

# FRENCH WANT LARGE INDEMNITY FROM GERMANS, BUT FEAR TO LET THEM EARN IT, SAYS VANDERLIP

Country, Burdened With Huge Debt, Pictured as Facing Dwindling Manpower—Money Needed

Immediate Necessity Seen in Providing Income for Budget That Foots More Than \$23,000,000,000

By FRANK A. VANDERLIP

France thrills one with admiration that there was in the world a nation of such superb valor, but one sighs if he studies the present position of that gallant nation.

France never stopped to count the price in courage and manhood that she must pay to defend herself from the Hun. There was never any reckoning as to what the future had in store. And no more did France count the financial cost. Indeed, I think the French mind grows bewildered when the unit of a billion is reached. They call it a milliard, and after you have named nine nines to a figure the French mind no longer follows. It got to be all the same when the debt of France piled up to a hundred milliards and then two hundred, and when engagements were made that will take it far beyond that figure.

With some capacity for adding two and two, the first thing that struck me in France was the disparity between budget requirements and anything that taxation has yet yielded. I talked with ministers, legislators and bankers, but none of them shared my anxiety. All of them, in the month of February, still felt confident that the national financial position was to be made right by the



When the Hun came France never stopped for an instant to count the cost—in human lives or in francs. There was no reckoning on the future.

"Indeed," writes Mr. Vanderlip, "I think the French mind grows bewildered when the unit of billions is reached."

Quite aside from military losses the French state is facing a dwindling man power. Statistics show eight hundred thousand more deaths than births during the war period.

France owes billions to Great Britain and United States. Her outside income is woefully decreased. She has \$240,000,000 in interest to meet yearly.

There is plenty of latent bolshevism in France. But the thousands of small land owners of France are the sheet anchor that is holding the republic fast to its ideals.

payment of indemnity. They were hazy on how that indemnity was to be paid, in just what form the payments were to be made. But of one thing they were very certain: It would be a deadly danger to France if German industry were allowed to recover before French industry was on its feet, and France in the future be flooded with German goods.

A Dutch banker in talking with me one day threw up his hands in despair over the French mind. "They want to milk the cow and cut its throat at the same time," he said.

### Dwindling Man Power

France had a visible aspect of having been bled white. Men far along in the forties could be seen in soldier uniform, and everywhere there seemed an actual shortage of human power. It is sad to remember that during the war the population of France, quite aside from all military losses, showed a decrease of 800,000—800,000 more deaths than births.

But in trying to get some estimate of the future of France I wanted, so far as possible, to get the awful picture of the battlefield out of my mind, and re-

member that south of that terrible scar still lies unharmed one of the most beautiful countries in all the world. The devastating hand of war has only blighted, after all, a comparatively small area, even though that area hold an important proportion of the total of all French industry.

Facts must be looked in the face, although perhaps less than any other nation involved in the war has France been disposed to look facts in the face. It must be remembered that her pre-war debt was about \$160 per capita; that the balancing of her pre-war budget was difficult, and that no recent government had felt strong enough to carry out the pressing and necessary funding of her floating debt. Today her bonded debt is about \$23,000,000,000, or about \$650 per capita; there are 35,000,000,000 francs of short term unfunded obligations. The government owes the Bank of France 20,000,000,000.

### The Immediate Problem

Her immediate necessity is to provide income for a budget that foots over twenty-three billions. Her income from taxation before the war was over three

and one-half billions (1913), and, of course, a large area in which taxes were gathered then can contribute nothing to the national treasury for several years. Her new territory will, perhaps, compensate this loss. The estimated national wealth of France before the war was four hundred billion francs. If the present wealth of France were calculated in a depreciated currency it might, without any increase over the true value before the war, reach a figure very much higher than four hundred billion.

Conceivably the measure of the wealth would be so great in francs that with a debt of, say two hundred and fifty billion francs, it would be only one-third or one-fourth of the total national wealth instead of, as it now appears to be, five-eighths or three-fourths of the total national wealth. However, it must be remembered that inability to collect taxes from certain districts is equivalent to an increase in the total debt. To comment on what these figures mean would be brutal.

### French Foreign Loans

Before the war France was helped to meet that trade balance by a huge income from foreign securities owned by her people. These foreign securities included an investment of twenty billion francs in Russian Government bonds; five billion francs in Russian industries; five billion francs in Turkish obligations and a substantial amount in Greek and Balkan securities. Here was at least a billion and a half francs coming in annually in the form of interest payments and it was this income that balanced her international account. For a time the government took up from French investors the dishonored Russian coupons, but it has announced that it can do so no longer.

### Desperate Cause

The depletion of her income from outside the nation is only half the story, however. Before the war French investors held all the obligations of their own government. Today France owes England \$434,400,000 and America \$2,802,477,000. At the moderate rate of 5 per cent she needs new exports amounting to \$245,000,000 in value to meet that interest engagement alone. With her outside income decreased by a billion and a half francs,

with a new obligation of \$240,000,000 to meet the interest on her foreign indebtedness, and with her capacity for merchandise export cruelly depleted, the problem of balancing her international account is one that calls for the wisest financial minds that ever engaged themselves with a desperate cause.

By the time I returned to Paris after visiting Switzerland, Italy and Spain, I found considerable change in the atmosphere. Men in authority were beginning to realize something of the inexorable logic of the figures and to wonder what was to be done. With pathetic unanimity their mind turned toward America's assuming part of France's debt. It was not usually put so directly as that, but one could not talk to an important Frenchman for five minutes that he did not bring forward a plan, logical in construction, plausible in appearance, but always leading up to America dividing with the Allies the war burden.

### Taxes Not Increased

France has not raised taxes as England and America have. The politicians fear the antipathy of the French toward increased taxes. Probably any

government that attempts seriously to raise taxes will fail. The gap is so great between present income and the budget demands that it would need a truly heroic finance minister who will propose a tax scheme that will close that gap.

The great anchor at France, so far as its internal political safety is concerned, lies in the fact that there are six million landowners, and that the whole nation is made up of small investors. In some of the industrial centers, such as Lyons and St. Etienne there is plenty of latent bolshevism. There is, of course, an active socialist party, but France would not seem good soil in which to propagate the ideas of Bolshevik communism.

(Tomorrow Mr. Vanderlip will discuss "The Syndicalist Terror.")

### LONDON METAL MARKET

New York, July 23.—Cable advices received at the New York Metal Exchange this morning quoted prices in London as follows: Tin—Spot, 125 1/2; and straits, 125 1/2; a drop of 1/2. Sales—Spot, 100 tons; futures, 200 tons. Standard copper—Spot, 110 1/2; a drop of 1/2. Futures, 110 1/2. Sales—Spot, 110 1/2; futures, 112 1/2. A drop of 1/2. Lead—Spot, 12 1/2; unanchored, futures, 12 1/2. Sales—Spot, 143 1/2; a drop of 1/2. Futures, 143 1/2; a drop of 1/2.

## COTTON GOES LOWER AFTER GOOD START

Realizing Sales Bring Reaction in Prices—Oats Weaken Following Strength

Chicago, July 23.—Considerable realizing occurred in the corn market today, and after the market had displayed strength in the forenoon prices reacted materially from the top.

At first there was general buying by commission houses on a further jump in hogs to \$23.35, a new top mark; continued dry weather in the belt and fears of rising temperatures, December made a new high record.

On the upturn commission houses had orders to sell and loaded up local interests who later liquidated because of weakness in oats. The outlook for dry weather stimulated support on the set back. Some authorities insisted that the crop could go another ten days

without rain unless the weather gets too hot.

Oats weakened after a stronger start. The initial upturn was due to continued dry weather, but hedging pressure was quite prolonged and realizing sales were heavy. Offerings from the country to arrive were liberal, and there were reports that the government was offering 1,500,000 bushels of oats for sale in and around New York. These oats were bought originally at considerably less than present prices. Sea-board operators also tried to resell.

It was reported that elevators were accumulating oats against a prospective falling off in receipts, when the movement in wheat picks up, as cars are scarce in many districts. The eastern demand is poor and export conditions are none too promising.

Leading futures ranged as follows:

Corn (new delivery)	Open	High	Low	Close	Yest.
Sept.	1.95 1/2	1.96 1/4	1.94 1/2	1.94 1/2	1.94 1/2
Dec.	1.94 1/2	1.95 1/4	1.93 1/2	1.93 1/2	1.93 1/2
Jan.	1.93 1/2	1.94 1/4	1.92 1/2	1.92 1/2	1.92 1/2
Feb.	1.92 1/2	1.93 1/4	1.91 1/2	1.91 1/2	1.91 1/2
Mar.	1.91 1/2	1.92 1/4	1.90 1/2	1.90 1/2	1.90 1/2
Apr.	1.90 1/2	1.91 1/4	1.89 1/2	1.89 1/2	1.89 1/2
May	1.89 1/2	1.90 1/4	1.88 1/2	1.88 1/2	1.88 1/2
June	1.88 1/2	1.89 1/4	1.87 1/2	1.87 1/2	1.87 1/2
July	1.87 1/2	1.88 1/4	1.86 1/2	1.86 1/2	1.86 1/2
Aug.	1.86 1/2	1.87 1/4	1.85 1/2	1.85 1/2	1.85 1/2
Sept.	1.85 1/2	1.86 1/4	1.84 1/2	1.84 1/2	1.84 1/2
Oct.	1.84 1/2	1.85 1/4	1.83 1/2	1.83 1/2	1.83 1/2
Nov.	1.83 1/2	1.84 1/4	1.82 1/2	1.82 1/2	1.82 1/2
Dec.	1.82 1/2	1.83 1/4	1.81 1/2	1.81 1/2	1.81 1/2
Jan.	1.81 1/2	1.82 1/4	1.80 1/2	1.80 1/2	1.80 1/2
Feb.	1.80 1/2	1.81 1/4	1.79 1/2	1.79 1/2	1.79 1/2
Mar.	1.79 1/2	1.80 1/4	1.78 1/2	1.78 1/2	1.78 1/2
Apr.	1.78 1/2	1.79 1/4	1.77 1/2	1.77 1/2	1.77 1/2
May	1.77 1/2	1.78 1/4	1.76 1/2	1.76 1/2	1.76 1/2
June	1.76 1/2	1.77 1/4	1.75 1/2	1.75 1/2	1.75 1/2
July	1.75 1/2	1.76 1/4	1.74 1/2	1.74 1/2	1.74 1/2
Aug.	1.74 1/2	1.75 1/4	1.73 1/2	1.73 1/2	1.73 1/2
Sept.	1.73 1/2	1.74 1/4	1.72 1/2	1.72 1/2	1.72 1/2
Oct.	1.72 1/2	1.73 1/4	1.71 1/2	1.71 1/2	1.71 1/2
Nov.	1.71 1/2	1.72 1/4	1.70 1/2	1.70 1/2	1.70 1/2
Dec.	1.70 1/2	1.71 1/4	1.69 1/2	1.69 1/2	1.69 1/2
Jan.	1.69 1/2	1.70 1/4	1.68 1/2	1.68 1/2	1.68 1/2
Feb.	1.68 1/2	1.69 1/4	1.67 1/2	1.67 1/2	1.67 1/2
Mar.	1.67 1/2	1.68 1/4	1.66 1/2	1.66 1/2	1.66 1/2
Apr.	1.66 1/2	1.67 1/4	1.65 1/2	1.65 1/2	1.65 1/2
May	1.65 1/2	1.66 1/4	1.64 1/2	1.64 1/2	1.64 1/2
June	1.64 1/2	1.65 1/4	1.63 1/2	1.63 1/2	1.63 1/2
July	1.63 1/2	1.64 1/4	1.62 1/2	1.62 1/2	1.62 1/2
Aug.	1.62 1/2	1.63 1/4	1.61 1/2	1.61 1/2	1.61 1/2
Sept.	1.61 1/2	1.62 1/4	1.60 1/2	1.60 1/2	1.60 1/2
Oct.	1.60 1/2	1.61 1/4	1.59 1/2	1.59 1/2	1.59 1/2
Nov.	1.59 1/2	1.60 1/4	1.58 1/2	1.58 1/2	1.58 1/2
Dec.	1.58 1/2	1.59 1/4	1.57 1/2	1.57 1/2	1.57 1/2
Jan.	1.57 1/2	1.58 1/4	1.56 1/2	1.56 1/2	1.56 1/2
Feb.	1.56 1/2	1.57 1/4	1.55 1/2	1.55 1/2	1.55 1/2
Mar.	1.55 1/2	1.56 1/4	1.54 1/2	1.54 1/2	1.54 1/2
Apr.	1.54 1/2	1.55 1/4	1.53 1/2	1.53 1/2	1.53 1/2
May	1.53 1/2	1.54 1/4	1.52 1/2	1.52 1/2	1.52 1/2
June	1.52 1/2	1.53 1/4	1.51 1/2	1.51 1/2	1.51 1/2
July	1.51 1/2	1.52 1/4	1.50 1/2	1.50 1/2	1.50 1/2
Aug.	1.50 1/2	1.51 1/4	1.49 1/2	1.49 1/2	1.49 1/2
Sept.	1.49 1/2	1.50 1/4	1.48 1/2	1.48 1/2	1.48 1/2
Oct.	1.48 1/2	1.49 1/4	1.47 1/2	1.47 1/2	1.47 1/2
Nov.	1.47 1/2	1.48 1/4	1.46 1/2	1.46 1/2	1.46 1/2
Dec.	1.46 1/2	1.47 1/4	1.45 1/2	1.45 1/2	1.45 1/2
Jan.	1.45 1/2	1.46 1/4	1.44 1/2	1.44 1/2	1.44 1/2
Feb.	1.44 1/2	1.45 1/4	1.43 1/2	1.43 1/2	1.43 1/2
Mar.	1.43 1/2	1.44 1/4	1.42 1/2	1.42 1/2	1.42 1/2
Apr.	1.42 1/2	1.43 1/4	1.41 1/2	1.41 1/2	1.41 1/2
May	1.41 1/2	1.42 1/4	1.40 1/2	1.40 1/2	1.40 1/2
June	1.40 1/2	1.41 1/4	1.39 1/2	1.39 1/2	1.39 1/2
July	1.39 1/2	1.40 1/4	1.38 1/2	1.38 1/2	1.38 1/2
Aug.	1.38 1/2	1.39 1/4	1.37 1/2	1.37 1/2	1.37 1/2
Sept.	1.37 1/2	1.38 1/4	1.36 1/2	1.36 1/2	1.36 1/2
Oct.	1.36 1/2	1.37 1/4	1.35 1/2	1.35 1/2	1.35 1/2
Nov.	1.35 1/2	1.36 1/4	1.34 1/2	1.34 1/2	1.34 1/2
Dec.	1.34 1/2	1.35 1/4	1.33 1/2	1.33 1/2	1.33 1/2
Jan.	1.33 1/2	1.34 1/4	1.32 1/2	1.32 1/2	1.32 1/2
Feb.	1.32 1/2	1.33 1/4	1.31 1/2	1.31 1/2	1.31 1/2
Mar.	1.31 1/2	1.32 1/4	1.30 1/2	1.30 1/2	1.30 1/2
Apr.	1.30 1/2	1.31 1/4	1.29 1/2	1.29 1/2	1.29 1/2
May	1.29 1/2	1.30 1/4	1.28 1/2	1.28 1/2	1.28 1/2
June	1.28 1/2	1.29 1/4	1.27 1/2	1.27 1/2	1.27 1/2
July	1.27 1/2	1.28 1/4	1.26 1/2	1.26 1/2	1.26 1/2
Aug.	1.26 1/2	1.27 1/4	1.25 1/2	1.25 1/2	1.25 1/2
Sept.	1.25 1/2	1.26 1/4	1.24 1/2	1.24 1/2	1.24 1/2
Oct.	1.24 1/2	1.25 1/4	1.23 1/2	1.23 1/2	1.23 1/2
Nov.	1.23 1/2	1.24 1/4	1.22 1/2	1.22 1/2	1.22 1/2
Dec.	1.22 1/2	1.23 1/4	1.21 1/2	1.21 1/2	1.21 1/2
Jan.	1.21 1/2	1.22 1/4	1.20 1/2	1.20 1/2	1.20 1/2
Feb.	1.20 1/2	1.21 1/4	1.19 1/2	1.19 1/2	1.19 1/2
Mar.	1.19 1/2	1.20 1/4	1.18 1/2	1.18 1/2	1.18 1/2
Apr.	1.18 1/2	1.19 1/4	1.17 1/2	1.17 1/2	1.17 1/2
May	1.17 1/2	1.18 1/4	1.16 1/2	1.16 1/2	1.16 1/2
June	1.16 1/2	1.17 1/4	1.15 1/2	1.15 1/2	1.15 1/2
July	1.15 1/2	1.16 1/4	1.14 1/2	1.14 1/2	1.14 1/2
Aug.	1.14 1/2	1.15 1/4	1.13 1/2	1.13 1/2	1.13 1/2
Sept.	1.13 1/2	1.14 1/4	1.12 1/2	1.12 1/2	1.12 1/2
Oct.	1.12 1/2	1.13 1/4	1.11 1/2	1.11 1/2	1.11 1/2
Nov.	1.11 1/2	1.12 1/4	1.10 1/2	1.10 1/2	1.10 1/2
Dec.	1.10 1/2	1.11 1/4	1.09 1/2	1.09 1/2	1.09 1/2
Jan.	1.09 1/2	1.10 1/4	1.08 1/2	1.08 1/2	1.08 1/2
Feb.	1.08 1/2	1.09 1/4	1.07 1/2	1.07 1/2	1.07 1/2
Mar.	1.07 1/2	1.08 1/4	1.06 1/2	1.06 1/2	1.06 1/2
Apr.	1.06 1/2	1.07 1/4	1.05 1/2	1.05 1/2	1.05 1/2
May	1.05 1/2	1.06 1/4	1.04 1/2	1.04 1/2	1.04 1/2
June	1.04 1/2	1.05 1/4	1.03 1/2	1.03 1/2	1.03 1/2
July	1.03 1/2	1.04 1/4	1.02 1/2	1.02 1/2	1.02 1/2
Aug.	1.02 1/2	1.03 1/4	1.01 1/2	1.01 1/2	1.01 1/2
Sept.	1.01 1/2	1.02 1/4	1.00 1/2	1.00 1/2	1.00 1/2
Oct.	1.00 1/2	1.01 1/4	0.99 1/2	0.99 1/2	0.99 1/2
Nov.	0.99 1/2	1.00 1/4	0.98 1/2	0.98 1/2	0.98 1/2
Dec.	0.98 1/2	0.99 1/4	0.97 1/2	0.97 1/2	0.97 1/2
Jan.	0.97 1/2	0.98 1/4	0.96 1/2	0.96 1/2	0.96 1/2
Feb.	0.96 1/2	0.97 1/4	0.95 1/2	0.95 1/2	0.95 1/2