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We have presented on our front page an outline of business conditions as they exist today. The natural question arises as to just what attitude the average business man should take towards conditions as they exist and what are apt to be future conditions arising out of the present situation.

In any attempt to throw out some suggestions with regard to these problems a great deal hangs on the question of commodity price and their prospective fluctuations. To answer in a word, it appears to be the consensus of opinion that food prices will remain steady and even rise in special cases, whereas general manufacturing lines will continue to sag from this time on.

Two instances in the food line may be cited having definite trends. For instance, wheat will probably be higher in price this year than at any time during the upward swing of prices. Argentine is faced with a crop shortage of serious proportions and will have difficulty in furnishing enough flour to feed her population as the problem is complicated by European contracts for purchase. The British crop is short and recent reports state that German and Turkish crops are almost a failure. On the other hand the French crop is in excellent condition and will not necessitate the usual heavy importation of wheat. In the United States the winter wheat crop is below the average, although the spring wheat crop is excellent, and the total crop of the United States may be only a little short of the previous year, which was not at that a very prolific one. In Canada the wheat situation is excellent, and although the acreage is smaller the yields, barring accident, will be very much greater than last year. All this is in the face of no wheat exports from Russia, and in consequence it is altogether probable now that this commodity is no longer controlled by the governments prices will rise considerably. So therefore there is no prospect of cheaper wheat until the crops of 1921 have been garnered.

The other instance is that of meat. Due to the severe winter and the high price of feed stocks, the herds of both the United States and Canada have been reduced, and this cannot be brought up to the standard for at least two years. In fact a number of causes have contributed to the decrease in herds and until some changes of great economic importance occur there does not seem to be much prospect of cheaper meats for several years to come.

The break in commodity prices which have been witnessed is uncertain as to cause, by which we mean to say it cannot be definitely stated that the causes are fundamental rather than due to local or transient conditions. The immediate cause of the drop in commodity price is due in the first place to unseasonable weather, and the second to freight congestion in the United States. By reason of strikes and the turning over of the railroads in the United

The services of this journal are offered through an inquiry column, which is open to subscribers and the public generally without charge, for detailed information or opinion as to financial or industrial affairs or institutions throughout the Province of British Columbia. Wherever possible the replies to these inquiries will be made through this column. Where inquiries are not of general interest, they will be handled by letter. We think that we can assure our readers that the opinions expressed will be reliable and conservative, and that all statements will be as accurate as possible.

States to private hands goods could not be moved in time for seasonal trade, and in consequence manufactures heaped up at primary sources to an alarming degree so much so that manufacturers and jobbers could not finance their commitments. There was a necessity therefore to unload and in this unloading prices broke. The most effective way to stimulate trade is to cut prices, which manufacturers and distributive agencies proceeded to do, with the result that large sales were held in all centres.

These immediate causes were actual but a contributing cause was the mental attitude of the general consumer towards high prices and the refusal to purchase only under the most necessitous conditions. This is the first definite step which indicates that the wild orgy of buying brought about by war prosperity has about run its course, and is the first piece of evidence of general public conservatism.

Basically the world is still short of foods and manufactured products which go into domestic consumption. The shortage of dwellings is still large and it must result ultimately in a building boom of considerable extent favorably affecting the building trades and allied lines. So that under these conditions production cannot be severely impeded and under every break in prices there is a very heavy potential buying power which will exert itself whenever prices become attractive.

A break in commodity prices is generally to be desired, and contrary to some expressions of opinion will not be as severe financially, if continued slowly, as is generally held.

In getting back to the normal of new conditions business must be brought under terms of more severe competition. The margin between the primary article and the manufactured article in the hands of the consumer is very wide. Manufacturing profits, wholesale and distributive profits and retail profits are on a very high scale. Competitive conditions will reduce these profits. Manufacturers will see wherein they can reduce costs of production, and by reason of lessened demand and reduced prices of operation the laboring man will see to it that he increases his efficiency in order to hold his job. There is room here for a considerable decrease in the cost of manufactured articles at prime sources to a greater extent than is now appreciated and with much public benefit. Then the spread in distribution will also have a decrease. Wholesalers and jobbers are generally making large profits on turnovers and competition will steadily reduce this margin to that of pre-war days. Retailing profits have been extraordinarily high and have attracted a large number of men into this line. Competition with decreasing profits may force out a number of the weak members of the retailing class and still leave a reasonable profit for the retail trade by increasing the volume of turnover, though decreasing the net profit on the individual transaction. So tracing prices from the raw product to the hands of the ultimate consumer there is room for a wide depreciation in prices without effecting the stability of business, nor causing any actual trade reaction.