

powers. A very large amount would be required for the mobilization of the army and navy; and vast sums would have to be expended upon coal, ammunition, food stuffs, stores, material and transport. In addition, pension would have to be provided for the wounded and for widows and orphans.

But the indirect losses, which would result from such a conflict, would be very much greater than the naval and military expenditure. Very great damage might be wrought to the British export trade; the shipping trade from which £100,000,000 are annually derived in earnings; and investments abroad. War with Germany, for example, would have a disastrous effect on the foreign trade of the United Kingdom. Germany is one of Britain's best customers; and the annual trade between the two countries is about £100,000,000. It is quite true that the whole of this trade might not be lost during the war period; as a large proportion of it would be diverted to French, Dutch and Belgian ports. But it is certain there would be a very great loss of trade in a direct way; and also a considerable loss indirectly, due to the community of interest of all in the great family of nations.

A further source of indirect loss, which would result from any serious war, would be the collapse of credit and the depreciation in value of the stock exchange and other securities. This may be seen in the fall of British consols since the Boer war from 110 to below 85. On the eve of the Franco-German war, French 3 per cents were quoted on the Paris Bourse at 73. On the declaration of war the price fell to 66; and a few weeks later when the German arms had won several victories, the price fell to 54. At the same time the price of the principal French railway stocks fell more than 20 per cent.; and there was no real recovery until after the conclusion of eighteen months of peace. Thus, from this source alone, an immense amount of loss and suffering would be inflicted upon all persons who had money engagements open at the time of the outbreak of hostilities. The annual income of the United Kingdom is about £2,000,000,000 per annum; and the expenditure upon armaments amount to approximately £70,000,000; about $3\frac{1}{2}$ per cent. of the national income. In a recent speech Mr. Lloyd George remarked that the national bill for armaments twenty years ago was £30,000,000; to-day it is £70,000,000, and the countries of the world are spending £450,000,000 annually upon machinery of destruction. But during these twenty years there has been an enormous growth in the national income of Great Britain, as well as of France and Germany; so that to-day the burden can be scarcely greater than it was twenty years ago.

In the meanwhile, recognizing the enormous value of that which Britain has at stake in her banking-business, her security-market, her carrying-trade, and her colonies, not to speak of the almost inconceivable losses which she would suffer if invaded, she must of necessity meet Germany's challenge for supremacy of the sea. And the expenditure necessary for such a purpose need involve no side-tracking of any plan for social betterment; provided the scheme of taxation is properly adjusted to the power of those who are best able to bear it.—W. W. S.