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Although Canada cannot look for the bumper wheat crop which early in the season gave every promise yet due to copious rains which have fallen on the prairies during the past two weeks the yield per acre will average fair and due to the increased acreage the crop will be short of the 1915 crop only. This is provided that nothing untoward happens during the remainder of the growing season.

What is proving at this time a very troublesome problem is the handling and financing of the wheat crop this coming fall and winter. The grain growers, the banks and the finance minister are conferring on a solution.

Due to the enlarged farming activities of Great Britain with the favourable growing conditions, Great Britain will raise more food for her own people and will be under the necessity of importing less than since the outbreak of war. In fact the government of Great Britain is beginning to feel comfortable over the increasing reserves of food supplies there. The United States will have a large export surplus and because of that country furnishing the funds Great Britain will import chiefly from the United States. France and Italy will be short of wheat but in order to overcome the shortage both countries must import from the United States who will both furnish the wheat and the credits to purchase them. Canada is therefore under the necessity of not only shipping its exportable surplus overseas but furnishing the credits to the purchasers. Another phase of the problem is that of Australian which is loaded down with wheat and yet has not the tonnage available to ship it to Great Britain or the other allies.

The government of Canada has guaranteed to the producer of wheat a fixed price and must be held liable for taking the entire crop if it cannot be sold to private consumers. It will thus be seen that the problem of the Dominion Government is a very difficult one to handle and will require the use of a large amount of credit by granting credits to the purchasers being the European allied countries and taking credit from the producers of the wheat and holding it against future sale.

Since the Government is committed through guarantee of price of the product it might not be inadvisable for the Government to take the bull by the horns and buy the entire crop and sell it to milling interests as wanted and make arrangements to dispose of the surplus in other countries. In a large way it would involve the principle of as-

set currency, thus paying country elevators or farmers with Dominion notes and when wheat enters into consumption or is sold through export to cancel that proportion of Dominion notes created through the original purchase. Wheat deteriorates very little with age, in fact when properly stored actually improves, so that there is little danger that the 'collateral' will not always be worth the face value of the notes issued against it. While the present feeling of comfort through enlarged food reserves in the allied countries is one that threatens to depreciate the value of wheat it must at the same time be appreciated that for several years to come and long after the war is over there will be a serious shortage of food supplies so that the ultimate danger of the Government being required to hold its wheat for a considerable length of time is not probable.

The question remains as to the ability of Canada to grant credits to Great Britain and through Great Britain to France and Italy for the purchase of our exportable surplus. Another avenue of disposing of the wheat might be through the United States. While the United States is loath to grant credits to Great Britain and the European allies for the account of Canada particularly when she has large supplies for export, it is not beyond the bounds of possibility of Canada to sell its wheat to American millers direct and thus dispose of some of this large surplus. Due to the very heavy production of Canada during this war period and the great increases of public wealth it would seem that the Dominion has not yet reached its limit in granting credits and it is the duty and best policy for Canada to grant credits to the limit of the capacity of the people of Canada so that the large debts which Canada now owes abroad through war expenditure might be liquidated through these credits. However the Government, the banks and the grain dealers decide the problem it is still one of the most serious from the financial point of view that faces the Dominion for the next nine months and its solution will be watched with the greatest interest by financial and business men both here and elsewhere.

We print on another page the timber scale for the month of May in the province of British Columbia. The total for the month was in excess of 181,000,000 merchant board feet. This is in excess of any month in the history of the forestry department, and does not include all the spruce and fir logged for the Imperial Munitions Board for aeroplane stock. Before the summer is over we expect the totals to surpass 200,000,000 feet and when the Imperial Munitions Board books are opened for inspection after the war or some time in the future these figures will show material gains. The lumber industry of the province is certainly in a very active and flourishing condition. It is simply a question of physical capacity to log and manufacture and not one of securing orders.

The prolonged successes of the Allies in its counter-offensive on the Soisson-Rheims sector is very heartening to business and has taken a weight of anxiety and strain off business men. While we cannot give too much expression to the feeling of relief it must be borne in mind that the counter-offensive is only what its name implies. How soon the end will come no one can foretell but that there is long and grievous fighting yet to be borne is apparently assured. If, as many suppose, the war is to come by the cracking of German resistance so far as can be foreseen Germany is in little danger of cracking in the early future. A nation under the stern discipline of Germany does not falter in the face of a single check to its military progress. There must ensue a train of disasters which will shake the nation and sap the confidence of the soldiers and workman in their military superiors. Still we appear to have reached the top of the hill in the crisis and perhaps in a little while we will be looking down the slopes of dissolving resistance and disintegration.