

tains of national debt which are being comfortably carried by Great Britain, notwithstanding their century-old declarations that it was impossible." Indeed the year-old declarations of modern statisticians, of even the most pessimistic—or optimistic—of them, stretching to then incredible lengths the limits of fiscal endurance have likewise been reduced to almost antiquarian interest by sixteen months of warfare on the heroic scale.

It would seem therefore that financial exhaustion, as distinct from economic exhaustion (which means either an inability to provide the actual material goods and services necessary to carry on the war in an effective manner, or such a depletion of the resources of the non-combatant population that popular revolt will compel the Government to sue for peace) is not in itself sufficient to beat a belligerent state whose Government has a printing-press and whose people, in confident assurance of victory regard all suffering as the price which must willingly be paid for the attainment of some great national purpose. So long as a nation fighting for its life can furnish men enough, can raise enough food and raw material, can manufacture sufficient guns, munitions, and clothing, and maintain his transport facilities to keep his armies going, so long will the war last in spite of financial formulas. Failures in any of these vital points means defeat—but not by financial exhaustion. A change in national psychology, a refusal to give goods and services in exchange for credit may also bring difficulty, but this is popular revolt. The psychological factor is always extremely important. Thus far in the present conflict, however, we have had no evidence to justify the hope of such a revolution in national psychology. But to deny the all-importance of finance is not to belittle the really great part that an effective financial mobilisation may play in assisting the armies in the field, nor to forget the difficulties and the chaos which unsound financial arrangements may cause both during the struggle and in the subsequent period of readjustment. So closely knit and interdependent are the various factors, financial, military, economic, that a hitch in one sphere affects the other spheres as well: not only that, but the effect is cumulative. Thus a setback from the military point of view weakens national credit and makes it more difficult to secure finances: this hampers the country's efforts in providing its armies with food and materials; and this in turn still further increases the military difficulties. So the round begins once more, the initial influence accumulating strength at every turn. Man power, productive (or economic) power, brain power, organizing power, and money power will all contribute to the final result of the present world struggle. Anyone of the first four is vital and might in itself be the efficient cause of defeat to