Our London Letter.

NERVOUS WEEK ON 'CHANGE.

Success of Argentine Loan—Proposed Re-Conversion of Consols—Labour Problems—Canadian Flotations—Insurance News—Special Correspondence of THE CHRONICLE.

The London Stock Exchange has been spending a nervous week again. The slump in Yankees joined with the war cloud in the Near East has been anything but good for business. However, there was no trouble with the settlement, and the week end sees a slightly better tone. One of the interesting events of the week is the ease with which London's share of a new 5 per cent. loan by the Argentine Government at 98 was subscribed. It came out at a very unpropitious moment, but apparently the British investor still believes that there is plenty of money to be made in that quarter of the globe. A calculation some months ago placed the amount of British capital invested in Argentina at something like 400 millions. This is a large sum and since that total was arrived at constant emissions of new securities have been made which go a good long way towards another hundred millions. British interests in Argentina are, in fact, so large as to make one a little uneasy about what losses might be incurred should the country be placed with a period of lean years after the bountiful prosperity which she has been enjoying for some time past or should there be an outbreak of the old Adam of internal strife. Brazil, too, seeing that its coffee loan was floated with something like enthusiasm and now stands at about five points premium intends to strike while the iron is hot and several of the Brazilian states are shortly seeking the suffrages of the London market. Their terms are, of course, very attractive to the British investor who now wants his five per cent.—more than that is easily obtainable from most investments. It is the competition of these sort of issues which in the London market Canada has particularly to meet.

Canada Floats $45,000,000 of New Issues.

For the first two months of 1909, the total amount of Canadian flotations on the London market has been about £9,000,000, of which £6,000,000 was the Dominion of Canada loan. The foregoing total does not take into account a further £2,500,000, divided between Mexico Trams and Rio Trams (bonds and stock respectively). The January-February Canadian issues were as follows:

January.	
Alberta 4 p c. bonds at 99½	£ 400,000
Montreal Cotton Co. 5 p.c. bonds at 97	200,000
City of Montreal 4 p.c. stock at 103	400,000
Dominion Government 3¾ p.c. stock at 99¼	6,000,000
Montreal Water and Power Co. 4½ p.c. bonds	100,000
Total	£7,100,000
February.	
National Drug and Chemical Co. 6 p.c. pref. stock at par	£300,000
Dominion Oil Co. common stock at par	65,000
Winnipeg Electric Railway 4½ p.c. bonds at 97	300,000
British Canadian Asbestos Co. 5 p.c. bonds at 95	140,000
East Tilbury Oilfields common stock at par	110,000
G.T.P. 4 p c. debenture stock at 90	1,000,000
	£1,915,000
Two months' total	£9,015,000

It is announced that Grand Trunk earnings for January show a net increase of £21,900 although gross earnings decreased £26,200. We hear that the Grand Trunk is continuing its reduction of working expenses, and during the past week has been laying off men in its principal shops at Montreal and London, Ont.

As to the Bank Rate.

The optimists who saw in the raising of the bank rate to three per cent. merely a temporary measure which would be in force for only a week or two have been disappointed. The bank rate is not down yet; on the contrary we have had this week comparative monetary stringency. On the one hand there is the pressure of revenue collections usual at this time of year; on the other, the payments for instalments of recent new issues; and with the additional demands consequent upon the settlement the market has been compelled to borrow very heavily from the bank this week. To some extent, of course, these conditions are merely temporary, but the tax-gathering will be in full swing for some weeks to come and, with the continued political uncertainty present prospects of an early return to the extreme monetary ease which we have enjoyed at intervals lately seem a little remote. But later on, no doubt, perhaps in April, there will be a glut of money in Lombard Street again.

Plan for Putting National Debt on 3 p.c. Basis.

A sign of the times is the putting forward of a scheme for the reconversion of Consols to a three per cent. basis. Among the advantages claimed for the proposals are that the National Debt would be reduced by about 70 millions at one stroke; that future borrowings would be made easier; and that our premier security would be quoted over par. The reduction of debt would, no doubt, be more apparent that real; and, in any event, any advantage in this direction would be offset by the increased amount which would have to be paid for interest, but other advantages claimed are certainly substantial. It seems illogical, but there is no doubt that a three per cent. stock at 102 is more attractive that a 2½ per cent. security at 85, and what may be called the moral effect upon the country's credit, although an intangible benefit, would, with the suggested alterations be equally marked. There would be increased facilities also in bringing out Irish land issues did Consols stand at par or thereabouts and since the amount which has to be raised in this direction amounts, at the present time, to 50 millions, with the prospect of further issues of a similar amount being necessary before the whole scheme of Irish land purchase can be carried out, on this ground alone the scheme deserves serious consideration. As a matter of fact, it has been endorsed already by several prominent bankers and financiers. In the light of history Lord Goschen's historic conversion of our national debt to a 2½ per cent. basis appears to have been a mistake, but he could not foresee the immense changes, financial and social, which the future had in store—the addition, for instance, of 250 millions to the debt on account of the South African war, and the adoption of more expensive social habits during recent years which has compelled people, who had heretofore been content, with a modest three per cent., to invest in other securities bringing them a larger income. The