

“Flagging-Out in the American Civil War”

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Cet article passe en revue l'impact des transferts de pavillon des États-Unis vers d'autres nations qui sont venus à la suite des opérations de croiseur confédérées pendant la Guerre Civile américaine. L'article offre également des perspectives sur la question, toujours ouverte, de l'impact à long terme des déprédations confédérées et de la pratique du transfert du pavillon à l'étranger sur la taille de la flotte marchande américaine. Le processus de la ré-immatriculation pour protéger les navires a créé des précédents concernant les pavillons de complaisance au 20ème siècle. Au milieu et vers la fin du 20ème siècle, l'on a souvent retenu les pavillons de complaisance comme cause de la diminution du rôle du pavillon marchand des États-Unis dans le commerce international, de façon semblable à la tendance vers la fin du 19ème siècle de mettre en cause la pratique du transfert du pavillon durant la guerre civile pour expliquer la réduction de la flotte marchande des États-Unis.

During the American Civil War (April 1861-April 1865), an estimated 1,061 American-flagged merchant ships were transferred to foreign flags, mostly to the British flag. Ship-owners in the North made the decision to operate under a foreign flag because of the deprivations of twelve Confederate cruisers, most notably the *Sumter*, *Alabama*, *Florida*, *Shenandoah*, and *Georgia*. Altogether the twelve Confederate cruisers destroyed 237 ships registered under the United States flag.¹

As their operations began, war-risk insurance rates climbed. Seeking to avoid both the actual risk and the cost of insurance to cover the risk, numerous owners sold the ships, sometimes to a shadow company, and operated them under the British flag. Other ship-owners shifted, or attempted to shift, their flag and registry to France, Hawaii, The Netherlands, or other countries. In the Confederacy, some ship-owners transferred their ships to British and French registration in hopes of preventing their seizure on the high seas by Union ships.

In many articles and texts the decline of the U.S. Merchant Fleet in the decade 1860 to 1870 has been attributed to the combined effect of cruiser sinking and flagging-out. Commentary during the war predicted such a result, and subsequent works have repeated the claim. A scholarly treatment by George Dalzell in 1940 was entitled *The flight from the flag; the continuing effect of the Civil War upon the American carrying*

¹ Chester G. Hearn, *Gray Raiders of the Sea: How Eight Confederate Warships Destroyed the Union's High Seas Commerce*. (Camden, Maine: International Marine Publishing, 1992).

trade.² In a modern and well-researched treatment, historian Chester Hearn reiterates the claim that the cruisers destroyed Union commerce.³

Yet in the very years of the decline following the Civil War, a number of close statistical analyses suggested that the reasons for the failure of the U.S. merchant marine to recover after the war had less to do with the effect of the cruisers and flagging-out, and more to do with a variety of contemporary economic conditions and fiscal policies. While flagging-out did in fact reduce the number and tonnage of American ships, the long-term and continued decline was traced by numerous writers to manufacturing costs, labor costs, import duties on materials used in ship construction, the rise of steam propulsion, and other factors.

The precedent of flagging out of American ships took on new importance in the 20th century, with the development of the Panamanian, and later, the Liberian flags of convenience. At first such 20th century flagging-out was spurred on by requirements under the Jones Act that American ships employ American seamen; it was further stimulated in the 1920s by the fact that for a period American liners could not serve alcohol under the prohibition laws. Two ships of the Harriman line were transferred to Panama just so that they could serve alcohol aboard. In the post-World War II years, American ship-owners, as well as ship-owners in Britain, Norway, and other maritime states, flagged out ships to obtain lower labor costs under the flags of Panama, Liberia, and later, other flag of convenience states. By the 1990s, some of the maritime states had responded to these developments by establishing “second registries,” often based in overseas territories, that would allow for lower labor costs and allow ship owners to avoid paying social insurance.⁴ Because of these important 20th century developments, the 19th century precedent of flagging-out to Britain to escape the depredations of the Confederate cruisers is worth a closer look. The short-lived Civil War flagging out practice, like the longer-lasting 20th century practice, was seen in both eras as a central cause of the decline of the American merchant marine.

During the Civil War, Confederate cruiser captains Raphael Semmes, James Waddell and the others would always check the documentation of a commercial ship they encountered, stopped, and boarded on the high seas. If the captain of the detained merchant ship claimed to be sailing under a British or other foreign flag, but the design of the ship and the New England accents of the captain and crew suggested the ship was actually American and simply flying false colors, the Confederate captain would carefully examine the papers, including the ship’s log, and interrogate the crew to ensure that the

² George W. Dalzell, *The flight from the flag; the continuing effect of the Civil War upon the American carrying trade* (Chapel Hill: University of North Carolina Press, 1940).

³ Hearn, *Gray Raiders*.

⁴ The history of 20th century flagging out is explored in Rodney Carlisle, *Sovereignty for Sale: The Origins and Evolution of the Panamanian and Liberian Flags of Convenience* (Annapolis, MD: Naval Institute Press, 1981). The late 20th century development of “second registries” by the maritime states to compete with the flags of convenience is covered in Rodney Carlisle, “Second Registers: Maritime Nations Respond to Flags of Convenience, 1984-1998,” *The Northern Mariner/Le marin du nord* XIX (July 2009), 319-340.

vessel was legally entitled to fly the foreign flag. If all was in order, the ship would be released; otherwise, the crew would be taken off the ship, and it would be set afire and destroyed. In some cases, the ships were seized and operated with a prize crew.

The raiders did destroy at least 237 American ships. In the light of the methods of later naval warfare, especially submarine sinking of merchant ships in World Wars I and II, it should be noted that the Confederate cruisers destroyed private, commercial Union vessels only after ensuring the safety of the crew and passengers.

Under these circumstances, it was not sufficient for an American ship captain to avoid destruction by hoisting a foreign flag as a *ruse de guerre*. To obtain the protection of a foreign flag required that the ship be legally transferred through re-registry abroad and carry the proper papers to prove the transfer. In the case of the British registration, the transfer had to entail an actual sale to a British natural-born or naturalized subject, and had to include the issuance of registry documentation, which could be accomplished through a British consul abroad.⁵

The practice of Civil War flagging-out remained controversial in later decades. The Civil War practice set a precedent for the later uses of flags of convenience to avoid military engagement by preserving neutrality, to escape national labor legislation, or to evade the enforcement of international conventions regarding safety at sea, environmental practices, or fishery regulation. The term “flag of convenience” did not come into common usage until 1949 and 1950 when American labor leaders used it to describe the transfer of American owned ships to Panama and Liberia.⁶ However, even in 1863, at least one reporter called the practice one of “transfer of ships to a foreign flag for convenience and safety,” anticipating by some 86 years the later common usage of the phrase “convenience.”⁷

Early in 1861, in the months before the war, British observers noted the likelihood that transfers would take place, and the Liverpool press obligingly published accounts of the proper procedures required to seek shelter under the British flag. The *Philadelphia North American and U.S. Gazette* quoted from the *Shipping and Mercantile Gazette* of Liverpool:

The transfer of American shipping to the British flag can only be effected by vesting

5 “American Ships Under the British Flag,” *Philadelphia North American and United States Gazette*, 5 March 1861; use of British consuls for registry reported: “Piracy and Marine Insurance,” *New York Times*, 28 April 1861, 8.

6 Carlisle, *Sovereignty for Sale*, 142. The variety of motivations for adoption of 20th century flags of convenience are covered in this monograph. Foreign registry was given a boost during the 1939-1941 period because of the “Cash and Carry” neutrality legislation of 1939; since the law prohibited shipping cargo in U.S. registered ships to Britain, the pro-Allied U.S. government readily approved numerous transfers of tankers to Panama to supply Britain with fuel. See *Sovereignty For Sale* and also Rodney Carlisle, *Sovereignty at Sea: U.S. Merchant Ships and American Entry into World War I* (Gainesville, FL: University Press of Florida, 2010), 161-166.

7 “Statistics of Trade and Commerce,” *The Merchants’ Magazine and Commercial Review*, 1 August 1863, quoting from the *Journal of Commerce*.

the property *pro tempore* in a British subject or subjects. To enable a ship to claim the protection of the British flag (supposing that protection to be sufficient during the impending hostilities) she must belong *bona fide* to natural born British subjects or to persons made denizens by letters of denization [*sic*, denization], or to be naturalized; and such persons must, moreover, during the whole period of their being owners, be resident within the Queen's dominions, or members of a British factory or partners in a house actually carrying on business in the United Kingdom, or within the Queen's dominions, and must have taken the oath of allegiance subsequently to the period of their being so made denizens or naturalized.⁸

The Philadelphia paper went on to editorialize on the question:

It would seem therefore that the transfer of a foreign ship to British owners must be by absolute sale—a fact which probably, many American owners who may contemplate registering under the British flag would not be aware of ... It would be humiliating to have to resort to a foreign flag for protection in our own waters, though if such a thing must be, we doubt not that England who throughout this melancholy crisis, has maintained the noblest sympathy for the Union, would render us every assistance. She would do this as well for her own sake as for ours, for it is manifestly to her interest that her vast trade with this country should not be impeded.⁹

Within days of the firing on Fort Sumter, the practice of transfer began, and was reported both in Britain and the United States. Some accounts noted quite openly that the transfers, entailing a sale for one dollar, were a “ruse.”¹⁰

In Britain, the practice had critics and supporters, who engaged in publicly-reported debates. Some British shippers feared it would set a precedent harmful to Britain. In future wars, they argued, British ships might transfer out and thus diminish the British merchant marine.¹¹

In Liverpool, those owners who had purchased American ships defended the practice, claiming the sales were *bona fide*. Other British ship-owners, who had not engaged in the nominal purchase of American vessels, argued that most or all of the transfers were fraudulent and represented a corrupt usage of the British flag, calling the purported British owners “godfathers.” A correspondent to the Liverpool Chamber of Commerce included a clipping of an advertisement of an American ship-broker in Britain, offering to make transfers to the British flag, while the American owners could retain their interest. Others denounced that particular practice as an atypical fraud, asserting that 90 per cent of the transfers had been entirely legitimate. Even so, a correspondent with the Liverpool Chamber of Commerce warned that the transfers “involved a species of evasion of the law which could only be carried out through

⁸ *Philadelphia North American and U.S. Gazette*, 5 March 1861, 1.

⁹ *Ibid.*

¹⁰ “Piracy and Marine Insurance,” *New York Times*, 28 April 1861.

¹¹ “The Rebel-Anglo Pirates” [mis-indexed as “Rebel-Inglo”], *The Daily Cleveland Herald*, 3 June 1863.

misrepresentations on the part of those making the declarations of ownership.” Of course, such “misrepresentations” would become the norm in 20th and 21st century usages of flags of convenience, when shadow corporations would be established in Panama, Liberia, and later in small, mostly island, countries from Singapore to Cyprus. The delicate language of 1863 suggesting “a species of evasion” reflects the underlying premise behind seeking a favorable foreign jurisdiction for legal, taxation, diplomatic or other purposes.¹² The modern establishment of tax-shelter states like Bermuda, Andorra, Monaco, and others is perfectly described as “a species of evasion” and reflects a similar underlying premise that an individual or business can seek the shelter of a foreign sovereignty.

Other flags besides the British drew some Union-owned ships. When the *Alabama* cruised into the Indian Ocean, American ship-owners in the trades there found that insurance companies refused to write policies for any American ships trading in the region. As a consequence, the *New York Times* reported, American owners sought transfers to Peru, Prussia, and Portugal.¹³ The U.S. Consul in Curaçao, in the Dutch West Indies, reported that the United States bark *Venus* reflagged under the Dutch flag to avoid capture by Confederate cruisers, and that he expected many other U.S. ships plying between that port and New York to do the same.¹⁴

Statistics demonstrated, even in the war, that the cruiser attacks were diminishing the size of the American fleet, not just by attacks, but by the process of flagging-out. In 1863, an editorialist suggested that ship-owners and others should petition the Navy for better protection.¹⁵

After reviewing statistics, a large group of New York ship-owners and insurance company officers did protest to the Navy Department that the process of flagging out was destroying American merchant marine, and they respectfully asked for greater efforts in tracking down the Confederate cruisers for the protection of the American flag. In addition to ship-owners, a number of others signed the petition, including bankers, George Updyke, the mayor of New York City, and U.S. Senator E.D. Morgan.¹⁶

Little noticed in the Union press at the time, an unknown number of ships in the South also flagged out. Indeed, that aspect of the topic has not been widely discussed in the voluminous historical literature regarding the Civil War and life in the Confederacy. In New Orleans, a cooperative marketing arrangement led by Texas ship-owner Charles

¹² “European News,” *New York Times*, 28 February 1864, subhead: “Foreign Vessels sailing under the British Flag,” from the *European Times*, 6 February 1864.

¹³ “From Europe,” *New York Times*, 29 January 1864. The alliteration of the names of the three countries suggests that the reporter may have been indulging in hyperbole.

¹⁴ Moses Jesuron to W. H. Seward, 26 August 1861, “Operations of the Cruisers,” in U.S., Naval War Records Office, *Official Records of the Union and Confederate Navies in the War of the Rebellion*, series I, vol. 1 (Washington: Government Printing Office, 1894), 89.

¹⁵ “Statistics of Trade and Commerce,” *The Merchants’ Magazine and Commercial Review*, 1 August 1863, quoting from the *Journal of Commerce*.

¹⁶ “The Rebel Privateers and American Commerce, An appeal to the Secretary of the Navy,” *New York Times*, 18 November 1863.

Morgan established a scheme in which ships would sail half-way to France under the Confederate flag, and then would be reflagged and enter French ports under the French tricolor. Thereafter, they remained under the French flag. The steamer *Tennessee*, when captured in the New Orleans harbor, had a French flag flying.¹⁷

When Union forces took New Orleans, they discovered a number of French-flagged ships at the dock. Some were no doubt legitimately French-owned and registered ships; an unknown number may have been re-flagged Confederate-owned ships. Moving up the Mississippi River, Union forces often found French flags flying aboard ships, which “from build and register they were not entitled to.” From the scattered accounts, it was unclear how many of the schooners and other vessels flying French flags on the river had been officially transferred to French registry, and how many were simply flying the flag in hopes that their vessel might escape destruction or confiscation, using the *ruse de guerre* of a false flag.¹⁸

In Louisiana, along the Mississippi River, Union officers sometimes reported French flags even over churches and homes along the shore. Although Union officers thought such flags might have been intended to obtain the protection of a foreign flag, it is far more likely that the tricolor was adopted by some Confederates as an emblem of their rebellion, echoing the French revolutionary flag.

The fact that the French tricolor somewhat resembled the Confederate flag when furled led to several episodes during which Union officers ordered their men to fire on a locale, and then later apologized for the action when discovering the flag was French, not the three-striped Confederate flag. One officer noted that it was inappropriate to fly a foreign national flag over private property on land, although he admitted that had he known the flag was French, he would have refrained from attack.¹⁹

Many blockade-runner ships owned by Confederate entrepreneurs, mostly built in Britain, were legitimately and originally flagged in the United Kingdom, and thus were not part of the flagging-out story. However, when previously U.S. registered ships sought to engage in blockade-running into the Confederacy, they would sometimes adopt new flags. Even though records are scattered, it appears that numerous Confederate ships reflagged under the British flag to avoid capture on the high seas.

However, whatever their flag, all ships would be subject to detention at the blockade line. In July 1863, a Union officer detained four “secession vessels,” three of which had been reflagged through the British consul in Galveston. The ships were the

¹⁷ “Affairs in New Orleans,” *New York Times*, 25 May 1862. James P. Baughman, *Charles Morgan and the Development of Southern Transportation* (Nashville: Vanderbilt University Press, 1968).

¹⁸ Lt. Geo. H. Preble, to Major General (Benjamin) Butler, 16 May 1862, Papers of West Gulf Squadron in *Official Records of the Union and Confederate Navies in the War of the Rebellion*, series I, vol. 18, 498.

¹⁹ R.B. Lowry to Commodore H.W. Morris, 10 September 1862, Papers of West Gulf Squadron in *Official Records of the Union and Confederate Navies in the War of the Rebellion*, series I, vol. 19, 188-9.

three-masted *Ponchartrain* and the *Joseph Buckhart*, *Cecilia* and the *Lena*. According to another report, a Charleston ship-owner reflagged his whole fleet in Britain to avoid capture by Union naval ships on the high seas.²⁰ The actual extent of Confederate flagging-out to Britain and France has not been calculated; further research on this topic may reveal more accurately the numbers flagged out from the C.S.A.

In any case, in 1866 President Andrew Johnson’s secretary of the treasury, Hugh McCulloch, clearly did not include the flagging out of numerous ships from the South to French and British flags in his tally of 1,061 ships transferred to other registries. Not only was the information from the Confederacy difficult to obtain, but in the immediate post-war period, Congress and the administration were more concerned with the decline in American shipping engaged in international commerce than in the coastwise vessels that had previously dominated Southern fleets. Before the war began, the vast majority of sailing ships and steamers engaged in trans-Atlantic trade were home-ported in the North, while the numerous shallow-draft steamers and small schooners based in Southern ports were more devoted to riverine and coastal transport. Thus many of the transfers of Southern vessels to French or British registry probably had little impact on the post-war position of the United States in the competition for the international carrying trade.

On the other hand, even as the practice of flagging-out of commercial ships from the North to avoid the cruiser depredation flourished, some Northern observers feared that the practice would result in a lasting decline in American merchant marine, removing American ships from the lucrative trans-Atlantic trade, and the commercial carrying trade between foreign ports. Even before the war ended, some maritime writers predicted that the effect would be lasting and deleterious. One commentator noted, “it must be evident that the fear of depredations on our commerce, by the Confederates and privateers, has driven a large part of our foreign trade to neutral vessels.”²¹

Some accused the British of perfidious conduct. After all, several of the Confederate cruisers, in particular, the *Alabama*, *Rappahanock*, *Shenandoah*, and *Georgia*, had been built in British yards, and most of the merchant ships transferred out were transferred to the British registry. If it had not been for the actions of United States representatives, including Ambassador Charles Francis Adams, still other, more powerful British-built ships, the “Laird Rams,” would have entered Confederate service. Designed to do battle with the U.S. naval blockading ships, these ships were planned not to be blockade-runners, but rather to provide the weaponry to break the blockade. The British maritime support of the Confederacy by providing warships, and by conducting a thriving trade with blockade-runners, only heightened resentment in the Union at the British.

Thus, in the immediate aftermath of the war, some Republican leaders saw the

²⁰ Lt. Commander E.W. Henry aboard the *Sciota*, to Commodore H.H. Bell, 11 July 1863, Papers of West Gulf Squadron in *Official Records of the Union and Confederate Navies in the War of the Rebellion*, series I, vol.20, 382-3; “European News,” *New York Times*, 28 February 1864, subhead: “Foreign Vessels sailing under the British Flag,” from the *European Times*, 6 February 1864.

²¹ “Statistics of Trade and Commerce,” *The Merchants’ Magazine and Commercial Review*, 1 August 1863, quoting from the *Journal of Commerce*.

British construction of raiders and the transfer to British flags, as part of a larger British plan to destroy the competition of the American fleet in the long term. President Andrew Johnson, (who was noted for making ill-considered and impolitic remarks) made such an accusation in his 1865 address on the State of the Union.²² The sentiment that the consequence of the cruisers and the flagging-out was a long-lasting decline in American shipping in favor of Britain became widespread.²³

In the immediate post-war period, the matter of interpretation soon surfaced. On the one hand, some political leaders, like Andrew Johnson, continued to “wave the bloody shirt,” and blame the decline of the American merchant fleet on both the British outfitting of cruisers and the practice of flagging-out. Under the law, an American ship that had transferred to another flag was ineligible to re-register under the U.S. flag. When individual ships that had been flagged out sought permission to re-flag in the United States by special act of Congress, opponents voted down such measures. For example, in 1869, when the owners of the *Agra* sought such Congressional dispensation, Senator James Warren Nye of Nevada strongly opposed the measure. The *Boston Daily Advertiser*, however, thought such re-registry would be a good idea, even though transfer-out had “a bad taste.” After all, the editorialist opined, the problem grew out of the failure of the Union to protect its shipping.²⁴

Together with the restriction on re-flagging in the United States once registered abroad, only *American-built* ships could register in the United States. Both of these legal factors—the prohibition on return from foreign registry, and the requirement of American construction—no doubt contributed to the failure of post-Civil War American shipping to recover.²⁵

The raw statistics suggested that *something* had happened in the 1860s to reverse the growth of the American merchant marine and send it into decline, as shown in the table opposite.

It was certainly true that the cruiser depredations and flagging-out together had reduced American shipping by about 1,300 ships (1,061 flagged out, 237 destroyed), and over 1,000,000 gross tons (as shown in the above table by comparing the GRT figures for 1860 with those of 1870). Even as this point was being made at the end of the war, some analysts doubted whether this diminution could account for the long-term decline of American shipping that set in during the post-war period and which continued into the 1880s. Close analysis of the statistics in 1866 by Secretary of the Treasury McCulloch suggested that the loss to flagging-out during the war was only about 800,000 tons.

²² President Johnson’s message of 14 December 1865 as reported in *Kansas Freedom’s Champion*.

²³ “American Shipping,” *Boston Daily Advertiser*, 15 June 1866, p.1, left column, quoting from the *Journal of Commerce*.

²⁴ *Boston Daily Advertiser*, 23 February 1869.

²⁵ Ineligibility for re-registration: U.S. Congress, House, Letter from Secretary of the Treasury Hugh McCulloch to Schuyler Colfax, 17 January 1866, 39th Cong., 1st sess., 1866, HR Exec. Doc. 25.

Total U.S. Merchant Fleet		U.S. Merchant Fleet in Foreign Trade	
Year	Million DWT	Million GRT	Million DWT
1830	1.79	1.42	0.8
1840	3.27	2.19	1.14
1850	5.3	3.54	2.16
1860	8.03	5.35	3.56
1870	7.37	4.24	2.17
1880	6.1	4.07	1.97
1890	6.64	4.42	1.39

Source: *The Nautical Gazette*, 22 January 1921, p. 107. Figures rounded to nearest 10,000 tons.

Destruction and transfer of commercial vessels to the government for use as warships and transports accounted for the additional decline. In all, American shipping in foreign trade had only been reduced from about 5.35 million gross tons to about 4.24 million gross tons during the four years of the war by his estimation.²⁶

But, significantly, from the 1870s into the 1880s, the size of the American fleet *continued* to decline, as shown in the table above. The failure to *rebound* and to again challenge Britain for a major share of the ocean-going trade was a separate issue, although many writers of the period blurred together the issue of wartime decline and post-war failure to recover.

The popular and iconoclastic *Frank Leslie’s Illustrated Newspaper* joined the discussion, suggesting that the long-term decline was due to the failure of American shipbuilders to remain competitive in the cost of building of new ships. The paper estimated that it cost \$100 per ton to build a ship in the United States, but only \$40 per ton to build one in Canada. Furthermore, the paper argued, the decline in American shipping was already evident several years before the war began.²⁷ Similar arguments were presented at the same time by others, such as the San Francisco *Daily Evening Bulletin*.²⁸ This position, based on a clear-headed analysis of costs, however, was not shared by others, who wanted to continue to blame the decline of American shipping on the British support of Confederate cruisers and the British acceptance of flagged-out ships during the war.

The British finally agreed in 1872 after a process of arbitration, to pay \$15.5 million in claims for the losses incurred by British-built cruisers, in the *Alabama* claims case. As that case was being debated, the scale of the British damage to American shipping could be magnified by linking the flagging-out to the activities of the cruisers, an argument first made during the war. If the long-term decline of American shipping could be attributed, even in part, to the practice of flagging-out, that enhanced the legitimacy of the claims against Britain and escalated the scale of the British damage.

²⁶ Ibid.

²⁷ “Decline of our Mercantile Marine,” *Frank Leslie’s Illustrated Newspaper*, 26 January 1867.

²⁸ “Decay of American Shipping,” *Daily Evening Bulletin* (San Francisco), 23 January 1867.

The arbitration decision, however, rejected such claims for “indirect losses.”²⁹

Thus, in the period 1865-1872, the claim that a long-term decline had been inflicted by British practices and by flagging-out in particular, can be seen as a propaganda position of the United States as it sought to press the *Alabama* claims for a larger amount. Senator Charles Sumner claimed that Britain’s liability for prolonging the war and destroying American maritime commerce should amount to \$2.125 billion! (Although translation of dollar amounts from the 1870s to the 2010s is fraught with problems, some estimates would put Sumner’s claim at about \$36 to \$38 billion in 2012 U.S. dollars.) The neutral arbiters, from Switzerland, Brazil, and Italy, however, limited the compensation to the demonstrated loss of particular ships and cargos.

It was true that the decline of U.S. shipping in sheer tonnage persisted for decades after the war. More significantly, United States shipping continued to decline as a *percentage* of the world trade; in absolute numbers, the tonnage of the British fleet began to far outdistance the tonnage of the American fleet. One recent study shows the percentage of U.S. tonnage in world trade declining from about 10.1 per cent in 1870 to about 3.3 per cent in 1890. Over the same period, the British proportion of tonnage in world trade climbed from 44 per cent to more than 47 per cent.³⁰

The United States did not compete in trans-oceanic steam lines for decades, and the cost of construction of both wooden ships and iron or steel ships in the United States remained high. With the expansion of the United States into the West, labor costs in the United States stayed high, attracting an increasing flow of immigrants from Europe and Asia, as well as driving up the cost of ship construction. Import duties on foreign-manufactured machinery and rigging that had been passed in Congress in a vain attempt to protect those American industries also increased the cost of American-built ships. Such duties had the effect of actually making it less likely that U.S. shipbuilders would be purchasing U.S. equipment and rigging because the duties drove up the cost of American ships—a classic case of “unintended consequences” so frequently resulting from government economic legislation.

For shipbuilders and other advocates of the American merchant marine, the issue of flagging-out receded into the past, and suggestions for reform of the present conditions required an analysis of those present conditions. However, for writers who reflected on the Civil War itself, on the depredations of the cruisers, or for those who retained suspicions of British motives, the flagging-out during the war years still loomed large as an issue.

For historians and those politicians who sought to keep alive hostility to the Confederate cause, the issue of flagging-out remained very much alive. An 1870 Congressional report supported the claim that British wartime acts were responsible for the decline.³¹

²⁹ A. Cook, *The Alabama Claims* (Ithaca, NY: Cornell University Press, 1975).

³⁰ H.P. Willmott, *The Last Century of Sea Power*, vol. 1: *From Port Arthur to Chanak, 1894-1922* (Bloomington: Indiana University Press, 2009), 10.

³¹ U.S. Congress, House Committee on Causes of Reduction of American Tonnage, *Causes of*

Pro-British critics saw that position as strictly political, with Republicans falsely blaming the British and not addressing the current policy problems. “It is so much easier,” wrote an editorialist for the avowedly pro-British *Albion, A Journal of News, Politics, and Literature*, “to bring a railing accusation against a nation which may for the time be unpopular than to study the causes of any social or commercial phenomenon, that we are not surprised to find both the Congressional Committee on Navigation and President Grant adopting this facile method of explaining the recent decline in American ship-building, and charging the conduct of Great Britain during the late Civil War with many of the results now witnessed.” The article went on to blame the protective tariff for the decline in U.S. shipbuilding.³²

Because the two different analyses arose in different forums, after about 1867 there was no “debate” at all. Two interpretations of the significance of the flagging out process flourished, each with a different focus, a different point of departure, and to different audiences. One might divide the viewpoints into those with a *presentist* outlook on economic conditions, and those more concerned with an *historical* focus. Those concerned with present policy and considering different methods of addressing the current decline of shipping saw the flagging-out issue as a dead one, no longer pertinent in the 1870s, 1880s, and 1890s. Rather, they saw the problem as deriving from the fact that U.S. shipbuilders could not compete with Canadian and British labor costs. Editorialists, essayists, and economists hoping to influence Congress remained focused on contemporary aspects of the shipping decline, especially the issue of costs of shipbuilding. The other group, seeking to unite avid anti-British voters with essentially *historical* arguments, continued to claim that the decline of U.S. shipping was due to British perfidy in the Civil War period.

Through the later 1870s and 1880s, proponents of various reforms to address the decline of American shipping continued to focus on causes that went far beyond the Civil War flagging-out issue. The rise of steam propulsion and iron hulls figured prominently in an analysis presented in *The Banker's Magazine and Statistical Register*.³³ Such vessels could operate profitably in the short voyages between European ports where coal could be obtained; by contrast, American steamships had to devote so much cargo space to coal to cross the Atlantic that they found it difficult to compete. Another long analysis presented in *The International Review* in 1879 also attributed the decline of the American fleet to the rise of steamers and the lack of American focus on steamship construction.³⁴ A number of other substantial treatises arguing for improvements in protective tariffs, or subsidies of one kind or another to the ship-building and merchant marine industries continued to be published through the era. These included books by Hamilton Hill (1869), Henry Hall (1878), Charles Marshall (1878), David Wells (1882), and Henry

the reduction of American tonnage and the decline of navigation interests, being the report of a Select committee, made to the House of Representatives of the United States on the 17th of February 1870, 41st Cong., 2nd sess., 1870.

32 “The Decline in American Ship-Building,” *Albion, A Journal of News, Politics, and Literature*, 23 April 1870, 264.

33 *The International Review* (August 1875), 117.

34 *Ibid.* (May 1879), 532.

Peabody (1901).³⁵ Many journalists, essayists, and editorialists contributed further observations on the lack of government support for the maritime industries.³⁶

The varying interpretations of the long-range impact of the use of flags of convenience by American ship-owners during the Civil War do not in fact represent a disagreement about the facts. From the perspective of historians, as well as Republican politicians in the immediate post-war period, flagging out of Union ships was a consequence of the actions of the British-built cruisers. By sinking ships, by causing the increase in insurance rates, by causing ship-owners to cancel trips and impound their ships, and by contributing to the decision of some to re-flag abroad, the Confederacy, with British aid, had succeeded in damaging the Northern economy, and the nation's merchant fleet. Even by the modest count of Secretary of the Treasury McCulloch at the beginning of 1866, 800,000 tons had been lost to flagging out, and another 110,000 tons to destruction by the cruisers. Together, these losses represented about one fifth of the pre-war merchant fleet.³⁷

However, as policy makers and policy writers sought to address the problems of *the continuing and persistent decline* in U.S. shipping after the *Alabama* claims case was settled, the more immediate question was what to do about present conditions in the late 19th century. Clearly, the American fleet continued to atrophy for reasons that went far beyond the dip in registry figures during the war. Re-hashing of complaints about British aid to the Confederacy, the attacks of the cruisers, and the question of flag-transfer no longer seemed pertinent to the economic problems of the 1870s and 1880s, and gradually, more contemporary concerns with cost and government policy eclipsed the wartime issues.

In retrospect, however, the flight from the flag during the Civil War can be seen

³⁵ Hamilton Andrews Hill, *American shipping: its decline and the remedies, 1827-1895* (Boston, MA: J.H. Eastburn, 1869); Henry Hall, *American navigation, with some account of the cause of its former prosperity and present decline* (New York: D. Appleton and Co., 1878); Charles H. Marshall, *The decline of American shipping, and the true methods for its restoration* (n.p., 1878); Henry W. Peabody, *Some facts in regard to the American merchant marine and pending legislation for its re-creation: a reprint of four letters published by the Boston herald and the New York Journal of commerce and commercial bulletin* (Boston, MA: Press of Samuel Usher, 1901).

³⁶ A selection of such essays and articles: C.J. Brockway, "A defense of American Shipping," *International Review* (January 1883); Joseph Hutchinson, *American Shipping* (May 1883); Nelson Dingley, "The Decline of American Shipping," *North American Review* (April 1884); E.P. North, "American Shipping, the Disease and the Remedy," *North American Review* (May 1888); John Hall, "The Decline of our Merchant marine," *Overland Monthly and Out West Magazine* (December 1888); Percy Thompson, "Our Merchant marine—The Causes of its Depression," *Belford's Monthly and Democratic Review* (March 1892). Numerous unsigned editorials through the period reiterated the same issue, for example: "The Merchant Marine," *New York Times*, 27 June 1868, and "Our Shipping Interests," *New York Times*, 2 September 1872. All of these treatises and articles tended to focus on present economic conditions and issues of government policy, rather than on historical, Civil War issues.

³⁷ Letter from Secretary of the Treasury Hugh McCulloch to Schuyler Colfax, 17 January 1866.

as setting precedents for similar flagging-out practices in later decades. Flagging abroad had been chosen because of the shelter offered by a neutral flag during the war. The continued post-Civil War decline was the result of uncompetitive costs for shipbuilding and ship manning. In the 20th century, by adopting the practice of transfer to foreign flags, American and European ship-owners found they could compete in the world trades by buying cheaper foreign-built ships, manning them with foreign crews, and flagging them abroad. In this fashion, the lessons of both the transfer out in the war, and the longer term decline were learned and applied. Ultimately economic factors accounted for the post- Civil War decline, and for the 20th century appeal of flags of convenience.

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