

anticipated. The expenditures for the coming twelve months were estimated at \$5,663,270,000 and revenue receipts were expected to yield about \$1,351,660,000, leaving the balance of \$4,311,610,000 to be met by loans.¹

The immediate needs of the Treasury were met by the sale of short term securities. Treasury bills were issued in large amounts at comparatively low rates of interest, and by June 21 the amount of bills outstanding was \$1,175,000,000. It was felt unwise further to swell the floating debt, and on this date the second war loan was announced.

This loan consisted of 4½ per cent bonds redeemable in 19 years and payable in 30 years. It was subject to taxation, was unlimited in amount, and was made available to small subscribers in denominations as low as \$25. From this loan a total of \$2,961,725,000 was received by the Treasury, of which about half represented conversions of Consols and other prewar debt.

The proceeds of this loan sufficed to meet the expenditures of the next three or four months, but war costs were mounting up beyond all expectation and it was clear that a more vigorous use of taxation would have to be made. The progressive increase of the war expenditures is shown in the following table:

WAR EXPENDITURES BY QUARTERS, 1915-16

Period	No. of Days	Per Quarter	Per Day
April 1-June 30, 1915.....	91	\$1,292,365,000	\$14,200,000
July 1-Sept. 30, 1915.....	92	2,080,120,000	22,610,000
Oct. 1-Dec. 31, 1915.....	92	2,127,100,000	23,120,000
Jan. 1-March 31, 1916.....	91	2,297,205,000	25,230,000
	366	\$7,796,790,000	\$21,302,705

Accordingly in September drastic increases were made in taxation, especially in the income and super taxes. An excess profits tax was also introduced and various additions made to indirect taxes. These proved to be even more lucrative than had been estimated and the fiscal year closed with receipts considerably

¹ Debates, Commons, Vol. 71, col. 1009.