

Are Indemnities Futile?

It is safe to say that Germany will demand and take, if she is victorious, not only a large money indemnity but such territory as Lithuania, Courland, Poland, Belgium, Northern France, and Asiatic Turkey

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Norman Angell, in the "Great Illusion," has much to say concerning the economic value of war to the conqueror, and the alleged futility of indemnities. Pacifists everywhere have seized upon his arguments and made them the basis of their contention that war can yield nothing of permanent value to either victor or vanquished. The essence of the argument is that cash indemnities are really paid in the products of labor, and that the defeated country is compelled to keep up its industrial life and organize its industries to meet the obligations imposed upon it. A stream of imports flowing to the victorious nation slows down economic activities within its borders; and, therefore, in the long run more is lost than gained through inflicting onerous burdens upon the vanquished. Even where territories and peoples are transferred, according to the same line of reasoning, there is neither loss to the defeated nation nor gain to the victor, as property remains in private hands and to the extent that tax-paying ability is increased national burdens increase also. There is a grain of truth in all this argument, but only a grain, inasmuch as it loses sight altogether of the spiritual effects of defeat upon a conquered people. If the defeat is crushing in nature, national life will become atrophied, and enterprise will die. That is the reason why ancient conquerors exacted tribute and despoiled cities but did not raze them to the ground.

INDEMNITIES.

It is assumed by the pacifists that those supporting the war do not understand that indemnities are, in the last analysis, paid in exports and not in credits or cash. Germany, at least, among the belligerents has shown no confusion of thought on this question. It has been widely advocated of late within the Fatherland that, as liquid capital for some time to come will be relatively scarce, indemnities imposed upon the Entente Powers shall be paid in goods and not in money. German militarists propose that a heavy tribute be wrung from their enemies, in the form of raw materials and other essential supplies for industry, a part of these goods to come from Europe and America and a greater part from the tropical and sub-tropical colonies and dependencies of the Allies. In other words, Germany is prepared to run the risk of having its markets flooded with economic goods from present belligerent nations at war with the Fatherland, especially if those goods are made up of basic raw materials to be used in the industrial process. From the German standpoint, the risk of receiving gold and credits on the one hand, or a supply of raw materials on the other, will be gladly run. It is no surprise, then, to find that President Wilson avers that his heart is with the pacifists in their desire for peace, but that his mind can scarcely comprehend their stupidity.

Our readers are well aware that in July, 1917, the German Reichstag passed a resolution in favor of peace in which the principle was laid down that hostilities should be brought to an end by negotiations rather than by force, and that no indemnities or annexations should be demanded by either group in the present struggle. The Chancellor joined his voice with the chorus in the Reichstag, as well as the Foreign Secretary and the Emperor of Austria-Hungary. The reason is plain—even he who runs may read. It is significant that when German arms achieve a local success, as in Serbia, Roumania, Galicia or Italy, strong demands are made for indemnities and annexations; but when the tide of battle turns against the Fatherland the peace formula of Kerensky and Lenin is hailed as the acme of political wisdom. From one example learn all. Hardly had the Italian armies been hurled back from the Isonzo to the line of the Piave, than King Carol, of Austria, explained to his jubilant people that the celebrated formula did not exclude certain rectifications of the Austro-Italian frontier. The formula, then, means for the Central Powers one thing in victory, and something quite other in the shadow of defeat.

GERMANY'S OBJECTS.

We are all in constant need of keeping in mind the spirit and the aims of this predatory combination

in Middle Europe. Recently there has been published the most comprehensive work, on the real objects that Germany seeks to attain in this war, that has appeared since the outbreak of hostilities in August, 1917. We refer to the book "Annexionist Germany," by M. Grunbach, originally published at Lausanne, but recently translated by Mr. Ellis Barker, under the title "Germany's Annexation Aims," (London; John Murray, 3s. 6d. net.) The original work gives numerous illustrations of the extent to which an annexationist policy pervaded the whole of Germany until well on into 1916. More than that, documents from which excerpts alone have been printed, hitherto, outside of the Empire, are now available in their entirety to all readers of German. Mr. Barker has compressed the original work, it is true, into smaller compass, but has omitted little of essential value, and has added an illuminating preface. This book presents in full the celebrated demands of the Westphalian manufacturers, presented to the Chancellor in the summer of 1915 — demands in which Germany is to secure not only a huge cash indemnity from the Allies, but the whole of Belgium and Northern France as well as an open corridor from Berlin to the Persian Gulf. Since the United States entered the war, German annexationists have become even more inordinate in their demands. It will be recalled that in a speech, now famous, Hefferich, in the early days of the war, asserted that Germany's enemies would be compelled by blows of the mailed fist to pay all the expenses of the struggle, and to drag after them for decades and generations to come the burdens thrust on the Fatherland by their envy and spite. The German masses have thus been led to believe that the Allies must foot the bill of war expenses; and indeed Germany's financial policy has always been directed since the outbreak of hostilities with that end in view. Taxation has not been greatly increased within the Empire relatively to the taxes, at least, imposed on their people by the Western Powers. The German Press hailed with delight the entrance of the American Republic into the struggle, not only because the U-boats could be now unleashed, but much more because the United States would be compelled to pay to the Central Powers a staggering indemnity, coolly estimated by leading German publicists at \$17,500,000,000. It is safe to say that Germany will demand and take, if she is victorious, not only a large money indemnity supplemented by a levy on the material resources of the Allies, but such territory as Lithuania, Courland, Poland, Belgium, Northern France and Asiatic Turkey as well. Indeed, in the comprehensive work of M. Grunbach, to which reference has already been made, evidence in overwhelming volume is presented showing that powerful interests in the Fatherland hope to obtain, in addition to the above, Calais, Boulogne, Gibraltar, Cyprus, Aden, the Suez Canal, the Azores, and the Madeira Islands, British and French Central Africa, and also the Portuguese possessions in the Dark Continent. In truth, modest demands!

Pacifists contend, as has been said, that indemnities are futile and that the acquisition of territory merely plants the seeds for future wars. The subject is so important that it is well worth while to pass in brief review what has been done in the course of modern history with respect to the imposition of cash indemnities on conquered nations. The first illustration that comes to mind is the indemnity of 450,000,000 Hai-kwan taels (\$300,000,000) exacted from China by the European Great Powers and the United States at the close of the Boxer uprising. This was not a punitive indemnity, but reparative in nature. To the credit of the Great Republic, America returned the indemnity, so far as its share went, to China; and the proceeds were used by the Chinese Government to educate a contingent of their brightest boys in several universities in the United States. These young men, upon graduation, returned to the Celestial Empire as the heralds of "the new freedom." They put dynamite into the tottering fabric of effete China, and have pretty well blown it to atoms. The European Great Powers in the meantime, up to the outbreak of war, received two cash instalments on account; but at the entrance of the Chinese Republic into the war on the side of the Allies, the entire re-

maining sums were remitted. China itself in January of this year, upon severing diplomatic relations with Germany, repudiated all debts to that Empire. It is safe to predict that the Western Powers will lose nothing by this fair and just treatment of the Chinese Republic. The peaceful development of China, the opening up of its wonderful resources, the maintenance of "its open door" policy, and the preservation of the country's territory, will build up a market for European and American products that is destined to prove one of the greatest and most valuable in the world.

Punitive indemnities are far to seek in modern times. Aside from those laid by Germany upon France in 1871, and by Napoleon upon Italian States, princes, and other European potentates from 1796 onward, there are few examples of the punitive indemnity in recent history. It is quite other among ancient conquerors. Darius, Prince of Persia, not only imposed heavy taxes upon subject territories and peoples brought within the confines of the Persian Empire, but upon foreign notables as well. In the Middle Ages it was quite common to levy tribute upon conquered lords and dukes, as well as upon the princes of the Church; and England time and again bought off the Danes by paying a cash indemnity. It remained, however, for the cultured Germans to rehabilitate this barbarous mechanism for punishing and humiliating any nation that dared to cross its path. In 1871, when France laid prostrate at Germany's feet, this conqueror imposed a cash indemnity of 5,000,000,000 francs. Bismarck's purpose was to absolutely crush France economically, and to leave the country impoverished for a generation to come.

PAYMENTS.

Germany insisted upon garrisoning French cities and important frontier fortresses until the full bill of costs had been met. It was calculated by the German leaders that France could not possibly pay this huge fine within a shorter period than five years, and that thereafter the nation would be poverty-stricken and economically bankrupt. Notwithstanding the confusion and the sanguinary losses occasioned by the Commune, the Republic paid to Germany 500,000,000 francs in July, 1871, and one billion in September of the same year. In 1871, also, the Government asked the people of France for a loan of 2,000,000,000 francs; and 5,000,000,000 francs were subscribed. In the following year 3,500,000,000 francs were asked and the people subscribed 14,000,000,000. By September, 1873, the entire indemnity had been paid Germany, much to that country's surprise and great alarm. Bismarck planned a second war against France in 1875, hoping to crush the Republic before it became too strong, knowing full well that France could never be friendly to Germany until the Alsace-Lorraine problem had been settled. Alexander II, of Russia, intervened, and protected France for the moment, but all Europe realized that war had been merely postponed.

No indemnity was paid as a result of the Treaty of Portsmouth which terminated the war between Russia and Japan. Japanese publicists had openly demanded an indemnity of \$800,000,000, but nothing was gained by the Flowery Kingdom save territorial advantages. For this the United States was bitterly blamed by prominent Japanese, and it had much to do with creating hostility in Japan against the United States. As a matter of fact, Japan was in no position economically to continue the struggle, and owed the United States gratitude rather than censure for extricating it from its difficulties.

Modern war does not exhaust a nation financially to the extent commonly believed. In any event Germany, in common justice, must pay reparative if not punitive indemnities for the outrages committed on a world that desired to live with her in peace.

CANADIAN GOVERNMENT RAILWAYS.

Change in Prince Edward Island Service.

The Canadian Government Railways announce that commencing Wednesday, December 12th, the route to Prince Edward Island will be via Sackville to Tormentine and Ferry, Prince Edward Island to Port Borden. Train leaving Sackville at 1.00 p.m. permits connections with Maritime Express from Montreal. Ferry scheduled to leave Tormentine 3.00 p.m. arrive Port Borden at 4.00 p.m., connecting with train for Summerside arrive 5.50 p.m., Charlottetown 7.05 p.m., Tignish 9.15 p.m.