

The Chronicle

Banking, Insurance and Finance

Established 1881.

Published Every Friday

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OFFICE:

406-408 Lake of the Woods Building,

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Annual Subscription \$3.00 Single Copy, 20 cents.

MONTREAL, FRIDAY, DECEMBER 10th, 1920

(Continued from front Page)

unknown factor arises from the fact, which is generally believed, although naturally no precise information is available, that the Government, as a result of the special Committee's operations, controls a very considerable amount of bonds. What will be done with these bonds is not yet known. In the case of the shorter maturities, they might be obviously held for retirement. However, whatever the facts may be in this connection, it may be taken for granted that these controlled bonds will be handled very carefully and to the best possible advantage from the Government's point of view.

With regard to the longer future of the bonds, it is not likely that the tax exempt feature of the bonds will be fully continued in any refunding operations which take place between now and 1924, although the possibility might be considered, in the event of the refunding operations being very extensive, of issuing two classes of bonds, taxable and non taxable, the latter bearing a lower rate of interest than the former. This procedure was followed by the British Government in regard to several of the war loans. However, that may be, it is clear enough that with Income Tax at a fairly heavy rate continuing as a permanent part of the Canadian fiscal machinery, that the longer term tax free bonds, the 1933 and 1937 issues will offer very great attractions to wealthy individual investors, and that there is likely to develop such a demand for these bonds and also the 1931 and 1937 5 per cents., as will possibly raise their price out of line with the other issues. This is a possibility which the smaller fry of investors would do well to bear in mind, when making their choice, particularly in the immediate future of Victory Bonds for their savings.

The cables in the last few days have carried interesting news of commercial developments in Great Britain, where the process of liquidation is becoming somewhat severe. The decline of prices during the month of November was quite

sharp, amounting, according to the calculations of the London Economist, to 7.9 per cent., following a decline of 6.2 per cent. in October. This decline, following the gradual recession in prices which has been taking place in Great Britain since April, brings the general level of prices about 20 per cent. below their record high level last March. This is a much more severe recession than has so far taken place in Canada, and it has been accompanied by several extremely large failures of commercial firms. One interesting fact in regard to the present British situation is that last week the Bank of England's reserve ratio dropped to 7½ per cent., the lowest since the panic of 1866. This development, however, is it appears, not the result of liquidation and business difficulties, but is a consequence of Government borrowing to meet interest obligations and requirements in connection with maturing loans. There are, however, some grounds for fearing renewed inflation in Great Britain, particularly as a result of relief measures for unemployment which is now becoming extremely serious.

Some shareholders are lamb-like specimens. Those of Atlantic Sugar met last Saturday and unanimously voted what the directors requested them to vote, without even one solitary shareholder enquiring apparently what the real position of affairs is. Possibly the shock of seeing their stock drop something over a hundred points has been too much for them, and they have no stomach for the harrowing details. But the fact is extraordinary, nevertheless.

TRAFFIC RETURNS

Canadian Pacific Railway

Year to date	1918	1919	1920	Increase
Oct. 31	\$123,652,000	\$139,299,000	\$168,810,000	\$29,511,000
Week ending	1918	1919	1920	Increase
Nov. 7	\$3,437,000	\$3,821,000	\$5,723,000	\$1,902,000
Nov. 14	3,575,000	4,083,000	5,677,000	1,594,000
Nov. 21	3,582,000	4,111,000	5,300,000	1,119,000
Nov. 30	4,502,000	5,086,000	6,894,000	1,808,000

Grand Trunk Railway

Year to date	1918	1919	1920	Increase
Oct. 31	\$47,102,767	\$59,925,018	\$70,480,837	\$10,555,819
Week ending	1918	1919	1920	Increase
Nov. 7	1,342,941	1,931,520	2,385,604	454,084
Nov. 14	1,471,654	2,003,207	2,623,463	620,176
Nov. 21	1,357,756	1,916,414	2,406,546	490,136
Nov. 30	2,052,615	2,352,615	3,083,777	731,162

Canadian National Railways

Year to date	1918	1919	1920	Increase
Oct. 31	\$63,973,321	\$76,184,956	\$86,558,336	\$10,373,379
Week ending	1918	1919	1920	Increase
Nov. 7	\$1,717,273	\$1,987,622	\$2,770,758	\$783,136
Nov. 14	1,719,006	2,000,035	2,880,563	880,528
Nov. 21	1,884,198	2,147,197	2,940,156	792,959
Nov. 30	2,515,883	2,814,729	3,835,347	1,020,618