

# The Panama Canal

## The Effect of the New Ocean Route on Western Grain Freights

By JOHN COGGSWELL

Had the Panama Canal been in operation during the marketing season for Alberta's 1911 wheat crop, this grain would have been worth at least an additional three million dollars.

Had he been able to ship his grain in bulk through the canal to Liverpool, the Alberta farmer would have received an additional 8½ cents for every bushel of grain he produced.

Alberta's wheat crop for 1911 amounted, according to Dominion Government statistics, to 36,143,000 bushels. The Panama Canal will, it has been reckoned from opinions expressed by authorities, reduce the average freight from Alberta points to Liverpool about 8½ cents per bushel. A simple mathematical process shows that the canal would have meant \$3,072,143 added to the returns for Alberta's wheat crop of last year.

The above figures are most conservative. In fact, during the greater part of Alberta's marketing season, there will be a reduction of approximately 12 cents per bushel in the freight between Alberta points and Liverpool. Also in the above computation the freight rate on wheat from Vancouver to Liverpool via the Panama Canal has been placed at 9 cents per bushel, although some grain men surmise that it will be as low as 4 cents. Which shows that the Panama Canal would easily have been worth three million dollars to the farmers of Alberta had it been open to navigation during the fall and winter of 1911 and 1912.

At present the Alberta farmer is at something of a disadvantage in marketing his grain crops. The Liverpool market sets the price of the world's wheat. Speaking in general terms, wheat at the initial elevator is worth the Liverpool price less the cost of getting the grain to that market, irrespective of whether the grain goes to the English market or elsewhere. At times local conditions make a difference, but in Canada, where there is a large excess for export, the price is practically always set by Liverpool.

### The Present Rates

The following table shows the freight rates, summer and winter, per bushel on wheat from each of the three Prairie Provinces to Liverpool via Fort William and Atlantic ports. For each province the average rate is given. Points in eastern sections of each, of course, enjoy a lower rate than do those in the western:

### Moving the Far West nearer to Liverpool

Under present conditions, the farther West a Canadian farmer is situated the less he receives for his wheat, quality considered, on account of the heavier freight rate to Liverpool, which market sets the price of Canadian grain. The following table shows the equalization in freight rates that will take place when the Panama Canal is open for traffic. The maps and article give the reasons for this equalization:

Province	Present Rates		Rates when Canal Opens		Reduction	
	Summer	Winter	Summer	Winter	Summer	Winter
Alberta	28c	35c	23c	23c	5c	12c
Saskatchewan	24c	31c	24c	27c	unchanged	4c
Manitoba	21c	28c	21c	28c	unchanged	unchanged

Freight rates are lower from Fort William to Liverpool when the Great Lakes are open to navigation, than during the winter, when all shipments must go over the "all-rail" route.

The average rate for all seasons from the three provinces will be about as follows: Manitoba, 24 ½ cents per bushel; Saskatchewan, 25 ½ cents per bushel; Alberta 23 cents per bushel. Saskatchewan's middle position gives her the choice of the two routes when conditions favor either. This should offset her apparent disadvantage. Treating Western Canada as a whole, the rates on wheat from the various provinces will be as nearly equal as possible with three differently situated districts.

	To Fort Wm.	Ft. Wm. to Liverpool	Total to Liverpool
		Sum. Win.	Sum. Win.
Alberta	15c	13c 20c	28c 35c
Sask.	11c	13c 20c	24c 31c
Man.	8c	13c 20c	21c 28c

The Alberta farmer has an alternative route, but prices are seldom such as to make it available. This is to ship by rail to Vancouver and from there by ocean to Liverpool via Suez Canal, Cape Horn or to Tehantepec, Mexico, thence across the Isthmus by rail. The average rate from Alberta points to Vancouver is 14 cents per bushel. From Vancouver to Liverpool in ocean bottoms the freight averages 18 cents per bushel; a total freight rate, Alberta to Liverpool, of 32 cents per bushel. Besides this, there is a charge of 6 cents per bushel for sacking the grain, as there are no elevators at Vancouver and steamers are not equipped for carrying grain in bulk, making a total cost of 38 cents per bushel, by the Western route.

Thus, even in winter, when the Great Lakes are frozen and the more expensive "all-rail" route must be used from

Alberta to tide-water, there is always an advantage in favor of the Eastern route of at least 3 cents per bushel. But elevators at Vancouver, which structures are projected now and will soon be in course of construction, and the rate favors the Eastern route when the lakes are open and the Western during the winter.

It puts the Alberta farmer 3 cents a bushel nearer the Liverpool market in the winter, but still leaves him in an unsatisfactory position. He raises just as good wheat as does the farmer of Saskatchewan or Manitoba, and yet he must be content with a smaller return, on account of the greater freight rate. At present he is helpless but with the opening of the Panama Canal he will stand level with his brethren further East.

Both grain shippers and freight rate experts have been consulted in estimating the rate that will be charged on grain shipments from Vancouver to Liverpool via the Panama Canal. Estimates ranged from 4 to 9 cents per bushel. The higher figure has been used in these calculations.

### Rates by Panama

The following table shows comparative freight rates from the three Prairie Provinces to Liverpool when Western grain may be carried through the Panama Canal:

By Panama Canal—		Summer	Winter
Alberta	.....	23c	23c
Saskatchewan	.....	27c	27c

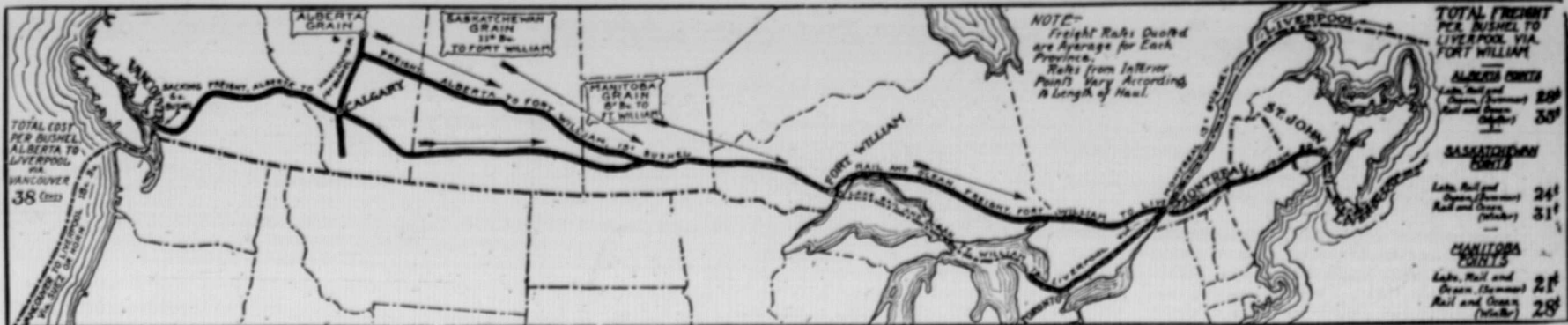
By Atlantic Ports—		Summer	Winter
Saskatchewan	.....	24c	31c
Manitoba	.....	21c	28c

Then the three provinces will be practically on the same footing. Alberta and Western Saskatchewan will ship their grain to Vancouver and in bulk by ocean bottoms through the Panama Canal to Liverpool at a charge ranging from 23 to 27 cents per bushel or an average of 25 cents per bushel freight. Eastern Saskatchewan and Manitoba will ship via Fort William and Atlantic ports at charges ranging from 21 to 31 cents per bushel, an average of 26 cents per bushel freight. Grain going East should have a slight advantage in gaining occasionally very low rates as "trimming" in ocean bottoms. This will probably overcome the one-cent advantage the Western route enjoys on paper.

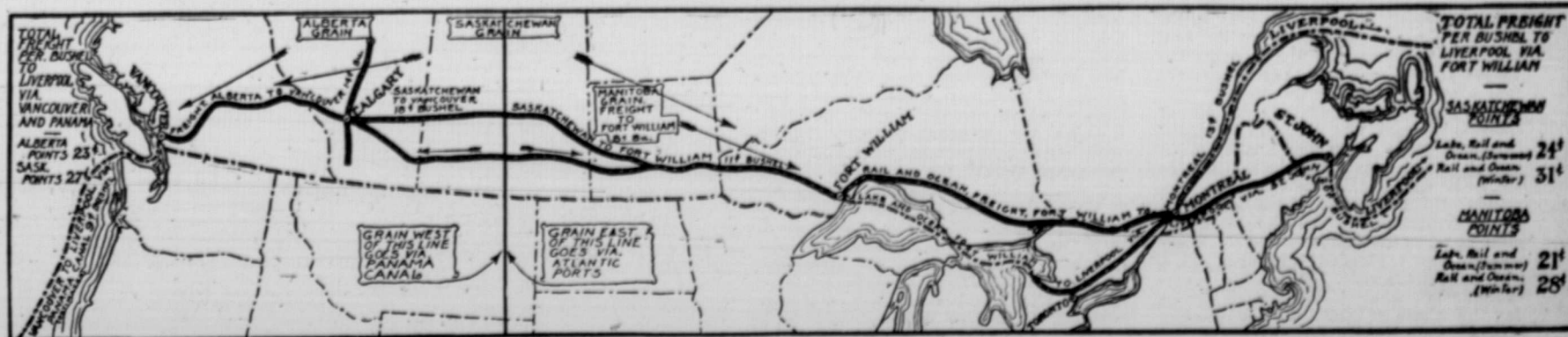
### Shortage Problem

The Alberta farmer is located about 1,300 miles from Fort William and but 650 miles from Vancouver. A freight car can make two trips from Vancouver in the same length of time consumed in making one trip to Fort William. Thus each available freight car will have double efficiency when Alberta's grain is going to Vancouver for shipment via the Panama Canal. In other words, the same number of cars will move double the amount of grain in the same length of time.

The benefits that will accrue to all Western Canada through the opening of the Panama Canal are numerous. But no province will profit more than will Alberta. She will be plucked from an inferior marketing position and placed level with the other agricultural provinces. To her the canal will be worth millions yearly, considering the wheat crop alone. Last year, from this source, it would have turned a full three million dollars into the pockets of the Alberta farmer. And less than a tenth of the arable lands of the province are under cultivation!



THE ARROWS SHOW THE PRESENT ROUTE OF WESTERN CANADIAN GRAIN.



THE ARROWS SHOW THE ROUTES OF WESTERN CANADIAN GRAIN AFTER THE OPENING OF THE PANAMA CANAL.