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BRITISH CAPITAL AND CANADA AFTER THE WAR.

Just over a year ago, as will be in recollection, the British Government took the momentous and unprecedented step of prohibition of capital issues, except under the sanction of the Treasury. Of the various measures towards the extension of State control, which have been so notable a feature of the war period, this was in some respects one of the most significant and far-reaching. Hitherto, for generations, any borrower from any part of the world who could give security (sometimes not very adequate security!) could secure funds in London, and the effect of sudden prohibition of this freedom was naturally reflected to the ends of the earth. The precedent of control by the State having been created during the war, the question now arises as to whether this control is likely to be continued subsequent to the war, for purposes other than those for which it was originally established. The question is very naturally raised as to whether it is the part of wisdom to allow countries to borrow capital in London, which a short time after may become enemy States. It is not forgotten that not very long before war broke out Bulgaria was a borrower in the London market, that a considerable amount of British funds went in recent pre-war years to Hungary and that Turkey is up to the neck in debt to British creditors. It is also naturally asked whether it would not be wise to follow the military co-ordination at present existing between the mother country and the Dominions by a more definite financial co-ordination than in the past in order that the wealth and prosperity of the British Empire may be built up afresh and raised to even greater levels than those existing prior to the war. Again, it is inevitable that the question should be raised as to whether it would not be wise to back up our political friendships by loans of capital. Russia, for instance, can probably in the course of time absorb profitably hundreds of millions of foreign capital. Why should not, it is naturally asked, her Western allies aid Russia systematically and preferentially in the development of her existing undeveloped wealth?

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To these arguments, the reply is, of course, made by the advocates of the pre-existing order of things that Government control means red-tape, the direction of capital into certain channels for political purposes may lead to grave abuses and possibly corruption, and that if capital issues in Great Britain are to be supervised at all, the sole test should be whether the appeal to the public is honest and whether the enterprise has any chance of success. Before *post-bellum* policy on these points is settled, there will undoubtedly be a lively discussion between these divergent views. Whatever may be settled in regard to these points, it may be presumed with some confidence, we think, that Canada has little to fear in regard to the obtaining of regular supplies of British capital after the war. In any case, the pre-war condition of affairs in Canada will not obtain subsequent to the war. We have now developed an important market for our securities in the United States and presumably we shall continue to draw from that source after the war. But investment capital may not always be as plentiful in the United States as it is at present, and it would certainly be unwise to depend upon merely one source of supply, if we can draw from two. If a policy of restriction were followed in London, undoubtedly Canada, as an integral part of the Empire, would have a favored position, while in the event of pre-war freedom, British sentiment would be a strong factor in our favor. The really vital question is, of course, as to what supplies of British capital after the war will be available for export. As to that it is not necessary to share the light-hearted optimism of Sir George Paish in regard to the financial effects of the war, to believe that there will be a supply available sufficient, with the supplies from other quarters, for our purposes of steady and reasonable development.

THE IMPERIAL BANK'S REPORT.

The annual statement of the Imperial Bank presented at the shareholders' meeting at Toronto yesterday shows profits of $1,003,960, compared with $1,031,359 in the preceding fiscal year and equal to 7.4 per cent. upon the combined paid-up capital and rest. Dividends absorb $840,000; war tax on circulation, $57,293; $7,500 goes to the pensions and guarantee fund and $17,500 to the Canadian Patriotic Fund. The balance on profit and loss account carried forward is $1,089,656 against $1,012,989.

The balance sheet shows an increase in deposits of over $5,000,000 from $55,081,904 to $60,218,627 while circulation is up from $4,528,252 to $5,944,-439. On the assets side, there is a reduction in the amount of coin and Dominion notes held from $15,048,008 to $10,042,347, which is more than offset by a gain in security holdings from $2,664,115 to $10,751,581. Dominion and Provincial Government securities were increased from $666,000 in 1915 to $4,920,000 at the end of the 1916 fiscal period. Canadian municipal securities and British and foreign and colonial public securities were increased from $1,070,000 to $4,947,000. Current loans (not including loans to municipalities) are $34,646,351 against $36,245,617. Call and short loans of $4,131,371 show a slight increase in comparison with $3,973,959 reported last year. The total assets are $81,911,757 against $75,568,247. Of these $43,586,473 are liquid assets, a proportion of 65.4 per cent. to liabilities to the public.