

German Hope Lies in Agreement of France and Britain

Parley Result Bears on Future of Country—Needs Financial Aid—Split-Up Is Feared.

(Continued From First Page.)
revolution in terms of the mere overthrow of the present national government and the substitution of another national government. What everybody fears as the next phase is a Germany separated into several independent states and kingdoms. If this should happen, part of Germany would go Protestant monarchist, part would go Catholic monarchist, part would go communist and part would try to go along as an ordinary democracy, but would probably be chewed up by the others.

In Berlin and throughout Prussia generally, the reactionary party thinks in terms of reviving the monarchy with one of the former Kaiser's young grandsons (too young to be associated with the discredit attaching to the Kaiser and the family generally) in the role of a new king and the restoration of the monarchy of the Kaiser's less unpopular sons.

But while his would suit the reactionaries of Prussia, it would not suit the reactionaries of Bavaria at all. Just as Protestant Prussia will listen to no talk of a Catholic dynasty, so does Catholic Bavaria refuse to consider a Protestant dynasty. In the monarchist parts of Bavaria, and in all those portions of southern Germany where the population is prevalently both monarchist and Catholic, they have come to think of the royal house of Bavaria as the successor of the dead Francis Joseph and the destroyed Hapsburg house of Austria.

These two, the Hohenzollerns and the royal house of Bavaria, would express the next phase of considerable portions of Germany, assuming that the monarchists and reactionaries should come out on top of the chaos that is feared to be ahead of Germany. In addition to these, some of the minor princelings of the old German empire might emerge as the heads of other independent monarchies.

It is by no means certain, however, that in any break-up the monarchists would be surely successful. In some portions of Germany they would surely be unsuccessful. Everywhere the efforts of the monarchists would be strongly opposed by social democrats and communists. And in some parts of Germany it is completely taken for granted that the communists would prevail. One of these portions overlaps the Ruhr district, in which the strongest stimulant to revolution now exists. Communism, wherever it exists in Germany, is more intelligent, less violent, and more apt to have a longer term of survival than communism in Russia. That is why a German expression of communism is so much feared. Those who don't believe in communism think that if the German communists should take over some of the factories in the Ruhr, for example, they might be able to run them long enough and with a sufficient degree of effectiveness to stimulate emulating experiments elsewhere in Europe, outside of Germany.

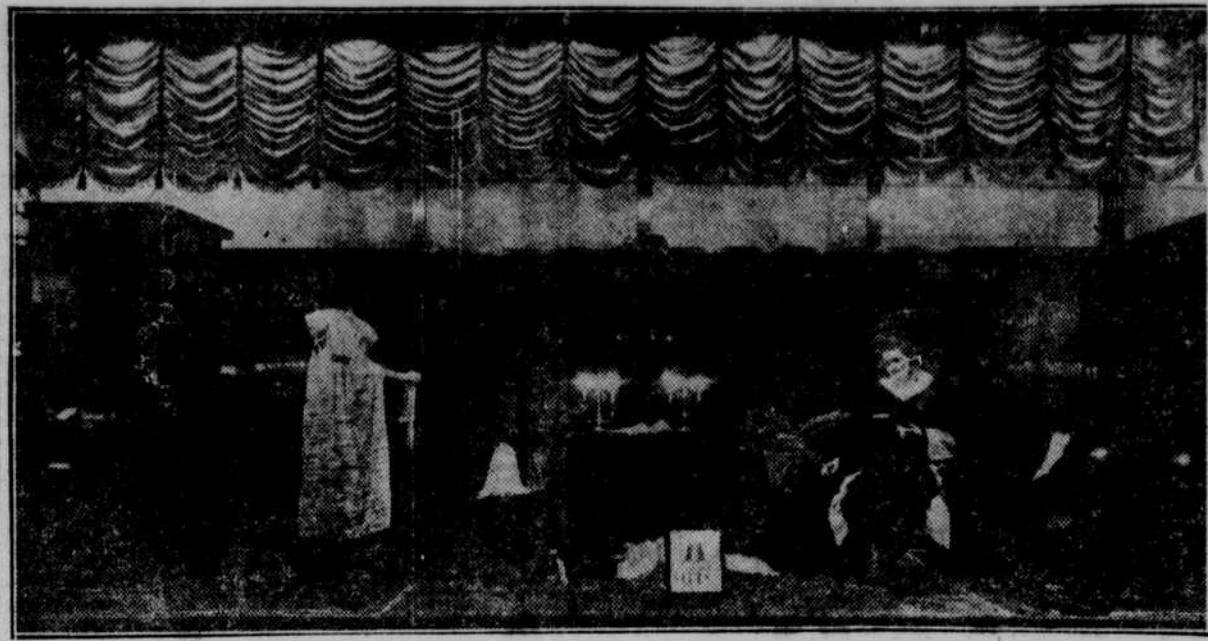
Unlike Other Countries.
All this composes the sort of talk one hears quite generally in Berlin. Members of the present German government, when they speak in confidence, talk with somber seriousness of it. Acute English observers regard it as a menace just ahead. So also do American observers. (The one American exception is composed of the newspaper men; they have been close to crises so long; they have heard so much apprehension of disaster, that they decline to get excited about it until it actually happens, from which state of mind they pass, in many cases, to skepticism about the possibility of it happening.)

No one, however, can have had the contacts the writer had during the past month with many classes of persons close to the situation, German, British, American and French, interested and disinterested without being forced to set down that a social upheaval and a disruption is seriously feared and predicted by persons in a position to have the best judgment. It is to be remembered that Germany, in spite of the common language, and all else that is common, is much less cohesive and less homogeneous than countries like England, France and America. Germany essentially is composed of independent states with a much lighter federal tie than we have in America. It isn't so long ago that these states used to hate and fight each other. The unity they have had in recent years has been chiefly the cement of success. Bismarck, in return for their assent to unity, gave them power, prestige, success. But now the cement of success has been dissolved by failure in war.

If the French and British should agree, and if their agreement should express itself, within a reasonably short time, in a fixing of a definite sum for reparations, Germany might take an altogether different turn. It must be remembered that definiteness of the sum demanded from Germany is even more important, almost, than the size of the sum. If the French and British should name the amount of money which Germany must pay, coupled with the necessary implication that so soon as Germany pays this sum she will be free—in that event the present form of the German government might continue, Germany might survive as a unit and might even forge ahead into a period of great economic activity. One of the great Berlin bankers, speaking to the writer one day last month, said: "If Britain and France want the maximum of money out of Germany, they must name the sum which they should capitalize, and out of which they can get more money than from any other one form of security; they should capitalize the hope of the German people."

If the reparations should be made a definite, fixed sum, the Germans were such as to make the German people feel that by hard work they could pay it, and if the German people were assured that on payment of this sum they would be free, then Germany undoubtedly would leap forward into a prolonged period of intense productive activity. Before this can happen, however, Germany will have to borrow money.

Fur Display Attracts Omaha Women



Omaha women appreciate beautiful furs, says Carroll R. Belden, vice president of Thompson, Belden & Co., and his evidence to prove the fact is the hundreds of women who have stopped to admire the attractive window display at that store.

"Business this year is far beyond the expectations of Omaha merchants," states Mr. Belden. "Our store sold more fur coats and fur pieces in four days this year than in eight days last season, and I believe other stores have done equally well."

Both the German government as a government and the German business man generally will need to get large credits. That would present no difficulty, for the credits would be quickly forthcoming if the German reparations were fixed in such a way as to give the bankers of the world confidence in the possibility of Germany pulling herself out of the hole.

Germany Rich, But—
During the past few months it has been commonly said that Germany is, potentially, immensely rich; that Germany can pay greater reparations now than it would have been reasonable to assess against her three or four years ago, soon after the war. The present writer is among those who have expressed this belief. The present writer still believes it is true, but believes also that this statement should not stand alone, but should be read in the light of some important qualifications.

From one point of view it is possible to say that Germany is equipped as no other nation in the world is equipped to produce goods in great quantity and at low cost. But from another point of view it is possible and equally true to say that industrially Germany is merely a hollow shell. Germany has the plant—there can be no doubt about that. Her factories have been extended, her machinery has been brought up to date, her facilities for production have been improved to the top-notch of perfection. This has been the result of two policies followed by the great factory owners. One policy was to avoid taxation by putting profits into improvements, which, under the recent German system, was not subject to taxation to the same extent as profits taken out of the business. In the same way, in a period of depreciating currency, it was obvious wisdom for factory owners not to save their profits, not to let them lie in the bank where they would shrivel up overnight, and not to put them in ordinary forms of investment where they would also shrivel up overnight, but to put them into the purchase or erection of improved machinery and larger buildings.

Credit Is Law.
All this has happened, and it has made Germany potentially productive to an immense degree. But at the same time the depreciation of the currency has left Germany without working capital, either in the form of usable currency or in the form of credit. An American business man who surveyed the German currency situation closely, said that every bit of currency in Germany lumped together could be bought up by Henry Ford out of one year's profits of his factory.

And, where currency is cumulatively valueless, credit can hardly exist. For one reason, the entire creditor class in Germany has been wiped out through the depreciation of the currency.

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rency. All the persons who bought bonds and mortgages, all those who loaned money in any form, have been reduced to poverty. As to the class of new rich, the factory owners who profited in proportion as their creditors were wiped out—these, as I said before, have either put their profits back into their factories, or have shipped them off to the banks of Holland or America. The depreciation of currency wipes out all credit. Nobody is going to lend a mark or a dollar if he knows that by the time he is paid back that mark or dollar will only be worth a fraction of what it was when he loaned it.

For this reason, and in this sense, Germany industrially is a hollow shell. It has the plant, but it has no working capital, no credit and no orders. Without these latter, the mere possession of a physical plant cannot be regarded as wealth. In America, riding on the railroad between Philadelphia and Wilmington, you can see stretched along the Delaware river the biggest and in many respects the best equipped shipbuilding plant in the world. But, standing idle as it is, you can't regard it as any contribution to the national wealth of the country. The country which built it and owned it could not sell it for \$1 in \$10 of what it cost to produce. That on a small scale illustrates Germany's industrial situation. If reparations can be fixed so that the money lenders of the world will loan money to Germany, and so that Germany can go to work, it can pay immense reparations. But until that is done it can pay no considerable reparations whatever.

In addition to the impetus toward dissolution coming from the pressure of the French, there is a strong internal impulse toward social upheaval in the results of the depreciation of the mark. Immense classes of people, many of them the most intelligent and

most admirable in Germany, have been utterly impoverished. The depreciation of the mark has had as its chief effect the rendering quite valueless of everything in the shape of a bond, a mortgage or any obligation to pay. Without going too much into detail, you can visualize what has happened in Germany by looking upon its analogy in the United States. If the thing that has happened in Germany should happen in America, the following, among other results, would ensue: Practically every hospital would be without funds, for the bonds in which hospital endowments are invested would be valueless. Practically every college would be in the same situation, and every professor would be close to starvation. Every life insurance company in America—the Prudential, the Metropolitan, the Mutual Life, all of them—would be reduced to complete poverty, for under the law the funds of life insurance

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companies are invested in bonds. Every individual whose savings are in bonds or mortgages, or in savings bank deposits, or in life insurance policies would be wiped out. Every holder of a \$1,000 Liberty bond would see that bond become worth not enough to buy a breakfast of ham and eggs.

One need not give the picture in any greater detail to understand the impetus toward social dissolution which must flow out of depreciation of the currency. Just who was responsible for the policy of depreciation, who decreed it and carried it out; whether it was a policy forced upon Germany by her external circumstances or deliberately adopted by insiders who conspired or connived at it; whether it was a device to evade paying reparations or merely the "easier way" of a government too weak to tax its people directly—all that is an inquiry which it is too early to make successfully. In any event, the answer does not matter. The process has worked immense injustice and created immense hate. The hosts who have been dispossessed of all see the flaunting wealth of the few who have profited by depreciation—the great industrialists, speculators and the like, who made money in proportion as the patient savers lost it. The result is a sense of outrage which, even if there were no other circumstances, would create a burning impulse toward dissolution.

(Copyright, 1922.)
First Omaha Dog Show to Be Held November 16 and 17
The first annual dog show will be held November 16 and 17, according to announcement by L. C. Fauble, secretary of the Nebraska Kennel club.

The show will be held at the Municipal auditorium. W. F. Matthews, superintendent of the national organization, has been named superintendent and show secretary. He has opened offices at 638 Securities building. The Nebraska Kennel club was organized last spring and now has a membership of more than 150, composed of dog breeders, fanciers and enthusiasts in Nebraska and western Iowa.

See Want Ads Produce Results.

Vatican May Go to Vienna, Priest Hints

Pope Believes Location of Church Center in Austria Would Help Restore World Peace.

Paris, Aug. 4.—Pope Pius XI and his counsellors are considering the evacuation of Rome and the removal of the vatican, seat of the Catholic religion, to Vienna, according to the weekly magazine *Aux Ecoules*, quoting a young priest from Rome who recently made a visit to Paris.

"The pope considers that at the present time he is the only person in the world able to restore order, peace and calm to a disordered universe," the priest, whose real identity is not disclosed, is quoted as saying. "And Vienna seems to him a better post of action than Rome, where he is not entirely free."
Vienna is admirably situated in the heart of Europe, close to Catholic Poland, Catholic Bavaria and Catholic France, the priest points out. In addition, he says, Vienna already has the "calmness and peacefulness of a pontifical city."
"The pope works prudently," the priest said, "but you can be assured that his ultimate ambition is to conquer Austria by spiritual means. Monsignor Seipel (priest-premier of Austria) is really the chafest of an invisible sovereign, who can one day be the successor of St. Peter. An active religious campaign is being carried on in the neighborhood of Vienna and in Vienna itself."
Aux Ecoules warns against attaching too much importance to the young priest's alleged revelations, suggesting he may simply have voiced "his own hope and dream of the future." The magazine's Italian sources, however, are usually reliable. It was *Aux Ecoules* which first revealed that attempts had been made to assassinate Premier Mussolini, news of which had been suppressed

by Italian censors for more than a week.
Uncle Joe Overcome.
San Francisco, Cal., Aug. 4.—A telegram of condolence to Mrs. Hard- ing from Mabel Lesure, daughter of Uncle Joe Cannon, received read: "I can only add my sincerest sympathy. Poor father cried when I told him and repeated over and over: 'It cannot be true. It cannot be true.'"

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