

# The Chronicle

## Banking, Insurance and Finance

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F. WILSON-SMITH, Proprietor and Managing Editor  
OFFICE:

406-408 Lake of the Woods Building,  
10 St. John Street, Montreal.

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### THE GENERAL FINANCIAL SITUATION

(Continued from front Page)

comparison of Australian and the present Canadian rates. However, what is sauce for the goose is also sauce for the gander, and if the Government roads are to get an increase, it is difficult to see on what principle a similar increase can be withheld from the Canadian Pacific. On the last occasion when an increase in certain freight rates was granted, it will be remembered the effect of the increase in the case of the C. P. R. was neutralized by special taxation by Order-in-Council. Presumably such a step will not be again possible, and the C. P. R. stands to benefit concurrently with any increase which may be granted to the other roads.

From one quarter and another, there has come a good deal of criticism regarding the recent arrangement for the restriction of the import of Canadian securities from abroad. Theoretically, there is much force in the argument that the financial markets should be left to take their own course, and that their natural movements should not be interfered with by Governments. But at the present time, we doubt the wisdom in practice of such a course. It is, for instance argued that the Victory Bonds should be left to find their own level in competition with other securities. Support of the market, and the making of what is, in effect a false price, is not, we admit, desirable as a general rule, but it is, we think, in the present case not altogether undesirable. These bonds were widely distributed through large sections of the community, which had had absolutely no previous experience in investments, with means which do not permit of the bonds being comfortably locked away until maturity or some opportunity of profitable exchange presents itself. In such circumstances had the market been allowed to take its course, and the bonds had gone down, say to 90, as a result of natural forces, the consequences to thousands of small investors, who were urged to buy the bonds as a patriotic duty, would not be pleasant. On that ground alone, the policy of price fixing has its present justification.

There is also something to be said for the argument that allowing Victory Bonds to take their own course would have the effect of enforcing economy in public expenditure, since the Government would no longer be in the position of a preferred borrower. We fancy, however, that Sir Henry Drayton is not likely to need any reminder of this kind on the subject of economy, the necessities of the present situation of the national finances are sufficiently evident.

As regards the point that British and American investors will be unfavourably impressed, we think that this is much exaggerated. Financiers in London and New York are perfectly well aware that Canada's liquid resources are not bottomless, largely as they have been increased during recent years. The supposition of realisation by United States investors, similar to the realisations by British holders which resulted in the restriction, does not seem very probable, at least for some years, by which time, it is to be hoped, Canada will be in a considerable better position than at present to take care of any influx of securities from abroad.

The New Ontario Government promises to follow well-worn paths, in at least some directions, notably that of taxation. New revenue for roads and rural schools is to be raised by enlarging the succession duties and the taxes on Corporations. Corporations have always been a shining mark for taxation in Ontario, and one which it was to be expected a farmers government would not easily pass by. But while those in charge of the farmer's movement are denying vigorously that it is a class movement, the taxing programme of the Ontario government shows just how seriously this denial is to be taken.

### TRAFFIC RETURNS

#### Canadian Pacific Railway

Year to date	1918	1919	1920	Increase
Feb. 29	\$19,850,000	\$23,379,000	\$26,877,000	\$ 3,298,000
Week ending	1918	1919	1920	Increase
Mar. 7	1,122,000	2,468,000	3,244,000	775,000

#### Grand Trunk Railway

Year to date	1918	1919	1920	Increase
Jan. 31	\$ 4,083,362	\$ 4,402,229	\$ 5,054,034	\$ 651,865
Week ending	1918	1919	1920	Increase
Feb. 7	675,115	905,449	1,178,184	272,735
Feb. 14	752,861	947,889	1,220,500	272,620
Feb. 21	980,013	974,220	928,693	Dec. 45,327

#### Canadian National Railways

Year to date	1918	1919	1920	Increase
Feb. 29	13,053,079	\$13,783,621	\$ 13,783,621	\$ 730,542
Week ending	1918	1919	1920	Increase
Mar. 7	1,369,774	1,690,099	1,690,099	320,325