

Our London Letter.

SOME REACTION ON LONDON MARKET.

National Finances to the Fore—London Criticism of Recent Loan Flotation Procedure—Recent Canadian Offerings—Insurance News—Special Correspondence of THE CHRONICLE.

The "healthy re-action" has come very quickly. The pace of markets last week was altogether too hot to last; and the re-opening of the Westminster "talking shop" with its grim reminder in the King's speech of the important part which finance is to play in the deliberations of the Session was anything but a bull point. The impartial observer must, of course, allow a good deal for political sentiment in present circumstances. The City is "agin the Government," and, accordingly, the interminable discussions about the national financial outlook with which brokers and jobbers are wont to pass away idle moments do not err on the side of optimism. At the moment finance and politics are very much involved. The Session was not twenty-four hours old when the much discussed subject of the export of British capital was being made a party football across the Treasury table. The rush for the new issues of South America and elsewhere last week has brought argument to a point, when a good deal of it has become merely twaddle. To hear some of the political speeches made of late, and to read the propositions put forward in some of the newspapers, one would imagine that the British investor, suddenly discovering that his capital was in imminent danger of being stolen from him by the State was, in dreadful haste, sending bagful after bagful of gold out of the country, and by preference to those countries which are our great trade competitors. In political controversy, no doubt, it is impossible to avoid "laying the paint on thick", but this particular argument makes one inclined to endorse the recent plea of one of our more sober journals for the study of recent history in order that a better comprehension of political problems may be obtained. The export of British capital is no new phenomenon; and it is at least a matter that is open to argument whether the recent rapid movements in this direction are not more largely due to the operation of the commonly known economic causes than to any fear of nervous *rentiers* than their capital is no longer safe in England. The financial sins of the Government are heavy enough, without the addition of a foolish charge, which it would be impossible to prove. This is apart from the question as to whether or not the export of capital is beneficial to the country; on that point there is interminable controversy.

The Economist of London gives an estimate of £3,050,000,000, as representing—very conservatively the amount held abroad by British investors. Of the £1,566,000,000 debited to the colonies, Canada is stated to have received £305,000,000—a sum rather below than above the mark, surely.

Dissatisfaction as to some New Loans.

There is a distinct feeling of soreness about, regarding the way in which several new loans have lately been issued on the London market. The Rio Janeiro loan, which I mentioned last week, is parti-

cularly a cause of grievance. In that case the lists were open only twenty minutes; and, as a result, practically no one who was not in the city had the remotest chance of making an application; let alone getting an allotment. The real investor, who more often than not lives in the country, was left out in the cold altogether, and practically the loan was not distributed outside the city. The fact that in this case the terms of issue were attractive enough to tempt even an ultra-conservative investor to take the risks involved increases the grievance. This certainly seems a matter in which issuing houses might do something to revise their procedure. It is obviously better that an issue should be well distributed among bona-fide investors than that it should find what is likely to be merely a temporary resting place in a City office, in which circumstances the likelihood of its being thrown upon the market can only serve to keep down the price.

Canadian Industrial Issues.

After Canadian railways, Canadian industrials. Four new ones have made their appearance on the London market this week, Winnipeg Electric, the National Drug and Chemical and a couple of companies who are dealing with the oilfields of Western Ontario. Some people are grumbling at the speed with which these have made their appearance, and four in a week is certainly something of a mouthful. Jealousy for the good name of Canadian industrials in London compels one to draw attention to a piece of tactics (the phrase is not meant offensively) concerning one issue, that of the Dominion Oil Company, which is regrettable. Immediately after the publication of the prospectus, a statement was circulated to the effect that the agents of the vendors to this company "have just received a firm offer of nearly double the price paid for the purchase of the property now offered to the public." A statement of this kind, so far from recommending the issue is rather inclined to put the cautious man on his guard, especially as the prospectus itself in the present instance laid itself open to the criticism of vagueness. In drawing attention to this point there is no desire to criticise unfairly, but merely a wish to point out that "painting the lily" in these circumstances is not the best way to retain that reputation which Canadian industrials now hold in London.

Grand Trunks are quiet; possibly the present interregnum is in the nature of a calm before the storm at the forthcoming meeting, and the only other incident of the current week affecting Canadians is the meteoric movements in Rio Trams. The announcement of a new issue of stock dropped the price of the present security six points at one bound, but the recovery was scarcely less rapid. Speculation in this stock is very extensive just now.

One of the English companies working the tramways in Buenos Ayres is figuring in a London law case that is of grave importance to London financial circles. The point at issue concerns the payment to the revenue authorities of the *ad valorem* duty of 5s per cent. on increased capital. Until lately numerous companies have met this obligation by a payment of duty when capital is actually issued, but the Crown now take the point that the duty is payable immediately on the authorisation of any issue irrespective of the date at which that authorisation is to take effect. It is, of course, a common prac-