

## CHAPTER VI

### EUROPE AFTER THE TREATY

THIS chapter must be one of pessimism. The Treaty includes no provisions for the economic rehabilitation of Europe,—nothing to make the defeated Central Empires into good neighbors, nothing to stabilize the new States of Europe, nothing to reclaim Russia; nor does it promote in any way a compact of economic solidarity amongst the Allies themselves; no arrangement was reached at Paris for restoring the disordered finances of France and Italy, or to adjust the systems of the Old World and the New.

The Council of Four paid no attention to these issues, being preoccupied with others,—Clemenceau to crush the economic life of his enemy, Lloyd George to do a deal and bring home something which would pass muster for a week, the President to do nothing that was not just and right. It is an extraordinary fact that the fundamental economic problems of a Europe starving and disintegrating before their eyes, was the one question in which it was impossible to arouse the interest of the Four. Reparation was their main excursion into the economic field, and they settled

it as a problem of theology, of politics, of electoral chicane, from every point of view except that of the economic future of the States whose destiny they were handling.

I leave, from this point onwards, Paris, the Conference, and the Treaty, briefly to consider the present situation of Europe, as the War and the Peace have made it; and it will no longer be part of my purpose to distinguish between the inevitable fruits of the War and the avoidable misfortunes of the Peace.

The essential facts of the situation, as I see them, are expressed simply. Europe consists of the densest aggregation of population in the history of the world. This population is accustomed to a relatively high standard of life, in which, even now, some sections of it anticipate improvement rather than deterioration. In relation to other continents Europe is not self-sufficient; in particular it cannot feed itself. Internally the population is not evenly distributed, but much of it is crowded into a relatively small number of dense industrial centers. This population secured for itself a livelihood before the war, without much margin of surplus, by means of a delicate and immensely complicated organization, of which the foundations were supported by coal, iron, transport, and an unbroken supply of imported food and raw materials from other continents. By the de-

struction of this organization and the interruption of the stream of supplies, a part of this population is deprived of its means of livelihood. Emigration is not open to the redundant surplus. For it would take years to transport them overseas, even, which is not the case, if countries could be found which were ready to receive them. The danger confronting us, therefore, is the rapid depression of the standard of life of the European populations to a point which will mean actual starvation for some (a point already reached in Russia and approximately reached in Austria). Men will not always die quietly. For starvation, which brings to some lethargy and a helpless despair, drives other temperaments to the nervous instability of hysteria and to a mad despair. And these in their distress may overturn the remnants of organization, and submerge civilization itself in their attempts to satisfy desperately the overwhelming needs of the individual. This is the danger against which all our resources and courage and idealism must now co-operate.

On the 13th May, 1919, Count Brockdorff-Rantzau addressed to the Peace Conference of the Allied and Associated Powers the Report of the German Economic Commission charged with the study of the effect of the conditions of Peace on the situation of the German population. "In the course of the last two generations," they reported,

“Germany has become transformed from an agricultural State to an industrial State. So long as she was an agricultural State, Germany could feed forty million inhabitants. As an industrial State she could insure the means of subsistence for a population of sixty-seven millions; and in 1913 the importation of foodstuffs amounted, in round figures, to twelve million tons. Before the war a total of fifteen million persons in Germany provided for their existence by foreign trade, navigation, and the use, directly or indirectly, of foreign raw material.” After rehearsing the main relevant provisions of the Peace Treaty the report continues: “After this diminution of her products, after the economic depression resulting from the loss of her colonies, her merchant fleet and her foreign investments, Germany will not be in a position to import from abroad an adequate quantity of raw material. An enormous part of German industry will, therefore, be condemned inevitably to destruction. The need of importing foodstuffs will increase considerably at the same time that the possibility of satisfying this demand is as greatly diminished. In a very short time, therefore, Germany will not be in a position to give bread and work to her numerous millions of inhabitants, who are prevented from earning their livelihood by navigation and trade. These persons should emigrate, but this is a material im-

possibility, all the more because many countries and the most important ones will oppose any German immigration. To put the Peace conditions into execution would logically involve, therefore, the loss of several millions of persons in Germany. This catastrophe would not be long in coming about, seeing that the health of the population has been broken down during the War by the Blockade, and during the Armistice by the aggravation of the Blockade of famine. No help, however great, or over however long a period it were continued, could prevent these deaths *en masse*." "We do not know, and indeed we doubt," the report concludes, "whether the Delegates of the Allied and Associated Powers realize the inevitable consequences which will take place if Germany, an industrial State, very thickly populated, closely bound up with the economic system of the world, and under the necessity of importing enormous quantities of raw material and foodstuffs, suddenly finds herself pushed back to the phase of her development, which corresponds to her economic condition and the numbers of her population as they were half a century ago. Those who sign this Treaty will sign the death sentence of many millions of German men, women and children."

I know of no adequate answer to these words. The indictment is at least as true of the Austrian,

as of the German, settlement. This is the fundamental problem in front of us, before which questions of territorial adjustment and the balance of European power are insignificant. Some of the catastrophes of past history, which have thrown back human progress for centuries, have been due to the reactions following on the sudden termination, whether in the course of nature or by the act of man, of temporarily favorable conditions which have permitted the growth of population beyond what could be provided for when the favorable conditions were at an end.

The significant features of the immediate situation can be grouped under three heads: first, the absolute falling off, for the time being, in Europe's internal productivity; second, the breakdown of transport and exchange by means of which its products could be conveyed where they were most wanted; and third, the inability of Europe to purchase its usual supplies from overseas.

The decrease of productivity cannot be easily estimated, and may be the subject of exaggeration. But the *primâ facie* evidence of it is overwhelming, and this factor has been the main burden of Mr. Hoover's well-considered warnings. A variety of causes have produced it;—violent and prolonged internal disorder as in Russia and Hungary; the creation of new governments and their

inexperience in the readjustment of economic relations, as in Poland and Czecho-Slovakia; the loss throughout the Continent of efficient labor, through the casualties of war or the continuance of mobilization; the falling-off in efficiency through continued underfeeding in the Central Empires; the exhaustion of the soil from lack of the usual applications of artificial manures throughout the course of the war; the unsettlement of the minds of the laboring classes on the above all (to quote Mr. Hoover), "there is a great fundamental economic issues of their lives. But relaxation of effort as the reflex of physical exhaustion of large sections of the population from privation and the mental and physical strain of the war." Many persons are for one reason or another out of employment altogether. According to Mr. Hoover, a summary of the unemployment bureaus in Europe in July, 1919, showed that 15,000,000 families were receiving unemployment allowances in one form or another, and were being paid in the main by a constant inflation of currency. In Germany there is the added deterrent to labor and to capital (in so far as the Reparation terms are taken literally), that anything, which they may produce beyond the barest level of subsistence, will for years to come be taken away from them.

Such definite data as we possess do not add

much, perhaps, to the general picture of decay. But I will remind the reader of one or two of them. The coal production of Europe as a whole is estimated to have fallen off by 30 per cent; and upon coal the greater part of the industries of Europe and the whole of her transport system depend. Whereas before the war Germany produced 85 per cent of the total food consumed by her inhabitants, the productivity of the soil is now diminished by 40 per cent and the effective quality of the live-stock by 55 per cent.<sup>1</sup> Of the European countries which formerly possessed a large exportable surplus, Russia, as much by reason of deficient transport as of diminished output, may herself starve. Hungary, apart from her other troubles, has been pillaged by the Roumanians immediately after harvest. Austria will have consumed the whole of her own harvest for 1919 before the end of the calendar year. The figures are almost too overwhelming to carry conviction to our minds; if they were not quite so bad, our effective belief in them might be stronger.

But even when coal can be got and grain harvested, the breakdown of the European railway system prevents their carriage; and even when goods can be manufactured, the breakdown of the European currency system prevents their sale. I

<sup>1</sup> Professor Starling's *Report on Food Conditions in Germany*. [Cmd. 280.]



have already described the losses, by war and under the Armistice surrenders, to the transport system of Germany. But even so, Germany's position, taking account of her power of replacement by manufacture, is probably not so serious as that of some of her neighbors. In Russia (about which, however, we have very little exact or accurate information) the condition of the rolling-stock is believed to be altogether desperate, and one of the most fundamental factors in her existing economic disorder. And in Poland, Roumania, and Hungary the position is not much better. Yet modern industrial life essentially depends on efficient transport facilities, and the population which secured its livelihood by these means cannot continue to live without them. The breakdown of currency, and the distrust in its purchasing value, is an aggravation of these evils which must be discussed in a little more detail in connection with foreign trade.

What then is our picture of Europe? A country population able to support life on the fruits of its own agricultural production but without the accustomed surplus for the towns, and also (as a result of the lack of imported materials and so of variety and amount in the saleable manufactures of the towns) without the usual incentives to market food in return for other wares; an industrial population unable to keep its strength for

lack of food, unable to earn a livelihood for lack of materials, and so unable to make good by imports from abroad the failure of productivity at home. Yet, according to Mr. Hoover, "a rough estimate would indicate that the population of Europe is at least 100,000,000 greater than can be supported without imports, and must live by the production and distribution of exports."

The problem of the re-inauguration of the perpetual circle of production and exchange in foreign trade leads me to a necessary digression on the currency situation of Europe.

Lenin is said to have declared that the best way to destroy the Capitalist System was to debauch the currency. By a continuing process of inflation, governments can confiscate, secretly and unobserved, an important part of the wealth of their citizens. By this method they not only confiscate, but they confiscate *arbitrarily*; and, while the process impoverishes many, it actually enriches some. The sight of this arbitrary rearrangement of riches strikes not only at security, but at confidence in the equity of the existing distribution of wealth. Those to whom the system brings windfalls, beyond their deserts and even beyond their expectations or desires, become "profiteers," who are the object of the hatred of the bourgeoisie, whom the inflationism has impoverished, not less than of the proletariat. As the inflation proceeds

and the real value of the currency fluctuates wildly from month to month, all permanent relations between debtors and creditors, which form the ultimate foundation of capitalism, become so utterly disordered as to be almost meaningless; and the process of wealth-getting degenerates into a gamble and a lottery.

Lenin was certainly right. There is no subtler, no surer means of overturning the existing basis of society than to debauch the currency. The process engages all the hidden forces of economic law on the side of destruction, and does it in a manner which not one man in a million is able to diagnose.

In the latter stages of the war all the belligerent governments practised, from necessity or incompetence, what a Bolshevik might have done from design. Even now, when the war is over, most of them continue out of weakness the same malpractices. But further, the Governments of Europe, being many of them at this moment reckless in their methods as well as weak, seek to direct on to a class known as "profiteers" the popular indignation against the more obvious consequences of their vicious methods. These "profiteers" are, broadly speaking, the entrepreneur class of capitalists, that is to say, the active and constructive element in the whole capitalist society, who in a period of rapidly rising prices

cannot help but get rich quick whether they wish it or desire it or not. If prices are continually rising, every trader who has purchased for stock or owns property and plant inevitably makes profits. By directing hatred against this class, therefore, the European Governments are carrying a step further the fatal process which the subtle mind of Lenin had consciously conceived. The profiteers are a consequence and not a cause of rising prices. By combining a popular hatred of the class of entrepreneurs with the blow already given to social security by the violent and arbitrary disturbance of contract and of the established equilibrium of wealth which is the inevitable result of inflation, these Governments are fast rendering impossible a continuance of the social and economic order of the nineteenth century. But they have no plan for replacing it.

We are thus faced in Europe with the spectacle of an extraordinary weakness on the part of the great capitalist class, which has emerged from the industrial triumphs of the nineteenth century, and seemed a very few years ago our all-powerful master. The terror and personal timidity of the individuals of this class is now so great, their confidence in their place in society and in their necessity to the social organism so diminished, that they are the easy victims of intimidation.

This was not so in England twenty-five years ago, any more than it is now in the United States. Then the capitalists believed in themselves, in their value to society, in the propriety of their continued existence in the full enjoyment of their riches and the unlimited exercise of their power. Now they tremble before every insult;—call them pro-Germans, international financiers, or profiteers, and they will give you any ransom you choose to ask not to speak of them so harshly. They allow themselves to be ruined and altogether undone by their own instruments, governments of their own making, and a press of which they are the proprietors. Perhaps it is historically true that no order of society ever perishes save by its own hand. In the complexer world of Western Europe the Immanent Will may achieve its ends more subtly and bring in the revolution no less inevitably through a Klotz or a George than by the intellectualisms, too ruthless and self-conscious for us, of the bloodthirsty philosophers of Russia.

The inflationism of the currency systems of Europe has proceeded to extraordinary lengths. The various belligerent Governments, unable, or too timid or too short-sighted to secure from loans or taxes the resources they required, have printed notes for the balance. In Russia and Austria-Hungary this process has reached a point where

for the purposes of foreign trade the currency is practically valueless. The Polish mark can be bought for about three cents and the Austrian crown for less than two cents, but they cannot be sold at all. The German mark is worth less than four cents on the exchanges. In most of the other countries of Eastern and South-Eastern Europe the real position is nearly as bad. The currency of Italy has fallen to little more than a half of its nominal value in spite of its being still subject to some degree of regulation; French currency maintains an uncertain market; and even sterling is seriously diminished in present value and impaired in its future prospects.

But while these currencies enjoy a precarious value abroad, they have never entirely lost, not even in Russia, their purchasing power at home. A sentiment of trust in the legal money of the State is so deeply implanted in the citizens of all countries that they cannot but believe that some day this money must recover a part at least of its former value. To their minds it appears that value is inherent in money as such, and they do not apprehend that the real wealth, which this money might have stood for, has been dissipated once and for all. This sentiment is supported by the various legal regulations with which the Governments endeavor to control internal prices, and so to preserve some purchasing power for their

legal tender. Thus the force of law preserves a measure of immediate purchasing power over some commodities and the force of sentiment and custom maintains, especially amongst peasants, a willingness to hoard paper which is really worthless.

The presumption of a spurious value for the currency, by the force of law expressed in the regulation of prices, contains in itself, however, the seeds of final economic decay, and soon dries up the sources of ultimate supply. If a man is compelled to exchange the fruits of his labors for paper which, as experience soon teaches him, he cannot use to purchase what he requires at a price comparable to that which he has received for his own products, he will keep his produce for himself, dispose of it to his friends and neighbors as a favor, or relax his efforts in producing it. A system of compelling the exchange of commodities at what is not their real relative value not only relaxes production, but leads finally to the waste and inefficiency of barter. If, however, a government refrains from regulation and allows matters to take their course, essential commodities soon attain a level of price out of the reach of all but the rich, the worthlessness of the money becomes apparent, and the fraud upon the public can be concealed no longer.

The effect on foreign trade of price-regulation

and profiteer-hunting as cures for inflation is even worse. Whatever may be the case at home, the currency must soon reach its real level abroad, with the result that prices inside and outside the country lose their normal adjustment. The price of imported commodities, when converted at the current rate of exchange, is far in excess of the local price, so that many essential goods will not be imported at all by private agency, and must be provided by the government, which, in re-selling the goods below cost price, plunges thereby a little further into insolvency. The bread subsidies, now almost universal throughout Europe, are the leading example of this phenomenon.

The countries of Europe fall into two distinct groups at the present time as regards their manifestations of what is really the same evil throughout, according as they have been cut off from international intercourse by the Blockade, or have had their imports paid for out of the resources of their allies. I take Germany as typical of the first, and France and Italy of the second.

The note circulation of Germany is about ten times<sup>1</sup> what it was before the war. The value of the mark in terms of gold is about one-eighth of its former value. As world-prices in terms of gold are more than double what they were, it fol-

<sup>1</sup> Including the *Darlehenskassenscheine* somewhat more.



lows that mark-prices inside Germany ought to be from sixteen to twenty times their pre-war level if they are to be in adjustment and proper conformity with prices outside Germany.<sup>1</sup> But this is not the case. In spite of a very great rise in German prices, they probably do not yet average much more than five times their former level, so far as staple commodities are concerned; and it is impossible that they should rise further except with a simultaneous and not less violent adjustment of the level of money wages. The existing maladjustment hinders in two ways (apart from other obstacles) that revival of the import trade which is the essential preliminary of the economic reconstruction of the country. In the first place, imported commodities are beyond the purchasing power of the great mass of the population,<sup>2</sup> and the flood of imports which might have been expected to succeed the raising of the blockade was not in fact commercially possible.<sup>3</sup> In the second place, it is a hazardous enterprise for a merchant or a manufacturer to purchase with a foreign

<sup>1</sup> Similarly in Austria prices ought to be between twenty and thirty times their former level.

<sup>2</sup> One of the most striking and symptomatic difficulties which faced the Allied authorities in their administration of the occupied areas of Germany during the Armistice arose out of the fact that even when they brought food into the country the inhabitants could not afford to pay its cost price.

<sup>3</sup> Theoretically an unduly low level of home prices should stimulate exports and so cure itself. But in Germany, and still more in Poland and Austria, there is little or nothing to export. There must be imports *before* there can be exports.

credit material for which, when he has imported it or manufactured it, he will receive mark currency of a quite uncertain and possibly unrealizable value. This latter obstacle to the revival of trade is one which easily escapes notice and deserves a little attention. It is impossible at the present time to say what the mark will be worth in terms of foreign currency three or six months or a year hence, and the exchange market can quote no reliable figure. It may be the case, therefore, that a German merchant, careful of his future credit and reputation, who is actually offered a short period credit in terms of sterling or dollars, may be reluctant and doubtful whether to accept it. He will owe sterling or dollars, but he will sell his product for marks, and his power, when the time comes, to turn these marks into the currency in which he has to repay his debt is entirely problematic. Business loses its genuine character and becomes no better than a speculation in the exchanges, the fluctuations in which entirely obliterate the normal profits of commerce.

There are therefore three separate obstacles to the revival of trade: a maladjustment between internal prices and international prices, a lack of individual credit abroad wherewith to buy the raw materials needed to secure the working capital and to re-start the circle of exchange, and a dis-

ordered currency system which renders credit operations hazardous or impossible quite apart from the ordinary risks of commerce.

The note circulation of France is more than six times its pre-war level. The exchange value of the franc in terms of gold is a little less than two-thirds its former value; that is to say, the value of the franc has not fallen in proportion to the increased volume of the currency.<sup>1</sup> This apparently superior situation of France is due to the fact that until recently a very great part of her imports have not been paid for, but have been covered by loans from the Governments of Great Britain and the United States. This has allowed a want of equilibrium between exports and imports to be established, which is becoming a very serious factor, now that the outside assistance is being gradually discontinued. The internal economy of France and its price level in relation to the note circulation and the foreign exchanges is at present based on an excess of imports over exports which cannot possibly continue. Yet it is difficult to see how the position can be re-adjusted except by a lowering of the standard of consumption in France, which, even if it is

<sup>1</sup> Allowing for the diminished value of gold, the exchange value of the franc should be less than 40 per cent of its previous value, instead of the actual figure of about 60 per cent, if the fall were proportional to the increase in the volume of the currency.

only temporary, will provoke a great deal of discontent.<sup>1</sup>

The situation of Italy is not very different. There the note circulation is five or six times its pre-war level, and the exchange value of the lira in terms of gold about half its former value. Thus the adjustment of the exchange to the volume of the note circulation has proceeded further in Italy than in France. On the other hand, Italy's "invisible" receipts, from emigrant remittances and the expenditure of tourists, have been very injuriously affected; the disruption of Austria has deprived her of an important market; and her peculiar dependence on foreign shipping and on imported raw materials of every kind has laid her open to special injury from the increase of world prices. For all these reasons her posi-

<sup>1</sup> How very far from equilibrium France's international exchange now is can be seen from the following table:

Monthly Average	Imports \$1,000	Exports \$1,000	Excess of Imports \$1,000
1913 . .	140,355	114,670	25,685
1914 . .	106,705	81,145	25,560
1918 . .	331,915	69,055	262,860
Jan.-Mar. 1919 . .	387,140	66,670	320,470
Apr.-June 1919 . .	421,410	83,895	337,515
July 1919 . .	467,565	123,675	343,890

These figures have been converted at approximately par rates, but this is roughly compensated by the fact that the trade of 1918 and 1919 has been valued at 1917 official rates. French imports cannot possibly continue at anything approaching these figures, and the semblance of prosperity based on such a state of affairs is spurious.

tion is grave, and her excess of imports as serious a symptom as in the case of France.<sup>1</sup>

The existing inflation and the maladjustment of international trade are aggravated, both in France and in Italy, by the unfortunate budgetary position of the Governments of these countries.

In France the failure to impose taxation is notorious. Before the war the aggregate French and British budgets, and also the average taxation per head, were about equal; but in France no substantial effort has been made to cover the increased expenditure. "Taxes increased in Great Britain during the war," it has been estimated, "from 95 francs per head to 265 francs, whereas the increase in France was only from 90 to 103 francs." The taxation voted in France for the financial year ending June 30, 1919, was less than half the estimated normal *post-bellum* expenditure. The normal budget for the future cannot be put below \$4,400,000,000 (22 milliard francs), and may exceed this figure; but even for the fiscal year 1919-20 the estimated receipts from taxation

<sup>1</sup> The figures for Italy are as follows:

Monthly Average	Imports \$1,000	Exports \$1,000	Excess of Imports \$1,000
1913 . .	60,760	41,860	18,900
1914 . .	48,720	36,840	11,880
1918 . .	235,025	41,390	193,635
Jan.-Mar. 1919 . .	229,240	38,085	191,155
Apr.-June 1919 . .	331,035	69,250	261,785
July-Aug. 1919 . .	223,535	84,515	139,020

do not cover much more than half this amount. The French Ministry of Finance have no plan or policy whatever for meeting this prodigious deficit, except the expectation of receipts from Germany on a scale which the French officials themselves know to be baseless. In the meantime they are helped by sales of war material and surplus American stocks and do not scruple, even in the latter half of 1919, to meet the deficit by the yet further expansion of the note issue of the Bank of France.<sup>1</sup>

The budgetary position of Italy is perhaps a little superior to that of France. Italian finance throughout the war was more enterprising than the French, and far greater efforts were made to impose taxation and pay for the war. Nevertheless Signor Nitti, the Prime Minister, in a letter addressed to the electorate on the eve of the General Election (Oct., 1919), thought it necessary to make public the following desperate analysis of the situation:—(1) The State expenditure amounts to about three times the revenue. (2) All the industrial undertakings of the State, including the railways, telegraphs, and telephones, are being run at a loss. Although the public is buying bread at a high price, that price represents

<sup>1</sup> In the last two returns of the Bank of France available as I write (Oct. 2 and 9, 1919) the increases in the note issue on the week amounted to \$93,750,000 and \$94,125,000 respectively.

a loss to the Government of about a milliard a year. (3) Exports now leaving the country are valued at only one-quarter or one-fifth of the imports from abroad. (4) The National Debt is increasing by about a milliard lire per month. (5) The military expenditure for one month is still larger than that for the first year of the war.

But if this is the budgetary position of France and Italy, that of the rest of belligerent Europe is yet more desperate. In Germany the total expenditure of the Empire, the Federal States, and the Communes in 1919-20 is estimated at 25 milliards of marks, of which not above 10 milliards are covered by previously existing taxation. This is without allowing anything for the payment of the indemnity. In Russia, Poland, Hungary, or Austria such a thing as a budget cannot be seriously considered to exist at all.<sup>1</sup>

Thus the menace of inflationism described above is not merely a product of the war, of which peace begins the cure. It is a continuing phenomenon of which the end is not yet in sight.

All these influences combine not merely to pre-

<sup>1</sup> On October 3, 1919, M. Bilinski made his financial statement to the Polish Diet. He estimated his expenditure for the next nine months at rather more than double his expenditure for the past nine months, and while during the first period his revenue had amounted to one-fifth of his expenditure, for the coming months he was budgeting for receipts equal to one-eighth of his outgoings. The *Times* correspondent at Warsaw reported that "in general M. Bilinski's tone was optimistic and appeared to satisfy his audience".

vent Europe from supplying immediately a sufficient stream of exports to pay for the goods she needs to import, but they impair her credit for securing the working capital required to re-start the circle of exchange and also, by swinging the forces of economic law yet further from equilibrium rather than towards it, they favor a continuance of the present conditions instead of a recovery from them. An inefficient, unemployed, disorganized Europe faces us, torn by internal strife and international hate, fighting, starving, pillaging, and lying. What warrant is there for a picture of less somber colors?

I have paid little heed in this book to Russia, Hungary, or Austria.<sup>1</sup> There the miseries of life and the disintegration of society are too notorious to require analysis; and these countries are already experiencing the actuality of what for the rest of Europe is still in the realm of prediction. Yet they comprehend a vast territory and a great

<sup>1</sup>The terms of the Peace Treaty imposed on the Austrian Republic bear no relation to the real facts of that State's desperate situation. The *Arbeiter Zeitung* of Vienna on June 4, 1919, commented on them as follows: "Never has the substance of a treaty of peace so grossly betrayed the intentions which were said to have guided its construction as is the case with this Treaty . . . in which every provision is permeated with ruthlessness and pitilessness, in which no breath of human sympathy can be detected, which flies in the face of everything which binds man to man, which is a crime against humanity itself, against a suffering and tortured people." I am acquainted in detail with the Austrian Treaty and I was present when some of its terms were being drafted, but I do not find it easy to rebut the justice of this outburst.



population, and are an extant example of how much man can suffer and how far society can decay. Above all, they are the signal to us of how in the final catastrophe the malady of the body passes over into malady of the mind. Economic privation proceeds by easy stages, and so long as men suffer it patiently the outside world cares little. Physical efficiency and resistance to disease slowly diminish,<sup>1</sup> but life proceeds some-

<sup>1</sup> For months past the reports of the health conditions in the Central Empires have been of such a character that the imagination is dulled, and one almost seems guilty of sentimentality in quoting them. But their general veracity is not disputed, and I quote the three following, that the reader may not be unmindful of them: "In the last years of the war, in Austria alone at least 35,000 people died of tuberculosis, in Vienna alone 12,000. To-day we have to reckon with a number of at least 350,000 to 400,000 people who require treatment for tuberculosis. . . . As the result of malnutrition a bloodless generation is growing up with undeveloped muscles, undeveloped joints, and undeveloped brain" (*Neue Freie Presse*, May 31, 1919). The Commission of Doctors appointed by the Medical Faculties of Holland, Sweden, and Norway to examine the conditions in Germany reported as follows in the Swedish Press in April, 1919: "Tuberculosis, especially in children, is increasing in an appalling way, and, generally speaking, is malignant. In the same way rickets is more serious and more widely prevalent. It is impossible to do anything for these diseases; there is no milk for the tuberculous, and no cod-liver oil for those suffering from rickets. . . . Tuberculosis is assuming almost unprecedented aspects, such as have hitherto only been known in exceptional cases. The whole body is attacked simultaneously, and the illness in this form is practically incurable. . . . Tuberculosis is nearly always fatal now among adults. It is the cause of 90 per cent of the hospital cases. Nothing can be done against it owing to lack of food-stuffs. . . . It appears in the most terrible forms, such as glandular tuberculosis, which turns into purulent dissolution." The following is by a writer in the *Vossische Zeitung*, June 5, 1919, who accompanied the Hoover Mission to the Erzgebirge: "I visited large country districts where 90 per cent of all the children were rickety and where children of three years are only beginning to walk. . . . Accompany me to a school in the Erzgebirge. You think it is a kindergarten for the little ones. No, these are children of seven and eight years. Tiny faces, with

how, until the limit of human endurance is reached at last and counsels of despair and madness stir the sufferers from the lethargy which precedes the crisis. Then man shakes himself, and the bonds of custom are loosed. The power of ideas is sovereign, and he listens to whatever instruction of hope, illusion, or revenge is carried to him on the air. As I write, the flames of Russian Bolshevism seem, for the moment at least, to have burnt themselves out, and the peoples of Central and Eastern Europe are held in a dreadful torpor. The lately gathered harvest keeps off the worst privations, and Peace has been declared at Paris. But winter approaches. Men will have nothing to look forward to or to nourish hopes on. There will be little fuel to moderate the rigors of the season or to comfort the starved bodies of the town-dwellers.

But who can say how much is endurable, or in what direction men will seek at last to escape from their misfortunes?

large dull eyes, overshadowed by huge puffed, rickety foreheads, their small arms just skin and bone, and above the crooked legs with their dislocated joints the swollen, pointed stomachs of the hunger œdema. . . . 'You see this child here,' the physician in charge explained; 'it consumed an incredible amount of bread, and yet did not get any stronger. I found out that it hid all the bread it received underneath its straw mattress. The fear of hunger was so deeply rooted in the child that it collected stores instead of eating the food: a misguided animal instinct made the dread of hunger worse than the actual pangs.' Yet there are many persons apparently in whose opinion justice requires that such beings should pay tribute until they are forty or fifty years of age in relief of the British taxpayer.