

signed to bring in \$145,000,000, was levied on war profits. Of indirect taxes, there was a 50% increase in the existing duties on tea, tobacco, cocoa, coffee, chicory, and dried fruits; an increase of 3d per gallon on motor spirit; and a half-penny increase in the duty on sugar. Further in addition to several increases in the postal and telegraph charges, and in other minor items, a new 33 1/3% ad valorem duty was to be levied on imports of motor-cars and cycles, kinema films, clocks, watches, musical instruments, plate glass, and hats. The import duties came in for the most severe criticism, as an inexcusable surrender to Tariff Reformers in the Cabinet. As a whole the budget, though commended for its resolute avoidance of "fancy" taxes, was condemned not only as belated, but as cruel and inadequate—belated in that but a small portion of its results would be available this year, cruel because of its insufficient burdening of the rich, inadequate as an instrument for achieving its double object of enforcing private economy and meeting public expenditure. Some 150 million dollars was expected to be the yield of the new taxes in the current year,—“a tea-cupful of new taxes to be set against a bucketful of new expenditure.” But altogether Mr. Lloyd-George's and Mr. McKenna's war taxes will by the end of March, 1916, have produced a revenue of \$648,000,000. This is over 8% of the actual military expenditure, is a substantial buttress to British credit, and is more than enough to pay the interest on the war debt and provide for a sinking fund. It is, moreover, infinitely more than any of the other belligerents have dared to do in the way of meeting their war expenditure out of current taxation.

Inflation of the Currency.

It is a disputed point to what extent there has been inflation of credit and currency in England. The note issue of the Bank of England has been increased by only \$27,901,000, it is true, but the new currency notes must also be taken into consideration. These latter it will be remembered were issued as an emergency currency in the initial crisis of Aug., 1914. When the public showed a tendency to hoard gold and small currency became scarce, the joint-stock banks left the provision of the gold to the Bank of England, paying their customers in the latter's notes and advising them to cash the notes in Threadneedle Street. The £5 Bank of England notes were of course found to be of altogether too large a denomination to meet the currency famine, so the Treasury stepped in, and on Aug. 6, authorized the issue of £1 and 10s notes. No satisfactory answer has ever been given to the question why the new notes were made a Government issue rather than Bank of England paper. They were declared unrestricted