

Our London Letter

(Special Correspondence, Journal of Commerce)

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Underwriting.—Huge proportions of some recent loans have been left on the hands of the underwriters. It is a feature of the money market that has been very noticeable of late years. The explanation is simple. By degrees the public have found that they can get their scrip cheaper by waiting to buy it of the underwriter, who, in his anxiety to be rid of it, is compelled to hand over part of his commission to the ultimate purchasers. The growth of this custom points to a needful reform of the system of floating loans, if not to the desirability of the elimination of the underwriting profession. There is more than one sign of the tendency toward removing the middleman in the money and share market. For example, one of our leading papers has for some time held a "stock exchange" in its own columns. Through it sellers and buyers of shares come together and deal without paying commission to brokers. The comparatively small fee the paper charges for the use of its columns is the means of saving a good deal of money to private individuals. It is too early to say what bearing the experiment will have on the general system, or whether indeed, it is a success. I mention it only as an indication of what is passing through our minds.

The American Market.—Messages received here this week from the United States express the surprise of commercial circles there at the "slowness" of British manufacturers in recognising the opportunities given them by the lowering of the tariff. That only shows how sadly deficient is the American estimate of the present state of industry in this country. The fact may be stated in a few words. We are so full of orders that there is neither necessity nor inclination to bother about any more. Not only so; but many of our great industries are actually short of men. That is to say, they could put on more if they were to be found. The unemployment list is lower than it has been for many years. Assured markets are being supplied, and the time has not yet come when British manufacturers need prospect on other ground. Be sure of this, however, the British manufacturer, though he may not make much fuss about it, really does possess the habit of looking ahead. Probably it will be found that just as soon as the demand falls off in present directions, or the desire to find a more profitable market arises, he will be ready to enter into competition with the American on his own ground. To blame him for not being "prompt"—as some of the messages do—is absurd.

American Shipping.—The ins and outs of Congress over the 5 per cent. rebate on the duty on goods imported in American bottoms is really causing amusement here. In no sense can it be regarded as a penalty on British shipping; and it is equally hard to see what effect it could have on American shipbuilding. There are greater factors than that in the problem; and it need not be feared that just as soon as the United States finds it profitable to build ships they will be built. The tariff reductions bring such a time very near, and the stimulus of the Panama Canal will be another powerful influence. Indeed it is puzzling us a good deal to know why the rebate clause was reinserted after being excluded. "The Times" Washington correspondent nowables that Congress is to be asked by the Administration to repeal the clause, after all. Certainly that would be the best thing to do; for its presence in the tariff will only cause friction. The paltry preference it would give to American shipping, moreover, would be easily overborne by the foreign competing companies, which, as you know too well, are at present charging all that the traffic will bear. The pinch is being felt all over the world, and probably it affects North America less than it does South Africa and Australia. In London

the South African Merchants' Committee, for example, is pressing upon the "Shipping Ring" the desirability of reconsidering their new rates on all provisions, groceries and foodstuffs in order to mitigate the high cost of living in that country; and pressure is coming on the companies from all quarters. Ships cannot be built in a day, and if competition is threatened from America, then the existing companies will probably maintain their present high rates with greater determination until they are compelled to give way. That there is some chance of this happening eventually is shown by the fact that the shrewdest advisers are warning investors not to expect the marvellous profit-earning capacity of the shipping companies to last much longer.

The Irish Question.—There is now no doubt that the Opposition have realized things have been carried too far in Ulster. Of course one does not expect them to admit this openly; it is amid their silences that the truth is found. The drilling of mock armies, the stirring up of hot religious enmity, talk of civil war, and worse, have produced a highly inflammable state of mind in Ulster, and the promoters of it are shrinking back from the dread of what may happen. The Orange mind of Ulster is very peculiar when moved by those narrow religious prejudices which are unlike anything found elsewhere in these islands. Perhaps I can give you a faint impression of it when I tell you that sober and experienced men of affairs have actually begun to fear a massacre of Catholics in Belfast! The thing is as incredible as the thought of it, you would say; but it is because responsible Unionists here realize that such a horror is not impossible if the agitation goes on much longer that they have insisted upon a stop being made; and it is because of the same knowledge that the Ministry is again expressing its willingness to consider authentic proposals for a peaceful solution. Sir Edward Carson and Mr. F. E. Smith are back in England. They are not likely to escape the sharpest criticism from men of their own party. I am aware that their words have reached even as far as Canada; and if I did not know how warped is the information that gets through to the journals of your Western Provinces I should be amazed at the statement that the Grand Master of the Saskatoon Orangemen has proffered a volunteer corps to the Ulster "army." But in British politics there is nothing so swift as the retribution that falls upon the man who has overdone it. Sir Edward Carson and his friends have been playing with fire, and have only succeeded in scorching their political reputations.

A Labor Paper.—I have made mention many times of the attempt to establish a Labor daily paper in this country. "The Daily Citizen" has been in existence a year, and is as far as ever from earning its livelihood as newspapers generally do, that is to say, by means of advertisements. The manufacturing classes have almost unanimously declined to use an advertising medium that advocates measures held to be against their interests.

Having got through the capital originally subscribed for its establishment, "The Daily Citizen" has for a long while been subsisting on grants made to it by the trades unions; and this week the Miners' Federation has promised to make a levy of a shilling a year on each of its members for the next three years. If they all pay, it will mean handing over \$150,000 a year for the support of the paper. Thus the system on which the Social Democratic newspapers are run in Germany is being adopted here. Germany has many daily papers and hundreds of weekly papers supported by the working classes—for to speak of the social Democrats of that country is to cover all the trades unions—and they just run such journals and in such manner as they can afford. "The Daily Citizen" ought to get along fairly comfortably on the levies of the trades unions, and the general expectation is that it will settle down to that kind of existence. In future, therefore, we may count on the Trades Union leaders having a voice in the daily press