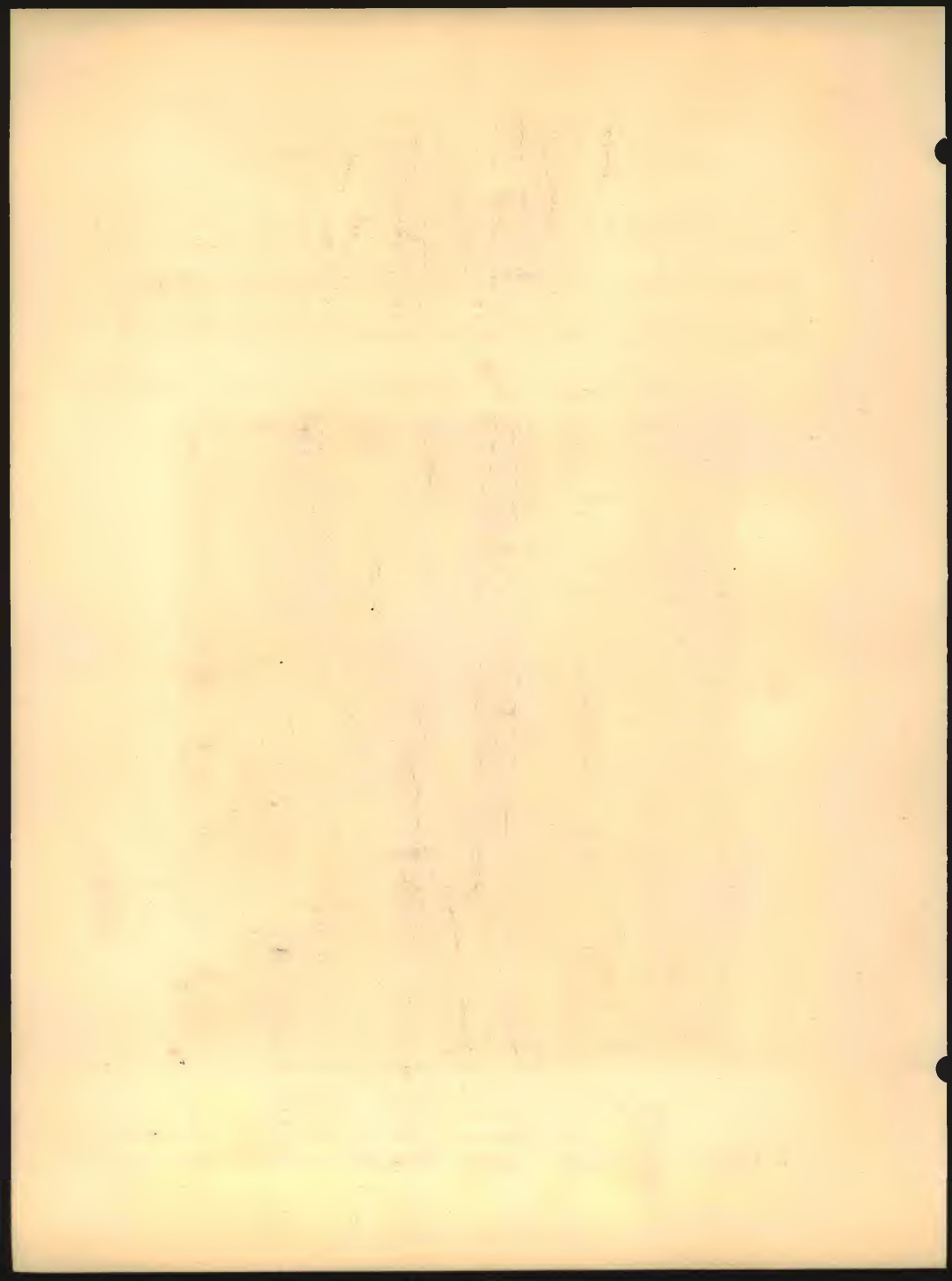


AMERICAN CONSULAR BULLETIN

AMERICAN CONSULATE
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1920
KOBE, JAPAN





AMERICAN CONSULAR BULLETIN

PUBLISHED MONTHLY WITH THE COOPERATION OF THE AMERICAN CONSULAR ASSOCIATION
TO FURTHER AMERICAN BUSINESS INTERESTS IN FOREIGN LANDS THROUGH THE CONSULAR SERVICE

VOL. 2

AUGUST-1920

No. 6



GALLERY OF THE REPUBLICS
THE PAN-AMERICAN BUILDING
Washington, D. C.

EDITOR AND PUBLISHER, J. W. YOUNG - 141-145 WEST 36th ST., NEW YORK, N. Y.



Secretarial Personnel in the Department of State

After the resignation of Mr. Lansing the secretarial force of the Department of State was in an exceedingly depleted condition. Mr. Polk, as Acting Secretary, was without the assistance of an Under Secretary or First Assistant Secretary of State; and the Third Assistant Secretary of State, the Honorable Breckenridge Long, was frequently called away from Washington for long periods. After the appointment of Mr. Colby the same situation continued, Mr. Polk's health not permitting him to display his usual energy in the transaction of affairs.

About one month after Mr. Colby's appointment the Honorable Hugh C. Gibson, American Minister to Poland, returned to the Department on leave of absence and was induced to accept the function, although not the position, of First Assistant Secretary of State. Mr. Gibson has been acting, and continues to act, in that capacity with all of the great ability which he has displayed in the diplomatic service; and the presence in the Department of this veteran diplomatic officer, with his fine ideals for the Department and the foreign service, has gone far to reanimate the Department.

The designation of Mr. Norman H. Davis, Assistant Secretary of the Treasury, to be Under Secretary of State as successor to Mr. Polk, has likewise been of the utmost possible benefit to the

Department. Mr. Davis' familiarity with the foreign loan situation, and his active participation in the financial and other peace negotiations at Paris, have given him a wide and accurate knowledge of international affairs. His extensive and successful experience as president of a powerful Cuban-American banking institution has accustomed him to dealing with large financial matters, and given him a sureness of touch in handling economic questions. Mr. Davis is believed to enjoy the personal confidence of President Wilson at the present time to a greater degree than very many other officials in Washington.

Following the resignation of the former Third Assistant Secretary of State late in June, Major Van Santvoord Merle-Smith was designated Third Assistant Secretary. Major Merle-Smith has been a partner in very important legal firms in New York City and, in addition to his exceptionally fine army record during the war, has the distinction of having acted as secretary to Mr. Lansing during the peace negotiations at Paris. Subsequently he was appointed a drafting officer in the Department of State, and assigned to the Foreign Trade Adviser's Office to handle all reparation matters arising out of the peace settlement. The conversancy gained in that capacity with the work of the Department of State and with the major policies of the present Administration regarding



foreign affairs has qualified him perhaps better than any Third Assistant Secretary for many years, if not decades, to deal with the responsibilities of his position. His unusual abilities and personality have commanded the respect and loyalty of all the officers in the Department; and his work in the Foreign Trade Adviser's Office has given him a particularly sympathetic comprehension of the commercial problems, and consular

problems, which are at present confronting the Department.

The general reorganization of the Department of State, concerning which it is hoped to publish a more detailed statement in a later issue, will presumably be delayed until the coming winter; and it is not improbable that it may even await the convening of the 67th Congress, which will be elected in the coming autumn.

Visit of Consul General Harris to Washington

Consul General Ernest L. Harris, whose splendid work at Irkutsk, Russia, during the war has received international recognition, has been in Washington on leave of absence during a portion of the month of July. Consul General Harris has had consultations with a number of prominent governmental officials in Washington and has delivered a number of addresses in other cities.

On July 28th he addressed the Economic Liaison (inter-departmental) Committee, and his remarks on that occasion have been summarized as follows:

Mr. Harris stated that he went to Petrograd in March, 1917, for the National City Bank and was there during part of the Kerensky regime. He then went to Moscow and witnessed the reign of terror which took place during the summer of that year when the Hotel National was shot to pieces. From there he went to Turkestan and later into Siberia, as Consul General, with a Czech troop train. It appears that the evacuation of the Czechs from Siberia was delayed through the intervention of Count Mirbach, the German Ambassador at Moscow, and that if the Czechs had not taken over the control of the Siberian Railway in May and June of 1918, that the Germans would have secured control of this railway. He gave as his opin-

ion that if Admiral Kolchak had not seized the control of power in Siberia in November 18, 1918, the Bolsheviki would have obtained that control a year and a half sooner than they did.

When one considers that there are 500,000 German and Austrian prisoners in Siberia, and in addition many civilian nationals of these countries, one is inclined to doubt as to whether Germany has actually lost the war. German is the commercial language of Russia. German churches are scattered all over Russia and there appears to be no antipathy among the Russians towards Germans. It, therefore, appears quite possible that Russia will be reconstructed and rebuilt by the aid of Germany. In this connection it should be remarked that approximately 60 per cent. of the Czech army which has been through Russia have bolshevist tendencies and that they will probably return to Siberia and Russia to live. The Poles in Russia have not the ability of the Czechs and it is probable that both the Czechs and Poles will be dominated in Siberia, due to the German element there.

In conclusion Mr. Harris stated that he believes bolshevism to be a disease, that it is based on anarchy, communism and nationalization and that in his opinion it should never be given toleration.



Trade Interviews by Consuls on Leave

With the cessation of the war, and the discernible slackening of foreign demand for American goods, American business firms are again displaying more interest in interviews with American consular officers in the United States on leave. The Department of State in 1913 and 1914 was anxious to procure funds to finance trade visits by consular officers during the period when the latter were in the United States. Congress was approached, limited appropriations were secured and a number of consular officers made brief tours. During the war the vast foreign demand for American goods rendered this system less necessary, and tendered to make Congress apathetic toward it.

At the present time the valuable contributions which consuls on leave can make to the information of American exporting firms is once more being appreciated; and the Department is considering an appeal for appropriations to improve the situation. In some instances, the Department has granted an extension of leave to consular officers whose regular leave has been partially utilized in trade conferences. It is probable that the coming winter may see further developments.

The vice president of one of the leading exporting firms of the United States, Mr. M. A. Oudin, of the International General Electric Company, recently wrote to the Acting Foreign Trade Adviser as follows:

"There is an increasing interest on the part of American business men with foreign connections. My company is particularly desirous of making more use of the Consular Service. We should like very much to get in touch with the Consular Officials in the principal cities and to make use of their valuable assistance. Is it possible to obtain a list of the Consuls and their locations? We are always glad to meet those who return from their posts or who are on their way to their various assignments. I have spoken to Mr. Carr about facilitating intercourse of this kind, and I should like

to obtain your support in the plan above indicated. I am anxious that the Consuls abroad should feel that there are American concerns at home who are aware of their existence, nay interested in their activities and in the good work which they are doing for their country's foreign trade and the improvement of our foreign trade relations.

"We would like to make it a regular thing to meet the Consuls, to communicate with them, and not undertake this agreeable and useful work in a haphazard fashion. Can you offer any suggestions?"

The Appointment of Financial Adviser to Latin-American Countries

Dr. Arthur N. Young, Regional Economist in the Foreign Trade Adviser's Office, was in May, 1920, designated as Financial Adviser to the Republic of Honduras, and has reached Tegucigalpa and taken up his duties. Dr. Young was connected with Professor Kemmerer of Princeton University in advising the Mexican Government respecting its financial situation; and is one of the foremost of the younger economists of this country specializing in finance. Dr. Young in January, 1920, qualified for the position of Economist Consul; and would have been sent into the field in that capacity had not his appointment to Honduras supervened.

It is understood that Mr. R. R. Hill, also a Regional Economist in the Foreign Trade Adviser's Office, has been designated as Financial Adviser to the Republic of Nicaragua, although at the present time some formalities remain to be completed. Mr. Hill has been handling financial and economic problems of Central America in the Foreign Trade Adviser's Office, and has for many years been a student of Latin-American affairs. He is the author of widely used text books on the Spanish language, and has been engaged in mercantile business both in Spain and Cuba.



Regional Economists in the Foreign Trade Adviser's Office

As most Consular Officers are aware, the Foreign Trade Adviser's Office has divided the world into geographical regions, and has employed an economic expert, known as a Regional Economist, to handle commercial and economic questions arising in each of these regions.

The gentlemen at present occupying these positions are as follows:

Dr. Ernest L. Bogart Germany

(Now Assistant Foreign Trade Adviser)

Dr. W. W. Cumberland

Dr. Dana G. Munro

Mr. J. S. Gittings, Jr.

Dr. A. C. Millsbaugh

Mr. F. R. Flournoy

Mr. Ray O. Hall

Mr. Eugene M. Kayden

Dr. Knute E. Carlson

Mr. Alfred W. Kliefoth

France

Central America, the West Indies Republic and Chile.

Argentina, Brazil, Paraguay and Uruguay United Kingdom

Liberia and Abyssinia, British Dominions and Colonies with the exception of British India, Federated Malay States, Straits Settlements, Ceylon and British possessions in the East Indies.

Roumania, Bulgaria, Jugo-Slavia, Albania, Greece, Turkey, Hedjaz, Armenia and Persia

Poland, Czecho-Slovakia, Austria and Hungary

Norway, Sweden, Denmark, Holland, Finland, Luxemburg and the Dutch West Indies

Russia, Latvia, Lithuania and Estonia

Dr. Fredk. E. Lee

Mr. Roscoe R. Hill

Dr. Wm. R. Manning

Dr. Dorsey Richardson

Dr. John L. Donaldson

China, Japan, Manchuria and Eastern Siberia

Mexico and Cuba

Bolivia, Peru, Ecuador, Colombia and Venezuela Spain, Portugal, Italy and Switzerland

British India, Federated Malay States, Straits Settlements, Ceylon, Siam, French Indo-China and the East Indies

American Consular Association

The attention of the members of the American Consular Association is invited to the fact that the current membership of the Association expires June 30, 1920, and those members who have not yet paid the yearly membership fee of \$5.00 for 1920-1921 should forward their dues at the earliest possible moment.

All memberships of the Association are dated from the beginning of the fiscal year. Payments of dues made before July 1st of any year are considered as payments for the fiscal year.

The subscription of each member to the AMERICAN CONSULAR BULLETIN is included in his membership.

Please send your check in the first outgoing mail to the Secretary-Treasurer, American Consular Association, c/o Consular Bureau, Department of State, Washington, D. C.



ITEMS



Dinner at Washington Golf and Country Club

Another step forward in the improvement of the *esprit de corps* of the Consular Service through the medium of the Consular Association took place at the Washington Golf and Country Club on Friday evening, July 23, when the Association had as its guests at dinner fourteen new members of the service, who had just completed a course of instruction at the State Department under Consul General Stewart.

In addition to the regular Washington contingent of consular officers there were present also at the dinner Hon. Wilbur J. Carr, Mr. Herbert C. Hengstler, Mr. Sumner Welles, of the Diplomatic Service, George H. Pickerell, Consul at Para, Brazil, and others whose names stand high on the rolls of the service.

Mr. Carr, as Honorary President of the Association, acted as toastmaster. He first called on Consul Tracy Lay, who in his inimitable manner and (with a slight vestige of an Alabama accent) told of some of the rocks in the path of the Consular Association, and welcomed on behalf of the Service the new appointees.

Increased cooperation and mutual understanding between the Diplomatic and Consular services was the subject of an inspiring talk by Mr. Sumner Welles, whose earnest praise of the rapidly increasing efficiency of our modern consular work marked the welcome which he extended to the new consular officers on behalf of the Diplomatic Service.

Mr. Welles was optimistic as to something approximating an early consolidation of the Diplomatic and Consular services. He declared that he sees in this proposed moulding into one of the two branches of the foreign service numerous advantages for both organizations and for the government.

"This amalgamation should hold out to the man who has attained distinction through efficient work in the consular service an opportunity to enter the diplomatic service and attain the rank of Minister," said Mr. Welles. "Vice versa it will give the diplomat who wishes to gain the experience to be had in consular work a chance to enter that work."

Mr. Hengstler, Mr. Wesley Frost, Mr. Pickerell and Mr. Roger Tredwell also made brief talks. Major George J. Crosby answered the welcome extended by the several speakers to the new class of consuls and vice consuls, and voiced the appreciation of the class for the fine services of Consul General Stewart as instructor.

Brazilian Exports

While exports in tonnage during the months of January and February, 1920, have been less than for the same period of 1919, due principally to manganese which decreased 50,000 tons, there has been a marked increase in value of more than \$10,000.00 dollars.

While the percentage of coffee decreased from 57.8% to 47.2%, the following were increased: Sugar from 2.4% to 6.2%, hides and skins from 5.1% to 7.7%, meat from 4.3% to 6.0%, mate from 1.9% to 2.6% and various other products from 15.5% to 20.7%.

Recent Consular Visitors

The following consular officers have recently visited the Department while on leave of absence:

James A. Smith, Consul General, Calcutta.
 Harry E. Carlson, Vice Consul at Christiania.
 Thornwell Haynes, Consul at Berne.
 Edward A. Dow, Consul at Ciudad Juarez.
 George C. Hanson, Consul at Foochow.
 George A. Makinson, Vice Consul at Santo Domingo.
 Samuel Sokobin, Vice Consul at Chungking.
 Robert W. Imbrie, Vice Consul at Viborg.
 Parker W. Buhrman, Consul at Helsingfors.

Assignments of New Consular Officers

The following newly appointed consular officers have just been assigned and will soon leave for their posts:

George J. Crosby, of New Jersey, Consul, Vancouver.
 E. C. Soule, of Texas, Consul, Cartagena.
 A. M. Warren, of Maryland, Consul, Cape Haitien.
 Chester W. Davis, of New York, Consul, Georgetown.
 Winthrop R. Scott, of Michigan, Consul, Paris.
 George Orr, of New Jersey, Consul, Panama.
 Renwick S. McNiece, of Utah, Consul, Penang.
 Edmund B. Montgomery, of Illinois, Vice Consul, Barranquilla.
 Theodore D. Palmer, Jr., of New Jersey, Vice Consul, Sofia.
 Henry Averill, of Virginia, Vice Consul, Port du Prince.
 John R. Minter, of Maryland, Vice Consul, Port Elizabeth.
 Raleigh A. Gibson, of Illinois, Vice Consul, Buenos Aires.

Richard F. Boyce, of Michigan, Vice Consul, Port Antonio.

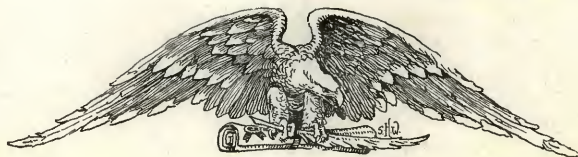
William W. Corcoran, of Massachusetts, Vice Consul, Calcutta.

Brazilian Governmental Trade Organization

"The Brazilian Government has taken a step of considerable significance in looking forward to marketing its increased production both now and after the war. *A Department of Commerce has been created in the Ministry of Foreign Relations.* It is stated that there will be nothing bureaucratic about it, but that its function will be of a very practical nature, namely, to furnish information, compile statistics, and to issue publications for the stimulation of Brazil's international trade. *One of its special objects is to supply the Brazilian Consular agencies throughout the world with material for use in definite trade expansion.*

"At the same time a decree of April 24, 1918, reorganizes the entire consular service of Brazil. This new organization is, in general, modeled on the American organization with Consular Inspectors, Consulate General of first and second class, Consulate and Vice Consulate, and Consular agencies. . . .

"Provision in detail is made by this decree for the commercial activity of the Consular representatives, among these being the collection and forwarding of information, the organization of lectures and of other means of publicity for advertising the commercial, industrial and economic possibilities of Brazil, the maintenance of sample rooms for Brazilian products, etc."





The Question of Consular Conferences

For some time the Department has had under advisement the question of finding feasible means of bringing Consular officers together for conferences either in the United States or abroad, with a view to profiting of the great value that such an interchange of views would be to the Service as a whole. In 1917 the American Ambassador at Paris requested the authorization of the Department to call to Paris the various Consular officers stationed in France in order that he might know them personally and bring them into contact with the various other services of the Government, including the Naval, Military and Commercial Attachés, the centralized Passport Bureau, the Army Intelligence, etc. While no general conference was called, the various officers within the French jurisdiction reported to Paris at stated intervals, and the Embassy reported that much actual good was accomplished thereby.

In the July Consular Bulletin, mention was made of a Conference of American Consuls serving in the United Kingdom, which was held in London, on May 18-19, 1920, as a result of the initiative of Consul General Robert P. Skinner.

These two events, differing widely in character, and experimental in nature, have been of great assistance to the Department in shaping its views and contributing to its general store of information relating to the broader development of the idea of Consular Conferences for the entire Service, and it is with the keenest interest that officers in the field will read the following instruction to Consul General Skinner, in which there is an encouraging tone indicating that definite and constructive plans along this line are under way.

Copy

"Robert P. Skinner, Esquire,
American Consul General,
London, England.

Sir:

The Department is in receipt of your despatch No. 9805 of June 28, 1920, transmitting a Resolution passed at the recent Conference of Consular Officers held in London, which Resolution sets forth the desirability of yearly consular conferences to be called under the authority and instructions of the Department and the expenses of the officers attending to be borne by the Department.

While the Department regrets that it is not at present in a position to concur in the views set forth in the Resolution, it takes pleasure in saying that it was genuinely interested in the calling of the Conference, and has been studying with much profit the report of the proceedings transmitted with your despatch No. 9764 of June 18, 1920. That report indicates quite clearly the practical value of discussion among officers, both in the elucidation of technical problems and the furtherance of closer cooperation. It is apparent also that the scope of conferences of this character might well be extended by bringing together officers in various countries having similar problems. This is especially true of Consuls General who might most profitably be occasionally brought together in conferences for the consideration of questions of common interest, and the dissemination of conclusions reached among the other consular officers in their respective jurisdictions.

The subject is a broad one and the Department is reluctant to inaugurate a practice in one country until it is prepared to extend it to other countries. Furthermore, in order that Consular Conferences may be successful it is important that the reasonable traveling and other expenses should be defrayed by the Government, and this could only be justified by confining the discussions to questions of real moment, and to the development of plans for increasing the efficiency of the Service, correction and improvement of administrative

July 27, 1920.



AMERICAN CONSULAR BULLETIN



practices, and the extension and protection of American interests abroad, in addition to the promotion of the individual welfare of the officers themselves. In order that the future conferences which may be held may proceed along these lines, it is desirable that the Department should participate more actively and extensively in the preparation of agenda in accordance with a general plan of constructive effort upon which it may determine.

The study of this whole subject is being prosecuted with energy, and pending the formulation of future procedure it is necessary to withhold for the present the approval of any general plan for future conferences.

I am, Sir,

Your obedient servant,

For the Secretary of State:

WILBUR J. CARR."

File 000

Letter received at the American Consulate at Bucarest from a correspondent in the Rumanian Banat.

Mr. Consulat Pliz y. told too you
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Secs. montz y. liv indi America
Sevan yers
y. Cam hir y. told end mai
Waif mai Cilldren mai
Papa mai modor
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you weri Go too mi end
Americo hi Sos no
no Bary no Ameriko
y. no laick in dis Contro
y. onogo ind Americo
y. Garom Fristt Pepar is hir
y. Told too you mister
Consulat Plis you Gibb
too mi Pesspart ha machi
Cosst Passportt for mi
y. liv end Amerika end
Cleveland Ohio
y. Wark in Standar Welding
Partt Co. N. W...Stritt
y. Onogo Beck end Ameriko
Batt necst too montz
Pliz mister C. you golb mi
Pesspart you esck mi
Saim ind littlij ladae

Or. Chem too you ori
you Gilb mai Pesspart ind
mai hom y. Putt you
moni und Passtt Ofici
you Gilb fom you Adress careckt
Mai Adres is.....
machim Blaij
too you.

The writer of the above is recommended for immediate naturalization.

EDWIN C.

PRIZE FORM OF ADDRESS

The American Consul at Aden, Arabia, submits the following address:

U. S. A. Consul,
Prof. A. E. Southard,
U. S. A. Embassy,
Aden.

North coast of
the Gulf of Aden.

East end of
Red Sea.

Vice Consul Thomas R. Ferguson, stationed at Athens, Greece, died on June 6, 1920, of scarlet fever, and his remains were interred at Athens.



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Russian Soviet Sole Trade Agent

In an article by Edwin L. James, in the New York Times, August 2nd, is dissected the Russian reply to the Allies regarding Foreign Commerce. The Russian Commercial delegate, Leonid Krassin, reached England on July 31st to resume his negotiations with the Allied Economic Council. Mr. James' article tends to show that "Moscow has intertwined commercial and political matters and that Moscow almost ridicules the old allied idea of dealing with the co-operatives and says openly that no business can be done in Russia except with the Soviets. The reply to a number of questions is that such matters can be discussed only at the peace table."

One of the most important points treated of in this article is that of protection for patents and trade marks, the Soviets stating "that no contracts with the old Russian Government are any good now and that any patent treaties, to be valid under the Soviet regime, must be discussed at the Peace Conference. In other words, as matters stand the Soviets could buy half-a-dozen American harvesting machines and if they could get the raw material could set to work with the assistance of Germans or any other skilled workmen and manufacture to their own profit. This is only one example of the difficulties of resuming any sort of business with Russia in the present circumstances, if the reply to the Allies' questionnaire is final."

We site one or two of the most important questions and their answers:

"Q.—What is the effect, and what will be the consequences of contracts made (a) with bodies or persons in parts of the former Russian Empire that for the moment do not recognize the authority of the Soviet Government? (b) With bodies or persons in Soviet Russia other than the National Commissariat of Commerce or its agents."

"A.—The only contracts recognized as legal are those made with the Commissariat of Foreign Trade and its organizations. (a) The Government of the Soviets can take no responsibility regarding contracts made with persons or bodies in Russia which do not recognize its authority, such agreements having no legal basis. (b) A reply can be given on the examination of each case separately."

"Q.—Under what form will contracts be made, under what laws and what will be the means of execution (a) if the contract is made in Russia?"

"A.—Contracts should be made in a manner that will be acceptable to both parties. When they concern a matter in Russia they ought to conform to Russian law. Moreover, when they concern a matter in a foreign country they ought to conform to the laws of the country in which they are made. The Government of each country interested ought to use its whole power to insure the satisfactory execution of contracts."

Foreign Patents Not Recognized

"A.—Contracts relative to patents—and this applies to all other contracts between Soviet Russia and allied countries—have been annulled because of the attack directed by the Entente against Soviet Russia by its intervention and by blockade. The question of the re-establishment of these contracts can be settled only at the Peace Conference."

"Q.—Is the Soviet Government disposed to permit, conforming to the laws of allied countries, the constitution of an organism or of a company with which commercial contracts may be made, and which can sue or be sued before the courts of the allied countries or other European countries?"

"A.—The laws of Soviet Russia do not exclude the possibility of the creation abroad of companies having for their purpose operations of finance or commerce according to the laws of the countries where these companies operate. The conditions for the establishment of such companies ought to depend upon the status given to the commercial representatives of the Soviet Republic, under control of whom in his quality as representative of the Commissariat of the People for Foreign Commerce these companies should operate."

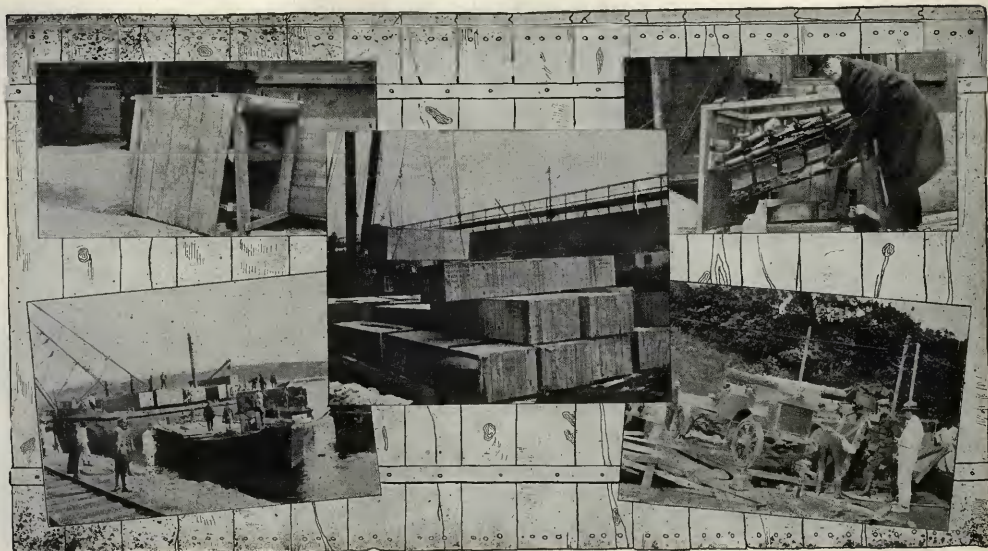
In answer to "What will be the personal rights of foreigners' trade in Russia?" reply is made that "until a general peace has been signed, the Soviet Government cannot grant freedom of entry, stay and exit of foreigners unless their business in Soviet Russia be considered needful by the Central Government and their admission across the frontier or front line raises no objection on the part of the military authorities of the Soviet Republic."

Should therefore these replies to the allies' questionnaire prove final, the difficulties for Americans who wish to do business in Soviet Russia will prove embarrassing, at least until some definite arrangement is made with the Soviet Government.



The Importance of Proper Packing for Export

Courtesy of THE G. W. W. BULLETIN. Published by Gaston, Williams & Wigmore, New York



There is no feature involved in the Export Business which has been more widely discussed, nor which is even now deserving of more careful consideration, than that of packing. While the war was raging, and the world was fairly clamoring for American goods, improper packing was counteracted in some degree even though there were many thousands of shipments made with such gross neglect of proper protection for the goods as to prove exasperating to the consignee abroad. Beyond doubt a vast improvement has been made during the past two or three years, but it is idle to claim that there is not still ample opportunity for much further improvement. This element of American export trade is really of incalculable importance, and should not be passed over lightly. Now that the flood gates of severe competition are again wide open the American manufacturer can not even hope to retain profitable patronage unless he actually ships his goods as securely packed as his competitors throughout the world. Above is visualized clearly two kinds of packing—one depicting proper and the other the improper kind. It is a plain case of "Profits and satisfaction vs. Losses and dissatisfaction."

Center—American automobiles being unloaded from a lighter in New York harbor preparatory to being shipped to a foreign port. Note how neatly and strongly the boxing appears.

Lower Left—After a rough ocean voyage of thousands of miles these American automobiles are being transferred from the ship to lighters in a foreign port in first class condition. Those at all familiar with ocean traffic will understand what this means.

Lower Right—Here is shown one of the cars after the packing case has been removed. The car is in practically as good condition as when it left the factory in America. Such packing means profits to the shipper and satisfaction to the buyer.

Upper Left—This box of merchandise was shipped by an American manufacturer. The picture was made shortly after the box arrived at a foreign port. Note what inferior material was used and how poorly the box is built.

Upper Right—Here is another example of improper packing. This expensive and delicately constructed machinery arrived at a foreign port in the deplorable condition shown, and required much overhauling before it could be put in operation.



American Foreign Trade Definitions

From American Chamber of Commerce for Brazil

As the most certain means of insuring unmistakable clarity in terms and conditions of sale, the Conference voted to recommend to manufacturers and exporters that all use of abbreviated forms of export price quotations be abandoned, and that such terms be written out in full.

The Conference recognized, however, that this recommendation it not likely to be accepted generally at once; and therefore, in the hope of effecting a simplification and standardization of American practice, it adopted the following statement of definitions of the abbreviated forms in more common and general use in the export trade. The Conference strongly recommends to manufacturers and exporters that wherever abbreviated forms of export quotations are employed, the forms herein defined be used, as far as possible, to the exclusion of other forms.

Definitions of Export Quotation

These are, in their order, the normal situations on which an export manufacturer or shipper may desire to quote prices. It is understood that unless a particular railroad is specified, the property will be delivered to the carrier most conveniently located to the shipper. If the buyer, for the purpose of delivery, or in order to obtain lower transportation charges, desires that the goods be delivered to a carrier further removed from the shipper and entailing a greater cost than delivery to the carrier most favorably situated, the carrier to which the buyer desires delivery of the goods should be named in the quotation. The term "cars or lighters" as used herein, is intended to include River, Lake or Coastwise ships, canal boats, barges, or other means of transportation, when so specified in the quotation.

1. When the price quoted applies only at inland shipping point and the seller merely undertakes to load the goods on or in cars or lighters furnished by the railroad company serving the industry, or most conveniently located to the indus-

try, without other designation as to routing, the proper term is:

"F. O. B. (named point)"

Under this quotation:

A. Sellers must

- (1) place goods on or in cars or lighters
- (2) secure railroad bill of lading
- (3) be responsible for loss and/or damage until goods have been placed in or on cars or lighters at forwarding point, and clean bill of lading has been furnished by the railroad company.

B. Buyer must

- (1) be responsible for loss and/or damage incurred thereafter.
- (2) pay all transportation charges, including taxes, if any
- (3) handle all subsequent movement of the goods.

2. When the seller quotes a price, including transportation charges to the port of exportation without assuming responsibility for the goods after obtaining a clean bill of lading at point of origin, the proper term is:

"F. O. B. (named point) *Freight Prepaid* to (named point on the seaboard)"

Under this quotation:

A. Seller must

- (1) place goods on or in cars or lighters
- (2) secure railroad bill of lading
- (3) pay freight to named port
- (4) be responsible for loss and/or damage until goods have been placed in or on car or lighters at forwarding point, and clean bill of lading has been furnished by the railroad company.

B. Buyer must

- (1) be responsible for loss and/or damage incurred thereafter
- (2) handle all subsequent movement of the goods
- (3) unload goods from cars
- (4) transport goods to vessels
- (5) pay all demurrage and/or storage charges



- (6) arrange for storage in warehouse or on wharf where necessary.

3. Where the seller wishes to quote a price, from which the buyer may deduct the cost of transportation to a given point on the seaboard, without the seller assuming responsibility for the goods after obtaining a clean bill of lading at point of origin, the proper term is:

"F. O. B. (named point) *Freight Allowed* to, (named point on the seaboard)"

Under this quotation:

A. Seller must

- (1) place goods on or in cars or lighters
- (2) secure railroad bill of lading
- (3) be responsible for loss and/or damage until goods have been placed in or on cars or lighters at forwarding point, and clean bill of lading has been furnished by the railroad company.

B. Buyer must

- (1) be responsible for loss and/or damage incurred thereafter
- (2) pay all transportation charges (buyer is then entitled to deduct from the amount of the invoice the freight paid from primary point to named point)
- (3) handle all subsequent movement of the goods
- (4) unload goods from cars
- (5) transport goods to vessel
- (6) pay all demurrage and/or storage charges
- (7) arrange for storage in warehouse or on wharf where necessary.

4. The seller may desire to quote a price covering the transportation of the goods to seaboard, assuming responsibility for loss and/or damage up to that point. In this case, the proper term is:

"F. O. B. Cars (named point on seaboard)"

Under this quotation:

A. Seller must

- (1) place goods on or in cars
- (2) secure railroad bill of lading
- (3) pay all freight charges from forwarding point to port on seaboard

- (4) be responsible for loss and/or damage until goods have arrived in or on cars at the named port.

B. Buyer must

- (1) be responsible for loss and/or damage incurred thereafter
- (2) handle all subsequent movement of the goods
- (3) accept goods from the carrier
- (4) transport goods to vessel
- (5) pay all storage charges
- (6) arrange for storage in warehouse or on wharf where necessary.

6. Seller may quote a price which will include the expense of transportation of the goods by rail.

B. Buyer must

- (1) be responsible for loss and/or damage incurred thereafter
- (2) unload goods from cars
- (3) handle all subsequent movement of goods
- (4) transport goods to vessel
- (5) pay all demurrage and/or storage charges
- (6) arrange for storage in warehouse or on wharf where necessary.

5. It may be that goods, on which a price is quoted covering the transportation of the goods to the seaboard, constitute less than a carload lot. In this case, the proper term is:

"F. O. B. Cars (named port) L. C. L."

Under this quotation:

A. Seller must

- (1) deliver goods to the initial carrier
- (2) secure railroad bill of lading
- (3) pay all freight charges from forwarding point to port on seaboard
- (4) be responsible for loss and/or damage

to the seaboard, including lighterage. In this case, the proper term is:

"F. O. B. Cars (named port) *Lighterage Free*"

Under this quotation:



A. Seller must

- (1) place goods on or in cars
- (2) secure railroad bill of lading
- (3) pay all transportation charges to, including lighterage at, the port named
- (4) be responsible for loss and/or damage until goods have arrived on cars at the named port.

B. Buyer must

- (1) be responsible for loss and/or damage incurred thereafter
- (2) handle all subsequent movement of the goods
- (3) take out the insurance necessary to the safety of the goods after arrival on the cars.
- (4) pay the cost of hoisting goods into vessel where weight of goods is too great for ship's tackle
- (5) pay all demurrage and other charges, except lighterage charges.

7. The seller may desire to quote a price covering delivery of the goods alongside overseas vessel and within reach of its loading tackle. In this case, the proper term is:

"F. O. B. vessel (named port)"

Under this quotation:

A. Seller must

- (1) transport goods to seaboard
- (2) store goods in warehouse or on wharf if necessary, unless buyer's obligation includes provision of shipping facilities
- (3) place goods alongside vessel either in a lighter or on the wharf
- (4) provide the usual dock or ship's receipt
- (5) be responsible for loss and/or damage until goods have been delivered alongside the ship or on wharf.

B. Buyer must

- (1) be responsible for loss and/or damage thereafter, and for insurance
- (2) handle all subsequent movement of the goods
- (3) pay cost of hoisting goods into vessel where weight of goods is too great for ship's tackle.

8. The seller may desire to quote a price covering all expenses up to and including delivery of the goods upon the overseas vessel at a named port.

In this case, the proper term is:

"F. O. B. (named port)"

Under this quotation:

A. Seller must

- (1) meet all charges incurred in placing goods actually on board the vessel
- (2) provide the usual dock or ship's receipt
- (3) be responsible for all loss and/or damage until goods have been placed on board the vessel.

B. Buyer must

- (1) be responsible for loss and/or damage thereafter
- (2) handle all subsequent movement of the goods.

9. The seller may be ready to go farther than the delivery of his goods upon the overseas and be willing to pay transportation to a foreign point of delivery. In this case, the proper term is:

"C. & F. (named foreign port)"

Under this quotation:

A. Seller must

- (1) make freight contract and pay transportation charges sufficient to carry goods to agreed destination.
- (2) deliver to buyer or his agent clean bills of lading to the agreed destination
- (3) be responsible for loss and/or damage until goods have been delivered alongside the ship and clean ocean bill of lading obtained (seller is not responsible for delivery of goods at destination)

B. Buyer must

- (1) be responsible for loss and/or damage thereafter and must take out all necessary insurance

EXPLANATIONS OF ABBREVIATIONS

F. O. B.	Free on board
F. A. S.	Free along side
C. & F.	Cost and freight
C. I. F.	Cost, insurance and freight
L. C. L.	Less than carload lot



Admiral Benson Interprets the Jones Merchant Marine Act of 1920

*Address of Admiral Benson, Chairman of the
United States Shipping Board, at the Wash-
ington Hotel, Monday Afternoon, July 19th*

It is indeed a pleasure to address the National Association of Manufacturers of the United States of America on the interpretation and position of the Shipping Board with reference to the new Merchant Marine Act.

The Jones Merchant Act of 1920 was enacted into law and approved June 5, 1920. It was passed by a non-partisan vote and with little or no opposition to its main purposes.

This law declares it to be the policy of the United States to do everything necessary for the development and maintenance of an American Merchant Marine.

Since its enactment considerable discussion of some sections has taken place, particularly Section 28, which is as follows:

"That no common carrier shall charge, collect, or receive for transportation subject to the Interstate Commerce Act of persons or property, under any joint rate, fare, or charge, or under any export, import, or other proportional rate, fare, or charge, which is based in whole or in part on the fact that the persons or property affected thereby is to be transported to, or has been transported from, any port in a possession or dependency of the United States, or in a foreign country, by a carrier by water in foreign commerce, any lower rate, fare or charge than that charged, collected, or received by it for the transportation of persons,

or of a like kind of property, for the same distance, in the same direction, and over the same route, in connection with commerce wholly within the United States, unless the vessel so transporting such persons or property is, or unless it was at the time of such transportation by water, documented under the laws of the United States.

"Whenever the board is of the opinion, however, that adequate shipping facilities to or from any port in a possession or dependency of the United States or a foreign country are not afforded by vessels so documented, it shall certify this fact to the Interstate Commerce Commission, and the commission may, by order, suspend the operation of the provisions of this section with respect to the rates, fares, and charges for the transportation by rail of persons and property transported from, or to be transported, to such ports, for such length of time and under such terms and conditions as it may prescribe in such order, or in any order supplemental thereto. Such suspension of operation of the provisions of this section may be terminated by order of the commission whenever the board is of the opinion that adequate shipping facilities by such vessels to such ports are afforded and shall so certify to the commission."

On July 2nd, I pointed out that the United States Shipping Board is determined to live up to the letter of the ones Law in spite of threats and propaganda carried on by foreign interests to seek to defeat the purpose of this law.

Foreign shipping interests, particularly those operating from the Pacific Coast, have conducted a propaganda against the provisions of Section 28 in the hope of deceiving commercial organizations and shippers into open opposition to the pro-



visions of this section. The usual method employed is to threaten that unless Section 28 is repealed, these foreign carriers will divert their vessel operations from the American ports on the Pacific either to Vancouver, B. C., or to ports of the Atlantic, or the Gulf; a plan, which, if successful, would only serve to congest Atlantic and Gulf ports and denude Pacific ports of commercial export movement.

During such period as Section 28 should be in effect as governing shipments to or from any foreign port, or a port in possession of the United States, merchandise moving in such trade in foreign steamers would be required to pay the full domestic inland freights, plus ocean rates charged by such foreign steamship company.

If at such times export merchandise were to move in American steamers, it would be entitled to the benefit of the lowest through rate or the lowest proportional equalizing export rate over rail lines subject to the Interstate Commerce Act. If, therefore, merchandise in export or import is routed by American water carriers, it will, under all conditions, whether of enforcement or non-enforcement of Section 28, be entitled to the lowest preferential rail rate available for such traffic.

Section 28 will not be enforced unless and until there is adequate American tonnage to handle all business offered. This is a policy that is not subject to interpretation. It is clearly set forth in the provisions of Section 28, as enacted. Neither the Board nor the Interstate Commerce Commission has authority to enforce the provisions of Section 28 as affecting the business of a foreign port or a port in a possession or dependency of the United States, unless ample tonnage is available.

In harmony with such requirement, if Section 28 were enforced with regard to Far East movements, the Board would supply any deficiencies in American tonnage in operation from Pacific ports, in order that the movement of commerce through those ports shall in no manner be restricted.

To any person who makes a study of the provisions of the Merchant Marine Act in connection with authority vested by the Transportation Act, 1920, in the Interstate Commerce Commission, it will be apparent that attempts by foreign carriers to carry out their threats to divert movements from Pacific ports must fail, and for the following reasons:

Section 28 refers to no port of the United States, but only to the transportation which is subject to the Interstate Commerce Act of persons or property. The Transportation Act, 1920, establishes that the transportation subject to the Interstate Commerce Act is that which "takes place within the United States." The section, therefore, applies to all transportation which takes place within the United States of persons or property moving to or from a foreign port or a port in a possession of the United States, whether such movement be directed through an American port or by rail through Canada for export at a Canadian port.

If foreign carriers were to transfer their vessel operations to Vancouver, for instance, as threatened, and the section were enforced with regard to Far East ports, neither through rates nor export preferential rail rates could then be applied for merchandise moving through Vancouver, unless it were handled from that port in American documented vessels. Such merchandise moving in foreign ships would be required to pay the full local rail charges between the point of origin or destination in the United States and the point where the lines of the rail carrier cross the border between Canada and the United States.

This differential in itself plus the Canadian rail rate would be a greater handicap against foreign steamers than would be the domestic rate to a Pacific Coast American port.

That, however, is not the only method established by law for preventing the diversion of business in an attempt to defeat the purpose of Section 28.



The "Transportation Act, 1920" vests in the Interstate Commerce Commission the widest discretionary authority to give directions for embargoes or for the movement of traffic under permit over American rail lines. That authority is found in paragraph 15 of Section 1 of the Compiled Interstate Commerce Act, revised to April 1, 1920. reads as follows:

"(15) Whenever the Commission is of opinion that shortage of equipment, congestion of traffic, or OTHER EMERGENCY requiring immediate action exists in any section of the country, the Commission shall have, and it is hereby given, authority, either upon complaint, or upon its own initiative without complaint at once, if it so orders, without answer or other formal pleading by the interested carrier or carriers, and with or without notice, hearing, or the making or filing of a report, according as the Commission may determine. . . .

(d) To give directions for . . . *embargoes, or movement of traffic under permits*, at such times and for such periods as it may determine, and to modify, change, suspend, or annul them."

It is a matter of record that 45 per cent. of the west bound movement upon American railroads consists of empty cars; and that great difficulty is experienced in economically moving into western territory sufficient cars to provide for the transportation of domestic products, principally food stuffs, to eastern centers of population.

Western roads have just been before the Commission seeking an increase of not less than 24 per cent. in their domestic rates. Any considerable further diversion of business from those roads would make it necessary for them to seek additional increases in rates. It has been claimed that if Western roads were to lose the export business via Pacific Coast they would require further increases of not less than 80 per cent. if they are to be permitted the net return of $5\frac{1}{2}$ per cent. upon their properties engaged in transportation, as provided for in the Transportation Act.

Such increases would react very unfavorably upon living costs of the general public and would

greatly restrict Western markets for Eastern manufacture.

If there were no other reasons, such adverse effect upon the American railroads and the American public would constitute an emergency requiring drastic action by the Commission under its authority as hereinbefore quoted.

When confronted with the additional fact that such attempts by foreign carriers to destroy the trend of rail traffic within the United States was for the admitted purpose of endeavoring to nullify a law of the United States passed for the protection of its citizens, there can be no doubt that the Commission would exercise its authority to embargo or direct the movement of traffic in such manner as would prevent diversions of that business either to foreign ports of Canada, or to Atlantic or Gulf ports of the United States.

It is decidedly in the interest of the exporter and importer that he give sufficient consideration to the routing of business within his control as will insure cooperation with the Interstate Commerce Commission and the Shipping Board in efforts to prevent congestion of Atlantic ports or car shortage upon Western railroads, with the purpose of bringing about as nearly as possible the balancing of movements in either direction over rail and water carriers of the United States. That can be easily accomplished if shippers will study traffic situations and profit thereby.

The 45 per cent. west bound movements of empty cars upon American railroads extends by districts from the Atlantic Coast to the Pacific and has existed since at least 1917, and during that same period there has been almost continuous congestion of Atlantic ports, particularly New York. Such conditions are not economic and adversely affect the interstate of all the American people.

It should be the desire of all Americans to help insure the success of an American Merchant Marine. You can greatly help to that end if you will cooperate with the Government to prevent the



success of foreign efforts adverse to American institutions, by continuing to route your exports and imports in such manner as will permit the facilities of the rail and water carriers of the United States to be used to the best advantage. If through such endeavor a balanced traffic movement over American carriers can even be approximated, there must, of necessity, be a reaction favorable to shippers evidenced in rate decreases rather than rate increases.

There are certain zones of economic movement of exports originating upon rail lines, movements that will give a proper balance to both rail and water carriers. Every American should study the subject and cooperate with the Government in its effort to establish those zones equitably.

Because of my impression that you desire to be helpful in these matters I have burdened you with details regarding possible controls under Section

28. You American manufacturers who export and import by your cooperation can make it unnecessary for the Government to resort to such controls.

We believe you could be further helpful to the cause of United States commerce by issuing a public statement of your approval of those provisions of the Merchant Marine Act which are contemplated to be an aid in extending that commerce.

We may add in closing that it is the aim of the Act to give preferential to American ships only in trades between the United States, its possessions and other countries. It does not give American ships advantages in trades between the foreign countries. The purpose of Congress is so restricting the Act was to insure that American shipping should be encouraged to continue in American trades helping to expand American rather than foreign commerce.



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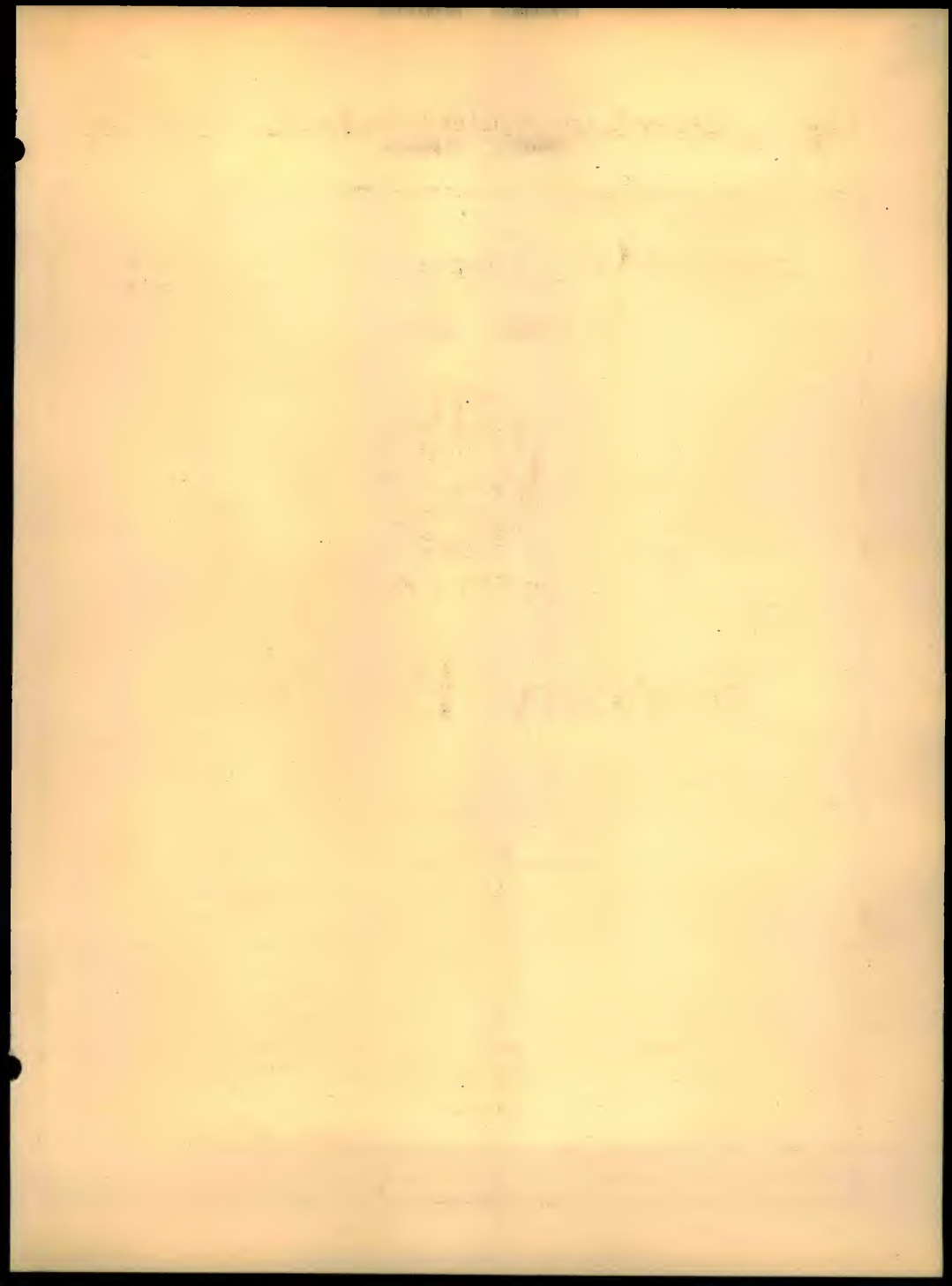
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