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THE GENERAL FINANCIAL SITUATION

(Continued from front Page)

for publicity regarding the amount of Income Tax paid is natural, but additionally to the enormous task of publication, there is the point that the information published might be misinterpreted, since the amount of taxation paid depends not only upon the character of the income to some extent, but also particularly in 1917 and 1918 to what is done with it in the way of patriotic contributions.

The further marking down of the Victory Loan issues by the special committee which is in charge of the trading in them, however, disconcerting it may be to holders who desire to realize, is a healthy sign. There were some fears, when the trading in these issues, was for a second time turned over to the committee, that the step meant the maintenance of purely artificial prices for these issues. But this is evidently not the case. The prices of the various issues are being raised and lowered in accordance with the developments of the monetary situation, and while possibly a certain amount of artificiality is maintained, there is an evident desire to reduce this to a minimum, while protecting the bonds, to some extent, from the untoward developments which might be caused by a panic. These various Victory issues are probably not yet at their lowest point, but they remain the best possible purchase for the investor in high class bonds.

On the local Stock Exchange this week, Brazilian has shown some sign of recovery from its recent low around 41. The position of the stock is a peculiar one. The Company's earnings are excellent, and what is remarkable for a traction company in these days, its net earnings reach approximately 50 per cent. of gross—something which is unapproachable in North America. But as a result of the heavily adverse exchange against Brazil, funds earned by the company can only be made available for dividends at the cost of a heavy loss in exchange. This loss in exchange was the sole reason for the Company's discontinuance of dividends, and not any inability of earnings to justify them. Since the dividends were discontinued, considerable amounts of earnings, which under other circumstances would

have been distributed, have been put back into the property—thus avoiding new financing at a difficult time, and increasing the equity behind the common stock. Brazilian was one of the principal sufferers by the heavy London selling of securities of Canadian origin, which developed a few months ago, and was continued up to the time of the voluntary "embargo," and London selling, leaking through this measure, is said to be largely responsible for the recent weakness in the stock. That it has been depreciated unreasonably, there seems no manner of doubt. Some time ago, it was understood that dividend payments were likely to be resumed this summer, but even if these are deferred for a period, the stock remains a very promising speculative for a long pull, with prospects of considerable profit as exchange gets more towards normal.

NO QUESTION OF ITS VALUE

The president of the American Bankers Association, Richard S. Hawes, was asked by President Singleton of the Missouri State Life for his opinion of the value of business life insurance.

Here is his reply:

"The question is not whether business life insurance is a good thing. The big question is *how much* is adequate to indemnify against the loss of brain power involved?

"Complete coverage of man power of valuable executives is more important in many cases than adequate fire insurance to cover the physical assets. Certainly a loan on property would not be considered until it was covered by a fire insurance policy.

"It has become an established custom by credit men of banks to make inquiry as to amount of insurance carried by the guiding spirits of corporations, payable to such corporations, and it has added weight upon the extension of accommodation.

"Personally, I have believed for many years that corporation officials would be wise in considering the taking out of liberal lines of life insurance, payable to their companies, as a protection against the loss of their executive management."

FIRE LOSSES FOR APRIL

The losses by fire in the United States and Canada during the month of April, as compiled from the daily records of The Journal of Commerce, aggregated \$22,108,750. This compares favorably with the March figures, which were \$27,597,700, but are much more serious than the April last year's record of \$15,484,750. The first four months of 1920 present an exceptionally heavy record as to property destroyed by fire, the total reaching \$113,350,700, as compared with \$98,586,135 for the same months last year and \$94,024,925 in 1918.