

would be some reason to view gold exports with anxiety and in efforts to check the outflow. This is not the condition. The surplus reserve of the New York City banks at end of November was \$16,793,650 against \$9,541,850 in January. The United States Treasury in November had 45 millions more gold and silver in stock than in January, and the supply of metallic money in the United States in November was over 56 millions more than in January. There does not seem then to be anything to cause anxiety in the gold shipments, which show that gold is more needed in Europe than on this side the Atlantic and exporting gold is therefore a profitable operation.

THE FALL OF PORT ARTHUR.

New Year's Day, 1905, will be ever remembered as the date of the fall of Port Arthur. This fortress was the strongest of its class and the most extensive ever built. It was regarded as equal in strength to six Sebastopols, which required the combined military and naval forces of England and France to capture.

When the war broke out, in February, 1904, Prince Alexieff, who was in command of the Russian forces, reported, "The fortress of Port Arthur has been placed in a state of defence and is ready to serve Russia as an *inaccessible stronghold*." This inaccessible stronghold, after a defence of less than eleven months, is now in the hands of the besieging force. What the loss of it means to Russia and what the gain of it to Japan are questions time alone can answer. The money loss on both sides has been enormous. The Russian squadron now sunk in the harbour of Port Arthur is stated to have cost \$150,000,000. The fortress itself, with equipment of many hundreds of guns, must have cost as much as the sunken war ships. The loss of life, which seems a secondary consideration, during the siege and the field operations connected with it, has been appalling, the Russians have sacrificed 200,000 men and the Japanese as many.

A distinguished military authority condemns the whole Russian plan of campaign in Manchuria, as, "a costly, useless, and stupid effort to relieve a fortress deliberately isolated and to undo in haste what has been done wilfully at leisure. The retention of Port Arthur has caused the Russian army to break and spend itself in one frantic effort to attain the unattainable."

It was a stroke of the highest military genius for the Japanese armies to acquire a commanding position between the mobile army of Russia in Manchuria and the entrenched army behind the guns in Port Arthur. Battle after battle has been fought by the Russians to secure a passage to the beleaguered garrison. But the relief of Port Arthur never came. Day after day the gallant defenders saw their foes advancing like sleuth hounds, capturing position after position, while they were cut off from supplies of reinforcements of men, of food, and of am-

munition. The garrison at Port Arthur for months past has been shut in, no way of communication with the outside world being possible by which relief could be afforded. Early in August last, a distinguished military expert spoke of Port Arthur as "doomed."

When the brave Japs seized one fort they were able to pour a shower of shells into Port Arthur, literally using the Russian ships in the harbour for targets, until the whole squadron was destroyed. "Like hares between the hunters and the guns" is the comparison drawn by the military correspondent of the London "Times," to depict the situation of the Russians in Port Arthur, where, he says, "the ships fled hither and thither within the narrow shell-swept harbour, until, at length, they succumbed to well-placed shots" from batteries captured by the Japanese.

This eminent writer speaks of the campaign of 1904 in Manchuria as, "a history of criminal ignorance of the first principles of strategy by sea and land, and the heroic defence of Stoessel's splendid garrison has only caused the Russian army to suffer even more grievously than it would otherwise have suffered for the unpardonable fault of the original strategical sin."

The fall of Port Arthur adds another to the illustrations of the weak side of fortresses. A fortress is not necessarily an advantage, it has often proved the reverse. No nation has ever been saved by a fortress though awful disasters have been caused by overestimating their defensive powers. Paris would have been better without forts in the war with Germany.

"It is evident that hardly ever in history has a blockaded army extricated itself by its own unassisted efforts, and to bury an army, or still worse a fleet, in a fortress, for the mere pleasure of retarding its fall is clearly an act of superlative folly." As was shown at Sebastopol, the besiegers can secure fresh troop to replace men lost in a sortie, such as Balaklava and Inkerman, but the besieged cannot be reinforced, so it is only a question of time when they must surrender.

What will be the result of the collapse of Port Arthur? Will some of the great powers offer to mediate between the belligerents, and will Russia and Japan both accept mediation? Russian honour and prestige have been sorely wounded. To avenge the one and restore the other may inspire the Czar with determination to continue the war in the hope of subjugating Japan. Would such an effort be tolerated by the other powers? Would Great Britain, France, the United States and Germany stand aside while Russia again equipped Port Arthur, acquired Korea, broke the power of Japan, thus acquiring practical sovereignty over China and a dominant position in the East?

We, of this generation, are face to face with great problems, problems which have possibilities of the deepest moment to Canada. It is well for us to be awake to these contingencies and prepared for whatever may occur.