

# THE LITERARY DIGEST

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## WHY GERMANY MUST PAY



**T**HE WAR THAT GERMANY BEGAN AND LOST cost the Allies, according to a recent estimate, the stupendous total of \$177,000,000,000. The Reparations Commission has named a principal sum of about \$32,000,000,000 as the damages for which reparation by Germany is due under the Treaty of Versailles. The Supreme Council of the Allies, sitting at Paris in January, placed the amount to be paid by Germany at a present value of \$21,000,000,000, which, when paid with interest and in instalments covering forty-two years, would amount to about \$55,000,000,000; and in addition the Council called upon Germany to pay a sum equal to 12 per cent. of her exports for the same period. Germany, protesting her inability to pay any such sum, countered with proposals that were promptly rejected by the Allies as ridiculous and dishonest, and for months the newspapers of this country, with those of the other nations of the world, have been discussing the baffling question of the extent to which it lies in Germany's power to make reparation for the evil she wrought. Out of the confusion and cross-currents of these discussions emerge two assertions of peculiar interest to Americans: That France must go bankrupt if Germany fails to deliver the sum demanded, and that the United States has, indirectly, a heavier financial stake in the German reparation payments than any other nation.

"Germany must pay or France is ruined," declares the *Richmond News Leader*, which adds:

"If Germany pay, she may be ruined, to be sure; but after the events of 1914-18 that will be regarded as far less regrettable than that France shall be thrown into national bankruptcy. Practically, the only point on which judgment honestly can be divided is whether the detailed program France proposes to follow may not increase rather than reduce the difficulties in the way of collecting the indemnity. Even upon that Americans should not be too dogmatic: France has studied Germany for sixty years and knows far better than do other countries the character of the treatment that will bring Germany to her senses."

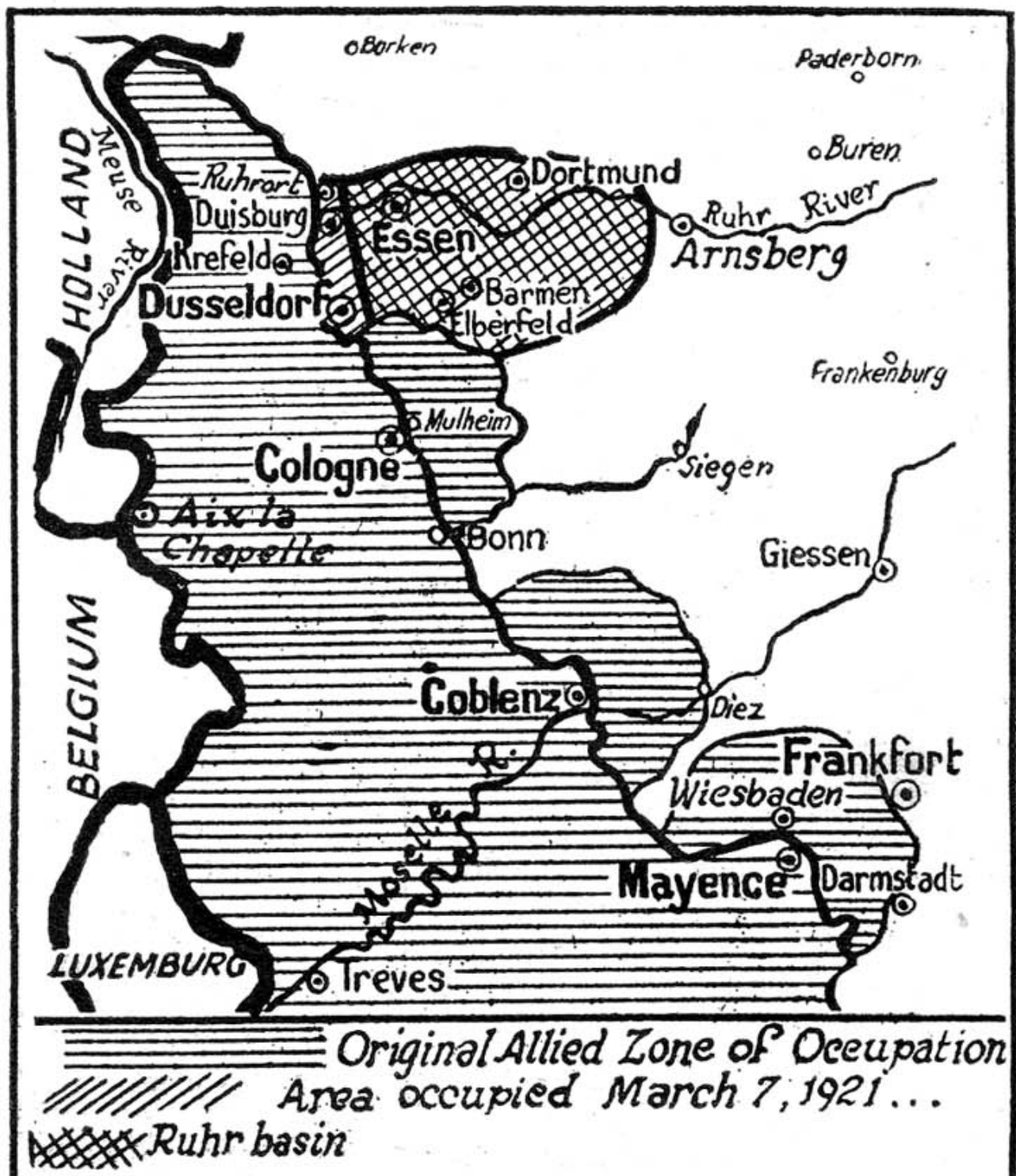
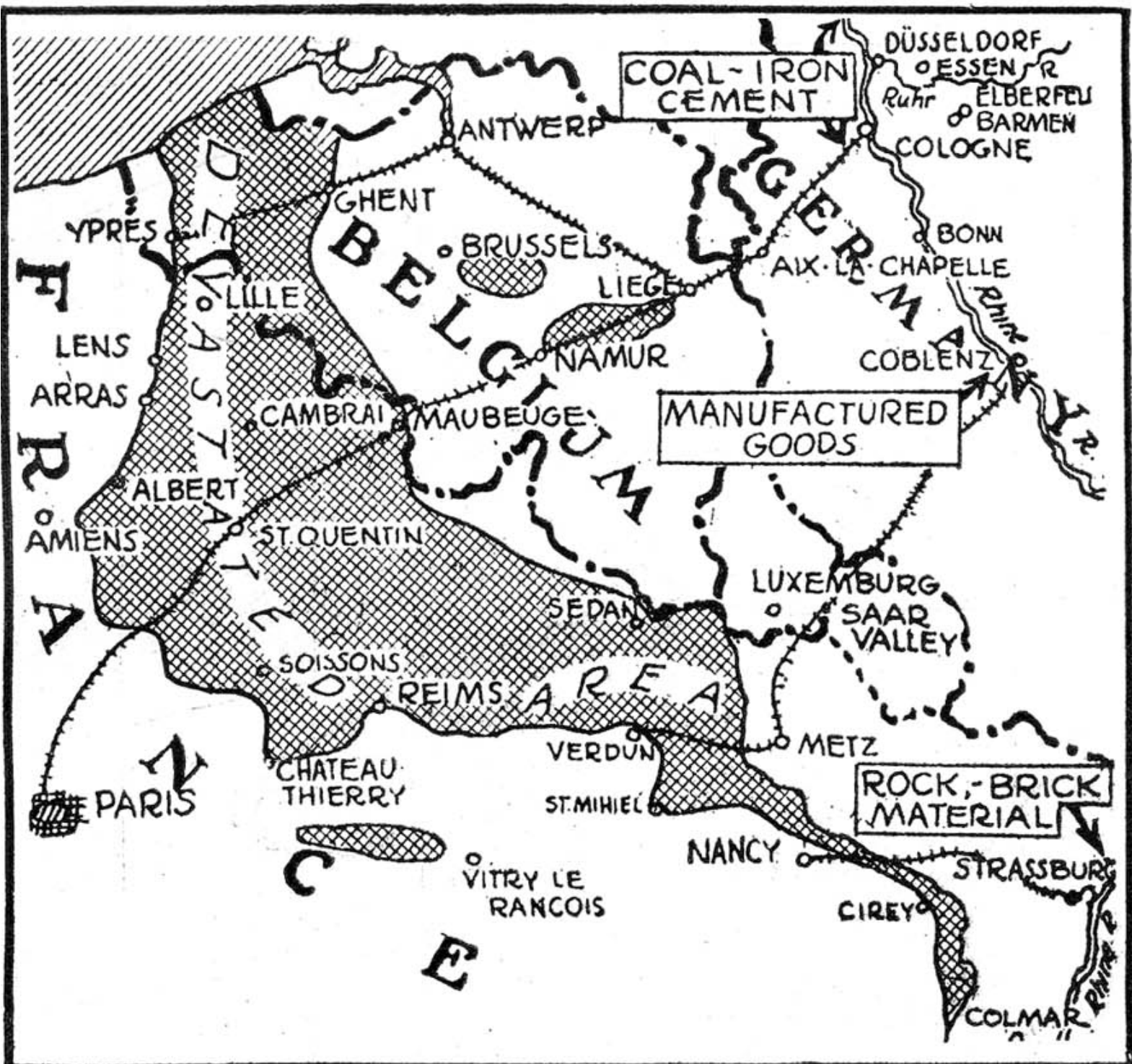
In the course of an editorial headed "The Case for France," the *New York Evening Mail* says:

"During recent months this country has been deluged with German propaganda against France, which for a time seemed to be meeting with success. But, as happened frequently in the





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## TWO AREAS—CAUSE AND EFFECT.

early years of the war, German arrogance came in to destroy what German subtlety had built up. The innate contempt which Germany has for every other nation's intelligence could not be suppressed. It broke out in such affairs as the 'horrors-on-the-Rhine' meeting and in the trickery of the reparations proposals. Even the eyes of some of our soft-hearted and soft-headed radicals were opened to the fact that the so-called German republic was little better than the old junkery masquerading in a red cap.

"We still hear, however, that France's attitude on reparations is caused by nothing less than a purpose to restore the old Napoleonic military domination of Europe. There are fools and jingoes in France as elsewhere, and no doubt some of them indulge in this dream. But it is in no wise necessary to postulate this chauvinism of the majority of the French people in order to explain their determination to keep 'a rendezvous' with Germany unless the latter agrees to pay up.

"The plain fact is that France must have the reparations she has asked for, and have them quickly, or face bankruptcy. She has been forced to issue all sorts of loans in order to keep the work of reconstruction going, for in spite of what Dr. Simons had



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the audacity to tell our own Government, France has been accomplishing a great deal toward the restoration of her normal life.

"Yet with every loan further reducing the value of her currency, with her richest districts still staggering from the wounds inflicted by Germany, she has seen the latter country, which felt no invader's hand save in East Prussia, steadily regaining her old industrial position.

"The one outstanding fact that makes France believe Germany can pay more than she is willing to admit is that while the average German now pays only 12 per cent. of his income in taxes, the average Frenchman pays no less than 18 per cent. of his. Any conception of reparations which would continue such a state of things would have to be predicated on the theory that it was Germany and not France which won the war."

The total cost of the war to France, according to a statement given by the French Foreign Office to a Paris representative of the *New York World*, amounts to 500,000,000,000 francs. And in a Paris dispatch from Edwin L. James to the *New York Times* we read:

"The French Treasury is almost broke. Why is the French Treasury almost broke? Because it has paid out 40,000,000,000 francs to reconstruct the regions devastated through the German invasion. For this work which Germany is pledged to pay, France, the victim, has expended a sum equal to \$3,000,000,000 gold. Germany, the aggressor, has paid practically nothing."

Many billions of francs are still needed for reconstruction in the war-devastated area, we are told, and the work will require many years for completion. "The primary point before the world is the compensation of France," declares the *Chicago Tribune*, which adds significantly:

"There is little doubt that Germany even now is coming back industrially and commercially. She is underselling English, Danish, Dutch, Scandinavian, Spanish, and American manufacturers in many lines in their home markets even now. Doubtless, if the world markets were open to the German trade without restriction Germany would gladly pay all the cash indemnity asked, and more.

"We must not lose sight of the fact that Germany was properly defeated in a war of aggression and ought to pay the penalty. Even so the victors in that war will have paid enough and more than enough."

A moral obligation rests on the United States, declares the *New York Tribune*, "not to countenance a policy which means that the well-roofed German shall live comfortably while his victim, the unroofed Frenchman, is exposed to the fury of the elements"; and the same paper adds:

"A financial interest concerns us, for Germany's payment of her debt will enable Europe to discharge her debt to us; a political consideration weighs with us, for if Germany successfully avoids the consequences of her great raid we may expect a raid to be made against us.

"Thus, what is needed in the reparation matter is not argument but action."

Senator Spencer recently cited in Congress statistics to prove that the United States had invested financially in the war more heavily than any other of the Allies. And in the *New York Herald* Frank H. Simonds writes:

"Europe owes America some \$11,000,000,000 in loans, which will amount to \$12,000,000,000 before any payment begins. The United States has indicated that it will not cancel these Allied loans. But the chief source, the basic security for the loans, is the German reparations account. . . . .

"If the United States insisted that Germany should be treated gently and generously, that her capacity for payment should be gravely considered, could the United States consistently display toward her recent Allies of the war a more exacting spirit than she permitted them to show toward Germany, recently the common enemy? Not enough attention has been paid in this country to the circumstance of our own loans to Europe.



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The larger the reduction in the sum total of German reparations, provided the final figure does not fall below the sum of our loans, the better becomes our security for our loans. Thus in reality we are not a disinterested but the most interested party in the whole German reparations discussion, because we have a larger sum at stake than any one else."

Mr. Simonds goes on to say:

"Both the United States and Great Britain are vitally interested in closing up the German dispute and in restoring the German market for their own trade. But both the United States and Great Britain hold France to pay very large war loans and they can not successfully undertake to persuade France to reduce her bill against Germany while insisting that she pay them every centime which she has borrowed from them.

"In the last analysis, France is not going to make concessions which will materially reduce her own reparations claims while the sole or the major benefit will fall to the British and American nations and the whole burden will fall upon her own treasury. But if France sets out to collect her bill by employing her armies, as she can, the process will work very great hardship both to the United States and to Great Britain. If the whole question were sent to another international conference no useful result would be attained unless the United States and Great Britain were prepared to forego some of their claims against France to balance French reductions of claims against Germany. Nor would anything be accomplished that way in restoring order permanently and avoiding new crises, unless the British and the American governments agreed to assist France in making Germany pay the reduced sum."

As to Germany's ability to pay, Mr. Simonds continues:

"Many experts, including some American, believe that Germany can pay \$56,000,000,000 in forty-two years, which, as I have emphasized above, represents a present or capital value of \$21,000,000,000. At least their evidence is as good as that presented by the champions of the Germans and by the Germans themselves."

To the question, "Can Germany Pay?" Mr. Stephane Lauzanne, editor of the Paris *Matin*, replies in *The North American Review*:

"Yes. Germany can pay, on condition that she be not allowed to make any camouflage in her budget; on condition that she be not permitted to spend four billions of marks for her Army and Navy; on condition that she be not allowed to increase tenfold the number of her officials and to double the number of her postmen and of her railroad men; on condition that she be not allowed to spend one billion marks on new constructions, on condition that she be not allowed to let her debts toward her own people pass before her debt to the unfortunate foreigners whom she has robbed, ruined, pillaged, and murdered; on condition that the Krupp firm pays a part of its scandalous profits to the victims of the war; on condition that the Germans drink less champagne, bet less at the races, and work a little more. Yes, Germany can pay on condition that she be made to pay.

"It is not only in the interest of France alone that Germany should pay, it is in the interest of the whole world, because it is the interest of peace. If Germany pays for her war, she will prove once for all that it is not worth while to make war."

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