

England's Pocketbook Will Win the War

Stupendous as the financial burden of the war may be, the resources of Great Britain will meet the demands made upon them.

The man who spoke was Reginald McKenna, Chancellor of the Exchequer. He leaned forward eagerly, his long student face flushed with fervor, his eyes flashed conviction. We sat in the grim gray Treasury that had echoed the words of Disraeli and Gladstone, and where the real battle of the war is being fought—the money struggle. From the street came the shrill shriek of the bagpipes as the splayed the troops on their way to the front.

I had asked the man who holds the British purse strings how long the money would last. It is the momentous question that agitates all Europe and reaches out across the seas, affects and concerns the whole United States. Human ravage can be repaired; shells are merely a matter of machines, but economic waste—what counts permanently and becomes the final arbiter of defeat or victory. Today after more than a year of bitter warfare, it is evident that industrial exhaustion will be the principal determining factor. The last silver bullet will win. To paraphrase Napoleon: "God will be on the side of the biggest purse."

At this moment innumerable difficulties beset the financial historian of this war because of the amazing scale upon which it is projected and the uncertainty of its duration. The whole economic perspective is distorted. Where formerly millions of pounds loomed large, men now speak of billions as matter of fact details. A single battle consumes as much ammunition as was expended in the whole Boer war. One year of conflict has cost Britain more than all the years of Napoleonic contest: Put the Atlantic behind you and you find a world in arms and obsessed by slaughter. No one knows when it will end; few stop to reckon the cost.

On the silent battle ground of finance is being waged that unsung fight to find the funds to feed the guns and gunners. Nowhere is this task so fraught with such far-flung significance as in England.

Why should Britain's pocketbook be such a pivotal factor in the outcome of the war? Because her own larger fate and the destiny of the Allies are bound up in it. As Britain goes, so goes her cause. She is its

fiscal agent; the financial rock upon which the whole structure of the Entente is reared. As "paymaster of Europe" her money bags must stem or lose the tide of battle. Will she hold out? Her Chancellor has told me that they will, and he sums up the situation as I find it. Let us now look at the concrete facts upon which it is based.

For nearly two months I have been in England, trying to appraise her resources. I have ranged from the Tyne to the Thames; talked with money princes of the city; with industrial captains of the Empire; with humble tradesmen and Britishers generally who are "doing their bit," whether with arms or cash. What follows therefore, is the narrative of actual fact, gained at first hand in the crucial hour of the most tremendous economic strain ever put upon civilization.

Terrific as is this strain, you find no external evidence of it in London or throughout Britain, save in the cotton-spinning districts.

Save for the darkened land at night and the omnipresent soldier, you would never realize that within sight of the white cliffs of Dover the greatest of all wars is being waged. Here is where you get the first contrast with France, where you see a nation grim with the glamor of war and with the long agony of sacrifice written on its face.

British Boys are Men To-day.

Outwardly Britain is serene. Life apparently goes on as of old. The horses are racing at Newmarket; the smart limousines are parked before the gay hotels at Brighton; they dance the one-step and the fox trot at the Savoy in London every night but Sunday. Go to the country for the sacred week end, and the sun flashes on the flannels of the cricket and the tunic of the tennis player. The country still has the desire to play and can play.

Money is abundant and cheap; labor is scarce and high. Wages have advanced from 20 to 30 per cent—in some lines even more. Even the office boy has become a member of the privileged class. Before the war the employer could hang out a sign "Respectable Lad Wanted" and take his pick at ten shillings a week. Now he cuts out the "respectable" and is glad to get any that apply at eight or nine shillings.

The boys of Britain have suddenly

become men; doing men's work and getting men's pay. This swift progressive advance will be a big factor in the readjustment after peace.

They are taking men's places. Ask your shopkeeper to send you a boy and he says, "I'll have a girl." Everywhere women have stepped up to the wig-corn and it will advance their cause better and quicker than a century of wild suffragette agitation. The word instead of depression here is the greatest era of prosperity in British working classes have ever known. They are rolling in expenditure that they never dreamed of before. The average in London of 20 to 30 per cent in the cost of living is more than offset by the extraordinary advance in wages. The miner is smoking a three-penny pipe where formerly he was content with a farthing stogie; the munition maker is eating meat three times a day, and his wife is buying a phonograph or a piano. The tragedy of all this prosperity is that so far it has been attended by any great sense of duty, by any thought of tomorrow.

Only the "luxury" trades have been cut. The professional man whose income has been cut and who has lost the benefit of the higher cost of living are the principal home economy sufferers. So far there is no pinch anywhere.

Why all this outward serenity and prosperity in a country that is bearing the financial brunt of the Allied effort and after a whole year of destructive warfare?

There are two reasons. So far as the externals are concerned, it is the British temperament. Absolutely unemotional, it does not swing into action until the clouds are lowering and the way seems dark. Second, after months of costly mistakes and the fatal following of worn-out traditions Britain has struck her stride. She has mobilized her men, her money and her resources. The shackles of inertia have fallen away. She has cut red tape and put red blood into the conduct of the war. Experience and organization are taking the place of "pull" and precedent. That is why she stands up unafraid before the high tide that will leave in its ebb the vanquished in the war of wars.

The Cost of a Modern War

When you start to estimate the cost of the war it is like "splashing a ten-league canvas with brushes of camel-hair," so stupendous are the figures. Compared with it, all other wars are as fleabites—as grapeshot to 16-inch shells.

Roughly speaking, the war for the first twelve months cost £750,000,000

or \$1,250,000,000. The estimate for the second year is £1,500,000,000, or \$7,500,000,000, a total of two years of £3,250,000,000, or \$16,250,000,000. This includes loans to the Allies and the colossal figures to everyday terms. Analyze this immense outlay (and bear in mind this is Britain's cost alone) and you find that—based on an average yearly cost of a billion dollars at the rate of £2,013 a minute, £3,000,000 a day. Such is the market quotation on human slaughter on the day this article is written!

Reducing the average daily cost so far (and it is liable to be much larger before the end of the year), to dollars, you find that it aggregates \$14,100,000. Adapting it to concrete illustrations that the American will grasp, it equals the entire public debt of Seattle or Louisville; it amounts to the value of all the assessed property in a city of the size of Springfield, Ill. With it you could build a super-dreadnought of the Arizona type and a few destroyers on the side. At this rate of daily expenditure the millions of Carnegie would be exhausted in twenty days, John D. Rockefeller would be left bankrupt at the end of a month and the combined Astor with would melt away in less time than it takes to travel from San Francisco to London.

Take the average yearly cost of £1,000,000,000, or \$4,700,000,000. In less than three years it would reproduce the whole railway network of the United States from the Cape of Hope to the Pennsylvania Station in New York City. It would wipe out the whole public debt of the United States. If all the savings banks in the United States collapsed tomorrow, it would pay all their combined deposits and leave a surplus. Looking at this vast expenditure from another angle, it means that every thirty days Britain is spending enough money to rebuild a San Francisco; in a year she could construct half a dozen Panama Canals.

These figures represent actual outlay. They are only part of the terrific toll that the war is taking of England.

Shipping is an important industry. Ordinarily it brings an annual income of £100,000,000. With one-fifth of the British tonnage in the war, the shrinkage of returns from water transport, underwriting, freightage, and allied items (most of which are commonly known as the "invisible" or unrecorded export) cuts a big hole in the British income. Then, too, Britain has lost the larger part of the

gold sum, not less than £50,000,000, that she has derived from her services as the world's banker. Foreign exchange collapsed at the outbreak of the war and it has been almost prostrate ever since.

Make a Penny Do the Work of Two

The great war loan is not to be passed lightly by. It was not only the largest political ever applied to any nation's financial wound, but in the spectacular circumstances of its underwriting and in its far-reaching human and economic effects (which will extend far beyond peace), it was easily the most dramatic financial event of the war in Britain. Never was a national appeal for funds made in such a sensational fashion; never did a whole people respond so stirringly. In a war marked by the lavish use of printer's ink this campaign touched the high-water mark of persuasive publicity. But there was a reason.

First of all, the face interest rate was made 4½ per cent, a big advance on the preceding loan. Bankers questioned the propriety of such a high rate, but the Government could not risk failure. It was made a "popular" loan in the fullest sense because it could be had in such small denominations (from five-shilling "scrip" pieces up) as to be within the reach of the humblest laborer. In short, it was a practical working out of the real democracy of finance.

For once the British method of financing forgot its dignity and its traditions and cut loose. The most fertile advertising brains in the kingdom linked their talents to the machinery of the print, and the country was inundated with every kind of appeal. If you opened your morning newspaper at breakfast, the whole front page asked you the question: "Have you subscribed to the New War Loan?" The next day you would be met by: "Have you answered the call for practical patriotism?" Not only were the London papers carrying these advertisements, but they found a medium in every town and city in the kingdom.

Britain's Soundness.

Why is Britain sound economically? Here are the main reasons: She is the richest of the belligerent nations, and much of her wealth, notably her foreign investments, is convertible into cash.

She is, in the main, free from disturbances of trade, while industrial Germany is bleeding to death internally.

More than any other country at war she has kept the machinery of foreign trade moving. She remains a "going concern." Her holds carry British goods wherever the trade winds blow. On the other hand, Ger-

many has made a bonfire of her foreign trade and her merchant marine is useless.

While Germany is utilizing all her means, England has only touched the fringe of her resources in men, money, material and food.

Save for sporadic Zeppelin raids, she has suffered no devastation, and is practically free from invasion.

There has been no hoarding of gold—no inflation. Unlike German gold, which is impotent, British gold is a live, liquid and working agent.

A very significant evidence of Britain's soundness is in the item of currency. Where Germany's huge issue of paper money is almost without real gold reserve, nearly all of Britain's £68,000,000 is "covered" by gold. The British pound notes of older issue are still convertible into gold, a condition not obtaining for similar currency in any country at war.

Despite the temporary collapse of American exchange, Britain's international financial supremacy remains unimpaired. Wherever men trade, from Bombay to Brazil, the pound sterling is the medium of exchange—still the world's financial signpost, and will remain so.

Letter To Editor

Dear Editor,—

An article appeared in the last issue of the Advance stating that the fire over the fruit and tobacco store of Messrs. Laub and Stockwell originated in the apartments occupied by J. T. Breen. This I wish to contradict—the fire by no means had its origin in our apartments.

I was sleeping, having come off the night shift and the roar of the flames attracted the attention of my wife, who called to me that the house was on fire. Immediately we rushed to the front stairs but on opening the door were driven back by the intense heat and smoke issuing from the front apartments. Next we rushed to the door leading to the back stairs, but on opening it were again driven back by heat and smoke issuing from Mr. Laub's kitchen. Having tried both doors twice our only means of exit was through the window. Fire Chief Nolan declares he is quite satisfied that fire did not start in the part of the building occupied by us. Again I wish it clearly and thoroughly understood that fire did not have its origin in our rooms. Anyone desiring further information may communicate personally or otherwise with the undersigned.

(Signed) J. T. Breen.

Timmins, Feb. 7th, 1916.

Counter Check Books

Mr. Merchant

We have now arranged with the largest firm in Canada, printing counter check books, to sell their productions in the Porcupine Camp and District. We can give you reliable work, prompt delivery and the lowest prices. Look over your stock of counter check books and cash sale pads. If you need a new supply, give us your order. It does not cost you anything, and it helps us. A telephone call will bring a representative with samples and price list. **Telephone 26.**

Porcupine Advance .. Timmins, Ont.