

Our London Letter.

RECENT BANKING RESULTS AND PRESENT OUTLOOK.

Remarkable Career of a Firm of "Outside Brokers"—Troubles of Railway Companies—Bank Managers Fairly Hopeful—Insurance Reforms Pending—Special Correspondence of THE CHRONICLE.

The Dominion Government was somewhat unfortunate in the time of its £6,000,000 loan's appearance. The British investor has of late been having a very hearty meal off such substantial yielding issues as the Russian, Finnish and Chilean loans, all of which give a return of well over 5 p.c. The prevalent fancy for five per cent. issues in London has been previously alluded to, and this, together with the fact that the market was, for the moment, loaded up with as many securities as it could well digest, naturally militated against a good reception to a security with so modest a return as 3¾ p.c.—attractive as this is in itself in view of the high financial standing of the Canadian Government. To this may be added as contributing causes the scraps of news regarding blizzards in Canada which have come to hand of late; the smouldering feeling of discontent with the London Board of the Grand Trunk; and the rumours regarding the Canadian Pacific's new issue, all of which things have naturally been reflected upon the Canadian market generally. But when due allowance has been made for these influences, the outcome of the loan is still perplexing; as perplexing as last year's curious phenomenon of one new issue being taken and the other left in a haphazard fashion that was nothing less than astonishing. It can, however, scarcely be anticipated that underwriters of the new loan will be left long with their holdings. Some demand, no doubt, will, in the near future be made for it by bankers. A fair amount of the subscription came it appears from the Continent.

The Rise and Fall of the "L. and P."

The passing into a Receiver's hands of the London and Paris Exchange is an event of interest to a wider circle than is comprised within the charmed boundaries of the City of London. The rise of this firm of "outside brokers"—which must have been doing one of the largest businesses of its kind either in London or elsewhere—reads more like a romance than a chapter of hard, dry financial facts. The "L. and P.", to give it the cognomen by which everyone in the city knows it began to come into prominence about 1894, when the South African boom was getting under weigh. At that time a couple of rooms and a staff of four or five clerks sufficed for its modest requirements. In 1895 it was formed into a company, practically the whole of the shares being held by Mr. Alexis Morton Mandeville. The business continued to grow, various systems of stock operations being initiated and a move was presently made to Basildon House, Moorgate street, an address which has since become familiar to a very considerable portion of the world. In the autumn of 1904 payment was suspended for a few days, but business was soon resumed, and continued with astonishing vigour. Branches in the great provincial towns

were followed by branches abroad, with agencies practically all over the world and there were such diverse developments as a banking business, an estate office, a motor car exchange, a curio shop and a daily newspaper. In his leisure moments, Mr. Mandeville established and edited a weekly journal which by its smartness and piquancy has attained a huge circulation and wide popularity.

The staff of five fourteen years ago has grown to over 500 at the head office alone, and it was officially stated some time since that the clients of the firm number nearly 30,000. Possibly present difficulties have been caused by the meteoric fluctuations in Americans since the Presidential election, by which several of the London "outside" businesses have been badly hit of late. The business is now to be re-organized, so it is quite within the bounds of probability that this present day romance of finance will have some further chapters.

Some Unexpected Results of Railway Co-operation.

To the long suffering British railway shareholder the benefits promised by the new era of peace and consequent prosperity seem long in coming. Meantime, the adoption of the new policy is producing some wholly unexpected results. The characteristic British railway policy of wasteful competition was never carried to more absurd lengths than by the Scottish railways, who displayed really remarkable energy in throwing their shareholders' money away. However, a treaty of peace was signed six months ago and they are now engaged in the arduous business of endeavouring to pick up again the threads of revenue which they had previously thrown away. In so doing they have precipitated an industrial crisis of the first magnitude. The whole pother arises out of the insignificant, almost trumpery question of demurrage for trucks. A month or two back the railway companies intimated their intention that, in future, demurrage charges would be strictly enforced. This notice aroused iron and steel manufacturers and colliery proprietors to such an extent that after various discussions in which there was so much heat that the question of compromise was thrown to the winds, they have posted notices intimating their intention to close down their works throughout Scotland, unless the railway companies retract their demands. The question has now been referred to the Board of Trade, and it is scarcely possible that the threat will be carried out. The mere fact, however, that it has been made with the full intention of following it up by action, if necessary, does not augur particularly well for the future of railway co-operation. In this particular instance, no doubt, the question will eventually have to be argued before the Railway and Canal Commission, in which event it will cost both parties a pretty penny. Apparently, the railway millennium is not yet.

Banking Profits during 1908.

The majority of the important bank meetings having been now held it is possible to take a survey of the position. The dullness in trade which has characterized the past six months is reflected by the reduced profits, and in this respect undoubtedly some of our banks have had a very trying time of it. The profits of the well-known Union of