

greater coordination of the forces and resources of the Entente Powers which was ushered in by the famous Paris Conference in the Spring of 1915. Under the new division of labor, England will have provided by the end of March over \$2,400,000,000 to assist her Dominions and her Allies, especially Russia (for purchasing in England and elsewhere outside Russia), France for purchases in England), Italy, Belgium and Servia. This bill is much more than twice as heavy as that Germany has had to pay for similar services, and is enough to train, equip, and keep in the field 3,000,000 soldiers. Of course this item does not constitute dead-weight debt for England: it represents merely loans which will probably, at least in large part, be paid back some day. But for the time being at least, it is a demand which must be met out of England's present resources. In 20 months of war, therefore, John Bull has had to raise over 8½ billions of dollars; or to put it in another way he is now "shooting silver bullets" at a rate of \$15,000 a minute. How has the money been raised?

Reliance on Taxation.

Of all the belligerent nations, the United Kingdom is the only one which has been courageous enough to pay for any considerable part of the war expenditure by increased taxation. This policy was adopted from the first. In order to live up to the best traditions in British finance, to maintain British credit, to take advantage of "the time of sacrifice in nations," and to avoid overburdening the post-bellum period, always a time of crisis and criticism, and of depressed purchasing power, Lloyd-George, in his first war budget speech of Nov. 17, 1914, laid it down as the minimum requirement that increased taxation should make up for the loss of revenue due to the war and in addition pay the interest on the money borrowed for the war. Fortunately for England her ordinary revenues did not show anything like the deficiency experienced by the protective countries, Germany, Austria-Hungary, France, &c. Thanks to her free trade system, the loss in revenue was less than \$73,000,000. The scheme for increased taxation proposed by the chancellor was to be commended for its simplicity, its lack of novelty, and its capacity to produce revenue without unduly hampering trade. That the whole nation might make a substantial contribution, the duties on beer and tea were raised, the former by 7s 9d to 25s per bbl., and the latter from 5d to 8 per lb. Further that wealth might bear its fair share, the income-tax and the super-tax were to be doubled by what at that time seemed a mighty stroke. The new taxes brought in a revenue of \$127,000,000 in the last four months of 1914-15.