

wealth and of capital will not necessarily nor need for a long time be a factor to be reckoned with in estimating capacity to bear the cost of a war, particularly in the case of a very wealthy country such as Germany. And it is worth noting that as a fact, in the case of Germany as of Great Britain, the losses placed under (2) as above have not so far been really serious. Germany has lost a large number of her mercantile ships; she has suffered invasion in some of her colonies and settlements; but her territories in Europe have been practically free from invasion. The Russian invasion of East Prussia in August was short, and the damage has been calculated at not more than £20,000,000. Germany has waged war in Poland, Belgium, and France, and the terrible destruction of wealth (i.e. of fixed or circulating capital) in the areas of military operations has fallen wholly on Russia, France, and Belgium. How far this state of things will continue is at present a military rather than an economic question. It is sufficient to note that so far the damage suffered by Germany is practically insignificant. It has not in any way affected her economic capacity to 'go on'. Nor are there at present any trustworthy indications that the losses in the battle-field or the numbers employed in her huge armies have weakened her power to maintain the industries employed in arming, feeding, and clothing the troops or feeding and clothing the civil population. Unemployment, widespread dislocation of production and distribution there certainly are, but there is no evidence that either is on a scale to cripple Germany's resources in these respects. The harvest has been gathered in and stored; as far as we can judge, German organization has seen to it that there will be a harvest in 1915. The vast armies have not prevented the shipyards or Krupp's