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Lakes-St. Lawrence Seaway

From the Viewpoint of National Welfare

Address to Ohio Bankers Association

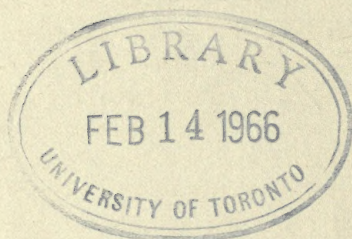
By **Hon. James P. Goodrich of Indiana**
City National Bank of Indianapolis
Former Governor of Indiana
Chairman Waterways
Commission

Indiana, 1884-



TOLEDO, JUNE 22, 1923

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Lakes-St. Lawrence Seaway

It is a pleasure to meet with an organization affiliated with the American Bankers' Association which at its last meeting by formal resolution declared in favor of the enterprise which we are to discuss today.

It is an added pleasure to meet with the bankers of Ohio, for this State was one of the first in the Union to join the Association for the advancement of the St. Lawrence Canal and to make an appropriation to forward this great National project.

The question of water transportation has been one of the potential factors in developing industrial centres from the dawn of civilization. Tyre, Sidon, Egypt, Greece and Rome all owe their commercial greatness to the proximity of their great cities to water transportation. The little State of Venice for a while dominated the commerce of the world through her ships that sailed to its four corners. The commercial sceptre passed to Spain and then to Holland and the Netherlands and was held by them for nearly a century through the ships that sailed to and from their ports. England owes much of her greatness to her overseas commerce and has spent hundreds of millions of dollars to bring Manchester to the sea. Germany through the Kiel Canal and the net work of waterways that connect her industrial centres with the sea, has realized the vital importance of bringing the sea to her manufacturing centres in order to enable them better to compete for the markets of the world.

America, with its great rivers and inland waterway, with more miles of sea board than any other country in the world, with an unrivalled system of inland seas navigable by ocean going ships, shut off from the ocean only by a few miles of falls and rapids, has been slow to take advantage of the favorable situation.

PROJECT LONG MOOTED.

The construction of a deep water canal between the lakes and the ocean has been discussed for more than a century. As early as 1790 small barge canals were built on the Canadian side

with the view of passing Niagara Falls and the Rapids in the St. Lawrence River. In 1825 the construction of the Erie Canal was commenced by the State of New York, which has recently completed a canal capable of carrying freight barges, but incapable of floating either Lake or Ocean going ships. In 1838 the Georgian Bay survey was completed with the view of ascertaining the feasibility of connecting Georgian Bay with the St. Lawrence below Lake Ontario. The first Soo Canal was constructed in 1854. In 1870 the Iowa Legislature declared for the opening of a water route from the Mississippi to the Lakes and on to the Atlantic. At Detroit in 1871 a waterways convention was held and advocated the Lakes-to-the-Ocean Waterway.

Convention after convention has been held, State, National, and International, favoring the project. In 1895 a resolution was passed by the American Congress authorizing a preliminary inquiry into the subject. Dr. James B. Angell, John E. Russell and Lyman E. Cooley were appointed to represent the United States. They made a report favoring several routes, but advocating a further survey. The Deep Waterways Board of the United States Engineers on July 18, 1897, appointed Major Charles W. Raymond, Alfred Noble and George Wisner and one-half million dollars was expended in investigating the subject. A favorable report was made on June 30, 1900. By a treaty with England in 1909 provision was made for the appointment of an International Joint Commission and in 1913 on the motion of Senator Townsend of Michigan, a resolution was passed asking Canada to cooperate in working out a plan for the improvement of the St. Lawrence route.

In February, 1919, largely through the driving energy of Charles P. Craig of Duluth, the Great Lakes-St. Lawrence Tidewater Association was organized at Washington and in March, 1919, through the advocacy of Senator Lenroot, an amendment was made to the Rivers and Harbors Bill that authorized the complete investigation of the subject. Colonel Keller was appointed for the United States and W. J. Stuart for Canada and the text of the reference agreed to on November 11, 1919. Engineers were appointed—Colonel Wooten for the United States and W. A. Bowden for Canada, who qualified April 14, 1920 and made a thorough investigation of the entire subject.

Forty-four hearings by the International Joint Commission were held in the principal cities of the United States, beginning with New York and extending as far west as Great Falls, Montana, as well as in the principal cities of Canada. The engineers

made their unanimous report June 24, 1921, which not only declared that the project was entirely feasible, that it could be completed for a sum of money far less than was expended upon the Panama Canal, that there were no engineering difficulties comparable to the Panama project incident to the construction and that the entire cost of the construction of the Canal could be paid from the revenues derived from the sale of the power generated by the dams. They reported December 19, 1921, that the cost of the Canal for vessels of 25 foot draft was Two Hundred Fifty-two Million Dollars and Two Hundred Seventy Million for a 30 foot canal. This report was adopted by the International Joint Commission and transmitted to the State Departments of the two governments.

President Harding said, in his address to the Agricultural Conference "that the St. Lawrence canal project is the most important domestic project before the people of any nation today." The American Bankers' Association, at its last meeting, adopted a resolution recommending the St. Lawrence Waterway. Eighteen states, with forty percent of our population, producing seventy-five percent of our food stuffs, are committed to the project by formal resolutions and many of them through the appropriation of money to further its construction. The State Farm Bureau of every State and the American Farm Bureau Federation have placed it at the head of the column as the greatest step forward for the relief of our transportation system. The Manufacturers' Associations of the different interested States are working for it and the political elements of our associated States are unanimous as to the economic need of an outlet to the sea. The Associated Industries March 10, 1922, after a careful investigation, through a committee of nine declared for the seaway; the Mississippi Valley Association in 1920 and again in 1921 and 1922 adopted resolutions in its favor. In fact no national project calling for so large an expenditure has met with such unanimous approval as the St. Lawrence Ship Channel.

HIGH ECONOMIC IMPORT.

A glance at the map of North America with the great inland seas extending to its industrial centre, with the St. Lawrence River its outlet pointing the shortest way to Northern Europe, the greatest potential market for American commerce, indicates most clearly the importance of the early construction

of this work unless prevented by obstacles that are insurmountable. The centre of production of wheat, corn, oats, potatoes, wool and hogs, butter, cheese and eggs lies within the territory naturally tributary to the Great Lakes and would be affected advantageously by any reduction of freight rates or the accelerated movements of its commodities. The production of agricultural products in 1920 in this region was \$7,863,000,000, of minerals \$1,888,000,000, of manufactures in the cities bordering on the lakes west of Lake Erie the annual value was over \$7,000,000,000.

The proper development and expansion of the economic life of our own country, demands an increasing participation in the world's trade; if we are to maintain our present high standard of living and bring about that harmonious development of our urban and agricultural life necessary for the proper growth of the country. It is not denied that the construction of this channel would cheapen the cost of transportation and make it easier for America to compete in the markets of the world.

The report of the Engineers shows the most exhaustive investigation of the subject. It goes into every phase of the construction, the difficulties to be encountered and every item of cost. The engineers and the commission are unanimous in their report as to the advantages of its construction, the cost thereof and the fact that the power developed will pay the operating expenses, interest on the investment and amortize the entire cost within fifty years. We gave the credit of the government to the construction of the Transcontinental railroads, during and after the Civil War, loaned hundreds of millions of dollars and gave away vast empires of land to construct these important highways of commerce. There should now be no objection to lending our credit to the accomplishment of a project that would bring the sea board to the middle west and make more efficient the national highways constructed more than sixty years ago.

VAST TRAFFIC SERVED.

The potential benefits of the proposed canal are vast and apparent. Lake vessels now sail 985 miles from Duluth to Buffalo. Ocean-going vessels come up the St. Lawrence to Montreal. The distance from Buffalo to Montreal is 380 miles. With the completion of the new Welland ship channel now under construction by Canada and the proposed St. Lawrence Canal, lake ves-

sels can go to Montreal and ocean vessels of 20 foot draft to Duluth and all Great Lake ports. Eighty-five per cent of all the ocean-going vessels are of 20 foot draft or under.

The volume of Lake traffic is immense. In 1919 ninety million tons passed the Soo Canal and more than one hundred millions through the Detroit River. The Panama Canal last year carried ten million tons and the Suez Canal twenty million. The vessel tonnage in the port of Montreal alone in 1921 was 9,723,450. The movement of freight between the middle west and the seaboard was over two hundred million tons last year. The Lake commerce consists largely of bulk movement of ore, coal and grain, all vital to our industrial development and yet calling for the freest movement and lowest possible freight rate.

That the vast volume of domestic traffic moving between the west and the east would be vitally affected by the canal is beyond question. Pacific lumber now moves via the Panama Canal to the Atlantic and as far back west as Indiana. Copper moves to Puget Sound via the Panama Canal to our eastern seaboard. It could easily go by rail to Duluth and by water to the Great Lakes and Canal to the Atlantic seaboard. Sisal from Yucatan, Brazilian coffee, East Indian rubber, all could move without breaking bulk from origin to destination at Great Lake ports with the completion of the Canal.

Duluth is 4,500 miles from Liverpool by the Canal and Buffalo is nearer to Liverpool and North European ports than New York. It costs seven times as much to move a ton of freight by rail as it does by water. An Iowa farmer but 1,200 miles from New York pays more to ship his grain to New York than does an Argentine farmer 8,000 miles away. The average lake rate is one-tenth of the rail rate. It now costs on grain, for the 4,500 miles from Duluth to Liverpool, about one-half of the through rate for the short distance of 400 miles between Buffalo and the seaboard. It is estimated by the Commission and found as a fact on the evidence that the saving in freight on grain alone would amount to at least five cents a bushel and it is probable that the saving in freight rates to the country tributary to the Great Lakes through the construction of this canal would quickly pay the entire cost of its construction.

ECONOMY OF SEA CARRIAGE.

Distance alone is not the determining factor in ocean rates. The rate on grain from Galveston and Gulf ports to Great Britain

is practically the same as the rate from New York, although Galveston is 1500 miles farther away. The rate on grain from Duluth to Buffalo—1,000 miles—is two or three cents; from Lake Erie to Montreal it is seven to seven and one-half cents and from Buffalo to New York from seven to nine cents. The rate from New York to British ports—3,000 miles—is from four to five cents.

It costs more today to ship grain from Buffalo to New York and load it on vessels, including the terminal charges, than it does for the entire water haul from Duluth to Liverpool. If under existing conditions ocean-going vessels will carry grain 3,000 miles for from four to five cents a bushel, it is evident that these same vessels would go to the head of the Lakes and carry merchandise to the Lake ports and food products to European points for much less than the existing rate.

From the experience of other nations in the construction of ship canals, there can be no reasonable doubt not only as to the advantages of the proposed canal, but as to the absolute necessity of its construction. The natural question arises—why has it not been constructed? What reason is given, if any, for opposition to it? The opposition to it in the past has been exceedingly vigorous and is rooted in provincialism and local self interest.

ATHWART NATIONAL PROGRESS.

Opposition in this country is from two sources—the State of New York, especially the Cities of Buffalo and New York, and a few other Atlantic sea ports have opposed it because they believe it will divert some traffic to the Canal that now belongs to them. New York has opposed the construction of the St. Lawrence Canal from 1812 down to the present time and through commissioners appointed by the State and through its General Assembly have time and again voiced their opposition to the project. At times they have concealed their real purpose and said that the Canal could not be constructed without an expense far in excess of any possible benefit; that it would not be used after it was constructed for ocean-going vessels; that America ought not to invest its money in a Canal located in foreign territory, but these are not the real reasons. All of the patriotism of the country is not lodged in New York State or City and if these were the real reasons, they would appeal with equal force to every other State. On March 6, 1920, the New York Legislature adopted a resolution opposing the improvement and gave the following reasons:

“The St. Lawrence route would be detrimental to the interests of New York barge canal and the commerce of New York State and America’s trade supremacy. Such route would divert the commerce of the Great Lakes from its natural course, cause great confusion to established business and result in irreparable injury to the State of New York, its ports and business interests.”

That same General Assembly appointed a Commission not to investigate the facts, not to ascertain whether or not this great project was in the interests of the general welfare of the American people, not to determine whether or not the great producing section of the Middle West and Northwest was being stifled in its growth by its great distance from the sea board measured by freight rates and the high cost of transportation, not to ascertain the facts nor to seek the truth as Governor Miller has stated, but *“to represent the State of New York in opposition to the St. Lawrence ship canal and power project.”*

This project, national in its scope, must be dealt with by the nation and whatever we may think of the advantages of private exploitation as against government control, Congress will never enact a law surrendering to any State or private corporation the construction or control of the ship channel or the power developed by its construction.

The International Commission by no means proposes for the two governments to engage in the distribution of power. It only proposes that the power developed shall be under the control of the International Corporation to be created and sold to pay the costs of the construction of the work.

This is not the first time that the great Empire State has had its eyes blinded by what seemed to be its immediate commercial interest and taken the provincial view of a great public question. In answering the Governor and Judges of Michigan years ago, who urged the construction of a canal other than the Erie, they said “the western people do not know what they are talking about.” We may be pardoned at this time for saying that it is barely possible that the great Empire State does not know what it is talking about or at least does not understand the temper of the American people.

NATIONAL INTEREST PARAMOUNT.

They have assumed first that the construction of the proposed canal would be detrimental to the interests of New York.

Proceeding upon that premise they have started out with all the great power they possess to oppose the project. We believe that they are mistaken now as they were mistaken before; that the construction of this project so vital to the great Empire that lies in the middle west and northwest cannot be detrimental to the State of New York and the industrial centres of the East. New York rightfully claims the financial hegemony of the United States and even aspires to supplant London in the financial leadership of the world, an aspiration which we earnestly hope may be realized. We point with pride to the billions of dollars of wealth accumulated in her great financial institutions and we have no desire to question her supremacy in financial affairs nor to doubt her wisdom in dealing with matters of that character, but we insist that such leadership carries with it certain definite responsibilities. This great power that New York possesses at this time is a power that arises from the commercial and industrial energy and thrift of all the American people. The wealth she possesses flows from the people of the whole nation and she cannot afford to be insensible to anything that develops any other part of our country.

We believe it to be true that the construction of this canal will add substantially to the income of every farmer in the great Northwest; that it will place the industrial centres located upon the Lakes, most of which are in our own country, at the sea board. It will bring the City of Toledo, where we meet today, as close to Northern Europe as the port of New York; that the cities bordering along the Lakes and extending as far west as the Rocky Mountains will be able to send their products to the markets of the world not only cheaper but quicker through this route than they will through the all rail or the present lake and rail route. It would save through the power generated one hundred fifty-eight million tons of coal each year and to that extent prolong the available coal supplies of America. We believe it would result in such increased prosperity in the middle west, in such development of trade and commerce, that even after the St. Lawrence had carried its full quota of trade, there would still be enough to occupy the attention of the port of New York.

Anything that develops the industrial and agricultural west is of concern to the State of New York. We are her best customers, the money from our banks flows there and is used with great profit to finance America and the whole wide-world. At seasonable times of the year our passenger trains are crowded with buyers going to and from New York to purchase the com-

modities consumed by the people of the middle west. The prosperity of New York is measured by and dependent on the prosperity of the Nation.

The Southern States, even those bordering upon the Gulf, who could not possibly be benefited by this project except as it helps the whole country, with a charity and generosity that well might be emulated by New York, have by resolution time and again favored the project.

In the interest of that general harmony that ought to exist in this country and to allay that feeling that now exists and is increasing throughout the west that New York is not moved by any great national purpose in her opposition but is only actuated by her own immediate and selfish interests, we hope that the leaders of public thought and of the financial affairs of the State of New York will, before it is too late, take the broad national view of the question and soon conclude that while it might in some way, perhaps temporarily lessen the traffic that moves through the port of New York, yet through the development of the industrial and agricultural life of the middle west, what she may lose in this direction will be returned to her through other sources many times over.

INTERNATIONAL COMITY.

It is said that we ought not to invest our money in a foreign land and in a waterway, the outlet to which is in the hands of an alien people. This objection is an excuse and not a reason. The outlet to the St. Lawrence is now in the hands of an alien people, our free use of it is protected only by international treaty. In time of war between Canada and America or England and America, we could not use the St. Lawrence any way. If the possibility of war is to stand in the way of the waterway, would this objection not apply with equal force to all other international investments? The Canadian-Pacific and Grand Trunk Railroads own thousands of miles of railroads and expensive terminals on American soil. American capital now controls many large industrial enterprises in Canada and now has invested in Canadian enterprises more than two and one-half billions of dollars, ten times the amount of the cost of the canal and all subject to seizure in case of war.

War between the two great English speaking people is unthinkable. Our interests are identical. Of common speech, with the same political and religious ideals, war is impossible, or at

least so very improbable that this argument should not influence our actions. We usually are governed by probabilities and not by remote possibilities.

Canada and the United States lie side by side, with more than three thousand miles of undefended frontier. No guns frown across the border, no war ships patrol the great inland seas between us and the waters between the two countries are open with equal freedom to the commerce of both countries. Would not the construction of this great waterway be an added tie binding the two great English speaking people together and making for the future peace not only of America but of the whole world? So long as Anglo Saxon civilization stands together, no other nation or combination of nations will dare to encroach upon their just rights.

The commerce of America is growing more rapidly than its means of transportation. The available gateways through the Alleghenies are already occupied. The railways are now taxed to their limits and at seasons of the year when the movement of bulk commodities are heaviest are congested so badly that the word "embargo" has become a familiar term to American shippers. Our port facilities are congested, the delays and heavy port charges lay burdensome charges upon our foreign trade and handicap us in the markets of the world.

We of the middle west believe that the Great Lakes-St. Lawrence Seaway is essential to the proper development of our industrial life. In the past we have tried to consider all questions from the viewpoint of the National welfare and have not withheld our hand when called on to support measures to develop the seaports of the east, west and south. We are now asking that the east help us to join the Great Lakes, the largest body of fresh water in the world, with the ocean and bring us in direct contact with the "seven seas of the world".

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