not going to occupy much of your time, Mr. Chairman and gentlemen, because I feel you know just what this bill means. The language is identical with that in the present merchant marine act except in this bill the word "including" is substituted for the word "excluding" in the original merchant marine act.

## EXPLANATION OF BILL.

I believe I can illustrate the effect that that clause in the present merchant marine act has on the Alaskan situation by calling your attention to this map. It simply means that where freight originates anywhere in New England or anywhere in this western section of the country, they obtain preferential rates on the Canadian roads, by delivering it to connecting lines of Canadian boats into any America port on the Great Lakes. It is the freight originating here [indicating] or in fact anywhere in the northern boundary of the United States or anywhere in the United States which obtains those preferential rates across the continent to Vancouver or Prince Rupert, if you can imagine a projection of this map into Alaska, and may turn south and be delivered by connecting lines into any port on the Pacific coast; and in the reverse, it may originate here on the coast, come by the preferential rates on the Canadian line and be delivered by their connecting boats into the Great Lakes ports or to the ports of the New England coast; and it may originate here and have the rates across the Canadian line to Vancouver, but it is a crime to carry it north into American territory.

It is permissible to carry it south anywhere in American territory, but you can not carry it north. Now, that is all there is to the merchant marine act as it stands. Alaska is discriminated against to that extent. That clause did not originate in the House. The Greene bill originally had no such provision, but somewhere in the course of its passage through the Senate and back to the House that clause was put in, and I do not imagine half a dozen Members of Congress knew it was there when they voted for the bill.

## EFFECT OF DISCRIMINATORY SECTION 27.

Now, here is the result of that discrimination, and I am just going to call your attention to one incident. There was a man at Juneau operating a saw-mill producing spruce lumber for shipment to the States. There was quite a demand created for Alaskan spruce by reason of the fact that it was very desirable lumber for the manufacture of airplanes. It had qualities that adapted it peculiarly for use in the structure of airplane wings or planes, and a demand was created for this spruce lumber, and this man started to sawing lumber and manufacturing it and shipping it down through the Canadian line to Vancouver and then by the Canadian line into the central west, and some of it he sold in Canada. He was obtaining a rate from Juneau to Vancouver, aboard the cars, of \$5 a thousand. When this act went into effect he had to go to the American lines, and the best rate he could obtain aboard the cars in Seattle was \$11 a thousand, which was an increase of \$6 a thousand just for the ocean transportation of the lumber, and as a consequence he had to go out of business because the \$6 a thousand involved was more than the profit he was making on his lumber in distributing it through the Middle West. The result is that the man has gone out of business, his mill is closed, and the business is suspended. There was an opportunity here for Alaska to come into a little commerce, but we were immediately closed off by reason of this clause in the act.

Of course, the Americans who were injured the greatest by this clause are the fishing interests—the fresh fishing interests on the Pacific coast of Alaska. It does not affect the canner to any extent; it does not affect the packer of pickled fish; but the man who produces fresh fish for the American market is tremendously handicapped by this clause in the bill.

In 1897, I think, the New England Fish Co., one of the large concerns in New England, in order to develop the North Pacific fisheries established a plant at Vancouver, British Columbia. They established the plants there because they obtained very good rates on the Canadian Pacific lines, and they got quicker dispatch for their fish, which is the all-important thing in the fresh-fish business—that is, to have rapid transit for fresh fish. They continued there through all these years and then gradually moving north they built an immense freezing plant at Ketchikan, taking the fish that came from all through the North Pacific and around the Alaskan coast. It is a very large business. They were shipping their fish by the Canadian boats connecting with the line at Vancouver. The Canadians run a line of boats up through these channels from Vancouver to Skagway. They never depart from the regular run up through the channel and some of those boats are fitted with refrigerator space. They run on time. The schedule of those boats is almost like the schedule of trains in the States. If they announce they will be in Ketchikan at a certain hour they

are there promptly on the-hour. They are continually carrying the product of this great freezer down to Vancouver for the New England Fish Co. With the passage of this act they were simply shut out. They could not do that at all.

Now, there would not be such a very great complaint if the American boats would give the service that was denied the Canadian boats. The American boats, some of them have refrigerator space. If they would take up the business, possibly there would not be the complaint from the New England Fish Co.; but they will not do it. They have shut them out, and their policy is to keep them out, and they do not propose to permit the Canadian boats to carry this freight; and still they will not do it themselves.

Here is a reply to a letter from the New England Fish Co. asking one of the steamship companies to carry these fish from Ketchikan to Vancouver, which, of course, the American boat is privileged to do, but the Canadian boat is not. This is the reply they got from one of the steamship companies. I will just quote from this letter and then submit the letter, if necessary:

"With the vessels that we are operating we see no present possibility of our being able to handle all of your frozen-fish shipments, chiefly because it seems impractical to include Vancouver, British Columbia, as a port of call for our Seattle-Alaska passenger and freight steamers.

"If your freezing plant were located at Seattle, our home port, I am confident there would be little difficulty in arranging space and service to meet all of your Alaska frozen-fish requirements."

Now, that is signed by one of the agents of the steamship company.

Mr. LAW. Which one?

Mr. SUTHERLAND. It is from the Pacific Steamship Co. and is signed by Mr. H. C. Cantelow, assistant general manager.

Now, there is the policy.

Mr. BRIGGS. Mr. Sutherland, will you hand that letter to the stenographer to be included in the record?

Mr. SUTHERLAND. Yes.

(The letter referred to follows.)

#### ALASKA FISH.

THE ADMIRAL LINE,  
PACIFIC STEAMSHIP CO.,  
Seattle, September 15, 1921.

Mr. A. I. HAGER,

Manager New England Fish Co., Vancouver, British Columbia.

DEAR SIR: It was my good fortune to meet Mr. Watts during his recent Seattle visit, at which time we discussed the transportation problem which faces your company, and particularly our ability to transport from Ketchikan to Vancouver the frozen fish which you desire to move.

With the vessels that we are operating we see no present possibility of our being able to handle all of your frozen fish shipments, chiefly because it seems impracticable to include Vancouver, British Columbia, as a port of call for our Seattle-Alaska passenger and freight steamers.

If your freezing plant were located at Seattle—our home port—I am confident there would be little difficulty in arranging space and service to meet all of your Alaska frozen fish shipments.

I am sorry that you are unable to accompany Mr. Watts to Seattle. I hope I may have the pleasure of meeting you at some future date.

Yours, very truly,

H. C. CANTELOW,  
Assistant General Manager.

Mr. SUTHERLAND. Now, that is the policy, and it should be called a dog-in-the-manger policy. "We won't carry the freight into Vancouver; you have got to establish your plant at our home port at Seattle." If the home port was San Francisco, they might say, "You would have to establish it at San Francisco." And they further say, "We have the influence in Washington and the power through our lobbyists to prevent the Canadians from carrying this freight to their own ports, and we will not do it unless you transfer your business to our ports." Now, that is the attitude of these people.

I maintain that any such discrimination as that by Congress against the Territory and the further discrimination by steamship lines is an absolute injustice to Alaska and to the people who are engaged in this industry.