

# The Chronicle

## Banking, Insurance and Finance

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### THE GENERAL FINANCIAL SITUATION (Continued from front Page)

The extraordinary rise in the value of silver, which has resulted this week in an order by the British Government making it illegal to melt, break-up or to export British silver coins or to export silver bullion without a license, is of considerable interest to Canada in view of the important silver production of Northern Ontario and other districts in the Dominion. Silver, which in London in 1913, was down to approximately 52 cents an ounce, sold this week at \$1.29 an ounce. The rise is, of course, a result of the immense inflation of credit and the increase in value of all marketable commodities caused by the war. Judging by present indications, the situation is unlikely to change for some time. The great absorbent capacity of Eastern countries for silver is well known, and with the Western countries clamouring for their products at least for several years to come, a vast amount of the precious metal will, no doubt, disappear into the East. The outlook is a favourable one for the Canadian producing mines, and suggests that a considerable impetus is likely to be given to further developments of the Dominion's resources in this, and the other precious metals.

While, at the time of writing, the outlook on the surface of things regarding the strikes among our neighbours to the South is not too rosy, there are some observers who are inclined to believe that if the miners can be soundly beaten, the industrial air in the States will be clarified considerably. They point to the fact that 'longshoremen are returning to work and claim that the steel strike is gradually fizzling out. Against this optimism may be set the fact that in New Orleans the 'longshoremen are returning to work at a wage of a dollar an hour, with a dollar and a half for overtime and double-time on Sundays. This, for practically unskilled labour! There is no doubt, however, as regards the steel strike, that the United States Steel Corporation, in taking the firm stand which it has taken, has not only acted wisely in its own interests, but has conferred a benefit on industry throughout the whole of this continent,

in leading the fight against the present outrageous demands of manual labour.

With regard to the continued speculation on the New York Stock Exchange, it is believed that one reason for the continued high prices of a number of industrial stocks is that many speculators are hesitating to turn their paper profits into cash because on doing so, they will be called upon to pay the Federal Income Tax on those profits. In the United States, the Income Tax Law is somewhat different from that in Canada, since income is reckoned to include all profits from whatsoever source derived, and the Stock Exchange speculator therefore comes within the provision of the Income Tax authorities. In Canada, on the other hand, gains in Stock Exchange speculations are not taxable income, except in the case of stockbrokers, but this gain to the taxpayer is offset by the fact that in Canada the permissible deductions from income are considerably less than in the United States. In other words, the Canadian income tax net is not so large as in the United States, but the mesh is smaller. It would seem better to realize profits and pay an income tax thereon than run the risk of losing them altogether as the result of a slump in the market—a not unlikely contingency. But the ways of the Stock Exchange speculator, in such feverish markets as have been seen during the past few months, are beyond comprehension. At all events, the speculator in Canadian stocks is gaining nothing in this respect by hanging on to paper profits in preference to turning them into cash.

### TRAFFIC RETURNS.

Canadian Pacific Railway				
Year to date	1917	1918	1919	Increase
Sept. 30.....	\$106,475,000	\$108,138,000	\$121,176,000	\$13,038,000
Week ending	1917	1918	1919	Increase
Oct. 7.....	2,842,000	3,458,000	3,965,000	507,000
" 14.....	3,335,000	3,534,000	4,029,000	505,000
" 21.....	3,429,000	3,509,000	4,241,000	732,000
" 31.....	4,989,000	5,023,000	5,878,000	\$85,000
Grand Trunk Railway.				
Year to date	1917	1918	1919	Increase
Sept. 30.....	\$45,544,759	\$40,754,680	\$48,317,156	\$7,562,506
Week ending	1917	1918	1919	Increase
Oct. 7.....	1,014,812	1,460,738	1,611,553	150,815
" 14.....	989,667	1,433,788	1,619,110	185,322
" 21.....	916,866	1,296,165	1,486,851	190,686
" 31.....	1,463,382	.....	.....	.....
Canadian National Railways.				
Year to date	1917	1918	1919	Increase
Sept. 30.....	.....	\$56,492,853	\$64,569,137	\$8,076,284
Week ending	1917	1918	1919	Increase
Oct. 7.....	.....	1,789,180	2,102,281	313,310
" 14.....	.....	1,745,665	1,974,750	229,085
" 21.....	.....	1,915,656	2,129,180	213,574
" 31.....	.....	.....	.....	.....