GERMAN PROSPERITY MOSTLY ON SURFACE, DEEP INQUIRY SHOWS

Capacity of Plants and Work People Far Above Real Output.

EXPORTS STRIKE SNAGS

Arbitrary Price Control and Allies' Demands Are Hindrances.

CHEAP LABOR A BIG PROP

Customs Barriers Against Dumping Hit Trade—Consul System Reorganized.

THE NEW YORK HERALD prints herewith the first of a series of four articles on industrial conditions obtaining in Germany and which represent a careful survey by special correspondents there. The first article shows that such prosperity as is apparent is largely on the surface, and that a real momentary depression exists, due chiefly to arbitrary price control and to allied control in connection with reparation payments. These have resulted in loss of markets.

The second article will appear on August 7. It will review the German textile industry and show there is little reason to believe that Germany can recover her pre war place in the manufacture and marketing of textiles.

The third article will be printed on August 14. In an intimate sketch of Dr. Walter Rathenau and tells of the important work that he, as Minister of Reconstruction, is called on to do.

The fourth and last article of this series will be published on August 21. It will tell why, despite the lack of large orders, the wheels of German industry still turn.

Special Correspondence to THE NEW YORK HERALD.
New York Herald Bureau, Berlin, July 20.

German industry can be compared to-day with a mill built on the bank of a river. The machinery installations are of the latest, and gauged to make maximum use of the water flow. Managers and workmen are all at their posts.

But abruptly the flow of water from upstream is turned into another channel, and the hands find themselves with only enough water power to run the mill at perhaps a fourth of its potential capacity. The water power in this case happens to be the home and world markets and they have lost either their capacity or inclination to take German wares.

In forming an estimate of Germany's present export condition, it is necessary to make a sharp distinction between apparent, potential and real output. The two former are likely to lead the casual observer to too optimistic conclusions about Germany's export outlook.

Appearances are not unfavorable. A traveller through the Ruhr to-day sees a forest of high smokestacks with black clouds pouring out of them. If he visits the chemical works of Merseburg, of Hoechst, or of Leverkusen he sees miles of modern parallel factories connected by intricate piping and vats, all functioning. If he goes to Saxony through some of the big spinning mills the impression there is one of thousands of workers carrying on as they always have.

New Markets Are Captured.

The recovery of German industry after a draining war and a decisive defeat was most rapid. The year 1919, owing to disorder, was a bad one, but in the last year Germany's industry rewon many old markets and paid large dividends. The recent depression, throwing millions of workers on the streets, hit Germany much later and thus far has crippled industry relatively less than it has neighboring countries with higher currency and the more or less intangible fruits of victory.

How far has this German industrial recovery been sound? Is German trade likely to continue to expand at the astonishing geometrical rate from almost zero as it did last year? And finally, what industries are likely to prosper, what to succumb under the new conditions in the world market?

Among several factors essential to formulate an answer to these questions the first is cost of production. "But it is impossible to estimate present costs of production in Germany," Prof. Jastrow, the distinguished economist of the University of Berlin, declared recently.

To prove his point he mentioned the fact that services as intimately connected with industry as transportation and the postal service are running with enormous deficits paid out of the public purse. The prices of bread and rentals are kept arbitrarily low—all these reducing a burden of which ordinarily the industry would have to bear a share.

Then there is a joint control over German industry which tends to turn it out of normal channels and to deform it to meet other ends than the fundamentally economic one of maximum production.

Hindrances to German Trade.

The first of these is arbitrary price control by the German Government made for real or imagined reasons of public expediency. Coal and iron were long controlled in this way, and there are still numerous restrictions on exports of these commodities.

Secondly is the control of the Allies over German industry as a measure to exact payment of the tribute of victory and for reparations. This control in part is exercised to confiscation of wares, and, in part, to restricting German industrial expansion where there might be a serious detriment to similar industries in allied countries.

If Prof. Jastrow has felt it difficult to discover a basis for estimating costs of production he must find it doubly so trying to draw conclusions from German official statistics. Nowhere are the ravages of war more conspicuous than in the statistical bureaus of Germany—the result of five years of patriotic deception, resulted in a statistical backsliding and self-deception from which these bureaus have not even now recovered. German statisticians are inclined frequently to accumulate only the statistics that prove what they want to believe.

The one-sided statistics of the war too often became lopsided ones afterward. Each Ministry followed its own sweet way of computation. Until recently there has been no real centralization. Some exports were estimated purely by weight. Others were computed on the sliding scale of the German paper mark, without always distinguishing between paper and gold values.

Germany Itself Injured.

This want of common policy sometimes had disastrous consequences for the Germans themselves. The Germans prepared statistics to prove that the country has a favorable balance of trade, to make Germany seem a good investment to American bankers. This was easy to prove when imports were reckoned in gold marks, and exports in paper ones, and when one mark was taken to equal another one, no matter of what sort.

But these same fantastical calculations were taken to the financial conference in Brussels last December. Here the Germans intended to show—and this contention was nearer the facts—that German business was in a bad way and that the country needed nursing, rather than despoiling. But they produced the deceptive optimistic figures to prove their pessimistic contention. As late as the conference of London, one of the foremost German experts said he was going to the conference without knowing what Germany is producing or could be expected to produce in the next five or twenty years.

Feeling about with a cane in the dark is therefore the common way of drawing conclusions about German industry to-day. When there are unwholesome factors like the printing of billions of paper marks—a currency which, like alcohol, puts a momentary glow into the German industrial body, but which promises a ghastly morning after, predictions become hazardous.

The recovery of German industry since the armistice has been remarkable, but in no branch is shown a vigor exceeding that before the war. Application of the peace treaty reduces German territory, population and coal about ten per cent. By the transfer of Lorraine to France Germany lost about three-fourths of its iron supply.

Trade Balance Wiped Out.

Before the war Germany had a slightly passive balance of trade made up by German shipping and returns from foreign investments. These have been wiped out. Now Germany has an unfavorable balance of about 2,000,000,000 gold marks annually despite all efforts at rigid economy.

German after war exports can be divided into two categories both as to class and vigor—wares made from home materials and wares made with imported materials. Trade in wares made with home materials has flourished and is bound to continue to do so as long as Germany has cheap labor. Such goods are coal, iron and its by products, potash, glass and objects of wood.

Germany also keeps a similar freedom in wares requiring high technical finish where the value of the raw materials they contain is one of the smallest items. This would comprise art porcelains, scientific instruments, optical wares, laces and similar articles of luxury.

Goods manufactured from imported materials leave much opportunity for stabilization of present prices, as Germany must here pay high prices in depreciated currency for raw materials. This makes the cost of the finished articles much higher and less adapted to compete with foreign wares produced under fewer handicaps. In this category textiles are most conspicuous.

There is a constantly appearing element in costs that tends to offset the initial advantage Germany enjoys in cheap skilled labor. This item comprises rising taxation and trebled and constantly increasing transportation charges.

Huge Combines Flourish.

Coal, chemical byproducts, electrotechnical wares and iron and steel have been grouped into a series of combines in Germany which makes this cartellation the most powerful on the Continent. These trusts are interlocking. The owners have organized their factories horizontally and perpendicularly to reduce both waste motion and taxation. They have control of the domestic market in price pooling cartels and agree on their foreign sale prices.

The Germans, making exception for the coal stoppage in Upper Silesia, are producing more coal than they did before the war. Germany sent 22,000,000 tons of coal to the account of reparations to France, upsetting the European coal market. In addition, Germany produced more than enough coal to meet the demands of neighboring states.

Although they lost their iron ore, the Germans were at no immediate disadvantage here because they had large stocks at hand and started buying from the French when the bottom had fallen out of the iron market so that they could buy at ridiculously low prices.

Then came the general industrial depression. The German coal exporters felt the pinch first. They found that the French and Belgians were competing in neutral markets against them with their own coal.

The iron and steel people had orders ahead carrying them over until spring for iron and steel. They were also less directly hit by outside stagnation because they could underbid most of their rivals. Since February, however, when the Belgian crisis began, the Germans find the Belgians are underbidding them in many iron and steel wares.

Customs Barriers Erected.

Another factor enters which has been a serious handicap for the German iron and steel industries. Countries with similar industries began to feel the effects of German so-called "valuta dumping," and put up customs barriers. The British put a radical stop to import of German wares with the provisional 50 per cent. duty, modified now to 26 per cent. Other allied countries, including Czechoslovakia, took similar measures.

The application of the sanctions in February on the right bank of the Rhine in the heart of the iron and coal regions put a mass of petty obstacles in the way of production. Factories belonging to the same firm were on different sides of the new customs line. The Gelsenkirchen works for example could not exchange their iron and steel metals without passing through all manner of formalities and paying duties. The dye works of Hoechst were obliged to pass through a control of African troops to send chemical samples from one laboratory to the other.

Whatever the purpose of establishing this new control may have been, the actual effects of it have been to cripple production in the Ruhr. But manufacturers maintained their output, hoping against hope that at least the new sanctions would be retracted. Now that this does not seem likely in the near future they are doing what retailers on both sides of the line have already done, restricting their output.

When the crisis in the iron and steel market became serious in May, German firms decided to withdraw export price control. By putting prices a fourth of what they had previously been they attracted orders again, so that the industry is slowly recovering from the general depression despite various obstacles.

Chemicals now hold second place in weight and third in value in Germany's exports. Present production is two-thirds of what it was in peace time.

About half of the present German output of dyes now goes to the textile mills of Czecho-Slovakia, to Italy and to the Eastern States.

In coal tar dyes there are some 900 grades, all of which the Germans have been manufacturing. Industries in allied countries established during the war have been able to produce many of the lower and moderate grades. They find it cheaper, however, to continue to buy the higher grades from the Germans.

The Germans are, therefore, confident of being able to hold their highly specialized market, and in time of recapturing many of the pre-war markets for the lower qualities of dyes.

I talked with Consul Weinberg and other large dye manufacturers, and find them indignant over methods used in competition against them, but confident that they can keep a part of the market for their specialized wares.

German dye manufacturers understand the concern of the American Government to protect an infant dye industry, but are indignant at the "unfair methods" they assert some dye makers in America are using to boycott the German wares. They deny, and in my opinion honestly so, the least foundation for stories of manufacturing a poisonous gas more deadly than any existing until now. The recommendations in many newspapers that the German dye industry be destroyed they regard as plain agitation by trade rivals who direct the whole campaign to eliminate German competitors.

Glass and Pottery Suffer.

Glass and pottery manufacturing is also one of the industries in Germany that are virtually self-sufficing, and which can put goods on the foreign market out of home materials.

The market here was a thriving one last year, with large profits, even though with restricted production. It is, however, one of the industries most hit by the momentary depression. There is no buying public in Germany for art porcelain, and, as long as business stagnates, few buyers abroad.

The demand for insulating and domestic porcelain and glass is also limited owing to the absence of building in Germany. Glassware, however, is being manufactured in large quantities and stored for future sale.

Prices are being constantly cut now, but there are no reports of notable increases in the number of buyers. Manufacturers are therefore planning to reduce their output and to cut down the number of workers during the remainder of the year.

Textiles, the third industry in Germany in capital and in number of workers, is at the same time the German industry which is most dependent upon outside markets for raw materials, and now for the sale of finished goods. Incidentally Germany has again become America's third best customer for bale cotton.

The German textile industry will also be dependent upon the outside world for raw materials, but their present dependence upon foreign markets for their wares is a direct result of the pauperizing of the German people. As they cannot buy, German looms and spindles turn out more than half speed only when foreign buyers come forward.

Foreign markets existed for a time, but now customs barriers are being put up in countries which have similar industries. Neighboring neutral markets are glutted. This leaves Germany only South America and the East as markets for cheap goods. They can, however, still dispose of luxuries, laces and special cloth goods in limited quantities to western Europe and America.

Germans Look Toward Russia.

There remains, of course the hope of building up eastern European markets again, notably in Russia. But there will not be enough of a consuming public here in the next few years to relieve the German textile crisis.

German textile organization is not so systematized and modernized that it can offset the disadvantages of costly cotton and American and English competition. It is only partly possible now because temporarily German labor is paid at but a seventh the rate of that in England and America.

The German textile industry is already reducing its output, workmen are put on short time and gradually being discharged. As long as German textiles are dependent upon three variables as unsettled as foreign raw materials, foreign credit, and foreign markets, German textile industry is bound to remain in a precarious condition.

The only industry that shows an increase in exportation now as compared with before the war is the building industry. Instead of exporting large quantities of wood Germany was a large importer. Now, however, exportation of wood has doubled over what it was before, and importations have virtually stopped. Germany exports railroad ties, having discontinued building railroads at home. Granite exportations are six times what they were before the war and exportation of artificial stone is also larger. In addition to building materials Germany exports a quanity of rough furniture and course domestic utensils.

Building Almost Stops.

The reason for this difference can be found in the fact that building has almost stopped in Germany. With the exception of an expensive villa usually begun before the war, or of workmen's colonies in districts where housing is absolutely essential for an important industry, building no longer exists. Cooperative building with State subsidiaries is the only kind going on to-day.

Only the exportation of brick has fallen and this is due to the same unwholesome conditions. Many brickyards have been broken up, and, of those near foreign countries, the machinery exported, owing to the small demand for brick. The only yards in private hands which still pay a return are those purchased by cooperative building societies engaged in construction to meet their own needs, on long time credit from the State.

Cancelling orders is a foreign importation to Germany but one to which German export houses have taken like the proverbial duck to water. They buy, sell and cancel now at the same rate as the mark goes up and down.

German consuls now abroad are writing what they think and not what they think will please, and with brutal frankness warn German exporters that they are ruining their chances for building up their foreign trade by not improving their old reputation for solid dealings. Merchants in surrounding neutral countries have frequently complained that the only goods they now buy from Germany are those of which they go and take possession.

Foreign buyers are also frightened off somewhat by the fact that the German manufacturer can no longer give them any positive guarantee of delivery. A strike, a new Governmental restriction on exports or a cancellation from the Reparations Commission may intervene, which kills the deal.

Germans have been making recently a trade drive in Japan. Here a prominent German exporter tells me they found a cordial welcome, and were able to get orders in advance for dyes, chemicals and electrical goods. But buyers complained later of sample irregularity and that the mixed goods were of low quality. Their first ador, therefore, cooled.

On the other hand, the big German manufacturers are taking infinite pains to win a place in markets where they can hope to resist foreign competition. They are giving credit, in some cases as long as three years, to South America, and now are beginning to do so in Soviet Russia.

In conclusion German export trade is bound to come back slowly to a prominent place. The complete trustification of coal, iron, steel and chemicals is one that is likely to dominate the Continent unless fatal blows lurk in the burden of reparations and the disorganization which is likely to follow the reckoning day for the billions of paper marks now being circulated.

But in the world market Germany has lost to America in the very branches in which German industry is strongest, is relatively weaker than England in the same lines, and will now be held back in the near future not to crowd out France and Czecho-Slovakia.

NORTHCLIFFE VIEWS PUZZLE WASHINGTON

Officials Concerned Whether Curzon Represents British Sentiment.

EFFECT ON CONFERENCE

Success of Disarmament Parley Dependent on Popular Appeal.

PUBLISHER UNDISTURBED

Says Foreign Secretary and Premier Are Best Members of His Staff.

Special Despatch to THE NEW YORK HERALD.
New York Herald Bureau, Washington, D. C., July 30.

Although Lord Northcliffe is gone from Washington after two days of rapid fire developments in his spectacular controversy with Premier Lloyd George and Lord Curzon, the British Foreign Secretary, officialdom is still buzzing with comment on the affair and wondering whether it may affect the relations between the United States and Great Britain.

While of course Washington officials kept entirely clear of the squabble by refraining from giving the slightest suggestion of formality to their conversations with Lord Northcliffe yesterday and Thursday, they realize that the outcome of this British political fight may be of real interest to the United States.

Attitude Toward America.

Lord Northcliffe is vigorously opposing, through his numerous publications, the proposal of the British Premier and Foreign Secretary to come personally to Washington as delegates to the coming disarmament conference called by President Harding. He says they do not represent the British people at this time any more than Woodrow Wilson represented the American Senate and American people when he went to Europe and negotiated the treaty of Versailles.

In a statement made here on Thursday night Lord Northcliffe said Lord Curzon did not like Americans, the inference being that he did not like Lord Northcliffe's newspapers because they were friendly to the United States.

Washington officials do not pretend to understand the intricacies of British politics and they do not know how correct Lord Northcliffe's appraisal of Lord Curzon's sentiments toward the United States may be. They are not losing sight of the fact, however, that the only chance for success of the effort to limit armaments at the conference lies in the possibility of getting public sentiment in the United States, Great Britain and Japan behind whatever proposals are made. To that extent the question as to how far Lloyd George and Lord Curzon may be able to speak for the British people and Parliament is of real importance to the United States and the rest of the world.

One official drew a parallel to-day when he said the question as to whether President Wilson at the Versailles peace conference represented the American Senate and the majority of the American people, was of the utmost importance to all the world, as afterward became apparent, for the whole peace structure which he had helped to build up was repudiated by the American people and the league covenant cast into the discard.

Northcliffe Undisturbed.

Students of British affairs here have great faith in the political good sense of the British people, and are not placing too exaggerated importance on what one of the labor newspapers in England has called "an amusing piece of low comedy."

When Lord Northcliffe left here last night for New York on his way to Vancouver and the Orient he did not seem to be greatly disturbed over the boycott which the British Embassy had enforced against him, presumably on orders from Lord Curzon, although he was greatly wrought up over the stories printed in London that he had quoted the King as saying to Lloyd George: "When are you going to stop killing my people in Ireland?" or something of similar import—a statement which he denied ever having made.

The great publicity attaching to his visit to this country seemed not to annoy him. One of the last things he said before getting aboard the midnight train was:

"Somebody has said that Lord Curzon and the Premier are the best members of my newspaper staff, and it looks as if that is right."

KAISER'S NAME STARTS SHIPYARD STRIKE TALK

But Wilhelm H Stood for Another and Peace Reigns.

Special Cable to THE NEW YORK HERALD. *Copyright, 1921, by* THE NEW YORK HERALD.
New York Herald Bureau, Berlin, July 30.

The name "Wilhelm H—" on a ship in the Keil shipyards, recalling memories of the Kaiser and causing workers to think that the vessel was named after their one time Emperor, aroused such indignation there that a general strike was threatened.

A painter was putting the name of the ship's owner on the vessel when the whistle blew at the end of the working day. He had just completed the lettering "Wilhelm H." He dropped his brush however, when quitting time was announced, and other workers, seeing the name, thought the ship was to be called after the ex-Kaiser. Not until they were convinced that the "H" was merely the beginning of the word "Hemforth" and not "Hohenzollern" did their strike threats cease.

CAPE BRETON FIRES COVER 100 SQ. MILES

Bridges and Wires Destroyed in Forest Sweep.

SYDNEY, N. S., July 30.—Forest fires to-day continued to rage in northern Cape Breton, threatening the village of Ingonish, with its 1,000 population, and other fishing communities. Without rain there appears no prospect of checking the blaze.

Already flames have swept an area more than twenty miles long and five wide, destroying telegraph poles, bridges and culverts. Most of the timber burned thus far has been on scrub lands.

LLOYD GEORGE MAY MAKE TRIP SOON TO WASHINGTON

Would Come With Dominion Premiers for Unofficial Preliminary Parley on Disarmament and Offset Effects of Northcliffe's Visit.

Special Cable to THE NEW YORK HERALD. *Copyright, 1921, by* THE NEW YORK HERALD.
New York Herald Bureau, London, July 30.

As a result of the Northcliffe controversy Premier Lloyd George may try to go immediately to America to counteract any effects of Lord Northcliffe's visit. The Premier would make the trip on the ground that it would be for the same purpose as that of the Dominion Premiers, particularly Hughes of Australia, Massey of New Zealand and Smuts of South Africa, who want to talk to Secretary Hughes and President Harding on the Japanese question before returning to their countries.

According to their schedule, they will start for home next week. Washington's decision against a preliminary parley in London is accepted here in good grace, but the anxiety of Great Britain to get negotiations going as soon as possible is not abating. J. L. Garvin in the London *Observer* suggests to-night that fast ships might get the entire delegation to Washington before the middle of September so as to enable a preliminary understanding to be reached.

The "Northcliffe interview" itself simmered down to-day into an amusing blunder when it was revealed that what England had been informed was an interview with Lord Northcliffe was in reality an interview with H. Wickham Steed, editor of the London *Times*—and that Steed denies even that.

Strangely enough it was an error in Lord Northcliffe's own shop here which started all the row. At any rate Lord Stamfordham, private secretary to King George, to-day sent a cable to Lord Northcliffe which read as follows:

"I have communicated to the King your message received by me this morning. His Majesty is glad that it confirms the statement made on his authority by the Prime Minister in the House of Commons yesterday."

The result, however, is that while all papers continue to devote much space to Lord Northcliffe's doings most of them confine their comment mostly to good humored chaff.

LORD NORTHCLIFFE SILENT ON INTERVIEW; BEGINS TOUR

Continued from First Page.

until Mr. Lloyd George questioned the accuracy of the statement to correct it. As to the Irish situation, it is a fact which none can contest that the fact of the truce and the possibility and probability of a settlement proceed directly from the enlightened initiative of King George in going to Belfast and making that great hearted and considerate speech there.

"It is also incontestable that King George feels for all his subjects an equal solicitude. I imagine nothing rejoiced him more than to see the prospect of peace in Ireland, but I firmly believe that the statements attributed to me could not have been made by me, for I do not even know what passed between the King and the Prime Minister. The paper that I have the honor of editing and that Lord Northcliffe controls has been working very hard for two years to bring about just such a settlement as the Government seems to be approaching.

"We have given Mr. Lloyd George's Government the fullest support whenever it seems to be treading the path of peace, and we shall continue to give it the fullest support in all its efforts to carry through the present negotiations to a successful conclusion. Nobody knows this better than Mr. Lloyd George himself, who has during the last two years had the most pertinent reasons for knowing the truth of my statements.

That and that alone was the sense of the informal talk I had with the representative of the New York *Times*, whose copy I did not have the opportunity to revise, as the *Times* was good enough to say this morning.

"I imagine that, like every thoughtful Englishman, the King is longing for peace and anxious to promote it, as he showed when he very courageously went to Belfast. That is all there is to be said. It is a pity this misunderstanding came about, and I regret that there has been any need for explanation after my very pleasant relations with my colleagues in New York."

Mr. Steed read with interest a newspaper containing the reply of Lord Stamfordham, private secretary to King George, to Lord Northcliffe's message repudiating the interview attributed to him in the Manchester edition of the *Daily Mail*. Lord Stamfordham wired: "I have communicated to the King your message received this morning. His Majesty is glad that it confirms the statements made on his authority by the Premier in the House of Commons yesterday."

"That means that the Premier said in the House of Commons that the King had said nothing of the kind," Mr. Steed said. "This quite confirms what I have just been telling you."

Mr. Steed said that Lord Northcliffe was going around the world to see and feel for himself, in the belief that "once seen is worth a thousand times heard." He and Lord Northcliffe seemed undisturbed by the cabled reports that the British Government has instructed its embassies to ignore the publisher as he goes on with his travels. Mr. Steed said that an Ambassador would not be expected to pay any more attention to a peer than to any other travelling Briton; that dinners and other entertainment were inspired by personal friendship; there was no obligation on the Ambassador to lay himself out. "As for Canada, New Zealand and Australia," Mr. Steed added, "they are independent governments and we don't give them any orders from England." Mr. Steed said he believed Lord Northcliffe was to be the guest of the Canadian Club in Vancouver; beyond that he did not know of any social programme.

SWISS GUIDES SEEK BODY OF DR. STONE

Approximate Location of His Fall Down Mountainside Is Known.

CALGARY, Alta., July 30.—Another searching party of Swiss guides was being organized to-day to recover the body of Dr. W. E. Stone, president of Purdue University, who plunged to death from Mount Eanon July 16.

This information was received here to-night by the Calgary *Herald* from its correspondent, who now is at Trail Centre Camp with the rescue party returning to Banff with Dr. Stone's widow. The educator's son is expected to reach Banff to-morrow and to press on to Mount Eanon in quest of his father's body. Mrs. Stone to-day was resting comfortably in camp, after having been carried on a stretcher for miles over a narrow mountain trail.

SPRAY FALLS, Alta., July 30.—Mrs. W. E. Stone described to-day how the shrill sound of her voice, caught up by the multitude of peaks and crags and reechoing, saved her life after her husband had perished in climbing the mountain and after she had lain eight days on a perilous ledge.

A searching party had figured out the probable course that Dr. and Mrs. Stone would take in the attempt to ascend Mount Eanon. From a point of vantage the searchers had scoured every side with their glasses without a sight of anything. Then, as they decided to go on, one member of the party thought he heard the cry of a woman from afar. Listening intently, the searchers heard it again. A more minute inspection with their glasses revealed far below and across the canyon the form of a woman. One hour later Mrs. Stone was rescued. At different periods she had raised her voice with all the vigor she had, expecting that some time it might be heard and she would be rescued.

Dr. Stone was within five minutes' climb of the top of the hitherto unscaled mountain, the goal which he and his wife had set, when his own death occurred.

Dr. Stone was climbing above, when without a word of warning, a farewell of any kind, not even a sign, he plunged over her head to the abyss below. He fell fully 5,000 feet, in the opinion of his wife. She saw the body strike a rock, bound from it from cliff to cliff and on down the side of the mountain. She began a hasty descent down the cliff in an effort to get to her husband. She fought her way down the side of the mountain, and when found was 3,000 feet below the point where Dr. Stone had fallen.

How Mrs. Stone became marooned on a ledge of rock she does not know herself. She could proceed neither way. In that position she spent eight days. She had no food, but during the middle of every day, when the sun was high, a tainy stream of melted snow came trickling down close enough that she could refresh herself. She never gave up the fight. Every day she cried for help, and it was because of this spirit that she eventually was discovered.

Dr. Stone seemed to have a presentiment that the venture might end in disaster. When he and Mrs. Stone left camp on Mount Assiniboine, the Matterhorn of the Canadian Rockies, on July 15, they left word that if they did not return in three days a search party should be sent out. The mountain is almost inaccessible. Last year a Wakefield party made an unsuccessful attempt to scale it.

NORTHCLIFFE CASE DIVIDES EDITORS

One Calls Repudiated Interview Low Comedy of Music Hall.

LONDON, July 30.—British newspapers display the Northcliffe affair at great length and under large headlines this morning. The papers controlled by Lord Northcliffe contain brief editorials calling attention to the denials of both King George and Lord Northcliffe.

The *Times* and the *Daily Mail*, another Northcliffe paper, both devote considerable space in commenting upon the King's correct attitude in relation to his opening of the Belfast Parliament. The *Times* says:

"At Belfast the King's action obviously was in accordance with constitutional tradition, but at the same time it should be clearly understood that his Majesty constitutionality was entitled to call the attention of his advisers to this own standpoint."

The *Mail* says it is unnecessary to remind its readers regarding the "attitude of the Northcliffe press toward the throne of England and the revered sovereign who occupies it."

After ridiculing the attribution of such "nonsense" to the King, the *Morning Post* says that Lord Northcliffe's denial was needed, "as the words ascribed to him were not entirely out of character to other authentic utterances from the same lips."

Referring to an article in the *Daily Mail* last Thursday describing the activity of Lord Northcliffe in America, the *Post* continues:

"Northcliffe's mind is clearly overstrained. It is a case not for the politicians, but for the doctors. * * * There is a point at which megalomania becomes dangerous. The patient must either be persuaded to rest or his friends must fear the worst."

The *Daily News*, suggesting that the whole affair may prove to have been a hoax, adds:

"The lesson to be drawn will be simply the danger of semi-royal progress in foreign countries of peripatetic potentates of undefined status."

Assuming that a hoax is the explanation, this newspaper thinks that Lord Northcliffe deserves some sympathy, but adds that he should have chosen "some less irreverent country than America for his triumphal journey, as the purposes of advertisement would have been served equally well by a voyage to the pole."

The *Chronicle* says that Lord Northcliffe appears to have gone to America with the intention of doing what he could to make Premier Lloyd George unpopular there, and thus "queer the pitch" for the British Government in the coming disarmament negotiations in Washington.

Both Premier Lloyd George and Lord Northcliffe are censured by the *Herald*, which says editorially:

"It is a diverting piece of low comedy, with two great demagogues as back chat comedians. The whole silly squabble is just a music hall turn put on for two purposes—first, to gratify the vanity of these two worthies, and secondly, to divert the people's minds from things that really matter."

SENATOR NORRIS STILL ILL.

WASHINGTON, July 30.—The condition of Senator Norris of Nebraska to-day was reported less favorable. Since his collapse in the Senate Thursday after a long address Mr. Norris, it was said, had taken virtually no nourishment.

SPANISH TROOPS HOLD OWN AGAINST TRIBESMEN

Cut Off in Morocco, They Are Well Supplied

MADRID, July 30.—Quiet prevails along the Spanish advanced posts about Melilla, Morocco, according to the latest advices received here. General Navarro, whose troops were cut off from the main Spanish army in the recent fighting with tribesmen, has managed to get a despatch through to General Berenguer, Spanish High Commissioner for Morocco, informing him he is holding out behind the Monte Arruit fortifications, with plenty of ammunition and provisions.

The Madrid newspapers to-day report that King Alfonso will make a visit to Melilla to get details of the situation there at first hand.

TURKS PREPARE DEFENCE IN HILLS

Greeks Encamp Ten Miles Away—Fortify Eski-Shehr as Base.

By the Associated Press.

ESKI-SHEHR, Asia Minor, July 29.—The broken forces of Mustapha Kemal Pasha, numbering now less than 50,000 men, have taken up positions on a range of hills about forty miles east of Eski-Shehr. Watching them are several powerful Greek divisions ten miles distant. The Turks have no prepared defensive positions and it is not expected that they will essay another offensive. Moreover, their artillery has been greatly weakened by the loss of many large cannon and their supply service is extremely defective, the transport consisting mainly of ox carts.

The Greek army is expected to remain in Eski-Shehr three or four weeks before essaying another drive. It is considered essential by the military leaders that the railroad from Kutaia should be completed in order to make Eski-Shehr a strong base, and that the army should be given a rest and time for the strengthening of the forces and the betterment of communications. The Kemalists destroyed three important bridges between Eski-Shehr and Kutaia, and it will take some forty days, it is estimated, to restore them.

The uniforming and general condition of the prisoners does not indicate a high state of organization on the part of the Nationalists. Not more than half had any uniforms at all, and such uniforms as were in evidence were in rags. The rest of the prisoners were clad in every variety of costume, from sheepskins to burlap bags, and most of them had no shoes.

The losses of the Nationalists in killed and wounded to date are estimated in Greek quarters at 11,000, while 6,500 prisoners and 42 cannon have been taken by the Greeks. In addition the Turks have lost some 3,000 men by desertion, it is declared.

The Greek killed and wounded number approximately 7,500, while 2,000 have been taken prisoner. Premier Gounaris is now at Kutaia conferring with King Constantine and the general staff over the question of a further advance by the Greeks toward Angora.

CONSTANTINOPLE, July 29.—The Turkish Cabinet at a meeting to-day decided that any attempt toward bringing about peace between the Turkish Nationalists and the Greeks would be inopportune until the battle around Angora had been fought to a definite decision. Meanwhile a note from the Angora Government has been received, accusing the British of supplying the Greek army with Turkish ammunition that had been handed over to the Allies after the armistice.

Permission has been given by the Allies to the Greeks for the use of the Dardanelles and the Bosporus in connection with the Greek operations in the Black Sea.

SCANDAL IN ROYALTY CLOSES A CASINO

Russian Dancer and a Prince Must Go Elsewhere.

Special Cable to THE NEW YORK HERALD. *Copyright, 1921, by* THE NEW YORK HERALD.
New York Herald Bureau, Paris, July 30.

The personal intervention of Prince Eitel Hohenzollern with both the Swiss and Italian Governments following the disclosure of scandals at Lugano in which Prince Frederick Leopold's son was involved with a Russian dancer has just resulted in the closing of the doors of the Campione Casino.

Lugano for the last two years has been notable for its colony of princes, archdukes and other notables affected by revolutions, as well as Slav countesses and Austrian barbnesses, trying to forget their sorrows in excessive pleasures.

When Prince Frederick Leopold's son, whose brother was killed while flying over the French front in 1916, took up a liaison with the Russian dancer his relatives protested against the sudden draft on the family treasury. Prince Eitel, who is acting as a sort of substitute Emperor in Berlin, asked Bern to close the casino, but when the Lugano authorities investigated they found that the gambling was carried on just over the Italian border, whereupon the Italian Government was approached. Although Prince Eitel's family is satisfied, the Lugano devotees consider their season spoiled and are watching to see where the Prince and the dancer will next try their luck.

REILY INAUGURATED PORTO RICO GOVERNOR

Reference to Old Glory in Speech Wildly Applauded.

By the Associated Press.

SAN JUAN, Porto Rico, July 30.—The new Governor of Porto Rico, E. Mont Reily, was inaugurated to-day with the customary ceremony. He took the oath in the Municipal Theatre at 10:30 o'clock. It was administered in Spanish by Chief Justice Hernandez and translated by an interpreter.

Before beginning his formal inaugural address Gov. Reily referred to statements which he said had been published "by the unfriendly press in the United States and reproduced here, supposedly giving my view regarding Porto Rico."

Gov. Reily's statement that there was no room in Porto Rico for any flag other than Old Glory brought the greatest applause of the occasion from the audience. It was commented that the officials on the stage, most of them Unionists, did not join in the handclapping.

WOMAN DIES IN BATH HOUSE.

While preparing to bathe in the public bath house at the Battery yesterday Mrs. Julia Danzo, 55, of 46 Mulberry street, was seized with a heart attack and died. She was found overcome in the dressing room.

BRYCE AT WILLIAMS DIGS INTO WAR CAUSE

Speaks on International Relations as Political Institute Opens.

REMEDIES ARE SOUGHT

Influences of Napoleon and Bismarck Are Still Felt in Europe.

PRAISE FOR KOSSUTH

Believes Greater the Population of a Nation the Fewer the Real Leaders.

Special Despatch to THE NEW YORK HERALD.

WILLIAMSTOWN, Mass., July 30.—The first day of real business of the Political Institute was closed to-night by Lord Bryce's introductory address on the international relations of the Old World States, the general subject on which he is to treat during the course.

Although there was only one address to-day hereafter they will be given every day at 11 and 8 o'clock. Daily public addresses of the visitors from abroad are to be supplemented by a series of round table discussions conducted by specialists on the subjects treated.

These conferences are restricted to members of the institute and are kept small enough to permit informal approach to their problems. The groups, with the subjects they cover, are:

"The New States of Central Europe," by Profs. Coolidge and Lord of Harvard; "The International Aspects of the Reparations Question," by former Under Secretary of State Davis; "Treaties of Peace," by Prof. Garner of Illinois; "The New Frontiers of Western Europe and the Near East," by Prof. Haskins of Harvard and Major Martin of Washington; "Fundamental Concepts in International Law in Relation to Political Theory and Legal Philosophy," by Prof. Reeves of Michigan; "Latin American Questions," by L. S. Rowe, Director-General of the Pan-American Union; "Tariffs and Tariff Problems," by Prof. Taussig of Harvard, and "Unsettled Questions in International Law," by Prof. Wilson of Harvard. Each member is limited to two of these groups.

Glorified Normal School.

The courses are in the nature of graduate study, with the interesting difference that most of the students are college professors. It is a sort of glorified normal school. Membership in the institute is open to men and women of the learned professions, authors, publicists, editors, persons engaged in the direction of foreign commerce and all others whose training and interests have fitted them for participation in and contributions to discussions of this nature.

Williamstown is an ideal location for the gathering. In spite of the gale last Thursday, which tore up and broke off many stately old elms, it is still the same beautiful little college town. Guests at the institute are living in the college dormitories, where every comfort is provided. Members take their meals in the college dining hall. In addition to persons enrolled for the course there are many hundreds of residents and visitors from the countryside who take advantage of the auditorium of Grace Hall to hear the principal addresses. Already the little community is acquainted and settling down to the serious work ahead.

In his talk to-night Lord Bryce laid down the foundations on which he will continue his topic. He stated his purpose as follows:

"I purpose to begin with a short account of what international relations were in the ancient world and were in our modern world until the fateful year 1914, and then describe concisely what these relations are at this moment in the Old World, shattered as they have been by a desolating war and not resettled by any real peace.

Will Survey All Influences.

"Thereafter I shall try to survey the conditions, economic, racial and intellectual, which influence these relations for good or evil, to examine the organs or instruments by which they are directed, and finally I shall consider the remedies that have been suggested for their defects and inquire what prospect there is that these or any other remedies will be successful.

"There are two relations in which nations stand to one another, that of war and that of peace. Our present aim is, therefore, to understand what have been the causes of war and what may be the sources of peace."

After dividing the progress of the world into five stages, Lord Bryce paid his respects to five of the great influences in making Europe what it is to-day. He started with Napoleon, who, he said, had changed the face of European politics as radically as Cæsar, and summed up as follows:

"He set an example of absolute disregard of good faith and ruthless indifference to human life. Not only did his victories disclose the weakness of civil and military systems of the old monarchies he vanquished and deprive them of the respect they had been receiving, but he also discredited the monarchs as persons. The Corsican adventurer tore the veil away and they grovelled before him."

Lord Bryce then spoke of Bismarck, saying that, like Napoleon, he had done his country a bad service by the precedents he set and made this estimate of him: "But though much of the work Bismarck accomplished by his action was undone by his imitators, much remains and it is possible that his example may serve as a warning instead of a lure in the future."

Cavour he described as a practical statesman who knew what was possible and what was not, the maker of Italy. To Kossuth and Mazzini he attributed much of the passion for freedom which spread over the world in the last half of the nineteenth century.

In closing he said that the great things in the world's history are brought about by men who are ready at the call of opportunity to take their place and guide the people honestly and skilfully, for the larger the population governed the fewer are the men who are responsible and capable of leading them out of the dark.

SPAIN OFFERS AIR PRIZE.

MADRID, July 30.—The royal Spanish Aero Club has offered a prize of 5,000 pesetas for a heavier than air machine which can rise vertically into the air from the ground.