

other, there it locates its plant. And, we may add, for that very reason free trade between the two countries cannot receive the serious consideration of the Dominion. The Monetary Times' record of British and foreign investments in Canada were quoted by Mr. Hill, who pointed out that of England's total investments, amounting to \$605,000,000, during the five years ended 1909, \$481,000,000 were Canadian public flotations in London. Deducting this, he said, the amount of private investment in Canada by Great Britain is less than half that of the United States. Mr. Hill evidently desired to show that our debt to the United States in the matter of private investments is large. But nearly half of the United States investments represent the value of 175 American companies' branch plants in Canada. Again, \$12,000,000 represents investment in packing plants and distributing houses for American implement manufacturers. These are channels cut into Canada by American trusts and combines, who have found it necessary to build their plants in Canada and to dot distributing houses in many parts of the country. Otherwise, we might know the American trust only from the viewpoint of the price of its goods. The remainder of United States investments are practically all in lumber, land and mines; in other words, our natural resources. Canada desires native labor to develop these at the expense of foreign capital, which will receive an adequate return. It does not wish its natural resources stripped by enterprising Americans, who know a good thing when they see it, shipped to the United States, manufactured there and reshipped to Canadian consumers. Neither is it fair to dismiss the debt we owe Great Britain with the statement of Mr. Hill that the amount of private investment in Canada by Great Britain is less than half that by the United States. The money raised in London by public flotations has built practically our entire railroad system, we having obtained for that purpose in five years nearly £50,000,000. It has performed our federal and provincial government financing. It has financed our largest municipal improvements, developed our water powers, our mines, and assisted to a small extent industrial progress.

The British lender has not benefited from his large public loans to anything like the extent that the American has gained by his comparatively smaller private investments. British capital has built Canadian railroads, the basis of our prosperity. No direct return other than legal interest has been made to that capital. Contrariwise, American private investments have undoubtedly received very direct returns. Although Canada has absorbed £300,000,000 of British capital, Canadian trade as it relates to Great Britain and the United States is, despite the present tariff, greatly in favor of the latter country. Last year, the United States sold to us \$239,000,000 worth of goods, of which \$106,000,000 came in free of duty. In exchange we sold to them \$110,000,000 of goods, only \$4,000,000 in excess of the value of the American merchandise which entered Canada duty free. During the same year, Great Britain purchased from Canada goods valued at \$149,000,000, while we bought from Great Britain only \$95,000,000 worth. And in the same year we borrowed from Great Britain \$195,000,000. The Mother Country is thus loaning us money for very necessary development at the rate of about \$200,000,000 per annum and at the same time is purchasing from us \$40,000,000 worth of goods in excess of the purchases by the United States. While we appreciate the private investments of Americans which have yielded to them an adequate return, British capital has given Canada the wherewithal to build a national backbone. The desire now is to make use of that and not to have it weakened through commercial obliteration by the United States.

### CHINA'S BIG LOAN.

American capitalists are taking a hand in floating a \$50,000,000 loan for China. The funds are needed for railroad, industrial and financial development. This establishment of direct financial relations between the Chinese government and powerful interests in Wall Street is attracting considerable attention. President Taft referred to the matter in his message to Congress. Recalling the attempt of Secretary Knox to secure the internationalization and commercial neutralization of all the railways of Manchuria, the President spoke of the assistance rendered by the government in the negotiations by American bankers to handle the loan. This policy, he said, has recently found further exemplification in the assistance given by this government to the negotiations between China and a group of American bankers for a loan of \$50,000,000, to be employed chiefly in currency reform. The confusion which has from ancient times existed in the monetary usages of the Chinese has been one of the principal obstacles to commercial intercourse with that people. The United States in its treaty of 1903 with China obtained a pledge from the latter to introduce a uniform national coinage, and the following year, at the request of China, this government sent to Peking a member of the International Exchange Commission to discuss with the Chinese Government the best methods of introducing the reform. In 1908 China sent a commissioner to the United States to consult with American financiers as to the possibility of securing a large loan with which to inaugurate the new currency system, but the death of their Majesties the Empress Dowager and the Emperor of China interrupted the negotiations, which were not resumed until a few months ago, when this government was asked to communicate to the bankers concerned the request of China for a loan of \$50,000,000 for the purpose under review. A preliminary agreement between the American group and China has been made covering the loan.

For the success of this loan and the contemplated reforms, which are of the greatest importance to the commercial interests of the United States and the civilized world at large, it is realized that an expert will be necessary, and the United States Government has received assurances from China that such an adviser, who shall be an American, will be engaged.

The discussion in American financial circles now hinges on the question as to whether the Chinese, in view of the large investments of Great Britain and European nations in China, will appoint an American to supervise Chinese expenditures. This is a delicate question, and, as a London authority points out, "it cannot be stated too emphatically that, in the present condition of the Chinese Government, the best interests of that country and of foreign investors alike will best be served by rigid insistence on the clearest possible definition of the purposes of foreign loans, and the provision of effective safeguards to ensure their fulfilment. The experience of the past two years alone suffices to prove beyond all doubt that a continuance of the policy of foreign finance in the Far East cannot fail to lead China, and, therefore, her creditors, into serious difficulties."

The United States bankers can be trusted to deal fairly with the question, and will naturally be willing to share with European bankers the task of supplying funds to the slowly awakening Oriental giant.

There has been a rapid growth in China's foreign export trade in the past few years. In millions of capital Haikwan taels, which in 1909 had an average value of .634c. gold, the total exports increased from 242 in 1905 to 351 in 1909. Exports consisted chiefly of silk, teas, beans and bean-cake, raw cotton, hides and leather, mattings, etc. The principal imports were of cottonades, opium, machinery and hardware, in the order named. This trade is chiefly with Great Britain and her colonies, the United States sharing but a trifling proportion. For example, the total importations of