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The great forest resource of the province of British Columbia is becoming recognized as the lumber and paper-making industries assume larger proportions in the industrial life of the province. The value of the forest production last year was in excess of \$70,000,000 as compared with \$54,000,000 in 1918 and not all of this increase we are happy to state is due to rise in price. The manufacture of lumber and shingles and the production of pulp and paper have notably increased during the year although in special cases due to the cessation of spruce production for aeroplane construction some districts suffered a diminution in output from the previous year. As a revenue producer for the province the lumber industry is unexcelled producing practically thirty per cent. of the entire revenues of the province.

The forest resource of British Columbia is growing in importance in relation to the lumber industry of the entire north American continent. In Eastern Canada there are still vast stands of merchantable timber which are subject to much more extended exploitation than exists at present. But in the United States merchantable timber is steadily receding from coast lines and getting more inaccessible rendering physical operation more difficult and costly each year. As these difficulties increase the eye of the lumbermen will be turned more and more to the development of our merchantable standing timber and it is our firm belief, that, while there will be a considerable recession from the present high prices before a new normal condition obtains, the lumber cut will continue to expand from year to year.

We think that at this time some energetic measures should be undertaken on a broad and comprehensive scale for re-forestation. Re-forestation has received a great impetus from the return of forestry corps that have gone to France to operate French standing timber for war purposes. In Eastern Canada one or two companies have engaged on a policy of this kind for their own accounts and several more are contemplating embarking on the same policy. A policy of re-forestation lends itself in this Province to peculiarly favourable conditions. We have here a large amount of land in scattered sections which does not permit of satisfactory agricultural development after the forests have been removed and these lands could be used for tree planting on a wide scale with benefit to future generations and perhaps some benefit to the next generation.

The stand of British Columbia timber is not inexhaustible as is frequently heard but requires careful conservation to prevent us from reaping the economic disasters that have been reaped by the New England States and the Northern Mississippi Valley States of the American Union. It is not too soon to initiate a movement which has for its object the economic conservation of one of our great natural resources.

The public accounts of the province of British Columbia for the fiscal year ending March 31st, 1919, are reviewed elsewhere in this issue. These accounts exhibit a remarkable reversion from the deficits steadily accruing after the wild ogre of railroad construction entered into in 1911. These deficits arose from a policy of expansion in the various governmental services and materially increased when the Pacific Great Eastern Railway was unable to make payment on its own securities. These securities being guaranteed by the province required the provincial government to make good the interest charges arising from the issue of these securities.

The deficit was increased also by reason of decreasing revenue due to the depression following the boom and accentuated by the outbreak of war and also due to the fact that the people of British Columbia were getting into the habit of not paying their provincial taxes. Under the incumbency of the Honourable Mr. Hart as Finance Minister changes have taken place. Taxes are being more promptly paid and considerable steps have been taken to get in the large outstanding arrears of taxes and the collection of outstanding accounts on properties sold to individuals by the province or the acquisition of these properties where payments of the balances could not be made. For the business like handling of the financial accounts of the province the people are to be congratulated upon having so capable a Finance Minister as the Honourable Mr. Hart. His determined policy, so far as he is able, is to make outgo balance income and this policy makes for success in governmental affairs as it does in private business affairs, although at times such is the perversity of politics it may result in the loss of an election but under such conditions the loss of an election is more commendable than any connivance at public extravagance.

The trend of events undoubtedly has aided the Finance Minister in disclosing the very much improved condition of affairs of the province. The tremendous recovery from the industrial depression has increased revenue over what was anticipated in the official estimates brought down in the budget speeches.

The great contingent liabilities incurred during the policy of railway expansion are assuming a much less menacing form than was thought possible a few years ago. The great contingent liability of the Canadian Northern Railway amounting to over \$40,000,000 has been practically removed from the shoulders of the province by reason of the nationalization of that railway by the Dominion Government. True the liability exists but the possibility of any government in Canada letting go this increasing asset to the people of Canada is pleasantly remote. The load of the Pacific Great Eastern Railway is a heavy load and the obligation of the Government to complete the railway at least to the Grand Trunk Pacific at Prince George will require a heavy capital expenditure with but little opportunity in the immediate future of paying any interest charges on capital expenditure and possibly result by reason of inadequate traffic in an operating loss. But the government now owns, controls and operates the railway. Its losses are its own and the people of British Columbia and its future profits will be the property of the province.

Yet, taking this into consideration but omitting items properly chargeable to capital account, the province is making its way. For the fiscal year ending March 31st, 1918, the Finance Minister, if we recall correctly, was able to show an excess of current revenue over current expenditure of nearly \$500,000. For the fiscal year ending March 31st, 1919, he was able to show a balance of current revenue over current expenditure of \$1,043,000, and, we anticipate, by reason of the widespread prosperity and active development of our natural resources, that a much enhanced increase of balance of current revenue over current expenditure for the fiscal year ending March 31st, 1920, over the fiscal year ending March 31st, 1919, will be exhibited.