

war the cost of marine transport would be largely increased, owing to the advance which would take place in the charges for insurance, and the increased cost of coal and other materials; and there would be a great disturbance of the ordinary channels of trade. These influences would have the inevitable result of increasing the cost of living and throwing large numbers of workers out of employment. The question of food-supplies has a peculiar significance for the United Kingdom, in view of the fact that a large proportion of her people live in a chronic state of distress. It has been stated that over one-sixth of the inhabitants live on the verge of starvation; and it may be feared that on most of these people the burden of the increased cost of living, due to the outbreak of war, would fall with crushing effect. No doubt the evils of unemployment would be aggravated by war; factories would be closed at the collapse of credit, at the shrinkage in the export trade, and in the increased cost of production resulting from the war.

So far as the national finances are concerned, Great Britain may be said to occupy a fairly satisfactory position. In March, 1908, the public debt amounted to £754,121,000. The national debt of France at the end of 1907 was £1,233,927,000. The imperial debt of Germany on March 31, 1906, was £173,445,000; and the amount of the federal debts on the same date was £609,500,000. In the case of Germany, however, it is important to bear in mind that a large proportion of the public debt has been incurred in respect of revenue-producing undertakings, such as railways, waterways and forests. In a general consideration of the relative financial positions of the three great powers, it must not be forgotten that Great Britain is the only one which has effected a substantial reduction in the amount of its public debt in recent years.

No fair comparison can be made of the relative burdens placed upon these nations by the central administration; because, in the case of Germany, the federal states have reserved to them the principal sources of direct taxation such as the income tax and death duties. The burden of local taxation in the United Kingdom is becoming one of great magnitude. In 1904 the aggregate debt of the local authorities was placed at £446,459,000. The local debt of France at the end of 1906 reached £186,059,000; and taxation for local purposes is much lighter there than in the United Kingdom. Local taxation in Germany is considerably higher than in France, but not so high as in Great Britain. In view of all these circumstances, it may be said that, on the whole, having regard to her greater national wealth, the United Kingdom does not bear a heavier burden of imperial taxation than does either France or Germany.

It should be noted, however, that at the present time the people of Great Britain are paying a higher average income tax than that imposed during either the Crimean or South African wars. It is true that the income of the nation has increased in recent years; but it is an open question as to whether it has increased in proportion to the increase in income tax. This has risen from 11d. in the pound in 1904 to 1s. 2d. at the present time, a super-tax of 6d. in the pound for all incomes over £5,000.