

municipal loan were left with 70 p.c.; a debenture issue by Kynochs, the well-known ammunition makers, was also a partial failure and yet another was made by the Ocean Falls Company of British Columbia, £300,000 of whose 6 p.c. first mortgage sterling bonds were offered on behalf of the western Canada Trust Limited at 97. The Ocean Falls Company has been started to establish a lumber and pulp business at a spot on the coast, 150 miles south of Prince Rupert, 80,000 acres of land having been acquired. The estimate of profits shows a surplus available for dividends of \$525,000 and the property is valued at 6 million dollars, but the bond issue, the object of which is to provide funds for the development of the water-power, the erection of saw mills and pulp mills and for working capital went so badly that, I understand, underwriters have been stuck with 80 p.c.

Grand Trunk's New Issue.

The issue of another million of 4 p.c. debenture stock (ranking pari-passu with three millions already issued) naturally caused a fall in the price of the Grand Trunk's junior securities. The price is 92½ p.c. and it is noteworthy that cash is payable in five instalments the last being as far off as July 22nd next; and a full half-year's interest will be paid on September 1st. The proceeds of the issue are to be devoted to the purchase of additional rolling stock which will be required on the opening of the Prairie Section and the Lake Superior Branch.

New Dominion Loan.

Rumours in circulation this week regarding the advent of a new Dominion loan have culminated in the underwriting now in progress of £4,000,000 3½ p.c. stock at 99, the underwriting commission being 1 p.c. The issue is, of course, to convert the 4 p.c. loan of 1885, reference to the paying-off of which at the earliest possible moment was made a week or two ago. Holders having the right of conversion, the amount of money passing in connection with the issue is not likely to be more than a fraction of that passing under ordinary circumstances in connection with so large an operation.

Many other important new issues are known to be under way, including we hear one of Canada Cement 6 p.c. bonds. With the General Election over, the new calls upon capital will be apparently extraordinarily numerous.

Quebec and Lake St. John Railway.

The animated meetings held in London of the various classes of bondholders of the Quebec and Lake St. John Railway leave us still somewhat uncertain as to the course which the re-organization of the line will take. At each meeting a resolution was passed adjourning the proceedings until the 21st February and appointing members of a committee to represent each class of bondholders for the purpose of obtaining independent information regarding the position of the company. The exclusion from this resolution of the sentence "and as to the advisability or otherwise of accepting the proposals now made to this meeting" led to a statement by the solicitor to the Canadian Northern that, "if those words were cut out it would be done on the understanding that the Canadian Northern offer was at end." In a further statement, how-

ever, he intimated that if there was reasonable hope that the offer would be carefully examined he felt satisfied his clients would be willing to let their offer stand, but he could not speak definitely on the subject.

The meetings were, as was to have been expected, extremely hostile in tone to the Canadian Northern and a statement issued this week by the Northern and signed by Mr. R. M. Horne-Payne, a director, came in for some sharp criticism. This statement certainly contains some very surprising allegations, as these for instance:—

"From the outset, it became apparent to us that the line had been allowed to drift into a very serious condition, especially in the matter of rolling stock. This has greatly hampered the operation of the line, repairs to rolling stock having proved a constantly increasing burden.

"Not only is there no reasonable prospect of the company being operated for some years to come at a profit sufficient to pay the interest on the Prior Lien and first mortgage bonds, but the company has not, in fact, earned the above interest in any year, since 1901.

"We have carefully considered the present value of the company's assets and are satisfied that, including the Hotel and terminal properties they are not worth more than the amount of the Prior Lien bonds.

"We, ourselves only became aware of the true state of affairs as the result of an investigation recently concluded by the officials of the company and the information comes as quite as great a surprise to us as it can be to the bondholders."

The statement is also contradicted that the Canadian Northern owns the common stock of the company; it is in fact, says the circular, held by an entirely independent organization very closely allied. The impression conveyed by the circular as a whole is that the Quebec and Lake St. John line is in a very tight corner indeed.

Canadian Pacific and Allan Line.

Mr. G. M. Bosworth, vice-president of the Canadian Pacific Railway has arrived in England and been duly questioned on the subject of the relations of the Canadian Pacific with the Allan Line. He informed the interviewer that the Canadian Pacific continued to have as for many years past a traffic arrangement with the Allan Line, and the two companies share the mail subsidy, but he was not aware of any intention on the part of the Canadian Pacific to acquire any more steamship lines.

Savings Bank's New Departure.

Reference was made in this column some months ago to the important part played by State Postal Savings Banks on the continent in placing among small investors the Government stock of the country. How important the work of these banks has become is shown by the fact that the Austrian Minister of Finance has just decided to issue a loan only through the Postal Savings Bank. The loan is one of £5,800,000 and as a result of this operation, for the first time in 25 years the Rothschild group of banks is Vienna find themselves left out in the cold when an Austrian state loan is in question. The Austrian Savings Bank, it appears, has already done a considerable amount of financial business on behalf of the Government,