

GREAT BRITAIN HAS LOANED CANADA MORE THAN SIX HUNDRED MILLIONS OF DOLLARS IN THE PAST FIVE YEARS

Canadian Railroads Alone Obtained Forty-Seven Millions Sterling—Scotch Capital Strongly Favors Loan & Mortgage Securities—Purchase of Bank Shares—Small British Investments in Canada's Industrial Development—The Moral of the Figures.

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By Fred. W. Field.

Canadian bank shares purchased	\$ 1,125,000
Investments with loan and mortgage companies	5,719,774
British insurance companies' investments	9,731,742
Municipal bonds sold privately	10,000,000
Industrial investments	22,500,000
Land and timber investments	19,000,000
Mining investments	56,315,500
Canadian public flotations in London	481,061,836
	\$605,453,852

In five years Great Britain has loaned Canada more than half a billion dollars, or to be exact, \$605,453,852. This sum is obtained after five months' careful investigation by The Monetary Times, and special inquiry from practically every known reliable source of information. It is the first authoritative and approximately accurate compilation regarding the export of British capital as it specially relates to the Dominion. While open to some revision, the claim may safely be made that no pains have been spared to make it of commanding value and accuracy to bankers, financiers, investors, industrial and commercial interests.

The figures are the best possible reply to the complaint sometimes heard that Great Britain is not taking sufficient financial interest in this country. Our railroad development has practically been financed from first to last by the British investor. Mr. George Paish, an eminent London financial statistician states that British capital has been invested in Canada to the extent of £300,000,000. It is practically impossible to check this sum, but it is safe to accept the estimate of Mr. Paish, who not long since lectured on the advantage to borrowing countries of importing capital. The young country, he says, requires to do all those things which in older countries have been gradually performed through the centuries, and it desires to do those things quickly. The rapidity with which things move in a young country is so astonishing to those accustomed to the slower progress of the older countries that it is difficult for the two kinds of countries to understand each other. Persons living in the older countries cannot and do not believe that the growth in the young countries is as rapid as it is said to be.

Young Country Needs Its Savings.

In view of the rapidity of its progress a young country needs all its savings for the construction of houses, for the breaking up of virgin land, the building of roads, the building of factories, etc., and has not the means of constructing the more expensive works required to develop its resources.

Hence the opportunity, continues Mr. Paish, given to the older countries to provide a portion—indeed, often the larger portion—of the capital needed for the construction of expensive works, such as railways, drainage systems, water-works, gas and electrical installations, street railways, and similar undertakings, which offer special attractions to foreign capital is willing to invest at a lower rate of interest and dividend than can be earned by native capital employed in trade, industry and house construction.

Need Large Capital Sums.

The importation of this foreign capital, he concludes, sets free the growing savings of the young countries for the rapid extension of their industries. Further, the young countries attract large numbers of immigrants who possess no capital, and in order to render this additional labor productive the new countries need a much larger quantity of capital than they themselves possess. In brief, the importation of capital by the young countries enables them to construct those great works of public utility without which their natural resources could not be developed, to secure and to profitably employ a great amount of cheap labor from the older lands, to use their own capital in industries where the

return is high, and to employ their own labor in the most profitable manner.

Great Britain in recent years has not failed to maintain its reputation as the greatest loaning centre of the world. In 1909, £182,356,800 represented applications by prospectus in the English market, sums put into new companies publicly advertised and sums included in the official stock exchange record and of new issues and increases of capital. That fact is a slight indication of Britain's unique loaning power. The amount of money borrowed by manufacturers on mortgage or debentures or raised by private issue of shares, cannot be stated, while no one can exactly say what sum leaves Great Britain for investment abroad every year.

New capital applications overseas during the five years' period under review, according to Mr. F. Hirst, another London editor and statistician, amounted to £785,000,000. The impression that there is no end to the loaning facilities of the English market is, therefore, well backed with reliable statistics.

Must Maintain Credit in London.

The figures relating to Canada, showing what we have borrowed from Great Britain in five years, from 1905 to 1909 inclusive, is an excellent argument for the continuance of strenuous efforts to maintain Canadian credit in London. As Mr. K. D. Freiburg, a German economist, has stated, two points should always be particularly regarded by the investor—the occasion of the issue and the country in which it is made. At a period when the money market is tight it is no use making the position worse with foreign issues. Again, the securities of any country which do not offer an absolute guarantee that it will fulfil its obligations should be avoided. The details of The Monetary Times compilation printed below show that in 1909 the total British investment in Canada,—taking public flotations alone—was equal to half the aggregate of the previous four years. The first three months of Canadian borrowing during the current year indicates that all previous records of the British export of capital to the Dominion will probably be eclipsed.

The anticipated influx of capital will likely be to some extent a diversion from other channels. For this reason: the British investor need not seek. The offerings go to him. At present many media exist through which money from abroad can help turn our wheels, unclutter our mineral soil and dress up our fruit lands. Consequently, other channels may carry smaller streams on account of Canadian attractions. Yet it should be possible also to interest to a small extent at least new British capital. Had it not been for one or two unfortunate Canadian flotations in London our credit there would have stood even higher than it now does.

Canada is an Attractive Investment Field.

In addition to British corporations and individuals with large sums of money to place, the man desiring to invest the proverbial nest-egg—not properly nested—should be interested in Canadian offerings. The railroads of Canada have as shareholders individual investors on many continents. The shares of the Canadian Pacific, we believe, are more widely held than those of any other railroad company. Our financial institutions have interested large sums of capital. Several companies in course of formation have brought in English