

CANADIAN RAILROAD EARNINGS

Are Closely Watched in England—Parr's Bank Amalgamation—How Export Trade is Spoiled.

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During the last few days a number of letters have appeared in the press regarding the Grand Trunk and Grand Trunk Pacific, some writers taking a more pessimistic view of the future earning powers of the road, emphasizing the possibility of poor crops this year, the past and prospective labor difficulties and the heavy cost of construction. In conversation upon the Street to-day, one of the best informed financial men in London called attention to the fact that the fixed charges of the Grand Trunk Pacific for some 3,500 miles will be within £200,000 of the fixed charges of 10,000 miles of the Canadian Pacific, and went on to show that necessarily small traffic may reasonably be expected for the next few years. On the other hand, it was claimed that the fixed charges of the Grand Trunk are the result of excellence of construction, a perfect permanent way, steel bridges and permanent foundation, which will require but slight expenditure in the next 10 years, whereas the Canadian Pacific and Canadian Northern will have to practically rebuild such portions of their road as have not up to the present been reconstructed, all of which will run into much money and to an annual expenditure for many years to come. These opinions are quoted to show you how closely Canadian matters are being followed upon this side.

Parr's Bank Amalgamation

The announcement was recently made by the management of Parr's Bank, Ltd., that they had entered into arrangements whereby the Lancashire & Yorkshire Bank, Ltd., would as from June 30 last, amalgamate its business with that of Parr's Bank. Arrangements as outlined indicate:

(1) The allotment to the shareholders of the Lancashire and Yorkshire Bank, Ltd., of 73,938 shares of £50 each in Parr's Bank, Ltd., on which £10 per share will be paid out of the assets of the Lancashire and Yorkshire Bank, Ltd.

(2) The payment to the shareholders of the Lancashire and Yorkshire Bank, Ltd., of 10s. in cash in respect of each share of that bank.

The capital of Parr's Bank is to be increased to £16,000,000 by the issue of 70,000 new shares. These, together with 3,938 of the already authorized shares that have not been issued will now be issued to the shareholders of Lancashire and Yorkshire Bank. The Bank's capital will then be authorized capital £16,000,000, subscribed capital £14,720,800, paid up capital £2,944,160, reserve fund £2,700,000. It is further announced that three of the directors of the Lancashire and Yorkshire Bank will join the board of Parr's Bank, Ltd.

Some Previous Amalgamations

The Lancashire and Yorkshire Bank, Ltd., the head office of which is in Manchester, was established in 1872, and has some 125 branches situated chiefly in the manufacturing towns of the Midlands.

It will be remembered that last year Parr's Bank amalgamated with Stuckey's Banking Company and in 1908 formed two other combinations, namely, with Robin Bros. in the earlier part of the year, and the White Haven Joint Stock Company later in the season. During the last few years a number of amalgamations have taken place, reducing the number of smaller banking houses while strengthening the larger institutions. In 1907, 6 amalgamations took place, in 1908, 5, and in 1909, 9.

Among these amalgamations may be mentioned Lloyds Bank, which in 1908 took over Lambton & Company, and last year David Jones & Company and the City and Midland Bank, which, in 1908 absorbed the North and South Wales Bank, and in 1909 the Bradford Banking Company. Last year, other amalgamations were Barclay & Company with Wootton & Company, the United Counties Bank with Bradford old Bank, the London County and Westminster Bank with the London and Westminster Bank. London Joint Stock Bank with the York City and County Banking Company.

Many Changes in Provincial Institutions

Looking back over a period of 10 years one notices many changes in the provincial financial institutions, while in London the changes have been somewhat insignificant. Among the banks which during that period have been most active along the line of amalgamation might be mentioned Lloyds Bank and Barclay & Company.

By the present amalgamation Parr's Bank increases the number of its offices to 313, and places itself as fifth in the rank of the leading banks of the United Kingdom. These, according to the "Financial Times," rank as follows, as to the current and deposit accounts, which they give in the

following order: Lloyds Bank, £77,545,000; London County & Westminster, £76,422,000; London City & Midland, £70,594,000; National Provincial, £63,877,000; Parr's, £48,700,000; Union of London & Smith's, £40,107,000; Capital & Counties, £38,039,000; London Joint Stock, £33,161,000; London & South Western, £16,030,000; William Deacons, £14,187,000.

Considered from the standpoint of importance of branch offices Parr's at present occupies almost a unique position, and should soon move one or two points up the scale.

What the Papers Say of Amalgamation

This week nearly all the leading daily and financial journals devote a space to the criticism of amalgamations in general and that which has just taken place in particular. The "Times" says: "The amalgamation makes Parr's one of the giants of the banking world though not one of the super-giants. It is none the worse in our opinion for not being so ultra gigantic. It remains to be seen whether, when the able men who have carried out the huge enlargements of the very big banks now in existence are no longer in control of them, their boards will be able to evolve the requested governing ability. We are disposed to think . . . that in the future the higher needs of these huge masses of organized capital will be difficult to fill." The *Financier* points out the danger of centralization, both from the standpoint of the nation and the local trader. It urges that the local manager, paid the insignificant salary that he is to-day, cannot be expected to carry on the business as efficiently and with as much intelligence as the proprietor of the local bank did formerly, particularly when that manager is handicapped by the strict control of the absentee board who have no knowledge of conditions or things as they exist in the various individual localities. It concludes as follows: "The time seems to be rapidly approaching when the whole banking business of the country will be in the hands of a small group who are likely to fix up a more or less formal working agreement among themselves for the purpose of preventing undue competition. In short, the days of complete banking monopoly seem to be in sight."

Depreciation in Stock Values

The forthcoming issue of the "Bankers' Magazine" will contain an article on stock exchange values which will be of interest, showing as it does the remarkable depreciation for the month, taking the dates of the 20th of July to the 10th of August of this year. The aggregate value of 387 securities at the earlier date was £3,667,029,000, and at the later date £3,656,630,000, showing a decrease of £10,399,000, and it is strange to note that some of the most conservative securities are responsible for a portion of this record. English railway stocks suffer, and the mining market also to a certain extent, while the figures given for rubber indicate a shrinkage of £2,145,000. In contrast with the Home market there has been a rise in Canadian railways, and during the period United States rails have somewhat recovered. It is surprising to find a considerable decline in English bank shares, particularly when one considers the prospect of dearer money in the very near future and coupled with that the fact of a fairly successful half-year.

How to Discourage Export Trade

Under this heading the "Ironmonger" gives a good illustration of how British manufacturers drive away trade that otherwise might be retained and increased. They give an instance of a colonial dealer who wrote to a manufacturer of machinery in Yorkshire in January, 1909. The manufacturer sent along his catalogue by return mail. The prospective buyer selected the desired machine and sent along with his order a draft for £15 in payment. The order was acknowledged and the draft cashed. This was in the early spring. Under date of November 11, the English firm wrote the buyer that his order was now in hand and would be dispatched in a few weeks. In March, 1910, he was informed that the machine was ready, but they were awaiting a remittance of 18s. to cover the cost of packing. This is not an isolated case, and one can scarcely wonder that British trade is falling off in certain directions.

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Owing to the large number of orders recently received for the *Manual of Canadian Banking* by H. M. P. Eckardt, the second edition of this valuable work is out of print. The *Monetary Times* has a third edition in hand, and would ask those whose orders are unfilled to bear with us for a few weeks.