

wide collapse of credit, resulting from the fact that every great financial market was taken by surprise, and the enormous mass of current debts and obligations which were due to the larger money markets from enemy communities and non-collectible for that reason, and which therefore left the creditors without resources to meet their own maturing indebtedness at home. But all of the world's financial markets are to-day on a war footing; all have adjusted themselves to the new international relations brought about by the European conflict. Only with England and France have our own activities as an investing community been notably increased since 1914. The two-and-a-half years of blockade have reduced our market's debit and credit accounts with Germany to an absolute minimum. What Germany may have owed our markets, when the war began, she paid off by her sale of American securities to New York during the first year of hostilities. What we owed to Germany has been collected—even, so it would seem, the indebtedness incurred through previous German investment in American securities.

The emergency currencies of England and Germany (and, indeed, our own "Aldrich-Vreeland notes" of 1914) were made necessary by the lack of provision for instantaneous currency issues to meet the shortage caused by hoarding of panic-stricken citizens. Machinery for the new circulating medium had to be hastily contrived. Since November, 1914, such machinery has existed in the United States. Its facilities for note issues based on commercial paper, though of the most scientific sort, have as yet been scarcely touched; therefore, its capacity for immediate exercise is almost boundless.

As for shrinkage in foreign trade, our direct trade with Germany has long since virtually ceased to exist; even declaration of war could scarcely make it smaller. If the new supplies of capital which have come to us from the outside world for safekeeping, for mercantile credits, or for profitable use, during our period of neutrality, were in case of war to be suddenly recalled, the effect on the foreign exchanges might be noticeable. That something of the sort might happen, in the way of calling credits home, is conceivable; though even in such case, one would have to assume either apprehension of depreciated American exchange or of a perilous position of America as a belligerent.

But if a foreign merchant, banker, or investor wished to transfer such balances to another foreign money market for such a reason, where would he send them? To one of the belligerents? To Holland, always under the menace of possible invasion? To the markets of South America? The question answers itself.

BOOKS OF THE WEEK

FICTION

Hewlett, M. Thorgils. Dodd, Mead. \$1.35.
Johnston, W. "Limpy." Little, Brown. \$1.35 net.
Maniates, B. K. Our Next-Door Neighbors. Little, Brown. \$1.35 net.

MISCELLANEOUS

Carmichael, O. H. Lincoln's Gettysburg Address. Abingdon Press. 85 cents net.
Conway, R. S. The Youth of Vergil. Longmans, Green.
Fishing for Suckers. Boston: George T. Watkins. \$1.
Kunz, G. F. Rings for the Finger. Lippincott. \$6.50 net.
"Mademoiselle Miss." Boston: W. A. Butterfield. 50 cents.
Work, M. C. Auction Declarations. Winston. \$1 net.

RELIGION AND PHILOSOPHY

Hayes, D. A. John and His Writings. Methodist Book Concern. \$1.75 net.
White, W. A. The Old Order Changeth. A View of American Democracy. Milwaukee: The Young Churchman Co.

GOVERNMENT AND ECONOMICS

Mathews, J. M. Principles of American State Administration. Appleton. \$2.50 net.
Montgomery, R. H. 1917 Income Tax Procedure. Ronald Press. \$2.50.
Schwab, C. M. Succeeding with What You Have. Century. 50 cents net.

BIOGRAPHY AND HISTORY

Gibbs, P. The Battles of the Somme. Doran. \$2 net.
Hannay, D. Porfirio Diaz. Holt. \$2 net.
Lash, Z. A. Defence and Foreign Affairs. Macmillan. 50 cents.

POETRY

Fuller, H. B. Lines Long and Short. Houghton Mifflin. \$1.25 net.
Ta-shun, P. Chinese Lyrics. Scribner. \$5.

ART

Cram, R. A., Hastings, T., and Bragdon, C. Six Lectures on Architecture. University of Chicago Press. \$2 net.

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