in future years. Luckily these conditions have come at a propitious moment; otherwise their results would be much more serious than they will now be. In the last 10 or 11 years the world has expended an unparalleled amount of money upon works of construction designed to provide for a vast increase in production. The works that have been constructed in all the young countries, especially in the United States, in Canada, in Argentina and in other South American countries, are practically completed, and with a relatively small further expenditure of capital it will be possible to increase the world's productive power in a very great measure. The savings that are now being destroyed would, for the most part, have been devoted to the construction of houses, and to the improvement of the cities and towns of Europe, and generally to raising the standard of life for the whole of the populations of Europe, and in some measure for the dense populations of Asia. It is this work that has had to be suspended, and will now have to be postponed until a long period of peace and of efficient work provide the wealth to permit it to be undertaken. Thus the action of Germany in making the war upon mankind will reduce the standard of comfort that has hitherto been enjoyed by the European nations, and will specially injure the German people, who were securing so great a share of the increasing wealth and so much advantage from the growth of world prosperity.

Duration of War.

How much the economic condition of the world will suffer in proportion to its population in consequence of the war will be governed by its duration and the aggregate loss of men and of treasure. If the war were brought to an end in the early future, the world would probably recover from the injury in a relatively short time; but if it were to last for two, three, or more years, then the injury will progressively increase, and a very much longer period will be needed for recovery. Fortunately the war will not absorb the whole of the world's new savings, and it is evident that the high prices of food and raw material will encourage farmers, mine owners, and others, to extend production. The injury caused by the destruction of savings will thus be minimized in some measure. But when all these considerations are taken into account, it is obvious that the immense growth in the world's wealth—by which we mean productive power—which has gone on from decade to decade since the Napoleonic wars has received a serious check, and that while the war lasts the growth will be very small. When peace is restored, however, the increased efficiency of the belligerent nations should cause production to increase with greater rapidity than in the past, and the adverse economic effect of the war be gradually ameliorated.

New Savings Destroyed.

Thus we have come to the conclusion that the wealth accumulated by the world prior to the war has not been, and is not being, reduced appreciably, but that while the war lasts the greater part of the new savings of the whole world will be destroyed. Calculations have been made that the destruction of wealth through the war is equal to the sums expended upon the war.. If this were the true situation, the injury caused by the war would be great indeed, for in the fourteen months of war the money expended by the belligerent nations has amounted to the great sum of about £4,275,000,000. The approximate amounts spent by the various countries upon war in the first fourteen months are as follows:—

War Expenditures, July 31, 1914, to September 30, 1915.

Great Britain	£1,072,000,000
France	823,000,000
Russia	750,000,000
Italy	130,000,000
Total, Allies	£2,775,000,000
Germany	900,000,000
Austria	550,000,000
Turkey	50,000,000
Total, Central Powers	£1,500,000,000
Grand total	£4,275,000,000

Belligerents' Enormous Expenditures.

In the first few months of war the expenditures were comparatively small; but it is obvious that the belligerent nations are now spending an aggregate sum of about £4,400,000,000 a year upon the war. This is about twice the aggregate amount of their normal annual savings, plus the sums they are borrowing from other nations, and the amounts of their own capital they are bringing home from abroad.

In calculating the amount of wealth destroyed by the war it is essential to recollect that the great armies now engaged in fighting, numbering some 17 millions of men, would in any case have to be maintained out of ordinary income, and that the war expenditures have been attended by a great reduction in domestic expenditure. A large part of the money expended for war is, indeed, maintaining not only the armies, but vast numbers of people engaged in production and distribution. Probably one-half of the people of Great Britain are being maintained out of the war expenditures, and the domestic expenditures of the nation are, more or less, correspondingly reduced. And a similar situation must exist in other belligerent countries. Hence it is erroneous to assume that the wealth of the belligerent countries is being reduced to the full extent of the war expenditures or of the war loans that are being created. As far as it is possible to obtain the data the net cost of the war to the belligerents is about one-half of its total cost. And of the net cost about two-thirds are being provided out of the normal savings of the belligerent nations, and about one-third out of the savings of neutral countries. Altogether it is probable that about three-fourths of the savings of the entire world are being employed to meet the cost of this conflict.

In May of last year the world's wealth was growing at the rate of upwards of three thousand million pounds sterling a year. In the past twelve months, in consequence of the war and of the financial and economic disturbances caused by the war, the increase has been not more than a thousand millions sterling, and in the current twelve months of maximum war expenditures the addition to the world's wealth on balance may be not more than a few hundred millions of pounds sterling. As soon as the war comes to an end, however, and wealth is no longer being destroyed as it is now, the accumulation of wealth by the whole world should again be at the rate of over three thousand millions a year. If the belligerent nations become increasingly efficient and hardworking in consequence of the discipline of war, the expansion in the world's productive power and in its accumulated capital after the war is over may indeed be so great that the vast amount of wealth now being destroyed will be rapidly recovered, and it may be that the economic effects of the war will disappear sooner than anyone now ventures to hope for or dares to calculate.