Correspondence.

We do not hold ourselves responsible for views expressed by correspondents.

LONDON LETTER.

FINANCE.

How underground electric railways are progressing in London is very well shown by the half-yearly reports which have recently been published. In the future we are to have a network of these passenger-conveying tubes, but so far there are only three in existence.

First opened was the City and South London, in 1890. Its length is close upon seven miles. In the half-year ending June, it ran 618,000 train miles and carried (exclusive of season ticket holders) over nine million passengers. The total capital expended has been $12,322,040. The dividend on the ordinary stock was 3 per cent., which is the same as the dividend on the smallest line, a mile and a half one, called the Waterloo and City, running under the Thames.

This line, however small as it is, carried over 2¼ million people in the six months. This railway was built at a cost of only $3,025,000. Most famous of all the burrows is the Central London, the Two-penny Tube. Slightly over six miles long, it cost $18,500,000, and in the half-year carried nearly 23,000,000 passengers, mostly at the fixed rate of four cents a journey, any distance.

The ratio which working expenses on these tubes bear to gross receipts varies between 44 and 55 per cent., the tendency being towards greater economy.

Financially inclined readers of The Chronicle, will, no doubt, be aware that the regulation of the London Stock Exchange is in the hands of a House Committee. This committee, like most others, is perpetually in the wrong, and is alleged ever and again to be in "crying" need of "drastic" reform, or words to that effect.

Latest of all the rows is over the "hammering" of the Stewart firm of stockholders for their default in respect of the Anglo-Dutch shares. My reason in referring to the matter, is that it arises from that rate 177, which was so often mentioned in connection with the Rossland and Kootenay matters. This says that in fixing the price for the settlement of a defaulter's book, the official assignee shall take the price current in the market directly before the declaration of default. The rule, however, is regarded very loosely, as although the price of Rossland's was about eight, the committee fixed it at 2 in that memorable case. In the present case the price of Anglo-Dutch was fixed at the absurdly high figure of 5 by putting up a jobber to bid that on a market empty of sellers just before the hammering.

British railway management and finance are still being subjected to the most adverse criticism on all sides. One new point is that an enormous amount of the capital on which dividends are being paid is represented by obsolete works and buildings which have been replaced out of new capital. Depreciation in the ordinary business sense is not provided for, sinking funds are unknown and mortgages and debentures are permanent. The remedy for this is serious—nothing else but a wholesale writing off of "dead" capital.

INSURANCE.

I believe I have occasionally before referred to an unsatisfactory "friendly" insurance society, known as the Loyal British. Twelve months of its career have now elapsed and the original promoter is turning it into a limited liability company, as the Loyal British Life Assurance Company. The capital is the modest one of $750,000, at one bound, and a third of this has been underwritten.

The public is being asked to subscribe the above mentioned heavy sum and the purchase price is fixed at $160,000, of which over a half is to be in cash, if possible.

All that is put forward in the way of argument in favour of subscription is the fact that so popular have the attractions of the Loyal British Friendly Collecting Society been that the new business, in the very first twelve months, has amounted to close upon $440,000, or say, two-thirds as much as the Sceptre Life has rendered after a career of nearly forty years.

Such a record of new business is certainly phenomenal, but it appears to have been obtained under extraordinary conditions. Actually every policyholder can draw out half the amount of his policies (at five per cent. interest), when it is twelve months old. With such a bait for the small policyholder and an extravagant commission to agents, the record new business total has been put together.

Not one well-know insurance man figures on the Board. There are a couple, however, of what are known here as "guinea-pigs."

NEW YORK STOCK LETTER.

Office of Cummings & Co., 20 Broad St., New York City.

New York, Oct. 1, 1902.

Interest during the week has centred in the money situation, which became worse and worse until on Monday, when the crisis was reached, and money was lifted to 35 per cent.,and stocks went down with no support whatever, and the market closed in a state of complete demoralization. That a part of this condition was natural and legitimate is beyond question, but that a portion of it was artificial or due to manipulation is equally true, as we have said in our previous letters. Money is in active demand for legitimate business purposes in all parts of the country, and the extra amounts needed to move the crops have caused the out-of-town banks to not only withdraw their balances from this centre, but to ask for accommodation to help the producers; this has largely reduced the loanable supply of funds. In addition to this, April and October are, next to January and July, the most important interest and dividend dates that we have, and the payments this October, are larger than they ever were before, and further, there is little question but what these funds were deposited with the bank earlier than usual, and they, in turn, put out these funds on call. When the end of the month came around they were forced to call these loans in order to be in shape for payments due on the first. This was legitimate and was expected, and in a few days the matter would have righted itself, but in these few days was the opportunity which those who, having sold out at higher figures, and having gone short of the market, were looking for and seized upon, and by putting out alarming statements, and by offering down stocks, helped to intensify the stringency, and produced the demoralization which ensued.

The action of the Secretary of the Treasury, while most unexpected, was effective, and immediately restored the confidence which was needed to turn the market from a falling one into a very active rising one, with every prospect of developing into an excellent trading market.

Opinions differ regarding this action of Mr. Shaw's, but the fact remains that until proper legislation can be had, which will make the action of our currency more elastic, the Secretaries must find a way, even at the cost of criticism, to keep funds from accumulating in the Treasury, which are needed by the business community especially in periods of danger like the present.