

"THE BALTIC": ITS HISTORY AND WORK.

By WILLIAM C. MACKENZIE.

Photographs by C. Pilkington.

IN his charming essay on "The South Sea House," Charles Lamb describes it as "a melancholy-looking, handsome brick-and-stone edifice . . . where Thread-needle Street abuts upon Bishopsgate," and adds, "This was once a house of trade—a

of a passage in Thackeray's "Pendennis." "Why *Pall Mall Gazette*?" asked Wagg. "Because the editor was born at Dublin, the sub-editor at Cork; because the proprietor lives in Paternoster Row, and the paper is published in Catherine Street, Strand."



CENTRAL VIEW OF EXCHANGE, LOOKING EASTWARDS.

centre of busy interests." If the gentle Elia could revisit to-day the famous building, he would find that it has once more become "a house of trade—a centre of busy interests," with its accompanying "throng of merchants" and its "quick pulse of gain." For the principal portion of South Sea House is now occupied by the great grain and shipping Exchange known as "The Baltic."

The name of the Exchange reminds one

Similarly it may be said that "The Baltic" is so named because the trading there is largely with the Black Sea; because grain and not timber is the chief article of commerce; and because the majority of the members are Englishmen. But there is a reason for the origin of all names, and "The Baltic" is no exception to the rule.

Years ago, a well known coffee-house stood in the neighbourhood of South Sea House. It was the headquarters of a



THE MEGAPHONE.

number of Russian merchants engaged in the Baltic trade, and it thus came to be known as "The Baltic" coffee-house. Greeks trading in grain subsequently began to frequent the house, and ultimately grain came to be the chief topic of conversation there. In course of time the commercial transactions which daily took place became of sufficient importance to warrant the establishment of an Exchange for the exclusive use of the traders. South Sea House, then the desolate place described by Lamb, was selected for the purpose, and was opened as an Exchange in 1857. And so the coffee-house was forsaken by its *habitues*, who, however, carried its name with them to their new meeting-place. That is the genesis both of the Exchange and of its name. At first, "The Baltic" business was conducted on the free and easy lines of its predecessor, but by and by, the incompatibility of coffee and active trading becoming recognised, the beverage was relegated to the refreshment-room, to which eatables and drinkables are now confined.

During the forty years which have elapsed since the acquisition of South Sea House, the value of the property has increased enormously, and the volume of business conducted in "The Baltic" has correspondingly expanded. The building is owned by the Baltic Company, who receive a rental of

£8,000 a year for the premises used by the Exchange, while the rest of the building consists of offices which are proportionately remunerative. The £100 shares of the Baltic Company are now worth fully £800 apiece.

Unlike the Corn Exchange, "The Baltic" is not open to the public. Candidates for membership must be proposed and seconded by two members. The entrance fee is £21 for principals and £10 10s. for clerks, and the annual subscriptions are £10 10s. and £7 7s. respectively. The fullest publicity is given in the room to applications for membership prior to the names coming before the Committee for election, the object being to admit no person whose commercial antecedents will not bear investigation. The Committee are annually elected on a rotatory system, by the members from amongst themselves, and are invested with the necessary authority for managing the affairs of the Exchange. They have power not only to elect, but to suspend, members, and, in extreme cases, to relieve them of their membership. They receive, consider, and deal with complaints of all kinds; and the disbursing and investing of the revenue are in their hands.

That the Committee are careful to make provision for the comfort and convenience of their fellow members there is ample evidence to show. The leading daily papers, morning and evening, are provided to while away the dull periods which occur more frequently than members wish. Illustrated, comic, and society journals are also to be seen in the room, and are usually in much request. Luxuriously cushioned seats further enhance the club-like appearance of the Exchange, and writing-tables, with the usual accessories, are plentifully provided. The dressing-room arrangements leave little, if anything, to be desired. And, not the least important of the comforts, there is at the east end of the Exchange a luncheon-room with a bar, where the inner man can be refreshed at a moderate cost. For the business convenience of members there are a telegraph office, nine felt-lined telephone cells, and an Exchange Company's tape-machine, recording Stock Exchange quotations. Telegrams from various grain centres are provided for reference, not to mention railway time-tables, directories, and various volumes relating to shipping. But these arrangements, excellent though they are, can only serve to mitigate the patent fact that the membership has outgrown the accommodation, and a decision

has just been taken which will result in a complete change of habitat in the immediate future.

The membership at present approaches one thousand five hundred, and keeps increasing. At noon and at 4.30 p.m., which are the busiest parts of the day, the atmosphere of the room on a hot summer day cannot be

described as exhilarating. However, a large electric fan from the low glass roof, and several smaller ones fixed on the walls, create a current of air which renders the defective ventilation less intolerable.

The entrance to the room is guarded from intruders by an official in blue and gold, whose further duty it is to call out the

names of members who are wanted outside. The call is repeated by another official inside the room, the intonation of the voice through a megaphone serving to make the name more distinctly heard above the din. At the opposite end of the room a third official calls members who are sought by their fellow-occupants of the Exchange. The

staff of officials is under the direction of the secretary, whose office is to be found near the main entrance to the Exchange.

Members are permitted to introduce visitors who reside at a distance of not less than forty miles from London. The name of a visitor and his residence must be registered in a book kept for the purpose, and a card of admission, which forms a pass for entering the Exchange, must be filled up by the introducing member and countersigned



EXTERIOR: BISHOPSGATE STREET END.



EXTERIOR VIEW: THREADNEEDLE STREET END.



"FOREIGN TELEGRAMS" CORNER, LOOKING SOUTH-EAST.

by a member of Committee. A glance at the register reveals the fact that visitors hail from all parts of the world. The book is as interesting, from a geographical point of view, as the register of a large London hotel during the Season.

A stranger on entering the room might well be pardoned for expressing curiosity as to the nature of the business which is being transacted. At the Corn Exchange, if he has been there, he will have seen tangible proofs of buying and selling in the numerous samples of grain laid out for inspection, just as a draper's wares are exhibited in his window. Here, however, there are no samples or other visible embodiments of trade. He sees a throng of men of diversified types, all, or nearly all, clad in sober black, and wearing silk hats of more or less irreproachable gloss. Of recent years, costumes during the summer months have had a tendency to be light and airy, and the straw hat has made serious inroads on the once unquestioned supremacy of the "topper." Most of the inmates of the room are chatting amicably together, some are reading newspapers, and a few are writing at the side tables. The hum of many voices awakens reminiscences of a bee-hive, but the proverbially busy bee does not always appear to be in evidence. When business is brisk, however, an air of alertness is everywhere apparent, and during a boom period, like that which occurred in May and June

of 1898, the excitement which prevails is apt to become contagious. Needless to say, there is often a good deal more in the pleasant chat than meets the eye; for the gentlemen with the bland smiles and fluent tongues are busy trying to get the better of one another, as the cynic would say. Merchandise valued at thousands of pounds daily changes hands as the result of these conversations. And here one comes in contact with a principle which underlies the business which is carried on at this and similar

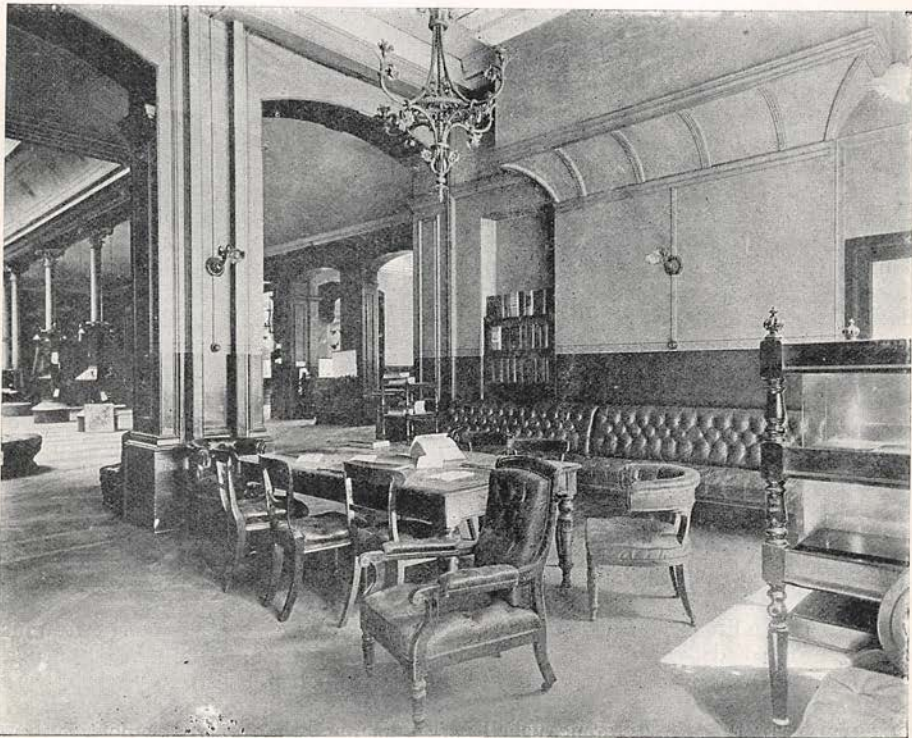
Exchanges. That a member's word must be his bond is a *sine quâ non* of the successful working of any institution of the kind. A seller makes a verbal offer, or a buyer makes a verbal bid; if either is accepted, also verbally, the transaction is complete, and the contract notes which are subsequently made out merely record the bargain. The seller or the buyer may regret the transaction as soon as concluded, but no one who valued either his reputation or his membership of the Exchange would for a moment make an attempt at repudiation. Misunderstandings are liable to occur occasionally, but these are usually easy to adjust. Disputes, however, are of frequent occurrence in connection with matters which do not reflect in any way on the integrity of buyer or seller. A sensible provision exists for the settlement of such disputes. Instead of putting in motion the costly and cumbrous machinery of the law, the question at issue is submitted to two arbitrators, one representing each side. If they fail to agree they appoint an umpire, whose decision is final. Much friction and much expense are by this means avoided.

By a tacit understanding, based on custom, the various trades represented on the Baltic are grouped, each in its particular part of the room. This is a mutually convenient arrangement which works well in practice. The shipping fraternity cluster near the main entrance to the room. Here owners,

chartering agents, and brokers compare notes. Coal freights outwards, and grain freights homewards, form the chief topics of conversation and the subjects of actual business. It is thus easy to see the mutual convenience of an Exchange of this kind. A, desiring a certain freight for his steamer, meets B, who requires a steamer of the size and position of A's, for the very business which A wants. Result—an agreement between them for hiring or chartering the steamer, assuming the two can come to terms. Were it not for the meeting-place afforded by the Exchange, A and B would have difficulty in ascertaining one another's requirements, and thus mutually profitable business might be lost. The technicalities of chartering are not acquired in a day; special knowledge and experience are both requisite. The written contract, or charter-party, as it is called, which is drawn up and signed after the bargain has been verbally struck, is a puzzling document to one who is not conversant with shipping matters. Such expressions as "lay days," "cancelling dates," "dead weight," and "dead freight" are samples of the jargon which plentifully besprinkles the conversation of the shipping

members of "The Baltic." Besides those engaged in chartering steamers, there are other shipping firms represented, whose special business it is to act as go-betweens for the sale or purchase of vessels.

The shipping business of the Exchange would be extremely limited in its scope were it not for the presence of the merchants and brokers in grain, whose business is carried on at the opposite end of the room. These form the most important element of "The Baltic." The Corn Exchange in Mark Lane is the centre of the "spot" trade in parcels of home and foreign corn. "The Baltic," on the other hand, is the place where cargoes, as well as parcels of foreign grain, either on passage or for future shipment, are bought and sold. It is no uncommon thing, during a period of activity, for the daily transactions in grain to run into hundreds of thousands of pounds in value. The technicalities in this trade vary according to the article dealt in. Generally the guarantee of quality is "fair average" of the month's shipments, and samples are kept at the offices of the London Corn Trade Association which represent the necessary standards. The American markets have to be closely watched by



THE READING-ROOM.

the dealers, the United States being now the chief exporters of grain. Russia ranks next in importance, and Indian wheats are largely dealt in. The River Plate has within recent years come to the front, and Canada and Australasia have also to be reckoned with. The grain sold on "The Baltic" finds its way to various consuming centres both in the United Kingdom and on the Continent.

Grain is sold in London by the quarter, but this represents a weight of so many pounds, which varies according to the particular kind of produce concerned. A much more suitable system prevails in Liverpool, where grain is sold at so much per cental, or 100 lb. weight. Efforts, so far unavailing, have been made to simplify matters by establishing a unit which shall be uniform throughout the country. The complicated practice which obtains in London is an anachronism which is bound, in course of time, to be removed—and the sooner the better.

In 1897 an "option" or "futures" market in grain was established on "The Baltic" similar to that which has for many years flourished in Liverpool; it is a counterpart on a small scale of the wheat-pits of Chicago and New York. This is a speculative market pure and simple, and some members of the grain trade hold entirely aloof from it, preferring to limit their operations to contracts of a less risky nature. The mode of dealing in options is charming in its simplicity, and is peculiarly seductive to the man of gambling proclivities. Operations are confined to American wheat and maize, which, besides being well known in the trade and readily obtainable for delivery, if required, are notoriously elusive, and are thus best fitted for speculative treatment. The grain is bought and sold per load of 1,000 quarters, and the gain or loss on each transaction is determined when the time for delivery arrives. In many cases no delivery of actual produce takes place, the speculators simply settling the "paper" differences which the transactions show. There are two daily "calls," at which brokers back their own opinions or those of their clients by offering or bidding for loads. Besides the recognised "calls," there are others of a more informal nature during the day which swell the list of deals. The contracts are registered daily by the London Produce Clearing House, which receives from seller and buyer alike a deposit of £50 per load, and guarantees that the differences shall be duly met. A commission on each con-

tract so registered has to be paid to the Clearing House by the parties concerned. Much has been said and written both for and against dealing in "futures," but this is not the place to discuss either the merits or demerits of the system.

Another leading department of "The Baltic" is that which trades in oil-seeds and oil. Linseed and cotton-seed are the most important. Rape-seed is also largely bought and sold, and some transactions take place in poppy-seed. The prices of these articles show considerable fluctuations, depending as they do on the ever-changing values of their products and other factors. Linseed and cotton-seed cakes are very valuable for feeding cattle and sheep, and the oils which are extracted from these seeds and from rape-seed are important articles of commerce; dealings in them and in other oils constitute a separate trade on "The Baltic." As with grain, so with oil-seeds, the guarantee of quality is usually that of "fair average" of the month's shipments, and standard samples are taken by the Incorporated Oil-seed Association, which in this respect is analogous to the London Corn Trade Association. Linseed comes chiefly from India, the River Plate, and Russia; cotton-seed comes from Egypt; and rape-seed is principally of Indian growth. Hull and London are the leading crushing centres. Outports in the United Kingdom and the Continent also import largely.

Tallow was at one time an article of prime importance on "The Baltic," but owing to various causes the trade has now shrunk considerably. More than one fortune has been made in tallow, which, being an exceedingly slippery article, lent itself naturally to speculation. Sales are held weekly, but, shorn of its former glory, the trade is now comparatively unexciting.

In addition to the various trades whose representatives congregate beneath a common roof, there are on the Exchange other members whose business brings them into close relations with the traders. Bill-brokers and financial agents, as well as stockbrokers, come in search of clients, who require assistance in financing their produce or investing their profits.

A striking feature of "The Baltic" is its cosmopolitanism. The linguistic attainments of the members strike one as being remarkably comprehensive. French, German, and Greek seem to be as freely spoken as English, and the foreign element is so much in evidence, both in the Babel of sounds and

the appearance of a large proportion of the members, as to suggest a striking commentary on the comfortable asylum which England affords for the energetic and capable alien. Some of the foreigners of the Exchange are among its most respected and influential members.

A society, appropriately named "The Cereals," represents the social and benevolent side of the Exchange. The aims of this body are admirably fitted to strengthen the friendly ties which bind the members together. The benevolent fund of the society has been the means of affording valuable help in many deserving cases.

With a membership comprising fine specimens of muscularity, "The Baltic" is not behindhand in representing the

athletic spirit of young England. Prominent rowing men are to be found among the members, and the Exchange can boast of international footballers and international tennis players. Cricket and golf also find their exponents, the most recent development in athletics being the formation of the Baltic Golf Club, while the gentle art of wheeling is a favourite pastime with many.

Altogether it will be seen that there is plenty of vitality in "The Baltic," and there seems no reason to apprehend any falling off in that quality when South Sea House and the Exchange part company. The site of the new Exchange is in Jeffrey Square, St. Mary Axe, E.C.; but the building will not be ready before 1902.



AN AUTUMN MORNING.
From a water-colour by Dorothy Hardy.