

Shipbuilding in British Columbia and Its Future

Steel Ships Cannot, During Period of Readjustment, be Built in Province on Competitive Basis—Necessity to Favor Local Yards because Government Denied Permission to Build for an Allied Nation when Profitable Contracts Could Have Been secured.

Mr. J. J. Coughlan, of J. Coughlan & Sons, shipbuilders, Vancouver, addressed the annual meeting of the British Columbia Manufacturers' Association on the subject of "Shipbuilding in British Columbia and Its Future." Mr. Coughlan narrated the history of the steel shipbuilding industry, which so largely concerned themselves and the Wallace shipyards, North Vancouver, being the only yards in the Province which are constructing steel ships. He sketched the events which lead up to the consideration of the building of ships through the depression in building, which was accentuated at the outbreak of the war. At the time the submarines were making such havoc of allied shipping and creating a demand for bottoms which was insistent and imperative, he took up the matter of his firm turning their energies and facilities toward the building of steel ships. The position of British Columbia in the shipbuilding industry is that of an overflow market. Both neutral and allied shipping interests had filled up the shipbuilding capacity of the United States, both on the Atlantic and the Pacific, and were looking for other yards to place contracts. The Coughlan firm, after mature consideration, and having decided upon the type of vessel that could be economically operated and rapidly built, settled on the Robert Dollar type and accepted one contract for Norwegian interests. At that time, early in 1916, it was seen that the war would last for a considerable length of time, and his firm believed that they were warranted in enlarging their capacity and going in for business on a larger scale. In consequence a large investment in facilities and equipment was made and more orders for Norwegian interests were taken. Shortly afterwards the Imperial Munitions Board, acting for the British Government, took over the neutral contracts with the exception of the initial boat order and increased the business to ten ships. At the present time, Mr. Coughlan stated, his yards were capable of turning out twelve ships per annum. At the height of the shipbuilding activity in 1918 Mr. Coughlan was looking for future business. Both French and Italian Governments were in the market for a large amount of tonnage and his firm came into contact, through their New York agents, with certain French interests anxious to place contracts with their yard which would keep the capacity of the plant going until the end of 1921. While the negotiations proceeded, the Dominion Government were considering the matter of establishing a mercantile marine for government account, and denied the Coughlan firm permission to accept contracts. Later the Government embarked on a policy of spending \$50,000,000 each year for the creation of a governmental-owned merchant marine. In consequence of initiating this policy four ships of a different design and a smaller tonnage were placed with his firm. These contracts will be completed some time during the present year and concern as to future business is being felt on account of

some opposition which has been created in Canada against the continuance of the Government policy and the placing of orders at advanced prices in British Columbia.

Mr. Coughlan pointed out quite emphatically that, under the present conditions, British Columbia could not build ships in competition with either the Atlantic Coast or British yards. At the present time it is costing from \$180 to \$200 per ton to build ships in British Columbia as against a price of \$20 cheaper in Atlantic yards and a price of \$40 cheaper in British yards. The reasons for this is because of higher wages being paid to workmen on the Pacific Coast than on the Atlantic Coast and in Great Britain, and by reason of increased freight rates between the steel centres and the Pacific Coast. This increase in freight rates amounts to about 60 per cent. over the previous rates, and is caused by the Government's operation of railway roads in the United States. It is certain, therefore, that if steel shipbuilding is to be continued in the present yards in British Columbia, then British Columbia yards must be given some advantage in price. Mr. Coughlan read several extracts from speeches delivered upon the floor of the House at Ottawa last session, showing that the policy of building ships in Canada for government account was to be permanent. If this policy is to be maintained, with a differential in favour of British Columbia yards, then there is a little concern felt as to future business for the next few years, but for a change to be made now, British Columbia yards would fall between two stools. One is that they have been denied the privilege of building ships for French interests by reason of government refusal of permission, and then by the failure of the Dominion Government itself to maintain its policy.

Mr. Coughlan pointed out also, in this connection, the advantage which was given to a steel mill at Sydney. The demand for ship plate was such that the steel mills of the United States could not supply enough ship plate after providing for the necessities of their own shipyards. The Canadian Government, therefore, was under the necessity of bonusing some Canadian steel plant for the erection of a ship-plate mill to handle Canadian requirements. The best terms that could be secured was with the Dominion Iron and Steel Company at Sydney, which undertook to erect a plant sufficient to roll 50,000 tons of ship plate per annum at a cost of \$4.15 per hundred pounds, or \$83 per net ton, and subject to the price of ingots, but always allowing a spread of about \$25 per ton. This arrangement was entered into for a period of five years and was the best arrangement that the Government could enter upon. On the basis of a five-year contract the Government has agreed to stand a loss of approximately \$6,250,000. The Government appeared to be willing to secure the builders of a plate rolling mill against loss to this extent and yet, perhaps, has some doubt as to its willingness to protect an investment of approximately \$2,000,000 on the part of his firm, and perhaps \$3,000,000 invested in the steel shipbuilding industry in the province. If the policy is changed, in Mr. Coughlan's opinion, it is certain that no future business can be obtained under the present competitive system