

1922 Ends With Better Outlook For Peace

Dawn of Year heralds Achievement of Arms Limitation, Irish Free State; Signs of Democracy Entering Far East

Assurance of Tranquillity in Pacific, Healing of Sore Spot in British Empire and Unification of China Under Former Parliament Regarded Favorable Factors—Return of Turks to Europe Appears to Mar Horizon of 1923

By THOMAS B. PRESTON.

THIS has been a year of adjustment, the most important constructive events marking its progress are the Washington conference on the limitation of armament; the creation of the Irish free state and the unification of China under her former parliament. The first assured peace in the Pacific, where observers predicted the next war would occur; the evolution of humanity; the third means the entering wedge of democracy in the far east, where the population numbers fully a quarter of the inhabitants of the globe. On the other hand the return of the Turks to Europe is unfortunate, but peace is secured and it can confidently be asserted that the year closes with a better outlook than that with which it opened.

The Washington conference, which began Nov. 12, 1921, ended on Feb. 6, last, after the signing of seven important treaties, chief of which was the five-power naval limitation treaty, by which the United States, Great Britain and Japan agreed to a ratio of 5-5-3 for capital ships, and France and Italy to 1-75 or, in terms of replacement tonnage as follows: United States, 525,000 tons; Great Britain, 525,000; Japan, 315,000; France, 175,000; Italy, 175,000. This made necessary the destruction of United States, British and Japanese capital ships to keep within the required ratio, averted a ruinous naval competition and probably has prevented serious international friction in the Pacific.

Proposals forbidding the use of submarines as commerce destroyers and the employment of poison gas in warfare were embodied in another five-power treaty, signed on Feb. 6 by the same powers.

Another fruit of this conference was the conclusion of the four-power treaty between the United States, Great Britain, France and Japan, pledging them to mediation in case of dispute regarding their Pacific possessions, and to take concerted action in case of any threat or aggression made by any outside power, a treaty to remain in force 16 years, automatically abrogating the Anglo-Japanese pact.

A special agreement between the United States and Japan with respect to the islands north of the equator, of which Japan became the mandatory under the treaty of Versailles, was also embodied in a treaty.

China. One maintaining the open door policy, declaring for the integrity of Chinese territory and for equal opportunity in trade, was signed by the United States, Belgium, Britain, China, France, Italy, Japan, Holland and Portugal. The same day, powers signed a separate treaty raising China's customs revenue 5 per cent and proposing the abolition of the 11th tax. China and Japan signed a treaty on Feb. 4, settling the controversy over Shantung. Japan agreeing to return to China the former German possessions. Other international conferences. In contrast to the Washington conference the parties at Cannes, Genoa and The Hague were inconclusive failures. The Cannes conference of the premiers of Great Britain, France, Italy, Belgium and the Japanese ambassador to France, held in January, was preliminary to that at Genoa, restricting the latter to economic and financial subjects barring political questions. The German reparations, revisions of the Versailles treaty or the Russian debt.

Thirty-three nations were represented at Genoa in April, including Germany and Russia. The latter seized the opportunity of making at Genoa a treaty with the United States, cancelling all indemnity claims and prewar debts and providing for reciprocity. The Genoa conference ended on May 31 after the Russian delegates rejected all the American proposals to grant a loan to Russia conditioned on restoration of all her property nationalized by the soviet government.

Another conference at The Hague was opened June 15 to make a last attempt at an economic agreement with Russia concerning loans, private property and credits. The first, soviet delegates contended, depended upon whether Russia supplied a loan amounting to more than three billion gold rubles (\$161,000,000). Such a credit, the soviet delegates depended on whether Russia would restore nationalized property or make satisfactory compensation. The Russians agreed that the soviet government would restore to former foreign owners their property in the shape of concessions which would share as partners, but would not relinquish title to land, public utilities or monopolies of natural resources. This brought the conference to a close July 14.

A committee of international bankers met in Paris on May 21 to discuss the feasibility of granting a loan to aid Germany to meet her reparations payments, and adjourned on June 10 after deciding that this was impossible since there was no assurance that Germany could or would fulfill her obligations and France refused to permit any diminution of them.

Germany's Problems. The reparations question was believed settled by what was called "The Wiesbaden agreement" made in the last days of last year. Dr. Walter Rathenau by M. Loucheur, under which France may import from Germany natural and manufactured products, the prices to be reduced from the indemnities due France. Approved in Berlin on May 15, it became effective on July 15. It was stated that Germany would send 40,000 workmen to France to help rebuild the ruined houses in devastated regions with materials thus supplied. Dr. Rathenau was appointed German finance minister, relieving Dr. Wirth, the chancellor, of his role. Dr. Rathenau was murdered on June 21 by monarchist reactionaries. An attempt on July 1 to assassinate Maximilian Harden, the noted journalist, provoked a tremendous demonstration in favor of the republic next day, in which labor unions, socialists and communists joined. Germany declared her liability to make the reparations payment of 25,000,000 gold marks on July 15 and requested a moratorium. George declared in favor of a general moratorium, but Premier Poincaré refused and this resulted in referring the question to the reparations commission. The number went to Berlin to investigate conditions on their report the commission on Aug. 21 agreed to postpone the gold payments for 1923.

amounting to 270,000,000 gold marks Germany promising to cover this by a loan of 100,000,000 marks. The loan was paid to Belgium. Two series of notes for August and September payments were handed to the reparations commission Sept. 25, made payable through the Bank of England in the order of the Belgian minister. The continued fall of the mark decided the Allies that some action must be taken to prevent Germany's total financial collapse and a national financial control was proposed. Berlin regulating the German budget, reducing expenses and distributing on Aug. 21 agreed to postpone the gold payments for 1923.

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the duty of trying to enforce prohibition by preventing the United States shipping board from selling alcoholic drinks on government vessels. The House of Representatives passed a bill on April 11, which gave a sweeping decision preventing shipping board from selling or transporting liquor, even between the foreign ports. It barred all intoxicating drinks from American ships anywhere and prevented foreign ships from touching American ports or territorial waters with liquor aboard, even if sealed. As a consequence, American ships were transferred to foreign registry, but the shipping board forbade this move after the transatlantic steamships Resolute and Heliance had been placed under the flag of Panama.

The election returns showed a question of prohibition. This opposition was the principal plank in the Democratic program in New Jersey and New York. Governor Edward I. Edwards, of the former state, had been campaigning for United States senator by more than 50,000 votes, and Alfred E. Smith, being elected governor of New York by an unprecedented majority on a platform averring light wine and beer. Andrew J. Volstead, father of the enforcement act, had been elected to congress but his opponent, the Rev. O. J. Kvale, is also dry.

Reversing its position of 10 years ago against search on the high seas, the United States claimed the right, which she then denied to Great Britain, of searching foreign vessels beyond the three-mile limit as far as 12 miles. Several British vessels were seized on the charge of carrying liquor. Great Britain protested and a cabinet meeting held in Washington on Sept. 26 decided that overzealous efforts to enforce prohibition would involve the nation in international difficulties and rum-running activities were ordered to be kept within the three-mile limit.

Meanwhile a country-wide poll showed that only 39 per cent of the people supported prohibition. A fleetly, while more than one-third favor repeal. The executive council of the Federal Reserve bank, Feb. 26 called on the American people to demand an amendment to the Volstead act, giving permission for the manufacture and sale of light wines and beer.

Two important strikes disturbed the course of business in the United States during the year. The bituminous miners ceased work with the mine operators on March 21 and operations came to a standstill in 6,000 of the 7,000 coal mines in the United States. July 22 there were 610,000 coal miners on strike with only 15,000 working.

Serious riots occurred in the southern Illinois coal company's plant near Herrin, Ill., on June 22 and 23, where strike breakers had been employed. Nineteen of the latter were killed, the company's strip mine was ruined and tracks, buildings and equipment were destroyed. A coroner's jury on June 25 placed the responsibility for the riot on the officials of the company, whose actions, it was asserted, had provoked the outbreak. The strike was finally settled on Aug. 15 by an agreement signed at Cleveland, Ohio, continuing the old wage scale up to April 1, 1923.

Partly because of reduced freight rates ordered by the interstate commerce commission, the railroad labor on May 23 ordered a cut of \$18,000,000 in the annual payroll of 1,000,000 men, affecting 400,000 men. The reduction of way men and a reduction of 10 per cent in rates. A further reduction of 10 per cent in rates, amounting to 7 cents an hour for railway shop mechanics and 5 cents for freight car knockers. The reductions were effective on July 1 and on the date 90 per cent of the shop men quit work following a strike order. The maintenance of way men refused to join but by July 10 the roads had only 15,835 shop men at work against a full quota of about 140,000.

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for the first time power to raise and lower rates affected by changing valuations. A decrease in foreign trade affected American shipping interests and consequently an administration Ship Subsidy bill was favorably recommended to the house on June 16, but dis-

ussion was postponed till the extra session of congress on Nov. 20. The bill was appearing personally to advocate it before a joint session next day.

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on the basis of individual agreements and by Sept. 26 it was stated that 36,417 men were back at work.

The November Elections. The congressional elections on Nov. 7 resulted in a veritable Democratic landslide in which Republican candidates, good, bad and indifferent, were swept away. Even Republican writers agreed that the result was a great setback for their party and variously laid the blame on the tariff bill, the alliance with prohibition and a bungling domestic and foreign policy. The soldiers' bonus, apparently, had little effect, both sides being infected with a desire to get the votes of the ex-soldiers. The Republican majority in the house of representatives was cut from 165 to 17, and in the senate from 21 to 19. With such slender majorities, it was pointed out, the administration supporters will be in danger as the so-called insurgent and radical Republicans will be able to swing the majority either way. However, the new congress cannot come into being until March 4, and the house is not likely to meet until December.

The Ku Klux Klan. There is a tendency in many countries by minorities to form groups or cliques, and attempt to rule by concentrating efforts on legislatures or seizing power by force. Such organizations as the Ku Klux Klan in the United States, the Hakenkreuzer in Bavaria are paralleled here by the I. W. W., the Anti-Saloon league and the Ku Klux Klan. The latter retains the old anti- negro spirit and in the middle west and beyond the Mississippi includes Catholics and Jews among its most cherished antipathies. It is strongest in Kansas and Louisiana where it rivals the state as the Farmers' organization did in North Dakota. Gov. John H. Parker of Louisiana, visited Washington on Nov. 20 to confer with President Harding on the menace of this rival to constitutional government. He reported that the Klan was attempting to frustrate administration of the state laws, murdering, kidnapping and otherwise terrorizing communities to gain its ends and said that the movement strikes at the fundamentals of orderly government. After interviews with the President and other Washington authorities a statement was issued from the White House saying that there was nothing for the government to do except give assurances to state authorities that whenever federal authorities are ready to extend full cooperation.

The Ku Klux were reported to have elected Earl B. Mayfield, a Democrat, and former railroad commissioner to the United States senate in the election between Mayfield and Walter M. Pierce, a former state senator as governor of Oregon with the aid of Scottish Rite Masons. In the latter election a compulsory school law, which requires parents to send their children between 8 and 16 to a public school unless the child is taught by parent or private teacher, was approved by the voters. Its object was to break down the Catholic parochial schools. The Jewish organ-

izations, led by the British Abrahams, and the Catholics, headed by the Knights of Columbus, prepared to oppose the Klan's attack, and congressional legislation was discussed in Washington.

Wards of the United States. In the West Indian islands of the United States has directed or intervened in Haiti and Santo Domingo, both clamorous for independence from American dictation which was finally promised after exacting enormous sums of money for very profitable terms. Louis Borno, a prominent attorney, was inaugurated president of Haiti on May 1. Charges of maladministration, cruelty, and the like, were made against the American marines for more than five years, were held not proved by a committee of the United States senate.

A plan for the withdrawal from Santo Domingo of American forces who for five years have been administering the country, affairs, and military rule was contained in a statement issued by Secretary Hughes on July 11 and was accepted by all parties. It was said the marines would be withdrawn by July 1, 1924. J. Domestique, president of the Cuban Junta, was elected president of Cuba provided military bonds and a financial agreement by which the decline in the price of sugar, her chief product, under the wise advice of Dr. Carlos Manuel de Cespedes, former Cuban minister to the United States as secretary of state. Price measures were recommended to abolish graft and dishonesty in state departments, to improve the economy and obtain funds to restore the financial stability of the island. The civil service and other laws were modified to get rid of abuses, to improve the system of accounting, to provide for investigation of the floating indebtedness, to facilitate the removal of corrupt judges and lastly for the passage of a foreign loan. The liberal party, opposed to President Zayas, largely increased its strength in the house of representatives in the election of Nov. 1.

The Central American federation formed last year by a union of the republics of Costa Rica, Guatemala, Honduras, Nicaragua and Salvador, collapsed on Jan. 29, largely owing to the overthrow of the Herrera regime in Guatemala. Jealousy between the political groups in the republic was the real cause. An attempt to organize united action against banditry the borders of the little republics under the guise of revolutions was made during the summer with the aid of the United States. President Chamorro of Nicaragua, proposed a conference of Nicaragua, Honduras and Salvador officials to restore order, and the Washington government offered the United States as a place for their meeting, which was held in the Gulf of Fonseca on Aug. 20. The general

agreement of friendship made in 1901 was renewed and each republic promised to prevent political emigration from any other from forming a rebellion or threatening the peace of their neighbor, Guatemala and Costa Rica were invited to adhere to the agreement but both declined.

Mexico. Elsewhere in Latin America Mexico has been the center of public attention. Two important events were the agreement with international bankers heads of large Mexican banks to pay the debt of Mexico's defaulted bonds and the settlement of the dispute with the American oil companies. The rivalry of the banking and oil interests has been the cause of much trouble. Mexico's last important rebel leader Gen. Francisco Murguía, rebelled and executed by a firing squad on Nov. 1.

The oil interests were accused of trying to finance revolutions for President Obregon's overthrow. There was a split among them, the British Cudworth group separating from the British, the heads of large Mexican oil companies, fearing advantages the British might gain, went to Mexico and obtained an agreement by which the oil taxes could be paid with Mexican bonds on which the interest had been in default and which therefore be purchased very cheaply. Mexico agreeing to accept them at 40 per cent and the American companies on Feb. 25 paid Mexico \$6,750,000, mostly in gold.

Many oil companies began buying Mexican oil and used them to pay the taxes. Then the banks stepped in to coral some of the graft. Practically all the Mexican bonds had been floated in Europe and acquired by European governments who used them as collateral for loans from international bankers, who thus acquired a large part of the various loans. The plan related to all external government bonds, direct or guaranteed, to be placed in the hands of international bankers largely held out of Mexico. Payment of current interest will begin on Jan. 2, and being issued for such part as is not met in cash. The National Railway, the government retaining 56 per cent of the stock. The total amount involved is about \$200,000. The Mexican still giving effect to the agreement with

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