

# The New REPUBLIC

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## The Week

**A**MONG the achievements of the Washington Conference the Four Power Treaty is, as the correspondents announce, the only one in grave danger of defeat. No doubt the announcement is true. The defeat of this particular treaty affords the opponents of Mr. Harding a plausible pretext and a desirable opportunity to damage the prestige of the administration, and if its defeat is accompanied by the ratification of the other agreements, as it would be, they will claim to have discriminated carefully and patriotically among the children of the Conference and to have rejected the one doubtful brother. Yet if it is rejected, they will have damaged something more important than the prestige of the Harding administration. They will have done what they can to destroy the political compensation for the abandonment of force in the adjustment of national policies in the Pacific which is implied by the limitation of naval armaments. Sooner or later one of two consequences will follow. Either something corresponding to the Four Power Treaty will be ratified or else the naval powers in the Pacific will resume competition in naval armaments. In any event as long

as the naval agreement remains in existence, the executives of Japan, Great Britain, and the United States will have to act as if they were bound by the Four Power Treaty. They will have to consult one another before taking any action in the Far East which will result in political changes of any importance.

**WHEN** the opponents of the Four Power Treaty stigmatize it as an alliance, they are attributing to the word a meaning which it has never had. An alliance has usually implied an agreement among the allies to defend their territories against a third power and to lend each other diplomatic support within certain not very strictly defined limits. The Four Power Treaty does not commit the United States to either of these promises. In respect to certain island possessions of the contracting powers in the Pacific, it is a self-denying ordinance. It obligates the United States not to attack Japanese possessions. It obligates Japan not to attack the Philippine Islands, the Sandwich Islands and Australia. It is more of a self-denying ordinance for Japan than it is for the United States and Great Britain. Neither does it place the American government under the slightest obligation to be any more complacent in the future about Japanese policy in China and in Siberia than it has been in the past. It amounts to no more than a promise to confer; and this is precisely what the American government should and would do, no matter whether it promised to or not.

**AS** the New Republic has pointed out from the beginning, the omission of representatives of China from the Four Power agreement is a grave defect. It is a defect which will have to be remedied if there is to be created in the Far East a political consortium which will provide a substitute for armaments and war. American supporters of the Treaty have no more important task than to call attention to this omission in the Treaty. The

events of the next few years are certain to demonstrate its importance. Both in China and Siberia there is profound and widespread popular resentment against Japanese policy on the continent of Asia. This resentment will in the not distant future obtain an expression which will become a matter for consultation among the four contracting powers; and when this emergency occurs the American government should insist on calling the Chinese or Siberian representatives into the conference on practically equal terms with the Japanese. If the present administration would only announce its intention of acting in this way the only valid objection to the Four Power Treaty would straightway disappear.

**FINANCING** the bonus by the certificate plan is the weakest and most objectionable proposal yet advanced. Such a plan would embarrass the banks more seriously, and impair the credit of the government in greater measure than any ordinary loan. At the same time it would be an unusually costly loan. The government would pay the comparatively high rate of four and one-half percent without getting the relief from untimely demands upon the treasury that would flow from a regular, long term loan. Nor would the certificates be worth as much to the beneficiaries as their face value in cash. What they need, so far as they really need a bonus, is ready money, not a long term investment in government bonds. The privilege of using the certificates as collateral for loans is only a partial remedy for the inconvenient form of the gratuity. Such a form of borrowing, which is expensive to the government, injurious to the banks and inconvenient to those for whom the loan is contracted, is more appropriate to a Balkan state than to the richest nation in the world.

**FRENCH** zeal for intervening in Russia is not by any means dead, if we can trust the Associated Press forecasts of the Russian program to be presented by French experts to the Genoa Conference. They will propose that instead of arranging for the resumption of trade with all Russia, the Allied powers shall confine their efforts to restoring production in limited areas, such as the Ukraine, the Caucasus oil region, the Archangel district and the Donetz basin. That is, establish foreign influence firmly in the periphery of Russia, where the power of Moscow is weakest. This is, of course, nothing but a revival of the old French project of carving Russia up into spheres of influence like those in China. No doubt England would be invited to make the Archangel district

her own; France would claim the Ukraine, and the two powers would cooperate in the Caucasus and Donetz regions. It is a pretty plan, and lacks nothing but a foundation in present day facts to stand on. The Soviet government may be weak, but it is strong enough to withstand any such scheme for dismembering the Russian nation.

**AFTER** some weeks of perturbation it now looks as if Mr. Lloyd George had triumphed over the active discontent of the right wing of the Unionist party. The present government will probably remain intact and in power until after the general election which will in that event be postponed until next fall. The insurgent movement did not succeed in winning the support of the responsible leaders of the Unionist party, such as Winston Churchill, Birkenhead, Austen Chamberlain and Arthur Balfour; and in the absence of such support it was powerless to provide a substitute for the present Lloyd George Cabinet. The Prime Minister may have brought on the present crisis for the purpose of teaching this lesson to the Tory squires who were outraged by the complete repudiation which the Irish settlement involved of the traditional principles of the Unionist party. In protesting against this repudiation they find themselves deprived of responsible leaders and they are obliged to admit their own impotence. Mr. Lloyd George is likely to obtain a prolongation of power which will last until next fall at least. He will gain, that is, the opportunity of pulling off the Genoa Conference. The question is whether his position will be any stronger as a consequence of the delay in the election. Our guess is that the Genoa Conference will only repeat the failure of previous European assemblies and that Mr. Lloyd George will find himself in an even weaker position next fall than he is today.

**AS** a result of this abortive insurrection of the right wing of the Unionists the English party organization may move further than it already has in the direction of the multiplication of minor groups. The two party system has prevailed so long in British politics and has worked on the whole so successfully that the majority of observers have assumed the present government by coalition to be only an episode. Lord Grey's recent manifesto confidently advocated the return to two-party politics, but such a return seems out of the question unless Liberalism and Labor can unite; and at present there is no prospect of such a union. Lord Grey and Lord Robert Cecil are separated by smaller differences of conviction from Austen Chamberlain and Arthur Balfour than they are

from the labor leaders. The labor party, that is, will probably become a left wing which will not be powerful enough to take over the government, but which will not unite with any other groups further to the right in order to form a government. The Tory squires may well become a right wing which like the laborites will not be numerous enough to form a government but which will be too well satisfied with their own conviction to coalesce regularly with other groups. In that case the existing coalition might develop into a government of the centre which would eventually include most of the former Liberals and the more moderate of the former conservatives. Indeed the chief obstacle to the formation of such a government after the next election would seem to be the active personal dislike and distrust which Mr. Lloyd George has inspired among many of his former Liberal associates.

THERE is a widespread belief that the United States has completely returned to China its share in the Boxer Indemnity Funds. Such is not the case. The House of Representatives has recently passed a bill to make the return complete. When the Senate acts favorably, there will be a sum of half a million of dollars available annually for about twenty years. While the bill nominally makes over the sum to China without qualifications, practically the Chinese government will act upon suggestions from our government as to its desirable use. The part previously turned back has been chiefly employed in fostering the preparatory instruction of students sent to this country for advanced collegiate work, and in paying their expenses while here. It appears highly desirable that any further sum be used for promoting education in China itself. Nothing will be gained by pouring the sum into the bottomless sink of general governmental finance. The greatest need in higher education in China at present is better and more libraries and laboratories. At the average rate of exchange, the new funds will amount to about a million a year in silver. This sum covering a period of years will build and equip libraries, museums and laboratories for all the higher national schools in China—universities, technical schools and teachers' colleges. There would doubtless be enough left over to train an expert personnel to care for the libraries and laboratories. The modernizing of China will be better furthered by supplying facilities in science and the field of history and literature than by any other method. China cannot advance industrially in a steady and healthy way on any other basis. It has been suggested that part of the money be used to establish in-

dustrial museums, doubtless with the aim of fostering commerce with the United States. The aim is legitimate, but the method puts the cart before the horse. Develop a modern scientific spirit and sufficient trained ability in China, and its industrial development will automatically go ahead. Fail to do so, and the growth of a commercial market in China will be slow, intermittent and one-sided. For the present, museums connected with higher schools will completely meet a demand which separate commercial museums would wastefully outrun.

THE American Institute of Mining Engineers convened recently; what great word did they speak to a nation facing a strike of coal miners? Out of the six hundred engineers present, twenty thought it worth while to attend the institute's Industrial Relations section; of the twenty nineteen were from metal mines, one was a coal mining engineer. The Industrial Relations section devoted two hours to the discussion of carbon monoxide poisoning (whether or not as a cure for industrial troubles, the record does not state). Not one pronouncement was issued to indicate even a suspicion by mining engineers that the way coal mines are managed may breed strikes. President Ludlow told the engineers that anyone going into coal mining now must be a "confirmed optimist." Back of his statement lie the facts of chronic overdevelopment, from 5,700 coal mines in 1914 to 11,000 in 1921. His jesting reference was to men who would risk money in mining; he said nothing about men, half a million of them, who risk their life work in mining and for the most part know no other trade. Their dividend on the risk for the last year seems to have been an average of less than three days' work a week, together with the demand for a thirty percent cut in wages for those three days.

ACCORDING to a statement published in the World by President Lewis of the United Mine Workers the average retail selling price of bituminous coal is \$10.41, of which the mine labor cost is \$1.97. If those figures are correct, the consumer has little to gain from the deflation of miners' wages. Suppose that the operators are successful in cutting wages twenty-five percent, the maximum reduction the consumer could get would be forty-nine cents a ton. But the operators are not going to put themselves to the trouble of conducting a labor war just for the sake of the public. They will keep part of that forty-nine cents for themselves, if not the whole of it. Say that they are generous enough to split fifty-fifty; the con-



sumer will save twenty-four and a half cents on each ton of coal, while the miner, who now earns too little to live on decently, will be deprived of a quarter of his wages. If the operators can offer no better bait than that their case before the public is weak. And we suspect they cannot offer anything better, since they fail to give us, instead of vague talk about coal coming down, the facts and figures which would show how much it will come down.

IT is quite true, as Commissioner Chamberlain of the Shipping Board points out, that the greater part of our exports and imports have been carried by foreign vessels. It may be true that since the founding of the republic we have paid in freights something like twenty-eight billions to foreign ship owners and less than nine billions to our own. This is mere arithmetic. Mr. Chamberlain is dealing with something other than arithmetic when he says that "the foreign interests were enriched" to the amount of \$28,292,949,118. That is economics, and such wretched economics as to cast grave doubt upon Mr. Chamberlain's fitness for a public position of grave business responsibility. Foreign interests are "enriched," like any other interests, not by their gross receipts but by their surplus above costs. We are not being enriched by the gross receipts of the enterprises conducted by the Shipping Board, but are being impoverished by the net losses the business is incurring. Nor shall we be enriched by the earnings of privately owned American ships, if those ships cannot cover their expenses without drawing upon the public treasury.

PRESIDENT HARDING'S arguments in favor of direct navigation subsidies are not likely to convince the Middle West that it is worth while to place an additional charge upon our over-burdened treasury in order to encourage the development of a service which, on the President's own showing, offers little prospect of ever standing on its own feet. Among the "indirect subsidies" which he recommends there is, however, one which seems to us to deserve careful examination. That is the amendment of the Interstate Commerce act permitting our railway companies to own and operate steamship lines engaged in the foreign trade. We commend to the attention of our readers the discussion of this question in Mr. Clapp's article on the Merchant Marine, published in this issue.

FRANCIS HACKETT has resigned from the editorial board of the New Republic.

## For Our Sins

FOR millions of Americans, vexations and hardships gather darkly around the ides of March. Perfectly rational men have, of course, made all their arrangements, arithmetical, financial and psychological, months in advance. A happy tribe they are, these perfectly rational men, for this one day of the year. They are a vanishing minority, however. The rest of us find the day of reckoning dawning upon us with disagreeable suddenness. Let's see: what did we actually earn in the last twelve months, and what became of it? Are we sure that there are not trivial items lurking somewhere in our ill ordered books, which the omniscient tax gatherers may produce to our discomfiture? Or are they really so omniscient that we shall be obliged to put in everything, when there are so many special circumstances that offer strong moral reasons for unofficial deductions?

Perish the income tax, we pray fervently. But there is no efficacy in this kind of prayer. It may be that the end of the decade will see some of the rates reduced. There is no very good ground for being confident of that, however. What headway are we making toward reducing the public expenditures that make the income tax a fiscal necessity? We shall save money on the army and navy, perhaps. But we shall do very little toward reducing the principal of the public debt, our most remorseless tax devourer. In a decade our population will be greater by one-fourth, but that does not assure us of an increase of twenty-five percent in taxable incomes, to divide the burden. Indeed, when the present depression is over we may anticipate great activity in the social forces which press for a redistribution of income, taking from the taxable categories and adding to the exempt categories. We may anticipate new demands upon the public treasury, of which the bonus is only a foretaste. May we not, however, be able to roll a part of the burden upon the shoulders of the masses of the people through indirect taxation? It isn't likely. The income tax payers are a minority. They are heavily concentrated in a few states, like New York. The majority is in no mood, at present, to relieve them at its own expense. We see no reason for thinking that it will exhibit a more complaisant attitude in the future.

We must pay, pay, pay as long as we live. Our sons must pay, and our sons' sons. Even unto the third generation we must pay. As if for our sins. Such long drawn, remorseless punishment is seldom in nature visited upon sins of hot blood and brutal commission, but upon cheap, lazy sins of thoughtlessness and omission. Is it even so