

The Outlook

FEBRUARY 9, 1921

WHAT CAN GERMANY PAY?

GERMANY began the World War, and prosecuted it with unprecedented devastation. Germany lost the war, and must pay damages.

But the damage was far more than she can pay. The question, then, is: What can she pay? At the Paris Peace Conference we heard that she would have to pay 400,000,000,000 gold marks (\$100,000,000,000). Last year, at Boulogne, the Allied Ambassadors wanted to charge her 269,000,000,000 gold marks. And now, meeting at Paris again, they have agreed to make the figure 226,000,000,000 marks.

It would be met by fixed annuities, beginning with an annuity of 2,000,000,000 gold marks in the twelvemonth after May 1, 1921, and ending with the annuity of 6,000,000,000 gold marks in the twelvemonth preceding May 1, 1963. In addition there would be annuities throughout this period equal to 12 per cent ad valorem on German exports.

Payment of an indemnity of 226,000,000,000 gold marks (\$55,500,000,000) would about equal \$21,000,000,000 with interest at 5 per cent for forty-two years. It is presumable that the former way of stating the case, lumping principal and interest, makes the greater impression on foreign public opinion.

In addition, the tax of 12 per cent, while representing a victory for the French contention that France should share in Germany's prosperity, is, in the ultimate analysis, a tax on the ultimate consumer and may have the effect of increasing prices and lessening exports, because it makes the cost of Germany's exports greater to the rest of the world, and to that extent cripples German ability. In order to insure complete fulfillment of the requirement concerning the exports, the Allies demand that Germany shall give to the Reparations Commission every facility for verifying the amount of the exports; moreover, they also require that Germany shall not embark on any credit operation outside her own territory without the Commission's approval. They demand that all German assets and revenues shall be applicable to insure complete execution of the provisions of the arrangement.

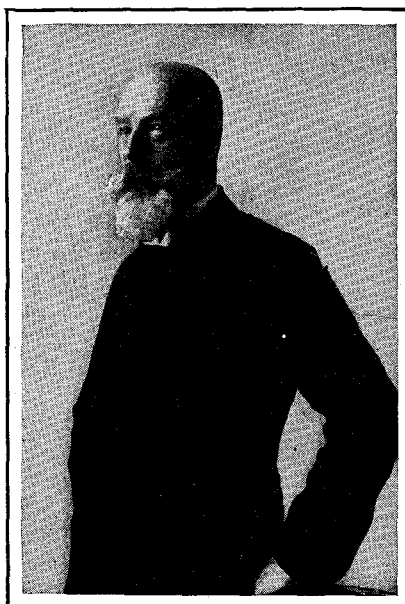
In case of default of any payment the proceeds of German customs may be attached by the Reparations Commission and applied in meeting such obligation.

The German public is stunned at the news; opinion is summed up in the con-

temptuous remark of one of the Berlin papers that the present Paris Conference is one only of "pipe dreamers." In England the arrangement is received with satisfaction, although the London "Express" calls attention to the fact that payments can sometimes be exacted in a form to do creditors more ultimate harm than good.

IS THERE HOPE FOR AUSTRIA?

IF Austria was the chief transgressor in bringing on the World War, her way has certainly been more than proverbially hard since the great debacle



From Carl Junker, Vienna, Austria

DR. MICHAEL HAINISCH, FIRST PRESIDENT
OF THE AUSTRIAN REPUBLIC

of the Central Powers. From the state of being a Great Power she has descended to the position of being an object of international compassion. Yet she is making a brave attempt to regain her feet industrially under a new régime which seems to have dropped as far as possible the bad old traditions of the Hapsburg autocracy. She has elected her first President, Dr. Michael Hainisch; for until now her official head has been the President of the former Constitutional National Assembly.

Dr. Hainisch is what may be called a Fabian Socialist. He was long a member of the Vienna Fabian Society, modeled after the English society of that name. He was born in 1858, and had to earn his bread at an early age. He is described as a man of high culture, a social reformer of experience, and a gadabout who has made a

model farm out of his estates. Though only a comparatively narrow field of action is allowed to him by the Constitution of the Austrian Republic, his strong personality may yet accomplish much in rejuvenating his country. His platform, announced informally in accepting the Presidency, is, "Work and Economize!" Agricultural production, he urged, must be increased, and the flow of bank-notes which has so greatly depreciated the currency "must be restrained with all energy."

Dr. Hainisch's forward policy receives encouragement through the reported action of the Allied Premiers at a recent meeting. They propose to surrender certain financial claims against Austria and to establish an allied commission to act in an advisory capacity in bettering Austria's financial condition. A conference of the nations that formerly constituted the Austro-Hungarian monarchy will also be called soon to improve the economic condition of those states, and the Allies promise to act in an advisory capacity to this conference.

A human note to an academic discussion may be added in this letter from an Austrian official published by the American Relief Administration. It objectifies the situation from which it is hoped to relieve Austria: "I am the father of five children, their mother dead by slow starvation. The children's food consists of a small piece of dry bread in the morning, the American meal—I must say, the Heaven-sent American meal—at noon, and a piece of bread in the evening. But for this American meal, all of my children would have starved and perished. When they say their prayers at night, they ask God to bless their benefactors."

BERGDOLL FINDS SANCTUARY

GROVER CLEVELAND BERGDOLL, draft evader, convict, hunter of treasure, and wool-puller plenipotentiary for the eyes of our War Department and our Department of Justice, has found sanctuary in Germany.

So we learn from despatches which give vague and contradictory accounts of an attempt to trap this notorious fugitive and bring him within the custody of American authorities. According to these accounts, two men, who claim to have acted as agents of our Department of Justice, recently attempted to kidnap Bergdoll, but were themselves apprehended by the German

authorities. The claim made by these men, so far as we know, has been unverified, nor is it clear whether or not the American Government intends to interest itself definitely in their behalf. The first and natural impulse upon hearing of this attempt to kidnap Bergdoll is to exclaim, "Good! What a pity they didn't get him!" It is an impulse, however, which, like many human desires, considers the end rather than the means. At the present time it must be admitted that the only defensible method of securing Bergdoll from Germany is to make his extradition part of the terms of peace—to demand him from a conquered nation, just as the Allies demanded (and didn't get) the German criminals responsible for the war.

The instant Germany is regarded as a nation subject to the restrictions and obligations of peace-time law the power to suggest such action departs. We can then only ask for Bergdoll's return if we are willing to return to Germany such of her citizens as evaded her own military laws during the conflict.

If Bergdoll had been tried and convicted before a civil court, the remedy for the unfortunate situation might properly lie in extradition. There seems, however, little to be done but to wish Germany joy in her adopted son.

But we wish we had faith in the hope that there might be found in Germany at least a few citizens capable of treating Bergdoll as the gallant Burgoyne treated Benedict Arnold when the latter entered the gallery of the House of Commons. This hope, we suspect, is very vain.

THE SHOOTING OF AN AMERICAN OFFICER

ALL well-wishers of international comity were shocked the other day by the news that a Japanese sentry at Vladivostok had shot and killed Lieutenant Langdon, of the American cruiser Albany. The American Government has taken up officially the matter with the Japanese Government, which has shown every indication of sorrow for what has occurred. It at once instituted a court martial to try the sentry.

It is explained that at four o'clock in the morning Lieutenant Langdon was passing through the street in front of the headquarters of the Japanese Eleventh Division. The sentinel, being suspicious, three times ordered him to stop. The American did not stop, and the shooting followed, the ball striking him in the back. After the sentry fired the lieutenant replied with two shots before he collapsed. Langdon was in full uniform. These circumstances of the shooting have been confirmed by

both American and Japanese official investigations.

The unhappy affair calls attention to other interferences with American sailors by Japanese sentries, but these are said to have been merely perfunctory challenges.

The shooting also calls attention to Japan's policy in Siberia. Japanese troops were despatched to that country upon representation by the United States, when Bolshevism was still confined to European Russia, and when the late Admiral Kolchak was at the head of the Omsk Government, in control of Siberia. Bolshevik rule subsequently covered all Siberia except the eastern region, where two independent Russian governments are now functioning, those of Chita and Vladivostok. Like other Powers which have taken military measures to prevent the spread of Bolshevism into their territories, Japan also considers it necessary for self-protection to prevent the entry of Bolshevism either into her own Empire or even into other Pacific coast territories. The Chita and Vladivostok governments, she claims, are not objecting to Japanese temporary occupation of Siberian territory.

Japan, it is assumed, favors the ultimate erection of an entirely independent state in Siberia. If such a state were created, Japan would doubtless regard herself as its protector.

THE PRICE OF MEAT

WHY is the price of meat so high? As Mr. Rogers points out in his article in this issue, a common and popular answer is, "Because the packing-houses control the stockyards."

Hence the Senate has just passed a bill creating a Government commission to regulate the packing industry.

This commission is to be known as the Federal Live Stock Commission. It is to consist of three members appointed by the President with the consent of the Senate. The salary of each commissioner is to be \$10,000, and that of his secretary \$5,000.

The Commission would have the power to require by subpoena the attendance and testimony of witnesses and the production of books and papers. In case of disobedience of the subpoena, the Commission could invoke the aid of any Federal District Court; any failure to obey its orders would be punished as a contempt of court.

The bill makes it unlawful for any packer to engage in unjustly discriminatory practices in commerce, to transfer live stock to or receive it from any other packer so as to apportion the supply, to engage in any foodstuffs business when the effect might be to restrain

commerce, to combine with other packers in parceling out territory, or to engage in any other practices tending towards monopoly. Severe penalties of fine and imprisonment are imposed upon any person who willfully refuses to make proper entries, who makes any fraudulent statements, or who obstructs any Government officer in the performance of his duties. There is to be a registration of packers and stockyards and the Commission is to furnish to the registrants regular reports embodying all available information useful to them.

Thus by this bill we abandon the private control of such a business as is the packing industry and enter upon the broader field of Government supervision. The question arises whether Federal regulation will make either for higher prices to the producer or lower prices to the consumer. Certainly the consumer complains. But the producer also claims that, in view of the price paid for meat by the ultimate consumer, he does not get his just share. The middlemen also declare that they do not get enough; in particular, the packers maintain that if it were not for their highly developed organization they could not operate at so low a price. They assert that they have minimized economic waste and that the outcry against them has been based on no legitimate economic complaint. They declare that the cause of high prices is due to the retailers. This was voiced by Senator Sherman, of Illinois, the other day during the Senate discussion when he said:

The most singular thing, to my mind, is that everybody knows how to run the packing business except the packers themselves. Why does not some one inquire about the retailers in meat products? They are too numerous, and that is why the reformers do not go after them.

If lower prices be the main object in view, a commission which controls packers and does not control retailers would seem to be absurd.

MR. SCHWAB AND THE REWARDS OF PUBLIC SERVICE

WHY is it that more men of first-rate ability do not enter public service? The question is frequently asked. One answer to it can be found in the report of a recent investigation by Congress.

In the course of this investigation it was stated by a witness that Mr. Charles M. Schwab received from the Government a large sum of money charged up to "ship construction," but in reality given directly to Mr. Schwab as President of the Bethlehem Shipbuilding Corporation to cover an expense account while Mr. Schwab was attached to the United States Shipping Board.

This report, which does not seem to