

LONDON AND NEW YORK

In times of peace, prophets in the realms of finance and economics were fertile with predictions. As peace continued, they marked their prophecies with the brand of certainty. The international nature of credit, the manner in which trade and commerce had bound the nations, were cited as reasons why war, a big war, could not occur. The power of rich nations, such as United States, to prevent war by refusing to loan funds, was another prophecy. And even if war did start, the credit machine was so complex, that the struggle could last but for a few months at the most. So the prophets said. These and other predictions have been swept away by the events of the past twelve months. Financial and economic theories have had a shorter life than even German diplomacy.

Despite these facts, prophets continue to arise. Mr. H. G. Wells, the English novelist, is one of the latest to enter the arena of monetary prediction, stating his belief that the financial capital of the world will shift from London to New York. According to Mr. Wells, the United States will take the financial sceptre out of the hands of London, and will become the country of rich men, a userer country, to which all other countries will be in debt. Germany will face peace without gold and an enormously depreciated paper currency, and France and Great Britain will be in a scarcely better position. Britain will cease to be the fat land of the world, says the novelist.

It is well, however, to consider a few facts, cited by students of facts rather than by writers of fiction. Great Britain is able to pay her large expenditures on the war for five years if necessary, even allowing a substantial sum for depreciation, out of the proceeds of her investments abroad, says Lloyd George.

Great Britain is financing the war operations of its dominions, and several of its allies, thus creating a trade position which will prove valuable after the war.

Great Britain is, after a year of war, as wealthy as before the war commenced. While \$2,000,000,000 less well off than would have been the case without war, Britain is no poorer than she was before the war, says Sir George Paish.

Britain's financial strength is illustrated by the subscription, without difficulty, of £600,000,000 to the latest war loan.

Great Britain can handle successfully all its war loans, no matter how great they may be, says Sir Felix Schuster.

While the British trade balance is unfavorable, it is only a matter of time before this will be rectified, as widespread economies are to be effected in the national expenditures, which will result in a decline of imports, an increase of exports, and a consequent adjustment.

These are only a few of the outstanding facts of the British position. There is little doubt that the United States is destined to take a far more important part in international finance but to predict that New York will supplant London is, to say the least, looking very far into the future. Even Mr. Paul Warburg, the New York banker and member of the federal reserve board of the United States, does not look as far as does Mr. H. G. Wells, the novelist. At the recent Pan American congress in Washington, Mr. Warburg said: "We realize that it will be an arduous task to procure for our American acceptances the same standing in world markets as is now

enjoyed by those of nations that have been in the field for generations past. The avenues that lead toward European establishments for the sale or discount of acceptances are clearly mapped out, and at present of readier access than the new paths leading to those of the United States. It is difficult to change well-established banking habits.

"There is no difference of conservative opinion that the United States does not aspire now to take the place of Europe's leading financial powers. Our own field of operation is still too vast to enable us, or to render it even desirable for us to become the world's bankers at this stage of our own development. But the safety of all countries—and we include England among their number—demands that if again the latter should find herself forced to call upon her debtors for instant payment, there should be at least one country strong and independent enough to shoulder a substantial portion of the burden."

PEACE PROPOSALS

Several prominent and often voluble citizens of the United States have discovered some extraordinary proposals to obtain peace in Europe and to settle certain of the problems there. Mr. John Wanamaker, of Philadelphia, for instance, is reported to have proposed that the United States should purchase Belgium from Germany, restoring their country to the Belgians. But, as a Wall Street writer remarks, it would first be as well to see that the title to the real estate is good! Now Mr. Henry Clews, the New York banker, who must surely spend most of his time and that of his secretaries behind large fountain pens, has a brilliant plan to settle the war. Mr. Clews, who is president of the American Peace and Arbitration League, proposes that Germany should sell to France Alsace-Lorraine for an equivalent of its real value and retire from France and Belgium, but to have commercial access to the Belgian seaport, which would be declared a free port; Germany to pay over to Belgium the amount acquired from France to restore Belgium; the colonies to be restored to Germany to be England's and Japan's peace concessions; Austria and Italy to agree between each other for a settlement and urged to do so by the other nations; Constantinople to be a free port to appease Russia, Turkey to acquiesce and Austria and Serbia to agree between themselves to settle their differences; establish a world court able to enforce its decrees by an international police force of the world—military and naval forces superior to those of any single power in the world; all the above nations to pledge themselves for a peace to last fifty years at least, agreeing as advantages to be gained thereby to reduce their armies and navies to a peace basis, which would admit, during that period, of their liquidating their liabilities incurred by the war.

All this looks well in print, but the proposals show an astounding ignorance of the causes of the war; and of what the British Empire is fighting for on behalf of the world, including Mr. Clews' own country; and of British determination backed by that of the Allies. There can be no peace until the wrong is righted, militarism crushed, and the German navy scrapped. Mr. Clews' proposals remind one of an elaborate desire to polish and neatly arrange the silverware while a dangerous burglar is at large.