

FIFTEEN BILLIONS OF BRITISH MONEY.

Invested Abroad—To Canada Has Come One and a Half Billions.

British investors hold \$15,000,000,000 abroad. So it is estimated in a careful statement of the London Economist regarding the matter. The available data are very meagre and no exact results can be expected, but they are sufficiently accurate to indicate some general conclusions. It is seen that the amount invested in Canada compares well with the total British capital invested in the United States, the figures being approximately \$2,400,000 for the States and about \$1,500,000 for Canada.

To Obtain an Approximate Estimate.

There are two directions in which some guidance may be found in this matter. One is to ascertain the income received from English capital abroad and to make an approximate estimate by capitalizing these receipts. The last available returns show that the income from certain foreign sources was as follows:

Income disclosed by agents for payment of interest on foreign and colonial Government securities	£31,039,083
Income disclosed by agents for payment of dividends and interest of foreign and colonial companies and corporations	15,568,813
Income disclosed by bankers and coupon dealers in connection with the realization of foreign and colonial coupons	13,767,315
Income declared by persons, firms, or public companies as received in respect of investments abroad without taxation at the hands of agents, bankers, or coupon dealers	6,947,482
Profits of those railways abroad which are owned and worked by British companies with the seat of management in the United Kingdom	12,237,423
Total	£79,560,116

"Unfortunately, these statistics, which are taken from the annual report of the Commissioners of Inland Revenue, are by no means complete, owing to the natural disinclination of British investors to disclose the extent of their foreign and colonial investments.

Income from Abroad.

"In addition to the above, there also exists a large amount of income from abroad, which in many cases cannot be identified in the assessments, and which is therefore included under the head of income from businesses, professions, etc., not otherwise detailed; the fact that this unidentified income from foreign countries and British colonies and possessions is of great magnitude will be appreciated when it is considered that it includes the profits derived from the following sources inter alia: Concerns (other than railways) situated abroad, but having their seat of direction and management in this country—e.g., mines, gas works, water-works, tramways, breweries, tea and coffee plantations, automobile companies, nitrate grounds, oil fields, land and financial companies, etc. (ii.) Concerns jointly worked abroad and in this country, such as electric, telegraph, cables and shipping. (iii.) Foreign and colonial branches of banks, insurance companies and mercantile houses in the United Kingdom. (iv.) Mortgages of property and other loans and deposits abroad belonging to banks, insurance companies, land, mortgage and financial companies, etc., in this country. (v.) Profits of all kinds arising from business done abroad by manufacturers, merchants and commission agents resident in the United Kingdom.

Basis of Argument.

"Such considerations illustrate the difficulty of arguing from income statistics to capital, but it is not altogether unfair to assume a rate of interest, which, though it may not hold in years of abnormal trade, is sufficiently near the truth in normal years to form a basis of argument. The above figures capitalized on the basis of 25 years' purchase yield a total sum of 2,000 millions as the capital value of investments. This is rather a high basis for private investments, and Mr. Chiozza Money suggests 20 years' purchase as more correct. Taking 25 years for Government securities and 20 years for other investments, we get a total of about 1,750 millions. To this must be added a sum in respect of unrevealed income from abroad and income which is included in other schedules. But so much doubt exists as to the extent of the addition to be made that statisticians have placed it variously at 400 to 1,000 millions. Taking these different figures as outside estimates, we may conclude that our total capital invested abroad amounts to a sum between 2,150 and 3,000 millions sterling. In view of the rapid increase of recent borrowings in this country we are inclined to think that the latter sum is nearer the truth than the former.

"The second method of approaching the problem is by studying the actual capital issues made in this country on behalf of foreign or colonial borrowers.

"A correspondent who has for some years made a detailed study of the subject sends us the following statement, which gives estimates of the amount of the indebtedness to Great Britain of the various countries of the world:

British Colonies and Possessions.

India	£470,000,000
Australasia	321,000,000
Canada	305,000,000
Transvaal and Orange River	220,000,000
Cape Colony	98,000,000
Rhodesia and British East Africa	59,000,000
Natal	30,000,000
West Coast of Africa	24,000,000
Straits Settlements, etc.	17,000,000
West Indies and other British colonies and possessions	22,000,000
Total	£1,566,000,000

Foreign Countries.

United States	£485,000,000
Argentina	254,000,000
Japan	115,000,000
Brazil	101,000,000
Egypt	97,000,000
Mexico	51,000,000
Germany, France, Sweden, Norway, Holland, Belgium and Denmark	48,000,000
China	47,000,000
Russia	45,000,000
Chili	42,000,000
Turkey, Greece and the Balkan States	39,000,000
Italy, Switzerland and Austria	26,000,000
Spain	25,000,000
Uruguay	25,000,000
Cuba	21,000,000
Other foreign countries	63,000,000
Total	£1,484,000,000

Grand total £3,050,000,000

"These figures may be compared with 'rough estimates' made by Mr. Beaumont, a prominent member of the London Stock Exchange. His figures are as follows:

India	£500,000,000
Australasia	450,000,000
Africa	350,000,000
Canada and North America	300,000,000
Argentina	300,000,000
South America (other than Argentina)	250,000,000
Japan, China, Hong Kong and Straits	200,000,000
United States of America	400,000,000
Total	£2,750,000,000

Statistics Afford Mutual Support.

"The two tables differ in detail to some extent, but they are close enough to one another to afford mutual support. Mr. Beaumont's estimates do not include any provision for British investments in Europe, which, so far as Government stocks are concerned, are shown by the income tax returns to be still very considerable. Both estimates indicate very clearly that British capital has been used for the development not of countries which compete with us in manufactures, but of those which provide us with food and raw material and are the largest markets for our own manufactured goods.

"The proportion of our total savings which is invested abroad may be ascertained by comparing the above figures with the most important estimates of the national capital. Mr. Money (1905) values the total at 11,400 millions, but Sir R. Giffen (1906) quotes a considerably higher figure—viz., 15,000 millions. Without discussing the accuracy of these two estimates, it is evident from the above figures that somewhere about 20 per cent. of the national capital has found investment abroad and has contributed enormously to the development both of our import and our export trade."

The stock of the Burton-Spence Company, Toronto, which went into liquidation recently was sold at sixty-two cents to Blake Shouldice and Company, of Montreal. There was \$170,000 worth of stock which thus yielded \$110,080.

The Windsor, Essex and Lake Shore Rapid Railway Company is applying to the Dominion Parliament for authority to issue further bonds in connection with its railway constructed or to be constructed, so that they may amount in the whole to \$25,000 a mile. It is desired that the bonds with coupons for interest may be payable in Toronto, Montreal, New York, or London, England, interest being at the rate of 5 per cent., and that it be payable in Canadian currency or sterling exchange.