

GIOLITTI SURE ITALY CAN DOWN RADICALS AS IDLENESS GROWS

Aged Premier Ruling Country With Iron Hand, Pacifying Labor and Cutting Taxes.

BIG LEVY ON LUXURIES

Prices Away Up, Even Rising in Rome, Although Exchange Falls—No New Loans.

BIG IMPROVEMENTS MADE

New Harbors, Extension of Water Power, Public Works and Additional Industries Planned.

This is the second article on Italy's recovery from the wreck caused by the war and deals particularly with labor conditions. Italy's policy for some time to come will be chiefly a policy of economic and financial rehabilitation; the securing of raw material and the obtaining of credits to pay for the material so that her workmen can produce and enrich the country.

Special Correspondence to THE NEW YORK HERALD.

ROME, May 16.—The great question with which Italy has to deal to-day is the labor question. It is the direct result of the titanic struggle of the last seven years. But as Italy was the first to be struck by the communistic cyclone, so she will probably be the first to be clear of it. At least this is the opinion of Signor Giolitti, the octogenarian statesman, who is once again ruling the destinies of the country with an iron hand.

In talking with THE NEW YORK HERALD's correspondent he enumerated some of the measures that his Government has taken in order to bring peace to the country.

"We have changed a deficit of fourteen milliards to one of four milliards, and although this may still seem a very large deficit, it is a great improvement, and in future budgets this will disappear as certain expenses, engendered by the war, automatically are extinguished. This has been done by imposing heavy taxation.

"We have taxes and super-taxes on capital, excess war profits, patrimony, etc., and I have also imposed a luxury tax on everything from automobiles to jewelry and clothes. This has had a most beneficial effect, and the people have accepted it without a murmur.

"The results are to be seen in the fall in the exchanges. These have come down a great deal. But we do not intend to do anything to force the exchanges down; we will have no new loans abroad for this purpose. The exchange will become more normal as the different countries settle down to work.

Bread Subsidy Removed.

"We have also removed the bread subsidy, which meant four millions of the deficit. But the best remedy will be when the workers realize that production only will abolish deficits and high exchanges.

"The question of the control of the factories bill, which has been a good deal discussed here and abroad, is a very serious one, and must receive careful consideration. The word 'control' in Italian has a different meaning from what it has in English, where 'cooperation' would be more correct. This is a very serious question, by which it is hoped that the workers will learn the real conditions of industry, and the responsibilities attached thereto. These are questions which affect the whole world, and are the natural outcome of the present conditions. But you will see that they will be settled as soon as people recognize that work is a necessity and an honor.

On my expressing my surprise at the rate of living in all quarters of Rome, the Premier replied:

"Yes, there is plenty of money, and wages are high, but it is paper money. The paper circulation is about five milliards of lire, and we have a gold reserve of about one milliard. But what

does gold reserve count for to-day? It is the same in all European countries." Wages are very high in Rome, and money appears to be spent like water. The average laborer's wage to-day is 20 lire a day, which, with three in a family working, means about 55 to 60 lire a day in the family. At the standard of living has not risen much with the wages, with wine at 5 lire (instead of 60 centesimi), bread at 1.80 a kilo, this means that a family can put aside from 150 to 200 lire a week.

"As a matter of fact the price of living has recently increased and the municipal bulletin shows that, taking 1919 as the pre-war basis, while in January, 1920, the average price of the principal necessities of life (bread, rice, meat, oil, lard, potatoes and milk) was 258.53 per cent., in January, 1921, this figure had risen to 432.17 per cent. in February, 1921, to 445.43 per cent., and in March, 1921, to 466.78 per cent. The latest rise is due to the abolition of the bread and meat subsidies.

Prices Soar in Rome. Everything else in Rome is proportionately high, and it is the general opinion that in the last two months prices have risen still higher in spite of the great fall in exchange. Whether this fall was due to the increased taxation, as stated by Signor Giolitti, is not certain, although the reduction of the paper circulation in March by one and a half milliards undoubtedly had a good effect in this direction.

Signor Schanzer, one of the most noted Finance Ministers that Italy has had in the past, in criticizing the last budget, stated that the Government of the future should show fifteen milliards of receipts against sixteen milliards of normal expenses, or a deficit of one milliard. This deficit should rapidly disappear, either for ordinary reasons, such as the gradual reduction of war pensions, etc., or for special reasons, as the regulation of the foreign exchange.

But above everything the question of Italian finance is dependent on the question of her agriculture and her industries. It may be here noted that the reduction of the deficit from fourteen milliards to four, was not due, as many foreign papers said, to energetic cutting down of expenses by the Government. On the contrary, the Government offices are full of "lumpets," drawing 300 to 500 lire a month, plus "high cost" bonus, and two weeks ago it was announced that every Government official would receive 100 francs advance, costing the State 130,000,000 a year more.

For this reason it is probable that the Italian foreign policy for a considerable period of time will be chiefly an economic and financial policy, with the object of assuring to Italy a continuous supply of raw material at convenient prices and of obtaining money and sufficient credits to pay for that material.

What Italy Earned by War.

The fact is that the war destroyed, not only for all the world, but Italy was incapable of industrial production. In an age of iron and steel she can never hope to be entirely independent of foreign countries for her raw materials, but the extraordinary industry given to her by her war industries has placed her in an enviable position for many of her former settlers. And it is her very success in turning herself into an industrial force during the war that is responsible for her temporary troubles.

Her banks are strong and well organized, and are now clear of all foreign loans. Count Voipi, the director of the Banca Commerciale and the last remaining signatory of the Treaty of Ouchy, said that it is absolutely untrue that there is any foreign money in Italian banks. The rumors of Hugo Stinnes obtaining control in the country are absurd. The German domination has gone once and for all. Although the workers are lazy in the north, until after the elections, there is great activity throughout the country.

Other great developments are taking place in Italy. Before the year is completed the railway from Modane to Genoa will be electrified and also the line from Turin to Milan. The Rome-Naples dirt-track, the construction of which was delayed by the war, is being proceeded with, and for the electrification of this line the waters of the Sirens will be harnessed.

Along the coast new harbors are being constructed, some with the aid of foreign capital. The much needed coal harbor at Genoa progresses slowly, but should be finished in ten years. A huge harbor to the south of Naples has been planned and new harbors at Carrara, Livorno (Leghorn) and Brindisi will be commenced soon. The economic value of these harbors will be great, not only in the saving of freights but also in relieving the pressure on the Italian railway system, which, owing to the natural formation of the country, is not capable of great elasticity. For instance, ships chartered for Genoa pay a shilling a ton extra on the freight, owing to the delay in unloading. In ship Carrara marble at present from the quarry costs 120 lire a ton freightage

to Spezia or Savona, whence it is shipped to America. When the new harbor is completed it will be less than 20 lire a ton. In the shipping line the banks are endeavoring hard to make Italy one of the dominating maritime Powers. All Italian shipping lines made noteworthy progress during the war, and incidentally, huge earnings. By an arrangement with the Government all those lines which had received money for the loss of ships during the war, if they spent that money at home or abroad in the reconstruction of ships and those ships were placed on the Italian register by June, 1921 (for Italian construction), and December, 1920 (for foreign construction). The Government undertook to pay the difference between the pre-war cost of construction and the present prices.

The consequence of this has been that a tremendous boom has been given to shipbuilding throughout the country. Some of the lines, such as the N. G. L., have laid down their own shipbuilding yards to construct ships for their own service. This boom is, however, on the down grade, as the labor trouble, the cost of raw material and the planting of ex-enemy ships has seriously affected the work.

Italian lines are working to all parts of the world and seriously competing with Anglo-Saxon lines. The Italian banks under the auspices of the "Big Four" of Italy, exceeded 4,824,000,000 lire, being more than the total subscribed during the previous four years. Not only are the banks doing in excess of the industrial enterprise in Italy but they have largely interested themselves in all manner of Italian enterprises in South America, the United States, Jugo-Slavia and the Near East.

It would not be greatly exaggerating the point to say that the Italian banks have filled rapidly a large portion of the world formerly ruled by German capital. They are also taking a share in the agricultural development of the country, and as this is one of the crying needs presently to be faced by the new Parliament, it is certain that the banks will have a considerable amount to say on this question.

Farming Conditions Good.

For the present the agricultural situation of Italy is satisfactory. In view of the excellent crops to be expected, Signor Giolitti has forbidden the purchase of American grain for the community, although it was offered at the excellent price of five dollars a quintal, delivered. Last year's crops were generally below the pre-war records, partly due to the bad season and partly to the labor troubles, especially in the north, which in many places seriously affected the harvesting. Emigration was also responsible for something in this. It is to be remembered that at present Italy, because of the energetic measures taken during the war, grows more grain and on a closer area than France. Actual figures of comparison are, I am told, 158 in Italy and 125 in France. In fact, large areas of land turned into wheat fields during that period are by nature intended for pasture or woodlands.

Emigration is still one of the principal exports of Italy, and during the first three months of this year 31,044 persons left the country, of whom 71,069 were expected to ports across the ocean, 80 per cent of the latter figure going to the

United States and Canada. This figure is equal to any approached in pre-war days, and proves that although the population of Italy has grown to 41,000,000 and is greater than that of France, a certain portion of her population will perform, for some years to come, be obliged to seek their fortunes across the water. A portion of this emigration across the Atlantic is undoubtedly due to the general labor crisis throughout Europe, and large numbers that would probably have gone to France and Germany are constrained to go abroad because of the labor conditions in those countries as well as in their own lands.

Although labor conditions and unemployment are not yet so bad in Italy as in the United States, England or France, they are beginning to get serious. The textile trade has just been hit rather badly; stocks are accumulating in the factories, the production is reduced to half and sales are only a quarter of the average pre-war amount.

In the metallurgical industries the position is not so gloomy. The million tons of cast iron is reduced to 400,000 tons, while the price has fallen from 300 lire a ton to 125, which, with the high wages and cost of material, is less than cost. The chemical industry suffers from German competition, while the increased wages in this branch have not proved an incentive to better the general position where the workers insist on diminishing the output by 42 per cent.

Probably the most injured industry of all is the automobile, due to the high tax on automobiles, the tax on gasoline—25 lire on 60 litres—and the heavy duties abroad. In the Fiat works 1,296 machines were awaiting sale when the lockout was declared. Even the electric industry, on which so much money and care have been lavished in recent years and which should be one of the mainstays of Italy, is seriously affected. In the Lombard area the consumption of electric power has decreased by 12 per cent, a high figure for the richest and most prosperous industrial area of the peninsula.

Actually there are in the industrial areas, 145,000 unemployed, while 300,000 are working on short time. While these figures are not so tremendous as those of other countries they are sufficiently significant in a country where the great industries are of only comparatively recent date and not yet excessively developed.

Italy's aspirations to become a leading industrial and commercial power, the difficulties that have to be overcome, the present depression in her seafaring trade because of extravagant demands of the seamen's union and other economic problems will be discussed in to-morrow's article on conditions in Italy.

COURT TO HEAR CASES OF STREET CLEANERS

Were Discharged for Failure to Answer Rollcall.

The cases of 135 discharged street cleaners petitioning the court to compel John P. Leo, Commissioner of Street Cleaning, to reinstate them will come up to-day for hearing in Part I. of the Supreme Court. The Commissioner discharged them because of extravagant demands for an answer rollcall on the morning of the last snow. The street cleaners contend that they did not receive notice that their services were needed.

Commissioner Leo has notified the street cleaners' union that "as they have elected to avail themselves of legal procedure it will be useless for us to waste any time with any other method" of settling the differences between the union and his department.

ZIONIST FACTIONS CONTINUE BATTLE

Judge Dannenbaum Elected Chairman of Convention Over Judge Mack.

CLEVELAND, June 5.—Predicted peace between the two factions of the Zionist organization failed to materialize at the opening session of the twenty-fourth annual convention of the American Zionists here to-day, when Judge Henry J. Dannenbaum of Houston, Texas, was elected chairman of the convention over Judge Julian W. Mack of Chicago, president of the American Zionist Organization.

Judge Dannenbaum received 135 of the 214 votes cast. The nominations brought forth a clash between Rabbi Stephen S. Wise and Judge Bernard A. Rosenblatt, both of New York, which formed the feature of the stormy session. When interrupted while nominating Judge Mack, Dr. Wise reminded Judge Rosenblatt that "this is not a New York police court." Judge Rosenblatt retorted by saying: "Neither is it a free synagogue."

Judge Mack, Dr. Chaim Weizmann, head of the World Zionist Organization, and other speakers urged that there be peace between the two factions. Judge Mack declared he had hoped for peace until the convention opened. He recited how an intermediary had read to him last Wednesday "what purported to be a draft of a proposal," which he said he was ready to endorse. But the next day, in a telegram, the conditions had been changed, Judge Mack said, and that Felix Frankfurter must not even be on the executive committee.

"I rejected the proposal with these modifications," Judge Mack added. Dr. Weizmann, a guest of the convention, followed Judge Mack. He was greeted with ten minutes of cheering by the delegates.

"I shall not attempt now to correct some facts about which your president has honestly misinformed," Dr. Weizmann declared. "We are not here to score points against our opponents. We are here to get truth and establish peace if it is possible. Above all, whatever may be the merit of the charges and counter charges, we are all anxious to get to work. The doings of Palestine are practically closed, and this is our fault," Dr. Weizmann said. One of these conditions was that "Jacob de Haas, secretary of the American Zionist organization, be eliminated from office except as he may be elected, and that Felix Frankfurter must not even be on the executive committee."

The election committee amicably settled controversies over the seating of delegates by admitting those of both factions.

STATES ASKED TO AID TRAINING CAMP MOVE

Weeks Calls Work of Citizens a National Asset.

WASHINGTON, June 5.—Declaring the proposed citizens' military training

camp to be "a vital asset in the broad scheme of national defence," Secretary Weeks has addressed a letter to the Governors of all States asking the cooperation of State officials in making the summer camp programme a success. The Governors are urged to bring the camps to the attention of their respective communities because of "lasting benefits to be derived both for the na-

tion and the individual" from the training provided. Mr. Weeks added that he was anxious to have the 10,800 men who are to enjoy the training privileges come from all States and all walks of life. He felt, he said, that in drawing proportionate quotas from the various States an important interest would be served in the upbuilding of a national guard and organized reserve force.

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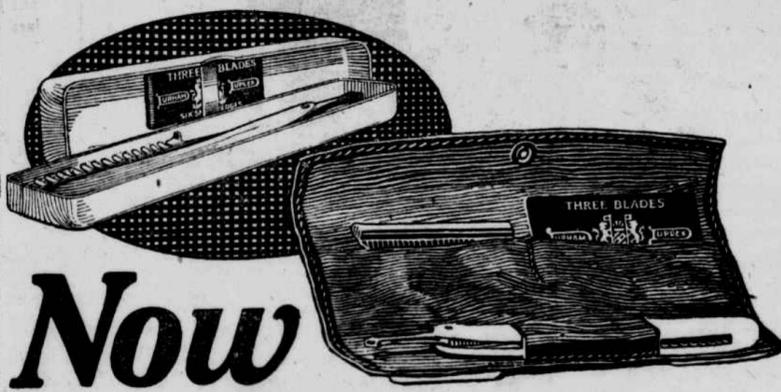
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