Chinese currency is still the medium of exchange, save at
the telegraph office, railway station, and many of the Japanese stores:
but Japanese money is seen more frequently, and is not now difficult
to get locally. Recently the Special Service organ (Army) issued
public orders that any one refusing to accept Japanese currency or
military notes is liable to heavy penalties. Some Japanese stores
will accept Chinese money at or near par, seemingly as a means of com-
petition in retail business that is not flourishing. A large pur-
chase was recently made at 1.04 per yen of list US$ price. A quo-
tation of 95 yen per dollar was also made. It is reliably reported
that the Nantong Bank (Japanese) will sell live and mark, but no
other foreign currencies.

The only other bank open for business is the Yokohama Specie, which seems to serve only the military.

In a recent conversation, the representative of an important
Chinese private bank, which is quietly helping out its old depositors,
declared that his bank was still studying the possibility of opening in Nan-king; but on the one hand saw little hope of opportunity for com-
mercial lending, and on the other, great risk in receiving monies for
safekeeping under present conditions of public order. Robbery is
now very common, by soldiers, by marauders, and by large groups of Chinese,
much of the latter connected with the heroin distribution under army
protection. Japanese merchants are allowed to have arms, and at
least part of them keep one of their own men on watch all night. Also
the not leaders of the narcotic gangs receive weapons from the mil-
tary. On the other hand, the small number of Chinese police are
armed and helpless in every sense. The result is paradise for the
worst elements, with general fear and trouble and condensation of eco-
nomic effort among the public. Opium is twenty-dollar per
ounce; pipes and lamps are sold openly along the streets, in shameful
license that Nan-king has not known before. Heroin is 1000 per ounce
pure, but is distributed to the distressed poor in five- and ten-cent
packets of adulterated "flour".

Rice has come in steadily from heaven to the south of Nan-king,
and gradually retail stocks have been built up to visible quantities.
The price, after a drop, has now risen to about 50 per shih tien, or
nearly 90 for the old bag, including a sixty-cent tax. Rains at
harvest and threshing time have greatly injured the wheat crop. Coal
is becoming scarce, and is so completely under military control that
the private owner of supplies are practically squeezed out of pos-
session. Electric light is still available to only a few places,
and reconnection is a lengthy process hardly to be accomplished without
pull. Water pressure is slowly improving. There is no pub-
lic telephone service, but certain official places are connected, and
some work with cables is in progress. Sanitation is largely a
matter of cleaning a few of the main streets. Food is being
pounded to pieces by military trucks with insignificant repair.
Driving has been wild and murderous; just now an effort is being made
to get military vehicles to go around all the intersections. Bus
service is limited to two poorly supplied lines. The daily military
train to Shanghai now carries five or six third- and fourth-class
cars open to civilians; there is no free traffic to Nantong, and no com-
mercial freight or parcel service open to all.