

war expenditure is pure loss. Some expenditures are simply transferred from family budgets to that of the state. Soldiers are fed, clothed, and housed at the expense of the government and the bill is paid out of taxes or loans. Other expenditures are positively productive, such as the building of railways or merchant vessels. And in the second place it is quite obvious that a partial explanation of the growing costs of the war lies in the depreciation of the money unit. Measured in dollars the expenditures are mounting steadily and rapidly. Measured in terms of services and commodities the increase is much less rapid. It has been estimated by the editor of the London *Statist*¹ that "the net cost of the war to the belligerents is about one-half of its total cost." If this generalization be accepted as correct and one-half of the direct cost be subtracted there is left as the real economic cost of the war thus far \$176,700,000,000.

But after all deductions and allowances are made, the economic cost remains an appalling one. And even this does not take into account the effects of the war on life, human vitality, economic well-being, ethics, morality, or the other phases of human relationships and activities which have been disorganized and injured.

¹ *The Statist*, Oct. 23, 1915, p. 181.