

PRESENT TONNAGE VALUES.

The greatest uncertainty seems to prevail everywhere in regard to the future of shipping. Particularly over the question of tonnage values is there the greatest diversity of opinion. The recent statement by Sir Alfred Booth, head of the Cunard, that values were so inflated and artificial that "the whole monstrous edifice" would collapse at the first breath of international competition, has caused widespread interest.

In the last issue of "Fairplay," London, to reach this side there appears a diagram showing the fluctuations which have taken place in the value of a 7,500 single deck steamer during the past twenty years. While this admittedly is only a rough criterion of values, the comparison is nevertheless interesting and suggestive.

The diagram shows that prior to the present boom 1900 and 1912 were the boom periods. But, whereas in 1900 the highest price paid was £60,630, in 1912 no more than £58,000 was obtainable. The lowest price touched was in the middle of 1908, when £36,000, or only £4 16s per ton deadweight, was securable, which sum is only about 5 per cent of the price which could be obtained for a similar vessel at the present time if under the Japanese flag.

STEADY PRICE ADVANCE.

When war broke out a vessel of this type would have been worth about £42,500. By the end of 1914 she was worth about £60,000, six months later her value had increased to £82,500 by September to £93,750, and by December, 1915, to £125,000. By the following March the steamer was worth £160,000, and by June £180,000. In August, 1916, the British Board of Trade decided to restrict the sale of steamers, which stopped any further rise for the time being, but by the end of the year a firmer tendency was observable, and £187,500 could be obtained. With the wholesale requisitioning in the early part of last year values decreased, and by April £187,000 was asked for a free steamer, and less for one which had been requisitioned.

By the end of the year it was impossible to secure a steamer not requisitioned, and, the increase in expenses making it impossible to run new steamers at a profit and provide for depreciation, values dropped to £165,000, or £22 a ton. In December and January a firmer tendency was observable, while with the increase in the blue-book rates, a better return is obtainable, which has encouraged owners to hold tonnage more firmly, so that at the present time the value of a new 7,500-tonner of the type taken as an example may be considered to be about £180,000, or £24 per ton deadweight.

ARE PRESENT VALUES JUSTIFIED?

Discussing the situation editorially, "Fairplay" says:

"But are present prices justified? It is true that Japanese cargo boats are being disposed of at over £40 per ton and the Norwegian steamers have been sold at £60 per ton, which makes the British variety look uncommonly cheap. But, as against what on the face of it are absurd discrepancies, it has to be borne in mind that, whereas the Norwegian and Japanese owners have at present, comparatively speaking, free scope for their energies — the latter being able to charter their steamers at £4 per ton deadweight per month — British owners are severely handicapped, not only in respect of low rates and high taxation, but also owing to the Government's dilatoriness in publishing its intentions regarding the future.

"Looked at broadly, a boat's earning capacity today does not justify the £24 per ton deadweight, which is about the value of a new 7,500-ton steamer under the British flag. Therefore it follows that those owners who are purchasing these vessels must do so inter alia in the hope that what she will be able to make after peace has been declared will be sufficient to neutralize the risk which purchasing at existing values would entail were there no counterbalancing, profitable possibilities. But then the point arises, How far ought one to look ahead for the end of the war?"

DISCUSSES AMERICAN SITUATION.

"I am not a pessimist, but unless the rage for building dies out as quickly as it generated I can see the whole world rushing tonnage into the water, and I can anticipate such an amount afloat within a year or two after peace is declared — and E. N. Hurley, the Chairman of the United States Shipping Board, estimated the American output in 1919 at 13,518,000



H. R. SAFFORD,
Formerly Chief Engineer Grand Trunk, who has gone to the U. S. Federal Railroad Administration.

SUGAR FREIGHT RATES MODIFIED.

Ottawa, August 26.

Railway freight rates on sugar have been modified. The question came before the Cabinet Council on a report by Sir Henry Drayton, chairman of the Railway Commissioners, on Saturday, and to-day the new rates were made available.

On refined sugar in carload lots they are:

To Montreal for local deliveries, 32 cents per 100 pounds from St. John, N.B., and 33 cents per 100 pounds from Halifax.

To destinations in Canada, west of Montreal:

The fifth class rates current from Montreal, with the addition of 14½ cents per 100 pounds from St. John, and 15½ cents from Halifax.

From Vancouver, B.C.:

(a) To Regina, Lanigan, Humboldt and Helfort, Saskatchewan, the rail-lake-and-rail fifth class rates contemporaneously in effect from Montreal to the same points.

(b) To Winnipeg, the percentage of the fifth class rate from Vancouver to Winnipeg equivalent to the ratio of the commodity rate from Vancouver to Regina to the fifth class rate from Vancouver to Regina.

The new rates come into force from St. John and Halifax on September 12, and from Vancouver on September 23.

Sir Henry Drayton in his report on railway freight rates on sugar gives in detail reasons for the announced modification of the rates. The case, he says,

tons — as will absolutely negative all possibility of an extended boom. And, so it seems to me, an extended boom is the only justification for present prices. And what would a short boom mean or, worse still, no boom at all? Just this, that it would be all the diamonds of Golconda to a peppercorn that owners of new boats standing in their books at £20 to £25 per ton deadweight would never earn sufficient to write them down to those pre-war values which must sooner or later be reached.

"Secretary McAdoo, of the United States Treasury, has insisted that their 'pioneering upon the seas must in the future be done by an interest having boundless resources, an interest that is not compelled to concern itself with dividends to its stockholders or returns to its bondholders, an interest that can afford to suffer losses and sustain them for an indefinite period, an interest that has a single purpose — the general welfare of the United States as a whole.' Mr. Hurley states that five billion dollars will be required to finish their programme for 1918, 1919 and 1920, which will give the United States a merchant fleet of 25,000,000 tons of shipping.

"Even taking a liberal discount off these statements, it is not surprising that many Norwegian owners are beginning to get a little nervous as to what their position will be when the contracts placed in this country are implemented. They have agreed to pay £25 per ton and over for boats which will not be delivered for a year or two, and it may be even three, after the war, with the possibility of the price being considerably higher if the cost of construction is affected adversely."

does not turn at all on the interests of the consumer, either as to price or output. The issue is largely one which has to do with claims of rival refineries, on the one hand (not so much against the railways, as against each other), and the necessity of increased railway revenues, on the other.

"I find," Sir Henry adds, "that sugar sells in the different markets without the slightest regard to the freight rate. For example, in western territory, while the British Columbia refinery at Vancouver pays freight rates to Winnipeg, which have varied from 78 to 89½ cents, effective since March 15th last, that company sells its sugar in Winnipeg at the same price that it sells it in Vancouver, where it pays no freight rate at all."

Sir Henry proceeds later: "The position to-day, therefore, is that while the new rate preserves to Montreal its natural geographical advantages on the manufactured article to which it is entitled, the natural geographical advantage on the raw material which Halifax and St. John normally enjoy is taken away from them as a result of war conditions."

The new tariff reduces the St. John-Montreal rates ten cents, making it 32 cents; the Halifax rate is reduced by eleven cents, making that rate 33 cents.

ORIENTAL SHIPBUILDING.

The bargain between the United States and Japan, under which Japan agreed to build ships in exchange for supplies of steel, was made less than a year ago. Three ships, with a total tonnage of 25,000 have been delivered under this agreement, and it is said that 250,000 tons will be built under the arrangement. The War Board is now making a similar arrangement with China and that the Yangtse works near Hankow will receive the first order.—Vancouver Daily Province.

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