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A WEEK OF THE WORLD

VORACIOUS AMERICA

SIR E. MACKAY EDGAR, a 'well-known industrialist and financier,' has recently returned to England from an annual visit to the United States, and favors a correspondent of the London *Telegraph* with his last impression of our country. He believes that Great Britain must develop and keep under British control as many physical assets as possible all over the world, so that America will eventually have to come to her for some of the indispensables of life and industry. We are fated to such dependence as the penalty of our lavishness. We are the 'champion spenders of the world.'

'It is not merely money they — that is, the Americans — are throwing about, but everything — copper, cotton, zinc, lead, oil, timber — you can hardly name one of the big staples of industry that they are not literally devouring. It is an amazing spectacle. There you have 115,000,000 people feverishly tearing from the earth its irreplaceable wealth and using it to maintain a rate of growth utterly without precedent in all human history. It is this terrible consuming power of America that is by all odds the biggest economic fact in the world of to-day. It is terrible because already it is outrun-

ning production. Before long, while the demand will be as voracious as ever, the supply will have run short. Then there will be a smash.

'Just think of this. In 1914 America produced about 65 per cent of the world's output of cotton, oil, copper, lead, and zinc. Her consumption was at that time roughly 35 per cent of the total supplies. To-day, while she is producing relatively the same, her consumption of these commodities amounts to over half of the world's total output. Ten years hence she will be producing relatively less and consuming relatively more. She will be producing about half of the world's output; she will be consuming something like 70 per cent of it. In other words, she will have to import.

'You cannot imagine America importing cotton. Well, it is going to happen. Do you realize that America is this year using in her own mills about 70 per cent of her cotton crop? Before the war she used 20 per cent; now she is using 70 per cent. The time is clearly coming when there will be precious little left over for the rest of the world.

'Now take the non-ferrous metals — copper, lead, and zinc. The demand for them in America itself is going to be colossal. One of the heads of the public-utility industry told me that to meet the growth of population some

£200,000,000 a year must be spent for the next ten years on tramways and electric light and power services. Think what this means in the way of non-ferrous metals. Then, too, there is the growing demand — it has doubled since 1914 — from Central and South America, and when Europe revives the first things she will clamor for will be copper, lead, and zinc.

‘As for oil, America has already reached the importing stage. Five years hence she will be taking in from outside, if she can get it, not far short of a thousand million barrels. That is what she will require to import, if her present rate of consumption continues. It is with oil as with cotton, copper, lead, and zinc — the world is nearing a shortage not far removed from a famine because of the voracity of American demand. But that demand can only diminish at the cost of a serious halt to American prosperity and expansion. If it persists and is unsatisfied, then something graver is to be feared than a halt. There may be a breakdown of the economic order and a vicious, violent outburst of sectionalism.’

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REPLIES TO STINNES

THE speech by Hugo Stinnes, of which a translation was published in the *Living Age* of December 30, proved to be one of the most widely debated pronouncements upon economic policy that has appeared in Germany since the Armistice. Both Socialist and bourgeois Liberal papers, like the *Frankfurter Zeitung* and the *Berliner Tageblatt*, protest against his proposal to lengthen the working day. The former journal says that no one can dispute the urgent need of increasing Germany's production, but that to assume that this can be accomplished by so simple a device as adding two hours to the working day is to misinterpret naïvely the structure

of our industrial society. Already manufacturers in many lines are curtailing their hours of work and dismissing employees because there is no demand for their products, or because they lack capital to operate their business profitably. The unemployment in Great Britain and the recent unemployment in the United States and elsewhere suggest that the reason for underprotection is by no means a short labor day.

Berliner Tageblatt points out that the eight-hour day is only one of many causes of declining output, and is not the most important of them. Individual efficiency has declined, partly as the result of employing millions of under-qualified workers from the distressed middle classes, and crippled or semi-invalid soldiers. A member of the Reichstag comments that there is close connection between standard of living and will to work. No matter how much we preach economy and the simple life, our modern civilization depends upon steadily advancing our standards of consumption. Whenever the progress of consumption — extravagant if you like — is checked, there is congestion in the channels of production that adding to the hours of work will merely render more acute. A writer in *Plutus* considers the speech ‘politically and tactically, indeed even economically, foolish. Its plain sincerity, and the knowledge of human nature revealed in certain passages, have unfortunately caused it to be widely regarded as an important utterance.’

Frankfurter Zeitung prints in its Quarterly Economic Supplement, quite independently of this debate, statistics of the hourly output of factory operatives in the shoe and leather industry for 1914 and 1922. During the interval there has been a change from time wages to piece-work rates. Taking the output of 1914 as 100, the output in 1922 ranges from 105 to 193 in different

operations. This seems to disprove the claim that German workers are universally producing less per hour than they did before the war.

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THE PROBLEM OF UNEMPLOYMENT

NORMAN ANGELL begins a review, in the *Liberal Daily Herald*, of J. A. Hobson's latest book, *The Economics of Unemployment*, with the following imaginary quotation from a Martian account of Europe and America in 1922:—

They had learned to make things in abundance, and then perished for want of things of which they had too many. People went in rags because there was too much wool and cotton and too many spinners and tailors to make it into clothes. They suffered, these underfed and underclothed and inadequately housed people, from what they humorously called 'overproduction' of things of which they were in crying need. And they were perpetually resorting to tricks to reduce production, or escape its dangers, by 'protectionist' tariffs, restrictions by trusts and trades unions.

Hobson's theory is that too small a proportion of what the worker produces goes into immediate consumption, and too large a proportion into profits, reinvested in machinery for making more things which cannot be consumed. He compares the present condition of the world to that of a human body diseased because it cannot assimilate its food.

Since more than two thirds of the people of England never save money in their lives, this explanation seems at first blush absurd. But it is the margins of the large incomes that are perpetually reinvested and thereby cause an overproduction of articles that the workers, who form the mass of consumers, are unable to obtain. The author quotes a Government state-

ment in the House of Commons during the war to the effect that

In spite of the fact that over 5,000,000 men are now in the Army, and consequently have changed over from being producers to being solely consumers, in spite of this, the industrial output is very little less to-day than it was before the war.

Mr. Hobson asks why such conditions cannot continue in times of peace, and concludes that it is not the absolute amount of saving which is too great. If our consumption were greater, we should use more capital than at present. It is the proportion of saving to consumption that is wrong. He therefore proposes two general remedies: first, raising the consuming power of the community so that the effective demand for goods may keep pace with every increase of production that arises from improvements in art and industry; second, a wiser distribution of the products of industry. These remedies overlap. They merely formulate what is occurring in any case under the operation of economic law. We have an illustration of this in the enormous increase of automobiles in the United States. But popular comprehension of the truth, that the ability of the masses who derive their incomes from service to maintain high consumption standards is the basis of economic prosperity, may help to speed up this result.

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A PAN-ISLAMIC CONGRESS

THE Angora Government has organized two bodies for the propaganda of the Islamic faith, the first to investigate, publish, pass upon, and circulate Mohammedan religious writings, and 'spread abroad the realities of Islam,' and the second to study events and to issue statements showing how these events affect the Moham-

medan world. The Turkish National Assembly has also issued a call for a Pan-Islamic Congress, invitations to which have been sent out to religious leaders in all parts of the Mohammedan world.

This revival of religious propaganda is attributed partly to the influence of Soviet Russia. Many Turkish leaders consider the constitution of that country the most advanced in the world, and, though personally skeptics in religious matters, have a keen appreciation of religious faith as a political force. They propose that Moslems in India, Mesopotamia, Egypt, Tunis, Morocco, and wherever else the followers of the Prophet dwell, shall look to Angora as the centre of the faith.

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‘TIM’ HEALEY

FATHER HEALEY, a celebrated wit in Gladstone days, was once asked what his namesake, ‘Tim’ Healey, would be when Ireland had Home Rule. Meditating a moment he replied: ‘A very old man.’

The object of his remark will go down to history as the first Governor-General of the Irish Free State. Beginning his life as a railway clerk, he suddenly sprang into the limelight as one of the most dashing Irish leaders in the British Parliament. His impudent attacks upon his British opponents, and his witty sallies, soon made him known all over the world. He was quoted on lonely ranches in Australia, and in the mining camps of Montana. Originally a devoted supporter of Parnell, he joined his old chief’s opponents after that leader lost the confidence of the people.

The *Observer* characterizes the ‘new Governor-General as ‘not only the most suitable person for the office,’ but actually the only suitable person in sight.’ He has always been a champion

of Ireland’s rights. He has been the political mentor of many of the men now prominent in Ireland’s independent government. He has a rich and varied store of parliamentary experience. Moreover, he has ‘the most formidable tongue in Ireland, and though he may have to wear it in a velvet sheath while holding his high office,’ the fact that it is there establishes his claim upon the affection of his countrymen.

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‘PRODUCTIVE PLEDGES’

A STOCKHOLM, daily, *Nya Dagligt Allehanda*, publishes an article under the title ‘Why Keep Silence?’ pointing out Sweden’s immediate interest in preserving the integrity of Germany’s metallurgical industries upon the Rhine. The loss of their former Lorraine ores has been a serious blow to German iron and steel makers, but one from which they may recover; for, so long as their supplies of coking coal are intact, they can erect new furnaces — as they have already done — east of the Rhine and on the Baltic, and smelt imported ores. Here the interest of Sweden comes into play, for such a development would be a great economic advantage to that country. During her recent depression, Sweden’s iron mines have suffered less than any other branch of her industry, and of her total ore exports last year — 4,340,000 tons — nearly three quarters went to Germany. Furthermore, these exports are increasing — to the profit not only of Swedish mine owners and miners, but also of Swedish shipping employed in carrying ore to Germany.

La Stampa demands editorially that Germany be compelled to pay all that she reasonably can upon her Reparations account, but is opposed to productive pledges for the following reasons: —

1. It is absurd to imagine that productive pledges can be found that will yield the whole, or even an appreciable fraction of the amount that Germany ought to pay, unless it is proposed to reduce the whole German nation to slavery, misery, and ruin.

2. We should first be certain that the results will justify the measure: that is to say, that the net economic profit derived from pledges seized by force may not be outweighed by the injury done to German production and therefore to Germany's future capacity to pay, and to European production as a whole.

3. We must feel assured that the return from these pledges will actually benefit all of the Allies in their just proportion.

4. The pledges must be in themselves and in their ultimate effect exclusively economic, and not political.

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INTERESTING IF TRUE

FROM a rather roundabout source — *La Vanguardia* of Barcelona — comes 'the first authentic version' of the causes of Lenin's physical breakdown a year ago. It is so well told in the original that it is worth quoting, if only as an example of Russian gossip. According to this informant, Lenin had worked practically 'in a vacuum' ever since his rise to power. He was surrounded by people who protected him from direct knowledge of actual conditions in Russia, and he lived alone with his own theories. When he met the public, the occasion was carefully staged, and the people with whom he came in contact were mostly enthusiastic supporters of his régime.

One day, however, a 'Yankee doctor,' whose mission was to ascertain the real situation in Russia preliminary to the work undertaken by the American Relief Administration, insisted upon interviewing the head of the Government. His request was repeatedly refused: Lenin did not have time to see

strangers. His exacting duties required all his strength. In fact, reasons for refusing the interview were multiplied as the doctor became more insistent.

But the North American physician was obstinate and violent. He talked loudly and emphatically. He threatened that, unless he could see Lenin, the American Relief Administration would pack up and leave Russia.

Finally, his wish was granted. The interview between the outspoken and indignant doctor and the Bolshevik enthusiast was dramatic. The doctor bluntly told Lenin what the true situation was. He described to him, without mincing words, the abuses of the Cheka, the determination with which the peasants were clinging to their land, and the ravages of famine, cold, and exposure among tens of millions of human beings. He told of prison horrors, of daily executions, of delays and incompetence, of the martyrdom of the intellectuals, of the rise of a new bourgeoisie of profiteers. . . . Lenin listened with stupefaction. It was the first rude awakening from his dream. Finally he burst into tears and suffered a violent nervous collapse.

His regular physicians were called at once and tried to calm him, but his illusions were permanently banished. The shock was so great, following upon the stress of overwork and mental isolation, that a period of reaction ensued which lasted for several months, during which he was utterly apathetic regarding public affairs.

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KRUPPS AND RUSSIA

THE Krupp works have made rapid progress during the past year in remodeling and extending their plant. They now employ more than one hundred thousand laborers and clerks. Dividends have risen from four per cent to ten per cent, and the net profit has increased within a year from approximately ninety-eight million marks to one hundred and fifty-six million marks.

However, these figures have no relation to true values on account of the depreciation of the mark. Valued in gold, net profits have fallen from about \$1,250,000 to less than \$1,000,000.

The Krupps have just concluded a contract with the Soviet Government. According to an interview given by a representative of the firm to *Vossische Zeitung*, these negotiations have been under way for a considerable time, but could not be brought to a conclusion until recently on account of the rapid depreciation of the mark. Now, however, an English consortium has interested itself in the proposed Krupp concessions to the extent of seventy-five per cent of the capital required.

The motive of the Krupp directors in seeking concessions from Soviet Russia is to develop a large wheat-growing area in the black-soil district, where grain can be raised to exchange with their firm for agricultural machinery and iron and steel products. If successful, this scheme will bring Germany vast supplies of cheap food secure from the hazards of overseas supplies, and to some extent independent of fluctuations in overseas markets. The initial concession is a quarter of a million acres.

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TRANSPLANTING HEADS

PROFESSOR WALTER FINK, a biologist of the Vienna University, has succeeded in transplanting heads from one insect to another and making them grow on their new body without fatal effects to the transplantees. The success of this operation enables biologists to investigate such abstruse subjects, for instance, as the part that the head plays in sex. Among the insects that have been so far favored with these pioneer experiments, are our familiar black water-bugs, which live, thrive, and eat with as much apparent gusto

after exchanging heads — or is it bodies? — as before.

Observation seems to show that both sexual affinities and physical coloration are influenced by the head. If the head of a black water-bug is grafted on the body of a yellow-banded water-bug, it thrives on the new body. But the yellow bands gradually darken and disappear. Similar experiments have been tried upon other insects with like results. The experiments have taken place at the Vienna Biological Institute and are reported in *Der Tag* of that city.

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MINOR NOTES

THE *Herald of Asia* protests against the importation of flapper fashions and, what is worse, flapper manners to Japan, complaining that 'some of our more light-minded damsels are seriously trying to emulate this latest affliction of a much-suffering civilization; and bobbed hair, generous display of feminine legs, accompanied by raucous-tongued pertness, which are among the attributes of the flappers, are unfortunately becoming not altogether rare in the port cities of Japan, as well as in Tokyo.'

THE pro-Bolshevist *Nakanune*, of Berlin, gives an interview with one of the managers of the Soviet State Bank, who states that the gold currency, which the Soviet Government recently ordered to be coined, is not to be exchanged for the new gold-guaranteed bank-notes until 'immediately after the general conditions of the money market will justify' such exchange. Meanwhile, the exchange of bank-notes for gold coin is 'indefinitely postponed.' But, besides this, 'the fact of having gold currency coined will doubtlessly have a favorable psychological effect upon the domestic market.'

MOBILIZATION MORNINGS

BY GENERAL VON MOLTKE

[The selection that follows is from a chapter of the late General von Moltke's memoirs which are about to be published in Germany by his widow. References to this volume, which has been withheld from publication for more than a year, appeared in the Living Age of December 10 and December 31, 1921.]

From *Deutsche Allgemeine Zeitung*, December 6

(BERLIN HUGO STINNES PRESS)

As I have stated elsewhere, our General Staff had studied for years a simultaneous campaign against Russia and France. The plan to invade France through Belgium was worked out by my predecessor, Count Schlieffen.

This measure was justified on the ground that it was practically impossible to force the French army to accept a decisive battle in the open field without violating Belgium's neutrality. All our information indicated that the French proposed to fight a defensive war, utilizing to the utmost the advantage of their strongly fortified positions along their Rhine frontier, and that we must reconcile ourselves to a series of protracted sieges if we made a frontal attack there.

Count Schlieffen even-proposed to swing the right wing of Germany's army through Southern Holland. I changed this plan in order to avoid ranging the Netherlands on the side of our enemies, preferring to face the difficult technical problem of forcing our right wing through the narrow space between Aix and the south border of the Dutch province of Limburg. In order to do this, we must at all costs get possession of Liege as soon as possible. That explains our plan to take this place by storm.

The General Staff repeatedly debated whether it might not be better to fight a defensive war. We always re-

jected this; for it precluded all possibility of engaging the enemy in his own territories. We assumed beforehand that Belgium would protest against our crossing her frontiers; but did not anticipate that she would make armed resistance. That explains the form of the ultimatum I drafted to the Belgian Government. It guaranteed the King the integrity of his realm. Another passage in the ultimatum, holding out to Belgium the prospect of territorial acquisitions if she received us well, was struck out by the Foreign Office before the document was delivered.

Many objections might be raised to marching through Belgium; but the progress of events during the first weeks of the war showed that this manœuvre forced the French to do what we intended; that is, to meet us in the open field where they could be quickly defeated. Our failure to overwhelm France with our first attack was due to England's intervention.

Our assault on Liege was a bold undertaking. If we failed, we should suffer a serious moral setback. I was induced to order it by the hope of getting possession of the railway from Aix to Liege before it could be destroyed. In this we succeeded. We did not anticipate gaining what we eventually secured in addition—a practically intact railway to Brussels and St. Quentin.

On the day before our mobilization