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AFTER-EFFECTS OF THE WAR LOAN.

The great success achieved by the Canadian domestic War Loan appears to have created a very favorable impression in Great Britain. The fact that hitherto Canada has been so entirely reliant upon borrowings from abroad for the financing of her capital outlays has no doubt deepened the impression created by this mobilisation of our wealth. Under the circumstances, it is quite possible that the recent loan would impress more sharply the observer abroad as evidence of the whole-hearted energy with which the objects of the war are being pursued here than our activities hitherto in the raising of men and the making of munitions. In any case, it seems reasonable to anticipate that our present efforts in loan-raising and expressed desire to ourselves undertake as far as possible the cost of raising, equipping and maintaining Canadian armies cannot but have important after-effects in regard to our financial relations with Great Britain. As a result of present events, it may well be supposed that following the war, there will be in Great Britain a wider realisation of the fact that the wealth of the British Empire available for the Empire's purposes, is not merely British wealth but includes also Canadian and Australian wealth. Further, there will be a desire that available capital in Great Britain shall be more systematically and scientifically applied where it is wanted within the Empire in order that the aggregate wealth of the whole Empire may be built up and largely increased. Whether anything or nothing is done along these lines as a matter of high policy, it seems almost certain that there will be in the future a very considerable sentiment among British investors in favor of the investment of funds within the British Empire in preference to investment in foreign countries. Since trade follows capital, and the necessity for the great development of British foreign trade at the close of the war will be urgent, it is not to be

supposed that Great Britain will wholly forego investment in foreign fields. But it is probable that the impression of the Empire's solidarity created by the present action of the Overseas Dominions will be sufficient to ensure such consideration to the policy of investing within the Empire, as will mean in terms of invested pounds sterling an enormous aggregate.

While at present it is impossible to more than generalise on this subject, it is our belief that anything which Canada is able to do at the present time to relieve the financial pressure upon the mother country, by the sustaining of our own military expenditure as far as possible and perhaps by the granting of credits, will receive a very ample return in future years. In the past, Canada has benefited considerably financially from sentiment in Great Britain, and *post-bellum* sentiment in this connection will be much stronger, and more soundly and logically based than anything of the kind in the past.

THE CHRONICLE, of course, does not support these policies mentioned merely because of the subsequent returns that may fairly be anticipated, but it would be foolish to ignore the possibilities mentioned as a reason for present-day thrift and production.

TRUE PROSPERITY AND FALSE.

(Continued from front page.)

will be so much less exports available to meet our interest due abroad, now \$150 millions annually. Even assuming that our manufacturers are successful in building up a large *post-bellum* export trade, it is undoubtedly to our agricultural exports that we must look mainly to offset this account.

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In Sir Frederick's opinion, Canada's economic future is bound up with the development of our vast agricultural areas. The rate of that development is dependent upon the increase in our farming population, and in natural sequence immigration can best be attracted to the Dominion by reducing and keeping down the cost of living. If the latter ideal is to be achieved, there will have to be a distinct forswearing of some methods of making an illusory prosperity, since the real estate speculation of recent years is without doubt in part responsible for the present high cost of living. In short, genuine prosperity in Canada soundly based on permanent factors can only be secured by the continued large production of the world's necessities—in other words, by hard work and good management.

The ability of the banks of Canada to maintain steady dividends is due to the conservative policy adopted long ago of setting aside in years of plenty a measure of earnings.—Sir Frederick Williams-Taylor.