

EUROPE FACING HORRORS OF STARVATION FOR ANOTHER YEAR

Breakdown of Transportation Not to Be Overcome Easily and People in Populous Centers in the Interior Must Suffer.

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WHAT HAPPENED TO EUROPE? III. Blocked Arteries of Commerce.

If there were nothing else the matter with Europe except the breakdown of railway transportation, most of the European nations would be facing a problem of gigantic proportions, the early settlement of which is not only essential to the resumption of industrial life, but is actually essential to maintaining life itself in some of the large centers. Hundreds of thousands of people have starved to death in the last 12 months in Europe. I am not using figures as it is said Lloyd George does, merely as adjectives. There is competent authority for such a statement. This terrible catastrophe has only in part been caused by lack of food. In an important measure disaster was directly caused by the physical inability to move stores of existing food into localities where people were dying of starvation. At one time there were a hundred unloaded cargoes of food in the harbor of Marseilles, held there because presiding cargoes were blocking the lines of transportation.

The railroads of Spain were, on the whole, in much better condition than I expected to find them. In France the system has wonderfully stood the test of the enormous movement which has been imposed upon it. But equipment is deficient, and much of it unbelievably ancient. Added to that is the inefficient system of handling the traffic. One of our high military officers described the dispatching of a freight car, say from Brest to Paris, as comparable with dropping a letter in a mailbox. Some time, presumably, the car would arrive at its destination, but in the meantime there was no record of its whereabouts.

No matter how important it was to have it reach its destination, no way existed to trace it, and it might be lost on a sidetrack for a month. The situation in France or even in Belgium is by no means illustrative of the situation further east. It is true that in Belgium the Germans took up practically all double track, even on the principal main through lines and have left a single track. Literally hundreds of masonry bridges have been destroyed in Belgium and northern France. It is easy to say that all this damage can be readily repaired, and so it can in time.

My point is that it has not been repaired and at the present moment the tremendous handicap resulting from an inability promptly to move freight would alone be an enormously disorganizing factor to the industrial life of these countries.

Equipment Dilapidated.

As one goes further east, however, the transportation system is found to be far more seriously disorganized. It is true that there has now been established some through services that might be taken to indicate a return to normal railroading conditions. One can travel from Paris to Warsaw, or to Belgrade, Bucharest or Constantinople. When it comes to transporting freight through the whole district east and south of Germany and of Austria, Hungary, the situation assumes serious aspects. Serbia was swept almost clean of all railway equipment. I was told that at the date of the armistice there were but nine locomotives left in Serbia.

The situation is bad in Greece as well as in Rumania, Czechoslovakia, Poland and Lithuania. In Russia the locomotives seem to have been run until they ceased to function and then were deserted. Little if any effort being made at repairs, and it is here that there are the most notable examples of starvation and ample food supplies not distinctly separated.

I have the highest possible authority for the prediction that the food situation will be more serious in the spring and summer of 1920 than it has been this year, and indeed that it will be so serious that, taking into account the breakdown of transportation, it will be

impossible to prevent another horror of starvation even if the ports of Europe are amply supplied with food. I am not arguing that this whole situation cannot be readily put to rights, but I do say that no substantial start has yet been made to do so, that even no systematic plan has yet been developed, and that under the very best of conditions, the task is one that will consume a great deal of time. In the interval the transportation situation presents a most serious obstacle to the distribution of food and necessities, and makes doubly difficult the restarting of industry. Among all of Europe's needs, none is more poignant than the rehabilitation of her railroads.

Occasionally I had an interview that was so rich in material and that was given under such circumstances that I could make very brief running notes. I find in my notebook, which indeed is a lamentably scanty and scrappy one, the notes of an interview I have had with a man who has made a great success on two continents and knows thoroughly from personal experience the railroad conditions in America, England and in Europe, and who has rendered distinguished service throughout the war. My talk with him ranged over many subjects. Portions of the interview would logically fall in various chapters of this book, but perhaps it will be an interesting and readable story to you. I have an outline of what he had to say without any attempt at logical arrangement.

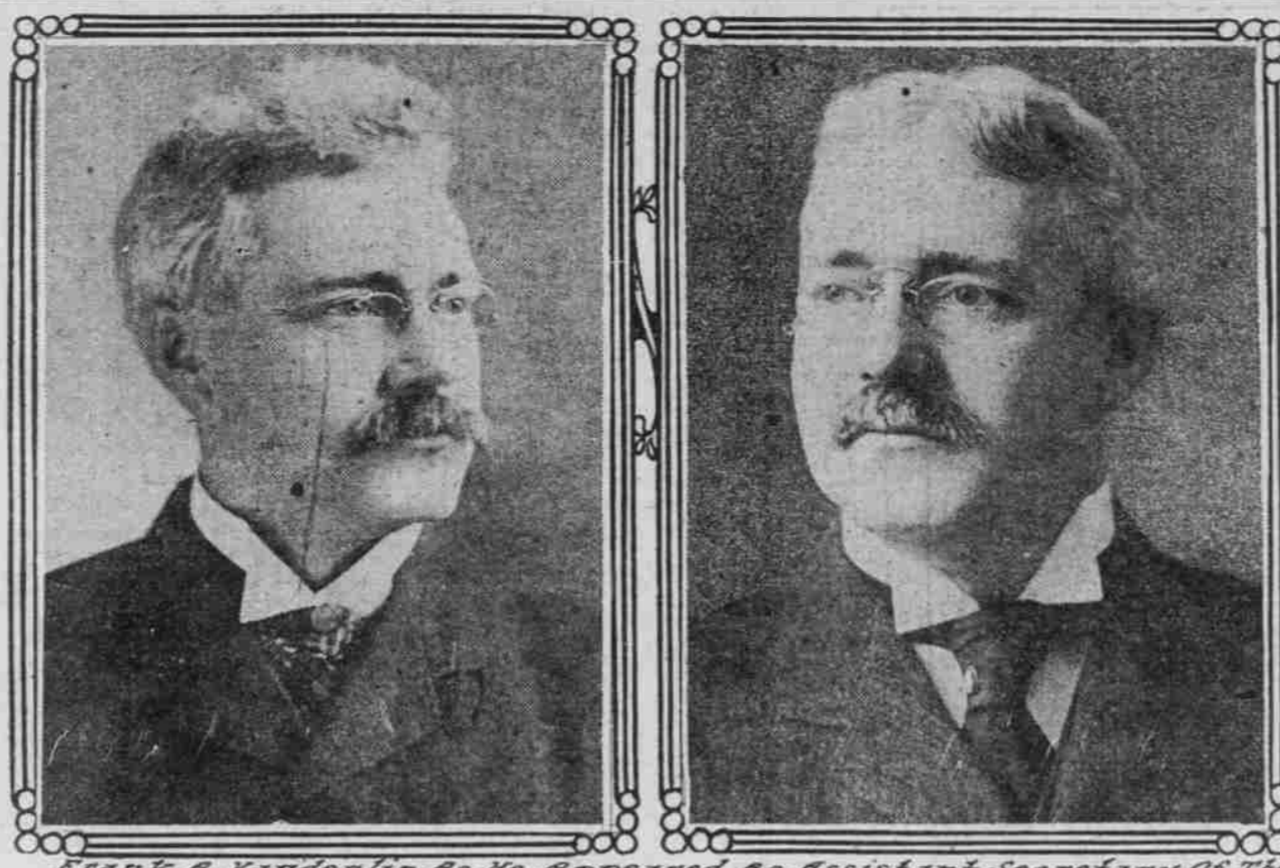
"In France the railroad tariff is fixed by law. It is now admittedly too low, but there has been an indisposition materially to increase it. The result is a deficiency in income and a serious decline in the physical condition of the rolling stock. The French railroads seem never to scrap rolling stock. I have seen a locomotive regularly running on a French railroad that bore the date 1857 on its nameplate. That locomotive would be in a museum in America. Its boiler tubes were all of copper. It is today in regular operation. The way in which France has conserved her rolling stock is indeed a wonder if Americans have not gone mad on rebuilding railroads.

"Economical as is the management of the French lines, the income at the present too low rates is not sufficient to keep up properly their physical condition. The allies have paid the Nord railway three million pounds on account, and that is all that has kept the road going. The finances of all the French roads are in a museum in America. Its boiler tubes were all of copper. It is today in regular operation. The way in which France has conserved her rolling stock is indeed a wonder if Americans have not gone mad on rebuilding railroads.

"The English public is divided upon the subject of nationalization. The subject, however, is not so complicated as it is in America. The difference between the railroad situation in the United States and in England lies in the fact that there is no vindictiveness in England between the government, the railways and labor. There has been no such acts in England as the taking away of private cars, or the reducing of salaries of managers. The English public always stands for fair play. 'Is it cricket?' is a question ever in the minds of Englishmen. In America the policy of legislators and of the Interstate Commerce commission has often been vindictive. England will probably be slow in making its final decision in regard to the railroads. It is the habit there to consider public questions carefully, but in the end it will be fairly considered and the owners of railroad securities will be treated fairly.

Against Political Influence.

"Personally, I think the government ought to get out of the railroad business. Political influences will always hamper its policy of management. I doubt if railroads can ever be publicly



Frank A. Vanderlip As He Appeared As Assistant Secretary Of The Treasury And A More Recent Portrait.

run successfully in a democracy, although perhaps they can in an autocracy. "In an unguarded moment the government promised the unions that it would sympathetically consider an eight-hour day. With the armistice the unions immediately came forward and demanded an eight-hour day at once. Lloyd George, Sir Albert Auckland, Stanley Geddes and Sir Herbert Walker all made promises before election that are now difficult to carry out. During the war hours ranged from 10 to 12 a day, and sometimes there were cases of men working 16 hours a day. An eight-hour day would add \$25,000,000 annually to the operating expenses. The present increase of wages over the pre-war total is \$55,000,000, so that if an eight-hour day is granted on top of the present wages, the operating costs for labor alone will be \$80,000,000 more than prior to the war.

English Public Divided.

"Standardization, co-operation and the operation of all the roads as one system will save about \$15,000,000 per annum, leaving \$65,000,000 to be met by increased rates. Railway economists agree that this cannot be done. It means doubling the expense. Winston Churchill before election promised nationalization. His unauthorized promise was not denied until after the election. Now England is to have a new ministry of ways and transportation, but as yet no definite government policy has been announced.

Britain and Capital Needed.

"You ask what America should be doing in Europe. Europe is fairly crying for brains and capital. There are possibilities everywhere, and there are particular possibilities in some of the by-ways of Europe that capital does not think of. Portugal is one. Clear-sighted engineers with a business sense would find many opportunities in Portugal, and in Spain. There are great mineral resources there and an excellent climate.

"What France ought to do is to let capital and brains flow in and give vitality to her whole industrial life. She should do away with her restrictions. But in fact she has become more vindictive than ever. Do not be deceived, however, by the possibility of recovery in France. France has been very sick, but there is nothing wrong with her constitution. 'Foreigners can do business in France if they will only learn how to go about it. Americans particularly do not know how to deal with Frenchmen. Americans are too direct and too blunt.

Truce Investigation.

"If America will study these opportunities and will link imagination with an actual knowledge of existing conditions, she can, with her ways of dealing with things, make a new world out of these backward countries. The greatest export America could send to those countries would be men with a knowledge of construction, of finance and of management. These countries have had bad government so long that there is no impetus left in the native people and they have made no progress, in spite of having natural resources that would have supported great development.

An Economic Madhouse.

"An important factor contributing to the present commercial disorganization of Europe is to be found in the situation of the currencies of the various nations. The chaos in the circulating medium is enough to make Europe seem like an economic madhouse. The very first days of the war saw experiments in currencies by the greatest countries which departed from all experience and disregarded in many cases all sound principles. England itself in the first days of the war had to resort to a fiat issue by the government. Gold which was the general medium of exchange aside from the Bank of England notes, disappeared from circulation overnight.

elasticity, and the government was forced to begin the printing of fiat notes before suitable paper could be found or adequate plates engraved. Today the amount of government notes outstanding in Great Britain amounts to more than one and a half billion dollars. Against this there is held a special deposit of gold amounting to \$5,500,000 pounds or roughly \$140,000,000.

Theoretically the notes are redeemable in gold. Practically the holder of either these notes or the notes of the Bank of England would be so closely questioned in regard to the use he intended to make of the gold, if he demanded their redemption in gold, that their redemption quality is for the present a fiction. No one is permitted to export gold from England without a government license, and that license in fact is not granted. A bank deposit in England is payable only in Bank of England notes or the government currency notes, and as these notes will not be redeemed in gold on demand, the pound sterling has ceased to represent gold.

Notes Irredeemable.

In France the sole national issue of circulating notes are those of the Bank of France. The outstanding issue of these notes of the Bank of France has gone up from about 5,000,000,000 francs before the war to over 34,000,000,000, with the limit of issue set at 40,000,000,000 francs. The notes are at present irredeemable and all gold has disappeared from circulation. It is well to stop a moment and translate these figures so that our minds can grasp their significance. The circulation of the Bank of France now amounts to about \$100,000,000,000. This gives an average amount of circulation per capita of roughly \$166. Our own circulation is \$25,862,288,000, or \$24.64 per capita. France with its 39,000,000 of people and its area less than that of our south Atlantic states has \$750,000,000 more circulation than we have in the United States.

Bank Note Issue Varied.

In Belgium the pre-war circulation consisted of the notes of the National Bank of Belgium. When the German government came into Brussels they were not in a position to command a further issue by the national bank, but they compelled the leading commercial bank, the Societe Generale, to put out an issue. The volume of this issue grew to large figures, but large as it was it was supplemented by issues by every town of importance in Belgium. I have seen a collection of these issues of Belgian and French city currency which filled two large scrap books of English a hundred pages each, each page of which was covered with an endless variety of notes.

No Place for Money.

This program of wholesale counterfeiting by the bolsheviks in other nations required money and so they set to work counterfeiting the notes of other nations with the double object in view of furnishing funds for the immediate use of bolshevik propagandists in other countries and for the deeper purpose of destroying confidence of other peoples in their own circulation by injecting perfectly executed counterfeit notes into the circulation of other countries. No one professes accurately to know how far this diabolical scheme has been successful. It is regrettable that in this connection the bolsheviks had the example of one of the allies, who counterfeited the mark while the war was on and gave the counterfeit paper to German socialists to help their propaganda in Germany.

How the Bolsheviki Worked.

In normal times of peace the great varieties of currency circulating in Europe always tended to hamper the freedom of commercial operations. The difficulties which flow in the train of the numerous and extremely complicated issues now in circulation make the currency situation on the continent a serious obstacle in the way of returning to a normal economic life. (Copyrighted, 1919 by the MacMillan Co.) (Another article by Mr. Vanderlip will be printed next Sunday.)

HIGH LIGHTS ON TOPICS THAT LOOM LARGE JUST NOW

ZOTS OF PROGRESS BUT NOT MUCH CHANGE

COST OF LIVING (30 YEARS AGO)

COST OF LIVING (20 YEARS AGO)

COST OF LIVING (10 YEARS AGO)

COST OF LIVING (1860)

COST OF LIVING (AND THE PRESENT)

YOUR LITTLE OLD INCOME

UNIONIZED PROFESSORS AT SCHOOL BOARDS

AMERICAN FEDERATION OF LABOR

LIVING WAGE

PLUMBERS UNION

BRICKLAYERS UNION

WAGERS

CARPENTERS UNION

LEAGUE OF NATIONS

WHEN THE SENATE GETS IN THE RING WITH THE LEAGUE OF NATIONS

AND WHEN THE PRESIDENT CONDUCTS THE PERFORMANCE

RUN FOR YOUR LIVES! EVERYBODY!

THE PROFESSORS UNION WILL TAKE A LITTLE OF THE SAME PLEASE!

YOU'D HARDLY RECOGNISE IT AS THE SAME ANIMAL, NOW WOULD YOU

ADOLPH T. SORENSON