

## BETTER CONDITIONS IN LONDON

Will be Likely in the Fall—Quebec and Lake St. John Bondholders.

Monetary Times Office,  
London, August 3rd.

The bank rate continues at 3 per cent., to which figure it was reduced on June 9th, and it is now hardly probable that the expected drop of 2½ will be realized. Money is fairly plentiful and reasonably cheap, but in spite of this there are few transactions and the market is uninteresting. The August bank holiday brought with it an absence from the "House" of many of the members who took advantage of the holidays. During the interval, the indications of buoyancy, present in the earlier part of last week, disappeared, chiefly owing to depressed conditions in New York, which, during the holiday, did nothing to induce hopeful business. Uncertain crop reports, strikes and anticipated labor troubles have had a depressing effect upon Canadian rails, although not nearly as much so as might have been expected. The more hopeful tone at the closing of yesterday received a set-back by the publication of the strike riots in Winnipeg and the destruction of Canadian Northern rolling stock. It will be six weeks at least before anything else is likely to be put before the public. This is wise, since the market is suffering at the moment from severe indigestion, and it will take many weeks before the accumulation of securities in the hands of the underwriters will have passed to the public. In the near future, Canadian railway securities at least, and also some industrials, will be doing better, for now that the Rock Island matters are being settled, the amount of Canadian selling that resulted from these transactions will cease, leaving the market in a better tone.

### New Incorporated Companies

During 1909 there were registered in England and Wales, 5,833 companies, with the total capital of £132,143,244. In Ireland, 126 companies, with a nominal capital of £1,166,953. In Scotland, 414 companies, with a capital of £8,320,099. The number of companies registered last year is the largest since the passing of the Companies Act, 1862. During the first six months of the current year, England and Wales have registered 3,744 companies, representing £130,292,579 of capital, while in the month of June alone, 581 companies were registered, representing a capital of £18,757,503.

It was expected when the Limited Partnerships Act was passed that there would have been a reduction in the number of small companies seeking registration, but such is not the case, small traders apparently preferring incorporation under the Companies Act. During 1909, 146 companies were ordered to be wound up, the average duration of the lives of these companies being six years.

### Silver Market Is Unsatisfactory

The condition of the silver market at the moment is unsatisfactory and the outlook less encouraging than a few months ago. While for various reasons the consumption is restricted, the output still continues, America producing at the rate of £250,000 a week, while one of the most reliable points of outlet is the Indian trader, who, at present, is consuming £35,000 a week, so that, to use a homely illustration of the "Financial News," "It is like discharging through a 7-inch pipe into a 1-inch pipe," which, as everybody knows, usually spells disaster.

There is prospect of prosperity in India, but this may have the effect of lessening the demand for silver rather than increasing it, since good times will cause the inhabitants to expend rather than to store, so that the currency will be returnable instead of held. The ever-increasing store of silver must bring about serious reaction in price, unless some unlooked-for channel be found.

### Moreton Frewen's Opinion

Speaking of silver, Mr. Moreton Frewen, in writing to one of the financial journals, points out some serious difficulties arising from cheap silver "with the Indian exchange artificially tied up to a rupee at 16 pence, its silver valued at 10d., and with Chinese free exchange operating at the rupee at 10d., and again with the Government of Japan rigging their yen exchange as the rupee at 11½d., the cotton and jute mills of India competing with Japan, and an awakening China must inevitably run into a cyclone of disaster." He then points out that during the last three years China has become a heavy exporter of pig-iron.

The Chinese price of Hankau pig in 1907 was 16½ silver taels per ton, and still continues at the same price. In 1907 it took 3 sovereigns to buy 16½ taels, while to-day 2 sovereigns will purchase the same amount, so that the variation of 50 per cent. of the price of silver permits one to purchase iron, or any other product in which Hankau or Shanghai compete with Millsborough, Manchester or Bombay for 50 per cent. less gold. With these facts before one, it is impossible

without alarm to consider the future industrial competition, which would result from a still cheaper silver.

### The Orient as a Factor

Within the last year the first rolling mill for steel rails has commenced operation at Hankau. According to Mr. Dollar, the steamship owner, this mill is equal to anything in either the United States or Great Britain, and points out that gold and its purchasing value of silver makes the wages paid 1-15th of those at Pittsburgh, and that the Chinese labor is equal to 90 per cent. to that of the white.

To illustrate this point, let us consider that when China sold silk or tea in London to the value of one sovereign, that gave China 3 taels, which amount then paid the wages for one day of 25 Chinese mill hands, but to-day when China sells a sovereign's worth she secures for that amount some 8 taels, and this will pay a day's wage for 60 China mill hands. This is a competition which the Western world will have to face in the very near future, but on the other hand the comparative dearthness of gold makes the cost of imports almost prohibitive for the average Chinese citizen. Concluding his article, Mr. Frewen says "the question of silver must be finally taken in hand. That the exchange metal of 800,000,000 of Asiatics can continue to rely for its value on the accident of a fortnight's monsoon rain, evidences an ignorance and laxity, discreditable to our Western civilization."

Last week Lord Strathcona opened the new office of the Province of New Brunswick, situated in Southampton Street, Strand, another economical movement on the part of the Canadian province. One would hardly look for an important public office on Leader Lane, Toronto, and when moving at all, the Province should have seen that it was in competition at least, with the aggressive Australian State office.

### Quebec and Lake St. John Railway

The committees representing the prior lien and other bondholders of the Quebec and Lake St. John Railway Company announce that, as the result of prolonged negotiation, they are authorized to submit the following terms of settlement for the conversion of the bonded indebtedness of the Quebec and Lake St. John Railway Company, viz.:

(1) A new four per cent. debenture stock of the Quebec and Lake St. John Railway Company is to be created in the terms of the circular issued by the trustees, dated December 21, 1909. This debenture stock is to be guaranteed unconditionally, both as to principal and interest, by the Canadian Northern Railway Company.

(2) The prior lien bondholders will receive in exchange for each £100 bond, with October 1, 1910, and all succeeding coupons attached, an equal amount or £100 of the four per cent. guaranteed debenture stock.

(3) The first mortgage bondholders will receive for each £100 first mortgage bond, with all unredeemed coupons attached, the sum of £70 of the four per cent. guaranteed stock.

(4) The income bondholders will receive in exchange for each £100 income bond, with all untended coupons attached, the sum of £13 of the four per cent. guaranteed stock.

### One Condition of Proposal

(5) Interest on the new guaranteed stock will accrue in all cases as from January 1, 1911.

(6) It is a condition of this proposal that a sufficient number of bonds of each class must be surrendered for exchange, in order that, in accordance with the terms of the trust deeds, the same may become effective, and the necessary resolutions promptly passed and the conversion effected with as little delay as possible.

The committees had at the earliest possible moment, these terms submitted to them for their consideration, and, after the most careful enquiry into the various and important factors entering into the case, they are unanimously of the opinion that the proposed settlement should be accepted without hesitation by each class of bondholder, as, in their judgment, failure to do so will inevitably entail serious loss upon all.

## TO HUDSON BAY FROM ONTARIO.

Interesting Development Project—Possibilities of that Port.

(From a Correspondent.)

A movement is being made to provide access to Hudson Bay from Ontario before next summer. It has recently been discovered that nature has provided a route between the Great Lakes and the sea, on which only about 25 miles of roadway is required to connect with 375 miles of water courses leading into Hudson Bay, on which, by tracking about six miles of portage, motor boats and motor carriages can be used to carry passengers comfortably in a couple of days, running time, a trip which now takes about two weeks by canoe from Mississauga