

## OUR PANAMA CANAL LEADING BRITISH DITCH AT SUEZ IN TRAFFIC TONNAGE



U.S. TRANSPORT "NORTHERN PACIFIC" PASSING THROUGH THE PANAMA CANAL



GATUN LOCKS

Increase of Freight via Panama Route, Largely Due to Oil Shipments, Indicates Rise of United States to Leadership of World's Commerce.



U.S.S. PENNSYLVANIA AT CHAGRES RIVER CROSSING

By JUDSON C. WELLIVER

One of the striking evidences of America's rapid rise toward commercial and industrial leadership of the world, is the Panama Canal, which almost certainly will handle more freight in 1926 than will Suez. For several years the two canals have been in a neck and neck competition whose implications are the more interesting because the Panama ditch is owned by the American Government, and that at Suez by the British Government.

Of course both Canals are open to the ships of all nations; and the competition between them is not only between the United States and Britain, but in a larger and even more significant view it is competition between old world and new world.

When the Panama Canal was opened in 1915, Suez was already transiting about 25,000,000 tons of freight annually. Almost nobody believed Panama could ever attract anything approaching such a volume. But during the war fear of German submarines in the Mediterranean caused many vessels to take the Panama route between the far east and European or American ports. This gave Panama its introduction and it has not only held but greatly increased its business since the war. In 1923 Panama transited 5037 vessels, against 4621 for Suez; Panama handled 25,160,000 cargo tons against 22,770,000 for Suez. This was the first year of Panama's lead.

### A Close Race

The following year Suez barely exceeded Panama's tonnage; and in 1925 comfortably held its lead. But reports for 1926 to date indicate that Suez is losing, owing to Britain's industrial depression, while Panama is doing better and is pretty certain to resume the lead.

The present Suez Canal has been in operation nearly sixty years, Panama only eleven. Although few people except antiquarians know it, the first canal at Suez was built more than 3,000 years ago. It was in operation as early as B. C. 1350; how long before, is mere conjecture. Before the Christian era began the ditch had been built, destroyed, rebuilt, silted up and built up again, time after time. When Alexander the Great conquered Egypt the Canal was one of the oldest of engineering works.

Between 1904 and 1915 the present Panama Canal was constructed. It cost about \$400,000,000. Suez about one-fourth that sum. But Suez is a simple, sea-level ditch across a sandy plain; while Panama is a lock canal, the greater part of its length lying 55 feet above sea level, so that most of the distance from ocean to ocean is through an artificial freshwater lake.

### Early Profits Unexpected

When Roosevelt started building at Panama, neither he nor any other prophet of optimism would have

the Suez route, while 24 nations were represented in the maritime caravan at Panama.

The World War was not the only unexpected factor in bringing Panama so quickly to equality with Suez, nor the most important. The enormous increase in Panama traffic in 1923 was represented almost entirely by petroleum and its products, moving from California to the east coast and Europe. In the year ended June 30, 1924, tolls aggregating \$24,290,000 were collected, of which \$9,071,000 was from tankers carrying petroleum. An even more striking statement of the matter is that for the same year exactly 50 per cent of all tonnage through the Canal was between the two ocean fronts of the United States; that is, 13,500,000 tons; and of this, considerably over 9,000,000 tons, or more than two-thirds was petroleum. It was of course chiefly from California, en route to eastern refineries. In the succeeding year this petroleum movement fell off heavily; but for 1926 it is again increasing and the increase is likely to continue for many years. But for the petroleum traffic, the Canal would have shown a deficit in every year of its operation.

The enormous petroleum business has been in other ways advantageous to Panama. A constantly increasing proportion of maritime shipping nowadays uses oil fuel. Oil-burning ships seek routes on which they can most cheaply buy oil; and because California oil can be put so cheaply into the bunkers of vessels passing through the Panama ditch, there is a substantial inducement to prefer this route. This will increasingly favor Panama and militate against Suez, as the number of oil burners increases. Moreover, Panama's advantage will still further increase as the enormous oil resources of Venezuela, Colombia, and other South American countries are developed.

### Great Service of Panama

If cheap petroleum has thus served Panama so well, Panama in turn has equally served the American motorist, who consumes most of the world's petroleum products. For Panama has brought the Pacific Coast petroleum to the eastern market at costs which, but for the Canal, would be vastly greater. Thus the Canal has given the United States the cheapest petroleum products in the world, and helped build the automobile industry and our modern highway system.

This mutually helpful relationship between the Canal and the petroleum users is the more impressive when one realizes that it was not even remotely anticipated at the time President Roosevelt started building the Canal. So late, indeed, as 1916, when Admiral Evans wrote his articles about the Canal and decided that it could not be profitable for several decades at least, he based all his calculations on the probable cost of coal for bunkering ships. He did not

dared suggest that within its first decade the Canal would earn a profit. Its chief justification concerned the national defense, and the establishment of competition with the trans-continental railroads.

Although both Canals are open to shipping of all nations, British vessels constitute the majority of those using Suez (55.3 per cent), while American vessels are 54.5 per cent of those using Panama.

For 1924, ships of 21 nations used

dream that merchant marines were on the verge of the revolutionary change from coal to oil. So he figured that, as there is practically no bunker coal in the countries bordering on Pacific, that ocean could not compete, by way of Panama, for a greatly increased share of shipping. His development overturned the prediction of Admiral Evans, and of others who had foreseen that problems would make Panama profitable.

Men who have advice to give are never stingy with it.

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