GREAT BRITAIN IN 1868.

The following survey of the commercial affairs of Great Britain for last year has been prepared from the annual report of the German Consul-General at London:

GENERAL CHARACTER OF FINANCIAL TRANSACTIONS

To obtain an accurate view of the commercial relations of Great Britain in 1868 it is necessary *to consider also those of previous years. In* 1866 a crisis of a peculiar character, different from that of 1857-58, took place. While the latter extended over the entire sphere of commerce, the effect of that of 1866 was limited to the money market. Neither the commerce in merchandise nor the condition of navigation was directly affected by it, though its traces became afterwards visible in all the branches of trade.* Great financial enterprises had been undertaken between 1862 and 1866. In England, where formerly only ordinary legitimate transactions were known, the laws of 1856 and 1862 permitted the establishment of companies with limited liability. In subsequent years this kind of commercial associations became the fashion. The brilliant operations of private banks before that time made people believe that every stock company would obtain similar results. Published prospectuses awakened lorious expectations, and the statutes rendered participation comparatively easy. Stockholders had only to pay in each a fraction of the amounts subscribed; the remainder they owed, and the assur nces made allowed them not to fear large subsequent payments. By these means the public, and many not of the mercantile profession, were led into these enterprises.

The great extent of these limited companies is proved by statistical tables. In 1863 were chartered 263 companies, with a nominal capital of £100,000,000 sterling, and a paid-up capital of £9,000,000. In 1864 the number of companies increased to 282, with a nominal capital of £165,000,000 sterling, paid-up of £12,500,000; and in 1865, 287 companies, with £107,000,000, paid-up capital of £12,000,000, were in operation. Here it attained its climax.

At the beginning of 1866 people commenced to become convinced of the careless foundation of many of the limited companies, and of their daring financial speculations. The warlike prospects on the Continent, the bankruptcy of several railroad speculators and the suspension of payment of various limited corporations in London and Liverpool, increased the growing dissatisfaction. The crisis itself exploded on the 10th of May, 1866, when the famous Bank of Overend, Gurney & Co., which nine months previous had changed itself into a limited company, suspended payments, and by its fall involved a large number of other institutions. Discount on that day rose to ten per cent, and the Bank of England, in which the reserve fund had dwindled to £3,000,000 sterling, obtained without delay the power to issue bonds beyond the legal measure. Only as late as the month of August discount could be reduced, but the intricacies were not by far settled. The failing companies called for the subscribed and unpaid amounts, and the stockholders showed very little disposition to pay their means solely for the satisfaction of creditors. Numberless law suits and judicial proceedings were entered, and to this day many are still unadjusted; it will take years before these affairs can be arranged.

In consequence of this crisis, and of the publication of the most adventurous finance speculations in the preceding years, limited companies have fallen into general distavor, and are looked upon as not solid, so that enterprise, with full responsibility, receives a decided preference. Statistics show how strong this reaction is, in 1868 were established 44 stock companies, with £10,000,000 and £2,000,000 paid-up capital, in 1867 only 27 companies with £6,000,000 capital, of which £1,000,000 was paid-up.

This unfavourable opinion of stock companies is as unfounded as the preference given them before. Their condition on the continent show such associations have advantageous results, if the necessary care in their establishment and management is exercised. True, the laws of continental states are much more severe than those of England, if the latter had been better, and especially if they had restrained the liberty in the formation of unlimited companies, and organized a stricter control of the directors by the stockholders, if finally the regulations on the issues of these corporations had been more guarded, many evils would have been prevented.

The characteristic of the succeeding period was that of overdue care. In 1866 capitalists who before were not content with 10 per cent., preferred 3 per cent consols This total disinclination against every kind of speculation throughout 1867, which year has been said to bear the device of "general debility, great mistrust and complete limitation." This discouragement was increased by a kind of railroad crisis. In October, 1866, already several companies were embarrassed; in the following year this became more manifest. The administration of several roads was disordered and careless, which facts came to light by the usual resource in an approaching crisis, the raising of loans for the purpose of covering present difficulties. Soon one succeeded the other, and the result was a great depreciation of property near railroads and a considerable fall of their shares.

Some improvement showed itself in 1867. Money was still in great quantities and at low rates, but people began to participate in Colonial loans. About £14,000,000 sterling were offered and near £6,000,000 paid in. Commerce in merchandise, in general, was satisfactory throughout 1867, as well as navigation. A larger import and export had taken place in 1866. The year 1868 was of the same general character. Surplus of capital, and a low rate of interest continued. There was little disposition to invest in domestic enterprise and great preference for foreign transactions. The latter and the money market have much improved, and the value of products has recovered a safe basis, from which it may be hoped, that in coming years the former evils will be avoided. An exceptionally fine harvest contributed essentially to a national prosperity.

POLITICAL AND SOCIAL EVENTS IN 1868 AND THEIR INFLUENCE ON COMMERCE.

The political events of 1868 have promoted the development of commerce and navigation. The fear of war on the continent alone, so often awakened by France, had some counteracting effect, but a gradually strengthened faith in peace has equalized all disadvantages.

These uncertainties in Europe, the Abyssinian war, the Spanish revolution, which effected, at least on paper, a total change of the social relations of that country, and the imbroglio between Turkey and Greece, remained almost without influence on commerce. Especially is this the case in regard to the two last named movements, by whom only a few stocks were touched.

The happy result of the Abyssinian war, though considerably flattering to British pride, has laid upon the country the heavy expense of the expedition. Instead of the estimated 5,000,000*l* sterling the bills presented reach already 8,000,000*l*, and are likely to grow to 10,000,000*l*. The country cannot be blamed for being averse to similar enterprises in the future.

Throughout the colonies peace has prevailed. An old dispute on the constitution has been settled in Victoria, and the insurrection of the Maori in New Zealand, sad as its consequences appear, is of no general importance.

Events in the interior have not caused any disturbance of national industry. The movement of the Fenians in Ireland, which in 1867 caused so much excitement, seems to have entirely disappeared

Wages of labor, in general, have not fallen and are still about 25 per cent. lower than at the commencement of 1866. Laborers' strikes did not occur on any large scale. The greatest suspension of work took place in South Staffordshire, where the iron workers would not submit to a reduction of wages, and this branch of industry lay idle for some months. No further disorders resulted, and the movement had not the threatening character of those of previous years. At present attempts are made to prevent the recurrence of such events, which so seriously interfere with trade, by the appointment of mixed commissions to decide on questions between labor and capital.

The change of government in consequence of new elections has passed quietly. *Important questions relating to the churches agitate the* nation, but these also no doubt will be peaceably determined.

The conditions of finance cannot be termed favourable. The receipts were as follow:

	1867.	1868.
Duties	£22,630,000	£22,486,000
Taxes on consumption	19,955,000	20,214,000
Stamp duties	9,597,000	9,174,000
Real estate	3,484,000	3,474,000
Income tax	5,264,000	8,414,000
Post office Department	4,630,000	4,560,000
Domains	337,000	359,000
Miscellaneous	2,764,000	3,176,000
Total	68,663,000*l*.	71,860,000*l*

The tax on income has increased most, namely 3,148,000*l*. sterling, while the total increase is 3,197,000*l* sterling. This difference must be ascribed to an increase of 50 per cent. on incomes on account of the Abyssinian war, and the power of taxation has not been put to a much stronger test.

The administration of railroads has much improved Partly the result of laws, partly of the pressure of public opinion, the defects have been remedied.

The receipts by railroad for 1868 are given at 39,223,266*l*. sterling, against 38,319,540*l*. in 1866 and 28,321,082*l*. in 1862. Average receipts per mile and week, 2,960*l*., against 2,970*l*. in 1867, and 2,948*l*. in 1866,

The total expenditures for construction of railroads is estimated at 486,693,000*l*. which, on 14,223 miles of railroads is 34,233*l*. per mile. Gross receipts, 39,823*l*. per mile. The cost of maintenance is given at 49. 5 per cent.; net proceeds, 4.13 per cent., which is above 1860, 1861, and 1864-66 The largest net proceeds were 4.37 per cent.

THE MONEY MARKET IN 1868.

The Bank of England is the most exact thermometer on the condition of the money market. A consideration of its transactions in 1868 is the best means of discovering the general basis of financial operations.

The amount of coin and bullion on hand reached its height June 24th, being then 22,962,950*l* sterling, its lowest degree December 10, namely, 17,811,669*l* sterling. The first amount has been but once surpassed, September 18, 1867, when the vaults held 24,498,447*l* sterling. The highest on hand in ten former years was only 19,192,350*l* (January 15, 1859), which amount was continually exceeded in 1868 between January 1 and November 12.

The Bank of France held its greatest amount of money in 1868 on September 3, having deposits 52,571,949*l* sterling; both banks on this day had 73,418,602*l* sterling.

The discount of bills of exchange was fixed by the Bank of England at 2 per cent. on July 25, 1867. Only as late as November 19, 1868, it was changed to 2½ per cent, and on December 3, 1868, to 3 per cent. Since 1838 discount has been 2 per cent. only three times—from April 2, 1852, to January 6, 1853, from July 21 to October 30, 1862—and during the above sixteen months, the last period being the longest.

These facts prove that in 1868 there was an bundance of capital, and that the value of money was less than in 31 previous years, which leads to conclusions regarding the condition of trade, and particularly the absence of any disposition for enterprise. The decrease in metal at the end of the year and the increase of discount show an improvement and relaxation of the depression in the money market.

These observations are confirmed by other transactions of the bank. The emission of bank notes was not very large, and the loans, upon approved security, which in May, 1866, amounted to 42,000,000*l* sterling, never went beyond 34,000,000 in 1868. The demand for money was consequently less in 1868. The business done by the bank harmonizes with these views, but few speculations were entered, and money was securely loaned out at interest. Since Eng-

* It is interesting to compare the former crisis of England with the cause of that of 1866. The unlimited creation of joint stock companies for most irrational purposes, and great speculations in South American mines, produced the crisis of 1825-26. That of 1835-36 was provoked by the establishment of an overlarge number of joint stock banks, and by the habitual swindle in American exchanges. The numerous railroad enterprises, without regard to actual want, caused the crisis of 1847-48, while the reaction from an unnatural and forced increase of trade by unscrupulous speculations brought about the crisis of 1857-8

† The statistics are for the fiscal year ended March 31, 1868. The receipts for 1858-9 were 73,831,314*l* sterling, and the deficit 5,000,000*l* sterling.