

How Germany Will Pay

SOME day Germany will pay. How much and when are problems still to be decided. Continuance of divided councils among the Allies, more particularly within France, may defer the solutions for some time; but pay she will. That was definitely settled the moment the revolution had resolved itself into a stable government. It was decided by those qualified to do so even before the terms of the Versailles Treaty had been determined by the victors. In spite of Spartacist riots, Putschés, talk of Bolshevism, the threat of the Hohenzollerns, Junker defiance and passive resistance, there never has been any wavering on the part of those who made the decision more than two years ago—and who will have the final word.

How will Germany pay? By the same method that a triumphant Germany would have used to make the Allies pay—by imposing slavery upon the masses. It is carrying out logically the plans prepared by the war lords, with the change in the victims made necessary by Fate. There is also, it must be admitted, the difference that, for reasons which will appear, the slavery will now be accepted without protest.

For the period necessary to acquit the debt this condition will continue. A nation in slavery! It sounds awful to modern ears—even when applied to Germany. But there are grim smiles upon the faces of some Germans as they look into the future. They are not inspired by dreams of a revanche—of a new pouring of gray hordes over the enemy lands. They spring from the realization that Germany is not going to groan and perspire alone. The dreamers in Paris, London and elsewhere who are counting on ease and plenty when the stream of golden marks starts flowing may wake up in the world of tomorrow to find it a nightmare.

Most of us have been looking forward to a happier time when the German debt has been definitely fixed in terms of money. With that we expect a return to the normal in trade and political relations throughout the world—a return to the good old pre-war ways of international life. Everybody has been saying that publicly—even in Germany. But not everybody believes it. Least of all those hard-headed ones across the Rhine, who have pulled the strings ever since the armistice, and who are going to keep on doing so indefinitely.

One would look in vain in the German Cabinet or in the Reichstag for these real dictators of Germany, but they are known well enough to the statesmen of Europe and to some of our own experts in internationalism. One appeared at the Spa Conference and nearly upset it by his Prussian brusqueness. His name has turned up in the news repeatedly since. It is Stinnes—the plutocrat, the captain of industry, the exemplar of the group which rules in place of the war lords. His is the voice of Germany, present and future. Beside it the voices of Westarp and zu Reventlow are those of frogs croaking in a swamp, and that of Ebert a faint echo of a buried past.

Time may yet prove that the big financiers and industrialists controlled Germany even in the Kaiser's time, and that those who said that there could be no World War, because these men would not permit it, were not mistaken in their premises. What they did not realize was that one fine day the opposition to the war lords had ceased; that the latter were finally able to bribe the money magnates with the dazzling vision of world markets in subjection, of indemnities to pay the mounting upkeep of the Kaiser's army. But that is history, and only the present and the future concern us now.

From the moment that the game was lost the plans which are now to

be put into effect were begun. That is why it is proper to say that with all the apparent chaos in Germany there has been no real wavering. No time was lost in vain regrets. Politicians and professors might argue over the blame for the war and the national collapse. The real bosses were concerned only with deciding the extent of the catastrophe and the means for rehabilitation. An industrial-financial dictatorship was on the horizon from the first.

Naturally, every effort has been made to soften the terms of the victors. The confusion of the finances, the lack of raw materials and of food, the exactions of the conquerors, the large losses in money, ships and colonies, were not welcome, but they helped, nevertheless, the plans for the dictatorship. The spirit of German nationalism was never

of the dictators that the German masses believe themselves the victims of unconscionable oppressors; that their backs are against the wall; that they must resist to the last ounce of energy if they would not perish, and that only through solidarity at home may salvation be achieved. Then will the Deutscher Michel finally close his ears to the preachers of the rule of the proletariat, bow his neck to the industrial yoke and be heedless of his shackles.

In the very first days of the republic, when organized labor was demanding control of industry, the Socialist Government decided that there must be no sentimental experimentation there. Officially there were vague references to socialization. What they had in mind really was our old friend, the trust, somewhat disguised, but like-

and factory conditions were sidetracked when the whole country demanded a return to order and increased production to meet the acute need, and it was admitted on all sides that only through organization from above could these goals be attained.

Very likely the conversion of labor was helped by some ingenious propaganda to prove that the trust and the Soviet were not so unlike after all. In the one case industry was controlled by the individuals who proved their ability to organize and execute; in the other the workers held the power, but, as was proved in Russia, they had to call in the others to accomplish anything. To be sure, the Russian workers retained the power to pull down the governors they set up, but that very power had only inspired politics and intrigue to the detriment of good feeling as well as

legislation. The same danger is recognized in Germany, but meets with comparatively little consideration. Germany has one overpowering thought—how to pay.

When that problem has been solved economic rehabilitation will be in sight. That means a restored world trade, followed by commercial domination of the world's markets. It will be the triumphant response to the Clemenceaus and Poincarés, insistent upon a Germany broken and helpless in perpetuity. With that as a goal who will hearken to the cries of the little fellows, crushed beneath the chariots of the mighty? There is no place for weakness in the Fatherland. Who would be free must prove his right in successful service. For the others, the toll of the galley slave.

With true German thoroughness the possibilities of the trust have been gone into exhaustively. Two forms especially have brought forth much public discussion. There is the *Vertikal*, or Perpendicular Trust, which is built upon control of all that enters into the finished product, beginning at the foundation, as the coal which supplies the heat and power, the mines of ores, the smelters, the finishing processes, the very avenues of trade, as, also, all the by-products. Here is a control absolute from raw material to consumer, hence control of cost and price. The Horizontal Trust is similar to the American, therefore, predicated on a union of at least a majority of the plants in each industry throughout a series of industries of similar character, making it possible to secure quantity production through conformity to type in a vast number of plants, with consequent economy in costs. Under the German variation of this trust it will become possible to divert from the general plan of manufacture from identical models a sufficient number of plants to look after trade with peculiar requirements, as might happen with the South American or the Oriental markets. The Germans have always been quick to adapt their methods to the customer's demands.

The most comprehensive plan suggested includes a combination of the *Vertikal* and *Horizontale* forms, and the only opposition to it comes from those who express fear that such an oligarchy may acquire too great power ever to be dislodged. In a recent article in the Berlin *Tageblatt* Dr. Felix Pinner expresses these views: "There are clever ones among us," he says, "who foresee the moment when the entire industry of Germany will be divided into a comparatively small number of 'economic duchies,' which may be too strong to subdue each other, but which can easily come to an understanding for a common and united control of the whole." This he pictures as a sort of "federal system of monarchical trusts," which could, through technical development and effective organization achieve wonderful results.

This same author quotes some experts who are of the opinion that the present lack of raw materials will be overcome in a few years and will be followed by a surplus. General Director Vogler of German-Luxemburg thinks that this may apply to coal! Dr. Pinner affects to believe that a surplus of raw materials, combined with high capitalization, may injure the trusts, but this is to ignore the initiative, cleverness and resourcefulness of their organizers or the fundamental object they have in view.

But it is not only in industry that the slave driver is expected to crack his whip. *Zwangswirtschaft*, forced farming, is also indicated. The industrial slave must eat if he is to work at capacity, not to mention the rest of the nation, and there can be no further indulgence of the farmer who has been profiteering through the scarcity of food, nor of that other one who has been taking life easy because he was indisposed to in-



"Our old friend the Trust somewhat disguised."

stronger, the will to final German conquest (not military, but commercial) never so consolidated. When the moment arrives in which the dictators feel that the last advantage has been wrung from bargaining these plans will be put into effect.

This is not to say that there is no limit to the exactions which Germany can and will meet. Of course not. But nobody knows better than the German masters that, in the end, a rule of reason will prevail. The world is no more ready to accept the fiat of the imperialists among the Allies than it was that of the Germans, and the former will have to conform to the world view. The punishment cannot be made to fit the crime, because the economic conditions throughout the world will not permit that perfect justice be applied, but after the pendulum has swung from impossible requirements to equally unreasonable evasions it will finally come to rest somewhere between the two.

That the terms will be made to appear extortionate within Germany, whatever they are, is certain. The old propaganda will see to that. It is essential to the success of the plans

wise greatly strengthened by the buttress of Government recognition. Sops to labor in the guise of shop councils and a shorter working day had to be accepted in the stress of the moment, but these were indefinite, so that with the development of order it would be easy to bring them under regulation. The event has proved the correctness of this calculation.

The experience of labor in the early days helped also to modify its views of the wisdom of the proletariat. Spartacist uprisings in cities like Halle might give control of shops and factories, but could not endow the leaders with the ability to run them with success. Lack of raw materials and of surplus funds to carry on with while the new organization found itself may have contributed to the failure, but the German worker, unlike his Russian counterpart, had no wish to carry on what looked like a losing experiment.

Consequently these very Spartacist revolts which raised the spectre of a Bolshevik Germany throughout the world actually helped pave the way for the triumph of the trust and the complete subjection of labor. Socialist plans for ameliorating shop

success. Now, with the enemy at the German gate and ready to annihilate, let every man's post be the place he fitted best! When the danger was overcome all this fine organization would help establish the ideal power of the proletariat.

Time has proved that the German revolution brought about one important change in fact if not in theory. The sanctity of high birth was rudely affected. The law might still pass property to the heir of greatness, but no one was concerned that he should retain it if the ability to hold was not within him. There has been much passing of title from weak to strong hands where, under the old régime, social influence would have induced the strong to uphold the weak. In the old days, too, it was impossible for a gifted worker to rise to the top. Such romances as the rise of Schwab or Corey in our steel industry would have been impossible in imperial Germany. That is no longer true. The place seeks the man. The dictators will accept whoever proves his mettle. Any way to triumph!

Throttling of competition caused the outcry against the trust in America, and ended in trust-restraining

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crease his output for exchange into worthless marks.

The problem of the farmer is less easy of solution than that of the industrial worker for the reason that those who have been honest and law-abiding feel that they have been taken advantage of. They see their dishonest neighbors, who have disregarded the laws controlling prices, grown rich and arrogant, while the Government has steadily refused to raise prices to meet the corresponding decrease in the purchasing power of the legal tender.

This has had its influence upon patriotism and disinclined even the better sort to listen to appeals for aid for the Fatherland. Nor does the fear of enemy aggression affect the farmer as much as it has the factory or mine worker. The tiller of the soil can always avoid starvation, at the worst. It is more difficult to control him, and the failure of the Government to do that without his consent has made him skeptical of even enemy might. Finally, it is more difficult to achieve results with land which has been cheated of essential fertilizers for years, and with stock which has been ill-nourished and, as to draft animals, overworked.

Nevertheless, resistance will be overcome under the new dispensation. The suggestion that syndicates for farming will appear shortly has been stated in periodicals of high repute. For some time the theory that small farms, and the methods of the small farmer, are wasteful in an age when machinery has proved both more economical and more efficient than hand labor has been gaining adherents. Even where large farms do not exist it is possible to make economies and obtain better labor results by pooling resources in labor and implements, uniting for the purchase of improved machinery which the individual could not afford, and for other essentials, as well as combination in selling agencies. At all events, the farm problem is being studied by the experts and is going to be regulated with the same purpose in view—

that Germany may pay in the shortest possible time.

Before the war Germany was rapidly forging to the front in the commerce of the world. Her peaceful conquest was generally regarded as a fact almost accomplished. How will it be when the whole nation is organized under the compulsion of a single idea, with the most thoroughgoing drivers in control? Prussianized Germany stripped for the fray will be one vast workshop, reminding one of that fearful picture invoked by Richard Wagner in "Rheingold," of the Nibelungen driven by Alberich.

The German newspapers and periodicals have been impressed already. Their columns are filled with practical discussions of means for improving the methods which shall bring back commercial supremacy. Even criticism of former ways is not

omitted. In the future, writes one critic, let there be less offensive boasting of German superiority, which did not serve to improve foreign judgment of German manners or wares in pre-war times. Germany has no desire to dump wares in foreign lands, to the detriment of local merchants, is the text of a writer in the *Tageblatt*, who is anxious to prove that the German exporter is too wise to increase existing hostility. According to this authority, that exporter is centering his attention upon bringing to each market the wares it cannot supply for itself.

But indications of how he proposes to meet competition are not wanting. Only the other day a cable from Italy told of a German catalogue of 600 pages covering spare parts for American agricultural machines, the text and prices in

Italian. The success of "Passion," the German movie, in the United States, resulted in pages of advertisements of other German movies in the foreign editions of German newspapers. These papers have for a long time carried pages of advertising of German wares, addressed to the foreign importers. In these correspondence has been solicited, but prices have been omitted.

When the amount that Germany will pay has been agreed to the music will begin in earnest, and the rest of the world may have to dance to the tune made in Germany. It will surely not be soft, slow nor sweet. It is more likely to suggest pandemonium. Slave against free labor won't make for short working days or high wages—especially when the slave is in alliance with the master for results.

C. J. R.



"Feast Day in Salamanca," by Kurt Leyde.

This is reproduced from one of several plates in full color in the Spanish number of the Illustrirte Zeitung (Dec. 10, 1920), an elaborately decorated and beautifully and expensively printed example of what war-wrecked Germany (in the midst of her insistence that she cannot pay the damages assessed against her) is still able to do to keep herself before the world public upon which she depends for the rehabilitation of her trade. A special effort is making to capture and control the Spanish market.