

### CAPITAL ISSUES.

It may be of advantage to illustrate how the employment of new capital in industry in this country has tended to decline in recent years.

An examination of the figures contained in Table appended " J " shows that in the first ten months of 1930 the total amount of money invested in new issues in Great Britain, including investment in such things as Mortgages, Banks and so forth, was £110,188,644. In the corresponding ten months of the previous year it was nearly £135,000,000 and in 1928 it was over £188,000,000.

But absolute amounts may themselves be misleading unless they are compared with the total amount of the national savings available for investment elsewhere.

The striking feature of years of high domestic taxation is the result that a high proportion of the money available for investment is sent to overseas countries.

There is, however, another way in which capital is exported from this country, and, in this case, it is definitely and entirely lost because it produces no interest and no return.

When British manufacturers send goods abroad at less than their own cost price, they are exporting and permanently losing capital. It should be noted that this export of goods at less than cost price is undertaken and has been undertaken lately in many more cases than is usually supposed, partly in order that the machinery of the works may be kept running, and that the manufacturers may keep in touch with the foreign markets in the hope that they may be able to sell there at a better price later on, and partly in order to avoid losing skilled men.

In the cost to the manufacturer of any article, there is necessarily included money paid by him for his raw materials, the cost of inland transport which he pays, and the cost of wages. This represents capital expended. When the goods are exported below cost price, a proportion of this already expended capital is definitely lost because it is not recovered from the customer. This means that the foreign customer is presented gratis with that proportion of the capital used in the manufacture of the article.

In other cases we are suffering from the same thing. Russia, for example, is exporting in this way, but the motive is different. On the basis of an entirely artificial standard it is exporting to attack other countries.

It is inevitable that as confidence in the ability of British Industries to make profits and keep their works going decreases,