

Summing up the financial operations of the three and a half years of war, from August 1, 1914, to December 31, 1917, we find that England's national debt has grown from \$3,538,270,550 to \$28,390,000,000, or an increase of \$24,856,725,000. But from this sum may be deducted the advances made by Great Britain to the Allies and Dominions, including a gift from India. While they may not all be recoverable they should be treated as investments in estimating the cost of the war. These amounted on September 30, 1917, to \$6,630,000,000.¹ An allowance for the next three months would bring this item up to about \$7,041,000,000 by the end of the year. Subtracting this sum from the debt created during the war there is left a net debt created by England for war purposes of about \$17,815,000,000.

These expenditures include, however, the ordinary outlays for the army and navy since April 1, 1915, which in peace times amounted to about \$400,000,000 annually. This item may be calculated at \$1,100,000,000 for the period from April 1, 1915, to December 31, 1917. If this is subtracted the net cost of the war is reduced still further to about \$16,715,000,000.

To this sum must now be added the amounts collected by additional war taxation during this period, which has amounted to not less than \$3,750,000,000. This gives the net cost to Great Britain of three years and five months of war as \$20,465,000,000, or say in round numbers, \$21,000,000,000.

¹ Speech of A. B. Law, Chancellor of the Exchequer, on Oct. 30. *Chronicle*, Nov. 3, 1917, p. 1748.