BRITISH COLUMBIA

FINANCIAL TIMES

A Journal of Finance, Commerce, Insurance, Real Estate, Timber and Mining

Vol. III. No. 21

VANCOUVER, NOVEMBER 4, 1916

SINGLE COPY 10c THE YEAR \$2.00

Steel Shipbuilding and British Columbia

Position of World Ship Building—Importance of Orders to British Columbia—Necessity to Remove any Restrictions Operating Again Provincial Yards-Probably Permanence of Industry-Opportunity for Development of Iron Resources.

The outbreak of war produced a scarcity of ocean tonnage, which its progress has only accentuated. The world's supply of ships for the carrying of cargo was not only

seriously reduced by cutting off the use of enemy ships which were shut up in enemy Ports or safely interned for the period of the war in neutral ports, but was still further reduced by commandeering by the various Allied admiralties for war purposes. The situation appeared toward the early winter of 1914 to be working itself out in a reasonably satisfactory way, when all the circumstances are taken into consideration when the German government embarked on its submarine campaign of de-struction of merchant shipping. How serious have been the inroads on available tonnage by this submarine activity is told by the fact that about 12 per cent of the merchant tonnage of Norway has been destroyed, and the Allies have suffered on the average about 10 per cent. European ship yards have done their best to make up for this destruction, but they have been prevented from filling the void because of the more immediate and more pressing demands for war purposes. As an illustration of the falling off in ship building in British

Yards tonnage in process of Construction as at September first last totalled less than half a million tons as against an average normal tonnage of about one million four hundred thousand tons. Rates for cargoes naturally rose to remarkable heights and vessels were scarce at any price. By the Spring of 1915 when it was seen that the war would be a prolonged struggle the price of charters began to have an effect on ship construction. The price of steel plates, due to the heavy orders being placed for war steel, rose rapidly. The position of British yards as the cheapest market for steel ship construction was rapidly turned to a Point where neutral countries could compete on terms of equality if not actual superiority. Among the first to benefit from this situation were the ship yards on the Atlantic seaboard of the United States, then the yards on

the Great Lakes were flooded with orders. The rise in price became so pronounced that the established yards on the Pacific Coast were able to compete. Now every plant that is capable of building ships is loaded with orders for the next two years' output.

When it is realized that under normal conditions a British yard would build an average freighter of about ten thousand tons for between \$40 and \$50 per ton, and now the same class of ships is under construction ranging in price from \$90 to \$125 per ton,

with bonuses for advanced delivery, it is easy to see what feverish activity exists in ship yards of neutral countries, and in those capable of engaging

in this industry.

The progress of shipbuilding

In overcoming the enemy it is just as important to practise economy as to send men to the trenches or to supply them with explosives and devices to use such explosives effectively. One of the problems confronting Imperial leaders is that of procuring food and an infinite variety of other necessaries with which to carry on the war. On their ability to buy these things their hopes of victory depend. Canada's duty is to supply not only as many of these necessaries as possible but also the "silver bullets" to enable the Allies to purchase what they require. If out of the profits thus derived one dollar is wasted, the enemy is strengthened by just that amount. During the month of August foreign goods valued at over \$2,000,000 a day were bought by Canadians and the nature of many of these purchases provides evidence of terrible waste. Every man and woman can help in stopping this frittering away of the national strength by purchasing only simple and essential things and by placing at the disposal of the country the savings thus

NATIONAL ECONOMY

THE CANADIAN BANK OF COMMERCE MONTHLY COMMERCIAL LETTER OCTOBER, 1916.

in Canada has until recently been in the direction of building wooden ships. The vards of the maritime provinces havebeen active for a year, and under the stimulus of the "Brit-ish Columbia Shipping Act" several wooden vessels to be operated under provincial direction are in course of con-struction. These vessels are being built chiefly with a view to supplying tonnage for the export lumber trade. The development of steel shipbuilding in Canada has been slower. Steel requirements for war purposes have taken practically the capacity of the steel mills of Canada. Also in view of the cheaper producing market across the international boundary line it was felt that our mills could not successfully compete in plates and structural shapes. When, however, the price did rise to the point where our mills could compete the (capacity of the

steel mills, as said above, was sold out for war purposes.

Little steel construction has been in progress in Canada. Port Arthur, on Lake Superior, has turned out one ship and is building others, while Toronto has recently taken orders for two steel ships. Otherwise very few vessels are in progress of construction in Canada. Recently, however, British Columbia has been taking a hand in this work. Three vessels of 8,800 tons have been contracted for in Vancouver, two of which are to be built at Wallace's Shipyard, North Vancouver, and the other at the steel fabricating plant of Messrs. J. Coughlan & Sons on False Creek. These three vessels are to cost in the neighborhood of \$3,500,000, and are being constructed for Norwegian interests. It is stated that negotiations are