

"To turn to the lumber industry, while the present poor conditions are due in part to indirect causes, they are to an even larger extent brought about by the dullness of the real estate market. North-Western consumers of lumber, instead of paying their debts, and adopting a conservative policy for the immediate future, speculated during the boom in real estate, and as a consequence now find themselves with insufficient funds at their disposal. It will be several months before the industry is again in a good position.

"The mining market has suffered less from direct causes, but more from the prevailing scarcity of money. Copper mining has been most unfavorably influenced by the low price of the metal. The Granby district, with its self-fluxing ore and almost unique facilities for cheap production, is an exception. Gold, silver, and coal mining are considerably better off. Although there is little money just now for new floatations, and practically none for the exploitation of prospects, yet, on account of the stability of prices of these minerals, companies with sufficient money at their command to pay expenses of production and development work, have nothing to fear from the present stress in other circles."

Problem of the Unemployed.

Regarding the unemployed problem, this authority said:—"The question cannot be answered off-hand with any degree of certainty. The C.P.R. at Alberni, and eventually the Grand Trunk at Prince Rupert, will need a large amount of labor, both skilled and unskilled. My opinion is that most of the unemployed will find work in the early spring, when the present distress will be ended. The chief danger to a speedy and permanent settlement of the difficulty is the possibility of a large influx of labor, both white and yellow; the latter, mainly unskilled, adding to the burden of those least able to bear it. Immigration, whether of Europeans or Asiatics, should be strongly discouraged."

Mr. Waghorn, of Messrs. Waghorn, Gwynn & Company, the well-known Vancouver brokers, pointed out that money was already a good deal easier and that bank rates showed a tendency to become even lower. "Easier money and greater activity," Mr. Waghorn continued, "will be noticeable in the financial world during the next two or three months. After that a reaction will set in, and quiet times may be predicted from then until the crop results can be gauged. Locally, I do not anticipate any serious trouble. It is unlikely that any big failures will be recorded. We are in an entirely different position to our neighbors, and while in certain lines worse things may happen in the States, we can justly anticipate local improvement."

Happily, No Mining "Boom."

"There is little possibility of a mining boom during the next twelve months. The industry is still in its infancy in

British Columbia, and development of our mineral resources to any large extent is impossible in the face of the present high cost of labor and the lack of ready money. Only the cream of our mineral wealth is being tapped at present, but as soon as the relation of supply to demand in the labor field has undergone re-adjustment, of which signs are already visible, rapid development will become a matter of certainty. The same applies to other industries.

"The increased demand for labor, which will attract workmen from other parts, will probably have the effect of lowering wages. Even now this tendency is noticeable. The cost of commodities will then naturally decrease proportionately, and British Columbia will be in a much healthier position than at present. Greater and more rapid progress will follow, and the opportunities for investment attract much more capital than has hitherto been the case. On the whole, financial and commercial developments on a sound basis will take place in British Columbia in the future on a much larger scale than in the past."

In an interview with Messrs. Mahon, MacFarland & Mahon, Mr. Proctor stated that the real estate market during the last three months had been exceedingly quiet, very few sales taking place. "Prices appear to have been well maintained, and there is very little property offering at lower figures than those asked some months ago. If the market continues quiet, it is possible that in some districts values will temporarily depreciate, but inside property is in my opinion not likely to show any decrease. The action of the banks twelve months ago in adopting a conservative course with regard to loans produced a distinct check upon real estate speculation, with beneficial results. Had the speculative element continued for another twelve months, prices would undoubtedly have reached too high a level."

Real Estate Not Too High.

"As it is, with the exception of a few districts, I do not consider the general prices ruling in Vancouver to-day for real estate too high. Generally speaking, deferred payments are being well met, but collections will probably be slow during the next few months. Since the first of the year there has been a better enquiry and some sales have taken place of acreage and house property. A fairly quiet year may be anticipated, but with a steady growth of legitimate business after the spring. Building will probably be cheaper, as both labor and material have been affected by the depression. There is no sign of a drop in rentals, and few, if any, vacancies in either business or residential property."

Messrs. Mahon, McFarland & Mahon, are one of the oldest and most substantial financial houses in Vancouver, and their opinion upon matters concerning British Columbia is of considerable value.

STATISTICAL HISTORY OF THE STRINGENCY.

In the subjoined table are given some of the principal items from the monthly bank statements of last year, from which can be gauged a fair idea of the trade and financial conditions of the country. In April, when current loans aggregated \$615,672,912, the percentage of specie to loans was only 3.6, while loans exceeded deposits by 107 per cent. In September, the amount of specie rose to 3.9, and the percentage of loans to deposits receded to 102.3 per cent. The

following month cash holdings again slightly increased, the percentage then being 4.2, and the percentage of loans 103. Conditions such as these are inevitably followed by a recession in trade, liquidation of stocks, and a tightness of money. These are effects from which the country has since been suffering, and from which it will continue to suffer until a more normal basis of operations has been established. Evidences are not lacking that this is being accomplished.

1907.	Deposits on demand.	Deposits after notice.	Current loans in Canada.	Current loans elsewhere.	Call loans in Canada.	Call loans elsewhere.	Specie.
	\$	\$	\$	\$	\$	\$	\$
January	170,564,666	404,992,318	550,938,838	36,016,552	53,979,491	53,079,637	22,128,317
February	168,482,383	406,307,052	562,678,044	34,615,133	53,342,912	55,948,406	22,591,403
March	163,637,868	404,299,184	579,057,554	33,305,188	52,676,592	51,340,792	22,772,815
April	167,217,947	407,370,491	586,149,738	28,923,174	50,357,266	48,430,477	22,583,381
May	172,065,976	415,476,948	584,707,830	23,412,267	49,886,386	52,281,678	24,801,913
June	170,042,326	419,417,563	586,930,448	23,385,259	49,481,179	55,298,873	24,101,603
July	166,352,146	423,121,386	581,327,878	23,723,397	48,441,077	60,620,114	23,261,500
August	160,459,470	425,727,356	580,075,932	25,033,806	47,765,531	62,088,232	23,861,982
September	169,069,497	421,147,701	578,207,277	25,794,092	47,298,694	63,158,601	24,097,487
October	170,498,311	416,787,636	579,860,498	25,355,255	46,843,488	47,446,488	25,796,531
November	183,391,213	400,307,693	538,695,115	35,088,827	56,440,834	66,910,333	23,503,550
December	192,143,482	398,765,182	548,684,480	36,474,231	57,511,747	58,958,156	23,752,750

It is seen that during the first four months of the year, when current loans were steadily increasing, the combined deposit accounts fell—in March by nearly \$8,000,000 as compared with the preceding month; in April, as compared with January, by nearly a million dollars. From that time onward the position of the banks improved. Deposits increased with a corresponding decrease in loans. The latter rose from January already to April by close upon \$28,000,000, amounting at the end of April, as has been stated, to \$615,000,000. In May they dropped to \$610,000,000, in July to \$605,000,000,

and in December to \$585,000,000. Call loans—with respect to which, outside Canada, the banks have been subjected to a great deal of irresponsible criticism—moved up and down for the first quarter in no definite direction. In May, the bankers with foresight placed large amounts out on call, pursuing this policy until September, when the combined accounts reached the total of over \$11,000,000. Of this sum, 57.2 was elsewhere than in Canada, where it was easily available and earning a profit. The percentage of specie to loans was remarkably low from January to December, never once exceeding 4.2.