

16 STATE INSURANCE AGAINST WAR RISKS AT SEA

experience of the most bitter, and on the part of the enemy the most brutal, war in which this country has ever engaged :

‘ We look mainly for security to the strength of our Navy ; but we rely in only a less degree upon the widespread resources of our mercantile fleet, and its power to carry our trade, and reach all possible sources of supply wherever they exist, and we believe that a guarded and well-considered scheme of National Indemnity would act as a powerful addition to our resources, because it would tend to keep down the cost of transport and therefore go far in the direction of preventing high prices in time of war, while at the same time it would be a stimulus to the enterprise of British Shipowners.’

Notwithstanding this Report, the adoption of a system of State guarantee against war risks was still a long way off. The Royal Commission recommended that a small expert committee should be appointed to investigate the subject and to frame a scheme, expressing the hope that there might be no undue delay in taking this step and in completing the necessary arrangements. Accordingly, in 1907, a Treasury Committee was appointed, with Mr. Austen Chamberlain in the chair. The proposals for insurance and indemnity were again examined with care, but the Committee were ‘ unable to recommend the adoption of 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 ’.

On the evidence placed before it, the Treasury Committee were dismayed at the apparent administrative difficulties and the unknown financial responsibilities attaching to the adoption of the system ; and these apparent difficulties were made to bulk very large. It was maintained by witnesses, who spoke with business experience, that the system was useless, unnecessary, and indeed impossible. It was argued that it was useless, because the payment by the State of the value of a ship or cargo lost could do nothing towards maintaining our supplies. It was even argued by one witness, that to give the shipowners the certainty of being compensated if their ships were captured, must stimulate them *in the pursuit of captors for the ship and of the consequent indemnity*. But it was forgotten that if we were to be fed, war perils must be run, not only by our seamen