

The Commercial

WINNIPEG, AUGUST 13, 1889.

BRITISH INVESTMENTS IN THE U. S.

The desire on the part of the British capitalists to invest their surplus wealth in manufacturing concerns in the United States, appears to have reached a regular epidemic state of late. British capital has been freely invested in we may say all parts of the world. Egypt, Turkey, South America, Mexico, etc., all alike appeal to British capital for funds. The United States and Canada have long been favorite fields for the investment of British capital, and though at times very heavy losses have been made, yet the money keeps on coming. Hundreds of thousands and millions of dollars have been lost to the British investors, and yet the supply seems on the increase. It is evident that John Bull's purse is a very long one.

Heretofore American railroad companies have drawn largely upon British capital as a means of carrying out their schemes, and many of these have not proved very profitable to the first investors in the stocks of the roads. American mining schemes have swallowed up a good deal of British wealth. Ranching, farming and landed enterprises have been frequently floated with British capital, whilst vast sums of money from the same source have gone into debentures, municipal, state, provincial or national as the case may be. The present craze for American investments, however, is somewhat new in its nature, namely: the purchase of established manufacturing industries. Stocks, bonds and debentures are for the time being to give place to investments in industrial enterprises.

The results of these investments in American manufacturing concerns will be awaited with curious interest, and it will be just a little strange if the British investors do not gain considerably more in experience than they do in dividends, from many of their recent purchases. A great howl has gone up from a portion of the United States press against the purchase of manufacturing concerns by "the foreigners." These papers cry out that it is a shame that their enterprises are passing into the hands of foreigners; that in using the wares turned out in these manufacturing establishments they will be paying taxes to the foreign capitalists

who own them and draw the dividends, that it shows lack of ability that these institutions are being taken out of the hands of citizens and passing into the hands of foreigners. Now, this is all hosh. This much can be depended upon, and that is, that the shrewd Yankee knows what he is doing when he sells out to the foreigners, and the smile in his sleeve is no doubt a broad one as he hands over his establishment in return for British gold. It is a funny thing if he does not get the best of the bargain every time. The newspapers need not squirm about the dividends going to support British aristocracy. It is to be feared all the dividends the British investors may get will not greatly increase their wealth. If the British capitalists do not get "milked" in the process, there will be more reason for surprise.

In the first place, the Yankee is not going to sell out a profitable industry unless he gets a big thing for it. If his business is a paying one, and returning him regular dividends, he is not going to sell out unless he gets something for the prospective profits which he has in view from the enterprise. The Yankee steps out with his cash, and is free to start another establishment, with new machinery. The British capitalist steps in at a disadvantage from having paid a big price for his manufactory, and at best he has a second-hand outfit to work with. He is inexperienced, and must depend upon the advice of his managers. Altogether, therefore, his chances for successful competition in the industry are not very bright.

The first object of the British capitalist in making these foreign investments is to secure larger returns upon his capital. Interest rates in Great Britain are very low, and the prospect of big returns from foreign investments is therefore very alluring. But certainly some very foolish investments have been made by British capitalists, both in Canada and the United States. Too much reliance has often been placed upon the interested representations of agents, who have drawn a glowing picture of large dividends. Still, it must not be inferred that there are not profitable openings for the investment of British capital on this continent. In the vast natural wealth of Canada alone, awaiting development, there are many opportunities for the profitable employment of capital which cannot be procured at home. In undeveloped natural

wealth Canada certainly stands away ahead of the United States, and in this field there is probably a better opportunity for the profitable investment of capital, than in buying up second-hand manufactories in the United States.

There is another aspect in which these foreign investments of British capital may be considered. This is the building up of foreign industries, with the aid of British capital, to compete with home industries in the same lines. In all parts of the world British capital is being called for, and is being invested, with the avowed object of building up foreign industries to compete with the British manufacturer. In some of the countries where British investments of this nature have been large, these same countries impose a heavy tax upon imports of British goods. Especially is this true in the case of Canada and the United States. This is a question well worthy the attention of British economists. But more arguments are not likely to have much effect upon the British capitalist, who sees large prospective dividends from foreign investments, and but a paltry one or two per cent. obtainable at home.

THE LABOR QUESTION.

The labor problem is a most important question in all countries, and especially so in the leading industrial nations of the world. In the new world the labor question has not been so pressing in the past as in the more thickly populated industrial centres of Great Britain and Europe, but still it is one of the most important issues, and one which is continually coming up in some form or another. Competition in manufacturing, it may be said, is keen the world over, and in all manufacturing industries labor occupies a very important place. It is therefore not strange that many attempts are constantly being made to regulate labor, either to suit the views of the workmen themselves, or to adapt labor to the necessities of the industry, or to the desires of the employers. On the one hand labor is always disposed to draw as large a remuneration as possible for the work performed, and not infrequently engages in strikes and contentions with the object of forcing an advance in wages. On the other hand, competition or other causes have sometimes reduced the profits of an industry, and rendered the employers less able to pay the current rates of wages. It has even happened, that at times when