

understood by the mass of Germans, nor by their statesmen. Shipowners had some conception of what would happen, but even they did not anticipate that in less than a week the great engine of commercial activity oversea would be brought to a standstill.

By its prompt action on the eve of war in instituting a system of Government insurance of war risks, Mr. Asquith's administration checked any indication of panic among those responsible for our sea affairs. The maintenance of our oversea commerce on the outbreak of hostilities had been the subject of enquiry by a sub-committee of the Committee of Imperial Defence. When war was inevitable, the Government produced this report, and relying on our sea power, immediately carried into effect the far-reaching and statesmanlike recommendations which had been made, for the State itself bearing 80 per cent. of the cost of insurance of hull and cargoes due to capture by the enemies. Thus at the moment of severest strain—the outbreak of war—traders recognised that in carrying on their normal trading operations overseas they had behind them the wholehearted support of the British Government, the power of a supreme fleet, and the guarantee of all the accumulated wealth of the richest country in the world. None of the dismal forebodings which had been indulged in during peace were realised. Traders were convinced by the drastic action of the Government and by the ubiquitous pressure of British sea power on all the trade routes that, though some losses might be suffered owing to the action of