The Marine Exchange, *then and now*

By Carl Nolte

There is one thing you can count on in the maritime business: Something new is always just over the horizon. It is like the sea itself. It always changes. The Marine Exchange of the San Francisco Bay Region, now celebrating its 175th anniversary, has been at the forefront of the sea change that transformed California from an outpost at the edge of the country into a world economic power.

Back then it was the lure of gold that drew people to the Golden Gate. Now maritime transportation has an economic valuation of $70 billion, according to Coast Guard statistics.

The story began with a gold nugget found by chance in the winter of 1848 on the American River not far from Sacramento. The word spread slowly, but in a year, the secret was out — there was gold, free for the taking, in California. All you had to do was get there. The news set off a tremendous migration. Many came by wagon train across the plains and the mountains, but thousands more came by sea — almost 40,000 in the first eight months of 1849.

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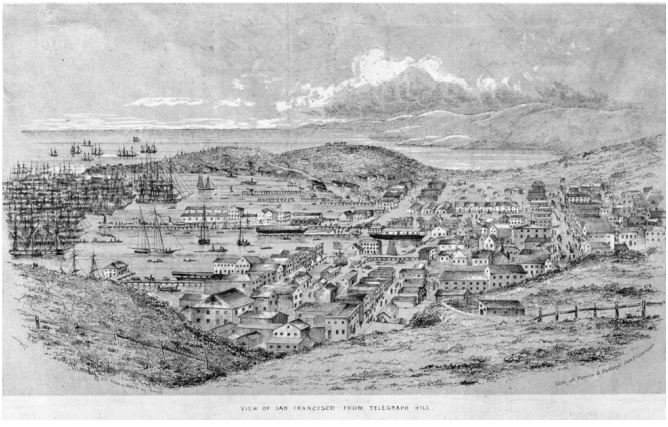
The first gold rush ship was the steamer California, which sailed into the Golden Gate on the last day of February 1849, loaded to the gunwales with emigrants out to make their fortune. They were the first forty-niners. The arrival of the California, "a date forever memorable in the annals of San Francisco," historian Hubert Howe Bancroft called it, changed everything. The passengers who had hoped to start a new life found chaos: San Francisco was a tent city that had sprung up overnight. It was a wild boom town with no law, where everything was for sale: tools, land, food, sex. An omelet cost nearly $40 in today's money, and real estate prices doubled every week.

Everybody headed for the gold fields, and there was no going back. Nearly all the ships' crews deserted in San Francisco, and the ships were left to rot in the harbor. On the California only the captain and a junior engineer stayed aboard, and they had to chain the engineer to the engine to keep him aboard.

The ships kept coming: 549 ships in the first few months of 1849, 45 in a single day. Somebody had to keep track of all this commerce. The Marine Exchange traces its roots to this wild time.

A U.S. Navy lieutenant named John Duer proposed building a semaphore system atop a tall hill called Loma Alta, and on Sept. 10, 1849, a public meeting was held to talk about the project and to organize a "Merchants Exchange" as a clearinghouse for maritime and business news. That was the start of today's Marine Exchange.

But even then, news and information were worth money. Within two months an entrepreneur named Edward Dunbar opened an exchange on Montgomery Street in San Francisco. He offered information on shipping and had a reading room where he stocked



Eastern and foreign newspapers he'd purchased from incoming ships. He charged subscribers 75 cents a day — over $30 in today's money — just to read the months-old papers.

By 1850 a wooden building with a semaphore signal was built atop Loma Alta, now called Telegraph Hill. Lookouts with binoculars spotted incoming ships in the Golden Gate, or far out to sea as weather permitted. The hilltop signal indicated what kind of ship it was, with different signals for steamers or big clipper ships. The first two exchange buildings were destroyed in the fires that swept the city, some of them set by criminals.

Eventually the exchange business fell into the hands of George Sweeney and Theodore Baugh, who filed a copyright on marine telegraph signals — the first such system in the country.

The sea was the life of California at that time — all the cargo to feed the citizens, all the machinery, all the commerce came by sea. All gold exported from California and later the silver from the famous Nevada Comstock bonanzas went by sea.

By 1853, the exchange operators built a telegraph line from the lookout at Point Lobos on a bluff overlooking the ocean to the exchange office downtown. It was the first telegraph line in the West, and now information on the arrival of ships came instantly. But information on the cargoes was harder to get. The exchange built a pier at the foot of what is now Grant Avenue and sent small boats to intercept arriving ships.

Financiers and speculators often gambled on the cargo, making or losing fortunes on the rise and fall of prices depending on the value and scarcity of the goods the ships carried. One businessman, an expatriate Englishman named Joshua Norton, heard news of a famine in China and bought the entire cargo of rice aboard a Chilean ship for 12 cents a pound, hoping to corner the rice market. But his information was faulty, and in a short time three ships loaded with rice came in the Golden Gate. The price dropped to 3 cents a pound, and Norton was ruined. He never recovered, brooded on his bad luck, lost his mind and in 1859 announced he was no longer a businessman. He was now Norton I, emperor of the United States, to this day San Francisco's favorite character.

Marine information was a tough business, and an important one. By 1865 William Ralston, a banker, and Thomas Selby, an industrialist, headed a list of what the papers called "the city's foremost capitalists" who took over the Merchants Exchange.

It was a big-time operation; California was soon linked to the rest of the United States by rail, and the city's port and finances boomed. On the East Coast, in 1876, Alexander Graham Bell perfected the telephone. In the very same year, on the West Coast, the Merchants Exchange put it to practical commercial use to link up the lookouts to the office and then to spread up-to-date maritime information over the waterfront and to the shipping companies.

The San Francisco Merchants' Exchange and Prominent Members.
Postcript to Christmas Number San Francisco News Letter, 1903.

The 1880s and '90s were a boom time in San Francisco, though the working conditions on the waterfront were very tough for seafarers.

About this time a saltwater feud broke out between the Merchants Exchange and William Randolph Hearst, owner of the San Francisco Examiner. The Hearst papers had been attacking the administration of President William McKinley, but when the president was shot, the exchange boycotted the Examiner. Hearst started his own marine exchange with duplicate facilities, even a lookout on top of Mount Tamalpais in Marin County. This situa-

tion went on for years. In the meantime, the Merchants Exchange became part of the Chamber of Commerce.

It was a major operation with money behind it. In 1910, when talk of a world's fair was in the air, chamber members raised $4.1 million ($132 million in today's money) in two hours to finance the 1915 Panama Pacific International Exposition.

Big changes were afoot. The great Golden Gate and Bay bridges were built in the 1930s, and the San Francisco waterfront was racked with strikes including the famous big strike of 1934. The shipping business changed as well — in 1938 a new nonprofit Marine Exchange with its own board of directors was organized.

During World War II, San Francisco Bay was busier than it ever had been. But even more changes were on the horizon. It was clear that other ports around the bay were coming into their own, and in 1948 the Marine Exchange broadened its coverage and membership away from its traditional base in San Francisco.

Everyone knows what happened after that: Containerization changed the maritime world. Some ports adapted and some did not. The Port of Oakland became the region's largest container port; the region's other ports specialized in automobiles, oil, chemicals and other cargos. The San Francisco waterfront was transformed. The Marine Exchange was a big part of all these changes. After two tankers collided in the Golden Gate, it was clear the bay needed an agency to monitor maritime traffic. Working with the U.S. Coast Guard, the Marine Exchange played a key role in the establishment of the Vessel Traffic Service. San Francisco and Puget Sound were the first two regions to have a mandatory VTS.

It is a world where electronics have upended the traditional

ways of seafaring, and the Marine Exchange has been out front. Its operations center monitors the bay 24-7. Its work is made easier by the P.O.R.T.S. system, which measures the currents, depth, salinity and wind in the San Francisco and Suisun bays. The system was developed by the Marine Exchange and the National Oceanic and Atmospheric Administration together with the Office of Oil Spill Prevention and Response.

The Marine Exchange also has an important role on the Harbor Safety Committee and the region's Maritime Security Committee.

The Marine Exchange has had its eye on the San Francisco Bay and its tributaries for 175 years. And it is ready for whatever is over the next horizon. ■