

Our London Letter.

THE CITY AND THE BUDGET.

Canadian Bond Business and New Taxes—Too Much Booming of Rubber Shares—Activity in Canadian Land Shares—Consols and the Bears—Insurance Rates on Tramp Steamers—Special Correspondence of THE CHRONICLE for Week Ending October 2nd.

The nineteen-day account on the London Exchange, which came to an end on Wednesday, passed away "unwept, unhonoured and unsung." Nobody had a good word to say for it—holders of fine old crusted stocks like Consols and British railways were as moody about it as that unfortunate broker who got "hammered" because a client of his was rash enough to be a "bear" on Steels. This trying period having come to an end markets were more inclined to cheerfulness for a time. Land sales and continued talk of prospects kept up Canadian Pacifics and Canadian land shares; and there has been more activity in mines and industrials. With these, of course, "Steels" and the rubber market went whooping merrily along, the latter being given a fillip by the news that a real live English princess had taken a substantial interest in one company. If rumour be true, this boom in rubber, which is rapidly getting into the stage of "wild-cat" promotion, will have a sudden check before very long owing to sundry discoveries relating to the artificial product. The haste with which promoters of estates, desirable and undesirable, are handing over their interests to the public is becoming suspicious.

City and the Budget.

The fact that a number of leading city firms are allowing the use of their offices for the signing of petitions to the House of Lords asking that the Budget shall not be allowed to pass into law without the country having an opportunity of deciding upon it, is a sufficient indication, if at this time of the day any is needed, of the feelings of anxiety with which the Government's Finance Bill is regarded in the city. No one supposes that city firms of the standing of Messrs. Antony Gibbs, Messrs. Rothschild, Messrs. J. Henry Schroder, and Messrs. Stern Brothers—to name some of the best known of those who are now acting—would allow the use of their offices for this purpose did they not regard the position as a serious one. The petition will bear quotation. It observes, *inter alia*: "The principles of taxation contained in the Finance Bill are of such a revolutionary and destructive character as to threaten not only the rights of property, but likewise the welfare of the nation as a whole" and again "The proposed land taxes are unfair, the proposed death duties would press hardly on commercial houses, diminishing their capital and thereby impairing their productive and competitive forces and the proposed licensing taxation is excessive and would injure a legitimate trade, and, the result of all these taxes would be not only to destroy confidence and credit, but, also, to hamper commerce and industry and diminish employment."

Canadian Bond Business and the New Duty.

Language of this kind makes the position of the financial houses clear, but, in addition, the Stock Exchange also has a little account of its own to settle with the Government. The doubling of the stamp duty on bonds, to which reference was made last week, has created a very widespread feeling of anxiety that business will be diminished and London's prestige as a financial centre lowered. The case of Berlin, where the duty was doubled in 1898-9, is sufficient evidence of the damage which may be done by thoughtless or ignorant trifling with taxes of this kind, and the fear expressed, on behalf of the Stock Exchange by Major Coates in debate, that the tax will cause a considerable diversion of Canadian bond business, which now comes to London, to the United States is generally shared. The incident is another reminder of the fact of politicians meddling with delicate financial mechanism which, confessedly, they do not understand.

Consols and the Bears.

The continued depression of the Funds is giving rise to a crop of rumours whose ingenuity is only exceeded by their improbability. One yarn, which has been lately popular, is that a big syndicate has been formed for the purpose of lowering Consols to 80 or thereabouts, thereby frightening the public, putting the banks in an awkward position, and—which is the crowning point of the campaign—embarrassing the Government. The story may safely be dismissed as unfounded. It is true that the last settlement revealed a considerable bear account in Consols, but profits and not politics may be accepted as the reason for its existence. Some excited people, too, are demanding rather breathlessly that the Government shall bring Consols within the reach of Leman's Act, which protects bank shares from bear speculation. After taking a step of this kind we should not have to go much farther to forbid bear speculation *in toto*.

Canadian Land Shares Booming.

The Canadian market has been exceedingly active this week, owing to anticipations regarding increased land values. Yesterday's telegram to The Times announcing that the Canadian Pacific has sold a million acres of irrigated land at Calgary to an American syndicate "at a price yielding a handsome return" has intensified this activity. Canadian Pacifics at 193¼ are 5 points up on the week; Hudson Bays, stimulated by a good quarterly return, at 97½ have reached their highest figure since the "boom" of 1907, while the smaller fry among the land shares, Calgary and Edmonton, Southern Alberta and Western Canada have also been in request and show appreciable advances on the week.

Canadian Cement Issue.

Messrs. Chaplin, Milne, Grenfell & Co., are issuing on behalf of the Canadian Agency on Monday \$1,175,000 7 per cent. cumulative preference shares in the Canada Cement Company, Ltd. The price is 93, and, as in the case of the Canadian issue, purchasers of the shares will receive a bonus of 25 per cent. in common stock—an arrangement which is criticised on the ground that it will tend to over-capitalization.