

# What About the Closing Year? Review of European Affairs

By Frank H. Simonds

Washington, Dec. 30.—With the present article we come to the end of one more year, the fourth since the ending of the world war and the ninth since the outbreak of that great struggle the circumstances and consequences of which have dominated all international and national affairs since August, 1914. How then shall we sum up this year that has closed? Has it on the whole contributed to settlement and reintegration or continuing chaos and further disintegration?

There can hardly be any large difference of opinion as to the larger aspects of 1922. In it, beyond all debate, international intercourse with resulting economic chaos has continued. On the political side we are patently in a more difficult situation than twelve months ago and the political conditions continue to contribute to the economic.

More than that, in the judgment of many if not most experienced observers, we have reached one of those crises in which the course of events for many years is to be determined. Hither, within a time measured at most by a few months there must be very great and unmistakable improvement or there will be a collapse accompanied by a general economic and political disturbance which will retard if they do not for long definitely postpone all recovery. At the turn of the year we are facing the possibility of something approximating a general European collapse, the consequences of which are really too disastrous to be wisely forecast.

**Looking Backward.**

Looking backward for a moment over the year, it begins in the closing days of the Washington conference. The highest hopes of this first American conference had already been kindled. The resumption beside the Atlantic of the quarrel between the British and the French which had been carried on beside the Thames and the Seine for nearly three years and the emergence of the submarine controversy had already foreshadowed the failure of the conference to go beyond the minimum of limitation of naval armaments comprehended in avoidance of Anglo-American-Japanese competition in naval construction of capital units and the accommodation of Japanese-American rivalries in the far Pacific.

Today, the failure of France and Italy to ratify even the limited program of restriction has led to the frank fear that all that was done in Washington may prove abortive. Mr. Hughes' fatal error in permitting himself to seem to become associated with a British program of European reintegration, his apparent partnership with Britain in fixing French naval strength in accordance with British

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the central European states into the arms of France and opened the door for the French domination of the little states, Poland and the French and Belgians. In a world all the states adjoining Germany or Russia, as mentioned by a Russo-German combination, turned for aid to the one country whose military strength and assured policy blocked both Russian and German ascendancy and sought the perpetuation of the system created at Versailles.

In vain Lloyd George struggled to overcome the effects of American absence and Russo-German alliance. In vain he sought to appeal to the old-fashioned grouping of powers which had been produced by the Rappallo agreement. In the face of an imminent and deadly peril Europe returned to its traditional methods and a consequent conception of a Europe of nations united by common membership in a single association rather than divided into hostile groups perished.

Genoa, as we know it was the real termination of the Wilson adventure in Europe. The American President had retired from office and from influence, his country had long ago repudiated his policies as expressed at Versailles, but Lloyd George had seized the principles and the power of his transatlantic colleague and had for two more years striven to bend Europe to an Anglo-Saxon yoke. Adjourning to The Hague, Genoa ended in obscurity, an idea and the political fortunes of the most conspicuous public man in the world had both come to ultimate grief.

**German Reparations.**

After Genoa the old question of German reparations rose again and the spectre of military operations against Germany was seen once more. But again the peace was postponed without solving any crisis. Belgium having a priority upon the remaining payments of Germany until January 16, consented to take Genoa's promises and reparations. France, not immediately concerned, agreed to a postponement, not technically described as a moratorium until the later date when French interests would be directly concerned. Then there came the sudden and terrible Greek debacle. Greece, the soldier of Britain, led into Asia Minor as a consequence of the British desire for the control of the Straits and Smyrna and replace Turkish by Greek influence in the near east and supported by British promises but not by British power, after a two year campaign abruptly collapsed and victorious Turkish armies came flowing back to the straits and demanded access to Europe.

In the supreme crisis Britain was left alone holding insecurely with an inadequate force the Asiatic shores of the Dardanelles at Chanak, while French and Italian troops were withdrawn and Rumanian and Jugo-Slav troops refused to make any move. For many days the question of peace or war between Britain and Turkey hung in the balance. Peace was actually preserved by the intervention of France, through Franklin D. Bouillon, the French politician who had negotiated a treaty for his own country with the Angora government.

But this peace was only achieved by a surrender, reluctant on the part of France, and a complete capitulation to the Turkish and Italian claims in Europe and in Asia Minor, which had been held by the Turk at the outbreak of the world war. Adrianople as well as the Aegean islands, the Ottoman, Nothing was achieved by British opposition save a brief delay during which hundreds of thousands of Asiatic and European Christians fled in lands and in the Balkans and taking natural alarm as a consequence of the burning of Smyrna fled before the approach of a restored Turkish master.

The near eastern crisis finished, Lloyd George returned to his office, him responsible for risking a war that his fellow countrymen would not fight, prevailing with dismay that a single year had served to bring British prestige and influence on the continent to its lowest point in many decades and discovering at last the extent to which the Lloyd George method of intrigue and press manipulation never more clearly disclosed than at Washington during the conference, had revived all the old legends of British bad faith, abruptly ended the rule of the last of the great figures which had made war and dominated the construction of so-called peace.

**German Reparations Big Problem.**

While the conference of Lausanne, which has not yet adjourned, as I write, sought to find some facing formula for covering the most complete and humiliating surrender of the Christian to the Mohammedan world in several centuries and to disguise its abandonment of huge areas of thousands of Asiatic and European Christians, by a gallant and valiant struggle to vindicate the principle of the freedom of the straits, a new British ministry undertook painfully to take up the tangled strings of international relations.

For this new ministry, however, the problem of immediate importance was posed by Germany. For an entire year Germany had been in a state of chaos and economic disintegration. Inflation, eagerly embraced as a means of escaping reparations payments, had now reached a point where it was beyond the control of any German. No longer could there be any serious debate over immediate German reparations payments, the question had become one of how Germany was to be saved from a complete collapse, brought on not by excessive reparations payments, but by the fatal method of evasion which had been adopted.

As the year ends this is the single and supreme problem. But although four years have passed since it was originally raised, we have made little real progress toward solution because the interests of those who are directly engaged are diametrically opposed.

For four years the interest of the British and ourselves has lain in the restoration of the German market for our products, for four years the salvation of Germany while the Anglo-Saxon countries demand that France shall permit German rescue. In the course of four years there has been a necessary and wholesome deflation of the reparations expectations, originally expanded not as many Americans believe by French cupidity but by the necessity of Lloyd George to make good his campaign pledges of December, 1918. There is common agreement that Germany can pay no more than \$10,000,000. There is too, common agreement that she can now pay nothing and can only resume payments when she has been allowed the time to restore her whole fiscal and economic situation, wrecked not

by reparations payments but by the method of evasion employed to escape payments.

**Must Be Some Guarantee.**

But France is as certain to sink into fiscal bankruptcy as Germany into economic ruin, if there be not some guarantee not above that of a restored Germany will pay, but that during the German moratorium, some method of international loan shall be found by which France can raise money on her legitimate German expectations and thus avoid bankruptcy. To recover this bankruptcy must come if she does not find external relief for the present intolerable burden of financing restoration in the devastated area, a process which has already cost France as much as the world now believes Germany can pay as a total of reparations.

The debate has then narrowed down to the single issue. The British and American governments speaking for the proper self interests of their respective countries demand that Germany shall have a respite during which she shall be able to restore her own shaken economic and financial edifice and make ready to begin payments upon a reparations account reduced to the minimum which the rest of the world believe to be possible and therefore proper.

The French, on their side, largely supported by the Belgians, that is, by two states which have the largest legitimate claims against Germany, growing out of wanton German destructions, demand that since German bad faith is undeniable and there is no guarantee of German performance for moratorium to be had from the British and American statesmen who favor the moratorium, France shall be permitted to take productive guarantees against eventual payment. In other words the French seek to seize the most valuable economic regions of Germany as a gage of ultimate German payment.

Such French action, necessarily military in character, is opposed now as it is in the Paris conference and has been ever since by both British and American statesmen. It is because it is justly recognized that such occupation might and probably would precipitate disturbances which would deprive the moratorium of all value and actually lead not to the salvation of Germany but to her ruin. Since this destruction would be materially disastrous both for the British and the Americans we both argue that it would be a moral crime.

The French now as at Paris argue with equal volence and with quite as much reference to the imminent justice of things, that since France will be ruined if Germany does not eventually pay and if money is not raised to meet the requirements of this account and since the rest of the world is neither ready to advance money nor underwrite eventual German performance the Anglo-American proposal amounts to a desire to save Germany at the expense of France.

**Germany Will Default.**

So far the debate has advanced in the present year. On January 7 the British and French statesmen will meet in Paris to continue the London Agitation which has recently come to nothing. On January 15, Germany, now obviously unable to make payments due will have to default and such default arising out of undeniable German invasion will leave France with the technical right to resort to force which means to extend her military occupation.

Meanwhile the closing fortnight of the month has seen the public opinion of the United States again expanded over the European situation by Clemenceau's visit, the London conference, the visible decay of Germany and the patent approach of catastrophe with all consequences here, have combined to set afoot the new idea of discussion by which launch fresh reports of American intervention.

Yet these reports have been promptly denied as a consequence of the general recognition. In high places of the fact that America can do nothing without doing more than any American administration cares to do in the presence of a censorious congress and a conspicuous people, American assistance to Europe, as it is euphemistically called, (in reality what is a stake in the American market in Europe and what American administration must seek is the protection and expansion of this market) must take the form of some very specific and definite involvement.

Germany can now only be saved if she is protected against French occupation, but since Germany has given France a legitimate claim against her, since she has deliberately sought to evade payment of this claim and since France cannot be saved herself unless the claim is paid, the single road to peace in Europe, is the discovery of some method of separating the French from the German market by the means of Germany's payment and thus of forestalling French action.

So far neither Great Britain nor the United States although British vision is in advance of ours has been ready to assume the responsibility and has as a result had recourse to moral arguments to obtain material results. We have inveighed against French militarism championed German salvation in the name of humanitarian considerations. But the result has been no more than a deadlock for the French have seen the material profits for the British and ourselves resulting from German salvation and have not unreasonably set down our invocation of humanitarian considerations as no more than characteristic Anglo-Saxon hypocrisy.

**The Fatal Difficulty.**

As long as we in the United States continue to look at the European question as purely and simply the question of saving Europe, we shall quite logically and naturally insist upon the right to impose the conditions with which Europe must comply before we intervene, if we intervene at all. But Europe, on its side, satisfied that the single reason which might provoke intervention is material, in a word that our interest is material not moral, is not by any means ready to comply with our conditions, arguing that if collection takes place, some considerable share of the costs will be assessed against the American producers of commodities normally exported to Europe.

As I see it, the fatal difficulty lies in the fact that we many as a condition antecedent to our doing anything, that Europe shall do things which she will only do after we have made certain clear contributions. There is the deadlock between America and Europe, and between England and the continent which has so far prevented solution and may in the end insure ruin.

Lloyd George's policy was one of avoiding material contributions by resorting to moral exhortation. He

sought to coerce the French by the threat of British withdrawal from the Entente and by the pressure of British public opinion. American facilities have been on the whole much the same. We urge France to permit German salvation because Russia will weaken French claims in the United States and alienate America from France for the long and obscure future. This is our position today and roughly speaking it has been our position ever since Mr. Wilson disappeared.

But it has not worked, it cannot work and in my judgment permanent insistence upon it by us and by the British will insure the downfall of Europe. France in particular and the continent of Europe in general is not going to take Anglo-Saxon intervention as purely and simply a moral and humanitarian affair and accepting it at our valuation openly with our conditions. Germany believes that if it evades payment and invites French coercion as a consequence, that it will be saved nevertheless because Anglo-Saxon self interest is engaged. France believes that our efforts to save Europe are more than the realization of our concern for our trade.

**The Future Looks Dark.**

When Senator Borah declaims the conditions Europe must meet before America sets Europe smiles even in the face of the fact that if it could comply with these conditions not only would it be safe but it would offer America and Britain about the most attractive investment field that could be imagined. But the simple truth is that Germany will only pay under compulsion and France will resign neither the right nor the power to coerce. Exercise of this right and preservation of this power may wreck Europe, but the failure of Germany to pay will ruin France.

Thus as the year ends the situation with respect of the eternal triangle, Germany-France and the two Anglo-Saxon countries discloses two months of dangerous developments and a future darkened by terrible and imminent possibilities. In this period of the recent past Germany has sunk, Europe has disintegrated, externally this disintegration has been disclosed in the Turkish episode where all western Europe, Great Britain, France and Italy frankly surrendered to the will of a state itself bankrupt and in the last stages of ruin, mustering hardly more than 150,000 troops and incapable of any large or sustained effort.

Internally the decay and disintegration is revealed in the proximity of fiscal bankruptcy in France, economic collapse in Germany and a permanent army of nearly a million and a half of unemployed in Britain. On many sides and from not a few experienced and conservative commentators one hears forecasts of a complete European debacle. Moreover the picture is completed by the manifest determination of the United States to do nothing until Europe complies with conditions which are so unlikely to be complied with that the demand not only provokes despair but arouses resentment.

In any event, looking back over the year thus briefly it is clear that it has been a period of disappointment, disintegration, and that if it has not missed ending in supreme disaster, the continuing danger is the dominating circumstance in the year that is now opening.

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