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The Russian Merchant Marine

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THE RUSSIAN MERCHANT MARINE

The rise of the Russian merchant marine is more intimately bound up with national politics than is that of any other of the merchant marines of the world. It will be necessary, therefore, in discussing its development, to call attention to the political conditions which furnished the impetus to the development of the merchant fleets of Russia. The subject, in other words, is not purely a business one, but is in part political.

Of all the great powers Russia is least favourably situated for foreign commerce. So severely has this handicap been felt that the history of Russia since the time of Peter the Great has been the history of a struggle to overcome this handicap, due to geographical situation, by extending her territory in every direction toward the open seas. To this national impulse no one can take exception, the fault is with some of the methods that have been employed. That much has been accomplished cannot be denied; for three centuries ago she did not have an outlet upon the Black or upon the Baltic Sea. Now she is the dominant power upon both and has extended her territory well towards the Persian Gulf and still holds Vladivostok on the Pacific.

Yet after all this extension of her borders, which has been due in part to "land-hunger" but in greater part to "sea-hunger," there is still much to be overcome in order to put her upon something like an even footing with her competitors for international commerce. The exit of her ships from the Black Sea is at the mercy of other powers; the same statement is true of the Baltic; and her best port on the Pacific is frozen up during one-half of the year. For a time she held Dalny, which is an ice-free port; but it is extremely doubtful if she will ever again hold it. These disadvantages of Russia as a commercial and naval power are well-known, as are also her military attempts to remove them; but by no means so well-known are her efforts to build up a merchant marine, in spite of disadvantages. Hence it is the latter efforts to which we wish especially to call attention, for although they are not so dramatic, they are none the less interesting.

Up to the last century the Russian government does not seem

to have awakened to a realisation of the importance which a merchant marine would be to her in the career of expansion upon which she had embarked. During this latter period her active aid has been extended to three companies, which by the nature and sphere of their operations and the amount of their tonnage claim especial attention. They are: the Steam Navigation Company, the Volunteer Fleet, and the East Chinese Maritime Service. The history and status of these companies contain many points worthy of notice. The formation of each of them corresponds to a stage in the maritime development of Russia.

The Steam Navigation Company is the oldest and by far the most important of the navigation companies of the empire. It was founded in 1857 by the initiative of Admiral Arcas and Novoselsky. A part of the capital for this enterprise was furnished by the government, and in consideration of its maintaining regular services it was granted an annual subsidy of 1,900,000 roubles. The company began operations May 2, 1857, with five ships and established a regular service between the Black Sea ports and those of the Levant and Egypt. During the year it increased the number of its ships to thirteen, which in 1858 was still further increased to thirty-five and which in 1859 reached a total of forty-one.

The formation of this company by the government has not improperly been called a political afterthought. The significance of it becomes clear when we recall that as a result of the defeat of Russia in the Crimean War she was forbidden by the treaty of Paris, in 1856, to use the Black Sea as a naval base, and the fleet which she could maintain in it, was limited to a few small ships. Under these conditions, if her flag were to be carried to the ports of the Near East, it must be carried by her merchant fleet. So the dictates of prestige reinforced the demands of commerce.

Two of the finest ships of this company were present at the opening of the Suez Canal to the commerce of the world; and in the following year it availed itself of this new highway of commerce by establishing a service between the ports of Russia and those of India and China. Unfortunately for the commercial success of this enterprise, the industrial development of Russia had not reached such a stage as to make necessary a very great volume of trade between it and the Far East. Russia was not then, and, in fact, is not yet, a manufacturing country and there was then no demand for her raw materials.

During the war of 1877 the ships of the Navigation Company were given an opportunity to prove their usefulness in another line than that of carrying merchandise. Four of them were converted into auxiliary cruisers and did effective service principally as commerce-destroyers. After the war several of the company's vessels were used as transports in conveying 138,000 men and 22,000 horses from Turkish to Russian ports.

By a contract entered into between this company and the government, January 1, 1891, it was to receive 116,000 roubles a year for fifteen years, that is, until December 31, 1905. In consideration of this subsidy the company agreed to maintain a regular service and to increase its fleet by ten new vessels of a collective tonnage of 30,000 tons. The greater part of the ships of this line ply between the ports of the Black Sea, the Sea of Azov, the Grecian archipelago, and the Levant. In the development of the commerce of this section the company has been an important factor. To such an extent has it been successful that between Russian and Turkish ports alone it carried in 1900 a total of 557,631 tons, amounting in value to 2,500,000 roubles.

But it has not confined its operations to the Eastern Mediterranean. It has a line between St. Petersburg and other Northern European ports, and another between Vladivostok and other ports of the Far East. Both of these lines are operating without the aid of a subsidy. It also maintains a line with tri-monthly service between Odessa and the ports on the Persian Gulf. This line is subsidised and may fairly be said to be supported mainly for political reasons, as its traffic is very small in bulk and value. It is aided not only by a direct subsidy, but exports over it receive a reduction of 25 per cent. in freights over the Russian railways. The government and company have issued a special circular to the leading merchants and manufacturers of the empire appealing to them for their co-operation in this enterprise which, in the language of the circular, is "not only to introduce the Russian flag in those parts now frequented almost exclusively by the English flag, but also to open new outlets for the products of Russian industries and bring into a close relationship the Russian producer and the Persian consumer." The company has decided to establish in the main ports of the Persian Gulf "Russian Commercial Museums," in which will be exhibited the leading products of Russian industry. To each of these museums will be attached agents with special instructions. It is not sur-

prising that this activity upon the part of Russia in the region of the Persian Gulf should have awakened the attention and to some extent the suspicions of England, where it was commented upon in nearly all of the journals, which found in it an indication of the political designs of Russia upon Persia and a new evidence of the constant co-operation of the merchant marine in political work.

In addition to the deep-seated jealousy of England, there was a special reason why the Russian government should have promoted this enterprise at the time it did, in 1901. This special reason was a necessity for counteracting the effect of the Bagdad-Bassorah Railway, a concession for which had just been secured by the German Bank. It seemed clear to the Russian government that if it were to secure a share of the commerce of southern Persia it would have to enter the field ahead of the railway. If Russia were shut out from the commerce of the Persian Gulf, she would have no excuse for pushing a railroad southward through Persia to some point on the gulf, and there can be no doubt that this is one of her political dreams.

Turning from the Steam Navigation Company to the Volunteer Fleet, we come to a division of the merchant marine which stands in a still closer relation to the government. This had its origin in circumstances purely political. The action of the Congress of Berlin in 1878 snatched from Russia the fruits of her victory over Turkey. The Russian nation felt that this was due largely to her lack of sea power. Having learned during the war the usefulness of merchant vessels in naval operations, a part of the patriotic outburst of sentiment took the direction of rendering aid in the establishment of a volunteer fleet.

The centre of this movement was Moscow, where the "Imperial Society for the Encouragement of the Russian Merchant Marine" was formed. The name Volunteer Fleet was chosen by the committee of this society. From Moscow the sentiment spread throughout Russia. The demand for thus strengthening Russian power upon the sea was everywhere accepted as a correct expression of the national thought. On March 9, 1878, the society asked the government for authority to open, in every locality in the empire, subscriptions for the purchase of ships. The Emperor Alexander II gave them authority. No time was lost, for on the 22nd of the same month the members of the society met in extraordinary session and decided to institute at

Moscow a central committee to receive gifts and to offer to the grand duke, who soon after became Alexander III, the honorary presidency, which he accepted. To Prince Dolgoroukoff, governor-general of Moscow, was given the active presidency of the committee. Pobiedonostseff, the Procurer General of the Holy Synod, was made vice-president. They further decided to solicit aid from the orthodox clergy, ministers of all other religions, the nobility, the zemstvos, etc., and to ask all the governors to appoint local committees to act in conjunction with the central committee at Moscow in distributing literature explaining the purpose and rôle of the fleet and to collect funds.

It was decided by the committee that the ships to be acquired should be such as would be useful in time of peace to serve the needs of commerce and in time of war should be put at the disposal of the government in the capacity of auxiliary cruisers, and that the receipts realised in time of peace should be set aside for the acquisition of new ships.

By the end of the month of June, a million roubles in gifts had been received by the Czarevitch, Grand Duke Alexander, and two million by the committee at Moscow. Ships to the number of sixty-seven were offered for sale to them. But as the committee had not the time to examine these ships one by one it laid down certain requirements which had to be fulfilled. These were a minimum speed of thirteen knots, bunker capacity sufficient for twenty days, sufficient solidity to receive cannon of medium calibre, a maximum price of 650,000 roubles.

The greater part of the ships offered for sale did not conform to these requirements. Hence some of the commanders of the future auxiliary cruisers were sent to foreign countries for the purpose of having each buy his ship, its armament and the necessary ammunition, and bring it to the place designated for it. The first three ships were bought from the Hamburg-American Company, and their armament from Krupp. These ships were of 5000 tons each and of from thirteen to fourteen knots speed. They were delivered at Cronstadt by the 10th of June, examined and accepted by the Czarevitch, had exchanged their German for Russian names, and run up the Russian flag. So within but a few days over two months from the institution of the committee and but six weeks after the official opening of the subscription there was formed the nucleus of the Volunteer Fleet, some of whose ships, particularly the *St. Petersburg* and the

Smolensk, caused so much excitement by their unwarranted interference with neutral shipping during the recent war.

As the Navigation Company, so the Volunteer Fleet followed the line which the political aspirations of the country marked out. It resolved to fly the Russian flag upon the Pacific, for by this time the political centre of gravity had shifted from the Near to the Far East. The Minister of the Interior contracted with it for the transport of exiles to the island of Sakhalin; and the Minister of Marine awarded to it the carrying of the equipment for the port of Vladivostok. In 1880 it opened a passenger service between Odessa and Vladivostok and secured a contract from the Minister of the Interior for the transport of colonists to Ussuri and the Siberian provinces along the Pacific, which Russia was at that time deeply interested in colonising. It also secured a share in the carrying of tea from China, and Russian wheat to the ports of Southern Europe.

But the traffic which it secured was not sufficient to enable it to pay expenses. And to make matters worse it lost one of its vessels by shipwreck. But in this crisis (1883) a subsidy was granted it, proportioned to each thousand miles run by its ships, and an extraordinary subvention for the purchase of a new ship to replace the one lost. In 1886 the Imperial Council promulgated regulations as to the nature of its service and the amount of the subvention which it should receive; its control passed to the Minister of Marine. The old society was dissolved and a new committee formed. At the time, it possessed seven ships representing a capital of 4,200,000 roubles.

For a time after its reorganisation it extended its service in several directions to Brazil, to France, Belgium, and Scandinavia. But in these directions it was unsuccessful and soon returned to its old lines with the Far East, where was the principal field of its activity at the breaking out of the recent war. Its freight increased, but its passenger traffic had greatly fallen off on account of the completion of the Trans-Siberian Railway.

The Volunteer Fleet has had great difficulties to contend with. The speed required of the ships in order to make them useful as commerce destroyers in case of war is greater than is profitable for freight traffic or for passenger traffic, unless with a large percentage cabin passengers, whereas, in fact, the large percentage of its passengers was steerage passengers. Its ships could not, therefore, compete successfully with others economically better

fitted for the character of the work to be done. By the aid of government contracts and an annual subsidy of 600,000 roubles it has been able to increase the number of its ships to fifteen, valued at 1,500,000 roubles.

It has been utilised for naval purposes twice; in transporting troops and munitions of war from Vladivostok to Taku during the operations for the relief of the embassies at Peking, and during the recent war. No actual fighting has ever been done by its auxiliary cruisers; and, in fact, they are not capable of doing much fighting, but will have to be utilised as commerce-destroyers, transports, and scouts. It is fair to say that the Volunteer Fleet has not realised the expectations of its founders, yet as an expression of the patriotic sentiment of the nation it is an interesting object of study. Other nations can well afford to avail themselves of what is to be learned from its successes and failures. As far as can be seen, Russia still holds to the opinion of Alexander III, expressed in a report concerning it: "It is a very useful national work, and it would be a mistake to abandon it to the arbitrament of chance."

In accordance with the spirit of this report there has recently been approved by the Imperial Council and Duma an appropriation of money for the maintenance of periodical steamship communications between Vladivostok and the ports of China, Korea, Japan, and between Vladivostok and Nikolayefsk on the Amur. The provisions of the law carrying the appropriations are:

"I. The Minister of Commerce and Industry shall conclude a contract with the Volunteer Fleet for the maintenance by the latter, during eleven years beginning June 15, 1908, of periodical steamship communications on the following lines: (1) Vladivostock-Tsuruga, two voyages per week, the aggregate distance being 101,820 miles; and (2) Vladivostok-Shanghai, stopping at Fuzan and Nagasaki, one voyage per week, aggregate distance 118,560 miles. The conditions shall be as follows:

"1. The Volunteer Fleet obligates itself to maintain the said steamship communications, during the period mentioned, by means of steamships sailing under the Russian flag. Moreover, the steamers must maintain a speed of not less than fourteen miles an hour, after having shown a speed of not less than sixteen miles an hour on trial.

"2. During the first sixteen months from the day of publication of the present law, the Volunteer Fleet may maintain the said communications by means of vessels sailing under a foreign flag and having a speed below that mentioned in the foregoing paragraph.

"II. The Minister of Commerce and Industry shall conclude a contract with the Volunteer Fleet for the maintenance by the latter, during one year

beginning in June 15, 1908, of periodical steamship communications between Vladivostok and Nikolayefsk on the Amoor, stopping at Sudsukhe, at St. Olga Bay, at Korsakofsk, at Imperial Harbour, at Alexandrofsk, and at De Castri Bay, making fourteen trips during the navigation season, the aggregate distance being 33,292 miles.

"III. He shall appropriate from the funds of the imperial treasury, for payment as subsidy to the Volunteer Fleet for the maintenance of the steamship communications mentioned in Section I, 6,905,000 rubles, as follows: In 1908, 283,333 rubles; 1909, 800,000 rubles; 1910, 693,000 rubles; 1911, 672,000 rubles; 1912, 651,000 rubles; 1913, 630,000 rubles; 1914, 609,000 rubles; 1915, 588,000 rubles; 1916, 567,000 rubles; 1917, 546,000 rubles; 1918, 525,000 rubles; and 1919, 340,667 rubles.

"IV. He shall appropriate from the funds of the imperial treasury, for the payment as subsidy to the Volunteer Fleet for the maintenance of the steamship communications mentioned in Section II during one year from June 15, 1908, to June 15, 1909, 75,000 rubles, as follows: In 1908, 25,000 rubles, and in 1909, 50,000 rubles."

The acquisition of Port Arthur and Dalny led to the conviction that there was need of a merchant fleet for operation exclusively upon the waters of the Pacific. To meet this need the East Chinese Maritime Service was organized. This line was to serve as an auxiliary to the Trans-Siberian Railway. Its headquarters were at Dalny, which the Russian government was at that time sparing neither money nor pains to make a first-class port and one of the great entrepôts of trade in the Far East. Their plans for Dalny were largely conceived, actively pushed, and nearing completion when after an expenditure of millions of roubles, a part was destroyed by the Russians and what remained fell into the hands of the Japanese.

The company began by purchasing the franchises and equipment of a small line operated by Mr. Schevelef. Several steamers were purchased by it from English and German companies. It was allowed an annual subvention of 111,000 roubles. Two of its fastest steamers made connections with the weekly express trains to Dalny. These carried the mails and passengers to Nagasaki and to Shanghai. By January 1, 1902, the company had a fleet of eighteen ocean-going steamers, having a cargo capacity of 24,000 tons and accommodations for 8000 passengers. Its service bound together the ports of Shanghai, Chefoo, Niuchwang, Dalny, Chemulpo, Nagasaki, Fusan, Gensan, and Vladivostok with the ports on the Sea of Okhotsk and the Gulf of Peter the Great.

In addition to meeting the difficulties of operation upon a

storm-swept and rocky coast, a considerable portion of which is frozen during half of the year and frequented by icebergs during the other half, the difficulties of securing seamen and mechanics in that part of the world, the company was handicapped by having its commerce interfered with by the plague at Niuchwang in 1899 (the first year of its operation), the Boxer outbreak in 1900, the cholera in 1902, and finally the destruction of its traffic and many of its ships by the recent war.

Had the Russian navy been able to hold control of the sea, or even to have made a reasonable amount of headway against the Japanese navy, the ships of the East Chinese Maritime Service could have rendered it most valuable aid and thus have become an important factor in the war. In that event the merchant fleet would have more than repaid the government for its assistance given in the way of subsidies. But by the complete crippling of the Russian squadrons at Port Arthur and Vladivostok the part of the merchant fleet which was not captured became helpless.

Among the commendable traits of the Russian character is the virtue of perseverance. Hence in spite of the foregoing misfortunes and discouragements in their attempts to foster the growth of their merchant marine, we find the nation assenting to the following provisions for the purpose of encouraging shipbuilding:

"1. As an encouragement to building metallic mercantile vessels constructed within the Russian Empire intended for navigation in foreign seas and the River Danube and its tributaries, there shall be given for every ship built, if its construction was begun after the promulgation of this law, once, at the time of registering the ship in a Russian port, a shipbuilding bounty.

"2. The shipbuilding bounty (par. 1) is determined by the registry of the gross tonnage of the ship and is reckoned thus:

"(a) For ships with mechanical motive power: Up to 100 tons burden, 100 rubles; from 100 to 1500 tons, 85 rubles; from 1500 tons up, 65 rubles.

"(b) For sailing vessels, including those provided with auxiliary mechanical motive power: Up to 100 tons burden, 80 rubles; from 100 to 1500 tons, 65 rubles; from 1500 tons up, 50 rubles.

"This bounty is also granted to vessels not intended for navigation on foreign seas or on the Danube and its tributaries on the payment of customs duty collected from those vessels on their importation from abroad. (Customs tariff ed. of 1906, par. 175.)

"3. In addition to the shipbuilding bounty (par. 2), a bounty is likewise allowed for the installation in mercantile sea-going vessels of new general and auxiliary machinery at the rate of 35 rubles per indicated horsepower.

"4. The bounties for building, like those for repairing of machinery, are granted only if material of Russian origin is used in the construction of the hull of the vessel or its machinery.

"Materials of foreign origin are allowed only on condition that they shall be named in a separate list furnished to the Ministry of Commerce and Industry every year and published for general information.

"5. The stipulations mentioned above are also applied to vessels not intended for registry at a Russian commercial port.

"The bounties for the kind of ship are also given for a complete overhauling of a ship and its transference to the control of a foreign owner.

"6. A refitting of a ship both as to hull and machinery gives the right in favour of a national shipyard to a bounty of — rubles per pood (36 pounds) on the metal used in the refitting.

"In case of the replacing of old machinery by new the amount of bounty is calculated on the basis of paragraph 3.

"7. The control of the granting of bounties for building sea-going mercantile vessels is intrusted to the Ministry of Commerce and Industry in its Department of Mercantile Marine.

"8. The present law shall remain in vigour for a period of fifteen years after going into effect. The order for its application will be given in a separate instruction approved by the Minister of Commerce and Industry."

This is an evidence that the Russian government appreciates the fact that if it is to become a naval power it must lend encouragement to the building as well as to the operating of ships. Whether or not her attempt in this line will prove successful is, to say the least, doubtful. Her handicap in this respect is as great as in the other. Her lack of coal and steel at prices which compare with those in English markets places her at what appears to be a permanent disadvantage. But even greater than this is her dearth of mechanics. And though labour is becoming increasingly mobile, such are the political conditions in Russia that the trained mechanics of other countries are not likely to migrate thither. Whether or not the Russian labourer can develop into an efficient artisan in these lines it is too early to decide definitely, but it is entirely within the facts to say that as yet he has given no convincing evidence of his aptness.

Among the merchant navies of the world Russia's ranks eighth. Five years ago it was ninth. During this period it has surpassed those of Spain and Holland but has in turn been surpassed by that of Japan. In the table of the Bureau Veritas for 1903-4 the tonnage of the Russian merchant marine was: steam 593,742 and sail 1,138,829; and that of Japan: steam 556,036, sail 730,660; while in the table for 1908-9 the tonnage of the Japanese was: steam, 1,076,170 and sail, 1,242,099; and that of Russia was:

steam, 781,000 and sail, 1,350,386; finally for 1911-12 the tonnage of Japan was: steam, 1,202,458 and sail 171,206; and that of Russia: steam, 824,100 and sail, 539,710. Though the aggregate tonnage, steam and sail, of Russia's merchant marine was in the latter year nearly as great as that of Japan, the fact that the steam tonnage of the latter is larger by nearly 50 per cent. gives to its merchant marine so much greater efficiency that the difference between them is considerably greater than the small difference in aggregate tonnage would seem to indicate. A realisation of this fact has no doubt had its influence in determining Russia's policy of increasing her subsidies. Yet in 1909 Russia was paying less than two million dollars in subsidies while Japan was paying over six million dollars. As a builder of ships, Japan has undoubtedly outstripped Russia and it is not likely that in this department the relative position of the two will be changed. Whether or not by liberal bounties Russia can overcome Japan's lead as an owner and operator of ships is less certain, though hardly probable.

While the Russian merchant marine is still handicapped in many ways and is still far from taking first place among merchant fleets, yet when we remember the difficulties under which its promoters have laboured in attempting to build it up, its progress is remarkable. The persistency with which the nation has striven to overcome the limitations due to geographical situation, lack of mechanical skill, and lack of a seafaring temperament, is as much to be admired as certain of the means which it has resorted to for the attaining of political ends are to be deprecated. The reward of the former seems to us a more interesting and certainly a pleasanter topic for consideration than the failure of the latter.

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