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We have ventured the opinion that the reason for the failure of British Columbia industry to react from the depression that had set in eighteen months prior to the outbreak of war is due to the loss of population. While this is in large measure true, there are also some other factors which have accentuated this reaction and have tended to prevent any pronounced recovery.

The vast amount of money for railway construction, which was spent in this Province, produced a stimulus to trade which a large number of the merchants regarded as more or less of a permanent nature, due perhaps to the fact that it had continued for so prolonged a period. As this work slackened, the commitments made on the basis of permanence began to bear with increasing pressure on the commerce of the Province.

The spending of such vast sums in this Province naturally stimulated investment, and with it produced a period of speculation in land which involved practically the entire business of the Province. The first tightening of credit, and the first slackening in the flow of investment funds to British Columbia, showed up the false basis of the business structure.

It also made evident the large percentage of our population who were not engaged in productive and self-supporting enterprises. With the tension thus created, a large number of the speculative elements of the communities sought other fields and left the business interests to bear the burdens of the load created by this speculation. The over-borrowing induced by the speculation and the commitments entered into sapped the profits of the average business man, to such an extent that many were forced to the wall, and curtailed the activities of others to the point where the financial ability to take an initiative was reduced to the vanishing point.

The industrial situation was becoming intense when war broke out and put an end to the plans made for borrowing or re-borrowing; so that British Columbia must be self-sustaining, except in so far as the Province could borrow in the East or in the United States.

It is a curious fact that the causes of depression in a community or people always tend to intensify and accentuate the depression until, as in a disease, it wears itself out. Contraction in credit in one place induces the contraction of credit in another, until the whole list of borrowers are involved, and then ensues a further contraction. That which causes an outflow of population causes a reduced consumptive demand with less general employment, which further increases an emigration movement. The interest on fixed capital becomes a heavier burden for those remaining, who experience a reduction in earning power and thus increase the financial distress. And so on through the entire

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.

business activities, the causes of depression tend everywhere to increase the depression.

After eighteen months of war, what then? Is the end of depression at hand, or must we in this Province continue to experience a continuing shrinkage?

The realty commitments of the business interests have all practically been met: that is, those who were able have paid up; those who were unable have quit-claimed their titles to original holders, or have been driven to the wall by insolvency. The burden to be borne in most cases is the taxation burden imposed by municipalities. This constitutes a tremendous relief to the business of the Province.

On the other hand, the mortgage situation is very bad and apparently is getting worse. Each month a new list of mortgages are becoming in arrears in interest; in practically no cases is a demand made for principal. The decreased earnings of business houses have made mortgage interest an increasing burden, and residence property is similarly affected. Were it not for the tremendous reserve power of the loaning institutions in this Province, the mortgage position would collapse as a house of cards. Loan managers frankly state that realty value is indeterminate, and that the end is not in sight. This is candidly the dark side of the entire financial and commercial situation.

General wholesale and retail business is steadily tending to increase. The low marks of last year have not been reached so far, and the comment of business managers is that activity is on the increase, with moderate expansion probable.

The great basic industries of the Province are undoubtedly on the upturn. Due to the heavy prairie crops of last year, the lumber business is more active than last year, and is showing every evidence of expansion for the remainder of the year. Poor crop prospects on the prairies this summer would have an adverse influence, however. Since the low point of last year, lumber has risen three dollars per thousand feet.

The lumber export situation is dependent on the ships to carry our cargoes away. The prompt building of a few sailing vessels might help this autumn. Except for a turn in the charter market, little relief can be expected.

Mining, due to high prices, is now in the most prosperous condition in the history of the Province. The war has interfered with prospecting; but among those mines that are somewhat beyond the prospecting stage, development work has been extensively carried on. The fishing industry is also in a strong position with the prevailing high prices. Agriculture, too, has had a successful season, with every prospect of having under the plow this year more acres than ever before. The proposed increase in duty on apples should help the fruit industry of the Interior.

Summing up—while the credit situation is bad, the business situation is sound and has a tendency to expand. The profits from the latter must ultimately absorb the interest charges of borrowings, and bring the Province back to a safe financial position. But great recovery cannot take place until there is an immigration movement to British Columbia and that immigration placed in productive channels of trade and industry and agriculture.