

# The Chronicle

## Banking, Insurance and Finance

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F. WILSON-SMITH, Proprietor and Managing Editor

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dend and 33 1/4 per cent. of arrears of dividends, although there seems at present small prospect of the latter being cleared off. Presumably the stocks held as collateral for the failed firm's loans will be held and liquidated gradually. Certainly, any attempt to force liquidation in such a small market as Montreal, would result only in a miniature panic, and heavy general losses.

The balance of the local Stock Exchange list has had a downward tendency, although in the early part of the week it was noticeable that the paper stocks had held their own particularly well in the face of discouraging conditions and development. The solid fact is that the paper companies are uniformly making money hand over fist and it seems probable enough that the present movement is merely a marking time stage, which will be followed later on by new high levels. Particularly, some of the stocks of the younger companies, quoted only in the unlisted department of the exchange, appear to have discounted much less than the better known stocks, the prosperity which this industry is enjoying.

A fact of the present situation which is possibly not so widely appreciated as it should be is that the existing money stringency has brought about the levels of bond prices which afford the highest yields that have existed in a generation. There is not the least doubt as to the bargain character of the present price of Victory Bonds, and there are others in line with them. The position of purely investment stocks is very much the same. Under present conditions, they are absolutely neglected, and their purchase around present levels affords the real investor opportunities, which, it seems, are likely enough to result handsomely, when conditions improve.

The amendments to the Business Profits War Tax Act passed at the recent session of Parliament contain a provision of some interest which reads as follows: "In the case of two or more incorporat-

ed companies merged or consolidated at any time after the 1st January, 1916, for the purposes of this Act, the capital employed in the business of the company into which such other company or companies are merged or consolidated, or of the company created on such merger or consolidation, shall not exceed the capital of the companies so merged or consolidated as the same existed before such merger or consolidation, together with any additional capital that may have been invested in such business in cash at the time of such merger or consolidation or thereafter.

This provision prevents a company getting credit in the calculation of its capital for the purposes of the Business Profits War Tax for the mere writing up of its assets, without the investment of additional real money. This writing up of assets is of course, the basis of the recapitalisations of the paper companies which have recently gone through and may be justified from the companies' point of view, by existing real values and earning power. To allow such writing up for the purposes of taxation, would be clearly to discriminate in favour of corporations which had been fortunate enough to have their assets increased in this way, as compared with those undertakings which had not been so fortunate.

### ARSON

Every man owes it to himself and to the community to do what he can to prevent crime of whatsoever character, and yet it is the attitude of the people at large in condoning and excusing crime that makes it so difficult for prosecutors to convict those guilty of infractions of the law, particularly arson.

### TRAFFIC RETURNS

#### Canadian Pacific Railway

Year to date	1918	1919	1920	Increase
June 30 .. ..	\$70,213,000	\$71,867,000	\$90,050,000	\$15,193,000
Week ending	1918	1919	1920	Increase
July 7 .. ..	\$2,787,000	\$3,120,000	\$3,373,000	653,000
July 14 .. ..	2,688,000	3,325,000	3,854,000	529,000
July 21 .. ..	2,644,000	3,202,000	3,648,000	446,000

#### 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 .. ..	\$1,093,462	.....	.....	.....
July 14 .. ..	1,330,800	1,688,850	2,158,945	420,095
July 21 .. ..	1,114,799	1,799,920	2,387,118	588,998

#### 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
July 14 .. ..	1,595,147	1,679,683	2,000,993	341,910
July 21 .. ..	1,561,063	1,746,289	2,222,500	476,211