HUGHES SAYS EUROPE CAN'T RECUPERATE IF GERMANY DOESN'T

which this Government has suggested as the alternative to drastic action by France to collect reparations has been definitely formed and there is no reason to believe any of the Powers have indicated unwillingness to fall back on it.

The countries that would send financiers and economists to the proposed conference are the United States, Great Britain, France, Germany, Belgium and probably Italy.

Every suggestion of this Government proceeded on the assumption that the experts should be delegates with a free hand to work out adjustments. These adjustments, however, would not be binding and would leave unaffected the sovereign rights of the Governments concerned to accept or reject them.

Senate Outline Correct.

In connection with the outline of the Administration's program the President let it be known that assurances given in the Senate by Senators, including Senators Lodge, Republican leader; McCormick (Ill.) and Watson (Ind.), gave a correct picture of what this Government is doing and has been trying to do.

The President regarded as wise the decision of Senator Borah not to press his resolution. As indicated in his letter to Senator Lodge, the President thought it futile to expect that an amendment to a pending piece of legislation could effect a concord of Europe when those who made the proposal had not taken the trouble to ascertain what the Government was doing to help in a solution of financial and economic crises.

Mr. Harding frowns on any suggestion that the United States should be represented as seeking or desiring to assume the role of umpire or mediator in Europe. To assume such a role he feels, would be to draw on this country the resentment of any nation not satisfied with the deal it might get.

All the President guarantees is that he will seek out the most independent and expert financiers in the country and delegate them to cooperate with delegates of similar standing appointed by the other Powers to arrive at a sane judgment of what Germany can pay and work out means whereby France and Belgium will be assured of payments.

Such judgment, in the opinion of the President, would be bound to command respect as it would be the first real effort to bring reparations out of the political backwash strewn with so many financial wreckages in the last two years.

The Debate Verbatim.

The debate on the Borah amendment was resumed in the Senate at noon to-day. THE NEW YORK HERALD presents herewith a verbatim report of that part of the debate including the admissions of Administration Senators concerning international affairs, which caused Senator Borah to withdraw his amendment.

Mr. Lodge: "It is always usual to sound the other nations to find out whether any of them will come and who are ready to come. The general purposes of the conferences are, of course, then outlined in the informal conversations, which can hardly be dignified with the name 'negotiations.'"

Mr. Pomerene: "Do I understand from what the distinguished Senator from Massachusetts has just said that there were any informal or other conferences or negotiations or correspondence relative to the four Power pact adopted at the armament conference last winter before the conference was convened?"

Mr. Lodge: "The four Power pact was simply the method of disposing of the subjects which had been laid before the other Powers. They were not asked 'Will you adopt this treaty?' or 'Will you adopt the Chinese tariff treaty?' They were asked if they were ready to come into a conference and consider questions relating to China and the Far East."

Mr. Pomerene: "During the early part of that conference I confess I was with a committee of the Senate in Haiti and Santo Domingo, and therefore I cannot speak by the book, but I do remember very distinctly that when I returned home one of the contentions in the newspapers was to the effect that that Four Power pact was not in contemplation at the time that the conference was called."

Mr. Lodge: "All the questions relating to the Far East were in contemplation and as a matter of fact the question of the Anglo-Japanese alliance had been in discussion for several months between the Powers and it was probably better understood than any other outstanding question which was brought before the conference."

No Request to Withdraw.

Mr. Borah: "Before the Senator from Indiana proceeds, may I ask a question? I understand the Senator from Indiana to request the Senator from Idaho to withdraw his amendment?"

Mr. Watson: "No, I did not request the Senator to do that; but I suggested it would be entirely proper for him to do so."

Mr. Borah: "It will be proper if I may have an understanding with the Senator from Indiana. Do I understand the Senator to say he can now state and does state, as he said a moment ago, that negotiations are now in progress for the purpose of calling this conference?"

Mr. Watson: "No, not negotiations. What I said was that feelers had been put out; that foreign nations were being sounded with a view to finding out whether the United States may be helpful, and that, in my opinion, it might lead to a conference; that I had no authority whatever to say that. I speak purely for myself as an individual and give my personal views, representing the opinions of nobody in authority. At the same time I am not entirely ignorant of the fact that these feelers have been put out just as the President in his letter states."

Mr. Borah: "Exactly, but what I do want to know, because I am now dealing in good faith in this matter—the Senator has said that negotiations——"

Mr. Watson: "No, not negotiations."

Mr. Borah: "Conversations across the sea—and I understood the Senator to say that conversations or feelers had been put out looking to ascertaining whether the United States could be helpful in adjusting this situation or this condition of affairs in Europe, and that the Senator's opinion was that that ultimately will lead to a conference covering economic conditions."

EUROPE, NEAR BANKRUPTCY, TO SPEND BILLIONS ON ARMS

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New York Herald Bureau,
Paris, Dec. 29.

THE greatest paradox of modern times is found in the fact that the European nations, though ranging from financial depression to the verge of bankruptcy, still are preparing to spend billions of dollars on their armies and navies the coming year. Although the proportion of such expenditures to other budget items has decreased in most cases there is an enormous increase in the ratio of military costs to the financial position of each nation, which will provide a basis of serious arguments when the Allies get together next month to try to solve their fiscal difficulties by initiating some scheme for the cancellation of debts.

The New York Herald of Paris has obtained of reliable authorities in Paris, London and Rome a striking comparison of budget statistics for 1923, as follows:

France to-day owes 316,984,988,953 francs at home and abroad, of which 40,893,234,000 represent her debt to the United States and 33,983,117,000 her debts to other countries. Nevertheless the new budget to be voted next month calls for 3,661,201,324 francs for the army, though the appropriation is decreased by a substantial sum as a result of shorter conscript service, and 1,121,714,351 francs for the navy.

Great Britain's total debt to-day is £1,090,482,000, of which £920,490,000 is owing to the United States. Yet for the coming year the British army budget is £62,300,000, and naval expenses are estimated at £64,883,700.

Italy's total debt at the beginning of 1923 will be 122,000,000,000 lire gold, or an increase of 8,000,000,000 since the armistice, of which 8,250,000,000 represent American claims. Premier Mussolini's advent promises army reforms, but chiefly by substituting militia for the regular troops without cutting down expense greatly. As a result the army budget stands at 1,975,000,000 lire and the naval budget 1,405,000,000.

Mr. Watson: "Or to some gathering for the purpose of determining the problems. That is my part of the opinions which I have expressed."

Mr. Borah: "If that is true I am willing to withdraw the amendment."

Borah on Withdrawal.

Mr. Watson: "I shall be very happy to have the Senator from Idaho withdraw the amendment, but it has not yet been offered."

Mr. Borah: "Those opposing the amendment do not wish me to withdraw it, if the situation is not as has been understood——"

Mr. Watson: "I state my views and my opinion from what I know concerning the situation. I am not here to say that the President started out to call a conference. A conference, the like of which the Senator from Idaho provides for in his amendment. I am here to say, however, that for the last two or three months feelers have been put out for ascertaining the situation and just how far we could go, how far we might be asked to go, how far other nations would be willing to go in the adjustment of the situation. I do not know to what length that process has gone. I have never said a word to the Secretary of State about it, nor has he to me. I offer my own conclusions from some things that I know."

Mr. Borah: "But the Senator from Indiana does know that those feelers have been put out?"

Mr. McCormick: "Is it not a matter of public record in the newspapers that conversations have been continued for three months looking to a conference at Brussels, always provided that the Powers which assembled would sit in conference at Brussels for some basis of agreement on which they could proceed?"

Mr. Watson: "I have so understood."

Harvey's Mission.

Mr. McCormick: "And that failing on such a basis until now the conference at Brussels has been postponed from time to time?"

Mr. Watson: "For what other purpose would Ambassador Harvey have been called out but to discuss the situation and find out the conditions in England and on the Continent as well?"

Mr. Borah: "We can deal with this matter in a candid way. I do not pay any attention to what the newspapers say about the matter on one day, because the next day on higher authority their statements are always denied. So I do not know. I have a very great respect for newspapers, but of course they have only one source of information in regard to the matter, and that is the high authority."

Mr. Lodge: "I think a great deal of complexity has been made out of a very simple subject. I understand that our Government in the usual way, through its Ambassadors and Ministers abroad, has been making inquiries, holding what are technically called conversations—informal conversations—with a view to ascertaining on the part of this Government whether there was anything this Government could properly do to improve financial conditions in Europe."

Mr. Borah: "Economic conditions?"

Mr. Lodge: "Economic conditions."

Mr. Watson: "Economic conditions."

Mr. Lodge: "Those conversations have been going on for some time through the usual channels, those channels being the Ambassadors and Ministers of the United States, and such information as may be derived from them I assume always goes to the State Department. I have not inquired what point has been reached; I only know, as a matter of fact, that the effort has been made to ascertain through those channels whether there is anything this Government could properly do to aid in the reestablishment of economic conditions and business stability in Europe."

Mr. Borah: "And the Senator is of opinion that if the amendment I have offered should be adopted it would be embarrassing to those negotiations?"

Mr. Lodge: "I think it would be harmful, yes."

Mr. Borah: "Well, on the statement of the chairman of the Foreign Relations Committee, I am willing to withdraw the amendment."

Mr. Watson: "I am entirely willing for the Senator to say he will not offer the amendment on the statements made by the Senator from Massachusetts and the Senator from Illinois."

Mr. Borah: "On the statement made by the Senator from Illinois (Mr. McCormick) and the statement made by the Senator from Indiana (Mr. Watson) and the statement made by the Senator from Massachusetts (Mr. Lodge), I am perfectly willing to decline to offer the amendment."

Earlier in the debate Senator Borah made some remarks concerning the President's letter opposing his amendment for an economic conference.

"The President's letter of yesterday," he said, "perhaps might be regarded as sufficient justification for me withdrawing this amendment. Of course, I desire to speak with the utmost respect with reference to the letter, and I only mention it at all to enable me to state my position.

"As I understand the President's letter it is not his purpose to act in this matter until Europe indicates a desire upon the part of the nations that action shall be taken. His letter pretty plainly states that proposition. That is a disagreement upon a fundamental proposition. It is not a mere matter of form, it is a matter of difference which goes to the very heart of this entire movement.

"If we are to wait until the nations of Europe get together and send us word that they have agreed to disarm there will be very little occasion for calling any conference at all, but I do not believe in the present condition of affairs that that is likely to happen until much worse conditions happen in this country than now obtain.

"I speak, therefore, with the utmost respect for the Chief Magistrate when I say that is a matter of disagreement upon a fundamental proposition underlying this entire conference proposition. I do not believe that we can wait longer upon Europe. I believe we are in the position Roosevelt was in with reference to the Russo-Japanese war, or with reference to the Algerian situation, and that we have been in with reference to many conditions which have confronted us, and we ought ourselves to take the leadership in regard to this subject. I do not think it is possible to adopt the course which the President suggests without serious detriment to the American people. About that there is, therefore, a difference of opinion.

"There was no occasion for me to go to the State Department to find out what the policy was with reference to this situation, because it was very well understood what it was.

"It was stated from day to day upon high authority, coming from the State Department, which, of course, always means official authority, thus and so, that we do not propose to do this and we do not propose to do that and that we are undertaking nothing of this kind and nothing of that kind. I anticipated that which the President states in his letter that it was not the purpose of the State Department or of the Administration to move until the Governments of Europe moved.

"If that be true, then there is such a wide breach that however many visits I might have made to the genial Secretary of State, undoubtedly no result would have happened. I trust that I shall always have the privilege of visiting the Secretary of State whenever it seems necessary to acquire information, and for him individually I have the very highest regard. Personally, he is recognized as a great lawyer and a great statesman, and I am not here to criticize him.

His Only Tribunal.

"The time will never come when I desire to offer a resolution in this body, or when I desire to offer a bill, or when I desire to express my bill, that I will go and ask permission of any one to discharge the duty which seems to me to devolve upon me here as a Senator. If I make a mistake, if I am in error as to my course, I settle it with my constituency, which is the only tribunal before which it can be properly adjusted, and in saying that I offer no disrespect either to the President or to the Secretary of State, but I am simply stating my conception of the duty of a Senator.

"I do not understand that the relationship of the Senate to foreign affairs is such that a Senator must not have any views upon a foreign question until he receives his information and his permission to have views from the Executive or the Secretary of State. That is not the constitutional relationship which exists.

"Only a few days ago we celebrated what was known as the fourth anniversary of the signing of the armistice, in some respects the most important event since the beginning of the Christian era, but I thought I saw in the last celebration something of a lack of fervor. I thought there was an atmosphere of what you might call jaded formality. There seemed to be an unexpressed feeling that the whole thing was untrue; that there was nothing to celebrate.

"At the very time that we were offering to celebrate the war clouds were lowering upon the Near East. At the very time we were celebrating the diplomats and ambassadors of Europe were speaking of another conflict, and we were advised that the cause of that conflict was the inability of France and Germany, in the primary way, to come to an understanding with reference to reparations, that was spreading discontent and dissatisfaction and uneasiness throughout entire Europe. We are advised, furthermore, over and over again that the United States must inevitably be affected by any conflict which should follow, and of course we all recognize that fact. Under those circumstances, while we may differ as to the method, it cannot be possible that it is not a situation which calls for treatment at this time."

WINDOW SMASHER HUNGRY.

Samuel Bergen, arraigned before Judge Rooney in the Newark police court yesterday, told the court that he had thrown a brick through the window of Joseph Spinelli's barber shop at 307 Market street because he was cold and wanted to go to jail and get something hot to eat. Judge Rooney held him in $500 bail for further examination.

SECRETARY LAYS BLAME ON POLITICS OF EUROPE

Continued from First Page.

be a first charge upon the amounts paid by Germany. Others have been paid and we have not been paid.

"But we are not seeking general reparations. We are bearing our own burden and through our loans a large part of Europe's burden in addition. No demands of ours stand in the way of a proper settlement of the reparations question.

"Of course, we hold the obligations of European Governments and there has been much discussion abroad and here with respect to them. There has been a persistent attempt ever since the armistice to link up the debts owing to our Government with reparations or with projects of cancellation.

"This attempt was resisted in a determined manner under the former Administration and under the present Administration. The matter is plain enough from our standpoint. The capacity of Germany to pay is not at all affected by any indebtedness of any of the Allies to us. That indebtedness does not diminish Germany's capacity, and its removal would not increase her capacity.

"For example, if France had been able to finance her part in the war without borrowing at all from us—that is, by taxation and internal loans—the problem of what Germany could pay would be exactly the same. Moreover, so far as the debtors to the United States are concerned, they have unsettled credit balances, and their condition and capacity to pay cannot be properly determined until the amount that can be realized on these credits for reparations has been determined.

Attitude Toward Reparations.

"But what is our attitude toward the question of reparations, standing as it does as a distinct question and as one which cannot be settled unless the European Governments concerned are able to agree?

"We have no desire to see Germany relieved of her responsibility for the war or of her just obligations to make reparation for the injuries due to her aggression. There is not the slightest desire that France shall lose any part of her just claims.

"On the other hand, we do not wish to see a prostrate Germany. There can be no economic recuperation in Europe unless Germany recuperates. There will be no permanent peace unless economic satisfactions are enjoyed. There must be hope and industry must have promise of reward if there is to be prosperity. We should view with disfavor measures which instead of producing reparations would threaten disaster.

"Some of our own people have suggested that the United States should assume the role of arbiter. There is one sufficient answer to this suggestion and that is that we have not been asked to assume the role of arbiter. There could be no such arbitrament unless it were invited, and it would be an extraordinary and unprecedented thing for us to ask for such an invitation.

Sees a Big Responsibility.

"I do not think that we should endeavor to take such a burden of responsibility. We have quite enough to bear without drawing to ourselves all the ill feeling which would result from disappointed hopes and a settlement which was viewed as forced upon nations by this country, which at the same time is demanding payment of its debts.

"But the situaton does call for a settlement upon its merits. The first condition of a satisfactory settlement is that the question should be taken out of politics. Statesmen have their difficulties, their public opinion, the exigencies which they must face. It is devoutly to be hoped that they will effect a settlement among themselves and that the coming meeting at Paris will find a solution. But if it does not, what should be done?

"The alternative of forcible measures to obtain reparations is not an attractive one. No one can foretell the extent of the serious consequences which might ensue from such a course. Apart from political results I believe that the opinion of experts is that such measures will not produce reparation payments, but might tend to destroy the basis of those payments which must be found in economic recuperation.

"If, however, statesmen cannot agree and such an alternative is faced, what can be done? Is there not another way out? The fundamental condition is that in this critical moment the merits of the question, as an economic one, must alone be regarded.

"Sentiment, however natural, must be disregarded; mutual recriminations are of no avail; reviews of the past, whether accurate or inaccurate, promise nothing; assertions of blame on the one hand and excuses on the other come to naught."

Must Be Some Way Out.

Mr. Hughes continued:

"There ought to be a way for statesmen to agree upon what Germany can pay, for no matter what claims may be made against her that is the limit of satisfaction. There ought to be a way to determine that limit and to provide a financial plan by which immediate results can be obtained and the European nations can feel that the foundation has been laid for their mutual and earnest endeavors to bring about the utmost prosperity to which the industry of their people entitle them.

"If statesmen cannot agree and exigencies of public opinion make their course difficult, then there should be called to their aid those who can point the way to a solution.

"Why should they not invite men of the highest authority in finance in their respective countries—men of such prestige, experience and honor that their agreement upon the amount to be paid and upon a financial plan for working out the payments would be accepted throughout the world as the most authoritative expression obtainable?

"Governments need not bind themselves in advance to accept the recommendations, but they can at least make possible such an inquiry with their approval and free the men who may represent their country in such a commission from any responsibility to foreign offices and from any duty to obey political instructions. In other words, they may invite an answer to this difficult and pressing question from men of such standing and in such circumstances of freedom as will insure a reply prompted only by knowledge and conscience.

Americans Would Serve.

"I have no doubt that distinguished Americans would be willing to serve in such a commission. If governments saw fit to reject the recommendation upon which such a body agreed they would be free to do so, but they would have the advantage of impartial advice and of an enlightened public opinion. Peoples would be informed, the question would be rescued from assertion and counter assertion and the problem put upon its way to solution.

"I do not believe that any general conference would answer the purpose better, much less that any political conference would accomplish a result which Premiers find it impossible to reach. But I do believe that a small group, given proper freedom of action, would be able soon to devise a proper plan.

"It would be time enough to consider forcible measures after such an opportunity had been exhausted. Such a body would not only be expert but friendly. It would not be bound by special official obligations; it would have no animus and no duty but to find and state the truth.

"In a situation which requires an absence of technicality and immunity from interference I hope that the way may soon be found for a frank discussion and determination of what is essentially an economic problem.

"The United States has the most friendly and disinterested purpose in this matter and wishes to aid in any practicable way. But it is idle to make suggestions which arouse false hopes and are so impracticable that they cannot bear fruit.

"On the other hand, there lies open a broad avenue of opportunity if those whose voluntary action is indispensable are willing to take advantage of it. And once this is done the avenues of American helpfulness cannot fail to open hopefully."

Elsewhere in his address Mr. Hughes gave the results of the Washington arms conference of last year. He said that the most important results are "unwritten and imponderable, those that relate to sentiment and purpose, to good will and a better understanding." Enumerating the tangible results, he said:

1. The Shantung treaty became effective and is being carried out.

2. The treaty between the United States and Japan relating to the mandated islands north of the equator, including Yap, has been ratified and is in effect.

3. The four-Power treaty has received the assent of our Senate, has been ratified by the British Empire and by Japan, and is awaiting only the ratification of France, which, it is expected, will shortly be given.

4. The naval treaty and the treaty as to submarines and poison gases have received the assent of the Senate of the United States and have been ratified by the British Empire and Japan. Ratifications by France and Italy are still needed but are expected.

5. The two Chinese treaties have been approved by the United States, the British Empire and China. One of the houses of the Belgian Parliament has approved. There should not be a long delay in securing the necessary ratifications.

6. The Commission of Jurists, which is to consider the amendment of the rules of international law respecting new agencies of warfare, is now sitting at The Hague.

"I am happy to say that at this time there seems no good reason to fear that any of the work of the conference will be lost."

Hughes Defends Naval Policy.

Answering criticism of the fact that under the treaty the United States cannot fortify Guam, Secretary Hughes said:

"Was it not better that, at a time of considerable tension, instead of threatening Japan by a proposal to fortify Guam, we should agree that for fifteen years we should rest content with the situation with which we had been satisfied for the last twenty-three years? And it should be remembered that in the same treaty Japan undertakes to maintain the *status quo* in the Kurile Islands, the Bonin Islands, Amami-Oshima, the Loochoo Islands, Formosa and the Pescadores and any other insular possessions she may hereafter acquire.

"My conclusion is," he added, "that the naval treaty will stand the test of analysis and fair statement, taking all the pertinent facts into consideration, and that it will be a desirable safeguard and not a menace to our security, and, at the same time, an important assurance of peace. These happy results will be attained, however, on the condition that we act toward other nations in the same spirit of reasonableness and friendship that we expect them to exhibit toward us."

Success of Washington Parley.

"Never," said Mr. Hughes of the Washington Conference, "was there an international gathering in which candor and fairness more fully dominated the intercourse of great Powers and where intrigue had less play. The large measure of success attained by the conference was due to several factors:

"First—There were represented at the conference a small group of Powers dealing with problems in which they had common interests. There was a minimum of dissipation of energy in irrelevancies. Discussions were kept to the point and we were saved the embarrassment of intrigues and cabals.

"Second—There was adherence to the proposal of a single conference as originally presented.

"Third—It was the great privilege of our Government through its initial proposal to lead the way in suggesting the proportionate sacrifices which were essential to an agreement for the limitation of naval armament, and thus at the very outset to disarm suspicion and to create the atmosphere essential to harmonious endeavor.

"Fourth—The representatives of the Powers, intent on limited and practical aims which they knew would contribute to their peace and security, exhibited a remarkable spirit of cooperation and a mutual confidence rare in international gatherings."

Tells of Naval Treaty.

Mr. Hughes dwelt upon the naval treaty. Noting that it would not be in force until all the signatory Powers had ratified it and the ratifications been exchanged, he said: "Pending this it is agreeable to note that the papers have been making their plans in conformity with its terms."

He gave the naval situation of each Power since the promulgation of the treaty as follows:

"United States—Immediately after the signing of the treaty the Government of the United States suspended all work on ships under construction, which will be scrapped when the treaty becomes effective. With the exception of the Connecticut, which is about to be placed out of commission, all battleships that must be disposed of under the terms of the treaty are now out of commission and are ready to be scrapped.

"British Empire—By the treaty the British Empire abandoned the construction of the four Hoods which had been projected. I am advised that of the twenty other capital ships which it was provided in the treaty should be scrapped, fourteen have either been already sold and removed by shipbreaking firms for breaking up or have been rendered incapable of war service, and two more of these ships will be rendered incapable of war service before the end of this month.

"Japan—I am informed that Japan has suspended work on the battleships under construction for the scrapping of which the treaty provides; also that certain preliminary preparations have been made so that the other ships destined by the treaty for scrapping may be scrapped as soon as the treaty becomes effective.

France and Italy Exempt.

"The treaty did not call for any scrapping of ships by France or Italy.

"In short, pending the exchange of ratifications of the naval treaty, the signatory Powers are not only not ignoring its provisions, but are making arrangements faithfully to carry out its terms."

Mr. Hughes went on:

"New construction. — The retention by Japan of the completed post-Jutland ship Mutsu required certain compensatory changes in the original proposals. Thus, the United States, under the treaty, is entitled to complete two ships of the West Virginia class. These are being completed, and it is believed that both of these vessels will be commissioned with the coming fiscal year. Upon their completion the United States is to scrap the North Dakota and the Delaware. Great Britain is also entitled under the treaty and is proposing to build two new ships, and on their completion four of the older ships, the Thunderer, King George V, the Ajax and the Centurion are to be scrapped.

"It is to be borne in mind that with these exceptions Great Britain and Japan, as well as the United States, abandoned their building programs for capital ships. This embraced the rest of Japan's 8-8 program and also the four Hoods projected by Great Britain, which would have been the greatest of all ships, with a tonnage believed to be about 49,000 each. The new ships which may be constructed under the treaty or in replacement of the retained ships, may not exceed 35,000 tons (35,560 metric tons).

Where Exceptions Occur.

"Reconstruction or Modernization.—The naval treaty provides that no retained capital ships or aircraft carriers shall be reconstructed except for the purpose of providing means of defense against air and submarine attack. Reconstruction for this purpose is subject to the rules that the contracting Powers may equip existing tonnage with bulge or blister or anti-air attack deck protection providing the increase of displacement thus effected does not exceed 3,000 tons (3,048 metric tons) displacement for each ship. It is also provided that no alterations in side armor, in caliber, number or general type of mounting of main armament is to be permitted. There are two exceptions to this: One in the case of France and Italy and another in the case of the British ship Renown, the alterations to the armor of that ship having been commenced before the conference and temporarily suspended.

Believes All Keep Faith.

"I am advised that the competent authorities of our Government have no information that any Power, pending the exchange of ratifications of the treaty, is proceeding contrary to these provisions.

"When the conference was called Great Britain and the United States were pursuing different policies as to naval construction. Our navy had adopted the policy of constructing new capital ship tonnage without attempting to modernize the older tonnage. Great Britain had adopted a policy of modernizing her older capital ships and she began to put this policy into effect during the war. The result is that in a considerable number of British ships bilges have been fitted, elevation of turret guns increased and turret loading arrangements modified to conform to increased elevation.

"By the reconstruction clauses of the treaty this system is only partly stopped. It is recognized that it is entirely legitimate to allow suitable provision to be made in the older ships for defense against submarine and air warfare. Since the signing of the treaty, and keeping strictly within its terms, Great Britain has continued her policy of modernizing her older ships to meet the dangers of air and torpedo attack.

"On the other hand, it must be remembered that with the completion of the two ships of the West Virginia class we shall have three post Jutland ships with eight 16-inch guns each, and also the Tennessee and California of 32,300 tons with twelve 14-inch guns, which were completed in 1921.

"So far as the United States is concerned the ground of complaint seems to be, not of the treaty standard, but of the fact that the appropriations which have thus far been allowed are not deemed by our experts to permit the personnel needed to maintain adequately the treaty standard and do not provide for the modernization work on older ships to protect against air and submarine attack—that is, work which may be done under the provisions of the treaty by the United States as well as by other Powers.

"Personally, I am strongly in favor of maintaining an efficient navy up to the treaty standard. This does not involve any injurious competition in battleships, but simply makes possible the work and equipment which maintains the security and relative position contemplated by the treaty.

Naval Rivalry Halted.

"The conference put a stop to competition in capital ships—the great fighting ships of the rival navies. It put an end to the existing competitive programs in capital ships. It established the ratio based on existing strength and took the measure of that strength as shown by the proportion of capital ships built and in course of construction.

"Based on that standard of measurement and taking into consideration the factor of age the treaty provides for scrapping which will reduce the present capital ship tonnage of the United States to 500,650 tons, of the British Empire to 580,450 tons and of Japan to 301,320 tons, the ships to be retained to be named in the treaty.

"*Fortifications.*—Failing to find unfairness in these provisions of the treaty there has been some criticism of the agreement to maintain the *status quo* with respect to fortifications and naval bases in the Pacific Ocean. The United States, British Empire and Japan agree to maintain this *status quo* in their respective territories and possessions.

"With respect to the United States this means that we cannot increase our fortifications and naval bases in the Philippines, Guam and the Aleutian Islands. We are free to add to our fortifications and naval bases in the Hawaiian Islands and in the islands adjacent to the coast of the United States, Alaska and the Panama Canal Zone, except the Aleutian Islands.

"It is hardly necessary to say that every naval strategist has looked at Guam as an island of great strategic value. In fact, its position presents such opportunities that commensurate fortifications and naval facilities, however peaceful might be our actual intent, could hardly fail to be regarded as a menacing gesture of no slight consequence.

Naval and Political Facts.

"But while naval facts are important, political facts are just as important. The strategist will accomplish nothing without his Congress. The political consequence of the action he desires cannot be ignored. We have heard so much from naval experts about Guam that I must refer to what Senator Lodge said about this island during the debate in the Senate on the naval treaty:

"He said that he had been 'a good deal amused at the agony of apprehension which some persons have expressed in regard to Guam.' We had taken that island in the Spanish-American war; it was taken by the cruiser Charleston. But we had so little interest in the island that we had never passed any legislation to provide for its government.

"It had been left in the hands of the navy which captured it. The captain of the ship represented the captors and ruled the island. The Senator added that we had never fortified it and nobody would vote spending money in fortifying it."

"Auxiliary Vessels and Light Cruisers—The original American proposal contemplated a limitation of auxiliary combatant craft in a ratio similar to that recognized by the treaty as to capital ships. It was proposed that the tonnage of auxiliary surface combatant craft, including light cruisers, flotilla leaders and destroyers, should be as follows:

"For the United States, 450,000 tons; for the British Empire, 450,000 tons; for Japan, 270,000 tons. Unfortunately this limitaton was not secured. I shall not review the reasons for this, but I may say that the failure is not attributable to us.

American Position Is Same.

"The American position is just the same as it was at the conference, and we should welcome the opportunity to make the agreement upon this subject that we then proposed. So far as I am able to see the difficulties that then stood in the way of such an agreement between the Powers signatory to the treaty still stand.

"It should be noted, however, that while the naval treaty does not limit the total tonnage, or the tonnage of particular classes, of auxiliary combatant craft, it does limit the size and armament of individual vessels of this sort. The treaty effectively limits capital ship tonnage, and a capital ship, in the case of ships hereafter built, is defined as a vessel of war other than an aircraft carrier, with a displacement of more than 10,000 tons or which carries a gun exceeding a caliber of eight inches. The tonnage of aircraft carriers is limited.

"The treaty provides that no vessels of war exceeding 10,000 tons (except capital ships and aircraft carriers as stipulated under the treaty) may be constructed by, or, or within the jurisdiction of any of the contracting Powers. This is a substantial limitation.

As to light cruisers the United States is not as well supplied as it should be, but the treaty does not interfere with adequate provision by the United States to supply this want and it should be supplied. This may be done on a basis which I have no doubt all Powers would recognize as reasonable and without starting an injurious competition.

"Moreover, at the worst, it should be remembered that competition in combatant craft of not more than 10,000 tons with 8-inch guns is a very different thing than unlimited competition in the monster battleships of over 30,000 tons and which in the case of the projected Hoods were running to nearly 50,000 tons.

New Agreement Needed.

"While the three great naval Powers are not under an agreement as to limitation upon the total tonnage of auxiliary combatant craft, it ought to be possible to arrange a modus vivendi which would preclude a wasteful and unnecessary competition. While plans are now being made by other Powers for new construction of auxiliary combatant craft, there is nothing that can be called in any degree alarming. The point of difficulty, so far as the United States is concerned, is that there is not a proper balance in its navy because of the lack of light cruisers, but, as I have said, this could properly be remedied.

Pacific and Far Eastern Questions.—The indirect result of the conference in the Shantung settlement was, as I have said, of controlling importance. The four Power treaty in the simplest manner solved a great problem while pledging nothing contrary to our traditions. It created the atmosphere of peace and confidence in friendly relations, and at the same time provided for the immediate termination of the Anglo-Japanese alliance, thus disposing of one of the most difficult questions relating to the Far East.

"The Chinese treaties give China a magna charta. We could not provide stability for China, but we did provide assurances of respect for her sovereignty, independence and territorial and administrative integrity, and the full and most unembarrassed opportunity to develop and maintain for herself an efficient and stable government. We have done all that we can do for China short of the interference which she resents and we condemn.

"For the first time the principle of the open door, or equality of commercial opportunity, in its application to China has the sanction of a precise definition in appropriate treaty provisions. We were not content with general statement of principles; we proceeded to particulars.

"There is another reason for this course. If we enter another conference we should have an assured basis for a proper agreement by maintaining our existing relative strength. We have established a fair ratio based on existing strength as it stood at the time of the conference and this ratio should not be altered to our prejudice.

"Policy of the Naval Treaty.—The policy of limiting armaments by international agreement has widespread approval. There is no doubt that it has the support of a preponderant sentiment in this country. It seems to be the only way to avoid either a self-imposed sacrifice of security by independent limitation or a competition involving most wasteful expenditures and provocative of war. If you wish peace you must pursue the paths of peace. Reasonable precaution in a prudent preparation for contingencies is one thing; a bellicose disposition and threatening gestures and preparation are quite different.

To a peace loving democracy what could be more agreeable than reasonable security under an agreement which halts a wasteful competition in armament?

Points to Real Question.

"The question really comes, not to the advisability of such an agreement in the abstract, but to the fairness of a particular agreement. One indication that the present naval treaty is fair to all may perhaps be found in the fact that in each of the three countries—the United States, Great Britain and Japan—there were loud complaints that the treaty was to the advantage of the others.

"As all could not be right, it may be proper to assume that what the naval authorities of these countries in attendance at the conference approved, was relatively fair. The definitions with respect to standards of measurement and displacement are the same for all Powers. No unfair advantage is given to any one.

"There was general agreement that capital ship tonnage should be used as the measurement of strength of the respective navies. Of course, there would be differences of view as to any matter of this sort, but this was the opinion of our experts and of others. With this as a basis for the agreement, we took the existing strength of the different navies as they were.

"What could be fairer than that? If one Power could better its position, so could another, and the race would inevitably continue. We insisted, and this was entirely reasonable, that vessels under construction should be counted simply to the extent of the work done at the date of the conference."

WILLS SUMMER WHITE HOUSE.

Baltimore Man Leaves $200,000 for Home for Presidents.

BALTIMORE, Dec. 29.—Provision for the erection of a summer White House for the use of the President of the United States is made in the will of J. Wilson Leakin, lawyer. The will was probated here to-day.

For the purchase of land and the erection of the building $200,000 is left to the United States of America. The site is to be within automobiling distance of Washington. If the legacy is not accepted by Congress within eighteen months after Mr. Leakin's death, the $200,000 is to become part of the residue of the estate.

THE LEADING MINERAL WATER

Two Birthdays

Every man, according to Charles Lamb, has two birthdays—the one, his own natal day—the other, the First of January, when with the birth of the New Year we wipe out old regrets, old scores, failures and worries and make a brand new start. The January rejuvenation is good for business, good for the individual. Every sign pointing towards 1923 is a good sign—for a prosperous year.

Knickerbocker has celebrated two birthdays — its business birthday and the birth of the New Year in New York for nearly half a century serving thousands of old and new Knickerbocker families. The Company's New Year Resolution for 1923 is: Day by Day, in every way, to serve better and better.

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CHINESE PORCELAINS JADES, RUGS
IMPORTANT CARVINGS IN JADE, AMETHYST, CRYSTAL IVORY, LAPIS LAZULI, SNUFF BOTTLES, INCLUDING SOME RARE SPECIMENS, VASES, TEA-BOWLS, STATUETTES, ORNAMENTS, SPECIMENS OF THE TANG AND MING PERIODS, COLORFUL RUGS
To be sold Thursday, Friday, Saturday afternoons, January 4, 5, 6, at 2:30

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AUCTION SESSIONS
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Jan. 3rd, 4th, 5th and 6th at 2 P. M. each day

1123—Covered chop platter vegetable dish of heavy silver plate—$15

FEW week-end guests are so entertaining that a remembrance from Ovington's won't make them even more welcome the next time. And the remembrance of such a remembrance will be quite as enduring as the gift itself.

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