

The Chronicle

Banking, Insurance and Finance

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From the statement issued by the Government, it appears that to date, the province has advanced approximately \$56,000,000 to the Hydro-Electric Commission, and additionally it has guaranteed bonds to an amount of over \$8,000,000. In the near future, the province will have to supply over \$30,000,000 more to complete power installations in course of construction and other commitments being the total of prospective advances up to \$37,000,000 or \$38,000,000. The radial scheme would involve a further \$50,000,000 to \$100,000,000. "Assuming that the money could be borrowed," says the Government statement, "the annual interest charges would be almost equal to the total direct debt of the province in 1908 and the finances of the province would be seriously crippled and great confusion and hardship created for the municipalities if the scheme were not to meet the expectation of its promoters. This statement of facts is in itself sufficient justification for the course which the Ontario Government is now taking, and it is to be hoped that the investigation will be sufficiently thorough and far-reaching, and undertaken by men of such standing, as will settle once and for all the question of the Hydro-Electric soundness.

The annual report of the Brazilian Traction is disappointing to many of the shareholders in so far as it indicates that no early resumption of dividends is to be expected, but otherwise is a decidedly satisfactory document. Net revenue at \$7,873,967 shows an increase of approximately \$2,500,000 over that of 1918, and after the payment of preferred dividends, there remains a surplus of \$7,273,967 which is equal to 6.85 per cent. of the common stock. The remarkable fact about Brazilian is that even in these days, the Company is able to keep down its working expenses below 50 per cent. of gross earnings, something which must be unique in the current history of traction companies on this continent. The fact that there is little chance of an early resumption of the dividend

is suggested by the following paragraph of the report:—"The Board proposed to, provide for recurring capital expenditures by the sale of securities, but on account of present conditions it is not possible to sell them. In the meantime they must meet their expenditure out of revenue." This enforced policy of making additions out of revenue, while probably not very welcome to shareholders anxious for a dividend, is certainly one which will strengthen the company's position considerably, and at its present price, around 42, the stock is probably one of the best on the market for a "long pull" by those who can afford to put it away and forget about it.

With regard to the present financial position in London, it is noted that the recent improvements in stocks on the London Exchange is partly due to indications of slackening trade, suggesting the transfer of capital to securities. The slackening of trade, in turn, is related to the decline in orders. It appears that in regard to the immediate future in Great Britain, two theories are battling for supremacy. One asserts that the cardinal requirements of the situation are retrenchment, economy, increased industry, production and generally sounder conditions to be reached by a process of gradual deflation. The other theory, while admitting the necessity for economy and increased production, maintains that the situation demands easy money and a further expansion of credit with the object of bringing lower prices through increased production. The same two schools of thought are to be found at the present time in Canada, but it may be fairly said that among the bankers the first quoted opinion is that which is generally held, upon which the policy of the banks has been shaped during recent months.

TRAFFIC RETURNS

Canadian Pacific Railway				
Year to date	1918	1919	1920	Increase
June 30	\$70,213,000	\$74,867,000	\$80,030,000	\$15,193,000
Week ending	1918	1919	1920	Increase
July 7	\$2,787,000	\$3,120,000	\$3,373,000	633,000
Grand Trunk Railway				
Year to date	1918	1919	1920	Increase
June 30	\$22,972,154	\$33,464,248	\$37,051,295	\$3,587,047
Week ending	1918	1919	1920	Increase
July 7	\$1,033,462
Canadian National Railways				
Year to date	1918	1919	1920	Increase
June 30	\$35,445,231	\$41,495,872	\$45,674,824	\$4,178,952
Week ending	1918	1919	1920	Increase
July 7	\$1,424,684	\$1,713,404	\$1,932,961	\$219,557