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International Finance in Time of War.

THE question of financial preparation for war is one of supreme importance; and yet it may be said that in recent discussions of possible war between the United Kingdom and Germany the comparison has been made principally upon the number of dreadnoughts in the possession of each country, while little or no reference has been made to a matter equally as vital—the financial resources of these nations and the soundness and stability of their credit system.

The country which can hope to conduct a great war with the minimum of sacrifice to its people, must possess, in addition to highly organized and equipped armies and navies, a financial system which places the least possible burden upon its civil inhabitants in the way of taxation; money-markets organized on a sound basis, and banks and financial institutions able to meet all their liabilities promptly and with ease. Of course it goes without saying that above and behind all these institutions must be a population actively employed, by whose current production interest upon national loans will be met. It will be instructive to note just what position the United Kingdom occupies in these respects, because upon the power and resources of that country the destinies of Canada depend.

The wealth of the United Kingdom easily places that power in the first position, as compared with other nations; for while the wealth of the United States surpasses that of Great Britain, it is not as available for a struggle of the first magnitude; because it does not exist in as liquid a form. Moreover, it must be kept in mind that, taking the Empire as a whole, its resources are greater than those of any other state in the world. But, as far as the United Kingdom itself is concerned, a recent computation based on the lines of the estimate made by the late Sir Robert Giffen, in 1903, places the national wealth at some \$90,000,000,000; and another distinguished civil servant places it at \$100,000,000,000. This compares favorably with the estimates of about \$70,000,000,000 in the case of Germany, and \$50,000,000,000 in that of France.

With regard to the supply of food and raw material in time of war, no great power occupies such a vulnerable position as does Great Britain. More than three-fourths of the wheat consumed in that country are obtained from abroad. At times the stocks held have fallen below one month's supply. For a large number of other food stuffs, and for practically all the principal raw materials used by her manufacturers, she is equally dependent upon supplies from her colonies and foreign countries. On the outbreak of a maritime