

LONDON LETTER.

FINANCE.

London, England, 29 June, 1905.

Another attempt to work off upon the confiding British public a Canadian "investment," which does not appear likely to raise the Canadian standard in British eyes is being made by one Tewkesbury, (formerly of U.S.A.), who now runs here what he styles the Investment Corporation of England. This grandiloquent designation is used for the purpose of circularising investors to whom is suggested the wisdom of buying the \$250 fully paid 6 per cent. debenture bonds on "Canadian Railways Finance Company, Ltd."—a company which we learn has "acquired the rights powers and privileges of Hudson's Bay and Pacific Railway Company."

Truthful particulars now published on this side, show that the last mentioned company obtained its charter in 1896, and for the last nine years has been engaged in a valiant endeavour to raise the 15 per cent. of the capital stipulated in the charter as the minimum with which to begin work, but without success. The said capital was fixed at \$8,000,000 and there was an authorised debenture issue of \$32,000,000. These are easy figures, but of course quite nominal.

The charter has been renewed three times, in order to give this company a chance of raising the proper quota of capital, but it is to lapse finally on October 1, unless the money be then raised. Hence a last desperate attempt to sell 2,000 \$250 debentures in a concern which is publicly charged here with having no commercial prospect even should it succeed in taking material shape. By most diligent efforts in the direction of financial obfuscation it is shown in plausibly worded circulars that these bonds will easily be worth over \$9,000 after 1910.

It does not seem that our banking houses will find the half year which is just closing, has been so profitable as was expected when the period commenced. Money has fallen in value pretty swiftly. The average Bank of England rate for the half year is £2 13s 9d per cent., as compared with £3 2s 6d per cent for the corresponding period (six months) of 1904. This reduction in the lending rates is illustrative of the whole market, and a principal cause is found in the way in which gold has been retained in this country, thanks to the improvement of our exchange balance with other countries.

The stock of bullion held at the Bank of England has increased from \$155,000,000 to \$194,000,000 and the expansion of credit facilities is wider than this. Banks which make a practice of taking in large quantities find (three months) bills from the market have not fared so badly on the half year as the profit margin between the average rate for these bills and the average deposit rate has been £1 0s 9d per cent. against only 11-4 per cent. for the June half of 1904.

This business in fine paper, however, is a dwindling one so far as proportion to total business done is concerned. Further the amount of money received on deposit by the banks under their rule of 1 1-2 per cent. under the bank rate is falling. There are also many other reductions. Day to day loans have only command-

ed about £2 1s 8d per cent. as compared with a previous £2 8s per cent., whilst Stock Exchange money has fallen off from £3 4s per cent. to £3 6s per cent.

INSURANCE.

Lord Rothschild speaking at the annual general meeting of shareholders of the Alliance Marine and General Assurance Company, declared in connection with marine business generally, that in view of the unexpected result of 1903 he would not like to prophesy, or be over sanguine as to the final outcome of 1904. So far as could be judged at present, the experience of that year was satisfactory.

This company carefully avoided war business as far as friendly relations with its regular clients was concerned, and has managed to keep its interest outside all the vessels captured. This experience and view of things is typical most of the leading marine companies, but of course, others have been caught very badly.

Just at the moment, London marine underwriters are being asked for rates concerning the shipping in Odessa harbor against damage from the Kinaz Potemkin. Total loss is being priced in the momentarily critical condition of affairs at no less than 75 per cent.

While the Board of Trade is slowly and languidly preparing to organize an inquiry into the doings of the crop of bond-investment, and free-home decrepitudes which have recently increased so tremendously here, there is no falling off in the endeavours of this companies to secure the money of the public.

Of the "free-home" institutions, I have spoken before. There are besides now, quite sixteen bond-investment corporations which generally promise subscribers of \$1.25 per month, a bond of \$250 at maturity. The tenure of these bonds is ten to twelve, and a half-year. Members are offered the further attraction of periodical redemption of the ten companies of \$25 each which are attached to each bond.

Many of them quite improperly use the word insurance as part of their title, and none of them, despite at times doing something indistinguishable from life business, have made the statutory deposit of \$100,000. The sixteen companies between them have issued about seventy thousand pounds.

\$500,000 GOVERNMENT

DEBENTURES.

Offers will be received up to 1st September, 1905, for Debentures to be issued by the Government of Prince Edward Island under authority of an Act passed in 1905. These Debentures will be in denomination of \$1,000, redeemable in 30 years and bearing interest at the rate of 3 1-2 per cent. per annum, payable half yearly. Offers will be received for the whole amount or any part thereof.

Address "The Provincial Treasurer, Charlottetown, Prince Edward Island, Canada."

S. E. REID,
Provincial Treasurer.

15th June, 1905.

BABCOCK & WILCOX, Limited. New York Life Insurance Co's Bldg.
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