

INCREASE IN GREAT BRITAIN'S FOREIGN INVESTMENTS.

An Enormous Growth in Recent Years—Mr. Lloyd George's Activities Held Accountable—Annual Interest Income from Foreign Investments over \$500,000,000.

In a Blue Book just published by the British Commissioners of the Inland Revenue there is a great deal of very interesting information, but none of the statistics in the volume are more arresting and none have received more widespread comment, says a London correspondent, than those dealing with the movement of the country's investments. The statistics go back over 25 years, or to be exact to 1886-7.

During the period covered, of course, the growth of capital all over the world has been enormous owing to the opening up and development of new countries and industries. Last year, for example, we are reminded that capital applications aggregated no less than £211,000,000, and the huge increase, which has taken place in the nation's income from investments tells the same tale.

SIGNIFICANT DEVELOPMENTS OF LAST SIX YEARS.

In this connection there have been some very significant developments, especially during the last six years, which are causing a good deal of comment in the financial district. These developments have reference to the income derived by Great Britain from abroad. The return on foreign investments in the year 1886-7 is recorded in the Blue Book at £44,508,000. This total gradually advanced, until in 1905-6 it reached £73,899,265. Since 1905-6, however, an enormous stride has been made in the yield upon the country's holdings of foreign securities, and for the year 1911-12 the figures representing the return were no less than £103,894,667. That is to say that during the six years ended 1911-12 the growth in the return upon foreign investments was greater than during the preceding 19 years. This movement is so startling that special reasons are of course sought for.

MR. LLOYD GEORGE HELD ACCOUNTABLE.

Assuming that the thirty million increase in our income from abroad is mainly paid in 5 per cent. returns, this means that the bulk of our foreign investments for the six years ended 1911-12 grew by £600,000,000. This may be partially explained by the fact that capital has tended abroad because it can secure a higher rate of return than it is possible to secure in Great Britain, but of more potent influence is believed in stock exchange circles to be the anti-capitalistic activities of Mr. Lloyd George and the class agitation which he has fostered in order to further the political measures of his party.

It may be perfectly true—it probably is—that the political unrest which has developed in Great Britain during the latter half of the last decade as a result of the Lloyd Georgian policy of setting class against class, has not been nearly so pronounced as that which has shown itself from time to time in countries into which we have been pouring our capital. But this proves nothing, save that the trouble near at hand within domestic borders naturally impresses the imagination of investors more profoundly than which occurs a few thousand miles away.

TELL-TALE TRADE FIGURES.

The September trade returns show a decrease in imports and a large increase in exports in comparison with September, 1912. Dutiable goods to the value of \$37,997,000 and free goods to the amount of \$16,342,000 were imported during September. The imports for the corresponding month of 1912 were \$38,548,000 of dutiable goods, and \$19,307,000 of free goods. Exports for last September were \$37,048,000 of domestic goods and \$4,071,000 of foreign goods, as against \$25,814,000 domestic and \$3,153,000 foreign for September, 1912.

The import figures suggest a slackening off in home requirements of imported materials and goods—a slowing down in certain lines of trade and possibly also a perceptible tightening of the purse strings by private individuals who are contracting their expenditure on imported luxuries and "necessities" which can be done without when it is necessary. The large increase in export trade would be, of course, accounted for by the early moving of the Western crops and their high quality. Exports of agricultural produce for September, 1913, were \$11,829,000 against \$5,575,000 for September, 1912. There are big increases in exports all along the line. Exports of minerals for September last were \$6,402,000, and for the previous September \$5,278,000. Exports of manufactures also show an increase, being \$5,041,000 for September, 1913, as against \$3,587,000 for September, 1912.

The total trade for September last was close upon one hundred million, the actual figures being \$95,665,000, compared with \$81,606,000 for September, 1912. For the first six months of the present fiscal year ending September 30 last, the total Canadian trade was \$551,978,000, compared with \$506,265,000 for the corresponding six months of the fiscal year, 1912.

FOREIGN BRANCHES OF UNITED STATES NATIONAL BANKS.

Referring to the permission given in the new United States currency bill to Federal reserve banks, to open foreign agencies, Mr. H. M. P. Eckhart points out that there is a considerable difference between agencies and branches. So far as the Canadian bank "agencies" in New York are concerned, he says, they are in fact branches not having the right to exercise all their functions. The head office in Canada engages and pays the staff, pays the rent and all other expenses, provides the funds or capital used by the office, and takes the whole net profit derived. It may be the case that the foreign agencies contemplated by the framers of the Glass bill are of this description.

UNITED STATES BANKS AND CANADA.

While the volume of financial transactions between the United States and Canada is every year attaining larger proportions, it is not to be expected that either the national banks or the reserve banks will establish full branches at any of the Canadian centres so long as the Dominion's banking law remains as at present. The use in Canada of the title "bank," "banking company," "banking association," etc., is absolutely forbidden to any institution other than those chartered by the Dominion Parliament. So it seems likely that the Federal reserve banks will be obliged to appoint their Canadian agents at Montreal, Toronto, Winnipeg, etc., from the list of chartered banks now operating.