

protection of the country, and certain public services. But a striking illustration of national expenditure which benefits only a section of the community are those called social services.

It is even supposed by those who appear to pay least taxes and who in any case do not pay them in cash, that they are unaffected by them, and that therefore they can be indifferent to any increase of them. It is only lately that it has begun to be understood that this is not true.

High taxes mean the taking away of the capital which is needed by Industry to effect repairs, to put in new and up to date plant, and to expand and to keep it abreast of the times, and therefore to keep running in a manner which enables it to compete with the industries of other countries.

Again, there has been in some quarters a very common supposition that there is or can be created an unlimited amount of capital—that is, of money—so that if some of it is taken for social services there is still an unlimited amount available for the purposes of Industry. That is untrue.

Mr. Thomas, Mr. Snowden and others within the last 12 months have repeatedly warned the people of this country that there is no such purse from which money can be obtained.

If much is taken by Government or Local Authorities, those who desire to employ what remains will have to pay a higher price for it. If they refuse to pay the high price because they cannot earn the money necessary to pay, the money will go abroad.

Here again, there is apparently a widespread supposition that this process can be stopped, that is to say, that the money can be prevented from going abroad and can be forced into Industry at a lower rate than it would otherwise earn.

The experience of the years since the war shows clearly that actually no such process is possible. The most rigid precautions were taken by the German Government, and later by the French Government; precautions have been taken also by Italy and by Spain at various times for this very purpose of preventing capital leaving the country in order to be invested in countries where it is either considered safer or can earn a higher interest. In all cases the effort has failed.

It was pointed out by "The Statist" in 1929, that if it were desired actually to raise £250,000,000 of money for making new