Canal till the German General Staff runs short of metal and melts down its armour-plate for shells.

That is what our Navy has done—deeds worthy of its own tradition and of all the greatest accomplishments of sea-power in recorded history. But I can do no better than refer your readers to Mr. Balfour's recent letter to the New York "World," for the First Lord of the Admiralty states what his service has accomplished, with a brilliance and lucidity which I cannot rival.

The Neutral World is in danger of misunderstanding Great Britain's temper, because we have been thrashing out in public the gigantic problems set us by this war, in political debate and in the controversies of the press, with a frankness of self-criticism peculiar to people of Anglo-Saxon blood. Those who know us will not take this characteristic as an indication of discouragement and miscarriage. We are not bestirring and berating ourselves because we have done so little hitherto, but because we are inciting each other to do more than we have done. The broad facts I have put forward ought to be sufficient proof of this; but if America is "looking for a sign," and a dramatic sign, of the British people's spirit at this crisis of its history, I need only dwell for a moment in conclusion upon the recent and second Great War Loan.

"In what way was this Second War Loan a sensational success?"

The success of the British Government's Second War Loan is direct evidence of the determination and confidence of the "nation of shopkeepers." The subscriptions to the loan were the largest ever made to any single issue, namely, three thousand million dollars ($3,000,000,000), and the number of subscribers, namely, 1,300,000, testified to British determination to win the war. Confidence in the ability of the Allies to do so was widespread in this country at a time when the Russian retreat in Poland might have damped the ardour of the people.

It is significant that in the number of individual applications the working classes bulked most largely. But the confidence and determination of the middle-class investors—men notoriously careful in the disposal of their capital—was probably the most notable feature. Half a million middle-class investors subscribed an average of about five thousand dollars ($5,000) each, and under circumstances of exceptional difficulty. The war had caused such a depreciation in the value of older securities all over the world, that it was a sad business for holders of such securities to exchange from them into the new loan. Further, in England alone of belligerent countries, the Government has had the courage to impose extra taxation to meet part of the war expenditure—taxation that included the doubling of the income tax. What is that taxation? It is one hundred and seventy millions a year more than it was before the war; so our Chancellor of the Exchequer informed us the other day. This taxation, as all the world knows, has been cheerfully met.

British investors subscribed this loan in circumstances very different from those in which the smaller German war loans