

press despatches containing the speech of Austen Chamberlain put into the record, at the same time calling attention to the information it contained, which, he said, was the first information of the character of the American Congress or the American people had had."

Britain the Big Gainer.

Senator Walsh (Mass.) emphasized that fact, and both denounced the Treasury for failure to give beyond information verbally, orally, in letters or in any report. Senator McKellar gave notice that he proposed to verify if possible the assertions of Mr. Chamberlain as to proposals for cancelling the allied loans.

The Chamberlain admission is looked upon by executive officials as an effort on the part of the British Government to exhibit itself in the light of an international altruist. It is understood that Great Britain loaned considerable money before the entrance of the United States into the war under the Treasury plan which were political rather than economic, and that the British Government did not then expect and does not expect now to collect many of these debts.

Cancellation of the debts owing Great Britain and those owing the United States, it is maintained, would insure solely to the advantage of Great Britain, while the United States would be out approximately \$10,000,000,000. In view of the failure to reach an agreement in connection with comparative naval construction, it is realized that this would place Great Britain in an advantageous position.

While Government officials had maintained silence concerning the Treasury's new policy, it is now that it was made. It is also stated frankly that neither State nor Treasury Department officials can see any reason for cancellation of the debts. They will be ejected into accepting the allied viewpoint. It is not the desire of the American Government, it is stated, to press payment of the debts, but to secure the convenience of the allied countries to pay, nor will the payment of interest be urged immediately. No interest has been paid on allied loans since 1914.

England's Nest Feathered.

The suggestion made by the British Government and advertised by Mr. Chamberlain has had the effect of causing added friction between officials here charged with settlement.

Experts here believe Great Britain alone would be in better position to pay the allied debts than any other country. Germany will be able to pay her debt to the Allies, exclusive of the 12 per cent. export tax.

Government reports discussing the matter to-day called attention to the fact that the Allies had already taken good care of themselves in the way of reparations. They pointed out Great Britain to-day finds herself in possession of a greater part of Africa; that she has acquired the former German islands in the Pacific south of the equator; that she has control of the Suez Canal, the Mediterranean and the route to India by securing a mandate for Mesopotamia and by partial control of Persia, Arabia, &c. With this in mind, they pointed out the exploitation of the potential oil fields in Mesopotamia and Persia, in face of American protest over the form of mandate secured.

France has enlarged her colonial possessions, while Japan is in possession of Shantung, of the islands of the Pacific north of the equator and parts of Siberia and Northern China. The United States has taken over by the Allies. Approximately \$4,000,000,000 already has been collected in reparations, more than in any other country, the German fleet (Merchant and naval) has been taken over, Germany's war material has been acquired, while both France and England have freed themselves of the dangerous competition of Germany.

Filed on this date the huge reparations claim which the Allies are demanding, \$10,000,000,000 plus the 12 per cent. export tax which will be paid by the world at large, the United States included, and which leaves the German reparations in indeterminate as ever. The Allies also have added the condition that Germany cannot hypothecate any of her resources to establish loans or to secure advances from the Allies, giving to them control of America's trade with Germany.

Japan Sticks to Yap.

While this arrangement is in progress Japan, it is pointed out, is denying the right of the United States to use the island of Yap as an internationalized cable base with the tacit support of Great Britain, although agreed to with President Wilson at the Peace Conference.

Secretary Houston's Letter on the Subject, Read in the Senate, Said:

"The Liberty bond acts contemplated that the Secretary of the Treasury should negotiate an exchange of demand obligations of foreign governments held by the United States for long time obligations. According to the negotiations to that end, involving a postponement of the time for payment of interest, were undertaken. This is all set forth in my annual report of 1920. Such negotiations have not been concluded, except during August, 1920, an arrangement was made with the British Government in respect of \$122,917,633 of its obligations held by the United States. Set forth on page 63 of my annual report of 1920.

"Under this arrangement \$17,633,957 of principal, together with accrued interest, has been paid; the remainder on the remainder becomes due during April and May, 1921; thereafter interest is payable semi-annually, and the principal becomes due in annual annual installments during April and May of the years 1921, 1922, 1923, 1924. The negotiations before mentioned were conducted almost entirely without any commitments having been made by me except as to the \$122,917,633 of obligations of the British Government above referred to."

Walsh Scores Executives.

Several Senators tried at the same time to get the floor following reading of this letter, and the reference to the despatches from England. The chair recognized Senator Walsh.

"I think there is a very significant fact brought out in that article which does not appear in the letter of the Secretary of the Treasury," said Senator Walsh, "or in the Treasury reports. That article in the press of to-day contains the first information that has been in any way given to the American public that an actual proposal was made by a debtor foreign Government to cancel our foreign obligations. It never has appeared in any report of the Treasury or even in the latter read this morning, that any such proposal or request had been presented to our Government, and it seems to me the American people have a right to know whether or not such a proposal was made as claimed by the English statesman, and if so why we were not informed of it, especially in view of the course pursued so much of late in spreading propaganda in favor of a policy in this country which some foreign country may desire to promote."

"Yes, the Senator is right about that," said Senator McKellar, "and in addition it quotes the language of Mr. Austen Chamberlain, giving the exact facts and circumstances, and that the proposals were turned down by the American Government. This is the first information of my accuracy we have had in regard to it."

CHAMBERLAIN'S DEFENSE WILL DISBAND GUARDS

"I hope the Senator will verify the statements made in that article," Senator Walsh said. "I shall do so," Senator McKellar replied.

Senator Knox (Pa.) called attention to an error in the news story which attributed to him authorship of a resolution proposing "to forgive" the payment of the debts to America of the Allies. He denied ever having made any such proposal and said: "I do not know many things, but nothing quite so bad as that."

One phase of the matter came up before the Senate Judiciary Committee in the consideration of the resolution of Senator Reed (Mo.) proposing to prevent Treasury officials from making any further advances to foreign governments on credit balances. It was before the House after that had been presented to the Senate, but Senator Nelson (Minn.) knew its purport and suggested it might be sufficient to satisfy the purpose of the resolution. The latter insisted that the secretary was trying to avoid an investigation. "He does not want the conduct of these loans investigated by Congress and is seeking to prevent it," he said.

All Object to Cancellation.

The Chamberlain speech and the House vote were discussed by many Senators on the floor, and several expressed views for publication. These interviews, without exception, disclosed opposition to cancelling the allied debt. The House vote was also discussed by the whole foreign loan situation. Some of the statements made by Senators follow: Senator Clegg: "I think it should not go unnoticed that as a result of Austen Chamberlain, British Chancellor of the Exchequer, what purports to be accurate information that we have been given by our Treasury officials, namely, that a definite proposal for cancellation of all interrelated debts was made to the American Government by the British Government."

"Of course, we have heard this rumored in various ways from time to time, but so far as I know this is the first official intimation on the subject. I have not seen it in the press that England, France and Italy would like to forego collection of their debts to us. Personally I do not think this ought to be done. I believe we ought to know more about this subject of cancellation of the exact situation regarding American loans to the Allies and to other countries. I made the point recently in the Judiciary Committee on the resolution proposing to prevent the Treasury Department from making further advances to allied and other countries, from credit balances, otherwise, that we would be fully informed by the Secretary of the Treasury just what his authority is for extending further loans to other nations, what he has done, what he proposes to do and the status of negotiations, if there are any negotiations. It is information which Congress is entitled to, and particularly it is information which should be furnished to the Finance Committee as a guide for future action regarding all our fiscal affairs."

Senator Pomeroy's Views.

"I would have to change my views radically," said Senator Pomeroy (Ohio, Dem.), "if I got to a point where I would favor cancellation of allied debts to America. I know of no American official who has taken any step in that direction. If such a step has been taken by the British Chancellor, he knows more about it than is shown by any information we have on the subject."

Senator McNary (Ore.): "We all see the impossibility of cancelling the debt which the Allies owe to us."

Senator Hoke Smith (Georgia): "I am amazed, to say the least, to learn from foreign sources that we have not been able to find out from American sources. These are matters that Congress is rightfully entitled to know all about. We should know when the proposals were made, how it was made, who refused it and how it was done. I am uncompromisingly against remission of these debts and the continuance of these gross advances. Advances that have been made should have been evidenced, in my opinion, under the bond acts, by the bonds of these countries, with rates of interest at least as high as rates we had to pay for the money and dates of maturity not later than the maturity of our bonds."

"I was a member of the Finance Committee when these matters were authorized, and the scheme contemplated was that we were to lend them our credits, taking their bonds as evidence of indebtedness with conditions as I have indicated. That was what the bill meant. I cannot understand why their bonds or sufficient notes were not taken, if not when the credits were extended, then immediately thereafter. The payments made since the armistice are astonishing. I wish I could understand how it is done. I cannot."

Senator New (Indiana), member of Foreign Relations Committee, said if any definite proposal for cancellation of the interrelated debt ever was made by British officials to America he knew nothing of it.

"The newspaper account may be incorrect," continued Senator New, "but we may be sure that Mr. Chamberlain correctly quoted, again we are getting information from abroad concerning our own affairs that has not been entrusted to the Senate by the officials of the administration."

Senator New mentioned the visit here some time ago of Sir George Paish and said he doubted if that official had proposed cancellation of the debt owed to the United States. "If any proposition of that kind ever was made," he concluded, "it was singular that the fact has been so carefully concealed by administration officials."

AMERICAN REFUSAL CAUSES COMMENT

"Westminster Gazette" Finds It Not Unreasonable.

LONDON, Feb. 5.—In the course of comment on the statement made at Birmingham yesterday by J. Austen Chamberlain, Chancellor of the Exchequer, that the British Government had formally proposed a cancellation of all interrelated debts, but that the project was unacceptable to the American Government, the Westminster Gazette says: "We must suppose the American Government concluded that opinion in the United States would not have sanctioned an undoubtedly heavy sacrifice for what we call international, but which is a great many Americans consider to be purely European objects."

"It, perhaps, is not without reason to expect the American people should all at once be converted to this very radical application of world solidarity. Nevertheless, we unfeignedly are glad it should be on record that Great Britain made this proposal and made it in a way which precluded retort, and that she did it for interested motives."

100,000 SWISS JOBLESS.

BERN, Feb. 5.—The latest compilation indicates that there are now in Switzerland 100,000 unemployed persons. Many of these are women in the watch and textile industries. Unemployment is increasing daily throughout the country.

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PARIS, Feb. 5.—Charles Laurent, not to appear in uniform in the streets, according to reports reaching the French Foreign Office to-day, handed the German Government the invitation of the Allied Supreme Council to send delegates to London on March 1 to attend the conference on reparations, according to Berlin advices to the French Foreign Office. The invitation requested that the delegates be given full powers.

Violent protestations against the decision of the Supreme Council regarding reparations are still being published by Berlin newspapers, says the Petit Parisien's correspondent in that city. The correspondent asserts that Hugo Stinnes, the capitalist, and Dr. Karl Helferich, formerly Vice Chancellor, are trying to form a reactionary party from the People's and Nationalist parties, which have a representation in the Reichstag of 115 anti-constitutional deputies.

The newspaper Excelsior here, commenting on this subject, sees everywhere in Germany a violent campaign of agitation against the Entente, as well as for the purpose of restoring the monarchy.

The authorities of Munich, Bavaria, have asked the allied officers there to disband their units.

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The Bavarian Government has forbidden all carnival celebrations, and Munich, after having yesterday celebrated its Mardi Gras festival, must observe the "hour of tragedy." In Prussia a milder observance of the carnival season is permitted with due regard to national dignity. But street processions are forbidden.

Anonymous Interview.

The German thesis that an acceptable solution of the reparations question was being worked out by the Allies and that the program of the Entente was supported by an "unnamed Entente personality who played an important role in the economic discussions with Germany." He is quoted by a Dutch journalist as follows:

"We were astonished by the summoning of the Supreme Council. It was an inexcusable failure on the part of the Germans not to find a suitable method for preventing conflicts on this important question. The Germans committed every possible error, and they were given too much to demonstrations. Why didn't they grasp the annuities plan (the Seydoux scheme) with both hands the moment it was formulated in an acceptable manner?"

The French press assertions that there is essentially no difference between the present reparations proposals and the program of the Entente, according to expert M. Seydoux, is incomprehensible here. While it is true that both plans include an export tax and that the tax is mentioned in the Seydoux program at 20 or 25 per cent., the two settlements are regarded as entirely different in spirit.

By the Seydoux programme the Germans would have kept control of the customs office and the tax levy, instead of bearing on all exports, was to be collected only on transactions made with allied purchases through specially provided banking channels. It facilitated close cooperation between German and allied industries on a basis of mutual interest, proposing to let allied capital in the German industries and their stock was to be credited to the reparations account.

There were no verbal provisions to assure the Germans full free to present their counterclaims, such as their need of ship tonnage and Silesian coal. These counterclaims, which naturally they have done more than anything else to permit the entire negotiations to be wrecked, were not considered unfavorable in part by allied experts. It is said here that the Germans were told that they could not expect cancellation of Silesian plebiscite but could expect to get back at least 200,000 tons of shipping and to receive other concessions. As to it having been a failure for the Germans to daily at Paris, this is now said to have been due to their unwillingness to enter a pact excluding America from continental trade in a great measure before the Harding Administration was in office.

To-day the Germans feel that propitious atmosphere in the negotiations between the experts of Brussels and Paris cannot be found again soon and then only through new negotiations instituted by a third party.

Appeal to World Workers.

The General Trades Union League, with about 2,000,000 members, together with two other labor leagues, to-day issued an appeal to the working people of the world in which the league said: "Is the slavery which was abolished in Africa to be restored in Europe? The great Powers who allegedly were established as a League of Nations have decided to introduce slavery for a period of fifty years. Black soldiers, brought to Europe from the heart of Africa, are to see to it that while slaves render service, is slavery to come in the name of peace and justice to do greater honor to God and humanity? The nations of Europe bled four years in the war. Now the people who lived under domination, those who were oppressed, deemed guilty of the war, are offered penance for forty-two years. Their children and children's children are to perish and die, but they themselves are to be kept alive like beasts of burden to labor for the victors. They are to resign all rights to the joy of life. Approximately the entire wealth of Germany before the war is to be created by German workers in the course of forty-two years and delivered to the victors, created in a land already bearing a stupendous load and deprived of many natural resources and by men forbidden to dispose of the work of their hands in other countries."

"The German people declare themselves ready to pay for the actual destruction to the limit of their possibility, but they are not ready to go down for the benefit of international capitalism. Hate and bitterness will eat the hearts also of those who fought life long for international agreement and fraternity. Workers of the world, you must speak."

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GOUNARIS TO FORM NEW GREEK CABINET

His Resignation and That of Premier Do Not Surprise Embassy in London.

SITUATION IS EXPLAINED War Minister Wants to Head Delegation to Conference in England.

ATHENS, Feb. 5.—Conferences with political leaders were held to-day by King Constantine in an effort to solve the ministerial crisis which developed this week and culminated last night in the resignation of the Rallis Cabinet. It was believed that M. Gounaris, Minister of War, or M. Kalogeropoulos, Minister of Finance, would be asked to head the new ministry.

When M. Rallis informed King Constantine that the Cabinet had quit office, the King asked for time in which to consider the situation, and the Premier proceeded to the Parliament Building to announce the resignation of the Government.

M. Rallis stated he would explain the reason which prompted him to resign when a new Government had been constituted. He told the Associated Press he had made a recommendation to the King that M. Gounaris be selected as his successor.

M. Kalogeropoulos is the choice of M. Gounaris, who is supported by a minority of the Government forces. It seems probable that all the old Cabinet members, except Premier Rallis, will remain in the Government.