

STEAMERS BETWEEN CALIFORNIA AND CHINA.

[To accompany bill H. R. No. 472.]

FEBRUARY 19, 1851.

Mr. FREDERICK P. STANTON, from the Committee on Naval Affairs, made the following

REPORT:

The Committee on Naval Affairs, to whom were referred that part of the President's message and accompanying documents which relates to the navy of the United States, and also sundry memorials of citizens proposing the establishment of a line of communication, by steam-ships, between the United States and Asia, having had under consideration the recommendation of the Secretary of the Navy on the subject of such communication, as well as the terms and conditions of the said proposals, beg leave to submit the following report:

Deeply impressed with the vast importance of a regular line of communication between the western coast of the United States and the ports of eastern Asia, the committee have readily concurred in the wise recommendation of the Secretary of the Navy, and have anxiously inquired into the best means of effecting the great object proposed. After mature consideration, they have arrived at the conclusion that the system hitherto adopted by the government for like purposes, having had the test of experience, in this as well as in other countries, ought not to be departed from in the present instance. Adopting, therefore, the policy of encouraging and sustaining private enterprise, in order to effect great national objects, the committee have endeavored to select, among the several propositions made, one which seemed to them to be most advantageous to the government, and most likely to be successful in the end, while, at the same time, its terms are just and fair. It is believed that the memorial of Ambrose W. Thompson, of Philadelphia, contains such a proposition; and the committee present it to the consideration of the House, with the hope that it will be adopted.

Mr. Thompson proposes to establish lines of mail steamers from some point in the bay of San Francisco, California, to the free ports of China, touching at the Sandwich Islands in going and returning; and from Philadelphia, in Pennsylvania, and Norfolk, in Virginia, to Antwerp or Ostend, touching at Dover or Portsmouth, in England, and Havre, in France.

Looking to the connexion of the Pacific and Atlantic coasts of the United States by railroad, he proposes to unite in his contract these two projects, with a strong conviction that the two, thus connected, will become the medium of transporting the products of India through the United States to Europe.

He proposes to construct ten steam-ships, of not less than three thousand tons burden, with a capacity for speed equal to that of any steam-ships which navigate the Atlantic ocean. They are to be built under the inspection and supervision of the Navy Department, and to be so constructed as to be convertible into war-steamers of the first class. They are to be so equipped and armed that they can change their ordinary employment for that of a ship-of war without delay or material alteration. The commanders and watch-officers are to be from the navy of the United States, detailed for that purpose by the Secretary. The ships are to be navigated at the expense of the memorialist, and to be subject to such inspection, from time to time, as the Secretary of the Navy may order. The contractor will be bound, at his own cost, to make such repairs as may be required, and to introduce all such improvements in machinery as may be deemed better calculated to secure efficiency. The ships are to be liable to be taken by the government for its own use, at a fair valuation, at any time during the term of the contract, which is to continue for ten years. The memorialist proposes to carry the mails, and, instead of receiving an annual compensation for the service, as in other contracts for foreign mail transportation, to receive only such postage on the mail matter carried in his ships as may be established by the Postmaster General, according to law; but if, at any future time, the amount of postages received shall exceed, in proportion to the number of ships employed, the compensation now allowed by law for the mails carried in steam-ships between New York and Liverpool, such excess to be paid into the treasury.

For the construction, equipment, and armament of the ships, it is proposed that the government shall issue a six per cent. stock, redeemable in ten years. The application of its proceeds to these objects is to be guarded by ample security, and the issue to be made by the Secretary of the Treasury on the requisition of the Secretary of the Navy. The contractor is required to pay into the treasury of the United States the amount of the semi-annual dividends as they may fall due to the bond-holders, and he is to execute a mortgage on the ships to secure the payment of the interest as well as the ultimate redemption of the stock by him, either at its maturity or when the government may appropriate the said ships to its own use. But, at the expiration of five years from the commencement of the service, the contractor is required to make an annual payment of ten per cent. upon the principal of these bonds, so that, at the expiration of his contract, the amount due will be but one-half of the original debt. And in addition to this, he may at any time pay into the treasury such portions of the principal of said stock as the Secretary of the Treasury may consent to receive, and release himself, to that extent, from his obligation to redeem the principal and to pay the dividends thereon.

The proposed contract relates to a subject of great public interest, and the committee have given to it, in all its parts, their most careful consideration.

The policy of adding to the naval forces of the United States efficient steamers prepared on any emergency for belligerent operations, has been repeatedly considered, and urged on the favorable consideration of Congress, both by your committee and by the Executive. The commerce and navigation of the United States are rapidly increasing, and the duty of protection to these great interests imperatively requires that we should not be deficient in those means which other maritime nations are steadily

augmenting. The successful introduction of steam in ocean navigation has rendered a strong auxiliary force of steamers an indispensable appendage to the navies of the world. To no country will they be more important, in the operations of war, than to the United States. Our true policy, as well as our geographical position, will always render defence the most important of our duties, when, in the vicissitude of human affairs, the necessity for war shall arise.

Steamers in commission as ships of war, carrying no freight, are so much more expensive than sailing-vessels, that the number maintained in actual service will always be very limited. If built by the government and kept in ordinary, it is believed that the annual loss by decay and wear and tear is not less than $12\frac{1}{2}$ per cent. on the entire cost of construction. Economy, therefore, is greatly promoted by the system which secures efficient steam-ships in the best serviceable condition for immediate use, and subject to be taken by the government when the emergency may arise. In this view, Congress passed the acts authorizing the contracts now existing, under which lines of steamers have been established from New York to Bremen, from New York to Chagres, and from Panama to Oregon.

The very nature of our government demands that, in the exercise of its acknowledged powers for the public objects it was ordained to promote, it shall select those means which will confer the greatest incidental benefit upon all classes of the people, without injury to any, and without detriment to the public interest. That system, therefore, which gives profit to mechanics, in the construction of the ships and their machinery; to seamen, in navigating them; to commerce, by multiplying its avenues; to agriculture, by opening new markets; and to the government, by increasing its revenues at the custom-house; and which, at the same time, secures efficient steam ships-of-war when the public exigencies may require them, is wise and beneficent, and, when recommended by economy, is required by the best interests of the country. The contracts already in legal operation, when completed, will render available for government purposes, if required, seventeen war-steamers. These lines all terminate at New York, or are in direct connexion with that great and growing city.

The plan now proposed will add ten first-class steamers to the number; and it appears to the committee that the proposed termination of the Atlantic portion of the lines at Philadelphia and Norfolk recommend it to favorable consideration. It is due to the States of the confederacy to diffuse, as far as practicable without public injury, the benefits resulting from the operations of the federal government. The States of Pennsylvania and Virginia, at their own cost, have constructed expensive improvements, which bring to the seaboard the staples of foreign commerce in great quantity and value; and it is not unreasonable that they should desire to participate in those arrangements which secure a direct communication with foreign markets.

The acquisition of California presents facilities for trade and intercourse with China which ought not be neglected. It is believed that steamers can regularly make the voyage from the bay of San Francisco to China in twenty days; and by the circuitous route over the isthmus now necessarily used, communication is maintained between the western coast and our Atlantic cities in little more than thirty days. Thus the establishment of a line of steamers on the Pacific would place New York within less than

sixty days of Macao. The trade with China in sailing vessels, which go around the cape, now labors under a great disadvantage in the length of time required for the voyage. It may be assumed that an average of ten months is required to make the return; and the voyage from Europe to China and back may be considered as occupying an average of full twelve months. With the facilities now existing, and with the addition of the Pacific line proposed by the memorialist, the communication between Liverpool and China would be reduced to sixty days, and the return of an adventure from London to China might be received by way of the United States in less than five months—less than half the time now required.

The commerce of India has always enriched the nation enjoying it. The exports of China have so much value, in proportion to their bulk, that they can well afford to bear the cost of steam transportation. With all the advantages which will be possessed by a line of six steamers of enormous capacity for freight, wearing the flag of the United States, commanded by officers of the navy, making their trips with regularity and much more speedily than on other routes, it is certain that the rich stream of eastern commerce would flow into the United States; that new markets would be opened among the dense population of the East for our varied productions, and that a great increase of public revenue would result from increased importations; and if goods imported be not entered, but warehoused, vast advantage would follow to our commercial and shipping interests. Shippers of goods to be warehoused and sent to a more favorable market would necessarily draw on their consignees, and the additional great commercial advantage of exchange would thus be secured to our merchants.

The competitors for the China trade are the British and American merchants. The commerce of the United States with China has been steadily increasing, and it can scarcely be doubted that the contemplated facility of communication by steam will give to our enterprising countrymen advantages which cannot be counterbalanced by those of any European nation.

One of the greatest and most important effects of the concentration of this commerce at some point in the bay of San Francisco, (where must necessarily be located the depot on the Pacific,) and of the extension of our intercourse with the Asiatic nations, would be to hasten the adoption of some practicable plan for connecting the two oceans by a railroad across the continent—thus binding the widely-separated members of our confederacy, not only by the moral influence of the same constitution and laws, but by another link in that vast system of improvements by which the common welfare is to be so greatly promoted, and by which alone the remote State of California and the coterminous possessions of the United States can be brought into those easy and intimate relations and that constant intercourse which ought to subsist between all parts of the same government. The committee forbear to express, in connexion with this subject, any opinion upon the particular projects which have been submitted to Congress for an overland communication with the Pacific, regarding them all as calculated to advance an object second to no other in importance to this country, and intended to secure the completion of an enterprise which, besides affording extraordinary advantages to agricultural, manufacturing, and other great pursuits, is destined also to contrib-

ute its mighty influence towards a revolution in the commerce of the world.

The presence of so large a number of armed ships, appearing in quick succession, though in the peaceful pursuits of commerce, will give constant and efficient protection to American rights and interests at all points in the Pacific and on the coast of China. Serving in this respect all the purposes of cruisers, they will enable the government to reduce the naval forces employed on that unhealthy station, and to use them more advantageously in other quarters of the globe.

The plan proposed seems to be recommended by economy, and by the highest considerations of public policy.

The inducement offered the contractor by the government, is the issue of scrip, to be applied to the construction of the vessels, and the privilege accorded him of securing such compensation for mail-matter transported as would by law accrue to the government as postage. This latter privilege to continue only so long as the government may permit. The agreement to issue scrip deserves, and it has received, the most careful examination.

By an existing law, it is provided that, when Congress shall direct an increase of the navy by the addition of steamers, the President shall have authority in his discretion to cause them to be built by contract with individuals, or at the public navy-yards. In all cases of construction by contract with individuals, the responsibility of the contractor terminates when his work is finished and the stipulated price has been received. The interest of the government and that of the contractor are in conflict from the date of the contract.

The contracts for the transportation of the foreign mails, heretofore made by the government, have all provided for the payment of an annual compensation to the contractors as mail carriers; but the principal object was, without doubt, to secure by this means steam-ships for the navy in case of emergency. In all these contracts Congress has found it necessary to advance considerable sums before the service commenced, to aid the contractors in constructing their vessels. Under the obligations of these several contracts, annual appropriations are made for payment to the contractors. For the line between New York and Liverpool, an annual compensation of three hundred and ninety thousand dollars was not deemed unreasonable; and the contract, when fully executed, will make available for public use only five first-class steamers. A plan different from those already stated, is now proposed. Instead of an annual appropriation to pay the contractor for carrying the mails, he proposes to receive only the postages, and to look to this source, with the freights he may be able to command by the superior condition of his ships, and to skill and economy in their management, for his reward. But the outlay for construction is to be provided by the issue of government scrip, issued in advance, but redeemable after the service has been performed. No payment from the treasury will be required to meet the accruing interest on the scrip, for the contractor is required to give satisfactory security that he will meet this liability; and the redemption of the stock by him, if the government shall not appropriate the ships to its own use, is secured by a mortgage on the ships, which the strongest motives of interest will impel the contractor to construct and equip in the most perfect manner, and keep constantly in the most serviceable condition. If he

fail to do either, he must be utterly ruined, under the obligations of his contract; and, if likely to fail in his duty in this respect, the government may at all times compel him to perform it or abrogate the contract, taking to itself the entire property in the steam-ships. It can only be regarded as a contract by which the government secures great public advantages, and by which the ships are, in effect, the property of the government, and the scrip as only its promise to pay the cost of construction and equipment when the service has been performed and the ships are required for naval purposes; while the government will be secure by its power of supervision that the funds will be faithfully applied to the purposes of the contract. The practical effect of the arrangement will be, that the government will have in actual service ten first-class steamships without expense for the service or for maintaining and repairing them, with every possible assurance that they will be kept in the most serviceable condition, and subject to be taken for its use at its pleasure. The obligation to pay at a future day cannot exceed the cost of construction and equipment, and its lien on the ships cannot be evaded or defeated.

In every view of the subject, the committee regard it as a most favorable contract for the government; and the fact that a citizen of character, and an enterprising and successful man of business, is willing to devote his time and energy to an enterprise in which his reward will depend on the successful employment of the ships as carriers of freights, tends strongly to show that the routes are well selected; that the commerce of the country will be greatly extended; and that the government will not be in danger of finding his vessels at any time in a neglected or unserviceable condition.

Strongly impressed with the belief that the system is wise; that the number of available steamers yet secured, with those now proposed, is far short of the necessities of the United States, when compared with the steam marine of other nations; that the details of this contract are favorable to the government; and that the mode of providing for the construction of the ships is not only free from well-grounded objection, but more economical and better calculated to insure efficiency than any other, the committee report a bill in conformity with the proposition stated.



