The Chronicle

Banking, Insurance and Finance

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(Continued from front Page)

generally made to devise the best means for making the contraction in credit and the fall in prices as gradual as possible. The matter is however, complicated by the Soviet aspect, since a too rapid deflation would mean grave financial disturbance and wholesale unemployment. On the other hand, if insufficient attention be paid to deflation there will be continued the labour agitation for more wages and less work.

This outline of the present position of the problem of deflation as it exists in England applies also to the Canadian position. That the problem of deflation has here a very important social side, which may cause serious trouble, if deflation is badly handled, is obvious to all who are very slightly acquainted with present day so-called "labour" developments and tendencies, particularly in the province of Ontario. Here in Quebec fortunately the position is not so acute, owing to the fact that extreme "labour" views have fortunately made less headway than elsewhere. But trouble of this kind in one province would certainly cause grave injury to trade and industry throughout the Dominion.

It would be well for the public to acquaint itself with various of the provisions of the Income Tax Act which is now going through Parliament. The newspapers unfortunately have paid little attention to some features of the new legislation which are of very great importance to the public at large. This is particularly the case in connection with the Income Tax returns for the year which will be required to be made next spring. Instead of, as hitherto, making their returns merely, and waiting for the bill to come in, taxpayers will be required to calculate their own Income Tax and send a cheque when filing their return. This cheque may be for the full amount or for a proportion, not less than 25 per cent. In the latter case they will be required to pay the balance of the tax within six months, together with interest at the rate of 6 per cent. per annum upon the balances unpaid. The return will of course be subsequently checked. Error in understatement of income up to 10 per cent. will merely have the comparatively mild result of a bill for the balance of the tax unpaid, plus interest at the rate of 10 per cent. Error in mistatement of between 10 and 20 per cent. means a penalty of 50 per cent. of the deficiency in addition, an error exceeding 20 per cent. a penalty of 100 per cent. of the deficiency. So that the making of Income Tax returns next spring will not be a matter to be undertaken lightly, since the penalties provided for error are by no means light, and as some taxpayers are painfully aware Income Tax penalties are now being enforced.

The heavy fall in the price of silver, which declined almost 22 cents in London last week, is undoubtedly a result of the chaotic conditions existing in far Eastern trade as a result of the recent financial crisis and panic in Japan. Chinese export trade is reported as being at a standstill, while in Japan unemployment is rampant and the shipping position is such as to amount almost to a blockade, as a result of merchants abandoning goods, it being simpler to let go of them this way than to pay for them at the inflated prices at what they were purchased and attempt to realize on a broken market. The slump in the price of the white metal will have an important effect upon the fortunes of the Northern Ontario silver mines, and their shares have been sharply depressed in consequence of events. With regard to the gold mines, in the same locality it is to be remembered that any deflation of credit involves a proportionate rise in the value of gold. The leading mines are severely hampered by lack of labour, but in this connection it is believed that conditions have now about passed the worst point and that by the end of the year there will be a distinct improvement.

TRAFFIC RETURNS

Canadian Pacific Railway

Year to date	1918	1919	1920	Increase
May 31	$58,185,000	$61,847,000	$74,133,000	$12,286,000
Week ending	**1918**	**1919**	**1920**	**Increase**
June 7	2,846,000	2,957,000	3,619,000	662,000

Grand Trunk Railway

Year to date	1918	1919	1920	Increase
May 31	$17,909,748	$26,208,273	$28,219,006	$2,010,733
Week ending	**1918**	**1919**	**1920**	**Increase**
June 7	....	....	....	....

Canadian National Railways

Year to date	1918	1919	1920	Increase
May 31	....	$35,062,837	$37,798,285	$2,735,448
Week ending	**1918**	**1919**	**1920**	**Increase**
June 7	....	1,509,340	1,618,195	108,855