

The decision has opened the question in an interesting manner and developments will be awaited on this side the boundary with a good deal of curiosity.

THE COST OF MILITARISM.

Doubtless the chief cause of the existing financial stringency was the Balkan war? Like fire loss the loss caused by war is absolute and irreparable. Just as in insurance may compensate for the damage done by fire, through distributing the amount of the loss among many others, so glory and the moral effect of successful war upon the victors, and the outside world, may compensate for the loss caused by the war. But there is no replacing the thing destroyed! It is gone, lost to the world for ever. And the vacuum made by absolute loss is as certain to cause disturbance in the financial world as a vacuum made by chill in the atmosphere is bound to bring on storm disturbances.

But there have been other causes as we have from time to time pointed out for the financial straits to which markets have been reduced. Germany is probably about to send out calls for more gold, which will certainly not assist the general embarrassment. Internal taxes have been added to again, and some of a troublesome nature have been newly imposed. It is in fact generally understood that great as is the foreign trade of the Fatherland, importers have good reason for their complaint that exchange is scarce and hardly to be had at all, making it increasingly necessary to make use of British banking and forwarding facilities. In Berlin the money scare city found its climax, and even after that city had called home its gold, the banks were totally unable to put a reassuring face on things so as to prevent hoarding on the part of the populace, who saw no immediate prospect of anything but such as "worsening" of the situation, as would render it impossible for them to get actual money at all before long. The enforced liquidations in Berlin must have cost the Germans a good many millions of dollars in accrued profits, in the values of stocks and bonds.

In France investors in securities are to be dealt with especially hardly under the new taxation scheme.

That country is to have an enlarged military system involving greatly increased expenditures?

The Finance Minister, M. Dumont, has laid before the Senate and the Financial Commission within the last few days in his Budget, his proposals for covering the present deficit and the heavy calls for armaments in 1914. Unable to tax realty and articles of prime necessity any more, the Minister will further tax

spirits, registration deeds, and commercial paper. Two hundred million francs, roughly, (\$40,000,000) are required, which he hopes to find by taxing, in addition to the above, a number of contract deeds and warrants, including foreign securities, mines, and also electrical lamps, as well as kinematographs.

The tax on dividends is to be increased from 4 per cent. to 5 per cent., and the duty on foreign shares placed in France is to be increased from 2 to 3 per cent. There are other items directed against the French investor, all to pay for a bigger army says one of our exchanges, "people wonder why there is not universal confidence and cheerful Stock Exchanges."

The Minister states that in levying fresh taxes this year to the amount of 196,000,000f he is only following the example of England and Germany, which countries have imposed taxes on their citizens double in amount to those voted within the last ten years by the French Parliament. This is fairly accurate in regard to direct taxation, but is misleading, because it omits to take into account indirect taxation in France." He states that the French citizen could all along have economised and invested in securities the sums which British and German taxpayers have had to hand over to the Treasury. He omits, however, to state that in France the "octroi" exists in every town and every commune, and you cannot take a pound of butter or a dozen eggs from one district to another without paying a duty. In Paris the Octroi dues on certain articles are specially heavy, and these rates vary throughout France. Then there is the Custom's tariff, with its schedule of duties on foodstuffs and articles of first necessity, and the Treasury profits by the persistent rise in the price of all classes of goods.

In fact whatever might be said about German taxes which are undoubtedly heavier than those imposed in France, it is absurd to compare French internal taxation with that of England since the latter country takes practically no customs dues from its people, but gathers the whole of its actual governing revenue by direct taxation. France of course is a protected country which collects a good proportion of its revenue at its ports of entry. Great Britain itself pays heavily enough for its military and naval forces, but the numbers of men kept away from useful employment by these services is relatively small in comparison with the huge armies of men held under arms in France and Germany, and great as are the outlays upon the navies in all three countries, Great Britain's sea-borne commerce would justify an expensive naval police force as would not that of the other countries in anything like the same degree.

The Journal of Commerce and Shareholder holds no brief for militarism wherever employed