referred to in this Section as public investments as contrasted with private investments, viz., those securities held privately by individuals or corporations in most cases as a means of company control and which are not generally recognized as securities available for public trading.

The growth of the Canadian capital market has been one of gradual evolution. Prior to 1900 there was no such thing as a domestic capital market in Canada. The development of the country in its earlier years was dependent almost entirely on foreign capital, chiefly from the United Kingdom. The popular investments for Canadians, apart from the individual's own business, were something of a tangible nature like real estate or a mortgage secured by real estate, or a deposit in some financial institution. It required the expansion of government activities as well as the growth of joint-stock companies to initiate the development of a domestic capital market. While no figure is available of the total amount of invested capital in Canada at the beginning of the century, it has been privately estimated that the amount of foreign capital investment in Canada, at that time, was about $1,200,000,000 made up of government, municipal and railway and public utility bonds and the shares of a limited number of companies such as the Canadian Pacific Railway and some lending and banking institutions.

The period from 1900 to 1913 was one of very rapid development in Canada and foreign capital poured in to a total of approximately $2,500,000,000 during these years, more than one-half of it from the United Kingdom. London was then the capital market of the world and British investment houses had acquired long experience with foreign borrowers. True, there existed in Canada a number of investment houses, principally brokerage houses, members of the Toronto Stock Exchange founded in 1852 or the Montreal Stock Exchange founded in 1863, but the activities of these brokers were mainly concerned with trading in the listed securities of relatively few companies. These were principally loan companies and certain utility companies such as the Consumers Gas Company of Toronto, but their function did not extend to the seeking of new capital. Although in the 1890's Canadian stock-brokers and investment dealers underwrote the new security issues of a few Canadian companies, the underwriting of securities for government and corporate purposes on any large scale by Canadian brokers or investment dealers remained, for the most part, in the future.

As already stated, prior to the First World War Canadian savings were relatively small in volume and were invested chiefly in real estate and mortgages or left on deposit with banks. In turn these bank deposits were used mostly to make commercial loans, only a small proportion being invested in securities largely because there were few Canadian securities outstanding or available. With the outbreak of war in 1914, Canada was automatically shut off from the British market and turned to New York to finance war requirements. By 1916, 65 p.c. of all Canadian new-issue flotations were being placed in the United States. When the United States entered the War in 1917, this market was also closed to Canada. The necessity of being forced to rely on Canadian resources, plus the Government's decision to organize and conduct Victory Loan campaigns, proved to be a tremendous stimulus to the development of the domestic bond market. Bond sales had, up to this time, been confined to financial institutions and to wealthy individuals. However, the great increase in production and income (and thus in the capacity to save) which took place in Canada prior to and during the War made possible the success of the first Victory Loans. Victory Loan campaigns were organized to make Canadians