

ENGLAND

War between England and Germany was declared on August 4, 1914, and the day following Parliament authorized a vote of credit for \$500,000,000. To provide the sum thus authorized the Chancellor of the Exchequer proceeded to issue Treasury bills and also secured advances from the Bank of England for a total amount of \$800,000,000. These provided the necessary funds until the first war loan was made in November.

This loan, for \$1,750,000,000, consisted of 3½ per cent bonds, maturing between 1925 and 1928, issued at 95; their real yield was thus about 4 per cent. Subscriptions up to the end of the fiscal year (March 31, 1915) brought into the Treasury the sum of \$1,450,000,000. In addition to this popular loan the Treasury also sold 3 per cent five year Exchequer bonds to the amount of \$238,500,000.

In line with a time honored policy England early resorted to taxation to meet at least part of the war expenditures. As a result of old-age pensions and other social legislation on behalf of the working classes the public expenditures of England had been growing rapidly during the past ten years, and with them her tax revenues. The last budget, of May 4, 1914, had proposed new taxes amounting to about \$67,595,000 for the coming year, and these were authorized in July. But in November, 1914, additional taxation was imposed which was calculated to bring in about \$66,800,000 more to the end of the fiscal year.

But while the receipts were increased by over \$130,000,000 the expenditures had been growing at a much more rapid rate. For the first eight months of the war they were as follows: