

# BRITISH COLUMBIA FINANCIAL TIMES

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## Influence of War on Dominion Trade

**Financial Strength of Canada Attested by the Way the Dominion Withstood the Shock of War—All Large Works of Construction and Development to Continue, and Internal Business Generally Is Going On as if No War Existed.**

The shock of war caught Canada in a peculiarly strong position financially. The storm of European liquidation finally forced the closing of both the Toronto and Montreal exchanges for purposes of self-protection, just as it caused the closing of the exchange at New York.

The period of speculative liquidation and the retrenchment throughout the Dominion for the past two years found the chartered banks with large amounts of readily realizable assets and large stores of cash. Any considerable withdrawals of deposits would not have had much effect. But against contingencies of fright and panic of the people, and to keep circulation within the needs of trade, the Minister of Finance has authorized the chartered banks to make payments in bank notes instead of in gold or in Dominion notes. This has the effect of making bank notes legal tender. The Minister has also authorized the banks to issue excess circulation to an amount equal to 15% of the combined unimpaired paid-up capital and rest or reserve fund. This regulation would normally go into effect on September first. If this circulation is not sufficient, the Dominion will issue Dominion notes against the deposit of securities by the chartered banks, and approved by the Minister of Finance, who announces that the Government is prepared to make use of all existing powers, and, if necessary, to apply to Parliament for authority to add to the circulation medium as the exigencies may require. Every effort is therefore being made to stabilize business throughout the Dominion, and to free it from the handicap of inadequate circulation.

When it is taken into consideration the inherent strength of the chartered banks, and particularly so at this time; that every effort is being made to keep the supply of money adequate to the needs of business; that we have at the head of our banks astute and experienced bankers, and at the same time a banking system the most responsive to

the needs of any yet invented, how silly and senseless appears, and how vicious becomes, the withdrawal of funds beyond the needs of the moment by panic-stricken old women, both male and female.

A canvas of the banks and a large number of our local institutions, both here and in Victoria, shows that the withdrawals were merely nominal, except in the cases of a few who were seized with a panic that the German fleet was about to bombard Victoria and quickly take Vancouver and bring the whole of British Columbia under the heel of the German Emperor.

But a really more serious thing happened, or at least it would have been more serious had it assumed larger proportions. More people than we could have credited were seized with the idea that the imminence of bombardment, as such they chose to call it, furnished the pretext for laying in large quantities of supplies on the idea that the amount of food supplies in this Province were very limited. This was more general than most people are aware of. The wholesale firms did a rushing business, and the retail shops were in many cases completely sold out of staple lines. The price of flour went up ninety cents per hundred pounds, and sugar was also advanced on this buying. A number of prominent men and their families laid in supplies in their cellars against the need of famine. Happily the large supply of food products available, and such that could be rushed to the main distributing points at short notice, did not lend itself to the spread of that idea. We are glad that the dealers

made a profit out of the increased turnover, and we would not much care if some of the stored supplies turned out bad. In the meanwhile the harm has been done, and a rise in prices seems likely of being maintained for some time.

The financial situation has proved sound by the events of the last two weeks, which probably were the most severe the commercial and industrial world has ever experienced.

Activities in this Province and throughout the Dominion, so far as the work at present in hand, will be no more curtailed than possible. The Dominion Government has announced that no work will be stopped on account of war that is at present in progress, and new work will be undertaken as revenues warrant.

### PACIFIC GREAT EASTERN RAILWAY.

Victoria, B. C., Aug. 10, 1914.

B. C. Financial Times,  
319 Pender Street West,  
Vancouver, B. C.

Dear Sirs:—

Following a conference which Messrs. Stewart, Welch and myself had with the Premier last week, I beg to say it has been decided to continue the construction of our railway without reducing the force on account of the outbreak of war.

The Premier was strongly of opinion that in view of the fact that our bonds had been sold, and the proceeds were in the bank at Vancouver, it would be most in the interest of the public, and of the workingman, who still required his three meals a day, to prosecute the work as vigorously as possible. "Full speed ahead," he urged, and so it was decided.

Yours truly,

D'ARCY TATE,  
Vice-President.