

interest is the *method* by which a belligerent country raises the funds it has been necessary to spend. If we find a country following the advice of the last German Finance Minister, that, "As things are, the only method seems to be to leave the settlement of the war bill to the conclusion of peace and the time after peace has been concluded," we can usually assume that there is something wrong. For, unless invasion or some similar military cause has dislocated the economic life of a nation, failure to meet a good proportion of the war bill out of taxation has always indicated that the nation in question is either gambling wildly on quick victory or has not sufficient confidence in its Government to face the economic facts. President Wilson rightly laid stress on the necessity for meeting as much of the war costs as possible out of revenue, and this has been the policy of Great Britain for over two and a half years of hard fighting. As a former British Chancellor of the Exchequer said, "When on examination it appears that we never borrow a pound without making provision in advance by new taxation, sufficient to cover both interest and a liberal sinking fund, the foundations upon which alone national credit can be built up are exposed to view."

MEETING THE BILL.

To show that British practice has justified this boast one may take some of the figures of Britain's national accounts. The British financial year ends on 31st March, and below are given the figures of revenue actually realised for the last three financial