

The most prominent point, in regard to the Navy, which was selected for attack by the late administration, was its cost. In fact, the cost of the Navy may be said to lie at the root of every reform which it has carried out; for when Mr. Childers took office as First Lord of the Admiralty, it was under a pledge, most unequivocally given, to reduce the cost of the Service. Before, therefore, endeavouring to explain, in detail, to what extent this was effected, it will be well to understand what the adoption of this course involved. Regarded superficially, nothing could seem easier. An annual outlay of eleven millions sterling does, at first sight, seem monstrous and inexcusable, and, indeed, to openly invite attack. Surely a firm wrist and a cool head were the only requisites for reducing this sum by at least two millions sterling, and courage would seem a better qualification for the task than financial skill. But the more the reduction which has been effected is studied in detail, the more readily will the difficulties of the task be appreciated. It will be found that the details of each branch of expenditure had, evidently, been watched with an almost over-anxious, and, in some cases, no doubt mistaken cases, to produce the result which had been attained. There are few traces of any bold exploits in the path of economy, and it is certain that wherever any effort can be traced to effect what is pleasantly called "a bold reduction," the result is, almost invariably, a failure, ending in a return to the old paths.

A comparison of the Navy Estimates for 1868-69 with those for 1873-74 will give a fair idea of the extent to which the reduction of the annual cost of the Navy has been carried.

In 1868-69 the amount voted was £11,177,290
" 1873-74 9,872,725

Showing a reduction of £1,304,565

This is the net reduction shown by a comparison of the total amount of the Estimates for each year. But a further investigation will show that the effective service of the Navy, that is the cost of the *personnel matériel*, and administration, were effected to the extent of £1,617,580, the differences of £313,015 being the increased amount required in 1873, as compared with 1868, for half pay and pensions due to retirements which had been effected in the Service during the past five years. To go a step further, however, it will be necessary to analyse these figures more closely, to ascertain what they mean, and how far they represent a real reduction in Naval expenditure, and a *bona fide* relief to the British taxpayer. For nothing is more deceptive than a bare comparison of gross totals in the Estimates and accounts for the public Service. Being framed for other and more important purposes than mere comparison, a careful scrutiny is always necessary to avoid arriving at wrong conclusions. Upon analysing the above figures closely, one of the first things which will be found is that allowances must be made for certain adjustments between the two years; that is, for differences which are merely matters of account.

Thus, sums to the amount of £203,292 appear in the year 1868-69 for supplies to other departments of Government, which are not, in any way, part of the cost of the Navy, but are simply transfers from one department to another, permitted for the sake of convenience, and repaid, in course of time to the Exchequer. The estimated cost of these supplies is not shown in the Navy Estimates subsequent to 1868-69; and, there-

fore, for the purpose of a fair comparison, must be struck out altogether. And, if we further strike out, on both sides, the charge for the conveyance of troops for the War Department, which are only, in the most indirect way, a charge upon naval funds, the amount of the real, *bona fide* saving which has been effected will be reduced by the sum of £291,912, and represents a sum of £1,099,623. Thus, we consider, represents, then, fairly the actual *bona fide* reduction in the annual cost of the Navy which has been effected and which, for the sake of convenience, may be assessed at the sum of one million sterling. It will be necessary to enter considerably into detail to explain how this result has been arrived at and what it really means; but it is of such importance to understand fully the meaning of this reduction, and so essential to prevent the possibility of misrepresentation, that no apology is needed for the analysis we are about to give.

We will consider, first, how the three great branches, of Seamen, Shipbuilding, and the Dockyards, have been affected and have helped to account for this reduction. First, as regards men, the difference between the force maintained when the last Conservative Government left office and the present year is a reduction of 7000. This is accounted for by a reduction of 700 officers, who have retired from the Service under the retirement scheme of the late Government, 5200 seamen, including the old Coastguard force ashore and 1100 Marines and boys. The saving thus effected as shown by a comparison of the Estimates for two years, is no less than £550,000 for wages and food. But against this reduction a sum at least £250,000 has to be set off for increased retirement, making the net saving about £300,000. Next, in regard to shipbuilding, there is a striking difference which will account for another large slice of the total reduction. The number of ships which were found useless and sold during the past five years was 140; these have been replaced by only half that number; seventy-five having been added during the past five years, which are now either built or in progress. Here, then, it will be found upon comparison there is a clear enough saving of £297,662, against which there is nothing to set. But a little explanation is necessary to prevent a possible misunderstanding. In the first place, in the year 1868-69 a special effort was made to commence an exceptional number of ironclads to supply the admitted deficiencies of previous years. The vote for contract work was, therefore, exceptionally high in that year, and a comparison shows a difference of nearly half a million sterling in the vote for contract shipbuilding alone. Then a great change has been made in the stores at the dockyards, which are not kept in stock or purchased to such an extent as was formerly the case. Then, though there is a very large reduction in the cost of contract shipbuilding, there is a large increase on the vote for purchase of stores for shipbuilding and dockyard work, amounting to no less than £185,472. This is accounted for partly by the increased cost of naval stores, but chiefly by the exceptional energy which has been thrown during the past two years into wooden shipbuilding, and in dockyard work. In the vote for labour there is a reduction of about £50,000; so that the total net reduction for shipbuilding and repairing is at least £300,000. Lastly, the reduction in the dockyard, victualling establishments, and hospitals, amounts to £15,000. A large portion of this is due to the closing of Deptford and Woolwich Yards; but a large proportion is

also due to reduction in the establishments. Of this sum, no less than £42,000 is thus accounted for; while the reduction, in labour accounts for £53,000, which has been effected by the dismissal of rather more than 2000 men. The rest of the difference is accounted for by a saving in the ordinary outlay upon those establishments in rents, gas, and other miscellaneous expenses. Against this reduction the increased cost of pensions to the extent of £50,000 must be taken into account, leaving a net reduction of £75,000. We find, therefore, under these three great heads, a net reduction in expenditure amounting to £675,000, as follows:—

1. Seamen	£300,000
2. Shipbuilding	300,000
3. Dockyards	75,000
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	675,000

Thus nearly three fourths of the annual reduction which has been accomplished is accounted for. The remaining fourth is composed of the following items:—In the purchase of victualling stores a saving of £80,000 has been effected; by the abolition of the Coastguard Office, and a reduction in the expense of maintaining the Coastguard and Reserve Forces, a sum of £65,000; in new works, through the gradual completion of the new docks at Chatham, £130,000; in miscellaneous service, 70,000*l.*, which is caused by the completion of an ironclad for Victoria, and diminished travelling expenses; and in legal and medical expenses, and the cost of the maintenance of the Royal Marine Divisions, 13,000*l.* These together amount to 358,000*l.*; and with the sum of 675,000*l.* which has already been accounted for, makes a total annual reduction of 1,033,000. From this, however, has to be deducted the sum of 23,000*l.* for scientific expenditure, being the only vote which shows an increase. This is chiefly due to the establishment of the Royal Naval College at Greenwich. Allowing for the solitary item of increased expenditure, the net annual reduction is 1,010,000*l.*, or, for convenience, sake, a million sterling. It is worthy of notice that in the administration of the Navy there is no perceptible difference, the slight reduction caused by the reforms which created so much dissatisfaction, being balanced by the increased cost of pensions to officials who were thrust out of the Service.

The principal point, however, is the effect which this reduction has exercised upon the material condition of the Navy; and a few words are necessary to show the practical application of this reduction in money to the alterations which have been carried out in the past five years. In regard to our fleets, the squadrons abroad have been reduced, and large sales have been made of ships, formerly kept in reserve, but which on survey were pronounced worthless. This accounts to a great extent for the reduction in men. But only partly. For not only have reduced squadrons and reserves enabled a large reduction to be effected in officers and men, but two retirement schemes have helped to reduce the ranks of redundant officers; while, as regards men, Mr. Childers routed out, in a merciless way, from the home ports, men who had been in reserve for ten or fifteen years, and had never been to sea; and he also abolished the old Shore Coastguard force. Then, in regard to shipbuilding, the great destruction of old vessels considered useless, has diminished the annual cost for repairs considerably, while the number of ships added to the Navy during the past five years annually, is modest compared with the pro-