

shells, for gas, and the industrial development of south Germany depends almost entirely upon the coal of the Ruhr. With the Ruhr gone, industrial Germany withers. It cannot exist, and thus the House of Commons will realize the alternative that has been presented to Germany. Acceptance must come by May 12. France was prepared to March on May 1, but we are anxious that Germany should not only have full opportunity to consider her defaults up to May 1, but the actual figures of the findings of the Reparations Commission. There is nothing we cannot decide this time.

Must Make Up Her Mind.

"For two years we have been discussing problems with German experts and German statesmen unceasingly. She must make up her mind at last. She cannot keep the world in the state of uncertainty that must exist as long as the problem is unsettled. Her last proposals were returned by America [Cheers by the members], and there is no mistake as to the American attitude. It must be clear that there is no German alternative but to accept. Although France was ready and anxious to march on May 1, she realized the force of the appeal made to her to give Germany this fresh opportunity for explanation, and postponed action.

"There are some who say we have gone too far, and there are people, I have no doubt, who say we have not gone far enough. I see we have already been attacked because it was said we have been influenced by Jew financiers. Well, there are some people who have got this on their brain. They say Jewish Psalms on Sunday and the rest of the week are pronouncing Jewish pogroms.

"There are those, on the other hand, who think we have gone too far, but I don't think so; I think we have taken account of all the figures and the capacity of Germany to pay. It is no use being impatient at the French attitude toward this problem. Their position is not ours. We have got a tempestuous sea between us and Germany, with the German fleet at the bottom of the sea. The French position is not that of Italy. Italy has got the Alps between her and Germany, and her capital is hundreds of miles away. But France has a living memory of two invasions, and her capital was occupied in one of them.

Fair Play for France.

"And what concerns France concerns Britain. We want to see fair play for France. She didn't provoke the war. We are entitled to demand that the nation that wrought all this destruction should do its utmost to repair it. But having done so, I still say there is an interest for France, which is an interest for Britain and for the whole world, and that is to get peace and a settlement.

"When the conference met Germany was in default in the execution of the treaty on some of the most important provisions—disarmament, the trial of the war criminals, reparation and four or five other clauses of the treaty which did not attract much attention, but all of which were of very considerable importance.

"The Allies have during the last two years shown considerable forbearance. They have never been insistent on the letter of the bond.

Main Causes Outlined.

"I will give an outline of the main causes of undoubted default on the part of Germany. The first relates to the very important question of disarmament, which is not merely the basis of the treaty, but I think, the basis for the future settlement in Europe. Unless that very formidable machine which has been responsible for the great armaments in Europe, and which in the end was responsible for the terrible war in 1914; unless we have a guarantee that these great armaments have disappeared forever, there is no guarantee for the freedom or peace of Europe.

"Therefore we regard disarmament as a very fundamental question. I wish to be perfectly fair to Germany and to say at once that in some respects her compliance with an important part of the treaty has been highly satisfactory. The surrender and destruction of her great guns has, in the judgment of our military advisers, been most satisfactory, although it is not yet complete. There are still between 500 and 600 guns to surrender. But 81,500, great and small, have been surrendered.

"Thirty-three million shells of all sizes have been surrendered. In so far as airplanes are concerned, the surrender has been fairly satisfactory. Her regular army has been reduced to 100,000 men.

"Now I will give those features with regard to which compliance with the treaty still is unsatisfactory. There are still too many machine guns and rifles unsurrendered—enough machine guns to arm a very considerable force. In addition to that—and this is probably the most disquieting factor—irregular military organizations are still in evidence in Germany. In Bavaria alone there is a force of 300,000 men. There is a very considerable force in East Prussia, in Wurttemberg, and, I believe, in other parts of Germany, and these forces, added together, no doubt could become the nucleus of a most formidable army, armed with rifles and machine guns, and, it is suspected, they have a number of cannon.

"France and Belgium naturally are very anxious about these forces, and for a very good reason. It is not that Germany could by any chance whatsoever—whatever party came into power—suddenly organize a force which could attack either Belgium or France. But so long as you have got great forces of that kind in Germany which form a nucleus for military organizations, and the most ingenious industrial population in Europe, it is impossible for France to settle down. She

Germany Gets Official Notice of Dates to Pay

By the Associated Press. PARIS, May 5.—The Reparations Commission, which returned from London to-day, summoned a delegate of the German War Burdens Commission to an official meeting, held at 9 o'clock this evening, and notified him of the schedule of payments to be made by Germany which the Reparations Commission had drawn up.

must continue to arm and keep her eyes on her eastern frontier.

"Therefore, it is very essential that Germany should carry out this part of the treaty. The reason assigned by Germany—and we give full weight to it—is that they have had two or three revolutions there and counter revolutions. The fact of the matter is that the existence of these irregular forces make it very difficult to carry out the orders given by the central Government for the surrender of rifles. We must insist on both parties disarming. There is a sufficient regular force in Germany, which has magnificent railroads, to suppress any trouble that may arise from any movement of that kind.

"The next subject on which Germany has defaulted is with regard to her war criminals. The position here is quite unsatisfactory.

Defaulted on Reparations.

"Next comes the question of reparations. Germany by the treaty was to have paid twenty milliard marks by May 1, or a billion pounds sterling in cash or kind. She has paid at the outside four hundred million pounds. The sum of a billion was to cover the cost of the army of occupation, as well as reparations. Here, also, the Allies have shown very considerable forbearance. We have been driven to take strong action not merely by the fact that Germany has defaulted, but by her general attitude toward the whole question.

"There is a growing indication that Germany did not intend to carry out her obligations. She is making excuses not merely for delay, but for avoidance. This new attitude of Germany took a very practical form in one respect. Germany, under the protocol accompanying the treaty, was invited to make an offer in the discharge of the whole claims against her. Germany never made a movement in this direction. We extended the time and called Germany's attention to the invitation, but she was slow to take any steps, and when she did come forward with an offer, it was so obviously inadequate as to constitute a contemptuous defiance of the treaty.

"It was clear that Germany had it in mind that she would not be called on to discharge her obligations under the Treaty of Versailles. Under these circumstances it was essential that the Allies should make it clear to Germany that while they were willing to make allowances for all Germany's difficulties they must insist on the treaty being respected and accepted as the real basis of her offer. All efforts to induce Germany to put forward a bona fide offer having failed, there was nothing to be done but allow the machinery of a treaty to function, and the Reparations Commission made their award.

Total Due From Germany.

"After hearing everything Germany's representatives had to say, the Reparations Commission last week found, after deducting the amount already received and adding the Belgian debt, there was due from Germany 16,000,000,000 (\$12,000,000,000 marks gold), of which France claims 52 per cent, and the British Empire 22 per cent. The Supreme Council met Saturday and set until this morning to consider the award of the Reparations Commission, the scheme of payments that should be submitted to Germany, the guarantees by which these payments should be insured, and the sanctions by which they should be enforced.

"The experts of the allied Powers have framed a very careful scheme of payments. It will be remembered that under the Paris scheme there were to be forty-two annuities, beginning with a hundred million and increasing until the end of eleven years a maximum of three hundred millions would be reached. These were the fixed annuities, and in addition there was to be a variable sum equal to 12 per cent of the German exports. The proposal of the London conference was that there should be one fixed sum of a hundred million per annum and in addition a variable sum equal to 25 per cent of the German exports.

"Whatever is higher than the Paris terms or lower than the Paris terms depends entirely on German prosperity. If the German exports do not improve, if the London proposal will be considerably lower. If German exports approximate the pre-war figures with the present values, then it will be equal to the Paris figures, and it is only in the event of Germany becoming exceedingly prosperous and exceeding anything they have up to the present attained that the figures will exceed the Paris terms. But the whole point is that Germany's annual liability will vary according to her capacity to discharge it.

"In order to enable Germany to meet her liabilities and also enable the Allies to have something in hand which will enable them to raise money for reparations, it is proposed that three categories of bonds shall be issued, which shall be included in the protocol handed to the German War Burdens Commission. "A new item will be payment in kind—in coal. This coal is to make up for coal which would have been produced in France if the French coal mines had not been destroyed. Payment also will

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be made in aniline dyes, in timber and in material for reparation and reconstruction in France. There may be payment in labor also, but that presents difficulties, because there are trade unions in France as well as here. These unions will, I think, aggregate very considerable sums of money, certainly during the period of reparation, which is a difficult period for Germany as well as for France. The process of reconstruction may take from five to ten years, and that is a second source of revenue which is a very substantial one.

"The next is the duty of 25 per cent on German exports. It is reversing the processes of the reparation bill. You can do one or the other. You can either collect in the country where the goods are received or you can collect in Germany. You can collect 25 per cent in Germany on all exports, to whatever country they go. If any country prefers to collect in respect of goods which come to that country in its own currency, it can do so. That collection will not be in marks. It will be a collection in equivalent, in gold or in bills. That will depend entirely on the recovery of Germany's export trade. Germany's export trade before the war was over five hundred million pounds sterling. Its value in present prices would be somewhere about a thousand million pounds sterling (20,000,000,000 marks gold).

"If Germany had a trade of that kind then 25 per cent on her exports would be (250,000,000).

Fair and Workable Plan.

"That is an outline of the plan which was adopted by the Supreme Council for the payment of the German annuities. I believe it is fair and workable and will produce the necessary results. German experts in Brussels were of the opinion Germany could pay three milliard marks per annum. That is a hundred and fifty millions sterling. That is probably the amount that will be paid for the first two or three years, but if German prosperity develops then certainly there will be a much more substantial amount available for this purpose. There will be available—that was the advantage of the scheme—a currency which is equally good here as there. These are bills of exchange for export, which has just as much value in London as in New York, Paris or Berlin.

"I do not think it is an unfair demand to make on Germany. Germany has one advantage in the depreciation of her currency. She has reduced her national debt. The capital and interest on Germany's national debt is between one-fifth and one-sixth of their normal value. She has, therefore, a lighter national debt than ours, with a population of six millions. It is, therefore, not unfair to put this burden on her shoulders. The difficulty, as I have repeatedly pointed out, is not one of means on the part of the German people, but of means of payment in a currency of exchange. That is met by our proposal.

TEXT OF ULTIMATUM HANDED TO GERMANY

Ambassador in London Receives the Document.

By the Associated Press. Dr. Sthamer, German Ambassador here, was to-day handed a document containing the allied ultimatum to Germany. While the ultimatum and the protocol signed by the council to-day were in the form of one document, only the former was given to the German representative. The allied Reparations Commission will, however, deliver the whole document to the German War Burdens Commission in Paris to-morrow.

The text of the allied ultimatum reads as follows: "The allied Powers, taking note of the fact that despite the successive concessions made by the Allies since the signature of the Treaty of Versailles, and despite the warnings and sanctions agreed upon at Spa and Paris, as well as of the sanctions announced at London and since applied, the German Government is still in default in fulfillment of the obligations incumbent upon it under the terms of the Treaty of Versailles as regards: "First, disarmament. "Second, the payment due May 1, 1921, under Article 235 of the treaty, which the Reparations Commission al-

ready has called upon it to make at this date. "Third, the trial of war criminals, as further provided for by the allied notes of February 13 and May 7, 1920, and "Fourth, certain other important respects, notably those which arise under Articles 264 to 267, 269, 273, 321, 322 and 327 of the treaty, decide:

(A) To proceed from to-day with all necessary preliminary measures for the occupation of the Ruhr Valley by allied troops on the Rhine under the conditions laid down in Article 231 of the Treaty of Versailles, to invite the Allied Reparations Commission to notify the German Government without delay of the time and methods for the discharge by Germany of her debt, and to announce its decision on this point to the German Government by May 6, at the latest.

(B) In accordance with Article 235 of the Versailles treaty, to invite the Allied Reparations Commission to notify the German Government without delay of the time and methods for the discharge by Germany of her debt, and to announce its decision on this point to the German Government by May 6, at the latest.

(C) To summon the German Government to declare categorically within six days after receiving the above decision its determination (1) to execute without reservation or condition its obligations as defined by the Reparations Commission; (2) to accept and realize without reservation or condition in regard to its obligations the guarantees prescribed by the Reparations Commission; (3) to execute without reservation or delay measures concerning military, naval and aerial disarmament of which Germany was notified by the allied nations in their note of January 29; those measures in the execution of which they have so far failed to comply with are to be completed immediately, and (4) to proceed without reservation or delay to the trial of war criminals, and also with other parts of the Versailles treaty which have not as yet been executed.

(D) To proceed on May 12 with the occupation of the Ruhr Valley and to undertake all other military and naval measures should the German Government fail to comply with the foregoing conditions. This occupation will last as long as Germany continues her failure to fulfill the conditions laid down.

The protocol to be handed to the German War Burdens Commission in Paris to-night by the Reparations Commission says: "Germany will perform in the manner laid down in this schedule her obligations to pay the total fixed in accordance with Articles 231, 232 and 233 of the Treaty of Versailles, 132,000,000,000 gold marks, less (a) the amount already paid on account of reparations, (b) sums which may, from time to time, be credited to Germany in respect of state properties in ceded territory, (c) any sums received from other enemy or former enemy Powers, in respect to which the commission may decide credits should be given to Germany, plus the amount of the Belgian debt to the Allies, the amounts of these reductions to be determined later by the commission."

The protocol then provides for the issue of bonds to be secured on the whole assets of the German Empire and the German States. The first series of bonds, for the amount of 13,000,000,000 gold marks, the protocol says, shall be created and delivered by July 1, 1921, but the interest of 5 per cent, plus 1 per cent for a sinking fund, shall be payable half yearly from May 1. The second series, for 35,000,000,000 gold marks, shall be issued on November 1. The third series, for 2,000,000,000 gold marks, shall, not later than November 1, be delivered to the Reparations Commission without coupons attached, and will be issued by the commission as and when it is satisfied the payments which Germany undertakes to make in pursuance of this agreement are sufficient to provide for the payment of interest and the sinking fund on such bonds. The sinking fund shall be used for redemption of the bonds by annual drawings at par.

The bonds will, in such form and such denomination as the Reparations Commission shall prescribe for the purpose of making them marketable, and shall be free from German taxes and charges of every description, present and future.

Until redemption of the bonds, Germany will be required to pay yearly 2,000,000,000 gold marks and 24 per cent of the value of her exports as from May 1, or alternatively, an equivalent amount as fixed in accordance with any other terms proposed by Germany and accepted by the Reparations Commission.

"It is provided," the protocol continues, "that when Germany shall have discharged all her obligations under this schedule, other than her liability with respect to outstanding bonds, the amount payable each year under this paragraph shall be reduced to the amount required in that year to meet the interest and sinking fund on the bonds outstanding."

Germany is required to pay within twenty-five days 1,000,000,000 marks in gold approved foreign bills or drafts at three months on the German Treasury, indorsed by approved German banks in London, Paris, New York or other place designated by the Reparations Commission.

These payments will be treated as the first two quarterly instalments of the amount due on Germany's liability to pay 2,000,000,000 marks yearly and 24 per cent of the amount of her exports.

This committee will supervise the application to the bonds service of the funds assigned as security for payment, such as German maritime and land customs duties, and in particular all import and export duties, the levy of 24 per cent on the German exports and the proceeds of such direct and indirect taxes or any other funds as may be proposed by the German Government and accepted by the committee in substitution therefor. The 26 per cent levy on exports, less one per cent for sinking fund, it is provided, shall be paid by the German Government and the committee is not authorized to interfere with the German administration. Germany, it is stipulated, shall, subject to the prior approval of the commission, provide such material and labor as any allied Power may require toward the restoration of the devastated areas of that Power, or to enable any allied Power to proceed with the restoration and development of its industrial and economic life. The value of such material and labor shall be determined by German and allied valuers.

The receipts from the 50 per cent levy on German exports, decided upon at the previous London conference, will be credited to Germany under the present arrangement.

Any surplus receipts from the interest and sinking fund payments and the export tax shall be applied, as the commission thinks fit, to paying simple interest not exceeding 2 1/2 per cent from May 1, 1921 to May 1, 1926, on the balance of the debt not covered by the bonds then issued. No interest on this balance shall be payable otherwise.

BRITISH OPINION FAVORS ULTIMATUM

Total Demanded and Annuities Payable Within Germany's Ability.

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The debate in the House of Commons and conversation in London financial circles to-night show that the British opinion which is against "impossible exaction" from Germany is fairly well satisfied with the terms of the ultimatum and the reparations provisions handed to Germany to-day. They still fear, however, that Premier Briand will not be able to convince the French extremists of their acceptability.

Bankers point out that in the details of financing everything favors Germany and that the total amount and the statement of annuities payable come within Germany's admitted ability to pay.

What is admitted to be a very interesting prospect from the French viewpoint is the fact that the terms contain the means of keeping Germany well nigh in perpetual financial subjection until she gets busy and pays up promptly.

It is proposed that the bonds shall be realized on the international market the moment they are available, even at a considerable discount, according to what Sir Lansing Worthington Evans, Secretary of State for War, said in the House of Commons to-night. The cash from the bonds goes to the Allies in the proportions hitherto agreed upon. It is further hoped that their sale among neutrals will be large in order that the whole world will have an interest in seeing that Germany pays up.

As soon as any neutral nation owns a sufficient amount of bonds to justify it she will be given a place on the enforcement commissions. And of course it is hoped that the United States will not only accept places on the commissions but will buy largely of the bonds. This hope was plainly expressed by members of the French delegation.

A further cause of great satisfaction to the French was Premier Loyd George's agreement to and the emphasis he placed on the disarmament clauses. According to a high French source France is not slacking in her preparations to occupy the Ruhr region, because she yet fears that there will be trouble in Germany over disarmament, even if the reparations clauses are wholly accepted.

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