

# The Chronicle

## Banking, Insurance and Finance

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### THE GENERAL FINANCIAL SITUATION

(Continued from front page)

of funds previously locked up in businesses which were actively engaged during the war have been freed, and these funds have not yet gone into any new commercial enterprises on a large scale. To some extent also, no doubt, both the high cost of living and the advent of the income tax, have served as a stimulus to speculation. To the average man, in these days, a profit of, say, \$500, obtained in a comparatively short time and on which no income tax is payable is quite a nice little mouthful. How long these various influences will continue to be of great importance in the local stock markets remain to be seen, but it is at least certain that stock exchange valuations cannot forever run miles ahead of actual values, and that when they do get too far ahead, as at present, a sharp process of readjustment is inevitable, sooner or later.

It is noted that there is a recrudescence in Great Britain of the demand for the disgorging of profits by those who have benefited financially from the war. It is quite easy to be hypocritical on this question of "profiteering." When the question is really got down to "brass tacks," it will be found that there is only a very small proportion of those who stayed at home during the war, who did not "profiteer", consciously or unconsciously, in some way or other. Probably the only important exceptions are the purely salaried classes. At the same time, to the healthy minded individual, there is something particularly disgusting about the amassing of large fortunes, of which there are many instances in Canada, as well as in Great Britain, as a direct result of the war, and there is no doubt that any measure for the relieving of these nouveau riches of their gains through the shedding of the blood of millions of their countrymen would be extremely popular. Whether, however, a practicable scheme for the purpose can be devised, beyond the plans of Excess Profits taxes already in force, is another matter. The Canadian Business Profits War Tax is not exactly a popular measure, in business circles, but there is at least this to be said for it, that it has been a

very efficient instrument in separating large amounts of gains, made directly as a result of the war, from their new owners, and returning them to the Government.

It is of interest to note that there is at the present time a good demand in the United States for Canadian securities. The demand applies particularly, it is stated, to municipal bonds of short date. Under the present circumstances of exchange, of course, the American buyer of a Canadian bond obtains a considerable advantage in interest, as with a bond bearing, say, 5 to 5½ per cent. interest, he would get a yield of 6 to 6½ per cent. To what extent, American buying will be in evidence in connection with the new Victory Loan cannot be foreseen, though the present movement is a favourable sign.

For the next two weeks, the Victory Loan will be the main center of financial interest in Canada. Some time ago, there was frank apprehension in financial circles that the flotation of the Loan would be a really hard job, but it seems that those who have had most to do with the organisation of the new issue are considerably encouraged by the signs of success they have already met with and are optimistic regarding results. The preliminary work of organisation has certainly been very thoroughly done. That the success of the Loan is essential to the continued financial well-being of the Dominion goes without saying, and we fully expect that while the enormous figures of the last Loan may not be reached, Canadians will again put their shoulders to the wheel and subscribe an amount amply sufficient for the country's present needs. The only important difference between the terms of the new Loan and that issued last year is that the interest on the new Loan will be taxable.

### TRAFFIC RETURNS.

#### Canadian Pacific Railway

Year to date	1917	1918	1919	Increase
Aug. 31.....	\$94,523,000	\$94,846,000	\$103,958,000	\$9,112,000
Week ending	1917	1918	1919	Increase
Sep. 7.....	2,666,000	3,053,000	3,599,000	546,000
" 14.....	2,691,000	2,915,000	3,763,000	848,000
" 21.....	2,964,000	3,114,000	3,893,000	779,000
" 30.....	3,631,000	4,210,000	5,063,000	1,753,000
Oct. 7.....	2,842,000	3,458,000	3,965,000	507,000

#### Grand Trunk Railway.

Year to date	1917	1918	1919	Increase
Aug. 31.....	\$41,082,168	\$34,408,155	\$41,322,909	\$6,914,754
Week ending	1917	1918	1919	Increase
Sep. 7.....	922,615	1,346,536	1,422,955	76,414
" 14.....	977,154	1,415,000	1,647,304	232,309
" 21.....	1,336,312	.....	.....	.....
" 30.....	1,455,133	2,126,177	2,304,676	178,499
Oct. 7.....	1,014,812	.....	.....	.....

#### Canadian National Railways.

Year to date	1917	1918	1919	Increase
Aug. 31.....	.....	\$49,434,472	\$55,941,869	\$6,507,397
Week ending	1917	1918	1919	Increase
Sep. 7.....	.....	1,504,832	1,737,454	232,622
" 14.....	.....	1,593,343	2,017,960	424,614
" 21.....	.....	1,607,019	2,033,374	426,355
" 30.....	.....	2,353,187	2,838,480	485,293
Oct. 7.....	.....	1,789,180	2,102,281	313,110