

THE LIVING AGE

VOLUME 316—NUMBER 4101

FEBRUARY 10, 1923

A WEEK OF THE WORLD

THE BREAK AT PARIS

THE Paris correspondent of the *Economist* thus describes the dramatic conclusion of the Reparations Conference in Paris just prior to the Ruhr occupation:—

No greater bombshell has fallen during any of the numerous Allied Conferences since the war began, from the French point of view, than that which burst yesterday, when Mr. Bonar Law made known to the French, Belgian, and Italian delegates the British proposals for dealing with the Reparations and Interallied debt problems. The surprise that was manifested by the representatives of the three Continental Allies was experienced in an intensified form by their official experts, and this morning, when the details became known to French opinion as a whole, the effect was one that can only be described as stupefaction and consternation. Mr. Bonar Law's statement was as unexpected as it was startling.

L'Europe Nouvelle describes what occurred more picturesquely:—

The British plan and the French plan collided like one Pullman car plunging into another. Tea had been ordered for five o'clock, and every preparation made for a cozy, courteous little talk; but by four o'clock every chair was empty, and the plenipotentiaries had left. The British Pullman had crashed forward like a tank. M. Poincaré, battered and crippled, crept

off at a snail's pace to the Élysee, while M. de Lasteyrie, his Minister of Finance, gesticulated with his long arms and kept repeating to the journalists: 'Incredible!' 'Disastrous!'

In leaving the Conference, M. Poincaré muttered, loudly enough to be heard by two of the Allied delegates: 'Lloyd George would have brought us to that, but he would never have said so.'

People were astonished because Bonar Law showed his whole hand at the very outset, and insisted that all the plans presented to the Conference be made public at once. Bonar Law is not a lawyer, but an ironmaster. He does not play bridge, but checkers. He is often to be seen spending long evenings silent, impassive, contented, in the Café de Régence. Now everyone knows that checkers are played in full public view.

In considering French policy in the Ruhr, as Harold Cox, editor of the *Edinburgh Review*, points out in the *London Times*, it is important to bear in mind that, though President Poincaré may represent a majority of the French people at present, he by no means speaks for the whole country. Mr. Cox refers to the notable speech of M. Loucheur, formerly Minister for the Devastated Districts, delivered in the Chamber of Deputies last November, to which previous reference has been made in the *Living Age*. It will be re-

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called that M. Loucheur is one of the most distinguished business men of France. In this speech

he put forward practically the same point of view as that which has been put forward by Mr. Bonar Law, following Mr. Lloyd George. In particular he insisted on the importance of restoring the finances of Germany and Central Europe as a means of restoring British and European trade. M. Loucheur also insisted that the main need for France was security. With regard to the financial situation, after urging that the cost of repairing the devastated districts ought not to be exaggerated, he pressed the point that the real trouble in France was that taxation was not sufficiently high, and that even the taxes which had been imposed were not enforced. He especially laid stress on the failure of the French income-tax, and quoted the case of a district in his own department where there were only 105 income-tax declarations out of 15,000 inhabitants, although it was estimated by the authorities that at least 900 people in the district were liable to the tax. Apparently the officials are instructed not to press for payment. His general conclusion was that France must face the necessity of herself securing her own financial recovery.

Mr. Balfour, in a memorandum to the Executive Council of the Association of British Chambers of Commerce last month, pointed out that

The only sources from which Germany can obtain funds for the payment of Reparations in gold or acceptable foreign currency are — (a) excess of exports over imports; (b) services rendered by her mercantile marine or in other ways to other nationals; (c) a certain surplus of interest on dividends she may receive from other nationals on German investments abroad. In considering (a) it must be noted that the population of Germany has been approximately reduced by twelve millions; that the very productive steel-plants of Alsace-Lorraine, with their ore fields, have been transferred to France.

Since it is generally admitted on every hand that Germany can pay her

obligations only out of an excess of exports over imports, it seems astonishing, according to this memorandum

that when the Reparations as originally fixed and later reduced were under consideration, so little notice was taken of the fact that German imports always heavily exceeded her exports, as the following table shows: —

	Excess of Imports over Exports
1909.....	£95,024,000
1910.....	71,759,000
1911.....	78,647,000
1912.....	85,285,000
1913.....	73,064,000

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REPARATIONS AND AMERICA

THE *National Review*, which represents the extreme Tory, anti-Labor, anti-Teuton, and pro-Gallic element in Great Britain, thus discourses upon the growing divergence between British and French policies toward Germany: —

The sooner we get rid of this myth of inexhaustible markets in 'Central Europe' into which British manufactures can be poured, and by which our unemployment problem can be relieved, the better. It has no more reality than those 'bulging corn-bins' that were dangled before hungry eyes at one stage of the Coalition's Bolshevik adventures. It was invented by the Manchester School in the interests of the Cobdenite cult and disseminated by our post-war Potsdam politicians. . . .

Why was President Wilson — the last-comer in the war — allowed to prescribe the formula 'Peace without Victory,' or, in other words, 'Victory without Peace'? Echo answers, Why? As also to the equally pertinent question, 'Why did Mr. Lloyd George accept a dogma which debarred the British Government from obtaining one farthing of war costs from Germany?' Again, how dare Mr. Lloyd George, having thus sold the pass — for nothing — to President Wilson, subsequently demand a mandate from the British electorate 'to

make Germany pay,' when he was already pledged to the American policy of making Britain pay. As we now know, neither before, at, nor since, the Peace Conference did the then Prime Minister ever contemplate that anyone else should shoulder these terrific war burdens except our noble selves. There was never any alternative between making Germany pay and making Britain pay.

The editor is equally impatient with the present Government for considering it necessary to send a new commission to the United States to discuss the debt question. He considers such a move as futile as it is undignified.

We are weary of pointing out in these pages that post-war Britain pays her debts as punctiliously as pre-war Britain, there is no outstanding question of policy to be settled, and the need for any British Chancellor of the Exchequer making this double winter journey has yet to be disclosed. Mr. Stanley Baldwin is among our few valuable political assets which we cannot afford to have frittered away on futile or secondary enterprises. His single chance of escaping a fiasco in any Anglo-American 'negotiations' is to avoid putting up any proposition whatsoever, because, whatever his New York friends may tell him, any proposition, political or otherwise, suspected of having a British origin, is invariably turned down in Washington either by the Executive or by the Legislature, or by both. That is the A B C and the X Y Z of Anglo-American relations. On the rare occasions when a British proposal commends itself to the American Government, it is automatically rejected by the United States Senate after a prolonged and acrimonious campaign, in which the Administration is discredited and the floodgates of Anglophobia are opened. Any British statesman engaged on Anglo-American business should confine himself to entertaining American propositions.

Simultaneously, an anonymous contributor to the French Nationalist weekly, *L'Opinion*, attacks the United States on account of our recent Treas-

ury decision exempting income from foreign securities deposited in the United States, but belonging to foreigners not residing in the country, from the Federal Income Tax.

In appearance what could be more just — more harmless! But it is one of the most efficacious devices conceivable to encourage European capital to evade taxes and other obligations by taking refuge in American banks, and to strengthen the position of those banks at the cost of the reserves, the credit, and the revenues of European nations. . . . Private parties in every country, especially Germany, are rushing to deposit in American keeping their European and South American securities, without paying a cent of revenue upon them to the American Government. Meanwhile, European Governments are robbed of their income tax, since their own taxpayers are thus able to conceal an important part of their property. Wealthy Germans, against whose securities we hold a claim by virtue of the Versailles Treaty, are sending their intangible property to the United States, where it is inaccessible for us. . . .



RACE QUERIES

THE current issues of the *Hibbert Journal* and the *International Review of Missions* contain discussions of the race question, dissenting from doctrines just now in vogue. G. C. Field, lecturer in philosophy in the University of Liverpool, reviews in the former journal the recent works of Professor McDougall, with whom he takes issue on many points, particularly those identifying racial and national differences in Europe. Professor McDougall endows the Nordic race with superior independence, individualism, enterprise, and initiative, and attributes to it a dislike of being governed and a tendency to political decentralization. The Mediterranean races, on the other hand, are described by him as sociable, gregarious, relatively lacking in individual

enterprise and initiative, and disposed to obey and to rely on a strong central government. To this the writer in question objects:—

No one who has tried to cross the street in Paris and in London would feel particularly struck by the readiness of the French as compared to the English to submit to authority and obey the regulations. In the armies of the two countries, again, individualism and independence were much more apparent among the French than among the English. A neutral observer, who had visited the armies of the principal belligerents, declared that the discipline of the British army approximated much more closely to the Prussian model than that of the French. Anyone, again, who has lived for any length of time in close contact with members of the two nations will realize that the sociability of the French is really only a surface quality, and that Englishmen get on terms of real intimacy very much more quickly and easily than Frenchmen.

In the Middle Ages the English were described as the most governable people in Europe, while the French were the reverse. The North Germans are notably sociable and gregarious, in spite of their predominant Nordic blood. The Irish, who are assigned to the Mediterranean group,—at least are more closely related to it than the inhabitants of the British Isles,—have never been remarkable for docility and submission to strong centralized rule.

Professor McDougall, indeed, would seem inclined to think that their adhesion to Roman Catholicism argues that they do possess these qualities. To which one could only reply that they have, throughout their whole history, been singularly successful in concealing them in all the rest of the relations of their political and social life.

Indeed, the argument that Catholicism and Protestantism run parallel with political submission and political insurgency does not hold water. In fact, Protestantism was strongest in

France in the southern departments, where the infusion of Mediterranean blood is largest. The Czechs, who are not associated with the Nordic race, were pioneer Protestants in Central Europe. In Belgium, the anticlericals are the French Walloons, while the Nordic Flemish population is strongly Catholic. Indeed, the writer questions whether the Reformation was largely a movement for individual liberty at all.

We need not stress the well-known fact that Protestantism was not in either of its forms a religion of individual liberty or toleration. These are, of course, much more modern ideas, and arise from quite different causes. Nor are they ideas peculiar to Nordic states: up till modern times the Scandinavian states were as intolerant as any in Europe. What is more important to notice is that the Reformation in the Lutheran and Anglican forms which it assumed in the most Nordic states was not a movement for individual liberty at all, but much more truly a nationalist movement, which dethroned the Pope only to put in his place the omnipotent and despotic national monarch, with the last possible check to his power removed. Its most striking result is the increase in the power of the secular prince, in religion as well as in political matters. The principle of *Cujus regio, ejus religio*, is not a principle of individual liberty. It is rather the substitution of a more effective domination for a less effective one.

In reply to the argument that the Viking blood of the Nordic race makes its members essentially explorers and colonizers, this critic harks back to the Phœnicians and Carthaginians, of purely Mediterranean stock, to the Spanish and Portuguese explorers, to the *conquistadores*, to the Jesuit Fathers, and to the *coureurs de bois*.

In the *International Review of Missions*, Dr. D. J. Fleming approaches the question of the relative superiority of the five great races from the bio-

sociological side, in an article illustrated with graphs and diagrams. He lays stress on the fact that the white race has attained a dominant place in the world 'only during the past few hundred years' and that this is 'an exceedingly small fraction of man's history on this planet.' In this perspective, 'it is easy to believe that present white superiority may be due to opportunity and historical events, and not to inherent ability. . . . That races do at the present time differ greatly in their attainments is unquestioned; but this does not settle the question of native ability.'

He believes it practically impossible to separate 'the effects of original nature from the effects of social environment and training.' He cites evidence against his own position, especially the psychological tests of recruits to the United States Army; but he cautions against basing too broad generalizations upon such facts, asserting that people must be treated as individuals and not hastily classed in groups.

The human mind has a distinct tendency toward classification. We tend to select the dominant traits of another race; associate these traits with certain external racial marks such as slant eye, dark skin, black, straight hair; and then assign the traits to every individual who has the given external marks. We tend to set up a set of mental pigeonholes, each the abstract average of a group, and then we dump individuals into these pigeonholes on the basis of some external sign.



OVERPOPULATION AND IMMIGRATION IN JAPAN

WE have referred occasionally in the *Living Age* to the opposition developing in Japan to labor immigration from the Asiatic mainland, at a time when the working people in the industrial districts are experiencing serious under-employment. *Kokumin* observes that,

notwithstanding the idle hands in the cities, a shortage of labor exists in country districts. 'The present distressing situation of our farming interests is due to scarcity of labor which, naturally, causes wages to advance. In some districts where tenant-farmers have refused to renew their leases, embarrassed landowners are compelled to let their lands lie fallow.'

Consequently this journal is not an advocate of emigration to relieve Japan of its supposed surplus population. 'We have always taken the position that, as Japan's manufacturing industries are advancing at a rapid rate, there will be a growing demand for man-power, and we shall soon experience a shortage of men instead of over-population.' This condition is first felt in agriculture, where wages are lowest, and also in the Kyushu colliery districts, where there is a scarcity of miners.

In our opinion, it will be most advisable for Korean and Chinese laborers to be imported, properly trained, and employed. We have already a large number of Korean laborers among us, and the past experience shows clearly that given the proper training they are of much use. With regard to the importation of Chinese labor, the Japanese laws are rather ambiguous, and those who desire to utilize Chinese labor hesitate to do so. There can, however, be no manner of doubt that it is of much economic advantage to employ Chinese laborers, and their importation will remove a shortage of labor which is so keenly felt in some agrarian districts in this country.

Simultaneously, however, *Chugai Shogyo*, believing that the present industrial depression will continue for a long period, and that protracted unemployment is unavoidable, advocates an ambitious public emigration scheme along lines somewhat similar to those adopted in England for her overseas dominions, although it does not sug-

gest where these assisted emigrants should be sent.

Nichi Nichi also advises reopening the emigration question, though it does not approve of Government action. It considers emigration a purely economic issue to be solved only along economic lines. In the course of the sixty years since Japan was opened to foreign intercourse, during part of which period the Government and emigration companies have done their best to encourage Japanese families and laborers to migrate to places of profitable employment, the Japanese settled abroad have not reached 600,000. This is less than the average yearly increase of Japan's population. Emigration is important for Japan, not as a means to draw off her surplus people, but as a means to provide her industries at home with markets and materials to employ the great majority who will always live in their native land.

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MINOR NOTES

A FRENCH Foreign Bondholders' Association has brought a suit in the Argentine courts to force the Government of the Province of Buenos Aires to pay the interest on certain of its bonds in gold. The Province has insisted on paying this interest, which is reckoned in francs, in paper, thus reducing its interest burden by nearly sixty per cent, and forcing down the stock-exchange quotations for these bonds forty per cent. Commenting upon this suit, the *London Statist* says:—

Whether the Province did not avail itself of the occasion to buy up what it could, whether the recent improvement in price to nearly 600, upon news of the legal proceedings, is justified, and whether these same proceedings will not drag on indefinitely until pretty well all the remaining bonds

have been bought in by the Province, are questions which time alone can answer.

MUSSOLINI's abrupt introduction to higher diplomatic circles has naturally afforded occasion for many anecdotes regarding his adventures in this new world. *L'Europe Nouvelle* tells us that when the London conference of premiers opened in December Mussolini hastened to hand Bonar Law a note to which he attached immense importance. He had condensed in this document his personal views on the philosophy of history, and his proposals for the immediate reconstruction of Europe. Three days were spent in discussion, but nobody made the slightest reference to Mussolini's memorandum. When it was decided to adjourn, and to continue the discussion elsewhere later, Mussolini interjected:—

'But my note! When will my note be discussed?'

'Have another cup of tea,' said Bonar Law.

A JAPANESE newspaper published in North China recently announced that the Japanese Government had decided to withdraw all the subsidies which it has been paying for several years to newspapers and magazines in China. This action is explained partly by the stringency of government finances during the present business depression, but also by the pressure brought to bear by liberal influences in Japan that are working for a better China policy. The amount of money that Japan formerly spent for press propaganda in China was presumably very large. One editor in that country admitted that he received fifty thousand dollars gold a year from this source. And probably Japan's interests will be just as well looked after without this expense as with it.

FRANCE'S NEEDS AND EUROPE'S DANGER

BY JOSEPH CAILLAUX

[The author, an ex-Premier of France and perhaps the ablest financier that the country has produced within a generation, will be remembered for his bitter controversy with Clemenceau during the war, his suspected pro-German leanings, and his arrest, trial, and temporary forfeiture of civil rights after the Armistice.]

From the *Observer*, December 17
(LONDON MODERATE SUNDAY PAPER)

A FEW months ago I read the following sentence in an English review, the *Round Table*: 'England and France have drifted into being partners, who remain nominally associated, although mutual trust and loyalty, the essence of all partnership, have disappeared.'

I have placed this opinion, which appears to me to be far too severe, at the head of my article, chiefly because I am told it is that of an important English politician, and because it shows, if that is so, what anxiety is felt about the future of the Franco-British entente in certain quarters.

I cannot myself subscribe to so severe a pessimism. It is not because I shut my eyes to realities, especially as, in my opinion, a union between the two countries is as essential to the maintenance of civilization as it is to the prosperity of France and of England, and I want that union to exist only on the basis of complete equality. It is rather that I am convinced that too much importance is attached to transient disagreements.

'Are these disagreements not to be taken seriously, then?' I shall be asked. Certainly they are. But it must not be forgotten that between twenty and twenty-five years ago there was as marked a tension between the two nations as there is now, and that this tension was relieved by the wisdom of the

Governments of the day, who decided to discuss and to negotiate. Moreover, that was not the first time in history that discussions and explanations and agreements, carrying with them mutual concessions, were enough to destroy misunderstandings between Great Britain and France which seemed insurmountable to superficial observers. Could not what was done then be done again?

As everyone knows, the main discussion for the moment between the two peoples concerns the question of Reparations. France is justly anxious to make Germany pay the sums for which the Reich has been held responsible. England is no doubt supporting her Allies, but she is thinking at the same time — I had almost said she is thinking chiefly — of seeing a revival in the great market which Central Europe was before the war.

In order that they may better understand the two points of view, perhaps my readers will allow me shortly to set out France's position. She has been obliged, and she will still further be obliged, to repair the ruins which are massed upon her soil. Whatever happens, even if she does not recover a centime of indemnity, she cannot escape from that obligation.

What has she spent and what will she have to spend on this work? Official