

THE Los Angeles Times in a recent editorial, does its best to play Mr. Lockwood a good second fiddle. Senator Wheeler's indictment, it says,

comes like a blinding flash from the dark cloud that has been hovering for weeks over the national Capitol. The American people have been misled, deceived. . . . Now they are enlightened; but not until two good men have passed. Senator Wheeler's record as Federal district attorney in Montana during the war reminds one of that of Benedict Arnold. He lent aid and comfort to disloyalists, to the I. W. W. that sought to destroy our government through violent means, to drench the American Republic in a bath of blood. . . . In his radical heart Senator Wheeler hated the Attorney General who had dared to expose and defeat the machinations of the radicals. Preparing himself for his assault on representative government in the United States, Senator Wheeler went to Russia to study the methods of the Soviets . . . and he returned equipped with Soviet ammunition for his raid on the Attorney-General's office.

Lest our readers find it impossible to believe that any newspaper could seriously publish this kind of thing in the year of Our Lord 1924, we hasten to assure them that these words and many more of the same sort appear in the Los Angeles Times of April 12, page four, column two.

The Dawes Report and the Ruhr Occupation

"I HAVE read in the German newspapers," said M. Poincaré a few days ago, "that the reports of the experts are a condemnation of our foreign policy and especially of the occupation of the Ruhr. On the contrary those reports are the most brilliant justification of the votes of the French Parliament. They prove that in spite of all her denials Germany put herself in fraudulent bankruptcy and that she is able to pay." Probably the French government would not have accepted the Dawes plan unless M. Poincaré could without fear of explicit contradiction from the words of the document flourish it as a vindication of the French policy. The text of the report does not, it is true, contain a single statement which either exonerates Germany from the charge of being a fraudulent bankrupt or imputes to France responsibility for the prostration of the German economic system. Nevertheless it is in substance an almost completely pro-German and anti-French document. In so far as it successfully goes into effect it must repudiate the assumptions which have given form to French policy towards Germany and substitute for them a policy which is informed by the opposite assumptions.

Since the signature of the Treaty France in her dealings with Germany has acted on a few simple and drastic principles. The Germans were from the French point of view a criminally guilty people

who had been caught red-handed by their victims and who must at any cost repair the damage they had wrought. Like so many other guilty people, however, they did not acknowledge their guilt, and the only effective means of obtaining an adequate indemnification for devastated France was that of making the penalty of failure intolerable. Such being the circumstances it was perfectly just for the sufferers from German aggression to determine the amount of the damage without consulting the criminals and without setting up an impartial tribunal to decide how much and by what processes they could induce Germany to pay. She must pay to the last cent, and the instrument of search with which to find out how deep she had buried the last cent in her pockets was fearless and terrible coercion. In event of default they could not allow the German government to plead the intrinsic impossibility of satisfying their demands. To yield to such a plea would be to consult a criminal about the rigor of his punishment. Of two alternatives, one. Germany must pay all or suffer all. If she did not pay, her creditors and victims were justified in seizing what tangible security they could for the debt. This France did when M. Poincaré ordered the occupation of the Ruhr.

The outstanding feature of the report of the Dawes committee, on the other hand, is its affirmation of the economic impossibility of payment by Germany abroad except under conditions which the victors and particularly France have ignored in insisting on the satisfaction of their demands. If the new plan goes into effect, Germany will hereafter be obliged to pay only in her own domestic currency, and if this demand for goods in Germany cannot be changed into an effective demand for goods outside of Germany without depreciating the currency, no reparations can and will be paid. There was no way according to the experts of keeping the German economic machine productive and the German financial system capable of earning a surplus so long as the government was forced, as it has been forced, unconditionally to make large payments abroad. The more Germany was terrorized into paying, the more disorganized her economic and financial system became and the less she was able to pay.

Another outstanding feature of the Dawes report is its insistence on the economic evacuation of the Ruhr. It does not raise the question of the continued presence of the French armies in that district, but it asserts that, if Germany is to pay what the report declares she can pay, her productive capacity must be not only unhampered but unaffected by alien military controls. This is equivalent to saying that when the French armies marched into the Ruhr their effect was to diminish further the ability of Germany to pay. Instead of seizing security, the French were by way of destroying the economic machine whose efficient operation alone could have given any value to the debt. In this

respect as in respect to payments abroad, the Dawes report recognizes the necessity of the economic autonomy of a solvent Germany. It is slow murder to extort from her huge sums of service and goods unless she is treated as a national economic entity which derives its movement from the stimulation of the internal springs of economic energy rather than from the threats and blows of her enemies.

These considerations indicate the sharpness of the opposition between the presumptions of the Dawes plan and those of the official French policy. The French policy has throughout been almost entirely destructive. The French government has refused to take account of the psychological, economic, political and social processes which had to be carried on in Germany in order to produce the required results outside of Germany. The Dawes plan, on the contrary, not only does not require economic impossibilities of Germany, but it proposes to set up a machinery of payment which will operate by giving vitality in the minds of the German people to some positive motive for ingenuity and labor. It probably does not go far enough in this respect. We doubt whether any people will for long submit to being regimented for the benefit of other people as the Germans are by this plan. But at least it makes a beginning of treating the German people as if individually and collectively they were not mere victims and culprits but living human beings who are being asked to accomplish specific results in a real world.

There is no reason except the destructive and intransigent attitude of the French government why three years ago the Reparations Commission should not have placed in operation a mechanism corresponding to that proposed by the Dawes Committee. The truth is, of course, that the Reparations Commission has never honestly and intelligently tackled its job of arranging for Germany to pay. The hateful and sinister aspect of French policy has always been the discrepancy between its demand as a matter of eternal justice that Germany must pay in full and its apparently deliberate refusal to allow Germany the leeway, the instrumentalities, the security and the self-respect which would have enabled her to pay to the best of her ability. Because of this combination of implacable insistence on the attainment of an end and an equally implacable hostility to any honest consideration of the means adequate to realize the end—because of this combination the New Republic has inferred that the real purpose of French policy was not reparations but the permanent subjugation of Germany to France.

The fate of the Dawes plan during the coming year will prove what the major object of French policy really is. At present the most formidable obstacle to the successful operation of the plan is the French occupation of the Ruhr. If the Allies had proposed and adopted an analogous plan

before the occupation took place, the virtues of the new policy would in the end have overcome the then existing obstacles to its success, but the poisonous consequences which the invasion of the Ruhr has had upon the attitudes and activities of both the French and the Germans will very much impair its present availability. The continued presence of the French troops, even though they do not directly interfere with the economic activities of the mines and factories, is certain to keep the population of that district sullen, depressed, resentful and only partly productive. As long as the troops remain it will be impossible to bring about any revival of confidence between the French and German people sufficient to make the Dawes plan securely operative.

Their presence amounts to a proclamation that France has not abandoned the policy of seeking the economic decadence and the political subjugation of Germany. In certain conceivable and even probable circumstances she will consider herself entitled to revive it. According to the speech from which we have already quoted, M. Poincaré does not leave any room for illusions on this point. "There can be no question," he says "of our withdrawal from the Ruhr before payment of what is due us, and it cannot be a question of loosening our hold without preserving the means to reestablish it in case of need with sureness and rapidity." He may not mean what he says, but if he does, the Dawes plan is dead. It can never assure payment to France of the amount which she claims as her due. Under its provisions the payments depend not upon the amount of the French demands nor upon Germany's supposed willingness or unwillingness to meet them, but upon the possibility of creating economic conditions which will enable Germany to pay without undermining her financial health. Success is more a matter of way than of will. Such being the case the continued presence of French troops on the east bank of the Rhine is a flagrant anachronism. In as much as their presence diminishes both the productive power of Germany and the amount of money available for reparations and is defended as the punishment for a default which, according to the implication of the Dawes report, French policy towards Germany had rendered inevitable, the anachronism assumes the appearance of a criminal abuse of superior military power.

For these reasons well-informed British and American public opinion should assume towards the coming negotiations the well known attitude of the man from Missouri. It is only a fair inference from the history of the last few years that M. Poincaré will seek to obtain all the benefits for France which the operations of the Dawes plan can produce (such for instance as her share in cash of the proposed loan) without surrendering any of her ominous "sanctions" and without admitting their purely destructive effect. He will try, that is, by accepting the Dawes plan to obtain

from the United States, Great Britain and Germany a legal recognition of the occupation of the Ruhr and an acknowledgment of France's right to remain there until Germany meets her obligations and to return there in the event of default. From the British and American point of view there are fatal objections to such a bargain. The Dawes plan is an ingenious, plausible and honest contrivance, but it is also very much of an experiment. No economist really knows whether under its provisions the German nation can without intolerable social strain produce the required surpluses at the required time under the required conditions. These doubts are rendered the more serious by the failure of the report to limit the German liability and by the improbability that the negotiators can before the plan must go into effect, reach any decision on this all-important point. If, as is almost certain, the plan subsequently breaks down at some point in its operation and needs to be repaired in the spirit of its makers, and if Germany falls consequently into default, France may easily put up a better excuse than she now has for resuming the destruction of Germany according to due process of law.

The occupation of the Ruhr is a sign and a gage of the guilt, the intimidation and the subjugation of Germany. So long as it exists or is considered tolerable, it renders any general reconstruction of Germany impossible. There can be no order in Europe until France evacuates and agrees not to go back except as part of a frank military attack on Germany. If the Dawes report must be accepted as an indivisible whole, French withdrawal from the Ruhr is certainly an implied part of the whole plan. It would be suicidal to carry on a semi-legal war against a disarmed Germany or to perpetuate the right to carry on such a legal war and at the same time to set up a plan of reparation and reconstruction which assumes the economic and moral autonomy under foreign supervision of that unhappy country.

The Peril of Giant Power

WITH characteristic jaunty optimism, the American people are drifting past a crucial public decision without even knowing that it is being made for them. We are vastly entertained by the nursery stories of what electric power is going to do for us in the future. We are flattered by the maps of great interlocked systems of high transmission lines bearing energy from rivers and mines to factories, railways, city homes and remote farmsteads. It is easy for us to accept the statement, in the intervals between the subway and the radio, that super power—or giant power, as you prefer—may turn out to be the biggest event of the next quarter century. And yet we forget to inquire, in the light of our past experience with

mechanical improvements, what giant power may do to us. We assume that somehow it will get itself done in the best of all possible ways, and that the result will be wholly beneficent.

We forget our complaints against those who have already staked out America's natural resources and have assumed rulership over its industrial life. We forget the black record of coal, the gargantuan muddle of the railroads. It does not occur to us that here is a chance to start afresh—and start right. Who is to plan, own and control giant power? The same type of profit-seeker who has smeared himself and the politicians with crude oil? The banker, the utilities magnate and the railroad autocrat? Or the public, as in Ontario?

A giant power system would be at the very basis both of industry and the home. It might easily shift the balance between city and country. Strategically, it would command the whole of our material civilization. As an instrument, it would be cunning and strong, as a master, it would be intolerable. The decisions as to its forms of service, its extensions, its rates, will be capable of moulding the American scene in a thousand unforeseen ways. The profits to be made from it will create a vested interest with giant power indeed, if it is to be privately owned.

The choice is clear, between a policy of drift and a policy of plan. Only a few small corners of the future giant power system are yet created. The major part of the water power is still unexploited—and this part is owned either by the federal government or by the states. Most of the coal deposits are privately owned, but few power plants have yet been erected at the mines. The majority of the transmission lines have yet to be built. Only the distributing units in the cities now exist completely. The policy of drift is to allow private exploitation to go at this situation in its usual hit-and-miss fashion, culling the rich fruits first, caring little for social requirements, debauching legislatures, exercising pressure on commissions, and finally elevating itself into another aggregation of irresponsible power, entrenched in the law, and subject only to a control which may harass and divert, but cannot construct.

The policy of plan is to set ourselves diligently to the task of creating a publicly conceived, publicly owned and publicly operated system of the sort which has succeeded so well in Ontario. Intrinsicly, such a system is far more practical than any combination of private ownership and public control. In the first place, it keeps the limited natural resources as far as possible where they belong—in the hands of the whole people. In the second place, it makes possible a large scale program, to be developed so that the utmost benefit is to be derived from it at every stage from beginning to completion. In the third place, it eliminates with one stroke the inferior commission con-