

CONGESTION IN NEW SECURITIES.

While Great Britain can Supply £220,000,000 a Year for New Securities, Five Months' Issues have Amounted to £150,000,000—Hence Underwriters will Call a Halt Till October.

That the amount of new capital which Great Britain can provide for new securities (apart from the capital needed for buildings and private enterprises) is about £220,000,000 a year is stated by the *London Statist*, which adds that as the amount of new securities placed in five months this year has been nearly £150,000,000, no surprise need be felt that underwriters have begun to call a halt.

A HALT TILL OCTOBER.

In recent years, continues the *Statist*, the amount of new capital annually subscribed in this country has somewhat exceeded £200,000,000. The subscriptions have by no means been regularly spread over the various parts of each year. Sometimes the amounts placed in the early part of the year have been large; at other times they have been small during that period. On some occasions the subscriptions are heaviest in the last quarter. Last year the total subscriptions reached £211,000,000 for the year, of which about one-half was raised in the first five months. In the period to the end of May of this year the subscriptions have been nearly £150,000,000, in comparison with £104,000,000 last year and £110,000,000 in 1911. In considering the amount of capital placed in the five months just ended we must not forget that the subscriptions in the last five months of 1913 were abnormally small, amounting to only £50,000,000, and that the instalments on loans placed last year which had to be paid in the early part of the present year were unusually light. Still, when all the circumstances are taken into account, it is obvious that the issues of new securities are heavier and faster than can be easily absorbed, and it is probable that after the end of June a halt will be called until October in order that the accumulations of securities in the hands of the underwriters may be disposed of.

DESTINATION OF CAPITAL.

In May, 1913, the new issues have reached the large total of about £38,500,000, in comparison with £29,000,000 in May last year and £24,000,000 in May, 1911. Of the £38,500,000 subscribed for this month no less than £17,000,000 has been for Government loans, consisting of £10,670,000 for Brazil and £6,675,000 for China. An exceptionally large amount of capital has been asked for by miscellaneous undertakings of various kinds and descriptions.

The destination of the capital subscribed in May and in the first five months of 1912 is shown in the following statement:

	May	
	1913.	1912.
United Kingdom.	£7,281,743	£6,478,248
India and Ceylon.	78,500	108,750
British Colonies.	2,973,692	5,691,596
Foreign Countries.	28,120,158	16,671,121
Total.	£38,454,093	£28,949,715
	First Five Months	
	1913.	1912.
United Kingdom.	£22,871,317	£25,021,776
India and Ceylon.	2,902,467	3,222,818
British Colonies.	58,701,120	25,582,782
Foreign Countries.	62,915,546	50,390,252
Total.	£147,390,450	£104,817,628

AMERICAN INDEBTEDNESS TO EUROPE.

New York Banker Estimates It as a Billion Annually—Items from which It Grows.

An interesting discussion regarding the annual foreign indebtedness of the United States is now going on in American banking circles. It arises from an address recently made by Joseph T. Talbert, vice-president of the National City Bank, N.Y., in which he estimated this indebtedness as a billion dollars annually. Varying opinions have been expressed on the subject, some holding that the trade balance in favour of the United States is sufficient to wipe out this indebtedness, while another vice-president of the National City bank, Mr. Gardin, estimates the amount at fully 50 per cent. above Mr. Talbert's figures. In his address, Mr. Talbert suggested that the chief countries of Europe are not likely to be buyers of American securities for some time, and intimated that the cutting-off of this source of supply, even though only for a year or two, would necessarily disarrange affairs, even if the effect should be no more serious than to compel all domestic financing to be done at home. In that case, every dollar of available credit would be required. But he considered that the United States would not be able to hold on to its present stock of gold which forms the basis of credit.

HOW THE DEBIT GROWS.

Whenever we consider the strategic position of the United States financially in its relations with other nations, Mr. Talbert continued, there is one inherent weakness always present and increasing which must be kept in mind. The weakness is the fact that although we normally have a credit balance in trade of over \$500,000,000 annually, we have in fact other annual international debits of twice that amount; so that our trade balance not only is wiped out, but as much more in gold might be required to settle our foreign indebtedness. This debt grows out of items which are not included in the statement of trade balances. They are composed of interest and dividends on securities already owned abroad, of freight paid to foreign vessels, of the incomes derived from the estates of our expatriated men and women, the majority of whom belong to the very rich class, of the vast expenses of American travellers abroad, of premiums paid for foreign fire and marine insurance and of many similar items.

POSSIBLE DRAIN ON GOLD RESERVES.

These items, said Mr. Talbert, aggregate at least twice as much as our credit balance in trade. Consequently instead of the United States having as a result of its favorable trade balance a call on the stock of European gold of \$500,000,000 annually, the truth is that the tables are entirely turned and Europe has a call upon us for that amount. Europe has not always nor frequently exercised that power. Generally, and under normal conditions it has been found more profitable for Europeans to purchase our good securities than to withdraw our gold. This explains clearly their enormous absorptive capacity of our good securities. It also shows that in order to place themselves in a position to draw gold from us it is not at all necessary that they should sell our securities. It is only necessary that they should suspend buying them. This, as already explained, has been done and buying has practically ceased. If this attitude should be persisted in for any considerable