

**THE PORT OF BOSTON: A
FOREIGN MARKET FOR
THE SURPLUS PRODUCTS
OF NEW ENGLAND**

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The Port of Boston: A Foreign Market for the Surplus Products of New England by Various

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THE PORT OF BOSTON

*A Foreign Market for the Surplus
Products of New England*



NATIONAL SHAWMUT BANK

DECEMBER, 1916

opposed to all this foreign trade talk.' Let well enough alone was the text on which he preached throughout the meal. I have a liking for actual figures behind arguments and at last hinted for them in a general way. He reached into an inside pocket and drew out a list of that month's orders. 'Here is what domestic business means,' he remarked, as he handed it to me. Of the one hundred *largest* orders I found that *eleven* were from Canada."

The National Shawmut Bank trusts that the facts presented herewith will stimulate the interest of the New England public, manufacturer and merchant in this great question of national commercial preparedness, and in particular, offer an incentive to the younger generation to get a training and a wider experience in a field in which up to recently there has been little inducement to enter.

A short bibliography of articles, studies and books on the particular matters here discussed is annexed.

II.

THE GENERAL SITUATION.

"One week of the European War did more than ten years of academic discussion to convince the American people that foreign trade is a vital element in domestic prosperity."—JAMES A. FARRELL, *President United States Steel Corporation.*

An unprecedented proportion of American labor and invested capital is now dependent upon foreign markets. The most interesting commercial development of the two years of the war has been the entry into foreign trade of smaller manufacturers, who, grasping oversea opportunities, have gained a wider outlet as a balance against domestic depression. The intelligent wage-earner, who was formerly indifferent as to where the products of his labors were sold, is now also beginning keenly to realize that his continued employment depends in a great measure upon a sustained foreign demand. The great war has not changed the situation, it has only intensified it. Without warning, it has forced on the United States the duty to go into unfamiliar markets and supply there the wants of a large part of the world, formerly provided by the great industrial and exporting nations of Europe.

When the United States abandoned the sea after the Civil War, and devoted itself to building up its domestic trade, the nation was content to allow its sea service to be performed for it by foreign carriers. The crude materials and foodstuffs which thirty years ago were the large bulk of our exports, did not call for skill in salesmanship; the rest of the world simply could not get along without them, and, engrossed in our other affairs, we were satisfied to permit foreign nations to carry our goods at their own rates, and in a way even to control the price of our commodities.

The fact that our exportations of raw materials and food-stuffs have been steadily diminishing and that of our industrial products increasing, has not been generally understood. In 1880 our export of raw materials to manufacturers was as 85 is to 15; in 1913 it was as 51 is to 49. We are now called upon still further to increase our exports of manufactures of the newer complicated development, in a field formerly monopolized by our foreign competitors. With this demand is forced the realization that the United States can no longer continue the folly of allowing our products and their markets to be controlled by a carrying trade owned by our competitors. At the hour of the country's greatest need and opportunity, the ships upon which we depended to transport our goods, were either sunk, interned or put into use for war purposes, and our ability to supply the insistent demand for our products has been restricted and in part nullified. This war, therefore, has had the good effect of forcing us to appreciate the importance of a foreign trade to be carried in our own ships, and has awakened the nation to the opportunity for leadership to which its position as the greatest producing country in the world entitles it.

With about one-fourteenth of the world's area and about one-seventeenth of the world population, we control of the World's

Corn 75 per cent.	Cotton 66 per cent.	Petroleum 66 per cent.
Copper 50 per cent.	Iron 40 per cent.	Coal 44 per cent.
Manufactures 30 per cent.	Wheat 25 per cent.	Railways 40 per cent.
Banking power 35 per cent.	Wealth 30 per cent.*	

In the first twenty-two months of the war ending July first of this year, the excess of exports over imports gave the United States a favorable trade balance of three and one quarter billions. Since the European governments were unable to pay for these products in merchandise, they have surrendered gold, until our gold reserve has so far exceeded all records that it supports a structure of domestic and foreign credit unprecedented in the history of the world. To get

*O. P. Austin, Statistician, National City Bank, N. Y.

back this gold is essential to the restoration of European prosperity after the war is over, and this is one of the objects of the economic alliances now being devised. Plans are being laid abroad for more extensive competition, in an attempt to bring back the trade, which due to the war, has given our merchandise greater access to European markets and a larger share of the trade of neutral countries. Any violent disturbance of the flow of gold after the war will necessarily disturb rudely the structure of the banking credits built upon it. Our primary safeguard is stimulation of exports from the United States, of the merchandise required in peace, to take the place of the present abnormal demand and prices for munitions, etc.

That we will for a time send goods to Europe in lessened quantities is inevitable, but if the plans of the present alliances are successfully worked out, they can easily be carried so far as artificially to restrain foreign trade and normal equity in world commerce. This will be made very much easier for our competitors to accomplish if we lack the ability to carry our own products abroad.

As pointed out recently by the National Foreign Trade Council, if the members of either the Entente or the Central Economic Alliance seek by artificial tariff duties to prefer each other in their respective colonies, a discrimination against the products of the United States will be automatically created. If special shipping arrangements are accorded, so far as artificially to create lower rates for allied rather than for neutral commerce, the parity of ocean freight commerce to and from American ports, as compared with that to and from European ports, which has been one cause of toleration of American dependence upon foreign carriers, will be disturbed.*

It is remarkable that the scientific methods which have been introduced in every department of commercial activity in the United States, and the change of attitude on the part of managers of large enterprises which has shifted emphasis to

* "European Economic Alliances." National Foreign Trade Council, New York City, September 1916. Pages 9 and 10.

points remote from where it formerly rested, have until recently made only a small development in the line of controlling facilities for reaching our oversea markets. Our Great American industrial corporations have recently, however, found it necessary to supply not only their present but their potential markets by providing ships to carry their products to the markets of the world, and vessels of the Standard Oil Company and United States Steel Corporation, among others are now found on every sea. What the power and resources of these mammoth corporations can make easily possible for them is *not* possible to the average producers of manufactures, food and farm products, and in their interest, relief of the general situation, where the nation's business is now dependent on foreign shipping interests which can control prices and markets, is the immediate duty of the whole United States and particularly of New England and Massachusetts.

III.

NEW ENGLAND AND MASSACHUSETTS.

New England is today in comparatively the same position that it was after the Napoleonic wars, when its merchants took quick advantage of the troubles in Europe rapidly to increase the carrying trade of the world and to reap for themselves handsome fortunes from the enormous profits made therein.* *The foundations of the wealth of Boston were in commerce, and its future is indisputably in the same direction.* During the early part of the 19th century its merchants absorbed the carrying trade of the world. It is only 76 years since the Cunard Steamship line chose Boston of all the cities on the Atlantic coast as its principal terminus on this continent, and this commercial eminence continued until the development of American railroads diverted the existing avenues of commerce, and Boston lost its leadership.

During the last generation, especially, artificial distinctions and unfair rules as to rates, etc., have brought about the situation which Massachusetts and Boston are faced with today. In addition to its railroad isolation, Massachusetts has had the disadvantage of being made the laboratory in which all kinds of social legislative theories have been worked out for the benefit of the rest of the country. Considering the disadvantage to the manufacturers of this state in the multiplicity of special laws which are not in force in competing states, and the accompanying extra burden of taxes, excessive cost of freight, and lack of proper interchange of facilities, the Commonwealth has made remarkable progress, which has operated to allay apprehension and to stop inquiry as to whether this progress is comparatively as great as it should be considering the industrial advance of competing states.

* Historic Towns, Boston. By Henry Cabot Lodge. 1894.