

thrifty individual in the country. It creates, indeed, the first occasion since the later sixties, when the chance of acquiring United States Government bonds for individual investment pure and simple was the central inducement of the Government's proposal.

The present  $3\frac{1}{2}$  per cent. loan, with the accompanying pledge to advance the rate if other subsequent war loans are issued at more than  $3\frac{1}{2}$ , appeals directly to the people, who are sure to take it. Large as the total offer is, it is no larger than the sum total invested last year in European war loans and returning American securities; and those investments of 1916 were in addition to the usual provision for new financing by our home corporations and the quite unprecedentedly large advances to neutral Governments and industries.

It is a matter of easy recollection that these large requisitions on American capital, during 1916, not only occasioned no extensive liquidation of stocks and bonds already on the market, but were accompanied by a prolonged and violent upward movement on the Stock Exchange. The question, therefore, as to what effect will be produced on those markets by the pending \$2,000,000,000 loan may partly be judged by this very recent experience. The break in stocks last week can hardly be accepted as indicating exactly what the effect will be; for there were other and very different influences at work.

That prices would have acted as they did, if the statements at Washington, as to the war situation on land and sea, had been given out without the announcement of the loan, is quite conceivable. Most people have a general impression that these statements were purposely emphasized, with a primary view to convincing our people that a serious task and not a "holiday war" was before them. But the impression on the public mind was inevitably disquieting, and, whatever other good results have been attained, it was impossible that it should not have found reflection on the Stock Exchange.

Exactly how much displacement and depreciation of existing securities will occur, as a consequence purely of subscription to the war loan, will depend on two considerations. One is the extent to which the loan is eventually taken by individuals of moderate means or by prosperous business men who invest merely their accruing income. In so far as this is done, there will be no permanent burden on the money market through the tying-up of bank funds, and no necessary liquidation of older investment securities to raise cash for the loan subscription. The second consideration is the extent to which the banks employ with judgment the facilities of the Federal Reserve system.

Those facilities have thus far been hardly touched—as regards either power of increased note issue or power of sustaining individual banks' reserves through rediscount of their commercial paper holdings with the Federal Reserve banks. Even the \$450,000,000 short-term Government notes lately taken by the banks (which, incidentally, are available like cash for subscription to the war loan) caused little recourse to the Reserve banks. Permanent financing by those institutions, with a view to putting through the present war loan, is not to be considered. But the use of the Federal Reserve machinery to steady the money market position and the credit situation, while the distribution of the bonds to the ultimate investor is in progress, should be a safeguard of high importance against serious disturbance of the markets.

The final consideration is, that the loans of our Government to its allies, which are to make up \$3,000,000,000 out of the total \$5,000,000,000 authorized war credit, will cover sales by our manufacturers and producers to Europe. The profits from that immense production, and the enormous export trade which has arisen from it in the past two years, will continue.

## BOOKS OF THE WEEK

### FICTION

- Austin, M. *The Ford*. Houghton Mifflin. \$1.50 net.  
 Brady, C. T. *When the Sun Stood Still*. Revell. \$1.35 net.  
 Comstock, H. T. *The Man Thou Gavest*. Doubleday, Page. \$1.35 net.  
 Cooke, M. B. *Cinderella Jane*. Doubleday, Page.  
 Hendryx, J. B. *The Gun Brand*. Putnam. \$1.50 net.  
 London, J. Jerry. Macmillan. \$1.50 net.  
 Maher, R. A. *Gold Must Be Tried by Fire*. Macmillan. \$1.50 net.  
 Oemler, M. C. *Slippy McGee*. Century. \$1.35 net.  
 Richmond, G. S. *The Brown Study*. Doubleday, Page. \$1.25 net.  
 "Rita." *The Rubbish Heap*. Putnam. \$1.40 net.  
 Skinner, C. *Good-Morning, Rosamond!* Doubleday, Page. \$1.35 net.  
 "Taffrail." Pincher Martin, O.D. Houghton Mifflin. \$1.50 net.  
 Wherry, E. *The Wanderer on a Thousand Hills*. Lane. \$1.40 net.

### MISCELLANEOUS

- Abbott, G. *The Immigrant and the Community*. Century. \$1.50 net.  
 Bjerre, P. *The History and Practice of Psycho-Analysis*. Translated by E. N. Barrow. Badger. \$3 net.  
 Bourne, R. *Education and Living*. Century. \$1.25 net.  
 Chapman, J. C., and Rush, G. P. *The Scientific Measurement of Classroom Products*. Silver, Burdett & Co.  
 Crawford, A. W. *Hamlet, an Ideal Prince*. Badger. \$1.50 net.  
 Ferenczi, S. *Contributions to Psycho-Analysis*. Translated by E. Jones. Badger. \$3 net.  
 Fisher, L. A. *The Mystic Vision in the Grail Legend and in the Divine Comedy*. Columbia University Press. \$1.50 net.  
 Gibbs, P. *The Battles of the Somme*. London: W. Heinemann. 6s. net.  
 Hamilton, G. *Parliamentary Reminiscences and Reflections, 1868-1885*. Dutton. \$4 net.  
*Journal of the National Institute of Social Sciences*. Vol. III—January, 1917. Boston Book Co.  
*Letters from a French Hospital*. Houghton Mifflin. \$1 net.  
 Major, C. T. *How to Develop Your Personality*. Crowell. \$1 net.  
 Moore, E. *Studies in Dante*. Fourth series. Oxford University Press.  
 Morgan, J. M. *Recollections of a Rebel Reefer*. Houghton Mifflin. \$3 net.  
*Oxford University Handbook, 1917*. Oxford University Press.  
 Powell, C. L. *English Domestic Relations, 1487-1653*. Columbia University Press. \$1.50 net.  
 Sizer, J. P. *The Commercialization of Leisure*. Badger. 75 cents.  
 Symons, A. *Figures of Several Centuries*. Dutton. \$3 net.

### RELIGION AND PHILOSOPHY

- Dresser, H. W. *Handbook of the New Thought*. Putnam. \$1.25 net.  
 Wilson, H. B. *Does Christ Still Heal?* Dutton. \$1 net.

### DRAMA AND MUSIC

- Cooley, J. *The Dance of Youth*. Sherman, French. \$1.25 net.  
 Sheridan, R. B. *The School for Scandal*. Collated and edited by H. H. Webster. Houghton Mifflin. 55 cents net.

### ART

- Berenson, B. *The Study and Criticism of Italian Art*. Third Series. Macmillan. \$3.25 each.

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## Summary of the News

A CERTAIN tendency towards panic, rapidly overcome and converted into a wholesome realization of the seriousness of the nation's task, was observable in Washington last week, and thence spread through the country. Two causes contributed to the state of mind: First, reports from Washington of the insistence by members of the French and British missions on the need for American troops at the front as soon as they can be got ready; secondly, the increased toll of shipping taken by submarines of the enemy.

THE question of sending a small force to France in the immediate future is still under debate, and there is no certainty as to the views entertained by the authorities in Washington, except that the General Staff is said, on general principles, to be opposed to it. Last week's rather sensational reports as to the attitude of the French and British Missions may probably be boiled down to this: that Marshal Joffre approves, even urges, the plan, and that his views are endorsed by the British Mission. The tone of some Washington dispatches would appear unwittingly to have done a certain injustice in representing the views of the two Missions, the members of which have adhered scrupulously to their expressed purpose of informing rather than recommending. The question of the immediate dispatch of troops, it is felt, really hinges on whether the tonnage can be spared for their transport. It was announced on Monday, however, that nine regiments of engineers would go forward for railway work along the lines of communication at the "earliest possible moment." Details of Col. Roosevelt's volunteer scheme were published in Monday's papers.

STATEMENTS as to the situation produced by increased activity of German submarines have been various and sensational. Secretary Lane's statement on May 2 that 400,000 tons of shipping had been destroyed in the past week was afterwards admitted to have been exaggerated, and possibly Admiral Lord Beresford's characterization of recent losses as "appalling" gave a more alarmist impression than was necessary. The situation is, however, sufficiently disquieting, even though Lord Northcliffe and Lord Curzon both assured us last week that the U-boat campaign was bound to fail. Of that few people entertain any doubts. The point which is emphasized by recent returns is that every day that it succeeds the more serious becomes the question of supplies for our allies. The British official announcement for the week ended April 29 showed that thirty-eight merchant vessels of more and thirteen of less than 1,600 tons were sunk. Arrivals of all nationalities of over 100 tons were 2,716; sailings, 2,690.

INCLUDED in recent losses by U-boats have been two British transports, the Ballarat, carrying Australian troops, all of whom were saved, and the Arcadian, from which 277 officers and men and two civilians were lost. The American steamship Rockingham was torpedoed on May 1, two lives being lost. Twenty-three men all told, including the officer commanding and some members of the naval gun crew, were lost as a result of the torpedoing of the American tanker Vacuum on April 28.

TRANSFERENCE of the Government from a peace to a war body appears to be proceeding satisfactorily. An exception to that statement must be made in the case of the Espionage bill, the objectionable clause in which was rushed through the House in a slightly changed form on Friday of last week, after it had been decisively defeated and many members had departed thinking the matter at an end. It is hoped that the emendations which should have been made by the House will now be undertaken by the Senate. An important section of the bill, on which the Administration is insistent, but which has aroused hot debate in the Senate, is that conferring powers on the President to declare an embargo on American exports to neutral countries contiguous to Germany.

THE Draft bill is still in the stage of conference; meanwhile all preparations are made for the application of the measure within a short time after it shall have become law. The "Liberty Loan" of \$2,000,000,000 was offered for subscription last week, and will remain open until June 15. Present indications are that the loan will be largely over-subscribed. Loans of \$100,000,000 have been made to Italy and to France. The fiscal agency for the various loans to the Allies, it is understood, will be taken over by the Government itself. Plans in connection with the project of building the new wooden ships appear to be proceeding smoothly, the enrolment of 15,000 skilled shipbuilders having been announced. Some of the confiscated German ships are said to be already fit for use, and the entire fleet will be in operation within the next five months. A drastic bill was recommended to the House Agriculture Committee on May 3 giving the President absolute authority to regulate the production, distribution, and prices of food and other necessities during the war. Canada is expected to coöperate with the United States in food regulations.

NEW YORK this week extends an official welcome to both the French and the British Missions. Last week, while M. Viviani and Marshal Joffre were receiving enthusiastic greetings in Chicago and the Middle West, the House of Representatives, for the first time in its history, was listening to and warmly applauding an address by a British statesman, Mr. Balfour, the President of the United States being an interested auditor in the Executive Gallery. Earlier in the week M. Viviani and Marshal Joffre had similarly been the guests of the Senate and of the House. The personnel of the British Mission was augmented by the arrival on Friday of last week of a Committee on Labor and Munitions. A formal conference was held last Saturday of officials of the War Department and members of the British Mission.

MUCH has been heard from Germany in the past ten days of internal reform and possible terms of peace, but the world at large seems to display a tendency to regard these reports as Greek gifts, an expression to which the Kaiser's brother-in-law has given renewed significance. From reports which have leaked through the censorship, or which the censorship has allowed to escape, it would appear that the Chancellor is again the storm-centre. His expected and much-advertised address on Germany's terms of peace has been postponed from occasion to occasion, while the

Pan-Germans and Conservatives roar openly for annexation and disavowal of the Socialists, and the Constitution Committee of the Reichstag adopts solemn resolutions proposing to restrict the authority of the Emperor and make the Chancellor responsible to Parliament.

RUSSIA passed through an acute crisis last week, and one may hope that the Government has successfully surmounted it. The trouble seems to have come as an aftermath of the celebrations of May Day, when bombs were thrown in Petrograd and a general killed. The incident was severely reprobated by the Executive Committee of the Workmen's and Soldiers' Delegates, but the general excitement led to street riots and parades, in which the resignation of the Provisional Government, and particularly of Foreign Minister Milyukov, was demanded. The ostensible reason for the demand was the note sent on May 1 to the Allied Governments assuring them that the revolution would afford no pretext for any slackening on the part of Russia in the common struggle. The grievance was that the Committee of Workmen's and Soldiers' Delegates had not been consulted in the matter of the note, and they professed to fear that the Government in sending it had committed the country to a blindfold prosecution of the war not in accordance with the non-aggressive aims of the new social order. The Government took a firm stand, declaring that it would resign rather than recall the note, and Professor Milyukov courageously harangued the demonstrators, apparently persuading them to his view. Subsequently the Council of Workmen's and Soldiers' Delegates adopted a vote of confidence in the Government by a small majority, and it was announced that the Duma would be convoked in extraordinary session immediately.

NO let-up is observable in the British and French offensives on the west front, although intensified German resistance has made progress slower. East and southeast of Arras the British, on May 3, launched a fourth powerful blow against the Hindenburg line west of Créant, capturing a number of strong positions. From some of these they were later driven back, but by Monday they had regained ground lost in the German counter-attack and had again reached Bullecourt. The French commenced an attack on the front north of the Aisne River on May 5, and were successful in clearing of the enemy all but a small section of the Chemin des Dames, the twenty-mile high road running along the ridge north of the river. Several new German divisions were thrown into the counter-attack, but all the ground gained was held, the French capturing in the two days' battle more than 6,000 prisoners. In Mesopotamia Gen. Maude, under date of May 2, reported a victory over the Thirteenth Turkish Army Corps on both banks of the Shatt-el-Adham, the Turks being pursued into the Jebel Hamrin hills.

MR. LLOYD GEORGE'S statement on the Home Rule question has again been postponed until this week. Mr. Bonar Law, Chancellor of the Exchequer, introduced the budget into the House of Commons on May 2. It carries in total estimates £2,290,381,000. A remarkable feature of Britain's financing of the war, which was emphasized by the Chancellor, is the fact that 26 per cent. of the whole expenditure is paid out of revenue.