

CHAPTER CLXIX.

THE SHIPPING PROBLEM : AUGUST, 1914—FEBRUARY, 1917.

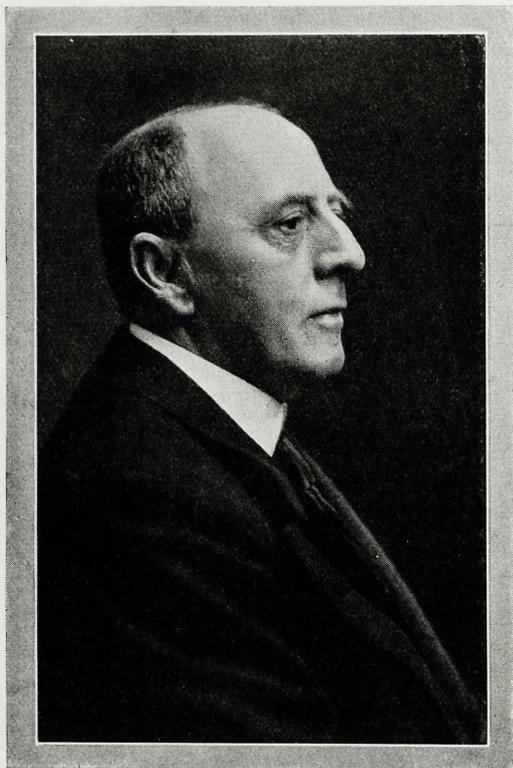
EFFECT OF WAR ON SHIPPING UNFORESEEN—TIMID POLICIES—FIRST STEPS IN REQUISITIONING—RISE IN FREIGHTS—EXCESS PROFITS—CAUSES OF TONNAGE SCARCITY—PORT CONGESTION—CONTROL OF THE FROZEN MEAT INDUSTRY—LICENSING OF VOYAGES—IMPORTANT COMMITTEES—ASQUITH GOVERNMENT HESITATIONS—RESTRICTION OF IMPORTS—SHIPPING PROFITS—COAL FOR FRANCE AND ITALY—MR. LLOYD GEORGE APPOINTS A SHIPPING CONTROLLER—SIR JOSEPH MACLAY'S TASK—FIRST REFORMS—THE LOAD LINE—STANDARDIZED SHIPS—THE EMPLOYERS' FEDERATION—EXPEDITING CONSTRUCTION—POOLING OF LABOUR—SHIPBUILDING ABROAD—WOODEN SHIPS—CANADA—SECOND-HAND SHIPS—AUSTRALIAN PURCHASES—SHIPPING FUSIONS—NEUTRAL SHIPPING—INTER-ALLIED CHARTERING EXECUTIVE—INSURANCE.

WHEN war broke out no owner could possibly have foreseen the full extent of the changes which were to be brought about in the British mercantile marine within 30 months. Such academic discussions as there had been in the years of peace as to the probable effect on British shipping of a war with Germany had been confined practically to the expectation that a few British merchant ships would be sunk by German cruisers before the British Navy was fully able to assert its complete mastery over the enemy fleet. British owners had reason enough to know that the fighting spirit was abroad in Germany in the aggressive extension of the German shipping services, encouraged and subsidized by the State, but they sometimes thought that Germany would achieve best what she wanted by an active trade war. In any case, they argued in the British business style so prevalent before the Great War that foreign politics were no concern of theirs but of the statesmen, who, presumably, were awake.

Thus scarcely a merchant ship had ever been modelled with military purposes in view. One owner, perhaps, with the South African

campaign in mind, had favoured a particular type of ship, partly owing to its suitability for carrying men and horses, but one among many hundreds was a negligible fraction. Yet the owner who had been gifted with marvellous foresight would have seen scores of merchant ships transporting millions of men across the waters and laden with horses and guns and equipment and coal and stores. He would have seen, as more and more vessels were gradually requisitioned by the State, freights rise to levels such as could never have been visioned in his wildest dreams. He would have seen, it is true, the German cruiser menace dealt with quickly by the British Navy, but he would have seen a more insidious form of warfare instituted, because the enemy, in practising it, put aside all considerations for the safety of civilians, whether belonging to belligerent or neutral nations, and gloated while the victims drowned.

As the expert manager of shipping foresaw so little, the ordinary business man could have had small inkling of what was coming. He did not foresee that the Army would have to absorb millions of men, putting a heavy strain on industry, and that the scarcity of labour



[Elliott & Fry, photo.]

LORD INCHCAPE, G.C.M.G.,
 Chairman of the P. & O. Company.

at the docks and on the railways would bring about great congestion and consequently most serious delays to shipping. He did not foresee that many imports, including even food supplies, would have to be prohibited and drastic restrictions be placed on others because of the scarcity of tonnage.

The statesman, too, could have had little idea of how events would shape themselves. It was understood that in the early days of the war a general scheme of requisitioning was submitted to the Admiralty, but was vetoed. Thenceforward for nearly two and a half years such statesmanship as was shown towards what became known as the shipping problem was fumbling and amateurish. At the Board of Trade was a President who, by heredity and early business experience, should have been steeped in shipping lore, and the country should have been infinitely the gainer by that circumstance. Yet Mr. Walter Runciman, with good intentions, industrious and self-confident, entirely failed throughout to cope with the issues raised. There was little sign of any leading on the part of the Board of Trade, but there were so many committees formed—so many cooks each with his finger

in the pie—that it was difficult to say whose was really the responsibility for the chaos into which shipping was allowed to drift. All that was done to relieve the situation was done in each instance only after there had been strong public agitations. Steps were pointed out to Mr. Asquith's Government which it refused to take or ignore. It was only after the formation of Mr. Lloyd George's Government in December, 1916, that it became clear that a firm grip had at last been secured on the shipping problem. The measures taken were very late, but obviously this was a case in which they were better late than never.

It was a fortunate circumstance that just before the war there was more shipping afloat than was actually required for the world's needs. So great was the surplus that schemes were actually mooted for laying up tonnage. When, therefore, the Admiralty first began to requisition vessels for war purposes, many owners accepted the terms with alacrity, and some were known to be delighted that their ships were requisitioned at rates substantially above those previously ruling in the market. These terms were agreed upon between the Admiralty and a number of committees formed of the owners of the different classes of tonnage, over all of which Lord Inchcape, G.C.M.G., Chairman of the P. & O. Company, presided. They provided scales of hire for liners of varying speed, cross-Channel steamers, oil-tank vessels, large and small cargo steamers, and colliers. "The shipowners," wrote Lord Inchcape to Lord Mersey, the President of the Admiralty Transport Arbitration Board which had been set up, "have responded loyally to the demands of the country, and have placed all their resources ungrudgingly at the service of the Government in this national emergency. The shipowners' foresight and enterprise have placed at the disposal of the Government a splendid fleet of transports which have for years been run without anything in the shape of Government aid." And he added, "but, inasmuch as the rates and conditions agreed upon were in all cases arrived at by a process of give and take, and by an honest determination to arrive at a fair and friendly settlement, I venture to express the hope that the Admiralty will not regard them as in any sense a maximum which is capable of reduction, and at the same time I trust that the shipowners will not look upon them as a minimum on which increases

may be built, as any dispute of this kind on either side would inevitably lead to a re-opening of all the questions and considerations which led up to our recommendations." Some of the rates in the course of time were modified, but the terms then agreed upon formed the basis on which practically the whole of the British mercantile marine had, by the beginning of 1917, come under requisition to the Government.

The rates scheduled were based on the gross tonnage, whereas rates of charter in the market are usually based on deadweight carrying capacity. A representative rate for cargo steamers under the agreement with the Government was about 11s. per gross ton per month, equivalent to about 7s. on the deadweight. Before the war, owners had been earning about 5s., and in the first few weeks after the outbreak of hostilities vessels were actually chartered at 3s.; so the terms seemed satisfactory enough. But a new factor was soon introduced, namely, a sharp rise in working expenses caused by increases in wage charges, great advances in the cost of coals, which became more and more accentuated, and dearer stores of all descriptions.

Within a few months owners were regarding

the requisitioning terms which had become known as the Blue Book rates as almost absurdly low, although there was never any doubt of the rates leaving a substantial surplus over working costs in respect of existing tonnage. The Government felt compelled to explain with what care the vessels of individual owners were requisitioned, the plan being to take, as far as possible, the same proportion from each fleet, so that no undue "hardship" was inflicted on particular owners by excessive demands. This attitude was adopted so assiduously that in February, 1916, the Director of Transports considered it appropriate to address a letter to owners in an apologetic strain, suggesting certain reflections for their consideration, which he hoped would reconcile them to having their ships employed in Government service. The following extracts are illuminating, as indicating the ideas which prevailed at that time:

An owner, who has at the moment done more than the average of service may reflect that the result may be a freedom from requisitioning at a later date which may fully, or more than fully, compensate him. He will doubtless also reflect that, in any event, the help he has been asked to give can scarcely be considered an excessive contribution to the naval and military requirements of the war, in view of the extent to which



COALING LINERS.

his profit, in respect of his free vessels, has been increased directly by war conditions, and by the inevitable restrictions of tonnage resulting from requisitioning. It is hoped that if all owners bear these considerations in mind they will very rarely find it necessary to make representations to the department (which will have already considered the employment of the vessels and the owner's share of service) to cancel requisitions that may have been served to them.

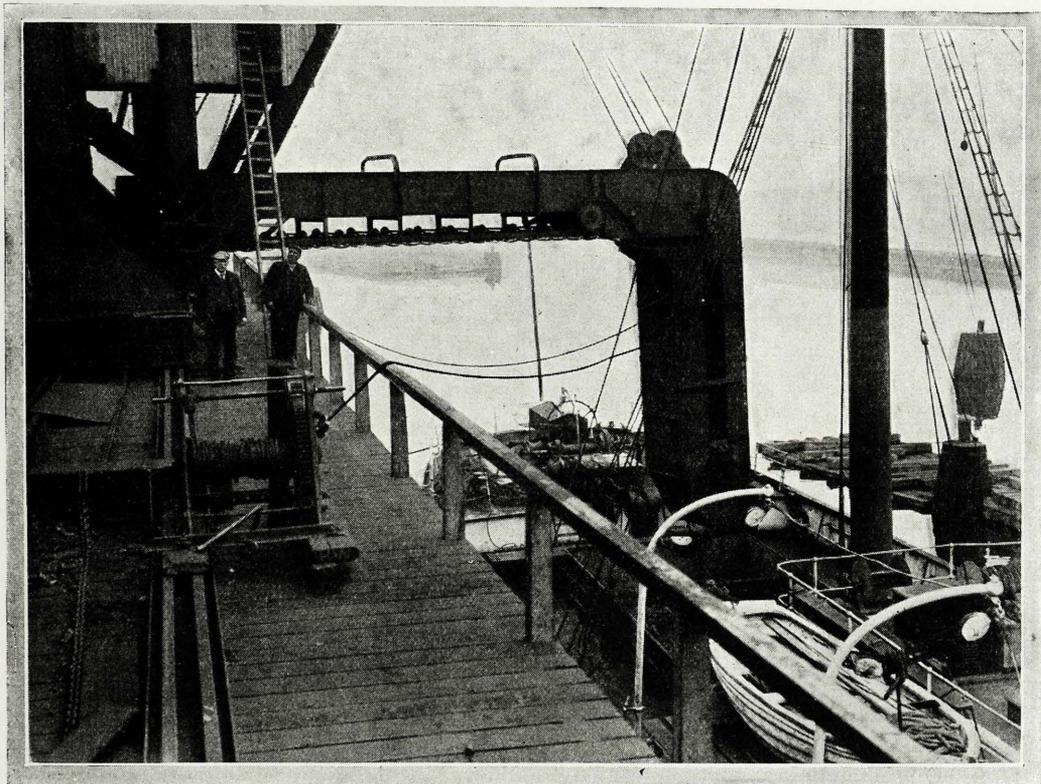
The phrasing of the letter shows that there was every desire to treat owners very gently and generously.

Foreign owners did not foresee any more than most British owners what was coming. This was proved by the fact that in the autumn of 1914 a few British owners were able to charter neutral vessels at extremely low rates, the neutral owners in some cases stipulating that their vessels should be chartered for not less than twelve months. Those British owners who had sufficient foresight to enter into these transactions were able to make very large profits on the transactions.

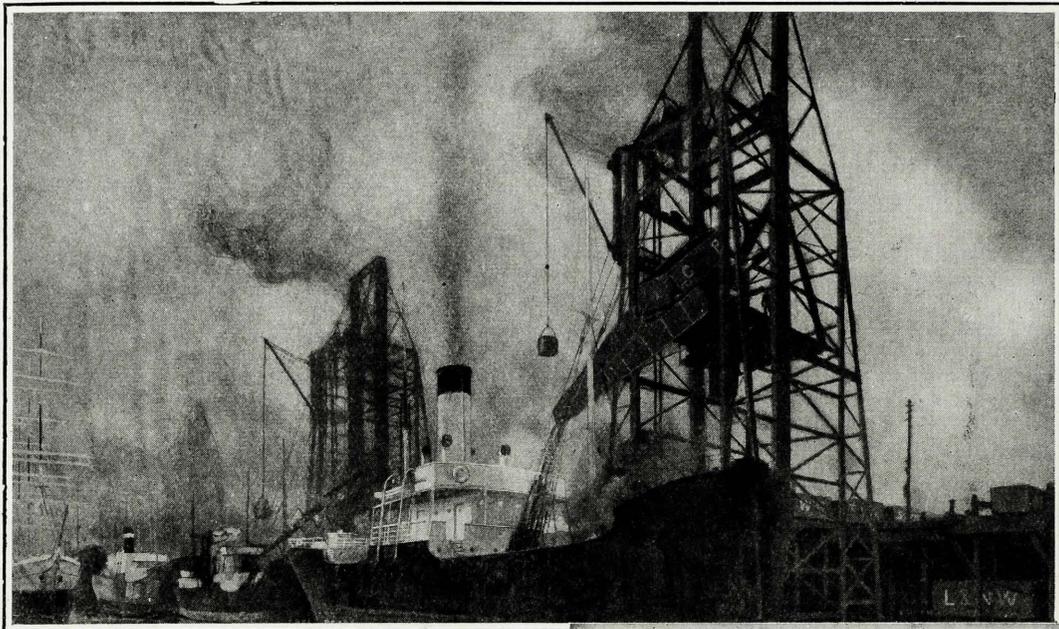
Since the beginning of the war the requisitioning of vessels had been the main influence in causing a scarcity of shipping for commerce. The fast and large liner was required to be fitted out as an armed merchant cruiser, a transport, or a hospital ship. Colliers were required to accompany the Fleet and

cargo ships to carry supplies for the armies, and to bring commodities over which the Government took control, such as sugar and, later, wheat.

By the end of 1914 the withdrawal of tonnage was affecting freights. The grain freight from Argentina rose from 12s. 6d. per ton at the end of July, 1914, to 50s., as compared with 37s. 6d. per ton, which was the highest point reached during the "boom" year of 1912. The freight, however, was to advance far further throughout 1915 and 1916. By the end of 1915 the Argentine freight advanced to 130s., and during 1916 to 183s. 6d., representing as compared with the low rate of 1914 an increase of 171s. In normal years 25s. would have been regarded as a very satisfactory rate, so that compared even with this the highest freight touched in 1916 represented a sevenfold increase. Early in 1917 the position was taken closely in hand, and rates were brought down to a rather lower basis. A large proportion of these abnormally high freights went, of course, to the Government in the form of excess profit taxation; indeed, there is reason to believe that this policy stimulated the rise. For instance, on September 20, 1915, the day before the announcement by Mr.

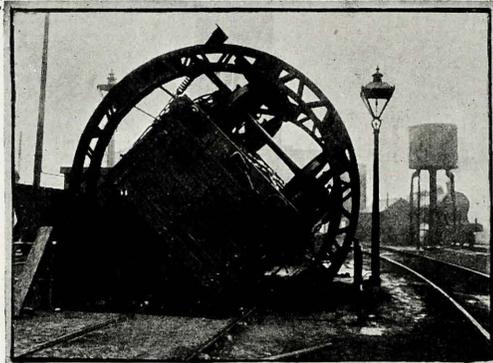


SHIPPING COAL AT GRIMSBY.



COAL TIPS AT SWANSEA.

McKenna, then Chancellor of the Exchequer, of an excess profit tax of 50 per cent., the Argentine rate was 57s. 6d. a ton. Within a month it had risen to 70s., and by the end of that year to 120s. Other rates also moved in the same direction, showing the influence of the taxation. On the same day of 1915 the rate for wheat from the Atlantic ports of the United States to the West of England was 9s. a quarter; by October 20 it had risen to 12s., and by the end of the year to 16s. It subsequently advanced to 20s., the highest point reached in 1916. On September 20, 1915, the rate for coals from Cardiff to the West of Italy was 32s. as compared with about 7s. 6d. a ton before the war; within a month it had advanced to 42s. 6d., and by the end of the year to 65s., subsequently rising to 100s. The excess profit taxation gave owners an opportunity of arguing that the rise in the rate was comparatively harmless, since the bulk of the profits went to the Government. Yet the amount remaining to them was very substantial indeed. There was also an impression prevailing that the Government did not look altogether unfavourably on these high freights, because they meant such large contributions to the Exchequer. But if high freights were really regarded as a convenient means of taxation, the system was undoubtedly an unfair one to many classes of the population. By a real system of control there is no doubt that it could have been avoided, and the money



TIPPING A COAL TRUCK.

paid by consumers in respect of high freights, part of which was retained by shipowners, would have been available for direct contribution to the State.

The chief causes of the short supply of shipping available for commerce may now be recounted. The outstanding reason was the requisitioning of a very large proportion of tonnage for Government services; and, in this connexion, first the Dardanelles Campaign and then the Salonika Expedition threw a very heavy burden on the mercantile marine. The imperious demands of the fighting departments had naturally to be met—sometimes at very short notice—and as the war progressed ship after ship had to be withdrawn from commerce, producing great disturbance in particular trades. Precisely what proportion was requisitioned from time to time was not exactly stated, but indications were given on various occasions, and especially in Parliament in February, 1917.



LOADING WHEAT IN AUSTRALIA.

On February 13, Lord Curzon, a member of the War Cabinet, indicated that the bulk of British shipping was so requisitioned. On the following day Sir Leo Chiozza Money, Parliamentary Secretary to the Shipping Controller, pointed out that it was not true to say that three-quarters of our shipping was engaged in the services of the Army and Navy, since the vessels so employed were occupied in many commercial services as well as those of the nation. The 75 per cent. which had been described as being engaged in naval or military service for ourselves and our Allies referred to miscellaneous services, and, in addition, some of the major services of the population were included in the 75 per cent. The carrying of ore, and of wheat and sugar, the most essential supplies for the people, alone accounted for 12 per cent. of the tonnage which had been described as employed in national service.

Since so large a proportion of shipping was in direct Government service obviously much depended upon the use which was made of it. There was from the beginning of the war a great deal of criticism of the Government Departments concerned, on the ground that the most efficient use was not being made of the tonnage

requisitioned, and on December 23, 1915, Mr. Balfour, then First Lord of the Admiralty, did not dispute that there was waste, but he maintained that it was unavoidable. He reasoned that the Admiralty Transport Department was a department and nothing but a department for obtaining for the Army, and for the Navy in a secondary degree, but primarily and mostly for the Army, the shipping necessary for the conveyance of troops and supplies. "The Army," he continued, "say we want such and such ships, or rather they say we want so many thousand men conveyed from such and such a place to another place. We want for the supply of those troops so many tons conveyed, so many horses conveyed, and so many hospital ships provided, and all the Admiralty Transport Department has to do—and it is no light matter, it is very difficult and responsible work—is to provide that tonnage and provide it as far as it can with fairness to the shipping trade—a very difficult operation—and with as little inconvenience to those who are engaged in carrying on the shipping industry as may be. . . . The Director of Transports is perpetually urging upon those who use the tonnage that it should be utilized economically

and that transports should be unloaded with speed and returned as soon as possible. It is the Army and the Admiralty, regarded as fighting departments, which requisition; it is the Army and Navy that manage the loading and unloading of transport at home and abroad. It is not fair or just to throw upon a department which has no power to deal with this question any responsibility for such wastage as may have occurred." He continued :

The Department of the Admiralty is not and cannot be made responsible for the fact that a particular transport is kept three weeks when she might perhaps have been kept only for a week. The result is very serious, but it is not the fault of the Admiralty or the Board of Trade, and I have not yet discovered a thoroughly satisfactory method of dealing with it. Something is being done, however, but it can only be done through the people responsible for the military operations. If a General says, "I am very sorry that this or that ship should be detained, but detained she must be in the military interests of the expedition," what am I to say? What is the Secretary for War, or the Transport Department, or the Board of Trade, to say? They cannot say anything except, "Please be as economical with the tonnage as you can, because it is of national importance that as much as possible should be available for the general purposes of the country."

I hope the House will see that I have been perfectly candid and that I have shown where, in my opinion, the shoe pinches. If you can suggest a method of dealing with the situation which gets over the difficulty I shall be most happy to consider it. I do not think it can

be dealt with by central control here. All that can be done is to press upon those who have to conduct these military operations the extreme desirability of saving the tonnage in the general interests.

The position was not left until the end of the war entirely in this distinctly unsatisfactory state, as will be shown later.

Another primary cause of the short supply of tonnage was the very serious delay at all ports owing to congestion. When ships were delayed for months in port, either waiting for berths or alongside the docks while discharge proceeded very slowly, whereas in ordinary times they would have been able to discharge and load again within a few days, it was obvious that the carrying capacity was terribly curtailed. The public probably never had any real perception of the extent to which the short supply was due to these delays, and even ship-owners who did understand what they meant encountered the greatest difficulty in getting any measures adopted to effect an improvement. The difficulty was due mainly to the withdrawal of very large numbers of dock workers and railway men for the Army, and also quite noticeably to Customs regulations introduced for the purpose of preventing goods from reaching the enemy. Lack of organization



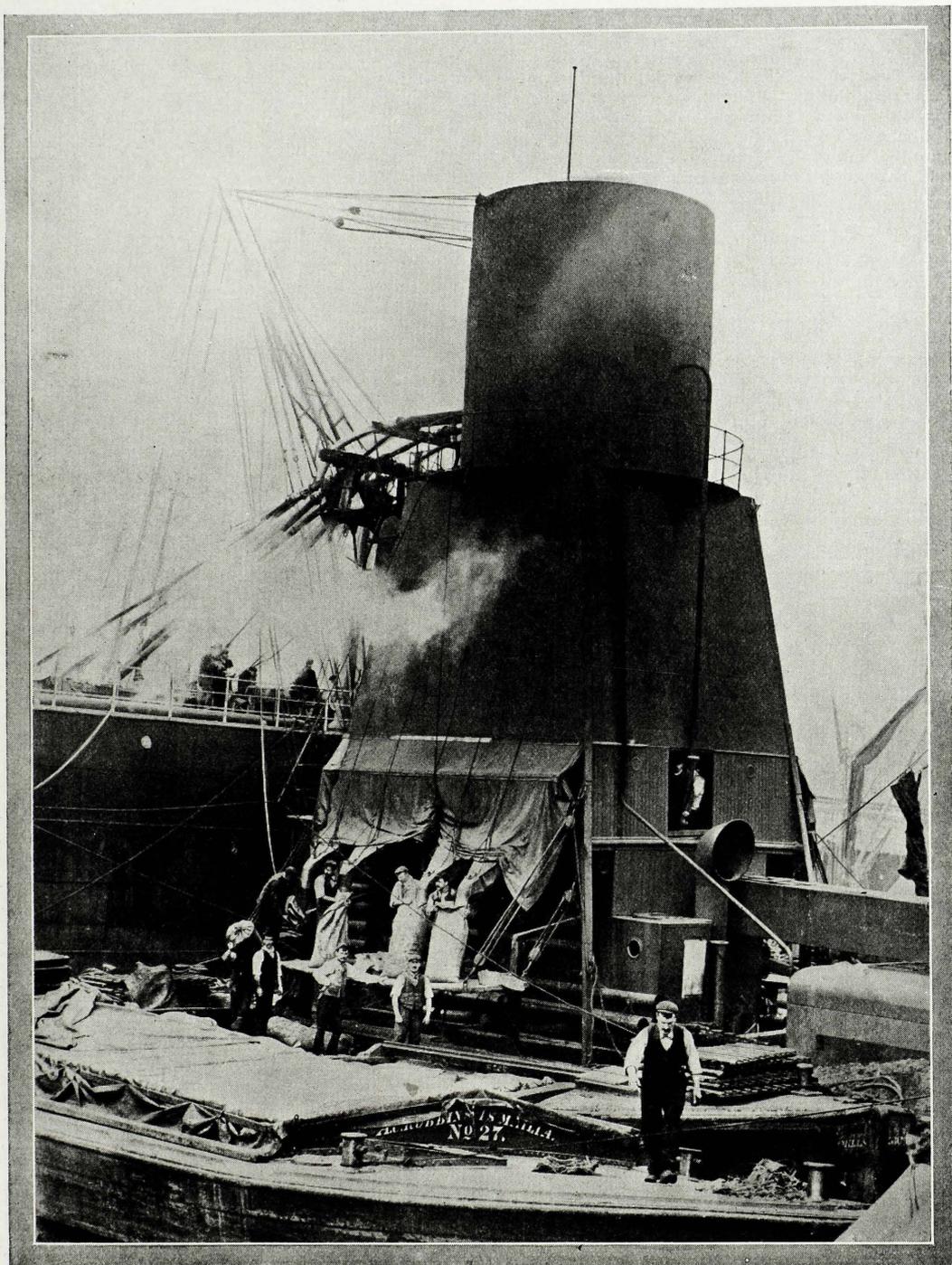
[French Official photograph.]

UNLOADING DRIED COD FROM NEWFOUNDLAND AT FÉCAMPE.

in shipping large quantities of commodities controlled by the Government was also a factor.

Then the substitution of long voyages for short distance passages was also a factor. For instance, whereas the bulk of our sugar supplies before the war merely had to be brought across the North Sea from Germany, directly this

source of supply ceased sugar had to be brought from the East and West Indies and Central America. Then the locking up of so large a proportion of the German Mercantile Marine in home and neutral ports had left more work for neutral vessels to do. New demands, moreover, were made upon shipping. Thus, there was a formidable fleet of ships allocated



FLOATING ELEVATOR.

to bring foodstuffs for the Belgian population organized by the Commission for Relief in Belgium. There were also, as is well known, large shipments of munitions from the United States to England and the other European ports of the Allies, and there were shipments of supplies from the United States to Vladivostok, for Russian account; while the detention owing to ice of many vessels during the winter of 1914-15 at Archangel should have been avoided. The closing of the Panama Canal in consequence of a "slide" from the end of September, 1915, until the middle of the following March, came at a critical time and by prolonging voyages accentuated the short supply. All the time the sinking of ships by the enemy continued, increasing periodically in numbers for a time as fresh campaigns were started. Some figures given by Lord Curzon in the House of Lords on February 13 are interesting. He stated that in July, 1914, there were 3,890 vessels of over 1,600 tons gross, with a total of 16,850,000. On January 31, 1917, the total number was 3,540 and the total tonnage just under 16,000,000. Thus, in 30 months of the war the net loss of this class of vessel from all causes in the British Mercantile Marine amounted to only from 5 to 6 per cent. of the gross tonnage. The figures would have been more valuable if a line had not been drawn at 1,600 tons, because a large number of vessels of smaller tonnage are very useful.

The German submarine campaign could have been encountered with equanimity if the shipyards of the country had been freely available to undertake mercantile work. Owing, however, to very large demands made upon the shipbuilding resources of the country by the Admiralty, the output of merchant tonnage was reduced to very small proportions. Even the normal wastage of tonnage due to ordinary marine perils could not be made good.

Just as the main cause of the scarcity of shipping was due to Government requisitioning, so was the extraordinary rise in freights. Directly the Government began to requisition shipping in the early days of the war, rates for free tonnage advanced. As more and more tonnage was removed from the market, the competition for what was left increased until any free vessels could get practically any freight. When vessels engaged in regular trades were requisitioned, their owners went into the market and chartered "tramp" steamers to take their place—a process which was quite the most

effective method of forcing up freights, and was humorously described as the "snowball system." For every vessel required by the Government two were disturbed. The most unfortunate effect of the Government's policy was the benefit it conferred on neutral shipping. The more British vessels were requisitioned, the higher the freights which neutrals could demand. Yet the latter would have been well satisfied in the early months of the war with rates of hire for long periods which later came to be regarded as ridiculously low. Even if large numbers had not been chartered by the British Government at these low rates, it was obvious that, with all British shipping under the control of the Government, rates for neutral vessels would never have risen to such extraordinary levels. In normal times owners had experience of the depressing effect on freights of diverting ships into a particular trade. So what had been done in a comparatively small way by private owners as an ordinary incident of business could have been done on a large scale by a Government authority backed by vast resources.

Although for nearly two and a half years no bold policy was adopted, measure after measure was introduced and committee after committee created. The problem was never dealt with as a whole but piecemeal: all was patch-work. Some of the steps, taken generally after the need for some improvement had become obvious to the merest layman, may now be described. The first decision, which represented one of the few spontaneous acts of the Government, was to requisition the services of a number of ship-owners to assist the Transport Department of the Admiralty. Their duties were understood to be to advise the officials as to the suitability of tonnage for particular work and to acquire vessels, as far as possible, in proportion to the size of the fleets belonging to the different ownerships. From time to time the services of other owners were enlisted for this department, which at the outbreak of war was quite a small one. No doubt, although owners were merely acting in an advisory capacity to the Transport Department, their services were yet of great value.

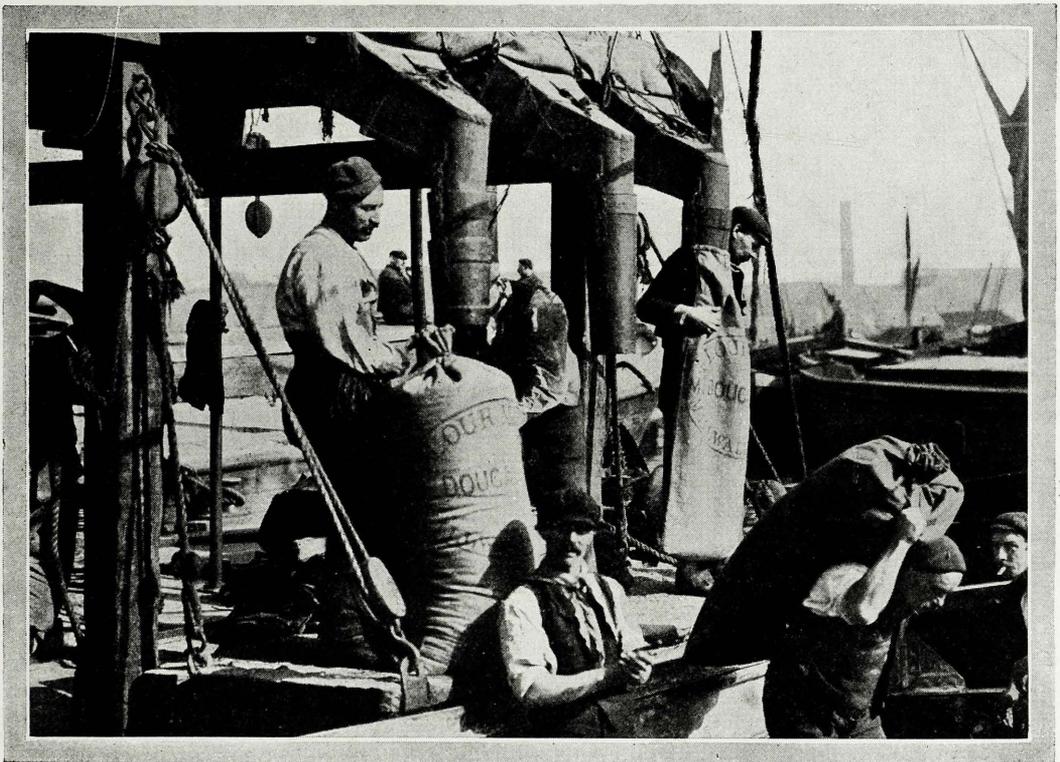
One of the most successful measures adopted throughout the war was carried out at the instigation of owners themselves, and provided for the requisitioning of the whole of the insulated spaces in British steamships trading

between Australia and New Zealand and England. This was put into effect by an Order in Council issued in April, 1916, and was followed in May by a similar order applicable to the insulated steamers in the South American trade. It was plain to owners that, unless such measures were adopted, there would be no limit to the rise in freights for the carriage of frozen and chilled meat. There was plenty of meat overseas, and the supply in England was regulated solely by the amount of freights, and it was known that foreign firms were prepared to pay almost any price for tonnage. The Board of Trade approved the scheme and rates were agreed upon amounting to only about 1½d. a lb. as compared with 1d. per lb. before the war. The following account of the measures taken was given in the annual report of Messrs. W. Weddel & Co. for 1915:

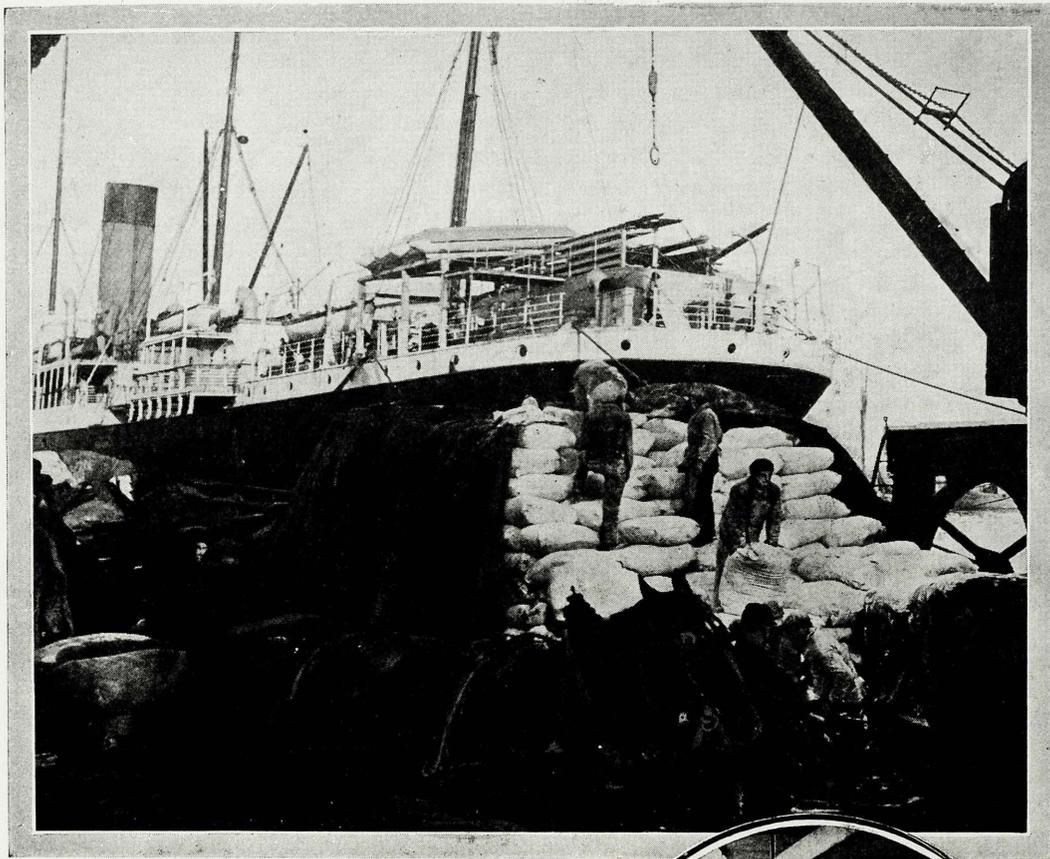
The importance of frozen meat in connexion with the conduct of the great war was made abundantly manifest in the course of 1914; but it was not until the beginning of 1915 that the British Government took the steps necessary to secure what was practically complete control of the industry at all stages. The requisitioning of the output of the freezing works of Australia and New Zealand, by agreement with the Australasian Governments, on terms more or less acceptable to the producers, secured the main supplies produced within the British Empire; while the simple expedient of commanding the British refrigerated mercantile marine effectually

secured control of foreign supplies—primarily of South America, and indirectly of North America and all outside sources. These important steps, far-reaching in their consequences, were taken with a view to guaranteeing the necessary supplies not only for the British Army and general public, but also for the French Army, and, latterly, for the Italian. They involved fundamental changes in the methods of carrying on a vast trade which has been built up painstakingly during the past 30 years. In order to attain the objects of the Board of Trade and the War Office, existing contracts were left unfilled or unceremoniously cancelled; steamers were diverted on short notice from their intended routes; the established modes of buying and of selling were entirely altered; freedom of contract ceased to exist; and at every stage the industry became regulated and controlled at the will of the authorities, untrammelled by any ordinary considerations of loss or profit.

In the spring of 1915 a further measure of control was introduced in a request that all owners should keep the Admiralty informed of the movements of all their ships. Early in that summer a scheme was instituted on behalf of the Indian Government for buying and importing Indian wheat. The freight arrangements were put in the hands of a well-known broker, who was successful in retaining the rates upon a comparatively low basis. Little more was done until the following November, when three committees were appointed by the Government. The first committee was for dealing with the congestion at the ports, which had then become a very



FILLING SACKS WITH WHEAT FROM FLOATING ELEVATOR.



[French Official Photograph.]

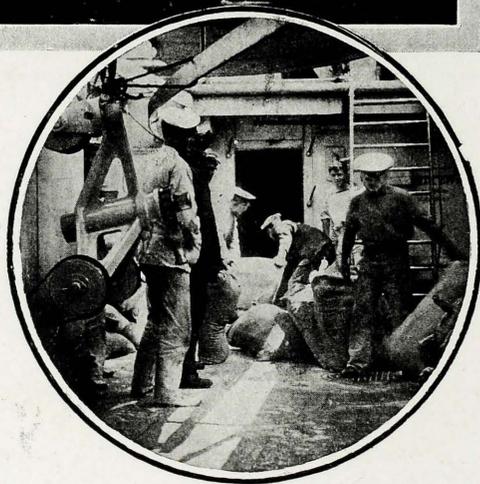
DISCHARGING FLOUR FROM AMERICA.

serious matter. Its duties were described in the official announcement as follows :

The Prime Minister has appointed a Committee to inquire into difficulties and congestion arising from time to time at harbours, ports, and docks (including dock-sheds and warehouses) in the United Kingdom ; to regulate the work and traffic thereat ; to coordinate the requirements of all interests concerned so as to avoid so far as possible interference with the normal flow of trade ; to decide all questions relating to the difficulties and congestion aforesaid that may be referred to them ; and to give directions to all executive bodies at the harbours, ports, and docks for carrying their decisions into effect.

Lord Inchcape was chairman, and the following were members, of the Board : Mr. Graeme Thomson and Major T. H. Hawkins (Admiralty), Brigadier-General the Hon. A. R. Montagu, Stuart Wortley (War Office) ; Sir Frederick Bolton, Mr. J. G. Broodbank, Sir Sam Fay, Sir Edward Hain and Sir A. Norman Hill, and the secretary was Sir Frederick Dumayne, Board of Trade.

The committee was thus representative of the Admiralty, the War Office, shipping companies, dock companies and the railways. It soon set to work to deal, among other things, with a great loss and delay resulting from the



JACK'S FLOUR SUPPLY.

various formalities which had to be observed before goods could be exported, owing to the lack of Customs Officers at the docks with any discretionary powers. It had frequently happened that vessels had to sail with a large amount of empty space, leaving hundreds of tons of cargo in the sheds marked "Not passed by Customs." A special form of Shipping Note was introduced, which was found considerably to facilitate shipments.

The second committee was for the licensing of ships, the principle being that, as ships were



[French Official Photograph.]

SPANISH SAILING VESSELS BRINGING ORANGES.

urgently required in British trade, the voyages of British ships between foreign ports should be subject to scrutiny. The desire not to interfere until absolutely necessary with ships trading abroad had been reasonable since, before the war, Great Britain had acted as carrier for the world, and the profits earned by such trading were especially useful during the war as an assistance to foreign exchange questions. The committee was able to relieve the situation by refusing licences for voyages to ports known to be seriously congested. The chairman of this

committee was Mr. (afterwards Sir) Maurice Hill, who in January, 1917, was appointed a Judge in the Probate, Divorce and Admiralty Division of the High Court, in the place of Mr. Justice Bargrave Deane, resigned, and it included Mr. F. W. Lewis, deputy chairman of Furness, Withy & Co., as vice-chairman, Mr. H. A. Sanderson (the president of the International Mercantile Marine Co., and chairman of the Oceanic Steam Navigation Co.), Mr. Scholefield, a shipowner of Newcastle, Mr. Purdie of Glasgow, and Mr. Burton Chadwick of Liver-

pool. This committee proved a workmanlike body and steadily earned an excellent reputation for dealing expeditiously with applications. The principle of ship licensing was developed further in March, 1916, when it was made applicable to all ships of over 500 tons gross trading to and from the United Kingdom. This committee was now able to assist in the relief of the congestion at British ports by refusing licences to ports where it was known ships could not be dealt with quickly, in the same way as had already been done in the case of foreign ports.

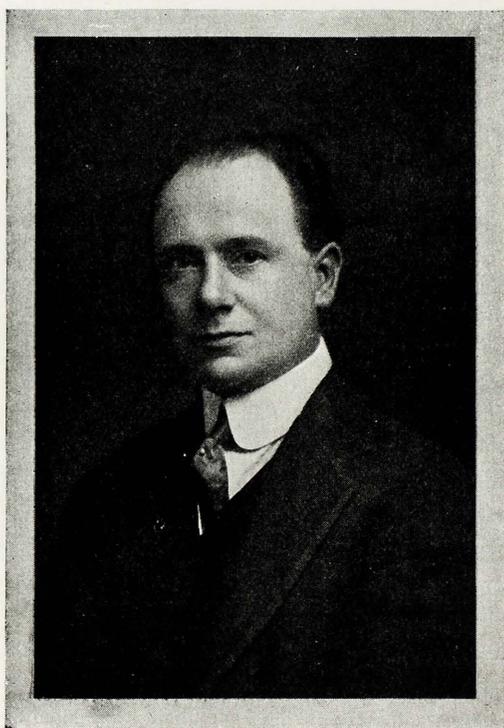
The third committee was made responsible for the requisitioning of ships for the carriage of foodstuffs. It was presided over by Mr. J. H. Whitley, M.P., and included the three owners who had been advising the Transport Department of the Admiralty—namely, Mr. T. Royden, deputy-chairman of the Cunard Company, Mr. E. G. Glover, previously known as a member of the firm of Glover Bros., ship and insurance brokers, and Mr. R. D. Holt, M.P., the Liverpool owner. The policy of the committee was to direct owners to load their vessels in trades where tonnage was especially wanted, leaving them to accept the full market rates. Thus a number of vessels were released from Admiralty service on condition that they loaded wheat in North America. There were still signs, however, of confusion and the lack of any firm grip on the situation.

For instance, on November 3, 1915, the Board of Trade informed owners that, with a view to encouraging imports of wheat, vessels loading in North America not later than December 15 should be exempt from requisition (a well-known bait) on arrival at a United Kingdom port. They were to be free to start on another voyage, which need not necessarily be a North Atlantic voyage, after discharge of cargo. One effect of this attractive offer had, however, not been foreseen. Owners who could not take advantage of it as their trade was not in the North Atlantic also applied for the exemption of their vessels because they considered that these were being equally well employed elsewhere.

No doubt there would have been distinct difficulty in drawing a line, so within two days the privilege was cancelled. The issue and withdrawal of this order followed very closely upon the issue and withdrawal by the Board of Trade, "after further consideration and discussion," of a far-reaching clause which

it had been proposed to have inserted in bills of lading, but which had quickly been seen by merchants and brokers to be quite unworkable. These two little incidents naturally confirmed the opinion which was then being very strongly expressed by many business men, that the authorities were still only groping, and were still intent on patching wherever a particularly blatant evil became exposed, instead of dealing with the problem as a whole. What, it was felt, was obviously needed was not a multiplicity of committees co-equal in authority and overlapping each other, but one supreme central expert authority who, while availing himself of the best advice, would be able to know what he could and could not do.

The Times consistently urged the pressing



MR. F. W. LEWIS,
Deputy Chairman of Furness, Withy & Co.

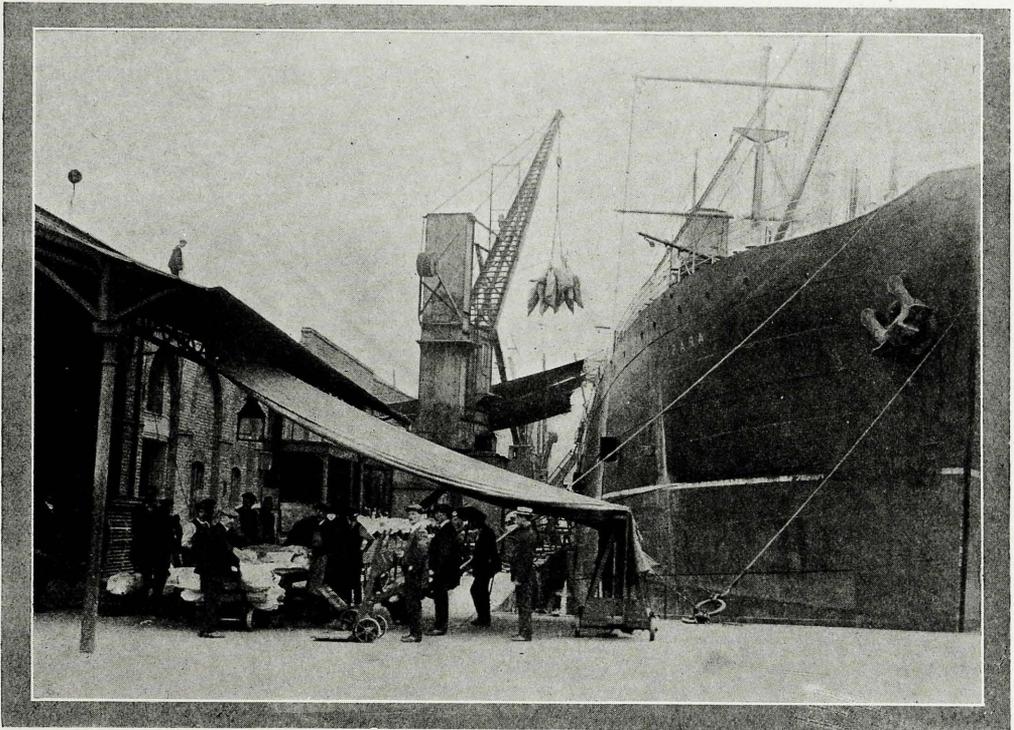
need for more effective control. On January 17, 1916, its Shipping Correspondent wrote :

Before the war, there was in one direction work for, say, 100 ships to do, and, since wastage during peace was comparatively unimportant, it mattered little to the nation whether these 100 ships were in the hands of one or of ten owners. But now, though there is still work for 100 ships, there are, say, only 60 ships to do it. It is vitally important that every ton measurement of space shall be put to the most effective use for the benefit of the whole nation. The point is, therefore, whether the most efficient work will be got out of all these ships if they are still in the hands of 10 British owners, each with his own ideas, and each intent on

doing the best he can for himself, or, if they are controlled by one supreme authority. No competent shipping manager can have any doubt on the matter.

The supreme expert authority would be able to take a comprehensive view of the work which our imaginary 100 ships used to perform, and would admit that it was useless to expect the 60 ships now left to do the whole of it. Consequently, the authority would have to decide which trades were essential to the country, and which, in view of the circumstances, could best be spared. The supreme authority would discover all sorts of anomalies in the present conditions. Inquiry, for instance, might be made, whether it was in the best interests of the country that great volumes of space in British ships should now be used for transporting

loss of his commission on management, since all would be paid on the same generous scale, whatever work their ships were doing. The supreme authority would interfere as little as possible with the management of the ships, but the one aim always before it would be the use of the ships in the best interest of the country. It would hold a watching brief for the nation. Instead of officials of the Transport Department of the Admiralty the President and officials of the Board of Trade, the Indian and Colonial Governments, the Advisory Committee to the Transport Department of the Admiralty, the Ship Licensing Committee, and the Committee for Requisitioning Ships for the Carriage of Foodstuffs, and various other bodies all overlapping each other and bringing about no real improvement, there would be one



UNLOADING FROZEN MEAT.

cheap American motor-cars from New York to Australia. Many other questions might with advantage be examined. There is only one authority which could exercise such a beneficent influence, and that is an expert shipping authority appointed by the Government. There is only one way in which such authority could be exercised, and that is by hiring all ships to the State for the period of the war.

The particular rate of hire then advocated was one based on the cost price of the ship.

The State (it was pointed out) can afford to treat the shipowner very generously. It could afford to pay the owner a handsome percentage of the original cost of the ships, after some allowance for depreciation, and, in addition, it could afford, in order to encourage the owner to continue to give his best attention to the management of the ships, a commission on the profits. The owners would be asked to manage their ships, just as at present; but when the Admiralty wanted a ship there would be none of the forcing up of freights which is the immediate effect of the present system of requisitioning.

No owner would "suffer" through having his ship withdrawn for Admiralty work, except possibly from the

supreme authority with which the control of British shipping in the best interests of the nation for the period of the war would rest.

On the following day it was pointed out:

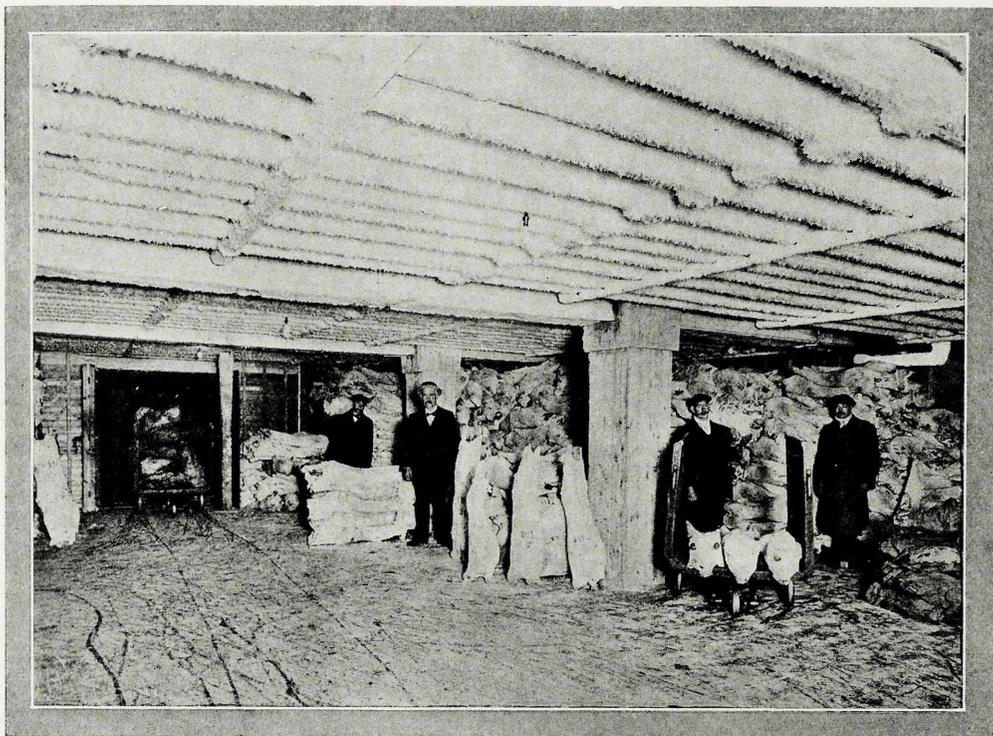
Owners manage their own ships according to their individual ideas, and not solely with the aim of putting them to the best possible use in the service of the State. Sailings are maintained, although the particular trades may be very quiet; while in other trades there are not nearly sufficient vessels. Obviously, only a supreme authority would be able to see all the trades in their proper perspective, and could provide that ships should be allotted to the routes in which they were most urgently needed.

Again, on January 19 it was pointed out that "high shipping authorities are convinced that the gain in efficiency from a central control, such as has been described in *The Times* during the past few days, would be very substantial indeed."

The agitation could not be ignored, but Mr. Runciman, the then President of the Board of Trade, still hesitated to take drastic measures. In the House of Commons on January 19 he said :

There is a serious shortage of the world's tonnage as compared with the world's requirements. We went fully into the question of commandeering the whole of British tonnage in order to regulate freights, and came to the conclusion (a conclusion which is, I believe, confirmed by all the experts who have studied the question) that this particular remedy would only

is assured." Although the functions of this body were never more closely defined, the general assumption was that it was to exercise a general sort of supervision over the whole of British shipping, and that the appointment of the committee was intended to be a reply to the demand for closer control. The composition of the committee was criticized on the ground that Lord Curzon, the Chairman, had no direct knowledge of shipping, that Mr. Royden and Mr. Lewis, whose ability no one doubted, were



AUSTRALIAN MEAT IN COLD STORAGE.

aggravate the shortage of tonnage available for the United Kingdom and the Allies.

By January 27 the Government had, however, come to the conclusion that some form of centralized control was required, and the then President of the Board of Trade announced that, in order that tonnage should be allocated to the best advantage of the Allied Governments, the Government was to be assisted by a small body consisting of Lord Faringdon, Mr. Thomas Royden, and Mr. F. W. Lewis, presided over by Lord Curzon, who had accepted the invitation of the Prime Minister to undertake this duty. It was added that "all the expert committees dealing with these complex and many-sided shipping problems are in the closest touch with each other so that full cooperation

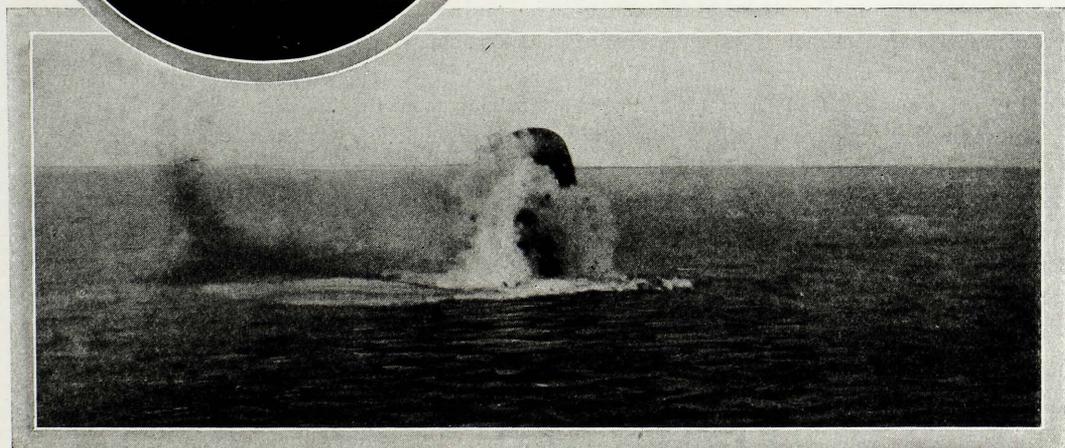
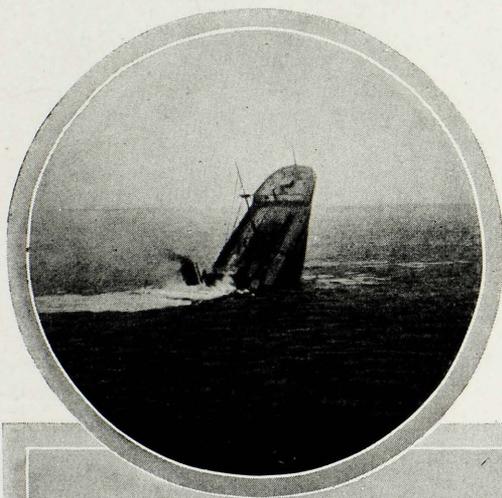
already advisers of the Government on shipping, and that the experience of Lord Faringdon, then better known as Sir Alexander Henderson, Chairman of the Great Central Railway Company, had been gained mainly in railway management and finance. Consequently there was no addition to the councils of the Government of any fresh force recognized as a leader of the shipping industry. It was not until the end of the year, on December 4, 1916, that Mr. Asquith, then Prime Minister, appointed Sir Kenneth Anderson, K.C.M.G., one of the managers of the Orient Line, to be a member of the "Shipping Control Committee."

On January 27, 1916, the President of the Board of Trade also announced that the Govern-

ment had decided to cut down some of the imports less essential for national existence, which then occupied space in vessels arriving in port or prevented vessels being used for more urgent purposes. Paper, paper pulp and grass for making of paper were the first subjects for the operation of this policy because, it was stated, of their great bulk and influence on tonnage. Mr. Runciman explained that he had been in conference with the paper-makers and newspaper proprietors and had had the benefit of their views. In order to conserve the internal sources of the raw material of paper, the export from this country of rags and waste-paper was prohibited. On February 16, 1916, the appointment of a Royal Commission was announced, with Sir Thomas Whittaker as chairman, to grant licences for the importation of paper and paper-making materials, the intention being to cut down the supplies by one-third. In continuation of this policy the importation of a large number of other articles and materials of a bulky nature was shortly afterwards prohibited except under licence, including raw tobacco, of which there were very large stocks in this country; many

building materials; furniture woods and veneers; and some fruits. Special Commissions were appointed to deal with each trade. Further very drastic restrictions on imports were announced by Mr. Lloyd George as Prime Minister on February 23, 1917. These proposals involved the prohibition of imports of certain fruits, foreign teas, coffee and cocoa, rum, and a number of manufactured articles, and a reduction of paper and paper-making materials by a half, and a very formidable curtailment of many other commodities.

The policy of limiting imports to necessities was obviously a right one, for whatever system was adopted of controlling tonnage it was clear that there were not sufficient ships to carry on the commerce of the country on the same scale as in pre-war times. The main cause of the scarcity of tonnage for ordinary commerce was the large amount of shipping directly in Government service. The public which had to suffer by the restriction of trade was justified in urging that the utmost efficiency should be secured from the vessels removed from commerce. A number of extraordinary cases of the ineffectual use of requisitioned vessels had been quoted, indicating what appeared to the commercial mind flagrant instances of waste. Still, nobody doubted the strain thrown on the Transport Department of the Admiralty, and there was every desire to give it full credit for the highly important and successful part it had taken in arranging for the transport of enormous numbers of men and supplies overseas. While the restrictions of imports were being put into operation in 1916, freights were still rising, and the profits of shipping companies, as publicly announced, were, as a rule, very large indeed. These



[Actual Photographs.]

TORPEDOED WITHOUT WARNING: THE END OF AN UNARMED SHIP.



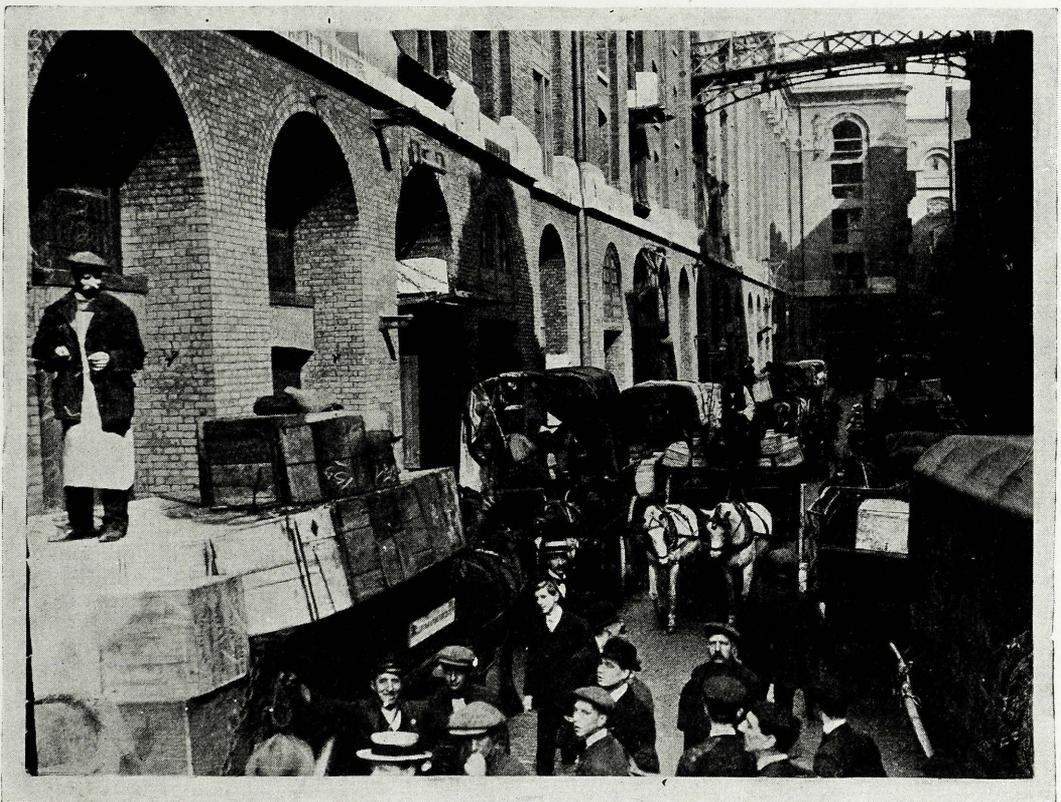
HOME WITH HONOUR :
A battered steamer making for port.

profits, not unnaturally, created a good deal of unrest, especially among labour. Ship-owners generally came in for some very sharp criticism, which in all cases was not quite justified. A number of owners had in the early days of the war made it quite clear that they did not want to make extraordinary profits out of the war ; by enterprise and good management they had established successful businesses yielding satisfactory returns, and the

idea of benefiting from the national misfortune was repugnant to them. It cannot, however, be said that this was the attitude adopted in all quarters. The arguments in justification of high profits were, usually, that the returns in some of the years preceding the war had been poor, and that there was no agitation on the part of the public when shipowners had been unable to make both ends meet. Then it was argued that shipowners were quite helpless—

that the extraordinary freights were forced upon them by merchants out-bidding each other for tonnage; in other words, that there was no gainsaying the law of supply and demand. It was even advanced, further, that high freights were actually a benefit, since they acted as a restraint on imports, only those commodities which could bear high rates being imported. There was, of course, a limit to be put to this argument, for, if it was merely a question of high freight, many "luxuries" could bear much higher rates than what were regarded as the necessaries of the poorer classes. Finally, there was always the argument at the back that high freights were a convenient means of taxing the people every time they bought bread, since so large a proportion of the excess profits went to the State. On September 21, 1915, this excess profit taxation had been fixed at 50 per cent., and in the following April it was raised to 60 per cent. The weakness of this argument of high taxation was, however, that the larger the amount that went to the State the larger the amount which was retained by the shipowners themselves. Thus it happened that within a very short time of the first imposition of the excess profit taxation freights

rose to such an extent that the 50 per cent. then allowed to be retained by owners exceeded the whole 100 per cent. before the tax was introduced. It was to be regretted that during the war shipowners did undoubtedly earn a bad name as "profiteers." All did not deserve it, but all were tarred with the same brush. The public had no means of discriminating, and any owner who was inclined to take up an independent line was thought by his fellow-owners to be rendering a dis-service to the shipping industry. It was common for British owners, quite effectively, to point to the even larger profits which were earned by neutrals, but they shut their eyes to the fact that under the British system, or, rather, lack of system, the neutral was benefiting far more than the British owner. The enormous strengthening of the neutral owner's position was indeed one of the serious and permanent results of the shipping muddle. This was proved again and again by the fact that neutrals were able to pay far higher prices for new tonnage than British owners. They paid enormous prices for ships in the United States, and even placed orders in the British Empire, as in British Columbia and in the Allied country, Japan.



A BUSY TIME AT THE BONDED WAREHOUSES.



[Official Photograph.]

DOCKERS IN KHAKI UNLOADING FROZEN MEAT AT LIVERPOOL.

In order to assist in the relief of congestion at the ports Transport Workers' Battalions were formed.

It was a pity that the criticism to which owners were exposed was not always taken in good part. An angry outburst by Sir Walter Runciman, in February, 1916, at the annual meeting of the Moor Line (Ltd.), which had disclosed very large profits, portrayed a spirit which was not very helpful in solving a problem that had even then become of extreme importance to this country and her Allies. In the course of his speech Sir Walter said :

There is a comic as well as a serious side to some of the denunciation to which we are subjected, which is always exhilarating when the irrepressible self-styled "expert" of shipping matters, with his head whirling with abstract notions, abandons himself with tragic solemnity to the task of teaching successful, well-informed men who, notwithstanding their human failings, are at all events a national asset, how they should carry on an industry that the self-styled "experts" may have lamentably failed to make a success of. This class of person has a mania for imparting knowledge they do not in any degree understand. Let it be understood that I am speaking of types; some of them are superlatively ignorant of every commercial instinct. Their assurance stuns the imagination, and their pitiful panaceas indicate the mind of a quack. They are like unto a tub when, filled to overflowing, all at once the bottom falls out.

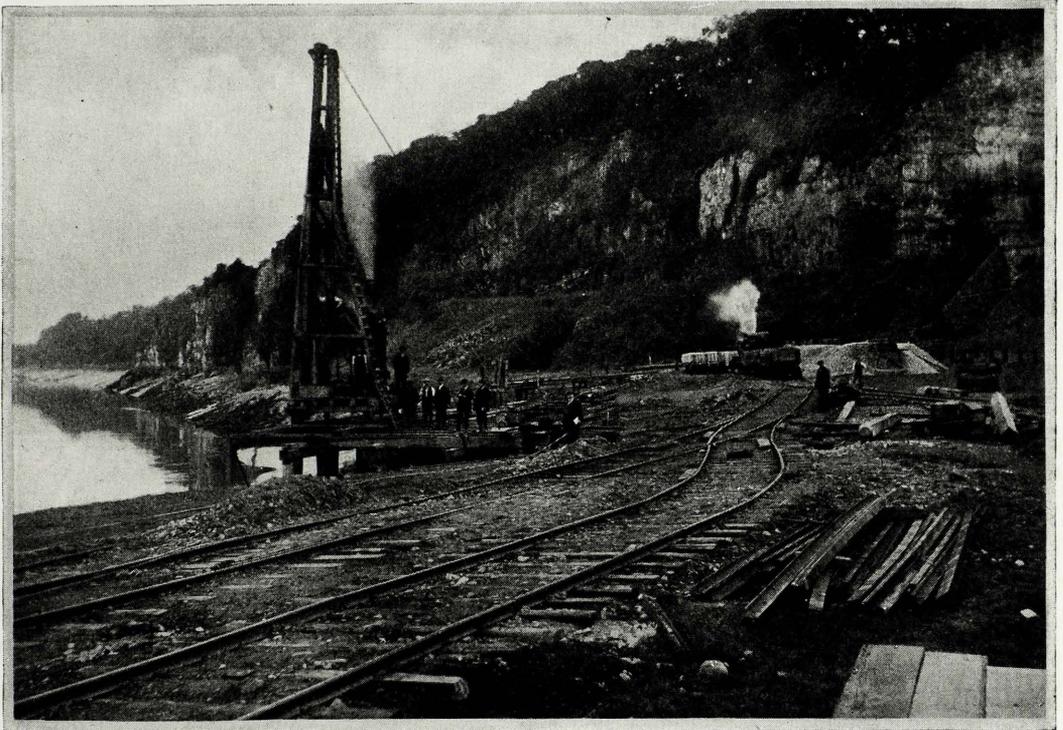
Shipowners were occasionally apt to overlook the fact that the rise in freights had reached

such proportions that every single person in the country was vitally affected, and that a policy of *laissez faire* could not be condoned.

At about this time there was a very strong feeling on the subject of the high prices ruling for coal in France and Italy. With a large proportion of the French coalfields in the hands of the German Army, France became, to a very considerable extent, dependent upon British supplies. The position in Italy was even more serious, because Italy, having no coalfields of her own, was absolutely dependent upon Great Britain, except for a little which she was able to get, by means of British ships, from the United States. It has already been shown that the coal freight from Cardiff to Genoa had risen from about 7s. 6d. before the war to 100s. in March, 1916, so that fabulous prices had to be paid by consumers in Italy. For some time arrangements had been made for supplying the essential services of the Italian Government with coals, but this special arrangement did not affect many industries and private consumers. In May, 1916, a scheme was devised for reducing the selling price of coal in France. This involved the fixing of the prices at which coal was

sold at the pit's mouth, the middlemen's charges and the freights, so that the whole chain of transactions from the selling of the coal until it reached the consumer was intended to be controlled. The new prices and freights came into operation on June 1, 1916. The prices for coal represented reductions of from 40 to 50 per cent. below those ruling at the time for prompt delivery, and the freights reductions somewhat similar. The commission of the exporters was fixed at 5 per cent. in addition

owing to the greater length of voyage and the larger type of ship employed, but in the autumn a similar scheme was prepared for Italian ports. Unfortunately, owing partly, it must be admitted, to the submarine campaign, neither of these schemes worked entirely smoothly. It was reported that French firms, in order to secure tonnage, had paid higher freights than those provided for in the limitation scheme. The attitude seemed to be that it was better to pay heavily for the coals than not to get them at all. Early in



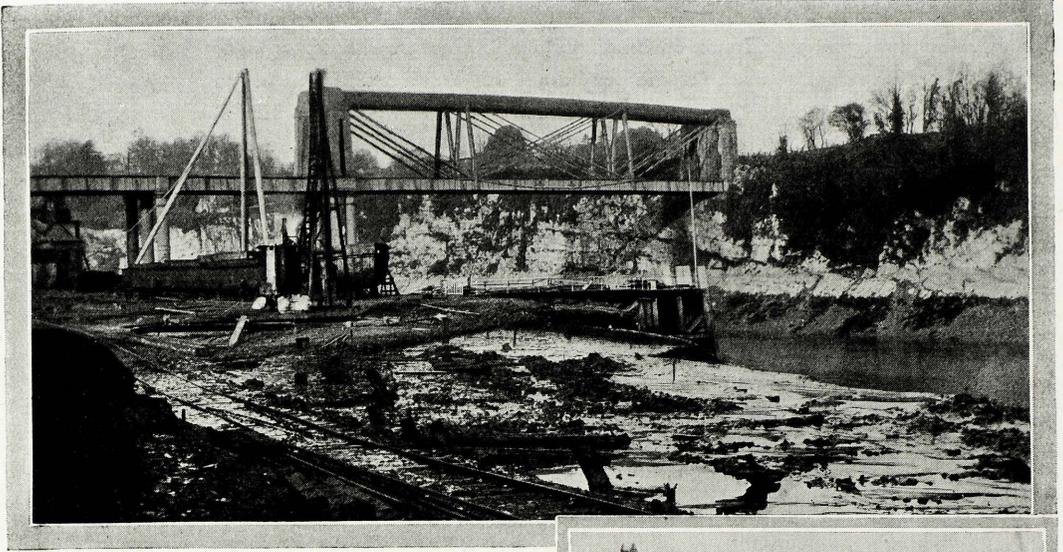
THE BEGINNINGS OF A SHIPYARD: THE SITE AND A TEMPORARY WHARF.

to the f.o.b price, with a maximum of 1s. per ton. The elaboration of this scheme involved a great deal of work on the part of Mr. Runci- man, President of the Board of Trade, and it was significant that shortly afterwards he had a serious breakdown and had to rest for two months. It cannot be said that Mr. Asquith's Government was quick to act in this serious matter of the cost of coal in France and Italy, and more might, at any rate, have been done earlier in explaining the position. An important fact was that a large pro- portion of the coal shipping trade with the Continent was done by neutrals, and that the problem of neutral shipping was dis- tinct from that of the British mercantile marine. The shipping difficulties of Italy were also more serious than those of France,

1917 the situation was again tackled, and the limitation freights were considerably advanced.

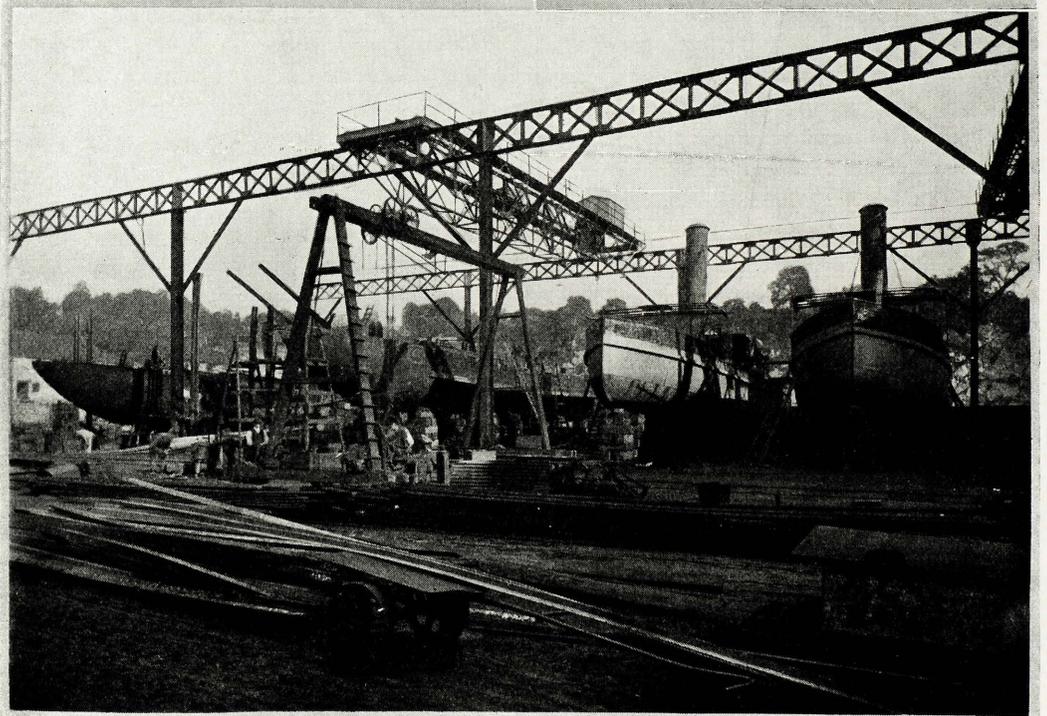
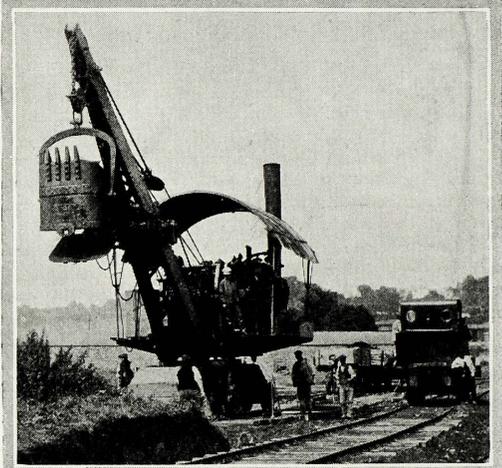
With the formation of Mr. Lloyd George's Government in December, 1916, a new Ministry was created, that of shipping, and a Shipping Controller appointed, a position the need of which had been so consistently urged.* The choice fell upon Sir Joseph Maclay, a successful Glasgow owner who was comparatively little known to the English public. His function was, in a sentence, to ensure that all British shipping was used to the best possible advantage of the nation. Sir Joseph Maclay was admitted in shipping circles to know at least as much about the efficient management of cargo steamers as any owner in the United Kingdom. He had a

* See Vol. XI, p. 359.



THE BEGINNINGS OF A SHIPYARD:
Part of the Site.

reputation of being an extremely hard worker, and the appointment was generally regarded as a good one. His powers had to be defined, and it was understood that by the middle of February, 1917, his functions had been satisfactorily arranged. By his own wish he was not a member of the House of Commons, having explained that he considered he could do his work better outside. He was, however, represented there by Sir Leo Chiozza Money, Parlia-



THE OLD SLIPS. INSET: AN EXCAVATOR.

mentary Secretary to the Ministry of Shipping Control. Replying in the House of Commons on February 13 to a question as to whether the Controller exercised authority over ships employed in Government service, the Parliamentary Secretary said :

They are used with our knowledge, and, as it were, if I may call it with our consent. Of course, it is a matter of goodwill between the different departments, and that goodwill, I am happy to say, exists and will continue to exist, and, as long as it does exist, there cannot be any real difficulty with regard to what I may call the connecting link between the Ministry of Shipping on the one hand and the Admiralty on the other. The Minister of Shipping knows that certain ships are being used, for example, as colliers, and he has power, and indeed authority, to satisfy himself that those colliers are being properly used, but there, of course, his authority ends. The Admiralty alone can in actual employment use these colliers.

Regarding the functions of the Controller, the Parliamentary Secretary said :

Of course, as the House is aware, when the Ministry of Shipping was formed, my right hon. friend found existing a considerable number of bodies—committees, and so on—which had been framed and very properly framed by the late Government in order to deal with different phases of this great problem. All these threads are being drawn together under the Ministry of Shipping, and I hope it will be true to say that in a very short space of time we shall have drawn them together, and that we shall then be able to grapple with a proper organization. We have been handicapped in this matter, because we have been worse housed, if that is possible, than any other Ministry of the Government. We are not so fortunate as to possess a gilded hotel. Nevertheless, we do hope now that we shall take up our residence in a modest and unassuming building which is not inappropriately situated, where water used to run in St. James's Park.

On February 21 Sir Edward Carson, now First Lord of the Admiralty, announced that the whole of the Transport Department, except so far as it was concerned with naval transport and the duty of naval transport to the Army, had been entirely taken over by the Shipping Controller. The Advisory Committee to the Transport Department had resigned shortly after the appointment of the Shipping Controller.

There were soon signs that the Controller was losing no time in getting to work and ensuring that all possible use was made of the available tonnage. One little scheme, indicative of the attention being given to the problem, which was announced just a fortnight after his appointment, provided that all owners of what are known as shelter-deck steamers should, where it was practicable, utilize the shelter-deck for cargo and get the load-line re-assigned. It had always been open to owners to have this change made, and some had done so in peace and others earlier in the war. It was estimated that if the change were made in all shelter-deck steamers the carrying capacity of the British

Mercantile Marine would be increased by some 250,000 tons, but there were some obvious cases in which nothing was to be gained by the alteration. What the Controller did after consultation with the surveyors of the Board of Trade and the registration societies was to make compulsory the use of these spaces, not in all cases, but in every appropriate case. It had been held that, subject to any necessary alterations in the structure of the ships being carried out to the satisfaction of the surveyors, the change could, as a rule, be made with absolute safety. If an owner thought the change inadvisable for technical reasons his case would be considered on its merits. This particular change was due largely to the elimination of some of the lighter cargoes. When in peace time vessels were carrying comparatively light cargoes the raising of the load-line would not have enabled them to carry a ton more cargo, which was prescribed only by the cubic capacity of the ship. Another little innovation was the granting of permission to owners that, as an exceptional war measure, they might load vessels in the River Plate down to what is known as the Indian summer mark, provided that when the ships reached northern latitudes, between October and March inclusive, their winter marks were immersed. As the quantities of grain shipped from South America normally amount to some millions of tons annually and this change represented an addition of about 6 per cent. to the carrying capacity of ships, it was distinctly important. Attention was also immediately concentrated on improving the conditions at the ports where shipping was again being held up by congestion, caused especially by railway troubles, and the policy which had already been adopted under the old régime for substituting shorter voyages for longer voyages, where this was possible, was carried out still further. Many more ships were requisitioned to be employed in trades where they were most urgently needed, so that in February, 1917, the position approximated to a general requisition.

But one of the most important of the Shipping Controller's plans was the laying down of a large programme of standardized cargo ships. The possibilities of building a large number of standard ships in this country seems to have found its genesis in an article which appeared in *The Times* of February 25 showing what was being done in the United States. This was followed up by a number of other articles.

It was then pointed out that there would obviously be economy of money in manufacturing the parts for ships on a large scale. The following advertisement from an American newspaper was quoted:—

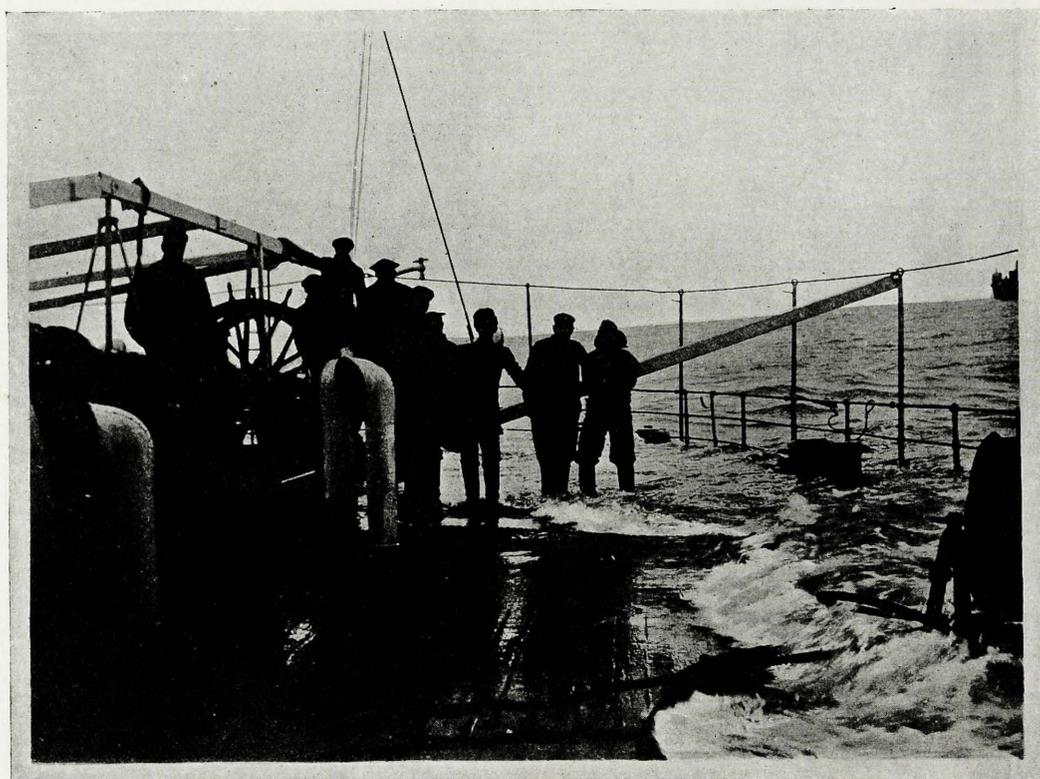
Stock cargo steamships, 7,200 tons d.w. capacity. Classification 100 A1. Br. Lloyd's. Scotch boilers, Triple expansion engines. Speed 10½ knots, 11½ knots on oil fuel.

We have recently purchased 7,500 tons of steel ship plates and shapes, with options for more, and with deliveries to assure completion and delivery of 1,720 d.w. steamship in the last quarter of 1916; one more ship in 14 months and one in 16 months, and one of our stock cargo steamships about each month hereafter.

One or more of our stock cargo steamships are now for

to terms. There are even still serious difficulties, owing to the rise in costs, in the way of the completion of mercantile tonnage contracted for and started before the war, and these difficulties are indicative of those which hinder the making of new contracts. In some cases the builders stipulate for very wide prices, offering to accept less if costs prove to be less than the maximum they name, and they will guarantee no dates for delivery. The owners are chary of placing orders when everything is so uncertain, and the result is an unsatisfactory deadlock.

This is where the intervention of the State would be of advantage. Having arranged, by some means, for the completion of tonnage now unfinished, the State could itself place orders for new construction. The first point in favour of a State programme is that for both sentimental and financial reasons the men are reluctant to handle any but Government work. The



WITH DECKS AWASH A STEAMER STRUGGLES BACK TO PORT AFTER STRIKING A MINE.

sale to the highest responsible bidders. Prospective purchasers of cargo steamships are invited to submit written proposals for the purchase of one or more of our stock cargo steamships. Offers of purchase from responsible bidders will be filed in the order received, and, subject to prior sale, will be acted upon in that order. Sales will be closed at terms and times to be fixed by our Board of Directors.

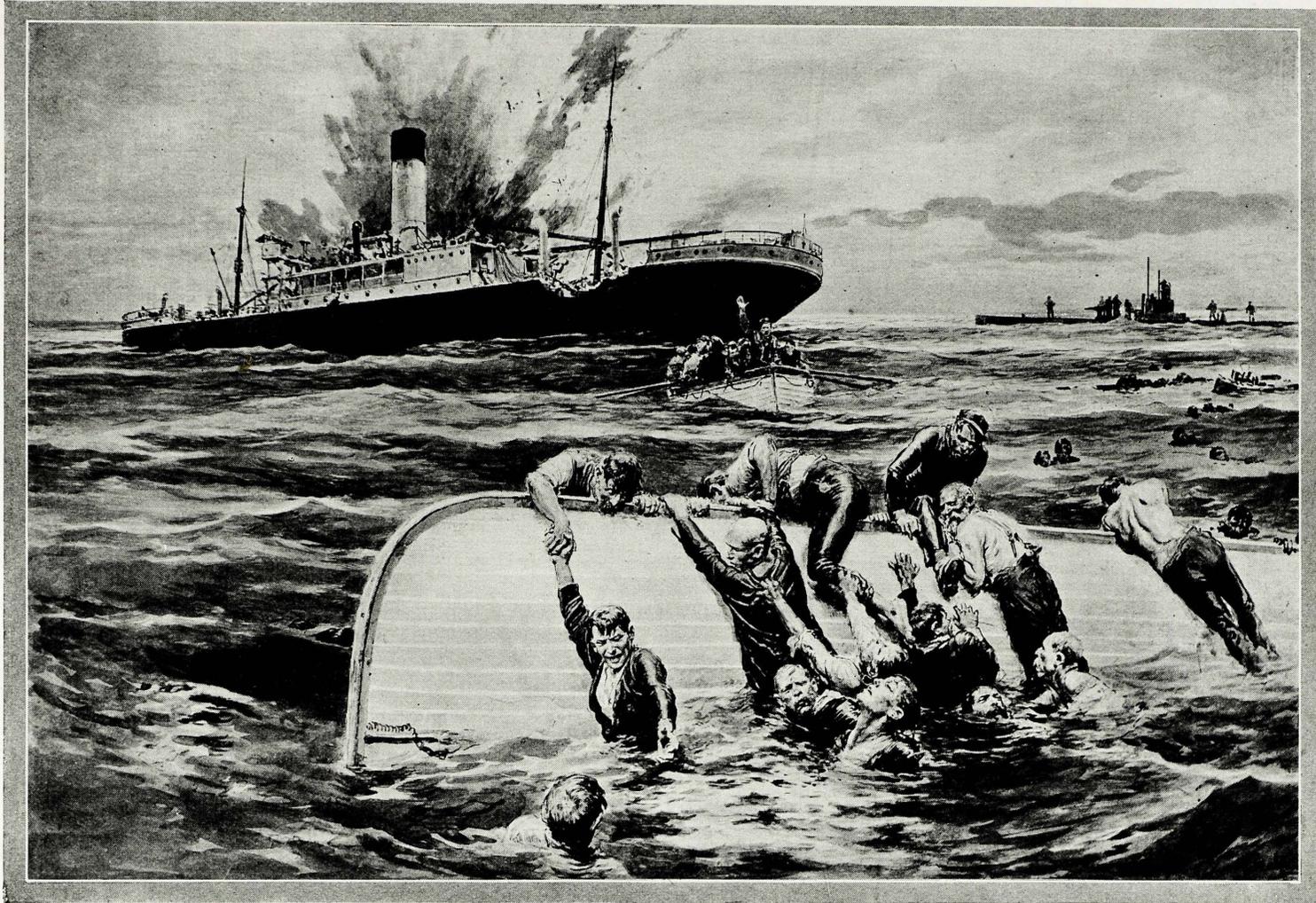
On February 28, 1916, an article developing the idea of standardization was published in *The Times*, which, as an indication of the conditions then prevailing and of what happened nearly a year later, may be reproduced as follows:

It is generally admitted that nothing will so relieve the present serious position as new construction. Yet builders and owners are finding it very difficult to come

second reason is that by standardization the work could be greatly expedited. There would obviously be difficulties, if the matter were left to private enterprise, in getting owners to agree to a standard specification which would not exist in the case of a Government committee including representatives of owners, naval architects, shipbuilders, and engine-builders.

Generally the hull of a ship can be built at the present time more rapidly than the engines and boilers to go into it. The great bulk of the work on the hull must be done in the yard where it is being built, but it should be perfectly practicable to expedite work on the engines by increased subdivision and standardisation. For instance, time might be saved by sending the engines across from the East Coast or any other centre to the Clyde, while the boilers might be built in the Midlands. But vessels built under such arrangements would have to conform to the same specifications and their parts be made interchangeable.

The present proposal is for the State to arrange to



THE GERMAN SUBMARINE CAMPAIGN AGAINST MERCHANTMEN: THE END OF THE "DIOMED."

build 100 or whatever number of ships may be determined. They should probably be of one or, possibly, two types. If it were resolved to build more types they should be built in blocks.

It is proposed that these vessels when built should be allotted to owners in proportion to the number of ships they have lost through enemy acts. The State would take the profits and the owner to whom the ships were entrusted would be paid management commission on them. At the conclusion of the war the vessels would be sold by auction, and if the short supply of tonnage proves then to be as great as now seems probable, there would be very little chance of any loss falling on the State.

The type of ship recommended is a cargo steamer about 8,000 tons deadweight, serviceable for many trades. The exact details of measurement and speed would be determined by the committee, which should be prepared to sacrifice ruthlessly all luxuries and even conveniences which add to the labour and time required for construction. It is questionable, for example, whether in the present circumstances electric light should be installed. This and other conveniences could be added without great expense when the vessels came into the possession of their ultimate owners.

Such is the scheme broadly outlined. It is a matter for deliberate consideration whether, if some such plan be not adopted, this country is not running a serious risk of finding itself unable to carry not only the cargoes it ought to be able to carry, but even the bare necessities for the successful prosecution of the war, and at the end of the war of finding its mercantile marine at the mercy of the German interned ships and of the neutral fleets.

Replying to a question in the House of Commons on March 7, 1916, Mr. Runciman said that his attention had been called to the question of standardization and that it was having his careful consideration, a stereotyped form of reply to which, unfortunately, the public had become well accustomed in connexion with the shipping problem.

In June, 1916, however, the standardization scheme received strong support in the formation of a Standard Ship Building Company to work at Chepstow, River Wye. This company was very powerfully backed, as appears from the fact that the capital was subscribed by, among others, such companies as the P. & O. and British India, the New Zealand Shipping, Orient Steam Navigation, Federal Steam Navigation, Furness, Withy & Company, Shire Line (Turnbull, Martin & Co.), A. Weir & Company, Harris & Dixon (Ltd.), Trinder, Anderson & Company, Bethell, Gwyn & Company, and Birt, Potter and Hughes (Ltd.). The Chairman was Mr. James Caird, head of Turnbull, Martin & Company, and the Vice-Chairman Mr. John Silley, Managing Director of R. & H. Green and Silley Weir (Ltd.), one of the oldest and most famous shipbuilding and ship repairing companies in the country. Unfortunately, the scheme was much handicapped by the difficulty of securing sufficient skilled labour. On August 15, however, the company took over

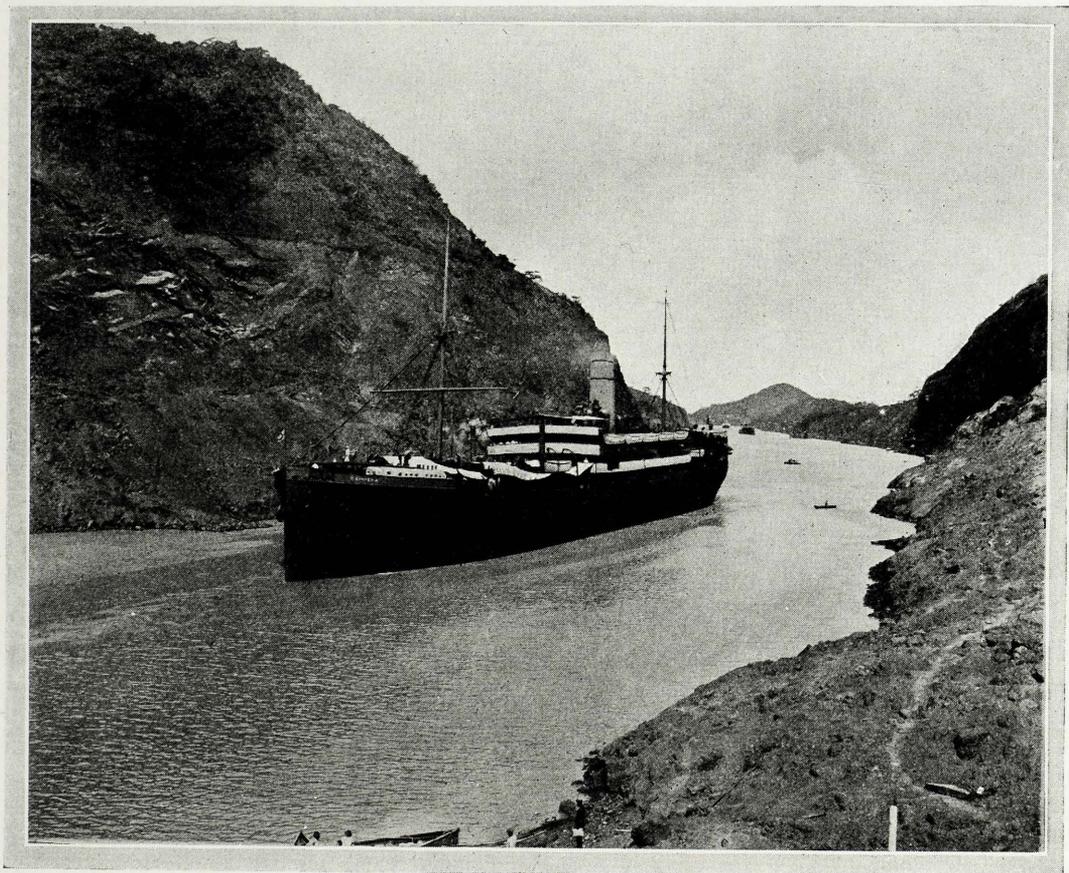
the engineering firm of Messrs. Edward Finch & Co. (Ltd.), which was originally formed to build Brunel's bridge over the Wye, and a new company was formed, entitled Edward Finch & Co. (1916) (Limited). In spite of labour difficulties three slipways were prepared in this yard, and, early in 1917, two 3,300 ton cargo steamers were being built there. It was hoped that by the end of the year five new steamers would be put into the water from this yard, in addition to 18 smaller vessels, all of which were urgently needed. The first four slips for building steamers up to 10,000 tons in the Standard Company's new yard were being prepared. A special feature of the scheme was the planning of a garden city, and a considerable progress was being made early in 1917 with the construction of cottages under licence from the Ministry of Munitions. It was known that the Directors felt much indebted to the assistance given not only by this Ministry but also by the Admiralty and the Board of Trade. Every assistance in forwarding the scheme was also rendered by the Great Western Railway Company.

Towards the end of 1916 it was understood that the P. & O. Company had had plans drafted for a number of standard cargo vessels to be built in various yards, and Mr. John Latta, a well-known owner, was urging in *The Times* Government construction. Then, shortly after the new Ministry of Shipping had been created, it was announced that the Shipping Controller had himself in view a large programme of standard cargo vessels to be built for account of the State. It became known that they were to be single-deck steamers designed for purely cargo-carrying purposes, and that one batch of them would be 400 ft. in length, 52 ft. in beam, with a depth of 31 ft., and a deadweight carrying capacity of about 8,200 tons. They were to be distinctly utilitarian in character, having practically no superstructure, and with nothing in their construction that was not absolutely necessary for their efficient handling and for the carrying of general or bulk cargoes. The fact that they were to be standardized in design would facilitate the obtaining of materials, as well as increase the speed of construction, and some of the firms with whom contracts had been placed estimated that, given adequate supplies of material and a sufficiency of steadily working labour, the vessels could be completed within six or seven months. Standardization was to be

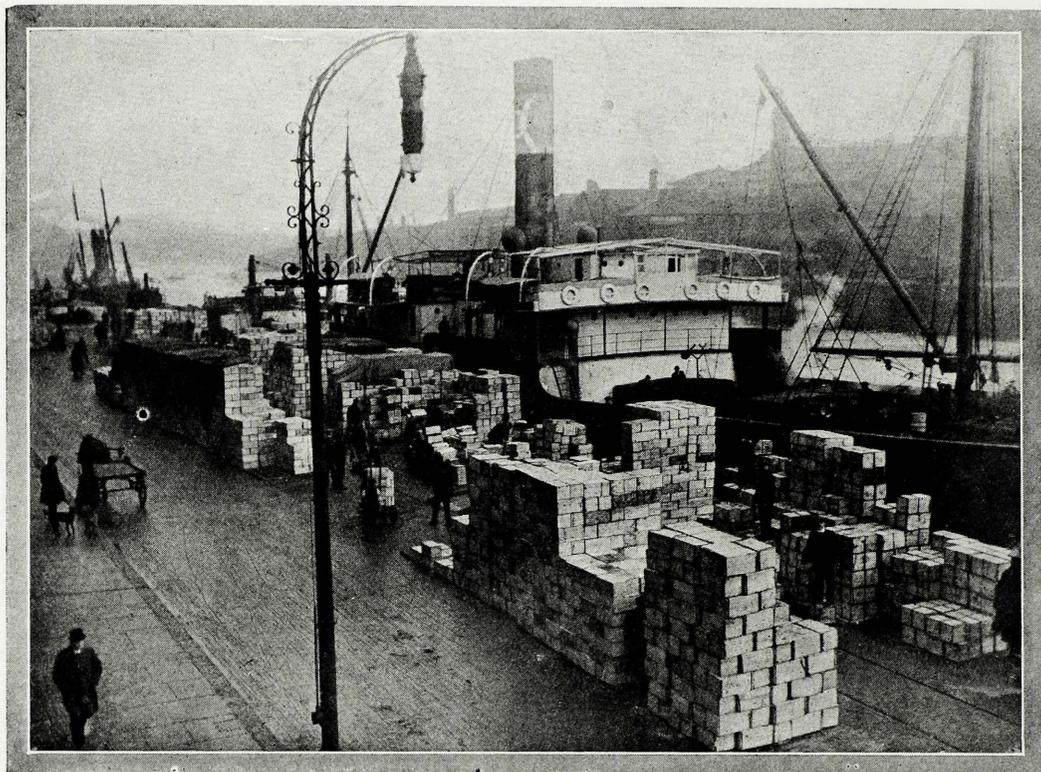
applied, not only to the hulls, but also to the propelling machinery, and, as far as possible, to all the auxiliaries and parts. The reciprocating engines decided upon were of a type which had proved thoroughly trustworthy and could be turned out to pattern by any marine engineering firm, the arrangements being such that any particular set of engines need not necessarily be reserved for any particular hull. If a hull was ready anywhere, and a set of engines ready somewhere else, these might be brought together to form one ship, so that the delays caused by hulls being ahead of engines, or engines ahead of hulls, would be very largely avoided.

In his preliminary work the Shipping Controller was greatly assisted by the co-operation of the Shipbuilding Employers' Federation, and it was a fortunate coincidence that, just about the time when he was appointed, the headquarters of the Federation were being removed to London. Until then the Federation had joint offices at Glasgow and Newcastle, with joint secretaries, one in each city, but the great increase in the amount of business which had

to be done in London made it necessary for the co-ordination of the work of the Federation that it should have one headquarters office and that this should be in the Metropolis. On December 28 the announcement was made that Sir Joseph Maclay had appointed a committee to advise him on all matters connected with the acceleration of merchant ships under construction and nearing completion, and the general administration of a new merchant shipbuilding programme should be undertaken by him. The composition of the committee was as follows:— Mr. George J. Carter, (of Messrs. Cammell, Laird & Co., Ltd.), President of the Shipbuilding Employers' Federation (Chairman); Mr. W. S. Abell (Chief Surveyor to Lloyd's Register of Shipping); Mr. F. N. Henderson (of Messrs. D. & W. Henderson & Co., Ltd.); Mr. James Marr (of Messrs. J. L. Thompson & Sons, Ltd.); Mr. Summers Hunter (of the North-Eastern Marine Engineering Co., Ltd.); Mr. C. J. O. Sanders (of the Marine Department, Board of Trade); and Mr. W. Rowan Thomson (of Messrs. D. Rowan & Co., Ltd.), President of the North-West (Clyde) Engineering Trades' Em-



A LINER PASSING THROUGH THE PANAMA CANAL.



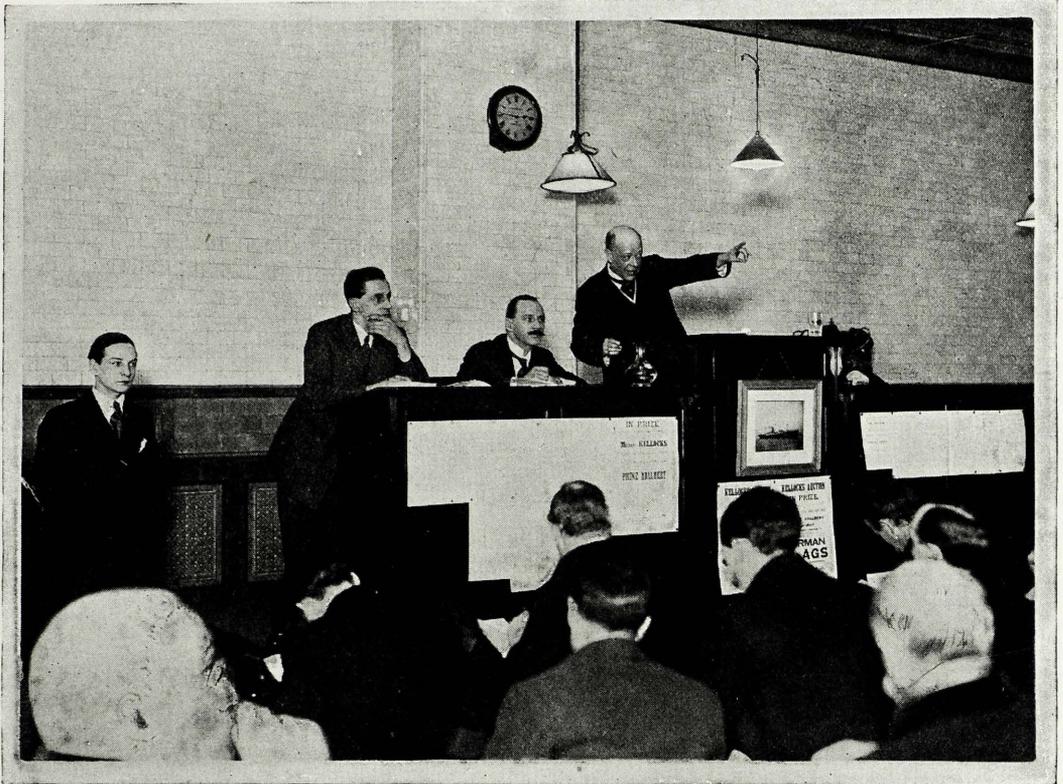
FRUIT FROM GREECE AT NEWCASTLE.

ployers' Association. Mr. A. R. Duncan, secretary to the Shipbuilding Employers' Federation, was appointed secretary.

By appointing the President of the Employers' Federation as Chairman of his Advisory Committee and its new secretary as his secretary, Sir Joseph Maclay at once enlisted in his service all the machinery of the Federation and all its capacity of getting into touch, on the shortest possible notice, with every department of the industry. On February 11 the statement was made that the Shipping Controller had appointed Mr. A. Wilkie, M.P., secretary of the Shipwrights' Society, and Mr. John Hill, secretary of the Boilermakers' Society, to advise his department on labour questions. It must be admitted that in some quarters there was some little apprehension, both amongst shipowners and builders, regarding the probable effects of the policy of standardization on the future of their particular industries. These critics failed to give full recognition to the fact that this policy was essentially a war policy, prompted by the extreme importance of producing the largest number of cargo vessels within the shortest possible time. Even in peace time certain builders had steadily concentrated on particular types, but, if time had been no object, no one

would have advocated many of the yards bringing all their work to a common level. No doubt the best results were to be achieved by individuality. Owners settled upon particular types and, from the point of view of commercial competition, there was no real reason why they should share their experience, knowledge, and judgment with their competitors. In the critical times through which the country was passing all such considerations, however, needed to be jettisoned. That is one of the reasons why a large programme of new construction could only be carried out by the Government. No one could doubt that the Committee which Sir Joseph Maclay formed to advise him was an extremely able and representative one. Further, no shipowner could doubt that the ships which were planned would be extremely useful for carrying bulk cargo, even after the end of the war. They were of a type thoroughly suitable for carrying coal, the principal export of the country, and for bringing home grain from North and South America, the Black Sea and India.

Coupled with this Government programme of new ship construction was a scheme for expediting the large number of vessels already in course of completion. A feature of the quarterly shipbuilding returns issued by Lloyd's Register



AUCTION SALE OF THE PRIZE SHIP "PRINZ ADALBERT."

This ex-Hamburg-Amerika liner, of 6,000 tons, was sold at the Baltic Exchange on January 17, 1917, for £152,000.

was the large amount of shipping under construction and the very small amount actually launched. Vessels in various stages of construction were left untouched for months, mainly owing to the fact that labour had been diverted to naval work. A certain amount of delay was also caused by difficulties of finance. Material intended for merchant ships had been requisitioned for naval work, and consequently builders informed owners that they could not complete the ships on the terms contracted for either before the war or in the early months of hostilities. Gradually, however, these difficulties were overcome, partly owing to the good offices of the Board of Trade. Owners paid very large sums for the expedition of their ships and the Government intimated that such ships should be allowed, as far as possible, to take advantage of the full market rates. They should not, except in the case of extreme national urgency, be requisitioned at the Blue-Book rates. Special difficulties cropped up in the case of the refrigerated steamers, partly owing to the exceptional cost of such vessels and partly owing to the fact that, when completed, they would like all the other meat ships, be requisitioned by the Government. Still, even in these excep-

tional, but important, instances an agreement was finally concluded.

In the House of Commons on November 15, 1916, Mr. Runciman stated that the shipyards of the country could, in a normal year, with all labour available and all engine works operating at full-time, put very nearly 2,000,000 gross tons of shipping into the water. The country had then only lost 2,250,000 tons by all risks since the war began, and all the depredations on shipping could have been far more than made good if the shipyards and engine works were producing their maximum. Unfortunately, they were not doing so. By the middle of 1915 the production of new tonnage in Great Britain had reached a minimum. In the quarter ending June 30, 1915, only the trivial amount of 80,000 tons gross had been completed. A very large number of engineers, fitters, and mechanics had been recalled from the Colours and a number of men were drawn out of some of the yards which were making munitions. It was hoped that by the end of 1916 the six months' output would approach 500,000 tons, a very large advance on what was expected at the end of the summer, but it was pointed out that the country would have to go on with

increasing rapidity if it was to hold its own. Mr. Runciman then stated that arrangements had been made with shipbuilders on the Wear to provide for the pooling of the whole of their skilled labour, so that they could concentrate their attention on some of the vessels nearest completion, taking them one after the other. It was hoped to extend the system by negotiation on the Tyne, the Clyde, and similar ports. "By mobilizing our labour in that way," he said, "we shall get most even with the shortage which at present exists." That the gravity of the situation was realized appears from the following passage:—

We shall have to take a plunge in this matter, and my own view is that the most urgent thing at this moment is the construction of merchant vessels. If there is to be a comparative shortage for a time—I hope only for a short time—in some of those branches of the Army, these men will be put to their best use for turning out vessels and engines which will add to the merchant vessels of ourselves and Allies.

The underlying principle of this pooling scheme was that of treating all shipyards and engineering shops in one district as one large

establishment, within which men and materials might be handled and utilised as they would be by a single firm. On December 23—after the formation of the new Government—*The Times* announced that at the instance of the Marine Department of the Board of Trade a similar voluntary scheme to that reached on the Wear had been concluded on the Tyne with thorough goodwill on the part of masters and men. The following statement on this question of new construction, made in the course of a speech by the Parliamentary Secretary to the Ministry of Shipping Control in the House of Commons on February 13, sheds light on the position at the beginning of 1917:

A very large amount of tonnage is already under construction, and I should like in this connexion, in the absence of my right honourable friend, the ex-President of the Board of Trade—and I am sure my right honourable friend the Shipping Controller would like me to do so—to pay a tribute to the work he did in that connexion before he left office. That is to say, we found a considerable amount of new construction proceeding. The larger that amount the smaller, of course, our immediate programme. We are accelerating every suitable vessel by every means in our power, and we are retarding the construction of any vessel which does not, in our opinion,



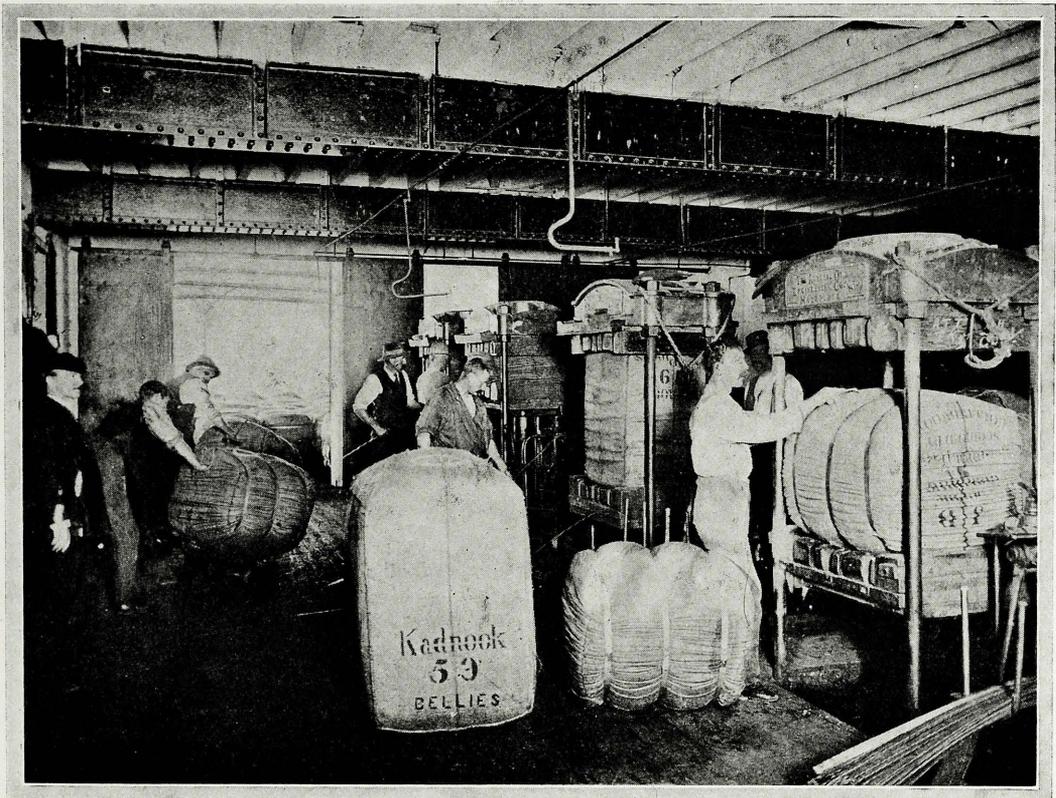
THE MARBLE HALL AT THE BALTIC EXCHANGE.

well serve the national interests at this time. For example, your passenger liner is put back, while your tramp is put forward. If we have been able to accelerate the acceleration which was already in progress when we came into office, it is because my right honourable friend the Shipping Controller has nothing else to think of, whereas my right honourable friend the Member for Dewsbury (Mr. Runciman) had many other things to think of as well. Surely, therefore, there is something to be said for the formation of a Ministry of Shipping, if it has to be said. Now, with regard to new construction, it is true to say that a considerable programme is now actually in progress. A very large amount of tonnage has actually been ordered.

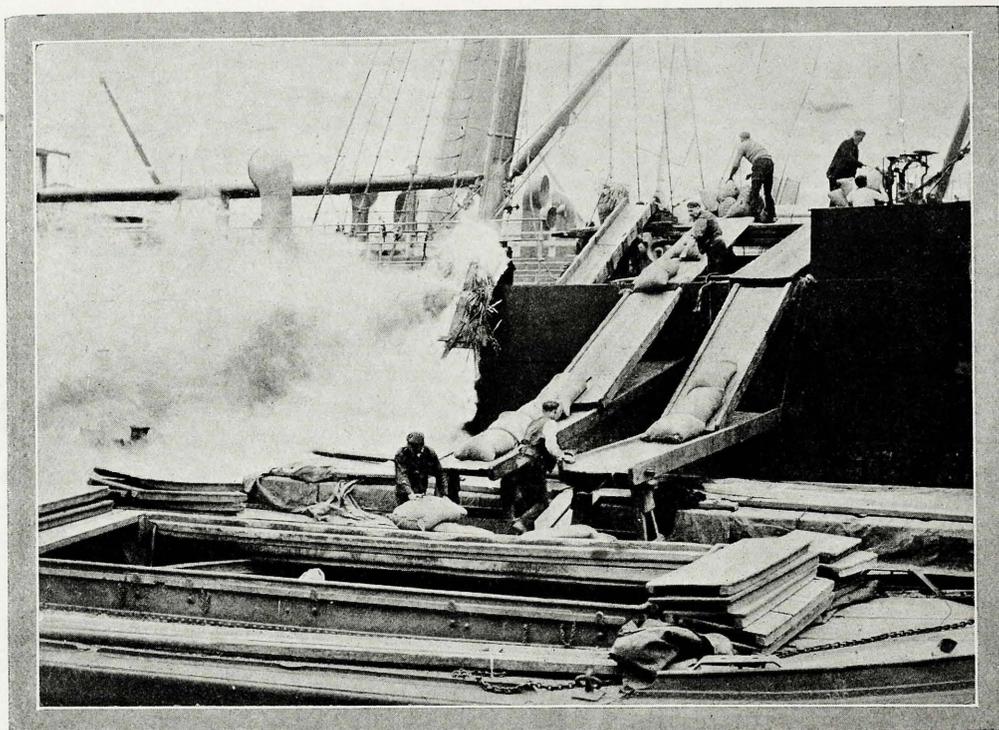
That short statement puts clearly one aspect of the case for the formation of a Shipping Ministry, with nothing else to concentrate on but shipping, which had been so consistently urged. Shipping, hitherto, had been one of the many public services which the Board of Trade had attempted to supervise, but it had long been obvious that the best results could not possibly be secured without undivided expert attention. That the permanent officials of the Board of Trade had in their respective spheres done much good work was well recognized.

While merchant shipbuilding in the country had naturally fallen to very small proportions, the shipbuilding industry abroad had received

an enormous impetus, especially in the United States. According to an official statement issued by the Bureau of Navigation at Washington, the output, for the first nine months of 1916, of ocean steel merchant tonnage by the American shipyards exceeded by 30,000 tons the British production. There were built in American shipyards in 1916, 1,163 merchant vessels of 520,847 tons gross, which were officially numbered for American shipowners, and accordingly at the end of that year were either in trade or were about to engage in trade. There were also built 50 vessels of 39,392 tons gross for foreign owners, making a total output of 1,213 vessels of 560,239 tons gross for the 12 months. This production compared with 614,216 tons gross built during the 12 months ended June, 1908, but the output for that year was mainly for the Great Lakes, whereas most of the tonnage for 1916 was built for the ocean foreign trade. Excepting in 1908, the output of 1916 had not been exceeded since the fiscal year 1855, when 583,450 tons gross were built, all being of wood except seven iron vessels of 1,891 tons gross. The very large total for 1916 compared with 1,216 vessels of only 215,602 tons built in 1915.



PRESSING WOOL IN AUSTRALIA FOR EXPORT.



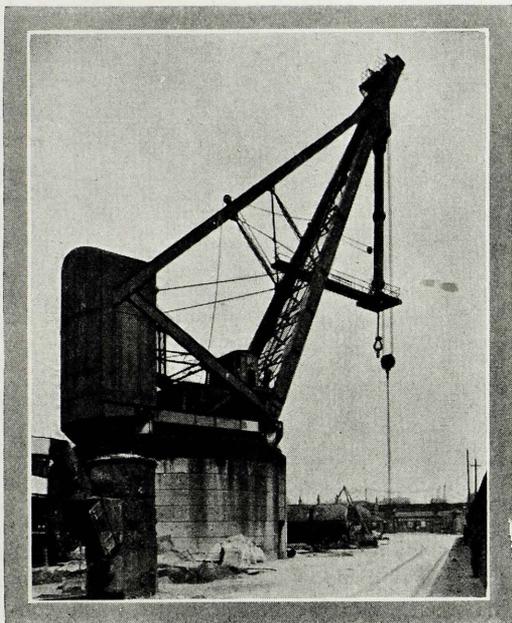
DISCHARGING MAIZE INTO LIGHTERS.

An interesting feature of construction in North America was the revival of wooden shipbuilding. Letters asking for information were sent by the United States Bureau of Navigation to 145 builders of wooden vessels, and replies received from the principal builders showed that on December 1, 1916, there were building, or under contract to be built, 116 vessels of 156,615 tons gross, thus averaging 1,350 tons each. Only vessels of 500 tons gross were taken into account. Of the total number, 67, of 109,775 tons, were to be fitted with engines, and the majority of these were being built at the ports on the Atlantic and the Gulf of Mexico coasts and on Puget Sound and Colombia River. A number of wooden vessels were also being built in Canada, some of them for West Indian trade. The revival of wooden shipbuilding was attributed entirely to the war and the consequent demand for tonnage of all descriptions, the high prices of steel and iron, and the difficulty of securing metal at many centres where wood was available. Wooden ships can be built capable of being driven by oil at 7 or 8 knots, and there is no question, as the maritime history of Great Britain has shown, of their great strength. Many wooden ships have remained seaworthy for 100 years. This movement in the United States contained a speculative element, for owners were evidently calculating on the

maintenance of high freights for a sufficiently long period to cover the cost of construction. The position of wooden tonnage when conditions again became normal at the end of the war could only then be conjectured.

Ship construction in Canada showed at one time an anomalous state of affairs. It was pointed out in *The Times* that large cargo steamers of 8,800 tons and 7,000 tons dead-weight were building at Vancouver and Montreal respectively, all for Norwegian account. In a telegraphed reply published on November 28, Mr. Alfred Wallace, Chairman of the Wallace Shipyards (Ltd.), Vancouver, defended the action of Canadian builders in accepting such orders, pointing out that his company would much prefer to build steamers for British rather than for foreign account. It had offered contracts to several British owners at prices lower than the contracts to the Norwegians and had invariably been refused on account of the high price and long delivery. One London firm had replied that it could do better at home. The cost of material on the Pacific Coast was excessive, owing to railway freight and the high cost of and scarcity of labour. The Pacific yards of the United States were, he added, full, mainly for Norwegian account. British owners would not pay Pacific Coast prices. By taking Norwegian orders money was brought into

Canada, assisting the national finances; yards were equipped to compete with American builders when conditions were again normal; a permanent industry on the Canadian Pacific Coast was created; business was brought under the British flag; and yards were provided which were equipped for naval construction and



A GIANT CRANE.

repairs. Commenting on this statement, *The Times* remarked that "Mr. Wallace will, we think, agree that the publicity given to this question will have served its purpose well if it results in the whole of the shipyards of the Empire being thoroughly mobilized for the purpose of replenishing the British mercantile marine, which has already been seriously depleted. That there should be such a complete mobilization, in spite of any difficulties of high making costs, there can be no doubt." On January 30 it was intimated in *The Times* that Wallace Shipyards (Ltd.) was again prepared to accept contracts from British owners for steamers of from 7,500 to 8,000 tons deadweight to be built according to buyers' specifications. The company, it was stated, could undertake to deliver a steamer of this type in September, and one each month thereafter. It was notable, further, that in the House of Lords on February 13, 1917, Lord Curzon declared that the Government was using every effort to build new ships, and not merely new ships at home, where a large programme was on the slips, but to secure extra

shipping by arrangements with the Dominions and Dependencies and with Allied States.

The enormous increase in ship construction in the United States was recognized early in 1916 by the creation of an American Committee of Lloyd's Register, with headquarters in New York, for the purpose of supervizing building and carrying out periodical surveys. The Committee was a powerful one representative of shipping companies and insurance institutions in the United States.

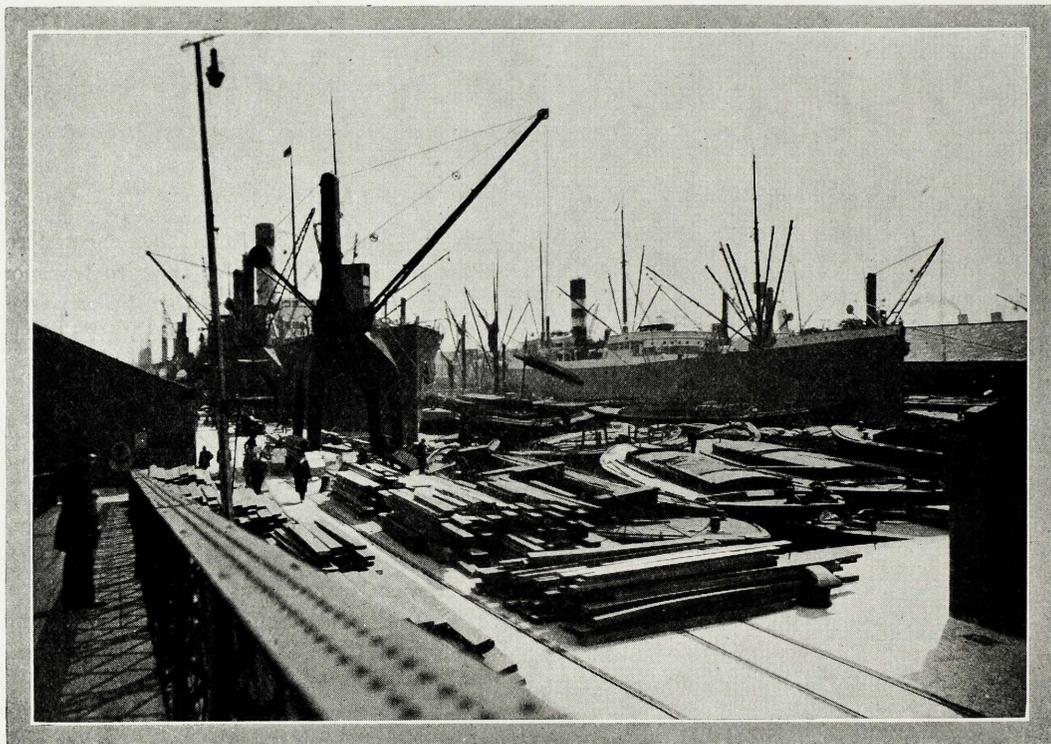
In Japan also the yards were fully employed, and very high prices were paid. The Japanese industry was handicapped by the difficulty of securing steel. Shipments from England had to be prohibited owing to the insistent demands of the munition works for supplies, naturally causing disappointment in Japan, and, in view largely of the high freights, steel products of the United States cost very heavy prices to be laid down in Japan. Here, again, as in Canada and the United States, neutrals were able to outbid British firms. As an indication of the prices which were paid, a cargo steamer ready for sea was bought by Norwegians in September 1916, for £200,000, which was equivalent to £40 a ton on the deadweight. Before the war such a steamer could have been built in Great Britain for £6 or £7 a ton. For another new Japanese steamer of 5,100 tons deadweight £190,000 was paid, equivalent to about £37 a ton. Yet another striking example was that of a steamer built in Japan for delivery in the autumn of 1916 at a contract price of about £100,000, which before delivery was re-sold for £375,000, showing a profit to the original buyer of £275,000, and representing a price of £35 a ton. In connexion with the output of the Japanese yards, the statement of Lord Curzon on February 13 respecting buying for this country in oversea yards has already been quoted.

With freights at enormous levels and prices for new ships prodigious, it was natural that fabulous prices should also be paid for second-hand vessels. Neutral ships could always command higher prices than British because they were free from the risk of requisition by the British Government. Gradually, however, one neutral nation after another placed restrictions on the transfers of ships outside the country, so that the market became rather limited. The great bulk of the British sales were carried out by private treaty, but a number of vessels were sold at auction. Among these were

the prize vessels and these auctions naturally created great interest. As an indication of the upward trend, the ex-Norddeutscher Lloyd liner, Schlesien, of 5,500 tons, which was sold by Messrs. Kellock's at a prize auction in January, 1915, for £65,200, was subsequently resold eight months later for £120,000. Many examples of the enormous prices might be cited. As an instance, the prize steamer, Polkerris, of 943 tons gross, built at Rostock in 1889, was sold on the Baltic Exchange in February, 1916, for £26,000, equivalent to more than £27 10s. per ton gross. As the German steamer Adolf she was captured soon after the outbreak of war and was taken into Gibraltar. There she was offered at auction, but as £2,050, the highest offer made, was thought by the authorities to be too low she was with-

on her on account of a Lloyd's survey which was due, and for renewals. Before the war £2 a ton, or a total of about £4,000, might, perhaps, have been paid for her for breaking-up purposes. This sale was by order of the Admiralty, for the vessel was seized at Alexandria while under Greek managership, and was condemned on account of Turkish interest. The auctioneer made a special point of the fact that she was built of iron, "since an iron steamer her age would be better than a steel steamer of the same age."

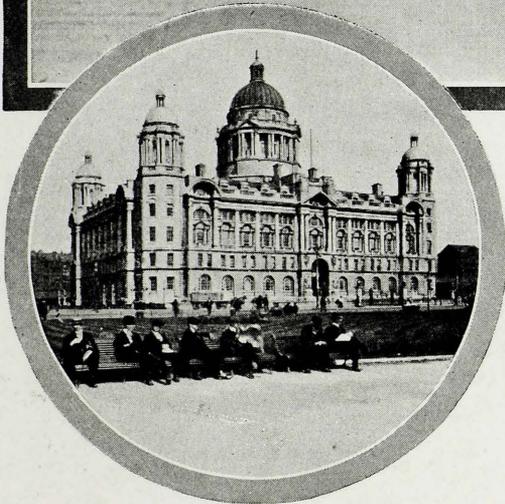
At various periods just before the introductions of new Budgets the shipping sale market became very quiet. The market became particularly inactive at the end of 1916 and early in 1917 on a statement by the Prime Minister with reference to the "nationali-



UNLOADING TIMBER.

drawn from the sale and was then employed in British Government service. Right down to nearly the end of 1916 very high prices continued to be paid. Thus, on November 22 of that year, for the old iron prize steamer Nicolaos, of 2,047 tons deadweight, the high price of £29,250 was bid at auction on the Baltic Exchange, representing more than £14 a ton. The steamer was built 39 years before, the boiler was reported to have been new 22 years before, and it was understood that some thousands of pounds would have to be expended

zation" of shipping. On January 30 four good British steamers out of five which were offered at auction at the Baltic Exchange failed to find buyers. If they had been put up for auction a few months previously undoubtedly all would have been sold for very handsome prices. The fifth was sold for a price certainly not equal to some of those paid in 1915. In the middle of February the Shipping Controller announced that all sales of British ships were not to be completed without his sanction. Negotiations for the purchase of British ships



THE DOCK OFFICES, LIVERPOOL.

by British subjects might proceed, subject to the approval of the Controller being obtained before the purchase was finally effected. All negotiations respecting non-British ships were to be suspended for the time being.

Of all the purchases which were effected during the war one completed on behalf of the Commonwealth Government in June, 1916, created most interest. The difficulty of obtaining tonnage to transport the products of Australia to the ports of the United Kingdom and those of the Allied countries had long been apparent, and it was stated on behalf of the Commonwealth Government that the high rates of freights which, except where controlled by Admiralty requisition or Admiralty influence, threatened to become prohibitive, made action necessary. It was well known that Mr. Hughes,

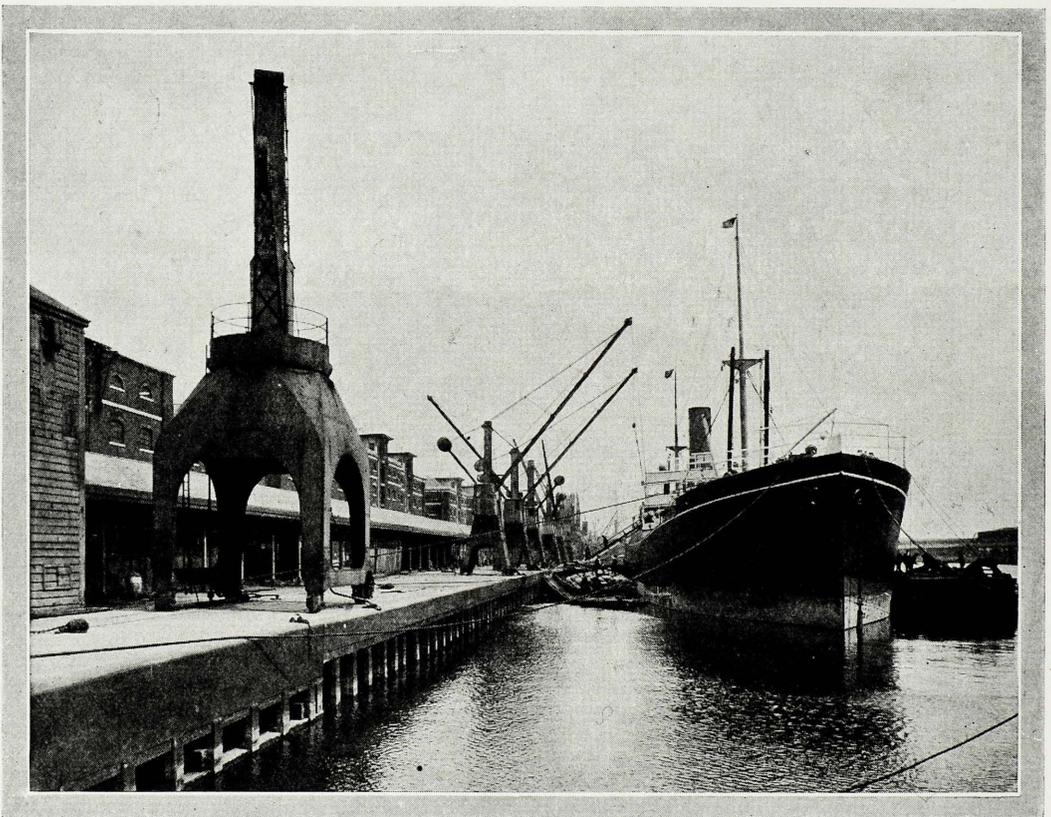
PRINCE'S LANDING STAGE, LIVERPOOL.

Prime Minister of Australia, encountered difficulties in arranging for ships to transport the Australian wheat crop when he arrived in this country in March, 1916, and his troubles became greater during his visit owing, in a large degree, to the Imperial Government's shipping policy. The price of Australian wheat in this country was under the influence of the price of the Canadian varieties, although it was always able to command a premium of a few shillings a quarter. One of the Government's numerous committees set itself to beat down the North Atlantic freight, which it did most effectively by directing a large number of vessels into the North Atlantic trade. The price of Australian wheat landed in this country fell in accordance with the fall in North American wheat, but the Australian freight did not, with the result that after allowing for all transport charges, etc., the price quoted was perilously near the point at which the cost of growing the wheat in Australia would not have been covered. The home shipping authorities having thus, in the interests of the public at home, incidentally "queered" the Australian Government's market, it might have seemed that their obvious course was to meet them in some way. There was no indication of their having done so. Mr. Hughes was told that ships were employed

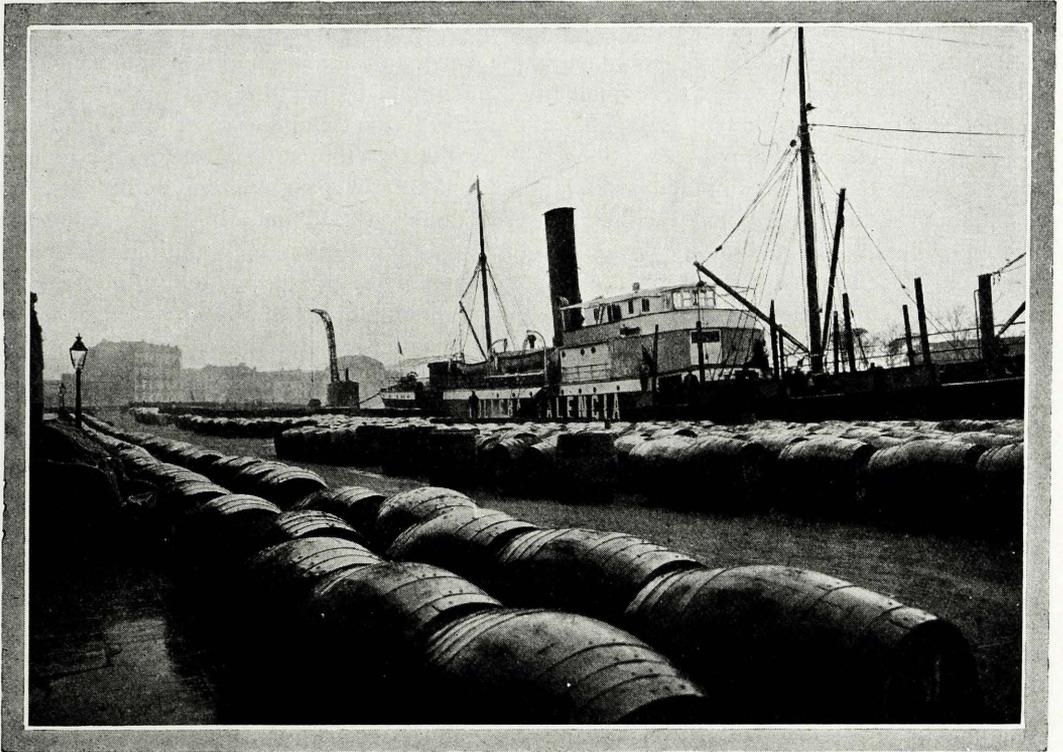
to greater advantage than in bringing wheat from Australia, which was then probably true. But it was unreasonable to expect the Commonwealth Government to stand by and see its crop rot, while enormous supplies were being drawn from the United States, and it was false economy to refuse Mr. Hughes the loan of ships and drive him to seize them practically by force. Undaunted by the rebuff, Mr. Hughes set to work very quietly to buy 15 ships, the announcement of the purchase not being made until after he had actually sailed from England on his return to Australia. Ten of the 15 vessels were bought from Messrs. Burrell's Strath Line. All were good, serviceable and modern cargo steamers, with an average deadweight capacity of between 7,000 and 8,000 tons. It was understood that for the larger vessels about £140,000 was paid, representing, on a deadweight of about 7,500 tons, a value of about £19 a ton. Before the war the value of such ships as were bought might perhaps have been estimated at an average price of about £4 per ton. It was stated that the primary intention of the scheme was the transport of Australia's products to the world's markets, but that the vessels would,

of course, be run and managed in a similar manner to those owned by private companies, and would be required to show a reasonable profit. This policy was subsequently indicated by the fact that after discharging cargoes in Great Britain some were sent across the North Atlantic to load general cargoes of United States manufactures. By being transferred from the home registry to that of Australia, the earnings of the ships were no longer subject to the Imperial income-tax and excess profit taxation and so should prove a good investment for the Australian Government. The scheme was naturally not liked by British owners, and the purchase caused considerable disturbance in the Australian trade. However, in the autumn the strong line adopted by Mr. Hughes was vindicated to some extent, at any rate, in an announcement by Mr. Runciman that a large purchase of Australian wheat had been made and that a number of steamers had been requisitioned to proceed to load wheat in Australia at Blue-Book rates.

During 1916 a number of important shipping fusions were carried out. At the end of June a provisional agreement was entered into for an



TRAVELLING CRANES IN A LONDON DOCK.



[French official photograph.]

SPANISH WINE FOR THE FRENCH ARMY.

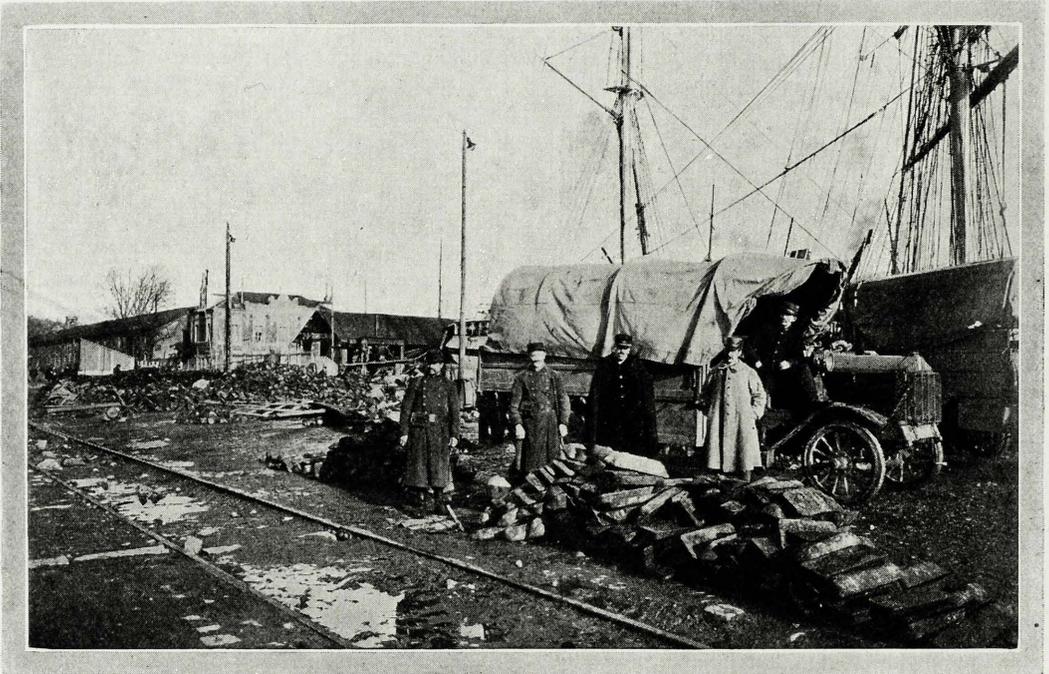


[Official photograph.]

SUPPLIES FOR THE BRITISH ARMY IN FRANCE.

amalgamation between the P. and O. Company and the New Zealand Shipping Company, which owned the Federal Line. The P. and O. had in the early months of the war absorbed the British India, and as the New Zealand and Federal Companies had worked in close agreement with the British India in the Australian trade, this further arrangement seemed natural enough. It was understood that the directors of the companies had in view, when carrying out this arrangement, the expectation of attacks on British trades from German companies after the war. Immediately before

number of shares in the Prince Line were also purchased in the open market. The Prince Line consisted of 37 steamers of a very useful type. At about the same time an agreement was carried through for the sale of the London and Northern Steamship Company to Messrs. Pyman, Watson and Co., of South Wales. The fleet consisted of 16 very useful steamers of 54,000 tons gross, and the price paid for the business, all the assets, and the managing interest amounted to rather over £2,000,000. In the middle of October arrangements were completed whereby Sir John Ellerman, Chair-



A SHIP-LOAD OF STEEL FROM THE UNITED STATES.

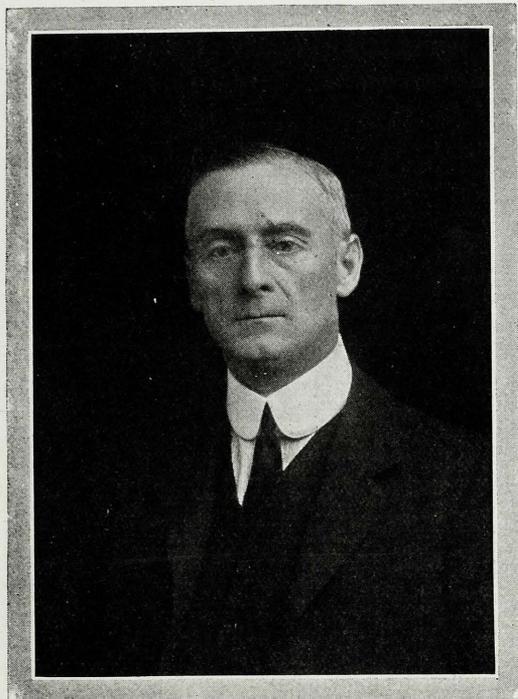
the outbreak of war the German lines had announced their intention of entering into the direct trade with New Zealand, and discussions with British owners were actually stopped by the war. The amalgamation of the P. & O. and New Zealand Companies meant that the combined fleets of the companies amounted to 228 steamers, of 1,386,589 tons gross.

Towards the end of August, 1916, a brief announcement was made that Furness, Withy & Company (Ltd.) had acquired a preponderating interest in the Prince Line (Ltd.). Little was disclosed as to this transaction, but the view generally accepted in shipping circles was that the managing interest of Mr. James Knott, the founder of the Line, was acquired, together with shares by private negotiation, and that a large

man of the Ellerman Lines, acquired the whole of the shares of Messrs. Thos. Wilson, Sons & Co. (Ltd.), the Wilson fleet consisting of nearly 80 steamers of about 200,000 tons. As explaining this transaction the announcement was made that it had been evident for some time to those concerned in the management of the Wilson Line that definite steps would have to be taken to provide for the future of the business, which was an extremely important one for the Port of Hull. A large number of the Wilson ships had been lost during the war, and it was essential that the various lines served by the company should be efficiently carried on after peace was concluded.

In the autumn of 1916 an agreement was completed between the Anchor Line (Henderson Bros., Ltd.) and the Donaldson Line (Ltd.) for

a fusion of the interests of the two companies in the passenger and cargo service between Glasgow and Canada. A new company was formed with the title of the Anchor-Donaldson Line, with Sir Alfred Booth as chairman. The Cunard Company already held a controlling interest in the Anchor Line and had acquired the shipping interests of the Canadian Northern Company, so that this latest arrangement meant



MR. EDWARD F. NICHOLLS,
Chairman of the Institute of London Underwriters,
1915-1917.

a linking up of the Cunard, Anchor, Canadian Northern, and Donaldson Lines. The two other big groups representing the passenger interests in the Canadian trade then consisted of the Canadian Pacific and Allan Lines and of the White Star and Dominion Companies. The desirability of effecting consolidations among British companies could be appreciated. Before the war there was far too little cohesion among the British lines, which were consequently at a disadvantage in facing the solid front presented by the German companies. Sales of shipping made, however, in order primarily that owners might retire from business with large fortunes, were in a different category. By the disposals of fleets or single ships owners were able to escape taxation, and it had to be remembered that ownerships which had bought ships at enormous prices during the

war would not be in the most advantageous position to meet competition after the war. Those ownerships which would be most favourably circumstanced would be those which had written down their fleets to very low levels.

Stress was repeatedly laid by British owners on the difficulty of dealing with neutral shipping, but even this problem proved by no means insoluble. Early in the war it was being pointed out in *The Times* that Great Britain was very far from being at the mercy of neutral owners. A large amount of neutral tonnage had always found employment in British trade, and other markets were very few. Practically the only bulk cargo available for neutral vessels from Europe was British coal. Neutral vessels were accustomed to bunker in England, and to some authorities the question of supplying such bunkers to neutrals seemed to resolve itself into a simple business proposition. British miners were exempted from military service because of the importance of the coal industry to the country, and it was obviously reasonable that the first call on supplies should be for British industries, British ships, and neutral ships which were engaged in British trade. In official quarters there was at first great reluctance to exercise even the smallest discrimination in this matter, but gradually the principle came to be fully recognized that all the facilities of British ports and shipyards must be reserved for those who were employing their ships to the advantage of the British Empire.

It must be remembered that trading with British ports was extremely profitable to neutral vessels. There was for a long time absolutely no restriction on rates, the first effort in this direction being the limitations schemes covering the shipment of coal supplies to France and Italy. British merchants recklessly outbid each other for tonnage, caring little or nothing what they paid, since they could always rely on passing on the cost of the high freights to the consumer. Some responsibility in this matter undoubtedly rested with the British representatives of neutral ownerships, who, actuated by ordinary business considerations, not unnaturally did their best to secure the highest rates for their foreign clients. The evil of this bidding had long been felt, and early in 1917 the Board of Trade took the matter in hand. By an Order in Council published on January 12 official permission was required to be obtained before

any neutral ship could be chartered, and even before the purchase of any goods from abroad exceeding 1,000 tons in weight could be completed. An Inter-Allied Chartering Executive was formed, with the object of ensuring that all charters of foreign vessels by private firms were in the best interests of the allied nations. An office was opened close to the Baltic Exchange in charge of two well-known brokers, and the system adopted was found to work very smoothly. Shipbrokers immediately showed some alarm at the restriction imposed, but it was soon apparent that their interests were protected. The Executive acted as a channel through which the chartering of vessels to bring grain for account of the Royal Commission was effected. Important services were rendered in this connexion by Messrs. Furness, Withy & Co., who, it was stated, received no profit, direct or indirect, in respect of their work. Early in January an offer was made by the British Government for the use of Greek

shipping during the war and for six months afterwards. The terms provided for a rate of hire of 30 shillings per ton deadweight per month, as compared with about seven shillings paid by the British Government for British vessels, and for acceptance of the war insurance of the Greek vessels by the British Government.

In the same month the limitation rates to France and Italy were revised, and it then became clear that something would have to be done for improving the insurance facilities for neutrals. Most neutral nations had their own war insurance schemes, of varying scope, but a very large amount of insurance since the outbreak of war had been placed in the London market. The rates on British ships and their cargoes had always been subject to the British influence of the Government insurance schemes but there was not the same influence at work respecting neutral vessels. The services of British underwriters throughout the war had



UNDERWRITERS' ROOM AT LLOYD'S.

been extremely valuable, but naturally rates in the open market were the subject of individual judgment and were governed by considerations of profit and loss. On February 7, 1917, *The Times* announced that a new scheme of war insurance for neutral vessels was to be put in operation at once, applicable to neutral vessels engaged in carrying essential cargoes, such as foodstuffs, munitions, materials for munitions and coal to allied ports. It was operated by a number of leading companies. The rates represented a very considerable reduction on those hitherto current, and the scheme provided for the fixing of the values to be insured. These were on a very high basis, rising from £25 per gross ton for steamers built between 1875 and 1881 to £40 a ton for vessels built in 1911 and later.

An enormous amount of business was effected during the war in the Marine Insurance market, and by the beginning of 1916 the congestion and delays at Lloyd's had become so serious that it was obvious that measures would have to be adopted to improve the conditions. As from March 1, 1916, a separate office with a staff of women clerks was inaugurated, the plan being that the policies should be stamped with the names of the various syndicates instead of being signed by hand as hitherto. More than 50 women clerks were at once installed, and it was found that the pressure of work on underwriters and brokers was

immediately relieved. It had frequently happened under the old system that policies had been passing from hand to hand for several weeks. Under the new plan policies were available on the same day or the next. While the amount of business was greatly increased the staffs of the offices naturally became more and more reduced. In many ways underwriters were able greatly to assist commerce and incidentally they helped to carry out the Government's regulations, published from time to time, respecting oversea trading. The strain imposed on underwriters during the war was heavy, but they had the satisfaction of knowing that the pre-eminence of London as the insurance market of the world was accentuated.

This chapter will have shown that, difficult though the position had become early in 1917, the whole shipping problem was then being closely tackled in a way that had never been attempted before. Measures were being actively adopted to ensure that more efficient and effective use was made of the tonnage available for naval, military and commercial purposes, construction was being expedited, and more advantage was being taken of the extensive insurance facilities of the country. The evils of the old lax methods were not to be eradicated in a day, but there were at last ample signs that no thought, skill and energy would be spared to keep the situation well under control.

