

create its wealth without this item. And since 3,500,000,000 gold marks of its net imports were materials the fate of both reparations and the very life of German industry is dominated by factors over which Germany has hardly any control, namely, the world market.

World Must Help Cure.
In other words, Germany could only be a quite healthy economic country if the world were buying its share of Germany's goods and providing its share of the materials that went into them. And all the industrial wizardry of Germany's industry and finance could not doctor Germany into sound health unless the world helped apply the cure.

Nothing can be more apparent than that the world is not buying German goods to this extent or providing Germany with its capacity of raw materials. Then what is meant by Germany's phenomenal recovery? How far has it progressed? What of the high dividends? Is Germany's state indebtedness a fiction to influence allied statesmen? Where does the money originate which pays for the life of luxury in German cities?

Germany's iron and steel industries are producing now from 32 to 42 per cent. of their capacity, and the mills last year received from 40 to 45 per cent. of the coal they needed. In August German industry as a whole and private consumers received 69 per cent., in October 68.1 per cent. and in November 66.5 per cent. of the amount they used in 1913.

Germany had no balance of trade in 1920 and imported far more than it exported. From the United States it bought to the value of \$311,437,000 and sold in return \$88,863,000. It is mere guesswork to estimate Germany's total imports and exports. German statistics before the war were kept, not on an ad valorem but on a quantity basis. The statistical department was not maintained in the interest of industry and commerce, but for administrative purposes. The statute requiring the keeping of ad valorem foreign trade statistics goes into effect next month for the first time.

Confusing Error Made.
At the first Brussels conference the German representatives reported a gain in German export trade so great that it gave a slight balance of trade in Germany's favor in later months of the year. The figures were promptly studied by German economists, who found that exports had been calculated in the paper marks at their current value, while imports were booked at the arithmetically lower values of the mark of 1913 and 1919. That is, such materials as cotton and ores were counted as costing the comparatively low prices of two and three years ago, though bought last year, while the products made from them were figured at the high paper mark prices of 1920.

How so confusing an error came to be made is hard to say. At that time hopes in forthcoming international credits were high, and the Government, either purposely or ignorantly, passed not only these estimates to the allied economists, but also a statement of the expected national deficit about 30,000,000,000 marks short of the truth. The hoax practised by Germany in that particular hour, if any, was to not conceal prosperity but to exaggerate it.

Raw Materials Imported.
The real balance of trade against Germany is now generally accepted as having been about 35,000,000,000 paper marks last year, or \$580,000,000 at the present exchange. If this estimate is legitimate, and if it is true that industry is receiving only two-thirds of its fuel, a phenomenal recovery would be either a miracle or the result of economic developments never before conjectured.

A test of Germany's industrial health to-day can be applied by an examination of Germany's raw material imports, exports and production in 1913, and comparing them with the facts of to-day. In 1913 Germany imported raw materials (exclusive of agricultural products) to the following value, in millions of gold marks:

Table with 2 columns: Material, Value in millions of gold marks. Includes Cotton, Hides, Copper, Fine lumber, Iron ore, Coal, Petroleum, Germany produced raw materials in 1913, Bituminous coal, Lignite, Cement, Lead, Silver, Zinc ores, Sulfur, Petroleum, Sulphur ores.

Iron Ore Deposits Lost.
So Germany imported the greater part of her raw materials and produced no large quantities aside from coal, iron ore, cement, silver, zinc, lead and potash. The peace treaty deprived her of most of her iron ore deposits, so that to-day 80 per cent. of the ore consumed has to be imported. The potash industry is close to paralysis, due to coal shortage, and the cement industry has been nearly ruined by the interruption of building.

The chemical industry is independent of the outside world; so are the porcelain industry and many minor branches. But all of them are dependent on power, which in Germany is almost exclusively derived from coal. The chemical industry is wholly supported by coal. If the

world had sold Germany the raw materials in the peace time quantity and Germany had the disposition over the coal to work up this material, then her recovery would have been possible. But this recovery could not be accomplished in secrecy, nor would it need be the subject of confidential reports or of gossip over Paris and London diplomatic dinners, to be passed on as an alarming rumor. When Germany has discovered new resources and can abandon the supplies from which she hitherto has lived it is time to speak of her recovery as something mysterious.

How soon Germany could regain her place as a strong contender for world trade is another question, but here again one of simple factors. The German factories, plant managers, workers and salesmen are there, the wheels and spindles are turning or are ready to turn. More raw materials, fuel and capital are needed, and over these the outside world has the control, either by natural circumstances or through the peace treaty. Some foreign trade is being done, much more than a year ago, and due to extraordinary labor and domestic market conditions and to Germany's financial collapse production is cheaper in Germany than elsewhere. How long it can remain cheaper and still be efficient the future will show.

The article of this series to be published to-morrow will deal with the organization of industry in Germany.

NORTH GERMAN LLOYD VOTES 8 P. C. DIVIDEND
Increases Capital Stock to 250,000,000 Marks.

By the Associated Press.
BREMEN, March 5 (delayed).—Shareholders of the North German Lloyd Steamship Company approved the balance sheets of the last seven years, voted an annual dividend for 1919 and 1920 of 8 per cent., and approved an increase in the company's capital to 250,000,000 marks. This was the first meeting of the shareholders since 1914. Discussing the company's prospects for the coming year the newly elected director-general, Karl Stimming, said much depended on the size of the indemnity the national Government had appropriated for lost tonnage. Preliminary negotiations carried on between the shipping interests and the Government, which resulted in a compromise which represented a wholly inadequate reimbursement, but which the company had finally agreed to in view of the nation's financial situation. The prevailing drop in ocean freight rates, Herr Stimming continued, did not hold out prospects for lucrative business in the near future, although the company hoped to reconstitute a number of independent steamships in the transatlantic service. The executive board, which went into session after the shareholders' meeting, unanimously elected Philip Heineken, former general manager of the line, to the presidency of the company. H. Kulenkampf was named vice-president.

THINKS LLOYD GEORGE TALKED TO HARDING
Stresemann Says Speech Was Meant for President.

By the Associated Press.
BRUSSELS, March 5 (delayed).—The speech in which Premier Lloyd George laid down the allied ultimatum to the German delegates at the London conference on reparations was in reality addressed over their heads to the new President of the United States, Deputy Stresemann of the People's party declared before the Reichstag to-day out in the debate which led to the decision of the German Government not to increase its reparations offer made in the counter proposal submitted to the Allies by Dr. Simons, the German Foreign Secretary, and refused by the Allies. Deputy Stresemann characterized the Lloyd George speech as "the first important post-war document to reach the hands of the new American President."

ADDRESS PLEASES CHILEANS.

One Editor Asks if U. S. Can Hold to a "Policy of Isolation."
SANTIAGO, Chile, March 6.—President Harding's inaugural address is the subject of comment in the newspapers here. *La Nacion* says it was an address of impressive dignity that carried profound confidence to the peoples of South America respecting the future policy of the United States. It commends the references to social and industrial peace, saying that such a peace is really the basis of national strength.

El Mercurio, after remarking that President Wilson's Administration was the most stirring since that of Lincoln, says President Harding everywhere will find the life interests of the United States interwoven with those of the rest of the world, and that it is his duty to see that other times in perfect accord. It asks whether in such conditions the United States "will persist in a policy of isolation."

HOME FOLKS WELCOME BAKER.
CLEVELAND, March 6.—Newton D. Baker, former Secretary of War, was met at the station by a number of intimate friends upon his arrival home to-day. He announced that he would resume the practice of law.

LUCKY STRIKE cigarette
t's toasted

So Germany imported the greater part of her raw materials and produced no large quantities aside from coal, iron ore, cement, silver, zinc, lead and potash. The peace treaty deprived her of most of her iron ore deposits, so that to-day 80 per cent. of the ore consumed has to be imported. The potash industry is close to paralysis, due to coal shortage, and the cement industry has been nearly ruined by the interruption of building. The chemical industry is independent of the outside world; so are the porcelain industry and many minor branches. But all of them are dependent on power, which in Germany is almost exclusively derived from coal. The chemical industry is wholly supported by coal. If the

GERMANY LIKELY TO ACCEPT NEW PLAN

Continued from First Page.

and not to hold one would be a stain on their honor. The allied leaders then went into another conference, at which was evolved the latest scheme. The attitude of to-night's conference was conveyed to the Hotel Savoy, where it is reported Dr. Simons and his colleagues are still working far into the night.

The Germans virtually admitted this evening that there is a feature in their proposals which would, if accepted, eliminate the 12 per cent. tax of the Paris scheme. On the other hand, great emphasis is laid by the Germans on the fact that they hadn't and wouldn't accept the Paris totals, preferring the operation of the threatened sanctions to this.

"If Dr. Simons were to accept these figures to-morrow," said a German spokesman, "he'd lose his job before he returned to his hotel." The Germans have so far refused to exclude the reparations they have already paid from the total indemnity. They seem, however, to have seized upon a suggestion by Lloyd George as a way out of their dilemma.

Premier Lloyd George's scheme did not meet at first with great favor in French circles, one objection being that it would benefit German exchange with America and bring the United States and Germany together commercially against the Allies. Lloyd George's plan was based on German exports to the allied countries. It provided that the allied countries would have to pay only half the value of the goods to the German exporter, the other half being retained by the Allies for reparations, while Germany by taxation would reimburse her exporters. This plan was suggested by Lloyd George as a basis for a possible compromise and as a method of solving the vexatious problem of how the Allies could collect the German indemnity without injury to themselves. It even suggested that some of the neutrals might be willing to apply this plan for the benefit of the Allies, although no one has mentioned the United States in this connection.

Though each ally would do the collecting of the percentage held back on the value of German goods entering its rates, the collections would subsequently be pooled for division among the Allies according to the scale arranged at the Brussels conference.

While this conference was going on the Germans remained at their hotel, their looks betokening the extreme gravity of the situation. The meeting of the supreme council lasted until late, with indications that the British were exerting great pressure on the French to avoid a flat rejection at to-morrow's meeting. At its conclusion Premier Briand and M. Loucheur, hastening to their hotel, called a meeting of the French delegation, which later was attended by the Belgians.

These two nations having relatively the most at stake in reparations, it was assumed that the British had put the situation squarely to them, indicating that they must take the responsibility if any break occurred to-morrow. The British delegation, however, developments that the situation had reached a decisive stage, making to-morrow's session perhaps the most critical in the fortunes of Europe since the war.

While not accepting the Paris figures exactly, the Germans were credited reported to-night to have offered a new way of measuring the indemnity by Germany's economic progress, which at first glance seemed to strike the British more favorably than the French.

AMERICAN WORKERS START REVOLUTION IN PETROGRAD

Tchicherin Says They Began the Anti-Bolshevik Rising Now Continued by Kronstadt Sailors Who by Wireless Appeal to All Russia Against Soviet.

By CAPT. FRANCIS M'CALLAGH.

Special Cable to THE NEW YORK HERALD. Copyright, 1921, by THE NEW YORK HERALD. RUSSIA, March 5.—The statement that the Russian insurrection against Bolshevism is leaderless is incorrect. Gen. Kozlovsky, the commander at Kronstadt, is the leader of the revolt there. He is assisted by many officers, all of whom have been denounced by Trotsky as traitors and reactionaries.

The battleship *Petrovavlovsk* is preparing to bombard Petrograd. The insurgents at Kronstadt are utilizing the Bolshevist wireless system described in my October despatches to disseminate anti-Bolshevist appeals throughout Russia. As a result of this propaganda food trains have been plundered on the Onsk railway, and this and the present plundering of Moscow food stores by the populace threaten Moscow with starvation.

Tchicherin, the Foreign Minister, believes he can soon control the situation, and asserts the sailors' revolt at Kronstadt is not affecting the country. He has returned to Moscow from Petrograd and says that the workmen who returned from America started the first trouble.

The situation in Petrograd ominously recalls the riots which preceded the overthrow of the Czar, the Red cavalry using whips to disperse the crowds as the Cossacks did then. Armored motor cars and machine guns guard the Astoria Hotel, where the Bolshevist leaders are living, and also the bridges. The newspapers are silent about events except to print official warnings against French, English and Polish spies who are making trouble. The walls are covered with appeals in affectionate language addressed "Dear Comrades."

Trotsky, who was starting to Ekaterinburg, was delayed at Moscow by the railway chaos which also prevented Kothstein from going to Toherau to arrange an ambitious Persian adventure. The Bolsheviki have deserted Revel. The Red insignia were taken from the legion tried to get on a Swedish ship, but the captain refused them passage. Ap-

DANIELS GETS A BIG WELCOME IN RALEIGH
Says He Ends Service Under Greatest Living Man.

RALEIGH, N. C., March 6.—Josephus A. Daniels, until Friday Secretary of the Navy, received a rousing welcome from his fellow townsmen to-day on his return to resume his duties as editor and publisher of the *Raleigh News and Observer*.

The former Secretary was greeted by a band and escorted to the city auditorium, where about five thousand persons, the building's capacity audience, listened to welcoming addresses.

"I have not come home from a larger job, but I am back to take up again the greatest work in the world—that of the man who has unequal opportunity," said Mr. Daniels. "I lay down an office in which I was privileged to serve during the most critical years of our history. And I served under a great man, the most illustrious man living in all the world to-day. I have come home to fight, to be your work in the world with you for justice and equality of opportunity, to work with you and to have your love, which I covet above all things."

proaches were made to a German captain bound for Stettin, Germany, who refused to take them aboard. The Bolsheviki's principal danger is not the loss of Petrograd, but the universal panic which the Kronstadt revolutionaries are unleashing by their continuous anti-Bolshevist wireless messages sent throughout Russia, thus turning the Reds' own weapons against themselves, causing the looting of food trains and stores, which is upsetting the delicately adjusted food and ration system. Very little more of this disorder and Lenin will lose control of his machine, which will rush down hill with accelerated speed, ending in a most frightful disaster. There will be a general scramble for food. With many millions of starved people fighting like wild beasts in the cities the isolated starved army will melt like snow. Lenin, the coolest man in Russia, may keep control. Russians arriving from Petrograd and Moscow tell some interesting details to the effect that Lenin says he has proofs that the present revolt is a widespread plot known before hand in England and France, by the Mensheviki. Social revolutionaries of whom great numbers have been arrested, say that the Allies having failed with Kolchak, whose triumph would have brought about the enthronement of Czarism, are now playing their last card—the enthronement of chaos and a million deaths.

Lenin is quoted as saying the allied plot was intended to force him to massacre the deluded workers at Petrograd, precipitating a second Bloody Sunday. But he ordered the troops not to shoot at first and then to fire in the air. Their doing so, saved the situation. Otherwise they would have lost the day. The rebel gunboat *Zabliaka*, anchored near the Winter Palace, killed and wounded forty Reds.

The immediate danger is considered over and the Reds are pouring into Moscow and Petrograd. Evidences in "etrograd admit the Reds fired into the air and used whips to disperse the crowds, the riots being extraordinarily well handled.

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"Make a Note on It"

"Cooked salad dressing can be kept in the refrigerator for at least two weeks."—New York Sun.

Of course the writer meant provided the refrigerator be kept thoroughly cold. This means a regular supply of ice, which not only saves food by keeping it fresh longer, but saves ice by using less in the long run.

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REVOLT AGAINST SOVIETS GAINING

Continued from First Page.

causes by the lack of food and fuel," says one despatch. Even the newspaper *Huzovits*, Lenin's Paris organ, withholds comment upon the present situation. Previously, in regard to the reported revolts in Petrograd and Kronstadt, this journal went to great lengths to deny the reports, saying that such news was but the propaganda of the capitalistic nations to befog the diplomatic atmosphere.

31 MUTINEERS WHO KILL 2 OFFICERS EXECUTED

Hungarians Resent Flogging; Immunity Pledge Broken.

VIENNA, March 5 (delayed).—Mutiny among members of the Hungarian garrison at Raab, resulting in the killing of two officers and the execution of thirty-one mutineers, is reported in despatches received here. The trouble started when flogging of several soldiers was ordered by Baron Rivas and Count Vay. Other soldiers protested and shot two officers, who had drawn their revolvers to quell the disorder. The mutineers then barricaded themselves in their barracks and artillery was brought up and trained upon them. The mutineers are said to have surrendered upon receipt of an offer of immunity, but, according to the accounts, they were shot as soon as they gave up. The executed included two captains, who sympathized with the mutineers.

KRASSINE IN LONDON MINIMIZES REVOLT

Reports All Quiet in Moscow and Petrograd.

LONDON, March 7 (Monday).—The Herald, a labor organ, prints an interview with Leonid Krassin, who has returned to London with amendments to the proposed Russo-British trade agreement. Krassin is reported to have said that, according to his latest information, "all is quiet in Moscow and Petrograd. The only real trouble is in Kronstadt, but this is quite unimportant." The newspaper also prints the following telegram from its Moscow correspondent under date of March 3: "The

Kozlovsky affair presents no serious features. Lenin, speaking before the Moscow Soviet to-day, said: 'Only one shot has been fired in Moscow. We have lived through far more serious crises than this.'

MAY HEAD INTERNAL REVENUE

Ex-Chief Justice Robinson, West Virginia, Being Considered.
WASHINGTON, March 6.—Ira E. Robinson of Grafton, W. Va., former Chief Justice of the West Virginia Supreme Court, is understood to be under consideration for appointment to the post of Commissioner of Internal Revenue vacated by the resignation of William M. Williams. The nomination may go to the Senate to-morrow.

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WATCHES AND CLOCKS

29

Business Counsel
A message to our own bank depositors

IN these times we wonder whether Columbia Trust Company depositors are fully acquainted with the broad range of services we are able to offer. Depositors who think of us merely as a Trust Company are neglecting other advantages to which their connection with the Columbia Trust Company entitles them.

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