

How Much Can Germany Pay?

(By Stephen Leacock, in the Montreal Daily Star)

Mr. Lloyd George has said that Germany shall pay for the cost of the war to the utmost limit of her capacity. And forthwith there arises one of the most peculiar and interesting economic problems that ever perplexed the world's finance. How much can Germany pay, in what form can she pay it, and what will be the consequences of the payment—not to Germany herself, nobody will worry about that—but to the nations who receive it?

There is a Latin quotation that every school-boy knows which runs, "Timeo Danaos et dona feretes," and which being interpreted means, "I distrust the Greeks even when they bring presents." Many shrewd people are beginning to feel that even a war indemnity, coming from the Germans, is likely to have something wrong with it.

The point in the case is the enormous total of the bills to be presented. Twenty-three separate nations are to send in their accounts. Serbia, Russia (or the remains of it), France, Belgium, Great Britain, Montenegro and Japan have claims that extend over four years and a half; Italy since 1915; Portugal and Roumania, since 1916; the United States has a war account from April, 1917, and with it are claims of Greece, Cuba, Brazil, China, Panama, San Salvador, Siam and Liberia. When all these are finished there will still remain Guatemala, Costa Rica, Haiti and Honduras, which went into the war in 1918.

Some of these claims may not be large or not as large as could be wished. Unfortunately for the Siamese, the Germans couldn't get at them. But they are said to be working on their bill just the same. It is quite possible, also that Bolivia, Peru, Nicaragua, Uruguay and Santo Domingo, which broke off relations with Germany, may charge something for doing so.

Moreover, whatever payment is made must come almost entirely from Germany, not from her Allies. The Sultan of Turkey has already announced, with tears in his eyes, that he is bankrupt. This was suspected fifty years ago: but now he says it himself. Bulgaria has turned its fur coat inside-out, talks French in the streets of Sofia, and swears it was always pro-Ally. In any case, Bulgaria has the position of the criminal who turned King's evidence and is entitled to whatever leniency and whatever contempt is coming to her in that capacity. As to Austria, it has vanished off the map. We can hardly collect war damages from our good friends the Italians of Trieste and the Trentino, or from our proteges the Jugo-Slavs, or our unpronounceable Allies the Czecho-Slovaks, or the rescued Transylvanians and the persecuted Galicians and Bukovinians.

There remains only Germany. What can she, with a little contribution from Vienna, contrive to pay?

The chief cost of the war was the four million lives that were laid down in the cause. Nothing in or from Germany can ever make this good—a fact that it is well never to forget.

The material cost, reckoned in property destroyed, in sunken ships, in labor wasted on the armament and munitions of war, is practically uncalculable. Any attempt to express it in terms of money runs into a dozen fallacies at once. The money computation leaves out a million and one costs of an individual kind that do not appear in the war accounts of the belligerent governments. But if we take, for lack of any other basis, the figures given out by the British Government the sum total of the Allied war expenditure runs to one hundred and twenty billion dollars (\$120,000,000,000). We may realize something of the size of this amount by making a few comparisons. The whole of the coined money in the world before the

war was estimated at \$7,000,000,000 in gold and \$2,000,000,000 in silver. If Germany could get hold of all the gold money in the world it would hardly more than pay the interest for one year.

Before the war the public revenue of all the countries in all the world, from Argentine at the one end of the alphabet, to Venezuela at the other, was only twelve and a half billion dollars. Hence all the public revenue of all the world, when it was prosperous, will represent what Germany, now that it is ruined, will have to pay meet the interest of the debt, with enough extra to wipe out the principal in about twenty years. The annual exports of Germany before the war were valued at two billion dollars. If she gave them all away free, they would only pay one-third of the interest of the debt. Before the war the whole wealth of Germany—land, houses, farms, fields, forests, mines, ships, factories and palaces and all the rest—was estimated in figures at eighty billion dollars. If the Allies carried away the entire country and left only a hole in the ground nearly half the debt would be still outstanding.

Can we wonder that the Sultan of Turkey, when he looked at these figures, said that for his part, he was bankrupt?

But the most peculiar part of the puzzle still remains. Suppose Germany begins to pay in instalments, the economic tangle apparently gets worse. Suppose, first, that a huge payment is made in actual money. What is the effect of this? Money is of no use to eat. It's only use is as a medium of exchange. If to the existing stock you add a huge further quantity, the first visible effect is a further rise in our already swollen prices and a further increase in the cost of living. The ultimate effects are no doubt more intricate, but most people would cry halt at the first one.

Suppose, in the second place, that Germany pays a huge annual tribute in goods. Then what are the goods to be? If Germany hands us over a billion dollars of free coal, our coal miners are ruined; a billion dollars worth of cotton goods and our cotton industry goes to the wall; a billion dollars worth of structural steel and our steel industry collapses in a heap; a billion dollars worth of paintings, statuettes, and works of art, and our artists die like flies.

Or suppose that Germany pays in labor. The annual interest of the debt is, let us say, six billion dollars. Even if the Allies consent to value a German at such a high rate as \$2.00 a day over his feed, and to keep him working 300 days in the year, each German only works out \$600 of interest. It would take 10,000,000 Germans to pay the interest alone, and at that rate they would have to work for ever. To provide at the same time a sinking fund to wipe out the principal of the debt in one generation (thirty-three years) it would take a further billion dollars a year, that is a labor gang of a million and a half Germans or a total in all of 11,500,000 men. For this last calculation, which must be accepted on faith, I am indebted to my gifted colleague, Professor Ridler Davies of McGill. Whether he worked it correctly or not, it is at least clear that there are not enough Germans left for the job.

But even if the Germans attempt a payment of labor, the same difficulty arises as before. If the indemnity laborers build ships, our shipping people rise in revolt; if they dig in the mines, our miners will want to go and kill them; if they play the flute and the trombone in an indemnity orchestra, some one in the audience will shoot them.

Such is the economic problem of the indemnity. I regret that I cannot offer a solution. I can only repeat that when the Sultan of Turkey says he is bankrupt he knows what he is talking about.

JOHN McLEAN, SCOTCH LABORITE, DEMANDS RELEASE OF AMERICAN POLITICAL PRISONERS

Edinburgh, Scotland.—John McLean, who has been elected by the Clyde workers as one of the delegates to the International Socialist Conference, has addressed a letter to the American peace commissioners in Paris, demanding that all the class war prisoners in America be released. McLean received a sentence of five years under the Defense of the Realm Act, which corresponds to the American Espionage law, but, owing to the insistent demand of the workers of England, was released at the end of nine months. Speaking of the International Socialist Conference, he states in the letter to the peace commissioners, "Inside or outside the conference hall I shall challenge your U. S. A. delegates if my friends are not released. Afterwards, I shall tour America until you do justice to the real American champions of democracy."

Harrisburg, Pa.—Sickness is the chief cause of poverty among the working people of Pennsylvania, according to the report just issued by the Pennsylvania Health Insurance Commission. The commission, which was created by the legislature in 1917 to investigate sickness and various plans for health insurance, discovered that more than 120,000 workers in Pennsylvania are ill every day in the year. This makes an average of six days per year for each wage worker. The annual loss of wages due to this sickness is more than \$35,000,000.

Paris, France.—A dispatch published in Le Populaire for January 9th, contains a report that Prince Kropotkin, together with Maxim Gorky, Martof, Spiridonova and others, have joined hands with the Soviet Government in the interests of a free Russia.

The death of Kropotkin has been announced a dozen times. He was arrested because of the publication over his signature of an appeal inviting the Russians to assist the English and French army of invasion. On the day of the first anniversary of the Soviet, a general amnesty was voted, under the promise of which Prince Kropotkin was released.