

THE MERCHANT MARINE IS SUPREME NECESSITY OF UNITED STATES

Secretary of Treasury Pleads for Establishment of American-Owned Carriers.

PAN-AMERICAN MEETING

Financiers of Two Continents Agree on Necessity of Ship Lines Flying Between the Americas.

By William G. McAdoo, Secretary of the Treasury.

(From the Nation's Business) The Pan-American Financial Conference, which recently concluded its sessions in Washington, demonstrated conclusively that the trade, commerce and financial interests of the United States with Central and South America can be increased to predominant proportions if we have the intelligent, enterprise and courage to immediately take advantage of our rare opportunity.

The conference was composed of 43 delegates, representing all the countries of South and Central America, as well as Cuba, and the Dominican Republic, and more than 150 of the strongest bankers and business men of the United States. For an entire week the distinguished foreign representatives and these able men of the United States discussed the important questions affecting our commercial relations with the Latin-American countries, and arrived at some very practical and important conclusions.

The South American delegates, particularly those from Argentina, Chile, Uruguay, Peru and Ecuador, came to this country convinced that the most essential thing for the extension of American trade and commerce in the South American continent, is the prompt establishment of sufficient steamship service at reasonable rates, between the leading ports of the United States and the leading ports of South America. Some of them frankly stated that increased trade between this country and theirs is manifestly impossible without sufficient ocean transportation facilities. The shipping question became, wholly unexpectedly, the most important question before the conference.

Vital Impoverishment. Upon the suggestion of the delegates from Argentine Republic, a committee on ocean transportation was appointed. This committee consisted of representative men of South America and the United States. Upon its report the conference unanimously adopted the following resolutions:

RESOLVED, That it is the sense of this conference that improved ocean transportation facilities between the countries composing the Pan-American Union have become a vital and imperative necessity, and that every effort should be made to secure at the earliest possible moment such improved means of ocean transportation since it is of primary importance to the expansion of trade and commerce and improved financial relations between the American Republics.

It is of great value to have learned from these delegates from South America (because no one can tell of their needs so certainly as themselves) that the greatest impediment to trade with the United States is the lack of sufficient steamship lines. The conference could not, of course, adopt any plan for the creation of the necessary merchant marine. The delegates from the foreign countries had no power to commit their governments. It is hardly to be expected that private capital in South America can be enlisted in steamship enterprises, in view of the fact that the South American countries have been great sufferers from the European war, and are themselves in need of new financial connections and accommodations. Obviously this problem must be solved by private capital in the United States itself, if we wish to become the leading bankers for Latin-America and possess ourselves of the great trade they offer us.

We have been told so often that private capital in the United States will not engage in shipping enterprises under our present laws or without government subsidies or government aid in some form or other, that we cannot expect prompt relief from the situation that source. Perhaps it is true that our laws do put our capitalists at a disadvantage in the matter of steamship enterprises, and perhaps they are fully justified in not engaging in such enterprises. No one desires to quarrel with them on this subject. What the country demands is relief and if that cannot supply it, the government must. If our laws could be changed so radically as private capital has no right that it will require, or even if steamship subsidies or governmental subventions could be obtained, it would be at the end of a long fight, and even then there would be no guarantee or assurance that private capital would sufficiently large scale could be enlisted promptly so that the steamship facilities upon which enlargement of our trade and commerce with South America wholly depend, would be quickly supplied.

Development of Steamship Lines. The development of steamship lines through private enterprise will be a slow and tedious process at best. In the meantime the magnificent opportunity this country now has to secure a dominant position in the trade, commerce and finance of South America will have disappeared. By that time, or long before that time, peace in Europe will have been restored and our competitors, the chief industrial nations of Europe will reassert themselves in the markets of South America. The shipping bill, which would have passed the last congress but for the successful filibuster in the senate, authorized the government to take all

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SOUTH AMERICAN FACTS

Table with columns: Country, Sq. miles, Population, Language, Capital, Population. Lists countries like Argentina, Brazil, Chile, Colombia, Ecuador, Peru, Uruguay, Venezuela, Paraguay, Central America, and Caribbean islands.

the stock, if necessary, in a private corporation, to be organized for the purpose of operating ships between South America. This company was to be organized and operated upon the same plan as the Panama Railroad company, the entire capital stock of which is owned by the government of the United States. The Panama company, with the United States as sole stockholder, has been operating a line of steamships between New York and the isthmus of Panama for more than 10 years. These ships have been successfully operated; they have been profitably operated; they have been beyond political control. In fact, politics have never entered into the management of the Panama Steamship line. The proposed plan was simply an extension of the Panama Steamship idea.

Had this bill passed in the last session of congress, much would have been accomplished in the extension of our trade and commerce in relationship with South America. It is certain that we will never be able to establish ourselves securely in those markets until we have a reliable steamship service under the American flag, with regular sailings and reasonable rates for freight and passengers, backed by enough financial power to make the shippers in South America feel that the United States have faith in the permanency and sufficiency of the service to justify them in making the necessary capital expenditures to promote larger and better equipped steamships.

"A Shipping Corporation." I have given a great deal of thought to this vitally important question, and I have come to the conclusion that the only practical, and the only prompt solution, is for the government of the United States to take over a shipping corporation, as proposed in the last congress. By no other means can we get sufficient financial power to back the enterprise, by no other means can our merchants, manufacturers and financiers be guaranteed the necessary steamship facilities to enable them to build up a profitable business in competition with the people of the other great industrial nations of the world.

In the presence of such a great opportunity as we now have to strengthen our commercial, financial and political relations with all the other nations of the Western Hemisphere, from which will flow immeasurable blessings to present and future generations of all the nations of the American continent, why can we not dismiss partisan bias and partisan considerations and deal with this question in the broadest, most practical, prompt and effective manner so characteristic of the American people?

We have reached that point in our economic development where foreign markets are daily becoming more and more essential to our prosperity. We have only to turn our minds back to the months immediately following the outbreak of the European war, when our foreign commerce was almost wholly stopped for several months, to realize what the maintenance of our foreign trade means to the welfare and happiness of our people. We have been able to get along in the past with a relatively small foreign commerce. Therefore, we have been able in the past, without serious jeopardy to our interests, to depend upon the flag of other nations for the carriage of our foreign commerce. In the keen contests of the future, however, with the other industrial nations of the world, our trade in competitive markets, the salvation and security as well as the expansion of our foreign trade will depend absolutely upon a merchant marine under the American flag.

What could more impressively argue the cause of an American merchant marine than the recent happenings in the zone of naval warfare in Europe? The only neutral flag that commands any respect in these waters is the flag of the United States. The Stars and Stripes alone give assurance of safety to the men who sail the seas. And yet the number of our ships is so pitifully small that the legitimate needs of our people and of our commerce cannot be met under our present flag. We must submit to the perils of shipping under belligerent flags or abandon our lawful commerce and stay on American soil, without serious jeopardy to our interests, to depend upon the flag of other nations for the carriage of our foreign commerce. In the keen contests of the future, however, with the other industrial nations of the world, our trade in competitive markets, the salvation and security as well as the expansion of our foreign trade will depend absolutely upon a merchant marine under the American flag.

Merchant Marine Supreme Need. We hear a great deal about "dollar exchange." But how can "dollar exchange" compete successfully with "sterling exchange" when the latter has such great advantage of time in transit? Interest on items in transit is an essential element in the cost of exchange. If it takes 10 days to draw on London as against 25 days or more to draw on New York, London has a very decided advantage. Our federal reserve act has put our bankers in position to capture for the United States the financial supremacy of the world. But we cannot take it, and shall never be able to take it, unless we have adequate shipping facilities. I believe that we shall never get such facilities until the government puts its power behind them. An adequate merchant marine is the supreme need of the country, and it is the duty of the government to supply it, and will supply it if public opinion will assert itself.

Permanent Committee Suggested. In order to vigorously prosecute the fight against the elimination of irritating and obstructive laws and regulations, and to bring about uniform laws respecting commercial paper, bills of lading, classification of merchandise, customs regulations, consular certificates and invoices, port charges, regulations for commercial travelers, protective legislation for trade marks and patents and copy-

rights, etc., it was recommended that an international high commission be immediately appointed to take charge of these important matters. It was suggested that the minister of finance, or secretary of the treasury, of each country appoint a commission of three members, also that the finance ministers act as chairman of such commissions. The secretary of the treasury will appoint such a commission for the United States and will act as its chairman. I have suggested to each of the countries that a meeting of the international high commission be held on the 1st of November next, in the city of Buenos Aires, and that, in the meantime, the commission set to work on the report submitted to the conference.

The Group Conference. One of the features of the conference which worked most happily and satisfactorily was the division of the representatives of the United States into 15 committees, and the assignment of one of these committees to each of the countries represented in the conference. By this means the delegates of each South and Central American country were brought into close contact with a committee of the strongest financial and business men of the United States, where the problems of each country could be talked out at close range in an intimate and confidential way. These meetings were called "group conferences."

The result of this plan was so satisfactory that a large number of the delegates requested me to appoint permanent group committees in the United States to act as the medium through which they might secure reliable information or submit matters for the consideration of financiers, merchants or manufacturers in the United States. I have determined to appoint these group committees, and the names will be announced at an early date. They will, of course, have no official status, but will act as voluntary organizations for the purpose of fostering closer financial and commercial relations between the United States and Central and South American countries. These committees will serve until the next Pan-American financial conference, in 1918, or until relieved from further service by the secretary of the treasury of the United States. I have suggested that the delegates of each Latin American nation continue to act as a group committee for their respective countries.

The delegates from Uruguay suggested that a representative body of our business men and financiers should make a return visit to South America in the near future. The suggestion was unanimously endorsed by the conference. I think it is an excellent idea and believe that such a visit would produce very happy and satisfactory results. I believe that an annual Pan-American financial conference in Washington will prove of immense advantage to all the Republics of the American continent. I am going to ask the president to strongly recommend to the next congress of the United States that authority for the calling of such a conference be given, and that a sufficient appropriation be granted to carry on the work. Many of the foreign delegates expressed themselves as heartily and unqualifiedly in favor of the annual financial conference. Certainly such conferences will greatly stimulate the development of commercial, financial and social relationships between the various countries and undoubtedly strengthen them.

I think the city of Washington is the best place for the annual sessions of the proposed conference, because, on the whole, the most convenient place, and it is certain that a larger attendance of our important financiers and business men can be secured in Washington than elsewhere. Moreover, the Pan-American union has a beautiful building in Washington, with exceptional facilities for such meetings. It is highly desirable too that there shall be the fullest cooperation between the Pan-American financial conferences and the Pan-American financial conferences a permanent feature of our relations with our great and growing sister republics in South and Central America. My judgment, however, have the happiest effect in promoting the material development and strengthening the friendly relations between the nations of the Western Hemisphere.

Plan of Work Summarized. Most conferences prove disappointing because they and in talk. After they adjourn, it is usually the case that nothing more is heard of them. We do not intend to let the great practical results promised by this conference slip away for lack of proper attention. We must apply the "follow-up" system to the beginning we have made. Business men know what that means. Let me summarize the plans for future work: First. Hold each year at Washington a Pan-American financial conference, thus making it a part of our fixed policy with the nations of South and Central America. Second. Let the finance ministers of the countries concerned immediately appoint an international high commission, and fix a meeting of that commission in Buenos Aires for November 1, 1915, to agree upon plans, and to press measures for uniformity of such laws as will promote commercial and financial intercourse. Third. Appointment by the secretary of the treasury of the United States of group committees composed of prominent bankers and business men of the United States to keep in touch with each country of South and Central America. Delegates of each country should be requested to continue to act as group committees for their respective countries. Fourth. Appointment by the secretary of the treasury of a committee of representative Americans to arrange for a visit of prominent bankers and business men of the United States to all the Latin American countries in response to the invitation extended by unanimous vote of the conference.

I am sure that these plans, intelligently executed, will bear abundant fruit. The conference has already produced results of great value to all of the participating nations. The future is full of promise. Russia's Wheat Yield Smaller. Washington, Jan. 3.—Russia's wheat yield per acre probably will be 15 per cent greater this year than last, Henry D. Baker, American commercial attaché at Petrograd, cables the department of commerce. The best yield is likely to be less, however, he says, because of the large reduction in acreage, due to labor shortage and war conditions.

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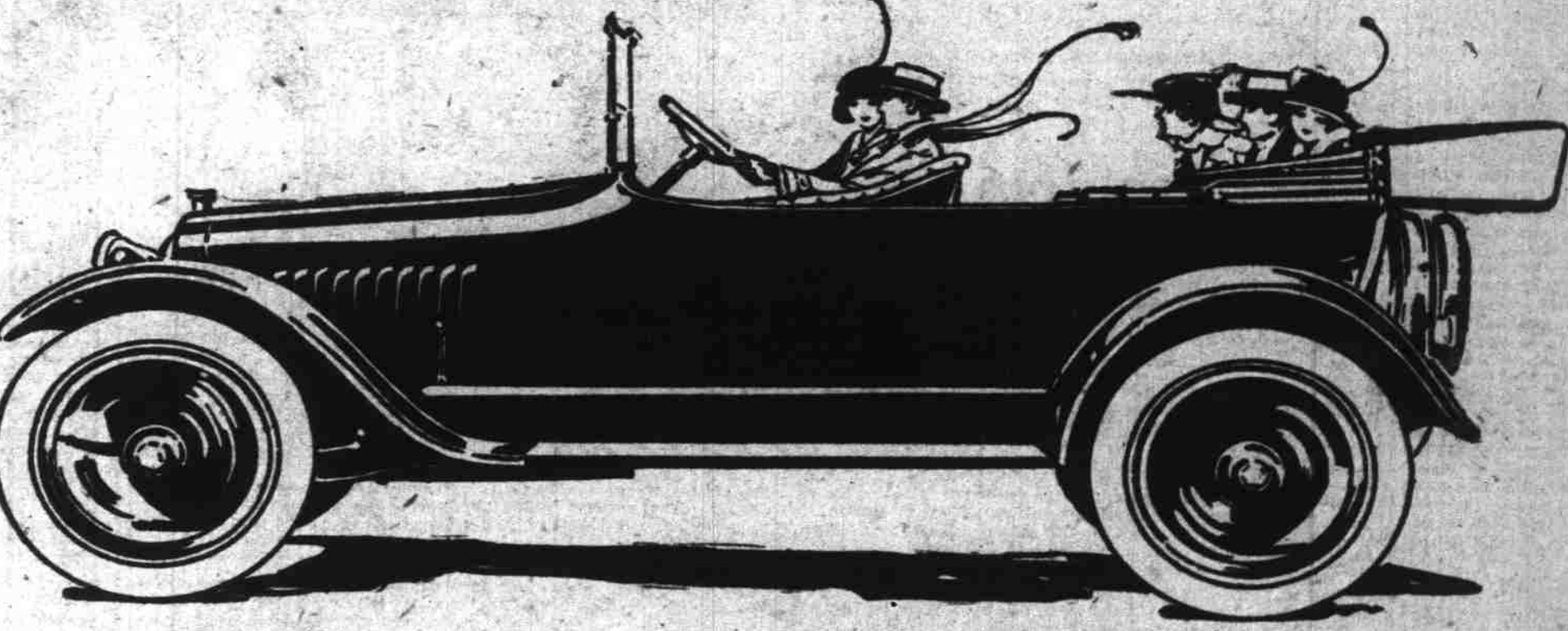
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