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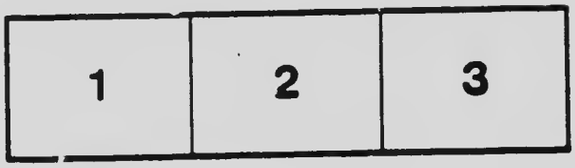

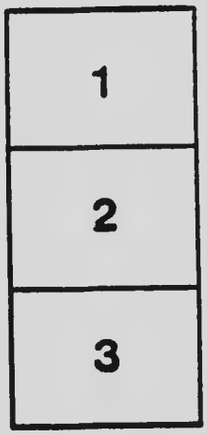

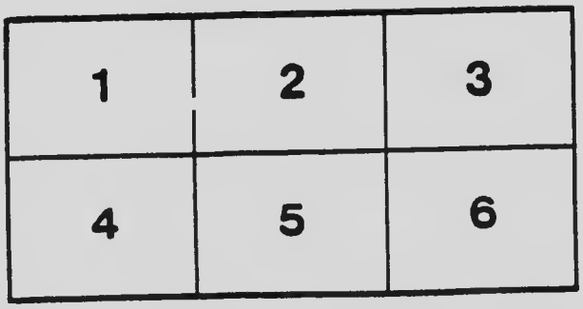

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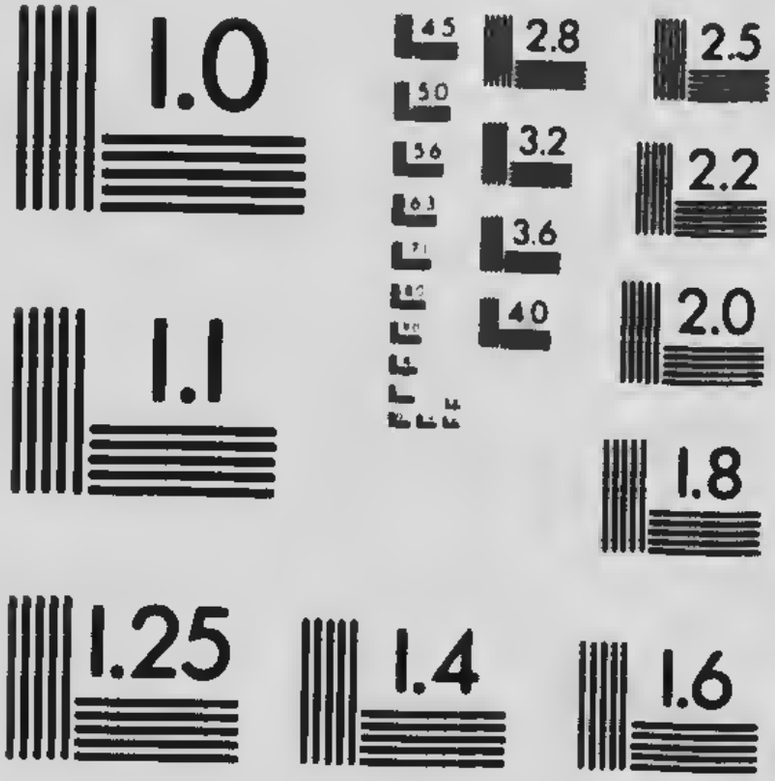

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H. J. EDWARDS, C.B., M.A.

OCEAN TRADE AND SHIPPING

CAMBRIDGE UNIVERSITY PRESS
London: FETTER LANE, E.C.
C. F. CLAY, MANAGER

Edinburgh: 100, PRINCES STREET
Berlin: A. ASHER AND CO.
Leipzig: F. A. BROCKHAUS
New York: G. P. PUTNAM'S SONS
Bombay and Calcutta: MACMILLAN AND CO., LTD.
Toronto: J. M. DENT AND SONS, LTD.
Tokyo: THE MARUZEN-KABUSHIKI-KAISHA

OCEAN TRADE AND SHIPPING

by

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Cambridge:
at the University Press
1914

Cambridge:
PRINTED BY JOHN CLAY, M.A.
AT THE UNIVERSITY PRESS

PREFACE

UNDER the general and very comprehensive head of Ocean Trade and Shipping come a whole host of separate industries and undertakings. Many of these, and of the rights and liabilities connected with them, have long been the subject of important treatises. To others of them, special reference may be found scattered in business publications here and there. In the case of many, however, it would be difficult to find treatment of them anywhere. The whole, collectively, have apparently never been dealt with at all. And indeed to supply, in a single small volume, a summary of enterprises so many and so various must needs be a somewhat courageous undertaking. Still, by a process of selection, elimination and condensation, and with the kind and valuable aid of many expert business friends, I have done my best. It is of course an explanatory work, proceeding on broad lines, rather than a technical treatise. It does, however, as I hope, deal with many if not most of the subjects on which information will be useful or at any rate instructive to the naval and military officers for whom it is primarily intended. If this should prove so, I shall be content.

To army officers, a knowledge of the machinery of shipping and its working must at the least be interesting, seeing that the transfer and maintenance of oversea forces involve its constant use, while in the event of war sea transport becomes for an imperial Power a military factor of the first importance.

Naval officers, on their part, are brought, in the exercise of their profession, into frequent contact with oversea trade. Not only does this occur in making arrangements for the supply of fleets and naval bases, but what is a more vital consideration, naval warfare has long been closely identified with the attack on and defence of commerce. Much has been written and is constantly being written on this aspect of the subject; but while such writings

usually assume on the part of naval officers a practical acquaintance with trading methods, knowledge of this kind is almost of necessity beyond the scope or opportunities of most of them. None the less, the arduous and highly responsible duties involved by hostilities affecting ocean commerce require almost as their foundation just such knowledge. Not only do the system and methods of ocean trading in times of peace need a proper understanding, but inasmuch as the outbreak of war gives rise to new conditions and imposes on traders special obligations, these also should be understood.

Therefore, to my summary of the process of ocean trade and of the methods of ocean traders in times of peace, I have added some reflections on the situation which may be expected to arise on the sudden outbreak of war and during the progress of the subsequent hostilities. And more especially I have endeavoured to review the obligations of neutral masters as regards the papers then to be carried by them and the information which they must be ready to afford on lawful demand of belligerent naval officers.

In the by-gone days of prolonged hostilities at sea the obligations of neutral carriers were well enough understood, but since then not only have the laws of maritime warfare themselves been modified to the advantage of the neutral flag, but altered conditions of ocean communication, of trade and of finance have materially affected the data which so frequently served as foundation for the old-time Prize Court judgments. The subject generally involves problems of no small importance—problems of which the solution is not for an occasion such as this. They must, however, be some day dealt with, and to indicate such as have suggested themselves may serve at any rate as a first step on the road.

D. O.

9 Wilbraham Place, S.W.
February, 1914.

CONTENTS

I

II

III

IV

V

ILLUSTRATIONS

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CHAPTER I

International Trade

BEFORE considering the working factors in ocean trade and shipping it may not be amiss if as a preliminary we ask ourselves what we understand by Trade. We may take a broad view of it, or a narrow. But inasmuch as the factors referred to are, after all, but the cogs and wheels of a vast and beneficent machine, we may fitly place before us this machinery as a whole and consider first its object and its work. This will give us the broad view with which, it is submitted, we should start, and leave it to us then to study details.

Traders fall, of course, within many categories, but, whatever the category, we are apt to group them: to regard them in passing merely or mainly as separate members of a community seeking, each in their place, to support or enrich themselves by trade—just as, for example, the lawyer, the doctor and the engineer as individuals carry on their several professions primarily for the income to be gained from them. But without the trader, the international trader, the scope of the beneficial labours of the others would be greatly minimised. For it is the trader who creates the prosperity of an industrial community, and on his prosperity are mainly founded the others' opportunities. It is trade which builds up the nation's wealth, and wealth is, or, rightly handled, should be, the essential source of national strength and greatness. It was, no doubt, the splendid discipline and organisation and self-sacrifice of the Germans which, as the result of their victorious campaign, made their united nation great; but this was only a first step. The prestige and greatness which the nation has since built up sprang from the people's industrial awakening. The country's ever-expanding trade and the

profitable employment due to it, arresting emigration, have in a generation added almost incredibly to the population. With the increase of the nation's trade have come increased population, increased wealth, increased naval and military strength. The Germans, thanks to their enterprise, their organisation and their abilities have become, indeed, like us, "a nation of shopkeepers," a description once of scorn but one which every nation now desires to earn. All the world has come to realise that shopkeeping, trading, is full of the highest possibilities, and trade accordingly has become the chief aim of every state.

The desire for trade or for its opportunity has become indeed the most potent cause for war. The wars of modern history, when we look below the surface, have all of them, with one exception, had trading influences at the back of them. An industrial state's ability to enrich itself by trade is limited by its opportunities to bring its output to a market. Foreign markets, then, are all-essential. The loss or possibility of loss of such an outlet is regarded, consequently, as a national disaster, to be averted at all costs, even at the cost of war; while the trade boycott has been invented as a potent argument. New oversea possessions are bargained for, schemed for, fought for: as colonial or imperial possessions they will provide a favoured market, and a new source of raw material. Further, they may serve as an off-swarming ground for a population which has overtaken the national power to produce and sell; for the limits of sale impose of course the limits of production. But while increase of population is both the result and the evidence of increased national prosperity, it is none the less, in the case of an industrial state, the cause of serious anxiety. Says the German economist, Dr Rohrbach, writing on the increasing food problem created by the increasing German population: "For Germany, all questions of foreign politics must be viewed from the standpoint of the maintenance and creation of markets abroad, and especially in trans-oceanic lands." Meanwhile German waste lands are being brought under the plough, German marshes are being drained, and foreign-grown foods are being taxed to stimulate to the utmost the national efforts for home production. But the time is steadily and irresistibly

advancing when for Germany, as already for us, food supplies *must* be obtained from overseas in exchange for industrial productions. And the belief (whether well or ill founded) that oversea possessions are, as national markets, of peculiar value, gains ground steadily.

All the industrial world is hungering for new markets. Mr Asquith, speaking at Leeds in 1900, said truly that "there is not now an inch of ground in any one of the international markets for which we are not fighting with all our available strength." And if this was true then it is certainly not less true now. And it is no less true of our competitors than of ourselves. Still, while we must all fight, there is room for all, and every nation which becomes richer and more prosperous becomes *ipso facto* a greater potential purchaser of the goods of its competitors. The competition of Germany in our oversea markets has no doubt put our manufacturers on their mettle, for the good of all the world; but the vast increase of Germany's prosperity has added enormously to the vast purchases that she makes of us. It is well to remember the fact.

To turn to another view: Trade is barter. Much in the same way as in days remote the flint implement or weapon or the string of attractive beads was bartered for salt or skins or sinews, so to-day does a nation barter or exchange its manufactured goods or raw materials for raw materials or manufactured goods. The invention of money, it is true, has in civilised countries long displaced payment in kind as between individuals, but as between nation and nation barter or exchange still holds sway and will for all time do so. Goods are exchanged for goods. All the money in the world bears but an insignificant relation to the value of the world's trading in a single year. The total annual value of our own trade is, for example, some thirteen hundred millions, of which about seven-twelfths are imports. The total value of all the gold coin in the country, variously estimated, may for present purposes be assessed at about 150 millions. Obviously, then, our imports are paid for by our exports, the excess of imports being provided for more especially out of the interest due to us on our oversea investments—this interest, again, coming to us mainly as native products.

The working of the process can be simply illustrated by a common instance, though in most cases it is more circuitous. Say that a native Indian merchant buys up local produce and ships it to a London commission-merchant to be sold. The shipper is however himself an importer or an agent for local dealers, and at about the same time that he is shipping his hides or indigo to the London merchant he is ordering through the same firm Staffordshire nail-rods or Manchester prints. He gives instructions that the sale proceeds of the one are to be set against the purchase of the other. Or, two great firms, one in the East, the other in London, are in close and confident business relations. The Eastern firm sends a shipment of, say, rice to the London firm and, as usual between them, draws a bill—say for £1000—on the London firm. The drawer and the intended acceptor are both favourably known on the Eastern money market, and the bill can be sold locally under discount for cash. Let us assume that a local money-dealer thus buys it. At this time another local trader is ordering, say, machinery through his London agents to the cost of £1000. He goes on the money market and buys the bill drawn by the local shippers on their London friends, and sends this with his order for the machinery. The bill having been presented and accepted is then as good as money, and cash under discount can be obtained for it on the London money market. Thus the rice is, in effect, exchanged for the machinery. Or, we may say, the sale proceeds of the rice are in anticipation used to pay for the machinery. And this process is, in principle, going on all the time on a scale incredibly vast and at every trading centre in the world. Goods are exchanged for goods, with bills of exchange as the vehicle of the transfer. A nation may consist of individual traders, but collectively these constitute a world of trading nations, each nation a trading individuality; and each, while apparently selling its own wares to the others, is in reality exchanging or bartering them for the others' merchandise.

When the world's harvests are good and the political atmosphere is cloudless and money is abundant, then the industrial states are able to work at full pressure, and there are work and wages for all. But presently comes, for one reason or another,

a period of depression. The oversea dealers who filled their shelves when trade was buoyant, find themselves over-stocked. No fresh orders are sent to the manufacturers, prices droop, losses are sustained, works are shut down or put on half-time, unemployment is rampant and gloom hangs over all the industries like a pall. It is a painful and striking object-lesson of the meaning of the loss of foreign markets, a lesson none the less striking because only temporary. But these periods of depression have their uses. They educate the national sympathies for the unemployed and suffering, they put a check on luxury, extravagance and waste, and they spur the producers to invent economies and to find uses for their by-products or their waste, to the eventual benefit of the world at large, a medicine unpalatable but beneficial.

Trade stands for wealth and power, but it is a means to an end more lofty. For it must at all costs have foreign markets; and in this nation-compelling necessity we may see the grip of a beneficent and all powerful hand. For there are supreme laws to be fulfilled: the law that the earth shall be replenished and rendered fruitful, with the widest distribution of its increase; the law that the human race shall be gradually uplifted, educated and advanced; and the world's necessity for foreign markets is a force which is operating steadily and irresistibly to this end. Every worker is a cog in the nation's industrial machine. Germany was the first to see that if this machine was to be brought to full efficiency, the workers must be rendered intelligent by education. Education, then, was made compulsory and free, and Germany's reward was unmistakable. The result was a wide following of the Fatherland's example. Next, it began to be recognised that education was not everything: the workers, in the interests of the national competition, as well as of its military strength, must live in sanitary surroundings and with careful attention to the children's health. Model dwellings and school clinics, then, became the cry. Of course, the countless altruistic labourers in the interests of the workers and their children have no such sordid motives to impel them, but none the less the fact remains: the industrial nations have grasped the fact that whether for industrial warfare or for military uses

the children of the state must be made intelligent and kept in health and strength. The international struggles for world markets are a civilising and uplifting force. The struggles are in themselves, however, strenuous and unceasing. The weapons or implements to be used may be peaceful but none the less must they be carefully selected and kept keen. And they are many and various: some wielded by bankers and financiers, some by manufacturers and their agents, some by inland carriers; and some, notably, by dock and harbour authorities, by shipowners, merchants and others. International trade, then, being essential to a nation's welfare and prestige, let us review some of the trading instruments and begin with our shipping ports.

PORTS

We mostly take our ports for granted. To their origin, their special uses, their advantages, and their troubles we give small thought. But to know something of these assists us not a little in any consideration of the incidents of ocean trade. It may, perhaps, have struck us that the most important of the northern ports lie inland, up the rivers. If so, we accept it as natural that this should be so: natural that a port should be established at a site specially selected for the safety and convenience of the ships. But ships go to where a trade already awaits them: the sequence is first the town or city, then a population of traders, then the ships to fetch and carry for them. It is the city that grows into the port. The city, then, has first to be accounted for. And here we have to go back to prehistoric times. But from the earliest days, in every land, was trade: the little bands of traders with their packs, their slaves or porters, or in Eastern lands their caravans. There were land traders long before there were ships; and when the ships came, for ages these hugged the shore and wintered at safe ports. For long, land transport covered the world with a network of trade-tracks, along which weapons, ornaments and furs were laboriously carried, to be bartered for the precious metals, salt and local wares. Thus England, we may be sure, had trade-tracks everywhere, linked later to the Continental routes by primitive craft which reluctantly

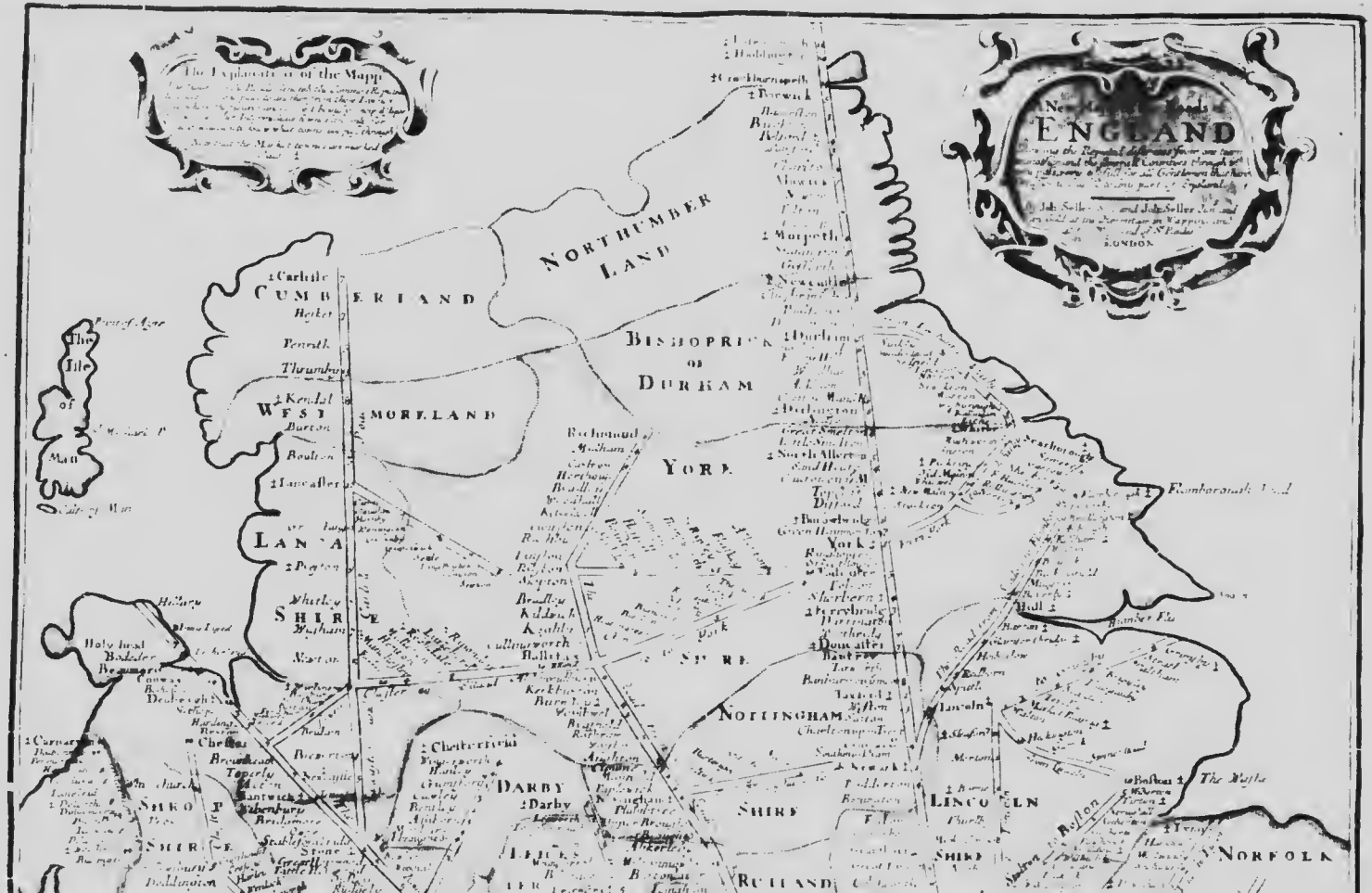
dared the dangers of the Channel at its narrowest part—where, later, Cæsar and after him the sturdy Norman ferried over their invading armies, by oar and sail.

Now, in very early days the inland trade-routes were at the mercy of impenetrable forests, of deep-flowing rivers and of wide-extending marsh in low-lying grounds, the rivers, indeed, spreading themselves far afield. Consequently the traffickers had necessarily to make for some spot at which the river could always be approached and at which it could be forded. When the trade-routes were along the coast they would have to be directed inland to a crossing wherever a river flowed towards the sea. When these practicable fords were far apart they would be the converging point for roads from various directions. At such a focus a hamlet would naturally spring up, providing food and shelter for wayfarers, the spot being all the more suitable for habitations inasmuch as the little population would be sure of a constant supply of water and fish-food. As the traffic increased the hamlet would develop into a town, which would be known by the name of its ford. Our towns still bearing "ford" or "verton"—ford-ton—as a suffix to their names are numerous to this day. That they are not more numerous still may doubtless be attributed to the fact that the Romans and the Normans, recognising the strategic advantages of many an ancient ford or ford-town, there established fortified camps or castles to command them, the older suffix "ford" eventually being superseded by the title "castrum," "chester," "caster" or "castle," though of course not all such strategic points were necessarily at a ford. Then, again, no doubt the suffix "ford" was often changed to "bridge" on such a distinction being later conferred upon the crossing. The nearest of the river ford-towns to the sea would in course of time naturally develop into a port, and where a river afforded sufficient depth the port would grow steadily in importance. Where the river was wide and deep it would probably be the case that the first crossing nearest to the sea would be a considerable distance inland, so that this point of passage would necessarily become the focus of many roads and therefore probably a residential centre of importance. And here we have, apparently, the history of the determination—not the

selection—of the site of London, as well as of many another ancient river port. A glance at Seller's old 1680 road-map here inserted, and a recollection that in early times the Thames overflowed both above and below the high ground from which, on the north side, now springs London Bridge, will show how inevitable was the London crossing and how wide the area it served. Between, on the one hand, the N.W., N. and N.E., and on the other the S.E., S.W. and S., all the traffic was obliged to make for the great ford. London, the "Hill-fort" or the "Hill-fort on the Pool," at the focus of roads so many and so important was, amongst the cities, born with a silver spoon in its mouth. It was "born great, achieved greatness, and had greatness thrust upon it." But it was because the river was an obstacle to land routes and not because of any advantages of its own, that a town with, presently, a fort or fortress to protect it and to command the ford, developed on its banks; and probably centuries elapsed before any vessel sailed to London across the sea. When the city had become a centre of population, the pasturage fringing the tidal marshes became a valuable asset. To increase the city's grazing lands great training walls were constructed—when or by whom we know not—to prevent the river's overflow. The result was to lower the bottom of the navigable channel by reason of the scour and to raise the high-water level by reason of the confinement of the stream. To-day sheep crop the grass on what formerly was ancient marsh or saltings, while the high-tide swells and flows some ten feet above the level of the grazing. The stock-owners, indifferent to thoughts of river navigation, were the first and greatest of those who did it service.

But the practicability of a river from the sea is only one incident in the success of a river port. The other is the port's accessibility from the land: and our ancient map shows how remarkable, in this respect, were the advantages of London. It was the very hub, with, as its spokes, trade-roads reaching everywhere. In the calm waters of the Mediterranean it was mainly the fishing villages, placed at sheltered spots, which marked the sites for future ports—or, rather, for such port-sites as offered depth enough for the trading ships. When once the

Maps 1205 (2). John Seller: A new mapp of the Roads of England 1680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DARBY SHIRE
LINCOLN SHIRE
RUTLAND
NORFOLK
The Isle of Man
Carlisle
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Lancaster
Preston
Whitby
Durham
Richmond
York
Scarborough
Hull
Nottingham
Derby
Lincoln
Boston
Norfolk

Maps 1205 (2). John Seller: A new mapp of the Roads of England 1680

possibilities and advantages of the port became recognised by the inland traffickers, it would become a focus for the roads. When once a city has established itself as a port, with good access and good safety for the ships, and with the country's roads converging to it, the port's position is assured. San Francisco, for example, with its magnificent shelter and depth for great ships and with long tracks of wide-spreading railways converging to its harbour, may be shaken down again and again by earthquake, may be swept by following conflagrations till over wide city areas nothing remains, may be ruined and still destroyed, only to rise again more resplendent still—not because it is a residential city, not because it is situated on a harbour: but because it stands at a spot irrevocably fixed as the meeting point, the stepping-stone, for trade of ocean and of continent. The great ocean ports are the world ford-towns of to-day, where the ocean ferry and the rails continue inland the trade-routes from land to land: the city's function is still to furnish, where land and water meet, food and shelter for the travellers and their wares.

The up-river ports possess to-day the great advantage that they place the ocean ferry's terminus far inland. A hundred or a thousand miles more or less count little in the cost of ocean transport, but on land the charges grow with every mile. Therefore, the further inland the port the greater the cheapness for the area of its distribution and collection. On the other hand, the increasing size of ships is a constant anxiety to, and ever-growing burden on, the port in its maintenance and increase of the river's depth. The burden of this necessity leads sometimes to attempts to compromise with facts, by the establishment of deep-water ports as adjuncts at or near the river's mouth—as notably at Cuxhaven, Avonmouth and Tilbury. But a policy which places a wide gap between the city and its trade accords but ill with sound principles of port economy.

In early days, and more or less until the railways came, London had many rivals, each serving a hinterland of its own, the costliness of land transport from a distance telling in favour of out-ports near at hand. The railway on its coming established between London and the out-ports' areas and with the ports

themselves, back and forth, a never-ceasing stream of railway trucks; and with this new departure the sun set on the prospects of the out-ports. London rose to her full height, a Briareus whose arms reached over all the kingdom. England's world-predominance in shipping, too, and her oversea possessions made London the trading centre of the world.

Britain has many ports, but while each of them has a special quality of its own, London is a port of many uses. But first and foremost, London is the country's market. Thus the tea that is drunk in Liverpool and Glasgow is landed and sold in London and thence sent even to the city ports to which the steamers, bringing it to London, may be ultimately bound for final discharge or to load with outward cargoes. The tea-market —one of many such—is fixed in London, with all its little army of tasters, blenders, dealers. Because London is a market, it is the centre of the country's coastwise shipping. Being also the great centre of sea-trade which it is, the port is an ocean Clapham Junction for all the world, fleets of short-voyage steamers being constantly engaged in the transfer of the city's imports to continental ports, while continental wares are sent to London for transhipment far and wide. Still, London's trade is more especially in its imports.

Liverpool, a giant amongst the world's great ports, is running London hard: but, indeed, for the modern creation of an ocean port at inland Manchester with consequent great trade diversion, Liverpool would by this time, in the value of her trade, easily have gone ahead of London. London's total trade is, roundly, on the 1912 figures, 383 millions; Liverpool's 373 millions; Manchester's 56 millions. Manchester, Southampton and Glasgow are keen rivals for the rank of fourth port on the Kingdom's list, with Hull an easy third. Hull's trade is 80 millions, a wide gap separating Hull from London. Liverpool is, however, in the value of its trade, essentially a port for exports. Standing, so to say, with one foot in the sea and the other planted amongst the mills and works and factories of the Midlands, Liverpool is their conduit-pipe, with Manchester as a rival, for the raw materials which they need; but more especially is Liverpool, for their valuable products, a port of shipment.

Liverpool, as compared with London, Bristol, Hamburg and Antwerp, is a port of to-day. The discovery of America and the later demand for slaves for the plantations gave the port its opportunity, in successful rivalry with Bristol. Liverpool took the lead of all the ports in the Guinea and American trades, and both to protect such trades and as a speculative enterprise devoted its energies also to privateering, with no small distinction. No doubt the necessities of this enterprise resulted in the evolution of vessels built for speed; and keeping firm hold of the trades mentioned, the city's fortunes rose with their development and prosperity. To-day Liverpool is still the great port for the western world, while its magnificent ships are keen competitors wherever elsewhere freights are to be earned. With London the docks are but one of the incidents of the great metropolis. Liverpool is centred round its docks and shipping.

Glasgow owes itself to the optimistic doggedness and perseverance of its people, who by working incessantly at their small and insignificant river, dredging, embanking, blasting, straightening, and widening, eventually made it what it is to-day, the home and cradle of mighty vessels, with a universal renown for ships built on the Clyde, and with an ocean traffic which is the envy of older ports. Glasgow, like Liverpool, is in a favoured position amongst the great cargo ports—as compared, for example, with London—owing to the volume of her export trade; for a port which can supply an unladen ship with an outward cargo, instead of sending her away in ballast to seek elsewhere, is a port which appeals to owners.

The Ship and the Port

The remark that shipowners may for this or that reason look favourably on a port seems to call for a word of comment. The relation between the ship and the port is in fact apt to be misapprehended. We hear it said sometimes, for example, that if a port pursues or does not pursue a certain course, the ships will refuse to come to it—as if the trade of a port was due to the favour of the ships. This, of course, is not so. A ship is the blind instrument of trade: where trade calls her, there she

will go. The risks or dangers of a certain voyage, the inconveniences or expenses of a certain port are, in a sense, quite immaterial to the ship. Her business is to go wherever she is wanted, without regard to disadvantages—so long as these be paid for. Broadly stated, it is all a question of rate of freight. A shipowner knows or is supposed to know what are the drawbacks of the contract offered to him, and he charges a rate of freight which will protect himself. Whatever the dangers or drawbacks of a voyage or enterprise, they can all be calculated in pounds, shillings and pence, and a rate of freight quoted which will cover them. Consequently the disadvantages of a port will never drive ships away and so bring ruin on the port, as was freely said in respect of the methods of the London dock companies in the angry controversies which raged a few years ago, and of which the ultimate outcome was the conversion of the company-owned docks into a public trust under the title of "The Port of London Authority." No doubt a shipowner who buys his knowledge of a port at the cost of a first experience is sometimes greatly chagrined; but he will know better next time and will arrange accordingly. Still, although a retrograde policy on the part of a port will never 'drive away' the ships, the result of such a policy may none the less react upon the port. For things are cut very fine nowadays in trade; alternative routes are being more and more provided for inland manufacturers; and an additional half-crown on the freight to or from port A may result in diversion of a manufacturer's traffic to port B, better managed.

The Battles of the Ports

With ports, as with most things else in this world, it is a question of the survival of the fittest. But whereas, with most things else, the struggle can be fought out *inter se* without the unlooked-for birth and competition of new rivals, this is not so with the ports. For any day it may dawn upon the uneasy consciousness of this or that competitor in the general struggle that dangerous new conditions are arising; that some ancient and almost forgotten port is being stirred in its sleep by the

railway whistle, or that the situation, depth or convenience of some natural harbour is appealing to some great railway enterprise as a possible meeting-point between the traffic of the seas and the company's iron road.

Ports vary, of course, in the nature of their employment. London, for example, is chiefly a port of imports; Liverpool, of exports; Glasgow, two-thirds exports; Cardiff, in weight, mainly exports—coal; Southampton, essentially a port of call for passenger steamers, but with a growing goods traffic, her exports largely from the Midlands. Then there are the Channel and other near-by coastal ports, which are essentially supply-pipes for London's mighty market. These latter ports, like Southampton, are practically parts of a railway system, the object of every railway company being to secure a share of the ocean transport for its own rolling-stock. Southampton affords a notable instance of railway enterprise, while the great new port of Immingham on the south bank of the Humber, a few miles above Grimsby, is a splendid testimony to the enterprise of the Great Central Company. Immingham is primarily for coal shipment, but the possibilities of the port are very great, and disquieting to Hull across the river, a few miles higher up. Then of late years, in competition with Liverpool and with Southampton its great passenger rival, Holyhead and Fishguard have become calling-ports for Atlantic liners. The railway companies' thirst for ports is gradually restoring to various ancient ports the trade of their hinterlands, captured long ago by London. The battles of the ports are, indeed, commonly only another name for the rivalries of the railways. Between the coastal steamers and the rails, too, the rivalry is increasing, since each port added to some railway system means keener competition for and with the coastal carriers. Port authorities, spurred on by the possibilities offered by direct rail connexion with great industrial centres, pour money into the deepening of harbour channels and spread it on extending quays, while mile upon mile is added by the railway company to the sidings at the growing port. Thus many a port is seeing a revival of its ancient glories. The continental ports too, with the birth of their national industries, have cast off their swaddling clothes and

now trade direct, in ships British or their own, with far distant ports for which London was once accepted as the ocean Clapham Junction. The result is that many a ship which formerly brought her cargo to the Thames for our own manufactories as well as for transhipment to the Continent, now sails past London for a port on the north-east coast or for the Continent. The great continental ports, indeed, to some extent are now serving for our British merchants and manufacturers the part which for long London played, and still is playing, for traders on the Continent. But what matter to London? Populatio .t or near the port in itself goes far to make the greatness of a port; and any loss of trade to London owing to the creation of new or the development of old ports is more than made good by the always growing demands of London's own population and those of the many and growing cities within the area of its supply. More and more, too, the great metropolis is becoming, under the influence of electric power and internal combustion engines, a centre for the industries. Who can have travelled for the last decade on the railways serving London without remarking how steadily these lines, outside the city's area—and rates—are being fringed with manufactories? The city's ocean trade may well increase! And if population is an important factor in the making of a port, what may not be the future of our ports? In 1821 the population of the British Isles was 21 millions. To-day, in 1914, it is 45 millions. Why, some day, should it not be doubled again or quadrupled? Moreover, every new worker is a new cog in the nation's industrial machinery, a new source of the nation's trade and wealth and strength—if only the nation can be sure of markets for its output.

Ports and the Passenger Factor

Once, ocean passengers were few. The world's population was small, and inland communications were scant and costly: the port of arrival was the end of the voyage. Now, it is often but the beginning of the voyage: the end of the sea-voyage, the beginning of the travel. For steam, with its magic wand, has linked up countless cities to the arrival port: ancient and

entrancing cities in the East, new centres of trade and population in the West. The throb and shake of great manufacturing cities have caused the skies to rain money. The peoples have become wealthy, and with wealth have come education and the desire to travel. Once, ocean passengers were few. They travelled in the cargo ship because there was no other, and they sailed to cargo ports because there were no other. They were tolerated, not catered for, and were tied to cargo's heavy wheels. With the altered world-conditions their number steadily increased. Enterprising shipowners awoke to the fact that, just as literature makes readers, so do facilities for travel make travellers. Nothing was too good for passengers who would pay for it, and great steam lines set to work in rivalry for passengers. These were no longer tied to cargo's wheel, but huge, steam-propelled hotels were put upon the seas for passengers, and for such privileged cargo as could afford to travel with them. The ocean passenger found his feet—his hundreds of thousands of feet—and began to take stock. "Why," he murmured to himself, "if I am in Berlin or Paris or London and want to go to the New World, should I be compelled to go by train all the way to Liverpool, only to come south again by steamer? Or why should I, homeward bound, be taken out of my way to Liverpool only to be brought down again by rail?" The great White Star Company caught the murmur and, warmly applauded and assisted by the South-Western Railway, brought their steamers to Southampton. The Great Western Railway saw no reason why a rival line should have a monopoly, and set to work to adapt Fishguard to uses similar. Holyhead, on the North-Western line, too, was stirred to action. On the Continent the same influences were at work. Cherbourg, Havre and Bremen, assisted by the railways, laid themselves out to attract the ocean passengers, and presently travellers had a wide choice of ports of sailing or arrival, the interests of cargo taking second place. Still, the entire space of a ship cannot be occupied by human cargo, and for valuable goods which could afford to pay for such advantages, the speed and regularity of the passenger liner found great attractions. Consequently an increasing amount of cargo of this special class began to find its way to the passenger ports, greatly to their advantage and that of the

railways linked to them. But cargo cannot be all at once shipped or landed at a new port without first being taken from an old one—any more, for that matter, than ocean travellers to or from a port can change their route without prejudice to some other railway system. Moreover, the great ocean steamers carrying many passengers and some cargo are more or less central suns, having coastal or short-voyage steamers as their satellites; and a port cannot lose the big steamers without losing some of the steamers which fetch from and carry to them. And to a port which has spent vast sums in developments, a loss of tonnage-dues must be disquieting. The port struggles for the ocean passenger traffic are a modern development of which the effects, so constantly progressive, are by no means without interest.

Port Authorities and their Income

And by whom are our various ports controlled; or who, to use the common parlance, owns them? London, until a few years ago, was under a divided authority, the docks being privately owned—that is, the property of public companies—the river being looked after by the Thames Conservancy and the Trinity House. In 1909, the docks were taken over by a newly constituted body entitled "The Port of London Authority," to which also were transferred the duties devolving upon the Thames Conservancy in the Lower Thames. The port had got, or was in imminent danger of getting, into a bad way owing to the financial predicament of the dock companies through altered conditions for which the companies were in no way responsible. The only way to make and keep the port up to date was by the granting of statutory powers which Parliament thought it unwise to confer on private companies. The companies were therefore 'bought out' just as the Water Companies had been, and their property and the navigable channel were handed over to the new Authority, with the necessary powers to levy tolls on goods. The members of the Authority are unpaid, except in the case of Chairmen of Committees. The Committee are partially nominated by the Board of Trade and partly elected by the payers of port dues: shipowners, lightermen, wharfingers and so on. The

Authority's income is mainly derived from tolls on imported and exported goods, other than transhipped goods, and from tonnage dues on shipping. The income is devoted to port improvements. This has long been the situation as regards Liverpool, which is similarly controlled by the Mersey Docks and Harbour Board; so that practically the two great ports are now controlled by Public Trusts.

Then, some of the ports are municipal—Bristol, as the rate-payers are well aware, a notable example. It may be a matter of legitimate pride to a municipality to own its own docks, but whether, speaking broadly and without reference to any particular port, the folk who ordinarily constitute a Borough Council are the best qualified to manage a port and its docks, is another question altogether. The party for economy may succeed in getting the port starved to-day, only to involve a huge and belated expenditure at some future time; or the party for improvement may decide on a heavy expenditure out of the rates without, possibly, fully understanding the economics of port history.

Then come the railway-owned ports—Southampton and Immingham, examples out of many. The main if not the sole object of the railway companies is to get employment for their rolling-stock. The better constructed and the better maintained their port the greater will be its contribution to their railway system. Consequently, no money is likely to be spared to make and keep the port effective. Dock rates and dues will be kept low, because it is not so much, if at all, the object of the company to make money out of the port facilities as to make the port attractive and so to secure the goods traffic, and perhaps the passenger traffic, attaching to its use. A railway-owned port is thus very much on the footing of the continental port, which may be constructed and owned either by the state or by the city, or by the two conjointly. On the Continent they regard a port as a gateway for the country's trade, and the wider open the gate, and the smoother the road, the greater, they consider, will be the trade-gain to the country.

Dock Management

As regards the system of management, this will no doubt vary more or less, but probably under the governing body, whatever it may be, will be the manager and one or more superintendents and resident engineers. Then after them come the warehouse-keepers who have to engage labour and to try to keep clear of strikes. Then the foremen, the dockmasters and the dock-police. The bonded warehouses, which are said to be "under the King's lock", are in charge of Customs officers.

Then as regards the equipment, there will of course be the railway lines and waggon roads and the cranes, these running on their own rails along the quays, or also, as notably at Liverpool, on the transit-buildings' roofs. Unless the cargo is of a homogeneous kind, the property of a single consignee, it will probably have to be discharged into transit-sheds for sorting to marks and for customs inspection. If a "bulk" or homogeneous cargo, as, for example, seed or grain or cotton, it may go direct into the railway trucks, or, if the port be a barge port, direct into barges alongside. Grain cargoes in bulk are discharged by series of small bucket dredges or by dredges on the "sand-sucker"—or "vacuum cleaner"—system, the discharge on to endless bands or by exhaust pipes into silos or elevators being a matter of extraordinary rapidity. Miscellaneous cargoes have to go first into the transit-sheds for inspection and sorting, as stated, prior to delivery to waggon, truck, or barge. If to be warehoused, the warehouses may be within the dock or elsewhere. In London, the bulk of the import cargoes, four-fifths of them, now find their way by barge to one of the riverside wharves.

When the London docks were built, pretty nearly everything paid duty, and practically the whole dock area, with its fortress walls or its palisades and ditches, was under the King's lock. With the abolition of duties the private wharves came into active competition with the dock warehouses, and this it was which eventually brought upon the dock companies the financial predicament already mentioned.

The dock transit-sheds are of very large floor-area. Originally the idea was "one ship, one shed", but with the extraordinary

increase in the size of ships, "one ship, three sheds" has become nearer the mark. In the case of vessels loading outwards on the berth, the sheds are marked off for each port to be taken on the voyage—as, Perth, Adelaide, Melbourne, Sydney, Brisbane, Auckland, etc. Each package as it comes in is then marked with a dab of paint of a distinctive colour, and all the greens, say, are trucked off to the Perth division, the reds to Adelaide, and so on, each colour being then stowed in its own part of the ship as shown on the vessel's stowage-plan.

Then, if the docks be some way from the business centre of the city, up-town warehouses will be provided—in London, at Houndsditch and so on, with frozen meat stores at West Smithfield in addition to the docks' own refrigerated stores.

Further, there may be up-town railway depôts, at which export goods are delivered for or from the docks instead of being sent by road or river. The burden of fire insurance on the dock property is very heavy, and the fire companies' inspectors are continually visiting the sheds and warehouses to see that the utmost precautions are taken against the outbreak or spread of fire. Their recommendations, however inconvenient, are sure of prompt attention.

Port Systems

Whenever new proposals are made for port extensions or further "dock" accommodation, there is pretty sure to be an ill-informed clamour for the introduction or adoption of some system of proved success elsewhere. But ports vary greatly in all their circumstances, and as a general rule each port has successfully evolved the particular system or systems best suited to its own requirements. Now there are three separate and distinct port systems over and above the simple one of mooring a vessel in the stream or harbour for overside discharge; and these three systems are

Closed Docks,
Open or Tidal Docks,
Open Quays or Jetties.

Sometimes a single one of these systems may be adopted, sometimes several of them in conjunction.

Closed Docks

The object of this system is of course to impound the tidal water at high-tide level. The greater the rise and fall of the tide, the greater the probability of adoption of the closed dock system. London, Liverpool and Bremerhafen are notable illustrations. Then at Antwerp, where the rise and fall are considerable, but less than at London, the closed dock system and the open (river) quay system go hand in hand.

Closed docks are excavated, in the dry, to the depth required for the loaded ships which are to be accommodated, and are cut off from the tidal waters by a lock, with a lock-cut at such length as may be required by the circumstances. The lock-cut and the lock will be sunk to the level of the bottom of the navigable channel. Let us assume (disregarding safety margins) that the ship requires a floatage of 30 ft., that the high-tide depth of the navigable channel is 30 ft. and its low-tide depth 18 ft. If a ship comes up just on the top of high-water the river surface and the dock surface will be, clearly, at one and the same level. The lock gates and dock gates can then be left wide open and the ship can come in "on the level", though probably this will not very often happen. But say that a vessel drawing (still disregarding safety margins) 24 ft. comes up at half-tide. There will then be 24 ft. in the navigable channel, the surface of which will consequently be 6 ft. below the dock level. The ship will then enter the lock, the outer gates will be closed behind her, and the lock will be filled to the dock level by opening the dock sluices. When the lock is full to the dock level, the dock gates will be opened and the ship will be hauled in—the common and well-known process. For a vessel coming out the process will of course be reversed. Once in dock the vessel will, except as she discharges or takes in cargo, be always at one and the same level, and out of danger of storms and tides and of collisions, of which last, in a foggy river, the possibility is not to be ignored. Moreover, she need not fear finding herself on the ground owing

to the operation of some abnormal tide; and tides, at times, are guilty of vagaries quite unaccountable. And, to the owner of a huge modern vessel, the idea of his costly and, in a certain sense, fragile property sitting on the ground would turn him cold. Ordinarily, of course, the navigable channel and the dock will be at a depth which will allow the lock to be used for several hours both before and after the tide is at its highest. When a port is situated up a river the new docks for the always growing ships are excavated further and further down the river —which, however, is itself always being dredged deeper—in order that at the greater depths there may be less necessity for waiting for the tide: and the fact that his costly vessel has been kept waiting for a few hours more or less makes the modern owner warm with indignation. Now here it may be remarked that, whether closed docks, tidal docks or open quays are concerned, it is all one so far as regards the process of getting to them: in each case there must be depth in the navigable channel before the ship can reach them. When the Port of London controversy was raging there was much abuse of what was described as London's antiquated closed dock system. With open quays, as at Antwerp or Hamburg, it was pleaded, ships could "arrive or leave at any state of the tide." So of course they could if they drew no more water than the low-water depth of the navigable channel: but then at Antwerp and at Hamburg this is in fact far from being the case. Again, these open-quay advocates would have trailed the ships in single file along river quays from the Albert Dock or thereabouts, towards Gravesend, ignoring the great rule or law of sound port economics that ship and warehouse, waggon-yard and railway depôt should all be brought as close as possible to the traders' doors.

Another thing they ignored. They would *not*, they objected, when the facts were pointed out to them, trail the ships to Gravesend, because the quays could be provided on both sides of the river: but here again they went wrong. For it is rather a striking fact that the traders of a port will by no means assent to any port scheme which will place a river between them and their ships and cargoes. These have got to be on the trading side of the river, even if this puts the docks a long way down.

And so we see at London, the great docks (with one exception) all on the north or trading side of the river, the Royal Albert Dock some 6 or 7 miles, by road, from London Bridge. But the Port Authority, to avoid further decentralisation, are not building their great new dock still further down, but interposing it between the river and the Albert Dock. The exception referred to is that of the Surrey Commercial System, primarily, however, a timber dock. And so, again, at Antwerp, the city is building, simultaneously, new closed docks and open quays at great cost of site acquirement on the city side of the Scheldt, while cows graze opposite, across the river.

Open or Tidal Docks

At Glasgow, Hamburg and Copenhagen and elsewhere, the shipping accommodation is in tidal docks. The docks are or can be, as in the case of closed docks, excavated "in the dry", and finally a lockless entrance is given to the navigable channel. As however, the bottom of the docks must be deep enough to keep the vessels off the ground at low water, the open docks have to be dug to an adequate depth. Whether closed docks or open docks are in question, the getting rid of the "spoil" excavated is a serious item in the expense. In the case of London's new dock, it has to be taken well out to sea in great shutter-bottom barges and there dropped. An economical method was discovered in the case of one of London's early docks; they barged the "spoil" on the tide up-river and spread it over the flat lands as a site for the squares and terraces of future Pimlico.

The mud-difficulty is always more or less present with excavated docks—seriously more when, as in the case of the Thames or Scheldt, the water is heavily earth-charged. The cost of dredging the London docks and carrying the mud to sea is an important item. Tidal docks, excavated, as they are, below the river bottom, must needs be catch-pits. On the other hand they escape the cost of "pumping up." Every time a closed dock's gates are opened below high-water level there is a loss of water, and this loss has to be made good by pumping in from the river. Where, as in the case, for example, of Amsterdam, the surface of the dock is below high-water mark

outside, then the opening of the gates lets water not out but in, and to keep the dock water at its proper level "pumping down" has to be resorted to.

Open Quays or Jetties

Jetties we find mostly at sheltered ports where the rise of tide is inconsiderable. Open quays may also be at such ports, and they are common as commercial river fronts to inland cities. Antwerp affords a notable example. The river bottom along the quay front has of course to be dredged out so as to provide floatage for the ships at all states of the tide, so that necessarily this involves a quay wall of great height. It has to go down deep into the ground on account of under-scour, and must be not only high enough to guard against the overflow of an abnormal tide, but must go deep enough, over and above precautions against under-scour, to provide floatage at a tide abnormally low. Then, since at low tide there will be little water to countervail the lateral thrust of the earth, with the weight of rails and cranes and goods upon it, the wall has to be of corresponding solidity. And the work cannot be done "in the dry" but must be carried out by divers or behind caissons. This makes the provision of open quays in tidal waters an extremely costly undertaking, especially when deep-draught vessels are in question. The expensive work of lock construction and of carrying away vast quantities of "spoil" is of course avoided, but this is a saving which does not go far against the costliness of the system. And sometimes when all is finished, a length of frontage, cranes and all, may slip in bodily, and the work may have to be done all over again—as Antwerp very well knows.

Land Ports and Water Ports

Perhaps we should rather say Railway Ports and Barge Ports. Liverpool is purely a railway port: the river is too exposed for the use of barges. At Glasgow, too, barges are comparatively unknown. Antwerp and Hamburg, on navigable rivers reaching far into the interior, are essentially mixed ports. The huge barges, some of them carrying as much as two or three thousand

tons, to be seen at these ports, are a revelation of the possibilities of inland water transport. Hull, the centre of a network of water systems, is largely a barge port, the barges or "keels" being however of very small tonnage. They are in cons ant rivalry with the railways for the traffic of the Midlands.

London is peculiarly a barge port: it was a barge port from times remote. These river barges or lighters are, however, almost entirely for local traffic. Most of them are perhaps of 80 to 150 tons, too big for canal locks, and some of them are considerably larger. The canal barge or "monkey boat" ordinarily carries some 25 tons or thereabouts. In the port of London there are said to be some 11,000 river barges, and when we remember that about four-fifths of the goods which are put on board or discharged from the ships in dock are conveyed to or from them by means of barges we can understand this number. For some distance below London Bridge, and for some distance above it on the south side, the river is overlooked by wharves, at or off some of which, below bridge, small steamers lie afloat or on the ground; at others, barges. The wharves are in keen competition with the docks for the warehousing and "management" of goods. London is, in fact, pre-eminently a city of wharves or riverside warehouses, and the Thames is the highway for their barges. Barge transport is the essence of the port, the docks using barges to transfer goods from dock to dock and the railway companies, with their waterside depôts, similarly relying on barges. When the railways came, the land near the trading portion of the river was already taken up by valuable premises, and adequate sidings near the river would have been too costly to provide. Moreover, London was already a barge port, and the railways had no mind to compete with the cheapness of water transport. Persons visiting London's trading and shipping centre, after seeing the miles of railway sidings necessary at other ports, might think, as many have thought and publicly declared, that London's port accommodation is, in the matter of its railways, hopelessly inadequate. This, however, is the answer: London is a barge port. Not but what the city might be better off, no doubt, for improved railway facilities, if the railways could afford to pay the price for them.

Barge Canals: British and Continental

Before the railways came, canals were our modern and up-to-date, and at that time more or less effective, means of inland transport. They had cost much to make and their maintenance was no doubt considerable: so that they were probably not particularly cheap. Then came the railways, tapping their source of goods' supply, and performing in a few hours what would have taken the two-miles-an-hour barges days or weeks. Some of the canals the railways bought up, others they succeeded in "blanketing." And now, except for some northern systems and for bulky stuff of no great value, barge traffic is practically dead. Not long ago a considerable agitation was raised upon the subject, and a Royal Commission was appointed to report on it. How far the agitation was disinterested and unprejudiced, and how far it may have been aimed at a reduction of railway rates, cannot be said, but the Royal Commission in due course made its report. A Royal Commission is a well-understood political method of stopping an agitation which grows inconveniently in strength. The report may justify the agitation, as it did in the case of the Royal Commission on Food Supplies (p. 216): or it may not. This seems immaterial, for, in any case, by the time the report is issued, people are apt to have forgotten what it was all about; and whether the Commission recommend anything or not, the report, after a brief, casual discussion, is ordinarily pigeon-holed and lost sight of. Which is not far from what has happened to the canal report: and, in the writer's own opinion, no great loss.

As, for purposes of ocean transport, a port is not so much a terminus as a stepping-stone between land and water transport —the beginning or end of an ocean ferry—clearly the efficiency of the land transport systems is one of the first importance to the traders. And if, as is certainly the case, inland water transport is highly beneficial to German and other Continental industries and communities, why, it is often asked, do we in England now neglect the corresponding canal facilities made available to us at great outlay in the past? The reasons are numerous and, as it seems, sufficient.

First of all, we are a narrow country with the sea on every side. Our manufacturing centres can get their raw materials from, and send their output to, an alternative of ports, on either coast, in a few hours by rail. And nowadays in commerce, expedition rules the day, and time is money. Compare Germany: look at the map. A huge land-locked country with far-reaching hinterlands, with only one coast-line, which, for many of the industrial cities, is a great way off. All the more reason, it may be said, for their using the railway truck and not the slow-going, even if tug-drawn, barge. Certainly, all the more reason; but then Germany's railway system, in point of mileage and extent, is not to be compared with ours. Her railways could not do the work.

Then there is another geographical reason: Germany has got what we have not got, far-reaching navigable rivers—navigable, that is to say, to huge barges such as in our country are undreamed of. And size, in the matter of water transport, means cheapness. And the German canals exist essentially because of the rivers, which are mainly, if not entirely, free of tolls. The canals are largely connecting links between great water-systems. How can we hope to do, without the rivers, what for German canals is rendered possible by the rivers? But, after all, have we not, in effect, already got the canals? So far as they consist in an alternative to railway transport, certainly we have. We are like the proverbial Australian cherry, which has its stone outside. Our canals are outside, round the coast, with our great and fast steam barges, the coastal steamers, picking up cargo here, dropping it there, at every coastal town, pressing on the railways everywhere. With Coastwise Traffic we have yet to deal.

Again, a reason none the less effective because it is practical rather than geographical, Germany's great industrial awakening took the means of transport as it found them. A man having a factory to build, built it on a river or canal, long known as an excellent means of transport. The man at the other end, who had to receive and forward the output of such factories, naturally built his premises on the water, too. We, with our many scores of competing railways, and without the rivers, went the

other way to work. We built our factories and our receiving stores where their overhead cranes could drop into railway trucks beneath; or on a private siding connected with the railway system. Even if expedition did not now count, and time were not money, would our manufacturers and warehousemen to-day be willing to incur the cost and risks of double handling to get their goods on board or from a barge 100 yards or five miles from their premises? It stands to reason that they would not. In the days before the railways our canals and locks were not always of the same gauge, involving at certain points transhipment, double handling; an abomination to the merchants. With things cut as fine as they are to-day, double handling might easily be fatal to a trade competing with a rivalry under no such disadvantage. And in winter-time the canals might be closed or impeded by ice, and in summer possibly by want of water. That this is not a purely imaginary danger may be gathered from a statement in the shipping Press during a very hot summer in recent times. "The drought in Germany," it was observed, "has practically closed the canals and water-ways. Shipments to that country have either been sent round by Stettin, or have been suspended altogether." And ice obstruction must needs be an annual possibility. And although it is true that we have got the canals, ours, compared with those in Germany, are under serious disadvantage. England is a land of many levels, while in Germany there is plenty of flat land for canals. It was stated the other day that between Hamburg and Berlin, 285 miles, only three locks exist. On the canal systems between London and Liverpool, the locks are said to range from 190 in number to between 200 and 300, all adding to delay and cost of working. Germany is well supplied with rivers and not well supplied with rails. We are well supplied with railways and are practically riverless. And in Germany it is largely the rivers which need the canals as connecting links.

How then, it may be asked, about Holland? But the position of Holland is unique. An ancient writer gave it as his view that the Netherlands were the joint product of the Rhine, which brought down mud, and the N.W. wind, which raised up great sand dunes as sea walls and carried their surface continually inland. The

Dutchman's version is that God made the sea and man made the land; and in his case there is a good deal to be said for the view. The country has now before it a colossal scheme of reclamation of the Zuyder Zee. The Rhine carries down soil from Switzerland and the Dutchman plants his tulips in it. It is good for tulips, but not for making roads. It never lent itself to road-making any more than it supplied the needful "metal." The ingenious Hollander therefore made his roads of water and his farm-carts boats. And as his reclaimed lands were ever in need of draining, he made his roads his drains. Those who advocate increased use of canals in England must therefore, it would seem, leave Holland out of the argument.

Navigable Channels and the Tides

The navigable channels to river ports, however ancient the port, are, in effect, of more or less modern creation. When in old times banks and shallows formed themselves, as form they will in every river, primitive methods of dredging were adopted for their lessening or removal; but probably the early dredging of the Thames near London owed most to the fleets of Newcastle colliers, which had to get ballast for their return voyage somehow, and scooped up gravel from the river's bed as the easiest and cheapest means of doing so. A certain amount of dredging, too, was carried on for sale of the gravel. But of all the methods of river deepening perhaps the most wholesale and effective is the erection of training walls along the banks. This was done, as we know, in early days with Father Thames in order to steal from him his saltings and tidal marshes and turn them into grazing land. The force of the tide or current, instead of being dissipated by the flooding of the land, is employed by means of controlling earth walls, in cutting the river deeper; and very effectually it does its work. The forces of nature are, in fact, used to overcome nature's obstruction. When in the 'sixties the Thames Embankment was created, the sloping banks which the river covered when his tide was up were taken from him. He had to put his overplus somewhere, so when the tide was abnormally high he poured it through the stone balusters of the

Embankment and over the roadway. The consequence was that all the balusters had to be removed and the wall made solid.

But in these days of great "long-legged" ships continually growing bigger, the tide cannot be left to do its own work, and dredgers of immense power have to be put upon the job—bucket dredgers which scoop out about a cartload at each successive bite—sand-suckers which draw the bottom through their mighty gullets and deposit it on board or in a hopper alongside. The bucket dredgers nowadays have their chain or ladder of buckets adjustable, so that it can be equally directed either vertically to a great depth beneath the vessel, or forward almost level with her bottom, in which position the vessel can eat her own way into the land, making her own floatage as she goes. Modern engineering and shipbuilding science have done wonders for port development.

But no sooner has an extra half-foot of depth been given, at great outlay, to a navigable channel than a ship bigger than the last comes up with a heavy cargo, and her successful example soon finds imitators. Then, once more, complaints begin that the river is not deep enough, and traders who have learnt that deep ships mean cheap ships clamour at the supineness of the port authorities; and further deepening has reluctantly to be decided on. And to dredge away a shallow patch in one place is not seldom to create another somewhere else. The ways of a river are mysterious and past finding out. Thus in the Scheldt not long ago a powerful dredger—or was it two dredgers?—after working for some time at a bank with no result was taken off in despair: and forthwith the river swept the bank away *proprio motu*. Every brooklet, stream and river is more or less charged with rain-washed soil, all to find its way to the river's mouth, and any alteration or obstruction which sets up a swirl piles up foot upon foot of sand or mud. And if one of these banks escapes notice until some deep ship touches on it, great will be the outcry. But dredging in a narrow river with premises on the banks has to be cautiously undertaken, or the consequences to the premises may be grave.

The great value of their capital at stake and the heavy working costs make shipowners impatient of delay; and if their

vessel arrives at the river's mouth at low water and has to wait not merely for half-tide but for full tide, or close upon it, before proceeding to the docks, it is bad for the reputation of the port. How many feet of difference there may be between high and low tide will of course depend on the locality, as well as, of course, upon whether the tide is spring or neap. It is a spring tide when it rises or "springs" highest and sinks lowest: a neap or "nip" tide when its rise and fall is least. We speak of a "nip" as distinguished from a full draught; or a "nip" as distinguished from a grasp; and so of a neap or nip tide as distinguished from a spring or full tide.

The tides are due to the conjoint influence of the moon and sun, the vaster bulk of the sun, as an attracting force, being, however, much less in its effect than that of the moon, which is comparatively close to us. The solid earth is but little if at all affected by this attraction, but the more mobile waters strongly show the influence. Not those, however, of more or less land-locked seas of small area such as the Baltic and the Mediterranean; and in such seas there is, in fact, but little tide, though doubtless at the end of long bays it will be evident. A wide and deep ocean is needed to show the full effect.

As the earth travels through space and revolves upon its axis it is continually presenting a fresh surface to the influence of the moon. This attraction is greatest at new moon and at full moon, when the sun and the moon are aligned, and it is their joint operation which draws the water highest. We then get the "spring" tides, when the water "springs" or leaps the highest, and, conversely, when it falls the lowest. When these two great bodies are, so to say, more or less at right angles to one another —when the moon is in the quarters—the water does not respond so freely. The tides neither rise so high nor fall so low: they are scanty or "neap." Each fortnight we get a spring and each fortnight a neap tide.

The difference of range between springs and neaps varies according to the locality. At one place the spring tides may rise a couple of feet higher and fall a couple of feet lower than neaps, at another the difference may be four or five times as much. For example:

	ft.		ft.			ft.
Gravesend	18½	H. W. S.	15	H. W. N.	Difference	3½
Liverpool	27½	„	20¼	„	„	7¼
Glasgow	11¼	„	9¼	„	„	2

At the Equinoxes, about the end of March and September, the tidal range is at its greatest; but we sometimes also get abnormal tides. Barometrical pressure comes into it, and especially the winds. And when a river is in question, flood water coming down heavily and a strong wind piling up the incoming tide against it, then we get the towpath under water. But the depths shown on the Admiralty tables are the mean or ordinary low water depths, so that at a particular place a tide may on occasion differ perhaps a couple of feet from the almanac depth. A strong wind has been known to make at London Bridge a difference of 5 ft. A vessel, therefore, of which the draught does not leave much water under her keel at the almanac depth of a channel has to be on guard against an abnormally low tide. It is a remarkable circumstance that at Southampton and at Havre there is what is known as a double high tide, greatly to the advantage of the big ships, and at Portland a double low tide. This is or has been supposed to be attributable to the set of the waters round the Isle of Wight. It is, however, a difficult problem.

Viewing the subject of the tides generally, it may be observed that the range of the tide is especially great in narrow seas where the drawing together of the shores contracts the tidal energy into a restricted space. As the tide comes in, and the tide-way narrows, the water is, so to say, piled up on itself. To-day the tide at London Bridge rises about 20 ft. In the remote days, before the construction of the great training walls, it spread itself out over the Kent and Essex flats, where there was plenty of room for it without crowding. But now, pouring in through the wide estuary of the Thames, irresistibly impelled onwards by the mighty force behind it, and contained by the great earth parapets, it is piled up and up, with the result that, in places, the grazing land behind the walls is said to be 10 ft. below the river surface. And the great ships, coming up or down on the

raised surface of the river, seem from the railway to be standing high above the land.

And if we can imagine the ancient earth-works pushed further forward, we should get, presumably, a tide still higher. At the head of the Bristol Channel, which opens wide from the sea and is contracted rapidly, there is, with an excessive spring tide, according to Lloyd's Calendar, a range of approximately 60 ft. In the Thames the effect of the contraction is easily remarked. Thus, in round figures, a 14½ ft. rise at Southend, nearly on the sea, becomes 18½ ft. at Gravesend, and 20 ft. at London Bridge. Then it begins to tail off till checked by the half-tide dam at Richmond. Anciently it rose to Teddington—said to have been "Tide-ington"—though some think that the tide reached higher.

Sometimes, by reason of excessive draught, a vessel can get up to a dock only on high-water springs ; or she may get aground at high-water springs. Consequently there in the dock, or unless lightened of her cargo, on the ground, she must remain, past the high-water neaps, until high-water springs come round again. In such a condition she is said to be "neaped."

The subject of the tides and lunar attraction is, of course, highly technical and scientific, and the foregoing summary is offered with diffidence.

CHAPTER II

Ships: Ownership and Registration

Every British vessel of a "burden" not exceeding a small tonnage (15 or 30 tons, according to trade) has to be registered, that is, she has to be entered in the official Board of Trade register as a British vessel. This register has, of course, nothing whatever to do with Lloyd's Register, which is a different thing altogether. Lloyd's Register will be explained later. The Board of Trade register contains elaborate particulars of each vessel entered in it: name and port of registry; place and date of build; name and address of builders. Her internal construction is minutely tabulated, and all her various measurements, her engines and their builders, and the vessel's speed; her various tonnage measurements; and finally the shares of every owner, with their names and addresses. A parchment "Certificate of Registry", embodying such particulars as are necessary, is then supplied to the owner, or managing owner, signed by the Registrar of Shipping, and this certificate is carried on board the ship as evidence of her identity.

Every registered vessel has her official number. It thenceforth belongs to her only, and may never again be used for any other vessel. It has to be cut in on her main beam. Her name and port of registration must be painted on her stern, and her draught must be painted on her bow and stern. A vessel's registered port need not, however, be her home port, and we not infrequently see, in fact, a port of registration other than, for example, London, painted on a vessel's stern, when we should certainly have said that she was London owned. The explanation is generally understood to lie in the provisions of the Compulsory Pilotage law. Under this law, a ship properly and

necessarily carrying a compulsory pilot is not at present responsible if the pilot runs the vessel into and sinks, or damages, another vessel. But there is an important exception to this. As a ship is presumably well acquainted with her own home port, the law does not apply to a vessel—not then carrying passengers—which is navigating within the pilotage limits of her port of registration if this port be—for other vessels—one of compulsory pilotage. It is, of course, free to her to engage a pilot, but this does not make him a compulsory pilot. Consequently, though in such a case the pilot may cause damage to another vessel, the owners and not the pilot will be liable. To avoid this liability, as it is believed, ships are sometimes registered as of another port than that which is really their home port. A ship is, under the law, deemed to belong to the port at which she is registered. Then at her home port (as distinguished from her registered port) her pilot becomes compulsory, and he and not the owners will be responsible, but only up to his £100 bond and the fee he is earning. The Pilotage Act, 1913, however, provides in section 15 that on and after 1 January 1918, or earlier date if so determined, the owner or master of a vessel navigating under compulsory pilotage shall be answerable for any loss or damage caused by the vessel or by her faulty navigation in the same manner as if the pilotage were not compulsory. With the subject of collision liabilities generally we deal later.

Tonnage Measurement

This is a subject which gives rise to no little confusion and misunderstanding. Even in mercantile circles it is by no means always correctly apprehended. To begin with, there may be said to be three separate and distinct ways of assessing the "size" of a ship.

First comes displacement, which is essentially the naval standard. If a body be set afloat in a vessel absolutely full to the brim, the water which it will displace and cause to overflow will or should weigh exactly the same as the floating object which displaces it. Therefore, by inversion of ideas, the avoirdupois or scale weight of a ship is known as her displacement.

Displacement, then, is the weight of a ship if one can imagine her to be broken into pieces and the pieces put into the scale. The term is rarely used in mercantile circles. In the case of a ship of war, once launched and with her guns on board, her weight or displacement will remain constant. At any rate it will be varied only by her coals and by any change of armament, and the alteration so introduced will of course be readily ascertainable.

The weight of a merchant vessel, on the other hand, may be looked at from different points of view. When she is first launched she has on board neither cargo nor ballast. Her ballast weight will differ from her launching weight. Her loaded weight will differ from her ballast weight. Then, again, she may be loaded down to her "mark" with a heavy cargo of ore or rails, which does not nearly exhaust her internal capacity, or, on the other hand, her internal capacity may be fully exhausted by a cargo so light that it leaves her loadline well above the water. But as a ship has to carry her own weight as well as that of her cargo, the heavier she is herself the less cargo can she carry. Consequently, in ordering a ship of the builders, the prospective owners may well stipulate as to her maximum displacement.

In the case of the next standard, that of deadweight capacity or "lift", we are still dealing with weight. A vessel's deadweight capacity will depend—apart, of course, from her size—on her design and her internal space. The squarer her cross section the more will she be likely to carry.

Official Ton and Conventional Ton

With the third standard, from a mercantile point of view the most important of all, we get altogether away from weight and "lift" and come to measurement. This is the Board of Trade standard, and it governs all trading vessels. The Board does not concern itself at all with displacement or lift, at any rate in this connexion, and deals solely with internal measurement space, internal measurement in cubic feet. And for this purpose there has been adopted a purely arbitrary so-called "ton" which consists of 100 cubic feet. In days remote, the standard of a vessel's size was her capacity to stow casks of conventional "tuns" of wine.

The terms tun (capacity) and ton (avoirdupois) thus became convertible. And similarly freight was charged on the tun or ton, either cubic measurement, if the goods could be readily measured, or ton weight if, being in bags or bulk, measurement was difficult. But the weight or specific gravity of goods will of course govern the space which they will occupy. Wine will cube into 35 feet; coals, say, into 40 feet to 45 feet, according to the colliery (cf. clause 16 in charterparty, p. 78). At any rate, 40 cubic feet came to be adopted as the equivalent of a ton avoirdupois. A cubical case measuring about 3 ft. 6 in. each way represents a mercantile or freight ton of 40 cubic feet, and such a package is conventionally supposed to contain a ton weight avoirdupois. But if, for example, the contents should be, say, ostrich feathers, or an electrolier packed in shavings, the contents would weigh very much less; but still the case would represent a freight ton.

The conventional freight ton, then, being 40 cubic feet, how came the Board of Trade to adopt an arbitrary ton of 100 cubic feet? For one thing, the figure approximates to that of the 94 ft. which had long previously been in force; it has statistical advantages of its own and it differs so widely from the conventional ton that it may well have been thought that it would prevent confusion—which, however, it certainly has not done. But if the Board had adopted 40 cubic feet as its standard, still greater confusion would have been created, owing to the wide difference in the space required for, say, a ton of lead and a ton of ostrich feathers. At all events, the Board adopted 100 cubic feet as the official standard of ship measurement. Consequently the official ton represents, or is equivalent to, $2\frac{1}{2}$ conventional freight tons. And whereas the freight ton may equally imply either deadweight or cubic measurement, the official ton is a measure of cubical capacity alone.

The Official Board of Trade Measurement

The official ton, then, consisting of 100 cubic feet, on what basis, in the case of ship-capacity, is this measurement arrived at? Being purely a measure of internal capacity, it entirely disregards the potential "lift" of the ship and her ability to

carry cargo on deck, and applies solely to the permanently covered-in space. It is not necessary for us to go into the highly technical and minute rules for measurement laid down in the Merchant Shipping Act; we can content ourselves with the fact that the internal space has to be accurately ascertained in cubic feet and that the total number of feet is then divided by 100 to get the tons.

The first step in the process is to ascertain the total number of cubic feet under deck, the capacity, so to say, of the empty shell of the ship. This is known as the Under-Deck Tonnage. It will be seen printed, by the way, against each ship in Lloyd's Register, together with the two following measurements.

Gross Register Tonnage

The under-deck measurement having been ascertained, the cubic contents of the deck structures are measured, and these contents are added to the under-deck total. The cubic contents of the deck houses will of course vary according to circumstances, but for the sake of a figure we may put it, in the case of ordinary cargo steamers, at somewhere about 5 per cent. addition. The under-deck measurement plus that of the deck houses gives the vessel's Gross Tonnage. So that if, for example, the gross measurement should be 3000 tons (each of 100 cubic feet), then *prima facie* the vessel should be able to contain 7500 freight tons (measurement) each of 40 cubic feet. But this, of course, is impossible, because a considerable portion of her capacity has to be taken up by engine-room and crew and navigation space. Therefore yet a third measurement is made.

Net Register Tonnage

Officially, a vessel's "registered tonnage" means her *Net* Register Tonnage. In mercantile circles "tonnage" may mean either gross or net according to the expressed or implied context, but probably it will mean the gross. Here, obviously, is room for great confusion, and a column of figures headed simply "Tonnage" may mean either gross or net, a fact to be carefully borne in mind. Possibly the somewhat vague term "burthen"

or "burden" may be a further cause of confusion. Curiously enough, it is mentioned in the Act without any definition of its meaning—certain ships not exceeding 30 tons' "burden" need not be registered. In practice, the term is ordinarily taken to mean net register.

The Gross Tonnage, then, having been determined as above, it remains to ascertain the Net. This is done by measuring the cubic contents of the crew-and-navigation space and, more important, of the engine-space, and deducting their joint aggregate from the Gross. As a rough rule—there can obviously be no fixed rule—the deduction will be about one-third of the Gross. So that in the case supposed above, the Net Tonnage measurement of the 3000 ton vessel, gross measurement, would be 2000 tons of 100 cubic feet. And if, as before, we multiply this by $2\frac{1}{2}$ to get the freight tons ($40 \times 2\frac{1}{2} = 100$), then what we may term the cargo or freight capacity of the ship will be 5000 tons; and this will probably be the case, or not very far out. So that, roughly, to get at the probable cargo capacity of a freight ship we either add two-thirds to the Gross Register ($3000 + 2000 = 5000$) or multiply the Net by $2\frac{1}{2}$ ($2000 \times 2\frac{1}{2} = 5000$). Some ships will, however, carry double their Gross Register, some perhaps not 50 per cent. above their Gross; and there is also no fixed rule as to carriage potentiality of the Net.

Shelter Decks

If a ship is carrying a heavy cargo she may be down to her mark without being full. Conversely a light cargo may fill her chock-full without nearly exhausting her deadweight capacity. To provide for such a contingency ships are often built with some form or another of "shelter deck." This is a sort of super-imposed hold which has one or more tonnage openings in the deck: a super-deck structure. Not being "permanently closed in" it is outside the ship's register altogether, and is not included in the official measurement. If the ship has a heavy cargo, bringing her down to her mark, the shelter deck is left unoccupied. If, however, by reason of the lightness of her cargo she can carry more, perhaps a great deal more, then, if the cargo

be available, the shelter deck will be used. Consequently the possession of a form of shelter deck may materially affect the rough rules of calculation which have just been suggested. Under the head of Charters it was the other day remarked in the Press that a vessel which had secured a certain cotton charter had 160 ft. capacity to the net register ton—*i.e.* of 100 ft.,—which is certainly surprising.

The main object of the above ingenious device is this : ships engaged in the oversea trade pay tonnage or port dues on their Board of Trade net tonnage, and on any additional space actually occupied at the time with cargo. By means of the not-measured-in shelter deck a vessel is provided with additional or emergency space for light cargo, but as this space is not included in the registered tonnage it pays no dues when it is not occupied. The Suez Canal authorities, however, who have their own rules as regards measurement, decline to fall in with this. If, say they, the extra space has ever at any time been used to carry cargo in, then it must be assessed for Canal dues, whether at the time it is occupied or not.

Special Designs of Construction

Shipowners, in contracting for a new vessel, have two objects specially in view. For one thing, her displacement must be as little as possible in order that she may be able to carry more deadweight. Then, if possible, she must be so designed as to meet the object aimed at by the principle of the shelter deck ; and this principle can be applied in more ways than one.

If by saving, say, 50 tons in beams and stanchions and so forth a vessel's displacement can be reduced accordingly, then she acquires a permanent ability to carry a correspondingly increased weight of cargo with no addition to the cost of working. This effect is produced by novel forms of construction, of tubular or other design, in which the necessary strength, or possibly increased strength, is obtained, with reduced weight.

Deductions from the Gross Tonnage

One of the objects aimed at or obtained by fixing official measurements to vessels is to afford a basis for assessment of port or harbour or dock dues—tonnage dues. These, ordinarily, and subject to the statutory powers of local bodies or authorities, will be on the official, *i.e.* net register, tonnage. And if cargo be carried outside the measured-in space, then, in addition, dues will be levied on the space so occupied. But the engine-room space varies considerably with the nature or employment of the ship, an Atlantic greyhound, for example, with her very large engines, having a relatively small net register as compared with her gross. But she takes up none the less of the dock or harbour water, nor occupies any the less quay frontage. Take, for illustration, the case of the giant *Lusitania*. Let us place side by side her registered tonnages and what, approximately, these would be if she were an ordinary trader.

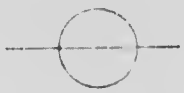
As registered				Tramp Basis
Gross	T. 30,822	. . . . .		30,822
Less	22,307	for Engine-room and crew-space, etc.	say	10,274
Net	8,515			20,548

So that, on the tramp basis, this great 30,000 ton vessel would pay no more tonnage dues than a tramp of (gross) 13,000 tons (13,000 less one-third = 8667). As the result of representations to Parliament a law has been passed of which the effect will be presently in every case to limit the maximum engine-space deduction to 55 per cent. of the space remaining after deduction of the crew and navigation space. If, purely at a guess, we call the crew and navigation space of the *Lusitania* 1822 tons, this will leave 29,000 tons on which the engine-room deduction is not to exceed 55 per cent. or say 16,000 tons, or total deduction say 17,822 tons as against the present 22,307 deduction.

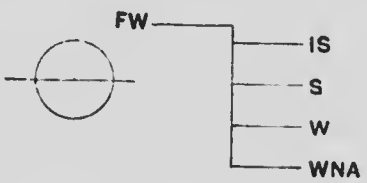
Freeboard: Loadline

It is now some forty years since the late Mr Samuel Plimsoll started his crusade on the subject of ships which, as he alleged, were sent to sea both overladen and over-insured. His statements were crude and exaggerated and for the most part would not stand the test of critical examination. They were, however, eminently calculated to appeal to the man in the street, and in fact they created extraordinary interest and indeed excitement throughout the country. Notwithstanding overstatements and appeals to the public conscience which were dramatic rather than well-founded he did, however, make out a case for special legislation. The hand of the Government was in fact forced; commissions or committees were appointed, and though it was declared to be impossible to lay down satisfactory rules as regards loadline, special enactments were passed to provide against overloading. As the result, however, of tentative rules evolved out of the experience of the skilled officials of Lloyd's Register, it was eventually found that the problem was by no means impossible of solution, and in course of time what from the outset was known as the "Plimsoll Mark" became compulsory on British vessels. The Board of Trade is empowered to fix a loadline on practically every trading vessel—all, in fact, but vessels of quite small tonnage—with power to delegate this duty to the Committee of Lloyd's Register or to other recognised classification bodies. Hence it comes about that above the Plimsoll mark may sometimes be seen painted the letters B.T., L.R., or B.C. or B.V., meaning that the loadline has been fixed by the Board of Trade, Lloyd's Register, the British Corporation, or the Bureau Veritas. The corresponding mark of foreign countries may bear letters indicating the national origin. Probably in the vast majority of cases the loadline is determined, on scientific principles and calculations, by Lloyd's Register, familiarly known as "The Book." As will be explained later, (the Society of) Lloyd's Register is a body entirely distinct from (the Corporation of) Lloyd's. The object of the loadline is to prevent the ship from being loaded to such a depth in the water as to leave her with an insufficient safety margin, this safety margin being termed

her "freeboard." Freeboard is "the height of the side of the ship above the waterline at the middle of her length, measured from the top of the deck at the side." Her loadline is the line which the water makes along the ship when she is immersed by her full cargo. Freeboard is the space between this line and the upper side of the deck. The loadline depends, of course, in each case on the build or design of the particular ship, and it is indicated by a painted disc and intersecting line known conjointly as the Plimsoll Mark. The mark has to be painted with white or yellow letters on a dark ground or with black letters on a light ground. Here is the Plimsoll disc:



The loadline is the line through the centre. But as the safety margin known as the freeboard may reasonably be less on a summer than on a winter voyage, or for voyages ordinarily smooth than for those notoriously stormy, the mark is made to some extent movable. If, for example, the cargo should be shipped up a river, in fresh water, the greater supporting power of the sea would add several inches to the freeboard: therefore a fresh-water (FW) loadline has to be fixed. When loaded to her fresh-water mark in summer all the other lines would be immersed until the vessel got into salt water. In salt water the line according to the season and her voyage would have to show. Next below the FW mark is the Indian Summer (IS) mark—the fine season between Suez and Singapore. Then the Summer (S) mark—April to September, both included. Then the Winter (W) mark—October to March, both included; and the Winter, North Atlantic (WNA) mark. So that the complete mark will appear thus:



Vessels, mainly liners, which are content, for all seasons, with the lowest mark, or possibly with a mark placed even lower, are

in practice allowed to dispense with the "gridiron" and to show simply the disc and line. The position of the disc and horizontal line has to be officially certified, with the following provision :—

> The managing owner or master shall forthwith, on the delivery to him or his agent of any such certificate as aforesaid, cause the same to be framed and put up in some conspicuous part of the ship so as to be visible to all persons on board the same, and shall cause it to be continued so put up so long as such certificate remains in force and such ship is in use.

Clearly, a heavy cargo such as rails or ore would sink the vessel down to her loadline and yet leave vacant stowage space. Without doubt it was mainly if not entirely due to Plimsoll's forcible, if by no means always accurate or justifiable statements, that the loadline system ever came to be adopted. He declared that this vacant stowage space or safety margin was, in the absence of legal prohibitions, apt to be more or less filled with cargo, with the result of dangerously deep immersion. Shipowners, he affirmed, sometimes resolved to load up to the utmost, and let the vessel, fully insured, take her chance. The Plimsoll mark on the ship's side now, in effect, determines the maximum weight of cargo which the ship shall carry on her particular voyage. If it is a heavy cargo the vessel will not be nearly full. If it be a very light cargo the hold may be crammed with stuff till not an inch of room remains and yet her Plimsoll mark may be well above the water. This is where the advantage of a form of shelter deck comes in to aid the owners (p. 38).

In the old sailing-ship days the question of stowage was of extreme importance. Ships were heavily masted and built with fine lines for speed. If the heavy cargo were all put at the bottom of the vessel and the light stuff all on top, the heavy rolling thus set up might jerk the masts out of the ship. If on the other hand the heavy stuff were put at the top and the light cargo underneath, her centre of gravity might be so high as to expose her to the risk of capsizing if caught with too much sail in a storm. Stowage, therefore, was a fine art; and not merely on the score of weight, for one kind of goods might make the ship dull or sluggish and another have the opposite effect. Consequently, the qualities of goods from a stowage or carriage

point of view had to be well understood, and a captain who wanted to get the most out of the sailing powers of his ship had to be a master of the subject. And even nowadays, with steamships built more or less like boxes and with a minimum of masts and spars and no sails, scientific stowage has to be effected. By the provision of "bilge keels", moreover—though these are more particularly in use in the case of passenger vessels—rolling has been reduced. Bilge keels are projecting iron plates, fixed outside the vessel, at about the turn of the bilge, in the form of a sort of shelf, for a considerable portion of the vessel's length, for the purpose of reducing rolling.

The rules for ascertaining the proper loadline for a vessel are highly technical and extraordinarily minute. The Board of Trade from time to time issues instructions to surveyors containing elaborate tables adapted to every design of ship. Owing to complaints of British owners that foreign purchasers of their discarded vessels loaded them deeper than was permissible to their original owners and thus were able unfairly to compete with them, the Board of Trade rules were in 1906 carefully examined afresh. The conclusion arrived at was that having regard to improved designs or methods of construction the loadline might in certain cases well be raised, and the rules were amended accordingly, with the result of an addition variously assessed but believed to be actually about 500,000 tons, to the carrying capacity of the British mercantile fleet; but the estimate can only be a rough approximation. Whether this action on the part of our authorities has or has not been prejudicial to safety is the subject of much controversy, and a special Loadline Committee has recently been appointed to inquire into the subject and report.

It has also been argued—indeed, a Bill was (unsuccessfully) introduced to give effect to the contention—that a loadline for laden vessels does not meet the whole case. The contention was and in some quarters still is, that a Light Loadline also is required, for ships in ballast. It is claimed that, owing to the want of sufficient ballast, such ships are sometimes so high out of the water as to be unmanageable in heavy weather, and that vessels have been driven ashore in consequence. What degree

of justice there may be in this contention must be left for the experts, if they can do so, to agree upon.

The complaints made by our shipowners against foreign owners have already been mentioned. These complaints were so well-founded and gained such insistence that at length the Board of Trade were, no doubt reluctantly, compelled to interfere. Reluctance was probable, because, owing to the largeness of the target which we offer to retaliatory measures, any legislation against foreign shipping must needs be deprecated. The Germans, however, presumably impressed by the reasonableness of the complaints, besides, perhaps, having no desire to risk such legislation, came to an amicable arrangement. They so closely assimilated their loadline rules to ours that it was mutually agreed that each should accept the other's system. This being arrived at, in 1909 we brought into force a new law making our loadline process applicable to all shipping loading or discharging at our ports. The following recent cutting from the shipping Press shows the operation of this law:

SHARP FINE FOR OVERLOADING

A fine of £60 and costs, or three months, has just been imposed by the Cardiff stipendiary (Mr T. W. Lewis) on the captain of the French steamship *Marguerite*, for overloading his vessel. The evidence of a Board of Trade officer showed that the steamer, which was about to proceed to sea from the King's Dock, Swansea, was found to be overloaded, and 29 tons of coal and a quantity of fresh water had to be taken out. It was stated in defence that the mate, who superintended the loading, did not notice that the vessel was overladen, and that he judged by the weight of coal instead of by the loadline.

During the year ending 30 June 1913 the vessels, British and foreign, provisionally detained as unsafe, numbered 34, of which 21 were foreign. The cause of detention in nearly all the cases was overloading or improper loading, the *Marguerite* being one of them.

CARRYING CAPACITY

The recorded size of a ship we naturally regard mainly as a standard of comparison. We rarely carry our mind further and ask ourselves what this size actually means in the potentiality of cargo carriage. But now, just let us take an instance and

work it out for ourselves and see what it does mean. Let us take a big tramp of 8000 tons gross, though this at present is rather an extreme case. For an average, 4000 tons might just now be fairer; but let us take our extreme case, at the same time remembering that the great steamships of the Atlantic Transport Co., for example—practically cargo vessels—are of 13,000–14,000 tons gross. Now 8000 tons gross should mean rather over 5000 tons net, and each net ton measurement should carry, as we know, 2½ freight tons. We will disregard shelter-deck possibilities, and take the vessel's cargo at 12,500 tons, or, for the sake of round figures, 12,000 tons. Just to think of it: 12,000 tons! It does not convey much as it stands; 10,000 or 14,000 might convey just as much or possibly just as little to our minds. But measure it out in train loads, and then we begin to realise what the colossal figures indicate. The average railway truck carries 8 to 10 tons; many only 8. Some modern trucks will, it is true, carry perhaps three or four times as much, but they are much in the proportion of the 6 ft. 3 in. men in an average crowd, or something near it. We may fairly adopt 9 tons as our probable average. Now, divide 9 into our 12,000 and we get 1333 railway-truck loads. Next time you are on some station platform and a goods train comes bumping and jolting past, if it is a laden train, note the number of the trucks. It will probably be less than 30, and on an average gradient a single engine will doubtless find this ample. Now divide 30 into our 1333, and we get 44 long train-loads. Next let us imagine the 1333 trucks all coupled together, and ignore the added length of 44 engines and tenders and 88 brake-vans. The 'nose to tail' length of a truck—an 8-ton truck—is 18 feet, *i.e.* 6 yards. A 9-ton truck would probably be longer, but there would not be so many of them: so, for our rough illustration, we will assume 6 yards. This on our 1333 trucks would give a total length of just on 8000 yards, or not far short of 5 miles; and all out of one ship.

Shore Clearance

We have reviewed the carrying capacity of the ships, but there is another and a very important side to it, shore clearance. We read, sometimes, of some remarkable new invention by

which bulk cargoes may be discharged out of a ship like coal down a shoot or water over a weir; and we wonder. The greater cause for wonder is rather, however, how this mass discharged is going to be cleared away to allow of a continuance of the out-pouring—how the empty trucks are to be marshalled and the full ones moved away to keep pace with it. And in fact at a purely "railway port" the difficulty is sometimes serious. We read in our own country of quays being blocked, and at continental ports a deficiency of trucks sometimes holds up the port, to the exasperation of shipowners, whose costly vessels are kept idle, or possibly of charterers, who may have to pay demurrage. Our own quays are sometimes blocked, but the following recent cutting from the *Shipping Gazette*, on the subject of our Consul-General's observations on the great port of Antwerp, shows the effects on that continental Clapham Junction:

The true view of the situation so far as Antwerp is concerned seems to be, not that trade is in any way falling off, but that the ability to deal with still more trade is restricted until the port is the subject of considerable expansion. Sir Cecil Hertslet says there can be no doubt that, as the port is at present constituted, the limit of shipping which can conveniently be accommodated has been nearly reached, and that until new accommodation can be offered, through the placing in use of new docks, there is but little prospect of any considerable augmentation of shipping. The Consul-General gives the subjoined picture of the existing situation:

"At present the difficulty of accommodating the shipping of the port is due to the fact that rapidity of despatch is greatly retarded by the quantity of goods which have to be dealt with. It frequently happens that a vessel belonging to a regular line will arrive at her allotted berth, only to find that, owing to pressure of space, another vessel (possibly an irregular one) has had to be temporarily berthed at the same quay. The goods discharged from the irregular vessel will be lying on the quay, and the discharging and subsequent loading of the regular vessel are much impeded on this account; hence delay in despatch. Again, a vessel may have a berth allotted to her, and after the goods have been ordered down, she may have to shift berth to another part of the quays or docks, entailing further delay, not only in moving the vessel, but in carting the goods to another part of the port. Delay is not the only drawback, for frequently considerable expense is involved."

This, we may take it, is not an over-statement of the case. What is described as happening is exactly what must happen where the trade of a port has outgrown the accommodation. It suggests rather a lack of prevision, perhaps, but we are entitled to assume that the growth of Antwerp has been at a more rapid rate than the authorities could have anticipated.

London, as we know, is essentially a barge port. When bulk cargoes are in question, the discharge can be made overside into capacious barges from various holds at once. Or the vessel may lie alongside a grain warehouse or elevator, and her cargo be exhausted out of her by pneumatic suction, or scooped out of her by rapidly moving dredges—or by both means simultaneously. Oil in bulk, too, can be discharged through lengthy pipe-lines into more or less distant reservoirs. But when a mixed cargo, the contents of a "general" ship, is in question it has, as a rule, to be landed into shed, sorted to marks, and inspected by the Customs. Then it goes either into barges waiting at the quay, or into waggons, or into railway trucks: or some of it may be trucked into the dock warehouses. If the port is not a barge port, then, of course, the removal has mainly to be by land, and miles of railway sidings are—or ought to be—available. As a broad, general rule, the facilities of each port are only about abreast of the normal needs. In this the case resembles that of the Post Office. When, however, the Post Office finds the Christmas pressure close upon it, large numbers of auxiliary hands are taken on. But when abnormal pressure hits the docks—and with docks it is a case sometimes of feast and sometimes of fast—no addition can be made to shore space or to sidings. And if, some day, one of our great ports should be temporarily thrown out of operation, the pressure on the others would be serious. And "any port in a storm" is no longer true: a shallow port for a deep-draught ship is, practically, no port at all. In London the quays, at docks and wharves conjointly, are understood to aggregate 44 miles in length, and though they are not likely to be all in use at once, their total accommodation speaks volumes for the potential requirements of the port.

"Big Ships, Cheap Ships"

In speaking of big ships we are apt to lose sight of the distinction between the passenger vessel and her purely trading sister, or half-sister. By the standard of ocean trade (as distinguished from passenger carriage) a cargo vessel may be regarded as very big and yet not be nearly so big as a comparatively

small vessel amongst the mammoth liners. They belong to entirely different categories, with primary uses quite distinct. And notably there is this great difference between them : the passenger vessel is essentially an ocean ferry-boat, running back and forth between fixed termini. The limits to her size are only those imposed by the particular termini, and port-competition forces the passenger termini to come up to the requirements of these great vessels. The greatest ferry of all, and that affording unlimited prospects of development, is, of course, the great North-Atlantic ferry, because one terminus is a focus for the travelling population of the New World, and the other for that of the Old, with an always increasing population behind each. From this point of view there is nothing to prevent the size of the liners from indefinite increase ; and for the passenger, Size means Safety. The ill-fated *Titanic* sank, it is true, mammoth as she was ; but probably a smaller vessel, less subdivided by bulkheads, would have gone down like a stone, instead of remaining afloat, after her fatal impact, for some hours. What, however, seems likely to put the brake upon the increase of the size of these ocean ferry-ships is the immense pecuniary outlay placed at risk. These great ships may cost some £30 or £40 per gross ton to build, and the insurance market, for one-and-a-half million sterling, is not unlimited. Underwriters accept their ordinary "line" at market rates, but when pressed to accept a larger risk, which perhaps they would rather not incur, they may put up the rate of premium. And this is where the brake is likely to come in, on further large increases[1].

The ocean trader is on quite a different footing. She has to be ready to go anywhere ; and to be very big is to disqualify herself for any but the deepest ports. Moreover, to be too big is to run the serious risk of not being able, especially in dull times, to obtain a full cargo ; and there is no advantage in being a big ship unless you can fill your space with cargo. On the contrary, size then becomes a disadvantage. So that at present and probably for some time to come the best size for an ordinary tramp or trader will be, as a maximum, perhaps 7000 or 8000 tons, or thereabouts, though there may be ships considerably

[1] See, as to this, p. 165.

larger whose owners have in view a special trade. It may well be, moreover, that the traders will not care, as a common practice, to have their market swamped with an overwhelming cargo; though this is rather another question. The fact that size means cheapness has now been fully grasped, and the size of all vessels is steadily advancing. The Suez Canal figures afford interesting evidence. The average net tonnage, Canal measurement, of the steamers passing through the Canal, has been as follows:

year	tons	year	tons
1877,	1416	1897,	2646
1887,	1882	1912,	3773

so that between 1887 and 1912 the average tonnage has doubled itself, and it is only recently that the economics of size have obtained general acceptance.

And now, *why* does size mean cheapness? Well, the sea traders are learning what every tradesman knows on land, though even his knowledge of this is comparatively recent. The tradesman knows well enough that if he can acquire four houses in a row and make a single large store of them, two and two will make five; stairways, passages, staff-rooms, landings and lobbies, made available for trade uses, will give him the equivalent of another house. Also, he will economise in management and staff. And it is very much the same with shipping. One big vessel costs less to build than four little ones aggregating in the same tonnage. If two vessels, indeed, will cost together £40,000 to build, a single vessel of equivalent carrying capacity can be obtained for £5000 less. Or, to put it another way, if for £40,000 we can purchase two vessels of a joint carriage capacity of 4000 tons, by spending the same sum on a single vessel we can probably get a carrying capacity of 4700 tons. And so with economy in working. The single big vessel will need less officers and crew than two vessels of equivalent capacity, and she will carry more cargo and require less bunker and machinery space. Then the question of skin friction or of the submerged surface comes in—a factor of no small importance not long realised. Given two ships of the same model, one twice as long as the other, while the larger ship's resistance will be about four times

that of the smaller, her cubical contents, as the measure of her earning power, will be eight times as great.

But if "big ships, cheap ships" is true, "deep ships, cheap ships" is truer still, though the big ship will probably also be the deep ship. In a paper read before the Institute of Naval Architects not very long ago, it was stated that, the draught of the vessels being the same, the cost of carrying a ton of cargo 5000 nautical miles would be for a ship 500 ft. long 8*s.* 6*d.*; 600 ft. (still with the same draught) 9*s.* 6*d.*; 700 ft., 11*s.* 2*d.*, the cost increasing with the vessel's length. Increase of draught would, however, put a very different aspect on it. If it were increased in proportion to the length, the respective draughts would be 28 ft., 35 ft., and 40.8 ft., and the cost then, instead of being 8*s.* 6*d.*, 9*s.* 6*d.* and 11*s.* 2*d.*, would be 8*s.* 6*d.*, 7*s.* 6*d.* and 7*s.* 0*d.*, the difference between the 28 ft. and the 35 ft. showing a saving of 2*s.* a ton, and the saving on the 40.8 ft. 4*s.* 2*d.* a ton. The figures are interesting as illustrating a principle or proposition, but 40.8 ft. or, for that matter, 35 ft., are rather extreme illustrations for a cargo carrier. About 28 ft. seems enough for most cargo vessels just at present.

The Main Routes of Shipping

As with land communications, so with ocean routes, there are certain great trunk roads, with feeders and cross-tracks innumerable. But while geographical features and proprietary rights make the land routes a narrow thread which must be closely and strictly followed, the width of the ocean routes is undefined, and scientific navigation may leave the direct line far to the right or left. And whereas the land route ends or begins for the most part at some great terminus to which many roads converge, on the seaboard there are alternative termini, often many hundred miles apart, thus further widening the ocean routes. Still, giving due weight to these material factors or considerations, we have no difficulty in identifying the great main routes of sea-borne commerce. In the absence of statistical figures one may be mistaken as to the rightful order of their importance, but first and greatest of all, at any rate from our British point

of view, may be placed the highway to the East, running in a narrow and well-defined track from the Straits of Gibraltar to the Gulf of Aden. Indeed, we might start it from the mouth of the English Channel—the junction of the tracks from Glasgow and Liverpool on the West and London and the North Sea ports on the East. But only at Gibraltar do the steamers from New York and other North American ports join the common track for Suez. Then at Aden, while the great main road keeps on to Colombo, there are important branchings-off. Sharp to the South is the track to Zanzibar, Mauritius and Delagoa Bay. Sharp to the North the track to the Persian Gulf. North-east to Karachi and Bombay. At Colombo there is a further splitting-up, for Calcutta and Burmah to the North, for Australia to the South, and eastward for ports beyond the Straits of Singapore. Marseilles and the Italian ports add, of course, to the traffic within the Straits of Gibraltar.

The next great route—an American expert writer puts it first—is that of which the terminals on the West are, say, Charleston and Halifax, and the ports between; and, on this side, the various ports to or from which the routes diverge at the entrance of the Channel, with Liverpool as an important factor in the divergence.

Third may probably be placed the Cape route, the great highway to South Africa and beyond—beyond to Australasia and the ports of South-East Africa up to Delagoa Bay. In the days of sailing ships, a notable track, and still followed by them, but in ever-decreasing numbers.

Then the South American highway, for a portion of its length followed by the steamers for Brazil and the River Plate. Steamers for the Pacific ports of South America, and sailing vessels to and from the Pacific ports, both north and south, continue on the track, and home-coming vessels from New Zealand join it. The opening of the Panama Canal will create a new trunk line, the effects of which may be far-reaching.

On the Pacific, in the north, is the beginning of a great trunk line, which also, so far as cargo is concerned, may be much affected by the cutting of the Isthmus. At present it is followed by magnificent passenger steamers and by many tramps, bridging

the space between China, Manila and Japan, and Vancouver, Puget Sound and San Francisco, in the case of the latter port often by way of Honolulu.

The sixth great highway is the passenger line which connects Australia and New Zealand with Vancouver and San Francisco. The Australasian steamers used to carry cargo between San Francisco and Honolulu on their voyage across the Pacific, but the taking over of the island by the States has now brought this trade within the limits of American privilege.

As regards the route to the West Indies, at the present time it is neither important nor distinct. The trade is divided between Europe and the United States, and to a certain extent the route from Europe is that to South America. At one time there was a considerable Australasian passenger traffic to and from Liverpool viâ Panama, but probably it was the opening of the trunk railway lines across the North American Continent to San Francisco and Vancouver which killed the Panama route. Presently the opening of the Panama Canal may deal a return blow to the steam lines which now connect Australasia with San Francisco and Vancouver.

Giant Shipping Companies

Whitaker's Almanac ("Mercantile Fleets") supplies year by year a list of the world's principal shipping companies in the order of their importance, with the total tonnage and the number of vessels in each case. The Hamburg-American company, which has been said to be the largest carrier of ocean passengers in the world —emigrants, of course, included—and the North German Lloyd head the 1914 list. Here are the figures of the first five on the list.

	Tons	Vessels
Hamburg-American	1,306,819	431
North German Lloyd	811,000	168
British India	660,000	142
P. & O.	546,000	70
White Star	491,000	33

If, however, the Elder-Dempster Royal-Mail combination, with its various absorptions, be regarded as a single company,

then this great combination, and not the Hamburg-American, should head the list. Its total tonnage was, indeed, recently stated to be 1,497,938 tons. The lines of which this important group is composed, however, or certain of them, still appear on the shipping lists under their several names, as independent companies. As bearing on what has been already remarked respecting the confusion and the wide difference between gross and net tonnage, it may be observed that the column in Whitaker is headed simply "Total Tonnage." The figures given are, however, as elsewhere stated, gross. Whenever, indeed, tonnage is quoted by owners, they naturally show it at its biggest and its best. The writer believes, indeed, that he has sometimes seen the still greater "lift" of a vessel quoted as her tonnage.

In the Whitaker list, it is tonnage that counts. A company owning comparatively only a few vessels, takes precedence, by reason of the result of their great dimensions, of the company which possesses many more ships, but of smaller tonnage. The total tonnages of the British India and the White Star, for example, are not very widely apart, but the British India Co. has more than four times the number of vessels owned by the White Star. The British India company, with its total of 142 vessels, is first on our British list in point of numbers. The figures vary, of course, from year to year.

Till recently, the German and the British systems of ship-owning have differed widely. The German method, broadly stated, is that of single "omnibus" or "portmanteau" companies, working many lines, and ready at any time to add a vessel to one of the lines temporarily short of tonnage, or to take one from another where the converse is the case. Look, for example, at that mammoth enterprise which heads the above list, the many-lined Hamburg-American company. Then, again, there is the also many-lined North German Lloyd. Both these companies own and run many separate lines, but all in a single company and with a single capital, one bow with many strings. The Germans are, in fact, collectivists from top to toe. They possess in a marked degree the invaluable national qualities of organisation and co-ordination. A recent English reference to the satisfactory progress of ship-building in Germany added: "But

it is remarkable that business in tramp steamers for Germany is practically at a standstill, a circumstance which is due to the poor results obtained during the last few years by German tramp steamship owners." But it is not really remarkable at all: the successful ownership of tramps needs the individualist, born and bred; tramp-owning and collectivism do not go hand in hand. And it is the machine mind which has built up the great German shipping companies—companies, not lines—and which renders these companies, with their co-ordination and co-operation and their fleet of opposition-breakers, so dangerous to competitors. As regards the fighting-fleet referred to, it is a unique organisation specially constituted by certain syndicated lines for defending their interests against the attacks of "outsiders" of whatever nation consisting: a fleet of nine vessels owned amongst ten lines, having—the fleet—a capital value of 6,000,000 marks. The fleet was "mobilised" to carry on a rate war in the East Asiatic trade. The possibilities of such a fighting force are, however, far-reaching and quite enough in themselves to suggest reflections on the comparative advantages of the German and the British shipowning systems. And the co-operative genius of the Teuton carries him far, even to the extent of co-operation between rival lines. The German companies are understood to hold shares in one another's lines, and have therefore the strongest reasons—the notable "split" between the two pre-eminent companies notwithstanding—for standing in together instead of adopting a devil-take-the-hindmost policy. Some day, of course—any day, in fact—the Germans, stirred by the marvellous profits made by British tramp-owners in the great boom of 1912–13, may decide on a great tramp-owning company for collective or organised competition with our more or less separately owned tramps. Meantime, however, 70 per cent. of our shipping is said to be of the tramp or individualist class, and the generations of dearly-bought experience possessed by our tramp-owners is in itself an invaluable asset.

Probably our British individualism leads us to greater enterprise, but on the other hand a "portmanteau" company owning many lines can, by the use of "through" bills of lading and by other means, make several lines play very usefully into

the hands of one another. Moreover, a sudden trade-pressure in one line, and a temporary surplus of tonnage in another, may lend themselves to valuable adjustment.

There are, then, three great divisions into which deep-sea shipping may be divided:

(1) The great portmanteau company owning several or many lines;

(2) The company which is in itself a line; and

(3) The tramps, singly owned or in a fleet, running in no line at all.

Now, tramp-owning is with us an industry which in the long run is carried on with great success—a most valuable factor in the national prosperity. The owners have their bad times and their good; but on the whole, and notably at times, the enterprise brings wealth to those engaged in it. It is admirably adapted to the individualist disposition—one might almost say, to the sporting proclivities—of the race; and, by the way, some of our tramp-owners are sportsmen of the first rank. Tramp-owning, then, is likely to remain with us; at any rate let us hope so.

With the Company lines a change is certainly in progress, whether on the principle of "*fas est et ab hoste doceri*" or otherwise does not matter. But the principle of two and two making five, which started with the shops, and presently affected the insurance companies and banks, with the result of one absorption or amalgamation after the other, has at length extended itself to the shipping lines, as well as to the tramp-owner. The latter sells two of his old ships to the foreigner, and builds for the price of two new vessels a single ship which will carry considerably more; or renews the capacity of the two ships by having built for himself a vessel equivalent in tonnage to the two, but costing for the single vessel substantially less. And so with the Company lines. From time to time successively one big company has practically bought up another, while other companies, *A* and *B*, say, have joined their forces. And the process is likely, as time goes on, to find further imitators. And not without reason. For companies *C* and *D*, which have long worked and got on well together in friendly rivalry side by side, are both made uneasy by the amalgamations effected, in progress or rumoured.

For if strong company *E* should buy up *C*, or buy up *D*, what would be the position of the other? This uneasiness may drive *C* and *D* to amalgamate or may drive *C*, or may drive *D*, into the open arms of *E*, lest the other should be beforehand in the deal. The wind has been let into the wood, and sooner or later the result seems likely to be an increase of the portmanteau system of "one company, several lines", and the further disappearance of well-known single lines—unless, indeed, absorbed or amalgamated companies should continue, as in the case of the Elder Dempster combination, to run in their old name, though having ceased to exist as [illegible] companies. Across the sea the change, with its [illegible]sion, is by no means favourably regarded [illegible] the danger for the German companies [illegible] apprehension. The well-tried English [illegible] is feared, "have the strength and [illegible] this direction as in others"; from which [illegible]ned that "the German companies will probably [illegible] to meet these important English efforts by similar [illegible] their own." Who lives longest will see most.

The Atlantic "Combine", or International Mercantile Marine Company

One of the many stories told of the great American millionaire financier after his death was one, in effect, as follows:—He had been asked what had been the price paid for one of his recent purchases. His somewhat testy reply was that he did not know; that he had told Billy So-and-so to buy it, and that Billy had bought it—"the price did not matter." He wanted it, and he had bought it. The story may or may not throw light on his purchase of the English shipping lines.

The news, in 1902, of the American purchase or practical control of nearly all of our great American Atlantic shipping lines—the American, Atlantic Transport, Dominion, Leyland, Red Star, National and White Star—created excitement in the shipping and the financial world, and greatly disconcerted or even startled all the nation. Who had done it, and why? And what was the price? The question who had done it was soon

answered: it was Mr Pierpont Morgan, or his firm, or the great trans-continental or other railway lines in which his influence and power predominated. The "why" was a question much more difficult. It was not convincingly answered at the time, and even to-day there seems no absolute agreement on the point. Many reasons or explanations were propounded. The American traders, it was said, were responsible for the deal, in order that they might share the profits gained by carrying the American ocean trade. The railway companies, said others, saw in an amalgamation of the lines, with themselves as the predominating power, an opportunity to reduce the cost of working, and so to increase the profits. Then, again, it was suggested that one of the presumed purchasing railways was not in a very prosperous condition, and that in the re-shuffle there would be opportunity for a desired recoupment. There may have been truth in any one, or possibly in all, of these conjectures. But perhaps the explanation is quite adequate that Mr Pierpont Morgan wanted it. There may have been some specific reason for this desire, or —and this seems just as likely—it may have been that the love of Trusts in financial high places in America was of itself sufficient motive, without going beyond it. A Trust, of course, is ordinarily regarded as a means to a satisfactory pecuniary end; but it may be that in estimating this end in the case before us, a view was taken which was unduly optimistic. The idea, presumably or perhaps, was that if railway systems terminating on the Atlantic coast could get control of the steam lines which connected with them, these could be used to great advantage as part and parcel of the railway systems. And if the whole lot of the lines could have been obtained, the Cunard included, they could presumably have all been run under a single management, and therefore at less cost and so at greater profit. This consideration, by the way, is a common factor in amalgamations, and in the long run it may be justified. But the long run and the present or the near future are different things, and as a matter of fact it very often proves that the economies anticipated remain for some time in the air. The faithful servants, many of long years' service, of a company cannot be dismissed off-hand: they must be pensioned or adequately compensated. The highly-paid managers, working,

perhaps, under time agreements, must be at least as well treated. As to the directors, is it likely that they are going to recommend to the shareholders a deal which will leave themselves out in the cold without ample compensation? There may be an immediate or early saving on office premises, but the other economies are apt to take some years in accruing.

But possibly a motive common to most or many Trusts was not without its influence and attractions in the present case. If the buyers-up of the whole British fleet of Atlantic passenger carriers could also buy up or come to a working agreement with the Continental ocean lines, the passenger fares could be so advanced as to produce greatly improved profits. If this project was in fact more or less at the back of the transaction, it must have been considerably upset by the refusal of the Cunard company to come into the deal. The Cunard company just about this time entered into negotiations with our own Government, as the result of which the latter agreed to finance the building of two great fast liners, which in due course were launched as the *Mauretania* and *Lusitania*. No doubt the failure to acquire the Cunard ships and thus obtain practically a monopoly of the British Atlantic American lines must have more or less upset the calculations of the purchasers. But, finally, there may conceivably have been yet another motive which at some future date may conceivably "turn up trumps." When the deal was effected, it was practically impossible for American subjects to buy and sail foreign-built vessels under the American flag: a tax on such purchases rendered them prohibitive. This might not have mattered, or mattered so much, if the American yards could turn out ships at prices at all equivalent to those prevailing in Britain or on the Continent; but, as a fact, the American cost is so much in excess of the British that on this ground alone competition of American-built ships against foreign-built is practically out of the question. The much greater cost of running American vessels and several other comparative disadvantages are, moreover, also opposing factors. Possibly the promoters of the scheme may not have fully appreciated this situation, and may have had the idea that the efforts always being made to obtain an alteration of the fiscal

law against foreign-built ships would some day prove successful, the opposition of the builders notwithstanding. If such an idea did in fact influence them, it has at any rate in some small degree been justified by a section in the recently-passed Panama Canal Act. Under this section "Vessels...not more than five years old at the time they apply for registry, wherever built, which are to engage only in trade with foreign countries,...being wholly owned by citizens of the United States or corporation organized and chartered under the law of the United States,... the presidents and managing directors of which shall be citizens of the United States...may be registered." The limitations attached to the concession, however, would seem to bar all the vessels of the Combine whether over or under five years old, while, in the opinion of an American writer, under present conditions it would "mean bankruptcy" to attempt competition with the ships of other nations.

The Pierpont Morgan group at any rate decided on the *coup*. Most things, of course, have their price, but when buyers have apparently made up their mind to buy, and sellers are not pre-disposed to sell, the price, whether it matters or not, is likely to be high. And what in the present case made it all the higher is, it is said, the fact that the purchase calculations were based on "boom" figures; for shipping had been very prosperous. Even on this basis some of the lines are understood to have held out for fancy prices, and these had to be paid. The result is that the Combine was heavily over-capitalised from the start, and financially, like the Manchester Canal, is a grievous disappointment. In other important respects, however, the Manchester Canal is a great success, and the Combine, for all we know, may similarly have fulfilled designs not obvious on the surface. The purchasing group did not buy up any Continental lines, but secured their adhesion or co-operation by a working agreement with pecuniary guarantees. This agreement has, however, recently been terminated, "changed conditions not warranting its continuance." As regards the intentions of the Combine, it is stated that the total fleet in its control will eventually consist of 137 vessels of together 1,280,410 tons—presumably gross. The present capital in shares and bonds—an American paper,

correctly or otherwise, attributes 75 per cent. of it to American proprietors—is apparently about £34,000,000, possibly more, though how much of this should be written off to material depreciation is another matter. There is an exceedingly heavy cash depreciation on the deferred and preferred shares, and even the gold bonds are quoted at a heavy discount.

Whether the Trust fully understood the position created by the stringent laws of British registry or not, it would certainly seem that by bringing all these vessels into an ownership predominantly foreign, a serious risk was incurred of the cancellation of their British registry. And if this event had occurred, away would have gone the British mail subsidies; or so at least may be supposed. On the other hand, to have all these great and speedy vessels removed from the British list would have been a serious thing for us, let alone the fact that certain of them were reckoned in for naval or military uses in case of need. On both sides, therefore, it was a case for compromise, and an agreement was come to accordingly, on the one side being the Board of Trade and the Admiralty, on the other the International Mercantile Marine Company and the several companies composing it; the agreement to run for a term of 20 years from 1902. It provides that—on the condition that the vessels actually taken over, as well as half of any future additions to the fleet, are kept under the British flag; and that the original companies are kept alive, with a majority of the directors British subjects; and that the certain vessels just referred to are still kept at the Government disposal in case of need—the British Government will for its part continue to the vessels their British privileges. From which it seems to follow, conversely, that if the limitations of the Panama Canal Act should be some day deleted, and it should suit the purposes of the Combine to break or terminate the agreement, if such course be in fact open to them,—or if, possibly, some sudden national necessity for ship-tonnage should arise on the part of the United States—the result may be that the vessels will be struck off the British register. Meanwhile they remain on the British register and apparently also constitute an American enterprise registered as a company in the State of New Jersey.

Shipping Rings: the Deferred Rebate System

The "Freight Wars" of which we read from time to time are mainly due to the existence of Shipping Rings. Certain ship-owners lay themselves out to cater for the ocean transport needs of a particular port or group of ports. They build steamers specially adapted to the needs, they run them to dates, full or empty, and in order to enhance their usefulness to the traders they ring the changes on the ports of loading. The result is that they build up a valuable trade. Perhaps before this has been effected the line has a struggle with rivals in the trade, of which the outcome may be a working union between them. They agree on a tariff of freights, and all goes well. Then perhaps a splendid harvest occurs or a "boom" in the special trade, with much cargo to be transported. The owner of a fleet of tramps has perhaps long cast envious eyes on what to him has been a Naboth's Vineyard, and he determines to cut in. He may have put aside a very large fighting fund for the very purpose. If he can hold out long enough at his low fighting rates, with which the established lines will have to contend, they will have to end by admitting him to the privileged trade, as one of the Ring. Afterwards they can all put up their rates again and get back what they have lost. But such unrestrained competition is most disconcerting to the traders, who are apt to find their mercantile arrangements completely upset by rates high at one time, low at another. They complain, accordingly, to the owners of the Ring. The regular lines retort, naturally enough, that the merchants have only themselves to thank: if they did not give support to the first cheap competitor that came along, it would not happen. Eventually a bargain is struck, the outcome of a "Conference." The shipowners guarantee certain privileges at agreed rates of freight; the merchants sign or declare their intention to act under an agreement to use only the steamers of the regular lines. Such agreements usually apply, however, to shipments of ordinary mercantile goods, the merchants remaining free to charter vessels for full cargoes, without breach of agreement. But the regular lines, unwilling to take too much on trust, get a good hold of the traders by

what is known as the "Rebate System." Under this system, if a merchant sticks with absolute faithfulness to his side of the bargain, the shipowners will, at the end of every six months, grant him a rebate of (ordinarily) 10 per cent. on the freight he has paid during that time; this 10 per cent. not, however, to be actually paid over until the end of a second period of six months, in which the merchant must have remained just as strictly faithful to his bargain.

Now this agreement of course does not necessarily stop competition on the part of the jealous owner of a fleet of tramps. He may take his chance and win, as above described, or he may be beaten. If beaten, he may possibly put on a line of steamers to run, say, from New York to the Naboth's Vineyard. The Conference Agreement does not apply to such a voyage, and the result may be that the local traders will get their goods from America at lower rates of freight than from Great Britain to the prejudice of British manufacturers and with the result of commercial confusion generally. For a long time the South African merchants—or, rather, certain of them—had been very bitter on the whole subject, declaring that the Rebate System was being tyrannously worked to the injury of South Africa. A conference of traders, called by Lord Milner, was held at Johannesburg in 1904 at which the writer was present, at the instance of the Colonial Office. Nothing came of it. The indignation of a section of the traders, however, gathered force, and eventually a Royal Commission was appointed to consider and report on the subject generally. Practically, nothing came of this either. The position at that time is probably fairly well shown by the following excerpt from the writer's evidence prepared for the Royal Commission already mentioned:

"At the Johannesburg Conference the complaints of the traders were:

(1) That the rates of freight were inequitable and oppressive.

(2) That the shipowners unfairly granted secret concessions to certain large companies or firms, to the prejudice of other traders.

(3) That the shipowners carried goods from America

to South Africa at lower rates than from England to South Africa.

(4) That the German Lines belonging to the Ring carried certain goods from Germany at lower rates than the British Lines in the Ring would carry similar goods from England to South Africa. And

(5) That the shipowners had used their privileged position as an instrument of oppression against shippers who had shipped goods by competing Lines."

These, I think, were the grievances, or the principal of them.

To my mind, the most serious of these complaints was No. 3 —that of giving an unfair preference to American shippers. The complaint was well founded. It is, however, necessary to analyse it, more especially as the traders were professedly championing the cause of the consumer, who was understood to be the principal victim of the Ring. But if the rates charged on the goods from England were on their own merits reasonable, it is not evident in what way the consumers, as such, were injured by a system which enabled them to buy American manufactures cheaper than English. That the system was highly prejudicial to British manufacturers is evident enough: but this did not hurt the South African consumers, as such. It was however a serious charge from an Imperial point of view, and the shipowners were only able to plead in their own defence (*a*) that it was forced on them by a freight war; (*b*) that they themselves were heavy losers by it; and (*c*) that it was only a temporary occurrence. In my opinion this explanation was correct and *bona fide*; but this did not get rid of the fact complained of.

Complaint No. 4 was somewhat of the same nature, viz. that German goods were brought in German steamers belonging to the Ring, at much lower rates than similar English goods were brought in British steamers. Here again, if the English rates were reasonable, the consumers, as such, would appear to have had no real grievance, though from an Imperial point of view the complaint was serious.

The answer of the shipowners to this charge was an explanation that (*a*) it was the outcome of a peculiar combination

between the German railways and the German ships ; and (*b*) that the British shipowners, whilst in sympathy with the complaint, were powerless to remedy it. But so far as the Ring is concerned, it would seem that the alliance existing between the German State railways and the (more or less State-subsidised) German lines will always enable goods to be carried from inland Germany to the Cape more cheaply than they can be carried from inland British cities to the Cape, Ring or no Ring, as there is no corresponding alliance between the English railways and the English ships.

I have already observed that the South African consumers, as such, had no ground of complaint against the Ring for carrying foreign goods at lower rates than British goods, always provided that the rates charged on the British goods were in themselves reasonable. This brings me to complaint (1) that the rates of freight generally were inequitable and oppressive, as to which I do not know whether the complaint was well founded or not.

Then there was the further complaint (2) that some of the large importers were secretly put on a favoured footing. The general impression I received was that probably the complaint was well founded.

Finally, complaint (5), that the shipowners had abused the position in which their agreement with the traders placed them, to act oppressively towards traders who had gone back on them and had supported opposition shipowners—owners not in the Ring. I believe, myself, from what I heard in England and in South Africa that the Ring did in fact punish backsliders with great severity, with the result of a very bitter feeling on the part of shippers and consignees, some of which latter were made to suffer severely, being themselves innocent and ignorant of any offence on the part of the shippers employed by them.

An impartial review of the facts makes it abundantly clear that the disadvantages of the Ring or "Conference" system, as well as its advantages, are very notable. But whereas the advantages mainly accrue to the South African traders and to the shipowners in the Ring, the disadvantages may attach to those British manufacturers whose goods have to pay a higher freight than those of their American competitors. If it be true

that the shipowners sometimes charge unduly high rates, to the disadvantage of the consumers, the consumers themselves, or their allies the traders, are parties to the arrangement which makes this possible, while the manufacturers are overlooked in it altogether.

But if the system is objectionable, who are they who should be blamed for it? Clearly, the traders themselves. They lend themselves to it solely for the advantages which they expect to get, and ordinarily do get, by it. These advantages are:

(1) Settled or stable rates of freight.
(2) Regular sailings to and from South Africa.
(3) Alternative ports of shipment and of discharge.
(4) Steamers of high class and speed.
(5) Disclaimer of shipowners' right to trade.

These advantages, they declare, are necessary for their trade. But for shipowners to provide costly ships, which are to sail whether full or empty, and to call at a variety of ports in fixed order and at regular intervals, means great outlay and great working expense. To undertake such responsibilities as these, only to find that the traders were giving preference to the first ship which would offer half-a-crown lower freight, would be in the highest degree improvident. Therefore the shipowners make a bargain with the traders. The result is the Rebate System.

Now there is nothing new about this system. It is understood and practised all the world over. If the South African traders are opposed to it, the remedy is in their own hands; they can say they will have no more of it[1]. But instead of doing this they load the shipowners with complaints, and cry to the Government to help them out of a difficulty which they have created for themselves and which they themselves are in a position to solve effectually. Let the traders agree amongst themselves that they will have no more Rings. They would then all of them be on the same footing, whether a footing of the present advantages or not. As it is, the traders want personally the advantages which a Ring gives them, and want the Government to protect them against the disadvantages

[1] All this, as already stated, is by way of quotation from my evidence. As presently to be explained, so far as South Africa is concerned, the system has now either permanently or tentatively been superseded.

inevitable to the system, a system which they must well know to be inevitable if the shipowners are not to be made fools of. If they all agreed, they could render the system impossible.

The shipowners are greatly blamed by the traders, and indeed a course of action which takes no heed of the rights and interests of British manufacturers is rightly to be blamed. But are the shipowners more to blame than the traders? The traders know, as well as the shipowners, what are likely some time or another to be the consequences of a Ring. Complaint No. 3—the American competition—may be further referred to. The grievance is that goods are carried from America to South Africa at, let us say for illustration, 20/- a ton less than from the United Kingdom. But what is the value of the ton so carried? It varies, of course, but let us, for illustration, call it £20. Adopting these figures as a convenient basis, it follows that the South African consumer will be able to buy certain American goods at 5% less cost than similar British goods. This is very annoying to the British manufacturer, no doubt, but he may quite possibly have to face a similar result owing to the ability of a foreign rival to manufacture at 5% lower cost, or to the willingness of such rival to accept 5% less profit; or to a foreign rail-and-ship combination which carried the goods at 5% less cost than in the case of goods from the United Kingdom. The lower freight charged to the American manufacturer, we are told, is driving British trade out of the colony. Is it, then, driven out by the other instances referred to? Surely not. And there is this fact to be borne in mind; a large part, perhaps the larger part, of this favoured American trade is in goods which are not shipped from England at all. Others are goods which, owing to peculiarities of design or make, are largely preferred by colonial users. All such goods must be struck out of the wholesale allegation of grievous injury to British manufacturers. The remainder calls for analysis and classification into ton value in order to arrive at a conclusion as to the real prejudice to our manufacturers. Say that the value of a ton of British goods is £20, which is also the value of a ton of similar American goods; and that the American freight is 20/-, that is, 5%, lower, on the £20. To meet an

emergency-competition arising out of a temporary freight war, what is there to prevent the British manufacturer from deducting from his invoice price an additional or special 5 % discount so as to restore the equal balance?

Quite recently, the Union Castle Line, one of the most prominent of the South African Conference Lines, has come to terms with the South African Government. The line has long held the mail contract, under subsidy, and this fact, together with the offer of certain advantages as regards Government freights, was an important element in the negotiations. The position at present is that the line has agreed to abandon the Rebate System, whilst the merchants are to continue to support the line, as well as the other lines which have agreed to try the plan. That this non-penalty agreement is not entirely satisfactory recent experiences have made obvious.

"LINERS"

The term "liner" is somewhat vague. Any vessel running on a fixed route may be regarded, in a sense, as a liner, even the small short-voyage or "omnibus" steamers running regularly backwards and forwards, which are sometimes said to be able to find their way by themselves. But no one calls these "liners": the term rather implies an ocean voyage. The liners are essentially the great mail and passenger steamers. But there are many vessels running on a fixed line or route which carry no mails and which may or may not carry passengers. Some of the great mail lines run a certain number of vessels which, of less speed than their mail-ships, lay themselves out none the less for passengers. The company distinguishes them from its mail steamers on the one hand and from any purely cargo vessels it may possess on the other, by the term "intermediate steamers." Then there are the great cargo lines, essentially cargo vessels, some of which may, however, occasionally carry a limited number of passengers. In mercantile circles these steamers are often known as "regular traders" or "cargo liners."

While the Suez Canal is, of course, a very short cut to the

East, the saving of distance which it effects between Britain and Australasia is not important, and some lines of steamers go out regularly viâ the Cape and return by way of the Horn. This, of course, is to save the canal dues. They mostly call at the Cape on the way out and at Rio on the way home. The cargo liners mostly call at a variety of ports, at each of which they have an agent and at some a branch office. A well-managed local office at an important oversea or terminal port is in these days almost as necessary a part of a steam line's business as is a branch or agency for a bank. And where several lines run regularly to the same port, the competition for business is very keen. They may, too, have a service of small coastal steamers working in conjunction as feeders, calling in at small ports and picking up or discharging cargo here and there. Here the "through" bill of lading comes into use though indeed it is now of very wide employment—as, for example, in the case of cargo shipped from a Pacific port, with transit across the "waist of the world" at Panama. Two steam lines and the railway will be employed, but a single set of bills of lading is made out, in which the name only of the starting steamer is mentioned, with provision for transhipment by a steamer of the so-and-so line. A through rate of freight is charged, and the carriers adjust this amongst themselves. Possibly, indeed, in the case of home-coming goods, similar provision may be made for carrying the goods on from England to a Continental port. Or tea may be shipped from India or China to London on a through bill of lading for New York. The inter-locking and co-operation of the increasing number of lines is much extending the use of the through bill of lading system.

The liners and cargo liners always load, as it is said, "on the berth"; that is, laying themselves out to carry anybody's cargo to any port on their route. The great steamers arriving in London, which is a market and a consuming port, are laden with goods consigned to scores or possibly hundreds of consignees. These various shipments may have to be dispersed in different holds, but the cargo liners for the most part keep a "stowage plan" on board, in order to facilitate assembling and sorting to marks at destination.

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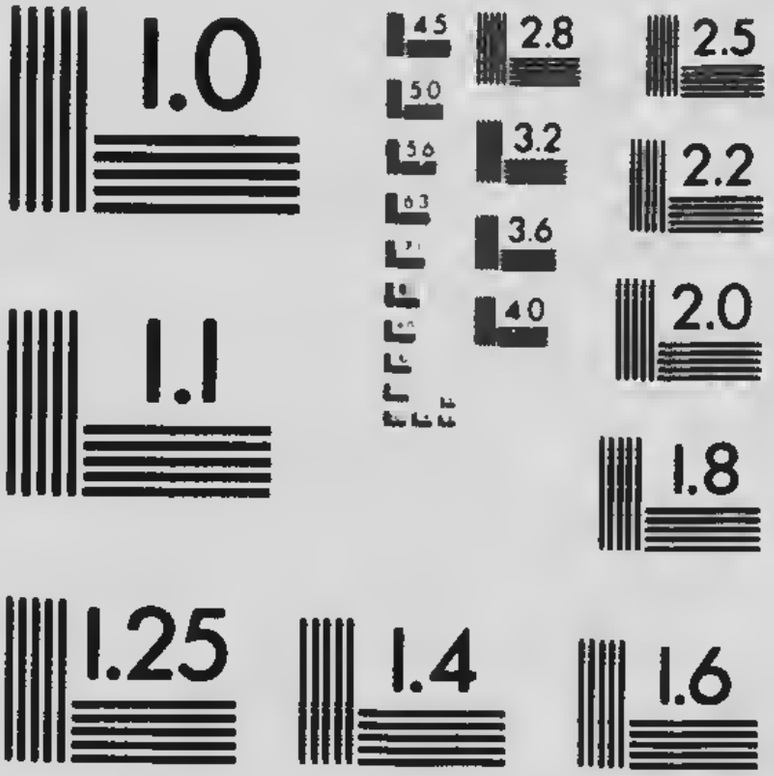
(ANSI and ISO TEST CHART No. 2)



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"TRAMPS"

The opening and successful working of the Suez Canal, and perhaps no less or even more the creation of a world-wide system of submarine cables, gave a tremendous impetus to the owning of tramps.

The term "tramp" seemed at the outset to convey with it a sort of stigma or at any rate discourtesy, and in discussing such vessels with their owners it was formerly considered better taste to refer to them by the more respectful term of "seekers." Any reproach which may, however, have originally attached to the term has long been gloriously lived down. Our tramp steamers are, in fact, probably not much less well designed, well built and well equipped than liners. Indeed, it is by no means uncommon for a regular line which finds itself, for one reason or another, short of tonnage, to add one or more tramps to the line, under time charter. Tramps are, however, not built for speed: 8 to 10 knots is ordinarily about their rate of travel. For one thing, they want to have as little as possible of their valuable freight-earning space taken up with fuel. They burn as little coal as they can, and of course the greater a vessel's speed the more does her fuel consumption increase. Not being bound to particular dates the tramps can plod along steadily and not have to burn more coal to offset adverse weather influences. The tramps are in fact the ocean waggons, loaded up with the diverse produce of many a field, destined for mill or works or factory, the mail coach with its interested passengers passing by them rapidly, while the cargo liners, awaited by many impatient consignees, also leave them astern. If grain-laden, the tramps will probably call for orders and simultaneously fill up their bunkers. Whether they will then have to set their leisurely course for a British or a Continental port will depend on the decision of the holders of the bills of lading. The submarine cable is the backbone of the tramp industry.

When, owing perhaps to a splendid harvest in some distant land, the regular traders are enjoying great prosperity, the owner of a fleet of tramps may put his steamers on to share in their prosperity, much, possibly, to the regular traders' indignation.

The particular trade, these consider, is their own preserve, and they want no poaching. On the other hand, the superior organisation of the "regular traders", and possibly a temporary surplus of tonnage, not infrequently enables them to put on a vessel to load up with a full or part cargo which otherwise would have been carried by a tramp. Tramp-owners, as well as the shipbrokers, complain, indeed, that their business is more and more feeling the effects of just such competition. But if opportunity or circumstances should some day seem propitious, a fleet of tramps may quite possibly itself succeed in adopting, on some route new or old, the *métier* of regular trader, either independently or as the result of a successful attempt at "Ring-breaking" (p. 62).

The tramps are essentially the world's harvest waggons, and their prosperous employment is largely dependent on the over-sea crops. The truth of this is rendered very obvious by the following cutting from the shipping Press:

TONNAGE FOR ARGENTINA

Exports of maize from the Argentine between May 1 last and Jan. 11 total 4,832,036 tons, as compared with 88,607 tons for the whole of the preceding season. This means that, taking the average steamer in the Plate trade as 5000 tons, 966 steamers have been required to lift the crop, while 18 steamers would have sufficed for that of 1911–12. This explains to a large extent the great scarcity of tonnage during the past half-year, and the consequent boom in freights.

As regards the cost of a tramp steamer, it will of course vary according to circumstances, both of requirement and of the price of steel and labour, but for a round figure it may be taken at £10 per gross ton. But in giving out an order to builders, what the prospective owners chiefly consider is the vessel's deadweight capacity, and on this capacity the price will be based. The annual depreciation of shipping tonnage is a serious factor—in the case of tramp tonnage probably at least five per cent.

Coastwise Traffic

Water-transport is, of course, the cheapest possible—at any rate till now. The original outlay on the railways places them at a disadvantage owing to the heavy burden of interest entailed, while the cost of upkeep and working is enormous. Then, after all, the carriage facilities of the trains are greatly limited: a train of as many as thirty trucks can move only some 250 tons. Ships, on the other hand, have their cost confined entirely to themselves, and their transport facilities are vast. A little steamer of only 1000 tons gross will carry some 1500 tons, or six train-loads of goods. Therefore, wherever rail and ship come into competition and time is unimportant, the advantages are with the ship. Where time is, however, of importance, then the converse is the case. Most short-voyage ports are more or less a centre of competition between ship and railway. London notably, a great transhipping port, the chief port of the country's trade, is a vortex of such competition; while the fact that it is a barge or water port, as distinguished from a railway port, plays into the hands of the coastal steamers. From the moment when London's ships ceased to lie at the merchants' waterside premises, and conveyance had to be made by barge between ship and wharf, between wharf and ship, London became a barge or water port; and the large increase in water-front premises has resulted in a fleet, to-day, of some 11,000 barges, many of them separately capable of carrying a number of the small craft of ancient times. But many of these waterside premises are now central stores into which, by barge, goods are delivered from the ships, to be consumed in the metropolis, to be forwarded to the provinces, or to be sent to purchasers abroad. For these last, water transport is of course inevitable. Where, however, goods have to be sent from the wharves to provincial purchasers, or from the ships to distant factories or markets, then comes in the struggle between train and coastal steamer. Mostly, in Continental countries, it is between barge and railway. Our water transport, as a great national system, is external, coastwise; not internal, through the fields. What country in the world has anything to compare with it? And similarly, when goods have to be sent from the provinces

to London for shipment overseas. Where time is not important and the two goods-termini are London and a coastal port, it is all in favour of the coastal carrier. When, however, an inland terminus is in question, there is active competition. Broadly stated, the railways are, of course, all against the ships ; but when one railway system has direct communication with London, and another has only communication with the coast, the latter is not going to allow any sentiment of loyalty to the railway brotherhood to prevent it from co-operating with the coastal steamers, to the disadvantage of a rival London system. The local railway line and the coastal traffickers support one another, and the through-rails to London have to compete with the combination. The coastal services have their agents at inland cities and grant through-rates between London, by rail and sea, and the inland terminus ; and so great is the carrying capacity of the up-to-date coastal steamer that the owners, with a full ship, can afford to charge rates extraordinarily low. All that is necessary, however, in the steamers' competition with the through-rails to London is to underquote the latter so far as is necessary to attract the goods. And, as many of the coastal steamers now carry passengers and have therefore to be built for speed, the importance of the time-element in this competition is being steadily reduced. The extent of this competition will be realised when it is mentioned that in the case, for illustration, of Cardiff, there are no less than seven lines of coastal steamers making it a port of frequent call, steamers in connexion with ports all round the coast ; and these cargo lines, in touch with inland cities, collect and deliver in railway manner. But the introduction of the motor-lorry is now beginning to destroy the harmony of working hitherto subsisting between the local railways and the coastal steamers, and to increase the facilities of the latter. The coastal steamers are, in fact, always pressing more and more heavily on the railways, competing with them as keenly for the summer passenger as for goods. The railway companies have got to meet this competition somehow, and the result is occasional anomalies in railway rates, which are publicly held up as evidence of the (supposed) incompetence of the railways.

We may mention here a fact which tells in favour of the

coastal carriers from London, and one which is a chronic grievance with the shipowners. When barges first came into use in London's port, the ships discharged overside into the barges, or perhaps at low water into carts alongside. Delivery was given straight into the vehicle of the consignees. When the docks were built, the barges were by Act of Parliament made free to come and go in the docks, without charge. This provision is well known as the "free water clause." The dock companies lived to see 80 per cent. of the goods imported into the docks carried away by the barges, without being able to charge a penny on the barges. It was mainly this loss of goods, indeed, which reduced the dock companies to impecuniosity. But if the "free water clause" proved disastrous to the docks, the "Custom of the Port", which goes hand in hand with it, is little less obnoxious to the shipowners. For when the ships grew bigger and bigger and their cargoes got more and more mixed, the shipowners could no longer sort out the goods on deck and deliver them straight into the waiting barges. They had to land them for sorting in the dock shed, truck them back across the quay, and then put them on board the barges. It was the ancient custom of the port that the ships should deliver into the barges as part of their contract, and if they chose for their own convenience to land and sort the goods and then deliver them, this was their own affair. As a matter of fact the process ordinarily, on mixed cargoes, costs the shipowners about 1*s.* 6*d.* or 2*s.* a ton, and they greatly resent it. At other ports their responsibility ceases when the goods are out of the ship's tackle, and the sorting and delivery has to be at the expense of the consignees. And the shipowners cannot always protect themselves by charging a higher freight for a voyage to London, for the destination of the ship may possibly depend on orders at a port of call. If the orders be for London, this may be unfortunate for the owners. But the fact that the barges are entitled to free delivery, while delivery to a railway truck will have to be paid for by the owners of the goods, would certainly seem to be somewhat in favour of the coastal carriers. The following, recently printed in the *Shipping Gazette*, draws an interesting comparison between Liverpool and London in this connexion: "While something has been done in Liverpool during

the past eight years to cheapen through traffics to and from interior points, nothing has been done for the transit trade. It has to pay the full cost of transport from steamer to steamer, which runs from, say, 3*s.* to 6*s.* per ton, according to the cargo, whereas at London the total expense of transit is the lighterage of 1*s.* to 1*s.* 3*d.* per ton. The organisation in recent years of direct steamers between ports at home and abroad with oversea points has robbed Liverpool of much of the transit trade which she formerly enjoyed, and the competition of other ports at home is taking a good deal of the rest."

The Sailing Ship

A book on ocean commerce can hardly be written without any reference at all to sailing vessels; but, more's the pity, the sphere of their once indispensable usefulness continues to be steadily whittled away. They are, of course, still built, occasionally even splendid five-masters of 4000 tons, but mainly if not entirely for special trades. An attempt is now being made to employ the internal combustion engine as an auxiliary in case of need, but whether any satisfactory results will accrue has yet to be learnt. Some fine sailing vessels still sail to Australasia, because while the increased distance, as compared with the Suez Canal route, is not considerable, the saving of Canal dues is a distinct advantage. British Columbia, California and the West Coast of South America more particularly for timber, nitrate and guano, still find employment, though steadily diminishing, for the "wind-jammer", but the opening of the Panama Canal may, not impossibly, hit them hard. Meanwhile, the cost of coal on the Pacific Coast is in their favour, and not a little the slow process of loading and discharging by means of lighters, which has largely to be resorted to in the southern harbours on that coast. Time with the sailing ship does not mean money in the same degree as with the steamer, and where slow loading or discharge are necessary incidents the sailing vessel still gets her chance. But size is still and always an important factor, and one which leaves the sailing vessel far behind. The ability to obtain a full load by calling at several ports encourages the building of large steam

ships, but the trades to which the sailing vessels have become limited favour very little option of this kind. Where an owner lays himself out for a regular trade between certain termini, he can build his ships to suit the trade: but this is practically his limit. It took many years before the shipowning and mercantile community gained confidence in the steamer: the risk of breakdown in the engine-room long hung over them. When, however, with the evolution of the marine engine these fears passed away, the doom of the sailing ship was sealed. So long, moreover, as sailing vessels and steamers were all on a common footing as regards size, the advantage on the steamer side was less marked. But while with wooden ships size was limited by the nature of the material, to the size of vessels built first of iron and later of mild steel there was practically no limit. There was apparently no reason why sailing vessels should not also be iron-built, but they had always been built of wood, and those who built them were accustomed only to that material and had no experience with iron. No doubt the new material called into existence a new class of builder. Still, the mere substitution of iron for wood did not, it is said, materially affect the question of size. It was the later introduction of steel with its remarkable flexibility which opened up the new possibilities in this respect. At any rate, as we all know, the sailing vessel gradually dropped out, though probably for a conjunction or variety of reasons. Here and there owners, more especially foreign, continue the use of large steel sailing vessels, principally for the Pacific trade; the Americans build a certain number of many-masted schooner-rigged sailing ships of great size—and, it may be added, of splendid appearance with all their canvas set—and we ourselves have still some sailing ships at sea. One by one, however, they are sold to foreigners, mainly, perhaps, for the carriage of timber and rough stuff, and a new steam ship takes their place. Foreigners are, in fact, the principal sailing-ship owners. The largest of such owners in the world is the well-known firm of A. D. Bordes & Co., of Dunkirk, who are down as the proprietors of 42 ships of an aggregate gross of 105,000 tons.

CHARTERPARTY

Charterparty—"*Charta partita*, a legal paper or instrument 'divided', *i.e.* written in duplicate so that each party retains half." A charterparty is a written or printed agreement for the hire of a ship, or possibly of part of a ship, for a given voyage, undertaking or period of time. The shipowners and the charterers each have a copy signed by the other. As distinguished from the bill of lading it is a contract of hiring, the bill of lading being a contract of carriage. It is as though, in the first case, you hired the carrier's waggon, with his horse and men, and in the second as if you paid him to take charge of your goods and deliver them at the agreed destination.

Ordinarily, in the case of a charter, the shipowner provides the ship, officers, crew and bunker fuel, and pays the working expenses of the ship. The contract holds good against him except in the case of certain eventualities, which are set forth in the charterparty. Charterparties vary in form according to trade, cargo and circumstances. The Uniform River Plate Charterparty of 1904—a grain charterparty—here printed, will serve, as well probably as another, as an illustration[1].

The eventualities for which the shipowners are not to be held responsible are set forth in par. 38. Against these eventualities or exceptions it rests with the charterer, so far as practicable, to insure himself. Having hired the ship, it is open to him to use her solely to carry his own cargo, or if his cargo should be insufficient to fill the ship, to carry for other shippers in addition. Or he may hire the ship purely as a speculative enterprise, in the expectation of being able to sub-charter her at a profit or to fill her with other people's cargoes at rates of freight of which the outcome will be an aggregate total in excess of what he has to pay for the hire of the ship. The shippers, whether of the charterer's own goods or third parties, will presumably obtain bills of lading in the ordinary course.

It will be noticed (clause 3) that the vessel is, in effect, warranted seaworthy; that is, seaworthy in herself and fitted also for the safe carriage of the goods to be put into her. She is to

[1] See pocket in cover.

proceed to her loading port and take in cargo. Having loaded, she is to proceed to St Vincent or one of other specially named ports, to receive orders as to her port of discharge, which is declared to be any port between Bordeaux and Hamburg, both included, or to a United Kingdom port. The policies on the cargo will be so worded as to provide for this, and may provide also for a return or refund of a part of the insurance premium in the event of the adoption of a port of discharge in the United Kingdom. Clauses 6 to 15 fix the rate of freight to be paid by the charterers to the owners. If the charterers ship other people's cargo it is free to them to charge, if they can obtain it, a higher rate, and the difference between the two rates will be their own profit. These clauses also provide for shipment at alternative ports at or near the River Plate, with rates of freight according. The hire-money need, however, have no relation at all to freight, and of course in the case of Government charters it could not do so. The contract may be for a lump sum or at a payment of so much per month. If, however (clause 16), light freight—*i.e.*, light cargo ; freight, like salvage, is a word of alternative meanings—be shipped, charterers are to be liable on the basis of wheat or maize, up to the vessel's capacity to carry such. Clause 17 gives further options as regards alternative ports of shipment, with the rates. If the master requires cash for the ship's expenses, the charterers are to advance it (clause 18) up to one-third of the total : the balance to be paid on right delivery. Clauses 19 and 20 provide for shifting from one to another loading shoot Clause 21 relates to fixing of port for commencement of loading, on vessel reporting herself ready. Clauses 22 to 30 make provision for shipment and stowage. Lay days are the days allowed to the charterers in which to load. If these days be exceeded, then charterers must pay fourpence per ton of the ship's gross registered tonnage per day (*if*, *i.e.*, the ship should be 6000 tons gross £100 per day), for "demurrage." On the other hand, if the charterers, by exercising despatch, shall not use all the lay days, the ship shall pay charterers £10 per day saved, as "despatch money." Clause 31 deals with the bill of lading freight. The charterers may decide what the rate shall be, but if it shall amount to less than the hire-freight the charterers must pay the

difference before the ship sails. If it shall amount to more, then the master shall give the charterers a bill for the difference, the amount to be paid on ship's discharge, as detailed. Clause 32 provides for the ship to "call for orders" as to her final destination. When a ship is reported as having arrived at, say, St Vincent "F/O", it means that she has arrived for orders. The cargo may have been sold from one buyer to another between loading and arrival at port of call, but the buyer who is then the owner of the goods must cause a cable to be sent to the master at port of call, instructing him where to proceed for discharge. As already mentioned, this may be any port in the United Kingdom or a Continental port within the limits specified. Some ports are more expensive for discharge, in delays and charges, than others. In an open charter of this kind the owners have to take their chance and hope for the best (cf. pp. 12, 74). If the ship be ordered to a discharging port which, owing to its methods, proves costly to the owners, they do not soon forget it. But perhaps when the ship gets to her port of call the cargo may still be offering on the market. Clause 33 gives the charterers another opportunity. The ship may go on to Falmouth and get her orders there. But the owners are not going to have her ordered, perhaps, from Falmouth down to Bordeaux; if the charterers, or whoever may be then the owners of the cargo, cannot determine the port of discharge till the ship is off the coast, then the Continental option must be limited to Havre and Hamburg and ports between. Clause 34 provides for the case of the port of discharge being blocked by ice, and the next following clause for there being insufficient water to enable the ship to come to a discharging berth. Clause 36 bars Tilbury Docks in any case. The charter, it must be borne in mind, is a compromise between the interests of the two parties. Tilbury might suit the shipowners well enough, but the owners or purchasers of the cargo require it to be discharged nearer to the trading centre. Clause 37, dealing with discharge, is the converse of clause 23, which dealt with loading. If the charterers exceed the customary time in discharging, they have got to pay demurrage as in the other case. Then come the important "Exceptions", clause 38. The owners are not to be liable for any losses arising by Act of God, Perils

of the Seas, capture or detention, or losses caused by any act, neglect or default of the ship's officers and crew, and so forth—the usual stipulations. Also, the ship is given the right to call anywhere and to earn salvage if she gets the chance. That there may be no question as to all this, on the part of shippers or consignees, it is plainly set forth in the bills of lading themselves. As a matter of fact it is always there, with ordinarily a long list of exceptions in addition. The wording relating to losses caused by the officers and crew is well known as the "Negligence Clause." In Government contracts it is ordinarily struck out: Government rejects it. In such event Government has presumably to pay more for its contract, and the shipowners then take out a special policy at 2*s.* 6*d.* per cent., or whatever the rate may be, to cover their liability to the Government for losses caused as described. The next clause, 39 the Strike Clause, is also important. If the cargo owners should be unable to load or discharge because of strikes, etc., the lay days are not to comprise any days of such inability. The risk, no light one, is taken by the ship. But the Protection and Indemnity Clubs, in which many if not most ships are entered, may perhaps include compensation, up to a point, for demurrage thus arising. Clause 40 deals with the method of adjustment, in the event of a general average occurring. Clause 41 is the last that we need consider, and it also is important. If, before the shipment of cargo, the vessel, by reason of war, and of her flag, becomes liable to capture, or if the loading port be blockaded, or the shipment of grain prohibited, then the contract shall be at an end. The wording is perhaps hardly as clear as it might be. If war or blockade should occur not before but after shipment of cargo, then the case would come under clause 38. The ship, under 38, is not to be liable for loss by capture, etc., but, equally, is under no obligation, at any rate, to run into danger. Rather, it is the master's duty to take any such steps as may be reasonably necessary to avoid danger, whether of perils of the seas, capture, or otherwise, to the property—ship and cargo—committed to his charge. If the ship arrived at St Vincent, for example, and learnt that war had broken out, exposing her to capture, the master would presumably consider it his duty to cable to his owners—unless, as is more probable,

he found a cable from them awaiting him—asking for their instructions. This we will consider presently (p. 209).

The special conditions to be provided for in different trades or voyages call, of course, for suitable provisions in the charter-parties framed for them, but probably in their essential features these all more or less follow similar lines.

Bill of Lading[1]

The bill of lading, first and foremost—at any rate in the popular view, though technically it is looked upon more especially as evidence of the terms of the contract of carriage—is a shipmaster's receipt for goods entrusted to him to carry in his vessel. He undertakes to carry them, for the freight-consideration stated in the document, and to deliver them in the condition in which he received them—unless prevented by certain perils which are enumerated with great elaboration; and, in their enumeration, what the shipowner aims at is the effective disclaimer of the liabilities otherwise attaching to him as a carrier. If experience should show, as occasionally arises, that, after all, some peril has been unfortunately overlooked, into the bill-of-lading exceptions it goes at the earliest opportunity. Practically, except as regards one risk, to be referred to presently, a shipowner is, so far as he can safeguard himself under his bill of lading, liable for nothing at all. Before proceeding further it may be well to consider how this somewhat remarkable condition of affairs has come about.

In the very early days, the shipowner accepted—not *excepted*—liability for everything except, in brief, losses caused by the Act of God, Perils of the Seas and the King's Enemies. The risk of these the shipper had to run himself, or, when insurance became general, to pay underwriters a premium to run them for him. The various other losses incidental to ocean transport—breakage, pilferage, damage by bad stowage, vermin, heat of hold and so

[1] In a conference on the Law of Affreightment in 1882 one of the speakers said, "The bill of lading which was in ordinary use was the same as that used 2000 years ago. There were not 30 words different in the bill of lading which Cicero pleaded upon and that which was in use in the present day." The statement goes obviously much too far, at any rate in 1914, but the differences to-day are probably nearly all in the nature of necessary additions to the ancient wording, owing to altered conditions.

forth—must, however, have been no light burden on shipowners. As trade and competition increased, cheap freights appealed more and more to shippers. A shipowner whose freight was lower than that of his competitors would naturally get the preference. The result was—so, at any rate, it seems reasonable to assume—that shipowners, in order to be able to quote a low freight, little by little contracted themselves out of liability for losses for which they had formerly accepted liability. The merchants could not expect to have it both ways, and the outcome was low freights which left shippers to run their own risk of such losses as, being preventable—theoretically at any rate—by proper precautions, are, in the eye of the law, perils not "of" but "on" the seas. The ordinary marine policy covers only perils "of" the seas, so that for the most part the shippers have now no remedy against any one if their goods suffer by that are often known as "ship damages"—perils "on" and not "of" the seas.

The bill of lading, then, is the ship's receipt for the goods, and evidence of the terms of the contract of carriage. It has, however, next, this important quality or function: it is a document entitling to possession of the goods to which it relates. It practically always provides that delivery of the goods shall be made "to order", this word being inserted in the space provided for the name of the consignees. This means to the *shippers'* order. The shippers' name is always shown, and they endorse the bill of lading with their signature in blank; and this endorsement is regarded as their order in favour of the parties presenting the bill of lading for delivery of the goods. The holder of the bill of lading, duly endorsed, is in effect the owner of the goods, or at any rate he has the right to their possession on payment of any freight due on them; and by endorsing the bill of lading over to a third party he can transfer his right of possession. And as a matter of fact advances are constantly made by bankers and others against goods, on the bills of lading being thus endorsed over to them. If the goods are still afloat, then the marine policy, similarly endorsed, is handed over with the bills of lading. It will be seen, then, that the bill of lading, besides being a mercantile document of very great antiquity, is one of the very first importance.

The bill of lading is now generally made out in sets of three—sometimes two; but there is no rule or law on the subject. One copy is as good as the others or other, and when the goods have been delivered against presentation of one copy, the rest become void—a system open to fraudulent abuse, but apparently inevitable. The document is made out in triplicate or duplicate, because it has to be sent to the consignee to await arrival of the ship at destination, and the copies are sent out by following posts to insure the safe arrival of at any rate one copy. Each copy made out in the United Kingdom has to bear a sixpenny impressed stamp.

Now let us consider a form of this all-important document. Like the charterparty, the bill of lading is often framed to suit the special requirements of the particular trade, and for many trades there is a standard or generally accepted form. Some shipowners, however, have their own special form and will sign no other. The form we will take for examination is a well known "outwards" Eastern form[1].

It will be noticed that almost the first word is a "hedge"—not unreasonable—on the part of the owners; shipped in "apparent" good order. This word is a modern interpolation. If memory may be trusted, the old beginning was, or was often, "Shipped by the Grace of God in good order and condition on board the good ship...." Then immediately follows a declaration of the shipowners' right to tranship, deviate, tow and assist; and so forth. The blank space following is for statement of the number of packages, which, with their marks, numbers and weight or measurement, have to be described in a wide margin provided at the left. The shipowners' risk is to cease on delivery from the ship's deck, from which probably the goods would be lifted by the shore cranes (cf. p. 74). As a general rule or very commonly the goods are lifted on to the deck by the ship's hoists and then picked up by the shore cranes. The next blank space is for insertion of the name of the port at which the goods shall be discharged—the long small-type list of a great variety of perils "excepted": the last word on the list. It will be seen that the list of exceptions is about as complete and comprehensive

[1] In pocket at end of book.

as experience and a lively anticipation can well make it. Still, claims do arise, both frequent and heavy, which the shipowners have to pay or think it politic to meet. The thought may here suggest itself that to give the shipowners, in effect, *carte blanche* to do what they like with the goods is not a stipulation likely to enhance safe carriage. The business of shipowning, however, is like other commercial enterprises in that its success depends largely on the reputation and good name of the carriers. Shipowners on a particular route are in keen competition with one another for the business of regular and important shippers, and the last thing they wish is to earn with their supporters a bad name either for damaging goods or for want of a conciliatory spirit in dealing with their clients. What they suffer from terribly is thefts, mostly committed, probably, during loading and stowage. In a recent police court case in which half-a-dozen stevedores leaving the docks were found to be loaded up with stolen property, it was stated that on a previous outward voyage of the same steamer the company, a well-known line, had had to pay nearly £3000 in settlement of claims for lost cargo—"lost" meaning, presumably, stolen. The bill-of-lading exceptions would almost certainly embrace theft, and yet the shipowners compensated the owners of the goods, or certain of them.

The exceptions are many and various, and mostly they speak for themselves. One of them, however, that relating to "negligence or default of owners", will be specially referred to presently under the head of "Seaworthiness."

Then, the freight: freight and primage. Primage gave, under ancient usage, a sort of cash commission or reward to the captain, and the word is still left in the print, but the charge is now exceptional, and when made at all is probably an addition to the shipowners' freight. The freight is to be paid before sailing, ship lost or not lost. This, however, is an outward bill of lading; with homeward goods the freight is generally, but not always, payable on delivery. Then comes a reference to general average, which we will refer to later. Next, a most important provision relative to the seaworthiness of the ship—really, a supplement to the exceptions. Then, many words relating to the necessity for proper packing and securing

packages of certain goods and for specially declaring the value of costly packages: and so on. Then, detailed provisions as to discharge, over-carriage and so forth, which speak for themselves. The length of the printed lines, 8½ inches in the original, their closeness together and the smallness of the type, may be good for the lawyers but is certainly trying to the eyes. Imbedded in all this phraseology is, however, the following very important (and reasonable) provision; namely, that if the course of the voyage

> "is or threatens to be impeded...anywhere...by quarantine...war or disturbances...the master may at the risk and expense of the owners of the goods...tranship and store... or land and store or otherwise dispose of the cargo...at the risk and expense of the owner of the goods."

The other provisions call for no special comment. They conclude with a declaration that the bill of lading shall constitute the carriage contract. "In witness whereof the master or agent of the said ship has signed...bills of lading, all of this tenor and date, one of which being accomplished the others to stand void": date and signature, the latter "By authority of owners"—which mostly means that the ship's agents sign in lieu of the captain. The old form added as a pious conclusion "And so God send the good ship to her designed port in safety. Amen." This is now left out—perhaps to give more room for exceptions. Of course, all bills of lading are not so voluminous as the specimen adopted; some are comparatively short, and a good deal depends on the voyage and calling-ports, but this is probably quite a fair example.

And now we will look into the question of seaworthiness, the one risk which we do not find mentioned in the exceptions.

SEAWORTHINESS

In the case of our charterparty, it will be remembered that it sets out with mention or declaration that the ship is "tight, staunch and strong and in every way fitted for the intended voyage"—ancient and stereotyped words. The bill of lading contains no such affirmation: it has even ceased to refer to the "good" ship. The omission is, however, immaterial: the law *implies* that the ship shall be warranted seaworthy in herself *and*

"in every way fitted, etc. She has, in fact, to be not merely seaworthy but cargo-worthy: fitted to carry safely the cargo she lays herself out or undertakes to carry. Shippers entrust their cargo to the shipowners, and the shipowners accept the cargo, with this full understanding. As regards the ship, if she sails, for example, with an unqualified captain, an insufficient crew, a defective hull or steering gear, or similarly, she is unseaworthy. She may, however, be seaworthy as regards herself but not seaworthy as regards the cargo. She is to be "in every way fitted" to carry the cargo safely on the intended voyage.

Now, say, for example, that she contracts to carry live stock—horses. In the previous voyage she had a similar cargo. Disease occurred amongst the animals, and mortality. Her holds, to make her "seaworthy" for a fresh live-stock cargo, should have been thoroughly disinfected. This was not done. Disease and mortality occur, in consequence, amongst the new cargo. The loss was due to "unseaworthiness", and the shipowners are liable: the vessel was not "in every way fitted." Amongst the exceptions it is expressly declared that the shipowners shall *not* be liable for mortality. This is no good. The exception presupposes a seaworthy ship.

Or tea or rice is carried after a cargo of petroleum and gets tainted. The exceptions preclude liability for taint. No good: the holds not having been properly steamed out to render them fit for a cargo known to be susceptible, the ship was not seaworthy: not "in every way fitted." Or specie is shipped: valuable stuff, practically undamageable but peculiarly liable to theft. It is shipped under the assumption that it will be stowed in a properly secured strong-room. But the strong-room is not a properly secured space, and robbery is effected. The exceptions specially disclaim liability for robbery or theft, but to no purpose; the ship was not seaworthy: not specie-worthy. Or, once more; the ship is insulated for the conveyance of frozen meat, and carries, of course, special refrigerating engines. The engines break down, owing to initial defect, and the cargo is spoiled. The exceptions specially repudiate liability for loss caused by breakdown of machinery, but this means an accidental breakdown: the engines have got to be fit for their work at the outset of the voyage.

Now, this seaworthiness obligation is a nightmare to shipowners: they never know where they are. Exceedingly difficult questions, in fact, arise as to the cause or degree of unseaworthiness and as to the proper attribution of the responsibility for it; and when such questions have been determined it may still have to be decided whether or not the exceptive wording is so unambiguous and so applicable as to protect the owners. For any ambiguity in the phraseology of a contract is judicially interpreted against the grantors, in this case the shipowners. A short way out would no doubt be to disclaim, in a few short and perfectly clear words, liability for anything at all; but it may at least be doubted whether the law would sanction the disclaimer, by shipowners, of liability for their own personal neglect, at all events. To send a ship to sea in a state to endanger life is, indeed, a statutory misdemeanour; and the employment of possibly unseaworthy ships would obviously be contrary to the whole spirit of modern shipping legislation. Should the courts in a particular case be unable to declare the contract bad, there might be a commercial outcry which would almost certainly result in an Act of Parliament: and might not such an Act rip up the whole subject of exceptions, and possibly curtail the contractual powers now so valuable to shipowners? The shipowners find themselves, in fact, in a dilemma. To get out of it so far as they can they resort to special provisions in the bill of lading. For example, in the italic list of exceptions in the bill of lading which we have been considering, "*negligence or default of owners*" is inserted; and the failure to provide a seaworthy ship is *prima facie* neglect or breach of duty on the part of the owners. Then later there is another provision in this connexion, of which the consideration is deferred until we discuss the subject of General Average.

Now, whether non-liability for losses due to unseaworthiness, in its wider sense, if caused by negligence or default of owners, would be covered by these exceptive words would depend on their conjunction with the particular facts and their correlation with all the other provisions of the document. It is very delicate ground; even to sum up the position is not easy. And similarly with other such exceptive words, of which the variety is great,

having the same aim: as, for example, words in the sense that the ship shall be deemed seaworthy if the owners have exercised due diligence to make her so. The courts take a very exacting view of all such special exceptions. If, as already stated, there is any doubt they give it against the shipowners. They say, in effect, "Your contract has to be interpreted by ordinary shippers in a reasonable business sense. The plaintiffs did so read it, and did not find in it the meaning you say it was intended to bear. It is for you to make your meaning clear beyond reasonable doubt, and if you leave it open to ambiguity or uncertainty, this is your own fault. Judgment must be for the plaintiffs." And this happens by no means infrequently.

If the damage be in the nature of "ship damage"—perils "on" the seas (p. 82)—it will ordinarily not be recoverable from underwriters. Some goods, however—frozen meat and specie, notably—are insured against practically all risks, of whatever nature. If the underwriters are liable, and the facts seem to point to unseaworthiness, then, having paid the loss, they sue the shipowners in the name of their assured. The shipowners, however, may be themselves insured in one of the great shipowners' mutual protection clubs, and the action on their side will in such event be fought by the club in the name of the shipowners. So that the names both of plaintiffs and defendants may in some of such cases be practically dummy names.

Ship-Brokers

The middle man seems to be an almost inevitable incident of trade and commerce; and the more a business or trade becomes specialised, the greater the opportunity of the broker. And whether, for example, the letting or hiring of a house be in question, or the letting or hiring of a ship, the trained experience of the middle man will be valuable to either side. The business of the ship-broker has, however, no narrow limitation. In anything to do with ships—their buying and selling, their letting or hiring, their insuring, their chartering, their loading or their discharge—his expert knowledge is of value. But while a shipowner may have, and mostly does have, brokerage as an adjunct to his business, a ship-broker may be also an insurance

broker, and find in both branches an active occupation. In this dual capacity he will be doubly well equipped. He will know not a little of the law of "average", and in the laws of charter and affreightment he should be a master of his subject. As a ship-broker, he stands often in an owner's place. Clause 43 in our charterparty provides "Steamer to be consigned at Port of Discharge to Owners or their Agents, by whom the Steamer is to be reported at the Custom House." Ships owned at any port in the kingdom may some day find their way to London or to Liverpool or other port to load or to discharge, and their owners, domiciled elsewhere, must be represented on the spot. Shipping manuals at most ports contain a list of "loading brokers." In London they number some eight or nine score. Similarly with foreign-owned vessels arriving at a British port; and ordinarily these are "consigned" to a brokerage house. A broker who is well known in this important class of business must either be himself well acquainted with foreign languages—and, indeed, with foreign shipping laws and usages—or he must have on his staff clerks who are thus equipped. A ship-broker in Antwerp once mentioned to the writer that at that cosmopolitan port a shipping clerk was expected to be familiar with at least four languages.

If a ship "consigned" to London brokers arrives with a cargo, it rests with the brokers to arrange with the Port Authority, probably after ascertaining the views of the principal cargo owners, the dock at which she shall discharge; and on her arrival they will see to the due fulfilment of Customs formalities. The brokers will collect the freight, if this be payable at port of destination, provide for the ship's disbursements, and remit, less their own charges, the balance to the owners. Then it will be for the owners, in consultation with the expert brokers, to decide as to the next employment of the ship. She may be "put on the berth" to load a general cargo outwards, or it may be decided to send her in ballast to another port to load, consigned once more to agents or brokers. Or she may be chartered, either to carry a cargo from her discharging port, or perhaps to proceed to load coals at the Tyne or Cardiff, or to leave in ballast for some oversea port to load a cargo for Europe or elsewhere.

If it be decided to load her "on the berth", then it will rest with the brokers to get together cargo for her. Cargo, especially in these days of competition, does not flow naturally to a ship; and this is where the brokers' experience comes in. They will have on their list the names of the firms in the habit of shipping cargo on the voyage in question, and in addition to advertising the voyage and the loading of the ship and the name of the loading brokers, the brokers will have to notify such firms by shipping card or approach them personally. The rates of freight, according to the goods, will be more or less governed by the market conditions, but here the diplomacy of the brokers will be valuable. Promises obtained of weight or measurement goods will be recorded, and it will be the object of the brokers on the one hand to fill the ship and on the other not to promise space in excess of her capacity. A shipper whose goods are "shut out" not through any fault of his own but because the brokers have promised more than they can perform is apt to feel aggrieved, and brokers cannot afford to risk offending their supporters. The brokers ordinarily sign the bills of lading on behalf of the captain and owners, collect the freight if, as is generally the case, it be payable on loading of the goods "ship lost or not lost", defray the ship's disbursements, clear the ship outwards at the Customs, deduct their own expenses and transfer the balance to the owners. Part of the process of clearing the ship is the making out of her Manifest or cargo-list and lodging it with the Customs (p. 239). This has similarly to be done in the case of vessels entering inwards. The Customs then have a list of all the cargo in the ship. The various shippers or exporters have also individually to "pass an entry" for their goods on a Customs printed form, in which the goods are described and their value stated. The authorities, with the Manifest before them, are then able to "jerque" the entries, *i.e.* to see that for every shipment the merchant's entry has been passed. Merchants found to be remiss render themselves liable to fine. The information thus obtained by the Customs eventually passes into the Board of Trade returns. The brokers have now formed an "Institute of Shipbrokers" with Mr T. L. Devitt, the well-known chairman of Lloyd's Register, as its first president.

Voyages under Charter

It is stated, whether correctly or not, that about 70 per cent. of our total tonnage is tramp tonnage. At any given time a considerable portion of this tonnage will either be under charter or open to be chartered. If a vessel at home secures a charter to proceed to some distant port, there to arrive by or before a certain date to load a cargo, unless she can manage to secure a cargo outwards, either to the same port or to some port more or less on the way, she will have to go out in ballast. Steamers nowadays are ordinarily built with tanks to carry water ballast. Still, an outward cargo will be greatly to the good, and fortunately we are in a favoured position in this respect, for there is a wide demand for our coal for bunkering at ports of call or loading, as well as for South American and other railways, for power stations, gas-works and so forth. The common ability to carry coal out in view of a charter home tends, of course, to cheapen homeward freights, which is all to the good. When the oversea railway undertakings are extending their lines or relaying old tracks, then rails may be carried out. Or a cargo of cement may be obtained, or glass-work and rough stuff at Antwerp or Hamburg: all is fish that comes to the net of the tramp. But when a tramp has obtained an outward charter, her owners will aim at securing another contract for her to be cabled to her final destination. From there she may perhaps have to sail across the seas, for a voyage long or short, in ballast, to take up a new charter. The Suez Canal returns for 1912 show that no less than 542 vessels passed through the Canal in the year, in ballast, having an aggregate measurement of 1,565,779 tons.

When the trade of the world is good there is likely to be plenty of work for the tramps; when—but it does not happen often—a world-boom prevails, then their owners coin money. When the contrary condition obtains, then they may be thankful for almost any job which will keep their ship employed, and, failing even this, they may suffer the chagrin of having to lay her up and let her "eat her head off." With the tramp-owners as with the ports, it is very apt to be a case of all feast at one time or of all fast at another, but mostly it is somewhere between the two. Of

course, whether for outward or for homeward cargo, the vessel and the tonnage to be carried must approximately correspond; and exporters or importers, knowing the amount of cargo they require to be carried, will make their wants known for a vessel of corresponding size. But if for the big tramps only big jobs are suitable, for the smaller cargoes and the shallower ports there is no lack of suitable ships. There is ore to be carried home from Spain, grain or seed and timber from the Baltic, and so forth. And indeed from all ports and parts raw material, grain, rice and seed are coming to Britain and the Continent in an unending stream. Within the last three or four years the Eastern soya bean for the oil-mills has given great and till then unknown employment. Our textile industries require unlimited supplies of cotton from the States or Egypt or wherever it can be produced. The oil-mills and jute and hemp works must be kept continually going; and so on. A certain amount of these goods comes in parcels with mixed cargoes by the cargo liners, but mills and works which are consumers on a large scale, while glad of the small parcels, require whole ship-loads, and the tramps are always ready to assist them. Most or much of the homeward and cross-voyage chartering is done some time ahead, as this will enlarge the field of competition for the charterer. If he puts it off too late he may find himself in a corner and at a disadvantage accordingly. The tramp-owners, too, have no wish, if they can help it, to find themselves without a charter or forced at the eleventh hour to make an unsatisfactory contract as the alternative to being left out in the cold.

There was mentioned not long ago in the shipping Press the case of a steamer which had been practically twice round the world on her first voyage. She left Glasgow for Philadelphia, in ballast, and no doubt under charter, and loaded oil in cases. This cargo she took out to Japan, going round the Cape to save Canal dues. From Japan she proceeded to Brisbane and Australasia; probably carrying rice under charter. From Tasmania she went to Bombay, whether in ballast or carrying cargo does not appear. From Bombay, possibly with a certain amount of cargo for Buenos Ayres, she proceeded to Burmah and loaded cargo for the River Plate. There she discharged part of

her cargo and carried the rest on to Chilian ports. Thence, doubtless under charter, and probably in ballast, she sailed for San Francisco and Portland, Oregon, where she loaded up, probably with flour and canned stuff, for Japan. From Japan to Java, where, no doubt again under charter, she shipped a cargo of sugar for Greenock. Probably the various parties at the over-sea ports concerned cabled to their agents or principals in London, who at the Baltic or elsewhere arranged the charters with the owners of the steamer or their agents; and the owners of the steamer then cabled the necessary instructions to the ship's agents at the port at which she had arrived or was expected. When once a tramp steamer has sailed with a cargo outwards she rarely knows what will be her next destination or when or on what voyage she will return. She learns, stage by stage, by cablegram from her owners. Homeward-bound vessels laden more especially with grain frequently sail without their port of discharge being determined (cf. p. 265). They must call for orders at some port on the way in order to learn their destination, the orders being .arily cabled to them through Lloyd's (p. 127). This destina n the last buyer of the cargo afloat has to decide. The following indicates the ordinary por of coaling or ports of call for such vessels:

Grain Shipments, "for orders"

Shipment to Europe is either by:

Steamers.

(*a*) In full cargoes, under charter: or

(*b*) In parcels by regular traders or liners.

Sailing Vessels.

(*c*) In full cargoes, under charter: or

(*d*) In parcels by general ships.

The part-cargoes are generally to fixed destination, the full cargoes generally "for orders" but sometimes to fixed destination—whether steamers or sailing vessels.

Wheat shipment by sailing vessel is now practically confined to Australasia and Chili.

Steamers from North Atlantic ports and sailing vessels as above. Sail direct to Queenstown or Falmouth for orders. Parcels by liners or general ships have, of course, fixed destination.

Steamers from India (Full Cargoes or Parcels) and Australia (Parcels) vid Suez Canal

Ordinarily coal at Port Said, but occasionally perhaps at Aden.

Some steamers (not liners) may possibly coal at Algiers or Oran, some perhaps at Gibraltar.

Steamers for orders will probably get them at Port Said; possibly at a later port.

(No Australian full cargoes by this route.)

Steamers from Black Sea, etc.

Mostly full cargoes, with destination largely fixed in advance. Coal and (if required) orders generally at Gibraltar, but possibly at Algiers.

Steamers vid Cape of Good Hope or Cape Horn, or from the Argentine: after coaling either (perhaps) at Cape Town or at River Plate, Rio, or other Brazilian ports

Call for orders (unless destination fixed) and coal at Cape Verde Islands, Madeira or Azores; possibly at Dakar.

On getting their orders they may proceed either direct to destination or to Falmouth for final orders.

The final purchaser of the cargo, holding the shipping documents, has of course the right to decide what the ship's destination shall be, within the terms of the charter. Most of the big grain-dealers are in relations with firms at the various ports of call, and are thus able to cable their instructions direct. Or this may be done, and more probably will be done, through the original charterers, who, of course, will be in close touch with the shipowners. The subject of charter is further dealt with in connexion with "Ship's Papers" (p. 265).

Rates of Freight

Freight, as we have seen (p. 36), is usually charged on the ton avoirdupois when the goods are in bags or bulk, and on the measurement ton of 40 cubic feet where bales or cases or other packages are concerned. In the case of the cargo liners there is ordinarily a schedule of rates for various goods On cotton or frozen meat freight is commonly charged at a fraction of a penny per pound weight of the goods. On gold it will be based on value. There may be exceptions, but the foregoing summarises the position generally. As a rule, more especially for outward cargoes, the contract is that the freight shall be due on shipment of the goods, "ship lost or not lost", with, of course, in the latter event no repayment. When the freight is payable on shipment the shippers insure it, in effect, when they insure the goods: they add it to the value of the goods and let the insurance on the goods include it. In the case of a cargo of coal, one-third or half the freight may be paid on shipment and the balance, which is at the shipowners' risk, on delivery. But all these things, though largely governed by usage, are subject to special agreement. When or so far as the freight is payable at destination, it is insured by the shipowners.

Freights by sailing vessel are commonly less, sometimes a good deal less, than by steamer, and by a mail steamer higher than by a regular trader. Tramp freights are usually lower than by the regular liners, the greater speed and regularity of the latter making them more desirable, as well as more expensive to run. Every route and destination has, theoretically at all events, rates of freight peculiar to itself. If, however, a steamer cannot count on getting, at a certain port, a full freight home, as sometimes happens, she will probably expect a higher rate for the outward voyage. The cost of stowage, or, as it is called, stevedoring, comes somewhat into the question of the rate to be charged. Some cargoes, like coal or grain in bulk, require very little stowage, while to stow other goods economically or safely is something of an art. Railway iron, for example, calls for very special and careful stowing. General miscellaneous and perhaps valuable goods need very careful handling, both to avoid breakage

and to save every inch of stowage space. Wool in hydraulic-pressed bales is stowed, by the aid of jacks, so closely that a knife-blade could hardly be inserted between the bales. The careful and economical stowage of cargo is more or less of an art in which the interests both of ship and of shipper are concerned. Where freight is paid on measurement the three dimensions of each package are separately taken down and recorded. A printed "measurement book" is then referred to, which shows the cubic contents of the three measurements at a glance. When, as with tea-chests, all the cases are of the same size, only a certain number of them are measured. Goods in sacks or bags are weighed perhaps five or more at a time. Whether in the case of measurement or of weight or of special goods, usage has long settled the method most convenient for adoption.

The Cost of Ship Insurance

Much in the same way as wear-and-tear and depreciation eat away a ship's life, so does the annual burden of insurance eat away her profits; and the one is as inevitable as the other. It may be here objected that some great lines are "their own underwriters" and therefore pay no insurance premiums. This is true enough, but premiums are only a way of reducing risks to an estimated £ *s.* *d.* equivalent, and in whatever way insured, or not insured, the risks remain inevitable. But the business of insurance, in addition to being carried on at more or less cost—in the case of the public companies, at very considerable cost—is, of course, undertaken as a source of profit. Consequently, premiums represent:

(*a*) The estimated value of the risk,
(*b*) The cost of the insurance system; and
(*c*) As much profit as competition will allow to be added on to (*a*) and (*b*).

The object of a shipping company in "running its own risk" or being "its own underwriter" is, of course, to avoid paying out under (*b*) and (*c*). In some cases a company or an owner may insure his ships, or one or more of them, up to a certain amount, and be his own underwriter as regards the balance. This is in part due to the British love of compromise and in part to the

well-known fact that underwriters place on the most favoured footing vessels in which the owners are themselves concerned as underwriters. The professional underwriters fully appreciate the fact that an owner whose own insurance fund is at stake will, to the utmost of his ability, leave nothing undone to preserve the safety of his fleet, and this more especially in the careful selection and training of the officers. Then, again, this system of joint or part insurance may be the earlier stage of an eventual full insurance by the owners. Their object and practice is year by year to place to an internal insurance fund, out of profits, such a sum as shall in course of time create a total which shall be adequate against losses. An insurance fund may take years to build up to a figure which is deemed sufficient, and the process will probably consist in a gradual decrease of the liability insured outside and a gradual, till finally total, domestic assumption of the balance. But even when the fund has been built up to an adequate total, the system of adding to it may be continued. The company thus acquires a hidden reserve, a portion of which can, in case of need, be applied to special purposes or used, in an unprofitable year, to keep up the dividend payable to shareholders. Obviously, therefore, a company which adopts the method of a partial insurance reduces the burden of premium-payments to third parties, while those who run entirely their own risk eliminate it altogether. But there are other methods of lightening the premium-burden. Notably, for example, in the case of vessels of great value, the owners obtain a very low rate by taking on themselves any claim up to a certain fixed amount. This may be, in a very special instance, £50,000, £100,000 or £150,000. With the underwriters' liability thus materially reduced the owners can count on a very low premium being charged. Then again some owners insure only against the risk of total loss, or of total loss and general average. So that to read, as one may, that a vessel has been insured at a cost of so much per cent. may convey practically nothing as to the real value of the risk if it had been covered in the ordinary way.

But the risks to be insured against are not only those affecting the vessel herself. There is, in addition, the owners' serious liability for damage caused to third parties, as by running into

and perhaps sinking other vessels, possibly with loss of life and cargo. Or a pier or jetty may be damaged or dock gates carried away, or various other disasters may occur for which the owners may be personally responsible. This subject will be more fully treated presently (p. 100). Three-fourths of the property-liability arising out of damage to other vessels and their cargoes are ordinarily covered by a clause specially added to the marine insurance policy on the ship insured. The one-fourth and the life-liabilities and the various other risks are ordinarily covered in one of the shipowners' great mutual insurance associations or Protection and Indemnity Clubs—at what cost it is difficult to say.

As to the cost of ordinary insurance when the owners run no part of the risk and take on themselves no part of the claim-liability, of course it varies a good deal. A by no means unimportant factor in the case is the reputation of the owners. Some owners seem to be the chronic victims of misfortune, while others go year after year without mishap. Underwriters know very well to which class an owner should be allocated and in what degree. The account of every owner is kept separately in the books of the underwriters who insure their ships, the premiums and salvages being placed on one side of the account and the losses and refunds of premium (as, for lying-up in port, cancelment, and so forth) on the other. At intervals or on requirement a balance is struck and the underwriter knows to a penny what profit or what loss the account has on a term of years produced. He may decide to put up his premium, in which case the skill and blandishments of the owners' insurance brokers will probably be set to work to find a more accommodating market or one with less experience. Brokers often have desirable business to place, and an underwriter in order to get a share of some of this may be willing to show an accommodating disposition. On the other hand, if the account should show a handsome profit, the owners will be quite aware of it and will set themselves to obtain more favourable rates, and the underwriters may go some way to meet them rather than lose a valuable account. Then, good times and bad times occur. After several years comparatively free of disaster there is a tendency for rates to be reduced. If,

on the contrary, one year of disaster has been followed by another or by several others, the pendulum swings the other way, and the underwriters may decide, if they cannot obtain improved conditions, to let the business pass. There is no absolute uniformity or fixity in rates. Steamers of regular lines running on fixed routes are less exposed to accidents than tramps, because the officers are, as a rule, carefully trained to the route and are familiar with its special dangers. Still, some routes are more free from these than others. The tramp steamers form a big class by themselves. As a rule their insurance policy—hull policies are ordinarily made to cover a period of twelve months—gives them, in most cases, free latitude as regards both voyage and cargo; and these are sometimes such that if they were treated as separate risks they would call for a high premium. The underwriters, however, under a twelve months' policy, charge an inclusive rate and take their chance. Certain voyages or certain voyages at certain seasons of the year, or certain cargoes, may be specially barred by the policy, or held covered at an additional premium to be paid for them on occasion arising. The rates for a twelve months' policy will vary therefore according to facts and circumstances. Perhaps for mail and passenger steamers of the highest class £3 per cent. may be the charge, or it may be £4 per cent., or more, according to the line and voyage. Ordinarily, for tramp steamers the rate will be £5. 5*s.* to £7. 7*s.* per cent., but in special cases less or more, perhaps a good deal more, may be demanded. Age and character and value of the ship will of course come into it. The average rate may, however—subject to the effect of good and bad periods as regards disasters—be taken, for the sake of a figure, at £6 per cent. That is to say, for a tramp worth £50,000, £3000 a year. On this the insurance brokers, if brokers be employed, will receive £5 per cent., or £150, unless otherwise arranged, which the underwriters allow in account. On the other hand, the owners are by usage further allowed by the underwriters a discount of 10 per cent. on payment within the customary short period.

Some owners insure their ships entirely in the mutual clubs or associations. At the end of the year, or whenever required, the club committee ascertain what the association has paid out to the members and make a levy, based on each member's tonnage

entered in the association, to replace the funds. The working expenses of this method of insuring are very small, and of course profit is not aimed at. It is an excellent method of insuring from the point of view of cost, but against it is the element of uncertainty. In a good year the levy may be small, but it may on occasion be otherwise; and many owners would rather pay a fixed sum at Lloyd's or to the Companies in advance and thus know their liability once for all. It may be, too, in some cases that the owner of new and well-found ships may prefer to have them regarded on their merits, and not brought in to pay for mishaps to vessels which he himself would place in another category.

Shipowners' Liabilities for Collision, etc.

By the Common Law, a man is personally liable for damages negligently caused by his servants in the course of their employment. Two centuries ago the conclusion was arrived at that this law called for mitigation in the case of shipowners, and in 1734 an Act was passed with the following preamble:

"Whereas it is of the greatest consequence and importance to this kingdom to promote the increase of the number of ships and vessels and to prevent any discouragement to merchants and others from being interested and concerned therein...." (Ships were in those days part of a merchant's business or trading plant: shipowning and trading were not then separate undertakings.) The Act then proceeded to limit the shipowner's liability for theft or embezzlement by the master or crew to the value of his ship and her freight in earning. Previously his liability was unlimited. In 1786 the Act was extended to apply to thefts, etc., whether committed by master and crew or anybody else. Also, exemption was given for losses caused by fire. Then in 1813, with the 1734 preamble repeated, damages or losses of other kinds were brought in, and, notably, liability for damages to another ship was dealt with, as well as damages to the carrying ship's own cargo. If, said the Act, there was no "personal fault or privity" on the part of the owner, then if losses were caused by the fault solely of the owner's

servants, his liability should be limited as provided in the Act of 1734, *i.e.* to the value of his ship and her freight in course of earning; but each (*e.g.*) collision to stand by itself. Whether the value of the ship in fault was to be her value immediately before the collision or on her subsequent arrival—if she did arrive—was not stated. Legal decisions, however, declared in favour of the former. It will be noticed that nothing is said about loss of life. Such a liability was only created, generally, by Lord Campbell's Act—Act 9 & 10 Vic. c. 93 (1846).

Then in 1854 came the scissors-and-paste Merchant Shipping Act, consolidating the various previous Acts. This important Act (§ 504) brought in, however, life and personal injury claims. Liability to be on the previous basis as regards property, but with a special provision that in the event of loss of life or personal injury the value of the ship and her freight should not be taken to be *less than* £15 per registered ton. But § 388 relieved the owner *in toto* if the fault was solely that of a compulsory pilot. Lord Campbell's Act had made shipowners, amongst others, liable, without limit for death claims; hence the above limitation as the result of the shipowners' representations. It was the liability in respect of their own passengers that more especially troubled them. Still, why £15 as the particular limit? It was, however, thought that "to exempt shipowners from liability beyond the value of an inferior ship would be an encouragement to unprincipled persons to employ worn-out or inadequately manned vessels in the conveyance of passengers", and that a £15 per ton limit would mercifully remove any such temptation. Then came the 1862 Act, passed as the result of the Report of a Royal Commission two years earlier. The mail lines having ships worth a good deal *more than* the £15 minimum were very unhappy in their minds, the more so as up to this time there was a belief that to insure against life-claims was contrary to the law. The appointment of the Royal Commission apparently arose out of agitation on the part of the passenger lines. § 54 of the 1862 Act fixes £15 per ton as the limit for life-liability, irrespective of the actual value of the ship, and £8 for property claims, whether with or without loss of life: a total maximum liability of £15. The 1854 Act

applied only to British vessels, but the 1862 Act contained no such limitation. The Act also admitted the legality of insuring against all the risks within it. Why £8 was fixed on as the limit for property claims is less clear. It is generally supposed, however, that this figure was taken as representing the average value, per ton, of British shipping collectively. But the mail lines had been very busy agitating, and at any rate this gave them what they wanted, and it at the same time preserved an appearance of impartiality. We need not follow the statutory legislation further, as the various subsequent Acts leave untouched the principle and limitations of the 1862 Act, namely, that no shipowner, British or foreign, if there be no fault or privity on his own part, shall be liable

(1) For loss of life or personal injury on his own ship;

(2) For loss or damage in the case of goods or property on his own ship;

(3) For loss of life or personal injury on another ship by reason of improper navigation of his own ship;

(4) For loss or damage in the case of another ship, or goods or property thereon, by reason of improper navigation of his own ship;

for more than £15 per ton, gross tonnage, of his own ship, in case of loss of life or personal injury, or for more than £8 per ton, whether there be loss of life or not, in case of loss of or damage to property. In practice, if the life claims should amount to more than £7 per ton, the excess of the £7 will rank with the property claims against the £8.

Now, as regards cases (1) and (2), claims arising on his own ship, it does not matter much one way or the other, because every shipowner takes very good care as regards (2) that his bill of lading shall exempt him from liability in respect of the goods he is carrying; while as regards (1), life claims, he similarly disclaims liability by his passenger contract. He is, in the case of cabin passengers, undoubtedly within his rights in doing so, but in that of steerage passengers a recent decision in the *Titanic* case declared that, having regard to special Board of Trade provisions, a disclaimer of life-liability on the back of the steerage passenger contract was invalid. This decision has been

affirmed by the Court of Appeal. Seamen who suffer injury or death arising out of their employment are themselves or their representatives, *ipso facto* and irrespective of any question of negligent navigation, entitled to the protection of the Workmen's Compensation Act.

Of course, loss of life or of property may be caused in circumstances other than those arising out of collision: as, for example, the ship may sail through a pier or damage a jetty, or by steaming too fast in narrow waters cause barges to break adrift, and so on. Or, notably, she may cause loss or injury in the case of her own cargo or passengers by negligent navigation. What we are more especially considering, however, is the liability for running into another ship—say £8 for property and £7 additional for life claims, in all £15 per ton (as a maximum)—on the wrong-doing vessel's own gross tonnage. And this £8 + £7 liability is exactly the same whether a mail and passenger steamer worth £50 a ton be concerned, or an ancient wooden wind-jammer worth 30*s.* a ton for Christmas firing. The consequence is that the many owners of vessels worth less than £8 a ton are exceedingly aggrieved, while, till recently, the owners of the high-valued vessels have remained modestly in the background. Some ten years ago, however, a very useful society known as the International Maritime Committee was instituted in Antwerp with the object of bringing about international uniformity in matters of shipping law, on which great divergences exist. In the case of collision, for example, as a general rule the foreign law is that there is no personal liability at all, on the part of the owner: his ship and her freight only are liable. He can wash his hands of all consequences of a collision by abandoning his ship to the injured parties. If she is already at the bottom of the sea or worth less than she is liable for, her owner will naturally abandon her. If worth more, then he will keep his ship and pay the damages. What the International Maritime Committee are aiming at, as a universal law—and all the British shipowners are now supporting the proposal—is an international agreement under which a shipowner shall be entitled to make his choice whether to pay up under the British law or abandon his ship under the foreign law. And judging from the success which has

crowned the efforts of the Committee in beneficial directions already, there seems great probability that this will before long become a universal law of the sea. Liability for loss of life, of modern creation in this country, is for the most part not at present recognised abroad. But an international code must be expected to include this.

Let us, however, revert to a consideration of our £8 + £7 = £15 law as it now stands. If the Alpha by improper navigation sinks the Beta and her cargo (no loss of life) and the Alpha be liable for £8000 (£8 per ton on her, say, 1000 tons), if the value of the Beta and her cargo be less than £8000, then the Alpha will pay the less amount. Supposing, however, that it be more: that it be, say, £16,000. In that case the Alpha claims the protection of the Act. She files a suit of limitation, and unless personal fault or privity can be proved against her owners by the Beta—which is hardly ever the case—then the owners of the Alpha, having obtained a decree of limitation, will pay £8000 into court and leave it to the Beta's various claimants to divide it *pro rata* amongst themselves. If there be also loss of life and a £15 instead of an £8 liability, the procedure will be similar. The following case, which happens recently to have been reported in the Press, will serve to illustrate the actual procedure:

PROBATE, DIVORCE, AND ADMIRALTY DIVISION

LIMITATION OF LIABILITY

The Rijnstroom

This was a limitation action in which the plaintiffs, the Hollandsche Stoomboot Maatschappij, the owners of the steamship Rijnstroom, sought to limit their liability to an amount not exceeding £8 per ton on 796.15 tons, the registered tonnage of the Rijnstroom, ascertained in accordance with the provisions of the Merchant Shipping Acts, for the damages arising out of a collision with the defendants' steamship Glenroy, which took place in the Humber on November 2 last.

An action was instituted in this Court on behalf of the owners of the Glenroy against the owners of the Rijnstroom, and on December 14 the Rijnstroom was held alone to blame.

Her owners now claimed a declaration that on payment of the sum of £6369. 4s., being the amount of their liability ascertained as aforesaid, together with interest thereon, into Court, all further proceedings should be stayed.

His Lordship pronounced for the declaration as prayed.

Railway companies carrying on a conjoint land and sea service are, for the purposes of the latter, ordinarily entitled to the protection of the Act, though in a particular case special contractual conditions or some special Act of Parliament may possibly intervene. Broadly stated, however, a railway company carrying passengers in part by land and in part by sea, either in its own or, apparently, in hired vessels, is entitled to claim the £15 per ton limitation—is entitled to be put, in short, for the purposes of the sea part of its contract, on the footing of a shipowner. Thus in the case of the loss of a railway steamer, as the result of negligent or improper navigation, with great loss of life, claim after claim may be prosecuted against the railway company, with judgment against the company in each case, the total amounting perhaps to a very large sum. But the railway company, as shipowners, are not affected after their £15 limit has been reached.

When in a particular case the total claims exceed the total of the wrong-doing vessel's liability a public notice is issued. Thus:

NOTICE TO APPEAR

IN THE HIGH COURT OF JUSTICE, PROBATE, DIVORCE, AND ADMIRALTY DIVISION. (ADMIRALTY.)

Ships "Cornwood" and "Rouen"

WHEREAS in an Action of Limitation of Liability instituted in the High Court of Justice on behalf of William France Fenwick and Company, Limited, the Owners of the Steamship "Cornwood" against Furness, Withy, and Company, the Owners of the Steamship "Rouen" and all others claiming in respect of damage or loss arising out of the alleged negligent navigation of the "Cornwood" on the occasion of a collision between the said s.s. "Rouen" and the s.s. "Cornwood," the Judge of the Admiralty Division of the said High Court did on the 14th July, 1913, amongst other things pronounce that in respect of loss or damage to Ships, Goods, Merchandise, or other things caused by reason of the improper navigation of the steamship "Cornwood" on the occasion of the collision between that vessel and the

steamship "Rouen" on the 4th day of October, 1911, the Owners of the said steamship "Cornwood" are answerable in Damages to an amount not exceeding £15,988. 11*s.* 3*d.* (such sum being at the rate of £8 for each ton of the registered tonnage of the said s.s. "Cornwood" with the addition of engine-room space).

This is therefore to give notice to all PERSONS having any CLAIM in respect of the LOSS or DAMAGE caused as aforesaid that if they do not come in and enter their Claims on or before the 1st day of October, 1913, they will be excluded from sharing in the aforesaid amount.

Dated the 14th day of July, 1913.

The liabilities of shipowners for damages to third parties are, as already stated, not limited to the consequences of collision with another ship or vessel, and they may, on occasion, be serious. The shipowners protect themselves, ordinarily, in respect both of collision and of other liabilities. Against the latter they can provide by entering their ship in a Mutual Insurance or Protection and Indemnity Club; and one-fourth of the collision liability as regards property is similarly placed, and ordinarily the whole of the life-claims liability. There remains the three-fourths liability for damages payable to another ship or vessel or to the owners of property on board. This three-fourths liability is covered with the underwriters who insure the ship herself against loss or damage resulting from perils of the seas. (The risk of collision-damage to the ship insured is of course a peril of the seas.) Protection for the three-fourths property-liabilities to third parties —*i.e.* parties concerned in the ship run into—is given by a special clause attached and supplemental to the policy on the ship insured. This clause is known as the "Running Down Clause", or, conventionally, as the "R.D.C." In very exceptional cases life-claims or possibly four-fourths of the property-liability may be covered also, but the general practice is as above stated.

Under the existing law, to be altered, however, on 1 January 1918 as already explained[1], shipowners are not liable for collision damages which are solely attributable to the act or default of their compulsory pilot.

[1] Vide p. 34.

We have been considering the case of collision between merchant vessels; but suppose a merchant ship runs into a ship-of-war or a ship-of-war into a merchant ship? The first case is simple enough: the owners are liable for collision with "another" ship or vessel, and whether their ship runs into a merchant vessel or into a ship-of-war is all one.

But suppose the ship-of-war runs into a merchant vessel, how then? In the summer naval manœuvres of 1896 a notable case of the kind did, in fact, occur. The writer set forth the circumstances and the law of the case in an article in the *Economist* of 12 September in that year, and with the kind permission of the editor it is here reproduced:

The Sinking of the Merchant Ship Siren by H.M.S. Landrail

"The ramming and sinking of the Siren by H.M.S. Landrail as an incident of the recent naval manœuvres serves as a useful, but far from comfortable, object-lesson in shipping circles. The facts are not in dispute. The Siren, a large four-masted iron vessel, cram full of wool and tallow from Sydney, was, on a clear night, about thirty miles from Portland, when the Landrail, a small gunboat, whose lights had been seen for some time previously, ran into her. The collision was at the moment believed to be of a trifling character, and no doubt such would have been the case had the Landrail been a merchant vessel. As it was, her ram[1] pierced the merchantman below water, and promptly sank her. It is understood that the gunboat sustained no damage whatever, except to her ram, which had to be replaced. At the naval inquiry, the lieutenant in charge admitted the facts, and took the blame upon himself. How such a catastrophe—accident we cannot call it—was brought about is a question not necessary now to be discussed, and, for our part, we prefer not to discuss it. Sufficient to say that when the waters of the Channel closed over the Siren, they closed for good and all over property worth, it is said, very little, if at all, short of £100,000. As to the crew, they saved themselves, by good fortune, in their own boats.

[1] Apparently this is incorrect, the vessel having no ram.

"Now, if there had been any room for doubt as to the blame for the collision, the course for those concerned in the Siren would have been to bring an action, preferably in the Admiralty Court, against the individual presumably responsible for it: the commander, the officer-in-charge, the helmsman, or whoever it might be. And in such case the Lords of the Admiralty would doubtless, in accordance with their usage, have put in an appearance on behalf of the individual sued, though without any legal obligation so to do. For, as the law stands at present, the national (public) vessels may blow up or run down the national private vessels to any extent without involving the Crown or the Lords Commissioners in a penny of liability. The only person technically responsible is the immediate wrongdoer. On the homely principle of who breaks pays, the wrongdoer is liable in full. That is to say, in the present case the lieutenant in charge is liable for £100,000, or thereabouts.

[*Here was interposed some of the historical matter already quoted.*]

"To go back. Were the pecuniary position of the lieutenant of the Landrail equal to a payment of £100,000, the Lords Commissioners would primâ facie either have to pay the full amount for him, or see their officer ruined. As, on the facts, it would be a farce to sue for a judgment for £100,000 against a lad blessed presumably with not 100,000 pence, the owners of the Siren, as we understand, applied direct to the Lords of the Admiralty for compensation for loss of their ship, freight, and cargo, as well as of the crew's effects. Their Lordships replied that they were liable for nothing, but were willing, as an act of grace, to pay what the Landrail would have been liable for had she been a merchant vessel, though merchant vessels, it may be parenthetically observed, do not go about armed with a deadly ram. Seeing that war vessels are not measured as merchant vessels, the amount of this liability cannot be ascertained, but it is generally supposed, in the Landrail's case, to represent an amount equal to some petty percentage—3 per cent., or thereabouts—on the £100,000 lost. So that, for example, if the carpenter of the Siren—we presume she carried a carpenter—lost, say, £30, the value of his tools and effects, he would receive

about twenty shillings by way of compensation, and this not till the costly and wearisome process of proving all the claims had been dragged to a tardy conclusion. Now, whatever may be the strict legal position, for a war-ship paid for out of the public pocket negligently to ram and sink a merchant vessel, and for the Lords of the Admiralty to refuse to the destitute seamen for the loss of their effects any compensation worthy of the name, seems scarcely a proceeding likely to commend itself either to the Sovereign who by a graceful tradition is regarded as owner of the war-ship, or to the nation who pay for it. And, indeed, it has always appeared to us that the unhappy seamen rendered destitute by a collision should in all cases be compensated promptly and in full by the owners of the vessel to blame for the collision: that is to say, that their claims for the loss of clothing, tools, and effects should, by law, be given precedence over mere mercantile claims on the part of the owners of the property sunk by the collision. As a matter of compassionate fact, these latter claimants do, we believe, sometimes allow such precedence to be taken as against themselves. We find it difficult to believe, however, that it could ever have been contemplated or intended, in an Act which sprang from the national desire to 'prevent discouragement to merchants and others from being interested in shipping', that the sailormen's claims for clothes and tools should have no favour shown to them.

"The Merchant Shipping Act is, however, in the present case entirely outside the question. So far as the liability for negligent navigation is concerned, the Act was passed in order to afford protection to shipowners against the full consequences of negligence on the part of their servants. With Her Majesty's ships it has nothing to do, and says so in plain terms. So that the Lords of the Admiralty, in seeking to shelter themselves behind this Act, are, it is urged, not only adopting an arbitrary course for which there is no legal justification, but are actually using as an instrument of oppression an Act based on an original desire to stimulate and encourage British shipping. True they are not technically liable for anything at all, but against such a technicality—to-day, apparently, somewhat of an anachronism—is first the fact that it has long or always been the usage of the Lords

Commissioners to stand behind their officer in such a case, and next, the circumstance that their offer to pay something certainly implies an admission of moral or equitable responsibility. 'Whenever it happens,' says Justice Blackstone in his Commentaries—and his words in the leading case of the troopship Athol (1842) were quoted with approval by the Queen's Advocate—'Whenever it happens that by misinformation or inadvertence the Crown hath been induced to invade the private rights of any of its subjects, though no action will lie against the Sovereign (for who shall command the King?) yet the law hath furnished the subject with a decent and respectful mode of removing that invasion, by informing the King of the true state of the matter in dispute; and as it presumes that to *know* of an injury and to *redress* it are inseparable in the royal breast, it then issues as of course, in the King's own name, his orders to his judges to do justice to the party aggrieved.' And whether this expression of constitutional law is to be understood as applying to breach of contract, or to tort, it is probably on an inner consciousness of its inherent justice that the Lords Commissioners, whilst repudiating any liability whatever, have at the same time expressed their willingness to pay a trifle towards the heavy losses so unaccountably caused by H.M.S. Landrail.

"The shipping community is nothing if not patriotic, and their enthusiasm for the naval manœuvres will no doubt carry them far. Whether, however, it will incline them, in order that they may save the pockets of the national taxpayers, to take unmurmuring upon themselves losses inflicted on them by the national vessels, practising for the national defence, is a question which they may be trusted to consider for themselves. And seeing that the manœuvres are now an annual event, and that one of their pleasing incidents is the racing of torpedo and other warcraft, large and small, in crowded waters at night and without lights, the consideration should be not altogether devoid of interest."

And now for the conclusion of the case. The Government, having no defence as regards the collision, offered and sent to the owners a war[illegible] for £4843 on the £8 basis, the losses

amounting, in fact, to about £90,000. The owners, after consulting with a committee of all the underwriters concerned, returned the warrant and requested payment in full. Whereupon the Government offer was withdrawn. In Parliament, if memory may be trusted, the Government were asked at any rate to pay the unhappy crew in full: 100 per cent. as against 5 per cent. Government refused. On this, a considerable stir seemed imminent, and the Government, rather, perhaps, than "face the music" of the Labour Press, decided, as an act of generosity, to pay the crew in full. Meantime the underwriters and a committee of the Chamber of Shipping had come together, and it was decided press the underwriters' claims by means of an influential deputation to the Board of Trade. Unfortunately, this fell through. Shipowners generally were then apparently seeking some concession from the Government and it was considered inopportune to raise the question at such a juncture. The Government offer, however, had been withdrawn, and the question was now no longer one of getting 5 per cent. or 100 per cent., but of getting nothing at all or 5 per cent. But if the Government had adhered to their withdrawal, the underwriters might either have presented a Petition to the Crown or have had all the facts out in bankruptcy proceedings against the unhappy lieutenant. Anyhow, the Government magnanimously withdrew their withdrawal and paid over the 5 per cent. And thus the shipowners and the underwriters missed an opportunity to get decided a point of no small interest and importance, and with at least a "sporting" prospect of success and very little to lose in the event of failure.

CHAPTER III

Lloyd's

To write on ocean commerce and shipping and leave out Lloyd's would be like writing on the country's industrial developments, leaving out the railways. It is the possibilities of insurance which have done so much to make ocean commerce what it is: and who can think of marine insurance without Lloyd's coming immediately to his mind? And who, who knows anything of the subject, can think of the safety of modern shipping without at once giving credit to that wonderful and beneficent institution Lloyd's Register? But to many if not most people, to think of Lloyd's is to include Lloyd's Register; to regard the two bodies, in fact, as practically if not actually identical. In ancient times, it is true, so far as any system of shipping record or classification existed at all, it was to be credited solely to the merchant-underwriters of the ancient coffee-house. So important, however, grew the system as an adjunct to marine insurance that long ago it came to be carried on by an independent body as a thing entirely apart. Lloyd's—that is, the Corporation of Lloyd's—and Lloyd's Register—that is, the Society of Lloyd's Register—are, in fact, two bodies entirely separate and distinct, and with premises now, as distance counts in the City, a long way apart.

Marine insurance was, as all the world believes, introduced into England by the Lombards driven out of Italy as the result of conflicts miscalled religious, and of other causes. They settled in England, and brought their money and their business instincts with them. Notably they established themselves in London on a marshy piece of ground in the City, which has ever since been known as Lombard Street. They spread to other ports, both near and far. Lombard Street, for instance, on the low ground near the Floating Bridge at Portsmouth is presumably thus

explained. The foreigners were able and prosperous, and excited jealousy accordingly, and at the beginning of the 16th century they had nearly disappeared. So great a reputation had they made for themselves in the matter of marine insurance, however, that to this day Lloyd's policy concludes with the following words: "And it is agreed by us the Insurers, that this Writing or Policy of Assurance shall be of as much Force and Effect as the Surest Writing or Policy of Assurance heretofore made in *Lombard Street*, or in the *Royal Exchange*, or elsewhere in *London*." And it is believed that the wording of the policy in use at this very day is identically that introduced and used by the Lombards. As in the case of the bill of lading, its wording became sacrosanct; and indeed when once commercial wording has become stereotyped, as well, perhaps, as interpreted here and there by legal judgments, it may be dangerous even by a word to alter it.

For a long time, however, the great wealthy merchants, the merchant princes of those days, looked down upon the trader whose business resources were not such as to enable him to incur or aided the perils of the seas. But this of course was no reason why the merchant princes should not profit by the fact, and they competed with the Lombards for the insurance business. When they and the money-lenders and others had succeeded in driving out the Lombards they had it all their own way.

In those days the great merchant traders owned their own ships, in which they shipped their own goods, as well as, for a freight consideration, the goods of other traders so far as there was room in the hold. It was long before the days of docks, and their ships used to lie in the river off the Tower, or thereabouts. In Tower Street was an eating-house belonging to one Edward Lloyd. As the then new and always fragrant beverage coffee was to be obtained there, the establishment was known, as were at that time and later many others in the City, as a "Coffee-house Lloyd's Coffee-house. Lloyd's Coffee-house became the favourite resort of the captains of the ships lying hard by, and the merchant owners of the ships made a sort of dining or coffee-drinking business club of it. These merchants, as underwriters, no doubt picked up many a useful hint from their own and other captains, and laid themselves out to get insurances accordingly. Traders

who wanted to ins their goods had only to go to Lloyd's Coffee-house at a c ain hour and they could be sure of a choice of underwriters. To have the patronage of the captains and the merchant shipowners and the traders who came to see the underwriters, was a fine thing for Lloyd, and he rose to the occasion. In 1696 he started a shipping paper for the use of his clients—"Lloyd's News." Soon afterwards he fell out with the Government, and ceased his publication. In 1726, however, he brought it out once more under the name of "Lloyd's List", a publication which has ever since continued. Towards 1691 Lloyd moved his coffee-house nearer to Lombard Street, the classic home of the first insurers, and, consequently, nearer to the Royal Exchange, at the very centre of the City. Possibly his patrons found that the distance to Tower Street inclined traders to insure with rivals nearer by. Anyhow, Lloyd and his coffee-house came close to Lombard Street, and, the underwriting enterprise having increased in importance, its practitioners at the coffee-house formed themselves into an association. In 1774 the association of "Lloyd's underwriters" took up its business quarters on the first floor of the Royal Exchange, where they remained till 1838, when the Exchange was destroyed by fire. First, then, the coffee-house kept by Lloyd gave a collective name to its underwriting frequenters, then the frequenters gave to their new quarters the name which the coffee-house had given them. And such is the honour and prestige conferred upon the name by the operations and the methods of Lloyd's underwriters that it has in various instances been adopted, as a claim to public confidence, by insurance bodies and, somewhat curiously, by shipping companies, in foreign lands, as part of their own title—and also, indeed, by enterprises having no connexion with the sea or ships at all.

On the rebuilding of the Royal Exchange, Lloyd's took a long lease of a large portion of the first floor, and these premises are still known to the *habitués* as "The Room", though it has ceased to be a coffee-room. None the less, it is arranged as if it were the ancient eating-house, with rows of mahogany tables at which the busy underwriters sit *vis-à-vis*, divided from the tables back and front by the conventional partitions, against which the underwriters, coffee-house fashion, are seated back to back. On

the tables, however, in place of the steaming joint or fragrant coffee served by Edward Lloyd, are now displayed scattered registers, Lloyd's Lists and the underwriting books.

In 1871 Lloyd's were "incorporated", with certain rights and privileges, notable amongst these being the protection of wrecks and the collection and distribution of shipping news. The two great and quite distinct functions of Lloyd's are the effecting of insurances and the collection and distribution of shipping news.

Lloyd's as a News Centre: Lloyd's Agents

Practically at every port, certainly at every notable port, in the world, Lloyd's have an Agent: a shipping firm, a banker, a Consul or whoever it may be. It is an honourable appointment, and the fact, apart from its emoluments, makes the competition for it keen. A special "Agency Committee" has this branch in hand, the great insurance companies being represented on the committee. There are, in all, some 1400 agents, and, among so large a number, vacancies, by death or otherwise, must needs from time to time occur. But whenever possible the committee appoints, to fill a vacancy, some one whose connexion with the former agents, if he has discharged his duties well and faithfully, gives him a claim on the sympathies of the committee. Lloyd's are, in fact, extraordinarily loyal to their old agents. Every agent is equipped with a copy of Lloyd's cable code, by which in a few cipher words he can cable detailed news of casualties, salvages and so forth. Arrivals and departures are similarly cabled, hour by hour, and cable messages of news good and bad pour in to Lloyd's unceasingly from far and wide. This news is immediately passed on to the companies subscribing (in a large sum) to "The Room" and is, so far as necessary, also sent to the daily Press. Each cablegram is copied out on a "flimsy" as it arrives and displayed in its allotted place on the walls—casualties, arrivals and departures all in their own place and in a separate colour. The agents also post home the local shipping prints, and these are separately filed.

The Indexes

Every day's news is printed in Lloyd's List, and a staff of clerks, with coloured inks, is engaged in posting into many huge indexes, displayed on stands, the information so provided. At a moment therefore any underwriter or subscriber can turn up a ship's name in the index and find against it a reference to every mention of the vessel which has appeared in Lloyd's List from 1 January until that very morning, the arrivals, departures and casualties each identifiable by a separate colour.

Lloyd's as an Insurance Centre

And first, let it be clearly understood that Lloyd's, as such, is not an insurance body: it is a room full of individuals each of whom, for insurance purposes, is a separate entity. The individual members of Lloyd's are no more collectively engaged or concerned than are, in their buying and selling, the several members of the Stock Exchange. There is no "solidarity" amongst them. A score of underwriters may sign the same policy, but each does so for himself only, and only for the amount written against his signature. In the case supposed, the legal position is just the same as if twenty separate policies had been "subscribed" or "underwritten." The amount accepted by each underwriter is shown separately on the policy, with his name against it. In the days of ancient devoutness or, it may be, superstition, each underwriter severally declared himself "content with this assurance which God preserve for one hundred pounds this (date)."

Seated at the separate tables already mentioned are in all some 150 underwriters, more or less. Nearly all of these, however, are empowered to sign for other "Names", some of whom possibly may never have even been inside "The Room" and who might not know a policy if they saw it. Any responsible person may become a "Name" who is approved by Lloyd's committee. He has, however, to deposit with the committee some such sum as £5000 or £7000, and to give such other guarantees, if any, as may be required. This deposit is merely precautionary against the

From the *Illustrated London News*

Lloyd's. An important announcement is preceded by the sounding of the "Lutine" bell

possible contingency of losses not otherwise provided for. There are about five times as many "Names" as underwriters. An alphabetical list of them is printed in the Appendix to Lloyd's Register. The would-be "Name", before being thus admitted, will, of course, have made arrangements with a certain underwriter to "write" for him. For this he will pay a fixed annual salary or fee to the underwriter, and in addition a commission on any profits. Some underwriters, in addition to insuring in their own name, write for two or three others—some, possibly, for as many as a score. Such great underwriting syndicates are almost equivalent to an insurance company in themselves.

The Process of Insuring

Between the rows of tables are long gangways. An insurance broker having a risk to place will first of all write out the stereotyped particulars on a strip of paper of a standard size known as the "slip." Passing down the gangway—which, at times, is densely crowded—he places his slip before an underwriter. The underwriter may know all about it at a glance. On the other hand he may want to be informed as regards the ship. In such case he turns to Lloyd's Register or "The Book" at his elbow and satisfies himself. Or he may want to know what Lloyd's "Weekly Index" (a printed publication of each week's news of every vessel) has to tell him about the movements of the vessel. Being satisfied on both points and approving the rate of premium, which for most cases is pretty well stereotyped, he writes his initials on the slip, and the amount, if the total offered is large, which he accepts. If he writes for five names besides his own he may probably sign for £600—£100 for each name: for "rough" business—*e.g.* timber on deck—£50 may be enough: for bonds or specie (by a mail steamer), £500 or possibly £1000. If the slip is for a very large amount, the broker, having finished with Lloyd's, may then go round to the companies at their offices, to complete. Or he may have two slips, and "shew" one to the companies and the other at Lloyd's. All the Lloyd's underwriters will sign one and the same policy for the particular risk, each "Name" with its separate amount being shown on the

policy. Each of the companies, of course, issues its own separate policy, which may be for a large amount.

When the broker has "placed" all the risk, he proceeds to fill up a partially printed form known as the "long slip", which contains all the information required for the purposes of the policy. These "long slips" he then takes round to the various underwriters, who glance at the original slip which they initialled to see that the two agree, and they then retain the long slip, and have the policy made out from the data supplied by it.

In these explanations we have been considering marine insurance risks: but practically any risk can be insured at Lloyd's. Some underwriters confine themselves strictly to marine business, others will write marine and fire or short-term life risks. Others, of more sporting instincts, will quote a rate for almost anything —gate money, burglary, motor cars, stamp collections, guns, twins, and musical instruments generally.

The Marine Insurance Broker

Many or most marine insurance brokers are also underwriters. One representative of the firm may be in the Room, underwriting, while another at his office works the brokerage business. The brokers are in touch with the merchants and shipowners, and are very keen to get their business to insure. A fleet of a dozen steamers worth together, say, £400,000, on which the annual premium comes, at, say, £6 per cent., to £24,000 is, from a brokerage point of view, well worth having, the brokerage being, nominally at any rate, 5 per cent. upon the premium. The brokerage business may, in fact, easily be more remunerative than the underwriting. Underwriters sometimes complain, with reason, that rates are unremunerative, but the shipowners naturally look at it from another point of view. As it is, apparently, a firm of brokers who are also underwriters may occasionally find themselves, in a conflict of interests, in a position of some delicacy. The brokers also obtain profitable employment in placing re-insurances. A ship may be overdue and a great company may find itself with a larger amount at risk on the vessel than in the new conditions it cares to run. It therefore reduces its liability

by re-insuring at Lloyd's or with another company a portion of the liability, paying, of course, such premium as the then outlook may require; and this may be, on occasion, 25, 50, or 90 per cent. There may be, however, many other reasons for re-insuring, and a very large business of the kind is carried on, mainly through the brokers.

A company works on fixed lines, with its maximum limit of liability for every trade. As, owing to the granting of "open covers" to the merchants and the sailing of a vessel before all the risks are declared, this maximum may be over-run, the company itself takes out with its friendly rivals what are known as "excess covers", and these are of great importance. If the company's "retained line" on a certain voyage be, say, £5000, then it will have covers with half-a-dozen companies for perhaps in all £30,000, each of the re-insuring companies taking, *pro rata*, its proportion of any excess of the retained £5000. Declarations of interest may continue to come in to the original company from merchants and brokers, under open policies or open covers, for days or even weeks after occurrence of a loss. Then the original company makes up its total and distributes any excess to the re-insuring companies. The amount declared, whether the ship arrive or whether she be already lost, is practically never questioned, so great is the confidence of the underwriters in the good faith and the office methods of the original underwriters. Continental companies and English companies are, in excess insurances, in close relation. From this it results that a big loss is distributed in underwriting circles almost all over the world.

When a total loss occurs, the procedure of claim collection is simplicity itself. Merchants have only to hand in their bills of lading and invoices with the policy in order to get payment of the sum insured. In the case of partial losses or damage to ship or cargo the merchant or shipowner hands the policy and all the "average documents" to a professional "Average Adjuster" (p. 131), who draws up the claim and charges a fee for doing so. Claims may be simple or extremely complicated.

The greatest marine insurance market in the world is London, partly because London is the greatest centre of trade and shipping, and partly because of the wonderful facilities in the matter of

information available at Lloyd's. Wherever a market is the biggest, there a sort of suction is created which draws business to it from far and wide. And in these days of cablegrams and telegrams and telephones especially, the suction of London's insurance market is irresistible. The American lak and coastal steamers, for example, are largely insured in London, either direct or through English companies having branch-offices in New York. An American economist declares that London controls three-fourths of the entire marine insurance of all the world.

One other word before we leave the subject of underwriting. One often reads of financial "underwriting." This has nothing whatever to do with marine insurance: the term is merely borrowed from it. Say that a new company is being floated on the Stock Exchange or that some great loan is being offered for investment. When it comes to be issued, the public money may have been absorbed by something else, or the terms or attractions may be coldly received, or an international scare may have occurred. It might be very serious to the promoters if their proposals fell flat, so financiers, merchants, stockbrokers and others are invited to "underwrite" the issue. Say that a firm or individual underwrites £1000. He may receive a commission of 2 per cent. or 6 per cent., or whatever it may be, for his guarantee. If the public come forward and subscribe in full, the "underwriters" get their commission, with no obligation to subscribe. If, however, the public hang back, then the underwriters (who still get their commission) have themselves to become the investors for the amount not taken up, each in proportion to the amount of his guarantee or "underwriting."

For a good many recent years the very able and popular successor to the head-waiter of ancient times, as Secretary to Lloyd's, was the distinguished soldier and military author, Col. Sir Henry Hozier, K.C.B. On his retirement—and death—he was succeeded by Captain—now Rear-Admiral—E. F. Inglefield, R.N. Inasmuch as Lloyd's and the Admiralty are almost necessarily in constant relations, it may be supposed that the appointment of a naval officer to the honourable post of Secretary to the Corporation will henceforth constitute a precedent.

Lloyd's Register

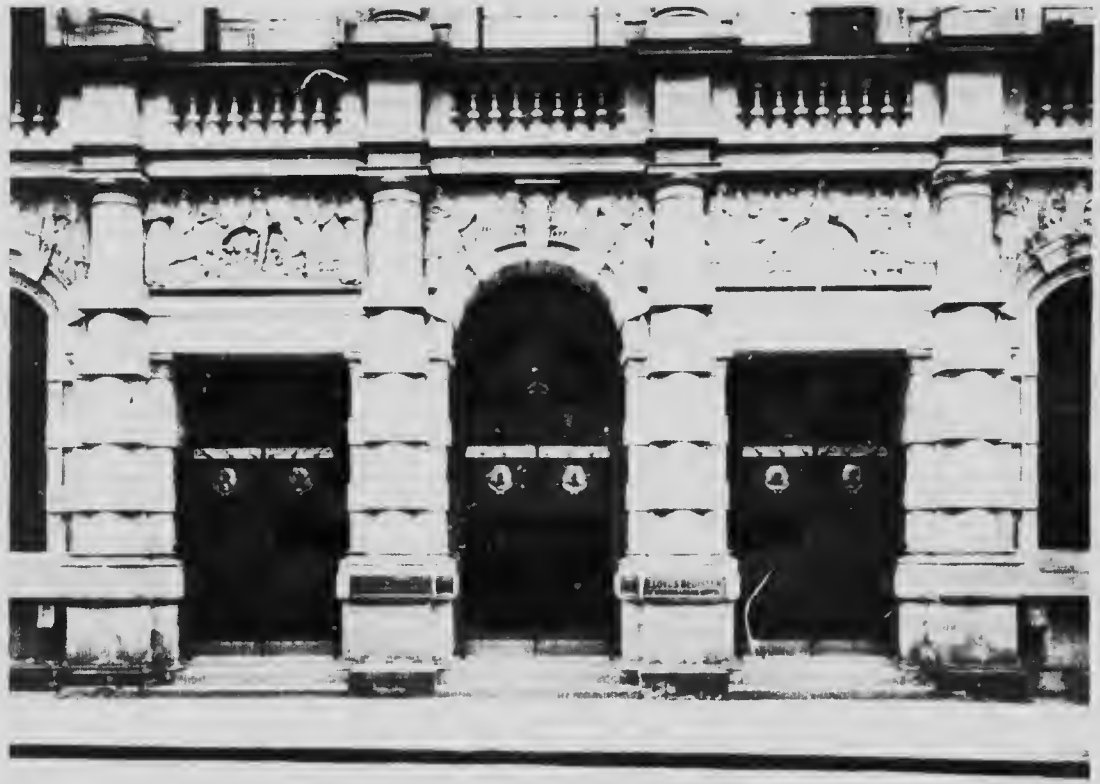
Underwriters must from the earliest times have recognised that, in estimating the value of maritime risks, whether to ship or cargo, the age, building, equipment and upkeep of a ship are highly important factors. When first any attempt at systematic ship-classification was made cannot be said, but almost without doubt it was in the steam of hot joints and the odour of coffee. Edward Lloyd, we know, kept at his eating-house a list of ships for his patrons, and quite possibly the list was in some sort of order of merit, or the quality of individual ships may have been indicated by some mark well understood by them. Somewhere about 1730 a printed list of ships appears to have already existed. The earliest printed register known, however, is dated 1764—65—66. But this book, already so complete, was probably an evolution from previous experience. This "Register of Shipping" must have been for private use, for the volume for 1779—80 forbids subscribers to allow it to be looked into by outsiders and recommends them to keep it under lock and key. Even in those days the registry-committee had their own office, but their meetings took place at the coffee-house. In 1799, shipbuilders at the out-ports, resenting the special approval given by the committee to vessels London-built, set up a rival register. In 1833 the two committees joined forces, and agreed to publish annually a single book called "The Register Book of British and Foreign Shipping." It will be noticed that, whatever the influence of Lloyd's underwriters in this publication, the title of the book made no reference to Lloyd's. The new and joint committee was formed on a basis which included underwriters, shipowners and merchants. Financial support was given to the new enterprise by Lloyd's, the insurance companies and the West India Dock Company. A good deal of money was subscribed, and in 1834 the publication, thus subsidised, appeared under the title "Lloyd's Register of British and Foreign Shipping." From time to time—as, indeed, it is to-day—the book was exposed to competition, the result of discontent, on the part of certain shipowners, with the rules or methods of the committee. Perhaps it is just as well that this should be so: but of all the Registers

the world Lloyd's is by far the most important. At the outset of registration, the highest class for the hull of a ship was A, and for her equipment 1, and "A 1" thus passed into the national idiom as a symbol of all that was first-rate. We hear, too, still, of ships being "classed A 1 at Lloyd's": but Lloyd's, as we have seen, is not a classification body. "Classed A 1 *by* Lloyd's"—meaning, by the Society of Lloyd's Register—would be correct.

The Society now occupies a large and truly "A 1" building in Fenchurch Street. Its construction is admirable and its equipment quite unique. The general committee—known often as the "Book Committee" or, elliptically, as "The Book"—is now composed of 72 members "representing underwriters, shipowners, merchants, shipbuilders, and engineers, London members, 26 in number, being elected by the committee of Lloyd's and the General Shipowners' Society, whilst the Liverpool members, ten in number, are returned by the Liverpool Underwriters' Association and the shipowners' associations, and the Glasgow members, eight in number, by the Glasgow Underwriters' Association, the shipowners' associations, and the Greenock Chamber of Commerce. Members representing the other important ports are elected by their respective shipowners' associations and Chambers of Commerce. The Committee thus constituted gives adequate representation to every interest in the mercantile marine. The advisory body, known as the Technical Committee, consists of 15 members, who are elected by the Institution of Naval Architects, the North-East Coast Institution of Engineers and Shipbuilders, the Institution of Engineers and Shipbuilders in Scotland, the Iron and Steel Institute, and the English and Scottish Forgemasters' Association[1]."

This eminently practical and in part highly technical body draws up and from time to time reconsiders rules of construction or equipment. To obtain classification in "The Book", a vessel must be built in strict conformity with the rules. And not only must she be built in such conformity, but she must also comply with the rules of periodical survey. A ship must be not only built, but she must be maintained, at the high standard required by the Register. To facilitate these periodical surveys, as well

[1] *Times* Shipping Number, 13 December, 1912.



From photograph lent by "The Book Committee"

Lloyd's Register. Main Entrance

as to secure that "average damages" shall be repaired with the efficiency also required, the Book Committee have on their staff, but located at various British and foreign ports, some 300 expert surveyors. ("Lloyd's Surveyors," *i.e.* the Surveyors of Lloyd's Register; not to be confounded—as, however, they often are—with "Lloyd's Agents", *i.e.* the Agents of the ancient Corporation at the Royal Exchange.) A vessel arriving "under average" in some British or foreign port is at once inspected by the local Register Surveyor, who sends home to the committee a full report of the damage, and eventually certifies as to the sufficiency of the repairs. The Surveyors are entitled to a pension on retirement. Owing to this and other reasons, the annual costs of the Society are heavy, but the classification fees and the subscriptions paid by the underwriters, shipowners and merchants for the Register provide ample funds. Money is, however, by no means the object of the Society. Like the Salvage Association it aims only at such an income as shall enable it to carry on its important work to the greatest advantage. Lloyd's and Lloyd's Register, though quite distinct, constitute together a veritable trinity of beneficial influence: they safeguard financial interests, they collect and distribute shipping intelligence, they enhance the security of ocean commerce—let alone the added safety which they give to life.

Lloyd's Register decides on the methods of shipbuilding: but after all, the proof of the pudding is in the eating. It is the underwriters who, in the course of their experience, get to know where defects exist, and, being represented on the Book Committee, they are able to secure consideration for their views. There is, it is true, no obligation on any shipowner to comply with the Book's requirements: he can please himself. As a matter of fact, however, he has no choice. The testimony of Lloyd's Register as to the fitness of a ship is tacitly but effectively required by the underwriters. In the absence of such testimony they are likely to ask a high premium for insurance, and shipowners find the burden of insurance quite heavy enough without doing anything to make it heavier. Ships, too, are built to compete as freight-carriers; and no merchant, if he can help it, is going to put his goods into a ship which will involve him in

a higher premium. The vessel may, no doubt, be satisfactorily classed in some other register; but classed she must be, somewhere, and Lloyd's Register admittedly and easily claims precedence. Many if not most, indeed, of the great foreign steamers are also in "The Book." Some steamers of the great passenger lines, British and foreign, will be found in the Book unclassed, but the reason is well understood by underwriters. It is common knowledge that the vessels of these lines are built not merely up to but beyond the Book's requirements. Some of these lines, too, do not insure at all, and this fact, over and above the well-known anxiety of the companies to leave nothing undone to enhance the security and reputation of their ships, renders the underwriters indifferent whether their ships are classed or not. The old "A 1" highest class for wooden vessels has, by the way, been superseded in the case of steel and iron vessels by the class "✠ 100 A", the prefixed cross indicating "built under special survey." The Society is also concerned in the survey of yacht construction, the Yacht Register, containing some 2500 vessels, being a separate publication.

In round figures, Lloyd's Register contains entries of about 7000 British and 3500 foreign vessels. Every year the Society tests about 800,000 tons of ship and boiler steel and about 350 miles of chain cable; also about 7000 anchors.

The Register itself is truly a marvellous compilation. Insurance companies and underwriters usually take two copies of it, one being always at hand for reference, the other at the premises of the Society for alterations and additions. These, week by week, are by some ingenious method printed in the columns of the Book, the completed copy being systematically sent round to the subscriber and his copy in use brought back for similar alteration. The particulars given in the Book are extraordinarily detailed and minute. Altogether, a society as admirably conceived and managed as it is beneficent: and this is saying much. Before proceeding to further comments on "The Book" itself we may remark on its two chief competitors.

One of these is a British institution—a classification society, known as the British Corporation for the Survey and Registry of Shipping. This society was formed in Glasgow in or about

1890 as the result of fears lest the granting to Lloyd's Register of the power to fix load-lines might operate prejudicially to ship-owners. To meet these fears, a clause was added to the Load-Line Bill, granting to the British Corporation powers similar to those conferred on Lloyd's Register. From a society formed for this limited object the Corporation developed into a Classification Society.

The principal foreign Classification Society is the widely known "Bureau Veritas", founded at Antwerp in 1828. It is, in fact, an international society and has its special surveyors at numerous ports. Like the two British societies it is delegated by the Board of Trade to assign load-lines to vessels of all nationalities. The society has a British committee in London. The Bureau publishes a very useful list of all the merchant ships of the world, classed or unclassed. In the Bureau Register there are classed some 2700 steamers and 3600 sailing vessels.

By the kindness of Mr Andrew Scott, the well-known Secretary of "The Book", it is permitted to supply the following extract from a page of the Register, with interpretative notes—notes which, to the initiated, give a marvellous amount of information. In the Register itself the 16 columns extend unbroken across the page as here shown overleaf. The interpretation of columns 1 to 13 is as follows:

Morazan. (3) Specially surveyed at Antwerp, No. 1 Survey, 1909. (2) 1 Steel Deck and 1 Spar Deck, part iron and part steel, and deep framing. (5) Last special survey, May 1911. Boilers surveyed, Nov. 1911; good condition. Machinery and Boilers specially constructed under supervision of Lloyd's Engineer-surveyors, June 1909. (9) Anchors and Cables proved by one of the Register's testing machines. (9, 10, 11, 12) Water Ballast, Cellular construction, Double Bottom, aft 120 ft. long under Engines 24 ft., forward 146 ft. long. Tank capacity 805 tons. Deep Tank forward 24 ft. long, capacity 492 tons. Flat Keel. 6 Bulkheads, cemented. After Peak Tank 35 tons. (11) Poop Deck 33 ft. Bridge Deck 190 ft. Forecastle 39 ft., 23 ft. 1. (13) Triple Expansion, 3 Cylinders (diameter and length of stroke). Shells, stays, end plates, furnaces and combustion chamber of boiler made of steel. Boiler pressure. 342 Nominal

1912–13. LLOYD'S REGISTER

1	2	3	4	5	6	7	8	9
No. in Book	Steamer's Name.	Material, Rig, &c.	Regist'd Tonnage	Particulars of Classification			Built	
Official No.	*Master.*	*Late Name if any*	Gross — Under deck — Net	Character — ✠ for Special Survey Date of last Survey	Port of Survey	Years Assigned now expired. Equipment Letter	When — Ship — Engines	By Whom — Where
Code Letters	Special Surveys.	No. of Decks, &c.						
1477	**Morazan**	**Steel Sc Sr**	3486	✠100A1	N Yk	*w*	1905	R. Thompson
120833	*R. J. Milestone*	*ss* Ant. No. 1–09	3201	*Spar dk*			3mo	& Sons
HCDM	98–05	1 *Dk* (*Stl*) & *Spar dk*	2213	5, 11				Sunderland
	(*pt Irn & pt Stl*) & *deep framing*			**BS11,11**✠	**LMC 6,**	**09**	*Lloyd's*	*A & CP WB=*
1478	**Mordenwood**	**Steel Sc Sr**	3125	✠100A1	Sws	*u*	1910	Ropner &
128808	*C. T. Searle* –11		2919	6, 11			6mo	Sons, Ld.
HRCG		1 *Dk* (*pt Irn pt Stl*)	1977	✠	**LMC 6,**	**10**		Stockton
							Lloyd's	*A & CP*
1479	**Morea**	**Steel Twin Sc Sr**	10890	✠100A1	Gls	*ht*	1908	Barclay, Curle
128235	*J. D. Andrews* –12		7783	*Spar dk*			11mo	& Co. Ld.
HNJF	*Elec. light* 2 *Dks* (*Stl*-ws *Mpt Teak*)		5962	11, 08				Glasgow
	Ref. Mchy. Wireless & *Spar dk* (*Stl*-teak s) *Orlopdkin Nos.* 1, 4, 5 & 7			✠	**LMC 11,**	**08**	*Lloyd's*	*A & CP*
	holds (*Stl in No.* 5 & 7)							*WB=*

Horse-Power. 2 Single-ended Boilers. 6 plain furnaces. Grate Surface 106 ft. Heating Surface 4488 ft. Flush Deck.

All this information is supplied by reference to the Key printed in the Book, in English and in French. The headings of the pages throughout the Book are alternately in these two languages. The Book contains a vast mass of information of peculiar interest to shipowners and underwriters; a wonderful book. At the recent launching of the mammoth *Aquitania* the managing director of the builders said, "What the mercantile trade of this country owed to Lloyd's Register very few people had the slightest idea of. The Society had amassed an amount of knowlege which was unprecedented, and he desired to make public acknowledgment of the service they had rendered to the Cunard Company and to the builders in connection with the design of the *Aquitania*."

To those familiar with the work and methods of "The Book" this high testimony will contain nothing new.

STEAMERS. *MOP-MOR*

10	11			12	13	14	15	16
Owners	Regist'd Dimensions Deck Erections, &c.			Port of Registry	Engines	Moulded depth	Registers in which classed, if not in L. R. Date of B. of Trade Cert.	Date when tail shaft last seen
	Length	Breadth	Depth	Flag	No. & Dia. of Cylinders.—Stroke. Boiler Pressure. NHP = Horse power by Society's formulæ; RHP = power by Ship's Register. Particulars of Boilers & Furnaces. Engine Maker's Name	Freeboard amidships ft. in.		
Liverpool Shipping Co. Ld. (Hl. Fernie & Sons, *Mgrs.*)	360·0 | 46·7 | 15·1			Liverpool British	T.3Cy.23½",39"&66"–45"(*s*) 180lb *120lb* 342NHP	25 " 9		11, 09
Cell DBa 120′ *uE* 24′	P 33′ B 190′ F 39′ 23·1 FK			6 *BH Cem*	2SB, *6pf*, GS 106, HS 4488 FD	S 3 " 9½		
	f 146′ 80*t* *DT f* 24′			492*t* *APT* 35*t*	G. Clark, Ld. Sunderland			
Constantine & Pickering S. S. Co.	331·0 | 47·0 | 23·3			Middlsbro' British	T.3Cy.23½",39"&64"–42"(*s*) 160lb *100lb* 271NHP	24 " 9		
	P 31′ B 100′ F 37′ FK			5 *BH Cem*	2SB, *6cf*, GS 118, HS 4142	S 4 " 4		
WB = *Cell D*	*Ba* 108′ *uE* 22′ *f* 141′			702*t* *APT* 57*t*	Blair & Co. Ld. Stockton			
P. & O. Stm. Nav. Co.	540·0 | 61·2 | 24·7			Glasgow British	Q. 8Cy. 30½",44",61"&87"–54" (*s*) 215lb 1842NIP	37 " 2	BT till 10, 12	
	P 108′ B 277 33·2			10 *BHpt Cem*	4D & 4SB, *36cf*, GS 700, HS 27843			
	F 92′ FK & BR 3"							
Cell DBa 97′ *uE&B*	160′ *f* 189′ 14 20*t* *FPT*			66*t* *APT* 61*t*	Barclay, Curle & Co. Ld. Gls.			

INTERNATIONAL CODE OF SIGNALS

In the above specimen extract from Lloyd's Register will be seen in the first column the Signal Letters of each ship. There is an international code of such signal letters. The code forms the universal means of ocean communication. There are 26 distinct flags to the alphabet with a flag for Yes, a flag for No, and a special answering pennant. The code is used on H.M. ships and has been adopted by all the principal maritime Powers for their imperial as well as for their mercantile navies. All candidates for masters' and mates' certificates of competency are required by the Board of Trade to pass a satisfactory examination in the code, and no other code is recognised at our coastal stations and at the signal and semaphore stations of other countries. Every vessel has her own code signal, and these allotted signals are published in the Book—on the one hand an alphabetical list of the ships, with the code letters allocated to

each; on the other the code letters themselves grouped in alphabetical sequence—so that the name of a vessel showing her signal or code letters can be at once read by reference to the list in the Book. British owners requiring allotment of a distinguishing signal can obtain it on application to the Registrar General of Shipping: if the vessel is Colonial-owned, on application to the local Registry. The ship's Register has to be sent in with the application, in order that the vessel's distinguishing letters may be officially recorded on it. Foreign owners have to apply to Messrs Spottiswoode & Co., Ltd., or to the Secretary of Lloyd's In Lloyd's Register (Vol. II) are coloured representations of the signal flags with the letter represented by each. The code, over and above its list of distinguishing signals, is very comprehensive in its sentences, and is especially valuable as regards those of danger or warning. It is largely used on behalf of charterers and owners and of shipping generally at the world's signal stations, and of course as a means of communication between ships at sea. The conditions for signalling to vessels calling "for orders" are published by Lloyd's in the shipping Press.

The Baltic

It is pure chance that the Baltic, originally, like Lloyd's, a coffee-house, is not widely known as, say, "Smith's" or "Brown's." Either would be better than its present name, which conveys a limitation quite misleading. The Baltic is, in fact, the house or axis of sea-borne property, ships and merchandise, just as Lloyd's, in a sense, may be said to be its insurance policy and news-centre. Amongst the ancient city coffee-houses which in early days served as the clubs or exchanges for this or that business community was the "Jerusalem" in Cowper's Court, Cornhill, well within living memory a little Exchange frequented by shipping folk. Probably it took its name from the Eastern or Levantine traders who at the outset most frequented it. Another of such establishments was the "Virginia and Maryland" (re-christened the "Virginia and Baltick") coffee-house, mentioned in the following quaint advertisement in the *Daily Post* of May 24, 1744:

The Baltic; views of "The Floor"

"This is to give NOTICE,

THAT the House late the Virginia and Maryland Coffee-house in Threadneedle Street, near the Royal Exchange, is now open'd by the Name of the Virginia and Baltick Coffee-house, where all Foreign and Domestick News are taken in; and all Letters or Parcels, directed to Merchants or Captains in the Virginia or Baltick Trade will be carefully deliver'd according as directed, and the best Attendance given, by

Reynallds and Winboult.

Note, Punch made in any Quantity, in the greatest Perfection, without Adulteration, which is seldom found in any of the most noted Houses; also Brandy, Rum, and Arrack (neat as imported) are sold in the Vaults under the Coffee-House, at the lowest Prices; where all Customers, we have had the Favour of serving at our late Warehouse in Leadenhall Street, we hope will continue to send their Orders as above.

We have receiv'd Advice, that several Bags of Letters and Parcels are coming which are directed to be left at the above Coffee-House,....."

The repeal of the Corn Laws gave a great impetus to London's foreign corn trade, and the Baltic's importance increased accordingly. The exchange eventually acquired premises, still in Threadneedle Street, at South Sea House, now occupied by the British Linen Company Bank. With the opening of the Suez Canal, the extensive laying of submarine cables and the uprising of a fleet of tramps, came a further accession to the business of the one-time coffee-house, the premises once more becoming over-crowded. In 1892 a rival "Shipping Exchange" was established in Billiter Street, the business of the Jerusalem being merged in that of the new exchange. The Australasian and Colonial merchants and the "loading brokers" gave it a strong support: the premises, in fact, became presently inadequate. The eventual result was that in 1900 the Baltic and the Shipping Exchange joined forces. A large and valuable site was acquired in St Mary Axe as the premises of "The Baltic Mercantile and Shipping Exchange, Ltd.," with a capital of £200,000. It is a vast building, provided with a ground-floor hall for the members,

probably by far the largest business floor in London. "The Floor", in fact, with its splendid proportions and wide space puts quite into the shade "The Room" at Lloyd's with its old-fashioned, crowded, though doubtless in many respects convenient, coffee-room arrangements.

The Baltic has some 2500 members, of practically every commercial nationality—shipowners; shipbrokers; grain merchants; oil, coal and timber merchants; wharfingers and tug-owners; buyers and sellers. It is London's great sale-room for whole cargoes, its great centre at which their transport is arranged. Chartering is here always in full force. Say, for example, that a merchant, Russian or British, has a huge harvest of soya beans to be shipped at Kharbin or Vladivostock. He talks about it on "The Floor." Shipbrokers learn of it and approach him. The brokers happen to know also that tonnage is required for large quantities of coal destined for the East or for depôts or purchasers on that voyage. Here is a profitable chance for the exercise of their ability. They have been systematically following the movements of tramp shipping, they know who are the owners whose vessels will presently be ready to load coal out and who will be glad of an opportunity to secure a double charter. They will know, also, of the vessels already on their way to the East, with coals or rails, and of vessels scattered here and there which could go on to Manchuria in ballast. And as with soya beans, so with timber, seed, jute, hemp, sugar and all the rest: but especially with grain. What the Corn Exchange is for wheat on the spot or in small parcels, the Baltic is for whole cargoes. No samples of any kind are, however, allowed to be shown on "The Floor."

The Baltic owns the whole building, and in its upper part are rooms available for the various purposes of its different communities, and notably for the frequent and important cases of arbitration on the quality of produce sold and bought afloat. The rental of these upper premises is reported to yield to the undertaking, indeed, some £22,000 a year. It is an extraordinarily busy place. It is stated that the criers in the central pulpit in the great hall call 8000 names in a single day, and that £15,000 a year is earned on the telephone calls.

Average Adjusters

Through all the world-encircling web of ocean commerce runs, as a broadly woven and inextricable thread, the risk of loss and "average"—to every ship and cargo, to every bale or package, an inevitable risk, a risk in countless instances to become a certainty. Damage in the case of the ship to be simply reinstated by the underwriters; damage to the cargo to be made good, not as an integral amount, but in the proportion which the sound value of the merchandise bears to the sum insured. For example, merchandise insured by the shippers for say £1200 is worth in a sound condition on arrival £1000. Being sea-damaged it sells for only £500, an "average" of 50 per cent. The underwriters, under their policy for £1200, settle an average not of £500 but of 50 per cent., *i.e.* on the sum insured, £600. This seems simple, but owing to special "average clauses" and the question of extra charges consequent on the damage, the complications may on occasion be considerable. And so with the ship: although the damage incurred has only to be made good integrally, difficult questions arise as between wear-and-tear or damage not covered by the policy on the one hand and damage which is so recoverable on the other, with the liability for extra or incidental charges dependent wholly or in part on the liability for the "average." Here we have in view Particular Average claims, but these are ordinarily simple as compared with the preparation of a huge and voluminous General Average, or the apportionment of Salvage —as will be understood by reference to the separate discussion of these subjects.

In the early days of ocean commerce it rested with the shipowner or the merchant to draw up his own claims for submission to the underwriters. The introduction of new insurance clauses and conditions, however, and the lengthening chain of legal decisions on disputed points, combined to increase the difficulties and technicalities of adjustment. Gradually, then, a new and important business was evolved, that of the professional average stater or adjuster. To-day, in fact, the average adjuster has become a necessary factor in ocean trade. Underwriters sometimes complain that in allocating items for which the liability

may seem doubtful the adjusters incline rather to favour (if a "hull insurance" be in question) the shipowner who employs them than the underwriter who pays them: for the adjustment fee is paid in addition to the claim. Shipowners, on the other hand, complain as much that the adjusters in their meticulous desire for accuracy lean unduly to the underwriters. From which it may be gathered that the adjusters cannot always satisfy both parties, and that their honourable occupation is not without its difficulties. The adjuster has, however, no legal status. His adjustment is a legal or binding document only so far as it is correct, and not a figure further. If in any case an adjustment is disputed by the underwriters—and this happens comparatively seldom—the dispute will probably be on some technical point or on the view to be taken of some of the documentary or other evidence supplied to the adjuster by the assured.

Some forty years ago the average adjusters formed themselves into an Association for academic purposes, and this Association has in the interval acquired considerable importance. Members or associates in order to qualify as such are required to submit themselves to examination by a special committee, and the questions, written and oral, dealing with the law and practice of average, are understood to constitute a serious ordeal. An adjuster is not bound to belong to the Association, but any adjusters there may be who are not identified with it must be very few in number.

Most of the adjusters, naturally, are in London, but some firms, comprising several members of the Association, have offices at two or three ports. The individual members and associates number in all threescore. A general meeting is held annually at which the chairman for the year reads an address, which is followed by a discussion; and new "Rules of Practice", to be followed by the members, are submitted. Underwriters and shipowners attend these meetings and are entitled, by their representatives, to propose new rules or to object to rules proposed. The year's chairman may be either a member, one of the representative members, or an honorary member. It speaks volumes for the esteem in which the Association is held that of its 15 honorary members no less than 9 are H.M. Judges.

The Association issue annually a report of their proceedings, with an analytical table of the year's legal decisions affecting shipping and insurance as a supplement to it—a valuable addition to the literature of ocean commerce[1].

The Institute of London Underwriters

Broadly stated, the London underwriters may be divided into two classes, Lloyd's and the Companies. Between these two classes there is considerable rivalry, none the less active in that it is generally on friendly lines. As a rule, Lloyd's is a cheaper market than the Companies, owing to the heavy establishment, management and directorate expenditure falling on the Companies. On the other hand, the Companies by means of their directors' influence and by advantages peculiar to the company system, appeal to many insurers. The Companies all pay a large annual subscription to Lloyd's, which gives their representatives access to "The Room" and the information filed there, while copies of all cable messages received by Lloyd's are at once sent round to the Companies by a special staff of messengers. But if there is competition between the Companies and Lloyd's, so also, and no less active, is there competition amongst the members of Lloyd's *inter se* and between Company and Company. The internal rivalry at Lloyd's makes it very difficult to secure the adhesion of Lloyd's collectively to new clauses or policy conditions which experience may show to be desirable in the interests of the members generally, and still more difficult is it to get co-operation between all the members and the Companies. The inter-competition of the Companies, together with the rivalry of Lloyd's at large, is similarly in the way of protective cohesion amongst the Companies. Some thirty years ago, however, the Companies resolved to associate themselves for the purposes of common information and defence, and the Institute of London Underwriters was the outcome. The Company underwriters meet frequently for discussion, from time to time overhauling the clauses in general

[1] Amongst the Honorary Members is the writer, who for many years occupied the honourable position of Secretary to the Association, and in 1898 was, as an Honorary Member, privileged to be Chairman for the year.

use, and issuing them collectively, under their several heads; Hulls for Time, Hulls for Voyage, Freight, and so forth; and these batches of approved clauses for the year are widely known as "The Institute Clauses." If a hull for time be insured, for example, the "Institute Time Clauses" will be stuck on the policy in a batch, and many Lloyd's underwriters adopt the clauses. It is easy to imagine that if a big and valuable steamer were insured partly at Lloyd's and partly with the Companies, and with different underwriters using different clauses, much complication might arise—and, indeed, used not infrequently to arise—in the event of claim.

The Institute acts in the interests more especially of the Companies, though most things which will benefit the Companies will be to the advantage of underwriters generally. It is in friendly relations with the Liverpool Underwriters' Association and with the various Continental underwriting associations, and from time to time it sends delegates to attend their meetings. The object of these meetings is generally to obtain a common agreement as to the minimum rates to be charged or the maximum concessions to be granted in this or that important world-business. And if at any time the Companies suffer under any administrative disadvantage or desire to make representations to the Treasury, the Board of Trade, the Trinity House or other bodies, the Chairman or Secretary of the Institute speaks with their collective voice.

At Liverpool and Glasgow similar associations are established, and these are in close and friendly relations with the Institute.

Wrecks and Salvage

The total wreck of an "argosy that stemmed the waves" must in early days have been a serious disaster, and the fact that ship and cargo were neither of them insured certainly would not tend to lighten it. But maybe a dozen or a score or so of the ancient argosies could be stowed into the hold of a modern tramp, cargo and all. And though now, to the owners of both ship and cargo, under the modern blessings of insurance, the disaster may on occasion be anything but disastrous, to the

underwriters certainly it will be serious. In the old days, if a vessel went ashore, it was often possible by jettison or lightening of cargo, by backing of sails and hauling on anchors dropped out astern, to get her off again. Nowadays the huge steamer which runs ashore has as a rule either to be got off by special salvage appliances or to break up. Her screw may sometimes help her, but if the water be shallow or the bottom rocky, as likely as not she may strip the blades off or fracture her shaft. The captain will do the best he can, according to the circumstances: if she be firmly fixed he may even decide to open his valves and let the water fill her, to keep her steady, if pounding dangerously on a rocky shore. When an ancient argosy was in question, all, broadly stated, depended on the efforts from within the ship herself. For the modern floating warehouse, on the other hand, all depends on assistance from without. And so great are the values which are now at stake that organised provisions have been made by the underwriters for rendering assistance. In London and in Liverpool, notably, two societies exist for rendering assistance as promptly and effectually as possible to ships and cargoes in distress. Ships and cargoes have, however, not necessarily to be regarded as one and the same for salvage purposes, as a valuable ship may get ashore in ballast; or a laden ship may be hopelessly ashore and her cargo, or much of it, still be recoverable. There are goods not a few which may remain submerged for a considerable time without being greatly the worse, while, notably, specie, copper, tin and lead will sustain no damage at all, and may be recovered and not infrequently are recovered, little the worse, many years after their disappearance beneath the waves. And, in fact, the scientific diving resources of the present day now and again effect the recovery of valuable metals—or, on occasion, blue and white china—which have been under the sea or sea-bed for a century or two. Powerful "blowers" or sand-suckers can be set to work practically to open up the sandy bottom of the sea, while dynamite and drills and lifting appliances can clear the way for deep-sea divers at places and in depths aforetime unapproachable. And the resourcefulness, if not the resources, of the skilled modern diver is inexhaustible. Ships sunk by collision in deep water in navigable channels, too,

can by modern methods of floatation be lifted tide by tide, if not of too great weight, and moved into depths at which the divers can get conveniently to work upon them. The damage done by the collision is inspected, measured and reported on by the divers, and plates carefully adapted to cover up the hole are lowered into place. By means of powerful pneumatic drills driven on the attending salvage tug the repairs can be effected under water. Then perhaps every opening into the ship can be secured by the divers and the water driven out of her by compressed air or pumped out till the ship, once more afloat, can be hauled ashore at high water and made tight enough to be got into a dock. Or perhaps a ship may get on the ground at some distant spot far remote from salvage appliances, but at which, if such appliances could be made available, salvage would offer no insuperable difficulties. As to this, however, there may be considerable doubt until divers can be got to the spot and their opinion cabled home. Then, again, a big ship full of valuable cargo may get ashore and break in half, but the cargo or much of it may be quite recoverable by means of scientifically conducted operations. When recovered, it may be spread upon the shore at some spot at which it is impossible to re-ship it, or it may be necessary to open it out, on acres of ground, in order to dry it. Then it may be sold on the spot or conveyed by land to the nearest market and there sold, or to the nearest port to be brought home, some of it to be disposed of at a salvage sale, some perhaps to be re-conditioned for re-shipment or for sale. And when one thinks of the carrying capacity of the modern steamer it is easy to realise how gigantic on occasion such tasks may be. They can, in fact, only be successfully undertaken by societies or strongly backed individuals whose experience, skill and appliances specially qualify them for the work.

Chief amongst these societies are the widely known London Salvage Association—the "Association for the Protection of Commercial Interests as respects Wrecked and Damaged Property"—and the Liverpool Salvage Association. Both these important bodies are constituted mainly by underwriters; but they are also of great value to shipowners, to whom they often render notable service. Both associations possess very

From the *Illustrated London News*

Lloyd's. Telegrams of a disaster ; underwriters at the news-screen

powerful pumps and appliances, some of which are stationed abroad or at home at places where experience shows that it may be all-important to have them readily available. The Liverpool Association also possesses several powerful and admirably equipped tugs, discarded gunboats. The Association sends these wherever they may be required or, like the London Association, makes contracts with the owners of salvage steamers, of which, British and foreign, a certain number are usually open to a contract. Such contracts may be either on the generally approved "no cure, no pay" basis, or with a certain sum guaranteed and with a percentage on the value of the property salved; or "no cure, no pay" and salvage on a basis to be mutually arranged, or to be fixed by arbitration on conclusion of the operations.

Now let us take the case of a wreck handed over to the London Association. There comes through to Lloyd's a cablegram announcing that the big steamer Alpha bound to (or from), say, Australia or the East, has gone ashore on the coast of, say, France or Spain. The cablegram states that she has grounded at an exposed (or sheltered) spot on a rocky (or sandy) bottom: that the sea is breaking over her, that the crew have been got ashore, and that her position is dangerous. Lloyd's underwriters are heavily interested, the Companies are heavily interested; almost everybody in the insurance world is "on it" more or less, either directly or by re-insurance. The Companies know of the loss immediately, because they all subscribe to Lloyd's, and copies of all such cablegrams are sent to them by messenger on receipt. The Salvage Association is immediately called in. Lloyd's agents all over the world have a copy of Lloyd's special cable code, in which whole sentences relating to damage or salvage can be sent under single words: and the variety of such carefully framed sentences covers enquiries and information of a kind far-reaching. The Association, which also possesses a copy of this important compilation, then codes a cable of enquiries and despatches it to Lloyd's agent nearest to the scene of the wreck. Telegrams come in rapidly. Possibly a special meeting is called at the Association premises, close to Lloyd's, at which a course of action is decided on; or the initial steps may be so obvious

that no special instructions to the secretary are deemed necessary. The secretary of the Association has been at such work for years; he knows exactly what, in each circumstance, is best to be done, and he does it, either on his own initiative or in consultation with two or three underwriters specially interested, who, at the request of their colleagues, have constituted themselves into a little informal committee to co-operate with and assist the secretary of the Association. Whether the circumstances may be such as to require a total loss to be paid at once or whether this shall be deferred, the underwriters are quite alive to the fact that sooner or later all losses will have to be made good out of their pockets, and meantime they rely on the experience and ability of the Salvage Association to lighten the burden of the loss.

The London Salvage Association is, actually or practically, a mutual association of underwriters co-operating in their own protection. The Association is conjointly managed by a committee of Lloyd's underwriters and company representatives, the Association premises, whatever the ordinary friendly rivalries of the two classes of underwriters, being always looked upon as neutral ground. The annual expenses are pretty heavy, but these are made good by the fee fixed by the committee on the completion of each salvage operation. The fees are only such as will recoup the annual expenditure, no profit being aimed at. In addition to the fee, each operation bears, naturally, all the expenses specially relating to it. The Association has, of course, on its staff sea-captains and engineers of long experience in salvage work—for some years including a retired naval officer of flag rank—and is more or less in touch with the professional divers and salvage contractors everywhere.

Salvage Distribution

We have glanced at the possibilities of the salvage process, but how about the distribution of the salvage proceeds amongst the parties concerned? Imagine such a case as this: A ship wrecked and broken up. Salvage operations affecting the ship's equipment and the cargo—first at a rate of, say, 20 per cent. on

the results, then 40 per cent. when the work became more difficult, and then, say, 80 per cent. when it became unremunerative. Some of the cargo has been opened and dried on the spot, some sent home as it was. Some has been sold on the ground, some at the nearest market, some sold as it was, in England, some re-conditioned and sold, some re-shipped. Some of the cargo identifiable by marks, some not. Documents for everything, all verified or certified, either by Lloyd's agent or other—a whole truck-load of documents. These, on completion, are handed over to a professional average adjuster to be sorted out and classified, and issued in the form of an apportionment commonly known as a "Salvage Statement." In this huge work parallel columns after parallel columns are necessary, to provide for the various circumstances. The charges are all enumerated at the left, and their amounts carried into the column to which they relate. They are thus analysed and debited each to the class of interests or to the special interest to which they properly refer. Then similarly with the sale proceeds. These also are set out in detail to the left, and the proceeds are similarly carried to their proper columns. Finally, with the aid of the ship's manifest, each bill of lading is set out separately, with the name of the person regarded as the holder, and the proceeds or share of proceeds attaching to each shipment are shown, less the share of the general salvage charges and any special charges which may attach to them. The exact net sum attaching to each interest is thus arrived at and is paid over to the persons—mainly underwriters—severally entitled. Needless to observe that such work requires great experience and skill and that it is highly paid for, the adjusters' fee, the cost of printing (perhaps of many copies of the book), and all incidental charges being carried into the expenses before the columns are closed. Probably meanwhile all the sale proceeds will have been paid in to a special account in joint names—perhaps of the adjusters and the Salvage Association or of other approved societies or persons. In some cases payments "on account" will be made pending completion of the adjustment. These payments practically all go to the underwriters, who post them up in their books opposite to the entry of the payment for the loss.

Whenever a loss occurs involving loss of life, and in many other cases, the Board of Trade hold an enquiry, and information upon the facts thus ascertained goes to increase the general knowledge and experience and so to make for greater safety.

SALVAGE

Owing either to the poverty of the language or to our own slovenliness we not infrequently use one and the same word in two different or even opposite senses. Who can say, for example, whether, without the context, "insurer" means the underwriter who grants a policy or the property-owner who pays for it? Whether "freight" means the reward for carrying cargo, or the cargo which is carried? And so with salvage; for here we may mean either the property which is salved or the reward due to him who salves it. Obviously, under our single heading, therefore, we can consider both. Let us take then, first,

Property Salved

First it is to be noted that nothing can legally come under the head of maritime salvage unless it be within the strict definition laid down in the Merchant Shipping Act—namely, a vessel or wreck or any of her apparel or cargo. Such property can be "salved" collectively, or any portion of it separately, either as "flotsam", that which is washed overboard or out of a ship, and floats; or "jetsam", that which is jettisoned or thrown overboard; or "lagan", that which, apparently, is thrown overboard, to lie sunk, its position being marked by a buoy. There are various legal decisions interpreting the Act, but all of them, of course, are strictly governed by the Act. The object of such litigation has presumably in each case been to prove that the particular property on which salvage was claimed or refused was or was not within the definition of the Act. One of the more recent and interesting of these cases is that of the "Gas Float Whitton No. 2." This was a floating light-beacon, without crew, which was moored off the mouth of the Humber. Two local punt-gunners found the vessel adrift. They smothered the light,

towed the craft ashore and claimed salvage. Now let it here be remarked that if, apart from statutory provisions, a man chooses unasked to risk himself or his property in preservation of somebody else's goods—as, if he stops a runaway horse and cart from dashing into a river, or saves property from burning premises—he does this at his own risk and without imposing any legal obligation on the owner of the property preserved. If, however, the law, as in the case of certain marine property, gives him a legal right to compensation, the case is on another footing. The question in the Gas Float case was whether or not the Act gave the puntsmen any legal right to claim salvage. The beacon was 50 ft. long, 20 ft. beam, bow-shaped at both ends, provided with a man-hole and worth £600. The case was tried in four Courts, beginning with the Hull County Court, in which the puntsmen, claiming £60 salvage were awarded and indignantly refused the sum of £15. Then to the Admiralty Court, then to the Court of Appeal, then to the House of Lords. The Lords held, decidedly, that the property was neither ship nor cargo (though she was full of gas) and was therefore not within the Act: consequently, that its recovery gave no right to salvage.

Salvage Award

Now let us take a case plainly within the Act—a case, for example, in which a vessel, broken down, is towed into safety—either a simple uneventful towage or one performed in the face of difficulty and danger, and at the risk of the salving vessel and all on board her. Or the case of a ship hard and fast aground, in a more or less dangerous position—with, possibly, serious risk to the would-be salvors and their ship. The Act provides that when salvage services, as defined, are rendered, a reasonable payment shall be due to the salvors. If in a given case the two parties concerned cannot by arbitration or otherwise arrive at an agreement, it will remain for the Admiralty Court to fix an award based on the Court's view of the facts. The amount of this award will ordinarily be a lump sum which, of course, will be based in part on the nature or value of the services rendered and in part on the value of the property salved. Ordinarily,

also, the Court allocates a proportion to the salving officers and crew. There is apparently no law or rule governing such allocation, but in many or most cases probably about one-fourth of the total award will go to the officers and crew and three-fourths to the shipowners whose property rendered service and ran a risk in doing so. In cases where the efforts of the officers or crew or certain of them have been specially meritorious, they will probably be considered specially. And, similarly, if the salving vessel shall have been of special value or at prejudice by the loss of time—as, for example, in the case of a mail steamer—or shall have run special risk or exhibited extraordinary skill, the Court will take such factors into consideration in fixing the award.

When life has been imperilled and is saved as well as property, it is the practice of the Admiralty Court to assess the salved property for life-salvage, and this, irrespective of whether the property and lives were saved by the same parties or whether the life-salvors acted independently.

In the case of salvage effected or salvage services rendered by one of H.M. ships, no claim is made in respect of the services rendered by the ship, as distinguished from the officers and crew. Consequently, this reduces by about three-fourths the amount which would be awarded in similar circumstances if the ship of war had been a merchant vessel. As regards the—assumed—remaining one-fourth to be credited to the services of the war-ship's company, it might or might not be recoverable. The officers are entitled to claim for such services, but only with the consent of the Admiralty, in writing, such consent to be previously obtained. And this consent will not be given in unimportant cases. If the services be to a hired transport, no salvage can be claimed; nor for quelling a mutiny unless this shall have been at personal hazard, these services being within the scope of public duty.

Since the above was written a Naval Salvage suit has been before the Courts—the first for a quarter of a century. The case was one in which H.M.S. Melpomene had salved the ss. Domira, 3112 tons gross, coal cargo, stranded in May 1912 in the Gulf of Mexico. The value of the "Domira" (? including her cargo) is given as £17,000. The judgment will be of interest:

The learned President in the course of his judgment said that the salvage services were rendered by the commander, officers, and crew of his Majesty's ship Melpomene, and they had been authorized by the Admiralty to take these proceedings. It did not often happen in that Court that a claim was made by a State-owned vessel, and it appeared from what Mr Bateson said that a quarter of a century had passed since there was a case—the Cargo *ex* Ulysses (13 P.D., 205). It was clear that no remuneration could be given in respect of the value of the salving cruiser. She belonged to the State and the State made no claim. Certain other services—such, *e.g.*, as supplying water—were obviously services which any of his Majesty's ships would be bound to render. His Lordship had to ask himself what was the fair remuneration for the work done by the commander, officers, and crew outside [illegible]. He thought he was entitled to take into account that [illegible] was running some risk of incurring possibl disfavour with [illegible] instance, supposing that in performing the services [illegible] to the Melpomene, the Admiralty might call upon [illegible] conduct, and certain disagreeable consequences might [illegible] one, as was to be expected, was done readily, efficiently, [illegible] re had been great risk of total loss, and the services of [illegible] officers, and crew entitled them to a considerable award. [illegible] £2,500.

[illegible] is the converse case, in which salvage services are [illegible] merchant vessel to one of H.M. ships. There is apparently no law relating to such a case. The Admiralty admit no legal liability, but as an act of grace deal with the facts upon their merits. Almost certainly the salvors' claim will prove capable of amicable settlement, but the Admiralty, reserving all rights and privileges, may in case of need agree to refer the case to arbitration.

General Average

Look at almost any bill of lading, and you will find in it these words "...with average and primage as accustomed," or, perhaps simply "...with average as accustomed." As to primage, we can dismiss it in a few words. Anciently, the captain used to receive, over and above the freight due to the owners, a personal "tip" for his services, and this was called primage. Later, by a process not without precedents, he had to receive it as agent for the owners. Next, the freight was calculated to include it. Then it became obsolete, or nearly so. It may and probably does still continue to be charged in certain trades as a sort of percentage on or addition to the freight; but it has long ceased to be a

necessary or normal charge, and though bills of lading continue to make mention of it, the mention is in most cases purely a survival. But when a term has from times remote appeared invariably in a stereotyped mercantile document nobody likes to drop it when no longer applicable, for fear that, in omitting it, some unforeseen and undesired interpretation may be given to some other phrase which the law may discover should be identified or read in connection with it. Let us then dismiss primage and consider solely general average. And, first, what is "average"? Average, in this connection, is damage, loss, hurt, charges: some abnormal burden falling on sea-borne property, whether ship or cargo. The term is in continual use in marine insurance circles as well as in ocean commerce generally. But it may mean, in such references, either "general average" or "particular average", the latter being purely a marine insurance term. The meaning of "average", then, being, broadly, damage or charges, what is the difference between "general average" and "particular average"? The distinction is fundamental, general average being average which is deliberately and intentionally caused or incurred, while particular average is average which is purely accidental. For example, a mast cut away to right a ship with a heavy list and in imminent danger of capsizing altogether; cargo thrown overboard to lighten a vessel which is accidentally on the ground; an anchor and cable slipped to avoid imminent peril, as of the vessel being driven ashore or being run into; damage to cargo by pouring water down the hold to put out a fire; the cost of shore labour to pump a leaky ship, arrived in harbour with an exhausted crew; an agreed sum paid for towing a vessel out of a dangerous position; all these are familiar instances of general average. And why "general"? Because it is average affecting the whole adventure indiscriminately and generally: average incurred voluntarily in a moment of emergency to save from loss the whole adventure generally. *Deliberate intention* is the key-note.

Particular average has as its key-note *accident*. A mast breaking off under pressure of the storm; anchor and cable lost by the accidental parting of the cable; damage to cargo by leakage or by fire; these are familiar instances of particular

average. *Accident* is the key-note: the loss or damage attaches solely to the owner of the particular (or private) property involved. General average, on the contrary, attaches to and has to be borne *pro rata* by every interest involved—by the property generally.

And now we get back to our bill of lading, with its "average as accustomed." The "average" thus referred to is said originally to have meant charges—*e.g.* towage—to be divided generally; but no doubt it covers general average. Owing, however, to the modern adoption of special rules of adjustment, the bill of lading makes further mention of the subject—the average, if any, is to be adjusted "according to York-Antwerp Rules." This was a code of rules framed for international adoption at a meeting of the International Law Association at York in 1864, revised at Antwerp in 1877, and reduced—or enlarged—to its present form at Liverpool in 1890. "General Average[1] was presumably the first form of marine insurance. In the early days when merchants travelled with their own merchandise and a jettison of somebody's cargo became necessary, the owner's consent to the sacrifice would be obtained on a promise on the part of his co-adventurers that his loss or 'average' should eventually be divided amongst them all, generally. And later, when bills of lading were made out, this principle of general compensation, which had meantime become a rule of the sea, was expressly recognised in the contract of carriage. The still later invention of marine insurance against losses and averages should obviously have rendered unnecessary a continuance of the system of compensation amongst the adventurers themselves. But unfortunately everybody did not insure, and those who were not insured would naturally insist on having the old system of mutual contribution made a part of the common contract of carriage. The system of insurance, old as it is to-day, was, like other beneficial systems, at one time new, and as such would naturally be regarded with suspicion or even contempt. The fine old merchant banker, whose father and whose grandfather had run their own risk of accidental loss or damage, would look upon the new-fangled plan as a mean device, good enough for the struggling trader but altogether beneath the

[1] Quotation from "The Reform of General Average: a Paper read by permission of the Committee at Lloyd's on 9th May 1894" by the author.

dignity of the merchant prince. Insurance had to fight its way, and by the time it had become common the general average send-round-the-hat system had become such a necessary incident of the contract of marine carriage that equally as a matter of course it became engrafted into the system of marine insurance, under which, however, it was obviously superfluous. No man, whether insured or not, bore his own general average loss, and every man bore a part of that sustained by a co-adventurer. And so, till 1868, it remained. If a man's property was sacrificed he never dreamed of going to his underwriter for compensation. He sent round the hat first, and then he called upon his underwriter for the sum representing his own share of the loss. But in 1868 one Dickinson declined to allow mere usage, however ancient, to come between him and what he conceived to be his legal rights under the marine policy. His property had been jettisoned and he insisted on being directly paid for it. The underwriter, said he, could afterwards make a collection from the other cargo-owners, if he liked. To the astonishment and indignation of underwriters the Court said that Dickinson was right, and the case of *Dickinson* v. *Jardine* has tingled in the ears of underwriters ever since. Now one would have thought that the immediate effect of this decision would have been that the marine offertory-bag would have ceased any longer to go its round, and that each underwriter would have been content to regard as final any general average loss falling upon him, precisely as he would so regard an accidental total loss or a particular average loss. Old usages, however, die hard, and to-day, the merchant having been paid by his underwriter for the property sacrificed, the underwriter relies upon the shipowners to collect the contributions due—practically from his co-underwriters—in respect of the rest of the cargo, and when he has received it, thankfully posts it into his books as a 'Salvage'."

Such being the facts, whatever the origin, the effect of "average as accustomed" in the bills of lading will be clear enough. The words bind shippers and shipowners alike to the ancient usage. The object of the little treatise from which the above is an extract was to call attention to the growth, the

expense, the delays and inconvenience and, in view of insurance and the legal decision cited, to the modern superfluity of the ancient system. The object was not to "abolish" but to reform the system, only to the limited but very important extent of excluding voluntary *sacrifices* from general average and letting them fall in each case on the owners of the particular property sacrificed—in other words, on their underwriters. This would effect a reduction assessed at 12 per cent. (according to a New York expert writer, now 15 per cent.) as the cost of working and applying the system, and would save endless circumlocution and delay. Even if its eventual decease be sure, however, the ancient system is still in full and flourishing, if burdensome and costly, vigour. But perhaps a glimmer of the light which precedes the dawn may be seen in the bill of lading discussed on p. 83, in which the following provision will be noticed in substitution for the ancient "average and primage as accustomed," viz.:

"General average loss to be borne by those on whom it has fallen, unless statements are required in writing by interests which would be entitled to receive in the aggregate per Adjuster's estimate not less than £200 net." The reasonableness of this will be understood when we remember that the cost of "adjusting" or stating the general average—fee, printing and so on, alone—might on occasion easily amount to a great deal more than the sum mentioned. But the system, entirely unnecessary as it is, is surely destined eventually to break down under its own increasing weight. It might have been beneficial and useful enough in the old argosy and pre-insurance days, but in these days when a cargo may make up a dozen or a score of train-loads of mixed goods, and all of them insured, its burden must be as obvious as its superfluity.

Perhaps the most frequent and certainly the most serious cases of general average are those arising out of fire. A huge steamer laden with general cargo arrives or puts in with fire or having suffered from fire in one of her holds. It may be and very commonly is drowned out by flooding the hold, more or less completely, but possibly the pressure on the bulk-heads may cause them to give way and flood adjoining holds, or they may get red-hot and so extend the fire. Eventually,

however, the cargo is all got out, some wet, some dry, some wet and charred, some charred and not wet. Now, the water-damage to cargo wet and not charred is clearly general average: the damage was voluntarily and deliberately incurred at a moment of common peril for the general safety. But if a particular package was already on fire, then, so far as such package was concerned, the water was a blessing and not a curse to it: or, to take another view, the package being itself on fire was a cause of danger and not therefore entitled to compensation; so that in such instances the water-damage will not be included in general average. And of course all damage by Fire (as distinguished from Water), being accidental, will be particular average and not general. Think what all this must necessitate in surveying, classifying, certificating, and sorting in the case of any big general or mixed cargo. Then the drying and re-conditioning expenses and sale charges will have, of course, to be similarly analysed and allocated. Then, eventually, the whole cartload or waggon-load of papers will have to be handed over to a firm of Average Adjusters, and dealt with much in the same way as in the case of a Salvage Apportionment (p. 139). Two, three or even four years may elapse between the date of the average and the date of the issue of the adjustment. And the cost! A general average statement was issued not long ago—quite possibly, cheap at the price—for which the adjustment fee was 3500 guineas, and printers' bill £630, with incidental fees and charges to who can say how much more! The "average" itself was only about 4½ per cent., and it took about 2½ years to adjust. The underwriters had to pay, *pro rata* and collectively, all the general average damage plus the costs of ascertaining, certifying and adjustment; whereas if each had borne his own loss, some might have had to pay heavily, some a little and others nothing—in the long run everybody coming out the same, but always less the extra charges. Of course, if all the losses or damages were treated separately as particular averages, without any reference to special nature of the damage in each case, there might still remain to be paid charges of a general nature. For example, the extra cost of discharging and sorting cargo sodden, broken and perhaps unidentifiable would

be a general charge, but such collective results of a general average act could, in these days, be easily covered by insurance at small cost or by mutual insurance amongst the shipowners. Anyway, they are but a piccolo to the full band.

Passengers' baggage occupies, in law, no privileged position as regards general average, but until recently it had always been left out of the assessment. For one thing, its value was comparatively inconsiderable, and on the other hand the irritation of the passengers had to be reckoned with. Of late years, however, passengers' property and effects have become so valuable that the question has several times been raised. The sentence extracted above from our bill of lading has added to it these words: "but passengers shall not pay or receive any general average contribution in respect of luggage or personal effects." In a recent case in which baggage was brought into the adjustment, the great mail line concerned, if memory may be trusted, took the passengers' contribution on itself. And, had it not done so, a great and indignant outcry from the passengers, called upon to fill up complicated forms and to pay deposits, would certainly have had to be faced.

If the general average is attributable to causes for which the shipowners can be held responsible, then, *prima facie*, and subject to the protection of the "negligence clause" (p. 87) so far as it may extend, they are debarred from recovering in general average. The reference to general average in our bill of lading therefore goes on to say this: "If the owner of the ship shall have exercised due diligence to make said ship in all respects seaworthy and properly manned, equipped and supplied, it is hereby agreed that in case of danger, damage or disaster resulting from fault or negligence of the pilot, master or crew in the navigation or management of the ship, or from latent or other defects, or unseaworthiness of the ship, whether existing at time of shipment or at the beginning of the voyage, but not discoverable by due diligence, the consignees or owners of the cargo shall not be exempted from liability for contribution in general average or for any special charges incurred, but, with the shipowner, shall contribute in general average, and shall pay such special charges, as if such danger, damage or disaster had not resulted from such

fault, negligence, latent or other defect or unseaworthiness." This, primarily, is to get round, as nearly as can be managed, the implied obligation to provide a seaworthy ship: that is to say, the cargo shippers shall not be able, or shall be able only in extreme cases, to set up, as a defence to a claim for general average, the unseaworthiness or alleged unseaworthiness of the ship.

General Average is now almost invariably adjusted by the "York-Antwerp Rules", the optional international code already mentioned, the code being commonly made obligatory by special words in the shipping contract.

But when a ship arrives, in common parlance, "under average," the shipowners are not going to put themselves in the position of having delivered all the cargo first and then having to collect all the contributions perhaps several years afterwards. They therefore, reasonably enough, protect themselves by collecting deposits before or on delivery, and obtain in addition the signature of the consignees to what is known as an "Average Bond."

General Average Bond

A ship arrives, say, with her cargo damaged by water used to extinguish a fire; or she has had to incur expenditure for special emergency assistance; or with damage to her machinery incurred by working the engines when the ship was aground, to get her off—a general average sacrifice, inasmuch as it is not a ship's business to work her engines when she is aground, or at any rate this is a misuse of them. Let us assume, however, simply that the ship has arrived "under average": it makes no difference whether the sacrifice shall have affected the ship or the cargo or whether it is a general average expenditure on behalf of both; all have got to contribute. An average adjuster is consulted—probably has been consulted in advance of the ship's arrival. He has before him on one side the ship's manifest, which is a detailed list of her cargo, and on the other a statement of the expenditure or sacrifices so far as they are known or can be approximately conjectured. If the average is water damage to the cargo, it can only be guessed at and it will be estimated

highly. Let us say, then, that the sound value of the cargo, when worked out, is likely to be about £200,000 and that the ship is worth £100,000. The aggregate value of the contributory interests is thus £300,000. The expenses or sacrifices may perhaps be estimated to amount together to, say, £12,000. To be on the safe side the figure may be taken at £15,000, which is 5 per cent. A consignee, therefore, having cargo calculated to be worth £1000 will have to pay a general average deposit of £50 or 5 per cent. (In cases, it may be 20 per cent. or 30 per cent.) His £50 will be paid into the Average Trust Fund, and a special receipt given to him. The £50 will be repaid to him by his underwriters, to whom he will endorse over the Trust Fund's receipt, so that the underwriters, on completion of the average adjustment, will be entitled to receive back the difference (there is mostly a refund) between the amount actually due from the owner of the goods and the £50 paid as a deposit against it.

But still the consignee will not be able to get delivery yet. The £50 may, after all, prove to be insufficient. Then the adjustment cannot be made up until each consignee has handed in the papers showing the sale proceeds of his goods and certificates of loss, if any, occasioned by the General Average Act. The consignee, therefore, in addition to paying his deposit has to sign a bond to the effect that he will make any further payment which may be due from him on completion of the adjustment, and that he will also supply all the information required by the adjusters in respect of his particular goods. Such a guarantee is given in the form of a General Average Bond.

General average statements are drawn up and deposits collected all over the world in respect of property largely insured by British underwriters. The payers of the deposits send the deposit receipts to the underwriters and obtain repayment. The underwriters then have to watch for the issue of the average statement in order to claim any refund to which they may be entitled. This work can, however, be passed on to Lloyd's, as witness the following notice in the shipping Press:

"REFUND OF GENERAL AVERAGE DEPOSITS.—Special arrangements are made at Lloyd's for the collection of Refunds of sums deposited on account of General Average, and also for

putting forward claims for Loss of or Damage to Cargo recoverable in General Average. In the case of Deposits, all that is necessary is to forward the original Deposit Receipts to the Secretary of Lloyd's, who will account for the Refunds (if any) in due course. As regards claims for Loss or Damage recoverable in General Average, the Bills of Lading, Invoices, Survey Reports, Account Sales, &c., should be forwarded."

Bottomry Bond

The alliterativeness of its title and the enigma of its maritime use together invest the bottomry bond with a sort of mysterious interest. At one time and for long it played a highly important part in ocean commerce. It may now, however, almost be classed with the dodo or the great auk. Under modern conditions there is little occasion for its use: the submarine cable, the rapid post and the world's banking facilities have together conspired against and practically slain it. Till these came, however, the world of shipping could not do without it. Let us imagine an old-time case where a sailing ship which had just managed to keep herself afloat, perhaps under jury-mast and with torn canvas, came heavily into (say) Mauritius. It might take six months or a year to get into communication with her owners, and meantime she would be in danger of sinking at her anchors and with a damaged cargo rapidly deteriorating. The obvious course must be to get her cargo out of her at once, partly to preserve it and partly in order to survey the damages to the ship. Then the ship must be re-caulked, perhaps new masts set up and a new suit of sails supplied, the whole at a cost perhaps of several thousand pounds. People on the spot were used to just such work and made a handsome living out of it. Imagine, then, the ship repaired, the cargo re-stowed, and the ship provisioned for continuing her voyage. All the work has been done under the captain's authority, with the understanding that he will raise the money required by means of a bottomry bond, to be executed in favour of some local financier in the habit of making similar advances. But obviously the making of an advance on the security of a ship or "bottom" which might after all never get home must be a very

speculative business, to be paid for accordingly. This payment was in the form of a "maritime premium": if the ship arrived, the debt and the premium would be payable to the holder of the bond (which would be sent home independently to the lender's agent); if she did not arrive then the lender would never see his money again. Consequently the maritime premium would be high, 25 per cent., 30 per cent., or on occasion perhaps considerably more. Say, however, that the disbursements were £1000 and the maritime premium 25 per cent.: the bottomry bond would be for £1250. The instant the ship arrived the holder of the bond would be down on her and demand his £1250 before she was allowed to break bulk. In cases where the ship was damaged beyond repair the cargo could be forwarded in another vessel, a similar bond, solely on the cargo, known as a "Respondentia Bond", being given against provision of the money for the process.

But times have greatly changed. The arrival of a vessel at a port of distress is nowadays instantly cabled home by Lloyd's Agent. A copy of the despatch will be at once displayed at Lloyd's and a copy of it sent round to all the insurance companies. The Salvage Association will be put in motion, and in a few hours the underwriters will be fully informed as to the ship's requirements. A credit will be opened with a bank having a branch at the port of distress: and that is all. It may be interesting to see a copy of the ancient bond:

Know all men by these Presents

That I
Master of the Ship
of the Port of
of the burthen of tons or thereabouts am held and firmly
bound unto
of
in the sum of
sterling British money to be repaid to the said
his agent attorney executors administrators or assigns for which payment I bind myself my heirs executors and administrators and also bind and hypothecate the said ship and the freight to become due in respect of the voyage after mentioned and the cargo laden or to be laden on the said voyage firmly by these Presents sealed with my seal Dated this day of 18

This recital should be varied according to the facts.

WHEREAS the said ship lately arrived at in distress having sustained damages in the course of a voyage from to laden with and being in want of repairs supplies and provisions to enable her to continue her said voyage AND WHEREAS the said being without funds or credit at and urgently requiring the sum of to pay for the said repairs supplies and provisions and to discharge the lawful and necessary disbursements of the ship at and to release her from her liabilities and to enable her to continue her voyage and having first duly communicated or attempted to communicate with the owners of the said ship and of the said cargo with a view to obtain funds from them was compelled to apply for a loan upon bottomry of his ship her cargo and freight AND WHEREAS the said who is hereinafter called the said lender proposed and agreed to advance upon such security the said sum of at a maritime premium of per cent. for the said voyage and the said being unable to procure such advance in any quarter on more advantageous terms accepted the said proposal (with the intervention and approval of the proper authorities at) and agreed so far as he lawfully could or might that the said security should have priority over all other claims on the said ship freight and goods whether by himself or any other person AND WHEREAS the said lender has duly advanced the said sum in pursuance of the said agreement NOW THE CONDITION of the above obligation is such that if the said do with the said ship and cargo duly prosecute the said voyage without unnecessary delay or deviation and do within days after the arrival of the said ship or cargo at and before commencing to discharge or deliver her cargo there pay or cause to be paid to the said lender or to his order or assigns the said sum of together with maritime premium thereon at the rate aforesaid making in all the sum of such payment to be made at the exchange of for every British pound sterling. If the said ship with the said cargo shall duly prosecute her said voyage without unnecessary delay or deviation and shall be by perils of the sea lost in the course of such voyage then this obligation shall be null and void and the said shall be released from all liability in respect of the said sum of

PROVIDED ALWAYS and it is hereby agreed and declared that if the said ship shall by perils of the sea as aforesaid be lost or so much damaged as to be unable to complete her said voyage then if any part of the said ship or cargo or of the said freight shall be saved or earned the above security so far as regards the property saved or freight earned shall remain in force and the said lender or his assigns shall be at liberty forthwith to enforce the same against such property and freight

PROVIDED ALSO and the said loan is made on the express condition that the said lender doth not accept or take upon himself any risk or liability on the said voyage except such as is hereby expressly mentioned and shall

not be liable to contribute to or make good any general or particular average loss or expenditure or other charges of a like nature which may happen to or be sustained by or incurred in respect of the said ship or her cargo or freight upon the said voyage in consequence of perils of the sea or otherwise.

Signed sealed and delivered by the said

in the presence of

Lloyd's Policy

Lloyd's policy, with no material alteration, is the universal British form of marine insurance policy; and, more than that, the same form is frequently used to cover risks in no way connected with ocean transport. It is an ancient and incoherent document, occasionally the subject of judicial remarks in the highest degree uncomplimentary. But nobody minds this or dreams of altering the ancient form, nor, one may imagine, is it ever likely to be altered. Insurance experts know—or very often know—exactly what it means, and with generations of legal interpretations hanging almost to every word, and almost certainly to every sentence, in it, it would be highly dangerous to tamper with it. Its defects and insufficiencies for modern needs are got over by clauses: clauses written in it, stamped on it, gummed on it; clauses sometimes having no relation to the particular insurance, but stamped or gummed on it all the same as portions of a batch. To the antiquarian, quite a delightful document. A copy of it is printed below.

Be it known that

S.G.

£

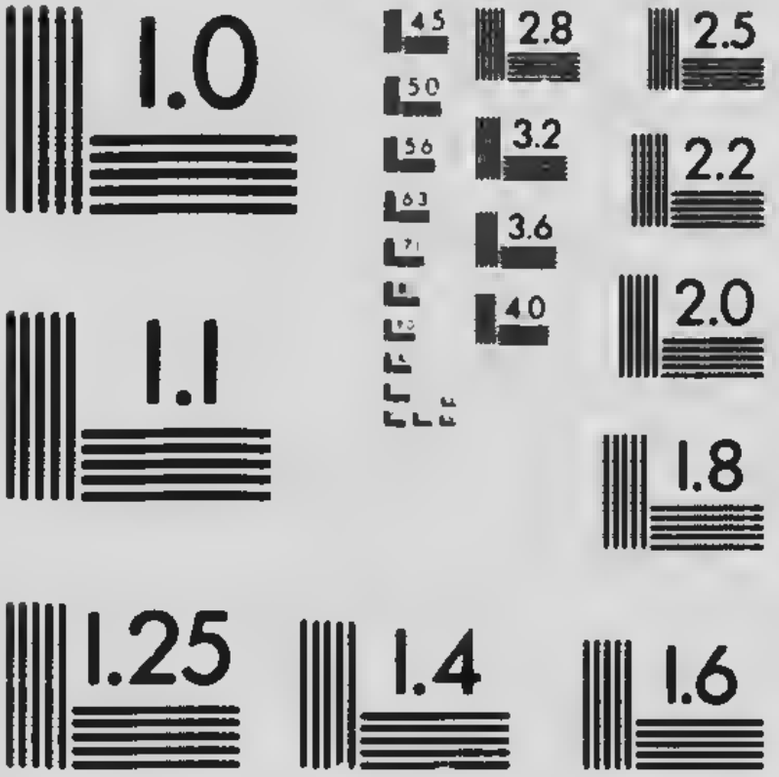
(*No.*)

as well in own Name, as for and in the Name and Names of all and every other Person or Persons to whom the same doth, may, or shall appertain, in part or in all, doth make Assurance and cause and them and every of them to be insured, lost or not lost, at and from

upon any kind of Goods and Merchandises, and also upon the Body, Tackle, Apparel, Ordnance, Munition, Artillery Boat and other Furniture, of and in the good Ship or

MICROCOPY RESOLUTION TEST CHART

(ANSI and ISO TEST CHART No. 2)



APPLIED IMAGE Inc

1653 East Main Street
Rochester, New York 14609 USA
(716) 482 - 0300 - Phone
(716) 288 - 5989 - Fax

Vessel called the

whereof is Master, under God, for this present Voyage

or whosoever else shall go for Master in the said Ship, or by whatsoever other Name or Names the said Ship, or the Master thereof, is or shall be named or called, beginning the Adventure upon the said Goods and Merchandises from the loading thereof aboard the said Ship

upon the said Ship, &c.,

and shall so continue and endure, during her Abode there, upon the said Ship, &c.; and further, until the said Ship, with all her Ordnance, Tackle, Apparel, &c., and Goods and Merchandises whatsoever, shall be arrived at

upon the said Ship, &c., until she hath moored at Anchor Twenty-four Hours in good Safety, and upon the Goods and Merchandises until the same be there discharged and safely landed; and it shall be lawful for the said Ship, &c., in this Voyage to proceed and sail to and touch and stay at any Ports or Places whatsoever

without Prejudice to this Insurance. The said Ship, &c., Goods and Merchandises, &c., for so much as concerns the Assured by Agreement between the Assured and Assurers in this Policy, are and shall be valued at

Touching the Adventures and Perils which we the Assurers are contented to bear and do take upon us in this Voyage, they are, of the Seas, Men-of-War, Fire, Enemies, Pirates, Rovers, Thieves, Jettisons, Letters of Mart and Countermart, Surprisals, Takings at Sea, Arrests, Restraints and Detainments of all Kings, Princes, and People, of what Nation, Condition, or Quality soever, Barratry of the Master and Mariners, and of all other Perils, Losses, and Misfortunes, that have or shall come to the Hurt, Detriment, or Damage of the said Goods and Merchandises and Ship, &c., or any Part thereof; and in case of any Loss or Misfortune, it shall be lawful to the Assured, their Factors, Servants, and Assigns, to sue, labour, and travel for, in and about the Defence, Safeguard and Recovery of the said Goods and Merchandises and Ship, &c., or any Part thereof, without Prejudice to this Insurance; to the Charges whereof we, the Assurers, will contribute, each one according to the Rate and Quantity of his Sum herein assured. And it is especially declared and agreed that no acts of the Insurer or Insured in recovering, saving, or preserving the property insured, shall be considered as a waiver or acceptance of abandonment. And it is agreed by us, the Insurers, that this writing or Policy of Assurance shall be of as much Force

and Effect as the surest Writing or Policy of Assurance heretofore made in Lombard Street, or in the Royal Exchange, or elsewhere in London. And so we the Assurers are contented, and do hereby promise and bind ourselves, each one for his own Part, our Heirs, Executors, and Goods, to the Assured, their Executors, Administrators, and Assigns, for the true Performance of the Premises, confessing ourselves paid the Consideration due unto us for this Assurance by the Assured

at and after the Rate of

IN WITNESS whereof, we the Assurers have subscribed our Names and Sums assured in

N.B.—Corn, Fish, Salt, Fruit, Flour, and Seed are warranted free from Average, unless general, or the Ship be stranded; Sugar, Tobacco, Hemp, Flax, Hides, and Skins are warranted free from Average under Five Pounds per Cent.; and all other Goods, also the Ship and Freight, are warranted free from Average under Three Pounds per Cent., unless general, or the Ship be stranded.

At the head of the policy will be noticed the letters "S.G." Nobody knows of a certainty what these cabalistic letters mean, but this, in the case of such a document, would obviously be no reason for their omission. They may mean "Ship and Goods", they may mean "Salutis Gratiâ", they may mean—and practically do mean—nothing. They may be surplusage: but when the policy goes on to leave a blank for the name of the master—a blank, by the way, which no one ever thinks of filling in—who is "master under God for this present voyage or whosoever else shall go for master in the said ship", it is evident that mere surplusage is no objection to the policy. The fact that the insurance is described to be "upon any kind of goods and merchandises, and also upon the body, tackle, apparel, ordnance, munition, artillery, boat and other furniture of and in the good ship" indicates both that ship and cargo belonged in early days to one and the same person, and that if a boat was carried at all, one was its number. The insurance on the goods and merchandises was to continue and endure until these were safely landed at their destination, and "on the said ship until she hath moored at anchor twenty-four hours in good safety." What, in a particular case, should or should not be deemed "good safety" has been a fertile source of legal exercise. Then come the adventures and perils which the assurers were contented to bear and did take upon themselves: and a quaint enough list they make, and probably not one

of them but has proved a fortune to the lawyers. And will do so yet more; for the developments which are continually taking place, and the new conditions which are continually arising, bring in their train new kinds and causes of loss and damage with fruitful ground for argument. The provisions against capture and hostilities are extraordinarily complete: "men of war,... enemies, pirates, rovers...letters of mart (sometimes written 'marque') and countermart, surprisals, takings at sea, arrests, restraints and detainments of all kings, princes, and people, of what nation, condition, or quality soever." Then follows "barratry of the master and mariners", barratry being any dishonest or malevolent act of the master or crew in breach of their duty to the owners. We need not follow the wording to the end, as this is not a treatise on marine insurance. We shall see elsewhere (p. 197) how the inclusion of what are known as the "capture risks" is commonly nullified by the "F.C. and S." ("free of capture and seizure") clause, by which the underwriters explicitly over-ride the risks which they have just before explicitly declared themselves contented to bear and take upon themselves. If such a contract were to be drawn up for the first time to-day it would be put down as the work of a lunatic endowed with a private sense of humour. As it is, we were, like our grandfathers and theirs, born and brought up to it, and we regard it quite seriously. And, as a matter of fact, it answers in practice remarkably well.

As regards the "N.B.", known as the "Memorandum", at the end, it is a later addition, having been added about the year 1749. The point of it is this: underwriters had come to the conclusion that some goods are of such a nature that it was tempting Providence to insure them against sea-water damage, which would quickly spoil them all: corn, fish, salt, fruit, flour, seed. Others were bad, but not so bad: sugar, tobacco, hemp, flax, hides and skins. These latter were almost bound to sustain a certain amount of damage or "particular average", but the underwriters declined to be liable for petty damages. If the damages or "average" amounted to 5 per cent. the underwriters would pay the whole; if they did not amount to 5 per cent. then they would not pay any of it. As regards "all other goods, the ship and freight," the underwriters drew the line at 3 per cent.—"unless general or the

ship be stranded." General average they would pay, however small in amount. It is not a little curious, however, that the policy contains no mention at all of general average except in this indirect reference. But that it was always paid under the policy cannot be doubted. Perhaps the intention of the policy in this sense was from the first so well understood, that general average (contribution) was deemed to be one of the "all other perils" mentioned. "Jettison" is of course a general average sacrifice, but we are referring to the contributions. But now the proviso "unless general or the ship be stranded": this last, a most important qualification, is rich with the elements of pitch-and-toss. Say, a cargo of corn, fish, salt, fruit, flour or seed. The ship leaks like a sieve, and damages the cargo 99·9 per cent. No claim: the insurance is free from average (meaning particular average) unless.... But in entering dock the ship sticks for a brief space—three minutes would certainly be sufficient, perhaps one minute might be so—on the dock sill. She is technically "stranded", and the underwriters pay without question all the damage, though the stranding admittedly had nothing to do with it. And, similarly, if the vessel shall have got aground, either with or without damage, at any time during the voyage. That is the bargain, and bargains must be kept.

The Payment of Losses and Averages

Every marine insurance company has its Claims Department, with its "Adjuster of Averages" at its head. As a matter of fact, however, his title has become a misnomer, since claims are now generally adjusted by a firm engaged solely in this business. The company's "adjuster", consequently, is rather the critic of other people's work. He is, in fact, now more generally known as the "Examiner of Claims." Whenever a loss or claim occurs in which complications or technicalities arise, in its relation to the policy or policies, the policy and all the various documentary proofs are handed over to a professional adjuster, who "adjusts" the claim and adds to the total his fee for the adjustment. This will be half-a-guinea in the simplest case, but if a general average, with its truck-load of papers, be in question, it may run into two

thousand or three thousand guineas. "Hull averages," as claims on ship are termed, are often highly technical, especially if damage to the engines be involved. The company Examiner of Claims, as the result of long experience, is generally able to determine as to the substantial accuracy of the adjustment, but in case of need or doubt he hands over the papers to a ship surveyor or engineer who can advise him with authority. But expert surveyors, like other experts, do not necessarily agree; and the propriety of a charge or item included in the adjustment may become the subject of considerable disagreement. And when damage by wear-and-tear and damage by some accident overlap, such differences are intelligible enough. Mostly, perhaps, they end in compromise. Goods averages, although they may be lengthy, are ordinarily matter of routine, and the experienced company adjuster is able to take short cuts in verification of meticulous calculations. It must, of course, be here remembered (p. 131) that in the case of goods, the assured are entitled to receive not the actual amount of their loss, but so much more or, possibly, so much less than the amount of the loss, according to whether the agreed value in the policy is greater or less—it is generally greater—than the sound market value of the goods. Now and again, in case of claim for loss or average, fraud or dishonesty may be met with; but this is very exceptional. It may in a particular case be possible to perpetrate fraud successfully, but long familiarity with average documents has given the skilled Examiner of Claims such an insight—we might call it instinct—that he is not easily imposed on. He is, in fact, the company's watch-dog, and the certainty that any claim upon the company will encounter his critical examination has a steadying effect on the dishonestly disposed—if any such there be.

Every underwriter subdivides his business according to the risk—as, North America Out and North America Home: Australasia Out and Australasia Home, by Canal: similar voyages viâ the Cape; and so on and so on. The premiums are posted up under the headings of the class of voyage to which they relate, and the claims, as they arise, are posted on the other side. From time to time the figures are added up, and the underwriter is able to see, on an average of years, whether on

a particular voyage the premiums can be reduced or whether they should be put up. The accounts of individual insurers are also kept distinct, so that in like manner the underwriters can learn whether a particular account is to be encouraged or otherwise. With all or most underwriters keeping their books in this manner, rates tend to become uniform or stereotyped, for probably the experience of one underwriter will be more or less confirmed by that of others.

A "Name" at Lloyd's may decide, for one reason or another, to give up underwriting, but underwriting has, as it is said, a long tail. It is also said that it is "easier to get into than to get out of." General averages may take several years to adjust, cases may be contested and pass from Court to Court, with the result sometimes, in the case of foreign litigation, of years of delay before the final settlement. Then, hulls are mostly "written" for twelve months, so that risks may be current and losses possible for a year or more after the writing of the risk. The insurance companies generally allow a full year to elapse, after the termination of an underwriting year, before closing it, in order to include the "second year's settlements." At the end of this second year the claims known to be outstanding are estimated, an addition is made for unknown contingencies, and the total is provisionally charged to the year in question in order to enable the year to be closed, and is then carried to a suspense account. The companies' Examiner of Claims keeps a record of all claims and salvages outstanding, and is able from past experience to make the necessary estimates in round figures with tolerable accuracy. But to be on the safe side in closing a particular year the contingencies are generally over-estimated.

Ship Insurance

Ship insurance or, as it is ordinarily termed, hull insurance, is a highly important branch of marine underwriting. Some companies and underwriters specially lay themselves out for it, while others, as the result either of unfortunate experiences or of consciousness of inadequate experience, either confine their hull business to the liners or leave it severely alone. The insurance

of liners, indeed, and the insurance of tramps generally—and 70 per cent. of our tonnage is said to consist of tramps—are almost distinct classes of underwriting. The risks to be covered in either case are manifold—total loss, averages and collision liabilities; and it is of course quite possible for a ship to be lost through or subsequent to a collision and to be liable in addition to £8 a ton—or, under foreign law, up to her full value—for sinking another ship. Life liability, as we have seen (p. 106), is not a risk ordinarily covered under a policy on hull. And not merely does the hull policy cover averages caused by perils of the seas, but it is extended to cover injuries to machinery arising out of accident or latent defect; and these injuries may on occasion give rise to a very heavy claim.

In the old days, ships were small and of comparatively low value. In the old policy, it will be remembered (p. 157 "N.B."), the ship was warranted free of average under 3 per cent. unless general or she were stranded. So that if a ship worth £10,000 sustained accidental damage it would not give rise to a claim unless it amounted to £300. If it reached that figure the claim would be paid in full. But to say that a ship worth £100,000 would, unless stranded, have no right of recovery of any amount less than £3000 would be to place too heavy a burden on the owners. Mitigating conditions had consequently to be introduced—as, for example, "warranted free from average"—meaning, of course, particular average—"under £1000", or whatever the figure might be. But it is now the almost universal practice to subdivide the risk, though, in the case of very valuable vessels, still perhaps with a minimum limit of £500 or £1000 or other sum. The subdivision will depend on the nature and value of the ship, but the following will serve as an illustration:

	£
Hull and Materials valued at	
Cabin Fittings and Passenger Equipment ...	
Boilers and everything connected therewith ...	
Machinery and „ „ „ ...	
Refrigerating Machinery and Insulation ...	
Total Valuation	£

with the clause "average payable on each valuation separately, or on the whole"; the meaning of the last four words being that if the average comes to 3 per cent. on the total valuation, all of it shall be recoverable, even though in the case of one of the separate interests it may not amount to 3 per cent. A further extension is now general, namely, that any damage actually *caused by* grounding or collision shall be paid, however small in amount, and notwithstanding a £500 or £1000 minimum limitation. It may here be noted that a stranding and a grounding are not necessarily the same thing, every grounding not being a stranding. A grounding may be a more or less ordinary incident of the voyage or trade. A stranding must be an unforeseen and accidental occurrence.

As the old form of policy is ordinarily used indiscriminately for ship and merchandise (though a special hull form, omitting the references purely to the latter, is in occasional use), it is obvious that there can be no room to write in it the compendious wording required in the case of a hull insurance. Consequently, as already stated, this wording is printed separately on a sheet gummed at the margin, and this sheet or "batch of clauses" is affixed to the policy. First of these clauses is the "R.D.C." or running-down clause, to which reference has already been made (p. 106). It is a voluminous clause and it is needless for present purposes to set it out at length. Then comes permissive wording, under which, practically, the ship can go anywhere or do anything, subject to the general purpose of the insurance. Notably she may "tow and assist"—that is, she is free to earn salvage money for herself—at the risk of the underwriters. Then a clause that if she breaks any of the warranties as to cargo, trade, locality or date of sailing, she shall be held covered on payment of any additional premium required—subject to immediate notice to the underwriters. Next, a provision in view of a possible transfer of ownership, to which the underwriters may assent ot, in their discretion; in the latter event, the policy to b icelled and premium refunded from date of cancellation. The next clause is one of great importance; it is known as the *Inchmaree*, or the "Latent Defect" clause. The clause was granted in order to over-ride a judgment, favourable to the underwriters, in a

machinery claim in the case of the steamer *Inchmaree*. The effect is to make underwriters liable for damages caused by latent defect or by negligence of the engineers, always provided that the latent defect was not due to negligence on the part of the owners. Then follow several clauses which here call for no special comment. Grounding in the Suez Canal (and certain other named waters) is not to be deemed a stranding, in its technical sense and consequences, but damage *caused by* such a grounding, as well as by fire or collision, is to be paid irrespective of minimum percentage. A long clause follows, defining a "voyage." Damages occurring at different times on one and the same voyage can be added together so as to bring the total up to the stipulated minimum; but with ships going from pillar to post under charter or seeking charter, it is a very difficult thing to say where one "voyage" begins or another ends. Then two important clauses of a highly technical nature, and the "Notice to Underwriters" clause: underwriters or their agents to be given the opportunity to survey damages before their repair, and to be consulted as to the obtaining of tenders. Then the all-important free-of-capture—"F.C. and S."—clause discussed below (p. 197). Finally, provision for return of premium for cancelment of the policy or for time spent in dock instead of under voyage. And of course special clauses may be added to meet special circumstances.

In that truly wonderful production, the "Shipping Number" issued by the *Times* on 13 December, 1912, occurs under the head of "Marine Insurance" the following passage:

"There is no need to insist on the misfortunes of the past 12 months, but it is sufficient to say that underwriters, even those representing the giant companies, are not now writing the same large lines as they accepted a year ago. They had had no experience of boats of over 40,000 tons, and they had assumed that it was practically impossible for such a vessel in time of peace to sink. Their opinions perforce have now been revised, and a few days ago the fleet of one of the greatest of all the British companies was insured on terms representing a substantial advance on the rates previously quoted. As vessels are built larger and larger there may be a real difficulty in insuring them, even though the resources of every insurance market of the world be called into

requisition. Underwriting would resolve itself into a mere form of gambling were the companies or the individual underwriters at Lloyd's to write larger amounts on any one risk than they could afford to lose.

"In the future, when there are many vessels of over 50,000 tons, it will be reasonable for underwriters, relying on the law of average and possessed of sufficient capital, to retain very large sums on each boat; during the next few years the number of such vessels will be so small that the loss of one must have serious consequences for the market. That was the secret of the disturbance caused by the loss of the *Titanic*. Closely connected with this question of increased values, due to greater size, is the question of higher values now being generally placed on shipping tonnage in consequence of the great demand for ships of all descriptions"—to which might have been added "together with the high cost of materials largely due to this demand and to the great advance in the wages of the workmen, skilled and unskilled, employed."

The reference to great values was not only shrewd and correct but has proved prophetic. Think what it must needs mean to "place" the insurance of a 50,000-ton fast passenger boat. (Naval officers, no doubt rightly, object to such a misdescription of an ocean vessel, but in commercial circles a liner is commonly a "boat.") What her actual cost would be is conjectural, but it is not likely to be much under £35 a ton and might well be more. Taking it at £35, we get at once a value of £1,750,000. Or call it even £1,500,000—and indeed, this is supposed, correctly or not, to have been the cost of the *Imperator*. The owners simply cannot find a market for such an insurance; and to get even the greater part of it placed at rates which can be borne, they must themselves, in one form or another, come in as underwriters. Some of the great Atlantic companies, face to face with the difficulties which the loss of the *Titanic* had brought to a head, have recently decided on a scheme of mutual insurance, at any rate of their biggest vessels. At a meeting of the Cunard Company's shareholders called together to approve and give effect to this scheme, the chairman said:

From the time when the *Lusitania* and the *Mauretania* first came into

commission we have had great difficulty in securing adequate insurance, owing to the very high values involved. As a matter of fact, it appears that the largest amount of insurance which can be placed upon one vessel under normal conditions does not exceed about 800,000*l*. By paying high rates, underwriters may be tempted a good deal against the grain to increase their lines above their ordinary limits, but even with the underwriting capacity of the whole marine insurance world stretched to its utmost we have still been left from the first with very large amounts—entirely uncovered amounts—quite disproportionately large when compared with our uninsured risks on any other vessels.

So long as we were the only company owning steamers of such high values, there was no remedy for this state of affairs. But other companies are now experiencing the same difficulties, and it has very naturally occurred to us when talking these matters over that while we could not diminish the total amount of uninsured risk, we might, at any rate, by a mutual arrangement, spread it over a larger number of bottoms. The formation of a mutual association designed to achieve these objects has been under discussion for some time past between ourselves, the White Star Line, and the Hamburg-American Line, and we have already reached the point where details have to be settled.

We have not the slightest intention of doing without the service of our marine insurance friends, who have helped us in so many ways in the past. We simply want to be saved from the necessity of urging them to write larger lines than they really care to take, and, as I have already said, to spread our uninsured risks over a larger number of ships of the very highest class.

I might enlarge on the significance of this co-operation of British and foreign companies for the protection of their common interests, which is surely of the happiest augury for the continuance of that good feeling to which I attach so much importance—a good feeling which may perhaps have an international value extending beyond the boundaries of our own commercial interests....

The great steamship companies will presumably all have to obtain additions to the powers conferred by their articles of association, and no doubt these additions will be so framed as to enable the companies, if they please, at any future time to engage in underwriting; and from insuring their own and allied companies' steamers to insuring (which can be done by a special bill of lading) the goods on board such steamers is not a long step. But for some time, at any rate, their own liabilities will be quite heavy enough without adding cargo to them, while the insurance market at large would resent a step which, if widely

followed, might seriously prejudice the interests of the underwriters. And at the present juncture at all events the great companies have much to gain by maintaining the most cordial relations with the insurance market. Meantime we have this remarkable conjunction: great British and foreign steamship companies arranging to insure one anothers' vessels, and their Governments simultaneously arming these vessels in order that they may protect themselves from attack by one another. Each measure is perfectly logical in itself, but what are we to make of them conjointly? So far, it has not been discussed whether the mutual insurance shall include the risks of hostilities, but this seems impossible; and indeed by British law it would be impossible, in the sense that such contracts could not, in the event of hostilities, be sued upon (p. 195). They would be, in effect, "honour policies" (p. 168): they could not be sued upon, but underwriters would none the less be at liberty to settle upon them in the ordinary course, and would doubtless do so. Of course, if one of the contracting parties were at peace and the other at war, the former might guarantee the latter; but this would amount to comparatively little.

The fire on board the mammoth *Imperator* in August 1913 called forth the following statement in the *Times*:—"The *Imperator* is believed to have cost £1,500,000 to build, and her insured value is put at £1,100,000. A sum of £350,000 was insured in Hamburg and London with a provision that underwriters should be free from claims of under 1 per cent.; a sum of £100,000 was covered against the risks of total loss and general average; and £400,000 was insured in the Pool in which the Cunard and White Star participate. A total amount of only £850,000 thus appears to have been covered. The insurances for the £350,000 were accepted at 4 per cent.; and the proposal lately under consideration was that the insurances should be renewed as from next summer at £3. 10*s.* per cent. In fact, a certain amount had been accepted at that rate."

The German shipping companies are, as regards insurance, in a much worse position than their British competitors or colleagues, because while the British companies have to go abroad for a comparatively small share of their cover, Lloyd's

and the British companies are a highly important market for the foreign owners. But while the market for steamers trading to New York is one of the most open, for steamers on the Canadian route, with its greater risks, the facilities are by no means so considerable; and steamers on this route are yearly growing larger. It seems, therefore, that the example set by the owners of the New York mammoths has plenty of room for wider adoption.

"P.P.I." Insurances: Honour Policies

Against gambling and wager contracts the law sternly sets its face. They are not illegal in the sense that they are punishable, but the law declares them null and void: legal process cannot be used for their enforcement. And it makes no difference whether a mere gambling bet be in question or a purely speculative insurance, though regularised, in form, by a marine insurance policy. Any marine insurance must have a genuine "interest" as its foundation, and in the event of loss this interest must be capable of proof and must if required be proved. But there are many quite legitimate risks which, in the technical legal sense, are incapable of proof. For example, if a ship and cargo arrive, some individual knows from past experience, or honestly believes, that he will be able to earn certain commissions or obtain certain profits. He insures these, then, as being contingent on the safe arrival of the ship. But as he will be unable to prove them in the event of loss, he agrees with his underwriters—who, for their part, fully appreciate the circumstances—that the following or similar clause shall be inserted in the policy, both parties well knowing that its presence will make the policy illegal, that is, incapable of legal enforcement:

"It is declared and agreed that in the event of loss this policy shall be deemed sufficient proof of interest. Without benefit of salvage"—*i.e.* to the underwriters.

That is, production of the policy shall dispense with the legal necessity to prove the existence of the interest insured under it. These "policy proof of interest" or "P.P.I." insurances are very common, and are used for a variety of morally legitimate

purposes. But as they cannot be enforced, but depend solely on the honourable contract of the underwriters, they are known as "Honour Policies", and no surer policy can be had. But while in the vast majority of cases their use is perfectly honourable and defensible, they can be turned into a most dangerous form of gambling. Thus, a person, having private reasons for believing, or calculating on the probability, that a certain vessel will, either this voyage or the next or following, encounter loss, might systematically or specially take out a policy on so-called "Disbursements"—which may mean anything or nothing—"P.P.I." In fact, such a practice did actually grow into a regular system of "spotting the loser", and time after time it came out, in Board of Trade enquiries into ship-losses—unaccountable or otherwise—that policies up and down the kingdom had been effected on her, "P.P.I." If memory may be trusted, even a chemist at a remote Irish townlet proved to have gambled freely in such insurances. The fact that in certain cases such insurances went hand in hand with losses which could not be satisfactorily explained and bore a highly suspicious appearance became, indeed, a public scandal, and one obviously fraught with danger to our shipping and all concerned in it. The policies being "Honour Policies" and, with the ship at the bottom of the sea or broken to pieces on a sand bank, no actual proofs of dishonesty being possible, the underwriters had to pay: the credit or honour of their signature demanded it.

Eventually, namely in 1909, a special Act was placed on the statutes—the Marine Insurance (Gambling Policies) Act, as a pendant to the Marine Insurance Act of 1906[1]. This 1909 enactment makes it an offence punishable by fine or imprisonment for any person to effect a contract of marine insurance without having a *bonâ fide* interest, direct or indirect, either in the safe arrival of the ship or in the subject matter insured, or a *bonâ fide* expectation of acquiring such an interest. The Act is not

[1] Until the 1906 Act was passed, the British marine insurance law may be said to have depended entirely on the recorded legal judgments. The Act codified the law. See *The Marine Insurance Act*, by Sir Mackenzie Chalmers, K.C.B., draughtsman of the Bill, and the writer jointly. For an excellent little handbook on marine insurance see also Templeman's *Marine Insurance; its Principles and Practice.*

intended to prevent and is not preventing P.P.I. insurances founded on legitimate but not conveniently provable interests, but is designed to stop, once for all—and it apparently has stopped—the class of highly objectionable speculation which it was expressly framed to prevent.

Over-Insurance

In the absence of fraud, concealment, misrepresentation or mistake, the valuation declared in any marine insurance policy holds good in the event of loss. Merchants mostly over-insure their goods, to cover increased value at destination. Sometimes this increase proves to have been greatly over-estimated. And similarly shipowners, who might suffer more or less directly by being deprived of their ship and having to replace her, perhaps on a temporarily costly market, ordinarily cover something beyond her market value. It is, however, sometimes charged against underwriters that they themselves insist that a vessel shall be insured beyond, sometimes very much beyond, her real value; and that the practice is not in the interests of safe navigation. The allegation and the conclusion are both correct, but the explanation is eminently logical. Take a case where a vessel worth only £20,000 is insured with the full knowledge of the underwriters—or, indeed, to meet their requirements—for £30,000. These figures may be extreme, but they are by no means impossible. Why does the underwriter assent to or require this gross over-insurance? There are two very intelligible reasons. Let us suppose that 10 sets of underwriters each insure £2000 on a vessel, valued at £20,000, and that she sustains £10,000 worth of damage. This will be a 50 per cent. claim on each underwriter. But if the same ship be valued at £30,000 the same amount of damage will give rise to a claim of only 33⅓ per cent., or a saving of, say, 17 per cent. The owners will get their £10,000 all the same, only they will get it from 15 underwriters for £2000 each instead of from 10 of £2000 each. Of course they will have to pay more premium: but they have got to insure their ship on the best terms obtainable. Then there is the other reason. If a ship goes ashore and it will cost as much

to get her off and repair her as she will be worth when repaired, she is said to be a "C.T.L."—Constructive Total Loss. The underwriters pay a total loss and sell the ship as she lies. But by putting a—say—£30,000 value on a £20,000 ship *and* inserting the following clause they get off, if the ship be salved and repaired for £20,000, with a claim for only 66⅔ per cent.:

It is hereby declared and agreed that the insured value shall be taken as the repaired value in ascertaining whether the vessel is a constructive total loss.

That is to say, if the vessel can be got off and repaired for any less sum than her insured value, she shall be repaired, though the repairs may come to as much as or more than her actual value when repaired. Without this clause, the underwriters would have to pay the full insured value of £30,000 if the salvage expenses and repairs came to £20,000, the actual value of the ship when repaired.

FREIGHT

When freight is payable on delivery of the goods it is said to be "shipowners' freight", and the owners insure it. It is at their risk. If the ship should be lost, of course the freight would be lost. And if general average be incurred, the freight at risk will have to contribute. In addition, there is such a thing as particular average on freight, as on other interests. In the case of freight on salt or sugar, for instance, if the ship should strand or strain and leak and cause the goods to dissolve, a partial loss or particular average would occur upon the freight.

When freight is paid on shipment of the goods it practically ceases to exist as freight: it becomes part of the value of the goods, and the merchants' insurance on the goods is increased accordingly. It is at their risk.

GOODS INSURANCE

It may be well to understand the essential distinction between the marine insurance and the fire insurance policy. In the marine policy the value of the property insured, the "interest"

as it is termed, is agreed or admitted, and in the event of total loss this is the amount to be paid. In the fire policy this is not so—the sum insured may be, say, £1000, but in the event of total loss, if the actual amount of the loss be, say, £850, only £850 will be paid. In marine insurance the value, having been admitted, has not to be proved; and, generally, in the case of merchandise there is more or less over-insurance. The owners of the merchandise hope for a good market and they estimate, sometimes greatly over-estimate, their profit in advance, and insure accordingly. The practice is all in good faith and is well understood. The idea is, no doubt, or was, that goods on board ship are beyond the shipper's control and that the safety of the officers and crew is more or less identified with that of the cargo. The owner of the goods is therefore allowed to place his own value on them, for marine insurance. With goods in a warehouse, house or store which is the property of the insurer himself the position is very different. Therefore, while the owner of the goods on land may insure them against fire at his own figure, if they be destroyed he will have to prove the amount of his loss and will be paid no more than this.

Where, under the marine policy, the loss is not total but partial—a "particular average"—then the indemnity still follows the basis of the value insured and admitted. Whether under-insured (which is exceptional) or over-insured (which is general) the compensation is based on the insured value. This has already been illustrated[1].

The insurance of merchandise falls under one or other of two heads, and is either "F.P.A." or "with average," for which latter the term "all risks" is often, though inaccurately, used ("all risks" as distinguished from F.P.A.); but as a fact there are many risks—risks *on* the sea as distinguished from risks *of* the sea (p. 82)—which practically are never covered by marine insurance.

Particular Average is primarily sea-water damage. "F.P.A." is "free of claim for particular average." This absolute condition is, however, qualified. If the ship be stranded or on fire, or, very commonly, if the damage be *caused by* collision or by forced

[1] Average Adjusters, p. 131.

discharge at a port of distress, then the underwriters pay for the damage. Some goods—*e.g.* salt, seed and fruit (p. 158)—are always insured F.P.A. because owing to their susceptible or perishable nature underwriters will not cover the risk of average (meaning, of course, particular average: general average is always covered) unless at prohibitive rates. On the other hand, some goods—*e.g.* coal, iron, timber and tallow—are always, or commonly, similarly insured because they have little or nothing to fear from the risk of contact with sea-water: it is not worth while to pay a higher premium to cover the risk. Putting these two classes of exception aside, the rest are mostly insured with average, but shippers can make their own choice—whether to insure at a low rate F.P.A. and run their own risk of damage, or at a higher rate with right to recover from the underwriters. The additional premium to cover the risk of average varies with the goods, but in these days of steel-built and practically water-tight vessels the risk of average is not great, and the addition to the F.P.A. rate, to cover the risk of average, is in most cases inconsiderable.

The terms of the "Memorandum" (p. 157 "N.B.") in the ancient marine policy are, as a rule, strictly adhered to as regards the minimum limit recoverable, this being 5 per cent. in the case of sugar, tobacco, hides, etc., and 3 per cent. in the case of the other goods. But as with the ship, so with the cargo, the severity of the minimum is mitigated by subdivision. In the case of Manchester goods, carpets and so forth, however many packages there may be in the shipment insured, each bale or case is "deemed a separate insurance." Other goods are apportionable into series of every 5, 10 or 20 bags or packages. The original idea was probably to fix a series which would amount to about £100 in value; but nowadays all goods have their conventional series, which ordinarily represent a considerably lower sum.

Some special goods are always insured literally against "all risks"—"all risks of whatever nature." Bonds or securities by registered post; gold, coined or in bars; and frozen meat are the most notable instances. The chief internal risk to frozen meat is that of the refrigerating engines breaking down, or of the temperature not being kept sufficiently low.

Originally, the risk on goods began with "the loading thereof

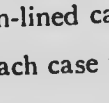
aboard", continuing and enduring "until the same be discharged and safely landed"—which words seem to contemplate a barge risk. But altered conditions have caused a great extension of the policy. In many cases the goods are insured from warehouse to warehouse, the underwriters thus taking on themselves the risk of fire, rain and railway accident between warehouse and ship, and between ship and warehouse. Wool is often insured from the sheep's back; tobacco from the drying-shed; tea from the moment of picking; and so on. So far, no policy has been made to cover the wool before shearing, but the growing produce of the tea-plants is often insured against hail. In fact, the marine insurance policy has become a peg on which to hang all kinds of insurances, on sea and land, and on all sorts of terms. An endless variety of clauses has been invented[1] to cover all sorts of interests against all sorts of risks, and over and above these special clauses are general clauses relating to extra charges, shore risks, grounding, and so on, which, as in the case of ship insurances, are affixed to the policy—and in addition others are perhaps written in or stamped upon it. The policy is sometimes, in fact, a sort of hoarding for the display of contractual notices, the whole being absolutely unintelligible to any but experts and sometimes with room for differences of opinion even amongst them. For in these wonderful days new risks, new liabilities, new subjects for insurance are constantly presenting themselves, with the result of new wine in old bottles. But so dear to tradition are the old bottles, that in preference to changing them as the result of a legal judgment, the old bottles are still used, with the judgment to explain them. And absurd as it all may seem, the system answers in practice well enough.

[1] See *Marine Insurance Notes and Clauses* by the writer.

CHAPTER IV

The Export of Merchandise

At every important trading port there are established merchants who, solely or in conjunction with trading of their own, carry on a commission business. That is, they act as buyers and sellers for merchants carrying on business oversea, charging a commission on cost or on sale proceeds as their remuneration. For the most part they lay themselves out to obtain clients especially at some particular oversea centre, and in this they are in keen competition with others similarly engaged. Inter-competition, therefore, results in low rates of commission. Say, for example, that Sabapathy Chitty or Ramasawmy Modelliar—these names, needless to say, indicate no firm known to the author to exist—is a merchant in Madras, exporting to London skins, hides, indigo or turmeric, for his own account or for local producers, and importing from England ironware, Manchester goods, oilcloth or what else: the London merchant—let us call him Brownson—receives and sells for Sabapathy or Modelliar the local produce they send him, while any British or Continental wares they may require, for themselves or their friends, they will order through him. Let us leave, for the moment, Brownson's *métier* of importer and deal with him solely as exporter. When the Indian mail comes in he sorts out all the letters which contain orders, or "indents" as he terms them, and passes them out to his clerks, who dissect them. An order may be simply for so many tons of bar iron, of different carefully detailed measurements, or for so many bales of Manchester goods, or it may be for a whole string of mixed goods: soap, watches, razors, scarves, revolvers—anything. Brownson's firm has its regular list of "suppliers." To each of these will be sent an order for

the particular goods which they manufacture or deal in, till all the mail's indents have been given out. It may be possible to execute the order immediately, or it may require days or weeks. Brownson's shipping clerk being in touch with all the shipowners in the habit of loading on the berth for Madras, or with their shipbrokers or representatives, will know which are the steamers loading or which will shortly be placed upon the berth, and what their dates of sailing. On the one hand he will arrange for such space as he may require in one or other of these steamers, and on the other he will cause instructions to be sent to the various suppliers accordingly. If for example the goods to be exported are for Sabapathy Chitty, Brownson may direct that they be packed in cases, tin-lined or otherwise (for goods in tin-lined cases the insurance premium "with average" is lower), each case to be marked, say, 

, the upper letters being the initials of the consignee, the lower of the shipper, with the destination underneath. If there will be ten cases from a particular supplier, Brownson may order them to be numbered 1 to 10, or 25 to 34, or whatever it may be; with corresponding instructions to all the other suppliers. If there be 50 cases in all, they will all bear the same mark and be numbered consecutively 1 to 50. Let us assume that they will all go out by the steamer *Alpha*. The suppliers will be informed, and will have to make such arrangements with the railway or other carriers as will insure delivery at the docks by a certain date. The cases may also have stencilled on them the name of the steamer for which they are intended. But if a number of small articles be ordered from various suppliers, the suppliers will be instructed to make them up and send the packages to a certain Calender or packer. Brownson's clerks will inform the Calender of the people who are thus to send him goods, and when he has received them all he will have a case made exactly to contain them. This case, duly marked and numbered, will then be sent down to the steamer as already explained. A Mate's Receipt or other acknowledgment is given for the packages as they are taken on board, and this receipt will be sent to Brownson's office. The Mate's Receipt relates more particularly to goods received by

water. For goods received by land the dock officials or perhaps the shipowners' representatives at the docks may sign an acknowledgment. If goods be received wet or broken the Mate will write or stamp on his receipt "some cases wet" or "some in bad condition"; and these words used always formerly to be and ordinarily still are transferred by the shipowners to the bill of lading before they sign it. As, however, such an addition may possibly prejudice the value of the security of the bill of lading, the shipowners sometimes consent to leave the bill of lading "clean" and accept a letter of indemnity from the shippers, in case the consignees should endeavour to make the ship responsible. This vicious practice has, however, been the subject of just condemnation in financial circles. Sometimes all the Mate's Receipts are posted to the ship's agents at port of discharge.

Meanwhile Brownson will have been receiving the suppliers' invoices, and his clerks will have been getting in the transport bills from the carriers. They will also have taken out a provisional insurance at Lloyd's or with the Companies. The packages will have been measured at the docks and the total measurements supplied to Brownson and the shipowner. The shipowner will then make out his "freight note" or bill for the freight on the packages, at so much per ton of 40 cubic feet, and send it in to Brownson. If flat iron or nail-rods or other non-measurement goods should be in question, then the freight will be calculated on the ton of 20 cwt. The exporting merchant has now his suppliers' invoices, the carriers' and calender's bills, the freight note and—when he has closed his insurance for a definite amount—the debit note for the premium. He has next to make out his own invoice to Sabapathy Chitty. This he does by copying out in detail all the suppliers' invoices, with mark and number of each case shown separately in the margin. To the grand total of the suppliers' invoices he will add all the various charges, the amount of the freight and of the insurance premium, and to the total so arrived at he will add his own commission—grand total, let us say, £1004. 3*s*. 9*d*. (He will of course have to "pass an entry" at the Customs, showing generally the nature of the goods and the value of each kind separately.)

While all this has been in progress the clerks will have written out the bills of lading—probably three, perhaps two—to the set, each bearing a sixpenny stamp; with as many extra unstamped copies as the shipowners may require, on each of which extra copies is written "Captain's copy." These extra copies are retained by the shipowner. Possibly the "Captain's copies" may be written out by the shipowner's clerks. The shipowner has also to "pass an entry" for the clearance of his ship, and the particulars in the various Captain's copies will serve for his compilation of the ship's Manifest, of which a copy has to be lodged at the Customs (p. 239). By comparing the Manifest with the entries passed by the various shippers, the Customs are able to ensure the shippers' compliance with the law. The bills of lading are all sent in to the shipowners with—in the case of barge delivery—the Mate's Receipt, if this be required: the stamped bills of lading are signed and returned to the merchant, who if he has not already paid the freight can be relied on to do so in due course. Probably by this time also Brownson's insurance clerk will have got the policy from the underwriters. So that Brownson is now in this position—he has shipped the goods to Madras, he has got the bills of lading and he has got the insurance policy. So far, well; but the solid fact remains that the consignee at Madras owes him £1004. 3*s*. 9*d*., and this money he has yet to obtain.

Sabapathy Chitty may, however, have sent him skins or indigo to sell, in which case he has either these goods or their sale proceeds to set against the £1004. In such event he will endorse the bill of lading and send it to Sabapathy with his invoice; a second copy of the bill of lading and a duplicate of the invoice following by the next mail in case of the first miscarrying. Or Sabapathy's firm may be wealthy and of long standing, with mutually satisfactory relations long existing between the two firms. It may be an understanding that each, shipping merchandise to the other, shall send the bills of lading direct and at the same time draw a bill on the other. In such event Brownson will turn his £1004 into rupees at the rate of the day and draw on Sabapathy perhaps at 30 days' sight against

50 packages merchandise. This bill Brownson can send to his agents at Madras to get accepted, and in due course paid, by Sabapathy, the money perhaps to be invested in native produce for, or to pay for such produce already purchased by, Brownson. Or some one who owes money in Madras may buy the bill on the money market and send it out to Madras as potential cash. Or, under permanent credit arrangements with a bank, the bill may be drawn on and accepted by a bank and so become at once a first class mercantile bill readily saleable on the money market. So that if Brownson wants the money, he can at once discount the bill for cash. But possibly Brownson may not know overmuch about the native importer's means and methods, and may feel more comfortable to have the cash before parting with the bills of lading. In such event he can send bill of exchange and bills of lading to his own agent or bankers in Madras, to get the bill accepted and paid, the bills of lading not to be handed over till then. Or he may "hypothecate" the shipping documents with an Anglo-Indian bank. He draws his bill in rupees on the importer payable to order of the bank, and hands it, with the "collateral securities," *i.e.* the bills of lading and policy, to the bank. A specimen of the bill is given overleaf. The bank (making its profit on the rate of exchange) advances him two-thirds of the amount of the bill, or other agreed percentage, and sends the documents out to its Madras branch, and when the bill has been paid, hands Brownson the balance due. These are some of the various methods of payment: they will serve for illustration.

"Collateral Securities" ordinarily means bills of lading and policy. The buyer of the bill has as his primary recourse the personal liability of the drawer of the bill and of the person on whom it is drawn. Still, accidents will happen, and there is nothing like a tangible security. If the goods arrive, the holder of the unpaid bill, holding at the same time the bills of lading, will be entitled to delivery of the goods; if they be lost, he has the insurance policy: so that with the "collateral securities" the drawer may fail and the drawee refuse acceptance, and the buyer of the bill yet be protected by possession of the collateral securities.

due.....

(say)
No. 1803. *Rs.* 15,000. *London* 12th Nov. 1913.

At 30 *days' sight of this* First *of Exchange* (Second & Third *unpaid*) *pay to the Order of the* Anglo-Indian Bank *the sum of* Fifteen Thousand Rupees, *value received a/c* 

50 Pkges M'dise per Alpha.

(S[d]) Z. Brownson & Co.

To Messrs Sabapathy Chitty & Co., Madras

As regards the policy, it may be payable in London or with the underwriters' representatives at Madras. In the latter case it will be issued in duplicate. Mostly, however, it remains payable in London. Then if the goods are insured "with average", and are damaged, Lloyd's agent will be called in to survey them and to grant certificates of sea-damage, sound value, sale proceeds, etc. Sabapathy Chitty will send all these "average documents" home to Brownson, who will then hand them over to an average adjuster as already explained (p. 131), and on obtaining from the underwriters the money shown to be due under the adjustment he will place it to Sabapathy's credit or remit him the amount.

This bill will be drawn in three-fold (or perhaps two-fold), the Second of Exchange (First and Third unpaid) and the Third of Exchange (First and Second unpaid), to provide against loss or miscarriage. Whichever form arrives first—presumably the First of Exchange—will be presented for acceptance, and the others will remain with the shipping documents. If it be left at Sabapathy's office on (say) 30th November, then, in accepting it, he will write across the face, say,

Accepted 30th Nov. 1913
Payable at the Bank of Madras
Sabapathy Chitty & Co.

The bank's clerk will call for it next day, and the bank will then retain possession of it until it falls due, 30 days after acceptance (or a few supplementary "days of grace" may be locally customary), unless Sabapathy takes it up before it is due, under discount, and this he will probably do if the ship should arrive before the due date, because otherwise the goods will be put in store and incur rent and charges to his debit.

The Import of Merchandise

Export at one end is Import at the other, and much of the process as regards the one will serve to explain the position as regards the other. We have, however, just watched Brownson's procedure in shipping goods to his Indian client: let us now

observe his dealings with native produce sent to him by the latter. He has, of course, to receive or obtain the bills of lading. These may have been sent to him direct, but let us assume that the shipper has drawn on him and attached the collateral securities to the draft. Brownson, opening his mail, finds that Sabapathy has sent him a parcel of indigo and drawn £836 against the shipment, on the basis generally agreed between the parties, invoice of weights and qualities being enclosed.

Now let us follow the draft, from its arrival at the office of the London firm or bankers in whose favour it has been drawn or to whom it has been endorsed. Let us assume that it is in the holding of a bank. The bank enters all the bills received by the mail into a "Bills Receivable" book, and the bills are at once handed over to a clerk, often known as a "walk clerk", to leave for acceptance. He starts out with a wallet of them, perhaps attached to his waist by a steel chain. On arriving at Brownson's office he hands in Sabapathy's bill without comment and proceeds on his round. One of Brownson's clerks then copies out the particulars of the bill on to a form, and the same day or early the next morning proceeds to the bank with these particulars. Producing them, he asks to be shown the collateral securities, the bills of lading and policy—and these are handed to him for his examination. Finding them all apparently in order, he completes his particulars accordingly. The bill, with the particulars and Sabapathy's letter and invoice, is then at once placed before Brownson. He, finding all in order, then accepts the bill. He writes across it

Accepted (say) 1st July 1913
Payable at (say) Bank of England (his bankers),
(signed) Brownson & Co.

On the afternoon following the day on which he left the bill for acceptance the holder's clerk will be round again, his demand for the accepted bill and its delivery to him following a stereotyped routine. On entering Brownson's office he calls out—

"Bill left?"

on which the office clerk having charge of the bills returns—

"How much?"

On being told the amount of the bill, he demands—

"What's the mark?"

to which the reply will be, say—

"A.Z. in an oval at the left-hand top corner."

Finding Sabapathy's bill for £836 to be in fact so marked by the holder, the clerk hands it over to the applicant, enquiring

"In whose hands?"

The name of the holder being thus ascertained, it is posted into Brownson's "Bills Payable" book with the entries relating to the bill, which then goes back to the bank, to be locked in the holder's safe till it falls due or is taken up under discount.

If the bill is drawn at 30 days' sight, it will be payable—three days' grace being added—3rd August. On that day, unless it shall have been previously "taken up", the holder, unless, as is usual, Brownson shall hand him a cheque in exchange, will pay it into his own bank, and the bill will be paid by Brownson's bankers, in virtue of his accepting signature.

Until the bill shall have been taken up or paid at maturity, Brownson will be in this position:—A parcel of indigo is on its way to London in the *Alpha*, to be delivered to the holder of the bill of lading: but Brownson cannot get possession of the bills of lading till he has paid the bill which he has already accepted. If the ship should not be due till after 3rd August he can let the bill run till its due date, or he can take it up under discount before that date. In either case when he pays the bill—and not before—he receives the collateral securities. Then, when the ship arrives, he endorses one copy of the bill of lading as being himself the party entitled to the goods, and lodges it at the office of the dock which the ship enters. He may let the goods lie in the dock warehouse at his disposal, or he may give delivery of them to one of the wharf proprietors to be warehoused to his order. On the other hand, the ship may be delayed and the bill fall due long before he can get the goods. In such event, if it should suit him to do so, he can probably obtain from his bankers or produce-brokers or wharfingers an advance against his deposit of the duly endorsed bills of lading (complete set) and

the insurance policy. Or, having already lodged his bill of lading after arrival of the goods, he can similarly obtain an advance against the goods by means of Dock Warrants or Warehouse-keepers' Certificates—much the same thing. It is open to an importer to let his goods lie in warehouse until presentation of a "Delivery Order" signed by himself; or he may request the warehouse people to provide him with a Dock Warrant or series of warrants describing the goods and undertaking to deliver them to the order of the depositor as endorsed on the Warrant. Then, whoever holds the Warrants, endorsed by the depositor, is entitled to delivery, just as in the case of goods on board ship and the holder of the Bill of Lading. Banks and others daily make cash advances against such security.

The goods having, however, been warehoused on Brownson's account, he will want to be fully informed respecting their description, quality and value. To obtain this he makes out a Sampling Order or Inspecting Order to his produce broker, probably in Mincing Lane or thereby. If the goods can be judged by sample, the broker will forward the Sampling Order to the warehouse keeper, who will send him samples accordingly. If it is necessary to inspect them, he will visit the warehouse and see the goods displayed. He will then make out a written report and send it to Brownson. Brownson and he will then decide whether, having regard to the condition of the market, the goods should be sold at once, or whether they should be held for better prices or put up at the next public sale of similar goods. Meanwhile the warehouseman will have made out a Landing Account showing marks, numbers and gross and net weights of the packages, and if necessary their measurements.

When the sale has been effected, the produce broker will make out his Account Sale, deducting his brokerage, and on the buyer's payment for the goods the broker will obtain a Delivery Order from the merchant which, superseding the bill of lading, will transfer them into the buyer's name. Brownson has first, of course, to pay the freight, if not paid in advance, for the shipowners in such event will have placed the goods under stop for freight and must release this stop before the warehouse people will act on the importer's delivery order.

Brownson has now received the net proceeds from the produce broker, with the "account sale", and is in a position to make out his own account sale to send to Sabapathy. This he does by copying out the broker's account sale and deducting from the balance the freight (if any) and the dock or warehouse charges (notes of which have to be got in) incurred up to the date when the goods are transferred into the buyer's name. He then deducts his own commission, and the final net proceeds, after deduction of the amount of the bill which Sabapathy drew against them, will be on Sabapathy's account. Sabapathy may possibly, however, prove to have over-drawn against the goods, in which case Brownson will have money to get back. Assuming, however, that there is a surplus, this will have to be dealt with in accordance with Sabapathy's instructions. He may have already ordered goods which are to be paid for out of the surplus; or he may want the money to be sent to some firm or manufacturer from whom he has ordered direct; or if the money be a substantial or considerable sum he may require it to be sent out to him in gold—"heavy king's sovereigns" he will say, or used to say in the days when sovereigns minted in the Colonies were, for some reason, not favourably regarded by him. He wants it in gold, gold to be hoarded, perhaps, or buried or "bangled" by the up-country produce growers, and these have no notion of being put off with worn sovereigns. The bankers' clerks, therefore, are requested by Brownson to pick out and reject any sovereigns which might result in Sabapathy's unfavourable comments to him. Sabapathy may be one of many like him, all Brownson's clients; their goods may all be put up at the public sales together, and there may be, on a rising market, many lots of "heavy king's sovereigns" to get from the bank. If so, Brownson's clerks will have ordered from the carpenter small strong boxes, each to contain its own number of sovereigns. Perhaps the boxes will all be tin-lined, in which case the solderer and carpenter will attend at Brownson's office to fasten them down, each with its own canvas bag of sovereigns, while two of the merchant's clerks look on. The boxes may also be iron-hooped and sealed in countersinkings. Having been addressed, they will be insured and handed to the mail line against receipts

or bills of lading, which receipts will be posted to Sabapathy and his friends, who will perhaps pass the money on to the local agriculturalists or growers. They, in the dead of a moonless night, may bank it by burying it under a sacred peepul tree, with Vishnu's spirit to watch over it.

India is in the exceptional position of exporting much more than she imports: consequently the excess value of her exports is sent back to her in gold, on which there is no import duty. It is said—and also denied—that approximately the equivalent of the whole of the gold dug up in the Transvaal eventually finds its way, viâ England, to India, there to a great extent to be once more buried or bangled; which, so far as the world's gold supplies are concerned, is much the same thing. There are those who hold that the system may one day have disastrous consequences for a depleted European money market.

"Trading with the Enemy"

"When war is entered upon, every individual of the nations engaged is considered to be involved in the hostilities, since every man is considered to be a party to the acts of his own government....The effect of this taint of hostilities, as regards individuals, is to stop all intercourse between citizens of the nations at war. The individual members of the nations are embarked in one common bottom and must share one common fate. Therefore, all trading with the common enemy becomes at once illicit, and is usually so proclaimed on the outbreak of hostilities....The doctrine is well settled by the British Courts that there cannot exist at the same time a war for arms and a peace for commerce[1]." Contracts made with enemy subjects are null and void in law, and any rights of action against such subjects existing prior to the outbreak of war are held in suspense till resumption of peace.

It is, of course, always open to the State to grant, notwithstanding, special trading licences; but the former conditions in which such licences were necessary and common have now,

[1] The writer's *Declaration of War: a Survey of the position of Belligerents and Neutrals, with relative considerations of Shipping and Marine Insurance during War*

presumably, passed away. It was at one time natural, on the outbreak of war, for a belligerent State to seize all the enemy's shipping within the national ports—the seizure might, indeed be made first and war declared afterwards—but times have greatly changed. In the Crimean War we established a new and highly important precedent which, more or less enlarged upon, has been followed by practically every belligerent since. On the day after the outbreak of the war referred to, a Royal Proclamation was issued ordering an embargo on all Russian vessels then or which might thereafter arrive in Her Majesty's dominions, together with all persons or effects thereon. But by a second proclamation of the same date it was declared that all Russian merchant vessels then in the dominions should be allowed until 10th May, a period of six weeks, for loading their cargoes and departing, such vessels to be free from arrest at sea unless carrying any officer in the naval or military service of the enemy, any article contraband of war, or any despatch of or to the Russian Government. By another proclamation it was declared that any Russian merchant vessel which prior to the date of the said order had sailed for any port in Her Majesty's dominions should be permitted to enter and discharge at such port and thereafter depart unmolested, and be permitted to proceed to any port not blockaded. Further extensions were granted later. "Days of Grace and Immunity" proclamations have ever since, as already stated, closely followed any declaration of war. The new departure established by us in the case of a non-naval Power, as was our adversary of 1854, cannot, however, be regarded as a precedent for all time and in every case. At the Hague Conference of 1907, indeed, an attempt was made to crystallise international law in such a sense. Our representatives were, however, instructed that it would be in the general interests of this country to maintain the utmost liberty as regards the granting or refusing of days of grace; and, probably on this account, in the 6th Annexe of the Convention, the subject is dealt with very guardedly. The Annexe confines itself to a pious declaration that "it is desirable" that enemy ships in belligerent ports should be allowed to depart freely. It may be as well to give the actual wording:

Article I

"When a merchant-ship belonging to one of the belligerent powers is at the commencement of hostilities in an enemy port, it is desirable that it should be allowed to depart freely, either immediately, or after a reasonable number of days of grace, and to proceed, after being furnished with a pass, direct to its port of destination or any other port indicated.

The same rule should apply in the case of a ship which has left its last port of departure before the commencement of the war and entered a port belonging to the enemy while still ignorant that hostilities had broken out.

Article II

"A merchant-ship unable, owing to circumstances of *force majeure*, to leave the enemy port within the period contemplated in the above Article, or which was not allowed to leave, cannot be confiscated.

The belligerent may only detain it, without payment of compensation, but subject to the obligation of restoring it after the war, or requisition it on payment of compensation.

Article III

"Enemy merchant-ships which left their last port of departure before the commencement of the war, and are encountered on the high seas while still ignorant of the outbreak of hostilities, cannot be confiscated. They are only liable to detention on the understanding that they shall be restored after the war without compensation, or to be requisitioned, or even destroyed, on payment of compensation, but in such case provision must be made for the safety of the persons on board as well as the security of the ship's papers.

After touching at a port in their own country or at a neutral port, these ships are subject to the laws and customs of maritime war.

Article IV

"Enemy cargo on board the vessels referred to in Articles I and II is likewise liable to be detained and restored after the

termination of the war without payment of compensation, or to be requisitioned on payment of compensation, with or without the ship.

The same rule applies in the case of cargo on board the vessels referred to in Article III.

Article V

"The present Convention does not affect merchant-ships whose build shews that they are intended for conversion into war-ships."

But it seems an impossible proposition that if some day we should unfortunately be suddenly plunged into war, we should allow our own ships, in virtue of our enemy's proclamation of indemnity, to deliver to him supplies of which our own people might be in urgent need.

Trade in Contraband Goods

The subject of Contraband is highly important and far-reaching, and its discussion at length is not for a treatise such as this. At the same time some reference may fitly here be made to it, as it is, after all, a subject of trade. Trade in contraband goods involves a conflict of rights; the neutral right to carry on trade with a friend, whether the friend be at peace or at war: the belligerent right to cut off from his adversary all supplies, by whomever sent, which might strengthen the adversary's power of offence or defence. Take the case of States *A*, *B*, and *C*. The traders of State *A* have, perhaps, long been in the habit of supplying State *B* with big guns, rifles, ammunition or military stores or equipments. War breaks out between *B* and *C*. "Why", demands State *A*, "should my manufacturers and industrial folk lose their important export trade with *B*, just because *B* and *C* get to fisticuffs?" State *C* on the other hand complains bitterly that *A* should be so unfriendly and so lost to the sense of neutral obligations as to supply his—*C*'s—enemies with warlike equipment to be used against him, *C*. State *A* replies that this may be *C*'s view of the situation, but that it

would be just as unfriendly or un-neutral to *B* to deprive him of his customary military supplies, at a most critical moment. State *A* cannot, in fact, either permit or prohibit the shipment of contraband to one of the belligerents without injury to the other. From this point of view, therefore, the question cannot be decided by reference to principles of right or wrong. The best solution is for belligerents to leave the neutral State, as such, out of the controversy; and not expect it to prohibit its traders from carrying on their customary business in their customary way. And in fact Article VII of the Hague Conference, 1907, declares that "A neutral Power is not called upon to prevent the export or transport, on behalf of one or other of the belligerents, of arms, munitions of war, or, in general, of anything which can be of use to an army or a fleet." On the other hand, on its part, a neutral State must not regard it as unfriendly if the aggrieved belligerent takes the law into his own hands against the individuals concerned in the noxious trade, to the extent of cutting off or confiscating any of their contraband shipments he can manage to intercept. Pages could of course be written—volumes have been written—on the subject, but practically the foregoing sums up the situation, the fact that such a situation may give and sometimes in the past has given rise to international friction notwithstanding.

On the outbreak of war, the first thing for the neutral lookers-on amongst the States is to declare their neutrality and to require the co-operation of the national subjects. This is done by a Proclamation of Neutrality. In our own case the Royal Proclamation is in stereotyped language. It begins by reciting the state of war and declaring amicable relations with both parties to it, and declares the intention of the Sovereign firmly to maintain a strict and impartial neutrality. The national subjects are, therefore, strictly charged to govern themselves accordingly. More especially they are, to the contrary at their peril, to pay strict heed to the provisions of the Foreign Enlistment Act, which is recited in nearly all its length. The Proclamation then proceeds—or until recently proceeded—with these pregnant words:

> And We hereby further warn all Our loving subjects, and all persons

whatsoever entitled to Our protection, that if any of them shall presume in contempt of this Our Royal Proclamation, and of Our high displeasure, to do any acts in derogation of their duty as subjects of a neutral Sovereign in a war between other States, or in violation or contravention of the law of nations in that behalf, as more especially by breaking, or endeavouring to break, any blockade lawfully and actually established by or on behalf of either of the said States, or by carrying officers, soldiers, or despatches, arms, ammunition, military stores or materials, or any article or articles considered and deemed to be contraband of war according to the law or modern usages of nations, for the use or service of either of the said States, that all persons so offending, together with their ships and goods, will rightfully incur and be justly liable to hostile capture, and to the penalties denounced by the law of nations in that behalf.

And We do hereby give notice that all Our subjects and persons entitled to Our protection who may misconduct themselves in the premises will do so at their peril, and of their own wrong; and that they will in no wise obtain any protection from Us against such capture, or such penalties as aforesaid, but will, on the contrary, incur Our high displeasure by such conduct.

Naturally, any one reading this would promptly but quite erroneously arrive at the conclusion that the carriage of contraband is forbidden as being contrary to the law of nations. On the publication of the Royal Proclamation on the occasion of the war in 1904 between Russia and Japan, Professor Holland wrote to the *Times* (14 Dec.) raising the very pertinent question "whether such condensed and therefore incorrect, though very commonly employed, expressions as imply that breach of blockade and carriage of contraband are 'in violation of the law of nations' and are liable to 'the penalties denounced by the law of nations' should not be replaced by expressions more scientifically correct. The law of nations neither prohibits the acts in question nor prescribes penalties to be incurred by the doers of them. What it really does is to define the measures to which a belligerent may resort for the suppression of such acts without laying himself open to remonstrance from the neutral Government to which the traders implicated owe allegiance." Presumably as the result of this timely—or, shall we say, belated?—protest the paragraphs already quoted have since taken the following form:

And we do further warn and admonish all Our loving Subjects, and all Persons whatsoever entitled to our Protection, to observe towards each of the aforesaid Powers, their Subjects and Territories, and towards all Belligerents

whatsoever with whom We are at Peace, the Duties of Neutrality; and to respect, in all and each of them, the Exercise of Belligerent Rights.

And we do further warn all Our loving Subjects, and all Persons whatsoever entitled to our Protection, that if any of them shall presume, in contempt of this Our Royal Proclamation, to do any acts in derogation of their Duty as Subjects of a Neutral Power in a war between other Powers, or in violation or contravention of the Law of Nations in that behalf, all Persons so offending will rightfully incur and be justly liable to the Penalties denounced by such Law.

And we do hereby give Notice that all our Subjects and Persons entitled to our Protection who may misconduct themselves in the Premises will do so at their Peril, and of their own Wrong; and that they will in no wise obtain any Protection from Us against such Penalties as aforesaid,

the reference to breach of blockade and carriage of contraband being very properly omitted.

The Foreign Enlistment Act is entirely outside the subject of contraband. It aims at a different class of offences—or, rather, class of acts—altogether. It is aimed essentially at illegal enlistment or engagement in the military or naval service of a belligerent State at peace with this country; at illegal shipbuilding and illegal expeditions; at illegal equipment and fitting out of expeditions, and at illegal assistance to captors of prize brought within the dominions.

As a matter of fact the State never does interfere to prevent the shipment of contraband. The Government may prohibit and from time to time has prohibited the export of warlike stores and materials—this, not because such stores are contraband, but because of the desirability either of retaining them for the national use or of preventing their transmission to the sovereign's enemies. What goods are or are not within the definition of contraband and what are the penalties which a captor may inflict on the property of those engaged in carrying them may, so far as there is any settled international law on the subject at all, be learnt from the numerous treatises and text-books. One of the objects of the proposed "Declaration of London" was, so far as possible, to secure a common agreement on this point.

Trading Contracts and War

In view of what has been already stated (p. 186) it will be evident that the effect of war must be immediately to render

void or to suspend the operation of all contracts between the national subjects of the States which are parties to it. Partnerships between such adverse subjects are absolutely extinguished by hostilities. With respect to public loans, however, the national honour is involved; and, as regards the payment of interest during hostilities, these should not be allowed to interfere with the prompt and regular discharge of an obligation founded on the national good faith. All mercantile transactions contrary to the national war policy are bad in law. Contracts of affreightment and ocean carriage being frequently entered into at a considerable period before their actual performance can be commenced, are especially liable to be interfered with by the outbreak of hostilities. If the contract cannot be fulfilled without trading with the king's enemies, it is *ipso facto* dissolved. If a shipowner carries a cargo in circumstances which convict him of the offence of trading with the enemy, the Courts will not assist him in a claim for freight so earned. Freight is "the reward which the law entitles a plaintiff to receive for bringing goods lawfully into this country upon a legal voyage." But mere apprehension on the part of a shipowner that he will be prevented from fulfilling his contract by the outbreak of war will not justify him in a breach of contract. He must go on till war does in fact intervene. It is of course open to shipowners to include in their contracts of affreightment such conditions as shall protect them in the case of sudden emergencies, and the presence or exact wording of such provisions may on occasion be all-important. A shipping contract may, of course, also be dissolved by operation of war in which the shipowner's country is not directly concerned. If, for example, the contract shall require fulfilment at a port which is subsequently declared to be blockaded, the shipowner, if the blockade seems likely to continue, may decline to send his ship there: he is absolved from performance of his contract (p. 80). Very nice questions are, however, apt to arise in cases of the kind, and in their legal determination much will depend both on the facts and on the *ipsissima verba* of the contract. But "an apprehension of capture founded on circumstances calculated to affect the mind of a master of ordinary courage, judgment and experience, will justify delay." A master

had held up his vessel in a port of distress for some three months, through risk of capture if he proceeded on his voyage. It was in 1870. A German vessel was in question, under charter from Vancouver Island to the United Kingdom, and she heard that war had broken out with France, the vessel then being at Valparaiso under repair. The charterparty excepted the Act of God, the Queen's enemies and restraints of princes and rulers. The delay was held to be warranted by the facts. But in any event it seems not unreasonable to suppose that even without the exceptions named the master would have been justified in his action, on the ground that he was entitled to take necessary measures to defeat a danger which threatened the fulfilment of his contract and the safety of his ship and cargo, several French cruisers being in the neighbourhood of the port.

"It seems obvious," said Mellish, L.J., in another case, "that if a master receives credible information that if he continues in the direct course of his voyage his ship will be exposed to some imminent peril; as for instance, that there are pirates in his course, or icebergs or other dangers of navigation; he must be justified in pausing and deviating from the direct course, and taking any step which a prudent man would take for the purpose of avoiding danger[1]." In this second case the *Teutonia*, a German vessel, was carrying a cargo of nitrate for orders to a port between Havre and Hamburg. She received orders to discharge at Dunkirk, and whilst on the way the master learnt that France and Germany were on the eve of war. Thereupon he proceeded to Dover, where he learnt that war had been declared. The Court held that he was within his rights in discharging at Dover and claiming freight. He was justified in what he did, and could not have gone to Dunkirk without exposing himself to penalties for trading with his country's enemies.

As many foreign vessels as well as much foreign-owned cargo are at all times insured under British policies, uneasiness has of late been manifested in Continental business circles as to the position of foreigners insured under such policies in the event of Great Britain being at war. At a meeting of the International Maritime Committee at Copenhagen in May 1913, the subject

[1] The writer's *Declaration of War*, p. 423

was specially raised, and the Chairman of Lloyd's, who was present, made an important declaration respecting it. The matter was thus reported in the *Times* of 22 May:

"INSURANCE OF ENEMY PROPERTY

"The following are the terms of the statement respecting the attitude of British underwriters towards insurance contracts on enemy property in time of war, which was made by Sir Edward Beauchamp, Chairman of Lloyd's, at the International Maritime Conference at Copenhagen.

'The British underwriters have naturally paid great attention to this matter, and the Committee of Lloyd's have obtained from their legal advisers an opinion, of which I will read the material parts.

1. Upon the declaration of war between Great Britain and a foreign Power all contracts pending between British subjects and subjects of the foreign Power become unenforceable so long as the war lasts.

2. Consequently a British underwriter is under no enforceable liability to a subject of the foreign Power in respect of a loss occurring during the war under a policy effected in time of peace; and, in respect of a loss which had occurred, before the declaration of war, under such a policy, he can claim to have legal proceedings against him for its recovery suspended until the restoration of peace.

3. But a British underwriter is not forbidden by law to pay the subject of the foreign Power in time of war for a loss which has occurred either during or before the war, if he thinks fit to do so; nor does he commit any legal offence or render himself liable to any legal penalty by so doing. In the case of a loss sustained by a subject of the foreign Power before declaration of war, it rests entirely with the British underwriter to decide for himself whether he will claim suspension of legal proceedings until restoration of peace; and if he does not expressly claim this suspension in answer to an action brought against him, the Courts will proceed with the trial of the action during and notwithstanding the war.

'I am advised that the origin of the law as enunciated is to be found in the strict decisions given in the English Courts during the Napoleonic Wars, and although these questions have not been directly brought forward in recent years, it is already evident that the tendency of the British Courts is against the strict enforcement of the rules laid down at a time when the

conditions of international commerce, including marine insurance, were on a very different footing from those existing at the present time.

'As Chairman of Lloyd's I desire to make the following statements:

First, I am advised that the records contain no case in which the British underwriters have resisted a claim on a marine policy for a loss by perils of the sea on any of the grounds referred to in the opinion which I have already read.

Secondly, my attention has been drawn to a recent article in the foreign Press in which it is stated that the English underwriters are not only not bound by law to pay compensation to the subjects of enemy State for losses which arise during the war, even when the policy was concluded before the commencement of war, but that the payment is actually illegal. This statement is an inaccurate reproduction of the answer of the British Maritime Committee to the *questionnaire*, and is misleading. It is contrary to the opinion I have already read, which states unequivocally that "a British underwriter is not forbidden to pay the subject of a foreign Power in time of war for a loss which has occurred either during or before the war," and moreover, it entirely disregards the fact indicated in the answer to th *questionnaire* that the Crown has an inherent right to permit business with an alien enemy. It has been pointed out in the interesting answer to the *questionnaire* prepared for the Dutch Association by Mr Loder that "laws are made in vain if they contravene the ideas of good faith and the sentiment of whatever is honest and of good report."

The position which the English underwriters have assumed and which they have expressed their intention of continuing to hold, is that no contract of marine insurance will be repudiated by them on the ground that it covers enemy goods, but that all such contracts will be faithfully carried out during war as in time of peace; and I may say further for myself that the position taken up by the English underwriters is, in my opinion, the only one consistent with honesty and good faith.'"

The Insurance of War Risks

In the common or, indeed, for British purposes, universal form of marine policy (p. 155) the underwriters "are contented to bear and do take upon" themselves a variety of "adventures and perils", amongst which are named the following:

Men-of-war,...Enemies, Pirates, Rovers...Letters of Mart and Countermart, Surprisals, Takings at Sea, Arrests, Restraints and Detainments of all Kings, Princes and People, of what Nation, Condition or Quality soever.

In times of settled peace these risks have now (whatever may at one time have been the case) ceased to be of any practical concern. But who can count on settled peace? And, in fact, at an unlooked-for moment the "adventures and perils" defined may become so imminent and so grave that the underwriters, in the absence of special payment, will certainly be no longer content to "bear and take them upon themselves. They therefore habitually, in effect, wipe out these risks from their acceptance by an over-riding clause, in most cases printed in the policy either in italics or in capitals or in red ink:

Warranted free from Capture, Seizure and Detention and from all Consequences of hostilities or Warlike Operations, whether before or after Declaration of War,—

"Piracy excepted" being often added. The clause varies, but this is a common form, and in every case the object and effect are practically the same. This clause is always and very widely known as the "F.C. & S." or Free of Capture and Seizure clause. There is probably no class of risk mentioned in the policy which has been the subject of more judicial decisions than the capture risk, and every one of the "adventures and perils" which so abundantly define it in the policy wording has been discussed, argued and judicially determined over and over again. And the F.C. & S. clause is intended to over-ride and does effectually over-ride every one of them.

Now let us deal with ship and cargo separately, and take the cargo first.

Cargo

Cargo has ordinarily a short run. It is the uncertainties of the more or less distant future which have to be guarded against in insurances covering war-risks, and the insurance of cargo-risks is comparatively a matter of the present, at any rate in the majority of cases. When the political sky is serene and the voyage is short, underwriters, more especially in the case of their old clients and supporters, may agree to "throw in" the risks of war for no additional premium. The process is very simple. The superadded F.C. & S. clause is struck out from the policy, a line being ruled or drawn through it and the deletion initialled

by the underwriter. Then at once comes back into full force all the capture or war risk wording which the F.C. & S. clause over-rode: the cargo is, as originally declared, insured against all the enumerated risks of hostilities. Amongst the insurance companies, the position is always open to be raised at a meeting of the Institute of London Underwriters (p. 133). At such a meeting it may be decided till further notice either to cover cargo war risks on certain voyages free of extra charge; to insist on a small additional premium—*1s. 3d.* or *1s. 6d.* per cent. for example—in the case of other voyages; or to require a higher premium in the case of others. The merchant has his ordinary premium enhanced to such extent, and the F.C. & S. clause is on his request or agreement struck out accordingly. Generally speaking, the action of the majority of Lloyd's underwriters and of the insurance companies at large will in such cases be on corresponding lines. The companies will know in advance from conversations with leading Lloyd's underwriters the view likely to be taken in "The Room", and will no doubt "govern themselves accordingly", though their action may of course be independent.

As a broad general rule it may be assumed that in most, if not, perhaps, in all cases, cargo is systematically insured against war-risks, either, in some or many cases (according to the political outlook) without extra charge, or by payment of an additional premium. For one thing, advances are largely made against collateral securities, *i.e.* bills of lading and the insurance policy (p. 179); and the lenders or advancers, if it occurs to them to look into the point, will require a policy which will protect them in the possible event of sudden hostilities. On the other hand, there may be merchants who will scoff at the risk of war, in the case of their particular shipment, and decide to run the risk themselves rather than pay money to have the F.C. & S. clause struck out. But then, again, if war did occur or the threat of it, probably many merchants not covered against war-risks by the terms of their policy would either pay specially to have the F.C. & S. clause cancelled or would take out at Lloyd's or elsewhere a policy specially and solely to cover the risks excluded by the F.C. & S. clause in their marine-risks policy. It may

easily happen, on occasion, that the marine-risks and the war-risks will be separately covered on such basis. Let it be repeated, then, that, broadly stated, if war should at any time break out, cargo will generally be covered against hostile risks, though no doubt with exceptions.

In the Balkan crisis of the spring of 1913 great uncertainty prevailed as to the international outcome, and the insurance of cargo against war-risks became a widely recognised necessity. The following summary of the situation, published in the *Times*, will serve as a useful illustration of the foregoing remarks generally:

MERCHANTS AND THE RISKS OF WAR.

KEEN DEMAND FOR INSURANCE ON SHIPMENTS.

While for the moment, at any rate, there was a comparative lull yesterday in the demand for insurance in connexion with the Balkan War, marine insurance companies report that the quantity of cargo being covered for months ahead against the risks of war is now very great. The offices can recall no previous occasion on which the demand has been so keen, and the commitments of the London market are already immense.

What exactly is occurring is that many merchants, considering the possibility of foreign political complications and an insistence on the part of the banks financing the shipments that the goods should be covered against war risks, are now taking advantage of the present low rates. While the risk is small, premiums are small, but directly there is any real alarm the rates invariably rise rapidly.

At present the whole of the cotton shipments of certain merchants from the United States to Liverpool and Northern Europe until the end of the season—*i.e.*, about April—are being covered against war risks at 1*s.* 6*d.* or 2*s.* per cent. These rates are the lowest quoted for any homeward cargo, partly because the risk of the capture of vessels crossing the Atlantic is considered far less than that of vessels traversing the Mediterranean, and also because the proportion of British vessels on this route is greater than that in any other trade.

PRODUCE FROM THE EAST.

Shipments of wheat from Australia until the close of the present season at the end of March are being accepted at 2*s.* 6*d.* per cent., and consignments of cotton and grain from India during the next three months at the same rate. General cargo from Japan, such as silks and tea; frozen salmon from the Siberian Rivers; and tobacco and sugar from the East Indies is being accepted for three months at 2*s.* 6*d.* per cent. Three months is the most common period for which general cargo is covered, since underwriters as a rule prefer not to look further ahead.

Nitrate in ships from the West Coast of South America was yesterday

being written at 5*s.* per cent., whereas only a few days ago it was accepted at 2*s.* 6*d.* per cent.

Outward cargo from this country, such as Manchester goods, is being accepted at as low a rate as 1*s.* 3*d.* per cent., for it is reasoned that in the event of a war in Northern Europe exports are likely to be out of the danger zone much sooner than imports.

Ship

The ship stands on a different footing altogether. A vessel may on occasion be insured for a special voyage, either "out", or "home", or "out and home", and in such event the position as regards war-risks will be much on the lines already indicated in the case of cargo. But the great bulk of our steamship tonnage is insured, as it is expressed, "for time." And while the period may in cases be six months, as a broad general rule the period covered is twelve months—not longer, because the Stamp Act fixes twelve months as the maximum. And who can say that for so long a period the political relations will remain unchanged? No one: and underwriters at any rate are not going to run the risk. Therefore—though there may of course be occasional exceptions—it may safely be accepted that, except as to be presently explained, the vast bulk of our steamers remain at the risk of the owners as regards the consequences of hostilities. If the outlook were to become black, probably some owners, possibly a good many, would endeavour to take out special insurance to cover war-risks on their vessels then afloat until conclusion of the particular voyage; but this would depend a good deal on the premium quoted by the underwriters, already, perhaps, heavily committed on cargo risks. The owners might decide, in preference, to detain their ships in port of loading, of call, or of coaling, and to "wait and see." Some of our well-known lines, as is common knowledge, have their own domestic or internal insurance fund, and do not insure outside at all. Still, their fund may not contemplate war-risks, and the self-insuring lines might perhaps take the same view as regards war-risks as do the owners of the vessels which are already insured against sea-risks only.

We may take it then, broadly, that neither with the insurance companies nor at Lloyd's are the bulk of our vessels covered against war-risks.

There is, however, another method of insuring, namely, by means of the Shipowners' Insurance Associations or Mutual Clubs. Some vessels as elsewhere explained (p. 99) are entirely insured in the Clubs, while many of them are covered by the Clubs against liabilities not coming within the technical definition of perils of the sea, perils which consequently are not covered under marine insurance policies.

As regards insurance by the Clubs, in January 1913 the North of England Protection and Indemnity Association issued a special circular relative to its "Class III" or war-risks division. This circular so well illustrates the situation in respect of the Club insurances that it may be set forth *in extenso*:

With regard to the circulars issued by a number of London associations, proposing to form additional classes for covering war risks (as this association has done since 1898), my directors desire me to again take this opportunity of placing before shipowners the substantial benefits and security provided by Class III. (war risks) of this association, viz.:—

1. Members of Class III. of our association are covered against not only the risks excluded from policies upon hull, &c., by the usual F.C. & S. clause of the Institute of London Underwriters, but also against the same risks excluded by other similar, though not more extensive, warranty.

2. War risks are covered in a separate class of this association, which already has more than 1000 steamers and a capital of about 28,500,000*l*., and which is rapidly being increased. Members of this class are as free in relation to their protection and indemnity risks arranged elsewhere as though they were in a different association.

3. The directors of this association have now had 14 years' active experience of the manifold difficulties arising to shipping through conditions of war and/or panic, revolution, &c., and of the most efficient means of dealing with all of these difficulties to the best advantage of the members.

4. The only charges the members of this class of the association have been called upon to pay, since its formation in 1898, are those for entrance fee and annual contribution.

5. The entrance fee is of course only paid once—on entry—and it is important to note that its payment entitles newly-entered members to the right to benefit by the reserve funds which have been steadily accumulating for years before they joined. Out of this reserve, claims have been paid in the past without there having been need to call upon the members in respect of same.

6. Members of this class who have watched the progress of events and the rates current at Lloyd's, &c., for insurance against war risks during the progress of the American-Spanish, Russo-Japanese, Turkish-Italian and Balkan wars alone, will be able to fully appreciate the enormous saving of

expense their continuous membership of our war risks class has effected for them. Of this fact we frequently receive appreciative testimony.

Many illustrations of this can be given, but one will probably suffice to show how great that saving of expense to members has been in one detail alone. The instance of the Dardanelles, the Sea of Marmora, and nearly all the ports and waterways in Turkey in Europe and Asia, being mined, and in the case of the Dardanelles heavily mined! The directors have so far not placed the slightest "bar" against our members legitimately trading to, and/or through, any of those districts; and yet the rate charged to uninsured owners by underwriters to cover the same risks for a voyage has been anything over 25*s.* per cent. It has cost our members 2*d.* per cent. per annum to cover that and all other war risks.

7. Security.—It probably needs no argument on our part to demonstrate the fact that the security afforded by a capital of nearly 28,500,000*l.* is vastly greater than that which can be provided by individual underwriters.

At our annual meeting, to be held on the 28th inst., it will be proposed that the limit of cover of 50,000*l.* on any one vessel be increased to 75,000*l.*, having regard to the increased size and values of steamers.

The proposal other associations make as to "pooling" the losses of several associations merely seems to be an effective argument for having one association, with a large capital, such as ours, with one expense of management—not, as would appear to be intimated, one association, in effect, with several sets of management expenses.

It will be noticed that the above circular begins with a reference to what may be regarded as rival circulars by London and other associations. These important associations consisted of the Britannia Steamship Insurance Association, the London Steamship Owners' Mutual Insurance Association, the Neptune Association, the Newcastle Protecting and Indemnity Association, the Standard Steamship Owners' Protection and Indemnity Association, the Sunderland Protecting and Indemnity Association, and the West of England Steamship Owners' Protection and Indemnity Association. The *Times*, in its comments on the proposed new scheme, having remarked that "the object of the scheme is rather to cover shipowners against the risk of a war between foreign nations than of one directly involving this country", the proposers replied by pointing out "that one of the most important objects of the scheme, and perhaps the one considered of the greatest value by a large body of shipowners, is that it provides an insurance against a sudden outbreak of war in which this country is engaged, and will cover vessels in such an eventuality until they are brought into a place of safety."

The *Times* could not accept the correction, on the grounds of the following clause of the proposed contract, viz.: "The assured warrants that the entered ship shall not during the term of any naval warfare in which this country may be a belligerent sail from any safe port or place in which the vessel may be when war breaks out or is declared or which she may enter after such outbreak or declaration"; and the article continued as follows: "The insurance would no doubt be of much value as covering vessels until they were brought into a place of safety, but it would in no way enable them to carry on their trade during a war involving this country. Its scope, therefore, in the event of such an outbreak, would seem to be extremely limited. On the other hand, the remaining clauses of the contract show that the owners of vessels would be indemnified, under certain conditions, even if they continued to carry on their trade with foreign nations involved in war.

"It would seem desirable to make quite clear the fact that the proposed scheme of insurance is only intended to cover the risks of war. That is to say, it will only cover loss of, or damage sustained by, a ship which is or would be excluded from policies insuring hull and machinery by the following clause:

"Warranted free from capture, seizure, and detention, the consequences thereof, or any attempt thereat, piracy excepted, and also from all consequences of hostilities or warlike operations, whether before or after declaration of war.

"The war insurance, however, is not to be subject to the 3 per cent. franchise in the ordinary policies."

The scheme is certainly important; but when all is said and done, what it chiefly aims at, in the event of our being suddenly involved in war, is this: insured vessels are to be held covered so long as they remain in any port in which they may be lying safe when war breaks out; or, if they are at sea, to cover them into a safe port and whilst there. If, however, being already in safety or having attained safety, they voluntarily put to sea, then, apparently, the insurance will cease to cover them.

The January proposals resulted in the constitution of a

Liverpool and London Steamship Protection Association. The following is from the *Times* of 22 May, 1913:

"Sir Norman Hill, who is the first manager and secretary of the association, has issued the following letter to shipping firms in British ports setting forth the lines upon which it will be worked:

Dear Sirs,

The proposals for the formation of a mutual association for the insurance of shipowners against war risks submitted by the Liverpool and London Steamship Protection Association (Limited) in January last having met with general approval, it has been determined to proceed with the formation of the new association referred to in those proposals. The new association will be registered with limited liability under the name of the LIVERPOOL AND LONDON WAR RISKS INSURANCE ASSOCIATION (LIMITED), and it will be worked on the following lines:

(1) It will be open to all British ships accepted by the committee.

(2) For the purposes of insurance and contribution all vessels will be valued at their first cost, less depreciation at the rate of 5 per cent. per annum on such first cost, but with a minimum value of £2 per ton gross register.

(3) The risks covered will be specified in the policy issued by the association. They are the risks set forth in the proposals, and, in addition, the risk of arrest and restraint of princes, &c., even although not war risks.

(4) A neutral port will, for the purpose of terminating the risk, be defined as (*a*) a safe port for the ship to lie in, and (*b*) a port which remains neutral for ten days after the vessel's arrival therein.

(5) The cost of the formation of the association will be provided by means of an entrance fee calculated at the rate of ½*d.* per £100 of the values insured.

(6) The cost of the management of the association will be provided by means of an annual subscription at the rate of 2*d.* per £100 of the values insured.

(7) The association will be under the management of a committee, and the first committee will consist of Messrs A. A. Booth, T. F. Harrison, Joseph Hoult, Lord Inchcape, Messrs J. Bruce Ismay, George H. Melly, Sir Owen Philipps, and Messrs Thos. Rome and Harold A. Sanderson.

(8) The first manager and secretary of the association will be Sir Norman Hill.

(9) The offices of the association will be at 10, Water-street, Liverpool....

The owners whose names are given below and whose fleets include 433 vessels of the aggregate value of £29,000,000 have already intimated their intention to become members of the association. If it is your desire to insure your vessels with the association I shall be obliged by your completing and returning to me the enclosed application for membership form.—Yours faithfully, NORMAN HILL, Manager and Secretary.

The list of owners who have already intimated their intention of becoming members of the association are the American Line (British vessels), the Anchor Line, the Brocklebank Line, Bibby Brothers and Co., the British India, the Cunard Line, the Dominion Line, Elder Dempster and Co., T. and J. Harrison, Joseph Hoult, Lamport and Holt, F Leyland and Co., the Pacific Steam Navigation Company, Rankin, Gilmour, and Co., the Royal Mail Steam Packet Company, and the White Star Line.

In order to remove any possible misapprehension as to the objects it should be stated that the association is not proposing to cover the risks of the British shipowner should Great Britain happen to be at war. The object, as explained by Sir Norman Hill, is to cover the risks of the British shipowner while Great Britain is neutral and, in addition, in the event of this country being at war to cover the British shipowner until his vessel is either in a safe neutral port or a home port. The insurance then stops in the event of Great Britain being at war. The British shipowner will be covered while Great Britain is neutral. Further it is provided that members must not be guilty of any breach of neutrality."

Shipping and Hostilities

The question is often asked, "If we were at war, what would be the effect on British shipping?" The enquiry is too comprehensive to be answered off-hand or in a few words—if, indeed, it can be properly answered at all. It is a full century since our ocean commerce has been exposed to hostile activities, and in this century the changes have been great, changes both on the warlike and on the trading side. On the warlike side, notably, the evolution of the ship of war on lines which place the largest merchantman, unless of gr[illegible]r speed, completely at the mercy of the armed vessel, irrespective of her size or complement. Then, the introduction of the floating mine, by which, or by the fear of which, ports of destination or of sailing may suddenly be closed. On the trading side, the far-reaching substitution of steam for sail, with its consequent breaking-up of merchant voyages into stages, and rendering of trading vessels absolutely dependent on their fuel supplies. Again, telegraphic and postal facilities and trade or speculative developments, which have brought about a wholesale system of sales and re-sales of cargoes on the high

seas, with the result that ships carrying, more especially, grain cargoes sail for a destination not to be determined until the ship's arrival at some port of call. In the old days war might have been waging for weeks or even months before news of it reached distant ports, and peaceful ships might sail in ignorance straight into the lion's mouth. In those days, too, at any rate in time of war, on beaten tracks, ships sailed in fleets and under convoy, those sailing singly being the prey—unless, as sometimes happened, they could hold their own—of privateer or prize-seeking cruiser. Then, formerly, privateers swarmed upon the seas. It is stated that when in 1781 war broke out with Holland, within 13 days of the outbreak 545 letters of marque had passed the Stamp Office.

And though, by reason of her neutral flag, the ship herself might be exempt, her cargo, if of enemy ownership, might then be lawful prize. But, Declaration of Paris or not, privateering is dead. It existed essentially as a sordid speculation; and the evolution of the ship of war, coaling difficulties, and the neutrality laws have, it may be presumed, conjointly wiped privateering off the slate. Fast vessels, crammed with coal, may no doubt put to sea as commerce-destroyers; but whereas the privateers, a venomous brood of prize-seekers, swarmed upon the seas, indifferent to considerations of naval predominance, commerce-destroyers, however swift, seem likely to be comparatively few. And though they may, at the outset, effect much injury, they seem unlikely to continue, like the privateers, an incident of prolonged hostilities. The changes are many and great indeed: but perhaps the most fundamental of them all is that effected by the submarine cable. For whereas, formerly, a vessel might sail from a distant port in ignorance that hostilities had broken out, perhaps weeks or months beforehand, now and in the future the knowledge of war will be flashed to every port in the world—loading port, coaling port, port of call—the instant hostilities occur. Wireless telegraphy will send the news from port to ship, from ship to ship; it will be signalled at sea by flag and flash-lamp. The great fact of this universality of information introduces a new condition. It is almost as though the outbreak of war will be announced by a warning gun of which the terrific report will

reverberate round the world. The first thought and aim of every vessel will then be safety—safety and her owners' instructions. The world's commerce will be instantaneously held up, wherever to take or keep the sea will involve the risk of capture or destruction. There may, of course, in the case of certain voyages, be the granting of exceptions or immunities and "days of grace" (p. 187)—Article I of the Hague Peace Conference, 1907, declares, indeed, that "it is desirable" that such allowances should be granted—but these, if any, are likely to come later. A captain will voluntarily take no risks without cabling to his owners for instructions.

Article III of the same Conference provides that

> "Enemy merchant-ships which left their last port of departure before the commencement of the war, and are encountered on the high seas while still ignorant of the outbreak of hostilities, cannot be confiscated. They are only liable to detention on the understanding that they shall be restored after the war without compensation, or to be requisitioned, or even destroyed, on payment of compensation, but in such cases provision must be made for the safety of the persons on board as well as the security of the ship's papers.
>
> After touching at a port in their own country or at a neutral port, these ships are subject to the laws and customs of maritime war."

But in any event, a ship which learns at sea that war has broken out will not be greatly influenced by the fact that if she is captured or destroyed the owners of the property will have some day to be compensated: *i.e.* if they can prove their case, and if Article III should in fact be acted on. The ship will not want to be captured or destroyed, on any mitigating conditions whatever, and will do her utmost to get quickly into the nearest safe port from which to cable to her owners. Dr Pearce Higgins in his *Hague Peace Conference* (1909), p. 304, explains that Germany and Russia do not accept this Article of the Convention, and that consequently as regards these two states between themselves, or between either of them and ourselves, the Article is apparently inapplicable.

The Position of the Shipowners

It is sometimes said that we may rely, so far at any rate as concerns our own supplies, on the patriotism of the shipowners. Shipowners are no doubt as patriotic as most of us, and indeed, with their special knowledge of imperial responsibilities and needs, more patriotic than a good many. But what, primarily and after all, is the shipowner? A shipowner is largely one who accepts or is charged with the responsibility of other people's property. Certainly this is so as regards the cargo; and perhaps, in round figures, the value of the average cargo may be taken as 50 per cent. above, or possibly double, that of the average trading vessel carrying it. The cargo people know that the shipowner is a practical business man, guided in his business by business considerations; and they rely on him accordingly. As to the ship, as distinguished from the cargo, she may belong solely to the ostensible owner, but more probably his relatives and friends will be also concerned in her; or there may be many part-owners or scores of shareholders whose property is at stake in her. So that, with the ship as with the cargo, the owner will be more or less a trustee for other people. Patriotism is but sentiment, however lofty; and though his patriotism may inspire a shipowner, as it will inspire others, to the utmost personal sacrifice, business is business, and in dealing with business matters business principles will be his guide. And rightly so.

Shipping Generally

In discussing, above, the position of shipping in the event of war, we have been discussing indiscriminately two aspects of the case which are in fact distinct. The effect on our shipping engaged in earning or seeking freights or in fulfilling contracts at the moment when war breaks out, and the effect on our shipping generally during the later and possibly protracted progress of hostilities, are separate propositions. Let us deal with them accordingly.

When War breaks out

In the absence, in the modern conditions, of experience to guide us, all we can deal with is the probabilities. Every captain and ship's agent knows that the ship's charter or bills of lading make or imply special provisions, rights or reservations as regards the possibility of war (cf. pp. 80, 85), and that if or when war breaks out, the owners, and not the captain or agent, will in practice decide as to the course to be adopted. We may safely assume, then, rather as a certainty than a probability, that no home-coming ship which is safe in port, whether of loading, call or refuge, will move from where she is without instructions cabled from the owners. It is also reasonable to suppose that the captain of any homeward bound vessel learning the news at sea, at a distance from his destination and within reach of some safe port, will, if to continue his voyage or to deviate to a probably protected "lane" seem perilous, make for the safe port and cable his arrival there. What course will the owners adopt in such conjunction? All is confusion, Lloyd's humming like a hive of bees disturbed, the Baltic in a wild turmoil, cargo-owners and underwriters interviewing, telephoning and writing to the owners. Reports of commerce-destroyers, true or imaginary, rumours of mines, alarming cablegrams in the press: what course will the owners adopt? Almost inevitably they will decide to stand by and see what happens. The ship's captain and agents will be peremptorily instructed by cable that the vessel is to remain where she is (or possibly, if this be safe, to proceed to the next port on her route, and there remain) till receipt of further instructions. What these instructions will be and when they will be sent will depend on many things, to be considered presently. Meantime it may be remarked that vessels carrying cargoes to a port which has suddenly become that of their country's enemy will be in a position of special difficulty. To continue their voyage will entail the heinous offence of trading with the enemy, a breach of the law involving the risk of British capture and condemnation. The enemy may or may not declare a special immunity to vessels of hostile ownership so engaged, but should he do so it will remain with our own Government to assent to such immunity

or, conversely, to repudiate it: to disallow all trading with the enemy. So far as cargoes of food-stuffs are concerned it seems improbable that the Government will assent to these being carried possibly past our doors for delivery to the enemy and thus sanction a trading with the enemy in supplies which we ourselves shall need. Possibly, indeed, if our need be great, home-coming British vessels carrying food-stuffs even to neutral ports may be ordered to abandon such voyage and terminate it at a United Kingdom port.

We have been considering above the case of British vessels loading or carrying cargoes homewards. How as regards ships which have sailed or are loading outwards? Those which have already sailed for distant destinations will presumably increase their chance of safety as they increase their distance from the special area of hostilities; but probably they also will cable home, at the earliest opportunity, for instructions, and will await them at port of call or refuge. Ships loading in our home ports or which, having loaded, have not yet put to sea, will be, like home-coming ships, held up. And here we get to the considerations which will determine whether ships which happen to be in port, or which have succeeded in getting into port, other than their port of destination, shall be detained there or ordered to proceed.

Let us take first the case of the ship, *per se*, whether homeward or outward bound. (1) She may not be insured against war risks at all; (2) she may be insured against war risks in a mutual club or association only so far as a port of safety and whilst remaining there; or (3) she may be covered against war risks under an ordinary policy or in a club until completion of her voyage. In the first two cases if she should proceed, then, if captured, her loss clearly would fall upon her owners. Unless and until special insurance had been taken out to cover her, she would consequently be kept where she was, waiting for developments. In the third case, that in which we assume her to be fully insured against war risks till completion of the voyage, the owners would have a free hand, at any rate if they could rely on or obtain the co-operation of the crew. This reservation may or may not be important, but it is by no means to be overlooked.

If, then, in cases 1 and 2, the ship can leave a port of

safety only at her owners' risk, presumably—if the risk be considered grave—she will be ordered not to leave it. If, in case 3, the owners have a free hand, then other factors will present themselves. The cargo will probably though not necessarily be insured against war risks, but if the question of such insurance is in each case an open one as regards the ship, it is much less so in the case of cargo: the probability is—is greatly, it may be said—in favour of the cargo's full insurance. What, then, will be the attitude of the cargo owners? This, in the case of homeward-bound ships, will probably depend upon the markets. If the cargo consists of raw material for which, through the collapse of the national industries, the demand has fallen away, then the cargo owners will be in no anxiety to get it home to pay storage on it. If on the other hand it be, for example, food-stuffs of which the value is running up rapidly, then they will be keenly anxious to get delivery of it. If in such a case the ship be not insured against war risks it might even be worth their while to come to terms with the shipowners on this point, in order to obtain resumption of the voyage.

But the underwriters on the ship, if she were insured as in alternative (3), and the underwriters on the cargo, have their own position to consider. Having possibly already suffered losses by capture, and being perhaps unable to protect themselves by re-insurance, their apprehensions of further losses may drive them to open negotiations, with the shipowners if the ship herself be in question, or with the cargo owners if the cargo be at stake, to keep the ship in safety for a longer or shorter time. All these things are matters of business and hard cash, and the sailing or not sailing of a vessel from her port of safety may quite possibly, in some cases at any rate, turn on such considerations. The views and decisions of the parties will in their turn of course be influenced by practical considerations, such as distance and situation of the port of safety in respect of destination; the degree of danger likely to attend completion of the voyage; and, as comprehending both of these, the degree of confidence in the measures taken by the navy to police the route. The degree of the traders' confidence in the scheme of commerce defence will, of course, be the foundation and the key-stone of the answer to

the enquiry with which our remarks set out. Or the answer may be provided, when the time comes, in quite another way: the Government may find that the only means of cutting a Gordian knot which ties up our supplies at ports of loading, of call and coaling, will be that the state shall take on itself the risk of capture both of ship and cargo. But a decision in this sense will involve problems numerous and involved, and by no means to be solved at short notice.

During subsequent Progress of Hostilities

If from the first it should be apparent that our command of the sea will be practically complete, or, in other words, that the government measures for the protection of our commerce may on the whole be confidently relied on, there would of course be nothing to prevent the coming and going of our ships as usual. Nothing, that is to say, except the important facts that there will be presumably a disastrous fall-off in the fetching and carrying to be done, and that in any case there will be no trade at all as between ourselves and the enemy and his allies. There cannot be a war for arms and a peace for commerce: such, at least, is the British law. And if the enemy and his allies have, in times of peace, given our shipping much employment, this effect of war may itself be serious enough. The enemy will no doubt obtain from us, and we from him, indirectly, products indispensable to either and not otherwise obtainable; but these, probably, will be comparatively unimportant. Most serious of all will be the general fall-off in trade. Widespread apprehensions, financial chaos and unemployment will bring trade practically to a stop. Foodstuffs and such raw materials as may be required for limited manufacture will still demand transport; but traders everywhere, like the shipowners already mentioned, will stand by and await developments. The world's demand for manufactured goods will come to a stop, or something not far short of it. Consequently the importation of raw materials will be seriously affected, and goods, if manufactured, will remain on hand. Apart, then, from risks of capture—which, after all, however great, will always be paid for and undertaken

to meet the urgent calls of trade—shipowners will have to face the results of trade depression in their gravest form. And trade depression, even in ordinary times, means much tonnage lying idle. Risk of capture will mean high insurance premiums and high wages to the crew, and consequently high freights. So long, however, as merchants are willing to pay the high freights, there will be shipowners in plenty ready to compete for the business. And merchants will be willing enough to pay the freights and the costly insurance on their goods if they can still sell them to a profit. It is just a question of the urgency of demand. When, for example, in the Confederate war, we badly wanted American cotton and the Confederates urgently required to sell it to us, shipowners and crews alike were willing to run the risks of the American blockaders—at a price. And our importers gladly paid the price. And so it will ever be.

But, though war may lay up many ships for want of freights, it may find employment for not a few in the transport of troops or stores. Notably the South African war, though it affected trade but little, gave much war-employment to our shipping. But the case was exceptional. Whether and to what extent a war *near home* would call for the use of merchant shipping for the conveyance of troops and materials, of coal and supplies, is another question.

Sailing under Convoy

Seeing that it is a century since British shipping was required to sail with convoy, to include a reference to the subject in a treatise on ocean commerce of to-day may seem superfluous. Still, history has an awkward way of repeating itself; and who shall say that a system deemed necessary in the interests of old-time commerce may not once more be found to have its uses?

Under the Convoy Act of 1798 stringent provisions were made against sailing without convoy, leaving convoy, sailing without proper signalling flags, omitting to destroy sailing instructions in the face of imminent risk of capture, &c. And if in the interests of our traders, and in order to prevent the enemy from enriching and equipping himself by seizing our ships, the convoy system was deemed necessary, it was also necessary to

make it compulsory. Ships then, as now, could (whether they in fact did so or not) cover themselves against war risks, and the temptation to act independently and possibly, on occasion, with the underwriters to fall back on, to chance the risk of capture, must sometimes have been considerable. With markets perhaps for a long time starved, to be the first to secure shore labour and supply them must have meant much to the merchants, and they must often have chafed bitterly at having their speedy and well-found ships held back in the interests, or owing to the limitations, of some antiquated tub; for the speed of the convoy had of course to be kept down to that of the slowest of the fleet.

The judicial records of old times contain many interesting and instructive cases of legal process between underwriters and assured for failure or alleged failure of the latter to give a strict fulfilment of the policy warranty as regards their sailing with convoy. A vessel stops behind to complete her loading and so vitiates the policy. Another pleads unsuccessfully that being under the protection of a man-of-war was a compliance with the warranty. But no: a convoy means a naval force under the command of a person so appointed: the convoyed vessels receive sailing orders from the admiral, in order that they may know the signals for the places to which they are to steer in case of temporary dispersion. The ship in this case was lost actually after she had joined the convoy, but her failure to make her start with convoy was a fatal breach of the insurance warranty.

The system of convoy was in former times a special feature of maritime warfare. From the very earliest days it had been customary for merchantmen to sail in fleets, and later when war came the state naturally provided such fleets with armed protection; and as the fleet had got to be thus protected the state declined to permit of exceptions. Out-going ships were obliged to sail for a safe rendezvous, there to join the merchantmen waiting to be convoyed beyond the danger zone. The Act 6 Anne cap. 13 (1707) provided that 43 ships of war should be told off to act as convoys in proper stations. The 1798 Act has been already mentioned. In 1803 (43 Geo. III c. 57) stringent convoy regulations were once more laid down in "An Act for the better protection of the trade of the United Kingdom during the present

hostilities with France." The minimum fine for sailing without convoy or unlawfully separating from convoy was £50, with a maximum of £1000 in the case of ordinary cargoes or £1500 for cargoes including naval or military stores. And, further, as a wholesome deterrent against irresponsibility, in case of breach of the law all insurances were not only to be void, and without return of premium, but any one acting in disregard of the voidance incurred a penalty of £200. But in 1872 (35 and 36 Vic. c. 63) this Act, with other enactments "which have ceased to be in force or have become unnecessary", was added to the legislative scrap-heap. Previously, in 1864 (27 and 28 Vic. c. 25 : the Naval Prize Act) the fine had been reduced as below. The Naval Discipline Act of 1866 (29 and 30 Vic. c. 109) imposes penalties on naval officers for neglect of duty in respect of convoy service, and on the other hand authorises them to use force to compel obedience on the part of convoyed ships. The King's Regulations, referring to the duties of naval officers in charge of convoy, provide that an officer "is to keep the merchant ships well collected, and while he will endeavour to proceed with all possible expedition, he will be careful not to proceed at a greater speed than will admit of the slowest ships keeping company with him without risk of straining the ships or doing injury to their machinery and boilers." And "in case of disobedience on the part of the master of any convoyed ship, the officer in command of the convoy is to report the facts to the Admiralty, specifying the name of the ship and master and the name and residence of the owner." Offending masters are, under the Naval Prize Act, liable up to a penalty of £500 and one year's imprisonment, as the court may judge.

The conditions have, however, so greatly altered that it may well be doubted, even if we had the convoying ships to spare, whether any system of convoy could be evolved which would be approved by shipowners. Fast steamers would probably lose more in demurrage than they would save in insurance premium. In the former days, too, more especially with the then laws as regards the right to capture enemy goods under the neutral flag, we were commercially masters of the seas. Under the altered conditions, the owners of our fast steamers will, in the lamentable event of war, be most unwilling to subject themselves to exasperating convoy

regulations, if neutral free lances are able to compete with them under no such disadvantages. It seems, therefore, very doubtful whether the convoy system will ever be revived unless shipowners themselves cry out for it; and that they will at any rate not do so with a joint and corporate voice is highly probable. The late Admiral Colomb was of opinion that to adopt the convoy system under modern conditions would subject trade to paralysis. The policing of main routes is, of course, another question altogether.

National Guarantee: National Insurance: National Indemnity

Seeing that we are an island state, depending entirely, both for our export trade and for the import of our food supplies and raw materials, on our shipping, it is clear that any hostile interference with our vast oversea transport system might be fraught with consequences of the utmost gravity. If our raw materials ceased to come to us and we were cut off as well from the markets for which our manufacturers produce, the trade of the country must perforce come to a stop: there would be no work and consequently no wages for the workers; the country would be smitten with paralysis. Still more serious, however, would be any interference with our food supplies, and the mere possibility of such a dire calamity is a "heel of Achilles" to the Empire. Of every five loaves we consume, four have been sold to us over the ship's rail; about two-fifths of our meat; considerably more than half of our eggs, butter and cheese; and so on. In food, drink and tobacco we import annually about 250 millions sterling. This means £685,000 a day, £28,000 an hour, £475 a minute. Such facts and figures as these speak volumes for our dependence on the seas, for the supreme necessity for a supreme navy.

Some ten years ago a popular awakening to this dependence on our command of the seas for our daily bread, not to mention other foods, resulted in a general agitation for enquiry as to the possibilities of our position in the event of war. The matter was continually raised in Parliamentary discussions; and the Government, either to satisfy public opinion or to remove a cause of

constant interpellation, decided on a public enquiry. A Royal Commission was appointed accordingly. The Commission took two years on their responsible task, during which time they called a vast amount of evidence and were supplied with tables, calculations and returns of great variety and interest. Also, many schemes were put before them as solutions of the problem. Amongst these was the storage of Government-owned wheat in Government granaries; offers of inducement to importers and millers to keep larger supplies in store; offers of inducement to the purchasers of oversea wheat to bring it home and store it here instead of keeping it in store in the country of its production until its sale. As to this last, it may be here remembered that such wheat is largely purchased as a speculation; that, when once it has been decided to ship it, it may be sold over and over again before the carrying vessel reaches her final port of call; and that it may eventually be ordered to either a British or some Continental port. Then there was also an ingenious scheme under which all imported wheat should pay a tax or charge, to be remitted in the case of wheat kept in store after arrival for a period of four months. The Commission fully recognised the great importance of the subject, but, with a dissenting minority, found against all the schemes. In their reasoned opinion the disadvantages and evils which seemed to them inseparable from all or nearly all of the schemes were greater than any benefit likely to be derived from them. Government purchases would involve serious losses; much disturbance would be caused to the grain trade; and the very existence of Government stores would tend to discourage private enterprise; and so on. As to the supplies likely to be available on sudden demand, the usual supply of about 17 weeks in September would not, in the Commission's opinion, be likely to fall below 7 or, except perhaps in August, 6½ weeks.

But this, it is here submitted, is a dangerous fallacy. The Royal Commission appear to have lost sight of or failed to appreciate the important fact—for it is confidently submitted that it is a fact—that the outbreak of war will be immediately followed by the holding up of a very large proportion, perhaps most, of the wheat on the way to us. This has already been discussed

on p. 209. Ships with grain at loading ports, ports of coaling and ports of call will practically all be held up on a policy of wait and see. (Here let the reader turn back to what has just been said above as to the tremendous flow of necessary food which is always pouring into the country in an unbroken stream.) At a meeting of the Chamber of Shipping not long ago one of the speakers said:

"How many owners in the event of our being at war were likely to risk their property by sending their ships to sea? A few, of course, would do so, but a larger number, who were trustees for other people, would not, he thought, dare to move their vessels out of port, provided they were in a safe position."

Imagine the effect on the public on its being known that our food supplies had thus been, in effect, turned off at the meter! The Royal Commission had, naturally enough, capture primarily in their minds, but if the supplies fail to reach us they will, in fact, be cut off—only temporarily, it is true—but it will be most of all at the first pinch that we shall have to fear food panic. It is the panic, a "psychological" shortage, not a real shortage, that we have most to fear and guard against. The Royal Commission themselves observe that it would be unwise to disregard the dangers that might accrue from such a cause. A panic, they say, "might have a very serious effect in hampering Government action in time of war"; and the fact is indeed patent enough.

Then again, as regards the minimum 6½ weeks' supply that may be counted on "in a normal year": it hardly seems so much the question of whether the supply actually on hand when war breaks out will be 6½ or 16½ weeks' supply, as of how long the normal or the actual supply will withstand an utterly abnormal demand. What happened when we had the railway strike and the coal strike? People filled up with supplies: they were going to take no risks. And so when the floods occurred in Paris. The Press stated that half the population were in a state bordering on panic, rushing to buy up provisions like mad people. "It would not be surprising", it was stated, "if an enormous rise in the price of living did take place, not because of a real dearth of food so much as on account of the panic." A real shortage and a feare

shortage are of course two entirely different things, but at a given moment they may produce precisely the same effect. And what effect? Not that a 6½ weeks' supply will remain on the market for 6½ weeks, but that it will be cleared off at once; the conditions will be by no means normal. An expert witness of the highest standing as a corn-trade authority gave it as his opinion, in his evidence, that practically all the available supply would be absorbed *in a day or two.* And it seems likely enough. The Report, it must be confessed, is not a reassuring one; and the fact that it was made eight years ago and envisaged the naval situation as it then was, does not make it better.

But there was one recommendation or proposal which did commend itself to the Royal Commission. "We are" they said "of opinion that a system of National Indemnity against losses from capture by the enemy would operate both as an additional security to the maintenance of our oversea trade and as an important steadying influence upon prices." For various excellent reasons they preferred Indemnity to Insurance. It may here be well to make clear the difference between the two. Under National Indemnity or Guarantee, shipowners or cargo-owners would not insure against the risk of hostilities at all, but would simply look to the Government for indemnification or compensation in the event of capture. Under National Insurance, premiums would have to be paid to the Government in the first instance. Only, these premiums could be on a stable and moderate basis, and would, consequently, not be rushed up on war, or fear of war, to a point which would add seriously to the cost of bread. Or there might, perhaps, be a sort of middle course in which shipowners paid something in the nature of a tonnage levy, to go to a national fund. But, broadly, the Indemnity system is a gratuitous one, the Insurance system one involving payment of a premium of some kind. To go back, however, to the reasons given by the Commission for recommending a system of National Indemnity. These reasons omit any reference whatever to the all-important fact that without such system our supplies on the way are likely to be held up short of their destination, the risk of what the Commission term a "psychological" rise in prices and of consequent food panic and run on the supplies being thus greatly aggravated.

In due course a Treasury Committee was appointed specially to consider and report on the recommendation of the Royal Commission as to Indemnity. The Committee examined 29 witnesses, of whom 8 were underwriters, and were careful to explain at the outset of their Report that for the purposes of their enquiry they had assumed throughout "that the British fleet would be strong enough to secure and thereafter to maintain command of the sea." Presumably they accepted as to this the dates and data of the Royal Commission of several years earlier. It will, however, be seen that their reservation conveys no recognition of the fact that command of the sea has to be demonstrated, and that this demonstration may take time. The food question will be, we may suppose, in its most acute form between the outbreak of war, or possibly a little earlier, and the final and conclusive demonstration of our naval predominance. In fact, the flaw in the reports both of the Royal Commission and of the Treasury Committee is that they deal with the risks or course of a war as a single whole, whereas, for the purposes of food supplies, the consideration falls really under two separate and distinct heads: that preceding and that succeeding the conclusive demonstration of predominance. The Treasury Committee do indeed admit that "some ships might be detained in port" (query, port of loading or home port meant?) "for a short time whilst their owners watched the development of events and decided upon the best course to pursue"; but if home-coming vessels were referred to, the effect of these "some" detentions for "a short time" was not viewed in its right perspective; for the report goes on to add that "British shipping is too important a factor in the world's carrying trade to admit of any large portion of it for long remaining idle." The Committee had apparently got firmly into their minds that the subject was one and indivisible; and this is where, in the writer's judgment, they went astray. "We do not therefore regard this as a serious danger"; and thus is dismissed what, to many, will seem the most serious aspect of the whole consideration. Then to their conclusion:—"After reviewing the schemes that were brought before us, and the criticisms that were passed upon them, we are unable to recommend any of them for acceptance"—and away went all

the schemes accordingly,—the writer's, sad to relate, with them. In effect, these were all Insurance schemes, though not necessarily involving payment of premium as ordinarily understood: this is obviously impracticable. But if payment of a fixed levy constitutes insurance, then no doubt they were, in such a sense, Insurance schemes. It would, however, be more correct to describe them as schemes of Indemnity by Purchase. The Committee then dealt with free National Indemnity or National Guarantee, pure and simple. Against this there were also various reasons with "insuperable difficulties." It was, however, added, "On the other hand it is possible that if a scheme of indemnity commended itself to the public on general grounds, means might be found for overcoming the difficulties in question." Still, a National Guarantee "could not of itself secure the safe arrival of ships and cargoes", which is sufficiently obvious; but what, it is here submitted, it would do would be to promote the sailing or home-coming of ships loading and on the way when war broke out and so to prevent the cutting off of our stream of supplies at an exceedingly critical juncture—a highly important aspect of the case, and one which might well have received special consideration. "At this point, therefore, we reach the conclusion that the dangers to be apprehended from our present situation, and the advantages which could under any circumstances be secured by a National Guarantee, are neither of them so great as the advocates of such proposals have generally supposed. We admit, however, that these dangers do exist to some extent, and that a suitable scheme of National Guarantee, if such could be devised, would diminish though it could not absolutely remove them." Finally, the Committee were "unable to recommend any form of National Guarantee against the war risks of shipping and maritime trade, except that which is provided by the maintenance of a powerful Navy." Captain Sir Charles Ottley, R.N., added a reservation of his opinion that "It would be very regrettable if the Committee's inability to recommend State action to-day should come to be regarded as definite proof of the uselessness and impracticability under any circumstances in the future of any scheme of National Guarantee"; adding, "In any case the Committee will not have

laboured in vain if its Report serves to attract public attention to a matter which is of some moment from the point of view of national interests." A memorandum by Sir George Clarke goes incidentally to confirm what has already been pointed out as to the failure of the Committee to recognise the danger of our food supplies being held up at the outbreak of war. "The only justification," he remarks, "for any form of National Guarantee of the war-risks of shipping and cargoes is the strong presumption that excessive or violently fluctuating insurance rates might have disastrous effects upon the shipping and mercantile interests, and through them upon the nation at large"—the "only justification." It is, indeed, a remarkable fact that the special danger due to a paralysis of our homeward shipping on the outbreak of war seems, almost from first to last, to have escaped any adequate attention. In a final memorandum, written at Bombay, referring to a scheme of his own, Sir George Clarke says "I am convinced that the outbreak of war with a strong naval Power will cause a disturbance in the insurance market of which we can form no adequate idea, and that this disturbance will re-act upon our whole economic structure with grave results. If the Navy is sufficient and efficient, the critical period will not be of long duration; but meanwhile irreparable injury may be effected"—a just appreciation of the position.

It may be objected that if the Royal Commission and the Treasury Committee concentrated their attention on the progress of the hostilities as a whole, the writer has here confined his to the period essentially of their inception. His object has been to show, however, that whether the Treasury Committee's conclusion was right or wrong as a whole, it was apparently wrong in its failure to appreciate that the problem to be faced when war breaks out is entirely distinct from that which will exist subsequently.

As regards Sir Charles Ottley's reservation, it may be added that the shipowners at any rate are greatly disinclined to regard the Treasury Committee's Report as the last word on the subject, and that they have appointed a special committee to consider and report upon the situation.

CHAPTER V

Ships' Papers in War

A ship's papers come under two, or indeed three, separate heads. Every maritime state has its own national or domestic laws under which its national merchant shipping is obliged, as such, to carry certain papers. Then, the Customs laws and requirements, more particularly of the port of destination, may oblige a vessel to carry certain cargo-papers which in other cases might be unnecessary. Finally, there are the papers which a vessel must carry in compliance with the laws of maritime warfare, in order to prove her right to be allowed to proceed safely on her voyage. The papers which a vessel is obliged to carry by her own national laws should serve to establish her nationality and probably also her voyage. And in old days the papers which she was obliged to carry for her own Customs and for the Customs at her destination would ordinarily serve to prove the ownership and nature of her cargo. But while on the one hand the "Free Ships, Free Goods" law of 1856 (the Declaration of Paris) has largely abolished the old-time necessity for proofs as regards ownership of cargo, since the neutral flag makes neutral cargo of it; in our own case at any rate, papers which were at one time insisted on by our Customs have long ceased to be requisite. Finally, old necessities have been removed and old usages upset by the development of commercial conditions entirely new. As regards proof of nationality of ship at all events the modern papers are probably more formal and conclusive than those of ancient times. In the case of the cargo-papers, however, whereas they formerly went hand in hand with the requirements of maritime warfare, this has long ceased to be so. The laws of maritime capture are, in fact, largely founded on commercial

conditions which have long ceased to exist. The laws as we ourselves know them, or assert them to be, are to be found not in any code or statute but in our Prize Court judgments of former days. And these judgments, if not, perhaps, founded on the conditions referred to, were at any rate delivered with full knowledge and recognition of them. And, by the light of them, the laws were eminently logical. It may be and presumably is the case that if, formerly, the law took cognisance of, even if it was not actually founded on, the then existing mercantile usages, and these usages no longer exist, the law is none the less the law. Certainly, this would seem to be the view of the writers on international law. But if the law and the mercantile usage as regards the documents carried by a shipmaster are supposed to go hand in hand, statements of the law which are founded essentially if not entirely on the ancient Prize Court judgments ought at least to call attention to the radical changes which have grown out of altered conditions. Writers on international law, however, appear unconsciously to regard the mercantile side of the subject as a by-issue. Indeed, they are and must needs be as a rule but little acquainted with it, and they ignore the change—either because they fail to appreciate it or because, in their view, traders must in any case adapt themselves to the law as set forth in the text-books. This, however, in some important particulars the traders are no longer able to do: shipmasters must of necessity proceed in accordance with trade usages, and it is idle to insist that the law requires them to be provided with certain specific documentary proofs when the conditions of modern trade are such as necessarily and inevitably to refuse to them documents which, in by-gone days, were of necessity on board. The conditions of ocean trade and transport have entirely changed.

Let us first see what the law is declared to be. Hall's *Principles of International Law* (1904) states that the documents by which the character of the vessel, the nature of her cargo and the ports from and to which she is sailing are shown, have to be produced for inspection; and that according to the English practice "these documents ought generally to be"—observe the "ought" and "generally"—the following:

1. The register.
2. The passport (sea letter) issued by the neutral state.
3. The muster roll, containing the names, &c. of the crew.
4. The log-book.
5. The charterparty, or statement of the contract under which the ship is let for the current voyage.
6. Invoices containing the particulars of the cargo.
7. The duplicate of the bill of lading, or acknowledgment from the master of the receipt of the goods specified therein, and promise to deliver them to the consignee or his order.

"and the information contained in these papers is in the main required by the practice of other nations." Why the Manifest is omitted from the list, does not appear.

Lawrence's *International Law* (1911) mentions "an official log-book, a ship's log-book", manifest, bills of lading and (if any) charterparty. Hall speaks of "practice", Lawrence says that the master "should have" certain documents. Hall mentions Invoices, Lawrence does not. Hall mentions "the" log-book, while Lawrence—no doubt properly—mentions both logs. Text-book writers, therefore, do not agree in their lists; and this is not much to be wondered at. It is in every case pretty evident that they have gone for their information to the old Prize Court judgments and done the best they could with them.

But on one point they practically all are solid: the bills of lading must be there. Hall, apparently troubled by some misgiving, says that "the duplicate" of the bill of lading must be there; but technicaliy there is no such thing as a "duplicate" of a bill of lading. If three go to the set, each of them is an original. The duplicate of any signed document is, signature and all, exactly the same as the original: it is, in fact, what it describes itself: a duplicate (of the original). A copy copies the body and the signature indiscriminately—if, indeed, it be necessary to copy the signature at all—and, unlike a duplicate, is in no sense an original and cannot, if the original be lost, have the force of the original. Lawrence states that "the law of each maritime country fixes for its merchantmen the exact form and number" of the papers required to prove nationality, voyage and cargo;

but here he seems to have expressed himself incautiously. Dr Hans Wehberg in his work *Capture on Land and Sea* (1911), referring, from the German point of view, to the papers to be inspected by a boarding officer, says "lastly, the bills of lading give information as to the character of the cargo." The United States Naval War Code, 1900, Art. 33, states that "the papers generally expected to be on board of a vessel are

1. The register.
2. The crew and passenger list.
3. The log-book.
4. A bill of health.
5. The manifest of the cargo.
6. A charterparty, if the vessel is chartered.
7. Invoices and bills of lading":

but apparently, as the result of technical discussion, the whole code was by Order No. 150, 4 February 1904, withdrawn, though not, so far as can be gathered, because of any question whatever as regards the acceptance of this particular clause.

As evidence of the uncertainty or indefiniteness on the subject generally, and taking the United States' requirements as an example, it may be mentioned that Mr Atherley-Jones's excellent *Commerce in War* (1907) gives the United States list as follows:

Certificate of Registry; or
Provisional Certificate of Ownership issued by U. S. Consuls to citizens of the U. S. purchasing vessels in foreign ports.
Sea Letter (occasional).
Shipping Articles.
Muster Roll.
Permit to touch and trade (fishing vessels).
Manifest of Cargo.
Log-Book.
Bills of Lading.
Charterparty, if the vessel is chartered.

Why the Muster Roll as well as the Shipping (*i.e.* Ship's) Articles should be necessary is not clear, since, apparently, the modern Ship's Articles are themselves the ancient Muster Roll.

In Mr Atherley-Jones's book we read that the Charterparty "is almost invariably on board" and that Bills of Lading "usually

accompany each lot of goods." By the light of this statement it is not easy to understand the immediately following remark or explanation that "a bill of lading on board a vessel is the duplicate of the document given by the master to the shipper of the goods upon shipment"—unless, indeed, by "duplicate" is meant "captain's copy." Professor Oppenheim, in his *International Law* (1905), says that the bills of lading are "duplicates of the documents which the master of the vessel hands over to the shipper of the goods at shipment"; but what the law actually contemplates is apparently the bills of lading themselves—for these were, in fact, for the reason we know—namely, the necessity for getting them to the ship's destination as soon as the ship (pp. 82–83)—formerly on board. As already said, there is no such thing as a "duplicate" bill of lading—each one is an "original."

Next, we are told that "the invoices should always accompany the cargo." Apparently Mr Atherley-Jones draws some distinction in his mind between the presence of a document "on board" and the fact of its "accompanying" the goods. Then, the Manifest, among other information, has, he observes, to state the names of the consignees. But practically consignees are always as nameless as the Witch of Endor—unless, indeed, "Order" be a name—for bills of lading are almost invariably made deliverable "to order" and not to consignees by name (p. 82). The bills of lading, having been endorsed at the outset by the shippers, are then further endorsed and presented by the consignees, whoever they may be. The Manifest, we read, is "usually signed by the ship-broker who clears the vessel out at the Custom-house, and by the master." As a matter of fact, the manifest is ordinarily compiled from what are known as the captain's copies of the bills of lading after the ship has sailed. What these copies are will be explained presently. The British law says that, within six days after clearance, a manifest (as defined) compiled "according to the bills of lading" shall be "delivered to the Customs." The Customs at the port of clearance and the Customs at the port of arrival each require a manifest or cargo-list, and in the old days, and for the reason already mentioned, that required at the arrival port had, like the bills of lading, to be on board. Pages 347, 352 of Mr Atherley-Jones's work above cited contain

a list of the papers "carried by vessels of the chief maritime powers as evidence of their nationality, and other papers which ought to be found on board." This word "ought" troubles most people, and none the less when lists of papers do not distinguish between those which *must* and those which *ought to* be on board.

The writers on International Law mostly devote a chapter or a couple of chapters to Ships' Papers, but Professor Holland's *Manual of Prize Law*, 1888, deals with Papers, Visit and Search, Capture, Adjudication, etc., pecially. Like more recent works, however, it fails to take note of the altered conditions.

It is clear, then, from the foregoing that if, in war, the captain of a neutral vessel wishes to be able to satisfy a boarding officer that the vessel, as regards herself, her cargo and her voyage, is entitled to be left free to proceed on her course, he must produce certain papers. Amongst these, we are told, are more especially the manifest, the bills of lading, the charterparty if the vessel be under charter, and—apparently—the invoices. As the result of a long period of peace at sea it must needs be expected that the requirements of the laws of maritime warfare would in actual commercial practice have been lost sight of. In the event of war, therefore, the inability of a captain to produce the requisite cargo evidences may of course have serious consequences for himself. It may, however, not be out of place here to remind ourselves that the occasions for capture have themselves been greatly narrowed down. In the old days the offence of engaging in prohibited trades was rife, false papers being largely used in its disguise. So far as one can tell, this offence is not likely to prevail, or at any rate to be important, under the conditions now existing. Then, too, neutral ships, wherever met, might be liable to capture for carrying enemy cargo, whether under false papers or not; and the "Free Ships, Free Goods" law now makes such carriage lawful, with, consequently, no occasion for false papers. So that, putting these two cases aside, as well as that of enemy ownership of ships which *ipso facto* will be lawful prize, not much will remain. Our own ships and those of our allies will need our own naval investigation, lest they should be engaged in trading with

the enemy or in other prohibited trade. And neutral vessels may need investigation either on the possibility of breach or intended breach of blockade or, if they are sailing towards the enemy's dominions, on the possibility that they may be carrying contraband to him. But these grounds for possible capture—if others have not been overlooked or be not in the future declared—must needs fall short of those previous to the Declaration of Paris.

In any case, when war breaks out it seems probable that many vessels will be without the cargo papers which in former days, for reasons which have now largely passed away, were carried as a matter of course. But apparently a broad line may be drawn between the case of a vessel which sailed before and without thought of war, and that of a vessel which sailed after and with full knowledge of war. For after war broke out there would perforce be a general tightening-up, and no neutral vessel would be likely to court the risk of capture through want of papers the absence of which would expose her to capture. Let us, however, consider the changes which have taken place in ocean trade; and these we shall see well enough if we deal with the notable illustration of the Bill of Lading.

The Bill of Lading

In the very early days of ocean transport there was no such thing as an ocean post. The bills of lading, or at any rate one of the set, had, therefore, of necessity to be on board the carrying ship. The introduction—partial introduction—of the Postal Packet Service from Falmouth in 1688 no doubt itself effected a gradual but radical change in the conditions, and the introduction of steam navigation and ocean mailships completed it. The Act 3 & 4 Wm. IV, c. 52 (1833, repealed in 1845) required captains to produce to the Customs "any bills of lading or a true copy thereof"; a "true copy" meaning presumably one so certified. But this is comparatively a recent date: the original bill of lading was evidently not always then on board. In 1801 however it was usually on the ship, for we read in Steel's *Ship-Masters' Assistant* of that year that of the three copies of the bill of lading "one should be remitted, by the first post after signing, to the person the goods go to; another be sent him by the ship; and

the third remain with the shipper; besides which, a fourth should be made out, to be given to the master for his government," this last being the important though unsigned copy now known as the "Captain's Copy." In ancient days, and in the remote but more recent times when postal service was infrequent, the bill of lading had of necessity to be on board, probably in charge either of the captain or of a supercargo, because there could otherwise be no certainty of the consignees having it when the ship arrived with the goods. But the shipper of the goods now posts one copy of the bill of lading to the consignee direct, and sends him a second copy ("the one of which being accomplished, the others to stand void") by the next following mail or by an alternative route; and usually, so much faster and more direct is the post, that in most cases both of the copies will be delivered before the arrival of the ship. It may be objected that the bill of lading is in any event not required at the port of discharge before the arrival of the ship, and that it might just as well be sent in charge of the captain now as formerly. And if the mercantile conditions —the mercantile financial conditions—were the same to-day as they were a century ago it might possibly be so sent. But the introduction of steam navigation and ocean mails in conjunction with the vast developments of trade and of the great industry of shipowning has put oversea commerce on a footing entirely different from that which it formerly occupied. First we have the evolution of shipowning into an enterprise quite apart: the exceptional has become the universal. Formerly, to a very important extent, the great merchants were those who owned ships for transport of their own trade, carrying the goods of rival traders, for reward, only so far as their own goods might not fill the ship. The captain was the servant of the merchant-owners, and either he or a supercargo on their staff took charge of the bills of lading. Nowadays there is no community of this kind between the shippers and the shipowners. Scores or hundreds of merchants send their goods down to the ship, and the loading brokers or owners on behalf of the captain sign the bills of lading and return them, so executed, to the shippers. A shipper is no more going to leave the owners' receipt for his goods in the owners' or their captain's hands than

he will lend a man £100, and allow him to retain possession of his I.O.U. Besides, in most cases the modern conditions of ocean trade are such that the shippers require and must have the bills of lading. Banks and financial houses have, under modern conditions, sprung up in countless numbers. The shipper of the goods frequently wants his money for them forthwith; and this payment he obtains by drawing on the consignee for the amount of his invoice, with the bills of lading as collateral security to the banker or financier who purchases or advances against his draft. This will be sufficiently clear from what has been said on the subject above, the Export and Import of cargo (pp. 179. 182). The shipper, consequently, must have the bills of lading: it is a matter of course and practice that he shall have them. Consequently they cannot be on board the ship. Under the extraordinary pressure of modern ocean trade, moreover, with ships taking in goods up to the very moment of their casting off, not a few bills of lading are not signed or even written out for signature until after the ship has sailed.

When the carrying steamer is a mail steamer or a fast cargo-liner carrying passengers, then, perhaps, the bills of lading will be on board; and precisely for the ancient reason, that they must be at the destined port when the ship arrives there, and that any other means of forwarding them would get them there too late. But by no means "on board" in the ancient sense: the captain will not have them in his keeping, and will not know whether they are on board or not. They will be in a letter, one of thousands, in the inviolate mail bags, and if all the envelopes could be spread before him the captain would have not the smallest notion which of them contained them. As regards the mail bags, the second Peace Conference of 1907 at the Hague, Chapter I, Article I, provides that "the postal correspondence of neutrals or belligerents, whatever its official or private character, found on board a neutral or enemy ship on the high seas, is inviolable. If the ship is detained, the correspondence is forwarded by the captor with the least possible delay"—but this is not to apply to the cases of violation of blockade.

It will be seen, then, that, whatever the requirement of the laws of maritime warfare, the bills of lading in modern times

practically never can be and never will be amongst the documents which a neutral shipmaster will be able to place before a belligerent boarding officer. None the less, the ancient Prize Court judgments leave no doubt that the bills of lading have to be on board, and the text-writers quite correctly represent the law accordingly. With the informal "Captain's Copies" it is a different story. If on board, they would be *prima facie* evidence of the packages in the ship; but, as will presently appear, not only is there no general rule that they shall be on board, but, if on board, their description of the packages to which they relate may still be no definite indication of the actual contents of the packages.

Bills of Lading: "Captains' Copies"

The "Captain's Copy" of the bill of lading, though having at present no sort of legal status, is a document—if a term so formal can be applied to it at all—of no small practical importance. It is stated that some countries require that in the case of imported goods the Captain's Copies shall bear a consular certification. So long as the captain had charge of the signed bills of lading there would apparently be not much advantage in supplying him with copies. If for any purpose copies may have seemed desirable it would be open to the captain to make them out for himself or for his owners, on the voyage; and possibly sometimes he may have done so. But when the shippers took to insisting on retaining the bills of lading in their own possession, a new situation was created. For what was there to prevent a dishonest shipper from tampering with his bills of lading, so that a set of three bills of lading each, say, for 13 packages of merchandise, might be made to appear to be for 30 packages? Or supposing that the Mate's Receipt contained a note that the goods were "in bad condition", and this note, duly transferred by the shipowners to the bills of lading when they signed them, was fraudulently removed by the shipper? The captain and the ship's agents at port of discharge must have protection against fraudulent alterations of the signed document. Consequently (as may be presumed) the system of the "Captain's Copy" came to be adopted. It is termed the "Captain's Copy", but

it may mean several copies—two, or three, or four. In some cases it is tacitly a condition of shipment that when the shippers write out their stamped forms for signature by or on behalf of the shipowners they shall write out in addition as many copies, not stamped and not for signature, to be retained by the shipowners, as the latter shall require. Very often, however, the copies are made out by the shipowners or loading-brokers themselves. There is no rule. On each copy so made out are boldly written or rubber-stamped the words "CAPTAIN'S COPY." If, say, three of such copies be required, probably one will be retained by the shipowners, and two sent (by following mails) to the ship's agents at the port of discharge. Or possibly one may be supplied to the captain, who in such event will have on board a complete file of copies of all the bills of lading relating to his cargo—always provided that some of the bills of lading were not signed after the sailing of the ship. A fourth copy may perhaps be required in the case of through-shipment to some inland city beyond the port of discharge, in conjunction with a railway company, in which event it will be sent to the agents at such city. There is, however, no sort of general rule on the subject: each shipping line has its own office system. In very many, perhaps most, cases the Captain's Copies may be posted simply to the ship's agents at the port of discharge, but there is no rule about it. Where a file of the Captain's Copies is supplied to the ship, this may be in order that a "Ship's Manifest" may be compiled from them on the voyage. If a complete file of the Captain's Copies should be on board it would probably be an authentic list of the cargo, for anything that such a list, in a particular case, might be worth (as to which, see below): but a Captain's Copy, not being signed or ordinarily certified, or attested, can hardly be considered a formal document. And the file might or might not on occasion be complete—for reasons already mentioned.

It is sometimes stated that the Mate's Cargo-book or the Stowage Plan will supply a list of the cargo. The mate, especially when a large number of ports has to be called at, may very possibly keep a list of all the packages taken on board, with their marks and a note of their place of stowage, in order to

know where to find them on arrival at port of discharge and to prevent the risk of their being over-carried. But if he should in fact have such a book or plan—he must have a Cargo-book on coastal voyages, may very likely have it on a short-sea voyage, and will most likely not have it for a long-sea voyage—it will presumably contain simply the marks and numbers of the packages and the name of the port which is marked upon them. To him they will be simply cases or bales or casks, and there is ordinarily no reason why, except, perhaps, in the case of coastal voyages, he should either know or concern himself with their contents.

Industrial Goods and Raw Material

Goods outward bound from an industrial country, and raw produce bound to an industrial country, involve very different conditions or possibilities. Let us look first at the case of the homeward-bound or raw material cargo. All oversea ports have as a rule their own special class of export cargo. It may be wool, cotton, tea, indigo, seed, rice, skins, hemp, rubber or other goods. Whatever their description, they are severally at every port made up in the locally accustomed manner, and the ship's officers can see at a glance or know almost in the dark what will be the contents of this or that package. Ordinarily the bill of lading will be simply for, say, AZ 100 bales cotton, or 100 bales wool, or 100 chests tea. If the shipment be of various qualities many countermarks may be employed—as $\frac{AZ}{B}$ 20 bales, $\frac{AZ}{C}$ 5 bales, $\frac{AZ}{D}$ 30 bales; and so on. It may mean, in certain instances, a long string of marks, so long that it has to be detailed on the back of the bill of lading. Ordinarily, however, it is simply an affair of so many bales of wool or cotton, or chests of tea or cases of indigo or packages of rubber; and so forth. The contents are practically always specified: there is no room for any doubt as to the goods. There is no reason why the contents of the packages should not be correctly stated, and every reason why they should be. The ship's officers will see to this, because the rate of

freight may vary more or less with the kind of goods. The packages show for themselves, to the experienced officer, what are the contents, and it will not be worth anybody's while to declare high-scheduled goods under a low-schedule description, since the fraud would almost certainly be detected. For these several reasons, then, bills of lading for genuine homeward cargo will generally afford a correct and honest description of the goods.

But now, take the case of Industrial or Manufactured goods. Here we are on different ground altogether. Cases may contain butter or they may contain cheese, and a dishonest shipper may seek to impose on the shipowners by declaring as low-scheduled goods packages which ought to pay the higher rate. Or merchants or manufacturers, knowing well in particular circumstances that a shipment of arms or ammunition is contrary to proclamation or regulations, may describe such cargo as innocent goods—as, for example, a shipment not long ago described—and correctly described—as safes was found (somebody played informer) to consist of safes packed full of rifles. The point is that goods may be legitimately described in a bill of lading as, for example, hardware, ironware, cutlery, fancy goods, or chemicals without such a description importing any indication of their real nature (cf. p. 176). Hardware may be bedsteads, carriage fittings, fire-irons; or—why not?—rifles, camp utensils or grenade-cases. Ironware may be stoves or it may be horseshoes or bits. Cutlery may be scissors, razors, knives; or swords or bayonets. Fancy goods may be toys, knicknacks; or revolvers. Chemicals may be druggists' stores or they may be the components of high explosives. And, of course, by a description directly fraudulent, mill machinery at the bottom of the hold may be big guns. In our case the Crown does not impose on shipowners or captains the obligation to know what their export cargo actually consists of. They must not carry goods prohibited by law, and they might find it inconvenient if such an uncontemplated offence were to be brought home to them: but otherwise they are not expected to possess an accurate knowledge which is in fact impossible to them (p. 239). In these days when everything is cut fine in trade, nearly every class of goods has its own scheduled rate of freight;

and shipowners, if for no other reason, may be counted on to secure, to the best of their ability, a correct description in their bills of lading. But, after all, they are pretty much in the hands of the shippers, and are very much and sometimes very uncomfortably alive to the fact.

What, however, is a belligerent boarding officer to do who finds, in the Ship's Manifest or in a Captain's Copy, mention of a shipment of 50 cases hardware, ironware, cutlery, fancy goods or chemicals? The description tells him nothing. The innocent words may quite possibly be a cover for rifles, horseshoes, swords, revolvers or compounds for explosives. If the ship should prove to be bound for a port which he is compelled to accept as neutral, the fact will solve his difficulty; but if the destination be hostile, what course will be before him? As to finding the doubtful packages and getting them on deck to examine them, to any one acquainted with the capacity and stowage methods of modern shipping, the suggestion will be absurd. If, however, the captain is unable to state what are the specific goods which he is carrying under descriptions so vague and general as to be valueless, the consequences must rest upon himself. It is clearly his business to know what his cargo is and to be able to submit documentary proofs. As to the mill machinery in the hold, in the absence of sufficient grounds for suspecting it to be of a nature much less innocent, it would be a risky proceeding to send the ship in solely on the chance of finding that the cases contained not machinery but big guns. Still, if the suspicion as to the mill machinery was there, vagueness of description as regards other goods or other irregularity might acquit the officer if he felt it to be his duty to order the ship in on the ground of such vagueness or irregularity. But it is to be presumed that in view of the difficulties of the situation generally, naval officers, if the time should come, will be provided with something more definite for their guidance than the conclusions which they may be able to draw from the ancient Prize Court judgments, or which are formulated for them, on those judgments, by the text-writers.

In the foregoing remarks relating specially to homeward cargoes, cargoes ordinarily of native produce or raw materials.

"general ships," *i.e.* ships loaded on the berth with mixed goods shipped by various merchants to various consignees, were chiefly in view. The case of "full cargoes", more especially of grain, calls for consideration by itself. Full cargoes may consist, of course, of many products besides grain, but whereas goods other than grain as a general rule (though not necessarily) have their destination fixed in advance, full cargoes of grain very frequently (though not necessarily) sail for a destination undetermined when they sail. The subject has already been discussed (p. 91). Full cargoes are ordinarily carried under charter: a form of charterparty used in the River Plate trade has been dealt with on p. 77. Different trades have their several forms of charterparty, but probably in all of them the principles are much about the same.

Ships "For Orders"

It has been explained that full cargoes, especially of grain, may be sold over and over again from the time the grain is shipped—or, indeed, before that time until arrival of the vessel at her port, or finally of each sale the bills of lading, the insurance policy and the charterparty or a copy of it pass into possession of the buyer and he acquires the right to determine which shall be the vessel's port of destination. Of course, he will not get the documents until he has paid, and the date or process of payment varies according to the trade. The port of destination may be—according to the terms of the charter—any port in the United Kingdom or on the Continent between Bordeaux or Hamburg, both included. The final purchaser of the cargo may be British, German, Dutch, Belgian or French, and until the captain receives his cable instructions at the port at which the charter requires him to call for orders, he will remain in ignorance as to his port of destination, even as to the country in which it is situated. The writer was informed at the office of one of the best-known grain importers and dealers in the world that, when the grain market is excited, the same cargo may be sold and re-sold perhaps several scores of times, and that in the case of one particular parcel of 250 tons they counted up that it had been sold over 100 times, they

themselves having bought and re-sold it more than half a dozen times. This may be strictly accurate or not, but it serves at any rate to show the great importance of the modern speculation by sales "to arrive."

Of course, if the ship be enemy-owned, she will be liable to capture, whatever her voyage. If she be a neutral ship visited before arrival at her port of call, and her cargo be of a nature which, if bound to whatever port of the enemy, would be contraband—or which, if bound to a particular port of the enemy, would be contraband—then, apparently, she would be subject to capture: whether subject to condemnation or not would have to be determined on the facts. For if the ship might in fact be going to a port which would make her cargo contraband, and the captain had no knowledge of whether he was going there or not and was not in a position to show that he was not going there, the facts would certainly, as it would seem, justify her capture with a view to adjudication. And if ever war should break out suddenly, neutral vessels may thus be met on their way for orders to a port of call. If, in such a case, the vessel's cargo could in no case be deemed contraband, the question of her destination (blockades apart) will not arise. In the contrary case, *i.e.* where a certain destination might make the cargo contraband, the question of destination will obviously be all-important. If the vessel be neither enemy nor neutral, but under the British flag, then, whatever her cargo, another question will arise: if the captain is liable to receive his orders for a port of the enemy and does not know that orders are not awaiting him in this sense, his voyage, *prima facie*, may be considered as potentially illegal because involving a possible trading with the enemy. Presumably in such a case the captain will, on learning the facts, make for a safe port and cable for his owners' instructions. But probably one of the first effects of the outbreak of war will be to put a stop, if not to calling for orders, at any rate to charters which may permit the designation of a belligerent port as the final destination.

MANIFEST

In the days of heavy duties and strictly privileged trades, evasions and smuggling were rife. Our Customs machinery of to-day is no doubt more or less the evolution of laws and regulations originally framed in such conditions. And in those days the Customs laws were stringent and far-reaching. Probably this was the case more or less universally, but we need only glance at our own laws as a general illustration. Not only were the formalities on sailing from or to Great Britain to be strictly observed at the port of departure, but masters had to carry with them and to be prepared to produce on demand of any Customs officer when off our coasts detailed and certified Customs certificates or "cocquets[1]" of the cargo on board. We will deal with homeward cargo presently, but in the case of outward cargo the Act 26 Geo. III, c. 40 (1786: an "Act for regulating the Production of Manifests") provided that the master of an outward-bound ship must at any time when within four leagues of the coast deliver to any visiting Customs officer "all and every cocquet or cocquets delivered to him by the proper officer of the Customs" at his port of clearance, in order that the officer might compare goods and cocquets; with heavy penalties for refusal or for inaccuracy. This Act was "scrapped" in 1825. The present law, the Revenue Act of 1884, declares that "Upon the exportation of any goods for which no bond is required, whether as a whole or part cargo, the master or owner of the ship shall, by himself or his agent, within six days after his final clearance thereof, deliver to the proper officer of Customs a manifest of all the shipped goods of every kind, setting forth the marks, numbers and descriptions of the packages, and the names of the consignors thereof, according to the bills of lading relating thereto, and shall make and subscribe a declaration that such manifest contains a true account of all the cargo of the ship." It will be noticed that the shipowners are allowed six days after clearance in which to deposit this list. They compile it—as indeed they are told they are to compile it—from the bills of lading. This means, in practice,

[1] Cocket. "A Custom-house seal; a certified document given to the shipper as a warrant that his goods have been duly entered and have paid duty." Webster's *Dictionary*.

from the "captain's copies." It will be seen, from this, that the shipowners are not required to know, under this regulation, anything about their cargo beyond what the shipper tells them—chooses to tell them, it may be said—in his bill of lading. Consequently, if goods be described in the bill of lading as Hardware, Merchandise, Fancy Goods, Cutlery or Chemicals, shipowners will have no knowledge of the nature of the goods beyond that conveyed by such a general description. If, however, for example, certain descriptions of hardware be subject to special rates of freight, then the shipowners may require to be definitely informed as to the nature of the hardware. The precise information as to the nature of the goods it lies on the shippers themselves to furnish to the Customs. The Customs and Inland Revenue Act 1881, § 13, enacts that within six days of the outward clearance of the ship, the exporter shall deliver to the Customs a specification, on the form provided, containing particulars of the goods. These are, marks and numbers of the packages, number and description of the packages, quantity and description (and whether British or foreign), value free on board, and final destination. We are here dealing with duty-free goods, as serving for sufficient illustration. The object of the Customs Manifest is now essentially if not solely to provide the Customs with a list which will enable them to check the exporters' entries. These entries, when all recorded, are "jerqued" or compared with the Manifest, and any omission of entry on the part of an exporter will thus be made apparent. It is, therefore, the true and proper return made, not by the shipowners but by the shippers, on which the Customs rely; and it is, broadly stated, immaterial to the Customs whether, for the Customs' purposes, the captain himself is accurately informed as to his cargo or not.

When goods are sent to England for transhipment, the foreign shipowners have to send to the British shipowners all the particulars required for the purpose of the British Customs Entries. And when such goods are for a British oversea port a Customs certificate relating to the goods has to be attached to the clearance. This is to enable the Dominions' authorities to decide as to the scale of duty applicable.

Imported goods need to be separately considered. British home-coming vessels were by law—26 Geo. III, c. 40 (1786)—required to have a manifest or "content" on board. Ships clearing out from any oversea British port for Great Britain had to deliver a manifest to the local Customs, to be by the Customs endorsed and returned to the master. Before so doing, however, the Customs were required to make a duplicate of the manifest and to transmit the same at once to the Customs at the ship's destination. The manifest had to set forth particulars of the ship and voyage and a "true account of all the cargo", this account having to be in great detail. On arrival within four leagues of the British coast the master had to produce his manifest on demand of the first Customs officer coming on board and to deliver a copy of it to him: the officer had to endorse the original and transmit the copy, also endorsed, to the Customs at the port of destination. On arrival in port the master had to hand over his manifest and, once more, a copy of it. The law was exceedingly strict, and any discrepancy between manifest and the goods delivered involved a penalty of £200. This law was, as already stated, repealed in 1825, and neither for outward nor for homeward goods is there now, so far as the Customs are concerned, any obligation for a manifest or "cocquets" to be actually on board.

When a master now makes his "Report Inwards" the printed Customs form required for this purpose provides for information as to goods under the following heading:—"Quantity and Contents of every Package and Parcel of Goods on board, as far as any such particulars can be known to the Master." The concluding words are sufficiently significant of the change between the new conditions and the old.

The particulars of the goods required from the consignees—to be delivered within fourteen days—are numbers of packages and description of goods, in accordance with the Official Import List, place of shipment, quantity and invoice-cost plus freight and insurance. As in the case of the export goods, the consignees' entries are "jerqued" with the ship's list, as a check against omission. The ship's "Report" of the cargo, while in effect a Manifest, is not so termed. It would seem as if the term

"Manifest", in the Customs' sense, were now used mainly if not solely in the case of outward goods; but if so it is practically a case of two names for similar documents.

So far, we have been considering the manifest in its first sense, namely, that of a document to be lodged with the Customs. But commonly ships are more or less supposed to carry on board a manifest of their own, apart from and altogether independent of that which has to be lodged by them with the Customs as above stated. No doubt it was originally so carried primarily in order that the master on arrival at his destination might be in a position to comply with the Customs requirements there, and also that he might be able to produce it on arrival off the coast to satisfy visiting Customs officers that no irregularity had taken place since shipment. Mr Atherley-Jones in his *Commerce in War* sets forth in detail the list of "Ships' Papers" in the case of seventeen maritime states, and in only one instance, that of Greece, does the manifest fail to appear.

But here, again, the establishment of the ocean mail system has upset methods which aforetime were inevitable. The outward manifest had formerly to be on board because this was the only way to ensure its presence on the ship's arrival. What actually happens now is that the shipowners or loading brokers commonly make out the ship's manifest from the Captain's Copies of the bills of lading, and post it to the ship's agents at the port of discharge. There is, however, no fixed or general rule. Different shipping firms have different methods, and these may be founded on the speed of their ships, on mail facilities, or on the requirements of the particular port of discharge. If, for example, the Captain's Copies be all complete when the ship sails, they may be sent on board in order that the chief steward, the purser or the master may compile the manifest on the way out. A cargo vessel may have on board a manifest or "rough manifest" which contains, in fact, only the number of the packages in each shipment, with their marks and numbers: or it may not have even this. If a mail steamer be in question, the Captain's Copies may be sent on board in order that the manifest may be made out on the voyage; or the papers may be completed at the office of the shipowners or loading brokers and handed to the captain

at the last moment; or if the vessel be bound out through the Suez Canal the manifest may be posted to her at Marseilles or Port Said; or the papers may be posted to the ship's agent and so perhaps be in the steamer's mail bags—where, also, will be many or most of the bills of lading in letters variously addressed. But for purposes of proofs the mail bags are of course not available. When, therefore, we read that the law is that the manifest, like the bills of lading and probably the invoices, must be on board, we must contrast this statement, founded on conditions which have long passed away, with the facts as they now exist. If, as is said to be the case, at some foreign ports still as in ancient days with us, Customs officers are sent on board to inspect the manifest on approach of the vessel, then in such cases a manifest, probably more or less in detail, would doubtless have to be on board and would be on board. But even then the captain would be ignorant as to the real contents of his packages. Some states require the manifest to be *viséd* by their Consul; but still it might be posted to the ship's agents and not be actually on board. There is no general law or common practice.

Another and radical change has been introduced by the calling of steamers at ports in various countries. A steamer from London, for example, may call at Antwerp and at French or Portuguese or Italian ports on her long-sea voyage. Shipment at such ports would of course be governed by the local laws; and the captain might still more easily be imposed on as regards the contents of packages shipped.

It may be well to add that in addition to the manifest required by the Customs in the case of exported goods, and to the "ship's manifest" which will be required by the Customs at the port of discharge, there is yet another manifest known to shipowners, or to certain of them, as the "freight manifest", which is sent to the ship's agents for their own office information. Three different forms are, in fact, sometimes used by shipowners to meet the three requirements. Up to a point the same particulars are contained in all three, namely, the export information required by our Customs authorities—form No. 1:

1. No. of B/L. Marks. Nos. Goods. Shippers.

2. No. of B/L. Marks. Nos. Goods. Shippers. Consignees ("Order"). Measurement. Weight.

3. No. of B/L. Marks. Nos. Goods. Shippers. Consignees ("Order"). Measurement. Weight. Freight payable on shipment. Freight payable at destination.

form (3) being used for the shipowner's own office purposes, head office or oversea office, as the case may be.

The thought may here suggest itself, that we have been discussing Customs' laws and requirements rather than ships' papers, but the two subjects are so closely identified that this could hardly be avoided. And, of course, the reference to our own Customs is purely for purposes of general illustration. Every country, naturally, will have its own laws and usages, and in some cases these are minute, complicated and generally exasperating. Red tape is carried to an absurd length, so much so that greatly aggrieved shipowners may be heard to affirm that the object of the whole thing is to raise money for the state or for the Customs by means of fines which only the most experienced or most fortunate can hope to avoid. It is said that the requirements of the Spanish ports and ports in countries where Spanish influences still prevail are peculiarly exacting. Ships bound to, or possibly from, such ports are therefore likely to be at all times exceptionally equipped with papers all punctiliously *visèd* or certified.

Invoices

An invoice, as will be understood from what has already been [illegible] (p. 177), is a detailed statement of the nature, quantities and price of the goods to which it relates, plus details of the various expenses incurred between the place of manufactory or supply and the ship's deck, and plus the commission-merchant's charge, the freight and the insurance premium. The total thus arrived at is known as the "C. I. F." cost, *i.e.* Cost, Insurance and Freight—"C. I. F." to be sometimes seen verbalised as "sif." "C. I. F." as distinguished from "F. O. B." or Free on Board, which does not include freight and insurance. But

where the only thing in question is the kind or nature of the goods, it is of course immaterial whether all the charges are brought into the invoice or not. An invoice of industrial goods sent to oversea consignees will, however, ordinarily include all the export and shipping charges: the grand total will, in fact, be that for which the shipper will make out the bill of exchange (if any) drawn by him on the consignee. In the old days, before the introduction of the postal system and before the modern extraordinary developments of the bill of exchange system, the invoices had to go out in the carrying ship, because the consignees would of course require to know, for their own purposes, the exact contents of every package in the shipment immediately on arrival of the goods; and, in addition, they would simultaneously have to pass the necessary Customs entries, on the particulars supplied by the invoices. But, as already explained, the invoices are now sent by post to arrive before the ship. To make assurance doubly sure, they are commonly sent in duplicate by following mails or by alternative postal routes; practically they are never on board the ship. If the ship herself be a mail steamer, then the invoices will be in the inviolate mail bags. Even if the bags could be opened, seeing that the captain's information, if he has any at all on the point, will be only that the goods are consigned to "Order", he would have no idea to whom the invoices would be addressed. While, therefore, it may be true, and probably is true, that in the old days it was usual or, indeed, necessary for the invoices to "accompany the goods", this is so no longer.

Summary respecting Cargo Documents

There is practical unanimity amongst the text-writers, who for their part are justified by the reports of the Prize Court cases, that the Manifest and Bills of Lading must certainly be on board, and probably the Invoices. From our survey of the conditions now prevailing it will be seen that while a more or less crude and uninforming Manifest may or may not be on board, it is most improbable that the Bills of Lading and the Invoices will be on board. We have here in mind, of course,

the case of vessels which sailed in the ordinary peace conditions. If, as already observed, ships should sail in apprehension of war and more especially if they sailed with full knowledge that war prevailed, then no doubt they would take care to carry a proper manifest, in case of need *viséd* by the Consul of the country to which they were bound, and perhaps, to be further on the safe side, shipowners might insist on being provided with copies of the shippers' invoices, these, if necessary, being certified or attested as "true copies" by municipal, notarial, or consular signature. Ships would probably carry also certified "captain's copies" of the bills of lading. As to the bills of lading proper, however, these, for the reasons given, it would in most cases be impossible for the ship to have on board.

The broad distinction between homeward-bound cargoes of raw material and outward-bound cargoes of industrial products has already been emphasized. The description of raw materials in their copies of bills of lading and manifests, so far as the manifests may be on the ship, are usually correct ; but of course there is always the possibility that amongst such cargoes may be manufactured goods or articles, of either peaceful or warlike use, which have been shipped outwards to a neutral port, there to be re-shipped for a belligerent destination. If of a contraband nature, no doubt their appearance would be disguised and the bill of lading description framed accordingly. In all probability every attempt would be made to conceal such procedure from the shipowners, who, acting in the ordinary course of their trade and voyage, are not at all likely to lend themselves to an irregularity which might have very serious consequences for themselves. Of course, if they agree on terms and with full knowledge to carry a cargo wholly or in part contraband, this will be another matter. Outward cargoes, cargoes of industrial goods, where individual shipments are ambiguously described, seem likely to be the chief cause of perplexity to boarding officers. And, as already observed, when war is in progress some of such goods sent oversea may conceivably be shipped back again to belligerent destinations in vessels bringing raw materials.

We have till now been considering the ship's papers required for proofs as regards the nature or description of the Cargo.

There remain the papers required to establish the identity of the ship herself, and those required to corroborate the captain's assertions as to the voyage on which the ship is engaged. Each State has its own laws or requirements as to the papers its own ships shall carry, and a reference to the various national requirements, of which a list will be found, for example, in Mr Atherley-Jones's *Commerce in War* (1907), will show various differences. Some of the papers enumerated seem, according to modern requirements, obsolete or superfluous, more especially having regard to the other papers now also carried. Thus Belgium is stated to require a sea-letter. Brazil, a passport. France, a sailing-license. Greece, a *congé* or passport. Holland, a sea-letter and sailing-licenses. Portugal, a passport. Russia, a license or commission. Spain and Sweden, a passport. Turkey, various unusual papers. All of these are required in addition to papers now usual. The lists given by different writers, however, are by no means necessarily always in strict agreement, and it seems quite possible that some of the papers on the lists may be there only as survivals. For example, on the British list appears the Muster Roll and also the "Shipping Articles", commonly known however as the "Ship's Articles", of which the official title is the "Agreement and Account of Crew" But apparently the modern successor of the ancient Muster Roll is in fact the Ship's Articles. Moreover, the Official Log contains a detailed list of the crew. If in the case of any country either a Certificate of Registry or the Ship's Articles is not on the list, and the list is correct in such omission, then no doubt the older form of paper would still be requisite. So long indeed as the particular papers required be such as to prove the essential facts, their title or exact wording would seem to be of secondary importance.

The Ship's Register

In ancient times, when trading privileges might be conceded or denied—conceded to subjects of one prince and denied to subjects of another—merchants or their shipmasters entitled to the benefit of such concessions must needs have been prepared to produce on demand evidence of their own nationality or of

the ownership of the property in their control. And equally when the general law of the sea was the law of the strongest, and immunity from attack and seizure was only to be obtained for the sea-borne property of their subjects by special treaties between princes, shipmasters must similarly have had to carry with them evidence of their nationality. Into the precise nature of such ancient evidences we need not now enquire, whatever their antiquarian or historical interest. There seems to have been no common rule or standard, and some duplication or overlapping. So early as 1696, in an Act for preventing frauds, &c., in our Plantation Trade—*i.e.* trade with our Colonies and Plantations in Asia, Africa and America—and for confining it strictly to British vessels, it was laid down that ships engaged in the trade must be registered, and a copy of the Registration Oath was to be delivered to the ship for the security of her navigation. This document contained, however, no details of the vessel's build or measurements, and seems rather to have been intended as proof for production to British port officials and to ships of war under the British flag. It had, moreover, no relation to other oversea trades. In 1786, however, by Act 26 George III, c. 60—repealed in 1823 by "An Act for the further Increase and Encouragement of Shipping and Navigation", the foundation of our present Merchant Shipping Act—the 1696 provision was extended to all British-owned decked vessels, the master to be furnished with a Certificate of Registration which further entered in great detail into the build and measurements of the ship. If a law in similar sense had been adopted by other maritime States it would doubtless have been included or indeed prominent in our Prize Court references to the papers of ships which we had captured. As it was, the Court had to deal with the proofs of nationality deemed necessary or sufficient by such States. Notwithstanding our Registration Certificate, we for some time continued to ignore it in our Treaties with foreign States and to recognise Passes, Passports and Sea Letters as affording proofs of the nationality of our own ships. These papers may have varied in form with time and circumstances, and probably enough the proofs carried under treaty requirements may have differed from those otherwise in use.

Thus to a treaty with the King of Denmark and Norway in 1670 was appended a form of Safe-conduct Pass or Letter of Passport, and Certificate, as follows:

Safe-conduct Pass

"Be it known unto all and singular to whom these Our Letters of Safe-conduct shall be shewn, that —— Our Subject and Citizen of Our City of —— hath humbly represented unto Us, that the Ship called —— of the Burthen of —— Tuns, doth belong unto them and others our Subjects, and that they are sole Owners and Proprietors thereof, and is now laden with the Goods which are contained in a Schedule which she hath with her from the Officers of our Customs [? the 'Manifest'], and do solely, truly and really belong to Our Subjects or others in Neutrality, bound immediately from the Port of —— to such other Place or Places, where she may conveniently trade with the said Goods, being not Prohibited, nor belonging to either of the Parties in Hostility, or else find a Freight; Which the foresaid —— our Subject having attested by a Writing under his Hand, and Affirmed to be true by Oath, under Penalty of Confiscation of the said Goods, We have thought fit to grant him these Our Letters of Safe-conduct..."

the form then proceeding at some length to pray and desire all Governors, Admirals, &c., "and more especially the Parties now in War" to suffer the master with his ship and merchandise to pursue his voyage and to afford him all offices of civility, as a subject of the King.

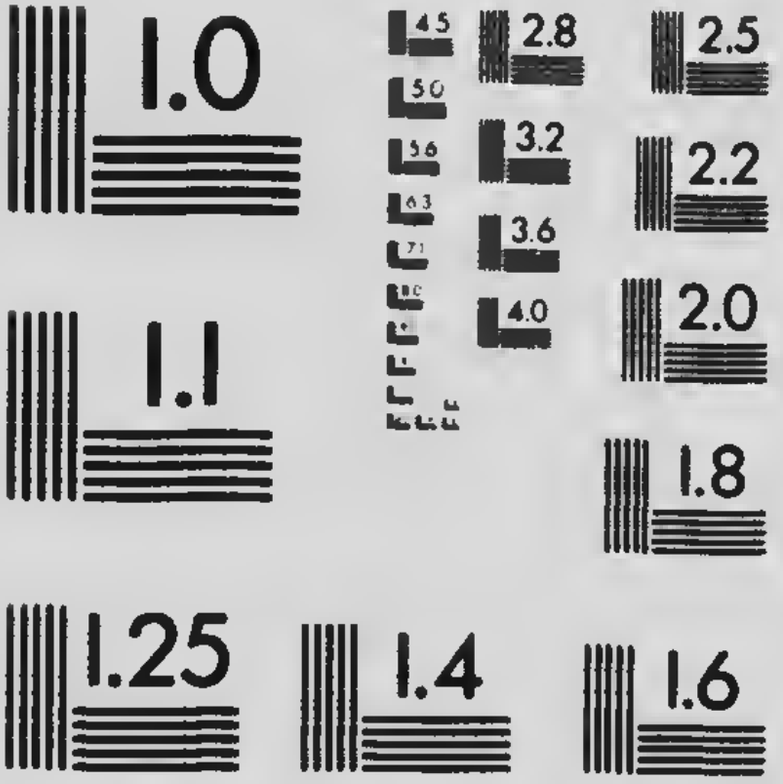
Certificate

The Certificate was a separate declaration of civic authorities that the person referred to in the passport had formally declared to them that the ship and merchandise belonged only to subjects of his Majesty and carried no prohibited goods belonging to either of the parties then at war.

In the Treaty of 1682 between Great Britain and the Barbary States—"the Most Illustrious Lords, the Bashaw, Dey, Aga and Governors of the famous City and Kingdom of Algiers

MICROCOPY RESOLUTION TEST CHART

(ANSI and ISO TEST CHART No. 2)



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in Barbary"—it was provided that the Algiers ships of war desiring to visit British merchants' ships (note the "merchants' ships") might send on board "one single boat, with two sitters only beside the ordinary crew of rowers, and that no more shall enter any such merchant ship or vessel without express leave from the commander thereof, but the two sitters alone; and that upon producing a pass under the hand and seal of the Lord High Admiral of England and Ireland, or of the Lord High Admiral of Scotland...the said boat shall presently depart and the merchant ship or vessel shall proceed freely on her voyage."

The administration of the affairs of the Admiralty and particularly that of signing Passes "having been taken into His Majesty's own Royal Hand", the Pass was a few years later issued in the following form:

"James the Second, by the Grace of God, King of England, Scotland, France and Ireland, Defender of the Faith, &c.

To all persons whom these may concern, greeting.

Suffer the Ship

to pass with her company, passengers, goods and merchandizes, without any let, hindrance, seizure or molestation; the said ship appearing unto us by good testimony to belong to our subjects, and to no foreigner. Given under our Sign Manual, and the Seal of our Admiralty, at our Court at this day of in the year of our Lord

JAMES R.

By His Majesty's command

Signed "

The treaty between Great Britain and Denmark of 1801 provides for the verification of the papers of the ships of the High Contracting Parties in the case of vessels under convoy, and appends the following:

"FORMULA of the Passports and Sea Letters which are to be delivered, in the respective Admiralties of the States of the two high Contracting Parties, to the ships and vessels, which shall sail from them, conformable to Article IV of the present Treaty.

Be it known that we have given leave and permission to N——, of the city or place of N——, master and conductor of the ship N——, belonging to N——, of the port of N——, of —— tons or thereabouts, now lying in the port or harbour of N——, to sail from thence to N——, laden with N——, on account of N——, after the said ship shall have been visited before its departure in the usual manner by the officers appointed for that purpose, and the said N——, or such other as shall be vested with powers to replace him, shall be obliged to produce in every port or harbour which he shall enter with the said vessel to the officers of the place, the present license, and to carry the flag of N——, during his voyage.

In faith of which, &c."

This form seems to contemplate the authorisation of a particular vessel, apart from nationality.

Having given three examples of ancient documents which are much more frequently mentioned than set forth, it may be well to add yet another, the

"License to Trade"

We find a copy of this curious paper in Mr David Hannay's fascinating work, *The Sea Trader*. It is as follows:

"To all commanders of His Majesty's ships of War and Privateers, and all others whom it may concern, greeting.

I, the undersigned, one of His Majesty's principal Secretaries of State, in pursuance of the authority given to me by His Majesty's Order of Council under and by virtue of powers given to His Majesty by an Act passed in the forty-eighth year of His Majesty's reign [here follows the title of the Act several lines long, not necessary to be repeated] and in pursuance of an Order of Council specially authorising the grant of this license, a duplicate of which Order of Council is hereunto annexed, do hereby grant this license for the purposes set forth in the said Order of Council to Messrs ———— of London, and other merchants, and do hereby permit a vessel, bearing any flag (except the French) and that [*i.e.* the French flag] subject to the conditions

hereinafter expressed, to proceed with a cargo of grain, meal or flour (if importable according to the provisions of the Corn Laws), and bare stores from any port of France, between Brest and Bayonne, both inclusive, to any port of the United Kingdom; the Master to be permitted to receive his freight, and dep rt with his vessel and crew to any port not blockaded, notwithstanding all the documents which accompany ship and cargo may represent the same to be destined to any neutral or hostile port, and to whomsoever such property may appear to belong; provided that the name of the Vessel and the name of the Master, and the time of clearance from her port of lading shall be endorsed in this license, that the vessel shall be permitted to bear the French flag only till she is two leagues distant from her foreign port of clearance, or the neighbouring coast; provided always that this license shall not be understood to protect any vessel navigated by French seamen or any vessel that shall appear to be French built, save and except French built vessels, which may have been transferred into foreign possession, prior to the operation of the order of the 11th of November, 1807, or which may have been taken as prizes from the French, and shall not have returned again into French possession."

It will be noticed that the license directly implies the use of false papers. Mr Hannay states that about the year 1807 the use of such licenses rose in three years from 1600 to over 18,000. Moreover, false licenses and false papers generally were fabricated wholesale, quite an industry in itself.

An Agreement between the British and Portuguese Commissioners signed in 1812 affirms the use and evidence of our British Certificate of Registry, as follows:

"*The Identification of British Ships*

It is agreed that the official certificate of registry, signed by the proper officer of the British Customs, shall be deemed sufficient to identify a British-built ship; and that on the production of such certificate she shall be admitted as such in any one of the ports within the Dominions of His Royal Highness the Prince Regent of Portugal."

The Agreement then goes on to provide for the verification of British merchandise. All goods were to be accompanied by the original cockets signed and sealed by the Customs at the port of shipping, numbered in sequence, fastened together and sealed with the official seal, the whole of them, "together with the Manifest sworn to by the captain," to be certified by the Portuguese Consul and "returned to the searcher"—*i.e.* the Customs officer—"in order to the final clearance of the ship." (The quotation is incidentally of interest in its reference to the Manifest, especially if it is to be concluded that the ordinary rule was that the carrying of this document was then obligatory or customary.)

Like the enactment of 1734 which first limited the liability of shipowners, the first law requiring the registration of ships passed through a gradual process of evolution, with the result that the requirements of the law to-day are minute and searching. And the laws of other countries seem now more or less closely to follow the example set by us. The Registry of British Shipping kept by the Board of Trade has, of course—it may be well to state the fact again—nothing whatever to do with "Lloyd's Register of British and Foreign Shipping" already described (p. 121).

A Ship's Certificate of British Registry is a parchment declaration of the entries in the Register. It is headed, beneath its title, "Particulars of Ship", the first item of these being the ship's Official Number. The official custom is or has been to issue to local or oversea Registration Offices a sequence of numbers for allocation till exhausted, so that it will not always follow that the official numbers shown in Lloyd's Register will be in strict sequence with date of registration. When a vessel has once had her official number allotted to her it is irrevocably hers and hers only. If she be lost, "sold foreign" or broken up, her number perishes with her removal from the Register and will never be used again. If, however, the vessel, having passed into foreign possession, should ever revert to British ownership, then she will go back under her old number. This number will, on its allocation to her, be cut into her main beam, usually on the fore part of her main hatch, together with her registered tonnage. The official number is followed on the Certificate by

the ship's name and port of registry, place and date of her building and name and address of the builders. Her internal construction is then minutely tabulated, and her various measurements are recorded. A description of her engines follows, with the builder's name and address and the vessel's speed. Then her various tonnage measurements and, finally, the name, residence and occupation of the owner or owners and the shares held by each. Alterations in ownership, name of master, &c., must be officially recorded on the Certificate. In the event of loss or sale of the vessel the owners must at once notify the authorities, to whom, also, the Certificate must be yielded up.

With particulars and description so minute as those defined at length in the Merchant Shipping Act, there can be no difficulty whatever in identifying the vessel with her Certificate. If the Certificate be forged it will, of course, have still to agree with the facts of the vessel. If, indeed, forgery should be resorted to, it is to be presumed that what we may term the physical description of the ship will be correct, the vessel's name, signal letters and ownership being the chief things falsified. In such case the name of the vessel on bow or stern, on boats and life-buoys, &c., will have been painted out, not, perhaps, an easy thing to do without leaving trace of some sort. In these days, however, of Shipping Registers and Sailing Lists, a comparison with which would at once cause suspicion and enquiry, it may be doubted whether such falsification will often be attempted. The conditions in which false ship-papers might be used with success, and no less the occasions for disguise, have largely passed away. With no telegraphs and practically no postal service, a story could formerly have been concocted which under the fierce light which illumines modern shipping intelligence could hardly be attempted. With news-facilities as they are to-day, the movements of a ship are, by comparison with former times, almost as observable as those of a gold-fish in a glass bowl. Moreover, the old navigation laws, and laws as regards Privileged (in a great degree) and Licensed Trades, practically no longer exist as motives for misrepresenting ownership. Falsification as regards voyage and as regards cargo seems more probable.

If in any case the ownership of the vessel has recently been

transferred, the Bill of Sale must be on board. And if the correspondence, which should be called for, is also on board, it should be examined in order to make sure that the transfer is *bona fide* and complete. Even if *bona fide* and complete, the date or circumstances of the transfer may still leave its propriety or permissibility in question. The purchasers should apparently have obtained from their Consul at the port of transfer a Provisional Certificate of Nationality; but there seems to be no definite understanding to this effect.

The particulars of our own Certificate of Registry have been given for purposes of general illustration. There is no law as to the data which similar Certificates should supply; and it is open to every State to frame its own laws or regulations on the subject. But probably the standard which we have set is now more or less closely adopted generally. The American requirements are at least as stringent as ours: indeed, the laws of the United States as regards shipping, and their distinctions between Domestic and Foreign Trade, call for even further particulars. German ships, again, have to be provided with a Registration Certificate, containing all the data necessary for identification, and, in addition, apparently, a Bill or Certificate of the gross and net tonnage and the equivalent in British registered tons. But, in fact, it does not seem to matter what is the precise form or what are the exact contents of a Registration Certificate so long as it serves to establish, without room for reasonable doubt, the identity of the vessel to which it relates.

The National Flag

The national flag must not be used by an alien ship, under penalty of detention—its use to avoid hostile capture only excepted. The penalty of confiscation attends the use of false papers by a British captain with the object of concealing his ship's nationality from any person entitled by British law to enquire into the same. British vessels must show their colours on signal from a British war-ship; on entering and leaving any foreign port; and, if of 50 tons and upwards, on entering and leaving any British port. A British vessel entering a British port under the foreign flag may be struck off the national Register.

The Ship's Articles

Our own official title for what are now conventionally known as the "Ship's Articles", but which apparently used to be known as the "Muster Roll", is the "Agreement and Account of Crew." It is a large printed document of many numbered pages. The ship's name is filled in at the top, with her official number, port of registry, tonnage and horse-power. Then follows a description of the voyage. On the second page is shown the Scale of Provisions and the Bill of Fare—breakfast, dinner and supper. On the next page is a statement of the vessel's load-line, the regulations for maintaining discipline, and names and description of any apprentices. Then a number of pages are ruled for particulars of the crew, each of whom has to sign his name and state his age, nationality, address, agreed wages and so forth. These Articles have to be read over to the crew before the local Marine Superintendent, and signed by them as well as by the Captain and witnessed by the Superintendent, with whom a copy has to be deposited. The Articles are, of course, kept amongst the ship's papers: but a copy, in condensed form, has to be affixed on board where the crew can read it. Some foreign States require the Articles to be *viséd* by their Consul at the sailing port.

The United States Articles closely resemble our own; indeed, they are more detailed. The German *Muster-Rolle* similarly requires all the members of the crew to be "signed on" at a Mercantile Marine Office, though this process may be separate and not, as with us, simultaneous and collective. As with us, a copy of the *Muster-Rolle*, so far as it relates to the engagement of the crew, must be exposed on board. An excellent translation of the German Maritime Code which came into force 1st January, 1900, has been published by W. Arnold (Effingham Wilson). There appears to be in it no reference to Clearance or Bill of Health, or to any necessity for carrying manifest or bills of lading; and there is some obscurity as to what really is the German law in respect of these papers, if indeed any such law be declared at all. It is, however, declared that shippers may require as many bills of lading to the set as they please, and that the master is on his part

entitled to demand a copy signed by the shipper. But a German vessel, like any other, would certainly carry any papers which would have actually to be on board to satisfy the requirements of the port of destination; and, also like any other, ought to have on board the papers which in the event of war a belligerent officer would be entitled to call for. It may here be mentioned that every seaman on a German vessel has to be provided with a "Sea Voyage Book", a sort of amplified provision for a discharge-and-conduct certificate. It also sets forth his military obligations, and is declared, in effect, to be a sea-passport. During the voyage these books are in the keeping of the captain.

Professor Holland in his Manual has the following list of the German papers; Mr Atherley-Jones has practically the same list:

Certificate of Nationality.
Provisional Certificate of Nationality.
Certificate of Measurement.
Provisional Certificate of Measurement.
List of Crew.
Log-book.
Manifest.
Bills of Lading.
Charterparty, if the vessel is Chartered.

The present author would, however, himself incline to begin the list thus, with considerable doubt as to how it should be finished:

Certificate of Registry.
Certificate of Tonnage, gross and net, and its British equivalent.
Ship's Articles.
Sea-Voyage Books (of Crew).
Log.
? Certificates of Competency (Officers).

The Log

A British vessel on completing her outward clearance formalities is supplied with an Official Log, to be posted up as may be required during the voyage and returned to the authorities on

completion of the voyage. The log is in book form, printed in few pages or in many according to the number of the crew. The Merchant Shipping Act provides that an official log "shall be kept in" every ship, certain local traders excepted. It may be kept either distinct from or united with the ordinary Ship's Log. In practice it is ordinarily a separate book. It has the usual official blue paper cover, on which is an index of the laws or regulations, thirty in number, printed in it. The official log is, in fact, in an important degree a means of supplying captains with certain necessary information, both as nautical instruction and to enable them to know and comply with certain shipping laws. There are twenty-eight pages of such information. At the beginning of the log proper are spaces for the ship's name and number and so forth and for description of the voyage. Then follows a printed schedule of the information which it is the captain's duty to record—largely personal, relating to the crew—collisions, loadline, boat-drill and so on. Special provision is made for recording callings, arrivals, departures, free-board and draught. Spaces are provided for name, duty, &c., of each member of the crew, which, apparently, should therefore more or less coincide with the list in the ship's Articles. The log is purely for official purposes, and largely for chronicling the history and character of each member of the crew. It is not intended for a record of the ordinary or day by day incidents of the navigation of the ship. It is the Official Log.

The "Ship's Log" is a different thing. This is the log known to merchants and underwriters, who ordinarily take no interest in the Official Log and perhaps may never even have heard of it. Of the Ship's Log they know well as being the captain's chronicle of the events of the voyage—wind and weather, special orders given, damages sustained, distance run, attention to the pumps, and so on. This is the Ship's Log: or, if the vessel be a steamship, the Deck Log or Captain's Log.

The Engine-room Log, on steamships, is kept independently of the Deck or Captain's Log. In the Engine-room Log or Engineer's Log are recorded the daily records of the engine-room work, the revolutions, coal consumption, orders from the bridge, accidents to engines, and so on. Then if the vessel be carrying

a refrigerated cargo there will ordinarily be yet another log, the Refrigerating Engineer's Log, kept as a record of temperatures in the insulated cargo space, from the time when the temperature is reduced for reception of cargo until the cargo is all out.

It will be seen, then, that the statement that "The Log" is one of the ship's papers, a statement originating in the days when only one log was carried, is somewhat crude by the light of the facts of present times. A boarding officer nowadays will probably ask to be shown "the Logs," and will satisfy himself that they agree.

The above is the position as regards British vessels. As regards the laws or rules of other States, or the practice on board ships of other States, they may or may not closely agree with ours, but every captain must be expected to carry a log and to keep it regularly posted. Presumably also in steamships of any considerable tonnage an Engine-room Log will also be kept. The Log for German vessels—the *Schiffs-Tagebuch*—is a requirement of the law, the Ship's Log and the Official Log being one and the same. The law also requires the keeping of an Engine-room Log.

Certificates of Ships' Officers

In the old days, no certificate of competency was required by ships' officers. All that was required of them in this country was that they should be British subjects and that they should take an Oath of Allegiance. In 1850, by British Law, for the first time, ships' officers were required to qualify by examination and to be provided, on so proving their qualification, with a Certificate of Competency. Naturally, such Certificates are not mentioned by the text-writers, since the ancient Prize Court judgments make, and could make, no reference to them. But have not the 1850 law and the general or universal adoption of its principles produced, in fact, a new ship's paper? Assuming, as it is reasonable to assume, that all the principal maritime States now require the officers of their nation's registered vessels to be examined and certificated, apparently every ship's officer must be provided with a certificate of the State to enable him to hold office in any

vessel registered by such State. If this be so, then the officers' certificates, if produced, will of themselves serve to establish the nationality of the ship on which they are serving. Their certificates will, perhaps, until so determined by Prize Court decision, not be a necessary and indispensable part of the ship's papers; but their production will afford valuable evidence or corroboration, and their non-production may well create suspicion. The captain certainly should be able to produce his own certificate, and if he has not his officers' certificates amongst the ship's papers the officers should themselves be able to produce them on demand. So, at least, it seems reasonable to suppose. In our own case the master has to produce the certificates of competency of the master, mates and engineers on the signing of the Ship's Articles, the Marine Superintendent giving him a certificate that he has done so. This certificate he has to produce to the Customs before sailing. It is the usual practice for the master to retain possession of his officers' certificates of competency until the termination of the voyage. So far as known to the writer, these documents have never yet found mention in the text-writers' lists of ships' papers, but it seems at least as reasonable to include them as papers which, though ordinarily enumerated by such writers, may now be regarded as obsolete.

"Corroborative" Papers

In view of the important changes which have taken place in the laws of shipping and the conditions and usages of ocean trade since the days of the old Prize Court decisions, one must needs hesitate to define the law for ships' papers of to-day. However, in one essential particular at all events we seem to be on firm ground. The modern elaborately-detailed Certificate of Registry, the official Ship's Articles and the official Log must surely be regarded as proofs of nationality and voyage which every ocean-going ship must be prepared to produce on lawful belligerent demand. And these papers should be proofs as regards nationality and (up to a point) of voyage, the proofs as regards cargo resting on testimony to be supplied under other heads. Forgery or falsification is, however, always a possibility to be

reckoned with; and it may be, in a particular case, that the form or completeness of one or other of the before-mentioned requisite papers may point to the necessity for further proofs. And if no occasion or desire for concealment should exist, these further proofs should be forthcoming and should be satisfactory. Should they, however, for no sufficient reason, not be forthcoming, or should they themselves be unsatisfactory, it will be for the boarding officer to decide, on the facts, whether to allow the vessel to proceed or to send her in for further examination.

Professor Holland's *Manual of Naval Prize Law* (1888) may here be usefully referred to. "If the visiting officer is satisfied that the vessel is engaged in lawful commerce, no mere defects, irregularities or inconsistencies in her papers will justify detention." But if the officer is troubled with doubts, then any inconsistency between the papers themselves or between papers and the statements of the master must necessarily weigh with him.

It may be that some one or other of the papers here regarded as merely corroborative may in the future be held to be, in fact, essential. It is, however, submitted that if what we may term the three primary papers be produced and be found in order, and if the captain can give a satisfactory reason for any deficiency as regards what we may term the corroborative papers (if it should be necessary to call for them), the fact of such deficiency will not of itself be justification for sending the ship in. But the proofs of nationality and voyage may be regular and complete, and those relating to the cargo may be defective. Such defectiveness might in itself be sufficient to warrant capture for adjudication, but if in addition the corroborative evidences should be wanting, defective or suspicious, then the case against the ship would be so much the stronger. The corroborative papers would seem to be:

Clearance.
Bill of Health or Health Certificate.
Chart.
Charterparty.
Captain's Instructions.
Passenger List.

Under modern postal conditions further corroboration may be afforded by Postal Correspondence, over and above letters conveying the owners' instructions to their captain, though the proposition is of course not advanced that personal papers of either officers or crew come within the definition of "Ship's papers." To this subject we will return.

Let us now take these corroborative papers, as we here term them, in order.

Clearance

Probably every State grants a Clearance of some sort as official testimony that the vessel has fulfilled the Customs' requirements as regards formalities and payment of dues. Conceivably, however, the clearance might be by some form of entry in the official books, together with the issue of a notice to the port officials. It cannot be affirmed, however probable it may be, that the law or practice of every State requires delivery of a clearance paper to all out-going ships. The fact, indeed, is not without significance that the text-writers' lists of papers in the case of most of the States make no reference to the Clearance. In our own case the procedure, briefly, is as follows:

On applying for clearance the captain has in practice to exhibit the Ship's Articles, signed by the Marine Superintendent, his Certificate of Registry, his receipt or receipts for dues, whatever at this or that port they may be, and any other papers required, and notably his Victualling Bill—an official printed list of dutiable stores on which he has to indicate the dutiable or, rather, bonded stores which he requires for his voyage. The Bill and the stores described in it having been approved and signed or "cleared", the Customs clip on to it a grey card headed "Clearance Label." The card is as follows:

(Seal)

CLEARANCE LABEL.

Number of Certificates (*numbers in figures*).
Ship (*name of ship*).
Master (*name of master*).

Date of Clearance.
Signatures of collector or other proper officers of Customs.

If the vessel is bound to a foreign port, then the captain will probably need to get his Clearance *viséd* or attested by the Consul of the State to which his ship is bound, otherwise he may incur a fine or get into difficulties at his destination. This circumstance points, indeed, strongly to the probability that a captain must at every port be able to obtain a form or certificate of Clearance at any rate on application, even if the Customs laws may possibly not require him to provide himself with it. From all of which it follows that a captain would almost certainly sail with a Clearance, and that he would have it amongst his papers. And if the nationality of his arrival port be different from that of his sailing port, his Clearance will presumably bear the *visé* of the Consul of the State of his arrival port.

With his Clearance the captain when homeward bound might have, and in old times no doubt always did have, his receipts for port dues, light dues, pilotage dues or whatever, at this or that port, they might be. Nowadays, when not at his home port, very probably the ship's agents or loading brokers will post them, with other cash vouchers, direct to the owners.

Bill of Health

The Bill of Health or Health Certificate is a survival—a survival from the days when the latest news from any port was probably that brought by the ship carrying the Health Certificate. The introduction of the ocean mail service and still more of the submarine cable have made it an anachronism and, practically, an absurdity. If nowadays cholera, yellow fever or plague breaks out at any port in the world, we read of the fact next day at breakfast. Consular advices will also be immediately posted or cabled home, and in case of need the authorities will at once send special notice to the Health Officers at the ports. As a matter of fact we ourselves accept the altered conditions and have practically ceased to trouble ourselves about Health Certificates.

The Health Officer at this or that port may ask for them, but if they are not on board, nothing happens. We regard it as more important to enquire whether any case of sickness or death has occurred on board during the voyage. None the less, in deference to ancient tradition,—and, perhaps, in view of requirements at a possible port of distress—captains often if not commonly bring with them from overseas to British ports the ancient document—ancient, but still, with many or most States, none the less real and modern. Whether from ancient usage, or because their postal or cabled news is less regular than our own; or—not impossibly—because the Consular *visé* demands a fee, and these fees help to pay the remuneration of the Consul; the fact remains that many if not most or all foreign States are still as strict in requiring Health Certificates as in the past. Even short-voyage steamers have to carry them. So that in most cases a foreign-going ocean ship's papers will include a Health Certificate with Consular *visé*. And if the certificate be genuine, it will corroborate the other documentary evidences of sailing port.

Chart

All ocean vessels must for their own navigation purposes carry a chart, and the captain will mark the ship's position on it day by day. The chart would therefore presumably be evidence of the port of departure. To what extent it would be evidence of port of destination is another question If deception were intended, doubtless the ship's real destination would be close to or past that for which she was professedly steering. If the course she was steering when visited or sighted was not that indicated by the chart or set forth in the other papers, the fact would naturally cast suspicion on the genuineness or veracity of the latter. According to Article 35 of the (not yet ratified) Declaration of London, the ship's papers are conclusive proof both as to the voyage on which the vessel is engaged and as to the port of discharge of the goods, "unless she is found clearly out of the course indicated by her papers, and unable to give adequate reasons to justify such deviation." None the less a ship might intend to sail to a destination beyond that shown by her papers.

Charterparty

There is general agreement, no doubt rightly enough, amongst the text-writers, that if the ship is under charter the charterparty —the "charter"—must be or ought to be on board. It is difficult to understand how, by the light of modern business methods, so important a document should ever have been sent to sea with the ship: but it may, of course, in the old days have been signed, as regards the shipowner's part, in duplicate, or an attested "true copy" may either have been preserved by the shipowners or handed to the captain. If the ship sailed from her home port under charter there would at any rate have been no difficulty about this, and if she was at some other port when chartered the captain could only have received his instructions by letter, and the charter could of course have been enclosed. Therefore it would in those days have been reasonable enough to require that if a ship was under charter a form of the charterparty should always be carried as one of the ship's papers. And nowadays a ship sailing from or near by the country of her ownership would no doubt be similarly provided. But as has already been explained (p. 91), in a vast number of cases the captain at a distant part of the world learns of his charter only by cablegram, and may have sailed with a view to execution of it before written advices could possibly reach him. He could not have the charterparty or a copy of it on board. He would however probably have on board his owners' cablegram or written instructions from their local agents founded on a cablegram received by themselves. He could know the terms of the charter, so far as material to him, without having a copy of the actual signed document: for the different trades have mostly their stereotyped form, and he or the ship's agents might be equipped with these, and the owners' cablegram could indicate the form and any variations from it. On arrival at the port of loading the charter might or might not reach him before sailing with his cargo: but in any event it is difficult to see how, when his cargo was once on board and bill of lading had been given for it, it would matter whether the cargo had been shipped under charter or not. The bill of lading destination will in such case ordinarily be 'as ordered.'

Captain's Instructions

It was an old fashion to give the captain written instructions, but one which is now by no means always followed. Certain of the text-writers include them amongst the ship's papers; and if a captain is, in fact, in possession of instructions relating to the particular voyage—as distinguished from standing orders for his general guidance—then they would no doubt be rightly so included. But a captain running regularly in a fixed trade would need no special instructions; and it might perhaps happen that if sailing from his home port he might receive his instructions from the owners personally and not in writing. Still, one would expect to find instructions, more especially on a tramp steamer. Something of this kind—"You will proceed to Buenos Ayres and there take your instructions from Messrs Brown, Jones and Co., the ship's agents. Failing other instructions, you will proceed to Calcutta in ballast and there take the instructions of Messrs So and So,"—or quite probably, moreover, a captain sailing from port to port under charter would, with the present-day postal facilities, receive from time to time, by post, written instructions from his owners, and such instructions would doubtless afford corroboration of his other papers. But apparently there is no general rule as to the giving of special instructions, and instructions which might be deemed necessary or advisable in the case of a certain captain or a certain voyage might in other circumstances be deemed superfluous. Presumably, however, a boarding officer would in any case call for them.

Passenger List

There is apparently no general law or rule under this head. For the purpose of Emigration or Immigration Statistics, a State may well require of shipowners the necessary passenger data; but that is a different thing from declaring that such data must be carried on the ship. For emigrant ships or for ships bringing aliens into the country each State will doubtless formulate its own laws, and some States may of course require the information to be actually on board. But perhaps even this requirement might, in practice, be regarded as fulfilled if the list were sent by

post to the ship's agents and lodged by them with the Customs before the arrival of the ship. A captain might or might not have a list of his passengers on board, for anything it might be worth to a belligerent boarding officer. Probably, however, if only for the purser's or chief steward's purposes, a list would be on board, and if so it would serve as a corroborating paper; but if it was not on board and the papers were in other respects regular, its absence could, in ordinary circumstances, hardly be looked upon as a serious omission—unless, indeed, in disregard of a notification or proclamation requiring it to be carried. It is, of course, illegal for neutrals to afford conveyance or transport facilities to the naval and military persons of belligerents; but the subject is outside the present consideration. In the old days, when military persons in belligerent service had often to obtain neutral transport, the subject was no doubt of greater practical importance than it is likely to assume under the altered conditions of to-day. If in the future, boarding officers should be required to pay special attention to passenger lists, it may be supposed that special instructions will be issued accordingly.

Postal Correspondence

For the purposes of maritime warfare, the importance or value of or necessity for ship's papers is primarily if not solely that of the testimony they afford. The captain has to be in a position to furnish belligerent boarding officers with certain proofs of nationality, legitimacy and *bona fides* as regards ship, cargo and voyage; and so long as he can do this conclusively or satisfactorily the exact form or nature of the proofs is apparently not material. It is true that in certain respects he can hardly provide the proofs required without producing the specific papers already mentioned; but possibly other proofs or at any rate further evidence may be produced which may be none the less important if and they certainly are not ship's papers in the technical sense. If the captain has entirely clear hands, if he has nothing to conceal and has no object in concealment, then surely he will be anxious or even eager to furnish the utmost proofs. Hence here again the establishment of the postal system both inland and overseas has

created conditions differing greatly from those of former days. The date of a vessel's expected arrival at her port is nowadays known accurately or approximately from the day on which she sails for it. Letters and newspapers will be awaiting the officers and members of the crew when the ship arrives, and will reach them constantly whilst she is loading and until she sails. Some at any rate of these letters, in their addressed and post-marked envelopes, are likely to be in possession of the recipients. Their production should serve to place beyond doubt the identity of the vessel and the port from which she sailed. If the captain not only produces his own envelopes or wrappers but calls on his officers and crew to furnish similar testimony, the fact will be evidence of his good faith. If he refuses to do anything of the kind, his refusal must needs create suspicion. Probably also he will have amongst his own papers dated and receipted bills from his last port of sailing; and these, if produced, would also, if his story were true, be valuable corroboration. If a captain obstinately refuses to furnish proofs which it is in his power to furnish, the fact would not tell in his favour with a Prize Court, in the matter of costs, even if release were ordered.

The foregoing remarks are essentially a consideration of the papers which a belligerent boarding officer would expect to find on a vessel visited. For consideration of the formalities to be observed by him on the occasion of his visit and search, and of the various offences which will justify him in detaining the ship, reference must be made to treatises in which these subjects are specially dealt with. It may, however, be added here that if papers be concealed or suppressed, spoiled, destroyed or falsified, the fact, if discovered, will create a presumption against the ship which may justify her detention. Whether, on investigation of the facts, it will also be found to justify condemnation will be a question purely for the Prize Court. If the Court should order the ship's release, she may at the same time be condemned to pay the captors' costs. If in a particular case the captors should be found to have detained a vessel without adequate cause, then the captors may themselves be held liable for costs or even, in an extreme case, for damages. But "in cases of illegal capture,

vindictive damages are not usually given, unless where the misconduct has been very gross, and left destitute of all apology. Great indulgence is allowed to errors, and even improprieties, of captors, where they do not appear to have acted with malignity and cruelty." (*Law of Maritime Warfare*, Hazlitt and Roche, 1854, p. 305.)

"In cases when further proof is directed," says Story (*Prize Courts*, 1854, p. 95) "costs and expenses are never allowed to the claimant; nor where the neutrality of the property does not appear by the papers on board and the preparatory evidence; nor where papers are spoliated or thrown overboard, unless the act be produced by the captors' misconduct, as by firing under false colours; nor where the master or crew, upon the preparatory examinations, grossly prevaricate; nor where any part of the cargo is condemned; nor where the ship comes from a blockaded port; nor if the ship be restored by consent, without reserving the question of costs and expenses. But in all cases it is in the discretion of the Court to allow the captors their costs and expenses; and, in general, wherever the captors are justified in the capture, their costs and expenses are decreed to them by the Court, in case of restitution of property." Story was writing, of course, in the days when enemy non-contraband goods were not protected by the neutral flag.

INDEX

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The Uniform River

HOME

IT is this day mutually agreed between

DESCRIPTION OF STEAMER 1 the owners of the good screw steamship called the.

tons gross and tons net register or there

now

CHARTERERS 2 and Messrs. , of , Charter

DESCRIPTION OF CARGO 3 That the said Ship being tight, staunch and strong, and Montevideo or at an Argentine port, not south of Bahia Bla or their Agents to the undermentioned place or places, and **linseed and/or rapeseed** in bags and or bulk, to be lo

LOADING PORTS 4 At one or two safe loading ports or places in the **River** much cargo as Master considers safe (such quantity to be d safely carry over Martin Garcia Bar (without lightening Charterers' option (to be declared by Charterers in writing b bind themselves to ship, not exceeding what she can reaso

DESTINATION 5 dunnage or matting necessary being for account of the ship), Verdes) or **Las Palmas** or **Teneriffe** (Canary Islands) by Charterers on signing Bills of Lading) to discharge at **Hamburg,** both included (**Rouen** included), or so near th the custom of the port for steamers, on being paid freight.

FREIGHT 6

7 Four shillings per ton less for cargo loaded at **Buenos**

8 Sixpence per ton less on the entire up-river cargo, if lo

9 Charterers have the option of loading at a third port in ton more on the entire up-river cargo.

10 Charterers have the option of loading the entire cargo a per ton; or at **Bahia Blan**

11 Two shillings and sixpence per ton more if ordered to

12

13 Sixpence per ton less if ordered to a direct port of dischar final Bill of Lading, and all Bills of Lading signed previous to

14 For Linseed and or Rapeseed the rate of freight shall be

15 All per ton of 2,240 lbs. English, gross weight delivered

OTHER CARGO 16 Charterers have the option of shipping other lawful merc **maize** in bags on this voyage at the rates above agreed on for cargo of wheat and or maize in bags. All extra expenses in loa

OPTION OF OTHER LOADING PORTS 17 Charterers have the option of loading at one or two safe Charterers to supply above San Lorenzo such quantity of car to load not exceeding what steamer can load, always afloat, a one shilling per ton extra.

Should the steamer be loaded at two safe ports above San the river below; but should steamer be loaded at only one safe ports in the river not above San Lorenzo. In the event of s entire up-river cargo shall be reduced by sixpence per ton a

FREIGHT PAYABLE 18 The Freight shall be paid as follows, viz.:— Sufficient ca advanced by Charterers on signing Bills of Lading, in Buenos rate of exchange for commercial bills on London, subject to the right and true delivery of the cargo, in cash. If on the exchange for short commercial bills on London.

LOADING BERTHS 19 Steamer to shift at her own expense to a second safe shoot

20 Charterers have the option of loading at a third safe berth shoot, and time occupied in shifting to such berth or shoot to c

LOADING ORDERS 21 Orders for the first loading port are to be given by the Ch or Agents between 9 a.m. and 6 p.m. (Sundays and Holidays ex without quarantine or upon release from quarantine, at Monte shall count as lay days, and the cancelling date shall be corresp shall declare in writing whether they intend to load in bags or i such shifting boards have been erected with customary despat

LAY DAYS AND CANCELLING 22 Lay days not to commence before

Steamer not be ready to load by 6 p.m. on
and for the purpose of this clause the preliminary 12 hours' n shall the absence or non-readiness of shifting boards constitute

RATE OF LOADING 23 Cargo to be loaded at the rate of 200 tons per running d loading shall commence to count 12 hours after written notice 6 p.m. to the Charterers or their Agents that the vessel is in time on demurrage over and above said laying days shall be pa register ton per day.

EXTRA WORK 24 The steamer to work at night if required by Charterers, sh

ver Plate Charter-Party, 1904.

OMEWARDS—STEAM

as Agents / Brokers for and on behalf of

of the measurement of

r or thereabouts, classed and to be of that class at the time of loading,

, Charterers,

ng, and in every way fitted for the intended voyage, shall with all convenient speed, after arrival at Bahia Blanca, and after discharge of her inward cargo, if any, proceed as ordered by the Charterers aces, and there receive from them a full and complete cargo of **wheat and/or maize and/or** to be loaded as follows, viz.: —

e **River Paraná,** not higher than **San Lorenzo,** always afloat, in proper rotation downwards, as y to be declared in writing by the Master before commencing to load, but not more than ship can ghtening, and the balance of the cargo in the Port of **Buenos Ayres** or **La Plata,** at writing before the Steamer leaves her last up-river loading port), which cargo the said Charterers m reasonably stow and carry over and above her tackle, apparel, provisions, and furniture (any he ship), and being so loaded shall with reasonable speed therewith proceed to **St. Vincent** (Cape Islands) or **Madeira** or **Dakar,** at Master's option, for orders (unless these be given to him arge at a safe port in the **United Kingdom** or on the **Continent** between **Bordeaux** and o near thereunto as she can safely get always afloat, and deliver the cargo, in accordance with freight, at and after the following rates, viz.: —

per ton for cargo loaded in the **River Paraná.**

Buenos Ayres or **La Plata.**

rgo, if loaded at one up-river port only.

d port in the River Paraná within the above limits, in which case the freight to be sixpence per

e cargo at **Buenos Ayres** or **La Plata** at the rate of

hia Blanca at the rate of per ton.

dered to discharge at **Rouen.**

per ton more if ordered to discharge at

f discharge within the range of this Charter-Party, said port of discharge to be declared on signing evious to completion of loading to contain the clause, "*Destination as per final Bill of Lading.*"

shall be per ton more than the rate for wheat and or maize.

delivered.

wful merchandise, in which case freight to be paid on steamer's dead-weight capacity for **wheat** or ed on for heavy grain but steamer not to earn more freight than she would if loaded with a full ses in loading and discharging such merchandise over heavy grain to be paid by Charterers.

two safe ports above San Lorenzo, not higher than **Colastiné.** Should this option be availed of ty of cargo as may be required by the Master (to be declared by him in writing upon commencing s afloat, and safely bring down without lightening, and rate of freight upon said quantity shall be

bove San Lorenzo, Charterers have the right of thereafter loading at San Lorenzo or one safe port in one safe port above San Lorenzo, Charterers shall have the right of thereafter loading at two safe vent of steamer being loaded at only two of the three ports as stated in this clause, freight on the per ton as provided for by clause 8.

ficient cash for Ship's use, if required by the Master (not exceeding one-third of the freight) to be in Buenos Ayres, Rosario, or Bahia Blanca (at Master's option) on account of Freight at current bject to 5% (five per cent.) to cover insurance and other charges, and the balance of Freight on on the Continent and the rate of freight be in sterling, freight to be paid in cash at current rate of

safe shoot or berth, in any rotation, at each loading port or place, if required by Charterers.

safe berth or shoot at each port or place, they paying all expenses of shifting to said third berth or hoot to count as lay days.

by the Charterers (or their Agents) immediately upon the written application of the Master, Brokers olidays excepted) upon the completion of the discharge or upon Master's report of arrival in ballast at Montevideo or at an Argentine port as per clause 3, otherwise time used in waiting for orders e correspondingly extended. As soon as application for orders as above has been made Charterers bags or in bulk, otherwise time lost in putting up shifting boards shall count as lay days, provided despatch.

.....unless Charterers begin shipping sooner, and should Charterers to have the option of cancelling this Charter-party; hours' notice of readiness to load, stipulated for in clause 23, shall not be obligatory. In no case onstitute a reason for cancelling this Charter.

unning day, Sundays and Holidays excepted (if the ship be not sooner despatched and time for en notice has been given by the Master, Brokers, or Agents, on working days between 9 a.m. and sel is in readiness to receive cargo, said notice to be given at the first port of loading only, and all all be paid for by Charterers or their Agents, to the Ship at the rate of fourpence sterling per gross

		6 p.m. to the Charterers or their Agents that the vessel is in r time on demurrage over and above said laying days shall be pa register ton per day.
Extra Work	24	The steamer to work at night if required by Charterers, they
Time not to Count	25	Time occupied in erecting shifting boards (if due notice h shifting between the loading ports or places, or any time lost r to count as lay days.
Despatch Money	26	Steamer to pay Charterers before sailing £10 Ten pounds Holidays saved.
Cargo Alongside	27	The cargo to be brought to and taken from alongside at Ch
Stevedore	28	Charterers have the option of appointing the Stevedore at gold per English ton.
Bags or Bulk	29	Should Charterers elect to load in bulk they must supply exceeding 15 % fifteen per cent.) of the entire cargo, such q
Capacity	30	Owners undertake that steamer shall not load more than weight of wheat and or maize.
Bills of Lading	31	The Master to sign Bills of Lading as presented at any rate between the Bill of Lading freight and the total gross charter Steamer's favour to be paid in cash on signing Bills of Lading of discharge or upon collection of freight (whichever occurs f said freight is hereby hypothecated as security for said bill.
		Charterer's liability to cease upon shipment of cargo (provid shipment). Vessel to have a lien on cargo for recovery of all s
Orders for Port of Discharge	32	Orders as to port of discharge are to be given to the M Consignees (whose name and cable address are to be given i arrival at the port of call, and for any detention waiting for orde Thirty Shillings Sterling per hour. The Master shall give wri St. Vincent, Las Palmas, Teneriffe, Madeira or Dakar for or proceed to Lisbon, Queenstown, or Falmouth, at Master's option,
Final Orders	33	Charterers have the option of ordering the steamer from t Kingdom or on the Continent between Havre and Hamburg, l shall be given at Falmouth as provided for in clause 32, and the
Ice	34	Should the Steamer be ordered to a Port of Discharge on until the port is again open, or of proceeding to the nearest s receive fresh orders for an open and accessible Port of Discharge to count. If so ordered, the Steamer shall receive the same freig to a port more than 100 nautical miles distant from such open po In no case shall the Steamer be ordered from a Port of Call in th
Insufficient Water at Discharging Port	35	Should the Steamer be ordered to discharge at a place t lightening, and lie always afloat, lay days are to count from 48 any lighterage incurred to enable her to reach the place of disch or place to the contrary notwithstanding, but time occupied in p
Tilbury Docks	36	If steamer be ordered to London, the cargo not to be discha
Time for Discharging	37	The time for discharging at destination shall be according t paid by Consignees at the rate of fourpence sterling per gross re
Exceptions	38	The ship to be in no way liable for any consequences of the and Thieves, Arrests and Restraint of Princes, Rulers, and Peop other Accidents or Errors of Navigation even when occasione other servants of the Shipowners. The ship to have liberty t and to sail without pilots, and to tow and be towed, and assist answerable for losses through explosion, bursting of boilers, bu diligence by the Owners of the Ship or any of them, or by th
Strikes	39	If the cargo cannot be loaded by reason of riots or any d tugboat men, cartmen, railways employees, or other labour com steamer, or through obstructions on the railways or in the docks as part of the lay days (unless any cargo be actually loaded by/a to such cause or causes, and if the cargo cannot be discharge l b cargo, the days for discharging shall not count during the co nt exonerate charterers or receivers from any demurrage for wh h obtained other suitable labour at current rates before the str e, shall be made by the charterers or receivers of the cargo or b steamer through any of the above causes to be reckoned as day dispute arise under this clause in the loading of the steamer, a one to be nominated by each party to this contract, and should Arbitrators, shall be final.
Average	40	Average, if any, payable according to York-Antwerp rules t
War	41	If the nation under whose flag the Steamer sails shall be it or prohibition of export of grain and or seed from the loading subsequent period when the difficulty may arise, previous to
Clearance	42	The Master to apply at loading ports to Charterers or their clearance fee of $100 gold, once only.
Consignment	43	Steamer to be consigned at Port of Discharge to Owners or
Commission	44	Four per cent. Commission is due by the Steamer upon th to , ship lost or not lost, Charter Guic
Rechartering	45	Charterers to have the right to transfer this Charter-Party fulfilment of same.
Penalty	46	Penalty for non-performance of this agreement, estimated
	47	*If Steamer discharges at Bristol Old Dock the rate of disch but if over 6,000 tons, 650 tons per day, and if over 7,000 tons, Reporting Day not to count; days to be running days, Sunday*

ed is in readiness to receive cargo, said notice to be given at the first port of loading only, and all
all be paid for by Charterers or their Agents, to the Ship at the rate of fourpence sterling per gross 65

rers, they paying all extra expenses for such work.

notice has been given by Charterers of their intention to load in bulk, also time employed in
me lost in loading caused through steamer undergoing repairs, or by detention in quarantine, not
70

n pounds) sterling despatch money per day for all time saved in loading, including Sundays and

de at Charterers' risk and expense.

vedore at loading ports and or places, said Stevedore to be paid by the Master at sixteen cents
75

st supply a sufficient quantity of cargo in bags for safe stowage as required by Master but not
, such quantity to be declared in writing by Master before commencing to load.

re than tons, and not less than tons English

any rate of freight that the Charterers or their Agents may require, but any difference in amount 80
s chartered freight, as above, shall be settled at port of loading before the steamer sails; if in
of Lading; if in Charterers' favour by usual Master's bill payable five days after arrival at port
occurs first and such bill is hereby made by Owners a charge on Bill of Lading freight and the
bill.

go provided such cargo be worth the Bill of Lading freight, dead freight and demurrage at port of 85
of all such Bill of Lading freight, dead freight, demurrage, and all other charges whatsoever.

to the Master within 24 hours after receipt by Consignees of Master's telegraphic report to
e given in writing by Charterers to the Master before sailing from the last loading port) of his
g for orders, after the aforesaid 24 hours, the Charterers or their Agents shall pay to the Steamer
give written notice to Charterers before leaving the last port of loading whether he will call at 90
ar for orders. Should cable communication with the port of call be interrupted, steamer shall
's option, for orders, and the Master is to advise Charterers' Agents of his arrival at such port of call.

er from the port of call to Falmouth for final orders to discharge at a safe port in the United
mburg, both included (Rouen, if allowed as per clauses 5 and 11, also included). Final orders
, and the freight shall be increased by sixpence per English ton on the entire cargo. 95

harge on the Continent inaccessible by reason of Ice, the Master shall have the option of waiting
nearest safe open port or roadstead telegraphing his arrival there to consignees), where he shall
Discharge, in the United Kingdom or Continent as above, within 24 hours after arrival, or lay days
ame freight as if she had discharged at the port to which she was originally ordered, but if ordered
h open port or roadstead, the freight shall be increased by one shilling per English ton as above. 100
Call in the United Kingdom to an Ice-bound Port.

a place to which there is not sufficient water for her to get the first tide after arrival without
t from 48 hours after her arrival at a safe anchorage for similar vessels bound for such place, and
e of discharge is to be at the expense and risk of the receiver of the cargo, any custom of the port
pied in proceeding from the anchorage to the port of discharge is not to count. 105

be discharged in **Tilbury Docks.**

cording to the custom of the port for steamers at port of discharge; demurrage, if incurred, to be
r gross register ton per day.

es of the Act of God, Perils of the Sea, Fire, Barratry of the Master and Crew, Enemies, Pirates
and People, or Quarantine, Restrictions of whatever nature or kind, Collisions, Stranding and or 110
occasioned by the Negligence, Default, or Error in judgment of the Pilot, Master, Mariners or
liberty to call at any port or ports in any order and to take Bunker Coals or other supplies,
nd assist vessels in distress, and to deviate for the purposes of saving life and property. Ship not
ilers, breaking of shafts, or any latent defect in machinery or hull not resulting from want of due
by the ship's husband or Manager or Agents. (*This clause to be embodied in the Bill of Lading.*) 115

r any dispute between Masters and men occasioning a strike or lock-out of stevedores, lightermen,
bour connected with the working, loading or delivering of the cargo proved to be intended for the
the docks or other loading places beyond the control of charterers, the time lost not to be counted
dded by the steamer during such time), but lay days to be extended equivalent to the time lost owing
charge by reason of a strike or lock-out of any class of workmen essential to the discharge of the 120
he continuance of such strike or lock-out. A strike of the charterers' or receivers' men only shall not
or which they may be liable under this charter, if by the use of reasonable diligence they could have
he strike, and in case of any delay by reason of the forementioned causes, no claims for damages
argo or by the owners of the ship or by any other party under this charter. Any time lost by the
ed as days for loading solely for the purpose of settling the despatch money account. Should any 125
eamer, time to be settled in the Argentine Republic by a Committee consisting of two Arbitrators,
nd should they be unable to agree, the decision of an Umpire mutually approved of by the two

rp rules 1890.

hall be at War, whereby the free navigation of the Steamer is endangered, or in case of blockade 130
e loading port, this Charter shall be null and void at the last outward port of delivery or at any
vious to cargo being shipped.

s or their Agents for cargo, and Steamer to be cleared at Custom Houses by them, paying them a

Owners or their Agents, by whom the Steamer is to be reported at the Custom House. 135

r upon the gross amount of freight, dead-freight, and demurrage, on the signing of this Charter
rter cancelled or not cancelled.

rter-Party, but in such case the original Charterers shall remain responsible for the right and true

timated amount of freight. 140

of discharge to be 500 *tons per day. If at Avonmouth, Portishead, or Sharpness* 600 *tons per day,*
000 *tons,* 750 *tons per day. But a minimum of* 6 *days to be allowed in any case for a whole Cargo,*
Sundays and Holidays (as per 1890 *Black Sea C P) excepted.*

The Ocean Steam Ship Company Limited

AND

The China Mutual Steam Navigation Company Limited.

OUTWARDS

Shipped or delivered for ship

on board the st
ying in or off the port of **LIVERPO**
having liberty as regards the w
as may be deemed expedient, to
vessel proceeding by any route
to the shipowners or not, and with
purpose, to sail with or without pilo

being marked and numbered as pe
conditions both general and spec
deviation therefrom, at the port of

or so near thereunto as she may safel
restraint of princes, rulers, or people
or on board before, during or after
shoals of water, nuisances, collisions
decay, vermin, explosion, heat,
work, breaking, collision with anything
misfeasance, error in judgment, negligen
whether in any way arising for or under
or from the ship or of transhipment from

Freight and primage to the said
considered earned at time of receipt
mented by English practice where such
charges incurred in respect of cargo
unless statements are required in writ
pay or receive any general average
respects seaworthy, and properly manned
master or crew, in the navigation
beginning of the voyage, but not
for any special charges incurred, but
resulted from such fault, negligence,

Weight, measurement, contents, and
been paid *ad valorem*, and contents and
One Hundred Pounds, if one whose
packages must be taken delivery
unless clause "seals intact"
of package notwithstanding any custom
and trimmed, nor for fresh water damage
China, and other goods of a similar
Boilers and similar articles may be
on timber payable on full piece measurement
a false declaration has been made
may be discharged from the ship
into hulk, lazaretto, or lighters, at
Cargo may be lightered ashore by the
of the cargo is to be done by the
purpose and expenses of stacking
caused by incorrect marking or by
bills of lading or by packages not
goods. Apportionment by ships
shall free shipowners from all
may without compensation to the
option sold, but freight of not
to any interest whatsoever shall be
damage to ship or detention thereof
some is or that may be expected to
disturbances bad weather or by
time of leaving the ship's deck
expense and risk be reshipped or
discharge the same on its return
and at the risk and expense of the
by owners of cargo discharged,
upon the goods or whatsoever
deposits, without liability for
in present, and bind the shipper
of the shipowners whatever rendered
at the rate of five per cent per
expense, but free of liability for any
their destination distinctly marked by
steamer accept responsibility for
piece or package. Demurrage one
transhipped, shipowners may give
involved or risks incurred shall be

The shipowners to have a lien on the
the cargo.

Any claim that may arise hereunder
Ship not liable for damage to castings
Shippers, whether principals or age
without full disclosure of their nature an

Transhipment of cargo for ports
goods leave the ship's deck,
must be taken away by the
Goods forwarded by steamship
the owners of the goods.
owners of the goods.

Lighterage.—Any goods may be
of the transit at the risk
negligence, or default of
Ship Company Limited, the
Limited, the conditions of
of the owners of the goods.

Optional Cargo.—Options are only
Hong Kong. SHANGHAI options
steamer at Hong Kong.
Destination of other optionals
carried on port to port to the final

Shanghai.—Shippers to Shanghai
Firearms, or any other article
clear days before steamer's
but at shippers' sole risk and

North Asiatic Ports during Winter Season

Philippines.—In accordance with
and risk of the receivers, and
at the time of receiving the

West Australia.—If at port of
authorised, he declines, or is unable
order under this bill of lading.

PEARLING GROUNDS.—Steamer
any freight charged in excess of the
LONDON.—Goods to be forwarded
forward within 24 hours of steamer's
possible in master's discretion. Consignees

PERTH.—Cargo to be forwarded from
Shipowners to have a lien on the goods for
Vessels, hulks, craft and lighters warranted
This bill of lading duly endorsed to be given
This bill of lading shall constitute the contr
the transit but always subject to the co

IN WITNESS whereof the master or agen
stand void.

Dated at Liverpool,

...ered for shipment in apparent good order and condition by

...d the steamship

...f LIVERPOOL,

...h the whole or any part of the goods, and at the risk of the owners thereof, before shipment, or at any time during the transit, as often ...thereof, to ship by or to tranship to any other vessels, or to land or store, or put into hulk, craft, or lighter, or reship in the same or other ...y route, or forward by lighter, rail or any other conveyance, whether such other vessel, store, hulk, craft, lighter, or conveyance belong ...ot, and with liberty for the carrier to deviate, to call at any port or ports, in or out of the customary route, in any order and for any ... without pilots, and to tow and assist vessels in all situations,

PACKAGES,

...bered as per margin, for delivery from the ship's deck where the carrier's responsibility shall cease, subject to exceptions and ... and special hereinafter mentioned, and to ship's engagements not hereby disclosed, and though altering the voyage or involving a ...he port of

...she may safely get *(the act of God, enemies, robbers or thieves by land or sea, whether on board or not, ... in the service of the owners of the ... people, ... Canal Authorities, Land damage, and ... damage arising ... [illegible]* ... shipment from or to craft, ... [illegible]

...or to his or their assigns.

...r the said goods as per margin is to be paid by the shippers in Liverpool, before the departure of the ship, in cash without deduction, and is to be ...t receipt of cargo for shipment and is not returnable if ship be lost or not. Average, if any, to be adjusted ...rding to York Antwerp rules, supple... ...e where such rules contain no provision, but owners of goods to contribute to expenses of a general ... [illegible] ... salvage and ... special ... of cargo although resulting from any of the causes excepted by this Bill of Lading ... [illegible] ... average contribution in respect of luggage or personal effects. ... [illegible] ...perly manned, equipped and supplied, it is hereby agreed that in case of danger, damage or disaster resulting from fault or negligence ... ...igation or management of the ship ... [illegible] ... ...ent not discoverable by due diligence ... [illegible] ... ...ared, but with the shipowner, shall contribute in general average, and shall pay such special charges ... [illegible] ... ...egligence, latent or other defect or unseaworthiness.

...contents, and value (except for purpose of estimating freight) unknown. ... [illegible] ...

[illegible]

...ipals or agents, shall be liable for loss or damage to any person or interest whatsoever caused by dangerous or injurious goods shipped ...heir nature and whether shippers aware thereof or not. Such goods may be destroyed without compensation.

...ports ... the ship does not call, or for shipowners' purposes, to be at shipowners' expense, but at the risk of the owners of the goods from the time ...ck, when ship's responsibility shall cease. Goods forwarded by rail are deliverable at any railway station within or nearest to the port named, and ...the consignees immediately after arrival.

...anship... otherwise for shipment or after transhipment to be subject to the conditions and exceptions of the forwarding conveyance and at the risk of ...s. ...to be forwarded as soon as practicable, but without liability of the shipowner for detention, and cost of warehousing to be borne by the ...

...y be ... or stored or put into hulk, lighter or craft, whether belonging to the owners or not, at the ports of shipment or of delivery or at any point ...k of the owners of the goods, and the shipowners shall not be responsible for loss or damage however arising and although due to the wrongful act, ...d per... acting for or under contract with or in the employ of the owners or not. In any lighterage done by or on behalf of the Ocean Steam ..., the ... Mutual Steam Navigation Company Limited, the Nederlandsche Stoomvaart Maatschappij "Oceaan," or the Tientsin Lighter Company ...of this bill of lading shall be part of the contract between all parties interested until the cargo is landed, after which it shall be at the risk and expense ...s.

...re only granted when arranged for at time of original shipment, and delivery will be made subject to shipowners' engagements.

...ast option... will be carried to Shanghai if the ship's agents at Hong Kong be notified of the destination in writing before ... the original ...

...tionals must be declared 48 hours before steamer's arrival at the earliest port of steamer's call at which goods have to be discha... they will be ...o the final port of steamer's call to which option extends.

...nghai for transhipment or discharge, of Spelter, Salt, Saltpetre, Chlorate of Potash, Gunpowder, Cartridges, Shot or Shell, ... Cannon, or other ...article... designated as contraband by the Chinese authorities, must hand authorities' permit to land the same to ship's agents at Shanghai at least two ...'s arrival, otherwise the same may be carried on to Japan or back to Hong Kong at ship's option, just as if such port were the original destination, ...and ex... Nitrate of Soda must either be taken overside or stowed in the open at consignee's risk.

...Winter Season. In the event of there being no tonnage available goods to be warehoused at consignees' risk and expense until they can be forwarded. ...with ... Philippines Customs regulations the goods carried under this bill of lading will be conveyed to the wharf by the steamers' agents, for account ..., and ... to be delivered to the Customs' authorities. No claims for shortage and damage will be considered beyond those noted by the Customs ...

...of discharge no one presents himself duly authorised by the owners of the goods to give the master a receipt for them when discharged, or if, being ...r is unable from any reason to do so, then the usual record of discharge as kept by the ship's officers shall be held a sufficient discharge as in good ...ading.

...Steamer ... be at liberty to discharge the goods under this bill of lading in Roebuck Bay or Cossack, at consignee's risk and expense, in such cases ...of the Roebuck Bay or Cossack rate to be returned to the shipper.

...forwarded from Cossack at ship's expense but shipper's risk. Bills of Lading and Customs clearance receipt to be produced to steamer's agents at ...steamer's arrival there, otherwise consignees must defray all expenses caused by detention of goods. Lighter to land cargo as near high water mark as ...n. Consignees to provide teams to haul cargo above high water mark as fast as lighter discharges.

...rwarded from Fremantle by land and/or water conveyance at ship's expense, but at shipper's risk.

... the goods for unpaid freight, and all charges, becoming due hereunder, whether in the carrying ships or any hulk, lighter, craft or stores.

...ters warranted seaworthy only so far as ordinary care can provide.

...rsed to be given in exchange for delivery order, if required, and freight if not already prepaid to be paid in cash before delivery.

...itute the contract between the owners of the goods and the shipowners; it shall be construed and governed by English law, and shall apply throughout ...bject to the conditions and exceptions of the carrying conveyance.

... master or agent of the said ship has signed ... bills of lading, all of this tenor and date, one of which being accomplished the others to ...

Freight Paid.
BY AUTHORITY OF OWNERS.