STILL BUSY AT UNSNARLING OF WAR'S TANGLE

Dawes Proposal Based on Versailles Treaty

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(Third Article)

The findings of the Dawes and McKenna Expert Committees of the Reparation Commission open a new stage in the attempts of the Allied capitalists to untangle the baneful economic snarl growing out of their victorious war.

Of these two committees, the one headed by Brigadier General Charles G. Dawes and charged with the task of learning Germany's capacity to pay is of the greatest importance.

Putting Germany on its Feet.

These committees were asked on Nov. 30, 1923, by the reparation commission to "consider the means of balancing the budget and the measures to be taken to stabilize the currency of Germany." On January 14, 1924, the experts went to work.

On April 9, 1924, their findings were made public. On Sept. 1, 1924, the reparation commission officially declared the Dawes' plan in operation after it was approved officially by Great Britain, France, and Germany and unofficially for the United States by the leading Wall Street bankers flanked by the two principal cabinet officers on "vacation" in Europe.

Four Salient Principles.

Before going into an exposition of the elaborate administrative machinery set up by the Dawes' plan to turn Germany into a colony of the international capitalists, dominated by the American imperialists, it would be well to state briefly the salient politico-economic principles underlying the whole program. These are:

First and foremost: The Dawes' proposal is based on the Versailles

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treaty—a treaty of war and dismemberment.

Second: Germany must annually raise sums varying from a billion gold marks in the first year to two-and-a-half billion gold marks in the fifth or normal year and for an indefinite number of years thereafter. The execution of this decision is contingent on Germany's ability to raise these funds from taxation and from other specified sources without disrupting the currency and fiscal systems of the country. All reparation payments are to be adjusted accordingly.

Thirdly: All funds raised within Germany are to be transferred to the Allies. This transfer is contingent upon its not unsettling the exchanges, currencies and budgets of Germany or its creditors. The colection of these funds is to be suspended, if it is impossible to transfer them without such injuries.

Fourthly: The committee estimates the sums to be collected, but does not attempt to decide he sums that are to be transferred from Germany to the Allies. It is further decreed that the payments to be real must consist of real wealth—money being only a medium of transfer. Hence it is recognized that Germany can pay reparations to foreign capitalist creditors only by rendering services and exporting a far greater volume of commodities than it imports. This presently unforseen, if ever predictable, excess is held to be the decisive measure of Germany's capacity to pay reparations.

Machinery of Dawes' Plan.

Considering the two other chief questions: How is the German budget to be balanced and its currency stabilized, at the same time providing for adequate reparations to the Allied governments, that is to the Entente imperialists, the Dawes' committee proposed the following:

1. **A foreign loan** of eight hundred million gold marks is to be floated to aid in the establishment of a new bank of issue, the stabilization of the currency, and towards the payment of the first year's reparations.

2. **A bank of issue** with a capital of four hundred million gold marks, raised in Germany and abroad, is to be established. This bank is to have the exclusive right of "issuing and circulating bank notes in Germany" for fifty years, the period of its charter. It will be the depository for reparation funds and will serve as the banker for the committee charged with the transfer of reparations. This bank is to be administered by a German board of management whose chairman will be the president of the institution. Side by side with, but above this managing board there is to be a general board of fourteen, seven of whom will be foreigners—Belgian, British, Dutch, French, Italian, Swiss and American.

It is this general board which will appoint the bank's president, who is to be its chairman and who is to choose the personnel of the managing board. The general board also appoints the commissioner who is to be one of its members and will be charged with the enforcement of "the law establishing the bank, and the regulations relative to its issue of notes and the maintenance of the bank reserves."

The careful provisions of the foreign capitalists to control and determine Germany's currency is obvious, despite the roundabout and somewhat complicated machinery set up. The bank is to be the fiscal agent and depository of the German government, but is to be privately owned and free from government control.

3. The new bank is to maintain a gold reserve of 33 1-3 per cent in order to help stabilize the currency.

Sources of Revenue.

4. The following will be the sources of revenue: The foreign loan of eight hundred million gold marks as part of the first year's payment; a mortgage on German ralways, a mortgage on its industries; a transport tax, revenue from the general budget, guaranteed by the "controlled revenues" specified below.

(a.) **The railways:** There are to be issued eleven billion gold marks ($2,750,000,000) first mortgage 5 per cent bonds, with one per cent singing fund, against the German railways. Two billion marks of preference shares, of which only a half billion marks are to be in the hands of the government, will also be issued. Common stock for thirteen billion gold marks will be turned over to the government. Thus it is expected to get 660 million gold marks from this source.

(b.) **A transportation tax** of 6 per cent on gross receipts from railway traffic will net 290 million gold marks annually.

(c.) **Industries:** There are to be issued five billion gold marks of first mortgage five per cent bonds, with one per cent sinking fund, against German industries, excepting agriculture. Interest payments will gradually rise up to this rate beginning with two and one-half per cent in the second year. Three hundred million gold marks are to be plucked annually in this fashion.

(d.) **"Controlled Revenues":** The Treaty of Versailles declared that the rate of taxation in Germany must not be lower than in the Allied countries. On this basis it is declared that the German budget will permit, until 1928-1929 the payment towards reparations of a sum up to 1,250 million gold marks. These revenues are to be secured thru taxes on tobacco, alcohol, customs, beer and sugar. Whatever is raised above this sum reverts to the German government. A commissioner of controlled revenues, aided by five assistants, supervises these revenues.

The taxes on alcohol, customs, beer and sugar are to be considered as collateral security for the payments chargeable to the general budget. In the first five years alone the reparations are expected to total 7,670 million gold marks.

Masses to Pay to the Limit.

The Dawes' committee further declared that in its opinion these reparations schedules could be met without hardships by Germany thru 1928-1929. After that year the increase in payments is to be based on what it chose to call an "index of prosperity." This measure is determined by the totality of German exports and imports, the budget of receipts, the railroad traffic receipts, budgetary yields, total population, vital statistics, emmigration records and consumption of coal and lignite. The League of nations is to arbitrate all disputes as to the use of this index.

In order to make economically possible the maximum payment by the German masses and in order to make secure the foreign investments that are about to be made on a grand scale in Germany, the evacuation of the Ruhr by the Franco-Belgian forces is to be completed within a year.

Consequently the German masses are to be called upon to pay as much as they possibly can. The more they will seem to be able to stand, the more and the heavier will be the burdens placed upon them

Injured Workers Are Considered Suspicious Characters by Bosses