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## Renewed Confidence in Business and Its Basis

**Belief that the Worst Is Over and Commerce Travelling in Smooth Waters, with the Stimulus of War Demands and Adequate Banking Resources Responsible for Renewed Confidence.**

Some of the most important results in the business world are attained through the medium of an interview. Sir Thomas Shaughnessy has been among us for several days, both going to and coming from the San Francisco Exhibition, and during that time has given out several interviews which have clarified the outlook for many business men, and have given courage to many more. Whether the note of encouragement Sir Thomas has struck is an echo of returning confidence, or has actually inspired confidence, is immaterial; but that Sir Thomas has, in stock market parlance, "called the turn," we believe will be amply attested by the events which will occur during the next six months. As an evidence of the sincerity of his opinions, he gave orders that the track gangs are to be increased to their full complements and the crews are to be set to work at the earliest possible date. This is what gives punch to the opinion, and is the actual backing up of dollars and cents faith in the expression of confidence.

It cannot be denied that somewhere in the back of the head of the average business man is a certain sense, sometimes lively, sometimes weak, that about May 1st, 1915, is ushering in a new era, a new order of things, in which the constructive phase will be the dominant one, and recovery—now slow, then more rapid—will be the general characteristic of the warp and woof of trade and industry. If this is an opinion that is widely held, and steadily growing, what are the bases, the foundations, upon which this belief is built? Are they sound and will they stand the test of time?

To attempt to point out a few of the reasons that may be advanced in support of the renewed confidence idea, it might be wise to look at the business situation first from its negative aspects and then advance to some of its more positive aspects.

First, then, there is a widely held belief that business throughout the Dominion is thoroughly liquidated. Not

only is this held to be true in the financial field, but also in the commercial and industrial fields. If you should go to any large manufacturer and ask him if he could fill out of stock a certain fair sized order, he will, nine times out of ten, tell you that he is sorry, but that he could fill it within a very short time. He hasn't the stock, but he is active and alert to fill it as quickly as the article could be manufactured. To get a line on the stocks on hand of large wholesale or jobbing houses, ask

the Provincial or general manager of a fire insurance company what risks he is carrying on stocks in warehouses, etc., and he will probably tell you that the risks are the smallest in years, and in many cases the warehouses occupied are anywhere under fifty per cent. of capacity. The average retailer will tell you that what is the use of carrying large stocks when all he has to do is to go around to the jobber and get what the customer wants. Hand-to-mouth buying is the characteristic of trade from the largest manufacturer to the smallest retailer. Buying of this character has been enforced by the restriction of credit, both as to amount and time, from the bank to the manufacturer, to the wholesaler, to the retailer and the customer, and reinforced by the bank at each step in the process of consumption. If this is not doing business on a safe and conservative basis, we would like to have another pointed out.

While evidence in commerce and finance of liquidation is not so tangible as it is in industry, it is nevertheless real. Financial commitments up to a month ago were very limited in amount. The banks and private

lenders stood by their customers caught with commitments on the outbreak of war, and have succeeded in reducing those commitments wherever possible, all during the following months. In commerce and trade where undertakings did not have to be financed or liquidated retrenchment was the order of the day, and everywhere possible the last five cent piece of expense was pared off.

Another negative aspect of the situation was the widely held belief that impending disaster was at hand. This and that mercantile house, it was rumored, was in trouble; this and that financial institution could not weather the storm, and so on, running the whole gamut of finance and industry. These conscienceless rumor mongers would bankrupt a

### RENEWED CONFIDENCE IN BUSINESS AND ITS BASIS.

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