

fluences are at work to draw them to this country, what happens to them after they get here, how their coming bears upon our own current social and economic problems. America needs a definite immigration policy, which shall make it possible to differentiate between those who have the intelligence and initiative to seek entrance to America on their own account and those who are recruited for emigration by the steamship companies, by employers seeking cheap and docile labor, by governments desiring to expel recalcitrant minorities by philanthropic organizations that would solve particular problems of European poverty through their removal to America. We ought not to tolerate any kind of mass immigration or subsidized immigration.

Selection is necessary, but it is far from the whole of a sound immigration policy. We can not afford to have even the best selected immigrants dumped at our ports, to fall, very likely, into the hands of exploiters, and, at the best, to go through a period of bewilderment and hopelessness that will go far toward setting them against America. Immigration is economically a matter of labor supply and can not be handled intelligently except as related to the demand for labor throughout the country. But we are so far from a systematic oversight of the labor demand that intelligent men are now asserting that we are suffering from a shortage of labor and other equally intelligent men are asserting that there is not a class of labor of which we do not have a plethora. We shall never handle immigration rationally so long as this condition obtains.

We are not now organized to receive immigrants properly, or to distribute them in such a way as to insure ourselves against aggravation of the present evils of increasing unemployment and labor unrest. To work out a satisfactory national policy will require months; but in the meantime multitudes, in almost every European country, are restless and discontented, and the shipping companies are casting eager eyes upon the earnings to be had from mass emigration. What else can we do, in the national interest, but declare a truce to immigration? A year's suspension to immigration ought to suffice, if the working out of a national policy is undertaken in good faith. But such a truce will be of no value unless we actually use the time to overhaul our entire immigration policy. If we stop with the truce, the disadvantages of indefinite restriction will presently impress themselves upon us when our industry again takes an upward swing and we shall remove all barriers and let in a flood probably not so desirable in its constituent elements as that which it is now proposed to exclude.

American Business Depression and European Distress

THERE was a time when even the fairly well informed Americans might cherish the illusion that the United States was economically independent of Europe. We could produce for ourselves the food and raw materials we required; we possessed the manufacturing power to supply our needs; what, then, had we to do with Europe? But we have since learned better than to comfort ourselves with the balancing of big figures, appropriate material for spread eagle orations. Throughout the country mills are closing down and unemployment is growing apace. From the price level of last spring, on which the farmer based his calculations when he plowed and sowed, agricultural products have fallen so disastrously as to involve losses according to the estimate of the National City Bank of between six and eight billions. That loss in purchasing power necessarily reflects itself in the demand for industrial products, with corresponding losses to industry probably greatly exceeding the agricultural loss. Without a doubt, the national production, measured in money values, is at least a billion a month less than it was a year ago.

That is in part due to the inevitable deflation and readjustment after the fever of war. Some decline in price levels was inevitable. Many bankruptcies were due, in consequence of the cumulative effect of business vices condoned or overlooked in time of war. But nobody can believe for a moment that those inherent weaknesses count for much alongside of the utter disorganization of the foreign market produced by the failure of Europe to return to the normal processes of peace. There would not be in fact a world surplus of wheat and cotton, wool and leather, copper and iron and steel products, if those who stand in need of those materials were in a position to buy. Indeed, we shall not know for months whether existing wheat stocks will suffice to feed the world until the next harvest, and by all the indicia of normal world consumption there ought to be a demand sufficient to absorb eighteen million bales of cotton, instead of merely the twelve million we actually produced. Wheat and cotton are down simply because those who need them have not the purchasing power. France, Italy and Belgium, but beyond all, central Europe, need the surpluses that are dragging our markets down, but they cannot surmount the wall of the exchanges to get those surpluses. They can not produce goods in advance to barter against our products, and we are not financially organized to furnish the goods on credit. Not that we are

not in fact extending credit in considerable volume. Our large monthly excess of exports proves that we are. Dr. B. M. Anderson calculates that Europe's floating indebtedness to us now exceeds three billions. That sum represents chiefly credits extended to British business men, who have in turn extended something like the same volume of credit to their continental customers. These facts ought to dispose of any lingering notion that solvent borrowers are not to be found in Europe. The British business man does not grant credits out of philanthropy. It follows that if we set about it in a big, organized way we could even now, in spite of European chaos, place a large volume of our surplus products abroad, with perfect safety. Our business men are not children, incompetent to look after their interests in markets where British business men are winning comfortable profits.

Where the British exporter has an advantage in the intensive exploitation of the European market is in an investing public accustomed to take his foreign bills off his hands, releasing his capital for further operations. We may in time parallel this advantage through the organization of corporations under the Edge law. In time; but commercial depression is at our doors. That is the real justification for the demand for the resuscitation of the War Finance Corporation, so calmly put under ether by Secretary Houston, apparently under the conviction that a commercial depression cutting ten billions off the national income is to be preferred to the possible losses on a much less volume of foreign credits required to move our surplus products to the consumers who need them. The agricultural West and South do not share this conviction, to judge from the attitude of the representatives of those sections in Congress. On this point, the farmers and bankers seem to agree—portent of the times.

It is an enormous advance in our national education in economics to recognize that our prosperity is bound up with our foreign markets, which we must supply on credit when we can not get cash. But our national education is not therewith finished. It is not enough to set some part of our present surplus stocks moving through the extension of credits to our foreign customers. We cannot contemplate with comfort a steady increase in our European credits unless at the same time the structure of European economic life becomes more stable. With the whole continent flooded with paper money of dubious value; with France, Italy and Germany unable to balance their budgets and the accumulating deficits threatening increased financial disorder; with militarism plotting restlessly throughout central Europe, with or against the victors in the late war, how can the orderly

business of production get under way? Yet it is upon production that the ultimate payment of any credits we may extend to Europe must depend. And it is with a Europe producing goods in abundance that we must cooperate in future if we are to make the most of our own natural resources.

Let us ignore for the moment, if we can, all humanitarian considerations. We will not enter as a credit the difference between the starving European populations of today and the same populations fully employed and adequately fed and clothed. Let us ignore all considerations of world peace, forgetting that in the chronic misery now settled upon the greater part of Europe militarist and monarchist plots thrive amazingly. Let us disregard the subtle forces of social contagion, that transmit the moral consequences of economic disintegration in ever widening circles. We are concerned here just with the definite effects of European economic decay upon our own material prosperity. Of those effects we have a preliminary taste in the current depression of our industry and agriculture. Is that not enough to convince us that we have been shortsighted in treating European economic recovery as purely the affair of Europe?

If we had been as farsighted as we were in fact shortsighted, we should have recognized at the outset that the German indemnity, so long as it should remain indefinite, or, after being fixed, if placed above a reasonable figure, was inevitably a centre of corruption, eating out the tissue of European economic life. The French have counted on the indemnity to ward off the consequences of an extravagant policy of meddling in the affairs of central and eastern Europe and Asia Minor. They have used it to excuse a fiscal incompetence that steadily lowers the credit of the French government. The Germans, threatened with burdens increasing with every sign of recovery, have failed to address themselves to the work of paying what is reasonably due from them. It is superfluous to trace out how the indemnity deadlock has worked to retard economic recovery in Austria and Hungary, Czecho-Slovakia and Poland, and even in Italy and Greece. Americans need not look beyond our own economic depression to gain a realization of the potency for evil of the German indemnity.

But was there anything we could have done about it at the time of the Peace Conference, or that we can still do? Yes. Mr. Baruch has pointed out that our commissioners pressed for a fixed and moderate indemnity, foreseeing exactly the consequences of a policy of punitive overreaching. But our representatives were eloquent in words, not in deeds. They advised the Allies not to drop the substance of an indemnity that would be paid while

grasping for the shadow of one that would not be. At the same time the American representatives refused to recognize that they too were grasping for a shadow—the repayment of the ten billions loaned to our Allies to aid them in the prosecution of our common war against Germany. The French in particular regarded relief from this obligation of repayment as of the utmost importance. If we had been willing to consider it, we could have taken a dominant part in the writing of the reparation clauses of the Treaty. We could have compelled England to release France and Italy from their debt to England by cancelling our own claim on England. We could have compelled France to content herself with an indemnity from Germany fixed at such an amount that indemnity bonds would be actually salable. France would then have been in a position to rehabilitate her finances forthwith and to proceed rapidly with her economic rehabilitation. Germany could have gone to work at once to pay off her indemnity. Italy would have secured material relief from the fiscal burdens pressing upon her and would have shared in the growing economic prosperity of Europe. All these benefits had to be foregone because of the refusal of our own representatives to consider on any terms the remission of our claims upon our Allies. They refused to consider the proposal because they thought that Congress would never stand for such an act of apparent generosity to our Allies, though in the long run it might turn out to be the shrewdest practical policy for ourselves.

Perhaps our commissioners were right in their estimate of the temper of Congress. At that time Americans were still saying, "Now the war is over, we are through with Europe." But today we all know better. Is it too late to mend the mistakes of Versailles? We do not believe that.

Let America announce that she is willing to enter an Inter-Allied Congress, to consider ways of rehabilitating the financial and economic life of her European customers, indicating her willingness to consider the remission of her war claims upon her late associates, provided they are ready to join in creating the conditions of real economic peace. Is there the least reason for supposing that such a proposal would be rejected? The Allied statesmen know well enough that they will never get out of Germany and Austria the exaggerated sums their peoples have been led to expect. But their political fortunes depend on keeping alive hope of relief from the burden of war debt through indemnity payment. If, however, America took the initiative toward revision, exhibiting at the same time her willingness to assume sacrifices herself, the matter could be presented to the Allied peoples in another light.

It may be said that we are proposing to buy moderation and common sense of our European Allies at an expense of ten billions to ourselves. Let us face frankly the history of those loans to our Allies. We entered the war when France and Italy, and England, too, for that matter, were near the end of their financial tethers. We could have refused stolidly to lend them money, reserving our funds for our own war-making. Suppose we had done so. Our Allies would probably have persevered in fighting, but certainly they would have been compelled to limit their operations to the most rigorously defensive requirements. We should have faced a much more powerful Germany, when at last we were ready to fight, and in all probability the war would have dragged on another year, adding twenty or thirty billions to our war debt. Is it surprising that Frenchmen and Englishmen and Italians do not feel that the equities are on our side when we seek to recover those ten billions?

They agreed, however, to pay back our money. They will pay it back, if they can. But can they? Down to the present they have not been able to meet even the interest. And how soon shall we be taking from abroad three-quarters of a billion of imports annually in excess of our exports—an amount we should have to take to extinguish the debt in a generation?

Our Allies are demanding from Germany sums that exceed what is equitable and practicable. We are demanding from our Allies sums beyond the equitable and practicable. They are grasping at shadows, and so are we. And in the meantime the substance of our prosperity slips away. How long are we to be ravaged by such folly and its consequences? It all lies with the American people, who alone are in a position to take the initiative for the general good.

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The Irrepressible Farmer

THE landslide did not discriminate. The Nonpartisan League, political organ of farmer discontent, went down with the rest. In Colorado and Montana where it was operating in the name of the Democratic party it was, of course, engulfed. In Minnesota and Nebraska, where it ran independent tickets, it fell to the rear. In North Dakota, where it had the advantage of bearing the winning party name, it elected a Senator and saved the governorship, but lost the legislature. Those lately in panic over the growth of the Nonpartisan League are breathing easily now. They think the league is done for.

They may be right. No one knows the vitality of the league. It may disappoint its enemies. Farmer discontent over the disastrous drop in prices of farm products may yet save the league. On the other hand, the centralized control which made the league so rapid to rise and so efficient at a fight may be a fatal weakness when it comes to outliving a defeat. It may fall as quickly as it rose. There would be, of course, a moral residue even in that case. The unrest which the league reflected and the projects which it promoted will remain even should the league disintegrate from the effects of the more or less accidental blow which it has suffered. But the opponents of the league are entitled, on the whole, to hope that they have fatally weakened this political movement. They have repulsed an army; but have they won the war? That is a larger question.

Its opponents fought the Nonpartisan League with a desperation not often displayed in western political contests because they felt their economic power imperiled. The league menaced the control by private business of the flow of goods between farm and factory. By means of political control employed to establish state competition it proposed to reduce the banker, the grain dealer, the miller, the packer and what middleman not, to the control of an agrarian dictatorship. The old-time masters of commerce and of politics were to be made their servants. The chamber of commerce was to be under the heel of an association of farmers. So the average business man saw it, and he was not much mistaken. The league did propose a transfer of class control, a political and economic overturn. Nothing less was the stake. The cataclysm had already occurred in North Dakota. It threatened the surrounding states. Such a contest could be no such genial pillow fight as Democrats and Republicans commonly engage in.

That was the issue. It was not a new alignment. Thirty years ago western farmers went into politics for the purpose, among many others, of shackling the middleman. The Populist party made scarce a dent in the enemy armor before it died. From its fall to the recent rise of the Nonpartisan League nothing has been heard in politics of the middleman. The league has risen and, its opponents think, fallen, without accomplishing anything outside North Dakota. Elsewhere the middleman would seem to be safe as ever. Yet if one casts his eye over such a middle-western state as Nebraska, he sees things in strange unaccord with that supposition. Let the village of Potter illustrate.

Potter is a place of a few hundred souls in the new wheat Eden of what was lately the cow country of western Nebraska. The grain elevator through which the farmers about Potter market their wheat is owned and operated by themselves through a co-operative association. This association also markets their live stock and it has put in a flouring mill and handles certain lines of farmers' supplies. An electric plant was needed to light the association's buildings. While they were about it the farmers put in a plant large enough to light the whole village. At Potter, accordingly, the farmers have eliminated the grain middleman, the livestock middleman, the miller manufacturer and middleman, part of the retail middleman and have made themselves public utility magnates "exploiting" the town folk. And there are many scores of Potters in the state of Nebraska.

About the time of the waning of the populists, twenty-odd years ago, Nebraska farmers began taking the local marketing of grain into their own hands. By steady, sure growth, the number of farmers' elevators has increased to about four hundred, enough to control the local marketing of grain. With the handling of grain has usually gone the handling of coal. The local marketing of live-stock is now largely in the hands of farmers' elevator associations or associations formed for the special purpose. To take care of the central market the farmers now have cooperative commission agencies at Omaha and other packing centres. At Omaha they handled last year \$9,000,000 worth of live stock and returned to shippers in patronage dividends fifty per cent of their commission charges. There are now many cooperative lumber yards and implement stores. Two cooperative centralized creameries and many flouring mills, large and small, are now in operation. Long ago,