

THE FIELD OF ART

MR. CHARLES M. PRATT'S GIFT TO
VASSAR COLLEGE

This collection was brought together by Dr. Oswald Sirén, and the attributions are for the most part his.

IT is no longer good form in teaching the history and criticism of painting merely to inform one's students by lectures delivered *ex cathedra* and supplemented by oc-

means for reproducing the effect of the original paintings, but, good as they may be, even photographs fail to recreate the impression which the artist wishes to convey through the agency of his pigments. Painting, as the word implies, is that form of intellectual intercommunication which depends for its effect primarily upon color. Drawing, composition, yea, many other ele-



Madonna, Child, and Saint John. By Giannicola Manni.

casional references to some tidy but meagrely and poorly illustrated handbook. It is also becoming somewhat antiquated to aim at instruction in art only through the medium of lectures, complementary reading, and a concomitant study of specified photographs. No one, of course, questions that the latter are infinitely superior to the illustrations of the ordinary handbook as a

ments, obviously contribute to the effect sought by the artist, but with its color omitted his work is shorn of its crowning glory.

For this reason those institutions which are so happily situated that they can send their students to museums for personal examination of originals have been quick to see that direct contact with paintings is

much more instructive than discourses, be they never so learned, about these paintings. Excellent as this practice has proved to be, better results have obtained, owing to a certain inertia inherent in most students, when, as at Harvard and Yale, the colleges can form their own collections and have them instantly available. Then, at once, and without difficulty, the lectures, with their adjunct slides, photographs, and supplementary reading, can be reinforced by direct reference to original works of art.

Since there are but few institutions able to give instruction in this ideal fashion, Vassar has reason to plume itself because of its recent acquisition of fourteen fine Italian paintings which have been wisely selected with a view to their instructional value for the history and criticism of Italian art. The pictures represent most of the important schools of painting in the peninsula and include both primitive works as well as those created in the later days of the Renaissance. For this notable gift the college is indebted to the thoughtful generosity of Charles M. Pratt.

Five pictures belong to the Venetian school. The earliest is a panel showing against a golden ground a half-length figure of the Baptist. While unsigned, the painting is a fine example of the style of Bartolommeo Vivarini, whose dry handling cleaves more closely to the Byzantine tradition than does that of his younger contemporary, Alvise. The searching drawing is Bartolommeo's, and even the position of the right arm reappears in another Baptist painted by him and now in the Frari. In the Vassar panel the artist, as usual, tempers Byzantine asceticism with a gentle meditative quality. His color scheme is a delicate harmony of mellow brown, dove gray, rich green, and dull gold. Repainting is visible only where the mantle shows above and below the left arm. The panel comes from the Earl Grimthorpe collection.

Tintoretto's portrait of a procurator, like Vivarini's Baptist, is an unsigned work. But since the artist more often than not left his pictures unsigned, there is no reason for doubting the authorship because the signature is lacking. In fact the head is painted with the same breadth observable in the artist's own full-front portrait by himself, and the robe, which is a softly glinting brown velvet, is executed with Tin-

toretto's usual skill in realizing surface effects. The awkwardly painted right hand is the same as that in the artist's likeness of Superantio (Academy, Venice), and the peculiarly puffy, triangular ear is repeated many times in his works. Our picture was formerly in the Arthur Hughes collection.

The decorative style of the generation following Titian and Tintoretto is represented by a work in the manner of Andrea Meldolla, commonly known as Il Schiavone. The canvas, over ten feet in length, exhibits the Arts and Sciences grouped entirely from the decorative point of view. Conceived in the spirit of Raphael's "Parnassus," it is much finer than Schiavone's picture of the latter subject now in Munich. The soft colors pleasantly suggest a time-softened tapestry and the painting most satisfactorily fulfils its function as a mural decoration.

Later yet in time comes a view of some public square in Venice—executed probably by Marieschi. The picture is a good illustration of the outdoor painting which became so popular in the city of the lagoons toward the close of the Renaissance. It belongs to the period when men like Guardi and Canaletto, with whose name our picture has been associated, were satisfying a decadent taste which found its pleasure in correctly drawn topographic pictures of streets and canals rather than in the imaginative works of Giorgione, Titian, and Tintoretto.

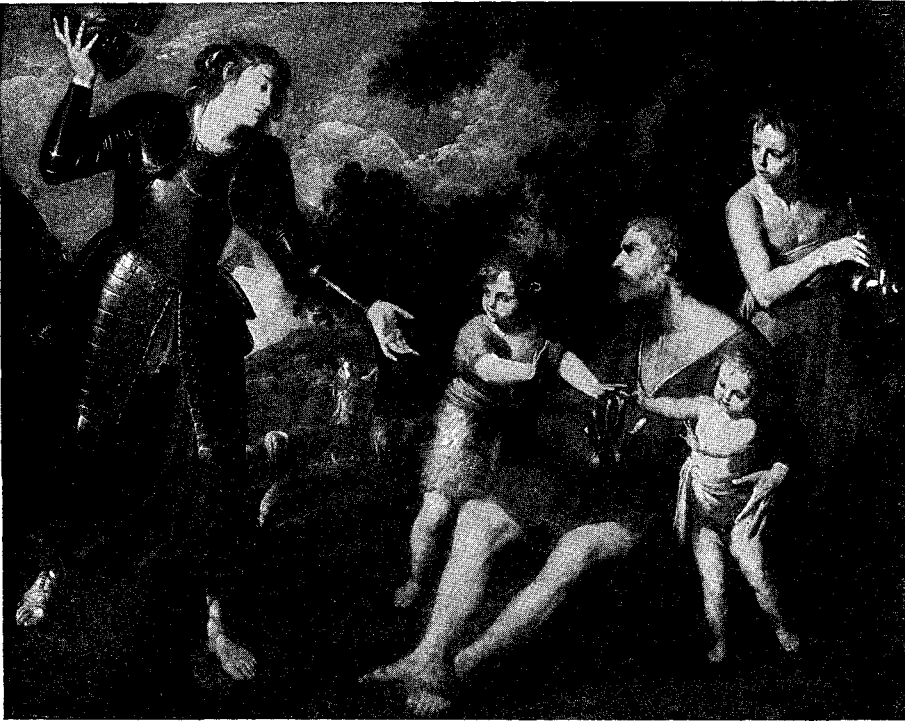
To the Florentine group belongs a pair of interesting *cassone* panels illustrating the wanderings of Ulysses, and with an almost primitive naïvete showing several episodes in each picture. On one panel, for example, is seen the flaming city of Troy, the ships of the departing Greeks, the wrecked vessel of Ajax, and the blasted form of the hero. In the sky is a diminutive figure of Athena, below on the shore the sea-god Neptune. These details are but incidents. The chief interest resides in the prostrate Polyphemus who obligingly reclines in order that Ulysses and his companions may the more easily blind him with the tree-trunk which they have pointed and hardened in a nearby fire. Not far away the Greeks make their escape from the Cyclops's cave by clinging to the bellies of the sheep, while at the extreme right the blinded giant strides into the sea to cast a huge rock after the fleeing heroes.

The artist who painted these pictures is a member of the school of Antonio Pollaiuolo. He betrays the same interest in the nude as does the head of the school but lacks the latter's power to depict ferocious strength.

Also of the Florentine school is an attractive "Nativity," which formerly formed a part of the collections of Lady Theodora

male type found in Domenico Ghirlandajo's "Adoration of the Shepherds" in Florence.

The last member of the Florentine group is a "Baptism of Christ," originally in the Wynn Ellis collection, which exhibits certain distinctive features peculiar to the style of Bacchiacca as it is displayed in the "Descent from the Cross" in the Seminario Patriarcale in Venice. A landscape similar



Erminia and the Shepherds. By Mattia Preti.

Guest and the Marquis of Westminster. The picture was exhibited years ago at the Manchester Gallery as a work of Lorenzo di Credi, but one finds it difficult to understand how such an attribution could have been made. In certain details the panel brings to mind an "Adoration of the Magi," by Bartolommeo di Giovanni, in the National Gallery, London. The latter, however, is inferior to the Vassar picture in the charm of its landscape. A spirit of eclecticism broods over the work, betraying in the figure of Mary the hand of an artist not a stranger to the style of Botticelli, and in the figure of Joseph, with his coarse, gnarled hands, the drawing of one familiar with the

to that in the Vassar picture appears in the "Adoration of the Magi" in the Crespi Gallery, Milan, and in the "Preaching of John the Baptist" in Budapest. Both are by Bacchiacca.

The little panel showing Mary, the Child, and two diminutive saints is by Fiorenzo di Lorenzo of the Umbro-Florentine school. The artist has drawn the retreating hair above the temples of the infant Jesus just as he did on the Christ Child who is carried by Saint Christopher in the "Crucifixion with Saints Jerome and Christopher" in the Villa Borghese, Rome, and has placed Mary's right hand in almost the same position that it takes in the "Madonna and

Child in a Garland," Perugia. The movement of the left hand is repeated in the "Marriage of Saint Catherine," also in Perugia, while the brocade, seen in the hanging of the Vassar picture, is introduced in the dress of the "Madonna of Mercy," Montone, and in the "Virgin and Child with Saints Christopher and Sebastian" of the Städel Institut, Frankfurt-on-Main. The influence of Benozzo Gozzoli, by whom Fiorenzo was affected, shows itself in the winsomeness of Mary and the Child in the picture at Vassar.

A splendid example of the Umbrian school, as it is illustrated in the work of Perugino and his immediate followers, is the *tondo* showing the lovely Madonna and Child with the little Saint John. The picture is so strongly tinged by the style of Perugino that perforce one must seek its author among the artists who were most indebted to that painter. The only possible reason which might be adduced for doubting the attribution of this panel to Giannicolo Manni would be the fact that the picture is not so saturated with Perugino's well-known affectations as are most of Manni's works.

To the Sienese school belongs an exquisitely beautiful Madonna and Child with four small adorants painted in the style of Bartolo di Fredi, who, in this excellent work, still retains the gentle beauty which Duccio bequeathed to Sienese art.

Padua contributes to the collection a late fifteenth-century triptych representing three saints—Francis, Jerome (?), and Anthony. The gaunt, ascetic types, which later

evolved into the austere vigorous forms drawn by Mantegna, here still keep in touch with the older, mediæval tradition. The predominating color effect of the panel is that of a cool, low tone.

The last picture in this notable gift—a large canvas from the collection of Martin Colnaghi—represents Erminia's visit to

the shepherds, as it is related in Tasso's "Gerusalemme Liberata." It is painted in the sombre blacks affected at times by the Spanish school and its Roman and south Italian followers. The name which naturally springs to one's lips in connection with this work is Ribera's, who, as we know, was fond of painting in this gloomy key. Even the brilliant chiaroscuro suggests this artist's hand, but with Ribera's passion lacking it is safer to attribute the picture to Mattia Preti.

In a discussion of the character of the foregoing one is

apt, in searching for authorship, to lose sight of the more important but often forgotten fact that pictures, being things of beauty, ought to be appraised at their face value. An artist's name, after all, is only a label with which critics may conjure. Its absence should in no wise militate against one's appreciation of a picture, because the worth of the painting lies not in the label but in the pleasure the picture itself elicits.

From this point of view Mr. Pratt's fine gift is indeed a thing of beauty. From the contemplation of it one carries away an awakened sense of the dignity of splendid color created by the Italian schools of painting.

OLIVER S. TONKS.



Madonna and Child. By Fiorenzo di Lorenzo.



THE FINANCIAL SITUATION

THE SURRENDER OF GERMANY

BY ALEXANDER DANA NOYES

MANY of us whose personal reminiscences do not run back as far as the Civil War have often wondered just what it must have meant to be alive on April 10, 1865, when the bells were

**The News
of Victory**

being rung to celebrate Lee's surrender, when the newspapers were headed "Victory, Union, Peace," and when Northern citizens dropped business by common consent to assemble in the churches and public halls. Some of us have wished that we might have been present when all the houses in London were illuminated after the arrival on June 20, 1815, of the mud-spattered messenger who had ridden hard from Brussels to Ostend, crossed as the single passenger of a packet-ship, and hurried by relay of horses from Colchester to London.

During the past four years, all of us have sometimes vaguely imagined whether, supposing we had the choice, we should choose to be at the Brandenburger Thor "when the Allied armies march down Unter den Linden," or on the Champs-Élysées when the French troops reach home by way of the Arc de Triomphe, or at the Grand Place in Brussels when King Albert and his Belgians re-enter the capital. The present war (as is always apt to be the case with such expectations) is approaching its end under somewhat different circumstances from those which had been pictured beforehand. Following an unexpectedly sudden turn of events, the King of the Belgians had been welcomed home by Ostend and Bruges in advance even of an armistice, and the parade through the streets of Berlin is not now one of the probabilities. It is, however, the very magnitude of the victory which is occasioning these changes from the

more picturesquely dramatic incidents that marked the termination of other wars. Even the financial markets have been stirred more profoundly than they were in either 1865 or 1815.

THE attitude in which the Allied public on the one hand, and the Stock Exchanges on the other, received the first overtures of the German Government toward military and political surrender was in each case characteristic. Each threw light on the nature of a situation which was in some respects without a parallel in modern history. Public opinion—especially when Berlin first "accepted the programme set forth by the President of the United States," and when President Wilson asked in reply whether Germany meant that it "accepts the terms" and wishes "only to agree upon the practical details of their application"—was certainly governed by distrust of Germany's good faith.

With the evidence which soon accumulated that Germany was not only in earnest but desperately anxious for peace on any terms, the popular attitude of suspicion changed to one of astonishment. The President had demanded, as preliminary to any discussion of an armistice, that the Central Powers "immediately . . . withdraw their forces everywhere from invaded territory." Three days later the German Foreign Secretary, after replying that the President's general terms of peace were unqualifiedly accepted, declared that Germany was "ready to comply with the proposition of the President regarding evacuation."

**Conditions
of the
Armistice**

When to this Mr. Wilson rejoined

that conditions of an armistice "must be left to the judgment and advice of the military advisers" of the Allies, that such armistice must "provide absolutely satisfactory safeguards and guarantees of the maintenance of the present military supremacy" of the Allied armies, and that no armistice would be considered "so long as the armed forces of Germany continue the illegal and inhumane practices which they persist in," the Berlin Foreign Office again answered meekly. Germany, it explained, had assumed that conditions "should be left to the judgment of the military advisers," the guarantees to be prescribed by them. Only, it hoped that the President "will approve of no demand which would be irreconcilable with the honor of the German people." As for violation of the rules of war, the German Government "protests against the reproach," but has given "the most strict instruction" and "has caused orders to be despatched" to stop them.

On top of all, the President had on October 23 declared, "without any attempt to soften what may seem to be harsh words, that the nations of the world do not and cannot trust the word of those who have hitherto been the masters of German policy." If it is with them that the United States is expected to deal, then "it must demand, not peace negotiations, but surrender." Here is laid down a condition almost unparalleled in history, certainly unprecedented in the case of a state whose armies were not crushed or whose territory invaded: the virtual deposition of the reigning sovereign. Yet from Berlin, four days later, comes the mild response that Germany's constitution is being reformed; that it is now "a People's Government" to which "the military powers are also subject," and that "the German Government now awaits proposals for an armistice." Apparently the one anxiety of that government was lest it might not be permitted to surrender at once.

THIS amazing correspondence—changed within the compass of three weeks, or hardly any longer time than was occupied in arranging the proto-

col of peace in our Spanish War—invariably left the mind of the Allied peoples in bewilderment. Only three conceivable explanations could be imagined for such humble submission, such readiness to stomach conditions not hitherto prescribed except to a prostrate and ruined foe. Either Germany's military commanders must have reported that complete disaster was unavoidable unless a quick arrangement were made with the enemy; or else the government itself must be immediately confronted with revolution of the Russian sort; or else the fear of retaliation in kind, on Germany's towns and people by the enemy army, must have driven her rulers into desperation.

Very possibly these alternative theories will remain a matter of historical controversy. Military critics, even on the Allied side, agreed pretty generally that the German army was not yet crushed and that a "greater Sedan" was not possible; though all of them predicted complete defeat next year when the full American reinforcement should be in line, and though one of the best-known English critics laid stress on the supposition that production of war material in Germany was breaking down. Political experts, while conceding the outside world's ignorance of real conditions within the German Empire, and while admitting that social collapse of any sort was possible in Austria, had insisted on the improbability of a Bolshevik Germany.

The suggestion that dread of the *lex talionis* was the underlying motive appealed on different grounds. It was at least not unreasonable to assume that the German people, trained as we now know them to have been in belief that what other nations called "atrocities" was the proper way of making war, were looking with consternation toward the hour when Foch's armies should cross the frontier. With such an education back of them, and with the panicky feelings arising from it emphasized by a guilty conscience, the people in Germany who applauded the crushing of Belgium and the ruin of northern France may have made their voice heard at Berlin.

Why Germany Had to Surrender

(Continued on page 52, following)

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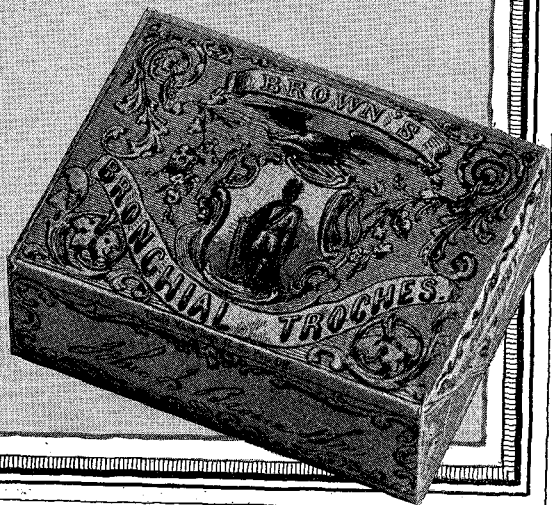
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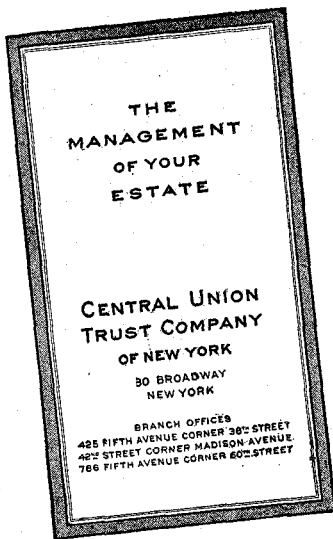


THE progress of events may settle this extraordinary question. But in the meantime, it is impossible to doubt that the world has just been witnessing a kind of downfall for a famous and arrogant military power, such as past history wholly fails to record. The Kaiser's share in the reckoning only adds one touch of color to the picture. The first Napoleon disappeared from European history in an atmosphere of dignity and tragedy. Our own South laid down its arms when resistance was no longer physically possible. The French people of 1871 fought with their back to the wall, long after both of their armies and nearly all of their war

material had been captured. But Germany's surrender, offered as it was, and with its armies still on the enemy's territory, will stand by itself in military and political history.

Whatever history's ultimate verdict may be on the episode, the present verdict of the outside world is in no doubt whatever. It is, that for a government which began the war without provocation, and which conducted it without regard for the laws of honor or common morality, to confront defeat only with an abject appeal for mercy, is quite in character. Such judgments are harsh; but the whole episode of the European war must be judged accordingly.

Financial Situation, continued on page 54



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BONDS - SHORT TERM NOTES - ACCEPTANCES

EXCEPT for its rather evident bearing on the plan for a League of Nations, it is not yet at all clear how the incidents of the surrender of Germany will affect the general European situation of the future. The immense political changes which are apparently ahead of us in Europe—a greater and independent Poland, a Turkey expelled to Asia, the Austrian Empire disintegrating with its Emperor's consent—have now fairly superseded in popular interest the long-discussed problem of the coming economic changes. I have already pointed out that the Stock Exchanges of October did not take the doubtful and sceptical view of the early German overtures which was prevalent in the community at large.

In the sweep of these tremendous events, the course of financial markets at once became a focus of interest—not because of the question of speculative gain or loss as a result of the European news, but for two far more important reasons. At any such juncture in the military, political, and economic

**Response
of the
Stock Ex-
changes**

fortunes of the belligerent states, it is the well-known double office of a Stock Exchange, first to pass judgment on the meaning of actual or impending events; second, to foreshadow the economic character of the aftermath of peace. In a historic climax of such supreme importance it seemed that even the restrictions placed on speculation by the governments, during this present war, would be swept aside.

On the London and Paris markets this did not happen. It is true that the old British consols rose 3 or 4 points in the week or two following Bulgaria's surrender on September 20, some of the British war loans advancing 1 per cent. But the market for other securities moved very little, and at Paris the stock-market did not move at all. On the New York Stock Exchange the news of Bulgaria's capitulation and of Germany's first appeal for peace was greeted at first by extremely conflicting movements. During one full week, shares of companies holding extensive war contracts declined 3 to 9 per cent while, in the face of that decline, shares of equally important enterprises, not primarily concerned with producing war material, advanced 3 to 12 per cent. Here was an obvious effort, though undoubtedly on narrow lines, to discriminate as to after-effects.

But the discrimination did not last. Another week or two, with the multiplying signs of Germany's military collapse and political submission, and an excited rise was under way in prices for every kind of stocks; running to 5 and 10 per cent in both railway and industrial shares, with transactions of unusual magnitude. The bond-market followed suit; in the three weeks following Germany's note of October 6, advances of 2 to 8 per cent occurred in standard investment securities of that class; though it should be remarked that even after that recovery they still as a rule remained 10 per cent or thereabouts

below the prices of July 30, 1914. As might have been expected, the short-term bonds which the French and English Governments had placed in our market during 1915 and 1916 rose rapidly. Compared with the period of the "German offensive" six months before, their prices at the end of October showed such gains as 7 per cent for the "Anglo-French 5's," 9 per cent for French Government 5½'s, and 17 per cent for City of Paris 6's.

Not least of all as a sign of financial sentiment, our own outstanding 4 and 4¼ per cent war bonds rose 2 per cent, in face of the immediately impending issue of another \$6,000,000,000 loan, and continued throughout the extraordinary achievement of an oversubscription of this huge sum by \$866,000,000. Indeed, the really impressive consideration in the New York market arose from the fact that this great advance occurred at a time when conservative banking and governmental influence was powerfully applied to prevent any Stock Exchange activity at all.

HAD prices on the German stock exchanges been quoted daily in the cables, as they used to be and as French and English prices are quoted to-day, the reports would have been scanned by Wall Street with the closest interest. The German Government, however, has prohibited publication of such prices ever since 1914. It was known in a general way from the German newspapers that the Berlin stock-market had risen substantially in 1915 and 1916, had fallen for a time when the United States declared war in 1917, but had presently passed into another violent and prolonged advance. How far this last-named movement resulted from the inflated German currency, how far from the glowing hopes aroused by the "Ludendorff offensive," how far from the illusion, not abandoned even last summer in the speeches by statesmen of the Tirpitz school, that a huge war indemnity was still sure to be somehow extorted from the Entente Allies, it is impossible to say.

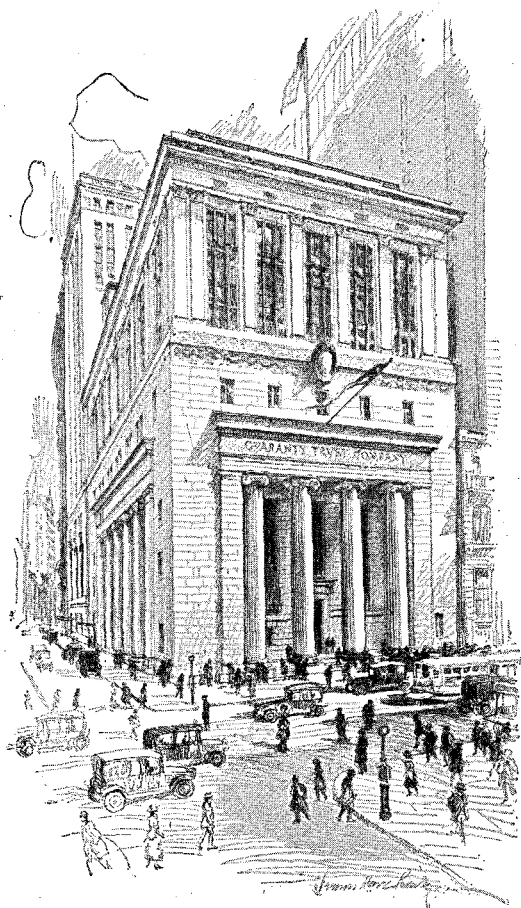
**Collapse of
the Berlin
Market**

What we do know is that the whole stock-market was rising at Berlin when the German retreat was fully under way, and that, very shortly before the news from Palestine and Bulgaria, not only shares of "war-order companies" but shares of ocean steamship lines which had lost their foreign trade, their foreign docks, and their steamers interned in foreign ports, were selling in some cases at double the prices of July, 1914. It was on such a market that Bulgaria's surrender threw a white light of disillusion. The sequel on the market was described by the chief financial newspaper of Berlin as "a reminder of what happened at the outbreak of the war." Such sudden collapse in prices had been "seldom experienced in the whole history of the Berlin Stock Exchange." With speculative holders and actual investors anxiously trying to realize on their stocks, outside capital was absolutely with-

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drawn from the market. On one day prices of numerous stocks fell 30 to 80 per cent.

In this contrasting action by the markets of the Allied countries and by those of Germany (whose course was followed closely at Vienna and Buda-Pesth) there was nothing unusual or surprising. Regarded purely as response to victory and response to defeat, it was in line with experience. But since these markets were bound in some degree at least to reflect not only popular sentiment over the war news but financial expectation of the future, it should be interesting to inquire what New York, or London, or Paris, or Berlin had reason to expect as the sequel to a surrender by Germany.

It is impossible to doubt that victory or defeat in a great war, taken quite by itself, has its influence, and at times a very powerful influence, on the future economic fortunes of a state. How great that influence will be depends on the circumstances of the case—on the character of the war, on the issues won or lost by it, on the nature of the peace which terminates it, on the political and economic changes brought about by the terms of peace. The part which was taken by the results of the Seven Years' War of a century and a half ago in launching England on her colonial career, and by the defeat of Napoleon in promoting her financial and industrial primacy, is familiar history. Exactly what social or political conditions will prevail after this war, in the world as a whole, is a matter of controversy. But, waiving the very remote possibility of a complete change of existing principles and institutions, there is no possible doubt as to which nation will be raised to the pinnacle of economic and political prestige by the circumstances under which the war will have been terminated.

EVEN with the wide divergence of modern politics and finance from that of the eighteenth and nineteenth centuries, it is difficult to imagine that all the prestige acquired by the British Empire at those two historic junctures can match the similar prestige with which the United States will emerge from this war. The achievements of the American army at the hour when, as is now frankly admitted by European military critics, the fortunes of war hung at an even balance; the immense display of physical resource with which our country swept away in behalf of its Allies the embargo on shipping, the threatened famine, and the menace of financial collapse; the spectacle of a President of the United States laying down terms to the German Emperor and the Austrian Government with an authority which neither Metternich nor Bismarck was able to assert—all this necessarily foreshadowed something very remarkable in our country's international position after the war.

It is not strange, then, that even governmental restriction failed to hold back the American

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loaned in the best grain-growing sections of
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WELLS-DICKEY COMPANY
ESTABLISHED 1878
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Financial Situation, continued from page 56

stock-market from its expression of enthusiasm. England's position will be powerfully fortified by the outcome of the war into which she entered in defense of international faith and treaty rights, and in which the spontaneous action of her colonies gave convincing evidence of the British Empire's political soundness. France will not only have disposed of all doubts which existed five years ago over the question whether hers was a progressive or decadent people, but the outcome of the war will also have removed the overshadowing question whether France was not destined to be destroyed politically by a malicious neighbor. But the result in neither of these states can possibly measure up, from the viewpoint of the change in international position, to what has happened with America.

The effect of a great war on the future fortunes of defeated states is governed by the circumstances of the case, even more powerfully than is its effect on the victors. There are instances, such as Austria's overthrow by Frederick and Prussia's by Napoleon, in which a whole nation appeared to have been crushed. But Spain, for instance, was not actually hurt at all by her defeat of 1898. Her position may even be said to have improved by it, because she had long been pursuing a fallacious and costly policy both in Cuba and the Philippines, and because, in place of the exhausting drain to which her administration of both colonies had subjected her finances, she received \$20,000,000 gold from the United States Government for her surrender of them. The Transvaal's economic condition after its defeat in 1902, when intelligent and progressive British administration of the colony replaced the archaic absolutism of Kruger, was stronger than ever before in its history.

Even in France after 1815 and 1871, the rapidity with which industry and finance recovered from the two great military débâcles is in many respects one of the most striking chapters of economic history. In January, 1876, five years after the imposition of the crushing \$1,000,000,000 war indemnity by Prussia, a London reviewer of European finance wrote that "France still holds on to her large stock of treasure, refusing to resume the payment of specie." But in January of 1879, only three years later, the same reviewer wrote that "the French have made large investments in British Treasury bills," and the most reassuring belief expressed regarding London was that, "by a steady improvement in our trade, our debt to France will be discharged." That is to say, the lapse of less than a decade had converted France from a seemingly hopeless debtor nation to an international creditor.

WHAT, then, of Germany after 1918 or 1919? Even Germany cannot contend that her case is in all respects identical with that of France of 1871. No doubt the outstanding fact, of downfall of the military power previously dom-

Financial Situation, continued on page 60

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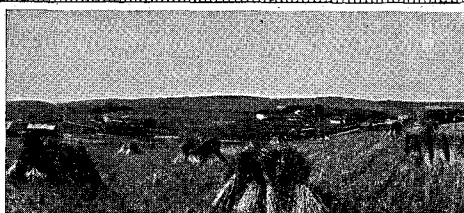
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Full particulars on application

THE FARM MORTGAGE TRUST CO.

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Financial Situation, continued from page 58

inant in Europe, is common to both episodes. It may be alleged that, even if Germany loses Alsace-Lorraine to France in 1919, Germany after Her Defeat France lost the same province to Germany in 1871 and yet was capable of swift economic recovery. But there is something else to consider. France had no reckoning to meet except with her one victorious antagonist, and no one yet ventures to measure the reckoning which Germany has heaped up against herself with the entire civilized world.

It is not my desire to judge the influence of this past conduct in the light of sentiments which the news of it inspired at the time in every generous heart. That Germany's manner of making war has rendered it difficult for the most humane individual, outside of Germany, to escape the feeling that a nation so notoriously criminal ought to be punished in kind, is proved by the recent wide-spread demand, even in America, that no appeal for peace be listened to until the Allied armies should have subjected Germany to some of the treatment which her armies visited on law-abiding Belgium. But what we are now considering is hard facts and practical probabilities, and those must be judged by experience and human nature.

IN the question as to Germany's tangible losses, as a direct consequence of the adventure of her war lords, there is some ground for judgment. As such things were measured then; the trade of France was of considerable magnitude before the Napoleonic wars, and highly flourishing on the eve of 1870. In both periods it was a trade which was readily resumed after those wars were over, and which other countries neither desired, nor were able, to dispense with.

Germany's commerce with the rest of the world amounted in 1913 to \$5,350,000,000. To this her recent Allies, now in large measure economically ruined, contributed only \$500,000,000. Her exchange of goods in that year with the South American states was \$411,000,000; with China and Japan, \$105,000,000; with the British colonies, \$420,000,000; with Belgium, France, England, Italy, and the United States, \$1,929,000,000—a total of \$2,865,000,000, all at present non-existent trade, much of it lost to competitors during the four-year blockade of the Teutonic states, some at least of it absolutely irrecoverable, since other producing and exporting markets have learned to supply the needs of what used to be Germany's peculiar field.

Foreign trade in the past has been to Germany a problem solved not only by production in quantity, but by establishment, subsidizing, and extension of her own mercantile marine. To-day the European shipping authorities estimate that, of the 5,134,720 tons of merchant vessels flying the German flag in 1914, all but 2,500,000 have been captured or sunk, a sixth of the remainder being still interned in neutral harbors. During the war, however, the German

The Problem of Foreign Trade

shipyards are known to have been building large new merchant steamers with an eye to the post-bellum future; one of the largest of them, so we are informed, having been christened by its owners, the Hamburg-America Company, with the highly ingratiating name of the *Tirpitz*. It is also true that the merchant marine of her antagonists has been greatly reduced by Germany's undersea boats.

But both England and the United States are now turning out new ships on a scale which Germany cannot possibly match. It is scarcely to be supposed that her government will be allowed to escape scot-free from the reckoning for its piratical achievements on the sea; indeed, that government, when forced a year or more ago into an awkward corner, voluntarily and officially committed itself to the principle of reparation for neutral vessels thus destroyed. The account which she would have to meet for her unlawful depredation on the merchant marine of Spain, Holland, Scandinavia, and Argentina would be a formidable offset to investments in her own shipyards.

Not only so, but the whole of the plant and property necessary to the business, and acquired by German shipping lines in the ports of her present enemies, has been seized and sold under the laws of war. The immensely valuable docks and office-buildings of the German lines in England, China, and the East, have passed into other hands, and with them the business of the German-owned banks, manufactories, and insurance companies. Reporting last summer to its shareholders, the North German Lloyd tried to speak hopefully regarding some aspects of its future; but the loss of the great river-front property at Hoboken could not be replaced. That loss, the report frankly confessed, was a "heavy blow" to the prospect for recovery of the American trade.

IN this as in other fields of international relations Germany now has to begin anew. So doing, she will be confronted with a peculiarly embarrassing financial situation of her own. The position even of the Entente states regarding taxes, public debt, and paper currency inflation, will be sufficiently trying after the war. But in two respects Germany's position is vastly worse.

The Entente belligerents long ago virtually "pooled" their enormous aggregate resources to prosecute the war. The strong have helped the weak, and, complicated though the resultant mutual obligations will inevitably be, it is equally certain that they will be worked out somewhat on the idealistic plan of a League of Nations. Germany stands in no such position. Her government has indeed been compelled to finance its allies on a very extensive scale; but the resultant situation is that German paper money is outstanding in huge amounts in Bulgaria and Turkey, while as an offset to such

Financial Situation, continued on page 62

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liabilities she will hold only the obligations of three governments which will have deserted her politically, and which are bankrupt in the sense that their debts will almost certainly be scaled or repudiated.

The second consideration adverse to Germany is the state of her own finances. The war-time paper money issues of the Reichsbank have not increased in actual amount as largely as those of the Bank of France, though the German ratio of increase, 650 per cent, compares with only 560 per cent in France, and is, moreover, complicated by the \$2,600,000,000 currency issues of the "Loan Banks," an expedient not used at all in France. But when one comes to loans and taxes, Germany's 5-per-cent war loans of some \$25,000,000,000 call for annual interest payment of \$1,250,000,000. The empire's total revenue in the year before the war was not quite \$900,000,000, and even that included \$240,000,000 gross receipts from railway and telegraph systems, which were offset by a 90-per-cent expenditure for operation.

NOW, it is true that interest on the war debt of some of Germany's enemies exceeds their pre-war public revenue; even England stands in that position. But the immense increase of England's war taxation has brought her present budgeted revenue to \$4,200,000,000 as against \$990,000,000 in the last year of peace; an increase which would cover interest on her war debt nearly three times over. Even France has made similar though less abundant provision through new taxes. But Germany's latest budget of \$1,800,000,000, including all railway and telegraph receipts, exceeds by less than \$400,000,000 the annual interest on her war debt, and that sum is less than half what it cost her to run the government in peace-times. The well-known cause for this unhappy situation is the refusal of her government, during the early years of war, to impose war taxes at all.

The war indemnity on the enemy, so the finance ministers repeatedly assured the people, was to meet the cost of war. But the practical upshot is, that Germany is now paying part of the interest on her old war loans with the proceeds of new ones, and that after the war she will either have to borrow again for the same purpose, or else impose an immensely increased tax burden in the face of defeat, or else resort to direct issue of fiat money. What her government will have to pay for the illegal money exactions by her armies and their destruction or plunder of private property cannot be left out of the reckoning. The government which forced on Russia an indemnity of \$1,200,000,000 for damage done by the Russian armies to Germany, and which has already been collecting that indemnity in gold in \$250,000,000 instalments, will hardly be able to plead avoidance in the suit of France and Belgium.

**War Debt
of Germany
and Her
Enemies**

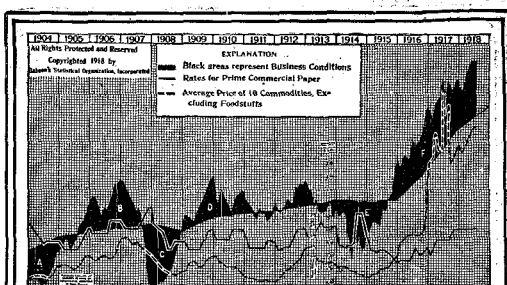
PRECISELY what would be the economic meaning of surrender by Germany of Alsace-Lorraine and of her overseas colonies, is a question involving other considerations. The French people's passionate longing for "recovery of the

If Alsace-Lorraine Is Lost

lost provinces" has been pre-eminently a matter of national sentiment. It would undoubtedly have been as strong if the provinces were only mountain country or grazing-land. But Germany's angry unwillingness to discuss restoration has had a recognized basis which is very different.

When Alsace-Lorraine was torn from France in 1871, the district cut no paramount figure in industry. Even as lately as 1892, its production of iron was half a million tons below that of Prussia. But when this present war began, three-fourths of the German Empire's iron ore was produced in Alsace-Lorraine; the coal output of the province was one-fourth of the empire's total, and in manufacture of iron it surpassed any state of Germany. It is not easy to say just how the German iron and steel industry, the corner-stone of the empire's industrial achievement, would be affected by the loss of this rich province. Power to conduct a future war would at all events be curtailed. What we do know is that the German iron manufacturers' association urgently petitioned the government last December not to relinquish even the iron deposits of that part of the district which was not annexed in 1871, and which in 1917 was held by the German army.

Concerning Germany's colonies, not much more need be said to-day than that they represent a notoriously mismanaged estate, in behalf of whose future welfare, if the case were one of a private enterprise, the previous management would be at once and summarily removed. For this, as for many other factors bearing on the future, we must await the verdict of the peace conference. Perhaps we shall then be able to foresee more clearly what industrial and economic future is actually in store for Germany. Nowhere among thinking men does there exist a wish that the industrial usefulness of the German people shall be crushed, or that Germany shall become a huge political and economic derelict; but, on the other hand, nowhere is there any intention of allowing Germany to regain even industrial supremacy through the methods employed by her in the past. If, moreover, there arises a question as to whether the world's economic progress may not have lost something through the collapse of Germany, the other question will follow, as to what would have been the future of the civilized world if Germany had won the war.



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THE STORY OF THE NEW YORK STOCK EXCHANGE

VI—The Committee on Business Conduct

BY WILLIAM W. CRAIG

(This is the sixth of a series of short articles on the Stock Exchange appearing in the Investment Section of SCRIBNER'S MAGAZINE.)

THE New York Stock Exchange undertook in 1912 to lay before the public many facts about itself and its business methods—facts which the authorities felt had become distorted through the numerous attacks on "Wall Street." At the same time the governors of the Exchange sought to eliminate every sort of business practice of its members and member firms which might lay the board open to criticism, the chief end in view being the protection of persons who bought and sold securities through the medium of Stock Exchange houses.

Not long after the campaign of education got under way the subject of manipulated prices for stocks came into active discussion, in political quarters largely, and the Exchange found it necessary to make a thorough study of the ways in which artificial movements of quotations might be stimulated by unscrupulous traders. Possible agencies for promoting undue price changes both on and off the Exchange were looked into and measures were taken to prevent such phenomena. Out of this inquiry grew the Committee on Business Conduct, consisting of five members of the Exchange, whose reputations for square dealing with their clients and fellow brokers had been established by many years of activity on the board.

The Committee on Business Conduct is unique among organizations having to do with confidential business matters. It quickly became the most powerful committee on the Exchange in respect to its authority over the rank and file of members, and while its original purpose was to shut off the first signs of manipulative tactics in the market, the committee soon found its work extending over numerous other details of affairs on the Exchange. When the government's stock transfer stamp tax was superimposed upon the New York State tax after the outbreak of the European war, it became the committee's duty to insure the full observance of the statutes. When in the enthusiasm of the war boom in stocks during 1915 and 1916 the advertisement of new flotations grew to large volume, the committee became the censor of such advertisements, seeking to curb publicity which was felt unbecoming to the dignity and position of the Exchange. The committee extended its supervision from dealings which contained a hint of manipulation to others in which the question was involved of a broker's proper responsibility to his client.

In brief, the task came upon the committee to see that all transactions in which Stock Exchange members were concerned lived up to the letter of the rules and also to the prescriptions of the law.

Continued on page 66

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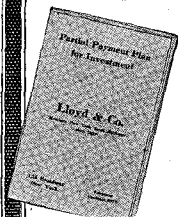
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LLOYD & Co.

MEMBERS NEW YORK STOCK EXCHANGE SINCE 1879
135 BROADWAY — — — NEW YORK

Continued from page 64

Naturally, such an undertaking demanded close knowledge of what the members were doing. The relations between broker and customer had previously been held sacred, being open to no other member except, on occasion, when a customer felt moved to complain. The Committee on Business Conduct was empowered by the Board of Governors to sweep aside this custom where it had reason to believe conditions warranted such a step.

The committee received authority to examine the books and accounts of any member of the Exchange at any time and without giving any explanation. It could summon any broker and subject him to the most intimate questions about his business. If deviations from the established methods of conducting business were found, the committee could refer their findings to the governing committee, with recommendations for a trial and a penalty if members were found in error.

The powers settled upon the committee were decidedly broad, and might almost have been expected to promote distrust among the members of the use which the five men might make of the information they secured. There is no evidence, however, that such a feeling developed. Being a voluntary association, and self-governing, the members realized that supervision of the kind centered in the Business Conduct Committee added strength to the appeal they could make to the public. The committee has never been accused of taking advantage of what has been learned from scrutiny of the books of the members, and the exercise of tact and discretion in performing its work has promoted confidence in its work.

When the governors thought it essential, after the United States entered the European war, to put a check on deliberate efforts to depress stock prices, and ruled that member firms should deposit daily with the Business Conduct Committee a record of the customers for whom they had borrowed stock, the brokers did so without hesitation. The names were put into sealed envelopes, to be opened by the committee if market developments warranted an inquiry as to the active participants, and so far as is known few, if any, of the envelopes were ever examined.

From the point of view of the public the expansion of the Business Conduct Committee's functions was of considerable importance. An additional safeguard was supplied through the committee for investors in securities dealt in on the Stock Exchange. Responsible members of the board were frank to admit, prior to the educational campaign of 1912, that occasional derelictions on the part of members had occurred; they have emphasized statements since the committee was formed that questionable business practices have small chance of success.

It is safe to say that the brokers, as well as their customers, have reason to take satisfaction in the oversight of trading which the committee members exercise. They feel that through this guardianship of the business ethics of the Exchange the institution has gained an additional right to the confidence of the public.

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The August SCRIBNER FICTION AND WAR NUMBER

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GORDON HALL GEROULD
KATHARINE HOLLAND BROWN
RALPH D. PAINE

ABBIE CARTER GOODLOE
MARY DOWLIN
GEORGE HIBBARD
LAWRENCE PERRY

Phases of the World War

E. H. SOTHERN continues his account of his visit to the fighting front for "America's 'Over There' Theatre League." A remarkable record of a most interesting trip by the famous actor, who has just returned to the front.

"SHELL-SHOCK," the new terror of this war, described and explained by *M. Allen Starr, M.D., LL.D., Sc.D.*, Emeritus Professor of Neurology, Columbia University.

"WOMEN IN WAR FINANCE," by *Mary Synon*, since the beginning of the war Treasurer National Woman's Liberty Loan Committee. This is the first complete statement of the great work which women have accomplished through this organization.

MAJOR LAUCHLAN MACLEAN WATT, of the Black Watch, makes another vigorous appeal and interpretation of what this war really means to thinking people.

"THE FAITH OF THE MAN IN THE RANKS," by *Lieutenant Harold Hersey*, Personnel Officer, Fort Hancock, New Jersey. A statement by one who knows of the spiritual evolution effected by the war.

Another stirring war poem, "THE BABY AND THE BABY," by *Mary R. S. Andrews*, with illustrations by Maud Tousey Fangel.

OTHER FEATURES:

A Color Frontispiece, by *Hoffbauer*, of the French Army, "A Wet Day in the Somme, 1917." Drawings of Old Lyme, by *Thomas D. Benrimo*, one of the artist colony there. The Serial, "A RUNAWAY WOMAN," by *Louis Dodge*.

THE FIELD OF ART, "The Heinz Collection of Ivories," by *Myra Sawhill*. Illustrated. THE POINT OF VIEW.

THE FINANCIAL SITUATION, by *Alexander Dana Noyes*.

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The September Scribner

The World War

RAYMOND RECOULY (*Captain X*) finds himself in ALGERIA, aide to the Governor-General, and is sent on "A War Mission in the Sahara." He describes this romantic adventure with many pictures, some from aeroplanes.

LEROY BALDRIDGE, an American artist with the French army, has made numerous sketches of "The Smallest Poilus of All"—the *Dogs of War*, which are often decorated and mentioned in despatches.

"WOMEN IN WAR FINANCE," by *Mary Synon*, since the beginning of the war Treasurer National Woman's Liberty Loan Committee. This is the first complete statement of the great work which women have accomplished through this organization.

The *French Ministry of Marine* has given special facilities to *Robert W. Neeser* to examine the records and write on "FRANCE'S NAVAL AIR SERVICE IN THE WAR." The remarkable illustrations are from the French Government.

MAJOR DONALD GUTHRIE, a brother of the Solicitor-General of Canada, who has been a censor and a chaplain for several years with the army at the front, writes of "Songs in Flanders," showing how singing has become a vital part of the life of the soldier.

"FIGHTING UNDER THE GROUND," the Unseen Warfare, is described by an engineer officer, *Captain H. D. Trounce*, who took an active part in it.

MAJOR-GENERAL WILLIAM H. CARTER, who has long advocated the idea, describes "The American General Staff" and how it works at the present day. It is the great agency for efficiency in the War Department.

A group of WAR POEMS by Grace Ellery Channing, Joyce Kilmer and others.

OTHER FEATURES:

A Color Frontispiece, by *Claude-Oscar Monet*, "Lady in a Garden."

Dean Arthur Hobson Quinn, of the Pennsylvania University, has a satiric essay on "College and Business Efficiency," showing that the college can give big business points.

The delightful vagabond serial, "A Runaway Woman," by Louis Dodge.

Short stories by E. H. Sothern, Alice Kimball, Perley Poore Sheehan, Katharine Prescott Moseley.

THE FIELD OF ART, "French Etchers of the Modern School," by *William A. Bradley*.

THE POINT OF VIEW.

THE FINANCIAL SITUATION, by *Alexander Dana Noyes*.

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The October Scribner

The World War

WILLIAM BEEBE, the distinguished ornithologist, is also a "birdman" of the other kind; he is a flyer and photographic observer and has recently returned from the battle-line in France and Flanders. He writes of "Battle Photography," with eight marvellous photographs taken from the air.

OSCAR S. STRAUS, the eminent diplomat and statesman, writes a stirring appeal for a broad international view of our obligations, and shows its relation to the Liberty Loan.

ALICE McKAY KELLY, widely known for her educational work in the Philippines, writes of "Italy and the American Red Cross"—how the two countries have been brought closely together by the great work of mercy.

GEORGE McLEAN HARPER, who was an orderly in a Paris hospital and wrote about it for the Magazine, has had an opportunity to see the returned American wounded at a Base Hospital in the United States, and describes the workings of a huge government hospital, once a hotel.

CAPTAIN J. R. CORNELIUS, C. E. F., now stationed at Princeton, describes how "landscape targets" are used to teach men musketry indoors. The pictures were painted by Howard Russell Butler, vice-president of the National Academy.

THE RULE OF THE RED GUARD, by Miss Meriel Buchanan, daughter of Sir George Buchanan, British Ambassador to Russia, 1910-1918.

BATTLE PICTURES, by F. C. Yohn—a series of striking full pages, revealing, as no photographs can, actual conditions in modern warfare at dramatic moments—"British Cavalry Cutting Out a German Gun in a French Village," "Red Cross Nurses Carrying a Wounded Man from a Bombed Hospital," "Allied Airplanes Flying Low and Harassing German Line," "United States Troops Driving the Huns from a French Village," "American Gunners in Gas-Masks Serving a Gun."

OTHER FEATURES:

HENRY VAN DYKE, whose outdoor stories show his familiarity with the French-Canadian, in a series of brief sketches of Quebec makes a powerful plea to these people for loyalty.

JOHN JAY CHAPMAN, the essayist, contributes a striking poem, "Autumn."

UNITED STATES RAILWAYS, CONSOLIDATED, is by Francis Lynde, who was for more than twenty years a railroad man before he became a novelist. What the public sees in government control is pictured.

The vagabond serial, "A Runaway Woman," by Louis Dodge, is dramatically concluded.

MRS. WELLES has another naval story, "A Day's Work"; J. B. CONNOLLY, a sea story of Hiker and Wally, "Bill Green"; "Mushrooms" is the story of a soldier by WILLIAM ADDLEMAN GANOE; "The She-Quitter," by EDWIN C. DICKINSON, is a curious love story.

THE FIELD OF ART describes the "Hudson River School" of American painters.

THE POINT OF VIEW.

THE FINANCIAL SITUATION, by Alexander Dana Noyes.

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The November Scribner

The World War

"THE TRAGEDY OF THE CAUCASUS," by *Thomas Dann Heald*, for more than a year working with the American Committee for Armenian and Syrian Relief. This is one of the obscure but very important growths of the Russian revolution. The author is familiar with the whole situation, and he outlines what the Allies ought to do.

"BUILDING FOR VICTORY," by *Colonel W. A. Starrett, U. S. N. A.* Colonel Starrett writes a vivid account of how a fifty-million-dollar powder plant was built in record time and shows the kind of organization that has made possible building projects that before the war were unheard of.

"THE REGULATION OF FOOD PRICES," by *John Lambert Payne*, Controller of Statistics, Canada. This article was suggested by Mr. Harger's "Three-Dollar Wheat" article in a recent number of the Magazine. Mr. Payne elaborates the conditions which control the food output.

"UP THERE" is made up of extracts from the letters and diaries of the late *Lieutenant Robert D. Garwood*, of the Royal Flying Corps, recently killed by accident in Texas. Lieutenant Garwood wrote the wonderful account of "Victims of a Submarine" in January, 1918.

LIEUTENANT HAROLD HERSEY, U. S. A., who has made a study of the personnel in the army, contributes "*The Soldier's Idea of 'The Folks Back Home.'*"

"HOW OUR MARINES FOUGHT IN THE TRENCHES," by *Lieutenant Newton Jenkins*, recently returned to this country to be instructor in one of the camps. This is a first-hand account of the "Devil Hounds" in action. Every American will be proud of them.

"THE SIBERIAN POLITICAL CHAOS," by *Johan W. Prins, A.M., LL.B., a Y. M. C. A.* man who has just returned from his work among the Czecho-Slovaks and Bolsheviki. The writer gives a description of his many months in Siberia, his visits to many prison camps, explains how the present political chaos came about, and the aims of the different groups which are now fighting for supremacy in this biggest of all countries.

LEAVES FROM THE SKETCH-BOOK OF A CANADIAN GUNNER. A series of War Pictures by *Thurston Topham*, Canadian artist and late gunner of the 1st Canadian Siege Battery, made during the battle of the Somme. Some of the ten:

"*Villa of Ercourt and 'Happy Valley' After the Bombardment and Capture by the British.*" "*Ambulance, Under German Shell Fire, Passing through a 'Street' in Mametz.*" "*Search-Lights Guarding Dover Harbor at Night.*" "*Shells Bursting at Night Close to a Trench Near Montaban.*" "*Unloading Shells from a Lorry at Night on the Albert Braye Roadside.*" "*Over the Top.*" "*An Impression of a Charge at Night.*"

OTHER FEATURES:

SENATOR HENRY CABOT LODGE, Republican leader of the U. S. Senate, has turned aside from his arduous work to write a charming literary paper entitled "*Familiar Quotations.*"

CORINNE ROOSEVELT ROBINSON contributes a poetic appeal and appreciation "*To Italy.*"

MARY R. S. ANDREWS, whose war poems have gone all over the country, contributes "*The Boy in France.*"

THE SHORT STORIES ARE: "THE BLOOD-RED ONE," by *Maxwell Struthers Burt*; "LOADED DICE," by *Mary Synon*; "BETWEEN THE TREATY PORTS," another naval story by *Harriet Welles*; and others.

THE FIELD OF ART describes "The Children's Art Centre, Boston."

THE POINT OF VIEW.

THE FINANCIAL SITUATION, by *Alexander Dana Noyes*.

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The Christmas Scribner

THE NUMBER WHICH EXPRESSES BOTH WAR AND PEACE

SHORT STORIES *by*

HENRY VAN DYKE: The story of three college men in a French dug-out.

ARMISTEAD C. GORDON: The story of a negro who was drafted, with inimitable pictures *by* A. B. Frost.

JOHN GALSWORTHY: A story of an unusual Englishwoman.

HARRIET WELLES: Another story of the navy.

W. J. HOPKINS: The love-story of a returned soldier.

A Group of WAR POEMS *by*

G. E. WOODBERRY, KERMIT ROOSEVELT

HELEN GREY CONE, and others.

CAPTAIN X has visited the Americans at the battle-front for Scribner's Magazine and vividly describes the whole "Second Battle of the Marne."

EMMANUEL BOURCIER, author of "Under the German Shells," describes the joyful reception of American troops in a French village.

PROFESSOR GRAHAM LUSK, of the International Food Commission, gives a clear explanation of "Science and the World's Food."

"WHAT ARE THE PROSPECTS OF A REVOLUTION IN GERMANY?" A remarkable article by Lieut. Henri de Man, of the Belgian Army, who understands the various Socialist groups in Germany and interprets the situation from intimate knowledge.

"RURAL AMERICA IN WAR-TIME." Described *by* Theodore Dreiser.

"SISTER TO A MILLION MEN." A scene in an American hospital in France, described *by* Roy Durstine.

DRAWINGS MADE BY PRISONERS IN SIBERIA, with a description *by* Johan W. Prins, recently returned from that country.

MAJOR L. MACLEAN WATT, of the Black Watch, pictures the "Procession of the Brave" across the Atlantic as he saw it recently from a transport.

THE FIELD OF ART. The Pratt Gift to Vassar College.

THE POINT OF VIEW.

THE FINANCIAL SITUATION, *by* Alexander Dana Noyes, who presents, every month, up-to-the-minute information.

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