

# BRITISH COLUMBIA FINANCIAL TIMES

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On the front page of this issue we publish an address of Mr. H. R. MacMillan before the British Columbia Forest Club which is the result of his investigations of the lumber markets of the World in the interests chiefly of the Provincial product. What he has to say deserves the thoughtful consideration of the lumbering interests of British Columbia.

The chief reason Mr. MacMillan points out that we do not do a large export business is because we do not want it. Our mills are chiefly educated for the rail trade and on that trade is their main dependence. When depression exists in the rail trade depression exists in the industry, and then the mills take a spasmodic interest in the export business, which on recurrence of activity in the rail trade quickly dissipates in thin air. Outside of a very few mills which make a business of the export trade and are in it in season and out of season there is only an occasional mill that is equipped to handle export business and will handle it on terms that are satisfactory to the importer. The result is that we have lost almost all of our importing connections. Mr. MacMillan rightly states that "If the export trade increased rapidly we would get little or none of the increase, so long as our present facilities and attitude remained unchanged."

Enough mills must be engaged in the export market to make British Columbia a competitive buying market. Whence the machinery for handling this trade will be created. There must also be created the spirit of co-operation for the maintenance of prices at a profitable basis.

The Government estimates the wheat yield of Canada as slightly under 160,000,000 bushels for the year 1916 as against a bumper harvest of 365,000,000 bushels in 1915. Just how this shortened yield will affect trade in Canada and in British Columbia in particular cannot be definitely asserted. The world's yield is short. The United States have also suffered in a similar way. From a crop of one billion bushels last year the yield has shrunk to 600,000,000 bushels. Drought has adversely affected the Argentine. Australia's crop is reported to be good and it has been commandeered. The problem of feeding the Empire and France and Italy is a cause of concern to the British Government although not apt to become unduly pressing.

The remarkable rise in price of the staple will help out the prairies, so that there should not be distress even among the more seriously affected districts. Merchants throughout the Prairies are reported to be doing a larger business this year despite the huge crop of last year, so that we might be safe in saying that the immediate effect is nil.

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 sane and conservative, and that all statements will be as accurate as possible.

There is a somewhat analogous situation in the United States that is recorded in 1901. In that year the United States was very active in general industry and trade. The late Spring witnessed a remarkable stock market activity resulting in astonishing rises in price and numerous mergers such as the United States Steel Corporation. Although a stock market panic occurred through the cornering of the shares of the Northern Pacific Railway it did not long depress prices. The agricultural experience of the year was unfortunate. Wheat, corn, oats, and cotton yielded not much more than half an average crop; yet business and industry did not drop off materially, and the term of the year ushered in a new period of activity which even surpassed that of 1901 which up to that time was the banner year for trade and general prosperity. The present trade situation is so different from anything experienced that historical trade analogies may prove utterly without bearing on the present situation. But the trade situation in the United States is very similar to that obtaining here and since the same crop shortages exist on both sides of the International Boundary Line it will be well worth while watching the progress of trade affairs there.

It may possibly be that the huge crops of 1915 have given trade in Canada such a momentum that its force may carry it through the whole season of 1916-1917 or until another crop has been raised. In fact this assumption would appear to have a basis which is both reasonable and logical. The benefit of the 1915 crop certainly did not reach its crest until the present summer. There was such a blessing of goods that the railways were incapable of handling them so that those farmers who were compelled to hold their grain because of the inability of the railways to supply equipment to take it to market were incapable of making adequate preparation for the planting of another large crop or paying outstanding bills and otherwise financing their ordinary businesses. The effect of these so situated could not be felt in trade until the present Fall.

In support of this contention the banks, wholesalers and jobbers give expression to moderate optimism and are generally of the opinion that in so far as they can see the present time is one of increased activity over a year ago and with no diminution in sight.

But what are apt to be the effects on British Columbia of this crop shortage? It certainly cannot affect our mining industry, nor our agriculture, which with the exception of hay, seems to be above the average. It cannot affect our fishing industry. Its chief effect outside of sympathetic and generally reduced purchasing power throughout the Dominion would be in our lumber industry. Here there happens to be some evidence or perhaps only a coincidence. It just happens that car trade has fallen off during the past few weeks. This is true only of the Coast mills. The Interior mills on the contrary have actually experienced an increase in orders. The Interior handles the Alberta trade chiefly and in Alberta the crops are but little short of what they were in 1915; in other words a remarkably large crop. The real reason for the slacking off of car orders from the territory which experienced poor crops, however, appears to be that Winter has set in unusually early, which has prevented the ordinary Fall building this year.

The present situation is one of engrossing interest to merchants and manufacturers, and may not necessarily result in depression.