

Marine Hospitals

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I. Overview & Significance

In 1798 President John Adams signed into law legislation that taxed merchant mariners' wages at the rate of \$0.20 per month used the subsequent revenue to construct a national medical network for the use of "sick and disabled" merchant mariners. The Marine Hospital Act of 1798 was the federal government's first foray into public medicine. Congress enacted this legislation to stabilize a labor force that was crucial to national economic development. In this era before the advent of railroads, water-borne transportation was the only way to move commodities over long distances. During debate about the Marine Hospital Act in Congress, opponents claimed that the law would decimate the United States maritime labor force in two ways. First, some argued that sailors would seek out alternate labor markets to avoid paying the tax. Second, others worried that the tax would damage the American shipping industry. Specifically, representatives from states with notable shipping interests argued that in order to pay the tax, mariners would pass on to their employers the cost of the hospital tax by demanding higher wages, and undermining mercantile profits. The critics were incorrect on both counts. The American merchant marine grew rapidly throughout the nineteenth-century, anchoring the expansion of national commerce. Moreover, economic historians argue that this era of national commercial expansion served as the catalyst for the transition to capitalism in America.

The significance of this story is twofold. First, the Marine Hospitals serve as a successful historical example of the taxation of wages for the purpose of providing subsidized medical care. This history also provides a crucial reference point in contemporary debates about the role of government in the health insurance marketplace. Contrary to the assertions of many journalists and policy scholars, federal taxes on wages for the specific purpose of providing medical care is neither radical nor unprecedented. Rather, the founding fathers themselves erected such a mechanism to uphold a system of Marine Hospital that remained intact until the early 1980s.

II. Legislative History & Background

Congress enacted 'An Act for the Relief of Sick and Disabled Seamen' on July 16, 1798. The statute had five sections. First, the law mandated that beginning on September 1, 1799, the captain of every American merchant vessel arriving in port was obliged to present to federal customs officers "a true account of the number of seamen...and shall pay...at the rate of twenty cents per month for every seamen so employed, which sum he is authorized to retain out of the wages of such seamen." \$0.20 in 1798 would currently amount to about \$3.50. The second section affixed penalties for non-compliance: ship captains who failed to hand over either or both of the account of the number of sailors or the garnished wages faced a \$100 penalty and the loss of their vessels' regulatory documentation required to participate in the maritime marketplace. Sections three and five dealt with administrative personnel. Section three authorized

federal Collectors of Customs, at the discretion of the President of the United States, to expend Marine Hospital tax revenue as needed to provide medical care for sick sailors in their port. Alternatively section five allowed the president to designate a local “director of the marine hospital” to “direct the expenditure of the fund.” A noteworthy amendatory law of 1802 gave the President control over expenditure of all Marine Hospital taxes. The final provision of the 1798 law made provisions for future expansion. According to section four, “if any surplus shall remain” from collected Marine Hospital taxes, the President was to invest these funds with the goal of accumulating enough to purchase or construct new hospitals “for the accommodation of sick and disabled seamen.”ⁱ

The Marine Hospital Act of 1798 responded to the charge, articulated by social groups and leading thinkers in the revolutionary era, to provide medical care to a vital labor force that appeared unwilling or unable to purchase medical attention when necessary. The architects of early American national political economy believed that robust long-distance especially transatlantic, commerce, was crucial to stability and prosperity. Preserving a “nursery of seamen,” as Alexander Hamilton put it in the pages of the *Federalist*, was thus vital to the national good.ⁱⁱ Thus throughout the 1790s, the maritime commercial community called for measures to protect the health of the merchant marine, or sailors-for-hire on vessels owned and operated by private individuals. Akin to independent contractors, merchant mariners worked for cash wages per voyage. When they became sick or disabled, these merchant mariners in ports without accommodations for unhealthy indigents were left to their own devices, or to the humiliation of the poorhouse. In 1792, for instance, Congressman Hugh Williamson of North Carolina demanded, “hospitals should be erected...at every port...for sick and infirm seamen” because the public bore the burden “to protect and cherish this useful class of our fellow-citizens.”ⁱⁱⁱ

The idea of taxing sailors’ wages to subsidize the cost of their medical care first arrived in Congress in 1792. The Boston Marine Society, a benevolent organization of retired merchants and mariners, petitioned the United States Treasury that the government should exact “a Small Tax on Seamen for the support” of a sailors’ hospital. In a report to Congress, Treasury Secretary Alexander Hamilton called for “a contribution by the mariners and the seamen of the United States, out of their wages to be regulated by law.”^{iv} The proposal had a sturdy precedent to stand upon for during the seventeenth-century, Great Britain had collected a similar “hospital money” from the merchant marine. This tax funded the operation of the Greenwich Hospital in London. In April, 1798, the Committee on Commerce and Manufactures considered adopting this taxing mechanism during “conversation on the subject of the Marine Hospital.”^v

Opposition to the 1798 legislation centered around three questions: who ultimately would pay the Marine Hospital tax? What would be the economic effect of this tax? Was the tax constitutional? The spokespersons for the opposition were Congressmen Samuel Sewall of Massachusetts and Albert Gallatin of Pennsylvania. Sewall was a wealthy merchant whose chief concern was that the law would damage the foundations of commerce. Sewall argued, “this tax would have an effect to drive our seamen out of the country.” What he meant was that once American sailors learned they

owed \$0.20 per month from monthly wages, they would flee to other labor markets where authorities demanded no such tax. Thus Sewall suggested that the Marine Hospital tax, which intended to foster the growth of the merchant marine, would in fact have the opposite effect.^{vi}

Sewall also implied that the Marine Hospital tax would damage the profit margins of merchant capitalists involved in commerce. “The tax would fall upon the merchant” who owned the vessels, and employed the seamen, he claimed. Here Sewall meant that sailors, facing the loss of \$0.20 per month from the tax upon their wages, would demand an extra \$0.20 per month in their wages from the employing merchant. Thus, the Marine Hospital fund, while ostensibly being constituted by mariners, would actually come out of the pockets of the merchants, or shipowners who employed the mariners. Albert Gallatin of Pennsylvania made a similar claim. He argued, “In some instances it would fall upon the sailors themselves; and in some of these it would be paid by the merchants themselves, and in others, by the community.” The broader point was that people other than the sailors would end up subsidizing the costs of care for the sailors.^{vii}

The critics’ constitutional argument amounted to a claim that the federal government did not have “the power to make the proposed regulation,” but rather that “it was a business which more particularly concerned the Legislatures of the individual States.” Supporters of the bill did not challenge this assumption on the House floor. Yet a petition from Dr. Samuel Latham Mitchill of New York justified the Marine Hospital legislation on the ground that “the regulation of commerce belong[ed] exclusively to the National Legislature.” Whether or not other proponents of the Marine Hospitals shared Mitchill’s view that the Commerce Clause of the U.S. Constitution (Article I, Section 8, Clause 3) authorized the Marine Hospital tax, though, they clearly believed that Congress had a general authority to legislate in this regard.^{viii}

III. Effect of Legislation

In the years following passage of the act, the Marine Hospital system took shape throughout the country. In busy ports, the federal government contracted with existing hospitals to care for sick sailors. In smaller ports, the government paid fees as necessary to individual physicians and boardinghouses. In Massachusetts and Virginia, the federal government operated its own facilities. Although reliable data for the period between 1798 and 1818 does not exist, during the period between 1818 and 1860 the Marine Hospitals served over 178,000 patients.^{ix} Yet critics’ fears that the Marine Hospitals would undermine the United States’ burgeoning commercial economy proved unfounded.

The wage-withholding mechanism of the Marine Hospital Act of 1798 did not in fact retard the development of a thriving merchant marine in the nineteenth-century. In 1800, the free maritime labor force was approximately 40,000 strong. Over the course of the century, this labor force grew steadily, save for a brief period of contraction after the War of 1812, until reaching a peak of 145,000 in 1860.^x

Maritime wages rose neither significantly nor uniformly. Indeed, in the six decades after enactment of the Marine Hospital Act, sailors’ wages never reached the

heights encountered prior to passage of the law. In 1800, maritime wages were estimated at \$20/month in the European and domestic shipping trades, and \$19/month in the Asia-Pacific shipping trades. By 1818 wages in both sectors had dipped to \$12/month. The leading student of this topic argues that global political and economic conditions were the dominant factors in the fluctuation of maritime wages.^{xi}

The growth of the merchant marine and the relative depression of mariners' wages accompanied the rapid development of the American commercial sector. No economic historian has specifically identified any adverse effect of the Marine Hospital system on commercial growth. Rather, scholars argue that commercial development during this era constituted the engine of American economic growth.^{xii}

While the Marine Hospital system did not significantly burden the commercial economy during the nineteenth-century, it did have important and ultimately beneficial effects in other aspects of American life. First, scholars argue that the Marine Hospitals on the western frontier spurred the growth hospital culture in locales distant from nation's leading metropolises. The Marine Hospitals facilitated the transition to "general hospitals" that were and remain the basis of the nation's healthcare infrastructure. In this way, the Marine Hospitals constituted a vital foundation for the essential institutional framework of national life.^{xiii} The Marine Hospitals system is also credited as the institutional origin of the United States' Public Health Service. Dispersed throughout the country as they were, the Marine Hospitals were unique outposts for national data collection and policy experimentation long before the rise of a national administrative state.^{xiv}

The Marine Hospitals functioned for 205 years, though they became less important after the Civil War. To be sure, by 1952 the hospitals still serviced the merchant marine as well as personnel from the Coast Guard and their families. Yet between 1878 and 1954, bureaucratic mismanagement of the Marine Hospitals brought a seemingly unending wave of reform efforts. Notably, in 1955, the Hoover Commission called for a structural reorganization of every branch of the Public Health Service, including the Marine Hospitals. Meanwhile, new technologies such as containerization decimated the numbers of merchant mariners and, subsequently the number of patients at the Marine Hospitals. These developments translated to the slow starvation and death of the Marine Hospitals in public policy. With the establishment of Medicare and Medicaid, for instance, the Marine Hospitals became a peripheral, relatively unimportant bureau within the Public Health Service. The Omnibus Budget Reconciliation Act of 1981 ended funding for the Hospitals and they finally closed their doors in 1983.^{xv}

IV. Contemporary Significance

Finally, the history of the Marine Hospital Act of 1798 also bears significance in the realm of contemporary policy, namely as an early and durable example of federal involvement in the healthcare marketplace. One provision of the Patient Protection and Affordable Care Act of 2010 is a mandate requiring that individuals purchase health insurance that is subsidized to some extent by government regulation. Critics have charged that "the passive status of being uninsured" is not sufficient to justify federal

regulatory activity under the Commerce Clause of the United States Constitution. Despite reference to recent case law, critics also point to the “historical context” of the founding era, in order to claim that no “countervailing example” can be found in support of congressional legislation and executive administration of national healthcare policy. Clearly, however, it was Congress that enacted the Marine Hospital Act of 1798, and the executive branch that administered the Act until 1983.^{xvi}

V. Conclusion

The Marine Hospital Act of 1798 was the federal government’s first attempt at using public authority to provide medical care for a group of citizens. The Act imposed a \$0.20 per month tax on sailors’ wages to defray the cost of providing medical care at ports throughout the country. Critics of the legislation, fearful that the tax on sailors wages would damage the maritime labor market and dent commercial prosperity, warned of likely adverse consequences. These adverse consequences did not materialize. Rather, the rise of the Marine Hospitals coincided with a period of remarkable economic growth that was rooted in maritime commerce.

Appendix 1: Quotes

Against:

Samuel Sewall, *Annals of Congress*, 5 cong, 2 sess, April 10, 1798, 1386.

“Mr. SEWALL said, he was unwilling to say any thing against this bill; but the passing of it would be attended with many inconveniences and objections, which ought to be mentioned....He thought the laws of reason and charity called upon the public at large in support of unfortunate men of this description, and that the burden ought not exclusively to be laid upon them. We have no common feeling with these men; the tax will fall upon no member of this House, but will be exclusively drawn from the earnings of a small part of the community, who, in all probability, will receive no advantages from it for fifty years to come, as large and splendid buildings must first be erected, in order to exhibit to the world a specimen of public charity.”

Samuel Sewall, *Annals of Congress*, 5 cong, 2 sess, April 10, 1798, 1389.

“Besides, this tax would have an effect to drive our seamen out of the country. The tax would fall upon the merchant, and be deducted from their wages. It would also fall heaviest upon those seamen who have families and are fixed in the country.”

Samuel Sewall, *Annals of Congress*, 5 cong, 2 sess, April 10, 1798, 1391.

“The tax would eventually fall upon the merchant or landlord; but he believed upon the landlord, as they generally got the surplus of the sailor’s money.”

Albert Gallatin, *Annals of Congress*, 5 cong, 2 sess, April 10, 1798, 1392.

“If he was inclined to provide relief for sailors, as a distinct class of citizens, he was against providing a fund for the purpose by a tax upon labor, which would, in all respects, be a capitation tax. Gentlemen might argue as they pleased about the tax falling upon merchants, it was impossible to say upon whom a tax upon labor would fall. In some instances it would fall upon the sailors themselves; and in some of these it would be paid by the merchants themselves, and in others, by the community.”

For:

Josiah Parker *Annals of Congress*, 5 Cong, 2 sess, April 10, 1798, 1391.

“He hoped, therefore, the sailors of this country would not be left to the doubtful benevolence of others; but that, by passing this bill, a permanent relief might be afforded them in case of sickness, disability, or old age.”

Appendix 2: Literature

Gautham Rao, “Sailors’ Health and National Wealth: Marine Hospitals in the Early Republic,” *Common-Place*, vol. 9, no. 1 (October, 2008).

Ronald Harnow, *Government and Public Health in America* (Northampton, Mass., 2007), 23-102;

John Odin Jensen, “Bulwarks Against a Human Tide: Governments, Mariners, and the Rise of General Hospitals on the Midwestern Maritime Frontier, 1800-1900” (Ph.D. Dissertation, Carnegie-Mellon University, 2000).

Fitzhugh Mullan, *Plagues and Politics: The Story of the United States Public Health Service* (New York, 1989).

Ralph Chester Williams and Bess Furman, *A Profile of the United States Public Health Service, 1798-1948* (Bethesda, 1973).

Richard H. Thurm, *For the Relief of the Sick and Disabled: The U.S. Public Health Service at Boston, 1799-1969* (Washington, D.C., 1972).

William Eugene Rooney, “Thomas Jefferson and the New Orleans Marine Hospital,” *Journal of Southern History*, 22 (May, 1956), 167-182

Ralph Chester Williams, *The United States Public Health Service, 1798-1950* (Washington, D.C., 1951).

William Eugene Rooney, “The New Orleans Marine Hospital, 1802-1861” (M.A. Thesis, Tulane University, 1950).

Robert Straus, *Medical Care for Seamen: The Origin of Public Medical Services in the United States* (New Haven, 1950).

John W. Trask, *The United States Marine Hospital, Port of Boston: An Account of its Origin and Briefly of Its History and of the Physicians Who Have Been in Charge* (Washington, D.C. 1940).

Laurence F. Schmeckebeier, *The Public Health Service: Its History, Activities, and Organization* (Baltimore, Md., 1923).

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- ⁱ 1 *Statutes at Large* 605 at 605-606 (1798). 2 *Statutes at Large* 192 (1802). Currency calculated from John McCusker's website, Measuring Worth, <<http://www.measuringworth.com/uscompare/>>, accessed August 24, 2010.
- ⁱⁱ Alexander Hamilton, "Number XI," in Alexander Hamilton, John Jay, and James Madison, *The Federalist*, ed. Isaac Kramnick (1788; New York, 1987), 131-32.
- ⁱⁱⁱ *Annals of Congress*, 2 Cong., 2 sess., November 16, 1792, p. 692-93.
- ^{iv} Alexander Hamilton, "Report on Marine Hospitals," April 17, 1792, in Harold C. Syrett, ed., *The Papers of Alexander Hamilton* (New York, 1966), 11:296n2.
- ^v *Annals of Congress*, 5 Cong., 2 sess., April 6, 1798, p. 1377.
- ^{vi} Samuel Sewall, *Annals of Congress*, 5 cong, 2 sess, April 10, 1798, 1389.
- ^{vii} Samuel Sewall, *Annals of Congress*, 5 cong, 2 sess, April 10, 1798, 1389. Albert Gallatin, *Annals of Congress*, 5 cong, 2 sess, April 10, 1798, 1392.
- ^{viii} Joseph B. Varnum, *Annals of Congress*, 5 cong, 2 sess, April 10, 1798, 1391. Samuel Mitchell et al., Memorial, *Medical Repository*, vol. 2, no. 4 (1799), 462-3.
- ^{ix} Alba Edwards Mss., MS B 183, p. 110, National Library of Medicine, National Institute of Health (Bethesda, M.D.).
- ^x See Ocean Vessels heading, Table Ba 814-830, "The labor force, by industry: 1800-1960," *Historical Statistics of the United States*, Millennial Edition On Line, ed. Susan B. Carter et al. (New York: Cambridge University Press, 2006).
- ^{xi} Stanley Lebergott, *Manpower in Economic Growth: The American Record Since 1800* (New York: McGraw-Hill Company, 1964), 173, 248.
- ^{xii} Douglas Cecil North, *The Economic Growth of the United States, 1790-1860* (Englewood Cliffs, N.J.: Prentice-Hall, 1962).
- ^{xiii} John Odin Jensen, "Bulwarks Against a Human Tide: Government, Mariners, and the Rise of General Hospitals in the Midwest Frontier, 1800-1900," Ph.D. Dissertation, Carnegie Mellon University, 2000.
- ^{xiv} Fitzhugh Mullan, *Plagues and Politics: The Story of the United States Public Health Service* (New York, 1989); Ralph Chester Williams and Bess Furman, *A Profile of the United States Public Health Service, 1798-1948* (Bethesda, 1973); Richard H. Thurm, *For the Relief of the Sick and Disabled: The U.S. Public Health Service at Boston, 1799-1969* (Washington, D.C., 1972); Ralph Chester Williams, *The United States Public Health Service, 1798-1950* (Washington, D.C., 1951); Robert Straus, *Medical Care for Seamen: The Origin of Public Medical Services in the United States* (New Haven, 1950); John W. Trask, *The United States Marine Hospital, Port of Boston: An Account of its Origin and Briefly of Its History and of the Physicians Who Have Been in Charge* (Washington, D.C. 1940); Laurence F. Schmeckebeier, *The Public Health Service: Its History, Activities, and Organization* (Baltimore, Md., 1923)
- ^{xv} Ronald Harnow, *Government and Public Health in America* (Northampton MA: Edward Elgar, 2007), 60, 63-4, 75. On the demise of the merchant marine, see Andrew Gibson and Arthur Donovan, *The Abandoned Ocean: A History of United States Maritime Policy* (Columbia: University of South Carolina Press, 2001), 208-240.
- ^{xvi} Pub. L. No. 111-148, 124 Stat. 119 (2010). Plaintiff's Memorandum in Opposition to Motion to Dismiss, in *Commonwealth of Virginia v. Sebelius*