

be looked for from this source to meet the direct costs of the war. Short term Exchequer bonds to a total amount of over \$1,750,000,000 were sold bearing 5 and 6 per cent interest. Two loans were floated in the United States and one in Japan. War savings and war expenditure certificates were utilized to secure the savings of small investors, and finally in January, 1917, a third war loan was floated.

This loan consisted of 5 per cent bonds, redeemable 1929-1947 and issued at 95, and 4 per cent bonds redeemable 1929-1942 issued at par, but exempt from taxation. Subscriptions amounted to \$5,001,564,750,¹ but only \$3,901,885,000 was covered into the Treasury before the end of the fiscal year. With the proceeds of this loan it was possible to retire the outstanding Treasury bills as well as to provide fresh funds for war purposes. The net borrowings of the year are shown in the following table:

BRITISH LOANS, 1916-17

Treasury bills	* \$511,355,000
4 and 5 per cent war loan, 1929-47.....	3,901,885,000
5 per cent Exchequer bonds, 1921.....	312,480,000
5 per cent Exchequer bonds, 1920.....	420,700,000
5 per cent Exchequer bonds, 1919.....	171,315,000
6 per cent Exchequer bonds, 1920.....	804,760,000
Do., Japanese issue.....	50,000,000
Ways and Means advances (net).....	988,150,000
Other debt (net).....	716,450,000
War Savings 5 year certificates.....	363,750,000
War Expenditure 2 year certificates.....	118,255,000
5½ per cent collateral loan in U. S.....	300,000,000
5½ per cent collateral loan in U. S.....	250,000,000
Total	\$8,135,940,000
Less miscellaneous repayments.....	21,865,000
Net loans.....	\$8,114,075,000

* Net amount retired.

The cost of the war during the entire fiscal year ending March 31, 1918, can not of course be given at this time, but a fairly accurate statement may be made of actual costs up to the end of the calendar year 1917. The progressive increase in war ex-

¹ Only \$110,000,000 were subscribed for in the tax free bonds.