

**HEARINGS ON HOUSE JOINT RESOLUTION  
230, AUTHORIZING THE APPOINTMENT OF A  
COMMITTEE TO INVESTIGATE CERTAIN  
FOREIGN SHIPPING RINGS, POOLS,  
COMBINATIONS, AND  
CONFERENCES, AND OTHER MATTERS  
CONNECTED THEREWITH, JANUARY 17, 1911**

Published @ 2017 Trieste Publishing Pty Ltd

ISBN 9780649350186

Hearings on House Joint Resolution 230, Authorizing the Appointment of a Committee to Investigate Certain Foreign Shipping Rings, Pools, Combinations, and Conferences, and Other Matters Connected Therewith, January 17, 1911 by Various

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## HOUSE JOINT RESOLUTION 230

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POOLS, COMBINATIONS, AND CONFERENCES, AND  
OTHER MATTERS CONNECTED THEREWITH

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U. S. House of Representatives

HEARINGS HELD BEFORE THE COMMITTEE  
ON RULES, HOUSE OF REPRESENTATIVES  
UNITED STATES, JANUARY 17, 1911

### COMMITTEE ON RULES

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WASHINGTON  
GOVERNMENT PRINTING OFFICE  
1911

Mar. 4, 1911

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APPOINTMENT OF COMMITTEE TO INVESTIGATE CERTAIN FOREIGN SHIPPING RINGS, COMBINATIONS, ETC.

COMMITTEE ON RULES,  
HOUSE OF REPRESENTATIVES,  
Washington, D. C., Tuesday, January 17, 1911.

The committee met this day at 11.15 o'clock a. m., Hon. John Dalzell (chairman) presiding.

The CHAIRMAN. The committee will be in order.

HOUSE JOINT RESOLUTION 230.

The CHAIRMAN. Now, Mr. Humphrey, we will hear you on House joint resolution 230.

[H. J. Res. 230. Sixty-first Congress, second session.]

JOINT RESOLUTION Authorizing the appointment of a committee to investigate certain foreign shipping rings, pools, combinations, and conferences, and other matters connected therewith.

- Whereas ninety-four per centum of the entire exports and imports of the United States are now carried in foreign ships, under the flags of foreign nations who are our rivals in trade and possible enemies in war; and
- Whereas all, or practically all, of these foreign ships belong to conferences, pools, or other combinations whereby freight rates are fixed by mutual agreement, so that our entire commerce is carried in ships between which there is no competition; and
- Whereas these foreign ships give rebates and other special privileges and pool their earnings; and
- Whereas these foreign ships carrying our trade form a complete monopoly and have entered into written agreements among themselves to drive out or destroy any line that attempts to compete with them; and
- Whereas these foreign ships always discriminate against the products of this country in favor of the products of the country whose flag they fly; and
- Whereas the service given by these foreign ships between this country and most foreign ports, especially between this country and South America, is grossly inadequate and grossly discriminatory against this country in favor of foreign countries; and
- Whereas these foreign ships give special rates and other preferences to certain of the great trusts and combines of this country, and especially to what is known as the Steel Trust, to the Standard Oil Company, and to the Harvester combine; and
- Whereas these foreign ships dictate freight rates from and to interior points in the United States to and from different ports of the world, and also dictate the ports of the United States through which said freights shall be transported; and
- Whereas Japanese ships on the Pacific Ocean have an agreement with the trans-continental railway lines of this country running to Pacific ports whereby these ships dictate the freight rates on our imports and exports passing through the Pacific ports of the United States, both on land and on sea; and

Whereas most of these foreign steamship lines have agents and representatives in this country and have in this country large interests, consisting of terminals and other valuable property; and

Whereas most of these foreign ship lines are receiving subsidies or other aid from the countries to which they belong and are owned or largely controlled by such countries, and form a part of the naval auxiliary of such countries; and

Whereas the methods and practices of the conferences, pools, and combinations formed by these foreign ships are matters of common knowledge in other countries, but general publicity of their methods and practices has never been made in the United States; and

Whereas the practices and methods of these foreign ships, government aided and controlled, is a violation of our laws and of our commercial treaties, and injurious to our commerce in times of peace and a menace to our safety in time of war: Therefore be it

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That a special committee of twelve members be appointed, five of whom shall be designated by the President of the Senate from the Members of that body, and seven of whom shall be designated by the Speaker of the House of Representatives from the Members of that body, which committee is hereby empowered and directed to make a complete and thorough investigation of the methods and practices of the various lines of ships, both of the United States and of foreign countries, engaged in carrying our over-sea or foreign commerce, and especially as to the methods and practices by these lines of forming conferences, pools, or other combinations and agreements for the purpose of giving rebates, special rates, or other special privileges or preferences, and for the purposes of pooling and dividing their earnings, for the purpose of fixing freight and passenger rates, and for the purpose of preventing and destroying competition; also to investigate as to what method, if any, is used by such foreign shipping lines, combinations, and conferences to prevent the publication of their methods and practices in the United States.

And said committee shall further report whether the conduct or methods or practices of said foreign steamship lines are in contravention of our commercial treaties, and whether such methods and practices are not in violation of our laws, and what effect said methods and practices have had on the commerce of the United States.

And said committee shall report to Congress what legislation, if any, it deems advisable should be passed in relation to the matters herein set forth.

Said committee is hereby empowered to sit and act during the recess of Congress and during the session of either or both Houses of Congress, and to require the attendance of witnesses and the production of books, papers, and other documents, by subpoena, or otherwise; to swear such witnesses and to take their testimony under oath, orally or in writing; to obtain documents, papers, and other information from the several departments of the Government or any bureau thereof.

Said committee is hereby authorized to employ such secretaries, experts, stenographers, messengers, and other assistants as shall be necessary to carry out the purposes for which said committee was appointed—all such employees to be paid such compensation as the said committee may deem just and reasonable, upon a certificate to be issued by the chairman of the committee.

For the purpose of its investigations, said committee is hereby authorized to pay the traveling expenses of persons summoned before it for the giving of information on matters pertaining to the subject under consideration.

The members of said committee, or any subcommittee or subcommittees thereof, may make investigations of the questions involved in the United States and elsewhere, and shall be allowed actual and necessary expenses for the same and the expenses of necessary employees.

Any vacancy on said committee shall be filled in the same manner as the original appointment.

And in case of disobedience to a subpoena this committee may invoke the aid of the court of appeals of the District of Columbia, or any of the circuit courts of the United States within the jurisdiction of which any inquiry may be carried on by said committee, in requiring the attendance and testimony of witnesses and the production of books, papers, and documents under the provisions of this resolution. And the court of appeals of the District of Columbia, or any of the circuit courts of the United States within the jurisdiction of which the

inquiry under this resolution is being carried on, may, in case of contumacy or refusal to obey a subpoena issued to any person under authority of this resolution, issue an order requiring such person to appear before said committee and produce books and papers, if so ordered, and give evidence touching the matter in question, and any failure to obey such order of the court may be punished by such court as a contempt thereof. The claim that any such testimony or evidence may tend to criminate the person giving such evidence shall not excuse such witness from testifying, but such evidence or testimony shall not be used against such person on the trial of any criminal proceeding.

The costs and expenses of said committee shall be paid five-twelfths from the contingent fund of the Senate and seven-twelfths from the contingent fund of the House of Representatives. Said expenses shall be paid out on the audit and order of the chairman or acting chairman of said committee.

**STATEMENT OF HON. WILLIAM E. HUMPHREY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON.**

Mr. HUMPHREY of Washington. Mr. Chairman, this is a resolution that I introduced at the last session of Congress, calling for an investigation of the methods practiced by the owners of foreign ships that carry our commerce.

Now, I might say in a general statement that, excluding only the vessels that run on short distances between this country and the countries on the Caribbean Sea and to Cuba, all the vessels engaged in the foreign trade of this country on both the Atlantic and Pacific Oceans are in these conferences; I do not believe there is any exception, unless it be an occasional tramp vessel.

I was prompted to introduce this resolution by my consultations with the Department of Justice. They started to investigate this question last year, about the time I made my speech in the House in regard to these shipping rings, and the department recently, as you know, within the last few days, has brought a suit against these combines for their operations in regard to the passenger traffic, especially in regard to the steerage-passenger traffic. But the conditions that are alleged to exist by the department in regard to the steerage-passenger traffic exist also in regard to the freight traffic, and the Department of Justice is anxious that some investigation be made to help them get at the facts. The Attorney General told me that he felt that a commission of this kind could uncover a great deal that he was unable to reach. The Secretary of Commerce and Labor has frequently talked to be about this subject and has expressed a desire that something be done. The President has talked with me frequently about it and expressed his anxiety that something should be done.

Mr. FASSETT. These recitals here recite as actual facts allegations as to certain conditions that the committee would have to commit itself upon if it reported the resolution in its present shape.

Mr. HUMPHREY of Washington. The object of that was to state the conditions, so as to give some of the reasons for its introduction.

Mr. FASSETT. That could be stated in the form "as alleged."

Mr. HUMPHREY of Washington. Yes. These resolutions state the conditions practically that exist. I could have brought here, and I intended to bring here, one gentleman from Philadelphia, Mr. Pearson, who was one of the attorneys who represented Peter Wright & Sons at the time they brought a suit against this combine. I could have brought him here and let him tell about the conditions he found



at first-hand when he went to Germany to investigate. His name is Mr. Ward Pearson, and I have his address, but I did not think it was hardly necessary to send for him, because in this bill that has been filed by the United States circuit court of New York they set out a copy of the printed agreement signed by these parties, in which everything that has been charged against them is actually shown to exist. Mr. Pearson found that the conditions alleged in the suits actually existed.

The CHAIRMAN. Have you the petition here?

Mr. HUMPHREY of Washington. Yes; and a copy of the agreement is printed with it.

The CHAIRMAN. We ought to have that here.

Mr. HUMPHREY of Washington. Yes. I will file it. These combines dictate through what ports the traffic shall come, and the percentage of it for each port. They say how much each line shall carry, and the percentage; they pool their earnings and divide the profits. Each line in the combine deposits \$5,000, which may be taken as a fine if they fail at any time to carry out their agreement.

Mr. FASSETT. This applies to freight as well as to passengers?

Mr. HUMPHREY of Washington. Yes. This particular contract I am speaking of is in regard to passengers, but they have other agreements as to freights.

The CHAIRMAN. Is that alleged in regard to the companies involved in this suit?

Mr. HUMPHREY of Washington. Yes; I think so.

Mr. FASSETT. In other words, as I understand Mr. Humphrey's proposition to be, these foreigners are engaged in continuous violation of the provisions of the Sherman antitrust act in regard to commerce?

Mr. HUMPHREY of Washington. Yes. This contract shows, and this petition alleges, that they also combine to drive out any competitor; that if any line starts out to run in competition with them they designate a certain number of "fighting ships," as they call them, competing ships, and they will cut the rate to any amount necessary to drive a new line out of business, and then, after they have driven it out, they meet and divide up the loss. The Uranium Line is one of the lines that is making the fight. The Russian-American Line was driven out of business. Peter Wright & Sons were driven out of business and forced to quit.

Now, there is one other thing further that all these combinations do that perhaps comes a little nearer home than any I have stated. All these combinations give rebates and special privileges to preferred shippers, not only in bringing goods into this country, but also in taking them out. They give special rates to the Standard Oil Co. and to the Harvester Combine and to the Steel Trust. Those are the three that appear most frequently favored.

Mr. FASSETT. The Standard Oil Co. own their own line, do they not?

The CHAIRMAN. You mean special rates for the carriage of products abroad?

Mr. HUMPHREY of Washington. Yes, sir.

The CHAIRMAN. You are not referring to interstate carriage at all?

Mr. HUMPHREY of Washington. No, not at this point; but I will cover that when I go a step further.

The CHAIRMAN. I know as a fact that glass can be shipped from Charleroi to Chicago at a less rate than from Pittsburg to Chicago.

Mr. HUMPHREY of Washington. The statement you make is correct. To-day you can send a case of beer from Germany to Salt Lake City cheaper than from Cincinnati to Salt Lake City, although it may be sent over the same railroad. You can send a carload of crockery to-day from Belgium or France to Denver, Colo., cheaper than from Youngstown, Ohio, to Denver.

Mr. FASSETT. The name is true as to fuller's earth. You can send it from Texas to the West cheaper than from New York or New Jersey to the West.

Mr. HUMPHREY of Washington. I am satisfied that is one of the facts that would be developed by this investigation.

Now, I have in my possession a letter which I took home with me last summer. I got it just before Congress adjourned, but I could not put my hand on it when I hunted for it this morning. But I have it in my possession, written by a railroad agent up in Michigan, in which he says that he has been notified by the railroad that unless he sells tickets to Europe over one of the conference lines he will not get his commission. Now, that condition exists no doubt on all the railroads of this country. If you want to buy a ticket to Europe to-day from some interior point, the railroad sells you that ticket over one of these conference lines.

Here is something about Standard Oil and their rebates, and I want to call your attention to a letter I received a few days ago. It is one of many that I have been receiving of this kind. It is from S. E. Heymann & Co., of No. 2 and 4 Stone Street, New York. I will just read a little of it:

From a recent publication we note that you are interested in curbing the so-called foreign ship trust, against which the Government has brought suit, and in this connection we deem it well to call your attention to the flagrant discrimination in favor of the Standard Oil Co. in freight rates on oils, which has recently been the subject of some correspondence between us and the National Petroleum News of Cleveland, who represent the independent oil refiners, and for your information we take the liberty of inclosing copies thereof.

Now, they inclosed copies of that correspondence. I see in reading it through that some of the gentlemen who sign it ask that their names be not used, so that I do not feel at liberty, in view of that statement, to let those letters be printed in the record, although I will leave them with the committee. The letter continues:

We are exporters of oil and need scarcely say that we are much interested in being on the same footing as to freight rates by the outbound common carriers as our overgrown competitor. If legislation can provide a remedy, we shall be glad to learn of it.

Now, in the next letter these same people, in writing to the National Petroleum News, of Cleveland, Ohio, under date of January 7, say:

The Standard Oil Co. has long had practically a complete monopoly of oils, especially lubricating oils, to the Australian and South African markets, due to special freight rates that they receive from the outgoing steamship lines. The open freight rates to South Africa on lubricating oils are 40 shillings per ton, and it is probable that the Standard Oil Co. do not pay more than 1 pound 2 shillings of this rate.

Recently the steamship companies running to Brazilian ports, comprising three English companies, controlled in London, have combined and raised the freight rate from \$1.80 to \$3 a barrel to the general public, but of course the Standard Oil Co. probably pay the old rate or less.

Can any laws governing the foreign steamships that have the benefits of our ports reach these combinations and correct discriminations which must ultimately lead to a practical monopoly of this business?

Now, I want to call your attention to another letter that I received just the other day in regard to another commodity, not oil. This is from Arbuckle Bros., Old Slip and Water Streets, New York, January 11, 1911:

We find in our morning newspapers the text of your bill "to protect American trade and American shipping from foreign monopolies." The bill touches a subject of direct interest to us, and we feel like congratulating you upon having hit on a remedy that promises to possess most effective curative and preventive properties for the treatment of a striking and vicious form of monopoly. Our most direct interest in transportation is that between the United States and Brazil. All but one of the lines operating between these countries have openly formed a combination and entered into written rebate agreements with prominent shippers, and are refusing all our tenders of cargo because we declined not to give any of our business to the independent line. This state of affairs became so intolerable that we recently lodged a complaint with the Department of Justice, whose files no doubt will be open to you should you desire further particulars.

We earnestly hope that your measure will receive favorable consideration in both Houses of Congress.

Now, I want also to read on that point what I set out directly in a speech, of which I will leave a copy with the committee if they desire; a copy of a recent agreement signed in 1909 between these lines running to South America and certain shippers in New York, and here is the first section:

1. That subject to the conditions hereinafter expressed the lines will pay a rebate of 10 per cent on the freight on coffee shipped from Rio de Janeiro and Victoria by their respective steamers to the ports of Antwerp, Amsterdam, Rotterdam, Copenhagen, and the rivers Weser and Elbe, and to ports in the United States of America, during the year beginning 1st September, 1909, and ending 31st August, 1910, and thereafter year by year until further notice.

And here is what they have to do in order to get this rebate. This is a recent copy of one of these rebate contracts:

We hereby declare that during the period named above we have not been interested, directly or indirectly, either as principals or agents, in other shipments of coffee from Rio Janeiro or Victoria to the ports of Antwerp, Amsterdam, Rotterdam, Copenhagen, and the rivers Weser and Elbe, or to ports in the United States of America, by any steamers other than those of The Royal Mail Steam Packet Co., The Hamburg Sudamerikanische Dampfschiffahrts Gesellschaft, the Hamburg-Amerika Line, the Norddeutscher Lloyd, Messrs. Lamport & Holt, or the Prince Line (Ltd.).

That is the statement they have to make in order to get their rebates.

I call the committee's attention to the fact that less than a year ago one of these coffee firms testified to the committee known as the Steenerson Investigation Committee that \$28,000 was either due or had just been paid to his company; so that in summing up the matter I can say briefly, gentlemen, that here is a condition existing where at least 90 per cent of the foreign commerce of this country is carried by ships, in conferences between which there is not the slightest competition. The head of the combination is in Germany, and there they meet and fix in advance the freight rates and passenger rates be-