

A SET BACK TO BRITISH CROAKERS.

Every now and again the cry of croakers "is heard in the land" known as Great Britain. When the national debt was first formed, and at various successive periods, the darkest forebodings were uttered by prominent public men and writers in regard to the consequences of the debt increasing. Over a century ago, when the national debt of England was no larger proportionately than the present debt of Canada, one distinguished authority declared that England was on the brink of ruin, over which the nation would topple were the debt increased. Since 1688 the debt has increased from \$3,321,000 to about \$3,195,000,000, nearly ten times, yet England is enormously more wealthy to-day than at the close of the 17th century. Then, when the policy was adopted of free imports, the old land was mourned over as being on its death-bed. Since then it has renewed its youth like an eagle, and stands to-day the world's financial Gibraltar in strength. In answer to the pessimists who now are raising again the old, stale cry of England's decadence, Sir Robert Griffen, the most eminent living statistician, recently delivered an address before the Banker's Institute, London, England. He showed that, while since 1890 the British population has only increased 10 per cent., the income tax assessments have increased 20 per cent. He gave the capital of Great Britain at the present time as seventy-five billions of dollars, \$75,000,000,000, which he declared was increasing at the rate of one thousand and fifteen hundred millions every year. The aggregate income of the British people Sir Robert estimated at \$7,500,000,000, as compared with about \$5,000,000,000 each of Germany, France and Russia. The cost of protecting the British Empire was stated to be about 5 per cent. of the nation's annual income. Sir Robert regards the enormous excess of imports into Great Britain over the exports as "the very measure of Great Britain's prosperity." This position has been explained and defended by THE CHRONICLE. The situation is this: England is the world creditor; to her is due an enormous sum for interest on borrowed money, for English capital invested abroad, for freights on foreign goods carried by English ships. In order to liquidate these obligations, foreign nations, foreigners and British firms in foreign lands have to send goods to England in payment for interest and instalments of principal, and the excess of British imports over British exports represents the receipts for such foreign obligations. Thus, the richer England becomes the more she has to lend abroad, and the more she lends abroad the larger becomes her income from interest on such loans, consequently, the greater becomes the wealth of England the greater becomes

the excess of her imports over exports. Another element in this problem which puzzles so many is this: the expenditures of foreigners who visit England, or of foreign settlers whose income comes from abroad, especially Americans, amounts to hundreds of millions of dollars. The chief of the Bureau of Statistics, Washington, recently explained the apparent anomaly of the balance of trade for United States as follows:—

The excess of our exports is compensated for largely by four great factors: (1) the payment of interest on American securities held abroad; (2) the payment of earnings of foreign capital invested in business enterprises in the United States; (3) the payment of foreign freights carried in foreign vessels, especially freights on goods imported into the United States, and (4) the expenditures of Americans travelling abroad, have been considered the chief cause of the fact that the exports of merchandise so much exceeded the combined imports of merchandise, specie and bullion. Within the last two or three years, however, three further factors have apparently been added:—(1) the cancellation of American indebtedness abroad, including a return to the United States of the railroad and other securities thus held; (2) the sale of foreign securities in the United States, such as the German, British and Russian securities which were placed upon the markets here during the last year, and in most cases quickly taken to the amount of probably \$100,000,000 in the year; and (3) the credits which now stand abroad in favor of our exporters, and which are permitted to so stand because better interest rates could thus be realized than by insisting upon their immediate payment.

The sums of money represented by these various factors, which presumably about equal the excess of exports over imports, have been variously estimated, and up to the present time no means of obtaining more than estimates have been devised. These estimates usually put the amount paid to foreign vessels as freights on imports at about \$50,000,000; interest on and earnings of foreign capital, \$75,000,000 to \$100,000,000; money expended abroad by Americans, \$75,000,000 to \$100,000,000; American funds invested in foreign securities in 1900, about \$100,000,000; and credits permitted to stand abroad in 1899 and 1900, each about \$75,000,000 to \$100,000,000; to which must be added the amount of our foreign indebtedness actually cancelled by the return of securities for which no definite estimate has, so far as I am aware, been made.

If the words "England" or "English" are substituted in the above explanation for the words "abroad" and "foreign," we get at this important fact that America is contributing an enormous sum yearly to the income of Great Britain, and that the excess of British imports over British exports is, to a large extent, explained by the influx from the United States of goods to provide funds for the payment for interest; for business earnings; for freights; for securities; for the personal use of travellers and anglicized Americans, and as deposits