# The Chronicle

**Banking, Insurance and Finance**

Established 1881. Published Every Friday

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OFFICE:

406-408 Lake of the Woods Building,

10 St. John Street, Montreal.

Annual Subscription $3.00 Single Copy, 10 cents.

**MONTREAL, FRIDAY, JULY 9th, 1920**


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Government become a buyer, it will purchase bonds of the earlier maturities in order to reduce the size of refunding operations the first of which is due in 1922. Buying on any large scale by the Government is, of course, dependent upon the way in which revenue comes in. By the fall, revenue on account of the current financial year, will be coming in very freely, and any extensive purchases of the bonds by the Government at that time, will of course, have an excellent effect in improving the market for these securities and correspondingly, the market for other high-grade bonds. In the municipal bond market, a fair number of bonds are being sold, but prices show a weakening tendency, as is not unnatural under the stringent conditions of tight money now existing.

Money prospects in the United States continue to form matter for grave and anxious comment by financial observers. With the Federal Reserve's reserve ratio down to about the lowest point on record, it is felt that the private banks will mostly have to finance autumn trade from their own resources. Protective measures, additional to those already established by the institution of an 8 per cent. rate on first class commercial paper, will it is believed, be taken by the Federal Reserve system as autumn approaches. These protective measures may conceivably assume the shape of extremely drastic action against speculative or "non-essential" loans, existing or prospective. What effect would be produced on speculative activities and on prices in markets in which speculation has been sustaining the present level, by the adoption of such measures remains to be seen. Only the course of events in the next three months can settle that question.

The reduction in the scale of taxation under the Business Profits War Tax Act for accounting periods ending in 1920 involves concessions of much value to large industrial and commercial corporations. Under the scale of taxation in force for the 1917, 1918, and 1919 accounting periods, profits from 7 per cent. to 15 per cent. of capital employed were taxed 25 per cent., between 15 and 20 per cent. of capital employed, 50 per cent., and over 20 per cent of capital employed 75 per cent. The limit of exemption has now been raised for 1920 accounting periods from 7 to 10 per cent. of capital employed, and the tax regraded as follows:—10 per cent. to 15 per cent. of capital employed, tax 20 per cent.; 15 to 20 per cent. of capital employed, tax, 30 per cent.; 20 per cent. of capital employed, tax 50 per cent.; over 30 per cent. of capital employed, tax, 60 per cent. While under present circumstances, prophecy in regard to matters of taxation is somewhat rash, it appears not unlikely that 1920 may mark the end of the Business Profits War Tax, and that another year may see corporations upon a straight Income Tax basis. Meantime, industrial and commercial corporations, which under present circumstances are making handsome profits, notably the paper companies, will find a considerable measure of relief from the burden of taxation in the new scale.

## CANADIAN SHIPBUILDING

Shipbuilding has become one of the leading Canadian industries with an investment of $60,000,000, and according to the figures of 1918-1919 the Dominion had assumed third place among the countries of the world in this branch of industry. The number of plants reported in 1918 was 204, of which 90 were shipbuilding and 114 boat building. There were 19 plants producing steel vessels of a tonnage running as high as 10,000 tons dead weight. The plants were located as follows:—Nova Scotia, 72; Ontario, 69; British Columbia, 26; Quebec, 23; New Brunswick, 6; Manitoba, 4; Prince Edward Island, 2; and Alberta, 2.

### *Capital Invested and Materials*

Of the capital in the industry in the various provinces, Ontario had an investment of $28,895,880; Quebec, $14,488,349; British Columbia, $10,000,000; the Maritime Provinces, $4,361,257. In land, buildings and fixtures the investment was $19,035,340; machinery and tools, $10,475,899; materials on hand, etc., $18,853,649; cash and accounts, $9,080,051. The number of employees is given as 22,486, receiving wages and salaries amounting to $27,148,628.

The value of the principal materials used in shipbuilding in 1918 is given as $31,584,754, representing, amongst other things, 19,925 tons of iron castings, bars, etc., 6,860 tons of steel castings, bars and billets; 120,717 tons of steel plates; 26,331 tons of bolts, nuts, rivets, etc. The gross tonnage of all boats and vessels built or being built during the year 1918 was 360,300 gross tons valued at $76,630,044.