

decided on. It cannot be settled until reparations are solved finally. For the American bankers to launch it at the moment would be regarded by this Government as the biggest gamble in history.

Washington is taking steps to make clear to the Powers its attitude as set forth here, but it is indicated that the concrete proposal which private interests are considering for a loan will remain in abeyance until such time as the reparations problem is settled.

Much of the discussion in the European press is regarded here as not reflecting the attitudes of the governments toward the American effort to finance Europe—the reason for this being that the press is largely "biting the air."

There is every reason to believe that the fact that this country is taking an active interest in the situation is having a beneficial effect all around and is clearing the air prior to the coming attempt to reach an agreement on reparations. If this reparations crisis can be successfully overcome, the battle for economic restoration, in which this Government is ready to participate to the fullest possible extent, will be regarded here as nine-tenths won.

FRENCH CRITICISM BASED ON MISTAKE

Judicially Informs Paris U. S. Plans No Conference.

Special Cable to THE NEW YORK HERALD, December 19, 1922, by THE NEW YORK HERALD.

New York Herald Bureau, Paris, Dec. 18.

Paris, Dec. 18.—The French Foreign Minister, Raymond Poincaré, today informed the French Foreign press that the French Government's desire that a conference be called to discuss preliminary steps for financing credit for Europe was accurate, and do not represent the American administration's view of the situation, apparently basing their comment on the misleading information, the French newspapers profess to see a clever attempt, "probably manufactured in Germany and broadcast with American aid," to prevent the Anglo-French rapprochement which was begun in the London conference. The entire Paris press this afternoon is barking on this one string, while the Temps declares France does not want America to intervene in the reparations question. If the United States wants to lend money to Germany, that is a matter to take up with Germany, and then, if the Allies decide that Germany thereby will be able to meet reparations payments, it will be time to discuss a short moratorium. The Temps seems to have a very American intervention would be marked by anti-French ideas, pointing out that public sentiment in the United States has not changed greatly since Washington refused to ratify the Versailles Treaty, and that after Premier Poincaré's latest majority in the Chamber, obtained by pledging strict adherence to the treaty, the French do not intend the question of reparations to gain headway, especially just as the Allies are beginning to agree on firmness toward Germany.

The French continue to oppose any reduction of the claims against Germany which is not accompanied, first, by some sort of collateral security affecting other payments and, second, by a corresponding reduction of England's and America's claims against Germany. M. Poincaré considers France generous when she goes so far as to offer Germany's C bonds to England in return for the receipt in full for the American claim—pointing out that if England wants to destroy the bonds, instead of making a bad debtor come to scratch, that is England's affair.

So far as any reduction of land armaments is concerned, the French insist that Washington's suggestions, if of German origin, serve merely as a weakened France, that it may be able to launch either military or an economic offensive with prospects of greater success.

The view of the average Frenchman is concisely expressed by the *Koppel*, which says:

"The immediately striking feature is that it is Germany that it is proposed to save and who are asked to pay the price of their safety. The only reason for Germany to be saved is that it is the price of the helping hand held out to Germany we are asked to renounce the 1921 schedule payments. Liberty will be nice to the German Chancellor and never go into the Ruhr."

"If the United States had incidentally announced that they would make settlements we might hope for some settlements of the interrelated debts. But the hold bankers of the Star Spangled Republic keep their teeth sharpened. They are helping Germany at our expense."

BRUSSELS OFFICIALS KEEP SILENT ON LOAN

Expect Prolongation of Paris Council if Premiers Agree.

BRUSSELS, Dec. 18.—The Belgian Government continues silent on the report that the United States is planning intervention in the reparations question. Officials hold the matter may be regarded as of private initiative until America makes official announcement.

As regards the reparations conference, it is understood that if the Premiers reach a complete agreement in Paris they may prolong their session here on the arrangements made in principle.

If the agreement is only partial, needing further discussion, it is believed the Brussels conference will then be summoned.

HUGHES'S PARTY RUNS SECOND IN ELECTION

Labor to Have More Seats in Australian Parliament.

MELBOURNE, Dec. 18 (Associated Press).—The allotment of "preference" votes for members of the Federal House of Representatives in last Saturday's general elections shows the Nationalists, the party of Premier Hughes, second in the standing, which is Labor party, 20; Nationalist, 28; Country party and Liberals, 17.

In the last House the Nationalists had 23 members, the Labor party 21 and the Country party and Liberals 13.

The figures for the Senate are meager but indicate an increase in strength of the Labor representation.

JEWELRY GONE; WOMAN HELD.—Magistrate Frothingham, in the Jefferson Market Court yesterday, held Mrs. Emily Armstrong, alias Lucille Jones, 30, of 307 Lexington avenue, in \$2,000 bail for the grand jury, charged with stealing jewelry from Mrs. Edgar Speyer, of 22 Washington Square North. Mrs. Armstrong is the wife of a Washington business man and well known in Greenwich Village.

BRITAIN WOULD NOT BACK GERMAN LOAN

Bonar Law Administration Opposed to Any Further Commitments.

EXPECT U. S. REQUEST

Derby Warns France England Is Against Seizure of Ruhr Points.

KING CONSULTS BALDWIN

Hopes America Will Lighten Debt Terms; Geddes Keeps London Well Informed.

Special Cable to THE NEW YORK HERALD, December 19, 1922, by THE NEW YORK HERALD.

New York Herald Bureau, London, Dec. 18.

Notwithstanding the many reports from Washington as to what American proposals, British officialdom continues to employ the utmost caution in discussing the suggested international loan to Germany to solve Europe's economic distress. The opinion is that America is unlikely to take the initiative until it is sure it will lead to a final solution, to prevent, as far as possible, a recurrence of present conditions.

The impression is that if America makes such an offer she will ask British endorsement of German obligations created by such credits. It is not considered likely that the Bonar Law Government will agree to such further commitments.

The Government obviously is basing its entire reparations and Continental policy upon the need for a final financial settlement and the removal of threats of war. The Earl of Derby, War Secretary, returned from Paris today and conferred with the Prime Minister to-night, following a blunt hint, given at a dinner in Paris, of how England would look upon the occupation of the Ruhr. Lord Derby probably took advantage of that opportunity to express the direct opinion of Downing Street as opposed to any such steps.

Many Frenchmen are firmly convinced that the only way to extract payments is to keep a strong hand upon Germany's throat, and it had been believed that Lord Derby agreed it was. As one of the most amiable Ambassadors British ever has had in Paris, his most prudent utterances while Ambassador there were frequently interpreted by the French to mean that he would not countenance England's policy of refusing any French proposal. Persons attached to the French delegation during the recent conference here expressed that view, and esteemed very highly Lord Derby's political strength in the midlands. Hence his veto of the Ruhr plan is regarded here as particularly impressive.

King and Baldwin Confer.

A further instance of official reticence regarding the American proposal is that the King, before starting to-day for the Sandringham Christmas party, summoned Lord Derby, the Chamberlain, the Exchequer, and talked with him more than an hour. It is understood they went over the entire financial situation regarding payment of Britain's debts to America. King George approving the determination to meet the debt, but hoping easier terms might be provided.

Week end consideration of Premier Chamberlain's latest speech in the Chamber of Deputies, and the overwhelming majority accorded him, despite the milder tone of his utterances, are leading officials here to look more optimistically upon the outlook when the Premiers resume their conferences in Paris, January 2.

At one time it was considered advisable to hasten Mr. Baldwin's departure, that he might be in Washington ready to advise by cable when the conference meets. He will be in Washington on January 3, and the conference in Paris is not likely to get down to business before then.

Sir Auckland Geddes, the British Ambassador to Washington, in the meantime is depended upon for full reports of Washington's intentions, though the Foreign Office says it has received no "official" intimation as yet. It is undeniable, however, that informal discussions are being kept going in Downing Street well informed.

Call Plan Air Castle.

LONDON, Dec. 18 (Associated Press).—Interest continues here in the possibility of America taking an active part in European affairs and in the coincidence of Chancellor Baldwin and Ambassador Harvey being in Washington at the same time, but to-day the news agencies are realizing that the hopes of American participation and the possibility of a loan to Germany are little more than an imposing air castle, and that speculation has traveled in advance of the facts.

The press points out that Europe needs capital, which America possesses, but that the conditions which would warrant American aid no more exist now than they did when the bankers' conference met in Paris last June, and that, unless some unexpected development should come of the Paris conference, there will be no hope of stabilizing the mark or fixing definitely the amount of reparations. Therefore, there is nothing to justify American bankers, let alone the American Government, in raising a loan for Germany.

Furthermore, it is learned that the adherence of the Bonar Law administration to the Balfour note will make the path of the Baldwin mission, such as it is, the most unenviable one to be followed. The utmost now to be hoped for is that an international conference at Washington may be the outcome of the present agitation and that such a conference, if called, might lead to some change in French policy which would make American intervention in Europe easier.

\$15,000 FOR HUSBAND'S DEATH.

Surrogate Foley signed an order yesterday permitting Mrs. Bert S. Jones, of 418 East Eighth street, as administratrix of the estate of her husband, Frank S. Jones, to accept \$15,000 from the Manhattan Bond Company, Inc., in settlement of her claim against the company for his death in a company truck on July 1. A jury before Justice McAvoy had failed to agree.

POUND ANYTHING?

See if it is advertised in the *East* and *West* columns of *today's* New York Herald.

France Will Not Cut Reparations or Guaranties.

PARIS, Dec. 18 (Associated Press).—While the impression appears to prevail in French official circles that the talk of the Washington plan for a reparations settlement is only a "trick" put out by the press on inspiration from Berlin, the French attitude as to the talk of the proposed loan, it was stated, remains the same as when the International Bankers' Committee made its report last summer—that is, that France will refuse to release her guaranties in Germany as well as decline to reduce the debt.

The French attitude, according to this official, remains unyielding so far as concerns any moratorium without productive guaranties, or as to any reduction of the total reparations debt.

TURK AND RUSSIAN AGAIN CHECK ALLIES

Continued from First Page.

If unanimity is not obtained in the council, each of the Powers is authorized to take action individually, as the majority of the council seem to favor.

The Allies appear not at all satisfied with this guaranty, and insist upon three big Powers undertaking a separate engagement entirely outside the league, a question, however, which was settled at the end of the discussion.

The Russian project put in by Tchitcherine carries out the idea of a closed waterway, controlled, fortified and even garrisoned by Turkey, but apparently in deference to the American point of view the Russians now would allow Turkey, under exceptional circumstances, to permit light war ships through, of not more than 5,000 tons, and for purely non-military purposes. The Russians also proposed a straits commission, but not under the league, and with Germany as well as the United States as members.

The Allies have made every attempt to satisfy Turkey by narrowing the demilitarized zone at either end of the straits, allowing the Turks to have 12,000 instead of 10,000 men in Constantinople, and permitting them to fortify the whole southern shore of the Sea of Marmora, but not the northern. All these are concessions. The Turks seem unsatisfied, and particularly want no limit placed upon their army in Europe. They appear also now as wanting to protect the Russians from an overwhelming fleet in the Black Sea in time of war, but at the same time to meet the American point of view by allowing light warships to pass through the Straits.

The Turkish move, showing that the Russians had not been entirely divorced from them, provoked the heads of all the allied delegations, who thought the matter settled. Lord Curzon appeared particularly put out over the renewal of the Russian imputation of British malevolence in the Black Sea, which he could get that idea out of your heads," he told Tchitcherine. "Evidently we cannot progress this way."

In putting Lord Curzon, who said that opening the straits to warships was not inconsistent with all modern ideas of open waterways, Tchitcherine said the modern idea was rather to restrict than to extend naval operations.

Tchitcherine said the whole allied message, even as modified, still showed the menacing design of Great Britain against Russia, and also that an effort was going on to bring about a break between the Russians and the Turks.

"You are offering the Turks illusory guaranties, which are based upon the league, which is not recognized by the Russians," the United States or Germany," he told Lord Curzon. "It is an association of separate powers, which have not been able until now even to control the mad Polish general who he took Vilna. The league is nothing more than organized hypocrisy."

The *Alpen Echo* says that the Germans that they always have been too easily optimistic. It sees hope in such an economic conference as Washington is reported to be contemplating, but adds, however, that the regulation of Germany's economic and financial problems would be a decisive factor in the stabilization of the mark.

Tchitcherine said that it is a most urgent necessity for the responsible individuals in Germany to decide on the point at which the mark should be stabilized. The *Frankfurter* expresses confidence that the developments will throw out a large ray of hope, especially for American assistance. The *Lokal Anzeiger* notes that even if a loan is granted the interest would mean an extraordinary heavy burden for Germany in her present condition.

Mark Drops Again.

Berlin's financial forecasters went far astray when they declared that the straits was bound to see a "black Monday" following Saturday's sensational report by the mark in New York. Instead, the mark has risen in exchange dealings, steadiness was the rule.

New York advices that the dollar had touched 5,000 marks caused a crowding of the *Boerse* chamber at its opening to-day and pessimists were routed when the first rate was announced at 5,550.

As the day proceeded the mark gradually lost much of the ground gained when it is believed, the Allies will reject the Russian project as wholly untenable, but may try again to compromise with the Turks on some of their points.

The Russian Plan in Detail.

LAURENCE, Dec. 18 (Associated Press).—The Tchitcherine plan for the regulation of the Turkish straits provides: "The straits shall be open to all merchant ships, the latter being defined as including the Straits of Dardanelles, Sea of Marmora, the Bosphorus and the Aegean Islands.

Regulation applicable in time of peace to merchant ships and commercial airplanes, which would have full liberty of passage, as to warships and military forces, it declares that, by virtue of a principle "a long time established," the straits would be recognized as closed to the warships, including submarines of all navies, except Turkish machines, would be prohibited, and absolutely isolated and exceptional cases and for the purpose of Turkey, by special decrees duly published, could authorize the passage of light warships, submarines excluded. The tonnage limit of these vessels would be 5,000 tons, and the gun caliber limit 15 centimeters.

Passage would not include the right to landings in the straits or the discharge of war material, and the commander of the straits would be required to give previous announcement of his intention to pass, so the Turkish authorities could verify the authorization.

During war time, in case Turkey were not at arm's length, the straits would be closed to all merchant ships, and Turkey reserved the right to adopt proper steps to safeguard her neutrality. In exceptional cases she would reserve the passage of light neutral warships, except submarines, but no warships or airplanes of a belligerent power and no military airplanes of a neutral country could be allowed to go through.

In time of war, should Turkey be among the belligerents, neutral merchantmen and neutral merchant airplanes could pass, Turkey reserving the right of search in isolated cases. Turkey could also authorize the passage of neutral warships.

Turkey Could Fortify Straits.

In order to guarantee her sovereignty and enforce the principle of closing the straits to warships, Turkey would be authorized to maintain in the straits one, without restriction, military and naval forces, including submarines and air squadrons; erect fortifications, with artillery of unlimited caliber; lay mine fields, and generally speaking, organize the military defence of the straits "by applying the technical means of warfare known to present and future times."

Without prejudice to Turkish sovereignty and to help commercial navigation, an international commission would be appointed to sit in Constantinople, its commission to be composed of one representative of the States bordering on the Black Sea, and one each from Germany, the United States, France, Great Britain, Italy and Japan, under the presidency of a Turkish delegate.

GERMANS OPTIMISTIC OVER LOAN REPORTS

Believe America Will Help as Poincare Modifies Ruhr Attitude.

FEAR HEAVY INTEREST

Report That Washington May Call Conference on Economic Ills.

MARK DECLINES TO 6,450

Fears of Repetition of 'Black Monday' of Last December Prove Groundless.

BERLIN, Dec. 18 (Associated Press).—Despite reports contradicting rumors that the United States contemplated taking an active hand in European settlements it is regarded here as certain that negotiations, at least for a German loan, have been under way. Moreover, a change in the American attitude is considered likely in view of the apparent abandonment by M. Poincaré, the French Premier, of the plan to occupy the Ruhr.

The more skeptical circles of Berlin, however, attribute the abrupt rise over the week end in the value of the mark to speculation abroad, and the *Boerse Courier* predicted it will mean heavy losses on raw materials in process of manufacture. It says there is a great section of the Germans who place much confidence in the benefits of an American loan, but such aid cannot be obtained without far reaching guaranties.

The *Boerse Zeitung* emphasizes that the rise in the mark does not necessarily mean stabilization of the mark. "If any one thinks they are making the German people a Christmas present in the fall of the dollar from 8,000 to 6,000 marks, it is not only a naive but dangerous conception, unless protection in that regard can be secured on a steady basis," says this newspaper.

Speaks of Conference.

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Kentucky Women Now Searched for Weapons

JACKSON, Ky., Dec. 18.—A departure in the not unusual practice of searching for weapons on men who enter the courthouse to witness murder trials here occurred to-day, when women spectators also were required to undergo an examination at the hands of an especially appointed woman deputy sheriff.

The case on trial is that of Eileen Wilson and Latham Clemens, charged with murder in connection with the slaying of Green Watkins, a deputy sheriff. Watkins was killed when a party of deputies and prohibition agents was ambushed in the mountains. The case was brought to Breathitt county for trial after juries had disagreed in two trials in Knott county.

TWO DYING, TWO HURT AS CAR HITS 'L' PILLAR

Skulls Broken in Crash at Broadway and 238th St.

Mrs. Mary Lisner of 135 West Ninetieth street and James O'Connor of 507 East Eighty-second street were seriously injured early this morning in an automobile accident at Broadway and 238th street. Their skulls were fractured and it was said at Fordham Hospital that they probably would die. Mrs. Lisner's daughter, Jacqueline, 17, received a broken right leg and James O'Connor of 509 East Eighty-second street was internally hurt.

The car was owned by Nathan Unger of 539 East Seventy-eighth street and driven by William Kahn of 212 East 115th street. Unger was not in the machine. The accident happened when an open door of the machine struck an elevated railroad pillar and swung the machine against another pillar. Kahn was not injured, but was arrested, charged with felonious assault.

CORPORATIONS IN RUSH TO PROTECT SURPLUSES

Apply at Albany to Increase Capitalization.

Special Dispatch to THE NEW YORK HERALD, New York Herald Bureau, Albany, Dec. 18.

The office of the Secretary of State is receiving hundreds of applications from corporations for authorization to increase their capitalization. Anticipation of action by Congress to tax surpluses or their distribution is believed here to be the reason. Officials say the movement is countrywide.

Among increases of the last few days have been companies capitalized at \$250,000 increasing to \$1,000,000, and a company capitalized at \$5,000,000 increasing to \$9,000,000, while a well known jewelry firm in New York City increased its capitalization from \$12,000,000 to \$16,000,000.

Increasing the capital stock enables the corporation to turn over its surplus to its stockholders in the form of stock dividends.

COMMITTEE TO PASS ON PUNISHING KELLER

Volstead Puzzled in Daughtery Impeachment Case.

Special Dispatch to THE NEW YORK HERALD, New York Herald Bureau, Washington, D. C., Dec. 18.

Chairman Volstead of the House Judiciary Committee appointed a subcommittee of five to-day to determine what authority the House possesses to punish Representative Keller (Minn.) if he persists in his refusal to appear before the committee to press the impeachment charges he made recently against Attorney General Daughtery.

Mr. Volstead and other committee members are sure they have the power to punish Mr. Keller, but they are puzzled as to whether they have authority to punish him for failing to heed the summons. There are no precedents in the case so far as the committee has been able to discover.

The situation is an outgrowth of Mr. Keller's refusal to proceed with the presentation of evidence against Mr. Daughtery in the grand jury case. The House Judiciary Committee was attempting to whitewash the Attorney General. After Mr. Keller stalked out of the committee room the committee suspended him, but he has not responded.

PARLEY IN 1926 ON UNION OF CENTRAL AMERICA

Three of Five States Oppose Discussion Now.

WASHINGTON, Dec. 18.—The Central American conference to-day agreed to call a conference in January, 1926, on the proposed union of Central America. The conference then proceeded to work on the revision of the 1907 treaties. A sub-committee, composed of the heads of the five delegations, was appointed to study the treaty establishing the Court of Arbitration of Cartago.

Secretary Hughes, who presided, refrained from voting on the question of taking up at this conference the proposal for a union of the five Central American States, which was voted on by the vote of three to two, only Salvador and Honduras supporting it. The delegates then, in recognition of "the aspirations of the Central American peoples for their political union in the near future," decided unanimously to call the 1926 conference to "establish the basis of the Central American Union."

SOVIET TO DEPORT MARGUERITE HARRISON

American Woman Arrested in Chita May Be Sent Back.

Moscow, Dec. 18.—Russian officials here say that the arrest at Chita of Mrs. Marguerite Harrison, an American magazine writer, is under investigation, and that she will probably be deported by way of a Pacific port.

It is asserted that when Mrs. Harrison left Moscow last year she signed papers agreeing never to return to Russia. Moscow officials are of the opinion that she was arrested in consequence of a violation of the agreement.

DRUGS' HAVAGES IN CANADA.

MONTREAL, Dec. 18.—Drugs valued at \$1,000,000 were smuggled into Canada last year, Government officials announced to-day. Of the amount about \$200,000 worth was seized and destroyed. Thirty-eight persons died of narcotic poisoning during the year.

SOVIET SEES POLAND IMITATING GERMANY

President's Assassination Is Likened to Erzberger and Rathenau Murders.

HALLER AS NEW LEADER

Djerjinsky Argues Teheka Is Still Needed to Defend Bolshevism.

By FRANCIS M'CALLAGH.

Special Cable to THE NEW YORK HERALD, Copyright, 1922, by THE NEW YORK HERALD. Moscow, Dec. 18.—The assassination of the Polish president is regarded here as another proof that Poland is following the same path as Germany, where Mathias Erzberger, Dr. Walter Rathenau and others were murdered. Moscow sees also a movement in Poland like Fascismo in Italy, with a desire for a Mussolini in the person of Gen. Haller, brother of Gabriel Narutowicz.

The *Pravda* says: "In the elections the Polish bourgeoisie resorted to violence and civil war, beating the Socialist deputies and wrecking a labor newspaper. The bourgeois peasants and social democrats no longer are supreme and now comes a class war, in which it is absolutely necessary for the proletariat to arm against the onslaught of the bourgeoisie. The reactions of the capitalists inevitably will arouse the revolutionary activity of the workers, whose secret aspirations are still before them, but who will conquer like the Russians, whose troubles are past."

A Polish delegate to the disarmament conference in Geneva, the national democratic bloc, representing the land-owning capitalists, would introduce Fascism.

Teheka Five Years Old.

The fifth anniversary of the Teheka, or official police, latterly supplanted by the "G. P. U." or Government Political Union, without materially changing its nature, was celebrated to-day. The Teheka calls it the mightiest form of proletarian dictatorship, as opposed to the newest form of bourgeois dictatorship just ended in Poland. The anniversary proper is on the 30th, but to-day the Teheka's headquarters were gay with red flags, troops were parading and all the Teheka's personnel was rejoicing.

The famous Djerjinsky, commissar of communications, who is still supervising the Teheka, called it "the Soviet answer to attacks by the bourgeois landowner classes, with the white terror's sabotage and the shooting of revolutionary leaders, which endangered proletarian dictatorship."

"The Teheka," he continued, "is a terrible symbol to all who are unable to reconcile themselves to a government by workers and peasants, but who are still dreaming of restoration of the old regime. The Teheka is a sentinel of the revolution, honorably discharging the hardest task."

Called Indispensable.

Asked if the Teheka had been fundamentally altered, Djerjinsky said: "No, the Teheka is indispensable for the enemy—which is international capital that seeks to support a counter-revolution in Russia—is more dangerous and more cunning than ever. It is still dangerous, for internal counter-revolution has not been scotched, but killed. The new Russian bourgeoisie are bound by many million links with international capitalism, working for our annihilation, which independence means vigilance, sharpness and the closest study of the deadly enemy's new methods of warfare."

"Still indispensable is a resolute and merciless crushing of every new attempt upon Soviet power; and it is indispensable that the organ fighting for the revolution be adapted to the new conditions of our life. The fight must be kept within the bounds of revolutionary legality, but must be conducted with undiminished resolution. The Teheka's apparatus has reorganized itself to the Soviet, but always it remains the republic's sleepless watchdog. It occupies always the most advanced posts. We have lost