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Sunshine as a Factor in Trade Recovery

The Frame of Mind Is a Factor in Business Activities—An Example—Straws Which Tend to Show Which Way the Wind Is Blowing.

Some few months before the outbreak of the war, Mr. Wilson, President of the United States, in making a statement as to the causes of the business depression, stated that it was due largely to psychological causes. By this he meant to say that if the mental attitude of business toward the legislative program, and the frame of mind of business men toward their own business and business generally, was changed to take a more hopeful view of things, business itself would quickly respond in the way of increased activity toward this change of mind. His remarks were adversely criticized by his opponents and business men generally, but that the suggestion, that the frame of mind toward business on the part of business men has a direct and definite bearing on the situation, cannot be completely denied.

To take an illustration from the experience also of the United States, it will be remembered that in October, 1907, that country experienced one of the worst panics in its history. To be sure, the panic was due to credit causes; but that a great deal of damage was done is readily attested to by consulting Bradstreet and Dun reports of that period and the ensuing winter and spring. The country was plunged into the abyss of depression, when some bright and hopeful individual made a speech before a Chamber of Commerce in the Middle West arguing for a change of mind in regard to business, a denial of depression, and advocating a course of action as if business were normal. He gave this the expression of scattering sunshine, and thus was started the famous sunshine movement which quickly spread over the entire United States, and had a direct action on increasing business because some business men had the temerity to order goods, and do other things which they would not have done in a despondent frame of mind. While the whole recovery to trade cannot be attributed to the sunshine movement, nevertheless it had a direct bearing in starting the recovery. The effect of a few people starting something will quickly ramify through all classes of trade, particularly if it comes after a prolonged period of trade inactivity.

While it is not intended in this article to initiate a sunshine movement—a much worse program could be adopted—there are some indications, perhaps faint as yet, that there is the beginning of a rift in the clouds of doubt and depression that hangs as a pall over business in this Province and throughout the Dominion. From the point loads, bank clearings, earnings of various corporations that of view of statistics, there is no evidence of a turn. Power

usually serve as trade barometers, do not show any change in sight. And yet local merchants in the principal cities say that the enquiry is better, and that they are beginning to have increased turnovers. The causes may be due to ordinary spring orders, and may be due to increased consumptive requirements on account of the fact that sales have not been up to the consumptive needs of the population. In either event the small increase in turnover is changing the attitude of these merchants as to the immediate future, whatever forebodings they may have still as to the long future.

There are other factors, though too much importance should not be attached to them as yet. The position of the chartered banks is getting to be so strong, so large a proportion of the bank assets being within its own vaults, that for the very reason of decreased earnings they may have to seek to stimulate business in order to have their bank funds bringing in returns. The banking facilities surely are prepared for any expansion in business. Bank saving deposits also are increasing, and this

has at least its potential advantage. An interesting phase on the financial side is that mortgage money is getting more plentiful and cheaper, although the difficulty of suiting the prospective mortgagee stands in the way of mortgages going through. This class of funds is chiefly from Eastern Canada. How is this deadlock to be changed? It seems likely that both sides will give way. The man with the money will relent in his demands because he wants his money to return earnings, and the man with the security will seek in every way possible to obtain the money. The quantity of this money is a small factor as yet, but it shows to some extent which way the wind is blowing.

Capital and industry seem to have gotten back their breath, since the outbreak of war, and have been observing

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