

munition workers, transport workers, and others diverted by the war from their normal occupations would have produced if the war had not occurred. Note that it is not the goods and services that are actually used up in the war, but those which would have been forthcoming if the war-workers had remained in their peaceful employments. But for all practical purposes these may be considered equivalent in value, and it is only the money value of the former, as expressed in the direct expenditure of the Government, that we will consider. Further because of the wide margin of error involved, it has not been thought best to attempt to estimate the loss involved in the destruction of property, nor, what is perhaps the most important of all, because irrecoverable, the loss of human life.

On Nov. 10, 1915, Premier Asquith asked for a Vote of Credit for the unprecedented sum of \$1,948,000,000. This was expected to last to the middle of February, and brought the total thus voted by Parliament to considerably over 8 billion dollars. Yet certain allowances must be made before we obtain the true military expenditure. On the basis of the best figures available, this true cost of the war may be estimated at \$8,533,000,000 until the end of March, 1916. Of this total \$1,754,000,000 was spent in the financial year, 1914-15 (ending March 31st), and the remainder, or slightly over 6¾ billions, will measure the burden for the current financial year. The "remarkable progressive increase" in the cost of the war and the items responsible for the increase may best be shown by a summary of the average daily expenditures at different periods:—

	Army & Navy	External Loans	Miscellan- eous	Total
First 240 days ..... (to Mar. 31, 1915)	\$ 5.69	\$1.07	\$0.48	\$ 7.24
Next 220 days ..... (to Nov. 6, 1915)	10.38	3.87	1.13	15.38
Next 145 days ..... (to Mar. 31, 1916)	11.98	8.32	1.36	21.66

The figures are in millions of dollars. Ordinary peace expenditure on the Army and Navy (nearly \$400,000,000 annually) is of course excluded. The item "Miscellaneous" includes chiefly expenditures on food supplies and pre-moratorium bills, which are expected to be paid back to the Government, and in addition certain expenses in connection with the railways. The enormous increase in average daily cost is chiefly due to purchases of munitions, and, to loans to the Dominions and the Allies, which by the way have risen from 19% of the expenditure on the Army and Navy in the first period to about 70% at the present time. This increase in loans is one result of the