and China, capital investments made for political prestige and power.

True, in many instances this made for conflict rather than co-operation. The Morocco affair and the Agadir crisis, Chinese loans and Mexican oil concessions made patent the dangers inherent in the situation where international interests come into conflict. They do so, however, only whenever undeveloped territories are regarded as fields of exploitation and as presenting opportunities for political aggrandizement. British investments, however, carried with them ideals—ideals of responsibility to backward races and to the territories inhabited by them. Above all, Englishmen asked for only a fair field and no favor in the realm of international trade and investment. Under the driving power of these ideas, British finance became a great stabilizing and harmonizing force in the world.

Economic Aspects of Struggle are Apparent.

These considerations have an important bearing upon the economic struggle with the Central Powers after the signing of peace. Herr Dernburg, ex-German colonial secretary, has recently had much to say in the Vienna Neue Freie Presse concerning Germany's need for freedom of the seas and a supply of raw materials—materials which, if need be, must be secured by force. This apostle of German "steadfastness and righteousness" insists that the whole world will have to ration itself in raw materials according to the German decree. Herr Dernburg adds that ultimately a large part of the world's shipping must sail under uniform control; and that the output of raw material by the separate States must be regulated for the common benefit—"if necessary by force"; and that a common basis of settlement for raw materials must be found in the exchange for them of German manufactures. Herr von Kuehlmann, German foreign secretary, explained recently to the German Chamber of Commerce also what were the motives that compelled the Fatherland, under the terms of the Treaty of Bucharest, to deal so "faithfully" with Roumania. Answering the criticism that no money indemnity had been imposed, he explained that raw materials, in grain and oil, had been secured up to Roumania's ability to deliver them, and that it was economic advantages and not money that Germany required. In addition, favorable tariff concessions had been secured for the Central Powers.

Shrewd observers have discarded the belief that the war is being waged against a caste or oligarchy, and not against the German nation itself. Pan-Germanism, and all that it implies, is too deeply embedded among the German masses to permit one longer to hold that opinion. When the German people repudiate their false and anti-social doctrines based upon militarism and power, then only can they be admitted into the family of civilized nations and resume normal conditions of trade. Business men in the United States and the United Kingdom will never consent to any agreement to restore the old conditions of commerce and trade with Germany unless there is a change of a fundamental nature in that country's attitude to the rest of mankind. International finance and commerce must, and will be relied upon to enforce and maintain peace in Europe. If, as the kaiser recently asserted, this is a battle to the death between Teutonism and Anglo-Saxon ideals, we accept that challenge and shall fight it out until the issue is decided once for all.

Since the outbreak of war, England has come to the support of Russia, Italy, Belgium and France to the extent of over $5,000,000,000, and the United States has made advances of a like amount. For the ensuing fiscal year, the United States government plans to loan the Allies $5,000,000,000, and the United Kingdom is prepared to make further sacrifices. In part, these loans have been made directly by the governments concerned, and in part by the people through subscriptions. It is plain that if for any reason the debtor nations cannot or will not pay—as is the case with Russia—the loss of interest will involve additional taxation such as has been recently imposed in the United Kingdom, to make the deficit good. That means that the masses are now deeply concerned in the policies and problems of financiers and great banking corporations. And thereby democracy widens both its interests and its power.

Finance Will Play an Important Part.

Wherever British and American loans have been placed in Europe, we find the people already heavily encumbered with domestic loans of their own. The war costs are staggering; pensions for the disabled and the dependents of those killed in battle are a heavy and inescapable burden. And so widely are the war loans held by all classes in the community, that to default in the payment of interest thereon would, for many of the smaller investors, work untold hardship. If interest payments are not met and must be postponed or funded, past experience in the United States, in South America and elsewhere goes to show that it is the foreign bondholder who will first suffer. It is doubly essential, therefore, that England and the United States come to the financial support of those countries to which they have made advances in order that industry and trade may be made fruitful. More than ever, depression on the one hand or prosperity on the other in France, Italy, Belgium and Russia, will be matters of more than ordinary importance to London and New York. The relations established in war will endure for generations after the signing of peace.

Much has been heard in the past of the alleged connection between armament making and the military class. There was a modicum of truth in all this, of course: munition-making, in private hands, was a business undertaking carried on for profit. In Germany especially a sinister relationship was proved to exist between the Krupp concern and officers in the army. Whatever truth was in these allegations is not worth considering now: what is important to note are the new and powerful factors making for peace. Capital will fight desperately to maintain the peace of the world, not only because of the vast sums at stake by England and America, but because peace is essential to repair the ravages wrought by war.

It is true that British and United States loans to continental Allies may, conceivably, be used to check as well as to extend the growth of democracy and democratic polity. Nevertheless, this danger is more apparent than real. Mr. Bonar Law recently announced in parliament that it had been decided to write off a large part of the loans advanced to Russia, and that the British government had no intention of interfering in Russia's internal affairs. Only as a necessity, to counteract German influence, will the Allies land forces on Russian soil—and then certainly not to destroy the revolution, but to save it. It is comforting to recall that whatever extreme newly-born democracies have gone to in the first flush of their revolutionary ardor, that they have in the long run fulfilled their national obligations.

The Allies, therefore, are vitally interested in maintaining stable government, and democratic government, throughout the world. And Germany's serious financial condition will prevent her from enforcing her programme of aggrandizement upon the rest of the world for many years to come. In March last the Reichstag granted the