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WAR BORROWINGS.

The proceeds of Great Britain's enormous new war loan, aggregating practically six hundred million pounds sterling, will not last long. Apparently, the cost of the war to Great Britain has now gone above three million pounds per day. Mr. Asquith mentioned in the House of Commons this week that during the first seventeen days of July, the cost was fifty-four million pounds. The revenue on the present scale of taxation is about three-quarters of a million pounds per day, so that with a daily cost of the war of three millions, there is a daily drawing upon borrowed funds of two and a quarter millions sterling. At this rate, the proceeds of the new loan would last something under nine months. It may be doubted, however, whether they will last as long as that. Not only is the daily cost of the war apparently steadily increasing, but considerable sums may have to be devoted to securing the goodwill or the active assistance of sundry powers which are at present sitting (somewhat unsteadily) on the international fence. While an increased contribution towards daily expenses may be secured by the imposition of new taxation on all classes in Great Britain, the taxation would have to be heroic indeed to make any appreciable increase in the proportion of war expenses that are being settled out of hand. Happily, there is every reason to believe that the temper of the British people is to push on the war to a decisive conclusion, cost what it may. A London cable said this week:—"It should be clearly understood that England is ready to face another requisition for a thousand millions sterling next year, rather than consent to an inconclusive termination of the war." It seems likely enough that that readiness will be tested.

The extent to which the present conflict is involving the States concerned in new indebtedness may be gauged from a compilation recently made in New York of the borrowings of the belligerents to date. The borrowings on both sides reach the almost inconceivable total of fifteen billions five

hundred and forty-six millions of dollars. Great Britain, steadily following her traditional policy of supplying funds to Allies less comfortably circumstanced financially than herself, has borrowed to date a total of \$5,655,500,000; France, \$1,790,000,000, Russia \$2,630,500,000, and the other Allies \$200,000,000. The total borrowings of the Allies aggregate \$10,276,000,000, the cost of the war to date on their side being placed at \$9,200,000,000 and its daily cost at 37 millions. Enemy nations are calculated to have issued total loans of \$5,270,000,000 to date, Germany being responsible for \$3,390,000,000; Austria-Hungary for \$1,630,000,000 and Turkey for 250 millions. Their expenditure on the war to date is placed at \$4,430,000,000 and daily expenditure at 16 million dollars.

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With this pace kept up for a sufficiently long period, some of the belligerents are likely to find themselves in the Bankruptcy Court. Fortunately enemy nations seem in a fair way to arriving there easily first. Enemy finances depend in the main on Germany, and the news comes to hand that another big loan is now being prepared in Berlin, which is likely to cause a great and dangerous inflation, thanks to huge issues of inconvertible paper, now at a discount of about 14 per cent. In Great Britain, thus far, the business of financing the war has been successfully achieved without departure from sound methods and that the London bankers and leading financiers are fully awake to the desirability and even necessity of continuing to pursue the straight and narrow path is shown by their resolution presented to Mr. Asquith:—"In this national crisis expenditures, both public and private, should be rigidly curtailed, and, at the same time, new taxation should forthwith be imposed upon all classes of the people in order that when the war shall be brought to a triumphant conclusion, the nation may enter the period of restoration with its financial power impaired to the least possible extent." It is certain that only stern economy can minimise the financial havoc of the war.