

The Chronicle

Banking, Insurance and Finance

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at the rate noted above. On the other hand, it may be expected that the stocking-up process, in some lines at least, is about complete, and the banking policy of restricting credit should soon begin to show its effects. Possibly, however, the main hope of an adjustment in our trade balance in the near future lies not with the Western crops, although what prices will be secured for these in export trade remains to be seen.

The application of the Canadian railways for increased rates, to which reference was made in this column last week, is given additional point by the new wage increase which has been made in the United States, an increase which must soon be followed by the Canadian roads. The aggregate increase in the United States is \$600,000,000 and in Canada it will be necessarily an amount which can only be covered by a substantial addition to rates. In the States, as in Canada, the question of railway rates is a pressing one. Just what level of rates will be fixed there, will, it is believed, be determined by three considerations, first, the "physical value" of the railroad properties, as yet only partially calculated; second, the opinion of the Railroad Commission as to what constitutes an adequate return, bearing in mind the transportation needs of the country, and the necessity of enlarging facilities which can only be done by attracting new capital into railway developments and third, the degree of economy and efficiency which the commission demands of the roads in determining a fair return. In Canada, the question of rates is complicated by the necessity of fixing such a scale as will enable the Government owned roads to be self-supporting, if they are not to be a continuous drain upon the national exchequer. On the other hand, there is the position of C. P. R.

There is now precedent for the granting of increased rates and in the case of that company, making special taxation correspondingly, and it would not be surprising if eventually some method were adopted by which the C. P. R. would be required to return to the Treasury in taxation the surplus which would be produced by the new scale beyond the amount required to maintain the C. P. R. in good physical condition, and continue the payment of the present dividend.

Business on the local Stock Exchange has slowed down considerably during the past week, and recent speculative favourites have shown a declining tendency, partly as a result of weakness in Wall Street. With regard to the paper stocks, it is still believed that their present retroaction is only temporary and that later on, there will be a new forward movement carrying them to even higher levels. Obviously, however, possibilities in this connection depend upon the money situation. One of the striking features of the existing market is the low level to which excellent stocks like Montreal Power, Bell Telephone and Shawinigan have been allowed to drift. All these, of course, are now purely investment securities and their existing low level is merely a reflection of the fact that capital at the present time commands a high price. It is possible that they may drift lower, although the conservative investor, it would seem, can hardly go far wrong in picking them up around present prices.

TRAFFIC RETURNS

Canadian Pacific Railway

Year to date	1918	1919	1920	Increase
June 30	\$70,213,000	\$74,867,000	\$90,030,000	\$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	2,108,945	430,095
July 21	1,114,799	1,799,020	2,387,118	588,068

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	1,505,147	1,659,083	2,000,993	341,910
July 21	1,561,063	1,746,289	2,222,500	476,211