

BRITISH AND AMERICAN CREDIT.

Our United States contemporaries are never weary of drawing disparaging comparisons between the financial affairs of Great Britain and those of their own country. Such patriotic pride is creditable to a people, but displays of it so incessantly are somewhat wearisome. When the sign is first hoisted on a booth, "Greatest Show on Earth," it attracts attention, but in a brief space of time it is passed unnoticed. Were the American Eagle to take a rest now and again and not be continually screaming and flapping its wings its demonstrations would be more effective. The "British Press" is not given to such boasting. Some of the most ably edited papers published never make, and never did make comparisons between England and other nations in order to exalt their own land at the expense of a foreign one. "Comparisons are odorous" said Mrs. Malaprop, when made as a boast they are indeed odious.

The "New York Times" has been comparing the price of Consols and the price of United States bonds, and the amount of each country's national debt in order to show thereby how financially superior is America to Great Britain. When the British debt is compared to the American the debts of the several States are usually overlooked. It is also forgotten that, debts are gross and net, and to give the amount of a nation's gross debt without referring to its assets is a very unbusinesslike statement. Canada, for instance, has a gross debt of \$366,112,017, but it owns assets to extent of \$106,677,293, by which the net debt is reduced to \$259,434,723 and the national properties in value exceed that amount. If our American friends wish to get a clearer, more accurate view of the situation they are fond of discussing as it is seen by them through a dense fog of national prejudice, they should learn what is the total amount of the net public debts of all kinds for which the people of the United States are liable, and what is the amount resting on the people of Great Britain. With these data in hand and others relative to the subject, a reasonable judgment might be formed as to the respective financial conditions of the two countries. The comparison instituted by the "New York Times" is made from much too imperfect data to have any statistical value.

The theory that, the United States is much wealthier than Great Britain is demonstrated to be a myth, a delusion, a mere fantasy born of national vanity by the notorious fact that, the alleged richer nation is very heavily the debtor of the poorer country. Uncle Sam struts around swaggering about his wealth, but he is perpetually asking poor John Bull to advance him a few dollars, although his debt to Mr. Bull already amounts to a larger sum than Sam could pay without calling in an auctioneer and selling off part of his property.

Our New York contemporary argues that, the superior financial position of the United States as compared with England is shown by Consols yielding 2½ per cent. whereas United States bonds yield only 1.84 per cent. From this comparison it concludes, that the British Government has to pay a 50 per cent. higher rate for loans than the United States Government, and that the credit of the two countries, as reflected by the burdens they have to bear, is thus shown to be as three to two in favour of the United States.

There is a vital distinction between British Consols and United States bonds, the former have become the one standard, proverbially sound security for investors who desire to run no risk whatever. Many scores of millions of pounds sterling are held in Consols by trustees, trust companies, by retired traders, widows, and the innumerable persons in Great Britain and all over the globe who are content with the small return of Consols because nothing short of a world-wide catastrophe could shake their soundness. Such persons would never dream of investing their funds in United States bonds. The very fact that the American Government compels the National Banks to hold \$500,000,000 of its bonds as a condition of carrying on their business as bankers, while the English, Scotch and Irish banks have not the slightest restraint of a like nature put upon them proves to a demonstration, that the American Government bonds are not in demand by private investors, and that to float its bonds the United States Government has to force one half of the entire issue upon the banks. Every bank note issued in the United States is nothing more than a representative of and a fractional part of the Government bonds, and the American public is thus compelled, practically, to advance money to the Government at a nominal rate of interest.

Such a system of compulsory financing to keep up the amount of United States bonds certainly does not justify their being compared with Consols in acceptability to investors. If we allowed the "New York Times" argument, that, the soundness of a security is proportionate to the smallness of its yield, some strange situations would arise. If it were followed out to a strictly logically conclusion the soundest of all securities would be those that yielded no revenue.

The financial resources of the United States are prodigious. They are being developed with unprecedented energy and skill. The credit of the United States stands too high to be compared with most older nations. United States credit would be still higher were there more of the conservative spirit in Americans which they regard as the reproach of the British people. It would tend to the development of a more judicious and more reasonable spirit were the "Press" of the United States to cease bragging and swaggering to the disparagement of Great Britain, to whom they owe all they possess that is the just pride of a nation.