



# THE GEORGIAN MAIL

TIFLIS.

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## HAIG'S DISPATCHES.

### FOCH'S TRIBUTE TO THE BRITISH LEADER.

#### HISTORIC DOCUMENTS.

"As a tribute to the valour of the British soldier and the character of the British nation", Lord Haig has reprinted in two volumes—one of them containing maps—the dispatches in which he informed the British Government and the British people of the prowess and progress of the British Armies under his command.

As Lord Haig explains in his preface, his dispatches do not claim to be "a complete and final account", yet, "because they were put together under the immediate strain of battle while the results of the decisions and actions they recount were still undetermined... they possess an atmosphere of their own which gives them a definite historical importance". It is a just claim, for, as Marshal Foch states in the introduction he has written for the volumes, they are "historical documents of the highest order". They are also human documents. We can trace in them again all the deferred hopes and the long agonies of the conflict, can see in them the making of the New Armies, and can in retrospect fight again the battles which ended in the crowning victories of August 8 to November 11, the greatest fights and the greatest successes ever known by British arms.

The dispatches are—Lord Haig informs us published substantially as they appeared in the *London Gazette*. A few notes are added, a few minor errors corrected, and—more important—the names of divisions which were formerly withheld from motives of secrecy are now made known, together with the exploits which won their renown.

#### Marshal Foch's Testimony.

In his introduction to this, "the only available official account of a most splendid and most critical period in our national existence", Marshal Foch declares:—

Written with the strictest regard for the truth and scrupulously exact to the smallest details, these reports are distinguished by their unquestionable loftiness and breadth of view. The information that they give, not only on the operations themselves, but also on the condition of the troops—on the

changes made in their training and their formation during the course of the war—constitutes them historical documents of the highest order. They throw into relief the special character of each contingent that the Empire provided, the unremitting labours of the staffs, and define their respective merits. They are a record, in fact, of the work thanks to which all ranks rapidly improved their fighting experience and professional skill, and adapted them to a struggle full of surprises. They give a picture of the enormous task devolving upon the various services charged with supplying the evergrowing needs of a modern army.

Explaining that sometimes the reports do not deal with "the underlying causes", Marshal Foch explains that this was because they were destined for the whole nation and because they could not be allowed to give to the enemy information which might be of value to him. And here he takes the opportunity to state that the dispatches do not state why the period of decision was so short while the period of attrition was so long.

Still less do they explain the chance in the decisive period when the Allies advanced to victory at the double only to be stopped by the German capitulation at the Armistice. The results are briefly set forth, their causes are not explained. All mention of the hand which guided the instrument is omitted. We may be allowed to make good this deficiency, in which the all-important part played by the British Higher Command is lost to sight.

Marshal Foch asks who could have seen "the signs of that fatal attrition" (of the German Army) in April, May, June and July of 1918.

Was there no danger that the conflict of armies—even armies of the finest quality like that of the British, might end in disaster unless they possessed a Higher Command capable of dominating the situation... able to take the troops in hand again... to attack... with such violence, dash and such repeated blows as were never surpassed?

#### The Long Tale of Victories.

Higher Command and Staffs were, says Marshal Foch, "more than equal to their tasks". They kept the enemy in play, they multiplied lines of resistance, they kept mobile their reserves.

Thus it was that, thanks in particular to the activities of the British Higher Command and to their grasp of the needs of the situation, more than 200 German divisions were stopped short in their offensive by a smaller number of Allied divisions, and our defensive proved to be victorious. The same must be said for the support lent by the British troops to other armies during our actual offensive.

In order to estimate the ardour and endurance of these troops during this final stage, it will be enough to mention the dates and importance of the main events:—

*Battle of Amiens.*—August 8—13, in which the Fourth Army took 22,000 prisoners and more than 400 guns.

*Battle of Bapaume.*—August 27-September 1, Third Army and Left Wing of the Fourth Army; 34,000 prisoners, 27 guns.

*Battle of the Scarpe.*—August 26-September 3, First Army; 16,000 prisoners, 200 guns.

*Battle of Havrincourt and Epehy.*—September 12-18, Fourth and Third Armies; 12,000 prisoners, 100 guns.

*Battle of Cambrai and the Hindenburg Line.*—September 27-October 5, Fourth, Third, and First Armies, which ended in the breaking of the Hindenburg Line and in the capture of 35,000 prisoners and 380 guns.

*Battle of Flanders.*—September 28-October 14, Second Army.

*Battle of Le Catiau.*—October 6-12, Fourth, Third and First Armies.

*Battle of the Selle.*—October 17-25, Fourth and Third Armies; 20,000 prisoners, 475 guns.

*Battle of the Sambre.*—November 1-11, Fourth, Third, and First Armies; 19,000 prisoners, 450 guns.

Linked up with these "hammer blows" were the actions of the French, American, and Belgian Armies to whom—especially to the French—Lord Haig, it should be said, pays a warm tribute. Equally warm is the tribute—a just tribute—paid by Marshal Foch to the British Commander-in-Chief when he concludes:—

"The effect of these violent and repeated British attacks was greatly enhanced because they were linked up with the actions of other Allied Armies, French, American, and also Belgian, who struck blows which told no less powerfully in the general plan of this converging assault, extending from the North Sea to the Moselle.

Never at any time in history has the British Army achieved greater results in attack than in this unbroken offensive lasting 116 days, from July 18 to November 11. The victory gained was indeed complete, thanks to the excellence of the Commanders of Armies, Corps, and Divisions, thanks above all to the unselfishness, to the wise, loyal, and energetic policy of their Commander-in-Chief, who made easy a great combination, and sanctioned a prolonged and gigantic effort. Was it not the insight of an experience-

ed and enlightened Commander which led him to intervene as he did, with his own Government on March 24, 1918, and with the Allied Governments assembled at Doullens on the 26th, to the end that the French and British Armies might at once be placed under a single command, even though his personal position should thereby suffer? In the events that followed did he not prove that he was above all anxious to anticipate and move in perfect harmony with the general Allied plan, framed by the new Supreme Command?

On this point the Dispatches contain gaps which prevent the reader from grasping all the reasons for our victory; truth compelled me to complete their account."

So explicit a statement from the pen of the Generalissimo to the active part taken by Sir Douglas Haig (as he then was) in the establishment of the Supreme Command should once and for all dispose of the malicious stories that the British leader opposed and viewed with resentment the fateful and victory-producing decision of Doullens.

It remains to add that the volume of maps is very handsomely produced, containing reproductions, in many cases, of the maps which actually accompanied Sir Douglas's original dispatches, and that this record of a great series of campaigns has been well edited by Lieutenant-Colonel J. H. B. Raston, O.B.E., private secretary to Earl Haig. (Sir Douglas Haig's Dispatches (December, 1915—April, 1919), edited by Lieutenant-Colonel J. H. B. Raston, O.B.E. In two volumes, with maps, sketch plans, and portraits (London: J. M. Dent and Sons, 42s. net).)

#### Soviet Intrigues in the Far East.

Some light on Bolshevik intrigues in the Far East is given in a Moscow wireless message, which announces the arrival of a Korean delegation at Tcheliabinsk, on the European side of the Urals, on November 15. The message says:—

According to the delegation, a meeting of Korean Socialists was held recently in one of the Eastern Siberian towns. At the meeting the left wing gained the upper hand, and it was decided that the Korean bourgeoisie must be destroyed and that there should be the closest relations with Soviet Russia. A Central Committee was elected. It was stated that martial law has been declared in Korea, and the delegation considers a rising inevitable.

The Korean delegation will attend the Congress of Soviets in Moscow in December.

# EDITORIAL.

## Propaganda.

We publish this week a particularly interesting article from the London "Times" on British propaganda during the war. The German admissions are very pleasing to those of us who have been apt to under-estimate Great Britain's efforts in this direction. Propaganda is a very powerful weapon. Bolshevism, for instance, is the outcome of propaganda. Speeches and pamphlets have brought Russia to her tragic position today. The pen did for the former Russian army what three years of war had failed to do. Mere words succeeded where guns did not. And today the Bolsheviks are waging war on all the world with batteries of lying phrases and the poison gas of talk. Their arsenal is the printing press, their long-distance guns the radio.

## "British in Baku".

Only a few days ago a wireless message was sent out from Moscow to the effect that the British troops had re-occupied Baku in order to prevent the Turks "breaking through into the Caucasus". This, of course, as everyone in Georgia and Azerbaïdjan knows, is absolutely untrue. We know that most of the Bolshevik wireless messages are quite unreliable, but it is when these messages refer to our present locality that we appreciate fully their falsity. On the whole, we find a little consolation in this particular "news" about the British occupation of Baku. Some of the Bolshevik messages are decidedly depressing and it is good to have undoubted proof that the news merchants in Moscow are liars as well as rogues.

## Advertised Goods.

Propaganda is simply another word for advertisement. And it pays to advertise. Many English firms spend a hundred thousand pounds sterling each year on advertising their goods. Some firms spend even more than that—but they have the goods: that is the main thing. They advertise, and people buy; then people buy again. The quality and worth of the sold article are in themselves advertisement. Satisfied customers see further announcements of the goods in the press, and they are reminded of them and they recommend them to their friends. But if the goods are not what they are said to be, advertising them will simply defeat its own aim. Dissatisfied purchasers will be reminded of

their own disillusionment and they will probably warn their friends against deception.

## "Made in Sovdepa".

This is precisely where the Bolshevik propaganda will fail. It is no use advertising a rotten article—yet that is what the Bolsheviks are doing today. For a time they will have success. If one advertises an article long enough people are sure to buy—but they will not buy again when they have once tried the article and proved its lack of quality. "British and Best" is a trade tradition of which every Briton is proud. The words "Made in England" are something more than a mere stamp of origin; they are a guarantee of worth. The Hun knew that, and the Hun knew that the commercial world knew that, and it was a compliment (though one that was far from welcome) when the Hun printed "Made in England" on his German goods. Bolshevism is infamous, and the brand of Bolshevism is an infamy. "Made in England" is a hall-mark: "Made in Sovdepa" a hell-mark. Most of the world knows that already: all the world will know that soon.

## Advertising a Nation.

Just as one advertises a commercial commodity, or a criminal creed, so can one advertise a nation. But again, one must be sure that the nation is up to the standard advertised. We have already contended—and we contend once more—that the best propaganda for Georgia is Georgia, and the best advertisement of Azerbaïdjan is Azerbaïdjan. Actions speak louder and more forcibly than words. It is not enough to cry aloud, "We are capable of self-government": it is better to be self-governed in such a way that the world will see that for itself. Practical proof is stronger than theoretic assertion. And whatever this new year holds for the Trans-Caucasian republics—the future is on the lap of the Paris gods—Georgia and Azerbaïdjan may well claim that they are more orderly and peaceful than many less fortunate parts of the former Russian Empire. Tiflis and Baku may well claim that they are well up on the list of orderly towns in a disturbed and stormy world. And this is to their everlasting credit. It is an advertisement in itself.

1920.

And now a very personal paragraph—about the "Georgian Mail". We claim for the "Georgian Mail" that it is probably the best

publication of its kind in all the world today. Modestly enough, we are not referring to the reading matter so much as to the printing and the paper. It is not an easy matter to run such a paper—apart from one's numerous other duties—and we will never cease to admire our solitary compositor and the excellent manner in which he sets up the articles of which he does not understand a single word. The letters, to him, are simply letters. His work is not only difficult; it must also be dreary. Of course, mistakes will happen: it is inevitable. But on the whole, we can advertise our paper and our readers can judge it for themselves. We have no reason to be displeased with our circulation. It is, even to us, surprisingly large. Three hundred copies weekly in Tiflis alone, for instance, is quite a remarkable figure. Yet that number is sold each week at the news stands in the town. We have no reason, therefore, to be displeased—but we would like to increase that figure if possible. So will you help us? Finally, we will take this opportunity of wishing our three hundred Tiflis readers and the hundreds of readers we have in Batoum and other parts of the Caucasus a Happier New Year.

S. L.

## BOLSHEVİK PAPERS FOR PARIS.

### Consignment from Switzerland.

An attempt to smuggle a considerable quantity of Bolshevik literature into France has just failed.

The publication in question is the French journal *La Feuille*, which appeared in Geneva during the war, and was at that time strongly defeatist. Since then it has become a pure Bolshevik organ. Its sale and introduction into France has always been prohibited. A day or two ago, five big stacks, addressed to M. Mercier, Gare de Lyon, Paris, were examined at the frontier, and found to contain 1,000 copies of *La Feuille*. The consignment was allowed to continue. Mercier in due time obtained delivery, and had the consignment taken to a café in the Rue de Bercy, whence he began to distribute copies to the kiosks. He was arrested, but as he is only liable to a fine of 50f. to 500f. (L 2 to L 20) the arrest was not maintained.

General Capelo, the former Commander of the Italian Second Army, has appealed to the State Council against the decree cashiering him. He demands a Court martial.

## Victim of the Bolsheviks.

News has been received from Finland that the well-known Petrograd resident and popular sportsman, Mr. Arthur H. Macpherson, has been shot by the Bolsheviks. It was known in London some months back that Mr. Macpherson was under arrest in Moscow, but the news of his tragic end came as a painful surprise. Mr. Macpherson invariably kept himself entirely aloof from all political questions, and his murder can therefore only be explained as a further example of the insensate savagery of the Bolshevik authorities.

Mr. Macpherson was one of the best-known and most popular figures in Petrograd in pre-revolutionary days. He took a very keen interest in all forms of sport and did more than anyone in Russia towards its encouragement and development. He was president both of the Russian Lawn Tennis Association and the Russian Rowing Association since their formation, and was at one time president of the Petrograd Football League. Mr. Macpherson was president of the Petrograd Arrow Boat Club, probably the oldest sporting organization in Russia, and for 24 years was also president of the Krestovsky Lawn Tennis Club, the largest and most popular tennis club in Russia. He was instrumental on several occasions in arranging international tennis matches between Russia and England and France, and the well-known British and French players who took part in these games will doubtless remember his great hospitality and invariable courtesy.

One of Mr. Macpherson's sons, on Lord Kitchener's staff, was lost with Lord Kitchener in the Hampshire. His other son was likewise in the Army, and served on the staff of the North Russian Expeditionary Force in Murmansk and Archangel.

## Japanese Ambassador to London.

The Independent Tokyo organ *Yomiuri Shimbun* reports that Viscount Uchida, the Foreign Minister, is to be appointed Ambassador to Great Britain, and that Mr. Ijuin, at present Japanese Ambassador at Rome, will succeed him. Although not officially confirmed, it is believed that Viscount Uchida is likely to succeed Viscount Chinda as Japanese Ambassador in London.

Japan, the newspaper also states, has decided not to establish an international concession at Tsingtao, but to maintain an exclusively Japanese concession there.

All Paris cafés and similar establishments have been ordered by the Prefect of Police to close at midnight until further notice, in order that coal may be economized.

# PROPAGANDA IN WAR.

## LUDENDORFF'S TRIBUTE.

(From a "Times" Correspondent).

One of the most interesting points in the flood of German war-memoirs now issuing from the press—because German generals, admirals, and statesmen must have money to keep themselves alive—is their abuse of the former British Enemy Propaganda Department under Lord Northcliffe. That Germany should have maintained for three and a half years a persistent, though blunderingly conducted, propaganda in Great Britain, France, Russia, and neutral countries is taken by Germans as a matter of course. But that Great Britain should have replied in the last nine months of the struggle by turning the Germans' own weapon against themselves and using it with a skill and insight of which they were incapable—that is a monstrous shame. Ludendorff, indeed, with the singular want of humour which marks him throughout his career, treats this British propaganda as a standing grievance. It was unfair, he insinuates, to attack Germany in this way. Yet almost in the same breath he complains that the German Government did not organize a similar propaganda. So, too, Tirpitz in his Memoirs, which have just appeared in German and are now being translated for the British public, indulges in a characteristic snarl at Lord Northcliffe and British propaganda.

### Drum-Fire of Paper.

As to the vast importance of propaganda in war, so practical and clear-headed a fighting man as Ludendorff has not the faintest doubt.

He confirms all that other German soldiers, statesmen, and journalists blurted out during the war. Hindenburg, in September of last year, devoted a whole page of paper to the work of the British propaganda:—

The enemy knows (he said) that Germany cannot be conquered by arms alone. The enemy knows that the spirit which dwells within our troops and our people makes us unconquerable. Therefore he has added to the attack on the German armed forces an attack on the German spirit . . . . He bombards our front not only with a drum fire of shells but also with a drum-fire of printed paper. Besides bombs which kill the body he drops from the air leaflets which are intended to kill the soul.

These leaflets, it appeared, increased in the most astonishing wise. In May, 1918, 84,000 were handed in to the German military authorities, who offered a reward for each leaflet given them by soldiers; in June, 120,000; in July, when the Germans were at the height of success and when the Allied counter-attacks were just beginning, 300,000. Such was the effect

that General Hutier, commanding the 6th German Army, entreated his men to disregard the British leaflets and denounced "that most thorough-paced rascal of the whole Entente, Lord Northcliffe, Minister for the Destruction of German confidence".

### British Efficacy.

A similar testimonial to the efficacy of the British propaganda was presented by the Hamburg shipping newspaper, *Hansa*, which on September 14, 1918, said:—

At every step and turn we meet despondency, discontent, depression, hanging heads, grumbling, . . . . Whence came they? Who brought them to us? To-day we know. To-day we recognize the origin of this depression of German will power. It was the long-advertised publicity offensive of the Entente, directed against us under England's lead and under the special direction of that unprincipled, unscrupulous rascal, Lord Northcliffe.

Encouraged by these diatribes, as they proved that the British "drum-fire" of leaflets and pamphlets was producing great effect, the British Enemy Propaganda Department increased its output. In August, 1918, it issued 3,954,000 leaflets; in September, 3,715,000; in October, 5,360,000. These leaflets were written clearly and simply; they stated the strict truth and set forth the facts as to the military situation and, in particular, as to the number of American soldiers in Europe or on the way thither. They faithfully recorded the German losses, which in the closing months of the war became increasingly heavy. They exposed the untruthfulness of the bulletins issued by the German Staff, which always pretended that when the British, French, or Americans advanced, the Germans had merely evacuated "the fore-field" systematically and according to orders (*plannässig*). Nothing but the truth was given in the British leaflets for German consumption, whereas the German leaflets meant for British reading were packed with the silliest falsehoods.

Ludendorff's main contention through the last 300 pages of his Memoirs (I am quoting from the German edition) is that Germany was beaten not by arms, but by the moral collapse of the German soldier. This moral collapse of the German soldier, according to him, was in part produced by Lord Northcliffe's deadly propaganda and in part by the demoralization of the German home population, which he again ascribes in equal degrees to the same propaganda and to the feebleness of the German Government in counteracting it. In a very noteworthy passage he says:—

Lloyd George knew what he was doing when, after the close of the war, he gave Lord Northcliffe the thanks of England for the propaganda he had carried out. Lord Northcliffe was a master of mass-suggestion. The enemy's propaganda attacked us by transmitting reports and print from the neutral states on our frontier, especially Holland and Switzerland. It assailed us in the same way from Austria, and finally in our own country by using the air. It did this with such method and on such a scale that many people were no longer able to distinguish their own impressions from what the Enemy Propaganda had told them. This propaganda was all the more effective in our case as we had to rely, not on the numbers, but on the quality of our battalions in prosecuting the war. The importance of numbers in war is incontestable. Without soldiers there can be no war. But numbers count only according to the spirit which animates them. As it is in the life of peoples, so it is also on the battle-field. We had fought against the world, and could continue to do so with good conscience so long as we were spiritually ready to endure the burden of war. So long as we were this, we had hope of victory and refused to bow to the enemy's determination to annihilate us. But with the disappearance of our moral readiness to fight everything changed completely. We no longer battled to the last drop of our blood. Many Germans were no longer willing to die for their country.

The shattering of public confidence at home affected our moral readiness to fight. The attack on our home front and on the spirit of the Army was the chief weapon which the Entente intended to conquer us, after it had lost all hope of a military victory.

He says that in the spring of 1918 a leading statesman of the Entente confessed that it was the general and complete belief of the Allied Governments "that the German Army on the Western front cannot be conquered by military means", but added that it could be broken by working on German opinion.

### "Pace-maker for Policy".

Ludendorff outlines his idea of a good propaganda system. "It should", he says, "be the pace maker for policy, and should form opinion without opinion realizing that it is so being formed". Of the German propaganda methods he speaks with utter contempt.—

Our foreign propaganda rendered us no service. . . . Our political intentions and decisions were so violently sprung upon the world that they often seemed to have been arrived at brutally or in an off-hand manner. A far-seeing propaganda with large ideas would have prevented this. . . . Only with great effort could the German propaganda make its influence felt, in its working it showed itself, notwithstanding all the pains that were

taken with it, unequal to the greatness of its task.

In his accounts of last year's fighting—which must be taken in conjunction with the disclosures in the German White Paper (*Vorgeschichte des Waffenstillstandes*, Berlin, 1919), Ludendorff again and again returns to the decline in German moral. After the great offensive of March 21 the men on leave returned in a detestable spirit, he says, from Germany. Reinforcements and drafts brought from Germany proved untrustworthy. On the eve of his last offensive, that of July 15, he says.—

The Army complained of the enemy propaganda. It was the more effective because the Army was rendered impressionable by the attitude at home. . . . The enemy propaganda had seized on Prince Lichnowsky's pamphlet, which, in a way that I myself could not explain, placed on the German Government the responsibility for the outbreak of war. And this though his Majesty and the Chancellor again and again asserted that the Entente was responsible.

The Army was literally drenched with enemy propaganda publications. Their great danger to us was clearly recognized. The Supreme Command offered rewards for such as were handed over to us, but we could not prevent them from poisoning the heart of our soldiers.

### Grim Signs.

The immediate results which Ludendorff ascribes to this "drenching" were "a notable worsening of the spirit of the Army"; a plot of 1,600 Alsace soldiers to desert to Holland; malingering among the reservists; particularism among the Bavarians, who began to hate the Kaiser and Kaiserin; sharp criticism of the Staff and of the officers. These were grim signs; they were followed by the failure of the German troops in all directions.

On July 18, when Foch made his first counter-attack, "our infantry did not everywhere offer a firm front. A division which had been regarded as good gave way south-west of Soissons. Three divisions in reserve, which were not quite fresh, did not fill the gap"—as they should have done. But the blackest of all days in the war for the German Army, and the day when the effect of the propaganda was most felt, was August 8, according to Ludendorff and his Staff, when the British Fourth Army struck its great blow in the Battle of Amiens. Despite his statements, the British forces were not superior in numbers.

"Six or seven German divisions which had previously been regarded as excellent were completely shattered.

. . . I heard of acts of glorious bravery, but also of incidents which, if I tell the truth, I should never have thought could have happened in the German Army. Our men surrendered to isolated cavalrymen and small sections

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## PROPAGANDA IN WAR.

(Continued from page 3).

of tanks. A division of fresh troops, gallantly entering the battle, was greeted by the retreating troops with cries of "Strike-breakers!" and "Prolongers of the war!" These were words which were often to be heard again. At many points the officers' head control. . . . All that I had dreaded, all the perils against which I had so incessantly warned the Government, were here actual fact. Our fighting machine was no longer of high quality". On August 20, when the French made a similar attack, the weakness was as pronounced: "the troops generally could not resist the fearful artillery fire and the tank assaults". Skulking increased. When the Americans attacked at St. Mihiel, a Prussian division gave way. In the great British assault on the Hindenburg Line, which began on September 27, just as Ludendorff was hoping that he might ply the winter out from this position, he admits that the German troops were badly beaten, though all the preparations on the German side had been of the best. This great defeat, coinciding with the collapse of Bulgaria, which Ludendorff also ascribes to the Allied propaganda, caused panic in the German Government, and even at the German Headquarters, if we accept the evidence in the German White Paper. On October 28, 1918, General Gallwitz informed a German Government Council that the moral of the German soldier was bad, and that there were large elements weary of the war, who either lost their nerve in action or else skulked. General Mudra was as emphatic: "the real trouble is that the Army is tired out", and any victory by a new great German offensive he thought out of the question.

It is quite certain in view of this evidence from the most important German leaders, that the British enemy propaganda hit the German Armies very hard; and that, even if we heavily discount Ludendorff's statements, it greatly accelerated the Allies' victory. That was certain in any case, but the best soldiers in the summer of 1918 thought that it could not be gained before August, 1919. Good propaganda probably saved a year of war, and this meant the saving of thousands of money, and probably of at least a million lives.

A Moscow wireless message states that the Petrograd Soviet has presented three banners to the regiments which distinguished themselves most round Petrograd.

While passing through the West Station at Aix-la-Chapelle on their way to Belgium on leave, a party of unarmed Belgian soldiers were fired upon by German civilians.

## DANGER OF WORLD BANKRUPTCY.

### U.S. Expert's Grave Warning.

#### EVIL OF CURRENCY OVER-ISSUES.

A momentous statement of the perils confronting the world if "the balance sheet of fictitious assets" is not quickly cleared was issued in New York by Mr. Paul Warburg, upon his return from a two months' tour of England, Holland, France, Switzerland, and Germany. Mr Warburg was the directing force of the Federal Reserve Board throughout the greater part of the war. He sees the world on the brink of a precipice, on the verge of ruin and bankruptcy, and declares that the instinct of self-preservation imperatively demands that America shall extend the utmost financial assistance to war-torn countries.

He says:—

There are many who, disgusted and disheartened, believe that we in the United States should wash our hands of Europe and leave it to her to straighten out her own affairs. It is too late for that. By the decisive part we played in deciding the war and the peace we have assumed a moral responsibility which we cannot now shirk, even were we inclined to do so. In order to survive, Europe needs our products and requires them largely on credit. It is our moral duty to furnish these goods while our self-interest is involved.

There are two fundamental evils which must be eradicated if world bankruptcy and communism are to be avoided. These are the continuous increase in prices and the decrease in production. Prices must continue to rise as long as the leading countries spend every year billions more than they collect from taxation and cover the resulting deficiencies by issuing additional currency and Treasury bills. As long as this watering process is indulged in the value of capital must further decline, and, if persisted in long enough, must end in something like Russian or Austro-Hungarian conditions, where the savings of the past, invested in money securities, have been practically wiped out. There cannot be any doubt that, as long as the rise in prices continues, Labour will have to fight for and be entitled to increased wages. On the other hand, it is obvious that the higher scale of wages is in itself a factor making for a further increase in prices.

This unfortunate reaction cannot be avoided until the prime driving force has been eliminated, which is the persistent depreciation of capital by the continuous issue of Government securities and currency for the purpose of covering the deficiencies caused by

the excess of current expenditures. A prolonged disregard of sound economic principles will wreck business enterprises as well as governments. To issue Government obligations or currency for the purpose of paying idling men or providing below cost such things as transportation and food, or for covering extravagant military and other expenditures, is an insane business practice that sooner or later must lead to the ruin and bankruptcy of every country indulging in such methods.

Capital levies cannot safely be made in order to pay recurrent expenditures. They may at best be applied, and even then only exceptionally, for the purpose of reducing the capital debt of the country.

It is easier for the United States to place its Budget on a sound basis than for any other of the leading Powers involved in the war. We must not only establish model conditions for ourselves, but insist that sound principles be adopted by the countries requiring our financial support. Our responsibility goes even farther. A great deal is being said about the necessity of stabilizing foreign exchanges. It is futile to attempt to tinker with this problem of stabilizing the level of these various foreign reservoirs until the leaks have been stopped, and that is not possible as long as the Government printing presses work overtime in manufacturing new money and Government obligations. When once this baneful process is arrested, the discount rates may again become a powerful influence in bringing about deflation.

#### Pre-War Prices Gone for Good.

The pre-war level of prices has gone for good. Everybody knows that in order to prevent a further rising of prices it is necessary that production be increased and consumption be decreased. It is needed by all and practised by nobody. The eagerness to save and a willingness to subordinate one's wishes and pleasures to the greater advantage of the country splendidly manifested during the years of the war has ended in the present reaction of an orgy of brazen self-indulgence at the very moment when the war bill is presented for payment.

In these circumstances, may we hope to be able to persuade the working man that any tendency on his part to reduce production is nothing short of a crime against every society of which he is part? May we hope to convince the reckless consumer that his guilt is as heavy as that of the slacking producer?

The first thing to be done is, as a prominent British financier put it, to deflate our ideas. The world lives in a fool's paradise, based upon fictitious wealth, rash promises, and mad illusions. The first step is to prick the bubbles of false promises, and begin by clearing the world balance-sheet of its fictitious assets as far and as fast as we can.

## Petrograd Given Over to Despair.

### Appalling Conditions.

(From the "Times" Correspondent).

HELSINGFORS, Nov. 15.

A competent witness who left Petrograd on the 11th inst. describes the state of the city as appalling, and as given over to the quietness of despair.

A deadly stillness, he says, prevails everywhere. The inhabitants look like ghosts rather than living people, and those seen in the streets are chiefly women and children. Hope of relief has vanished, and the arrival of the frost is the last blow. Now all await their fate in complete apathy. Many houses are empty. (Houses in Petrograd often contain over a hundred flats.)

The principal street crossings are barricaded and guarded by Chinese and Bashkirs. The latter brought with them a virulent variety of typhus; the hospitals are full to overflowing, and thousands, weakened by starvation, die daily.

Prices of commodities are:—A pound of bread 350 roubles, potatoes 67, butter 1,800, horseflesh 500, flesh unspecified (believed human) 100, chicory 480, saccharine 17 roubles a gramme, one herring 80 roubles, one apple 60; tea, coffee, sugar, clothes practically unobtainable.

A recent French refugee confirms the reports that the Commissars live luxuriously. Their women, he says, are covered with furs and diamonds, and hold frequent musical soirées.

The 7th being the anniversary of the Bolshevik revolution, processions were organized in the empty streets. The people who were persuaded to take part in them received a small white bun. On the 11th the terror was specially tense owing to domestic searches for the wives and children of officers who had fled to General Yudenitch.

### U.S. Men for U.S. Ships.

The United States Shipping Board has decided that in future only American citizens will be employed on American ships of over 4,000 tons deadweight. This applies both to officers and seamen. On smaller ships officers of foreign citizenship may be employed, but only if no American is available.

During the war it is stated that 1,000 certificates were issued to foreign officers, permitting them to sail in Shipping Board vessels. With the end of the war these licenses will automatically expire.