

THE EXPORT OF CAPITAL

G. K. HOBSON

X655
E4
099260

The Export of Capital

Roy Harrod writes in a preface to this edition:

'This re-issue of C. K. Hobson's *Export of Capital* (1914) is much to be welcomed. Its combination of very fine analysis of the many theoretical issues relating to foreign investment, extensive historical learning and pioneering ventures in statistical calculation entitle it to be regarded as a classic.

'While certain passages in the book are concerned with special features of the contemporary situation, much of it ranges widely through history and makes fascinating reading. It is well to be reminded now of the part played by foreign investment at many different times and places in spreading material welfare.'

**SERVANTS OF INDIA SOCIETY'S LIBRARY,
POONA 4**

Cl. No. X655 E4 Date of release for loan

Ac. No. 99260

5 NOV 1964

This book should be returned on or before the date last mentioned below.

An overdue charge of 5 naye Paise will be levied for each day the book is kept beyond this date.

29 NOV 1977

28 DEC 1974

23 MAY 1977

24 JUN 1977

26 APR 1983

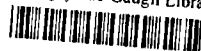
STUDIES IN ECONOMIC AND POLITICAL SCIENCE

Edited by the HON. W. PEMBER REEVES

Director of the London School of Economics and Political Science

No. 38 in the Series of Monographs by Writers connected
with the London School of Economics and Political Science.

Dhananjayrao Gadgil Library



GIPE-PUNE-099260



THE EXPORT OF CAPITAL

THE
EXPORT OF CAPITAL

THESIS APPROVED FOR THE DEGREE OF DOCTOR OF SCIENCE
(ECONOMICS) IN THE UNIVERSITY OF LONDON

BY

C. K. HOBSON, M.A., F.S.S.

SOMETIME EXHIBITIONER OF TRINITY COLLEGE, CAMBRIDGE
SHAW RESEARCH STUDENT OF THE LONDON SCHOOL OF ECONOMICS

LONDON
CONSTABLE AND COMPANY LTD.

1914

First Published 1914
Re-issued . . . 1963

PREFACE TO THIS EDITION

THIS re-issue of C. K. Hobson's *Export of Capital* (1914) is much to be welcomed. Its combination of very fine analysis of the many theoretical issues relating to foreign investment, extensive historical learning and pioneering ventures in statistical calculation entitle it to be regarded as a "classic".

It was written in the heyday of British investment overseas, and the topic was thus a very live one at the time. In the decade before the First World War the British export of capital rose to a great height, which almost certainly constituted a record in world history, if considered as a fraction of the lending country's national income; in absolute amount it was of the same order of magnitude as American private investment overseas until very recently, an astonishing fact considering how much greater present American national income is than was British national income half a century ago. Mr Hobson was quietly confident that this would continue. What a different place the world might have been, but for that silly First World War!

This brilliant book led the learned world to hope that it would be a prelude to further work of fine

quality by its author. In this it has been disappointed. In the intervening years the book has had less general attention than it deserves. The date of publication was doubtless unfavourable to its getting a wider circle of readers. In August 1914 thoughts were diverted in a different direction. But the *Export of Capital* was by no means neglected in academic circles. I recall attending a meeting of Keynes's Monday evening club in 1922, at which a paper by Professor E. A. G. Robinson was largely devoted to an analysis of its findings. The author's brother was the distinguished financial journalist, the late Sir Oscar Hobson.

There was evidently criticisms in the period prior to the publication of this book directed against the high level of overseas investment, on the ground that it was forcing up interest rates to the detriment of investment at home and thus indirectly injuring the standard of living here. Hobson gives due weight to the various arguments that could be advanced in this sense, showing scholarly moderation throughout; but his own tentative conclusion is that foreign investment was beneficial to the home country. He shows a modern trend in a number of passages by making the criterion of benefit the net effect on national income as a whole. Even if the effect of the foreign investment is to benefit wealthy capitalists in the first instance, the benefits of an increase in the national income are likely to be diffused ultimately among all classes.

“In the long run wage-earners also benefit by the development of foreign countries. British goods can be exchanged against goods produced abroad, to the

PREFACE TO THIS EDITION vii

benefit of all countries concerned. The fact, too, that the aggregate national income tends to be larger is in the long run also of importance to wage-earners; for its consumption by persons resident in the United Kingdom is likely to mean an increased demand for labour in certain kinds of industry — e.g. for artists, printers, dress-makers, domestic servants, gardeners, chauffeurs and others engaged in the motor industry.” In fine an anticipation of the “multiplier” theory. How obsolete the reference to motors as luxuries! “Thus in the long run, foreign investment tends to produce an improvement in the economic lot of the wage-earner — an increased demand for work people, as well as for capital at home — which may outweigh the injurious effects of a high rate of interest on those who own no considerable amount of capital. The benefit which British capital invested abroad confers on foreign countries may, however, be greater than the advantage which it brings to British wage-earners”.

In the period subjected to statistical investigation (1870–1912), Hobson finds that, at least in the early part of it, years of high foreign investment were also years of high home investment. He has an excellent quotation from John Stuart Mill’s *Principles* — “The exportation of capital is an agent of great efficacy in extending the field of employment of that which remains — and it may be said truly that, up to a certain point, the more capital we send away, the more we shall possess and be able to retain at home.” How different from that old “Treasury view”, which, I believe, lingers on here, to the detriment of our affairs,

and is present also in the U.S. Congress, that, if you send more away, there will be less left to spend at home. We certainly need a Hobson, or a Mill, today, when so many opportunities are missed, in the periods during which the Treasury clamps on its restrictions, and when in some, although not in all, respects a greater outflow of capital could be more fruitful in helping the developing countries of the world than it could be half a century ago.

Hobson was alive to the possibility of "exploitation". While forthright in his condemnation of particular cases, he held that much the major part of the investment benefited the poor peoples of the developing countries. At this very time there are intellectuals in these countries, who, while urging their need for more capital assistance now, do not hesitate to pillory the earlier British ventures on the lines of the Marxist interpretation. Doubtless they are mistaken, rather than malicious. It would be well if this book could fall into their hands, since if some one so obviously fair, objective and humane as Hobson, thought otherwise, when writing all in the midst of it, that might weigh a little against Marxist propaganda.

He has some interesting passages on emigration, showing a rather remarkable correlation between variations in it and those in the export of capital. He supposed a causal connection. As the high foreign investment often coincided with high home demand, he supposes that the foreign demand for labour during periods of prosperity increases to a greater extent than home demand, or that some persons who

PREFACE TO THIS EDITION ix

cannot afford to emigrate when trade is bad may be able to pay passage money when trade is good.

While certain passages in the book are concerned with special features of the contemporary situation, much of it ranges widely through history and makes fascinating reading. It is well to be reminded now of the part played by foreign investment at many different times and places in spreading material welfare.

by SIR ROY HARROD

(Christ Church, Oxford)

PREFACE

THE following work falls into three parts. Chapters I.-III. treat the export of capital mainly from the analytic standpoint; Chapters IV.-VI. deal with it historically; and Chapters VII. and VIII. are devoted to examining some statistical aspects of the subject. Foreign investment has hitherto received but scant and cursory attention on the part of economists, but the importance of the subject has grown by leaps and bounds in the last few years. It has appeared to me desirable that the question should be examined in a more thorough and detailed way than has hitherto been the case. Information has, therefore, been brought together, and as far as possible systematised; while economic theory has been employed in a study of the causes and consequences of the export of capital. I have also made an attempt to establish statistically some facts as to the amount of capital exported from the United Kingdom. Where the researches of other writers have been made use of, and where ideas which it was thought could not be regarded as common property have been borrowed, I have indicated the source.

I wish, in conclusion, to take this opportunity of

expressing my sense of obligation to the authorities of the London School of Economics, where I have held the Shaw Research Studentship. Special thanks are due to Professor Edwin Cannan for valuable advice and criticism. To Mr. W. G. Constable and Mr. W. T. Layton I make grateful acknowledgments for fruitful suggestions and assistance. In revising the proof-sheets I have again received serviceable help from Mr. W. G. Constable, as also from my father, and from my brother, Mr. O. R. Hobson.

C. K. H.

THE LONDON SCHOOL OF ECONOMICS,
January 1914.

CONTENTS

	PAGE
INTRODUCTION . . . . .	. xv
CHAPTER I	
METHODS OF FOREIGN INVESTMENT	1
CHAPTER II	
CAUSES OF FOREIGN INVESTMENT	22
CHAPTER III	
EFFECTS OF FOREIGN INVESTMENT	54
CHAPTER IV	
THE GROWTH OF FOREIGN INVESTMENT	77
CHAPTER V	
THE PERIOD OF BRITISH PREDOMINANCE	95
CHAPTER VI	
BRITISH AND CONTINENTAL INVESTMENTS	121

xiv THE EXPORT OF CAPITAL

CHAPTER VII

	PAGE
CAPITAL EXPORTS AND THE BALANCE OF TRADE	164

CHAPTER VIII

CAPITAL EXPORTS, INDUSTRY, AND EMIGRATION	206
CONCLUSION	231

APPENDICES

A. FRENCH AND GERMAN INVESTMENTS	245
B. OCEAN FREIGHT RATES	247
C. SHIPPING EARNINGS	254
INDEX	263

INTRODUCTION

A FEW years ago the British public was startled by a new cry—the cry that capital was being driven abroad by socialistic legislation and confiscatory taxation. The catch phrase was proclaimed from political platforms, was blazoned in the Press, and was echoed by thousands in the streets. Foreign investment was regarded as a new and portentous phenomenon, without precedent in the history of this country, as a running sore, sapping the life blood of British industry and adding fresh strength to our most formidable rivals and competitors. The matter was discussed in Parliament. A well-known statesman made the discovery that all the great ships going westward across the Atlantic were carrying bonds and stocks in ballast. Another speaker deplored the gold famine which oppressed the City at the moment in words which called to mind the assertion of a Colonial Premier, some years before, that the United Kingdom exported annually 160 million golden sovereigns. Other speakers lamented the increase of unemployment, and the stagnation of trade, which they attributed to the unparalleled outflow of capital.

But in the stress of party politics and the turmoil

of daily journalism, there is rarely time or opportunity to sift or scrutinise the facts of the case. A calmer atmosphere and a more leisurely pen are requisite if the nature and effects of foreign investment are to be discovered and set forth in their true light. The origin of the present gigantic efflux of capital must be sought deep in the past. Springing from the enterprise of merchants, the needs of princes, and the undeveloped resources of distant lands, foreign investment was stimulated by trade relations and fostered by the growth of security. In recent years this process has been accelerated, and the movement of capital from these shores has never before attained to such dimensions as at the present time. The phenomenon is not merely economic in nature; it has a profound ethical and moral significance. Seeds of the material civilisation of Western Europe are being scattered more and more thickly over the most distant parts of the world, particles of energy which are destined to exert an influence of increasing potency upon human life and thought. It is from this aspect that the subject requires perhaps the most careful examination, for the whole future of society is concerned, and endless vistas of speculation and inquiry are opened up.

No such ambitious task is here attempted. In the following pages attention is directed almost exclusively to the economic aspects of foreign investment, and especially to those which concern the position of Great Britain to-day. It may, however, be claimed that the questions selected for investigation are not merely of great importance in themselves, but constitute

also an indispensable preliminary to the consideration of those broader problems which occupy the mind of the statesman and the philosopher. In forming an opinion as to whether foreign investment is good or bad—as to how far it should be encouraged or discouraged—it is essential to ascertain as definitely as possible whether or not the movement increases the economic wealth and the economic welfare of the country that invests, and of the rest of the world. Even within this limited scope certainty is difficult to achieve; but economics is at the present time by far the most exact of the social sciences, and as such can rightly claim precedence in the actual discussion of social problems.

The first three chapters of the present volume are devoted to studying the manner in which capital is exported, the causes of investment abroad, and the economic effects of the movement upon the investing country. Although capital is generally measured in terms of money, it is essential in studying problems of investment to take account of the substance of capital, as well as of the money measure. Substantially, capital consists of goods, of accumulated wealth. It is a stock of commodities employed to assist the production of further commodities. It follows that a nation can only increase its foreign investments by sending goods abroad, by supplying foreign countries with more goods and services than would be required to pay for purchases and to meet other obligations. The goods by which British foreign investments are represented are of various kinds and

are purchased in various places. Sometimes they are ordered in the United Kingdom, and figure as exports in the official statistics. In other cases they are ordered in foreign countries, and the effect may be equivalent to diverting a portion of the goods which would have been imported into this country. It will be shown that in many parts of the world (including South America, Australia, and India), railways, which absorb more British capital than any other form of enterprise, are to a great extent constructed with British rails and materials. In North America and elsewhere the tendency is the other way. Although large amounts of British capital continue to be invested in those parts of the world, the capital has been more and more largely represented by goods not of British origin.

The causes of foreign investment are primarily economic, and centre in the return which capitalists expect to derive from various kinds of investment, and in the risks and uncertainties which investors are willing to assume. Other things being equal, the investor will naturally prefer the investment that yields him the largest income. But it is often difficult to judge the quality of a possible investment in a distant land, especially when that land is inhabited by a different race of men, possessing different institutions, and speaking a strange tongue. Barriers to intercourse impede the flow of capital to those parts of the world where it would produce the greatest amount of wealth, and yield the highest return. Although knowledge about foreign countries and about

fields of investment is now far easier to obtain than in the past, the comparatively low yield of many British stocks probably indicates that many investors still pursue the easy policy of investing their capital in undertakings of recognised solidity at home. This tendency, however, is now much weaker than it has been in the past, and the movement to invest abroad has probably also been encouraged by well- or ill-founded fears of socialistic legislation, and by the desire to spread risks by investing in various countries or in diverse industries.

It is clear that the growing popularity of foreign investments has in some measure caused the rise in the rate of interest, which has attracted so much attention during recent years. Whatever view be taken as to the social consequences of a high rate of interest, it is at any rate evident that the wealth of the world as a whole benefits if capital flows to those quarters where it is most needed—provided always that it is not used for purposes of waste or destruction, such as war, or for the exploitation and oppression of helpless savages. The income and wealth of the United Kingdom are clearly also increased by the high returns obtained on foreign investments, and by the cheapening of goods to consumers through increased production. One of the principal effects of British foreign investments has been to increase the supplies of food and raw materials, without which the life of our growing population could not have been sustained. The number of inhabitants in Great Britain has been multiplied, while the profitable openings for capital

within this country have been greatly increased, simultaneously with the amount of wealth accumulated. But the rapid rise in the rate of interest of recent years (owing in some measure to foreign investment) has caused disturbances in the distribution of wealth. Holders of securities yielding a fixed rate of interest have watched, in many cases with alarm, the value of their capital falling; while the growth of profits has seriously affected the working-classes. For both interest and wages are derived from the national income, and if capital gets a larger proportion, labour and land must accept a smaller share. Unless foreign investment during recent years has increased the total *amount* of the national income in such a measure as to compensate work-people for the smaller *proportion* which they now obtain, the export of capital has probably been disadvantageous to them. Whether this is the case or not cannot be definitely ascertained. It is uncertain to what extent the actual rise in the rate of interest is due to the export of capital, and it is uncertain how far the large increase which has taken place in the national income can be attributed to foreign investment. A further important consequence of the export of capital must also be mentioned, namely, its effect on emigration. The development of foreign countries by imported capital causes a demand for labour to spring up to co-operate with the capital. High wages attract immigrants from countries where wages are low. Thus British investments in America probably assisted the movement of popula-

tion from Ireland. British capital exports also stimulate emigration from England and Scotland; but the effects upon the poorer countries of the Continent, such as Italy, are, probably, even more marked.

The historical chapters of this work are intended to furnish illustrations of the forces at work, and to make clear the present position of British foreign investment by bringing it into relation with the past, and by indicating corresponding movements in other countries. It is roughly but a century since Great Britain began to send large masses of capital abroad. Some capital was invested in earlier times in India, in the West Indies, and in the American Colonies; and the great development of our trade with these countries was doubtless a sign of what was to come. But in the seventeenth and eighteenth centuries probably more capital was imported into the United Kingdom than was exported. Holland was our great creditor, and Amsterdam was the principal financial centre of the world. Not till the time of the Napoleonic wars was financial supremacy transferred to London. The immense development of our economic resources at the end of the eighteenth and beginning of the nineteenth centuries, combined with the exhaustion of Europe, and the backward condition of industry both there and in America, soon produced an unprecedented outflow of British capital to the Continent and to the United States. A prolonged peace brought with it a feeling of security among investors, and the export of capital was interrupted only by occasional revolutions and scares. The advent of the railway

created an immense demand for capital, and British capitalists found railway investments peculiarly adapted to their taste. As the century advanced, the countries in which we had chiefly invested capital themselves began to dispose of large accumulations. After 1850 France made rapid strides, and soon attained a position in the domain of finance not very far behind that of Great Britain; Germany took the field somewhat later; while the United States, after a marvelously rapid internal development, towards the end of the century also began to show a capacity to export capital on a large scale. As the earlier fields of investment became replete, British investors tended to send their capital more largely to other parts of the world, to Asia, Africa, Australia, South America, and Canada; and the securities formerly held were in many cases sold to other capitalists. A further feature of the movement deserves mention. The perfecting of the joint-stock company, and the general recognition granted to this form of organisation, made it possible for capital successfully to undertake in distant lands enterprises which could not otherwise have been undertaken. Improvements in the speed and cheapness of communication, too, facilitated the exercise of effective control over capital invested at a distance. Consequently, British and European capital has been spread more and more widely over the world, and the purposes to which it has been applied have increased in diversity.

In the final section of this volume some statistical aspects of foreign investment are studied. An en-

deavour is made to use the Board of Trade statistics of imports and exports for the purpose of discovering the amount of British capital exported over a series of years. Allowance is made for items which enter into the international balance-sheet, but are not included in the official figures. The chief of these are freight earnings from British shipping; the earnings of bankers, commission agents, and insurance companies for services performed on behalf of foreigners; and the cost of Indian and Colonial administrations in London. On the other hand, there is an item of a non-commercial nature for which allowance must also be made, viz. remittances by emigrants to their friends at home. After making the necessary adjustments, the balance between imports and exports represents the difference between (i.) the amount of capital exported, plus interest on investments by foreigners in this country, and (ii.) the interest on British capital invested abroad, plus capital sent by foreigners into the United Kingdom. As it may be assumed that new investments by foreigners are about equal to the interest on the capital already invested, there is left the difference between the export of British capital and the import of interest. The sums due as interest are estimated from returns published by the Inland Revenue Commissioners, and the extent of the annual outflow of capital is thus ascertained. The results obtained are then compared with statistics of public issues in London of capital for investment abroad, with similar statistics for home investments, with emigration statistics, and with the trade union

returns of unemployment. Broadly speaking, periods of active foreign investment occur simultaneously with a large volume of emigration, and with a low degree of unemployment. Home investment also appears to be active when unemployment is low, but times of large home and large foreign investment do not always coincide.

From this brief resumé it will be seen that the following pages deal only with a few of the problems which arise in the study of foreign investment. No attempt is made to arrive at a general conclusion as to whether the export of capital is on the whole good or bad, for economic considerations are always liable to be outweighed by ethical and moral considerations, and must always be interpreted with due regard to them. As the following pages are concerned almost exclusively with economic matters, and primarily with the economic effects of foreign investment upon the investing country, a few words about other aspects may not be out of place. Even though it be admitted that foreign investment increases the wealth of the investing country, it is obvious that the distribution of that wealth may conceivably be altered for the worse ; while, even if the distribution of wealth were unaffected or were actually improved, it might be contended that national interests were imperilled by the strengthening of other countries, or by changes in the character of industry, and the nature of employment. For example, it might be urged that the export of capital to America had hastened the day when Great Britain should become a relatively in-

significant power in moulding the destinies of the world. Or it might be held that the decay of British agriculture, largely attributable to the development of railways in new countries, was a cause of physical decadence, and was disastrous to the continued well-being of the race. The luxurious expenditure of many *rentiers* might also incur censure. Arguments on these lines may be valid or invalid, but the ultimate answer to the question whether foreign investment is desirable or undesirable depends partly upon the view which is taken in regard to them.

There is another equally important aspect of the question, namely, that touching the welfare of the countries which absorb capital, and their relations with the investing countries. The effects wrought by capital invested abroad obviously depend, in the first place, on the purposes for which the capital is used. If the capital is employed with the object of securing a development of the borrowing country's resources, it will clearly tend to increase the income of the country, to enlarge the demand for labour, and to improve the economic condition of the working classes. But history shows that capital may be used for purposes of exploitation in the worst sense of the word. European relations with India in earlier times, and in more recent years with parts of Africa and South America, are particularly flagrant examples. Capital has been employed in numerous instances to drain countries of their resources, to weaken them economically, and to degrade them morally. The danger is especially great when highly organised

communities are brought into contact with primitive peoples of lower education and intelligence. Uncivilised and half-civilised peoples have been ruined for the temporary benefit of countries with a more perfect material development.

Cases of misapplication of capital have been excessively common. They are not confined to commercial ventures of the kind mentioned above, which actively oppress helpless natives in the territories where they operate. The desirability of particular investments cannot be proved by the fact that the investors find their outlay financially remunerative to themselves; nor does it necessarily follow that a financially unsuccessful investment is unproductive of good to the world at large. The self-interest of individual investors is but an unreliable guide to the interest of nations and of the human race. Were the two interests identical, history would have been very different from what it has been. San Thomé, the Congo, and the Putumayo would not have been a blot upon European civilisation, while many a war might have been checked at its inception. But happily the resources of European States have been exported predominantly for purposes of genuine development, for constructing railways and public works, and for providing the fixed capital of industry. In every country of the world the fruits of this investment are being reaped, and the world's wealth is growing in consequence at a prodigious rate.

Some of the most intricate and momentous problems of foreign investment are connected with

loans to alien Governments. It has been said that the possession of a national debt is one of the first signs of civilisation. Borrowers are always eager to lend where there is a chance of big profits, and the Governments of weak and backward countries often fall an easy prey to the wiles of financiers, when they are faced with difficulties, internal or external. The money may be squandered upon objects which promote no social interest, and do not therefore stimulate any feeling of responsibility in regard to the loan on the part of the subjects of the borrowing State. The fear of loss is apt to make lenders grant even more extensive credits to weak and financially unsound Governments, in order that the consequences of an initial mistake may be palliated. The ever-increasing indebtedness of Russia to France is perhaps the most striking instance of the way in which a lender finds himself bound to the chariot wheels of his creditor. There is a tendency, too, for the lender to support the borrowing State where the loan has been spent contrary to the public will, on the ground that the service of the loan is thus rendered more secure. In cases where the borrowing country is weak, lenders may consider that their interests are best served by encroaching upon the political independence of the borrower, and the Government policy of the lending State may be formed accordingly. The necessities of the borrower are the opportunity of the lender. If a new loan is arranged, provisions may be inserted securing rights of control to the creditors. If the debtor Government refuse to grant such terms, lenders may

consider it in harmony with their own interests to force the country into bankruptcy, and then to bring pressure upon their own Government to intervene. A committee of foreign bond-holders is appointed, and all the language of justice outraged is used to stir up public opinion against the defaulter. Governments which owe money abroad are of course no less peccable than other Governments, when they default; but it is obvious that the danger which they run is very serious for them, and may well cause them to think twice before refusing to fall in with the views of their creditors. The Venezuelan blockade at the close of 1902 is an example of the kind of action which can or could be taken by creditors and their Governments. It is true that the Second Hague Conference resulted in a Convention limiting the use of armed force for the recovery of contract debts claimed from the Government of one country by the Government of another country, as being due to its subjects. But the terrors which can be held out against a recalcitrant Government are still capable of inspiring awe.

Apart from political effects, which may or may not be considered good, reliance upon force for the collection of debts clearly tends to make capitalists pay less attention than they would otherwise pay to the objects upon which foreign loans are expended. In dealing with semi-civilised and inexperienced Governments, even more than when negotiating with advanced and highly organised Governments, economic wealth and welfare require that lenders should insist on loans being well spent, on objects which promote the develop-

ment of the country. Those countries which derive real economic benefit from the money lent to them are far less likely than others to default or to repudiate their obligations. On the one hand, the national revenue, and the source from which it flows, will be increased, so that payment will become more easy; and, on the other hand, the desire for further development and further loans will dictate a policy of scrupulous punctiliousness in the service of earlier loans. Even if misfortune befall, and the Government be compelled to suspend the payment of interest, it will be more likely to meet its obligations when circumstances permit. Thus Argentina on two occasions defaulted owing to insolvency caused by anarchy and political complications. But on each occasion—once after an interval of thirty years—all arrears were paid, and the service of the debt was resumed. Reliance on force doubtless induces lenders to advance money to weak borrowers at a lower rate than would otherwise be the case; but the strongest advocate would be bound to admit the unsatisfactory nature of a system in which lenders speculate on the possibility of intervention by their Government, and use all their influence to bring about such intervention.

It is generally recognised that politics and finance go hand in hand. European States are at the present day anxious to gain political and economic advantages for themselves and their subjects, and readily make use of their financial power. Even the British Government, whose powers are smaller in this respect than those of France and Germany, can do a great

deal to hinder or promote loans to foreign States. The British Government cannot prohibit loans or refuse quotation on the Stock Exchange, but it appears nevertheless to be customary for financiers to seek the support of the Foreign Office when negotiating new loans; and opposition from that quarter is formidable—though not fatal, as the successful conclusion of the Crisp loan to China, in 1912, proved.

Government control over loan operations, it would seem, may in its effects be either good or bad. It is likely to be bad where it is directed solely in the interests of financiers and of investors. But a Government which bases its action upon a broad view of public policy, and takes into consideration the interests not only of its own subjects but also of other countries, may, it would seem, achieve good. The chief objection to such action appears to be the practical one of deciding what the interest of the world requires. The British Government, for example, supported the Six Power Loan to China on the ground that it was desirable that the chief Powers should act in agreement, and should not each try separately to get political advantages for itself. But President Wilson, in withdrawing official support from the American group, stated that he regarded the loan as obnoxious to the principles on which the American Government rested. Such differences in the points of view of progressive statesmen serve to emphasise the difficulties in the way of a desirable political control. It must be remembered too that Governments are liable to be unduly influenced by vested interests. The

exercise of Government control over investment should therefore be closely watched by the public to see that it is prompted by a generous, impartial, and well-directed policy. Whatever view be taken as to the desirability of Government control, public opinion should be impressed with the fact that power carries with it also obligations. The power of wealthy European States is manifested not less in the capital which they possess than in their mighty armies and fleets. Capital should be lavished where the interests of the world demand, and it should be stinted where lending would confer no real benefit upon society. The responsibilities of rich investing countries require a wider outlook than is possible or desirable for countries which are themselves undergoing a rapid economic development, and whose duties to the world, therefore, largely coincide with their economic duties to themselves. The task of British, French, and German investors should be not merely to provide or withhold capital from the world at their own whim and fancy, but to guide and direct the flow for the common benefit of humanity.

APPENDIX A

FRENCH AND GERMAN INVESTMENTS

I. FRANCE.—New issues of securities and introductions on the French Bourses since 1895 have been as follows, according to the *Economiste Européen* of Paris:—

In Millions of £.

	Foreign Securities.	French Securities.	Total.
1895	...	...	32.48
1896	...	...	40.18
1897	...	...	18.07
1898	...	...	53.32
1899	...	...	67.63
1900	53.58	50.75	104.33
1901	82.05	25.66	107.71
1902	57.12	11.52	68.64
1903	94.24	31.12	125.36
1904	115.40	17.64	133.04
1905	120.00	35.44	155.44
1906	168.24	34.80	203.04
1907	75.16	38.72	113.88
1908	109.96	29.24	139.20
1909	100.36	71.40	171.76
1910	189.04	35.40	224.44
1911	155.28	32.56	187.84
1912	123.24	78.40	201.64

FRENCH AND GERMAN INVESTMENTS—*continued.*

II. GERMANY.—According to the German *Statistisches Jahrbuch*, the nominal value of securities admitted to quotation on the German Bourses in each year since 1897 was as follows:—

In Millions of £.

	Foreign Securities.	German Securities.	Total.
1897	43.7	120.1	163.8
1898	87.6	96.5	184.1
1899	42.9	108.6	151.5
1900	22.0	114.8	136.8
1901	38.3	117.0	155.3
1902	73.0	105.1	178.1
1903	30.2	93.6	123.8
1904	55.9	121.5	177.4
1905	246.8 *	156.0	402.8
1906	44.4	138.2	182.6
1907	350.9 †	125.3	476.2
1908	37.3	176.2	213.5
1909	48.7	166.1	214.8
1910	105.0 ‡	133.8	138.8
1911	60.4	132.8	193.2
1912	41.7	168.1	209.8

* Including foreign Government loans amounting to £126.5 millions.

† Including foreign Government loans amounting to £334.4 millions.

‡ Including foreign Government loans amounting to £55.1 millions.

According to the *Frankfurter Zeitung*, capital issues in Germany for investment abroad amounted to £34,245,000 in 1911, £16,545,000 in 1912, and £33,064,000 in 1913.

APPENDIX B

OCEAN FREIGHT RATES

(STREAMSHIPS)

I. The following annual average rates of freight relate to homeward voyages in the period 1870-1888. The second column in each case shows the fluctuations in percentages of the year 1884.

	New York to Liverpool. Wheat.	Azoff to United Kingdom. Wheat.	Odesa to United Kingdom. Wheat.	Sulina to United Kingdom. Wheat.
	d.			
1870	5 $\frac{1}{8}$ 167	...	...	...
1871	8 $\frac{1}{4}$ 235	...	...	...
1872	7 $\frac{3}{8}$ 221	55/ 228	45/ 261	...
1873	10 $\frac{1}{8}$ 302	48/7 202	44/7 258	...
1874	8 $\frac{1}{8}$ 252	49/5 205	38/6 223	...
1875	8 $\frac{7}{8}$ 240	43/0 $\frac{1}{2}$ 178	30/6 $\frac{1}{2}$ 177	4/11 $\frac{1}{2}$ 176
1876	8 228	46/9 194	34/4 $\frac{1}{2}$ 200	5/7 198
1877	7 200	46/8 194	34/4 $\frac{1}{2}$ 200	4/10 172
1878	7 $\frac{5}{8}$ 218	38/5 $\frac{1}{2}$ 160	28/1 $\frac{1}{2}$ 163	4/0 $\frac{1}{2}$ 144
1879	6 $\frac{7}{8}$ 176	31/4 $\frac{1}{2}$ 130	23/1 $\frac{1}{2}$ 134	3/6 $\frac{1}{2}$ 126
1880	5 $\frac{1}{2}$ 166	27/11 $\frac{1}{2}$ 116	23/2 $\frac{1}{2}$ 135	3/5 $\frac{1}{2}$ 123
1881	4 $\frac{1}{2}$ 118	31/2 129	25/4 $\frac{1}{2}$ 147	3/10 $\frac{1}{2}$ 137
1882	3 $\frac{1}{2}$ 113	31/7 $\frac{1}{2}$ 131	24/9 $\frac{1}{2}$ 144	4/0 $\frac{1}{2}$ 143
1883	4 $\frac{1}{8}$ 130	28/2 $\frac{1}{2}$ 117	20/4 $\frac{1}{2}$ 118	3/3 115
1884	3 $\frac{1}{2}$ 100	24/1 $\frac{1}{2}$ 100	17/2 $\frac{3}{4}$ 100	2/9 $\frac{1}{2}$ 100
1885	2 $\frac{1}{8}$ 62	21/3 92	15/4 $\frac{1}{2}$ 89	2/6 $\frac{1}{2}$ 76
1886	3 $\frac{1}{8}$ 95	18/11 $\frac{1}{2}$ 79	14/ 81	2/4 $\frac{1}{2}$ 84
1887	2 $\frac{1}{2}$ 71	21/1 87	17/ 99	2/10 101
1888	2 $\frac{3}{8}$ 75	30/3 $\frac{1}{2}$ 123	23/4 135	3/8 132

THE EXPORT OF CAPITAL

OCEAN FREIGHT RATES—*continued.*

II. The following annual average rates of freight relate to homeward voyages in the period 1894-1912. The second column in each case shows the fluctuations in percentages of the year 1900.

NEW YORK TO LIVERPOOL

Year.	Flour. Per Ton.	Wheat. Per Bushel.	Beef. Per Tierce.	Pork. Per Barrel.	Bacon. Per Ton.
1894	7/9½ 62	d. 1½ 57	2/5 67	1/9 65	13/11 76
1895	7/9 61	2½ 76	2/2½ 61	1/5½ 54	11/4½ 62
1896	10/9½ 85	2½ 87	2/11½ 82	2/0½ 76	14/9 81
1897	11/3½ 89	3½ 91	2/9½ 78	2/ 74	14/7½ 80
1898	13/9 109	3½ 102	3/6½ 98	2/7½ 98	18/11½ 104
1899	10/6 83	2½ 72	2/10 78	2/0½ 75	14/3½ 78
1900	12/7½ 100	3½ 100	3/7½ 100	2/8½ 100	18/3½ 100
1901	6/11½ 47	1½ 36	1/6 41	1/2 43	7/3½ 40
1902	7/4½ 58	1½ 43	1/11½ 54	1/5½ 56	9/10 54
1903	7/6 59	1½ 43	2/1 58	1/11½ 72	10/8½ 58
1904	6/1½ 48	1½ 33	1/8 46	1/2½ 44	8/2½ 45
1905	7/8 61	1½ 48	2/1½ 58	1/1½ 42	10/5½ 57
1906	8/4½ 66	1½ 43	2/0½ 56	1/6½ 55	10/2½ 56
1907	7/6 59	1½ 52	2/ 55	1/6 55	10/ 55
1908	7/ 55	1½ 48	2/5½ 68	1/9½ 66	12/4½ 68
1909	6/5½ 51	1½ 48	3/ 83	2/3 83	15/ 82
1910	7/2 57	1½ 44	3/ 83	2/3 83	15/ 82
1911	8/5½ 67	2 57	3/ 83	2/3 83	15/ 82
1912	15/ 119	3½ 107	3/6 96	2/7½ 97	17/6 93

NEW YORK TO LONDON

Year.	Flour. Per Ton.	Wheat. Per Bushel.	Beef. Per Tierce.	Pork. Per Barrel.	Bacon. Per Ton.
1894	8/6½ 51	d. 1-91 47	2/8 58	2/1½ 56	14/4½ 63
1895	8/5½ 51	2-13 52	2/4½ 52	1/10½ 49	12/8 56
1896	12/0½ 72	3-23 80	3/2 69	2/4½ 62	15/8 69
1897	13/1 78	3-47 85	3/4½ 73	2/4½ 62	16/5½ 72
1898	14/4 86	3-98 97	3/11½ 86	3/2½ 83	19/5 85
1899	11/9 70	3-03 75	3/4½ 72	2/8½ 70	16/7½ 73
1900	16/8½ 100	4-06 100	4/7½ 100	3/9½ 100	22/9 100
1901	8/7½ 52	1-86 45	3/2 68	2/7½ 69	15/5½ 68
1902	7/10½ 47	1-63 40	2/6 54	2/ 52	12/6 55
1903	7/8½ 46	1-64 40	2/6 54	2/1 55	12/6 55
1904	6/7½ 39	1-35 33	2/6½ 55	2/6 66	12/7 55
1905	9/3 55	1-98 48	2/8 58	2/6½ 65	12/11½ 57
1906	9/2½ 55	1-82 45	3/1 67	2/6 66	15/5 68
1907	9/1½ 54	2-18 54	3/0½ 65	2/6½ 66	15/9½ 66
1908	7/7½ 45	1-98 49	3/ 65	2/6½ 66	15/2½ 67
1909	7/3 43	1-59 39	3/4½ 73	2/8½ 70	16/10½ 74
1910	7/2 43	1-25 31	3/6 76	2/9 72	17/6 77
1911	8/5 50	2-0 49	3/6 76	2/7½ 69	17/6 77
1912	15/8½ 94	4-25 105	4/1½ 89	3/1 81	20/7½ 91

OCEAN FREIGHT RATES (II.)—continued.

Year.	From Bombay to United Kingdom.		From Calcutta to United Kingdom.		From Rice Ports to United Kingdom.		From River Plate to United Kingdom.	From Pensacola to United Kingdom.		From Bilbao to Tyne.	From Sulina to United Kingdom.	From Azoff to United Kingdom.	From Odessa to United Kingdom.		From Archangel to London.		From Lower Bothnia to London.					
	General Cargo. Per Ton.		General Cargo. Per Ton.		Rice.										Deals.		Deals.					
1894	17/8½	106	28/14	104	29/2½	103	22/11	100	101/9	85	4/11½	73	11/4½	92	13/	90	10/5½	91	37/10½	71	21/9	76
1895	15/4	91	23/1½	86	25/8½	90	17/11½	78	100/1½	83	4/9½	71	10/1½	82	12/5½	86	9/7½	84	37/9½	70	23/7	82
1896	11/0½	66	17/9	66	19/3½	68	15/5½	67	98/7½	82	5/5	80	10/7½	86	12/11½	89	10/1½	88	38/4½	72	24/6½	86
1897	11/5½	68	19/11½	74	20/5½	72	16/5	71	104/4½	87	5/8	84	9/8½	78	11/5½	79	9/1½	80	39/7½	74	25/11½	90
1898	19/8	117	28/2½	104	29/6	104	18/6	80	118/10	99	5/9	85	10/9	87	13/1½	91	10/5½	91	41/3	77	27/0½	94
1899	17/	101	28/8½	106	27/10½	98	22/3	97	104/6	87	6/2½	92	9/6½	77	11/6½	79	9/2½	81	42/4½	91	26/7	93
1900	16/9½	100	27/0½	100	28/5½	100	23/0½	100	120/	100	6/9½	100	12/4½	100	14/6	100	11/5½	100	53/8½	100	28/8½	100
1901	14/1½	84	21/3½	79	22/5½	79	16/1	70	95/6	80	4/8	69	10/0½	81	11/3	78	9/5½	82	41/3½	77	25/	87
1902	12/5½	74	19/2	71	20/10½	72	14/4	62	79/11	67	4/7½	69	9/3½	75	10/6½	73	8/10	77	35/9½	67	22/3	77
1903	13/8½	82	19/5	72	22/1	78	15/2	66	83/	69	4/7½	68	8/8½	70	10/3	71	8/4½	73	35/8	66	22/7½	79
1904	15/6½	93	21/6½	80	22/7	79	15/11½	69	80/10½	67	4/3	63	7/10	63	9/10	68	7/9½	68	34/7	64	21/4½	74
1905	12/11½	77	20/3½	75	14/10½	65	14/10½	65	83/6	70	4/10½	72	8/7½	69	10/5½	72	8/2½	72	34/4	74	22/4½	76
1906	12/7½	75	20/	74	21/4½	75	10/9	47	82/	66	4/10½	72	10/2½	70	8/5½	74	36/10½	69	23/8	69	23/8	82
1907	16/9	100	23/6	87	22/7½	80	11/6½	50	85/	71	4/7½	68	8/3½	67	10/3	71	8/4½	73	36/9½	65	23/3	81
1908	11/1½	66	14/3½	53	19/	67	11/4½	48	78/11½	68	3/8	54	6/2½	50	7/9½	54	6/3	55	32/	80	21/	73
1909	16/3	97	20/7½	76	20/9	73	10/8½	47	72/6	60	3/11½	59	6/11½	56	8/4	57	7/4½	65	32/9½	61	21/8½	76
1910	18/1½	108	19/10	73	22/	77	9/	39	81/3	68	4/6½	67	8/10½	72	9/8½	67	8/9½	85	33/2½	62	24/2½	85
1911	19/2½	115	22/3½	82	23/7	83	10/3½	45	78/4	65	4/9	70	8/11½	73	10/1	69	9/1½	79	35/1	65	25/10	90
1912	25/	150	29/6	109	34/4½	121	21/3½	93	118/	98	5/8	84	12/6	101	15/2	104	13/3	115	50/0½	93	35/11½	125

OCEAN FREIGHTS

III. The following annual averages relate

COAL FREIGHTS FROM WALES.										
Year.	To Genoa.		To Port Said.		To Leghorn.		To Malta.		To Marseilles.	
1870	15/1	146	18/2	155	15/	143	14/2½	168	Fr. 18½	136
1871	14/10	144	17/7	150	15/3	145	14/0½	166	16	117
1872	16/3	158	18/7	159	16/5	156	14/7	172	17	126
1873	17/4	168	19/10	170	16/6	157	15/1	179	18	133
1874	16/9	152	19/11	170	16/10	159	14/	166	18½	137
1875	15/	145	16/2	138	15/4	145	12/11	153	12	87
1876	14/4	139	14/	120	13/10	131	11/7	137	16	117
1877	13/11	135	15/2	130	13/5	127	11/9	139	15	110
1878	13/11	135	15/1	129	13/8	130	10/4	122	15	112
1879	13/9	133	14/7	123	13/6½	128	10/4	122	15	115
1880	14/5½	140	15/2	130	14/2	134	11/7½	138	16½	121
1881	13/1½	127	13/7	116	13/8	130	11/8½	139	16	116
1882	12/3½	119	12/5½	123	12/9	121	10/5½	124	15½	113
1883	10/10½	105	12/11½	111	11/4½	108	9/9	115	14	103
1884	10/4	100	11/8½	100	10/6½	100	8/5½	100	13½	100
1885	9/7	93	9/10½	84	9/11	94	8/1½	96	12½	94
1886	9/7	93	9/7	82	9/10	93	8/4½	99	12½	92
1887	10/	97	9/4½	125	10/2	96	9/	106	14	103
1888	9/11	96	9/11	85	10/5½	99	8/3	98	11½	86

COAL FREIGHTS FROM WALES.										
Year.	To Rio de Janeiro.		To River Plate, Buenos Ayres.		To Montevideo.		To Valparaiso.		To Cape Verd	
1870	23/4	113	32/5	130	27/5	127	22/	98	13/2	120
1871	23/9	115	31/5	126	27/4	127	25/	111	13/7	121
1872	25/4	122	32/	128	29/	134	30/1	134	14/3	121
1873	31/9	154	37/8	151	34/5	160	33/5	149	15/3	138
1874	27/2	131	34/3	138	30/5	141	30/	133	14/2	128
1875	22/10	110	28/11	113	24/	111	22/10	101	12/3	111
1876	22/1	107	25/10	104	22/5	104	19/11	89	10/4	99
1877	22/7	109	22/11	92	21/3	99	18/6	82	11/1	100
1878	22/1	107	24/3	97	21/6	100	19/8	87	10/9	97
1879	22/	106	25/9	103	22/9	105	20/3	90	10/7	96
1880	22/9	110	25/7	103	23/	106	21/10	97	10/7	96
1881	21/8	105	24/10	100	21/9	101	21/6	96	10/11	99
1882	21/5	104	24/10	100	21/8	100	22/2	98	12/10	116
1883	22/6	109	25/9	103	23/9	110	20/5	91	12/3	111
1884	20/8	100	24/11	100	21/7	100	22/6	100	11/1	100
1885	17/10½	86	21/9	87	19/3	89	21/3	94	9/4½	85
1886	16/10	81	19/7½	79	17/6½	81	20/8	92	9/4½	84
1887	18/4	89	21/1	85	19/7	91	21/1	93	9/11	88
1888	23/1	111	27/	108	24/10½	115	25/4	112	12/3	111

RATES—continued.

to outward freights in the period 1870-1888.

COAL FREIGHTS FROM WALES.											
To Naplea.		To Odessa.		To Bombay.		To Calcutta.		To Hong-Kong.		To Singapore.	
15/3	143	14/3½	157	30/	159	27/6	167	30/7	131	25/11½	130
15/2	142	13/4	146	26/1	138	22/	133	32/8	140	24/5	122
16/6	155	15/7	171	25/10	137	16/10	102	35/5	152	24/7	123
18/3	172	15/11	174	20/8	109	20/1	122	37/6	161	23/10	120
17/9	167	15/9	172	28/2	149	22/	133	33/8	144	27/5	139
14/8	138	14/	154	23/4	124	22/2	134	28/2	121	22/9	114
14/1	132	13/6	148	21/6	113	18/10	114	27/2	117	21/9	109
14/	132	...		21/3	112	16/10½	102	27/9	119	22/6	113
13/5	126	12/3	134	25/7	135	20/4	123	27/2	117	24/11	125
13/10	130	12/11	142	26/2	138	20/6	124	27/2	117	25/	126
14/8	138	14/5	158	23/3	123	18/2	110	25/	107	22/8	114
13/9	129	13/3	145	18/2	96	15/8	95	22/9	98	19/3	96
12/6½	118	11/7½	127	18/3	96	15/5	93	22/4	96	18/9½	94
11/	103	10/3	112	18/4½	97	16/	97	25/8	110	20/8	104
10/7	100	9/1½	100	18/11	100	16/6	100	23/4	100	19/11	100
10/2	96	9/1½	100	17/2	91	14/4	87	21/5	92	18/2	91
10/	94	9/1½	100	15/6	82	12/2	74	19/7	84	17/2	86
10/4½	97	8/9½	96	17/5	92	14/11	90	21/7	92	18/3½	92
10/3	96	9/5½	103	22/8	120	18/10	114	25/8	110	25/	126

COAL FREIGHTS FROM WALES.		COAL FREIGHTS FROM TYNE, ETC.									
To Callao.		To Genoa.		To Naples.		To Leghorn.		To Venice.		To Buenos Ayres.	
21/6	91	18/3	187	18/3½	170	18/6	171	19/7½	173	32/10	132
24/5	103	17/5	179	17/8½	165	17/6½	163	20/7½	181	31/9	127
29/5	124	20/0½	206	19/2	179	19/2	177	22/1½	195	32/	128
34/	143	19/7½	202	19/6	182	19/9	183	23/7½	208	38/	153
26/11	113	17/7½	181	18/5	172	18/3½	169	21/7½	191	34/10	140
21/11	92	16/3	167	15/11½	149	16/3½	151	18/6½	163	28/6	114
19/8	83	14/5	148	14/11½	140	14/2½	131	16/5½	145	25/6	102
18/6	78	14/8½	151	14/11½	140	14/0½	137	16/9½	148	24/8	99
21/	88	13/10	142	14/3	133	14/5½	133	16/9½	148	24/6	98
22/2	93	13/2½	135	13/11½	130	13/11½	129	16/4	144	25/4	102
24/5	97	13/10	142	14/9	138	14/4	133	16/3	143	25/5	102
22/6	95	12/10	132	13/9	128	13/	120	14/11	132	24/3	97
23/4	98	11/2	114	12/6½	117	12/	111	13/11½	123	24/7	99
23/8	100	10/2½	105	11/0½	103	10/11	101	12/7½	111	23/8	103
23/9	100	9/9	100	10/8½	100	10/9½	100	11/4	100	24/11	100
22/7	95	8/8½	99	10/7	93	9/7½	89	10/2½	90	21/9	87
19/9	83	8/9½	91	8/	75	9/5½	87	11/1½	98	19/7½	79
20/11	88	8/7½	89	8/3½	78	9/5½	87	10/6	93	21/1	85
28/9	121	8/5	86	9/6	89	9/6	88	10/4½	92	26/2	105

OCEAN FREIGHT RATES—continued.

IV. The following annual average freights relate to outward voyages in the period 1894—1912.*

COAL FREIGHTS FROM TYNE, ETC.																				
Year.	To Hamburg.		To Copenhagen.		To Stockholm.		To Stettin.		To Cronstadt.		To Cadiz.		To Gibraltar.		To Barcelona.		To Marseilles.		To Genoa.	
1894	4/1½	80	4/3½	64	3/11½	64	4/3	70	3/11½	60	5/2	59	5/4½	62	7/1½	65	5/4½	53	5/0½	49
1895	4/1½	79	4/0½	60	4/	64	4/5½	74	3/11½	60	5/	57	5/3½	61	7/9½	71	5/5	53	5/0½	49
1896	4/2	80	3/10½	58	4/1	66	4/4	71	3/8½	56	5/4	61	5/6½	64	8/9½	80	6/5½	63	6/1½	60
1897	4/4	83	4/4½	64	4/6½	73	4/9	78	3/11½	60	5/9½	67	5/11½	68	8/3½	75	7/6	73	7/3½	71
1898	4/5	85	4/11	73	5/4	86	5/6	90	5/3	80	6/7	76	6/10	79	9/7½	87	8/9½	86	8/6½	84
1899	4/7	88	5/10½	87	6/	97	5/9½	95	5/11½	90	6/11½	80	7/0½	81	9/8½	88	9/1½	89	8/7½	85
1900	5/2½	100	6/9½	100	6/2½	100	6/1	100	6/7	100	8/8½	100	8/8½	100	11/0½	100	10/2½	100	10/2½	100
1901	4/	77	4/6½	67	4/4	70	4/6½	75	4/0½	61	5/10½	67	6/	69	7/4	66	6/9½	66	6/7½	65
1902	3/8½	71	4/0½	60	4/0½	65	4/7½	76	4/0½	61	4/11½	57	5/3½	61	6/	54	5/5	53	5/6½	51
1903	3/7½	70	4/1	60	4/3½	69	4/3½	71	3/10	58	4/11	56	5/11½	69	6/5½	58	5/9½	57	5/6½	54
1904	3/6½	66	3/10½	57	4/0	65	4/4½	72	3/9	57	4/9½	55	5/7	64	6/0½	55	5/7	55	5/4	52
1905	3/8½	71	4/3½	64	4/5	71	4/6½	75	4/0½	61	5/5½	62	5/10	67	6/7½	60	6/4	62	6/2½	60
1906	3/8½	71	4/2	62	4/6½	73	4/9½	78	4/0½	62	6/4	73	5/7½	65	6/11	63	6/6	64	6/7	64
1907	3/10½	75	4/2	62	4/10	78	4/11½	81	4/5½	67	6/9	78	6/0½	70	7/5½	67	6/8½	66	7/3	71
1908	3/2½	62	4/2½	62	4/3½	69	4/2½	69	3/9	57	5/11	68	5/10½	68	6/7½	60	6/1½	60	6/2½	60
1909	3/3½	63	3/9½	56	4/3½	69	4/1½	68	3/7½	55	5/6½	64	5/10	67	6/7½	60	5/11½	58	6/3	61
1910	3/3½	63	3/7½	54	4/0½	65	4/0½	66	3/6½	53	5/8½	65	5/9½	60	6/7½	60	6/4	62	6/6	63
1911	3/6½	67	5/0½	74	4/7	74	4/0½	67	4/5½	68	7/9½	89	6/11½	80	8/3	75	7/5½	73	7/9½	76
1912	4/5½	86	6/6½	97	6/0½	98	6/1	100	6/1½	93	11/0½	127	9/2½	106	11/9½	107	11/3½	111	11/9	115

* From Messrs. Cairns Noble & Co.'s Circulars.

COAL FREIGHTS FROM TYNE, ETC.

Year.	To Malta.		To Venice.		To Constantinople.		To Alexandria.		To Port Said.		To Bilbao.		To River Plate.		To Leghorn.		To Riga.		To North of Norway.			
1894	4/5	45	6/6	50	5/2	47	5/0½	42	5/3½	44	3/4½	71	...	5/3½	51	4/2½	65	4/2½	70			
1895	4/5	45	6/6½	51	4/11½	45	5/1	42	5/8	46	3/1½	66	...	5/2½	50	4/	62	4/0½	68			
1896	5/0½	51	7/8	59	5/10½	54	6/5½	54	5/11½	50	3/2	67	14/5	85	6/8½	64	4/0½	62	4/2½	71		
1897	6/2	63	8/9	68	7/8½	70	7/4½	61	7/3½	61	3/5	72	16/0½	94	7/5½	72	4/4	67	4/2½	70		
1898	7/9	78	10/4½	81	9/3½	84	8/10	74	8/4½	70	3/10½	82	14/11	87	9/	87	5/3	81	4/4	73		
1899	7/11½	81	10/5	81	8/11½	82	10/0½	84	9/7½	80	4/2½	90	11/1½	65	8/10½	86	6/1½	94	5/4	89		
1900	9/10	100	13/10½	100	10/11½	100	12/	100	11/11½	100	4/8½	100	17/0½	100	10/4½	100	6/6	100	5/11½	100		
1901	6/0½	61	8/0½	62	7/2	65	7/4½	61	7/1	59	3/8	78	12/11½	76	7/1½	69	4/4½	67	4/5½	74		
1902	4/5	45	6/3½	49	5/2½	47	5/4½	45	5/4	45	3/7½	76	10/0½	59	5/7	54	4/3½	66	4/2½	70		
1903	4/10	49	6/4½	49	5/3½	48	5/9½	48	5/7½	47	3/7½	77	8/3½	49	5/9½	56	4/1½	63	4/0½	68		
1904	4/7½	47	6/2½	48	5/4½	49	5/4	44	5/1½	43	3/7	76	7/2½	42	5/9½	56	4/0½	62	3/7½	61		
1905	5/3	53	7/3	57	5/10½	53	6/3½	52	6/	50	3/8½	78	8/10½	52	6/3	60	4/11	76	4/2	70		
1906	5/11½	61	7/5½	58	5/10	53	6/8	56	6/1½	51	4/1½	87	14/1½	83	6/10½	66	4/5½	69	4/3½	72		
1907	6/4½	65	7/11½	62	6/7½	60	7/3	60	6/5	54	4/8½	100	14/4½	84	7/3½	70	4/6½	70	4/4½	73		
1908	5/4	54	7/2½	56	6/3½	57	6/6½	54	6/3	52	4/4½	93	10/1½	59	6/5½	62	3/9½	59	3/9½	64		
1909	5/4½	55	7/1½	55	5/10½	54	6/1	51	5/8½	48	4/4	92	9/7½	57	6/5½	62	3/7½	56	4/1½	69		
1910	5/3½	54	7/6	58	6/3½	57	6/4½	53	5/11½	50	4/8	99	15/9	92	6/6½	63	3/7½	56	3/11½	66		
1911	6/4½	64	8/8½	67	7/4	67	7/6½	63	7/3½	61	6/2½	131	17/6	102	8/1	78	4/3	65	5/2½	87		
1912	9/8½	99	12/10½	100	14/3½	130	11/10½	99	10/2½	86	7/2	151	21/8½	126	12/3½	118	6/2½	95	6/7½	110		

APPENDIX C

SHIPPING EARNINGS

Steamship "A," 3100 tons gross, 2000 tons net. Built 1899. Voyage:
Tyne—Kem—Kovda—Tyne—Durban—Bombay—Barrow-in-Furness
—Barry. 1906-1907.

Tyne—			
Bunker coal	£362	By Freight, Kem and	
Port charges, pilotage and		Kovda to Durban (deals)	£4646
agency, less rebates	40	Bombay to Barrow	3832
Kem—		Gain in exchange and sundries	1
Port charges	119	Return premium of insurance	
Loading	169	while at Durban	35
Kovda—		61 tons of coal remaining in	
Port charges, pilotage and		bunkers at Barry (at 12s.	
agency, less rebates	64	less 2½%)	36
Loading 575 standards	99		
Tyne—			£8550
Bunker coal	310		
Port charges, pilotage and			
agency, less rebates	60		
Durban—			
Bunker coal (527·2 tons at			
16s. 6d.)	468		
Port charges, pilotage and			
agency	113		
Discharging	198		
Bombay—			
Port charges, pilotage and			
agency	45		
Loading	79		
Port Said—			
Canal dues	871		
Port charges, pilotage and			
agency	26		
Bona—			
Bunker coal (50½ tons at			
19s.)	48		
Port charges, pilotage and			
agency	4		
Algiers—			
Bunker coal (185 tons at			
17s. 3d.)	160		
Port charges, pilotage and			
agency	5		
Barrow-in-Furness—			
Bunker coal (46·14 tons at			
15s. 9d., and labour)	39	Time occupied, 185 days.	
Port charges, pilotage and		Profit per day about £18:8:8½ =	
agency	165	about 11·35% per annum, after	
Discharging (5042 tons of		deducting insurance, £2313;	
ore)	155	management, £578; dry dock,	
		£250.	
		Wages per day, £5:12:1.	

APPENDIX

255

Barry—		Stores per day, £1:4:7½.
Pilotage	£9	Provisions, £1:8:0¼; or per man
Deck and engine stores, out-		per day, 1s. 1½d.
fit, etc. (of which £8:14s.		Coal consumed, 1996 tons.
abroad)	228	Average consumption, 16·9 tons per
Provisions (of which £72:8s.		day.
abroad)	259	Average speed, 7·8 knots.
Portage bills (£3 abroad) .	1037	Coal shipped abroad, 762 tons.
Sundries	9	Remaining at end of voyage, 61 tons.
Balance	3410	Expenditure abroad, so far as can
	<hr/>	be traced, £2352, or about 27·6%
	£8550	of receipts.

SHIPPING EARNINGS—*continued.*

Steamship "A." Voyage: Barry—Montevideo—Bahia Blanca—London
—Port Talbot. Year 1907.

Barry—		By Freight. Barry to Monte-
Bunker coal	£644	video (4276 tons of coal),
Port charges, pilotage and		less commission
agency	139	£2673
Loading	55	Freight. Bahia Blanca to
Montevideo—		London (less dispatch and
Bunker coal (30 tons)	53	commission)
Port charges	88	3424
Discharging (4190 tons coal		Demurrage at Barry
at 1s.)	210	30
Bahia Blanca—		Return premiums of insur-
Port charges	186	ance while at Montevideo
Loading (5056 tons wheat)	163	33
St. Vincent—		Return premiums of insur-
Bunker coal (105 tons at		ance while at Bahia Blanca
28s.)	147	34
Port charges	5	68 tons coal remaining at
Madeira—		Port Talbot
Bunker coal (140 tons at		£5237
25s.)	171	
Port charges	5	
London—		Time occupied, 128 days.
Bunker coal	54	Wages per day, £5:6:5½.
Port charges	178	Stores, £1:6:1¼.
Discharging (4922 tons		Provisions, £1:7:6½.
grain at 4d.)	86	Provisions per man per day, 1s. 1d.
Port Talbot—		Profit per day about £23:10:4½
Pilotage	9	= about 17·16% per annum on
Deck and engine stores,		capital of £31,750, after deduct-
outfit, etc. (£1 abroad)	167	ing insurance, £2207; manage-
Provisions (£56 abroad)	176	ment, £877; dry dock, £250.
Portage bills	858	Coal consumed, 1339 tons.
Sundries	8	Coal remaining, 68 tons.
Balance	3010	Shipped abroad, 275 tons.
	£6237	Average consumption, 16·3 tons per
		day.
		Average speed, 7·6 knots.
		Expenditure abroad = £1084 or
		17·4% of receipts.

SHIPPING EARNINGS—*continued.*

Steamship "A." Voyage: Port Talbot—Alexandria—Sulina—
Hamburg—Tyne. Year 1907.

Port Talbot—		By Freight. Port Talbot	
Bunker coal	£430	to Alexandria (4769 tons	
Port charges	96	coal), less commission . .	£1412
Loading (tons)	60	Freight. Sulina to Hamburg	
Alexandria—		(maize, rye, and barley),	
Port charges	109	5066 units, less commission	2059
Discharging	72	Return premium of insur-	
Sulina—		ance while at Sulina	32
Port charges	187	Tug boat charged but not used	2
Loading	123	10% discount on towage . . .	1
Lighterage	85	34 tons coal remaining at	
Constantinople—		Tyne	23
Port charges	69		<hr/>
Algiers—			£3530
Bunker coal (130 tons at			
20s., less rebate)	123		
Port charges	4		
Hamburg—		Time occupied, 83 days.	
Bunker coal (40 tons at		Profit per day about £13:15:7	
15s.)	32	= about 6.52% per annum	
Port charges	87	after deducting insurance, £2207;	
Discharging	229	management, £499; dry dock,	
Tyne—		£250.	
Pilotage	8	Wages per day, £5:13:7½.	
Deck and engine stores, out-		Stores, £1:0:11¾.	
fit, etc. (£3 abroad)	87	Provisions, £1:6:2½; or per man	
Provisions (£48 abroad) . . .	109	per day (25 men), 1s. 0½d.	
Portage bills (£35 abroad) . .	472	Coal consumed, 803 tons.	
Sundries	5	Coal remaining, 34 tons.	
Balance	1144	Average consumption per day, 16.7	
		tons.	
		Average speed, 7.7 knots.	
	£3530	Coal shipped abroad, 170 tons.	
		Expenditure abroad = £1206 or	
		34.2% of total receipts.	

SHIPPING EARNINGS—continued.

Steamship "A." Voyage: Tyne—Port Said—Karachi—Cardiff.
Year 1907.

Tyne—		By Freight. Tyne Dock to	
Bunker coal (633½ tons) .	£433	Port Said (6768 tons coke	
Port charges, pilotage and		and coal), less brokerage,	
agency	125	etc.	£1168
Loading	46	Freight. Karachi to Cardiff	
Port Said—		(wheat in bags, 5527 tons	
Port charges	53	at 17s. 3d. per 18 cwt.), less	
Discharging	197	commission, etc.	4695
Bunker coal (248 tons at		4 tons coal remaining	3
24s., less rebate)	291		£5866
Canal dues	593		
Pilotage and agency	6		
Karachi—			
Port charges, pilotage and		Time occupied, 106 days.	
agency	59	Profit per day about £16:9:4=	
Loading (wheat)	146	about 9.46% per annum after de-	
Port Said—		ducting insurance, £2207; man-	
Bunker coal (120 tons at		agement, £548; dry dock, £250.	
24s.)	141	Wages per day, £5:13:10½.	
Canal dues	868	Stores per day, £1:3:2½.	
Port charges, pilotage and		Provisions, £1:5:5½.	
agency	898	Provisions per man per day, 1s.	
Algiers—		Coal consumed, 1148 tons.	
Bunker coal (150 tons at		Average consumption per day, 16.78	
20s.)	142	tons.	
Port charges, pilotage and		Average speed, 8 knots.	
agency	9	Coal shipped abroad, 518 tons.	
Cardiff—		Coal remaining, 4 tons.	
Port charges, pilotage and		Expenditure abroad=£3451 or 59%	
agency	82	of total receipts.	
Discharging	133		
Deck and engine stores, out-			
fit, etc.	123		
Provisions (£40 abroad)	135		
Portage bills (£8 abroad)	604		
Sundries	8		
Shifting boards	9		
Balance	1746		
	£5866		

SHIPPING EARNINGS—*continued.*

Steamship "A." Voyage: Cardiff—River Plate Ports—Hamburg—
Tyne. Year 1904.

Cardiff—		By Freights	£5533
Bunker coal	£562		
Port charges, pilotage and agency	135	Time occupied, 163 days.	
Loading	62	Profit per day about £12 : 2s. =	
Buenos Ayres—		4.34% per annum after deducting	
Port charges	143	insurance, £2200; management,	
Rosario—		£469; dry dock, £250.	
Port charges	26	Wages per day, £5 : 5 : 6½.	
Discharging (3946 tons of coal)	197	Stores, £1 : 5 : 8½.	
Pilotage—		Provisions, £1 : 6 : 8½; or per man	
Buenos Ayres—Rosario— Parana	17	per day, 1s. 0¼d.	
Parana—		Average consumption of coal=16.8	
Port charges and loading	173	tons per day.	
Villa Constitucion (loading) .	173	Average speed=7.9 knots.	
La Plata—		Coal shipped abroad=395 tons.	
Bunker coal	80	Coal remaining, 50 tons.	
Port charges	33	Expenditure abroad=£1605=about	
St. Vincent—		29% of total receipts.	
Bunker coal (255 tons Welsh)	351		
Port charges	11		
Hamburg—			
Bunker coal	54		
Port charges, pilotage and agency	87		
Discharging	156		
Tyne—			
Pilotage	6		
Provisions (£100 abroad) .	218		
Portage bills (£4 abroad) .	860		
Sundries	5		
Balance	1972		
			£5533

SHIPPING EARNINGS—*continued.*

Steamship "B," 3569 tons gross, 2300 tons net. Voyage: Tyne—Barry—
St. Vincent—Tampa—New Orleans—Rotterdam—Newport (Mon.).
Year 1908.

Tyne—		By Freight to St. Vincent	
Bunker coal (1102 tons)	£624	(4857 tons coal and 17 tons	
Port charges, pilotage and		goods), less commission	£1322
agency	61	Freight. Tampa and New	
Barry—		Orleans to Rotterdam	
Port charges, pilotage and		(5334 tons net weight, less	
agency	145	commission)	2146
Loading (4857 tons coal)	51	Medical attendance at St.	
St. Vincent—		Vincent, recovered from	
Port charges	30	underwriters	3
Discharging	248	20 tons coal remaining :	12
Tampa—			<hr/>
Port charges, pilotage and			£3485
agency	6		
New Orleans—		Time occupied, 106 days.	
Port charges, pilotage and		Profit per day about £8:16:10	
agency	16	= about 53% per annum after	
Loading	12	deducting insurance, £2330; man-	
Norfolk (Va.)—		agement, £456; dry dock, £250.	
Bunker coal (246½ tons)	160	Wages per day, £6:2:2½.	
Port charges, pilotage and		Stores per day, £2:7:5½.	
agency	37	Provisions, £1:15:9; or per man	
Rotterdam—		per day (26 men), 1s. 4½d.	
Port charges, pilotage and		Coal consumed, 1329½ tons.	
agency	27	Coal remaining, 20 tons.	
Discharging	26	Average consumption=20½ tons per	
Newport—		day.	
Pilotage	11	Average speed=9.2 knots.	
Deck and engine stores, out-		Coal shipped abroad, 246½ tons.	
fit, etc.	251	Expenditure abroad=£632 or about	
Provisions (£64 abroad)	190	18.1% of total receipts.	
Portage bills (£6 abroad)	648		
Sundries	5		
Balance	937		
	<hr/>		
	£3485		

Steamship "B." Laid up expenses at Rotterdam. Year 1908.

Rotterdam—		By return premium of insur-	
Harbour wages (2 men)	£17	ance while at Rotterdam	£137
Superintendence	7		
	<hr/>		
	£24		
Balance transferred	113		
	<hr/>		
	£137		

SHIPPING EARNINGS—*continued*.

Steamship "B." Voyage: Newport (Mon.)—Montevideo—Port Arthur—Galveston—Hamburg—Barry. 1908 to 1909.

Newport—		By Freight. Newport to
Bunker coal	£768	Montevideo (4593 tons coal
Port charges, pilotage and		at 12s. 3d.) £2584
agency	161	Freight. Port Arthur to Gal-
Loading	59	veston 2191
Montevideo—		Proceeds of 95 bags of cotton
Port charges, pilotage and		seed 21
agency	56	Discount on towage 2
Discharging	226	Medical attendance recovered 9
St. Lucia (W.I.)—		63 tons coal remaining 32
Bunker coal (28 tons)	332	
Port charges, pilotage and		£4840
agency	6	
Port Arthur—		
Port charges, pilotage and		Time occupied, 169 days; less laid
agency	26	up at Hamburg, 14 days; less
Loading	22	repairing circular pump, 9 days.
Galveston—		On voyage, 146 days.
Port charges, pilotage and		Profit per day about £9:19:0½ =
agency	11	about 1.58% per annum after de-
Loading	4	ducting insurance, £2330; man-
Newport News—		agement, £485; dry dock, £250.
Bunker coal (424 tons)	274	Wages per day, £5:8:11½.
Port charges, pilotage and		Stores per day, £1:9:6½.
agency	31	Provisions, £1:15:1½.
Hamburg—		Provisions per man per day, 1s. 4d.
Bunker coal (90 tons)	61	Coal consumed, 2038 tons.
Port charges, pilotage and		Average consumption, 20.1 tons per
agency	63	day.
Barry—		Average speed, 7.8 knots.
Pilotage	9	Coal shipped abroad, 834 tons.
Deck and engine stores and		Coal remaining, 63 tons.
outfit (£13 abroad)	216	Expenditure abroad = £1230 =
Provisions (£97 abroad)	256	25.6% of total receipts.
Portage bills (£8 abroad)	795	
Sundries	12	
Balance	1453	
	£4840	

INDEX

- Adams, John, 92
 American capital, 132 *seq.*
 American Civil War, 132 *seq.*
 Amsterdam, 91, 95
 Arbitrage, 6
 Argentina, crisis of 1890, 149
 default of, xxiii
 railways of, 8, 147
 Artisans, emigration of, 107, 109
 Australia, 10, 11, 137, 140
 Austria, 131, 133
- Bank of England, 104
 Beaulieu, Leroy, 141
 Belgium, 116, 156, 160
 Boom of 1825, 102
 of 1845, 116
 of 1872, 139
 Bowley, Dr. A. L., 205
 Brassey, Lord, 7
 Brazil, 64, 147
 Building trade, 216
- Canada, 13, 28, 73, 106, 136, 147
 Capital goods, xi, 3, 7 *seq.*
 Capital issues, xvii, 209 *seq.*, 243
 Charles I., 85
 China, xxiv, 151
 Colonies, 24, 26. See also Australia,
 Canada, South Africa
 Commissions, 188
 Corn Laws, 99
 Cotton spindles, 216
 Cycles of trade, 36
- Defaulting States, xxii, 127, 142
 Demand for capital, 41, 42, 59, 61
 Denmark, 177
 Diamonds, 147, 166
 Distribution of income, 66
 Dutch investments, 85, 87, 91
- Economics and ethics, 23
 Education and investment, 34
 Edward III., 84
 Elasticity of demand for capital,
 41, 42
 Elizabeth, Queen, 84
 Emigration, xiv, 70 *seq.*, 75, 107,
 109, 225 *seq.*
 Export duties, 20
 Export of gold, 2, 170
 Exports, 3, 64, 164 *seq.*
- Finance and politics, xxiii *seq.*
 Financial crises, 104, 118, 138,
 149
 Financial Press, 32
 Florentines, 83
 Foreign Bondholders, Committee of,
 127
 Foreign exchanges, 5
 France, foreign investments of,
 xvi, xxi, 34, 44 *seq.*, 67, 129,
 162, 239, 245
 National Debt, 99, 138
 railways, 116, 119
 Franco-German War, 139
 Freights, 171 *seq.*, 178 *seq.*, 247 *seq.*
- Germany, foreign investments of,
 xvi, 131, 140, 162, 240, 246
 railways, 116
 Giffen, Sir R., 173, 186, 188, 202, 207
 Gold, 2, 68, 170, 239
 Great Britain, investments by, 7
 seq., 23, 28, 62, 70, 83, 90, 97
 seq., 117 *seq.*, 133 *seq.*, 151,
 157 *seq.*, 200 *seq.*, 209
 investments in, 31, 84 *seq.*, 118
 National Debt of, 96, 114
 railways of, 116, 140, 214
 shipping of, 174 *seq.*

- Hamilton, Alexander, 89
 Holland, 85, 87, 91, 98, 130
 Huguenots, 86
- Imports, xvii, 165 *seq.*, 174, 242
 Income from foreign investments, 199 *seq.*
 Income tax, 47
 India, investments in, 7, 9 *seq.*, 135
 expenditure in England, 9, 192
 Industrial securities, 159
 Inland Revenue Commissioners, 200, 243
 Insurance against risk, 35
 Interest, xiii, 39, 40, 54 *seq.*, 150, 155
- Japan, 151, 157
 Joint-stock companies, 33, 112 *seq.*, 123 *seq.*, 239
- Lombards, 83
 London, 85, 93, 95, 209 *seq.*, 243
 Luxury, 61, 66, 236
- Machinery, export of, 107
 Middle Ages, 83
 Mill, J. S., 62, 69
 Mines, 12, 27, 102, 148
 Money market, 5, 80
 Money-orders, 194
- Napoleonic wars, 80, 98, 228
 National Debt, 86, 96, 114, 137
 National income, xiv, 39, 74, 235
 Neymarck, Alfred, 161
- Ocean freight rates, 171 *seq.*, 247 *seq.*
- Paish, Sir G., 201
 Panama Canal, 23, 148
 Paris, 141
 Pigou, Prof. A. C., 18, 30
 Politics and finance, xxiii, *seq.*
 Porter, G. R., 27
 Post Office Savings Bank, 209
 Prices, 39, 158
- Railways, 7 *seq.*, 115 *seq.*
 American, 15, 152
 Argentine, 8
 British, 116, 140, 214
 Canadian, 13
 Continental, 119
 Indian, 7, 9 *seq.*, 135
 South African, 12
- Raw materials, 74
 Remittances, 167, 193 *seq.*
 Revolutions of 1848, 118
 Risks, 25, 35
 Rubber boom, 62
 Russia, xxi, 145, 156, 158
- Sauerbeck, 208
 Saving, 39, 49 *seq.*
 Say, Léon, 139
 Shipping, earnings of, 254 *seq.*
 Ships, 168, 191
 Silesian loan, 90
 Smith, Adam, 90
 South Africa, 12, 147
 South America, 27, 102, 147
 Subventions to shipping, 174
 Suez Canal, 23, 129
 Sweden, 177
- Tariffs, 19
 Taxation, 45 *seq.*, 52, 234
 Tooke, Thomas, 99
 Tourists, 167
 Trade cycles, 36
 Trustee Acts, 49
- Unemployment, 216, 224
 United States, investments in, xvi, 15, 73, 89, 91 *seq.*, 97, 110 *seq.*, 115, 128, 132, 140, 149, 152, 240
 investments by, 81, 153
- Venezuela, blockade of, xxii
- Wages, 75, 223
 Walpole, 90
 War, 68
 Waste, 67
 West Indies, 84

THE END

**Trade Blocs and
Common Markets**

by Sidney Dell

A guide to all the principal common markets throughout the world: the two well-known groupings in western Europe (EEC and EFTA), the Latin American Free Trade Association, the Central American integration programme, and certain of the regional groupings in Africa and Asia, as well as those in the Communist world.

'An extremely lucid and well-balanced study.' *The Times*

If you would like to receive free information about our new and forthcoming books, please send your name and address on a postcard to
Constable & Co Ltd
10-12 Grange Street
London WC2

