COMMITTEE LISTENS TO COASTWISE ARGUMENTS

(Continued from Page Nine.)

tection that compensates you for the higher rates?

Mr. McClellan. Yes. We are not making any complaint on that line. The essential difficulty in the passenger proposition for Hawaii is the physical or geographical location of the islands. Our location in midocean makes it unprofitable for through steamers to provide for our passenger business.

The reason that American shipowners have not provided sufficient facilities for our passenger traffic is because it does not pay as well as freight; that is the real and sufficient reason. The reason they have provided very good freight-carrying capacity is because it does pay.

Now, we have waited ten years in the hope that conditions would be brought about that would give us American passenger facilities, as well as American freight facilities; and failing that, we simply come here, as an emergency measure, and ask you to give us such temporary relief as will carry us until the time, which we still hope will come, when we can be taken care of on American ships.

Mr. Alexander. In other words, you want the government of the United States to subsidize ships to engage in that passenger traffic for your benefit; that is it?

Mr. McClellan. Judge Alexander, I do not wish to go here into the discussion of the general question of ship subsidy.

Mr. Alexander. You say the passenger business does not pay now, and that is the reason American ships do not engage in that trade. That is a fact, is it not? The reason you have not the facilities is because there are not sufficient ships?

Mr. McClellan. Yes.

Mr. Alexander. And if there were subsidized ships, then the difference, whatever the cost might be, would be paid out of the national treasury?

Mr. McClellan. The reason that the passenger traffic to Hawaii does not pay is this, and you ought not to take that as any proof that passenger traffic on American vessels could not be made to pay elsewhere: Hawaii is out there in the middle of the Pacific Ocean. The traffic is carried largely on through vessels going to the Orient. We are one-third of that distance. Therefore, vessels carrying passengers to Hawaii must provide equipment to go 6000 miles, and only receive the income of carrying passengers 2,000 miles. It is perfectly evident that no steamship company on earth can afford to do that except for the unused space that remains over after they have made their through bookings.

Mr. Alexander. I was for your bill two years ago.

Mr. McClellan. With respect to both the Pacific Mail Company and the foreign boats, their policy has been identical, and always will be; they are going to book their ships with as many through passengers as possible, and whatever space they have left they will give to Honolulu passengers, and for what space they have not left the Honolulu passengers can wait in the hopes that there will be another boat later on.

Mr. Goulden. Then they discriminate against you to that extent, that they will not book the passengers for Honolulu until they have taken all they can get through?

Mr. McClellan. I want to state that in a fair way. Our observation is that there is a certain amount of discrimination going on; that they will say to people applying for bookings to Honolulu that they can not promise them accommodations, even when there is every reason to think that their bookings are not full; still they do book a certain number of Honolulu passengers at any time they are asked, but they shift the thing around so as to hold most of the space for through traffic, and I do not think they can be much blamed for that.

Mr. Goulden. They hold up passengers to Honolulu until they are sure they are going to have some space left over?

Mr. Barchfeld. It is only natural, Mr. McClellan, that the steamship company should prefer passengers to Yokohama, Hongkong, or Manila, five or six thousand miles, to taking them 2100.

Mr. McClellan. Certainly.

Mr. Hardy. Is that the American line, one under the American flag, that does that?

Mr. Barchfeld. Yes, sir.

Mr. McClellan. Yes, I think so.

Mr. Foulkrod. Do they acknowledge that they do that? Do they give it out when a passenger applies, that he must wait to see if there is going to be room?

Mr. McClellan. I do not suppose they do.

Mr. Kahn. As a matter of fact, there are three American lines that do not go any farther than Honolulu; is not that the fact?

Mr. McClellan. There are only two local American lines, and one of those only operates a single steamer.

Mr. Kahn. Which company does the Hilonian belong to?

Mr. McClellan. To the Matson line.

Mr. Kahn. Then there are two companies that do not go any farther than Honolulu at all?

Mr. McClellan. That is correct.

Mr. Humphrey. Of those companies you are not complaining at all?

Mr. McClellan. Certainly not.

Mr. Kahn. Does the Hawaiian American line carry any?

Mr. McClellan. They do not, much to our disappointment.

The Honolulu Chamber of Commerce and the Merchants' Association of Honolulu have also passed resolutions favoring this bill, even though some of their members are stockholders in the Matson line of American ships. Those men believe that the amount of tourist travel prevented by the existing law, and the port deflected to Canadian ports, would more than replace any loss of American passengers to foreign vessels arising from the proposed exception.

That scores, if not hundreds, of American citizens are prevented from going to Hawaii by lack of American steamer facilities is an incontrovertible fact. I shall cite just a few instances to show the conditions existing through more than half of every year. [Reads various extracts from The Advertiser and the Star.]

We have already shown that through the increase of travel that would naturally follow the American steamships would be compensated in the operation of this law. That is one of the fundamental contentions we make, that the amount of traffic now being held back by lack of accommodations, and which would come in under this law, would replace any loss to the American steamships.

Mr. Humphrey. What is the motive of the American companies in opposing this legislation, if they are opposing it?

Mr. McClellan. I can only surmise, Mr. Humphrey. Probably they oppose it in the fear that it will be an opening wedge to throw down the shipping laws. That is my conviction of why they oppose it. I do not believe that the lines, outside of the Matson line, can oppose the legislation in good faith.

Mr. Kahn. Do you not think the Oceanic people are opposed to it in good faith?

Mr. McClellan. I think the Oceanic people are opposed to it, undoubtedly, but I would say most specifically they are not opposed to it in good faith. Any steamship company that will allow three vessels to lie idle when there is traffic waiting to be carried, on the ground that American vessels can not compete merely on account of the cost of construction, when the vessel is available without cost, is not acting in good faith. And I will state further to the gentleman from California that it is well known that in San Francisco, as the gentleman himself knows, the Spreckels family are now suing John D. Spreckels, claiming in their bill of equity that he is conspiring to destroy the value of that property in withholding those vessels from service. That suit is in the courts of San Francisco now, and it represents a very considerable feeling among business people that those vessels are not held up entirely because of necessity, but partly for the purposes of Mr. Spreckels himself. Why should the Oceanic boats lie idle and refuse to enter the Hawaiian trade, while the Matson company has meantime built two new American ships that are profitably engaged in that very traffic?

Mr. Speight. Is not the Spreckels line holding those ships back because they are expecting congress to give them an increased subsidy?

Mr. Humphrey. If that is true, what made them quit in the first place?

Mr. Kahn. Do you not know, as a matter of fact, that the Sierra is now in the Union Iron Works, being fitted up at an expense of $150,000 to go into the Honolulu run?

Mr. McClellan. I have heard numerous statements about the Sierra.

Mr. Kahn. That is a fact, that they are spending $150,000 on her now.

Mr. Humphrey. How many of them?

Mr. Kahn. One on that line. They tried to run her down, and did run her down a number of times, and she did not pay, and they tied her up. But now they are trying it again.

Mr. McClellan. The statement has been made that if the Sierra is put into commission she is going to replace the Alameda. In other words, it will not give us an additional steamer, but a larger one.

Mr. Hardy. Did you ever hear of anybody having a monopoly being willing to let that monopoly be interfered with?

Mr. Kahn. There is no monopoly.

Mr. Humphrey. You have an illustration right there, where one of the owners of these steamships is favoring this legislation.

Mr. Hardy. That is an individual one. I have seen individual men who did not want the tariff, too.

Mr. Foulkrod. Did I understand you to say there are two lines running?

Mr. McClellan. There are. We dignify the Oceanic company with the name of a line, though it operates only one old boat twenty-three years old, which has a carrying capacity of about 100 passengers.

Mr. Foulkrod. You stated a little while ago that there was a passenger who waited a year, and then, after that, waited two months. Was it impossible for him to get passage?

Mr. McClellan. No. At a certain time of the year he could get away for a trip. He could not get passage the first year, and then after waiting through till his next vacation, he then waited two months longer.

Mr. Foulkrod. He could have gone within that time; he did not have to wait fourteen months?

Mr. McClellan. Oh, no. He could get passage at other seasons of the year.

Mr. Foulkrod. That is what I understood you to say.

Mr. McClellan. Two years ago the representatives of the American steamers interested tried to argue that this bill would result in "turning over all the business to Japanese boats." But no such result could follow. The Japanese line, like the Pacific Mail steamers, will reserve all possible space for the through traffic, and only give Hawaiian passengers what surplus space remains. No steamship will reserve space for the short haul of 2000 miles when they can get passengers for the through voyage of 6000 miles. It is perfectly natural for the Pacific Mail Steamship Company to turn away Honolulu bookings as much as possible. The matter is simply one of plain business common sense. If a steamer's staterooms can be sold through to the Orient, the company would show poor business judgment in giving cabins to persons wanting to travel only a third of the way.

Furthermore, the only reduced rates between Hawaii and the Coast are on American ships and not on foreign vessels. It would be clearly impossible to operate a foreign steamer on the local run between Hawaii and San Francisco, because it would be unable to carry freight, and hence could not possibly pay expenses. I take it I do not need to argue that question to this committee.

Mr. Humphrey. Right there, what objection would you have to an amendment to your bill to cover that very point—to prohibit any foreign vessel operating only between Hawaii and the mainland?

Mr. McClellan. I have no objection.

Mr. Humphrey. It seems to me that point might be covered by an amendment to the bill.

Mr. McClellan. There is direct evidence to show that this opening of a small part of the passenger trade to the four foreign vessels would not take the business away from American ships. Previous to annexation the foreign and American ships were in open competition for all Hawaiian business; but even then when they had the privilege of carrying freight as well as passengers, the foreign lines were never able to hold more than their own share of the business. In regard to the Matson line, I would say that two years ago, when this proposition was before your committee, and more particularly when it was before the house, my good friend from California grew very eloquent over the steamship Lurline, which was going to be put in commission by the Matson company to relieve this situation. The steamer Lurline was put in commission and was found to possess a total of twenty cabins.

Mr. Kahn. Accommodations for sixty passengers.

Mr. McClellan. Accommodations, as the gentleman says, for sixty, although everyone at this table knows that a vessel with twenty cabins will never be able to carry sixty passengers, because of the fact that many cabins are occupied by married couples. The Lurline has run almost continuously for those two years without a fixed schedule, so the passengers have not been able to know when she sails. In one case she was used as a towboat to tow an oil barge from San Francisco to Honolulu, and passengers had to spend nearly nine days on that voyage. That is the sort of accommodations we were told would serve the purpose of relieving Hawaii. Since that time the Matson line has put on a new steamer having fifty cabins, with a theoretical capacity of 150 passengers, the best ship they have on their line, which will be a very welcome aid to our local fleet; but the capacity of the two steamers which have been put on since two years ago is not equal to the natural growth in travel, so that our situation today, with those two vessels added, is worse than it was two years ago. Let me say further, gentlemen, that when I was in Honolulu last September I made a personal investigation of this question and endeavored to get some sort of promise from the Matson people that additional boats would be put on and would be contracted for to follow the new Wilhelmina. The local people offered to subscribe a substantial part of the capital required to build that boat, and some of them personally urged Captain Matson to proceed at once to build another boat, which would, of course, require a year to construct. But Captain Matson refused to do that, and said he did not propose to build any more until it is demonstrated that the present boats will have a sufficient profit.

While the San Francisco shipping interests have opposed this measure, a recent event has shown how quick that community is to ask for a suspension of the coastwise law when it interferes with their business in any way.

The German steamship Cleveland sailed from New York last year with a party of American tourists to circle the globe. When they reached Honolulu on the return voyage, all passengers were forbidden to stop over at that port under penalty of a fine of $200 each. As the ship carried 660 passengers, the total fine for landing them at San Francisco would have been $132,000. When the steamship company announced its intention of landing the party at a Canadian port, the San Francisco people at once brought pressure on the treasury department, and the result was the Cleveland was allowed to land all those passengers at San Francisco with a fine of only $1000 for the ship, with the understanding that the company would contest even that in the courts.

Mr. Barchfeld. That is a North German Lloyd steamer?

Mr. McClellan. Yes.

Mr. Barchfeld. Named in honor of the former President, Grover Cleveland?

Mr. McClellan. Yes. This case of the Cleveland is a very interesting one, because it shows the result of an extreme technical application of the coastwise law. Nobody ever intended, I take it, when the coastwise laws were applied, that a vessel leaving one side of the United States and encircling the globe and coming back to land its passengers at another American port should be subject to the coastwise laws; but nevertheless, technically, it is just as much subject to them as is a boat landing passengers in San Francisco from Hawaii. As soon as there was a possibility of diverting the Cleveland to a Canadian port the people of San Francisco, who wanted the profit of handling the incoming passengers and of refitting the vessel, rise up and ask immediately for a suspension of the coastwise law, and get it, too.

Mr. Hardy. Where are those passengers to and from?

Mr. McClellan. From New York back to New York. They were landed at San Francisco to go east overland.

Mr. Hardy. They went from New York to what ports in the East—all over Europe?

Mr. Kahn. Through the Mediterranean Sea, through the Suez Canal, and to China and Japan.

Mr. Hardy. But it was coastwise trade.

Mr. McClellan. This was a rank discrimination against the port of Honolulu; but it served to show that the extreme application of the law beyond its original intent is indefensible, and it proved beyond question that when San Francisco was about to lose valuable business through the extreme application of the coastwise law they at once used their influence to have that law suspended in their favor.

The stimulus that led San Francisco to momentarily forget the sacredness of the coastwise law is found in the highly profitable business of handling those tourists and in furnishing the following supplies for the voyage:

San Francisco, Feb. 1.

The Cleveland will leave here Saturday for the return circle of the globe. Between now and then the liner's stores will be replenished. Among the items that will be placed on board at this port are: 250,000 eggs, 53,000 pounds butter, 180,000 pounds fresh meats, 20,000 pounds poultry, 8500 pounds fish, 750 barrels flour, 900 boxes and barrels of groceries, 1400 boxes of fruit, 3 carloads of California oranges, 4 carloads California grapefruit, 1 carload lemons, 2 carloads apples, 1 carload pears and grapes, 3 carloads potatoes, 8 tons of sugar, 15,000 quarts fresh milk, 11,000 quarts brick ice cream, 14,000 pounds dried fruits, 43,440 quarts California canned fruit, 15,000 pounds crackers, and 70 cases of pickles.

While the ship is in port 550,000 pieces of linen will be sent to the laundry.

In closing, gentlemen, I would say there is a much more important principle at stake in this legislation than any mere question of profits to a steamship company.

Ever since annexation it has been the insistent and proper policy of the federal executive and of congress that Hawaii should be developed as rapidly as possible as an American community.

And yet it must be evident to all that it will forever be impossible to build up an American community in those isolated Islands in the mid-Pacific if their people are denied reasonable facilities for travel to and from the mainland.

From the very foundation of the government one of the fundamental principles of our Nation has been freedom of intercourse and commerce between the several States and Territories. That principle is written into the Constitution itself and has been elaborated in countless laws and court decisions. And yet, ten years after annexation, we find Hawaii denied freedom of travel to and from the mainland, through the application of a law never designed to apply to an insular Territory.

The technical application of this general law, never designed for such conditions, is resulting in a law-made monopoly arbitrarily restraining the growth of an entire Territory.

The whole Nation is alert today to oppose combinations in restraint of trade; what can be said then in defense of continuing the technical application of a law in a place where it works a definite and continuous restraint of trade? What would the American people say if the beef trust were given a law forbidding the use of foreign meats, even though the domestic supply were insufficient to meet the demand?

The result of continuing this embargo on Hawaiian travel will be the same as placing a growing child in a steel cage and thus restraining the growth to the capacity of the cage. I do not believe that this committee, or the congress, is willing that the unforeseen application of an old general law should be longer permitted to work absolute injury to an important detached territory of the Union.

Let there be no mistake or misunderstanding on this subject. Hawaii is not asking this privilege of travel in order to secure lower rates. Certainly we are not asking it for the benefit of foreign ships. Neither are we asking it as a matter of choice or preference. We ask it only as a matter of necessity, in order to secure the physical possibility of travel and reasonable freedom and facility for going to and coming from the mainland of the United States.

Statement of Hon. Julius Kahn.

Mr. Kahn. Mr. Chairman and gentlemen of the committee, I have before me a copy of the San Fracisco Chronicle of the latest date, which gives the sailings of the vessels between San Francisco and Honolulu. The Toyo Kisen Kaisha, the Japanese line, gives one sailing a month. A steamship sails Tuesday, March 15, 1910; another Tuesday, April 5, 1910; another May 3, 1910. If this bill were enacted into law it would give the Hawaiian people one steamer a month additional to what they have, and that steamer the cheapest run of any steamer that comes into the harbor of San Francisco. The wages that are paid at San Francisco on these American ships that run down to Honolulu are, for sailors, $45 a month. The Japanese line pays $9 a month. For firemen—Mr. Flynn, who represents the firemen, is here and can bear me out—the Americans pay $55 a month; the Japanese pay $9 a month. To operate an American vessel of the size of the Sierra, which is now going into commission, costs over $6000 a month. To operate a Japanese vessel of the same size costs a little over $2000 a month. That is the difference in the cost of operation. Since this bill was up before, the Lurline has gone into active commission.

Mr. McKinlay. There seems to be a little uncertainty in regard to a statement you made, that the wages of those men were $45 a month.

Mr. Kahn. The sailors' wages.

Mr. McKinlay. At one of the former hearings of this committee it was given in evidence here that the wages were $8 or $9 a month of the Pacific Mail.

The Chairman. The same as the foreign vessels.

Mr. Kahn. I said on American vessels that wages are $45 a month.

Mr. McKinlay. Do you mean the Pacific Mail?

Mr. Kahn. No; I mean the vessels that run exclusively from San Francisco to Honolulu.

Mr. McKinlay. You mean in the coastwise trade.

Mr. Kahn. That is it exactly.

Mr. McKinlay. Make that clear; that is what I wanted to suggest.

Mr. Kahn. The Pacific Mail has a mixed crew. She operates partly Chinese and partly Americans, and even at that she has a very much larger percentage of Americans than the Japanese line, which is in competition with the Pacific Mail, which is the only line that would be benefited if this bill were to be passed.

Mr. Humphrey. How much assistance do the three Japanese vessels get from the government?

Mr. Kahn. Five hundred thousand dollars of a subsidy.

Mr. Humphrey. Six hundred thousand dollars.

Mr. Kahn. It has been generally reported $500,000, and if it is $600,000 it has probably been increased. But the American vessels do not get a cent. Take this morning's Washington Post. It has an article given out from the navy department—that is, the statistics are given out from the navy department—showing the cost of food commodities that were purchased by our own fleet when on its tour around the world, and the cheapest place in the world where they bought meat and eggs and commodities of that kind was in China, in the Orient, and the Japanese lines get their commodities over in that section; whereas the vessels operating in the coastwise trade between San Francisco and Honolulu buy their commodities in America and pay the American prices.

Mr. Alexander. Did we not have a speech not long ago from Mr. Gardner, of Massachusetts, giving the cost of supplies for the Ranger, he stating that they were cheaper in the United States than anywhere else on that tour, except for one article, I think, meat?

Mr. Kahn. This morning's Washington Post has an article—I saw it—in which it said that meat was cheaper in Chefoo, China, than anywhere else.

Mr. McKinlay. The Ranger did not take in the Asiatic coast; it did not go into the Pacific at all.

Mr. Kahn. As a matter of fact, the Matson Navigation Company has just about put the Wilhelmina on that run. She is a vessel that was completed in December, went over to the Pacific coast, and has accommodations for 150 passengers. She cost in the neighborhood of a million dollars.

Mr. Barchfeld. Where was she built?

Mr. Kahn. At Newport News. Captain Matson, her owner, told me that if she proved as profitable as he hoped she might, his company would undoubtedly build another vessel. In addition to that, the Spreckels line, as it has been called here, the Oceanic Steamship Company, is now fitting out one of the three vessels that was spoken of, the Sierra, at an expense of $150,000, and she is about ready to go into commission to run between San Francisco and Honolulu.

Mr. Barchfeld. No farther?

Mr. Kahn. No, sir. She will make this trip, and some statement has been made here with reference to the attitude of the Spreckels people in not having put their vessels on the Honolulu route. As a matter of fact, when they ceased running to the Antipodes one of the vessels did make several trips to Honolulu in the expectation of making profitable voyages. They lost more money than they had expected to lose; in fact, it was anything but profitable, and therefore they discontinued the vessel altogether. But now they are going to try it again; they are about ready to try it again. The Sierra will probably start on her voyages within the next few weeks.

Mr. Barchfeld. What is the tonnage of that vessel?

Mr. Kahn. A little over 6000; about 6200. The Matson vessels are all 6000-ton ships or over. The Wilhelmina, I think, is something like 7000.

Mr. McClellan. I beg the gentleman's pardon, but he certainly will not say that the Hilonian is a 6000-ton vessel.

Mr. Kahn. I understood she was. That was my recollection from Captain Matson's statement.

Mr. McClellan. The Hilonian is a 3000-ton vessel.

Mr. Kahn. I know, but the new vessels I am speaking of are all pretty good-sized vessels. With reference to the matter of not getting the accommodations you want, there are many people who want to go to Europe every summer, and they can not get the accommodations they want, and they have to wait over a steamer or two or wait until a subsequent sailing. I know we on the Pacific coast who want to come here to Washington sometimes have to wait a week before we can get our Pullman-car accommodations. We have to lay over because we can not get the berths we want. For that reason we do not come to Congress and want all the laws changed simply because on a certain day we can not get away. As a matter of fact, I am informed by the steamship people, and I think the practise is a very loose one, and I think they are to blame for it, that it frequently happens that they have their passenger accommodations taken by residents of Hawaii. A practise prevails there, and has prevailed at all times, that the prospective passenger does not put up a dollar of forfeit money when he takes any accommodations. They simply put in his name, and then afterwards, when the vessel is about to sail, they get their cancellations, and that has happened frequently there; the Honolulu people have put down their names to sail, and then, when the vessel is ready to go, they have not gone.

Mr. Humphrey. That happens everywhere, does it not, Mr. Kahn?

Mr. Kahn. Of course it does.

Mr. Kalanianaole. In Honolulu, in booking, if a passenger offered the price of a passage from Honolulu to San Francisco, it would be refused by the company.

Mr. Kahn. The money would be refused?

Mr. Kalanianaole. Yes; they never take money from a passenger when they are booking, because they can not be depended on to give you the passage. So the fault is not on the people.

Mr. Kahn. I said the steamship company is to blame. I said that in my remarks. But that is a fact, bookings are canceled all the time, and when the vessel thinks she has a full list, she finds out she has not.

As I said before, the only line that is going to be benefited by this legislation is the Japanese steamship company. She will be permitted to carry passengers between the mainland and Honolulu. It will give them one vessel a month more, that is all, and for that privilege you are willing to take away a part of the business of the American lines that pay these high wages, that have their money invested, that have a hard time of it to get along as it is, and I apprehend that you are striking a blow against the building of more ships, because no man wants to put his money into an investment of that kind unless he can see his way clear to make some money, and the statement that Captain Matson made to Mr. McClellan is the best evidence of it. He said he did not want to put any more money into the business until he knew how such a vessel was going to pay. But he has so much confidence in it that he told me not long ago that he thought his company would be able to put in another new vessel of about the size of the Wilhelmina.

Mr. Humphrey. Are you not mistaken slightly when you say that the three Japanese vessels would be all? Would not they get an additional vessel that is now running on the Pacific Mail?

Mr. Kahn. The Asia!

Mr. Barchfeld. Yes.

Mr. Kahn. She runs once in about three months.

Mr. Barchfeld. The China?

Mr. Kahn. No; the Asia. The Asia used to belong to the Oriental and Occidental line. She is an old ship, and I do not think she carries many passengers. I think she carries principally freight. They have here her advertisement. On May 10 she sails, and she runs about once in three months.

Mr. Simmons. The contention is made here that the accommodations on the American vessels are wholly inadequate to take care of the passage from Honolulu. How soon do you think the American lines will be able to furnish sufficient accommodations for that?

Mr. Kahn. The Sierra will accommodate several hundred, and she will sail every other week. Mr. McClellan says that they contemplate taking off the Alameda, which is a small vessel, but which has always been a very reliable vessel. There are a great many people who live in Honolulu who prefer to travel on the Alameda to any other. She is known on that line as Old Reliable, and it is a fact that the morning she is supposed to arrive her smokestack can be seen coming over the horizon at the regular hour, she is so regular in her run. I am told by Mr. Flynn, who is in touch with shipping, because he represents the firemen on the Pacific Coast, that they intend to keep the Alameda on that run also. I am told also that the Nevadan, which belongs to the Hawaiian-American line, makes occasional trips with passengers from San Francisco to Honolulu.

Mr. McClellan. The Nevadan has a capacity for 12 passengers.

Mr. Kahn. She occasionally makes the runs.

Mr. McClellan. For the last year and a half she has made the run, but refused to carry passengers.

Mr. Humphrey. Mr. Kahn, suppose a restriction was placed in this bill permitting only foreign vessels that run on other routes to carry passengers between the Hawaiian Islands and San Francisco. It is such a small thing, according to your own statement, if that precaution was thrown around it, do you think that American shipping could be injured?

Mr. Kahn. I think it would be injured to this extent. I do not suppose there would be many passengers. Of course, there are a good many people who want to travel in Pacific line steamers, and they do not want any other. You understand.

Mr. Humphrey. Yes.

Mr. Kahn. And of course they would prefer to travel on the Japanese line in preference to any other, and I think the coastwise-trade laws of the United States ought not to be set aside to meet the whim of a few people who want to travel on this particular steamer and do not want to go on any other.

Mr. Humphrey. Mr. Kahn, you will admit, undoubtedly, that the situation as to Hawaii is exceptional. There is no other parallel to that in our country that I know of, no other situation that parallels it entirely.

Mr. Kahn. I do not know. Of course I have never looked into the matter very carefully, because this is the only case that has ever been called to my attention. I suppose there may be some difficulty in getting down to Porto Rico; I do not know. I do not know just what the situation is there, but it is barely possible that there may be. At the same time the benefit under this bill to the people of Hawaii would be so insignificant, probably, that the law ought not to be changed and deprive the American vessels that are trying hard to build up a coastwise trade, that are trying hard to keep the American flag afloat—they ought not to be charged with this loss of business, and it would be a loss, no matter how insignificant it was; it would be a loss.

Mr. Humphrey. I agree with you on that, Mr. Kahn, but still if congress refuses to do anything that will build up our American shipping and help to give ample service, should we place a penalty on the Hawaiian?

Mr. Kahn. The American shipowner on the Pacific Coast is doing his best. He has built the Lurline; he has built the Wilhelmina; he is now putting the Sierra into commission. He is doing his level best to put ships on that line, and why put any obstacles in his way? If you stand back of him and enable him to run as he is running now, the chances are that he will have another vessel in a year or a year and three months. The chances are that the Wilhelmina's owners will put another vessel on. But why do you want to go to work and put any obstacles in their way?

Mr. Hardy. Will you permit me to ask you a question?

Mr. Kahn. Yes.

Mr. Hardy. During the last ten years have the actual transportation facilities for passengers from Honolulu to San Francisco, or America, been, on the whole, increased or decreased?

Mr. Kahn. They have been increased considerably.

Mr. Hardy. Have you not lost as much capacity?

Mr. Kahn. No; when you compare the big vessels, the Manchuria, the Korea, and the Siberia, with the little vessels that used to run there, you will see that you have doubled your capacity, almost. The little vessels used to run, the Coptic, the City of Argentina, the City of New York—they were all small vessels. You have these great big 11,000-ton ships now.

Mr. Hardy. Running only from America to Honolulu?

(Continued on Page Eleven.)

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