

Empire. (2) That even if this is the case, it none the less still is important for Canada to get the money, and that it would be a calamity to Canada if Great Britain were to find herself unable to continue to invest.

3. She is the source of a great influx of immigration which is peculiarly valuable to Canada, and the continuance of which is greatly to be desired.

WHERE CANADA WOULD SUFFER.

It is fairly clear that Canada would suffer greatly if anything were to happen which would affect Great Britain so as to stop her buying of Canadian products; to stop her sending capital to Canada; to stop her sending emigrants to Canada. If any or all of these were to happen soon the present Canadian prosperity would cease abruptly and hard times would ensue.

Two events can be named which would have some of these effects, and might have all three. These are:—

1. A war in which the British Empire would be unsuccessful, or even hard-pressed.
2. Any war at all—even a successful one.

A GENERAL WAR WOULD DIVERT THE FLOW OF CAPITAL.

The one certain result of war would be to divert the course of British capital from its present currents. War eats up capital. Much of the financial stringency of 1913 has been due to the distant war in the Balkans; the people there have ceased producing, have destroyed vast quantities of property, have spent money unproductively, and are attracting capital from the lending countries for replacement purposes. If Great Britain were to get into a European war which would last nine months, it has been calculated that the direct cost to her would be \$1,500,000,000; that there would be further national expenses, such as the rebuilding of warships destroyed, etc., of perhaps \$5,000,000,000; that she would in the one year lose trade to the extent of perhaps \$1,000,000,000; and that she would suffer a shrinkage in the value of securities to the extent of \$4,000,000,000.* Briefly, she would lose outright perhaps seven billion dollars and would lose in securities to the extent of four billions more. Apart from everything else, she would have all these billions less to invest abroad, more especially in Canada. That means that the flow of British capital to Canada would be arrested. In addition, the buying power of Great Britain would shrink and there would be less demand for our products.

* The Quarterly Review, October, 1910.