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THE PANAMA CANAL ROUTE

THE AMERICAN PRESS

ON THE

Atlantic and Pacific  
Transport Company

AND ITS PLAN



TO MAKE THE PANAMA CANAL  
PROFITABLE TO THE PEO-  
PLE OF THE UNITED  
STATES







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These comments are representative of the wide discussion in the press of America which followed the incorporation of the Atlantic and Pacific Transport Company on September 5th, 1911. The American newspapers printed thousands of columns about the new enterprise and made it one of the news events of the day.

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THE GREATEST CLEAN-CUT STEAMSHIP PROPOSITION THAT HAS EVER BEEN EVOLVED IN THE UNITED STATES.

[From the *Baltimore News*, Sept. 10, 1911.]

Much encouragement is being received by the Atlantic and Pacific Transport Company, organized by B. N. Baker and his associates last week. Thousands of columns have been printed about it, and long accounts have appeared in more than 5,000 publications in the United States and in many of the important newspapers of Europe.

The plan has been received everywhere with great favor and the mail at the Baltimore headquarters in the Calvert Building has become heavy with approvals and inquiries. One of the strongest letters received is from Edwin S. Cramp, the noted shipbuilder, who has spent his life in shipping interests and who has recently been an important expert witness at the various inquiries made by Congress regarding the merchant marine and America's future policy.

MR. CRAMP'S LETTER.

Mr. Cramp writes as follows from New York:

*Dear Mr. Baker:*

Permit me to express to you my appreciation of the greatest clean-cut steamship proposition that has ever been evolved in the United States, and I sincerely believe that it will be successful and profitable from the very beginning.

You have made an excellent use of the possibilities of the act of 1891, and in a way never utilized by the present beneficiaries of the act, and you deserve, therefore, all the greater credit for your forethought.

Yours very truly,

EDWIN S. CRAMP.

## DUTY OF ALL AMERICANS.

[From the *Engineering Record*, N. Y., Sept. 9, 1911.]

A Panama Canal Steamship Line has been incorporated at Trenton this week by men thoroughly posted in the organization of merchant marine service. The company is the Atlantic and Pacific Transport Company and its incorporators are Mr. B. N. Baker, of Baltimore, and a number of his former associates in the Atlantic Transport Company and Mr. Adrian H. Boole, formerly connected with the Wilson Line of Hull, England. This company proposes to bid on the ocean-mail service for which the Postmaster-General will receive tenders on November 25. This service is a weekly one between New York and Colon, New Orleans and Colon, and San Francisco and Panama, and fortnightly between Seattle and Panama. It is commonly believed that Mr. Baker has been devoting more time to a study of the utilization of the canal than any other American interested in shipping, although others have devoted considerable attention to the subject. As a result of these investigations he believes that, if railroad interference with tolls can be prevented, it will be possible to build up a large business between New York, Charleston and Savannah on the Atlantic Coast, and San Pedro, San Francisco, Astoria and Seattle on the Pacific Coast, to engage in a lucrative business on both coasts of Central America served by small vessels or barges operated by the company; and to interchange a large amount of freight at Colon and Panama between the company's fleet to vessels plying down the two South American coasts. The organization of this company after such thorough investigation and its announced determination to begin at once the construction of a fleet of at least 15 steamers should bring home to everybody the fact that the period of



usefulness of the canal is shortly to begin. It is the duty of all Americans to make the canal of maximum usefulness to our country and not permit its efficiency to be diminished by the pressure which is now being brought by railroad interests to persuade Congress to nullify, in a measure, the competitive value of the canal route.

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## A HOPEFUL BEGINNING OF A MERCHANT MARINE.

[From the *New York American*, Sept. 8, 1911.]

Two oceans without American ships! The seven seas without sailing vessels! And the costliest canal in the world without a merchant marine!

This is the anomaly upon which the statesmen of American commerce batter the understanding and the patriotism of Congress in vain.

It is good to know that private enterprise and capital are making a start to alter the lamentable conditions of American trade. The Atlantic and Pacific Transport Company, with a capital of \$15,000,000, was incorporated at Trenton on Tuesday. The company is planning the construction of fifteen speedy, modern steamers, and will be the first bidder for the new Government mail service between New York and Colon, New Orleans and Colon, San Francisco and Panama and Seattle and Panama. There will be 4,200,000 tons of traffic when the canal is opened, and the new company will bid for it. Its enterprise deserves every generous consideration.

Behind the new enterprise stands Bernard Baker, of Baltimore, who has been working on the plan for years, and whose genius and energy ought to make him richer and more famous. Mr. Baker discovered on a visit to the isthmus that the Transcontinental Railroad pool had been paying more than \$1,000,000 a year

to the Panama Railroad to suppress competition, and the railroad fulfilled its contract by refusing to build its line to deep water. The matter was brought before Congress.

Mr. Baker is one of the men who do things—great things—and richly deserve the fruitage of them.

It is to be hoped that his great enterprise will succeed, and that its success will stimulate other American capitalists to redeem the Government's shameful parsimony toward the American merchant marine.

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### MR. BAKER'S ENTERPRISE.

[From the *Baltimore Evening Sun*, Sept. 7, 1911.]

The New Atlantic and Pacific Transport Company starts out with extremely ambitious plans, but the fact that Mr. Bernard N. Baker is at the head of it and that he has a number of old Atlantic Transport men behind him is sufficient guarantee that those plans will not fail for lack of energy and skill. Mr. Baker is a steamship expert of the first rank, a man who knows all that is worth knowing about ocean transportation, and if he sees business ahead for the new company it may be confidently assumed that the business is actually there. He made the Atlantic Transport Company a success in the face of foreign competition which brought only discouragement and failure to many another American shipowner, and there is every reason to believe that he can duplicate the feat.

Meanwhile, it is in order to wish Mr. Baker every success in his huge enterprise. We may all take pride in the work of this energetic and far-seeing Baltimorean. Retirement was not for him. He had to get back into harness—and at 57 he is still a young and ambitious man, with plenty of time ahead of him to prove his mettle again.

## SHIPS FOR THE PANAMA CANAL.

[From the *Chicago Record-Herald*, Sept. 11, 1911.]

Certain features in the charter of a company just incorporated to build ships and to operate them between New York and San Francisco by way of the Panama Canal are of interest as showing the policy of the United States Government regarding American lines for this traffic. The service is to be absolutely independent of any competitive rail or steamship enterprise; nobody connected in any way with a competing line is to be eligible as a director in the new company. Another feature, due to government requirements, is that underwriting syndicates and stock watering for the benefit of promoters are absolutely barred.

In return for these provisions the government binds itself not to let mail contracts to any steamship company not conforming to the same requirements. Thus it appears that there will be competition with the transcontinental railroads, by water, for the carrying of the mails between our eastern and western coasts by the opening of the canal in 1913.

The incorporation of this company seems the beginning of preparations on a large scale for the opening of the canal in 1913. Certainly it is to be desired that the canal, dug by the United States, should be used by vessels of this country, and that in the carrying of the mails there should be competition. The building of the canal might be justifiable, of course, as a military enterprise even if the traffic through it were to be, as has often been predicted, only that of ships flying foreign flags, but it will be no small gratification to American pride, and perhaps no small benefit to the nation, to have lines of American ships using it as soon as it is opened.

## TO UTILIZE THE CANAL.

[From the St. Louis *Globe-Democrat*, Sept. 9, 1911.]

At last there are some indications that Americans are going to utilize the Panama Canal for other than naval purposes. What is called the Atlantic and Pacific Transport Company has been formed, with an authorized capital of \$15,000,000, to run steamships between Boston, New York and other Eastern points and San Francisco, Portland and Seattle.

This is a pleasing revelation for Americans. It was thought that the chief commercial benefits of the canal would go to Europe, but possibly this was a mistake. A few months ago the Hamburg-American line arranged for dock facilities in San Francisco and Seattle, preparatory to the establishment of direct communication between the big German gateway and America's principal ports on the Pacific. As this is one of the greatest of the steamship lines which reach our Atlantic ports, and is steadily increasing its activities, no surprise was caused by this announcement. Nor was there any doubt that the promise would be kept when it was said that the company would have its new vessels ready at the date fixed for the opening of the canal. Other European lines are also negotiating for dock facilities at our chief ports on the Pacific, so that the canal is sure to have much traffic as soon as it is ready for business. In matters of this sort Europe is alert, and that region quickly saw the possibilities for big trade with the great Western ocean as soon as the short cut at Panama is ready to admit vessels. France and England are to use the canal for this purpose, so report says, as soon as opportunity presents itself. The present prospect is that Panama will, very early in its career, surpass Suez in the volume of its activities.

Americans will be glad, therefore, to learn that their countrymen will appreciate the advantages of sending their own merchant ships through this waterway. It will cost us at least \$400,000,000. We are paying the entire cost of construction and maintenance, and the rest of the world has the privilege of using it in peace times on the same terms as ourselves. No discrimination will be made for or against anybody. The tolls, whatever they may be, will be the same for American ships as for those of England, France, Japan and the rest of the world. No other such act of altruism was ever performed by any country. To almost any other nation the cost would be prohibitive. Many years will pass before the actual commercial and industrial benefits of the canal will pay us for our outlay. But the compensation will come early in proportion to the extent to which Americans use this waterway themselves. Our shippers have long been wishing for a short cut between the world's two big oceans, and when they get it they should utilize it to the largest practical extent. It was said that the transcontinental railway companies fought the canal project for years, under the fear that it would injure them in transportation between the Atlantic and Pacific ports. Perhaps they were right. Some of the competition which they looked for is already preparing to assert itself. It is only fair to presume, however, that in aiding to develop the Pacific Coast the steamers by way of the canal will help to largely increase the traffic with the interior, and this, of course, will be handled by the railways solely. It would appear, therefore, that all our great interests will be benefited by the canal. One of the heads of the Atlantic and Pacific Transport Company declares: "Our company will bid on the ocean mail service now being advertised for by the Postmaster-General, which calls for weekly service between New York and

Colon, between New Orleans and Colon, between San Francisco and Panama, and, fortnightly, between Panama and Seattle. We propose to establish and maintain these ocean routes, and to extend the service through the canal from coast to coast." It is reported that the capital has all been subscribed, and that the company will have all its vessels on hand on schedule time. All the world awaits the opening of the canal with large interest. At a vast cost, by a nation which was not dreamed of when Charles V.'s engineers made the first survey across the isthmus, a dream of four centuries is soon to be transmuted into fact.

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### PANAMA CANAL BENEFITS.

[From the Philadelphia *Public Ledger*, Sept. 7, 1911.]

This country is expending in the neighborhood of \$400,000,000 upon the Panama Canal, not wholly as an altruistic gift to the world to facilitate the movement of its commerce, but in the expectation of securing thereby certain substantial benefits, strategic and commercial, for itself. While the Government may be relied upon to see that the former benefits are secured, the country must necessarily be dependent in the main upon private enterprise for the development of the commercial advantages that are to accrue from the piercing of the Isthmus. Those advantages include not only a closer intercourse with the peoples of South and Central America, and a larger share of the trade originating with them, but the cheapening of transportation across the American Continent. Heretofore the country has been wholly dependent upon the transcontinental railroads for this important service, the control of the steamship lines to Panama by the railways effectively preventing competition.

President Taft in his annual message last December urged the wisdom of amending the interstate commerce law by adding a provision "prohibiting interstate commerce railroads from owning or controlling ships engaged in the trade through the Panama Canal." The President expressed the opinion that such a provision "may be needed to save to the people of the United States the benefits of the competition in trade between the eastern and western seaboards which this canal was constructed to secure." In these two sentences Mr. Taft recognized a condition and a danger. The Congress has not yet seen fit to act upon the suggestion, but the announcement has just been made of the formation by private capital of a steamship company which is to meet these conditions and furnish the competition.

Baltimore shipping men of long experience in ocean transportation have organized the "Atlantic and Pacific Transport Company," and have taken great pains so to frame their charter as to assure the independence of the line from railroad control, recognizing that as the menace which has wrecked every previous attempt to enter into real competition by water with the existing transportation interests. Considerable legal ingenuity has been displayed in the invention of conditions and restrictions which shall prevent the dreaded encroachment of railroad influence; whether it will prove successful, or whether the drastic restrictions which have been devised can be evaded, time alone will determine.

In the meantime the entrance into the coast-wise shipping field of a company with ample capital, to develop commerce by water between the Atlantic and Pacific coasts, as well as to tap the lines of world commerce which are expected to converge at the Isthmus, is an enterprise of the first magnitude. It will involve, of course,

immediate work for our own shipbuilders if the contemplated fleet is to be ready by the time of the completion of the canal. But of far greater importance, it will, if conducted as a genuinely independent service, afford a definite check upon the transportation monopoly that has been built up between the East and West, and furnish an accurate measure of worth to the country of the rail transportation facilities it now possesses. Moreover, the vision that is held out of comfortable through passenger service to and from the Pacific coast is an alluring one. These things may seem "too good to be true," but the character and standing of the men whose names are associated with the new undertaking justify confidence that they really intend to put the country in the way of saving to the people of the United States the benefits for which the Panama Canal is being built.

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### WHEN THE CANAL OPENS.

[From the *Pittsburgh Times*, Sept. 8, 1911.]

A glimpse of what may develop in the way of improved transportation facilities between the Atlantic coast and the Pacific when the Panama Canal shall have been completed is afforded in the plans of the Atlantic and Pacific Transport Company, which has just been incorporated in New Jersey with a capital of \$15,000,000. The intention is to bid on coastwise mail contracts between New York, New Orleans and Colon and between Seattle, San Francisco and Panama and to prepare for traffic through the great canal when that highway from sea to sea is opened to the ships of the world. Fifteen steamers are to be constructed to start with and if the company is successful in its government bids it will have a mail business of nearly \$800,000 annually. That prospect, naturally, has had great weight in forwarding the enterprise.



Back of this project, the most important of its kind undertaken under the American flag in recent years, is the outlook for the common carrying trade by water once the Panama Canal is in operation. It is estimated that fruit growers of California alone will be able to save \$15,000,000 a year on fruits by using the water route. The economies that may be effected in general transportation, both ways, can only be guessed at. It appears certain, however, that the Pacific slope will be an enormous gainer, and in anticipation of an increased volume of business on more favorable terms cities like Seattle and Portland, San Francisco, Los Angeles and San Diego, on the west coast, not to mention eastern ports or New Orleans, are making improvements and enlarging their merchandising, manufacturing and forwarding facilities on an extensive scale.

This new transport company is of especial significance because the merchant marine of the United States has languished so many years, without encouragement by Congress or at the other field of commerce save this of shipping we have been aggressive and have held our own, and the New Jersey corporation now hopes to set the pace on the sea. Millions of foreign trade on this continent have been lost to our country by lack of merchant vessels, and we have not even been forehanded enough to make the best use of the open sea for the encouragement of domestic business. The Panama Canal promises to transform in more ways than one and its completion will be the triumph of centuries.

## NEW PANAMA SHIP LINES WILL PROSPER WITHOUT INJURING RAILROADS.

[From the *New York Tribune*, Sept. 6, 1911.]

The formation of another company to operate a numerous fleet of ocean steamers between the Atlantic and Pacific ports of this country by way of the Panama Canal is a step in the right direction.

The date of the opening of the canal is now so near at hand that it is quite obvious that if the country is to rank above the fourth or fifth place in use of the waterway which in itself is creating it must bestir itself vigorously and without delay. Ships cannot be built and commercial routes established and traffic contracts made in a day.

The question of alleged intrigues and influence exerted by transcontinental railroad lines to prevent the development of competition by water routes need not be entered into in detail at this time. We should not wish to see a partial or unfair competition created which would ruin the railroads or gravely impair their legitimate prosperity, but we do not imagine that there is the slightest probability of such a thing at Panama. Legitimate competition on fair and equal ground, is something which the roads must expect to meet.

The estimate that there is and will prove to be room for all is doubtless correct, according to the lessons of experience. It is an old and invariable rule that the increase of facilities leads directly to increase of use. There will be an expansion of commerce which will give the ships all the business they can handle and at the same time keep the railroads as busy as they are now, and as prosperous.

## WILL PUSH PLANS TO BUILD STEAMER LINE FOR THE CANAL TRADE.

[From the Philadelphia *North American*, Sept. 8, 1911.]

Maritime, railroad and banking interests here and elsewhere in the United States are unusually stirred by the proposition just launched by Bernard N. Baker, of Baltimore, for a huge American steamship service, to be inaugurated with the opening of the Panama Canal in 1913. The whole scheme is novel and comprehensive. It involves a great investment in modern steamships of American construction.

Mr. Baker is a practical steamship man of large experience. He created the Atlantic Transport Line. He is a man of unusual force, of courage and of large financial strength and following. With business associates, he caused to be chartered this week under the New Jersey law the Atlantic and Pacific Transport Company, with an authorized capital of \$15,000,000.

Plans contemplate the construction of fifteen express passenger and freight steamers, to be the equal of any ships England, Germany, France or Japan is likely to put into service through the Panama Canal. This is predicated upon getting the authorized United States mail contracts for the run from New York to Colon, from New Orleans to Colon and from San Francisco to Panama, including a fortnightly service between the Puget sound cities and the Pacific terminus of the canal.

Concerning these contracts Mr. Baker in an interview in New York yesterday, said:

“It is not merely the carriage of the ocean mails that I look for to aid in the development of the American marine, but the second and equal purpose of the Act of 1891, under which Postmaster Hitchcock is now acting. That act is described as ‘An act to provide for ocean mail service between the United States and foreign ports and to promote commerce.’

“The prospects of commercial success I consider very good. We shall carry freight to and from the transshipping port of Balboa on the Pacific, destined to become one of the greatest centers of cargo transfer and distribution in the world. And we shall carry through freight from one side of the United States to the other. Perishable freight like fruit will come better by water than by land, as ships properly equipped with refrigerating apparatus will be less expensive than cars that have to be refilled with ice.”

Besides the passenger and mail ships the company intends operating lines of slow cargo steamers running from Atlantic to Pacific ports. It also proposes to construct and operate an auxiliary fleet of barges for river and harbor service. Mr. Baker says there are five shipyards in the country able to build the fifteen mail steamers proposed, among these being William Cramp & Sons Ship and Engine Building Company and the New York Shipbuilding Company in Camden.

One novel and important feature of the proposition aims to promote closer commercial operations between the United States and Central and South American points. Every ship in the fleet will carry a banking department. In other words, the company, through trained men on its ships, will conduct certain kinds of banking business which go hand in hand with commerce between people in different countries.

The idea of this is to neutralize the disadvantage caused by the lack of banking facilities in many parts of South America. It will be a formidable bid for some of the \$140,000,000 trade that is at present mainly going to European merchants. It will permit of payment in cash or in bills that will be as good as cash, and do away with much tedious delay.

## PROMISE OF SHIPS.

[From the *Chicago Economist*, Sept. 16, 1911.]

The project undertaken by the Atlantic and Pacific Transport Company holds out better promise of the creation of some important American ships than anything that has heretofore been announced provided the claims of the projectors are well founded. Bernard N. Baker, of Baltimore, the chief promoter of the enterprise, says: "I do not see why the ships could not be built at nearly as low a cost as in Europe. They would be of a single pattern, and there would be no expenses for various designs." Other authorities have declared that the cost of constructing and operating American ships sailing the high seas would be so great that they could not possibly compete with ships of European construction. And of course these vessels must compete with those of Europe. European vessels cannot engage in our coastwise trade but they can meet us anywhere between the ports of different countries.

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## THROUGH PANAMA TO THE PACIFIC.

[From the *Baltimore Sun*, Sept. 6, 1911.]

The value of the Panama Canal will depend, to a great extent, on its use in furthering American trade. If we fail to establish new steamship lines between the Atlantic and Pacific ports, to South America and the Orient, a large part of the advantage will be lost. Among the first to recognize the importance of such provision, Mr. Bernard N. Baker, of Baltimore, proposes to put his ideas into operation by the establishment of a line of steamers to furnish service from New York, Baltimore and New Orleans through the canal to the Pacific Coast. His

plans already are far advanced, and the company has been incorporated.

The way has been opened by the action of the Postmaster-General, whose advertisement is appearing in the *Sun* and fifteen other newspapers, calling for bids on three ocean mail routes—one from New York to Colon, another from New Orleans to Colon, and a third from Seattle and San Francisco to Panama. Intermediate stops will be made at Charleston or Savannah, or both, and at San Diego or San Pedro (Los Angeles), or both, and Astoria (Portland). This would give weekly sailings between New York and San Francisco, and every two weeks to Seattle. The Postmaster-General distinctly states that the contracts will not be awarded to any company under railroad control.

Being independent, the new line will become an immediate competitor of the transcontinental railroads, and should be an important factor in regulating freight rates between the Pacific and Atlantic Coast cities. Its promoters believe that on California fruits alone freights can be reduced by \$15,000,000 when the canal is open to traffic, and at the reduced rates the line can still earn a handsome profit. The new ships, we are promised, will expedite mails and freights to South America, and, with additional banking facilities provided, will be an important factor in capturing the immense South American trade, now almost monopolized by Europeans.

If we are to make our \$400,000,000 Panama investment a paying proposition, we must build up our merchant marine and extend our foreign commerce. It is gratifying to see a Baltimorean take the lead in this vast undertaking, and to learn that this city will be the headquarters of the company. Mr. Baker has made a close study of the Panama Canal and trade con-

ditions, and has made an extended report to President Taft on the subject. He made the suggestions for the docks at Panama that were adopted by the Isthmian Canal Commission. If he succeeds in organizing the company whose steamers will sail the Panama route, it will be a notable achievement that will put Baltimore in the front rank of international ports.

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## A GREAT INDEPENDENT AMERICAN STEAMSHIP LINE.

[From the *Baltimore News*, Sept. 6, 1911.]

For many years past Europe has been laughing up her sleeve at the blindness of this country with respect to South America. The American people as a nation are more ignorant of this rich continent to our south than any European country, and, we may almost say, of any of the enlightened Asiatic countries.

It is doubly gratifying, therefore, to feel that Baltimore is to take the lead in the development of trade and commerce with South America. The Atlantic and Pacific Transport Company, which was incorporated at Trenton yesterday and which owes its origin to the indefatigable efforts of Bernard N. Baker of this city, while intended primarily to bring our Atlantic and Pacific coasts closer together through the Panama Canal and establish a freight service in competition with the great transcontinental railroads, will actually do a great deal more than this by energetically and systematically stimulating and developing trade in South America.

For years past Mr. Baker has made a most careful study of this entire situation. His Company bids fair to be the first great independent steamship line to engage in Atlantic and Pacific traffic by way of the canal.

## MODERN AMERICAN SHIPS.

[From the *New York Commercial*, Sept. 8, 1911.]

Second Assistant Postmaster-General Stewart has been quoted at Washington as saying that so far as the department is advised there are no steamships now in existence—American or foreign—that conform to the requirements laid down in the advertisement of July 20 asking for bids for ocean mail service on the Atlantic and Pacific coasts through the Panama Canal. Owners of foreign steamships would not be eligible for bidding, of course, the service being to and from American ports and those in the Canal Zone. This proposal was the direct cause of the organization at Trenton on Tuesday of the Atlantic and Pacific Transport Company, capitalized at \$15,000,000—which, if it gets the award, will proceed forthwith to construct the ships necessary for the service. Other companies may be organized with the same purpose in view, or existing concerns may become bidders; but in any event this step by the postoffice department means the construction within the next three years or so of a fleet of big, swift American steamships—and in American shipyards. The scope of the mail service contemplated is outlined, briefly, in this way: From Seattle, with right of call at Astoria, to Panama once every two weeks, twenty-six trips a year, calling at San Francisco and alternately at San Pedro and San Diego, California, and from San Francisco to Panama once every two weeks, twenty-six trips a year, calling alternately at San Pedro and San Diego, California. Time from Seattle to Panama, sixteen days, and from San Francisco to Panama, ten days. From New York to Colon, calling at Charleston and Savannah once each week, fifty-two trips a year. Time to Colon six days. From New Orleans to Colon, once each week, fifty-two trips a year. Time to Colon four days.



In each instance the contract would cover a period of ten years. If one company were to get the entire award, it would no doubt receive a maximum of about \$775,000 a year for this mail service—and the money would not be a government subsidy in any sense of the word; thus in ten years the company would receive \$7,750,000 for its mail service alone, not to mention the enormous freight and passenger traffic capable of being built up by vessels of this type on these promising coastwise routes. The prize is well worth fighting for. And as the bids will not be open until late in November, there is ample time for American capitalists to “figure” on the government’s proposal. The way appears to be open once more for American shipbuilders to turn out some big steamships other than warcraft.

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### THE BEGINNING OF THE END.

[From the *Brooklyn Standard Union*, Sept. 10, 1911.]

This \$15,000,000 Atlantic-Pacific transport scheme, with its track charts, linking the two Portlands and intermediate cities on both sides of the continent, comes like a sharp reminder to one wakening from sleep. We have so long thought and talked of the Panama Canal, as we have of the subway extensions, as of the remote and indefinite future, that the certainty that the day of actual opening and operation is comparatively close at hand brings something of surprise. Coincident with the American enterprise is a British one of almost equal proportions, so that it is evident that, as usual, the business world is awake before the official and the political, and that events are already shaping themselves to meet the new conditions. To forecast with any accuracy what the canal will be, as a factor in the world’s transportation, is, however, at the present time premature.

The immediate, practical importance of the steamship announcement is in its demand upon legislation; its insistent call upon Congress that the tolls, terms and other conditions upon which the canal shall be opened to the commerce of the world shall be definitely stated at the earliest possible date, in order that capital and enterprise may go hand in hand to the full development of the usefulness of the new waterway. Congress has so far preferred to play politics; to imitate the Spanish "manana" policy instead of meeting the issues and its responsibilities squarely and in a businesslike way, a method which can no longer be tolerated. The canal, it should not be forgotten, is the property of the people, built by their money and to be operated for their account and profit, and, therefore, the duty of suitable preparation devolves clearly and imperatively upon Congress. Recent events in the courts, too, emphasize the necessity of early and definite legislation. If we are left to the deplorable fate of a revised edition of the Sherman act, or any other form of intricate and inadequate enactments which require twenty years to construe, and even then the courts are unable to reduce to definite terms as rules of action, the result will be little less than a public calamity, and greatly lessen the credit for the construction and the administration of the canal. Indeed, it is not too much to say that if the next Congress would lay aside for a little president-making and presidential-politics, enact effective Panama Canal regulations, a parcels post and, more important than either, an adequate currency reform bill, it might very well go to the people upon these alone, rather than undertake to include the complex and indefinite field of tariff revision. Each of these measures has a direct and definite bearing upon the business and the prosperity of the

country; each deserves to be settled upon its merits and free from political or partisan prejudice.

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## TO MAKE THE PANAMA CANAL A NATIONAL ASSET.

[From the *Manufacturers' Record*, Sept. 7, 1911.]

To make the Panama Canal on which the United States Government is spending \$400,000,000, a tangible national asset, its fullest utilization as a means for water transportation between the Atlantic and Pacific coast of the United States is essential. While the construction of the canal may open the Atlantic and the Pacific to the commerce of the world and bring us in closer touch with the Orient than at present, its real value to the United States will be minimized unless it shall become the means of developing the full possibilities of coastwise commerce between the Atlantic and the Gulf coast and the Pacific coast.

A few weeks ago Birmingham lost some heavy iron business with the Pacific coast because a \$10 freight rate from that city to San Francisco made it impossible for the South to compete with the cheap pig iron of China. At the present time enormous shipments of iron pipe are being made from the Birmingham district to California, a full trainload of 36 cars having started from Birmingham a few weeks ago, to be followed by two other trains carrying about the same number of cars loaded likewise with iron pipe for the coast.

A reduction of freight rate on pig-iron and water pipe and other manufactured products of the South by reason of the establishment of independent steamship service through the Panama Canal would enable this section to its ad-

vantage and to the profit of the Pacific coast to vastly increase its trade with that section. It was long believed by many railroad authorities that the construction of an isthmian canal would prove disastrous to the railroads of the country by bringing about so great a reduction in freight rates as to lessen to an enormous extent the earnings of the transcontinental railroads. To such an extent was this carried that investigations demonstrated, so it is stated, that the transcontinental railroad pool for years paid over \$1,000,000 a year to the Panama Railroad Company to suppress water transportation by way of Panama. One of the ways in which this suppression was brought about, so it was stated, was by inducing the Panama Railway Company not to build its line to deep water.

In the light of this situation Mr. B. N. Baker, of Baltimore, the dominant factor in the organization and management of the Atlantic Transport Line, which for 20 years, until it was absorbed by the International Mercantile Marine Company, built and maintained a magnificent fleet between Baltimore and New York and London, began a thorough investigation, in cooperation with the National Government, as to the feasibility of developing a first-class steamer service between the Atlantic and the Pacific through the canal, with a view to having a fleet of steamers ready by the time the canal is open for commerce. As demonstrating what can be done under such management as Mr. Baker and his associates gave to that enterprise, it is stated that in the 20 years of its life the Atlantic Transport Line never paid less than a rate of 10 per cent. per annum in dividends.

The Government has surrounded the proposal for this ocean mail contract with the most rigid provisions to safeguard the company receiving the contract from becoming in any way identified with any interest controlling competi-

tive transportation business by rail. The company's charter conforms to this condition. It specifies that no person will be eligible as a director who shall be a director in or an officer or agent of any corporation or association engaged in any competitive transportation business by rail. Any person elected as a director must take an oath that he is not a railway representative or is acting in the interest of any railway competition.

The movement of Mr. Baker and his associates, if carried out as planned, will prove of national importance. It is the broadest enterprise attempted for many years for the development of the ocean commerce of this country. The building of 15 steamers with which to start such a line at a cost of \$15,000,000 or more, and the opening of this route to the trade of the country, will necessarily prove of enormous value to many interests. Not alone would it enable the manufacturers and producers of the Atlantic and Gulf coast to put their goods into the Pacific coast trade at probably one-third of the present freight rate, but it would also enable the Pacific coast people to ship with equal facility to the Gulf and Atlantic coast. The development of such a trade would necessarily prove mutually advantageous.

Coincident with this steamship line and supplemental to its work will be the establishment of subsidiary transportation lines to Central and South American ports. In fact, the development of Central American trade by way of the Panamá Canal with all the Latin-American Republics in the immediate proximity of the canal zone is one of the objects for which the Atlantic and Pacific Transport Company has been organized. This has been given the most careful investigation with a view to ascertaining the most effective means of meeting the peculiar trade conditions that will be encountered after

the physical disability of reaching both coasts is removed by the opening of the canal. With 14,000,000 people living within a radius of 700 miles of the canal zone, that territory, a mountainous region, is traversed by very few railroads, and these are of different gauge. There are few harbors at which steamers of deep draft can enter, so they have to remain in the offing for cargo, which must be delivered by lighters. To meet these conditions the Atlantic and Pacific Transport Company has already entered into tentative arrangements with the representatives of these republics for the right to operate seagoing, self-propelled steel barges of light draft from the canal entrances up and down the coasts for general assortments of cargoes in small and large shipments for and from the United States, which will be transferred to the mail steamers of the lines as they arrive at the entrances en route from ocean to ocean. The possibilities of this business were placed before the Isthmian Canal Commission so clearly that arrangements have been made at the canal for the construction of large docks and warehouses at both Colon and Balboa to provide for this class of traffic, so that it may be transferred without any material delay to the steamers as they pass through the canal.

## OCEAN TO OCEAN COMPETITION.

[From the *New York Evening Post*, Sept. 8, 1911.]

This week the Atlantic and Pacific Transport Company of New Jersey was incorporated at Trenton, with authorized capital of \$15,000,000. The company was formed, it was officially stated, to bid on the ocean mail service from coast to coast by way of the Panama Canal, now being advertised for by the Postmaster-General. Plans were already under way, it was said, for the immediate construction of no fewer than fifteen steamers. All of the requirements of the government, it was explained, had been complied with. Those requirements in brief are as follows:

A weekly service must be established between New York and Colon, New Orleans, and Colon, San Francisco and Panama, and fortnightly trips must be made between Seattle and Panama; all steamers from New York must stop at Charleston or Savannah en route to Colon and from San Francisco they must stop at Los Angeles or San Diego en route to Panama, and from Seattle they must stop at Portland en route to Panama; no mail contract is to be awarded "to any bidder who shall be engaged in any competitive transportation business by rail;" every person serving as a director of a company making a successful bid must take oath that he is not a railway representative or is acting in the interests of any railway corporation; the power of any director or shareholder to vote shall cease when it has been determined that such director or shareholder represents a competitive railway interest.

Many people will ask why the government has placed such unusual restrictions upon successful bidders for mail contracts. The answer is that the Panama Canal when completed will bring San Francisco by water within fourteen

days of New York, less time than now taken by transcontinental freight trains, and with no expensive roadbed equipment and service to maintain, steamboats will be able to handle coast to coast business at a much lower rate than the railroads. The Panama Canal when completed will have cost \$400,000,000, money contributed indirectly by the people, and, judging from past experience, the government has reached the conclusion that unless the new steamship lines are operated independent of the railroads, the country will not get the full benefit of its investment on the costly Panama Canal. That conclusion is based on facts established after a long and thorough investigation of the past and present relations between the railroads and the ocean steamship companies. In a recently published document dealing with the transcontinental rate situation the Interstate Commerce Commission, after pointing out in detail how one Atlantic, Pacific and Gulf steamship company after another had been bought up and eliminated by the railroads, had this to say about the old Panama route:

“Thus far we have taken no account of the Panama route, which had been open and operated since the early days of the rush to the gold fields. This route was in the control of the Pacific Mail Steamboat Company. In 1871, hardly two years after the opening of the transcontinental rail route, the Union Pacific and Central Pacific railroads entered into agreement to subsidize the Pacific Mail, buying its space at an agreed figure, and often running the steamships empty. This arrangement was continued until 1881, when the steamship line was turned over to an association known as the transcontinental association, which continued the arrangement until 1893, so that during this period the Panama route offered no serious competition to the rail lines.



“And to continue the history of this negligible factor in sea competition, it may at this time be said that the Pacific Mail Steamship Company is now controlled, through stock ownership, by the Southern Pacific Company, and has been since the year 1900.” [Only recently, a pool of transcontinental railroads paid the Panama Railroad over \$1,000,000 a year to suppress water competition by way of Panama.]

If the government is successful in its movement to establish one or more independent steamship lines which will engage in local Atlantic, Pacific, and Gulf business as well as in ocean-to-ocean trade, how will such competition affect the railroads? Because of its strong hold on steamship lines, especially on the Pacific Coast, the average rate per ton per mile on the Union Pacific is higher than it is on any other transcontinental line. How the Union Pacific’s average rate per ton per mile compares with the average for all roads and with that of the Pennsylvania, a typical Eastern system, is shown in the following tables:

	All Roads. (Cents.)	U. P. (Cents.)	Penn. (Cents.)
1910.....	0.753	1.02	0.58
1909.....	0.757	1.02	0.58
1908.....	0.765	1.00	0.56
1907.....	0.782	0.96	0.57
1906.....	0.766	0.91	0.59
1905.....	0.784	0.89	0.59

According to reliable figures published this week, the coast-to-coast business, which now amounts to 3,000,000 tons a year, is increasing at the rate of 10 per cent. a year and will, therefore, amount to 4,200,000 tons by the time the Panama Canal is completed. On the basis used by the railroads, the coast-to-coast business now amounts to 9,000,000,000 tons per mile and will reach 1,260,000,000 tons per mile in 1913. The extent of that business is shown by the fact that last year Union Pacific’s total revenue

freight movement amounted to 5,997,000,000 ton miles, that is, that many tons were hauled one mile.

As a result of the recent ruling by the Interstate Commerce Commission, the transcontinental railroads must make an adjustment of their rates by October 15. Beyond question that adjustment will affect the average rate of those roads and a further reduction will doubtless occur when independent steamship lines are established. But the whole system of rate making is based on the theory that a reasonable rate is "what the traffic will bear." When rates are unreasonable or artificially made, the railroads as well as the public suffer from loss of business. Certainly the new Atlantic and Pacific Transport Company has no fears for the future. In this week's statement that company said:

"It is the purpose of this line to develop the entire domestic commerce of the country via the Panama Canal as fully as it may be done by modern water transportation. In this, it believes, it has one of the greatest opportunities of the century."

## PREPARING FOR CANAL TRAFFIC.

[From the *Philadelphia Record*, Sept. 10, 1911.]

In anticipation of the large volume of traffic expected on the promised opening of the Panama Canal in 1913 the Harbor Commission of Los Angeles is rushing work at San Pedro, which is to become the port of the "City of the Angels." One hears a great deal about the preparations of various European steamship lines for conduct of business via the canal with the Pacific coast direct; and several existing American lines appear to be contemplating coast-to-coast sailings by the same route. The most important, and also the most definite, announcement of this character was made a few days ago, when a new steamship company, proposing to operate vessels between all important Atlantic, Gulf and Pacific ports, was incorporated under the laws of New Jersey.

One's first impression on learning of an incorporation under the extraordinarily facile statutes of that Trust-promoting State would be that a new combine against public interest was a-forming. It is a new sort of Jersey corporation, however, which has been hatched. By the terms of its charter nobody connected with any competitive carrier, by land or by water, whether as director, officer or agent, will be eligible to like positions in the new steamship line. Should notice be given by the Postmaster-General that any stockholder in the company represents a competing interest such stockholder would be prohibited by the charter from voting his stock. Instead of giving the holders of a majority of the shares absolute control of the company, the principle of voting adopted would give the smaller investors a proportionately greater voice in the management than to the owners of large blocks.

It is true these concessions in the charter are made in deference to the requirements of

the Government. No contracts to carry inter-coastal mail will be made with any steamship company which is owned or controlled by another transportation company, whether through community of interest or otherwise. But, whatever may be the reason or the company's self-denying ordinance, the incorporation thereof in the company's charter is a gratifying fact. The company will issue neither bonds nor preferred stock, and its share capital will represent actual investment only. The establishment of a "floating mercantile and banking" system is contemplated, with bank clerks aboard all freight ships to facilitate the handling of business along the coasts of this country and South America. As a beginning the company's fleet will consist of fifteen steamers, the construction whereof will be undertaken at once so that all may be ready for service when the canal is opened.

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### COMMERCE FOR THE CANAL.

[From the *Baltimore American*, Sept. 6, 1911.]

A canal across the Isthmus of Panama, costing a large fraction of a billion of dollars and relatively little commerce to steam through it, was the anomalous situation which caused many opponents of the construction of the great waterway to shake their heads about the government placing the cart before the horse. But there were experts in ocean steamship business who knew the water routes with absolute information as to the conditions that dominate water carriage, who placed their views at the service of the government and thus brought about a most promising condition for the development of isthmian commerce proportionate to the vast expenditure entailed by the government in the construction of the work.

Perhaps in no respect has Mr. Bernard N. Baker, of Baltimore, featured more creditably

than as an expert called in by the War Department to advise with it as to the actual commercial necessities of the country with respect to the Panama route. The incorporation of the Atlantic and Pacific Transport Company, which is admirably planned to create and to operate lines of steamships and barges to care for the wide trade within the commercial field of the canal, has been in direct response to an appreciation of the country's needs.

The ocean mail service now being advertised by the Postmaster-General calls for weekly service between New York and Colon, New Orleans and Colon, San Francisco and Panama, and fortnightly between Seattle and Panama. This is the best sign of the approaching completion of the canal and the best indication the government can give of its desired aid in building up a great commercial fleet. With finely equipped ships sailing from various Atlantic ports, with Baltimore at the lead of these, and with an area close to Panama that represents a commercial field of nearly half a billion of dollars open to exploitation, the prospect for the stimulation of Panama trade is the best. The curious situation of this country getting but sixty-four cents out of the four dollars and twenty-two cents per capita expenditures in this area will be corrected. The United States will be, as it should be, the best commerce-absorbing country for South America and the best supplier of the needs of the republics upon the Pacific Coast, beside being the country to furnish the capital for the development of the untouched resources of the Southern continent.

Truly the prospect for the trade of the United States through the Panama Canal is most encouraging. All that is needed is the enterprise and address of farseeing private investors fully acquainted with the needs of the situation in order that from the first the Panama Canal shall be a vast world trade artery.

## THE ISTHMIAN ROUTE.

[From the *Boston Herald*, Sept. 16, 1911.]

Two factors work together to make feasible the development of an extensive American steamship service such as Mr. Baker and his colleagues propose. One is the too little known ocean mail law of 1891, which grants to American-built steamships a graded compensation for carrying the United States mails to ports of foreign countries. Efforts to make this law effective on the long and costly routes to the remoter ports of South America and the Orient have been defeated by fresh water provincialism in Congress, but on the shorter routes to the West Indies and the Caribbean region this law has proved entirely successful and has created and maintained a good steam fleet under the ensign of the United States. There are already excellent American steamship services to Cuba, Jamaica, Mexico and Venezuela, and the government in the name of the Panama railroad is operating an American line to Colon. This government line, however, would presumably be surrendered at the opening of the canal when the waterway will become a field of general commercial competition.

The Atlantic and Pacific Transport Company in bidding under the ocean mail law simply proposes to undertake a service of a character which other American lines are already satisfactorily performing to ports of adjacent foreign countries, in competition with the ships of all the world. But to the ocean mail compensation there will be added in the case of an Isthmian line another potent factor of success in the form of the coastwise law, which forbids a foreign vessel to carry any freight between American ports of the Atlantic coast and American ports of the Pacific seaboard, including Hawaii. It is the plan of the Atlantic and Pacific Transport

Company, as it will be the plan of any other American concern bidding for the Isthmian service, to run its ships right through the canal from coast to coast, earning and receiving the mail compensation only for the outward voyage to the Canal Zone, but transporting freight and passengers and receiving the protection of the coastwise laws for the entire distance, say from New York to San Francisco.

This great coastwise commerce will of course be open to any American ship. The government is offering mail compensation under an exclusive contract to the lowest responsible bidder only in order to secure a guarantee of a swift express service and regular sailings. These mail ships will receive government pay which ordinary freighters cannot command, but on the other hand the mail steamers will have to perform a rapid and therefore a costly service and will be held under special obligations to the government. They must be built on designs approved by the Navy Department and with decks so strengthened that they can immediately mount guns in war, and their owners must deliver them to the United States when ordered.

The Postoffice Department in proposals for this service specifies that Atlantic ships are to sail from New York, touching at Charleston and Savannah, but Mr. Baker has assured our merchants that his company has plans for an Isthmian freight service out of Boston. This will be welcomed here, for a special deficiency in Boston's trade is direct communication with the ports of Latin America beyond the northerly ports of the West Indies. To award this important contract means a boom in American ship building, for the United States law, like the law of Great Britain and Germany, requires that ships of national mail lines shall be of home construction.

## THE POSTOFFICE DEPARTMENT PROVIDING AMERICAN SHIPS FOR THE PANAMA CANAL.

[From the *New York Marine Journal*, Aug. 5, 1911.]

Postmaster-General Hitchcock has done a wise and important work in preparing betimes for the greatly increased commerce between our Atlantic and Pacific seaports, which will be the chief benefaction of the Panama Canal.

The Postmaster-General is acting under the ocean mail law of 1891, which authorizes the payment of a compensation not to exceed two dollars a mile for the carrying of the United States mails in steamships of the second class, of a speed of at least 16 knots an hour—these steamships to be built in the United States, on designs approved by the Navy Department, and to be turned over to the Government in time of war. There ought to be a quick response to this farseeing proposal. A weekly service from New York to Colon, calling at Charleston or Savannah or both; from New Orleans to Colon and from Seattle and San Francisco to Panama, calling at San Pedro or San Diego or both, in steamships of the speed contemplated, will mean a notable addition to the maritime resources of the United States. Such a service would require at least a dozen steamships of high character. As all the available tonnage of this kind in this country is now steadily employed, new ships will have to be built in American yards before the new service can be established.

There is careful provision against the control of the route by competing railroad companies. The service will have to be a steamship service pure and simple, standing on its merits as an independent line. Bidders will doubtless have to give convincing assurance to the Government that they are not directly or indirectly controlled



by railroad corporations. The service must be begun in the Fall of 1914 so that it will be in readiness when the Panama Canal is opened. It will cost the Government presumably about \$775,000 a year—and it will be well worth it. Undoubtedly Postmaster-General Hitchcock has taken counsel in this matter with President Taft. It is another distinctly progressive act of a genuinely progressive administration.

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## SHIPS FOR PANAMA CANAL.

[From the *Findlay Republican*, September 14, 1911.]

The lecture in this city last week on the Panama Canal by Engineer Wyndham, who has been connected with the building of that enterprise since 1878, has revived local interest in the big undertaking. It has been frequently asserted that the United States is building a canal for the use of foreign nations because there are only seven vessels flying the Stars and Stripes that ply between United States and foreign ports.

However, a steamship company has just been incorporated to build ships and operate them between New York and San Francisco via the Panama Canal, and the provisions in the charter which has been granted this new company show the policy of the government regarding American lines for this traffic.

The service is to be absolutely independent of any competitive rail or steamship enterprise; nobody connected in any way with a competing line is to be eligible as a director in the new company. Another feature, due to government requirements, is that underwriting syndicates and stock watering for the benefit of promoters are absolutely barred.

In return for these provisions the Government binds itself not to let mail contracts to

any steamship company not conforming to the same requirements. Thus it appears that there will be competition with the transcontinental railroads, by water, for the carrying of the mails between our eastern and western coasts by the opening of the canal in 1913.

The incorporation of this company seems the beginning of preparation on a large scale for the opening of the canal. Certainly it is to be desired that the canal, dug by the United States, should be used by vessels of this country, and that in the carrying of the mails there should be competition. The building of the canal might be justifiable, of course, as a military enterprise even if the traffic through it were to be, as has often been predicted, only that of ships flying foreign flags, but it will be no small gratification to American pride, and perhaps no small benefit to the nation, to have lines of American ships using it as soon as it is opened.

## ON ACCOUNT OF THE CANAL.

[From the *Portsmouth Blade*, September 15, 1911.]

It really begins to look as if the building of the Panama Canal would start Americans to building American merchant ships.

The Atlantic and Pacific Transport Company has been incorporated with a capital of \$15,000,000. It contemplates building fifteen ships which are to be ready to carry freight and passengers between American-Atlantic and Pacific ports via the Panama Canal.

This enterprise is in response to a request of the Postoffice Department for bids for the carrying of mail between the two oceans via the canal. Liners that would carry mails also would carry freight and passengers. The *Cleveland Leader* illuminates this subject by throwing the following light upon it:

“Little doubt is entertained as to the success of the venture. Two years ago the coast to coast traffic by ocean and across the isthmus amounted to about 3,000,000 tons per annum and it has been increasing at the rate of 10 per cent. a year. The necessity of transshipment by rail across Panama being eliminated the freight traffic on the canal route ought from the start to be far in excess of 4,000,000 tons a year. And it is reasonably certain that a large passenger business will soon be developed. Americans are great travelers and the new tourist routes opened by the canal will attract them.”

If nothing happens to the great ditch, and engineers appear to have dismissed all their earlier fears, Uncle Sam will be in great good humor when the enterprise shall have been finished. Doubtless he will find that he builded wiser than he knew in more than one particular. At any rate, if the canal helps to put the Stars and Stripes back upon the high seas it will have done what no American Congress has been capable of doing.

## THE PANAMA CANAL STEAMERS.

[From the *Cleveland Leader*, September 13, 1911.]

The Panama Canal is nowhere near completion, but already evidences of the great changes it will bring about are making their appearance. Most notable of these is the Atlantic and Pacific Transport Company, just incorporated with a capital of \$15,000,000.

This big concern is early in the field on account of the request of the Postoffice Department for bids for the carrying of mail between the Atlantic and Pacific coasts by way of the canal. It contemplates building fifteen steamships to be ready for service by 1913. These boats, of course, will carry cargoes of merchandise and passengers as well as mail.

Little doubt is entertained as to the success of the venture. Two years ago the coast to coast traffic by ocean and across the isthmus amounted to about 3,000,000 tons per annum and it has been increasing at the rate of 10 per cent. a year. The necessity of transshipment by rail across Panama being eliminated the freight traffic on the canal route ought from the start to be far in excess of 4,000,000 tons a year. And it is reasonably certain that a large passenger business will soon be developed. Americans are great travelers and the new tourist routes opened by the canal will attract them.

The benefits will be even wider. Cheap water transportation is sure to lower the transcontinental railroad rates. Commerce with South American countries is bound to increase. Many lines of business will feel the effects, including the railroads.

## A CORPORATION WITH A SOUL.

[From the *Literary Digest*, September 16, 1911.]

The formation of the Atlantic and Pacific Transport Company, which will operate a line through the Panama Canal and whose service shall be entirely independent of competing railway interests, leads a number of editors to declare that at last here is a corporation with a soul. Of particular interest is its plan, remarks the New York *Evening Post*, because "nobody who is connected with any competitive rail or steamship enterprise, whether as director, officer, or agent, is to be eligible as director in the new company;" even a stockholder is to be barred from voting on any question if "such stockholder represents a competing interest;" "holders of large blocks of stock shall have less voice in proportion to their holdings than the small investor;" and there is a feature which keeps out "both underwriting syndicates and stock watered to give a bonus to promoters."

These provisions for making a "good" corporation have been prescribed chiefly by the United States Government; the new company has acquiesced in them and will bid for the Federal mail contracts for service between New York and Colon, San Francisco and Panama, New Orleans and Colon, and Seattle and Panama. The Government is wise, thinks the *Evening Post*, to set a mark for the official carrier to toe, for, it says:

"The reason for all this scrupulous provision may readily be found in the past history of the Panama route between our Eastern and Western coasts. Through ownership of such facilities, direct or indirect, and often through heavy cash subsidies to the Isthmus railway and the steamship line connecting with it, the trans-continental railways have for a very long time past been able to block the competitive possi-

bilities of the ocean route. The effect of an absolutely independent service, barred at the outset from any entanglements of the sort, on our future trade with South America and on the commerce between our own two coasts, will provide a highly interesting test of the merits of rigidly supervised incorporation.”

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## PANAMA AND COMPETITION.

[From the *St. Paul Dispatch*, September 12, 1911.]

An intimation of what may be expected in the way of benefits when the Panama Canal is in operation is contained in the announcement of the incorporators of the Atlantic and Pacific Transport Company. They are experienced steamship men, four of them having been officers in the old Atlantic Transport Company before that concern was absorbed by the International Mercantile Marine Company, and one having been identified with the Wilson line.

The incorporators propose the immediate construction of ships to enable them to bid on the mail service now being advertised by the Postmaster-General. The Postoffice Department calls for a weekly service between New York and Colon, New Orleans and Colon, and San Francisco and Panama and fortnightly service between Seattle and Panama. The company proposes to maintain that mail service and when the canal is opened the boats will make continuous trips from ports on the two coasts.

The incorporators announce that every effort will be made to guard against railway influences. It is proposed to keep the stocks of the corporation out of the hands of those who have railway affiliations and to make the line independent. A few such corporations actually in the field will solve the problems of competition and rates and undoubtedly be of great value to the public at large.

## FREIGHTS AND WATER ROUTES.

[From the *Seattle Post-Intelligencer*, Sept. 16, 1911.]

Mr. B. N. Baker, of Baltimore, who is at the head of a new company which proposes to build a line of steamships to ply between Atlantic and Pacific coast ports, using the Panama railroad as a connecting link, until such time as the canal is completed, in talking to the members of the newly created port commission, called attention to the fact that ninety per cent. of the business between East and West ports is done by the railroad lines at the present time; and the railroad through business is expanding at the rate of ten per cent. a year. In view of the rapidity of growth of traffic, he did not believe the water routes would affect the railroads any more seriously than water competition on the Great Lakes affects them.

There is, however, a difference in the situations. The actual cost of moving goods by water from the Atlantic seacoast to the Pacific coast, when the canal is completed, will be far below the actual cost of moving freight by rail. The amount of business which will go by the steamship lines will depend solely upon the number of vessels which enter the trade. If vessel owners are satisfied with a fair freight rate, they can be assured full cargoes in each direction, to almost any amount.

Of course, the railroads must of necessity lose some of their present business, so far as the transcontinental haul is concerned. But the haul across the continent is not now the paying part of their traffic. In that they have today water competition and their rates have to be adjusted to meet that competition even now. It is the short hauls that pay; the local business.

The railroads can readily recoup all of the losses through movement by water between At-

lantic and Pacific ports if they encourage the expansion of the jobbing business in the Pacific ports. The bigger the jobbing business of Seattle — the further East it extends — the greater the volume of paying business which the railroads which terminate here will have.

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## PANAMA CANAL WILL PROVE A GREAT ASSET FOR THE WEST.

[From the *Spokane Chronicle*, September 7, 1911.]

A transportation company has been organized in New Jersey with an authorized capital of \$15,000,000 for the purpose of exploiting the Atlantic-Pacific seaboard trade. The immediate reason advanced for the organization is to bid on the ocean mail service, but its ultimate object is the immediate development of the immense shipping industry which will attend the opening of the Panama Canal.

Here is a solid fact for those who have felt disposed to minimize the importance of the canal and its value to the Pacific northwest. Although the west has won the Panama exposition, the east has been first to reach out for this great business asset in the canal.

The value of a business proposition may be determined by the ability of the enterprise to give cheaper or better service, or both. That the Panama Canal has a tremendous significance from the standpoint of improved service to the people of the two coasts is forcibly suggested by this early movement of eastern capital.









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