

# The Chronicle

## Banking, Insurance and Finance

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### GENERAL FINANCIAL SITUATION.

(Continued from front page)

green was every day ornamented with idle men, while fields of grain nearby were simply going to waste, owing to the impossibility of getting men to harvest them. The simple reason for this state of affairs is that a foolish government pays dole. Why work, when a nice paternal government will pay you for being idle—at the expense of the folks who do work? We do not say that this kind of thing is likely to happen in Canada on any large scale, if the opportunity which a further cash gratuity would give, were afforded, but we do say that under present conditions the risk that it would happen, cannot be run, and that any further monetary reward to returned men should be in such a form as would not encourage any among them inclined to laziness, to indulge in that propensity at the expense of the community.

Only time can show what definite results, if any, will be secured from the industrial conference which is taking place at Ottawa this week. Human nature being what it is, it will probably require a good deal of delicate management to get the conference through without misadventure, but given the necessary tact and diplomacy in this respect, some good may result from a frank inheritance of views. Employers have heard a good deal lately about labor's rights and demands, and it will be at least an advantage if labor representatives at the present conference learn to appreciate something of the problems confronting employers, and their point of view.

One curious effect of the present low rate of sterling exchange is that British holders of securities having their domicile on this side of the Atlantic are able to realize their holdings at a considerable profit. A substantial volume of sales on this account was lately reported in the New York market, though the movement thus far does not appear to have extended to Canadian stocks. While British holders of Canadian securities are in a relatively fortunate position in this respect, Canadian holders of British secur-

ities are in a sorry plight. To begin with, they receive their dividends, less an income tax of six shillings in the pound—nearly thirty per cent.—and the fourteen shillings in the pound they actually receive is, of course, worth considerably less in Canadian currency than par of exchange. And, to add insult to injury, as the Canadian shareholder no doubt considers it, the Canadian income tax authorities collect their impost on the fourteen shillings. While realization of British securities by Canadian holders would, under present conditions of exchange result in a substantial loss of principal, the six shilling British income tax is a heavy imposition, the effect of which, if continued for some years, as seems likely, will be the gradual liquidation, as favorable opportunities occur, of those holdings.

One other effect induced by war taxation may be noted. British and American firms and corporations doing business in Canada through branches of the parent company find their Canadian profits liable to double income taxation—and to some extent war profits—they are taxed in Canada and again in England or the United States. The result of this is that in a number of cases firms and corporations are taking steps to form their Canadian business into separate concerns with a Canadian charter. Under this arrangement, while Canadian income and war profits tax is paid as before, taxation in Great Britain and the United States is avoided, except in so far as dividends paid or credited to the parent company are concerned, while if the profits are retained in Canada for the development of the business, instead of being distributed in dividends, taxation in Great Britain and the United States is altogether avoided. This development is an interesting instance of the far-reaching changes in commercial organization brought about by the war.

### TRAFFIC RETURNS.

#### Canadian Pacific Railway

Year to date	1917	1918	1919	Increase
Aug. 31.....	\$94,523,000	\$94,846,000	\$103,958,000	\$9,112,000
Week ending	1917	1918	1919	Increase
Sep. 7.....	2,666,000	3,053,000	3,599,000	546,000
" 14.....	2,691,000	2,915,000	3,763,000	848,000

#### Grand Trunk Railway.

Year to date	1917	1918	1919	Increase
Aug. 31.....	\$41,082,168	\$34,408,155	\$41,322,909	\$6,914,754
Week ending	1917	1918	1919	Increase
Sep. 7.....	922,615	1,346,536	1,422,955	76,419
" 14.....	977,154	1,415,000	1,647,304	232,304

#### Canadian National Railways.

Year to date	1917	1918	1919	Increase
Aug. 31.....	.....	\$49,434,472	\$55,941,869	\$6,507,397
Week ending	1917	1918	1919	Increase
Sep. 7.....	.....	1,504,832	1,737,454	232,622
" 14.....	.....	1,593,343	2,017,960	424,617