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A. E. Staley: From his new plant, better tastes for food (page 6)

BUSINESS WEEK INDEX

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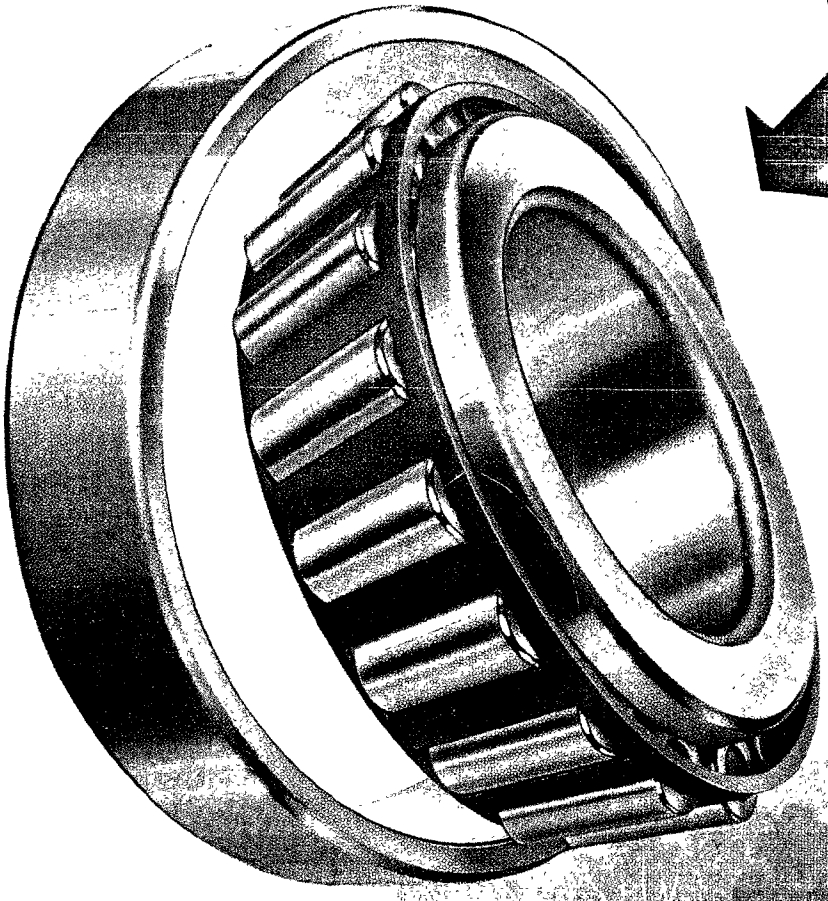
BUSINESS WEEK

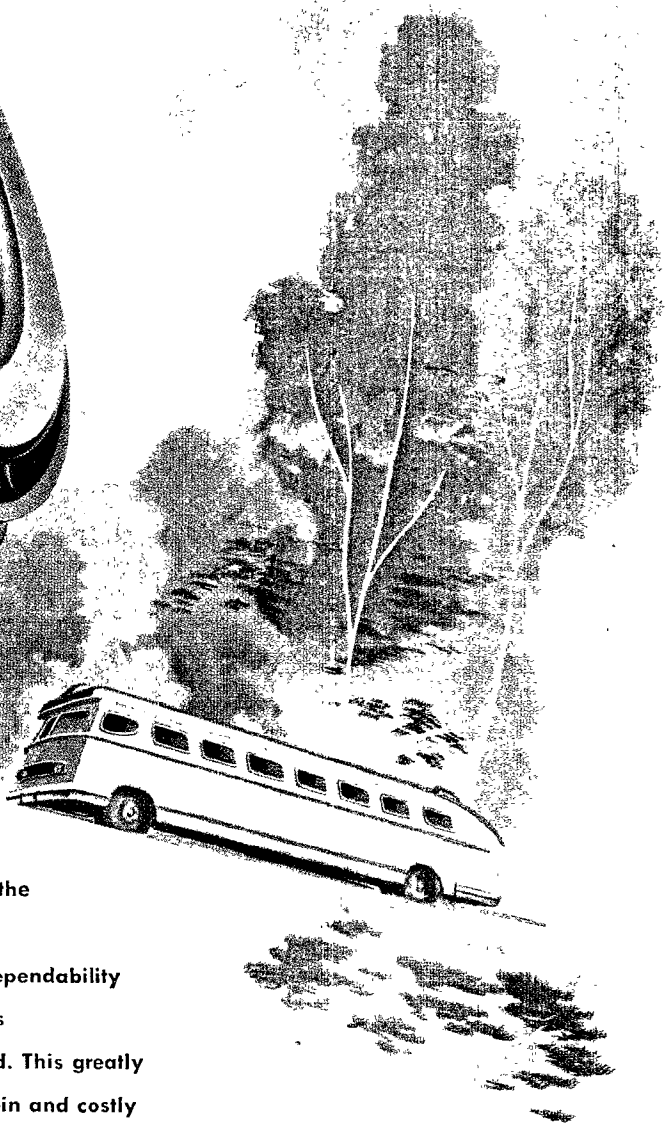
NOV. 13, 1948



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There's no better way to measure real bearing value than by the mile . . . the extra miles of trouble-free performance you receive from Bower bearings. ★ There's no better explanation of this greater dependability than improved Spher-O-honed design. For example, roll-ends and flange surfaces are spherical before the bearing is installed. This greatly reduces initial wear, and completely eliminates running-in and costly final adjustment. ★ Only Bower bearings offer you the many important advantages of Spher-O-honed design. Consequently, only Bower bearings offer you precision, smoothness, dependability and economy in such high degree. That's why from every standpoint, they're your best bearing buy.

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ROLLER BEARINGS

SPHER O HONED

NOV 15 1948



"Vision is Indispensable to Progress"

A growing river of Steel brings you this flood of useful, durable products

From steelmakers' furnaces pour the molten metals for thousands of the things Americans enjoy today—from bridges to bicycles, from ships to scissors, from railroads to razors, from tunnels to tin cans.

For steel is not just *one* metal. There are *500* different kinds of steel, supplied in 100,000 sizes, shapes, finishes and compositions. Because of the vision and skill with which steelmakers have adapted their products to new uses, steel has truly become the backbone of our civilization.

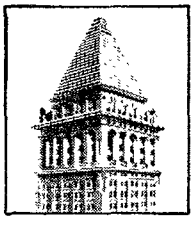
One important phase of steel's multi-million dollar research program is the use of oxygen in blast and open-hearth furnaces, which promises material increases in production. Steelmen are also working to find ways of using lower-grade ores.

New means of casting steel direct from melt into semi-finished form—by-passing the ingot stage and blooming mills—is another research development which, together with other improvements, may lead to still greater production efficiency in new and existing steel manufacturing facilities.

From raw steel—made tougher, or more pliable, in new and old forms, with new properties and qualities—will come the products of tomorrow. Research men in steel companies are working alone, working together, and working with manufacturers to develop the specialized metals which these new products require.

Where else but in America are men as free to work out new ideas . . . to create new products . . . to participate in the ownership and management of business? Where else are so many people so profitably employed? Where else is the standard of living for the average man so high?

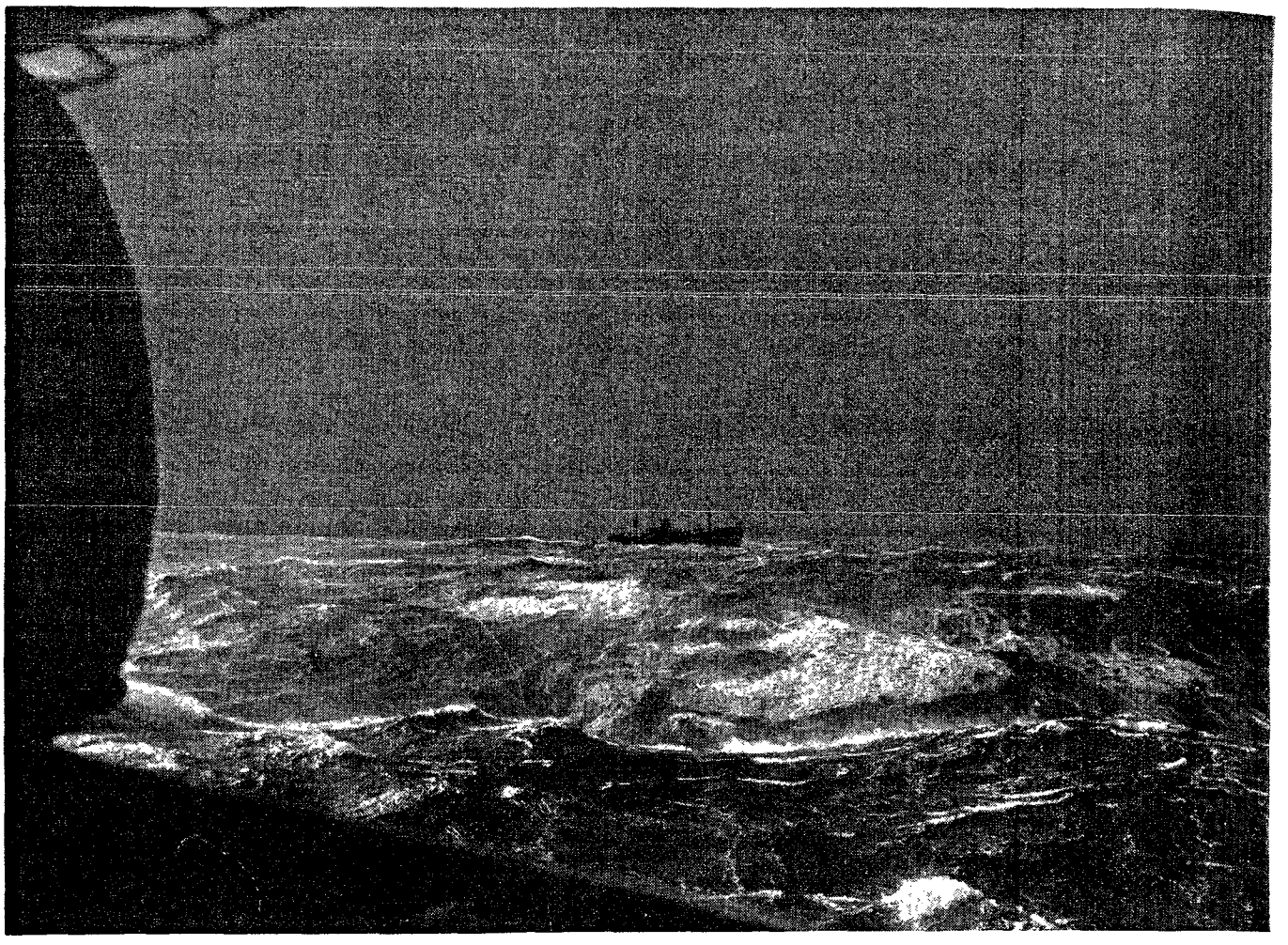
Vision is indispensable to progress—and progress, in turn, demands freedom.



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NEW YORK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



New ships for ocean highways

. . . powered by C-E

The first Victory Ship came home the other day under a new flag – carrying Egyptian cargo to the shores from which it had sailed a few short years ago with fighting men and supplies. Its return marked the peacetime fulfillment of a distinguished war record – a record shared by much of the huge C-E powered armada of war days which now sails the water highways of the world in peaceful trade.

That this record was impressive to shipowners and builders is attested by the importance and variety of *new* construction that has gone down the ways equipped with C-E Marine Boilers – new ships that range from luxury liners to sea-going dredges, from ore carriers – with the highest pressure marine boilers ever applied commercially – to various types of cargo vessels – the latter including the largest order ever placed in an American shipyard by a foreign government.

To service this vast C-E equipped fleet, Combustion Engineering maintains experienced engineers and stocks of spare parts strategically located to serve the Atlantic and Pacific seaboards, the Gulf ports and the Great Lakes region.

You, perhaps, associate Combustion Engineering mainly with steam generation for industrial needs ashore, yet wherever ships ply the seas you will find C-E Boilers setting high standards of reliability and economy, standards symbolized by the familiar C-E Flame.

B-268

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C-E Products include all types of Boilers Furnaces • Pulverized Fuel Systems Stokers • Superheaters • Economizers Air Heaters Also, Pressure Vessels Chemical Recovery Equipment • Sewage Incineration • Flash Drying Systems Domestic Water Heaters

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BURROUGHS CALCULATORS

here's the Pitch



FOOTBALL is more than a sport. It is big business—and the accuracy, control and speed of a good halfback result in profits as well as touchdowns.

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Remington Rand



Morticians Supply Co., Dallas, Tex. uses Portagraph photo prints for fast preparation of its own catalogs for use by its salesmen.



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Marsh Steel Co., Kansas City, Mo. makes weekly Dexigraph photocopies of Kardex stock record slides to keep salesmen up-to-date on inventory and help them build sales.

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Good Service Depends on Good Earnings

There is still much to be done to make the Bell System big enough for the nation's needs. It will take a lot of money.

This money cannot come out of the rates you pay for service. It must come from investors.

They are the hundreds of thousands of everyday people in all walks of life whose confidence in the integrity and earning-power of the Bell System encourages them to invest their savings in the business.

Reasonable earnings will continue to attract the additional capital needed. And that in turn will provide the new and improved facilities that will benefit everybody who uses the telephone.

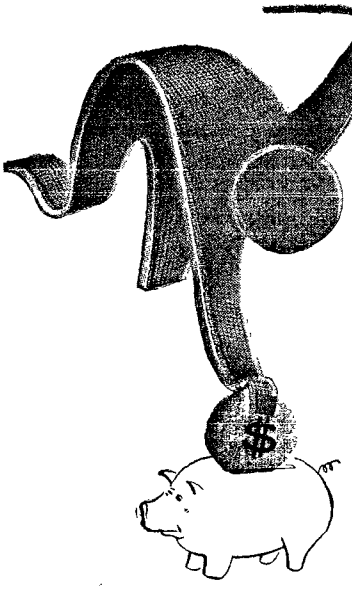
Earnings that are too low are not in the best interests of anybody and can only result in the long run in deterioration of a vital service.

The Bell System does not ask that it be allowed to earn one penny more than is required to do the job.

It asks only what most people and most regulatory bodies agree is fair and just . . . a reasonable return to the many men and women all over America whose savings have built the telephone business.

BELL TELEPHONE SYSTEM

Micarta TAKES A DEEP DRAW TO SAVE YOU MONEY



When you need a tough, deep-drawing material for limited quantities—check Micarta. Deep, 24-inch draws, like the one illustrated below, are everyday jobs. Micarta, no ordinary "plastic" . . . is today's tough, versatile, industrial laminate. It has proved itself in thousands of industrial applications.

Besides formability, Micarta has other characteristics which make it the No. 1 industrial laminate:

HIGH STRUCTURAL-COMPRESSIVE STRENGTH—it is half the weight of aluminum for the same comprehensive strength.

HIGH DIELECTRIC STRENGTH—equivalent to mica, one of the best insulators.

HIGH HEAT RESISTANCE—easily withstands heat up to 230°F. Below zero it gains in strength without brittleness.

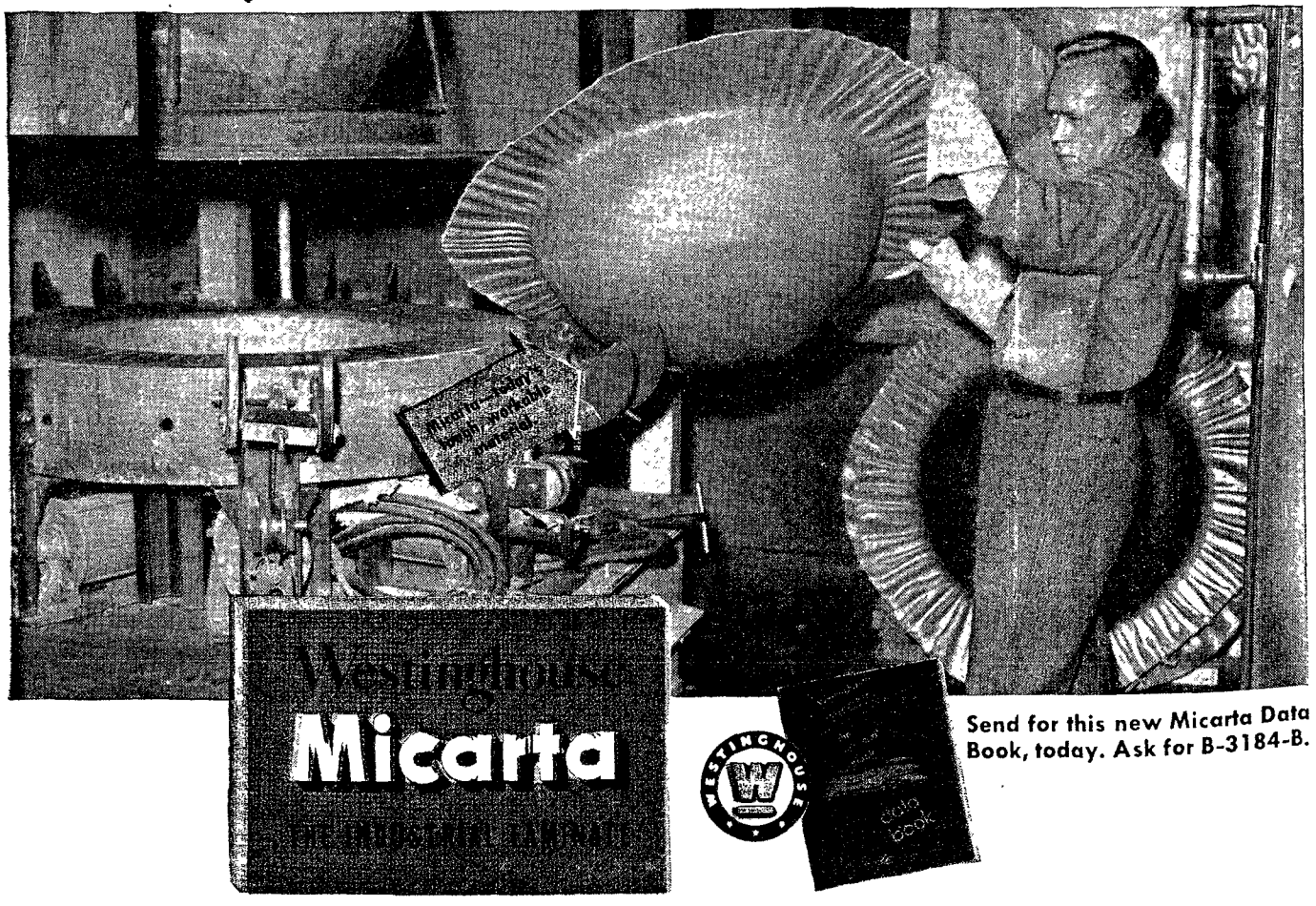
HIGH RESISTANCE TO ACIDS, ALKALIES—to 10% solution.

HIGH WORKABILITY—you can drill, tap, mill, die, punch, saw like a metal.

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Micarta is available molded, formed or completely fabricated—in *mass production quantities*. Remember Micarta for a tough job...call your Westinghouse office for a Micarta Specialist. Westinghouse Electric Corporation, P. O. Box 868, Pittsburgh 30, Penna.

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Send for this new Micarta Data Book, today. Ask for B-3184-B.

BUSINESS OUTLOOK

That soft-goods recession everybody is talking about just doesn't exist—not on an over-all basis, at least.

To be sure, there are lines that are down from their postwar peak. But manufacturers of most nondurables are doing all right.

Their sales hit a summer low of $9.9-billion in July. But even that was a billion dollars above the same 1947 month. They rose to $10.8-billion in August, only to be eclipsed by $11.3-billion in September.

That September figure, by the way, tops all previous records. This is the more remarkable because the month has only 30 days with one holiday.

•

Nobody is surprised, of course, when durable goods industries set new records. Sales of hard-goods manufacturers in September, despite the short month, topped the earlier peacetime high of $7,364,000,000 set in March.

Dept. of Commerce preliminary figures put September at $7,400,000,000.

October is a cinch to beat that.

•

Records are falling right and left in the steel industry.

This week we will produce more steel than in any other week in our history—war or postwar. Operations are at 99.4% of capacity. That means an estimated 1,791,700 tons.

The highest previous tonnage was 1,791,300. It came the last week in April, 1944, the wartime peak.

October, as expected (BW-Oct.16'48,p9), set a peacetime mark. Its tonnage was 7,973,416 according to the American Iron & Steel Institute.

But it did more than exceed the postwar high of 7,571,652 tons set last May; it beat the biggest wartime month by nearly 150,000 tons.

•

Electric power output now is moving up toward its seasonal peak which always comes just before Christmas.

Output now is more than 5½-billion kwh. weekly. This is a gain over year-ago totals of about 500-million kwh.

•

Construction remains at a very high level. There's little indication of that drop so many people are predicting for home building next year.

Value of all construction work put in place during October is estimated by the Bureau of Labor Statistics at $1,704,000,000. That's down from $1,790,000,000 in August, and $1,783,000,000 in September.

Nevertheless, October ran a good $200-million ahead of last year. And the decline this year is hardly as great as the normal seasonal dip.

For the 10 months ended Oct. 31, value of all construction adds up to $14.7-billion, against $11.2-billion last year. That's a 30% gain.

•

Employment continues to reflect the general vigor of the economy.

Total employment declined only seasonally between September and October, remaining above 60-million. Nonagricultural jobs were 51½-million.

Unemployment shrank to less than 1,650,000. That is close to an irreducible minimum, about matching last November and December.

•

More women have to be lured into the labor force if there is to be

any slack. Company after company is coming to this point of view and trying to do something about it. Yet the number of women employed in nonagricultural lines has hung right around 15½-million for a whole year.

Apparently the need for multiple incomes, if families are to meet the rising cost of living, hasn't yet become a compelling force.

•

You hear about a lot of lines that are "slumping"; yet most look bad only by comparison with postwar peaks.

Take jewelry, for example. Volume is down, to be sure. But wholesale dollar volume so far this year is about 7% ahead of last. Retail trade was running about even, with inventories 11% higher.

But note this: Dollar turnover still is about three times prewar.

•

Seasonal expansion in cotton consumption hasn't been as robust as in 1946 and 1947. In fact, use of the fiber in August, September, and October was equivalent to an annual rate of only about 8½-million bales.

Consumption in the cotton year ended last July was 9,350,000 bales.

This week's estimate of the 1948 cotton harvest is 15,166,000 bales. The carryover of old cotton adds 3-million bales to the supply.

Thus, the 1948-49 supply situation will be very comfortable, even if the rate of domestic use picks up to 9-million bales or so. Exports probably won't total more than 3-million to 3½-million bales for the season.

•

Lower operating rates and higher wages are squeezing those lush profits cotton mills were posting last year and early in 1948.

The Cotton Textile Institute this week pointed out that direct wage payments in the first half of 1948 took 23.4¢ out of the sales dollar. That is up from 20.4¢ for the full year 1947, and highest since 1939.

And, whether typical or not, here are quarterly earnings figures of one cotton textile company (before special reserves in all cases):

M. Lowenstein & Sons, Inc., earned $6.02 a share for the first 1948 quarter; net was $4.36 a share in the second; for the third, $2.02.

The third quarter, in fact, was down about 30% from a year earlier.

•

Synthetic glycerin seems pretty sure to pull down the price of the natural product.

Here, at least, is the experience of one company:

It got its first shipment of Shell's new synthetic not long ago. The price was substantially less than 30¢ a lb. in tank cars. At the same time, this company was paying in the neighborhood of 40¢ for natural.

Warning to purchasing agents: Watch your glycerin inventories.

•

An interesting fight still goes on over the domestic price of crude oil. But don't lose sight entirely of world petroleum economics.

At home, the story still is this: Phillips Petroleum refuses to back down from its buying price of $3 a bbl. Other major companies quite as firmly refuse to move their posted price up from $2.65.

Meanwhile, an authority on international phases of the oil industry declares crude from the Middle East can be laid down at New York for $1.75.

Output in the Middle East, significantly, keeps on rising. National Petroleum News notes that Aramco produced 500,000 bbl. one day last month.

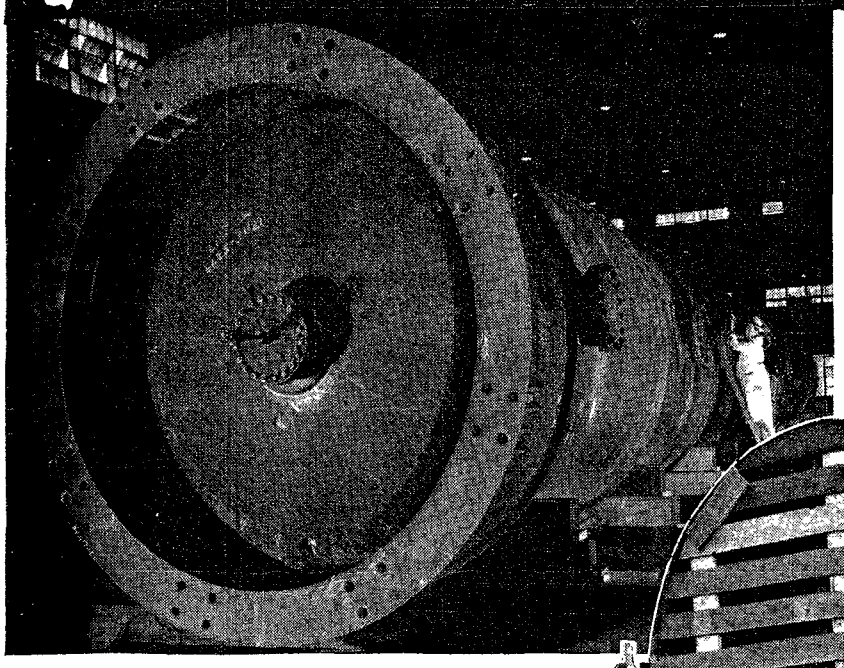
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VESSEL DIVISION

NEWS

A. O. SMITH Corporation

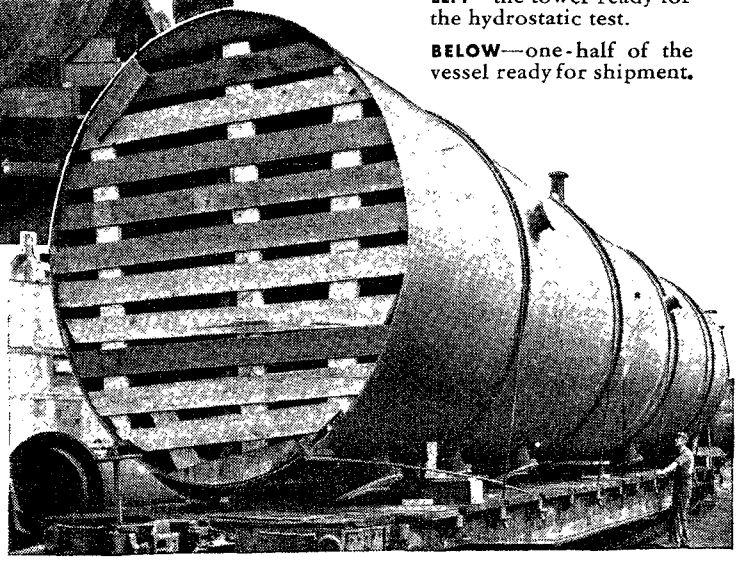
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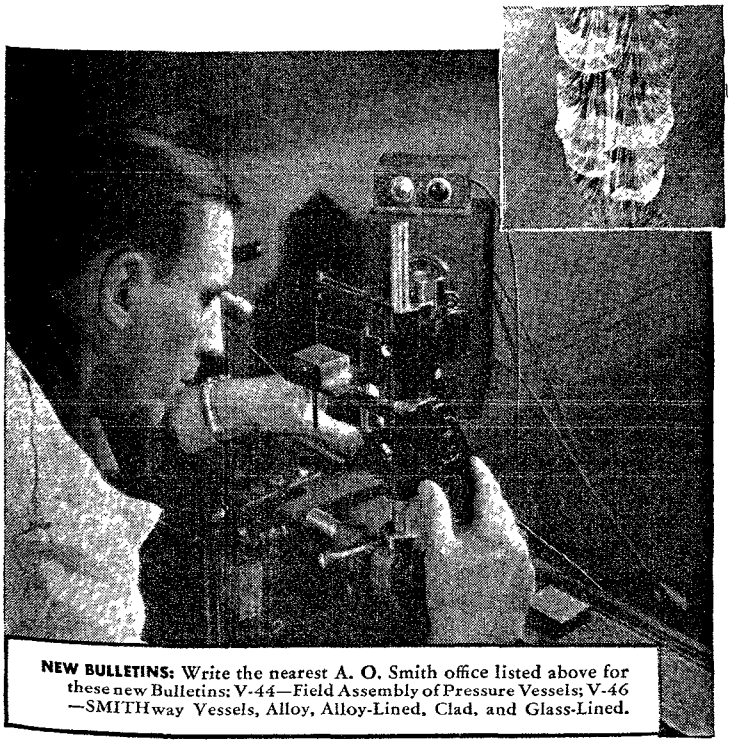
A. O. SMITH TAKES THE GUESS WORK OUT OF FIELD ASSEMBLY. Railroad shipping restrictions made it necessary to field-assemble this 11½ ft. dia. x 116 ft. long SMITHlined Fractionating Tower. To insure ease of assembly in the field, it was first manufactured and completely assembled in the A. O. Smith Milwaukee Plant, then hydrostatically tested, cut in two at the center girth seam, rescarfed for welding in the field, and shipped. Field-assembly costs were cut to a minimum with only one girth seam to be welded.

LEFT—the tower ready for the hydrostatic test.

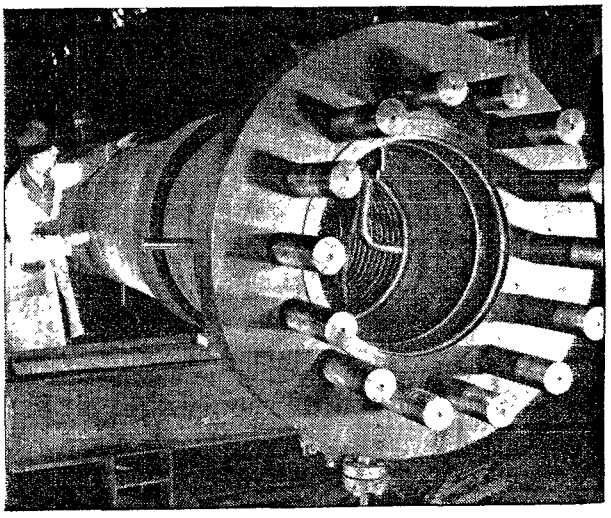
BELOW—one-half of the vessel ready for shipment.



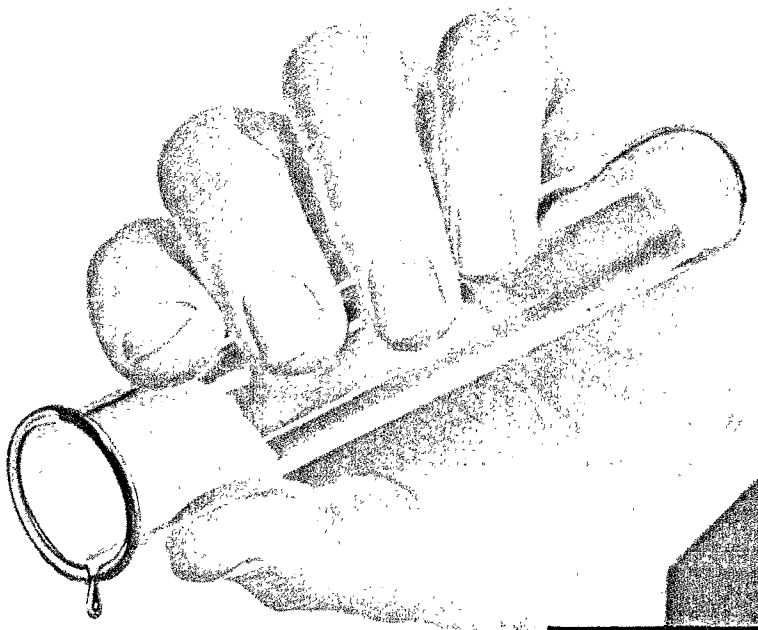
MANY TESTS BEYOND CODE REQUIREMENTS are a regular part of A. O. Smith vessel production control procedures. Here Bill Poehlman, a 20-year veteran, in charge of spectroscopy and X-Ray research, checks the deposited weld metal composition in a vessel test plate, by means of an A. O. Smith-developed microspectrographic technique.



IN STOCKHOLM, SWEDEN, they know about the famous SMITHway welded Multi-Layer vessel construction. Here is one of two SMITHway Inconel-lined Multi-Layer Autoclaves for fatty acid service, with a shell thickness of 5 inches and an operating pressure of over 5,000 psi. This vessel was shipped direct by ocean-going ship from Milwaukee to Stockholm.



NEW BULLETINS: Write the nearest A. O. Smith office listed above for these new Bulletins: V-44—Field Assembly of Pressure Vessels; V-46—SMITHway Vessels, Alloy, Alloy-Lined, Clad, and Glass-Lined.

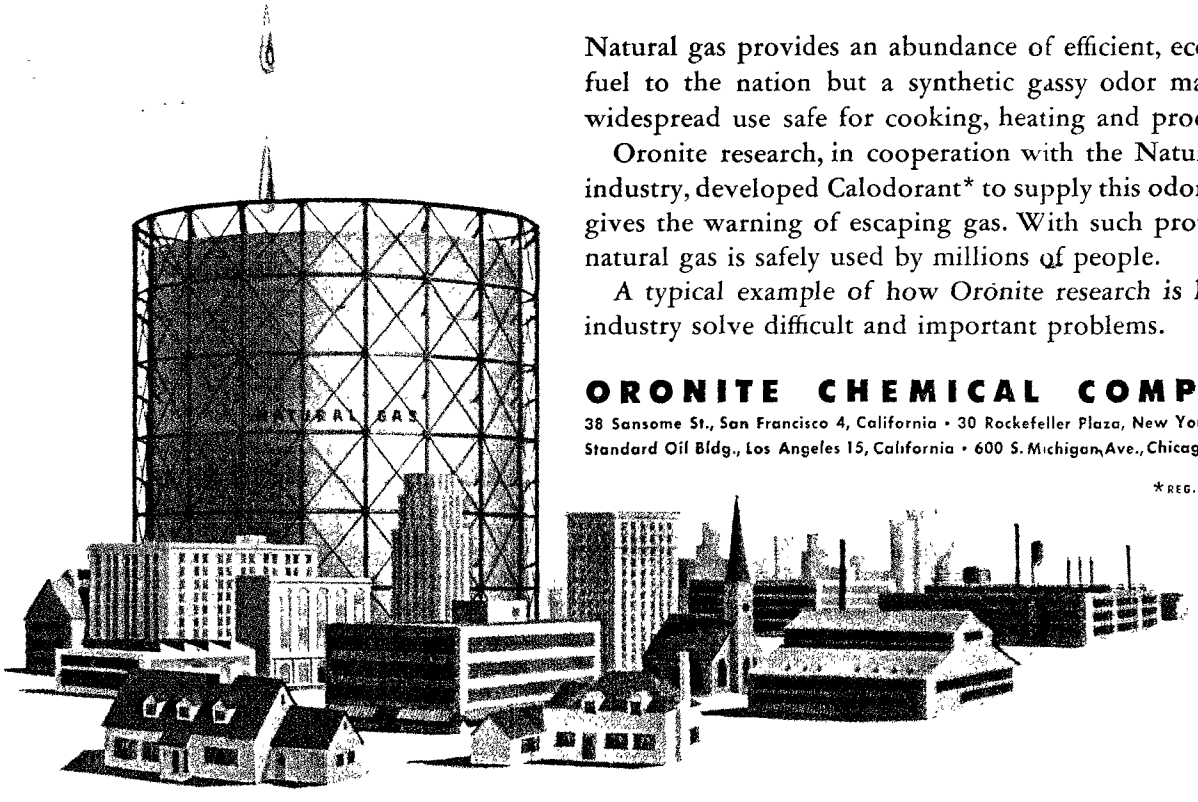


ORONITE CHEMICAL COMPANY

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THE NAME TO WATCH IN CHEMICALS

CHEMISTRY PUTS IN WHAT NATURE LEFT OUT



Natural gas provides an abundance of efficient, economic fuel to the nation but a synthetic gassy odor makes its widespread use safe for cooking, heating and processing.

Oronite research, in cooperation with the Natural Gas industry, developed Calodorant* to supply this odor which gives the warning of escaping gas. With such protection, natural gas is safely used by millions of people.

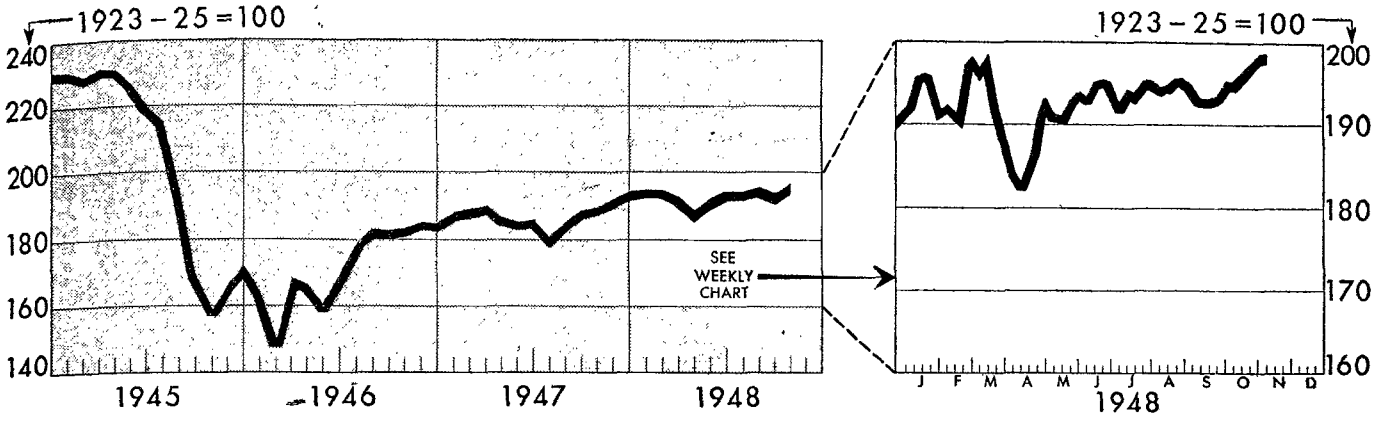
A typical example of how Oronite research is helping industry solve difficult and important problems.

ORONITE CHEMICAL COMPANY

38 Sansome St., San Francisco 4, California • 30 Rockefeller Plaza, New York 20, N.Y.
Standard Oil Bldg., Los Angeles 15, California • 600 S. Michigan Ave., Chicago 5, Illinois

*REG. U.S. PAT. OFF.

FIGURES OF THE WEEK



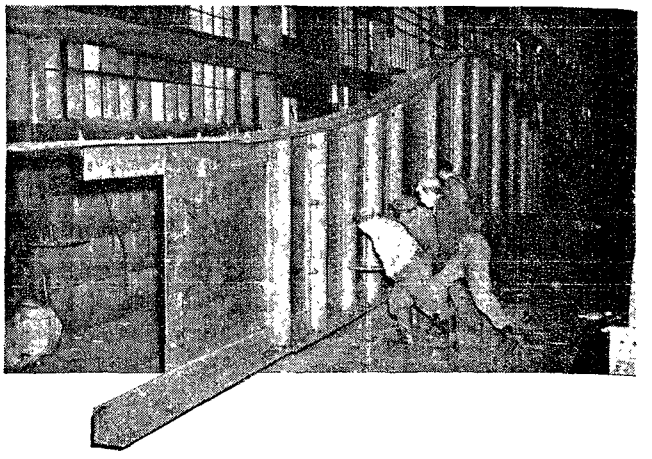
Business Week Index (above) . . . . .

	§ Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Business Week Index (above)	*198.7	†198.7	195.4	189.8	162.2
PRODUCTION					
Steel ingot operations (% of capacity)	99.4	98.9	98.5	96.9	97.3
Production of automobiles and trucks	117,225	†116,968	119,398	106,651	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)	$24,136	$25,546	$23,701	$20,895	$19,433
Electric power output (million kilowatt-hours)	5,564	5,555	5,482	5,057	3,130
Crude oil (daily average, 1,000 bbls.)	5,627	5,604	5,535	5,240	3,842
Bituminous coal (daily average, 1,000 tons)	2,042	†2,007	1,941	2,156	1,685
TRADE					
Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars)	90	90	88	92	86
All other carloadings (daily average, 1,000 cars)	66	65	63	65	52
Money in circulation (millions)	$28,254	$28,091	$28,202	$28,635	$9,613
Department store sales (change from same week of preceding year)	+2%	+12%	None	+13%	+17%
Business failures (Dun & Bradstreet, number)	104	104	107	72	228
PRICES (Average for the week)					
Cost of Living (U. S. Bureau of Labor Statistics, 1935-39 = 100), Sept. 174.5	.....	.....	174.5	163.8	105.2
Spot commodity index (Moody's, Dec. 31, 1931=100)	401.3	400.7	406.1	447.0	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)	277.9	276.5	275.0	290.6	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)	320.4	322.3	323.9	392.4	146.6
Finished steel composite (Steel, ton)	$95.05	$95.05	$95.05	$76.09	$56.73
Scrap steel composite (Iron Age, ton)	$43.00	$43.16	$43.16	$41.50	$19.48
Copper (electrolytic, Connecticut Valley, lb.)	23.500¢	23.500¢	23.500¢	21.500¢	12.022¢
Wheat (Kansas City, bu.)	$2.24	$2.25	$2.20	$2.93	$0.99
Sugar (raw, delivered New York, lb.)	5.68¢	5.68¢	5.61¢	6.32¢	3.38¢
Cotton (middling, ten designated markets, lb.)	31.23¢	30.93¢	31.25¢	32.75¢	13.94¢
Wool tops (New York, lb.)	$1.667	$1.609	$1.546	$1.863	$1.281
Rubber (ribbed smoked sheets, New York, lb.)	20.72¢	21.35¢	22.44¢	23.88¢	22.16¢
FINANCE					
90 stocks, price index (Standard & Poor's Corp.)	122.6	130.4	126.6	121.7	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's)	3.53%	3.53%	3.49%	3.42%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's)	2.86%	2.87%	2.83%	2.74%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average)	1½–1¾%	1½–1¾%	1½–1¾%	1¼–1½%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate)	1½–1⅝%	1½–1⅝%	1½–1⅝%	1–1⅛%	½–⅝%
BANKING (Millions of dollars)					
Demand deposits adjusted, reporting member banks	46,607	†47,422	46,441	47,452	††27,777
Total loans and investments, reporting member banks	62,229	†62,441	62,174	64,910	††32,309
Commercial and agricultural loans, reporting member banks	15,415	†15,410	15,311	13,971	††6,963
Securities loans, reporting member banks	1,357	1,346	1,393	1,821	††1,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks	33,268	†33,526	33,235	37,982	††15,999
Other securities held, reporting member banks	4,234	†4,280	4,408	4,234	††4,303
Excess reserves, all member banks	880	880	510	952	5,290
Total federal reserve credit outstanding	23,729	23,797	23,707	22,640	2,265

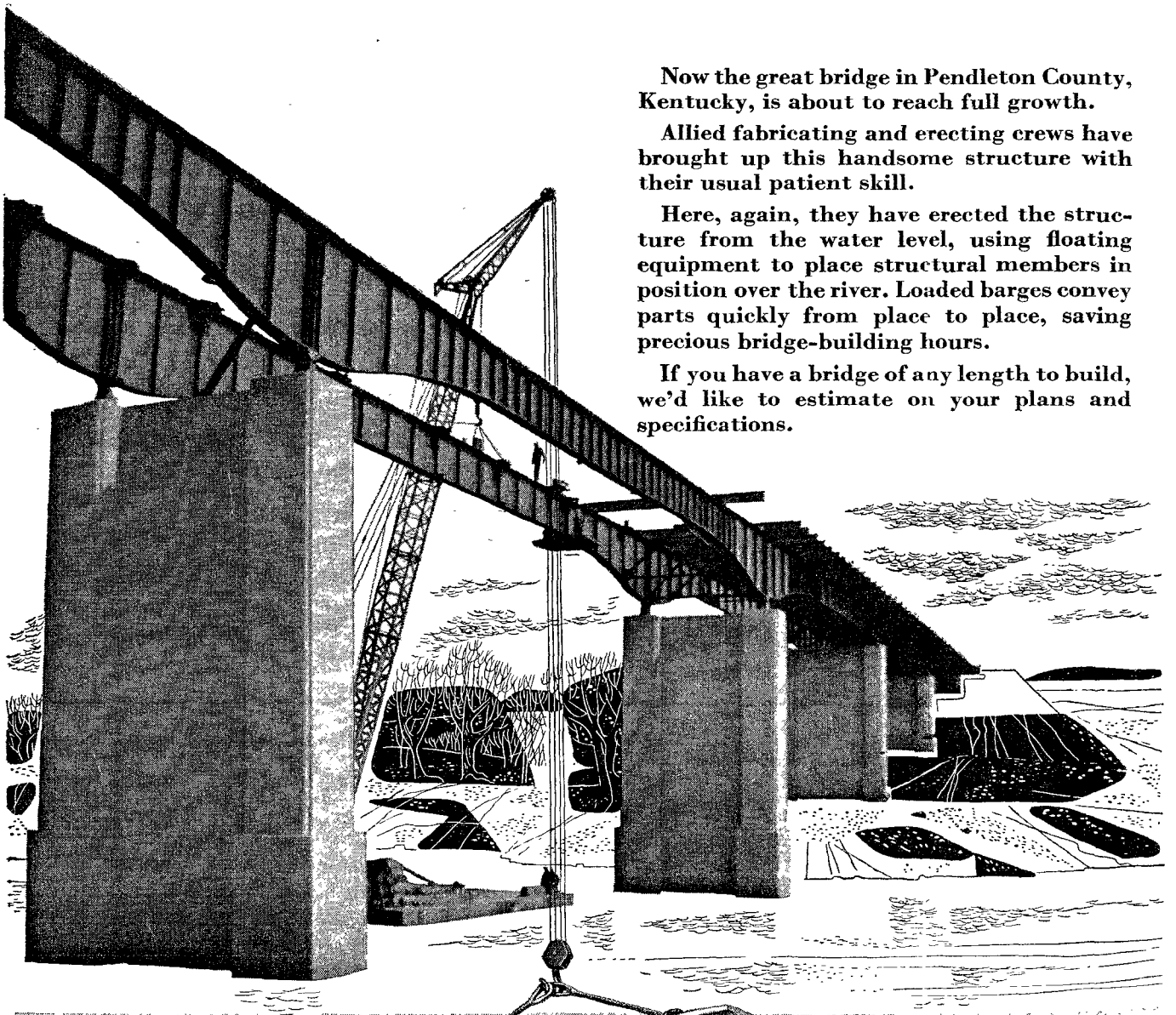
*Preliminary week ended November 6th.
†Revised.
§Date for "Latest Week" on each series on request.
††Estimate (BW—Jul.12'47,p16).

FABRICATION In the picture to the right you see one of the plate girder sections being fabricated (weight 30 tons) in the Clinton Bridge Works Division of Allied. Fabricating crews there are using the accumulated experience of years in bridge building. They build extra strength into critical areas, rivet or weld each member with precision. And . . . in true Allied fashion, ship the entire bridge to the erection site on the scheduled date.

ERECTION In the lower picture, Allied erecting crews, the other half of the good team, are at the site to "carry the ball" when fabricated sections arrive. Theirs is no temporary contribution to bridge growth. Training in modern techniques enables them to button up structurals quickly...and "for life."



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  Cicero 50, Illinois

WASHINGTON OUTLOOK

FIRST MEASURE of Truman's influence over the next Congress: What brand of Democrat is appointed to the House rules committee.

This committee is the traffic cop for all House legislation. It determines what bills are voted on by the House, what bills are sidetracked.

Five Democratic vacancies will be filled on this 12-man committee next January—more than any time since 1931.

Unless all five are good Truman men, Truman's new New Deal will be stymied before it gets started.

•

You'll recall that Truman had his troubles when he had a Democratic Congress before; then the rules committee was run by unfriendly southern Democrats with Republican help.

The 77 new Democrats who came in with Truman will demand that the committee, next year, be a friendly traffic cop—that the new members be picked from the northern labor-liberal-farm bloc.

But southern old guarders like Gene Cox and Howard Smith—they ran the committee before and will still be members—will be jockeying for at least one like-minded committeeman; then they and the Republican members could check Truman when they wanted to.

As speaker again, New Dealer Sam Rayburn will be the man who has most to say about who goes on the committee. He'll try, of course, to name five Democrats who see things Truman's way.

Final decision rests with the Democratic House caucus.

•

BUSINESS, rather than government, will become the target of congressional investigations next year.

Particularly, the Ferguson Senate committee investigating government contracts will shift its sights. Under Democrat O'Conor, this descendant of the wartime Truman committee will again ride herd on defense contractors; heretofor Ferguson spent his time sniping at government bureaus.

•

Also, Democrats won't be spying on Democrats. That means that you won't be seeing any more of the "watchdog" committees the Republicans set up to check on Democratic administrators.

The Taft-Hartley watchdog committee will die with the Taft-Hartley act.

Bridges' ECA committee, explicitly set up because of the White House-Hill party division, will fall to McKellar, who will keep it going for the patronage it provides.

•

Capehart's project for legalizing basing-point pricing will fail.

His committee's hearings will run their course. Capehart will turn in a report to the new Democratic majority. And that will be the end of that.

Democrats like O'Mahoney, of course, will be tempted to turn the committee into a big new inquiry into concentration of industry—like the TNEC of the '30s.

•

NEXT YEAR'S LABOR LAW will be the Wagner act—plus.

The technique will be to add provisions onto the 1935 law, rather than subtract from Taft-Hartley. It's easier that way—besides, it fulfills the letter of the Democratic platform.

Here is how you do it: Write a new law which (1) flatly repeals Taft-Hartley, but (2) reenacts those restrictions in Taft-Hartley which Truman himself thinks are all right.

•

C.I.O. and A.F.L. are working up separate drafts of what they would be willing to take. They'll thrash out any differences with their friend, Labor Secretary Tobin. He will write the final draft of the bill for Truman.

You can depend on this: Truman isn't going to give up the president's right to enjoin national emergency strikes—in coal, transportation, utilities. (That means Lewis, next July).

So, Tobin's bill will contain something like the present Taft-Hartley injunction power for such cases.

•

Other injunctions aimed at unions are out.

But there will be some curbs on jurisdictional strikes and secondary boycotts.

The new bill won't ban the closed shop; that will be back on the bargaining table. So will hiring halls. (The printers win their fight.)

Elections? The Wagner act has only one kind—to choose a bargaining agent. And that's all there will be in the new law.

On non-Communist affidavits there won't be anything at all—or else management will have to sign up, too. (Odds are there won't be any affi-

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GENERAL ELECTRIC

CD48-Q9

for Industry

BUSINESS WEEK

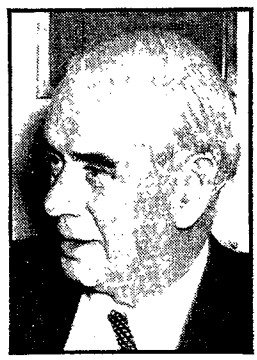
NUMBER 1002

NOVEMBER 13, 1948



Green





Murray



Chapman



Brannan

Backed by Labor, New Dealers, Truman went to the people for his mandate. That tells you . . .

The Meaning of Truman's New Deal

Businessmen can brace themselves for at least four years of a revived New Deal.

What kind of New Deal will it be? Since 1933, there have been many kinds of New Deals to serve as patterns. After the NRA came the Wagner Act–Social Security New Deal and the trust-busting New Deal.

The 1949 New Deal won't be a copy of any of these. But its underlying characteristics are fairly clear:

- It assumes that government should keep its fingers in the running of the economy.
- It bases itself on the people's desire for security against economic hazards.
- It expects to give labor a bigger voice in its actions.

This New Deal will develop slowly. The President isn't planning to start any dramatic "100 Days" next January. So at first, his New Deal will sound like a warm-over of old Truman messages. That's because right now there isn't much else to draw on. For months, nobody in Washington has been doing much fresh thinking.

This week Truman sent a memo to all branches of the Administration asking them to come up with their ideas for legislation.

You can expect the answers to be showing up in bills all through the first session of Congress. It would be a mistake to assume that the new New Deal will look like Truman's past performance.

It's a New President

The U.S. is getting a new President Truman. No longer can the man in the White House be regarded as a nonentity put there by fate; this time the voters elected him. That means that for the first time Harry Truman has a go-ahead signal.

Harry Truman is in a stronger position today, politically, than almost any President in history. Never has one President owed so little to so many. To almost everyone in the Democratic Party, Truman looked like a dead duck from the start of his campaign. Because what support they gave him was small and grudging, the political debts which Truman must pay can be counted almost on one hand.

What does that mean in terms of the new Administration?

It's a New Group of Advisers

A lot of New Deal faces are sure to show up among Truman's advisers. Many New Dealers have already got their heads under the tent—and more may crowd in later.

For example: Roosevelt's longtime close friend, Jonathan Daniels, is at Key West with Truman. This is significant because Key West is not all vacation; important issues, like tax policy, may be settled there. Other New Dealers almost sure to buy one-way tickets for Washington include ex-Housing administrator Wilson Wyatt, Ed Pritchard of Kentucky, ex-OPA Boss Paul Porter.

Although Truman's Battery D boys are the only ones who really stuck close by the boss, the New Dealers aren't likely to bow to their wishes. In fact, key men in the New Deal—like Sam Rayburn and Alben Barkley—are in a

NEW CABINET

Truman's New Deal will bring a reshuffle. Some cabinet members will leave because they wanted to retire; others because they did not campaign. Into the places of all will go strong New Dealers. Main jobs to be filled seem likely to be the posts of Defense Secretary, Interior Secretary, and Secretary of State. But at this stage of the game only one man seems assured of a job. He is Mon Wallgren, defeated governor of Washington.



OUT? Forrestal



Krug



Marshall



IN? Johnson



Wallgren



Harriman



Douglas

good spot to put the pressure on Truman.

It's a New Cabinet

Truman will also do some reshuffling in his official family. Three members of the old cabinet seem sure to go at the start: Secretary of State George Marshall, Defense Secretary James Forrestal, Interior Secretary Julius A. Krug.

Who will fill these posts? The list of potential Secretaries of State is long. Chief Justice Vinson and William A. Harriman are the best bets now, but the field is still wide open.

For Defense Secretary, the leader right now is former Undersecretary of War Louis Johnson. Nearest to him in the race is the President's old crony, Gov. Mon C. Wallgren of Washington.

Oscar Chapman seems pretty well on the way to succeeding his boss as Interior Secretary. Lurking in the background here, too, is Wallgren. He'll get Interior if no other job can be found. Otherwise, it goes to Chapman.

Cabinet members sure to stay: Treasury Secretary John W. Snyder (but he may have less influence); Labor Secretary Maurice J. Tobin; Commerce Secretary Sawyer, Agricultural Secretary Brannan, Attorney General Tom Clark.

It's a New Congress

At the other end of Pennsylvania Ave. will be the most New Dealish Congress since 1936-38. Of the 435 members in the old 80th Congress, 130 won't be back. The net Democratic gain makes this division of the House: 263 Democrats, 1 American Labor Party, 171 Republicans. Moreover, every new Senator is New Dealish, replacing G.O.P. old guarders.

Friendly people will be running the 81st Congress—Rayburn and MacCormack in the House, Barkley and Scott Lucas in the Senate.

Yet the 81st won't be completely obedient; the President must be skillful if he is to get all he can out of it. He made a solid first step in inviting Sam Rayburn to join him and Barkley at Key West.

Rayburn, in a sense, is the key to the success of the new New Deal. For one thing, he can gain thumb-screw control over the House rules committee by outflanking southerners like Gene Cox and Howard J. Smith (page 15). For another, Rayburn can build a big solid Administration following by developing the freshmen bloc of laborites and New Dealers elected by Truman.

The Republicans can no longer count on much help from the southern Bourbons in Congress. Since they failed to beat Truman, they are now ready to scramble back home to the party. Truman is ready to clinch their loyalty by laying off his civil rights program for a while. (This and broader worker coverage under Wage-Hour are the only really important conflicts between North and South.) Truman's strategy will be to get things like aid to education, soil conservation, power development through first. These are things that the South is New Dealish about.

For Business: Prosperity? Profits?

How good can business be under this kind of government? In the perspective of this week, it looks as if it could be about this good:

- A continued high level of business activity.
- A lower level of profits. Business taxes can't go anywhere but up; and heavy industries particularly are likely to find their costs rising faster than their prices. Even so, profits under the New Deal may easily be at a level which would look good any year but this one.

That's about the conclusion the business community has to come to. The stock market, though, sags under the expected blow to profits via taxes, controls, or both.

Plenty of Business

Just about every part of Truman's domestic program is calculated to increase government spending or consumer buying power.

The social welfare programs alone—social security, health insurance, education, housing—can add several billions to the federal budget over the next year or so. There's more uncertainty about

foreign and military spending—but it surely won't get smaller.

A pro-labor slant in the government points to ever rising wages, and fatter pocketbooks. It starts with a now-certain fourth round of pay increases and will be back-stopped by higher minimum wages.

Add to that a guarantee that farm income will not be allowed to drop too far below its present high level.

Biggest question: What will businessmen decide to do about buying more plant and equipment? There's been a psychological shock. But most expansion decisions have been enforced, despite high and rising costs, by imperative demand.

Despite this torrent of money, businessmen may not get to keep as much of it as they are accustomed to.

Rising wages mean rising costs. And one way or another, most welfare programs increase business costs.

Prices, meanwhile, will get stickier. Basic industries like steel are likely to find their prices controlled directly. And all major businesses will have to bear in mind the reactions of a suspicious government when they fiddle with their prices. Even at the consumer level, any upsurge of prices would bring the threat of price controls.

Early post-election talk of an excess profits tax is dying away. But there's a good chance of an increase in corporation tax rates, and maybe in upper-level personal income taxes.

These Are the Great Issues

Like any government coming to power today, the new Truman New Deal will have to be built around the central problems of foreign relations and inflation. To this, the Democratic administration adds another: government regulation and guidance of industry.

A Freer Swing Abroad

In its formal objectives, the Truman foreign policy will be more of the same—strengthened by riddance of many Congressional isolationists. It will still be based on maintenance of moderate military strength, containment of Russia, economic upbuilding of Europe.

But you can expect a difference in tone, a more free-swinging, dramatic approach. Truman has chafed under the "professional" rigidity of U.S. foreign policy. Now he will revive the amateur touch—with both its virtues and defects.

At the workaday level, these are the *things* Truman will be asking—and getting—from Congress next year:

- Whatever money ECA feels it needs.
- Approval of a North Atlantic security pact joining U.S. and Canada with Britain, France, and the Benelux countries.
- Something like $1-billion for military lend-lease to Europe.
- More aid for China—but not much more.

Add one big change resulting from the election: revival of the tariff-cutting approach—reciprocal trade, I.T.O.—which was withering away.

Caution on Inflation

Truman was a hellraiser on inflation in the days when he was, for all practical purposes, in the opposition. He wanted to throw the book at the high cost of living. Now he'll be more cautious.

The economic team in Washington still sees upward pressure in the economy—but less of it than in the past.

So—initially at least—Truman will rely more on moderate fiscal measures than on the direct controls he liked to talk about earlier. As the Washington planners shaped their post-election ideas, this is what emerged:

- Extension of consumer credit controls beyond next July.
- Some sort of special reserve plan to sterilize bank holdings of government bonds and enable the Federal Reserve to keep more control over bank credit.
- Another 6% increase in regular bank reserves.

No excess profits tax looks likely. Until recently, this was a darling of the Washington inflation-fighters. Now they doubt that they really want it. It might prove too deflationary. And anyway, what would you use for a base year?

Higher taxes—just to put a little

NEW CONGRESS

The 81st Congress will be solidly in the hands of the New Dealers. Its key figures are Lucas in the Senate and Rayburn in the House—both strong Truman men. Seniority will keep New Dealers out of some committee chairmanships. But on nearly every committee they will have enough members to offset the shenanigans of Republicans and conservative Democrats. Thus, the new Congress is essentially a New Deal Congress.



Lucas



Rayburn



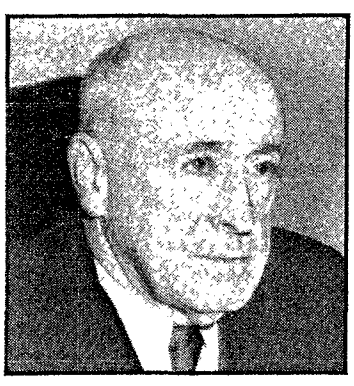
Sabath



George



Doughton



Thomas



Lesinski

NEW FACES—Men like these freshman Senators will be pulled together into a strong bloc to support New Deal legislation proposed by Truman


Kefauver (Tenn.)


Kerr (Okla.)


Humphrey (Minn.)


Johnson (Texas)


Douglas (Ill.)

squeeze on the boom—would be welcomed by many Democratic economists. But they realize a tax boost would be politically impossible unless needed to prevent an actual budget deficit. And the way tax collections are going now, it looks as if even a budget beefed up a couple billions by the Truman welfare program would balance out at present tax rates.

Any real set-up in military spending next year could upset this balance. Truman won't boost war spending far unless relations with Russia get a lot worse. If he does, you will see: first, an increase in corporate income tax rates. Then, if that's not enough, an increase in personal income tax rates; this will be coupled with an increase in exemptions to throw the extra load into the upper brackets.

A military set-up would also bring direct price controls. They would come in the basic heavy industries.

The Hand of Government

No price controls doesn't mean no controls. The biggest change that the businessman-at-the-desk will notice, living under the new New Deal, is this: When the government sees an economic choke-point shaping up, it won't hesitate to do something about it. For early next year this approach to the situation means:

- Allocations of scarce industrial commodities—steel certainly, some other metals very likely, perhaps some industrial and utility equipment.
- Housing controls. Priorities on building materials will be aimed, as in the Wyatt days, at encouraging cheap houses, discouraging expensive construction.

A possibility: Some form of subsidy or rapid amortization for expanded capacity in critical industries like steel.

Add to these special measures, the effects of a revival of confidence and enthusiasm among the old-line regulatory commissions and agencies.

The Federal Trade Commission, which has been shivering at shadows ever since it saw Congress' reaction to the basing-point decision, is now raring back for a vigorous policing job on business.

The Civil Aeronautics Board can move ahead freely with its plans to revamp the route and corporate structure of the airlines.

It's in this sort of spirit, seeping down into every bureau and office, that you will really feel the effects of Truman's election victory.

The New Deals Special Interests

It is already clear what groups will get the most out of the New Deal. The two most outstanding are labor and the farmers. Both take credit for putting Truman and the Democrats in power.

A Strong Labor Voice

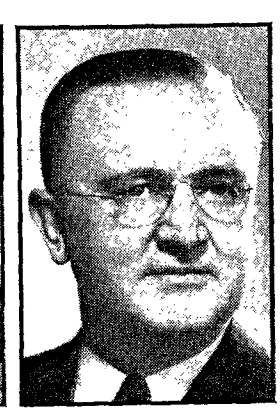
The 1949 New Deal will mean the end of the Taft-Hartley act. That will be labor's payoff for playing a leading role in the Democratic victory. The new Congress is the first which labor can claim to have given a mighty heave into office (page 102).

A few of the Taft-Hartley provisions will stay, but only as changes in the Wagner act. There will be no more injunctions—except perhaps for "grave national emergencies" (particularly John L. Lewis). The closed shop will come back. Unfair labor practice rules for unions will be wiped out or drastically softened. Other changes will be made

NEW POWER—Men like these, who have been running some of the important agencies under Truman in the past, will have their authority increased—instead of losing their jobs


Lilienthal (AEC)


Coy (FCC)


McCabe (FRB)


Smith (FPC)


O'Connell (CAB)

to protect unions when strikes do occur. However, labor won't get off scot free. The new law will probably have a curb against jurisdictional disputes and "unjustifiable" secondary boycotts.

A Strong Farm Voice

The switch of the Midwest states to the Democrats means a boost to the farmer's influence in the government. That's especially true of the meat, wheat, and dairy farmers. By the same token, the fact that the southern Democrats sat on their hands means a drop in their influence for cotton and tobacco.

Biggest plum that will fall to the farmers as a result of their vote will be continued support prices. But the battle that's been going on within the farm bloc will continue in this Congress. What kind of price supports shall they be: (1) mandatory supports at 90% or more of parity, plus mandatory acreage and marketing controls, or (2) flexible price supports?

Two other plums will fall to the farmers. First, Congress is sure to give the Commodity Credit Corp. the power to build more government storage facilities for grain under loan. Second, there's no chance that Congress will end the tax exemption on farmers' cooperatives.

More Social Welfare

A third special interest of the new New Deal has also been a pet of all previous New Deals: social welfare. Under this Truman Administration, social security will be broadened and expanded. You can count on some kind of health insurance bill going through fairly unscathed.

The Unfinished Business

The election pulled the rug from under a lot of unfinished business in Congress. Much of it seemed solid enough to roll on forever unchallenged. But now all of it is either on the way out, or rerouted. The most important changes:

The Capehart Committee, investigating basing points, will submit its report in January. But it won't mean much because the Democrats will be back in control. With O'Mahoney as chairman, the committee will soon swing into investigation of monopoly.

The Ferguson Committee will turn its guns to aim them at war contractors instead of at the government.

The Hoover Commission, aimed at streamlining the government, is as good as dead. It will write and file its report as originally planned. But the Democratic victory has taken all the punch out of it: The victors won't go for a program that loses them jobs and prestige.

Peace Treaty for Alcoa?

Aluminum company buys WAA plant at Massena, N. Y., frees its patents to the industry. Question: Is Justice Dept. relenting in its antitrust campaign.

Aluminum Co. of America last week buried the hatchet with one government agency. But whether it was to get the ax or the olive branch from another wasn't quite so clear.

• **Two Deals**—What Alcoa did was:

(1) Sign an agreement with War Assets Administrator Jess Larson. This will make many of its patents available—royalty-free—to the rest of the aluminum industry.

(2) Arrange to buy the government-owned aluminum-reduction plant at Massena, N. Y. Price: $5-million. The Aluminum Co. of America is also getting carbon-production equipment from the government's Burlington (N. J.) plant, for $175,000.

Before this, Alcoa got the brush-off when it came to buying any of the surplus plants WAA was peddling. Alcoa did buy the surplus fabricating plant at Cressona, Pa., in February, 1947. But the Massena plant is a pig producer. That makes all the difference, and that makes the sale to Alcoa significant.

• **Background**—It all goes back to Justice Dept.'s 11-year feud with Alcoa. The courts ruled in 1945 that prewar Alcoa was a monopoly. But the government didn't make any further move against the aluminum giant at that time: It was waiting to see whether it was still a monopoly when the war surplus plants were distributed. About a month ago, Justice finally asked for a court order to break Alcoa up (BW—Oct.2'48,p28).

Crux of Justice's charges was that Alcoa controlled the aluminum industry by controlling pig production. Now WAA has relented and sold Alcoa a pig plant. Larson was glad to get rid of it. To him, Massena was a white elephant. The plant had been standing idle, and was going downhill. No one else would have it.

• **Change of Heart?**—Justice Dept. opposed the sale of the Massena plant to Alcoa, but not very hard. So the industry is asking: What does this deal—and the release of the patents—do to the antimonopoly suit?

Some sources say, not much. These dopesters think that there'll probably be a break in the antitrust suit in the next couple of months. Justice has filed its findings in the monopoly case; Alcoa's answer is due in January. That answer should either result in a settlement or bring the case to trial.

Feeling in Pittsburgh is that the Massena sale might foreshadow a softening toward Alcoa on Justice's part. It's rumored that the White House put its O.K. on the deal. If that is so, Justice probably knew about it.

Whether or not the release of patents will mollify Justice, what Alcoa gets—and gives—in the two transactions is fairly clear.

• **Massena Deal**—Under the Massena agreement, Alcoa will:

CLOSE DOWN two-thirds of its old plant at Massena and operate two-thirds of the WAA plant.

INCREASE its over-all pig output by about ½ of 1%. Production at Massena will be upped 4% to 5%.

KEEP UP unused part of the old and new plants as standbys in case of war—or threat of war.

• **Patent Deal**—Under the patent agreement, Alcoa will:

GIVE WAA a royalty-free license to use Alcoa's fluoride patent at the government's alumina plant at Hurricane Creek, Ark. WAA will have the right to sub-license any operator of the plant.

MAKE AVAILABLE, also royalty-free, all its patents governing the process of extracting alumina from bauxite ore at government-owned alumina plants; again WAA will have rights to sub-license.

GRANT TO WAA, for $115,000, a license under all Alcoa's machine patents; the license would apply to all the aluminum-producing and fabricating facilities that Alcoa built for the government during World War II.

• **Results**—As a result of these commitments, both Reynolds Metals Co. and Permanente Metals Corp. will have access to all of Alcoa's alloy patents; they will also be able to use its basic patent on the so-called "direct-chill" process of casting aluminum, plus a variety of other patents in the fabricating field.

From now on, the aluminum industry will operate on a royalty-free basis. The only exception will be in the fabricating field, where moderate industry royalties have been established.

In winding up its issues with Alcoa, WAA points out that aluminum-smelting facilities will now be divided in about a 50-30-20 ratio among three companies, Alcoa, Reynolds, and Permanente, respectively.

What Ford and Nash Held

Estate filings show that both auto men kept large sums in cash. Their heirs can use these liquid assets to pay inheritance taxes to government.

A few people in the United States have a problem that doesn't bother the rank and file: where their money should be, when they are alive and when they are dead. In a way, it's many a man's worry. But it looms bigger when there are millions of dollars involved.

That's the problem that faced two massive figures in the auto industry: Ford Motor Co.'s Henry Ford and Nash-Kelvinator Corp.'s Charles W. Nash. Two recent items in the financial news throw some light on how they handled it.

• **Thrifty**—The estate of Nash has just come up for appraisal in probate court. Nash died last June, at the age of 84. Preliminary figures put his estate at $43,183,624.

The two biggest items in the 15-page listing of his assets hit financial dopesters with a bang. Nearly $13-million of the estate was in savings accounts. Farmers & Merchants National Bank of Los Angeles had over $7.7-million. Security-First National Bank, also Los Angeles, had a cool $5-million. By any standards, those are fat figures for the savings-account book. The next largest asset item was 62,900 shares of Nash-Kelvinator Corp. The value of these was estimated at over $1.1-million. Other investments included public-utility and traction bonds.

Among other matters still to be handled in winding up the Nash estate is the payment of taxes. This is usually a problem calling for much negotiation with tax authorities to get agreement on estate asset values.

• **Ford's Tax**—When the Ford will was filed a year and a half ago (BW—Apr. 26'47,p92), one big question was how much money the government could collect on it in taxes. The estate and the government didn't agree on the value of the taxable Ford shares. The argument went back to the time of Edsel Ford's death in 1943—and even earlier.

Now that Mrs. Henry Ford has filed the first annual accounting for the estate, there is an answer to the question of the government's take. The accounting showed payment of $21.6-million in federal taxes, $1.5-million for Michigan inheritance tax—on account. The $21.6-million wipes the federal liability off the books—provided the estimate of the stock's value isn't challenged.

• **The Estate**—On Apr. 8, 1947, the estate had a cash balance of over $26.4-million. There were also property and real estate holdings of $1.9-million in Michigan, $963,695 in Georgia. Then there were holdings in British and French Ford. Add to that roughly $38-million in Class A and Class B Ford stock, worth $100 a share. You get a total of some $66-million, not counting the foreign holdings.

The Ford Foundation gets 286,099 shares in "A" nonvoting, tax-free stock. The Ford family gets 95,321 shares of "B" (voting) stock. Dividends of $5 a share have swelled the cash account by some $1.9-million between April, 1947, and April, 1948.

Taxes almost swallowed up the cash balance. By July of this year, after claims and taxes had been paid, the estate's cash had shrunk to a little over $5-million.

• **A Clew?**—That is a big bite to take from any estate. Its size may help explain what Charles Nash may have had on his mind when he salted away $13-million in savings accounts. That big splash of liquid assets may be just the thing when the Nash estate has to settle up taxes. Maybe the heirs won't have to sell stocks—at a time when stock values are declining. Maybe all they'll have to do will be to draw on those savings accounts.



Berliners Had Two Winners to Pick From

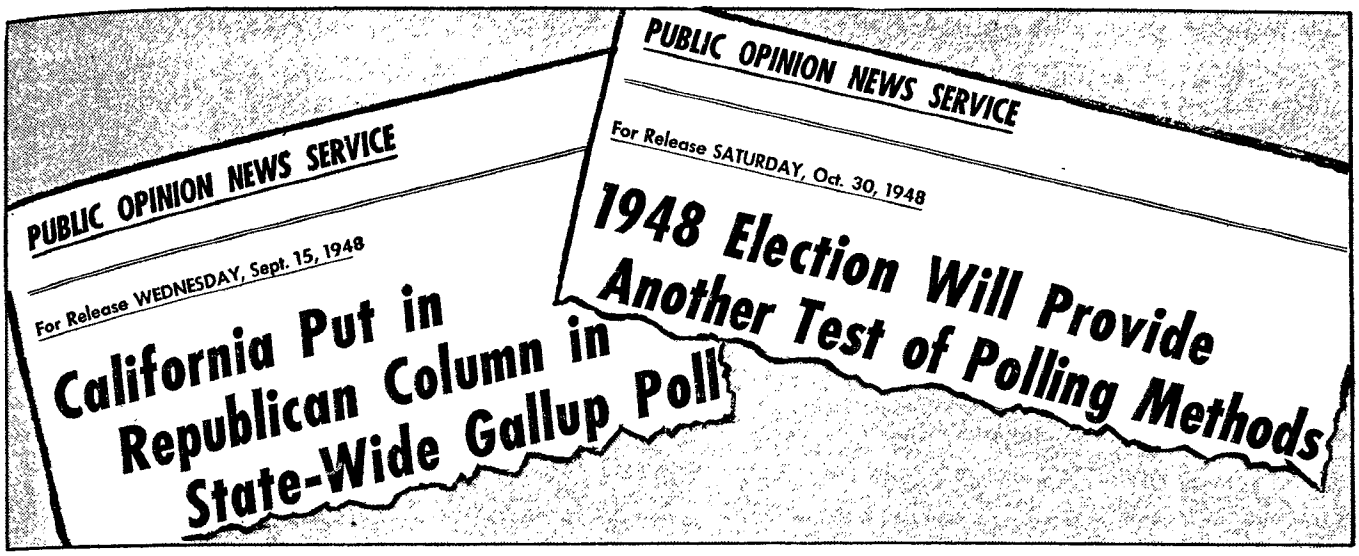
Newspaper readers in Berlin had a slight case of confusion for a short time after last week's election. Like Col. McCormick's Chicago Tribune, the Soviet-licensed National Zeitung (left) went to bed a bit prematurely with the wrong man on top. On the other hand, the British-licensed Telegraf (right) had the word correct; but until later returns came in, Berliners had to wonder who won.

NATURAL GAS: WHEN?

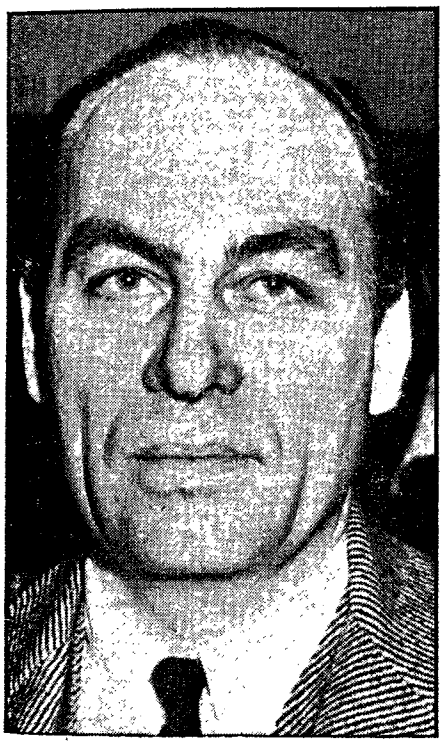
When will natural gas reach the metropolitan New York area? You could get some idea this week. Six utilities in and around New York and one in Philadelphia signed contracts to buy 295-million cu ft. of gas a day—when Trans-Continental Gas Pipeline Co. can deliver it.

But that hardly means tomorrow. Trans-Continental hopes to start delivery by late 1950 or in 1951. It is building an 1,840-mile pipeline from Texas and Louisiana to New York City. And there's still a shortage of steel pipe.

Another pipeline company is in a position to reach the New York area. Texas Eastern Transmission Corp.'s Big Inch lines (BW—Nov.6'48,p22) now terminate at Linden, N. J., not far from New York. Texas Eastern is delivering some natural gas to Philadelphia. It hopes to expand its capacity enough to deliver gas in the New York metropolitan area by 1951 or 1952.



WRONG GUESSES like this on California and . . . . . UNEXPECTED, right guesses like this one mean that pollsters . . .



GEORGE GALLUP, and . . .



ARCHIBALD CROSSLEY, and . . .



ELMO ROPER are trying to explain . . .

How the Election Polls Went Wrong

The pollsters couldn't read their own figures, and their sampling method may have been wrong.

You could have knocked them over with a punch card last week—the public opinion pollers and most editors and politicians. For the first time, the "science" of pulse-feeling had really gone haywire. Why?

• **Crowded Limb**—First off, the disaster stemmed from a basic human error: The researchers didn't read their own figures like mathematicians. Once one of the major pollers had himself out on a limb with a prediction, the other two got on behind him. Sure that poll-takers are the type who wear a belt and suspenders, too, the editors and politicians crawled out with them. The limb broke.

Strictly speaking, neither Crossley nor Gallup nor Roper had proved that either of the major candidates was a winner.

Crossley gave Truman 44.8% of the vote; Gallup, 44.5%; Roper, 37.1%. (Truman actually got 49.9%.) But these figures had miles of stretch in them.

• **That 4% Error**—For one thing, all samples are subject to possible error. The pollers say this stretch was about 4% for each candidate. In other words: With completely bad luck, the margin of victory could have been sour by 8 percentage points, one way or another.

Next, the "don't know" vote ran as high as 15% (in Roper's case). The pollers assumed the "don't knows" would split about even between the major candidates on election day. Whether they did is still anybody's guess.

All in all, Roper's own figures—taken at face value—had such a stretch that Truman could have had as low as 28% of the vote, or as high as 51%.

• **No Hedge**—Why didn't the pollers frankly say that? The New York Herald Tribune's Ralph Chapman probably put

his finger on it. After an interview with Gallup, he wrote:

"Asked whether he had warned that his prognostication of the presidential election could be in error because of the anticipated small vote, he (Gallup) replied that he had not because the newspapers would have accused him of hedging."

For businessmen, the first big lesson from the debacle of the polls thus is evident: Beware how you read figures. In research as in contracts, it's often the footnotes—the hedging—that makes all the difference in the world.

• **Wrong Methods**—Aside from plain human errors in judgment, the pollers may have committed some errors in method. If nothing else, it's obvious that a poll which has a stretch of 23 or even more percentage points in it leaves something to be desired.

And therein lies a second big lesson for businessmen: If you want tighter research, you will have to push for it. The techniques are there. But they haven't been used to their fullest. One reason: Businessmen won't spend the money.

From its beginnings, research has been bedeviled by this penny-pinching on the part of its customers. That led to the widespread use of the "quota" sample. The public opinion pollers, incidentally, all used "quota" samples.

• **Probability vs. Quota**—Critics for some time now have been touting another method—the original "probability" sample. (Variations on it are called "precision" or "area" methods.)

The Census Bureau is a strong plugger for this type; so is the Advertising Research Foundation.

Suppose you want to find out something about the 140-million citizens of the U. S. You put everybody's name on a slip of paper, throw the slips into a big bowl, spin it, then draw out a handful of slips. You now have an absolutely random sample; every name in the bowl had a fair, impersonal chance to get into the game, to register a vote or opinion. You have a true "probability" sample.

What's more, you can use a mathematical yardstick to find out how much stretch (range of error) there is in your findings. Suppose you have a big hand and grab up 1,000 names on the first try. You interview these. But your mathematical yardstick shows there is still a lot of room for error. So you grab another handful of names—and another. With each handful, the possible error gets smaller.

All "probability" samples are based on this grab-'em-out-of-the-one-big-bowl-system. The attraction is the completely random selection. Every name has a mathematical chance of coming up.

• **Quota Samples**—The "quota" sample is a shortcut method to save time and money. You know in advance that people's opinions are affected by various things—age, race, creed, income, occupation. You also have certain basic data on these factors from Census and elsewhere.

So you try to set up a sample with enough factors in the right proportions. Basically, that's sound.

But suppose your data is shaky? Or suppose that your definitions of the various factors are vague? For example: Just where is the dividing line between different income groups?

That's where serious trouble can creep in. Human judgment weakens the mathematical guides.

• **Interviewing**—Further, the difference between the "probability" and "quota" methods is especially wide in the interviewing work.

Let's say you are using the "probability" method and have grabbed 5,000 names from the one big bowl. Now your interviewers must buttonhole exactly those people. They can't substitute. They have to play Dick Tracy on that 5,000 until they have nailed every last one. (In actual practice, you could never reach all 5,000; but you would have to come mighty close.) The expense of calling back again and again can be enormous.

Here again the "quota" system takes a shortcut. You can substitute Mr. Smith for Mr. Green. You can—if you are sloppy about it—interview only ground-floor families, save your wind by not climbing to garrets.

The interviewer has some leeway for human judgment under the "quota" system—just as the sample-maker did. And that "judgment" can introduce a systematic error in the results.

At first glance it looks as if the election gave "probability" polling a big boost, "quota" polling a black eye.

But for many jobs, the "probability" system is fancier than you need, too expensive for what it shows. Suppose you want to find out if any adults in New York's Hell's Kitchen drink whisky. You could get every last adult's name and address, put it in a bowl, draw out a sample, then interview each and every name in the sample, with no leeway for substitution.

But you could probably get an answer cheaper, sooner, and good enough for practical purposes by a crude "quota" sample.

• **Right Questions**—Aside from sampling and interviewing methods, the election has put the spotlight on the questions that are asked of the guinea pigs.

Are they searching enough? Did they allow the subject to lie or fake? What about the "don't knows?" Would deeper probing of them have revealed something?

No definite schools revolve around this point, as they do around sampling. But there's common agreement that more psychology would produce more valid answers.

The research fraternity hopefully says this soul-searching is all to the good. And indeed it is—providing it teaches businessmen they have to pay an honest price to get honest goods. When a competent research firm advises an expensive sample, the client would do well to take it, or drop the job.

• **End of Polling?**—Does all this mean that commercial research is crippled or doomed? Probably not.

The election polls dealt with future intentions. That's tricky stuff. Most commercial surveys deal with facts and actions—did the subject actually use Lifebuoy or Camay, did he actually listen to "Stop the Music" or Fred Allen?

Nor does the average commercial work need the absolute certainty of an election poll. You may find out via research that say, 55% of the people favor your product. Actually only 45% buy it. But you probably won't go under because of the difference.

With Truman and Dewey it's something else again.



One Correct Poll

Staley Milling Co., Kansas City (no connection with A. E. Staley Mfg. Co., page 6) is blushing this one off—not because its poll was wrong, but because it was right.

Just before the election the company held an informal poll in which farmers cast their votes by calling for a chicken-feed sack with a donkey or an elephant on it. After three weeks, the result stood: 54% for Truman, 46% for Dewey. Unable to believe what it saw, Staley called the thing off. Quipped one executive at the time (with more foresight than he realized): "If pullets were ballots, President Truman would be a shoo-in for re-election."



Howard Allen, *Inspector*



Howard Allen, *Lab. Man*





Howard Allen *on Order Desk*

Howard Allen, *Sales Representative*



Howard Allen, Machine Operator

Outside Man with an Inside Story

Do you know the inside story behind your Ryerson sales representative? It's a story of years spent within a Ryerson plant. A story of the steel inspection department, the operating department, the service department and others —inside jobs through which a Ryerson salesman builds up the experience he applies—outside—to your steel problems.

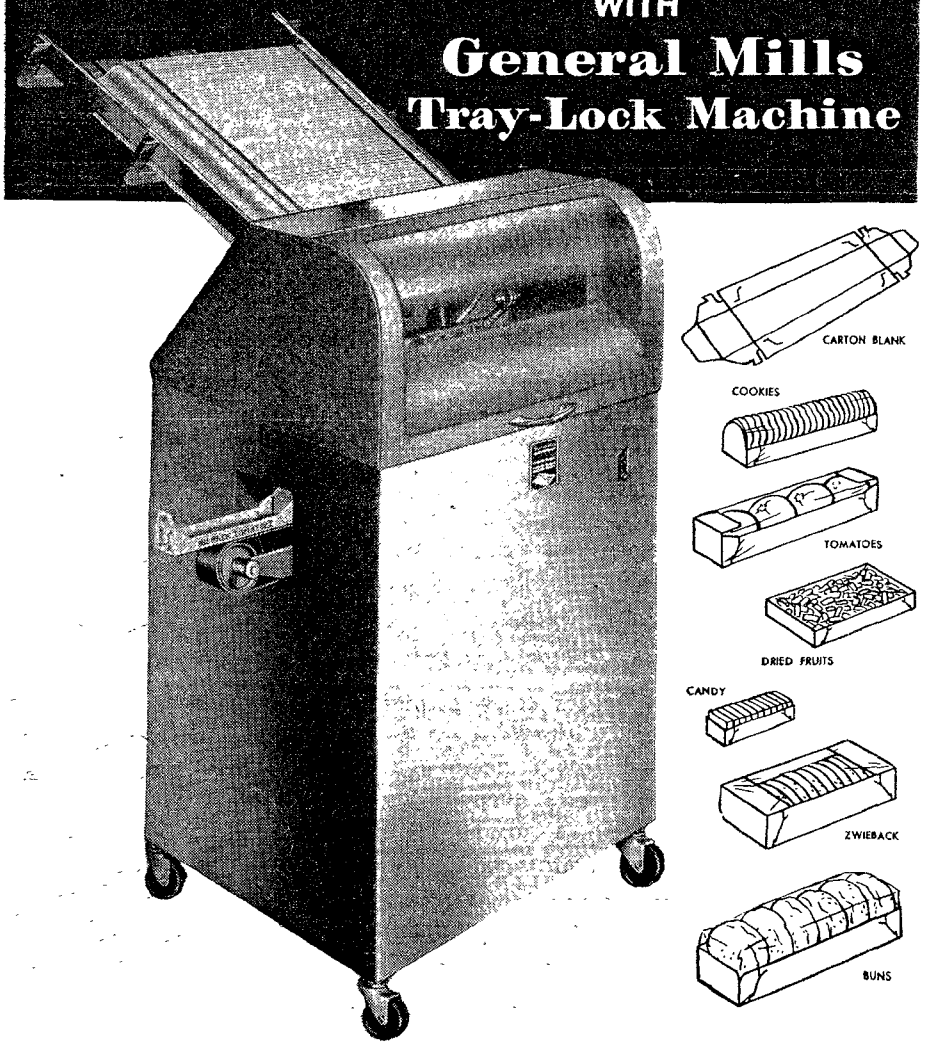
That's why you can be sure you're dealing with an experienced steel man when a Ryerson representative calls. He offers a complete steel service—carbon, alloy and stainless, sheared, sawed or slit, burned or bent, punched or threaded. And he can put to best use all the smoothly coordinated functions that make up this steel service, because he knows about them first hand.

Of course, he can't work miracles. Right now there simply isn't enough steel to meet current demand. But you can depend on your Ryerson salesman to cooperate closely and intelligently with you. From long experience he can often suggest practical alternates when the steel you need is not available. So, to make the most of available steel, talk it over with your Ryerson representative or phone our nearest plant.

Joseph T. Ryerson & Son, Inc. Plants at: New York, Boston, Philadelphia, Detroit, Cincinnati, Cleveland, Pittsburgh, Buffalo, Chicago, Milwaukee, St. Louis, Los Angeles, San Francisco.

RYERSON STEEL

LOCK-TYPE CARTONS AT LOW COST WITH General Mills Tray-Lock Machine



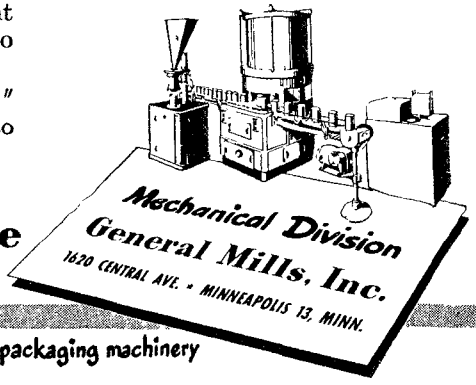
Here is General Mills' latest achievement in cost-cutting packaging machinery. The Tray-Lock Machine produces lock-type trays and cartons from *flat, unglued* blanks. Operation of the machine is entirely automatic; the expensive glueing operation is eliminated completely.

The machine delivers a wide variety of tray and carton sizes and styles to the filling station at speeds to synchronize with the filling operation, up to 90 units per minute. All are turned out with sturdy, straight sides that have no diagonal scores to weaken them.

Carton sizes range from 1″ to 1½″ in height, 2″ to 6″ in width and 4″ to 13″ in length. Change-over from one carton size to another is a simple 10-minute job.

Cut your packaging costs—turn out stronger cartons at a faster rate with the General Mills Tray-Lock Machine. Further information on this or other General Mills packaging machines (finished-edge carton formers, ice cream carton set-up and closing machines, Vacuflow powder fillers) is yours for the asking. Address Dept. B118.

General Mills Tray-Lock Machine



Made by one of the world's largest users of packaging machinery

BUSINESS BRIEFS

THE RUBBER PICTURE continues bright. September output of natural hit a new high (145,000 tons), while consumption hung up a postwar record (122,500 tons).

ON THE BLOCK are North American Rayon and American Bemberg (BW—Apr. 3'48,p28). The Office of Alien Property will open bids on Dec. 13. Last barriers to the sale went down with stockholders' approval of a new series of stocks. Successful bidders must get an O. K. from the Justice Dept.'s antitrusters.

BRITISH AUTO MAKERS expect to export $280-million worth of 1949 models. U. S. buyers will account for a big chunk: They bought 16,000 British cars (worth $14 8-million) during the first nine months of 1948, are now second-best overseas automotive customers.

ANTITRUST HEARINGS against the Giannini's Transamerica Corp. are slated to begin Dec. 7 (BW—Oct.16'48,p92) The Federal Reserve Board is speeding things up now that a Federal district court has refused Transamerica's demand that the board "clarify" its complaint.

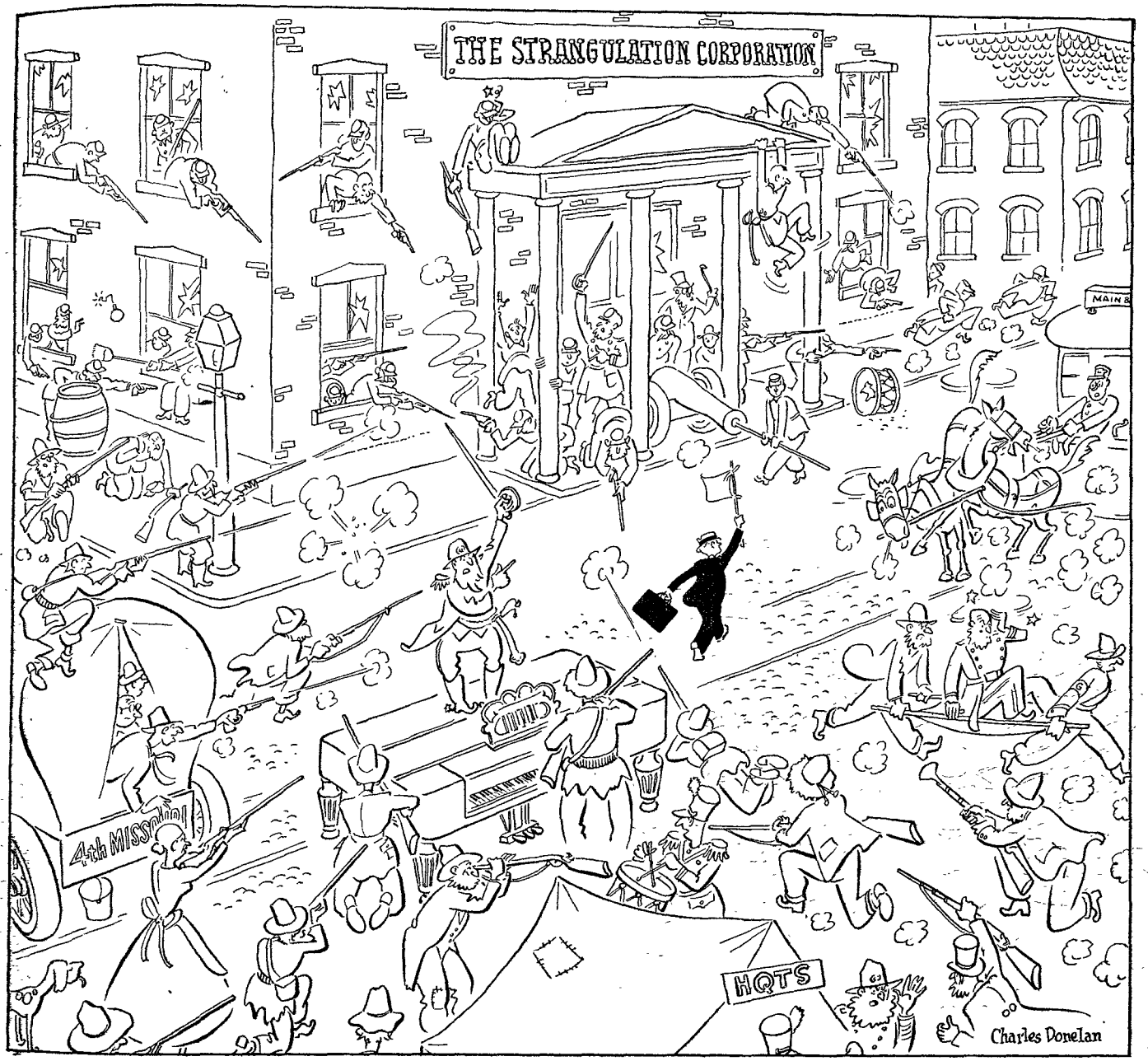
TOP POSTS have been filled in the government's $1-billion program to develop electronic all-weather airways (BW—May6'48,p47). American Airlines' president Ralph S. Damon will be chairman of the Air Navigation Development Board; R.C A.'s Dr. Douglas H. Ewing will head up development.

EMPIRE TRACTOR is in bankruptcy. Two weeks ago a federal district court appointed receivers for the company—known mainly for its sales to Argentina (BW—Aug. 6'47,p21). Now creditors have joined in a new petition to withdraw the original one for bankruptcy.

THE HUDSON RIVER DAY LINE has followed the famed Night Line into sentimental limbo. It has taken its four steamboats off the New York-Albany run, put them—and other property—up for sale.

HAWAIIAN PINEAPPLE CO. is inching ever closer to its market: First it acquired a California cannery (BW—Apr.24'48, p103); now it has bought a piece of the new cannery going up in Cerro Colorado, Mexico.

PORTSMOUTH, VA., has oversubscribed the $250,000 fund being raised by the Industrial Foundation (BW—May13'48, p48). Money will go to house new industries, end Portsmouth's boom-bust dependence on naval shipyards.



Time, Gentlemen, Time!
. . . high time to end this Uncivil War

THERE's a legend that in one part of the South, a pack of Johnny Rebs and a bunch of the Boys in Blue are still shooting at each other — because no one has been able to get close enough to tell them it's all over.

And that makes just as much sense as the *actual* feuding and fighting that goes on among some "grown-ups" in the world of business today. One side defending an outworn set of principles, prejudices and pompous protocol. The other side assaulting bitterly (with plenty of lavender and old lace in its *own* knapsacks). Who could guess that this is a buyer-seller relationship? Well, it is . . . and how often you see it: "You can buy my product . . . *but you'll have to fight, to get it!*"

Now, these Brass mills were operating at the time of the Civil War. But even then, Bristol never operated in the stifling stuffiness that constituted "the code". Almost 100 years old, Bristol has always been a young man's outfit, in which shirtsleeves are no crime and a laugh during business hours doesn't dock a week's pay. You'll find we serve up our service *plain*, without red-tape bows tied in hard knots. And if that's the way you *like* it, then here's the place you can *get* it . . . good Brass sheet, rod and wire made exactly as you *want* it. Glad to see you, or to come to see you, *any time you say*. Write.

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1607 South Broadway, Dayton, Ohio
616 Temple Building, Rochester, New York
827 Hospital Trust Bldg., Providence, Rhode Island

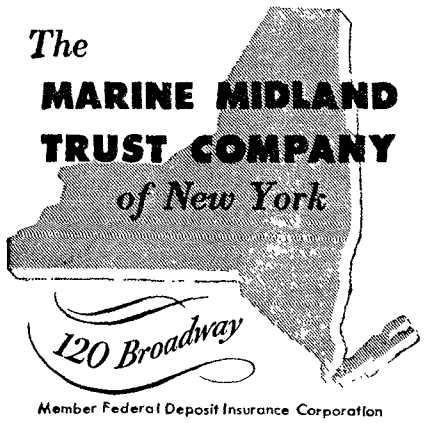
YOUR LISTENING POSTS IN the New York State market

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Energy: Key to the Future

Oil researcher sees present fuels and atom power exhausted in a few centuries. Answer: direct utilization of sunlight, water power, vegetation.

Industry is energy. Put it another way: Energy is the one thing industry simply could not do without, for energy means heat; energy means power; energy means transportation.

• **Changing Energy Picture**—These days more and more people are thinking and talking about the problems of energy supply. It's being forced on people's attention by:

(1) The changes that are taking place in our energy sources. For instance, the rapid emergence of petroleum in the last few decades, only to drop back to a minor place in a comparatively short time as world development is measured.

(2) The probability of a big increase soon in our energy needs. Supplies of easy-to-get-at, high-quality raw materials are rapidly being used up. In their place, we are being forced to turn to lower-quality resources, or to substitute materials. As our supplies of high-grade iron ore give out, steel men are experimenting with beneficiation of low-grade ores. That takes energy. Aluminum and magnesium are being used more and more in place of other metals; titanium is coming up (BW—Nov.6'48,p66). These new metals use more energy in the refining process; aluminum is practically stockpiled electricity.

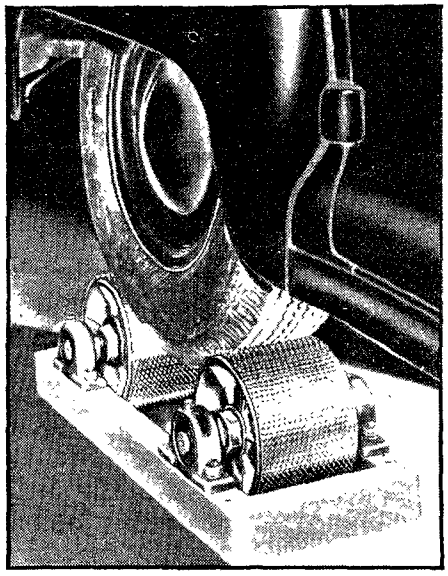
Key question: Where will we be getting our energy in the future—50 or 100 or 200 years in the future?

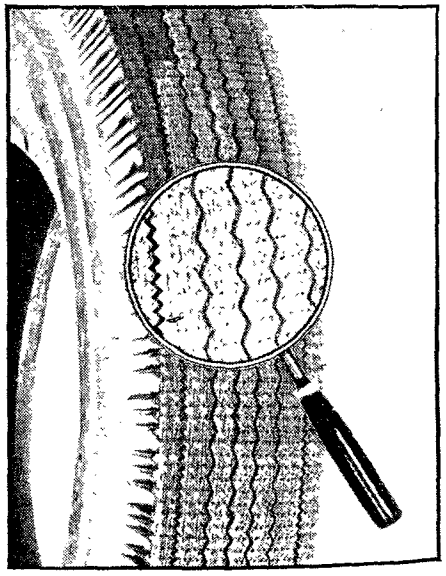
• **Report**—This week a session of the 28th annual meeting of the American Petroleum Institute, in Chicago, heard a carefully thought-out paper on the long-range aspects of this problem. The author: Eugene Ayres of Gulf Research & Development Co., a Gulf Oil Corp. subsidiary. His conclusion: We will eventually have to shift away from sources of energy that get used up, turn to "continuous," inexhaustible sources—and we had better start following this policy soon.

In his report Ayres predicts that "the direct use of solar energy is likely to displace an appreciable portion of our fuel consumption within the next few decades."

Ayres estimates that total annual energy consumption in the United States today is a bit more than 12-trillion horsepower-hours. (12-trillion is 12-thousand-billion; a horsepower-hour is about three-quarters of a kilowatt-hour.)

• **Big Users**—The largest single use of energy is for space-heating; it takes up 28.4% of that 12-trillion hph. Second largest use is for transportation, with 27.7%; third comes manufacturing and





Punctured Tread for Winter Driving

Goodyear dealers are being provided with a new winter line of business—"tractionizing" tires. Goodyear Tire & Rubber Co. is now furnishing its dealers with a device (above, left) which punches thousands of tiny holes into tire tread to a depth of $\frac{1}{8}$ to $\frac{3}{16}$ in. Goodyear says the treatment increases traction on snow and ice, eliminates need for chains, lasts all winter. Standard charge for the service is $2.50 per tire.

PRODUCTION TRIPLED!
UNIT COST CUT 60%



with TOCCO* Induction Heating

Even if your products are entirely different in size and shape TOCCO can probably provide similar cost reductions and production increases for you.

● *Nash Motors,* Kenosha, Wisconsin reports the following benefits from TOCCO Induction brazing of drain flanges to automobile oil pans:

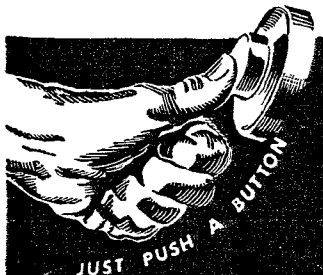
1. PRODUCTION TRIPLED— Using a hand torch, production was only 21 brazed assemblies per hour. TOCCO brazes 75 per hour—357% of former output!

2. COSTS CUT—At the same time TOCCO Induction brazing cuts labor and material costs from $12.75 to $4.90 per hundred—a reduction of 60%, representing a saving of $6.00 every hour.

3. OTHER ADVANTAGES—include a neater, better looking brazed joint, and a complete elimination of leakers and subsequent repair costs.

TOCCO Engineers are glad to help you find applications in your plant where TOCCO Induction Heating would increase your production, cut your costs and improve your products.

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mining, with 25.7%. The rest is mostly wasted.

Practically all energy is of atomic origin. Most of it comes—or came—from atomic processes in the sun. Some of the solar energy that reached the earth many millenniums ago still exists today, in the form of "stored sunlight"—coal, petroleum, natural gas, shale oil.

These underground resources make up most of the 'unrenewable" sources that Ayres talked about. From these unrenewable sources we obtain more than 90% of our energy requirements today. The other important unrenewable source of energy is fissionable material, uranium and thorium.

• **How Long**—Estimates of ultimate reserves of these sources vary tremendously. Ayres took the highest and lowest estimates for each fuel, stated them in terms of the number of years they alone would satisfy the present annual energy requirement (12-trillion hph.).

Coal—maximum 1,700 years, minimum, 170 years: petroleum—maximum 16 years, minimum 5 years; natural gas—maximum 12 years, minimum 5 years; shale oil—maximum and minimum both 13 years; total—maximum 1,741 years, minimum 193 years.

• **Rising Demand**—These figures, of course, are based on a constant energy requirement at the present level. Ayres estimates that demand will increase about 50% every 50 years. On that basis, demand would be 27-trillion hph. 100 years from now, instead of the present 12-trillion.

But there's another big factor: A lot of energy is lost when one form of energy is converted into another. Over the long term, this will make itself felt in two chief ways:

(1) **Electricity From Coal**—A big part of the increase in demand for energy will consist of electric power. Most of this, in the future, will be made from coal (leaving hydropower out of consideration, for the moment). And there is a big loss of energy in this process. Ayres estimates that, at present, the efficiency is only 14.4%.

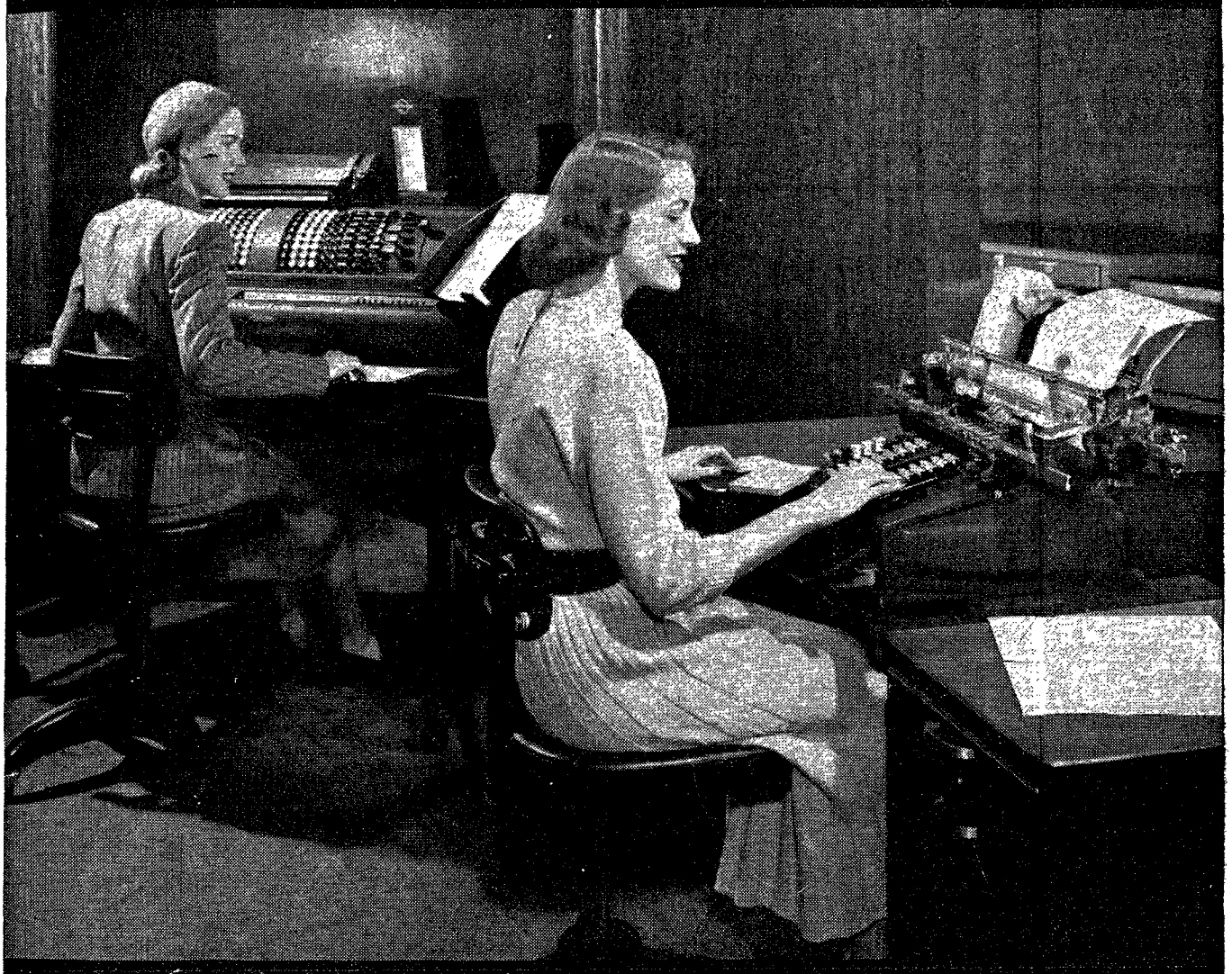
This efficiency figure will be improved; some of our production today runs around 20%. But Ayres estimates the conversion loss 100 years from now as 7-million hph. a year.

(2) **Liquid Fuel From Coal**—Many uses of fuel are much better adapted to liquid than to solid fuel. Automobiles and airplanes are only two examples. But oil is a short-term resource.

The long-term answer is conversion of coal into liquid fuel. The present efficiency of such processes today is only about 40%. Even assuming technological advances, Ayres estimates the annual conversion loss 100 years from now at 9-trillion hph

• **In 2048**—So the total U. S. energy requirement in 2048 is 27-trillion hph. di-

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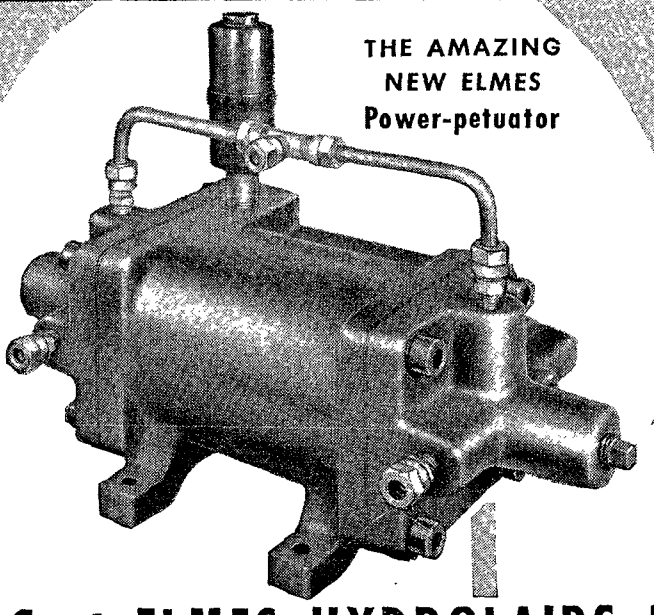
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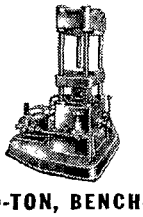
Add to this the *many other* Hydrolair advantages —small size; light weight; effortless, quiet operation, with your *regular shop air line* furnishing the power. These little marvels are the biggest small presses you ever saw.

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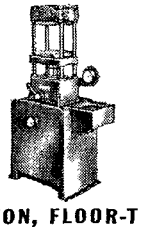
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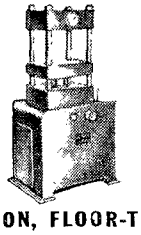
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rect, plus 16-trillion hph. in conversion losses—a total of 43-trillion hph. For the years beyond this, Ayres assumes a constant increase of 50% every 50 years.

On this basis, our total reserves of fossil fuel would last 92 years at the minimum, something under 300 years at the maximum.

Other sources of energy must be developed. Atomic power is not the answer, Ayres says: the world's reserves of uranium and thorium are too small. They will probably be exhausted before the fossil fuels; this is even more certain if consumption of uranium for bomb manufacture continues at the present rate.

The only answer, then, is to turn to sources of energy that can't be exhausted. Ayres thinks three are potentially important. They are:

Direct Solar Energy. This could be used in two ways: for heating, and for power. The maximum potentially available is somewhere around 17-quintillion hph. per year. In practice, of course, only a very tiny fraction of this could be realized. Ayres' estimate for 100 years from now: 20-trillion hph. for power; 4.5-trillion hph. for heating—more than half his assumed power load.

Several ways of converting solar energy into usable power are theoretically possible. Experiments on direct conversion of sunlight to electrical energy are now going on at Massachusetts Institute of Technology. Concentration of sunlight by lenses to produce heat is an old dream that may yet prove practical; heat can be changed to electricity. Once electricity is obtained, it would be possible to synthesize fuel from nothing but air and water.

Water Power. A tremendous amount of solar energy is used to evaporate water from the water-surface of the earth, and to lift it to form clouds, whence it returns as rain. About 99.67% of the total is used for evaporation, and is in no way recoverable; the other 0.33% is used to raise the water vapor above the earth, and part of that is recoverable in the form of the water power of our streams.

Ayres estimated the maximum available from this source at about 360-trillion hph. a year; some 700-billion hph. are being recovered today; the maximum likely to be recovered 100 years from now is 6-trillion hph.

Vegetation. Sunlight is used by plants in their growth. And some of the energy thus stored is recoverable. We use it today, when we burn wood. But it could be realized in other ways: conversion of vegetation into alcohol, for instance, or even into gasoline.

Ayres' estimates of energy from vegetation: maximum potentially available, 60-trillion hph; now used, 1-trillion hph.; possible within 100 years, 10-trillion hph.



Even if you have no more hair than a grapefruit, you probably know something about "home permanent waves" . . . particularly if your wife, daughter, sister, or mother-in-law goes in for them. Millions of women do. In 1947, they bought 50,000,000 kits. This year, the figure's still higher.

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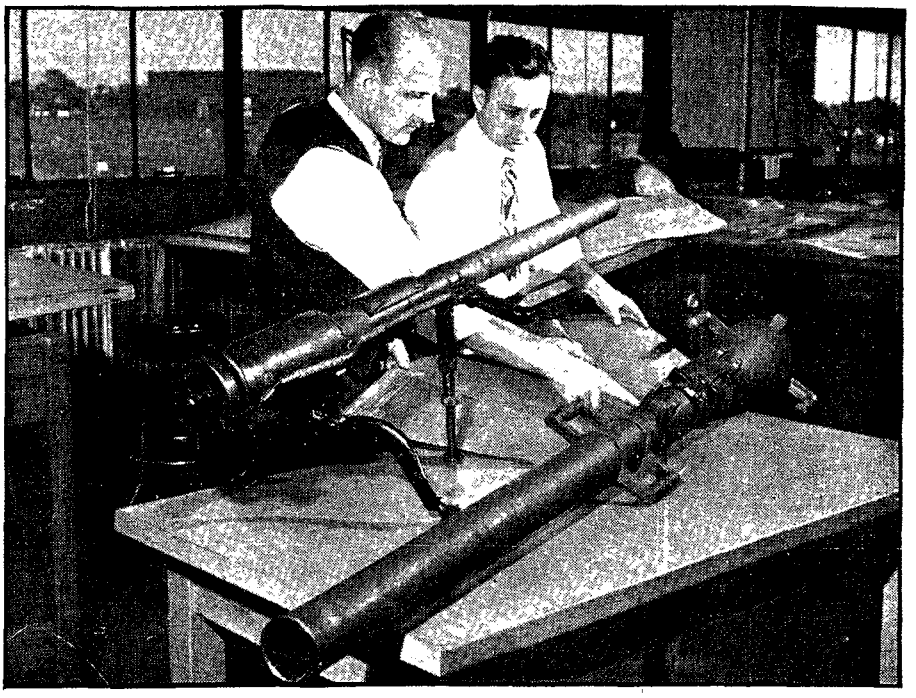
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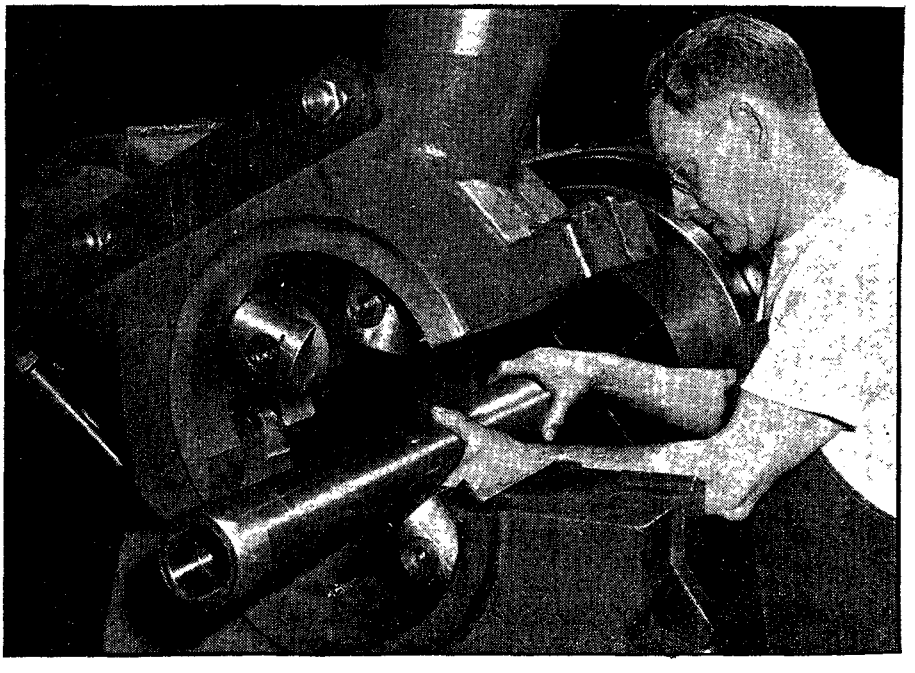
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Blueprint for Defense . . .



. . . Puts Firestone in Kickless Artillery Business

At Firestone Tire & Rubber Co., where designers grapple with "bounce" in motoring, production lines are humming with orders for rifles designed to take the "bounce" out of firing.

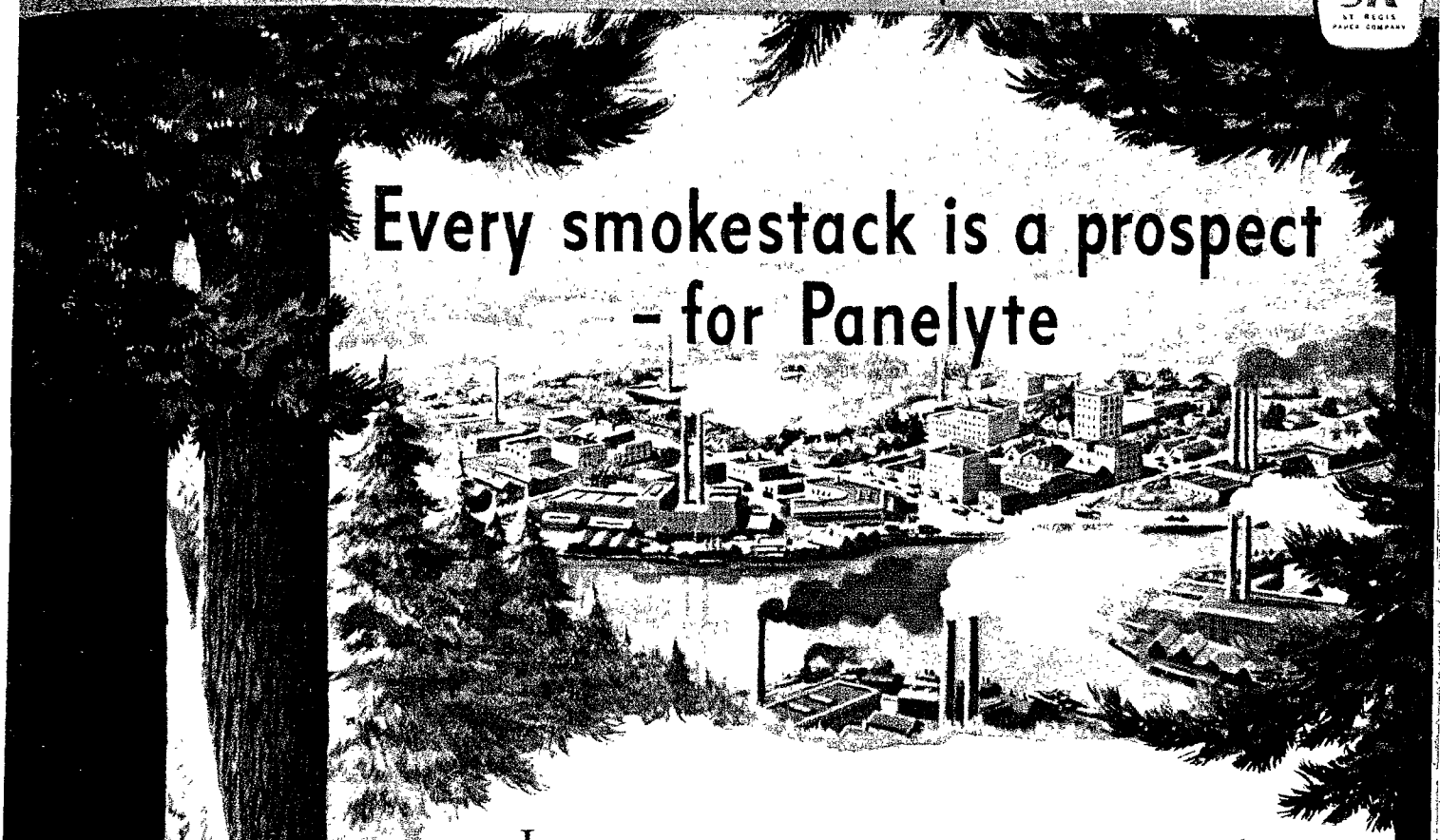
These recoilless weapons, developed by ordnance late in the war, give the infantryman the firing power of an artillery battery. They're patterned, in general, after the bazooka. But they have rifled barrels, use bigger charges, thus get far greater distance and accuracy. Recoil is cut out by allowing a controlled amount of the gases that propel the shell to escape through openings in the breech of the rifle. These escaping gases exactly counterbalance the force that drives the shell out of the muzzle.

Thus, a kickless 57-mm. rifle, which weighs 45 lb., can be fired from the shoulder; a 110-lb. 75-mm. piece can be manned from a machine-gun tripod. The 57-mm. job fires a 3-lb. high explosive shell for two miles; the 75-mm. piece fires over four miles with a 14-lb. shell. Firestone is not new in the game; during the war it redesigned the Bofors antiaircraft gun, turned out thousands of the weapons.

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PRESIDENT

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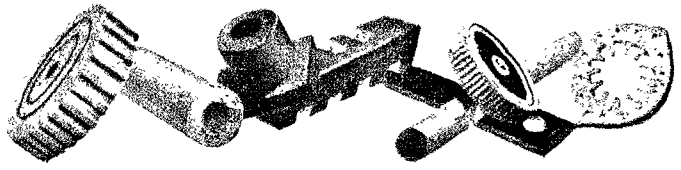
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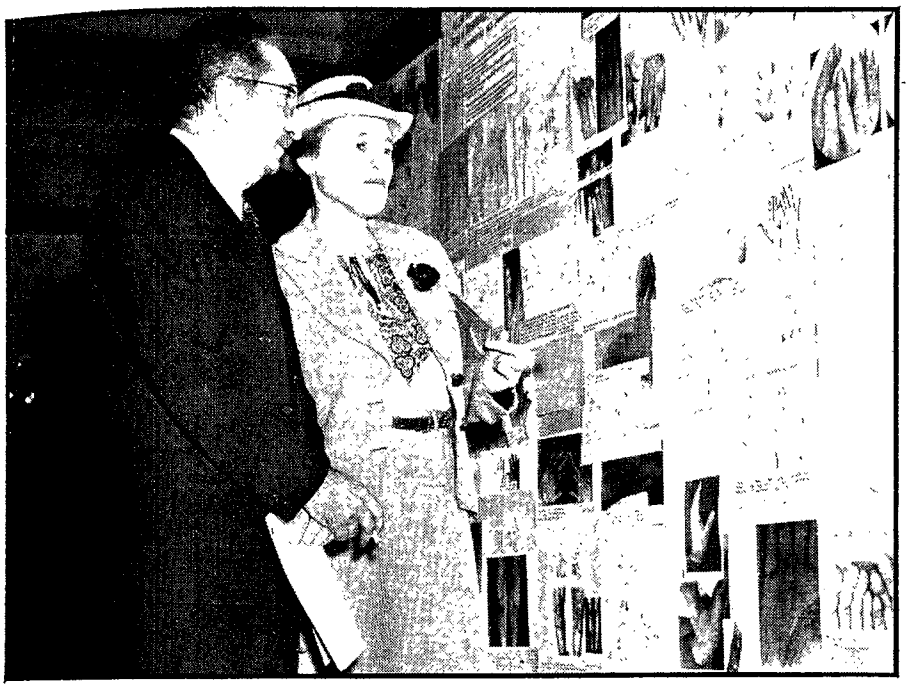
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RESEARCH



SURVEYING the field: Dr. Leonard Greenburg, New York State Dept. of Labor, and Dr. May R. Mayers, chairman, Occupational Cancer Committee, join up with . . .

Industry Against Cancer

New group, representing industry and medical and government authorities, maps fight on country's No. 2 killer. First step: a survey that will help determine industrial danger spots.

Science and industry are joining forces to take on a powerful antagonist: occupational cancer. The size of the job can be gaged by the fact that cancer now rates as the second biggest killer in this country.

This week, the growing hazards of occupational cancer were the theme of a paper by cancer authority Dr. W. C. Hueper, of the National Cancer Institute. The occasion was a meeting of the American Public Health Assn. in Boston. Dr. Hueper's point: The more modern industry develops, the more vital is a study of potential industrial danger spots.

• **Starter**—Just such a study is the goal of New York State's brand-new Occupational Cancer Committee, an unofficial agency. Members have been working on a two-year program. They have a special fund from National Cancer Institute of the U. S. Public Health Service of $32,694 a year to go on. Ohio and New Jersey are getting similar grants.

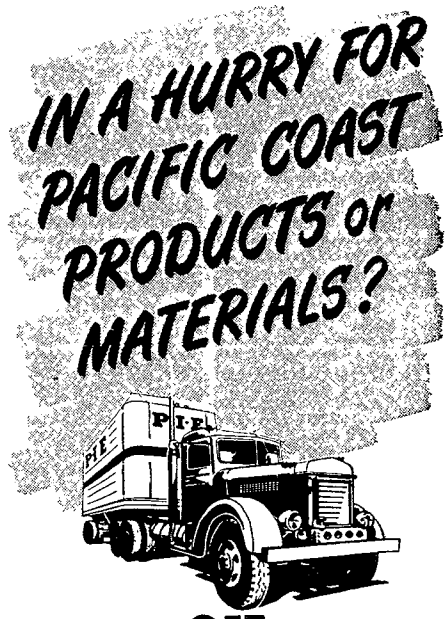
Industry has representatives on the committee—Dr. G. H. Gehrmann, for Manufacturing Chemists Assn.; and Dr. Arthur E. Hoag, for American Petroleum Institute. Other members include representatives from the U. S. Public Health Service, from New York State Depts. of Labor and Health, as well as from the medical and scientific centers. Chairman of the new group is Dr. May R. Mayers, chief, Medical Unit, Div. of Industrial Hygiene, N. Y. State Dept. of Health.

The committee knows very well that its job will be tough. For one thing, nobody really knows how big the problem is. As Dr. John R. Heller, Jr., director of the National Cancer Institute, reported last week to the American Cancer Society, there are no figures to show how many people are dying today from environmental or industrial cancer. No one knows, even, how many people are exposed to it, or where the precise danger lies.

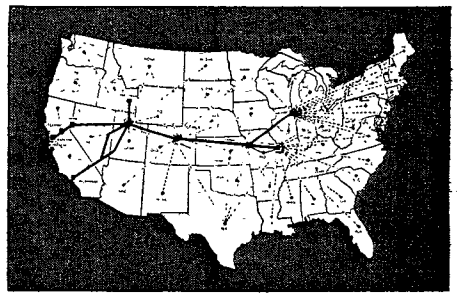
• **Program**—But with this nebulous start, the committee has lined up its immediate plans:

(1) A pilot study at the Roswell Park Memorial Hospital, Buffalo. This, the first large-scale survey of its kind, will cover 5,000 male cancer patients; 1,000 male non-cancer patients will serve as a control.

(2) The distribution of a leaflet on "Occupational Cancer" to hospitals,



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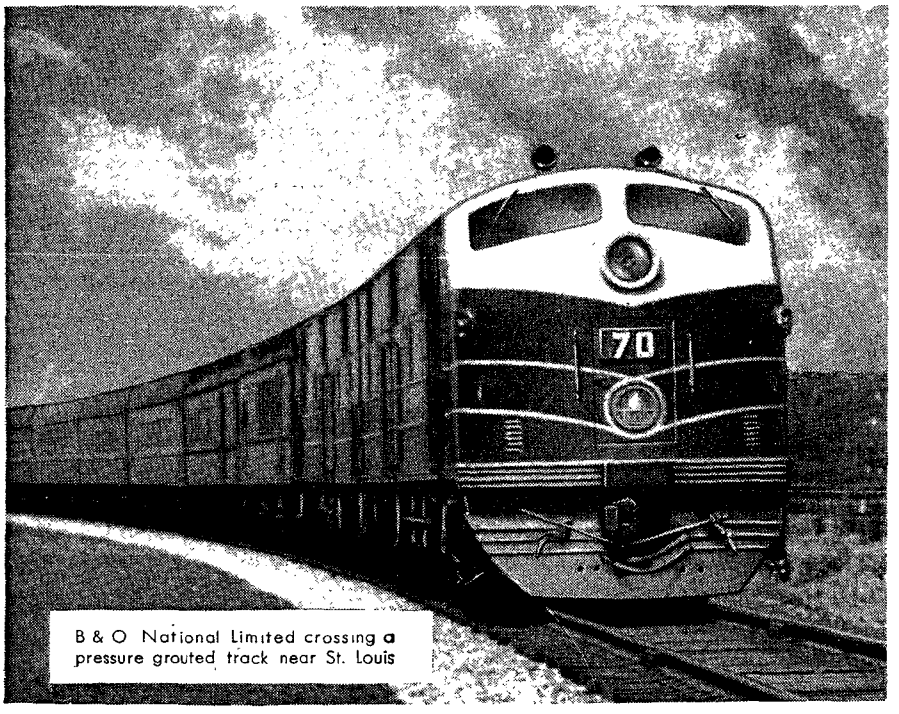
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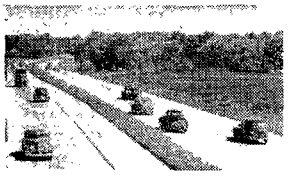
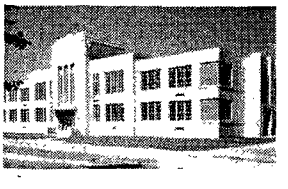
TRAIN PASSENGERS are enjoying new standards of comfort because of portland cement "grout," a mixture of portland cement, sand and water, which, when pumped into soft spots and water pockets under tracks, hardens and stabilizes the roadbed. More than 45 major railroads are now pressure grouting with portland cement to obtain a smoother riding track and to reduce maintenance and operating costs.

This is another example of the thousand ways that portland cement and concrete serve and save. Concrete is the favored material for streets and highways because it is smooth-riding and lasts longer—at lower cost to taxpayers.

Concrete also provides strength, beauty, firesafety and ***low-annual-cost*** service for school buildings, hospitals, apartments, factories and municipal structures.

Concrete is a wise investment for homes and farm buildings because it is firesafe, stormproof, ratproof, decay-proof, termite-proof, easy to heat, inexpensive to maintain.

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clinics, and all physicians in the state who are interested in cancer.

The pilot survey is out to track down what chemicals or other occupational factors may be considered among the possible causes of cancer. Dr. Mayers reports that industrial chemicals can, in general, be used with perfect safety if adequate control measures are instituted. But in order to get the best control measures, you first have to know what chemicals offer the threat.

Specially trained personnel will take detailed occupational histories of all cancer patients who enter the Roswell Park Memorial Hospital. The interviewer will try to pin down just what the patient's occupational exposure was; what chemical substances he came in contact with, what other environmental factors were present in the workroom. Since cancer will usually develop only after a great many years of exposure—and even many years after exposure—



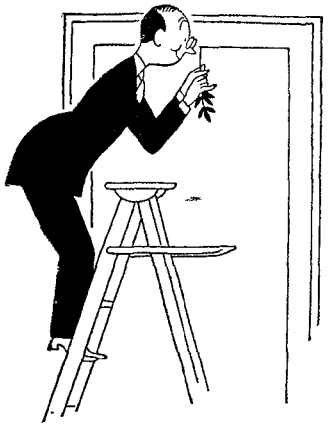
CANCER AUTHORITY: Dr. W. C. Hueper has ideas on how to tackle the problem of occupational cancer

this means tracing the patient's history all the way back to his first job.

• **Sleuthing**—If a clue—however elusive—turns up at any point, a chemist will be called in. His job will be to unearth any positive proofs that a chemical suspect may have been the source of the disease. The data will be entered on punch cards. These will be used as the base for a complete statistical study to be carried out by the Division of Cancer Control of the N. Y. State Dept. of Health, under the direction of Dr. Paul Gerhardt.

The committee is ready to follow any suspected case right into the workroom. Its investigations will include chemical

The Idea
that became a Christmas tradition



We don't mean hanging up mistletoe . . . *(although that can be a very rewarding idea).*



We don't mean a holly wreath . . . *(although it wouldn't be Christmas without one).*



We don't even mean sending Christmas cards . . . *(although that's a good way to let friends know you wish them well).*

We DO mean THIS:

If you're wondering what's the best way to say "Merry Christmas!" to your business associates, customers, potential customers, and friends named Bill and Ed and Jim . . .

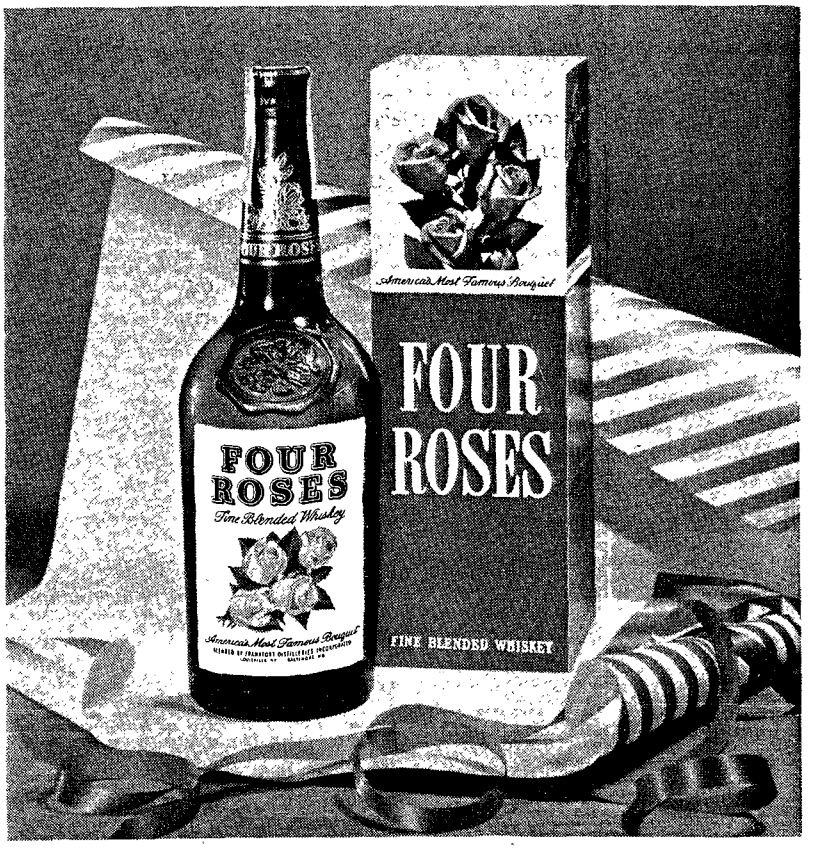
. . . say it with a bottle or so of Four Roses!

So *many* people give Four Roses for Christmas nowadays that it's become sort of a holiday custom—and well it might be. For you could search high and low without finding a gift that's half so welcome and *sure* to please—and one that offers such a simple solution of your gift problems!

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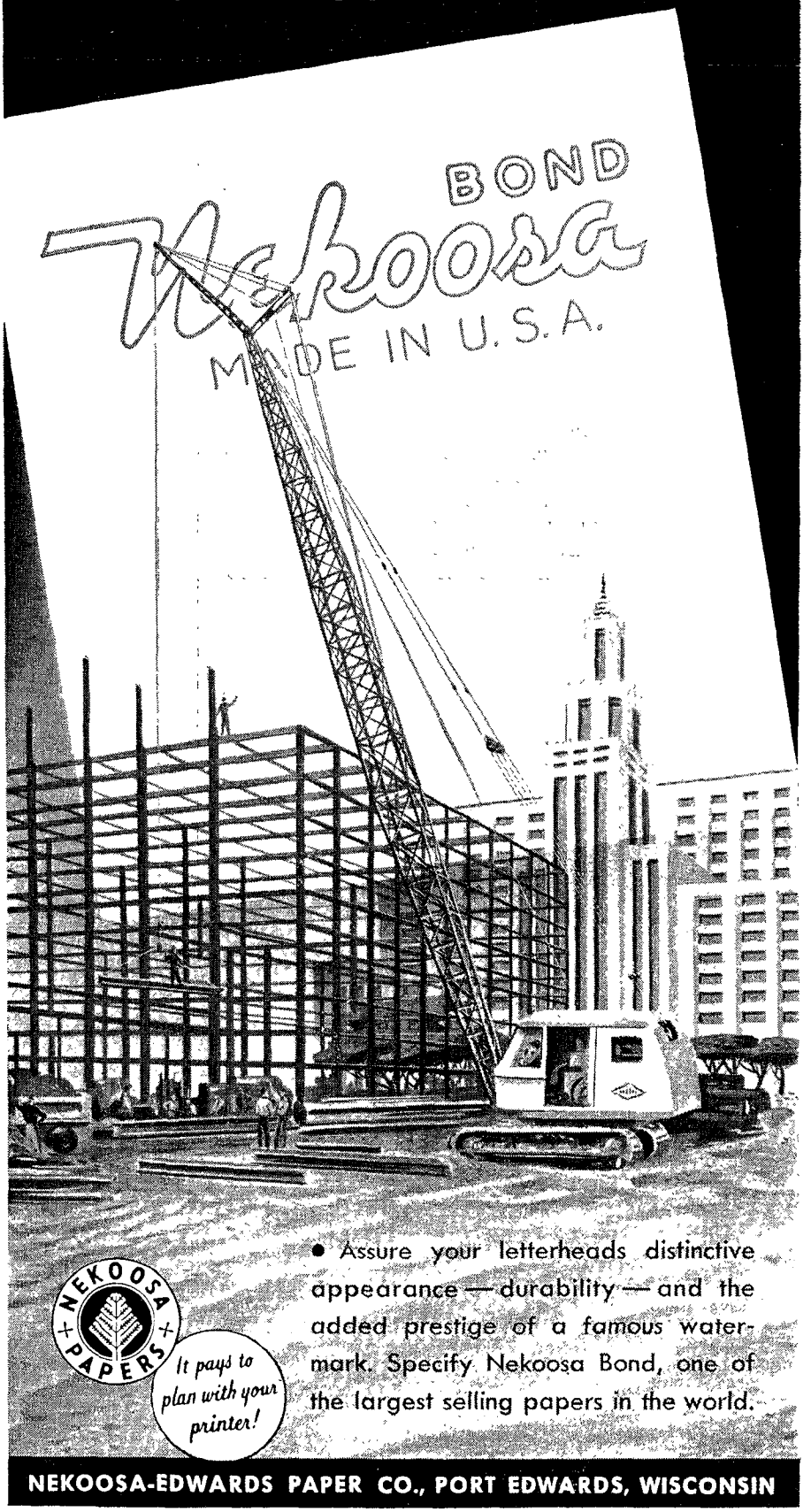


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analysis of materials, radiation measurements, chemical analysis of air contammants—dusts, gases, fumes, and the like. That way, it is hoped that occupational factors that are not now suspected of causing cancer may be brought to light.

• **Investigation Points**—Dr. Hueper's paper broke down the known and suspected cancer causing agents into.

Physical Agents: These include ultraviolet rays, X-rays, and other radioactive substances.

Chemical Agents: Inorganic chemicals, such as arsenicals, chromates, nickel carbonyl, asbestos; organic chemicals such as aromatic compounds and amines, benzol, and the undefined compounds responsible for the cancer-causing action of tar, pitch, asphalt, soot, carbon black, paraffin oil, creosote, and various crude and processed mineral oils, shale oils, and some products derived from them

With this list of suspects, the medical authorities are particularly interested in industries using these materials. As Dr. Heller put it "As far as we know, the most dangerous areas are in the field of radioactive substances, the areas of hydrocarbon research and development, such as the high-temperature distillation and fractionation of petroleum; and the wide field of organic chemistry which is developing new synthetic chemicals."



Neutron Counter

This tiny neutron counter is expected to ease one of the toughest jobs of the atomic researcher. It was recently developed by Dr. Kuan-Han Sun, Chinese-born physicist at the Westinghouse Research Laboratories. Neutrons are difficult to detect because they carry no electrical charge. But neutrons will split uranium atoms. So the detector includes a film of uranium-235. A photosensitive plate responds to the radiation from the atomic fission by emitting electrons which are multiplied, collected, and counted.

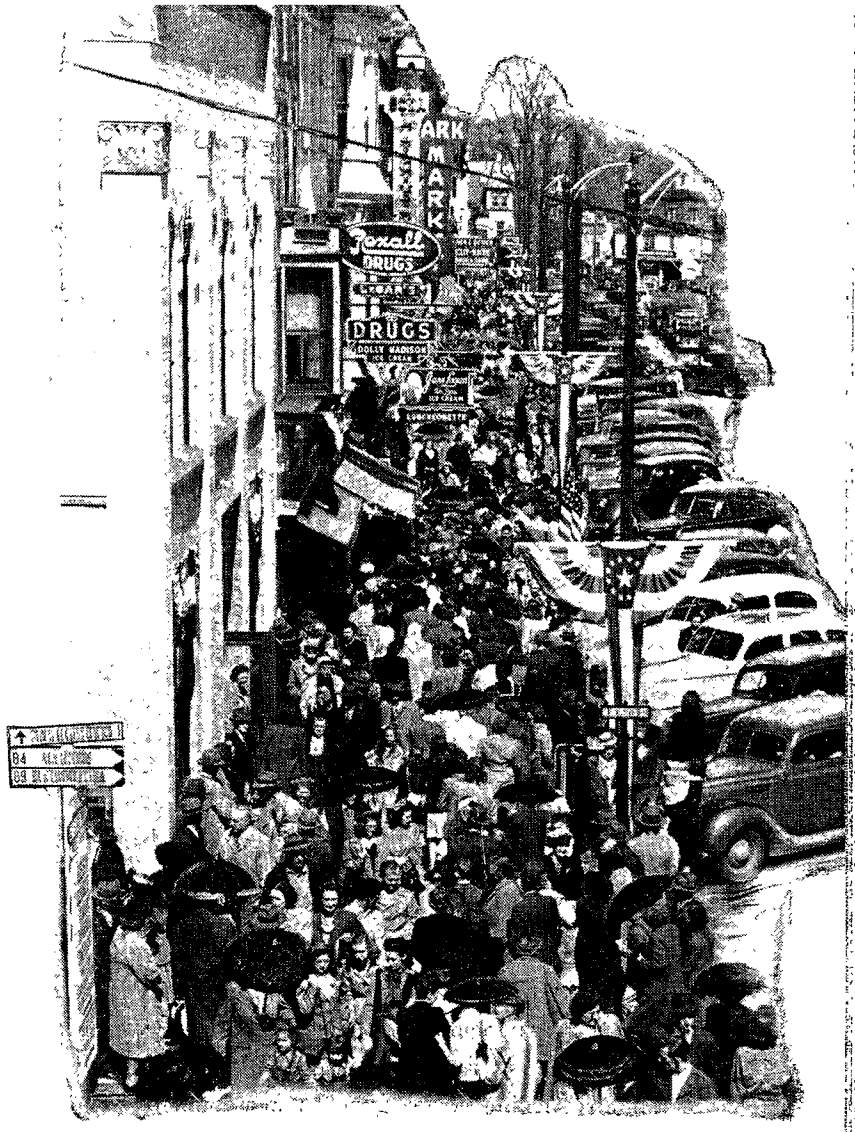
It really rains business in America's Biggest Market

Are you following the leaders—into the half of the nation's market where it literally *rains sales*? There are no dull days for your better retailers in towns of under 25,000—Main Street towns—across America.

When it rains, the farmers come in to spend their record-high income. When it shines, town families, enriched by seven straight years of farm prosperity and new town enterprise, do their buying. Saturday night, *everybody* buys. And that means over half our population—80 million people.

Full shopping weeks make these better dealers your best dealers. Are you sure you are distributing your selling messages among their customers—farm and Main Street families both—*in proportion to their number and buying power?* Join the hundreds of leading advertisers who are *making sure* through the pages of FARM JOURNAL and PATHFINDER.

3,750,000 Families Who Buy On Main Street



IN SEVEN YEARS, the farm plant has increased in value from 54 to 111 billion dollars. Farmers now have 22 billion in banks, bonds and cash. FARM JOURNAL, *biggest* in the country with 2,700,000 subscriber families, has increased annual advertising revenue from 2 to 8 millions during the same period. For full effects, look in the towns like this where farmers spend their money.



BIGGEST BUSINESS of Main Street, America, is retailing. Your Main Street dealers today serve more than half the families in the country, who live, or shop, on Main Street. Can you tell the prosperous town customers from the prosperous farm customers in this modern store? Both are important to you—and both can be reached through our two magazines: FARM JOURNAL and PATHFINDER, together influencing the *buying half* of today's America.



MAIN STREET INITIATIVE, stimulated by seven years of farm prosperity, is creating new and bigger payrolls, new businesses and factories in Main Street towns. There's more community spirit, more individual enterprise in this economy. Is it behind you? Yes—if you're one of the foresighted advertisers who has realized the selective significance of America's 2nd Largest news magazine. PATHFINDER'S 1,050,000 families make it 1st on Main Street.

Farm Journal, *Biggest*—in the Country • • • Pathfinder, *First* on Main Street

Graham Patterson, *President*

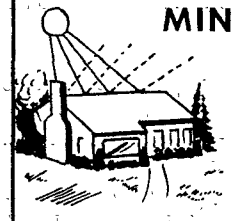
Phenolic Resins by
INTERLAKE
CHEMICAL
offer many
industrial uses

Here are typical examples where resins "tailored" to individual needs by Interlake's Technical Staff have produced a better product at lower cost:



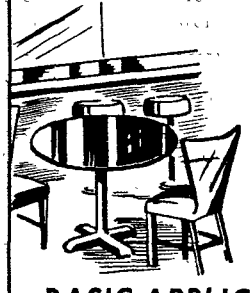
PLYWOOD

Top quality plywood is bonded with Interlake resins.



MINERAL WOOL

This type of insulation is bonded into batts with Interlake resins.



LAMINATES

Paper base laminates such as table tops and paneling are produced with Interlake resins.

BASIC APPLICATIONS OF INTERLAKE RESINS:

Bonding
Surfacing
Laminating
Impregnating

of such materials as cloth, paper, wood, cellulose waste and fibrous materials.

INQUIRIES INVITED—Our Technical Staff will endeavor to adapt Interlake Resins to your application. Interlake Chemical Corporation, Union Commerce Building, Cleveland 14, Ohio.

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CHEMICAL
Corporation
• PRODUCTS FROM COAL •

Security Study

Rand Corp., once an Air Force baby, is now independent. It tries to find ways to use new scientific advances militarily.

Out of the back room last week came an Air Force project that the boys in the bar have been whispering about for two years. Project Rand (the name stands for Research And Development) shed some of its mystery, officially became Rand Corp., an independent, nonprofit research organization.

• **What It Is**—In the broadest terms, Rand's job has been the scientific study of ways to improve national security. Fostered by General Hap Arnold, it was set up in March, 1946, as a separate department at Douglas Aircraft Co. Its work since then has been done under a contract with the Air Force. Top executives of Douglas and of three other aircraft companies—Boeing, Northrop, and North American—worked with USAF in setting policy and lending support to the project.

Rand does not develop new weapons or instruments, as such. Its job is to dig into the potentials created by modern science, to try to shorten the gap between scientific theory and military reality. As such, it paves the way for new engineering work. Rand braintrusters will look at a new scientific principle, decide whether it has any military possibilities, then figure how much it will cost to develop the possibility and how good an end product can be expected. They also try to decide what avenues of research will be the most economical.

• **Secret**—The biggest part of Rand's work, of course, has been kept well blanketed behind a security fog. The few glimpses that observers have caught, however, indicate that many of the projects make Buck Rogers look like a 19th century octogenarian.

Here's an example of the kind of stuff Rand might be called on to tackle: Once we get a rocket to the moon, what will be the chances of our setting up a lunar military base? If it can be done, what kind of equipment will we have to develop?

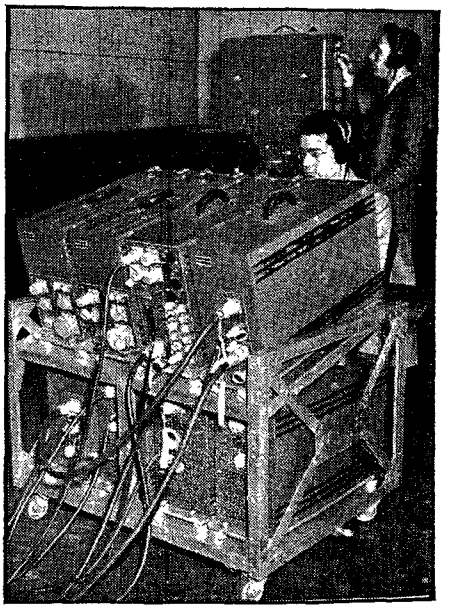
• **Economists, Sociologists**—Rand's staff isn't confined to physical scientists alone. Many of the researchers are grappling with projects that fall entirely in the fields of economics and sociology.

For instance: Suppose New York were hit by an atom bomb. How would you get Detroit workers to stay on their jobs when they know the auto city looms as No. 2 on the target list? Or, if our raw-material sources were suddenly crippled, what steps would we have to take to rebuild them? On the other hand, what supply sources would we have to knock out to upset an enemy's production?

Rand's success as a research experiment was one of the big reasons for setting it up as a completely independent organization. Functioning that way, it will be assured of the cooperation of industry without upsetting competitive relationships.

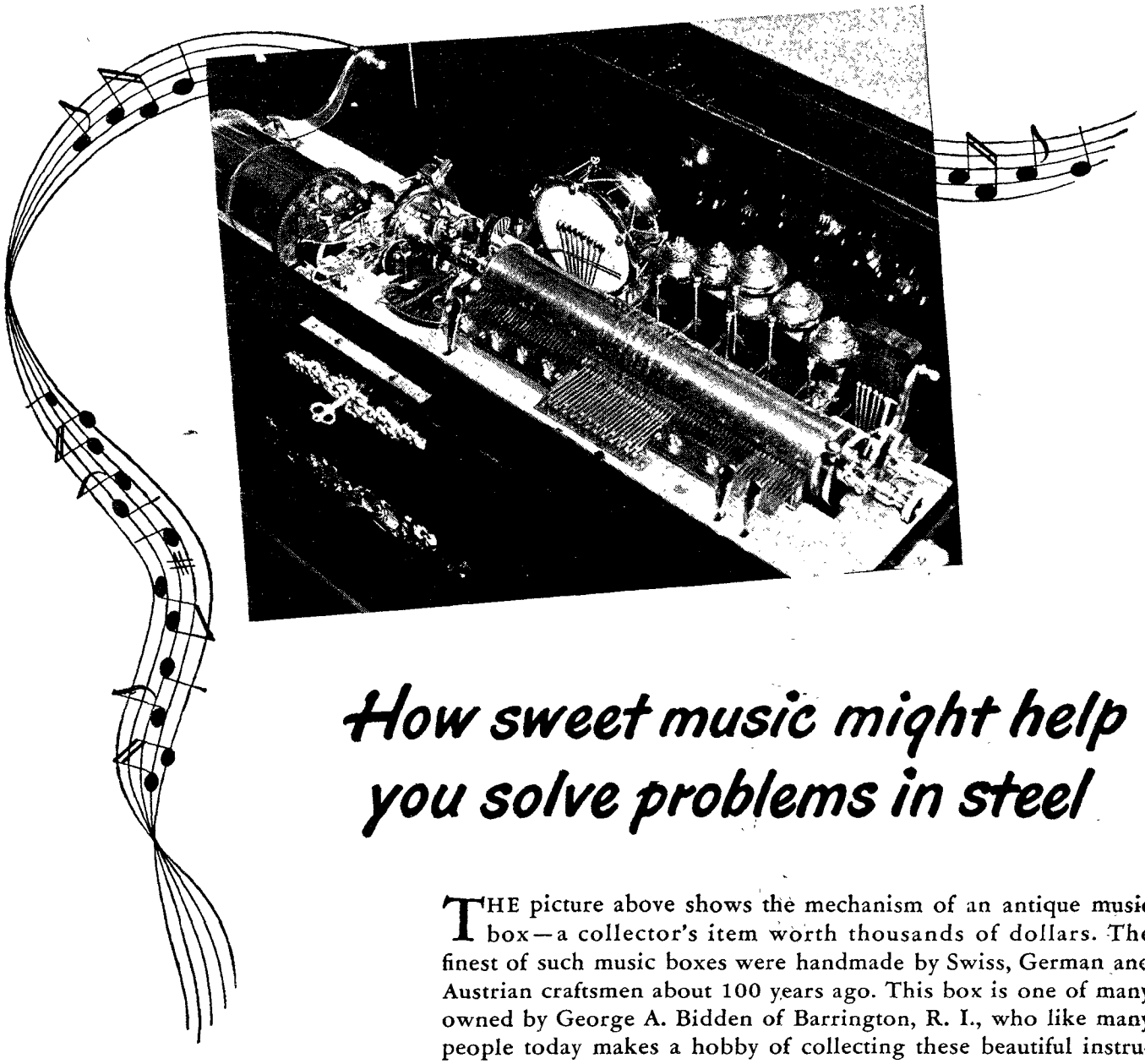
• **Setup**—Working capital for the corporation has come entirely from private sources. It will be run by an 11-man board of trustees. Heading the organization as "director" will be F. R. Collbohm, for many years one of Douglas' top-ranking engineers.

Rand will be paid for its research under a contract with USAF. Bulk of the work will be handled by civilian scientists of the staff; but plenty of projects will be farmed out to consultants from the universities and private research organizations. Where government agencies other than the Air Force are concerned with the research, the results will be made available to them. Nonclassified material will go out to the universities and research centers for further development.



Video Van

If you've ever watched televisors try to move their cameras from one location to another in a hurry, you know what kind of problem they're up against. One man's solution is to move all the heavy, cumbersome equipment on a single dolly. Paul A. Raible of WAVE-TV, Louisville, Ky., dreamed up the device, designed it to carry all the equipment needed for a telecast. A portable transmitter in a truck goes along with the unit to send the program to the station for rebroadcast. The dolly is designed to carry two cameras, a switcher control, two synchronizing units, three power units, and complete power hookup equipment.



How sweet music might help you solve problems in steel

THE picture above shows the mechanism of an antique music box—a collector's item worth thousands of dollars. The finest of such music boxes were handmade by Swiss, German and Austrian craftsmen about 100 years ago. This box is one of many owned by George A. Bidden of Barrington, R. I., who like many people today makes a hobby of collecting these beautiful instruments. He has become expert in restoring them, in recapturing their virtually perfect tone.

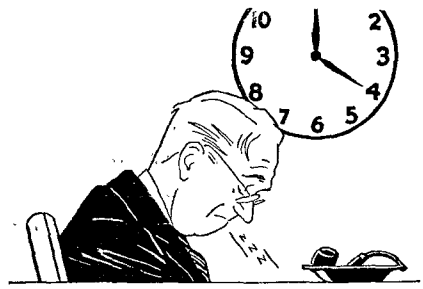
But Mr. Bidden encountered a problem. He could no longer get from Switzerland the out-of-the-ordinary flat steel needed to dampen the tones in the comb teeth. In desperation he turned to our Athenia Steel Division, described his requirements, and in short order got specially-processed steel, perfect for his needs.

This is a story of unusual application, but is typical of Athenia service in the development and production of steel. So if you are a user of special-purpose steel . . . if the solution to a problem in quality, behavior, uniformity, control or application would be "music to your ears", it might pay you to see what Athenia specialists can do about it.

NS
NATIONAL-STANDARD Company
NILES, MICHIGAN

DIVISIONS OF NATIONAL-STANDARD CO.

ATHENIA STEEL, Clifton, N. J.	Flat, High Carbon, Cold Rolled Spring Steel
NATIONAL-STANDARD, Niles, Mich.	Tire Wire, Fabricated Braids and Tape
WAGNER LITHO MACHINERY, Jersey City, N. J.	Lithographing and Special Machinery
WORCESTER WIRE WORKS, Worcester, Mass.	Round Steel Wire, Small Sizes



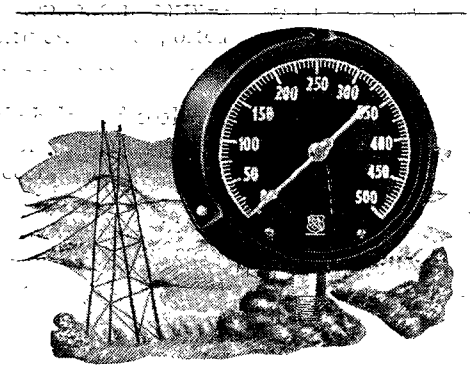
FIGHT
Office Worker Fatigue

● Air in offices, air conditioned or not, often gets stuffy and lifeless. This taxes efficiency, brings on fatigue and causes 4 o'clock sag among workers.

● Moore McCormack Lines use Airkem Chlorophyll Air Freshener to solve this problem. They say: "The folks in our Freight Department complained of stale, stuffy air. Since using Airkem we have noticed a decided improvement."

● Try Airkem Air Freshening Service at our expense. Look for Airkem in your phone book or write us at 7 East 47th Street, New York 17, N. Y.

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FOR AIR OF QUALITY



That you may have light

The wires carry the light and power for homes and industries and the seldom-failing service is a modern miracle. In the great power houses where steam, water and air are held under exactly controlled pressures, Ashcroft Gauges indicate these with enduring accuracy. Quality comes from almost a century of fine gauge-making. If you need pressure gauges, specify Ashcroft.

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STRATFORD, CONNECTICUT
Makers of Ashcroft Gauges, Hancock Valves, Consolidated Safety and Relief Valves and 'American' Industrial Instruments. Builders of 'Shaw-Box' Cranes, 'Budgit' and 'Load Lifter' Hoists and other lifting specialties.

READERS REPORT:

French Problems

Sirs:

I was very much interested in Mr. McGraw's article, France's Problems Today and Tomorrow, [BW—Jul.24 '48,p105].

I know many Frenchmen who would have been proud to sign this study, and I think it is remarkable that after a short visit a foreigner has been able to give such an exact synthesis of a situation which, particularly in France, is full of rather delicate shades of difference in public opinion.

With reference to your justified insistence on the political instability of France, I think it is important to remember that the major cause lies in the unreconciled difference between the three major political parties in France on the subject of "dirigisme" (government planning and interference).

The recent numerous French coalition governments have been made up of three main parties:

(1) The Socialists on the left of the coalition, to whom "dirigisme" is the essential basis of their governmental concepts;

(2) The Central party (Radicals and affiliates)—positively anti-"dirigisme"; and

(3) The popular Republican party—less stable in its doctrines, but supported by an electorate which fiercely dislikes "dirigisme."

In any precariously balanced coalition it is often the minority that swings the lead. The several recent elections have shown the Socialists as increasingly losing support from the electorate. Seeing their anti-dirigist partners in the coalition gaining in strength, but knowing the coalition to be still in need of Socialist support, the Socialists have provoked one ministerial crisis after another in a kind of losing rearguard battle.

The French individualism, the fact that detailed government interference and planning had never been applied in France until the occupation by Germany, and thirdly, the fact that any directed economy in France is badly directed, have made the French electorate as a whole detest government interference and bureaucratic red tape to a more violent extent than I have seen it anywhere else in Europe.

FRENCH INDUSTRIALIST
PARIS, FRANCE.

Animals in Industry

Sirs:

Until he saw your article, "Animals Find Jobs in Industry" [BW—Sep.4'48, p23], the writer thought he was the only one using animals for the purpose



shown. However, he is rather proud of the fact that he has been using sheep to keep down the grass around lumber piles.

The ground is rather stony, so that the grass cannot be cut easily by power. Moreover, the sheep reach grass around the lumber piles that would otherwise have to be cut with a scythe.

The fire insurance companies have given us credit for good housekeeping around our lumber piles; the use of sheep eliminates the fire hazard of dead grass around the lumber in the spring.

THEO. A. SPARKS
PRESIDENT,
NAT'L. TIMBER & FENCE CO., LTD.,
WINNIPEG, CANADA.

Law on Mergers

Sirs:

In the article "Why the Urge to Merge" [BW—Sep.4'48,p25] is the following statement.

"So noticeable is the trend that Congress has been asked to prohibit mergers by the acquisition of assets (mergers by acquisition of stock already are barred)."

Do you mean by this that controlling stockholders cannot sell or merge their companies with another, if the minority stockholders are given an opportunity to do likewise and on the same basis?

LEONARD A. WALES
WASHINGTON, D. C.

• Section 7 of the Clayton act makes illegal the acquisition by company A of the stock of company B if the effect of the merger thus consummated is (1) to lessen competition between the two companies, (2) to restrain commerce, or (3) to tend to create a monopoly on any line of commerce.

Federal Trade Commission has been after Congress almost since this law was passed to amend the law so that it would also bar mergers where company A just buys up the physical assets of company B.

So far as we know, any merger,

whether by stock acquisition or otherwise, is perfectly legal, as far as the anti-trust laws are concerned, as long as it doesn't have the specified effects as to competition, commerce, or monopoly.

Transportation Pattern

Sirs:

Your story regarding transportation pattern changes [BW—Oct.30'48,p19] is very interesting. It is true that this is a major problem; unless the basing-point decision is modified or changed, it will become an increasingly serious problem for railroads.

Railroads are now getting no more freight revenue per ton mile than they did in 1921. Unfortunately, the public is of the opinion there have been many increases, because the Interstate Commerce Commission made three bites of their last decision. This has had an effect on the shipping public, possibly, similar to cutting off the dog's tail an inch at a time so it won't hurt so much.

It is true that traffic is being lost to the trucks. It is also true that much of the shorthaul traffic really should go to the trucks because they can handle it cheaper and better than can a railroad.

But it is also true that steel companies and others have diverted considerable traffic to trucks, not because they wanted to but because there are insufficient cars to meet the demands. The total available car supply has been pretty busy this year and every car has been utilized; it was out of necessity to move their products that trucks were used. Every car that it has been possible to build in the past two years has been built. . . .

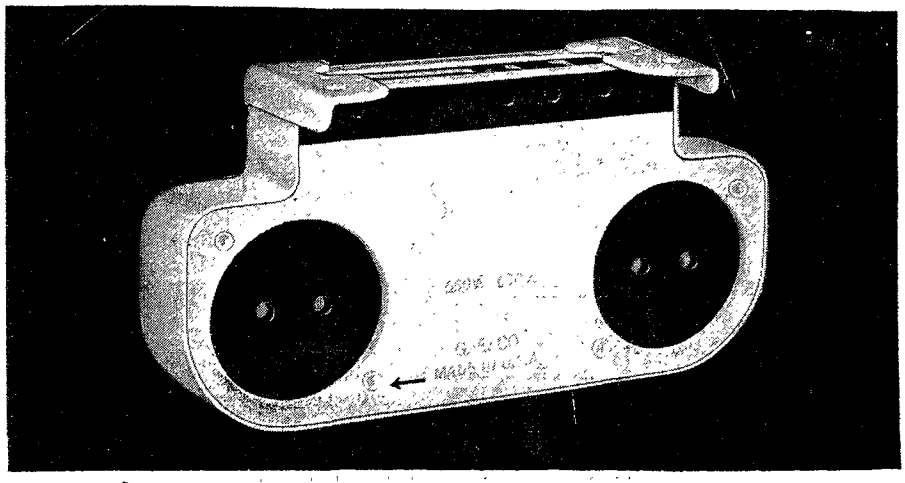
The whole situation has been made worse by the fact that industry in general, now working on a 5-day week, only unloads 40% of a normal day's unloading on Saturday and unloads practically nothing at all on Sunday. This has made worse the countrywide shortage of equipment.

To some extent it gets down to this: Good service depends on good earnings. The railroads must be permitted to earn sufficient money now to enable them to modernize, to buy modern machinery, locomotives and cars to cheapen the cost of service which will keep rates down. It is impossible now for railroads to acquire capital through the issuance of stock; earnings must be sufficient gradually to interest investors in buying railroad securities. It is necessary to borrow part of the money for these improvements; they cannot all be paid out of earnings. In either case, however, good earnings are necessary in the interest of holding down freight rates. . . .

R. E. WOODRUFF
PRESIDENT,
ERIE RAILROAD CO.,
CLEVELAND, OHIO



FOR GE TURRET* LAMPHOLDERS



SAFETY FEATURE —The hazard of falling lamps is virtually eliminated when fixtures are equipped with General Electric Turret lampholders. Each spring-backed plate contains two holders into which the fluorescent lamp pins are inserted. Snug fit and uniform spring tension hold the lamps securely in place.

ECONOMY — Turret lampholders have the ability to withstand rough handling without being damaged, which means that there is no costly replacement problem. Elimination of safety gadgets means another saving. In addition, the availability of three sizes of Turrets simplifies fixture design, and permits a wide selection of lamp arrangements.

CONVENIENCE —Lamps can be installed from either end of the Turret. Either face of the Turret is depressed by one end of the lamp, and the other end is then slipped into place. The lamps are automatically held in firm contact. Removal of dead lamps is equally easy. The starter socket is built-in, and is readily accessible.

SERVICE —The sturdy metal construction of General Electric Turret lampholders is designed to stand hard usage. All working parts are made to give long service—as long as the fixture itself lasts. This durability helps to provide top-notch fixture performance . . . maximum lighting efficiency

To simplify your lighting maintenance, and to get the utmost in fluorescent lighting efficiency, it pays to insist on General Electric Turret lampholders in every industrial and commercial fixture you buy. Lamps are not staggered, but are mounted in a straight line, thus giving maximum efficient, shadowless lighting.

Just check the advantages of having these durable lampholders. Compare General Electric Turret lampholders with any other type of lampholder on the market. You'll find that they offer economy in upkeep, great safety, and long service.

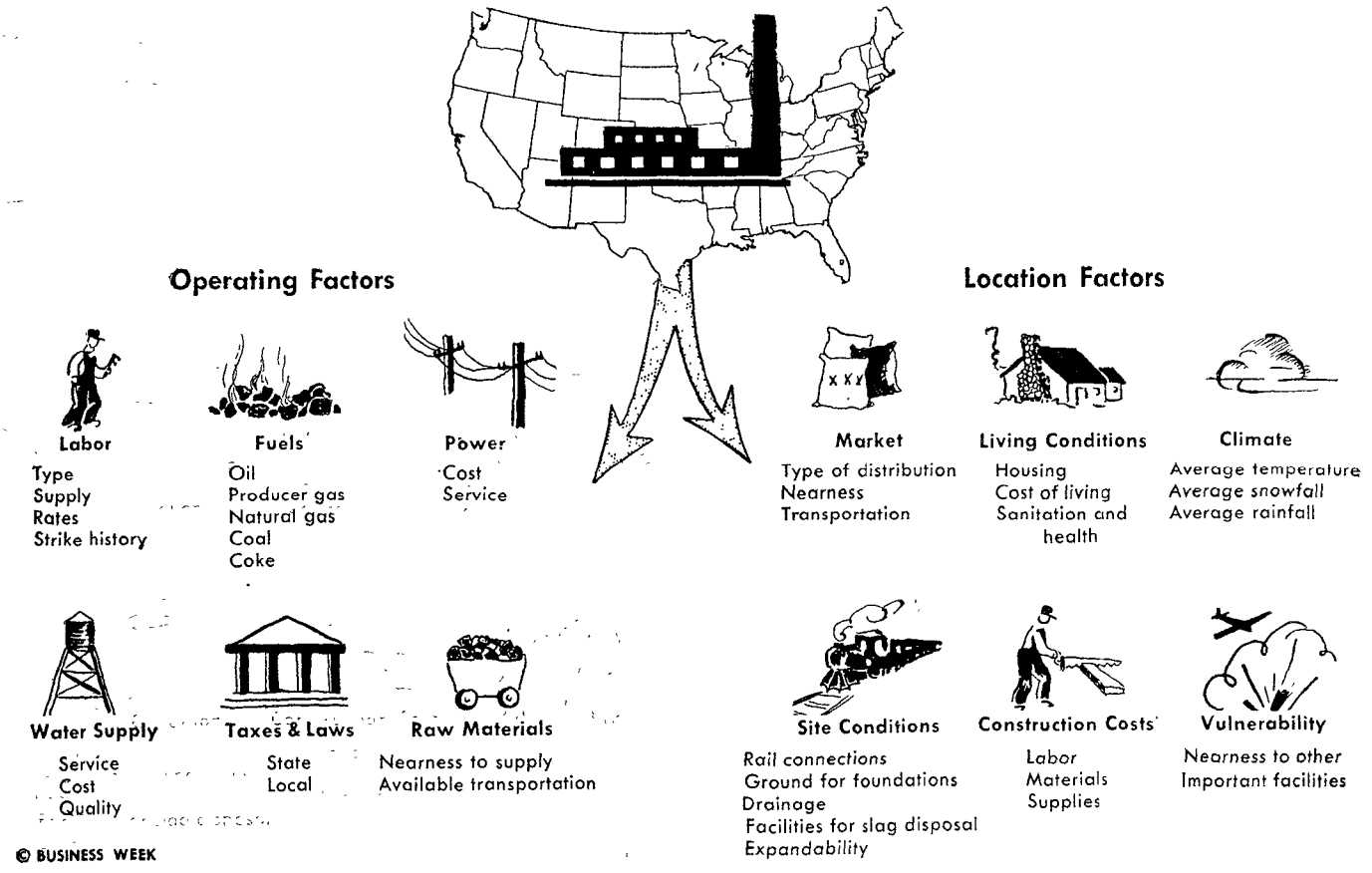
General Electric Turret lampholders have made an outstanding record of dependable operation in thousands of fixtures now in use. They can contribute a great deal to your "better lighting," too.

A new General Electric Turret lampholder will accommodate three lamps. Two-lamp lampholders are also available, with receptacles spaced on 3½-inch or 5-inch centers. For information on G-E Turret lampholders, write to Section Q9-1110, General Electric Company, Bridgeport 2, Connecticut.

*TRADE-MARK REG. U.S. PAT. OFF.

GENERAL ELECTRIC

Selecting a Chemical Plant Site . . .



CHEMISTS have to consider everything from raw materials supplies to the security problem of vulnerability to atomic attacks in . . .

Finding Safe, Economical Plant Sites

Plant-location symposium hears that dispersal for safety in warfare can also be cheaper, more efficient than centralization.

You don't have to sacrifice economic advantages of plant location in order to get security against wartime bombing attacks. That's what experts from the National Security Resources Board this week told the American Institute of Chemical Engineers, holding a plant-location symposium in New York. Although aimed specifically at the chemical boys, the idea applies pretty well to most basic industries.

• **Simple Idea**—And the idea is simple enough. According to R. F. Dimmitt, speaking for NSRB, it boils down to proper application of the old adage: "Don't put all your eggs in one basket." Here's how it works:

Draw a three-mile radius around the proposed site. That is the area which NSRB figures an improved atomic bomb would damage. List every facility within the area which might be of interest to an enemy planner. Such facilities might range from plants making highly strategic materials to canals, rail yards, dams, or air bases. After this, assess the probable role your own plant would play in war production.

Dimmitt points out that the known amounts of fissionable material are small. Thus, it is certain that only targets of the highest strategic importance will be subject to atomic attack. Areas of less than five sq. mi. or under 50,000 population would be in danger of such an attack only if they contained highly strategic war plants.

• **Four Factors**—NSRB experts are happy about four major factors in plant-location trends today:

(1) "Recent surveys show that more plants are being located in smaller communities. Only one-third of the plants built since 1940 have been located in cities of over 100,000 population. On the other hand, about 30% of all plants established are in towns of 10,000 or less. This compares with only 20% of the plants built before 1940."

(2) "Management today realizes that often greater efficiency can be obtained by dispersing operations, rather than by expanding indefinitely existing facilities."

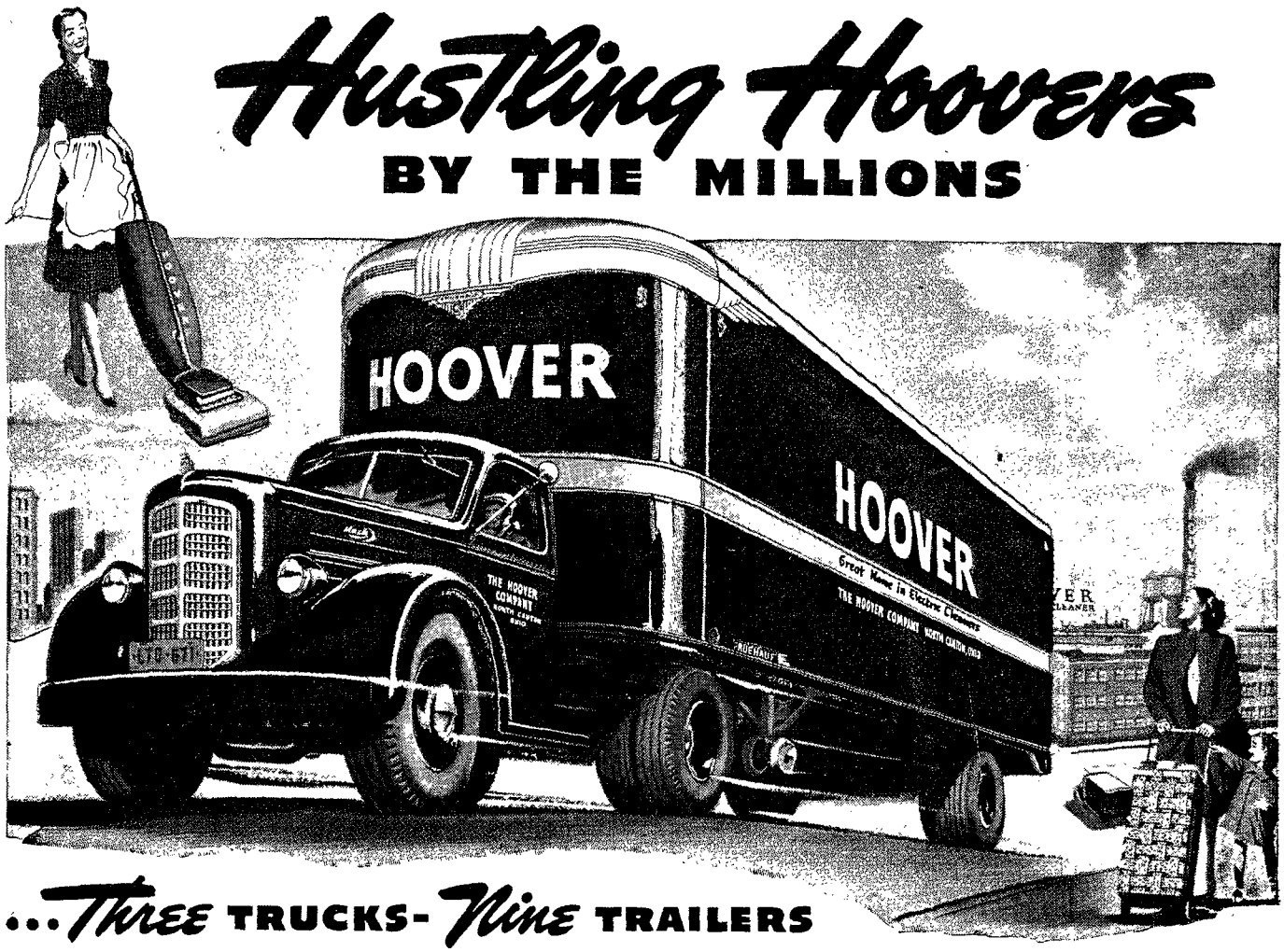
(3) "The increase in mechanization of processes leads to simplification of operations. This decreases the dependency of manufacturers on local supplies of highly skilled labor."

(4) "Another factor favoring dispersion, which is just beginning to be noticed, is the interest which lending institutions are taking in the strategic safety of plants."

• **Other Factors**—There are other, more prosaic plant-location factors which have to be taken into account (chart, above).

One of these is labor. Any industry locating a plant must have a good supply of labor at hand. To the chemical

Hustling Hoovers
BY THE MILLIONS



...THREE TRUCKS-NINE TRAILERS MOVE FACTORY OUTPUT!

TO MOVE the entire output of one of the world's largest electric cleaner factories 6 miles to a railhead might seem like a difficult problem—but not to The Hoover Company.

With a fleet of 9 Fruehaufs and 3 Mack truck-tractors to pull them, the factory at North Canton, Ohio, has literally been moved onto the main line.

"Shuttle System"—The Answer!

Each truck does triple duty. While some of the nine Trailers are being loaded at the factory, others are unloading at the railhead, while the three trucks and remaining Trailers are in transit. A further saving results from the fact that each Trailer returning from the railhead is loaded with raw materials for the production lines. There's no waste motion in either direction.

The savings in initial equipment and operating cost are really worthwhile. The first Fruehauf bought in 1929—still in service—demonstrated it so well that more and more units were added as the company grew.

Trailers Save Money for Industry!

Trailers are doing a splendid job for industry. They link plants, put stockpiles on wheels and handle direct deliveries more economically than by any other method.

Surely, it's worth investigating in your case, so why not let a Fruehauf man show you how much more productive your trucks can be by coupling them to Trailers?

World's Largest Builders of Truck-Trailers

FRUEHAUF TRAILER COMPANY

DETROIT 32 • LOS ANGELES 11
In Canada: Weston, Ontario

79 Factory Service Branches

Hear Harrison Wood, Interpreter of World Events, Sundays, 3:00 P.M. E.S.T. over ABC.

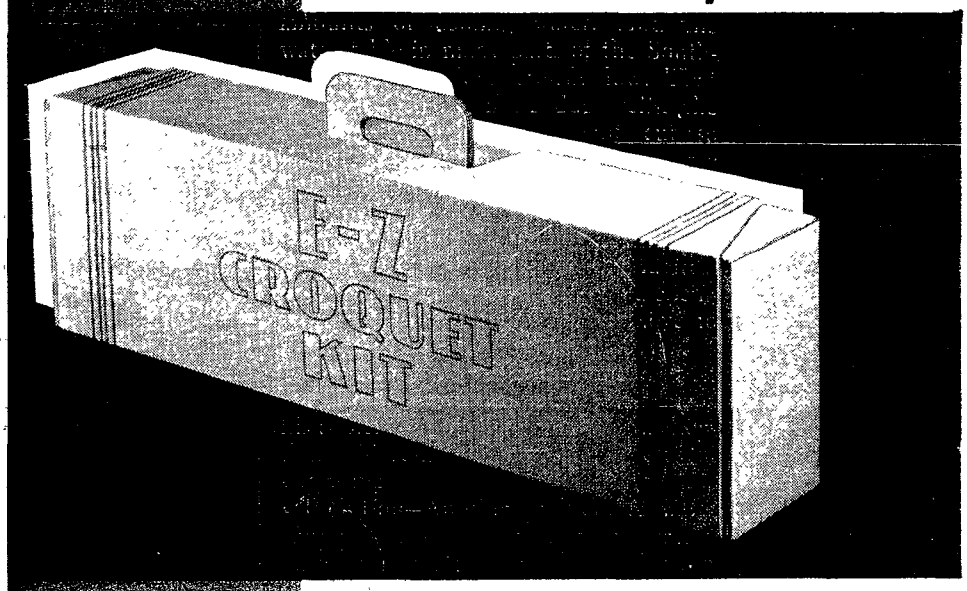
Fruehauf Trailers "ENGINEERED TRANSPORTATION"

PLAIN HORSE SENSE
YOU CAN PULL FAR MORE THAN YOU CAN CARRY!

FIRST IN TRUCK-TRAILER TRANSPORT

H&D BOXES

CREATED for utility



DESIGNED for merchandising

Here is a versatile corrugated luggage-type box that can be used in the packaging of a wide variety of products. It is a triple use package. First, it adequately protects its contents in shipment. Second, it acts as a powerful sales tool in mass display. Third, it creates impulse sales and suggests "take-with" purchases and requires no additional packing for retail delivery. Such packaging is sound merchandising, it helps make a good product better, it stimulates sales. Consult the H & D Package Laboratory on ALL packaging problems.

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H&D *Craftsmen in Corrugated*

EXECUTIVE OFFICES
4801 DECATUR STREET, SANDUSKY, OHIO
FACTORIES IN:
BALTIMORE 18, MD. • BUFFALO 5, N. Y. • CHICAGO 32, ILL. • CLEVELAND 2, OHIO • DETROIT 27, MICH.
GLOUCESTER, N. J. • HOBOKEN, N. J. • KANSAS CITY 30, KANSAS • LENOXA, N. Y. • MONTREAL, QUEBEC • RICHMOND 19, VA. • ST. LOUIS 43, MO.
SANDUSKY, OHIO • TORONTO, ONTARIO • BOSTON, MASS.

industry, however, the supply must not only be adequate in numbers. It must also be highly intelligent because men will have to be trained to operate complicated technical equipment.

• **Water**—Every industry has to take the availability of fuel and power into consideration in locating a plant. But the chemists have to think of another vital factor—the water supply.

For example, the Southwest may look like a natural for a plant. It has cheap fuel, available raw materials from petroleum, limestone, salt, and sulphur. But then comes the catch for the chemical plant. Its operation may need fantastic amounts of cooling water. And the water table in many parts of the Southwest is already dangerously low. That means that even if he dug wells, the chemical manufacturer might cut so deeply into the natural water reserve that he endangers domestic supplies.

Thus, lack of water could rule out much of the Southwest for certain kinds of chemical plants. The most practical alternative, which more and more chemical concerns are taking, is to move to the coasts, use sea water for cooling. It's an expensive alternative. It means that the chemical manufacturer must make his coolers out of costly metals and alloys that will resist the corrosive effects of salt water.

• **Pollution**—Another problem of water supply is disposal of waste materials. Chemical plants have one of their toughest jobs in finding methods which are adequate to prevent pollution. It takes only small amounts of such chemicals as phenol to make amazing quantities of water taste foul.

Even the air around a plant presents a pollution problem. Chemical wastes in the air can be acidic enough to run nylon stockings or turn lead based house paint black. But what people dislike most is the smell. W. L. Faith, of Combustion Products Refining, warned the assembled engineers that the public often may be apathetic to the effects of corrosive gases from a power plant, or even to gases slightly toxic to vegetation. But it may become so highly incensed over offensive odors as to induce legal action.

• **Taxes and Climate**—Local taxes are bound to be an important item in selecting a plant site. But perhaps more important is the local political atmosphere. Taxes are an indication of that atmosphere. Many an industry has found haven because the town wants to have money making industry.

A second group of plant location factors are more ephemeral in their impact—things like living conditions and climate. These, too, have a real effect on plant costs and profits, but the effect is hard to measure.

Take climate, for example. A warm climate tends to hold construction costs down because equipment can be set

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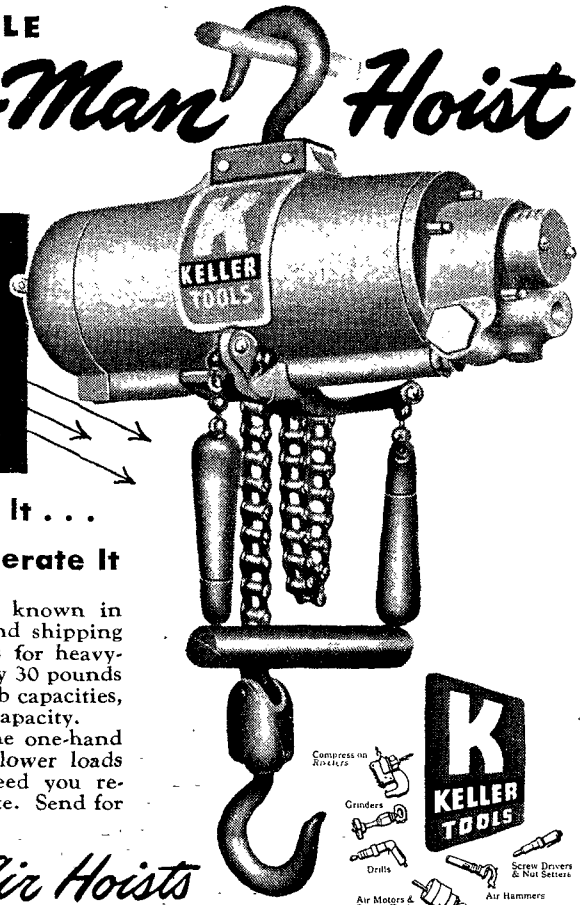
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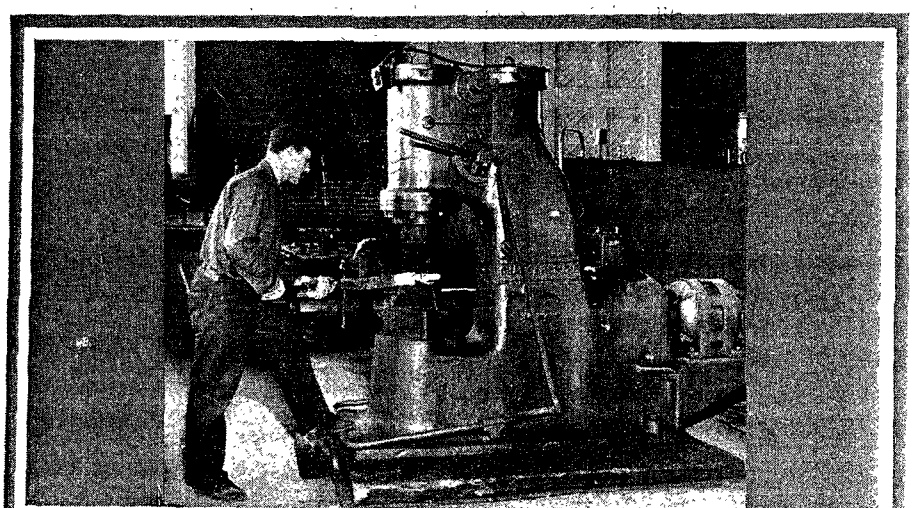
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stalled outdoors. But if the climate is too hot, labor efficiency drops.

• **Final Question**—One final big question: Should plants locate near their sources of raw materials or near their markets? The answer depends on the particular segment of the chemical industry involved.

Here's how individual chemical industries have answered this particular question, according to the experts at the meeting.

• **Tough Shipping**—The petrochemicals (chemical products derived from natural gas or petroleum) have probably grown faster than any other part of the U. S. chemical industry. The pattern of recent installations highlights the fact that such plants go to the raw materials rather than to the markets. The reason is that it is hard to ship such raw materials as natural gas any great distance and have a reliable supply. Too often natural gas that has been shipped into an area is cut off from industrial users during cold snaps to satisfy household demands.

Because of this, petrochemical plants have been mushrooming in the Southwest. That area has a big enough supply of gas to meet demand.

• **Easy Shipping**—One form of petroleum raw material for chemicals can be shipped readily. That is LPG, the so-called liquefied petroleum gas which consists mostly of propane and butane. It is familiar to most people as a fuel used for years by farmers and other inhabitants in isolated areas. Produced mainly in the Southwest, LPG is shipped all over the country for use as a raw material.

One of the chemicals that can come from LPG is ethylene glycol. The consumer knows this as the "permanent" antifreeze he uses in his car. As an illustration of the use of LPG in various areas, the experts made estimates of manufacturing costs for three locations —Philadelphia, Houston, and Kansas City. The result indicates that plants could economically supply their own areas, but that Houston was best if a national coverage was wanted.

• **Drawback**—There is one disadvantage to locating petrochemical plants in the Southwest. That is the recent outlawing of basing-point pricing systems which has raised the cost of building plants far from the steel mills that start the construction process.

That change may increase construction costs in the Southwest by as much as 15%. Hence, it may be more economical to build a plant nearer the market and ship the raw materials.

• **Unique Problems**—Chemurgy (chemical processes which use agricultural products as a basis for their raw materials) faces unique problems in plant location. Mainly, these are (1) the seasonal nature of agriculture and (2) the fact

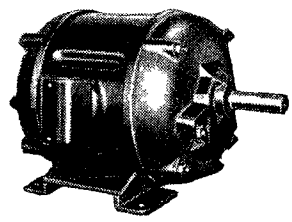


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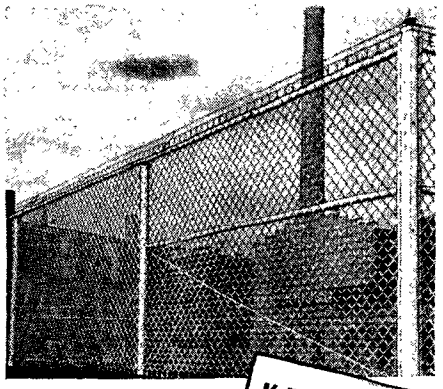
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that such materials are often perishable. Other problems include the high ratio of weight of raw material to weight of finished product, and the fact that agricultural products are bulky, expensive to ship, have large amounts of waste material to dispose of.

These problems have all pointed in one direction: Chemurgy plants should be near the raw material rather than near the market.

• **Solution?**—Meanwhile, the Dept. of Agriculture is working hard to overcome the problems themselves. It is aiming to cut down the perishability of the agricultural raw materials by either (1) improving the storage life; or (2) cheaply converting the commodity into a stable form for subsequent year-round processing. Either of these methods may give enough weight to other factors so that plant locations could spread out of the farm belt.

One thing might prevent it. Said Faith: "If everything else were equal, whether or not a plant would be located near the raw material source or near the product market would depend on the ratio of pounds of raw material per pound of product. If the ratio were greater than unity, the plant would be located near the sources of raw material, and vice versa . . . Practically all ratios in the agricultural process industries are greater than 1.0, and the great majority are over 3.0. It is to be expected, then, that location of a plant near the source of raw material is usually a must in this industry."

• **Plastics Near Markets**—Plastics plants will follow the molder, according to C. O. Hoyer of Monsanto Chemical Co. The reasons: to keep inventories of finished products low, to give better customer service, to avoid high transportation costs, which are increasing because of rising freight rates. All this is not without its pains. Raw materials costs are 60% to 90% of the finished cost of plastics molding powders and other resin forms. Since the raw materials are seldom in the same location as the molding powder consumer, there is a high freight bill either way.

Perhaps the biggest reason for locating near the consumer is the range of products that a plastics resin manufacturer has to put out. For instance, polystyrene is available today in more than 1,000 colors. Monsanto's color laboratory can match 8-quintillion (yes, that's quintillion) colors, shades, and hues. That means small individual orders, small lot manufacturing, and it requires small inventories.

According to Hoyer, plastics customers are usually small organizations—thousands of them. Most of them live on a relatively small inventory basis and depend on the large manufacturer to make quick delivery in limited amounts. Therefore, nearness to the market and good transportation facilities are vitally important.





Picture-in-a-Minute Camera Set for Market

Last week, conventioneers at the Photographic Society of America got their first good look at production models of Polaroid's new Land Camera (BW—Mar.1'47,p40). Priced at under $100, it's expected to be in dealer's hands within a couple of weeks. The camera takes only a **minute** after the shutter clicks to deliver a finished print. It uses a special double-roll film; one part of the film looks like an ordinary negative; the other, like a roll of plain paper. Tiny pods of chemicals are concealed in the paper roll—one for each of the eight pictures. When you pull a tab out of the camera, the film and paper pass between two small rollers which squash the pods. The chemical jelly spreads to form a picture-layer 1/10,000 in. thick. This jelly develops the negative and makes the positive. The finished print is a sepia-tone that measures 3¼ by 3¼ in.



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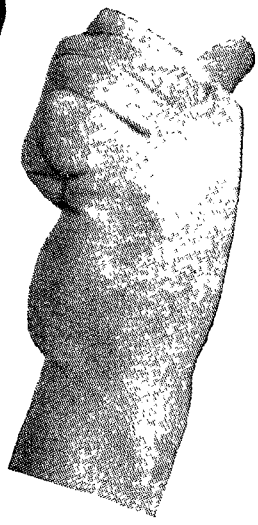
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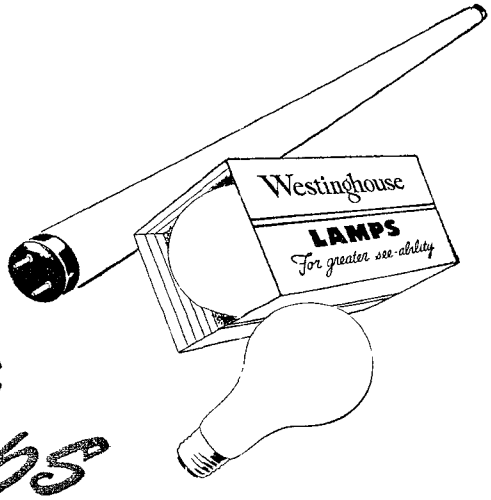


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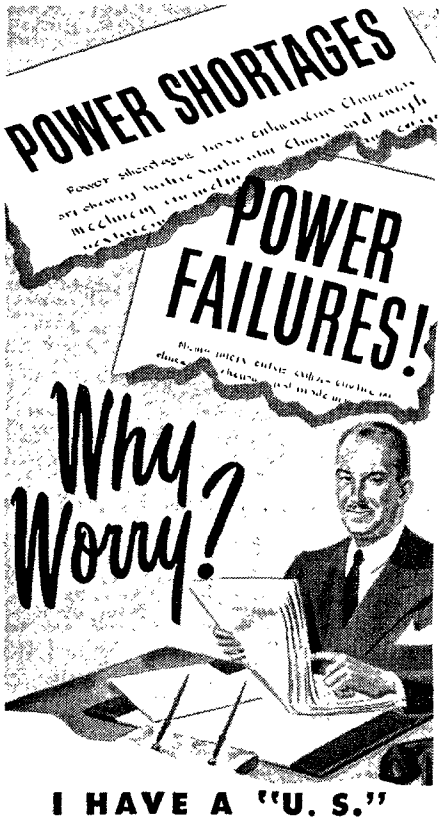




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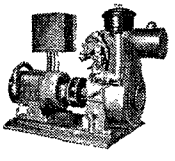
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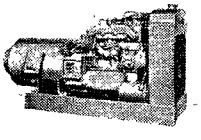
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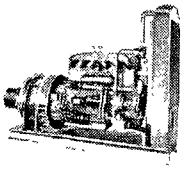
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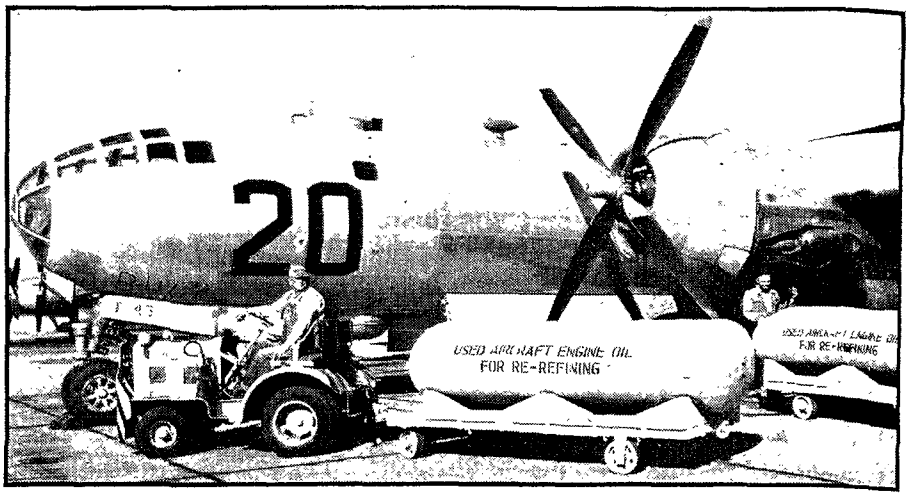
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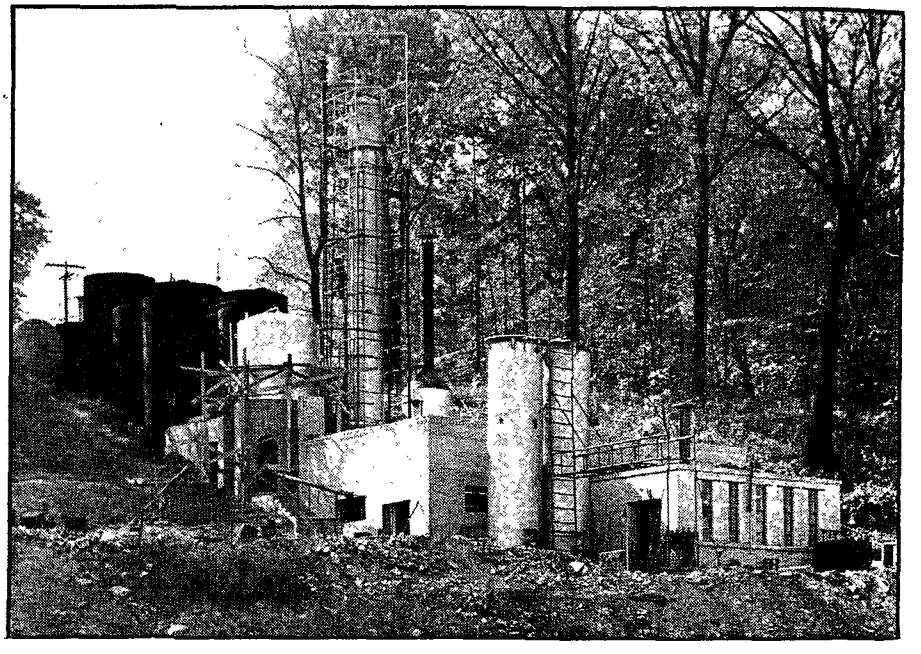
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Low-Cost Laundered Lubricants

Re-refining of oil is a big business now. Air Force points to savings in stocks and operating costs as young industry zooms.

An old petroleum-industry cliche, "oil never wears out," has become the stock in trade of a fast-growing business—re-refining of used oil. Tried and proved as early as World War I, processing of crankcase drainings has by now blossomed into a multimillion-dollar industry. Estimates put this year's production at almost 1-million bbl. of high-grade lubricating oil.

• **Saving Measure**—Last week at Oklahoma City, Air Force engineers from nearby Tinker Field staged their first oil reclamation conference. One of its principal aims: to talk up conservation and cost advantages of "retreaded" oil. The Air Force explained how use of the re-refined product had shaved its operating costs. Cost of the laundered lubricants runs around 20¢ a gal.—compared with 75¢ a gal. for new oil. Through re-refining, USAF has saved about 23,800 bbl. of aviation oil a month; 25% of its monthly oil issues in the U. S. are from re-refined stock.

Re-refining means cheaper oil for oil-lube users. The catch is to convince them that retreaded oil is as good as the original.

• **Pros and Cons**—It's a well-known fact that oil doesn't deteriorate; it just gets contaminated with carbon, acids, metal particles, water, and dirt. A lot of people maintain that if the oil can be cleaned of all foreign matter, the residue is as good as new.

• **Or Better?**—There are even plenty of users who go all out to say that the

laundered lubricants are better than new oil. They argue that oil in an engine gets a secondary refining that is more rigorous than anything commercially practicable. Wear and engine heat, they think, break down injurious chemicals that won't come out in normal refining: Products of this breakdown are readily separated in the re-refining.

To make sure of quality, many fleet operators have their drainings processed on a custom basis. Then their oils are treated by the re-refiner as a separate batch. Yields from controlled waste like this often run as high as 90%. From miscellaneous pickups, the average is closer to 70%. Some fleet operators have been able to cut the amount of new oil purchased by 80% And the retreaded oil has cost them about a quarter of what they would have planked down for new lubricants.

Many petroleum industry spokesmen doubt that reclaimed oil is as good as new. They point out that most high-grade oils today are additive oils. They say that a mixture of crankcase drainings is a chemical pot-pourri, that the re-refiner doesn't know what is in the waste he *collects; thus, he can't clean* it thoroughly.

• **New Industry**—While experts have been arguing the question, a whole new industry has been built up around the re-refining process.

It wasn't until the depression that commercial re-refiners appeared to supply the demand for cheap oil. In the last three years, the industry has really come into its own. Capacity has doubled, and new manufacturers are springing up all over the country.

Installations range from small $750 "pot" stills, which process five gallons in three hours, to million-dollar plants complete with fractionating towers to handle hundreds of barrels a day.

Re-refiners get their oil mainly from filling stations. They pay anywhere from 1¢ to 7¢ a gal.—depending on quality and quantity, and whether they make their own pickups. These waste oils are a mixture of kerosene, gasoline, and dirt. Even so, they are less contaminated than the crude oil from which new oil is made. That's because the used oil has already been dewaxed in the initial refining process

• **The Process**—Most re-refining today is done in atmospheric-pressure stills—either "pots" or fractionating towers Once the oil has been collected, the process breaks down into six basic steps:

(1) Removal of solid particles by settling, whirling, filtering, or all three;

(2) Neutralization of acid compounds by treatment with alkalines;

(3) Washing the oil with water to remove soaps formed in neutralizing,

(4) Distillation. The oil is processed under heat and pressure in a fractionating tower or "pot" still. This drives



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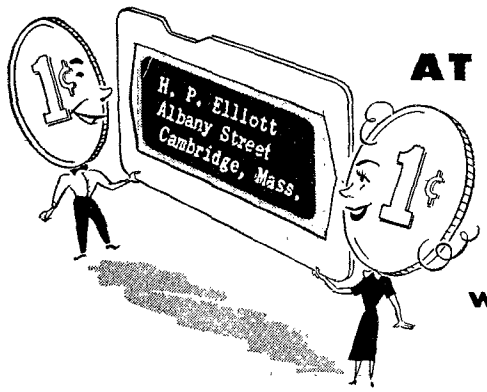
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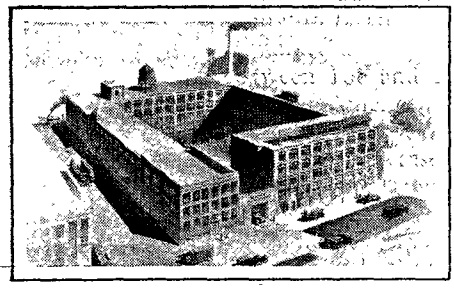
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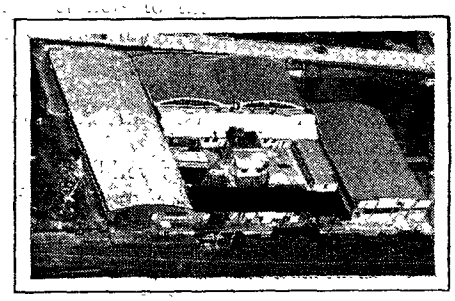
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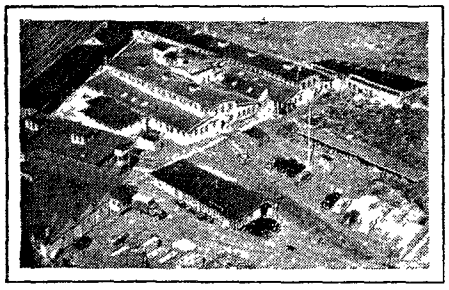
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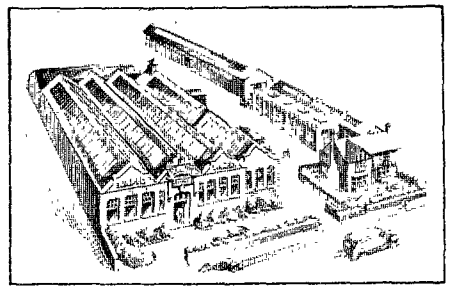
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(5) Decolorizing with bleaching clay (usually fuller's earth), which is immediately removed by filtering.

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• **New Method**—Recently another process came into the picture. It employs a new low-temperature vacuum fractionating tower (picture, page 56). One of the first re-refiners to go over to this method was Worthington Oil Refiners, Inc., Roslyn, Va. Worthoil starts off with a dehydration and settling step. Then it treats the oil with sulphuric acid to precipitate gums, grease, and other foreign matter. After this, the acid compounds are neutralized and fuller's earth is mixed in. The mixture next goes through a number of passes in the fractionating tower. Then the temperature is raised in stages. Gasoline, kerosene, No. 2 fuel oil, No. 10 and No. 20 lubricating oil (and up) are driven off as vapor, free of particles. The residue, a mixture of clay and No. 40 or No. 50 oil, is then pressurized through heavy filters to remove clay and other particles. This final step accounts for the primary yield—pure No. 40- or No. 50-grade oil.

• **Who Uses It?**—Biggest source of customers for re-refined oil are the jobbers who peddle it through retailers to the motorist and farmers. When it is marked as reclaimed oil, it retails at between 10¢ and 15¢ a gal.

Pan American Airways and American Airlines re-refine a major part of their aircraft crankcase drainings. They both use Refinoil units, of the "pot" still type.

The Air Force has no re-refining equipment of its own. Their work is done on a contract basis by specified refiners. The Air Force has put re-refining on a nationwide basis. The Army is getting set to test collection methods over an entire army area.

• **Eyes Open**—Meanwhile, re-refiners are keeping one eye open for new markets—even to checking the export picture. The other eye they've got glued on the 11 9-million bbl of used oil that annually go down the drain.

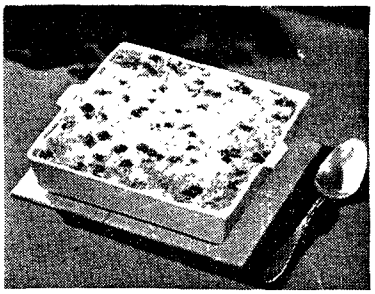
Esso Distills Fuel From "Fluidized" Shale

When the U. S. oil supply finally dries up, there will be three major sources of synthetic liquid fuels to tap: natural gas, coal, oil shale. For some time both private industry and the government have been taking a very close look at all three (BW—Mar.27'48,p73).

• **Less-Publicized**—Most of the publicity, however, has played up conversion of coal and natural gas (BW—Jan.24'48,

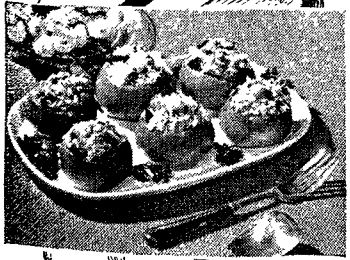
MALEKIZING

WILL IMPROVE RICE AS A FOOD FOR THE WHOLE WORLD









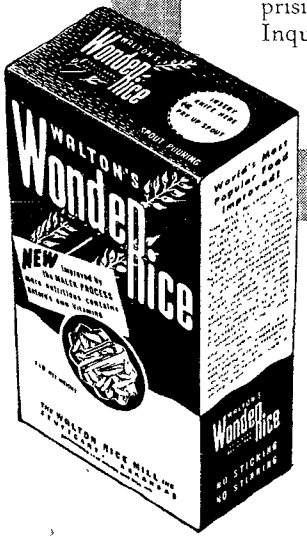
Chicken and rice, rice pudding, *shashlik*... or "just plain rice"—which is the basic food for most of the world's people—*every* rice dish will be improved because of Malekizing.

Malekizing scientifically modifies rice so that it retains most of its natural nutrients. Malekized rice has more than twice the vitamin content of ordinary white rice.

Malekizing enhances the delicate flavor of rice—it's great to eat all by itself and it's wonderful in place of bread or potatoes.

Best of all, for housewives—Malekized rice is easy to cook—each kernel is firm and separate. It never becomes sticky or gummy like ordinary rice. Cream-colored in the package, Malekized rice turns snowy white and fluffy during cooking.

The Malekizing Process was perfected by General American scientists and food technologists. Malekizing equipment fits into standard milling operations and can be installed in rice mills anywhere. It substantially increases the whole grain mill yield. The first cost of the plant is surprisingly low; its operation is economical. Inquiries are invited.



Now Available
Walton's Malekized WondeRice
produced under license by
Walton Rice Mill, Inc.
Stuttgart, Ark.

Malekized GENERAL AMERICAN TRADE MARK

MALEKIZED RICE PROCESS
GENERAL AMERICAN TRANSPORTATION CORPORATION
135 South LaSalle Street • Chicago 90

Magnet tackles fiery task



CATSUP... vinegar... soft drinks — bottles by the million are made in cast iron molds. But handling these molds while they are 1000 degrees hot is a major foundry problem. After pouring, they must be moved quickly because "cooling off" ties up floor space.

In the past, two men maneuvered tongs around red-hot castings to load them into wheelbarrows — slow, costly work.

Today, an Ohio lifting magnet does the entire job faster *in one operation.* Suspended from a small overhead crane, the magnet travels above the line of castings. Its powerful magnetic field pulls red-hot castings out of the sand... quickly grips and transports them to "cooling off" areas.

Another job completed in magnet-minutes instead of costly man-hours! And another example of why you should investigate Ohio lifting and separation magnets today. Write to Ohio — *25 years a leader in magnetic materials handling and separation.* The Ohio Electric Mfg. Co., 5920 Maurice Avenue, Cleveland, Ohio.



Ohio is also a leading name in the small motor industry

Ohio MAGNETS

p21). Despite the work done by the Bureau of Mines in its new laboratories and pilot plants, distillation of gasoline, fuel oil, and lubricants from oil shale has gone almost unnoticed.

Last week Standard Oil Co. (New Jersey) was—literally—building a fire under oil-shale research. It began applying to shale the "fluidized solid" technique that it used to get the most out of catalysts in oil-cracking. Work got under way at Esso Laboratories' Baton Rouge pilot plant, where the process was originally developed for cat-cracking; oil shale was furnished by the Bureau of Mines' deposit at Rifle, Col.

• **Experimental Stage**—Esso first of all pulverizes the shale, blows steam or gas through it. In this "fluidized" state, shale particles circulate easily. The process requires two vessels. In No. 1, the shale is heated to 900 F, which knocks out oil molecules in the form of vapors, these can be distilled into gasoline, fuel oil, lubricants. Some of the decomposed shale is transferred by air stream to No 2 vessel, where the carbon is burned out This supplies the heat needed for breaking down the shale in No. 1.

But don't get your hopes up too high, cautions Standard Oil Development Corp., which has charge of the research There's a long way to go before oil from shale can compete economically with crude oil.

PRODUCTION BRIEFS

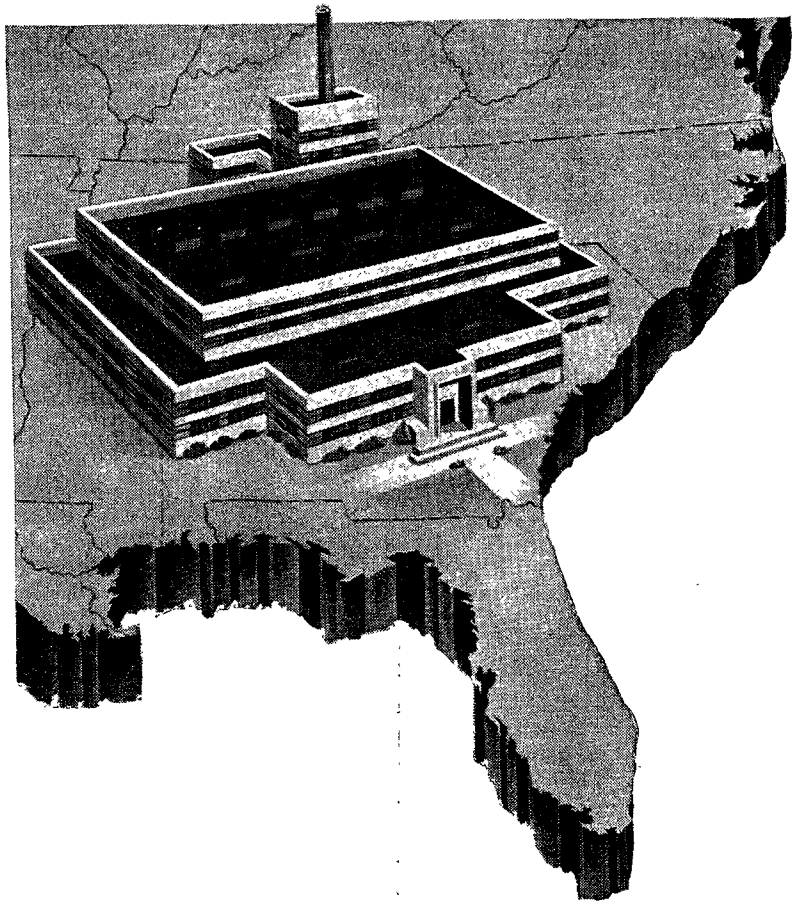
TWO FERROXCUBE magnetic ferrite materials (mixed crystals of metallic oxides and iron oxide) have been patented by Phillips Laboratories. Will mean a reduction in the size of inductors, transformers, and other electrical equipment, says Phillips.

GERMAN OXYGEN PRODUCTION is surveyed in a new Commerce Dept. report (PB 88840). Covers equipment and processes.

WARTIME RESEARCH has had a peacetime payoff for International Nickel International can now turn seamless tubes and pipes which are more than twice as large as prewar sizes

G.E. RESEARCH GRANTS: College graduates who want to go on with scientific and industrial studies can apply now for 1949-50 awards (up to $1,500 a year) Money comes from G.E.'s $1-million education fund.

MECHANICAL ENGINEERS will pitch camp in New York, Nov. 28 to Dec. 3, for their 69th annual conclave The American Society of Mechanical Engineers has scheduled 72 technical sessions.



Sitting Pretty

Your factory would be, too, if it were located in the Southland.

For if there was ever a place formed and fashioned for sound industrial growth, it is the South. Wherever you go... wherever you look... your imagination will be stirred by evidences of great natural resources, of progressiveness, of confidence in the future.

No wonder new factories are arriving almost daily, and old ones are expanding, all along the 8,000-mile Southern Railway System. And they're all "sitting pretty" in this amazing industrial opportunity-land.

"Look Ahead—Look South!"

Ernest E. Norris
President

LOOK SOUTH
LOOK AHEAD

SOUTHERN RAILWAY SYSTEM

The Southern Serves the South

The Facts Douglas Fir

How much plywood is being manufactured today?

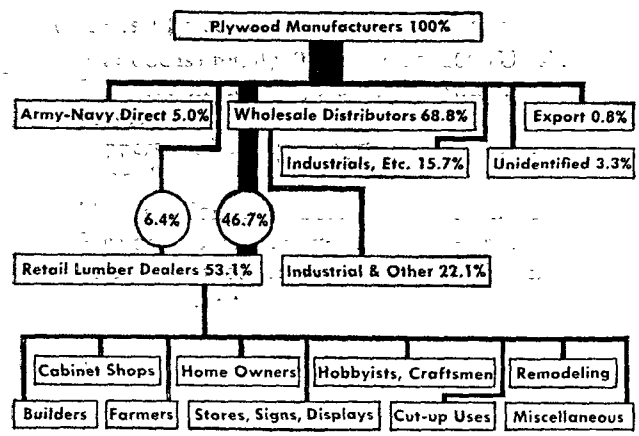
In 1948, output of the Douglas fir plywood industry will exceed 2,000,000,000 square feet —an all-time record. Here's a comparison with recent years:

1938	650,000,000 sq. ft.
1945	1,175,000,000 " "
1946	1,390,000,000 " "
1947	1,620,000,000 " "
1948	2,000,000,000 " "

Where is plywood going?

To every state in the nation. Almost all fir plywood is used in the United States.

What is the distribution pattern?



Why wholesale distributors?

Fir plywood is manufactured in one corner of the nation, marketed throughout the 48 states. Distributors perform many functions—maintain stocks, assume credit risks, supply the nation's 25,000 lumber dealers and thousands of industrial users who find this "modern miracle wood" vital in the manufacture of their products.

Why lumber dealers?

Lumber dealers supply contractors, carpenters, cabinet shops, home-owners, home-builders, farmers, sign and display shops, amateur craftsmen and many other users. In 1948 lumber dealers are handling 1,062,000,000 ft. of plywood, with a large percentage of this going into new and remodeled homes.

What about industrial users?

Historically important plywood customers—largely using grades, thicknesses and sizes not ordinarily handled by retail dealers—industrials get about 15% of fir plywood production direct from manufacturers, and additional quantities from distributors and dealers. Included in this group of users are railroad car shops, truck builders, door factories, furniture manufacturers, prefabricators, boat builders, etc.

Why is plywood demand so great?

Plywood is literally "The Wood of 1000 Uses". It is used in houses, garages, industrial buildings . . . in barns, silos, rowboats, yachts, tuna clippers . . . for signs, tables, concrete forms, track shims.

The list is long . . . and constantly growing. For Plywood's many unique advantages make it one of the most versatile of all building materials. Plywood is "engineered" wood—real wood in large, rigid, cross-laminated panels . . . light, strong, puncture-proof, split-proof . . . durable, easily worked either with hand or power tools.

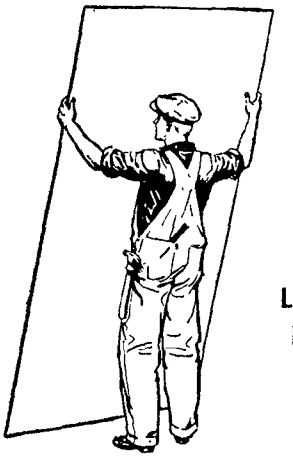
The complete allocation of plywood for war—for use in PT boats, aircraft engine crates, barracks, pontons, and thousands of other items—created a tremendous back-log. Today's high economic tempo, plus that back-log, puts total demand at an unprecedented level.

Is productive capacity being expanded?

Yes. Here's the picture:

1938 . .	21 factories
1941 . .	31 "
1945 . .	31 "
1947 . .	35 "
1948 . .	42 "
. .	11 factories being built

about Plywood



DOUGLAS FIR PLYWOOD
Large, Light, Strong Real Wood Panels

Is plywood as good today as prewar?

It is better. Performance requirements set forth in the new U. S. Commercial Standard CS45-48 (effective Nov. 1) are the most rigid ever specified. This applies both to Exterior-type (waterproof bond) and Interior-type.

Are plywood grades the same as prewar?

Yes . . . and *better* in many respects. Further, additional appearance grades of both Exterior and Interior types have been developed to meet specific needs and for highest utilization of raw material. For efficient production and use, several sizes are offered; *new, simplified A-B-C grade identification has been adopted.*

The most versatile of all plywood grades is the "one side" material—having one face suitable for fine finishing. Manufacturers are turning out 66% of production in this material.

Why are prices higher than prewar?

Prices for plywood at the factory are set by the individual manufacturer, reflecting individual operations and determined by his costs.

Raw material (logs) and labor account for some 80% of production costs. Wage rates have more than doubled since 1941. Log costs have about tripled.

Did the war disrupt distribution?

Greatly. Through 100% WPB allocation for many years . . . through changes in population ratios, business activity ratios, plywood use ratios.

What has happened postwar?

After wartime allocation, plywood was allocated to veterans housing in 1946 and 1947. Allocation, in many instances, upset historical patterns of plywood distribution. The results of abrupt changes under allocation are not immediately neutralized.

During the war, too, many individuals and firms became fully acquainted with plywood's outstanding advantages, and are now using plywood in greater and greater quantities. This created new customers—new uses—new demands.

What's ahead in fir plywood?

1—Continued increased production, with a higher proportion of Exterior-type (waterproof bond)—the all-purpose material for siding, farm uses, marine uses and countless other outdoor applications.

2—Continued conservation of the natural resource—timber—through higher raw material utilization, the production of grades for specific uses, the manufacture of several standard panel sizes tailored to economical use and production. Further development of new products such as overlaid plywood, extra-size panels, and the manufacture of plywood from woods other than Douglas fir.

3—Continued sale of a high proportion of production through distributors and dealers—and continued supplying of industrials, long-time, important plywood users.

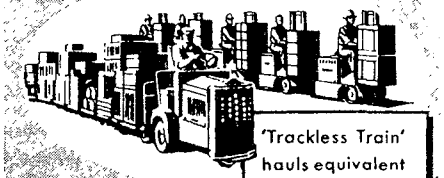
4—Constant betterment of product, through research and testing—with higher performance standards for both Exterior-type and Interior-type—pointing to ever-greater plywood usefulness.

NEW PLYWOOD BOOKLETS FOR YOU!

1. **FACTS ABOUT DOUGLAS FIR PLYWOOD**
   A more detailed discussion of points covered above.
2. **THE WOOD OF 1,000 USES**
   Pictorial review of plywood's versatility
3. **U. S. COMMERCIAL STANDARD CS45-48**
   Covering types, grades, sizes and performance requirements.

Write to: **DOUGLAS FIR PLYWOOD ASSOCIATION**
TACOMA 2, WASHINGTON

WHAT DOES IT COST YOU TO MOVE MATERIALS OVER 200 FEET?



'Trackless Train' hauls equivalent of 8-10 truck loads.

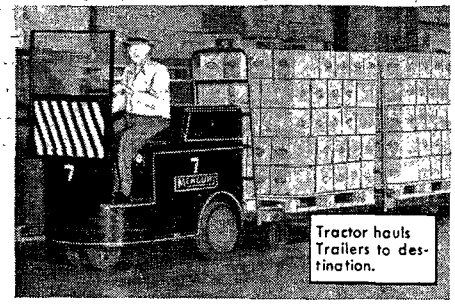
Mercury "Trackless Train" Speeds *MORE* Tonnage at *LOWER* Cost!

● Hauls every ton for *less* . . . . travels wherever material movement dictates. *Works as a cost reduction team with* your fork trucks—relieving them of LONG HAUL transporting—freeing them to handle and stack.

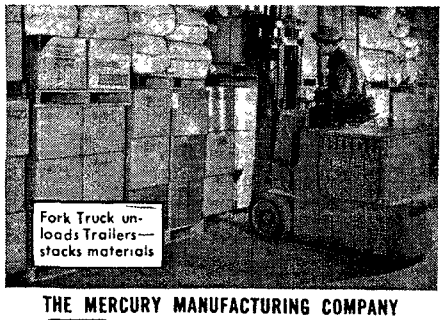
Ask a Mercury Sales Engineer to call. Or, request Catalog No. 7-11.



Fork Truck loads Trailers



Tractor hauls Trailers to destination.



Fork Truck unloads Trailers—stacks materials

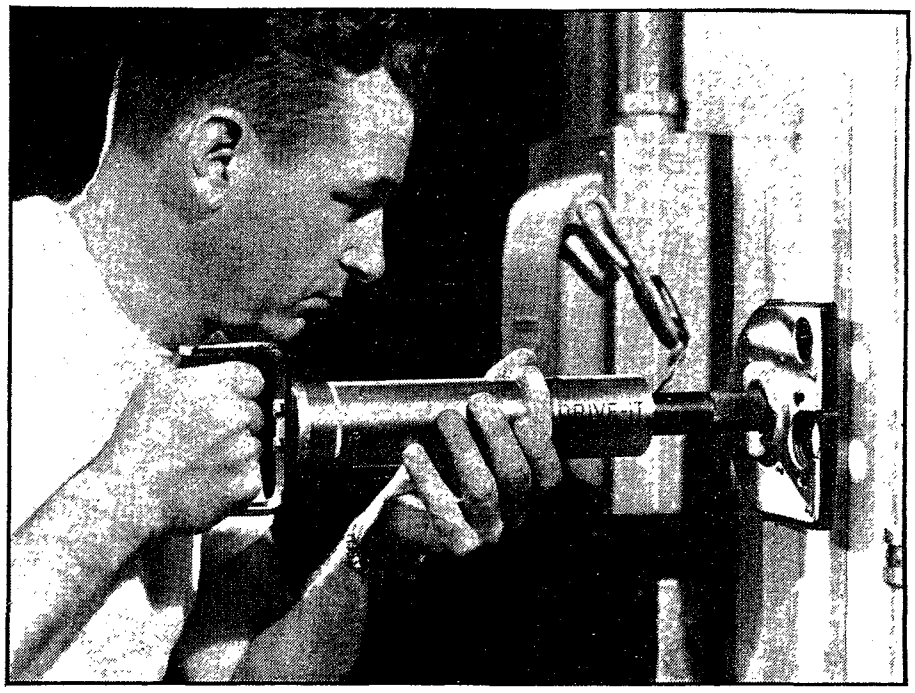
THE MERCURY MANUFACTURING COMPANY

4146 S. Halsted Street
Chicago 9, Illinois

MERCURY

TRACTORS • TRAILERS • LIFT TRUCKS

NEW PRODUCTS



Construction Cannon

Powder-Power Tool Corp. has put some light artillery into a device to drive studs into concrete or steel. By using a .38-caliber cartridge in the tool, the company says it can pack a 25-ton wallop into the driving action. That means you can blast the studs through 3 in. of concrete or through ⅝ in. of steel.

When you want to anchor conduits to walls or to attach metal roofing and siding, here's what you do: (1) Insert the stud and powder cartridge in the barrel of the tool; (2) screw the barrel into place; (3) set the tool against the surface where you want the stud; and (4) turn a safety ring. The tool fires when it's forced against the face of the work.

Powder-Power has designed special studs to go along with the tool. They have a thin flange at the top of the head which: (1) holds the stud in the barrel; (2) confines the explosion until enough pressure is built up to shear the flange off the head. This gives added driving power.

The tool can't fire accidentally; when it does go off, it has almost no recoil. The .38-caliber model weighs around 8 lb; a junior edition, a .22-caliber job, 3 lb. The manufacturer's address: S. W. Wood St., Portland, Ore.

• *Availability: immediate.*

Foam Rubber Piecer

A special cutter—a tool for the foam- and sponge-rubber industries—has come off the lines at Stanley Electric Tools, New Britain, Conn.

The portable, electric cutter operates on either a.c or d.c. You can use it to cut rubber that's up to 4 in. thick, following either a curved pattern or a straight line. Depending on thickness, you can slice the stuff at speeds up to 30 ft. a min.

Motor housing of the tool is a lightweight, aluminum-alloy casting. The notched blades that do the cutting are made of alloy steel.

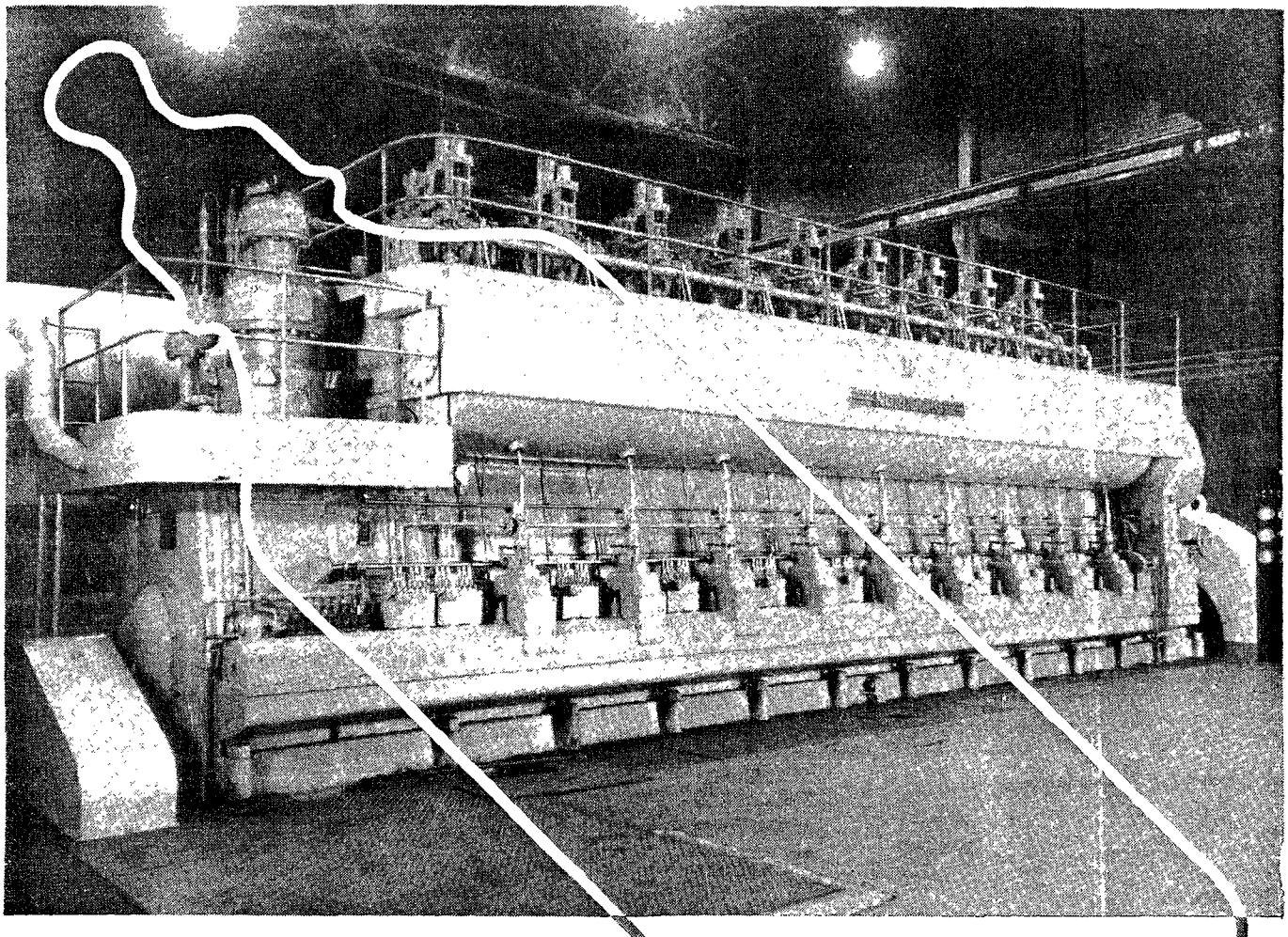
• *Availability: immediate.*

Lead Detective

In the manufacture of lead compounds, production men have to keep a constant check on the amount of the stuff that escapes into the air. If too much gets loose, it's bound to have a toxic effect on workers.

Engineers at E. I. du Pont de Nemmours & Co. have been working on the problem. Now they say they have found a device that will detect lead in the air in amounts as low as one part in 20 million. That's about as much as you'd get if you ground up a BB shot and dispersed it in about 500,000 cu. ft. of air.

The instrument is a mobile job that can be wheeled around the plant to make regular air inspections. Air is drawn into it through a tube, passes over an electrical spark in such a way that it gives off light. This light is then broken up in a quartz spectrograph. Each of the metals that are present in the air produces a different color of light. Lead gives off an ultra-violet light; it shows up as a narrow band in one particular spot on the spectrum. Light from this part of the spectrum is then passed through a photoelectric Geiger counter, where it produces a pulsating



FEEDING PROBLEMS...
by Bottle or Barrel

REGARDLESS of size, your plant equipment is an important investment. It's an investment that deserves special "care and feeding." For example, it's not unusual for operators of the "big babies" like this mammoth diesel above to put them on special "formula" diets for protection. When this happens, the services of a seasoned lubrication engineer are helpful.

Cities Service lubrication engineers are thoroughly grounded in up-to-the-minute lubrication techniques on diesel engines.

They know what proper types and grades of oils, greases and fuels will best meet your individual requirements.

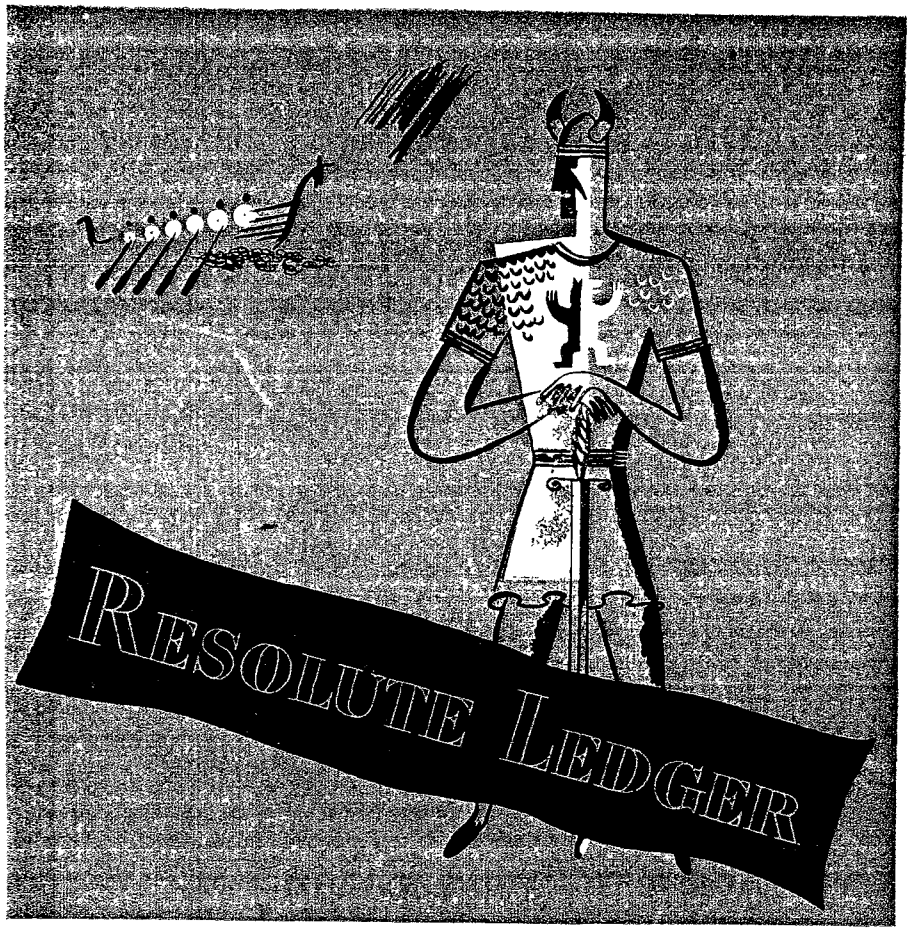
At absolutely no obligation to you, a Cities Service lubrication engineer will make a thorough, on-the-spot analysis of your lubrication requirements. His recommendations may substantially reduce your operation and maintenance costs. Write Cities Service Oil Company, Room 256, Sixty Wall Tower, New York 5, N. Y.



We have a new 66 page booklet entitled "Diesel Engine Lubrication." This complete lubrication manual is yours for the asking.

CITIES SERVICE

QUALITY PETROLEUM PRODUCTS



A 50% cotton fiber paper, Resolute Ledger is rugged. It withstands heavy use, has good writing and erasing qualities and is an excellent moderately priced paper for machine bookkeeping and other semi-permanent records of moderate importance . . . such as inventory, payroll, production and social security.

Neenah
FINE BUSINESS PAPERS

These famous names identify the papers manufactured by the Neenah Paper Company. The name *Neenah* appears in each watermark to identify the genuine for your protection.

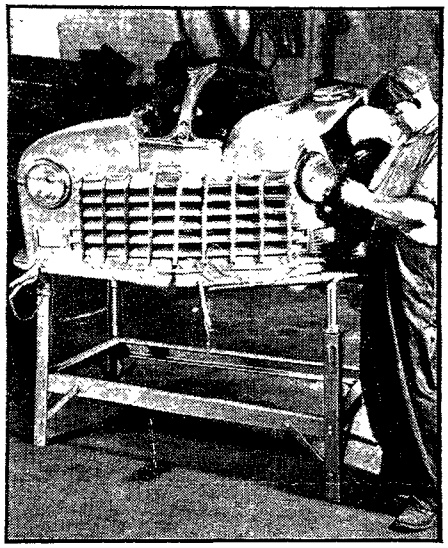
OLD COUNCIL TREE BOND	TUDOR LEDGER
SUCCESS BOND	STONEWALL LEDGER
CHIEFTAIN BOND	RESOLUTE LEDGER
NEENAH BOND	NEENAH LEDGER
NEENAH THIN PAPERS	NEENAH INDEX BRISTOL

NEENAH PAPER COMPANY • NEENAH, WIS.

current of electricity. By measuring the strength of this current, you're able to find the intensity of the light, and, in turn, the amount of lead in the air.

Although the device has been tried only for lead, du Pont expects it can be adapted to detect other toxic metals. North American Phillips Co., Inc., 100 E. 42nd St., New York, is handling the manufacture.

• *Availability: on order from Phillips.*



Auto Operating Table

The bigger and broader models that carmakers are putting out these days, haven't made the handling problem in body-repair shops any easier. Everytime a body section is removed for roughing or finishing, workers get set for at least a mild wrestling act.

Blackhawk Mfg. Co., Milwaukee 1, thinks it's found a device that may be of some help. The Reck-Rack will take any body section up to about 6 ft. wide and 9 ft. long, hold it tightly in place while the roughing or finishing is done. Four adjustable bars with clamps are designed to grip parts of any shape. Height of the rack can be varied (from 30 in. to 41 in.) to suit the particular job you have to do.

• *Availability: immediate to 30 days.*

Round-the-Clock Dictator

If you're bothered by having to change records in the middle of a dictation session, Miles Reproducer Co., Inc., can sell you a couple of recorders that should keep pace with your longest talkfest. One model, the HM-L, will run continuously for an hour; the other, the CMT, goes on for 24 hours without a rewind.

Both machines cut their sound tracks on film. The sound of your voice controls their stopping and starting. Automatic volume control on the speaker pickup makes it possible for you to move around the room while you're dic-



That's my traveling secretary—the new Electronic TIME-MASTER

YOU CAN FLIP OPEN the traveling case—and turn a hotel room into an office. All you have to do is take out the trim, compact, sturdy TIME-MASTER—the revolutionary, new office dictating machine.

With this versatile machine by your side and the small electronic mike in your hand you can dictate "as usual" wherever you go. And you can mail your recordings back to the office at once!

That's because the electronic TIME-MASTER records on a small, flexible plastic belt—just the right size for your business envelope. Five of these handy Memobelts—an hour and a quarter recording—can be mailed in a standard small-size envelope under a 3¢ stamp!

TIME-MASTER gives better recordings, uniform tonal quality and uniform backspacing—from first word to last!

Your secretary will agree—for all-around convenience plus perfect voice fidelity—there's no dictating machine to compare with the Dictaphone TIME-MASTER. It's completely new, completely different, completely satisfying!



Dictation done? Twelve of these small Memobelts will nest into your billfold. Five of them will tuck into your regular business envelope. And these superior Memobelt recordings can be mailed in a regulation mail chute.

FOR A DEMONSTRATION of the new TIME-MASTER Model, simply call your local Dictaphone representative or fill in the coupon below.

DICTAPHONE
Electronic Dictation

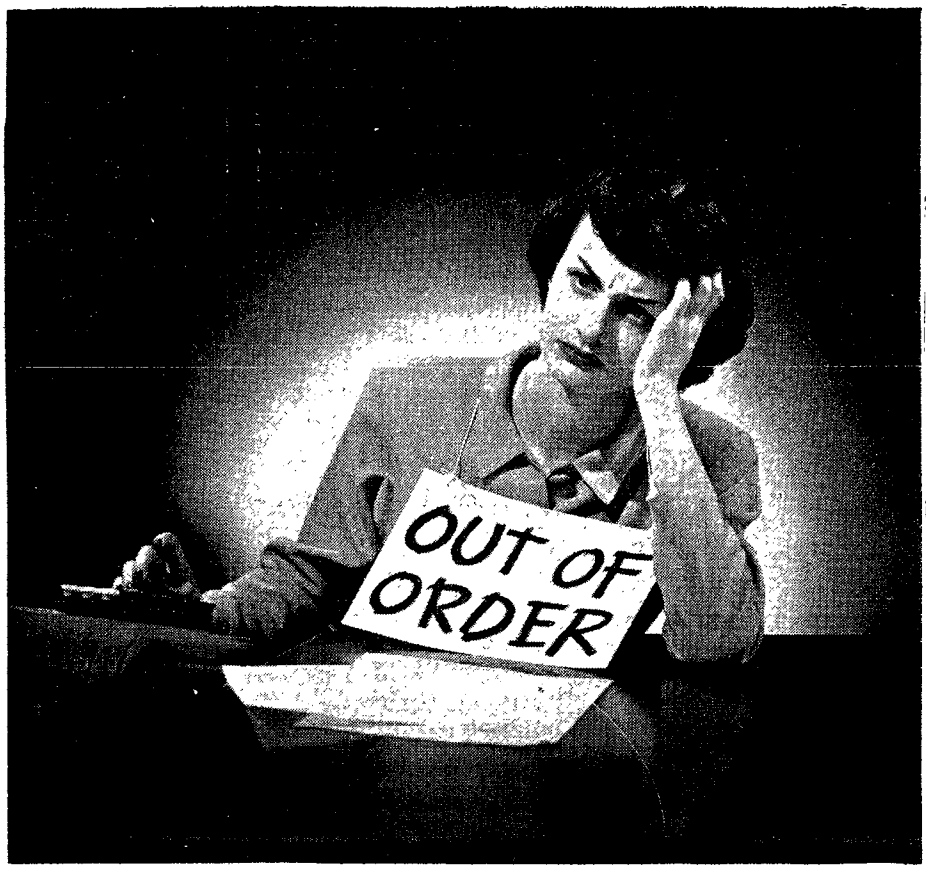
Dictaphone Corporation
Department F-12, 420 Lexington Ave., N. Y. C.
☐ Please show me the new TIME-MASTER.
☐ Please send TIME-MASTER literature.

Your Name _____

Company _____

Street Address _____

City & Zone _____ **State** _____



Gets out of order along about three or four o'clock every afternoon. Doesn't stop running entirely . . . just slows down. Fatigue, they call it . . . fatigue brought on by eyestrain brought on by bad lighting.

Wakefield Over-ALL Lighting is the one essential business tool you can't afford to be without if you want top efficiency from all your other business tools.

Wakefield Over-ALL Lighting is a basic business tool that cuts errors, speeds production, reduces absenteeism, lowers employee turnover, raises employee morale.

Wakefield Over-ALL Lighting is engineered to fit the task, no matter what that task is, in office, drafting room, store and school. Bad lighting is bad business. For enlightenment on what good lighting will do for you, write to The F. W. Wakefield Brass Company, Vermilion, Ohio.

Wakefield **Over-ALL Lighting**

For Office · Drafting Room · Store and School

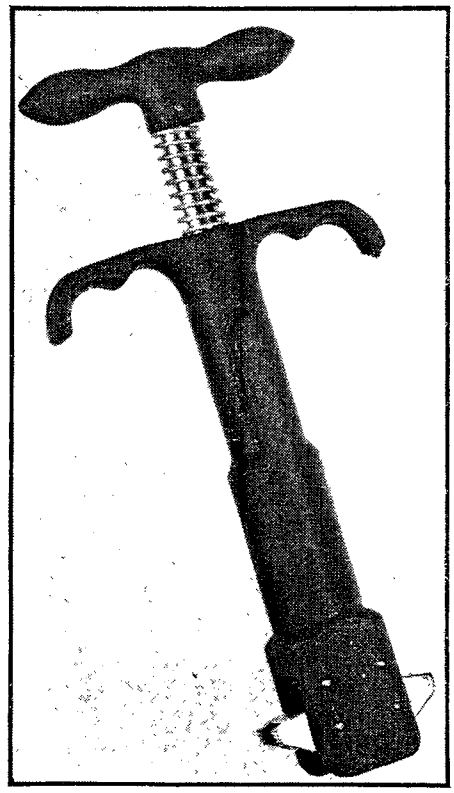
A BASIC BUSINESS TOOL

tating; it picks up your voice even when you're 25 ft. away.

On the HM-L model you can rewind to any part of the film in a matter of a few seconds. The CMT, the 24-hr. job, works on a continuous loop, twisted so that recording is done on both sides of the film. Depending on the width of your film (8 mm. or 16 mm.), you can record 35 or 100 tracks on each side.

Miles also has a group system that lets several men use the same machine. The desk unit for this network hookup looks like a name sign. It holds a microphone, an on-off switch, and an induction telephone pickup. It's connected to recorders in a central battery. Miles is at 812 Broadway, New York 3.

• *Availability: immediate.*



Piece Goods Handler

Maybe you've watched someone try to get a particular roll of piece goods out of a bin. Then you know how much pulling, lifting, and tugging it takes to get the roll out when it's in the middle or on the bottom of the stack.

Cutting Room Appliances Corp., 45 W. 25th St., New York 10, thinks it has found a device that will take most of the grunt and groan out of the job. Its Eas-Out is a lightweight handling tool that can be slipped into the end of the tube of the roll of goods. When you start pulling with the spring-equipped handle, notched chrome-steel grippers bite into the inside of the tube. Thus, you have a solid grip that makes the job of sliding the roll out of the stack a fairly simple one.

C. R. A. feels the device will be a

Balance is the answer



where

Firestone Tires

are made



and *wherever* profits depend on comfortable air

The reason for Worthington air conditioning in many of the buildings of Firestone Tire and Rubber Company is for employee efficiency . . . in *your* case, it may be the same—or more sales—or lower-cost maintenance.

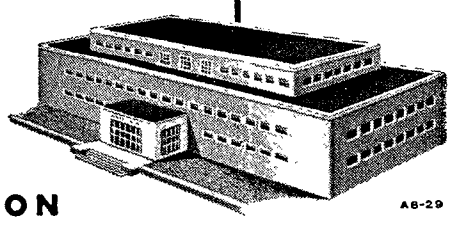
In any case, Worthington's complete line—including *all* the vital components of an air conditioning system*—gives you your best opportunity for an application *exactly* suiting your needs. Each machine is built to the same standard of quality and to operate in *balance* with interrelated machines. Result: smoother, quieter, lower-cost operation and longer life.

Further: Worthington's over-50-year experience in *manufacturing* air conditioning equipment is balanced by the *engineering* experience of selected distributors. Locate the one nearest you in Classified Telephone Book and find out why *there's more worth in Worthington.* Worthington Pump and Machinery Corporation, Air Conditioning and Refrigeration Division, Harrison, N. J.

**Worthington makes more of the vital innards —compressors, condensers, engines, turbines, pumps—than any other one manufacturer.*

WORTHINGTON

AIR CONDITIONING AND REFRIGERATION

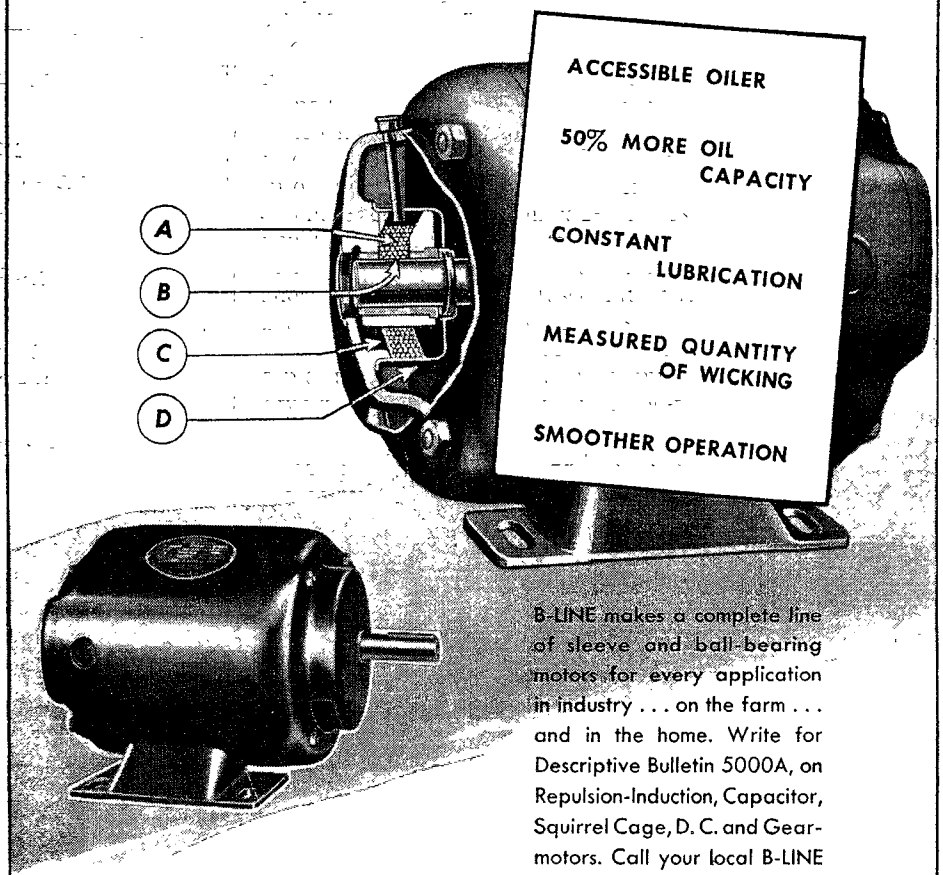


A8-29

WRAP-AROUND OIL WICK

ASSURES UNIFORM "CIRCULAR-FLOW" LUBRICATION OF NEW IMPROVED *B-Line* SLEEVE BEARINGS

A white wool rope oil wick A, is wrapped around the spool-type bearing hub several times. The oil is held in suspension and fed to the shaft through the oil pick-up window B, in the heavy bronze bushing. Oil in the oversize reservoir C, thoroughly saturates the circular wick surrounding the bearing and reduces the amount of free inactive oil. No more failures due to the wick not making shaft contact. B-LINE's "Wrap-around" wick is *always* in contact with the rotating shaft. A liquid-tight steel cover D, allows greater capacity in less space and keeps the bearing free from dust and abrasives. Operating efficiency of B-LINE sleeve-bearing motors is greatly increased by this new design. B-LINE is far in front with many such motor improvements. When selecting a motor for your application . . . *don't just buy a motor . . . buy B-LINE and get the very best!*



B-LINE makes a complete line of sleeve and ball-bearing motors for every application in industry . . . on the farm . . . and in the home. Write for Descriptive Bulletin 5000A, on Repulsion-Induction, Capacitor, Squirrel Cage, D. C. and Gear-motors. Call your local B-LINE representative for further information.

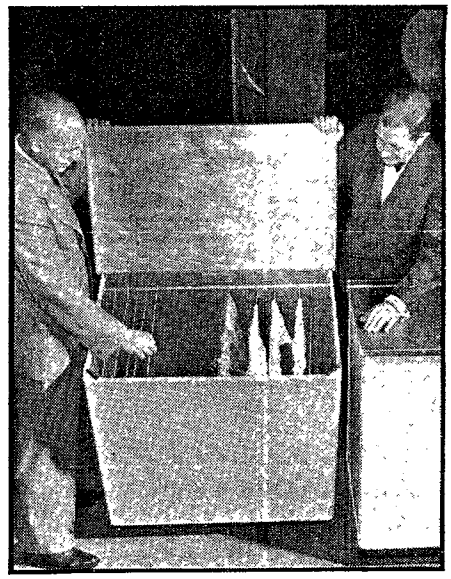
"TRULY LIFE-TIME MOTORS" — B-LINE Reg Trade Mark

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big timesaver for mills, converters, jobbers, and retail and department stores.
• *Availability: immediate.*



Radiant Glass Drier

Glass heating panels have cropped up in a new appliance at Continental Radiant Glass Heating Corp. The panels, which have been getting a promotional ride as house heaters, have been built into a plug-in electric clothes drier.

The drier has two 16-in. x 24-in. glass panels mounted on its bottom. The radiant heat is generated in aluminum-alloy ribbons which are fused into the glass. There are no moving parts. The wash hangs on stainless steel rods in the top of the unit; you have about as much drying space as you get on a 60-ft. clothes line.

The drier works on 110-220 v., a.c. or d.c. It draws about 11 amp. at the start, cuts this to 7 or 8 amp. after it reaches correct drying temperature. Continental says it dries a 10-lb. wash in roughly the time it would take you to iron it. The manufacturer's address: 521 5th Ave., New York 17.
• *Availability: 30 days.*

P. S.

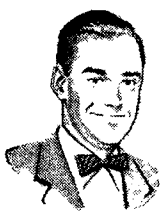
A folding glass for convertible automobile tops is being turned out at Pittsburgh Plate Glass Co. The glass, used in the rear window, sandwiches like an accordion when you put the top down.

Bookkeeping system marketed by Thomas Pearce Co. does away with the ledger, substitutes a combined ledger statement. You post from an all-purpose cash and general journal sheet. The ledger statement gives you: (1) a permanent ledger record, (2) a trial balance, (3) a statement of profit and loss and a balance sheet, both monthly and cumulative. Pearce's address: 833 Tatnall St., Wilmington 43, Del.

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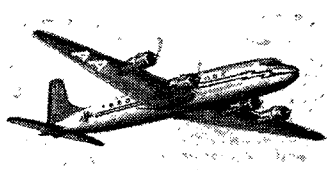
MR. EXPORT MGR.

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AMERICAN AIRLINES AIRCONOMY PLAN

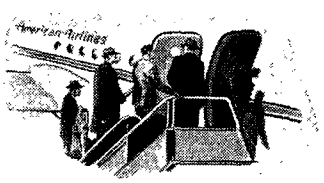


Ship by air



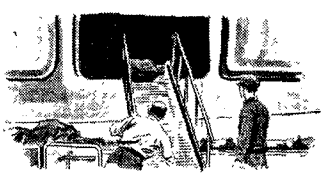
From the *speed* and *dependability* of American's Airfreight stem specific advantages: faster turnover and increased volume . . . wider distribution with lower distribution costs . . . smaller inventories —with less loss through spoilage and with a minimum of warehousing requirements. Get merchandise to market *when it's wanted—with Airfreight.*

Travel by air



The *speed* of air travel permits your salesmen and other traveling personnel to go more places more often—cover more ground in less time—make more calls, more sales—*with tremendous savings in man hours.* American's lowest-fare policy makes air travel costs remarkably low. Time saved in travel means money savings, too.

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The *speed* of air mail will increase the tempo of your entire business operation. The complete routine of receiving orders, expediting deliveries, sending out billings and receiving payments is speeded up. All bookkeeping is kept up-to-the-minute. And you can get out detailed field instructions more quickly and completely than ever before.

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Check what American's Airconomy Plan does:

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- ☐ Makes re-orders easy—keeps field stocks fresh
- ☐ Helps open new markets, expand old ones
- ☐ Cuts warehouse costs—reduces losses in transit
- ☐ Speeds up distribution, frees more capital
- ☐ Permits productive personnel to cover more ground
- ☐ Increases personal contacts
- ☐ Saves precious man-hours
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100 East 42nd Street, New York 17, N. Y.

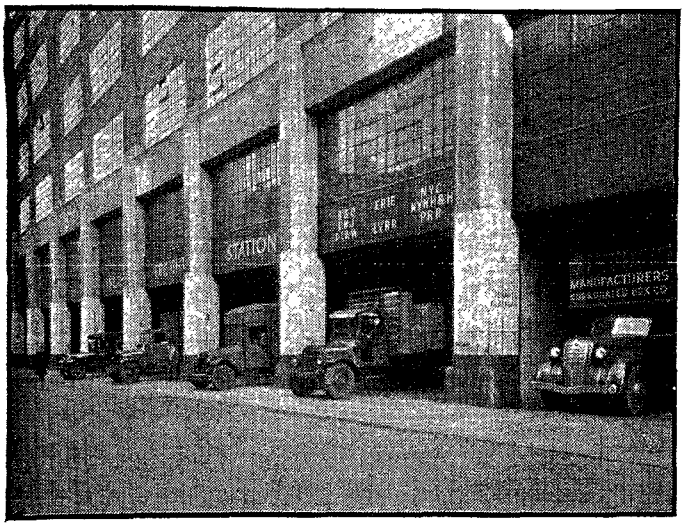
GENTLEMEN: We are interested in your AIRCONOMY PLAN and would like to find out how it applies to our business.

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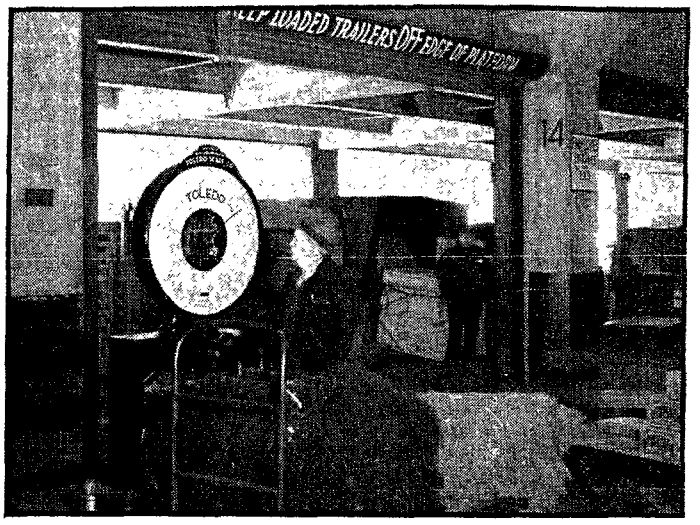
NAME OF INDIVIDUAL_____

ADDRESS_____

TYPE OF BUSINESS_____



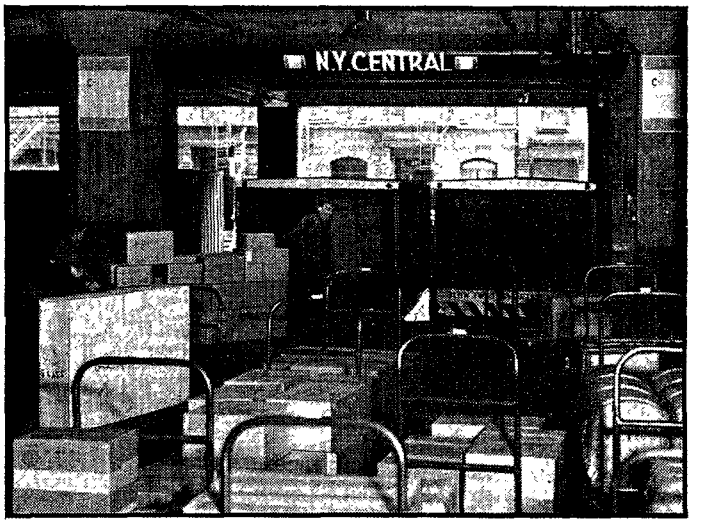
1 Freight sorting depot in Manhattan is one of New York Port Authority's important traffic-expediting projects. In it . . .



2 Shippers have a central distribution point for incoming and outgoing shipments. Here parcels are weighed, sorted, then . . .



3 Tractor trains haul parcels to outgoing shipping platforms, where they are picked up by . . .



4 Railroader's trucks. All platforms are recessed into building to avoid blocking street traffic

Semi-Public Authority Guides New York Traffic

A government agency that pays its own way, Authority rates high as a private business. It's pushing public works, private trade.

Last week some Cleveland businessmen were puzzled. The Port of New York Authority had just set up a trade promotion office there.

Clevelanders wondered why a government body like the Port Authority, which builds and operates tunnels, bridges, and freight terminals, should be interested in promoting New York's commerce as well.

• **Half-and-Half**—The fact is that the Port Authority is more than a government institution. It is partly a private business corporation, too. It gets no government money, can't tax anybody. Instead, it charges tolls for the use of its facilities like any private business.

Through its union railroad terminal (pictures, above) last year passed some 112,000 tons of rail freight, all in less-than-carload lots. That's not a very large figure. But it's just one part of the sprawling job that the Port Authority, as a part-public, part-private corporation, does.

So the more business the Authority can bring to New York, the more money it makes. Of course, this money doesn't go into private hands; it helps to strengthen the Port's other projects, like the huge International Airport on Long Island.

This blend of the private and public stamps everything the Port Authority does. It is a sort of super-Chamber of Commerce for the port region, acting as a moderator in local disputes and serving as the New York area's outside representative. This week, for instance, it was lobbying at the federal Budget Bureau for more federal money to deepen New York's waterways.

• **How It Grew**—When the Authority was established in 1921, it was the first such institution in the U. S. The federal Tennessee Valley Authority and many local port and housing authorities all owe much to this one. This does not mean all authorities are identical, or

even similar. Problems and objectives differ widely.

The Port of New York Authority was started because the communities served by New York harbor finally realized that it was better business to work together than try to cut each other's throat. What convinced them was the geography of the case.

The states of New York and New Jersey meet along a huge harbor area. Along eight bays, four rivers, and four straits are 650 mi. of waterfront. New York City and the cities on the New Jersey shore had been having trouble with each other for a century.

• **Dissension**—Most railroad freight for New York City was unloaded in New Jersey rail terminals on the New Jersey shore; then it was carried across the harbor by lighter to railroad piers in New York City. This service was included in the freight rates from western points to New York. And these rates were the same for northern New Jersey cities as they were for New York City.

New Jersey businessmen felt that this gave their New York competitors an unfair advantage. So they tried to get their own freight rates lowered. Their attempt finally led to the New York Harbor case of 1917. This proved an expensive lawsuit that put both parties in the mood to compromise on a "port treaty of peace."

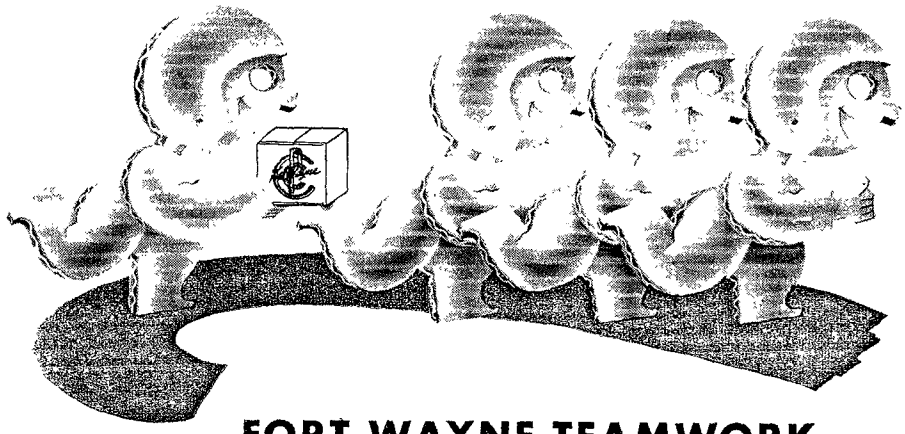
• **Peace**—The states of New York and New Jersey made such a treaty. They promised each other that they would act in harbor matters through a joint agency. In future, this agency would handle planning and development of public terminal and transportation facilities.

The agency that developed out of the "Port Treaty of 1921" is nonpolitical. For that reason, it is able to take a regional approach. Its commissioners are appointed by the two state governors; they serve without pay. Salaries of its permanent staff are higher than for most public agencies.

The Authority soon worked out a comprehensive plan for unifying the railfreight facilities of the port. But that plan has never progressed very far. Reason: It concerns interstate commerce, and the Authority has never been able to get the Interstate Commerce Commission and the railroads to see things its way. Nor has New York City accepted a much more recent proposal to operate and modernize its aging municipal docks (BW—May29'48,p40).

• **Setup**—Just the same, the Authority has become essential to the economic health of the world's largest metropolitan area. Besides that, its bonds enjoy a Moody's "A" rating. The reasons: (1) The high caliber of the businessmen who have served as Authority commissioners; and (2) the automobile.

Most of the Authority commissioners



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For each shipper's product, a corrugated container that's exactly right. This goal Fort Wayne Corrugated Paper Company has ever had in sight for its customers through 40 years of container making. It's a goal attained through experienced, heads-up teamwork—consistent teamwork that co-ordinates the specialized skills of Fort Wayne experts and integrates the operations of four modern fabricating plants and two productive paperboard mills. This teamwork creates quality. Through every manufacturing step from raw material selection to final container fabrication, Fort Wayne *controls* quality and uniformity of production...for individualized service to the shippers of America.

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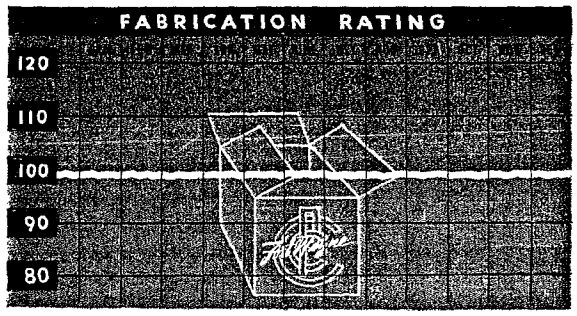
Fort Wayne CORRUGATED PAPER COMPANY

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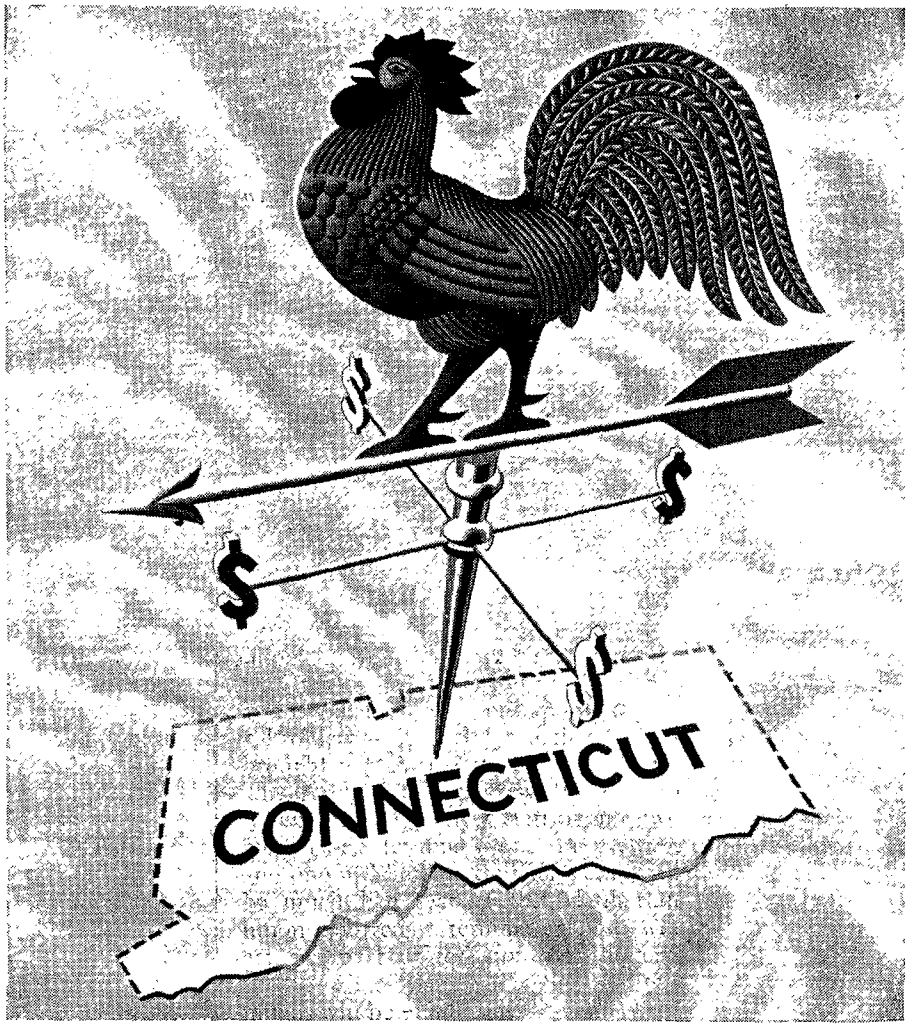
Plants:
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CONNECTICUT

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have been businessmen. They have taken a broad view of the needs of the port. The fact that commissioners don't get any money for their work has done a lot to keep the Authority out of politics. Present Port Authority chairman is Howard S. Cullman, a tobacco man who has served as commissioner for more than twenty years Other commissioners: S. Sloan Colt, president, Bankers Trust Co. of New York, Bayard F. Pope, chairman Marine Midland Corp.

• **Land Traffic**—The bridges and tunnels built and run by the Authority have done a good deal to join the states of New York and New Jersey into one huge business area.

The Authority began by building bridges between Staten Island and New Jersey; it went on to build George Washington Bridge and the Lincoln Tunnel, took over operation of the Holland Tunnel. It has built a grain terminal in Brooklyn, and the union railroad terminal. It is operating thru large airports in the New York area.

• **Problems**—All this activity has brought with it a hefty traffic problem. The Authority is now on the way to solving this one. It is putting up two motortruck terminals—one in Newark and one in Manhattan. Their setup will be much like that of the Manhattan union rail-freight terminal These will act as "post offices" for over-the-road freight. Daily capacity of the two terminals will be 4,500 tons.

In addition, the Authority has a union bus terminal under way on the west side of midtown Manhattan. This terminal will keep intercity buses off New York streets All three terminals are expected to cut traffic congestion, save time and freight costs.

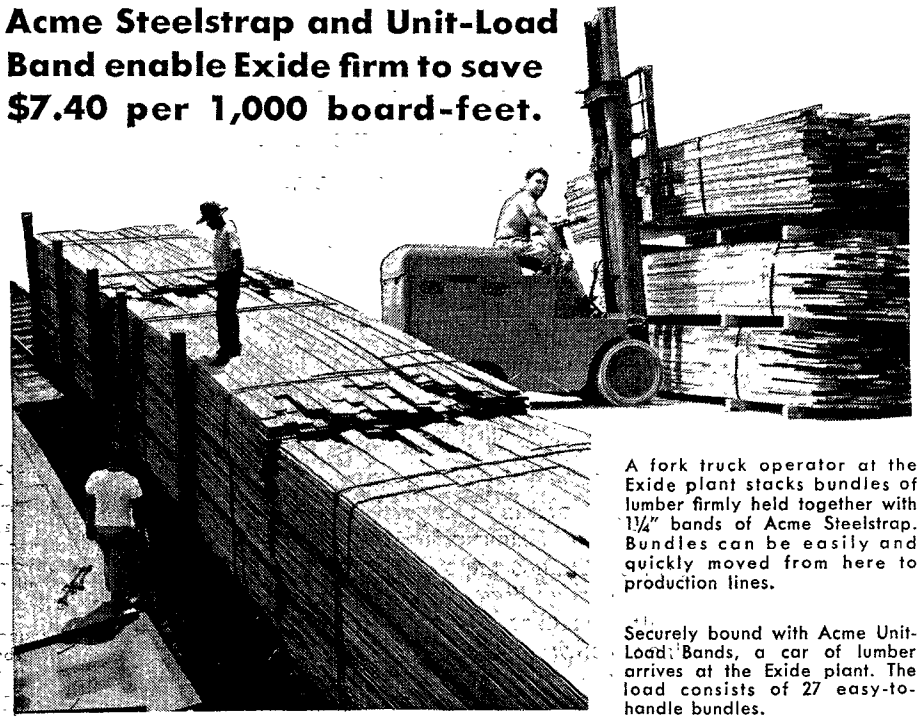
• **Airports**—The Authority has also launched a long-range program of airport development. It is operating La Guardia Field and New York International Airport on Long Island, on 50-year leases from New York City. International Airport will be nine times as big as La Guardia when completed. The Authority operates Newark Airport on a similar arrangement with the city of Newark. It has contracted to buy the privately owned Teterboro Air Terminal in New Jersey.

• **Outlay**—Since its start, the Port Authority has built or has started about $300-million worth of self-supporting public works. In the early days, it had a little trouble explaining to investors just what it was, and why they should loan it money. Since then, it has sold about $568-million in revenue bonds on its own credit, including refunding of its original issues.

Besides all this, the Authority spent about $435,000 last year in port planning and development. This included: (1) Studies of airports, waterways, dock

How Battery Maker Cut Lumber Handling Costs 65%

Acme Steelstrap and Unit-Load Band enable Exide firm to save $7.40 per 1,000 board-feet.



A fork truck operator at the Exide plant stacks bundles of lumber firmly held together with 1¼" bands of Acme Steelstrap. Bundles can be easily and quickly moved from here to production lines.

Securely bound with Acme Unit-Load Bands, a car of lumber arrives at the Exide plant. The load consists of 27 easy-to-handle bundles.

The Electric Storage Battery Company of Philadelphia, makers of the famous Exide Battery, decided that the process of unloading lumber from boxcars board by board was too slow and too costly.

After a survey by an Acme Shipping Specialist, they asked their suppliers to ship them crating lumber strapped in bundles "Bound to get there" with Acme Steelstrap. Then the bundles were loaded onto flatcars and held firmly together with Acme Unit-Load Band.

The result was a reduction in costs of fully 65%! Two men and a fork truck took only 8 man-minutes per 1,000 board-feet to unload the lumber and move it to storage. Moving bundles out of storage proved to be just as fast.

The saving amounted to $7.40 for every 1,000 board-feet handled, and was achieved despite additional loading charges at the mills. Company now specifies shipment by Unit-Load methods on every purchase order.

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conditions, and problems of mass transportation; (2) appearances on behalf of the New York region before ICC Maritime Commission, and other federal agencies; (3) establishment of an office in Chicago for promoting business in the port of New York. Now it has offices in Cleveland and Washington.

Port Payoff

New Orleans stays under business management as voters beat amendment giving governor complete control of port.

In the past few years, the Port of New Orleans has built up its business faster than almost any other port in the country (BW—Jun.28'47,p38). Responsible for it was a hard-hitting sales campaign put on by the area's businessmen. They felt that this record proved it was better to have businessmen do the job than politicians.

• **Threat**—Then Gov. Earl K. Long came to power in Louisiana. He sponsored a constitutional amendment which would have put complete control of the bustling port into his hands.

Businessmen were horrified; to them, this was a "power grab" which would ruin the port by making it a political football. The port now produces 70¢ of every income dollar in New Orleans. With politicians in control, they figured, it could never keep up such a performance. So the businessmen put on another campaign to convince the people they shouldn't vote for the amendment in the November election.

• **Long Defeated**—The campaign paid off. Last week the amendment was beaten by just under 20,000 votes. New Orleans itself rolled up a big 40,000 plurality against it. Baton Rouge and the other big cities added up a majority too big for the rural vote to overcome.

The spadework for this victory was done by a Committee to Save the Port of New Orleans. It was organized last summer, largely through the efforts of Charles Nutter, managing director of International House. Its roster included thirty business and civic organizations. Among them: International House, the Louisiana Junior Chamber of Commerce Assn., New Orleans Steamship Assn., New Orleans Clearing House, Young Men's Business Club, New Orleans Assn. of Commerce.

• **Difference**—Under a 1940 constitutional amendment, the Board of Commissioners of the Port of New Orleans has five members, serving five-year terms. They are picked from three nominations submitted by each of five business groups in the city. The board pulls these down to three, sends their

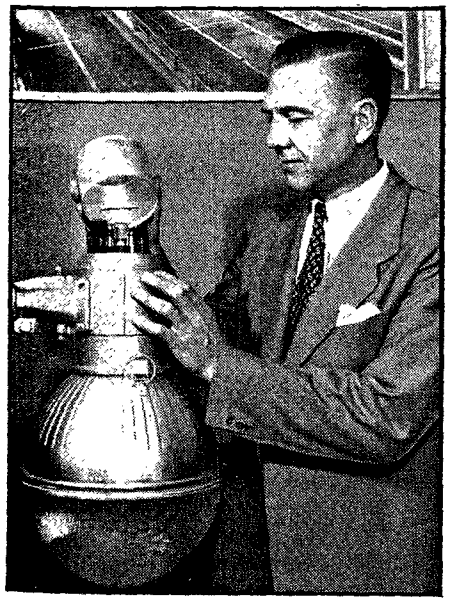
names to the governor. He picks one of them to fill a vacancy.

Amendment No. 3 which was defeated last week, would have wound up the terms of the present board and set up a new board of seven. Three of these seven would have been picked in the old way; the other four—a majority—by the governor.

• **Campaign**—Immediately after the legislature put this measure on the ballot last July, Nutter began forming his Committee to Save the Port of New Orleans. Its work was thorough and effective. It ran advertisements in every Louisiana paper, including the weeklies. The ads pointed out that much of the state's income comes from the Port of New Orleans. They showed relative tonnage and dollar figures under a political setup prevailing before 1940, and under business-management since.

Speaking engagements for committee members were lined up before groups in every town in the state. The committee followed through with radio time, when speakers drummed home the advantages of business management of one of the state's prime assets.

• **Leader**—Heading the committee was Lloyd Cobb, New Orleans attorney and head of an upstate sweet-potato packing firm. He was picked to lead the fight because, having no direct tie with the Port, he was recognized statewide as a disinterested citizen.



Lamplighter's Dream

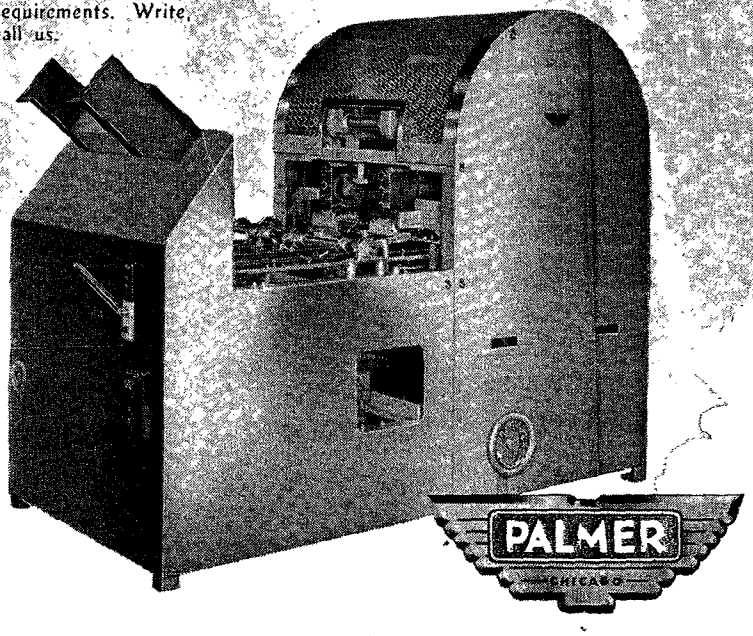
This streetlamp, a new product of General Electric, practically thinks for itself. Its brain is an electronic eye, the cover of which is being removed by Art Bjontegaard, G.E. engineer. The eye flicks the circuit switch at the first touch of dusk, snaps it off at the first break of dawn. The units are mounted on individual lights, which can come on one at a time as needed.

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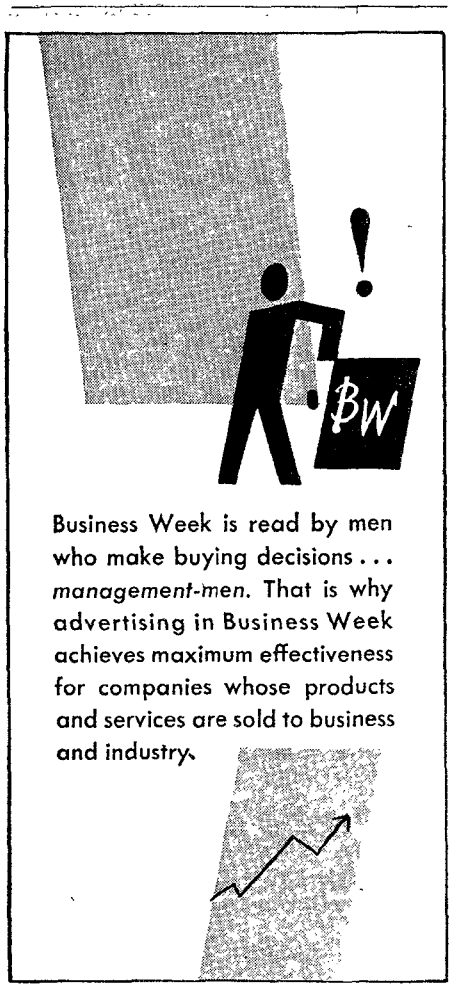
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Cash Discounts Edging Back

There's still some way to go before this war casualty returns to full operation, but the fabric market is loosening enough to permit agitation. Outraged converters call it "chiseling."

It's axiomatic that a war brings casualties. During World War II—and its sellers' market—one casualty was the cash discount. Sometimes it was only maimed. Sometimes it was killed outright.

But the seller's market didn't end with the war. Cash discounts often remained only a faint memory. In a few lines, indeed, the discount became a postwar casualty when price control and rationing ended.

Last week the fabric market began to show signs of the agitation that could come to markets where discounts are still crippled or dead.

• **Prewar**—Here's the situation: Before the war, rayon converters (who dye and finish gray goods bought from the mills) sold their merchandise "6/10/EOM." This meant that the buyer got 6% off if he paid his bill on or before the 10th day of the month following billing.

These discounts disappeared with the rest during the war. But the extra margin which it represented found its way into the converter's pocket. The dress cutters and department stores could do nothing about it—if they wanted to keep on getting merchandise.

There was no letup at war's end: The fabric market stayed tight. So rayon converters continued to offer the same shortened (or invisible) discounts to the buyers.

• **Loosening Up**—Now, however, the situation is loosening up. Although highly styled rayon fabrics must still be bought on order, the more basic, staple rayons are in better supply. Silks are in the picture again—to compete with rayon. Cottons, which are selling at lower prices now than they were a year ago, have been styled up considerably, adding another competitive factor.

To the cutters and department stores, the slight easing in the market means more than just a better supply of the



Television Service Takes to the Air

Passengers on Capital Airlines' Chicago-Washington nonstop flights are getting an extra thrill for their money. It's television—airborne. With the cooperation of TV set-maker, Philco Corp., Capital has installed sets in two of its airliners: "The President" and "The Constitution." Airline officials say that passengers like the "teleflights." Capital plans to broaden video service later to all its air travel.

goods they want. It also means a chance to plump for a return of the prewar cash discounts. Therefore, dress cutters began to press informally for higher discounts several weeks ago. Department stores followed suit.

• **"Chiseling"**—The converters were outraged and adamant. The move, said Herman Chopak, president of Textile Distributors Institute, Inc., is "just another way of chiseling on prices." He advised members of the institute to maintain voluntarily the terms they had been using—mostly 2% off if you pay within 70 days after the date of the bill.

The converters maintained a united front on the discount question—but on the flanks, the cutters began to make inroads. They bought in smaller quantities, made up fewer dresses at a time. And they continued to agitate. Here and there, the converters' ranks wavered; they decided it would be better to shade prices a little than to let the fabric house next door do the shading and make the sale.

The discounts haven't come back into the picture—yet. But the stores and cutters figure they'll get them back when the rayon market eases up a lot more.

• **Basic Questions**—The cash discount problem, which many manufacturers will have to face sooner or later, raises a lot of basic marketing questions. From the seller's point of view, cash discounts don't always have too close a relationship to cash. Manufacturers have found that the big merchants will pay up promptly anyway. And the smaller ones often don't take advantage of the discount.

But the importance of the cash discount to the big retailer and wholesaler is evident. For example:

• **Background**—In 1947, according to Harvard University's annual study of department store operating results, cash discounts accounted for anywhere from 2.4% to 2.9% of net sales. Store heads see this item as a big part of the cushion that kept profits for that year at levels between 4.3% and 5.5% of sales.

Furthermore, the cash discount has become an integral factor in bookkeeping. A department store buys an item for $50; the store adds its standard margin for that item—say, 50%. That makes it cost the consumer $75. If the store gets a 6% cash discount on the merchandise, it chalks up $3 as a cash discount received. When the store sells the item, its books show a $25 margin, plus the $3 cushion provided by the discount.

• **No Cushion**—But suppose the manufacturer, instead of giving a cash discount, sells the merchandise at a flat $47. That is the price of the goods after deducting $3—not as a discount, but as a price concession. The department



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store adds its 50% markup, and the item sells for $70.50. When the sale is completed, the retailer has markup money of only $23.50 in his pocket, and no $3 cushion.

The store could, of course, through its bookkeeping, enter the $47 item on its books at $50 and give itself a 6% discount. But the cash discount system is so deeply intrenched in retailing that it would require making special cases out of certain types of merchandise which carry no cash discount. This would be costly from an accounting point of view.

• **Other Ramifications**—And there are other ramifications which will make the subject of discounts—quantity as well as cash—a sore one in the coming months. For example:

• **Some economists**—mainly in the government—claim that discounts have no relation to fact (BW—May25'46, p76). They say the discount has grown into a manufacturers' bribe for big merchants. But the cost of the bribery tends to keep prices high and "sticky."

• **Some manufacturers** agree, in part, with this point of view. But few can withstand the pressure of the bigger distributors when competition gets tough.

• **Other manufacturers** just don't pay much attention to the subject, handle it by guess and by gob—or tradition.

R.K.O. Consents

Antitrust suit ends in agreement to split company. Move may crack defense of other motion picture firms.

Since 1938, when the Dept. of Justice sued eight major motion picture companies, the defendants have had a united front. Last week, the defense broke. Radio-Keith-Orpheum Corp. reached an agreement on a consent decree.

The charges against the companies were: (1) monopoly of the three branches of the industry—production, distribution, and exhibition; and (2) restrictive trade practices.

• **Pattern**—The pattern of R.K.O.'s settlement is one that Justice has sketched as a goal for all five theater-owning companies named in the 1938 suit. Besides R.K.O., these include Paramount Pictures, Inc.; Twentieth Century-Fox Film Corp.; Warner Bros. Pictures, Inc.; and Loew's, Inc. The three other companies (Universal Pictures Co., Inc.; United Artists Theatre Circuit, Inc.; Columbia Pictures Corp.) didn't operate both production and exhibition; hence Justice tackled them separately.

• **Split**—Under the consent decree, R.K.O. will divorce its theater holdings

"Job-Rated" TO FIT THE JOB

Trucks that *fit your job* . . . save you money. They save in many ways.

They save on gas, oil, and tires. They save on upkeep and repairs. They stay on the job. They last longer.

For such a truck, see your Dodge dealer. Tell him what you haul . . . the weight of your load . . . and your operating conditions.

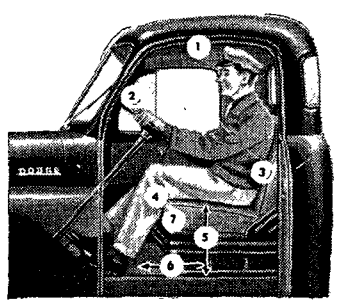
He will then recommend a Dodge *"Job-Rated"* truck that has been engineered and built to fit *your* job.

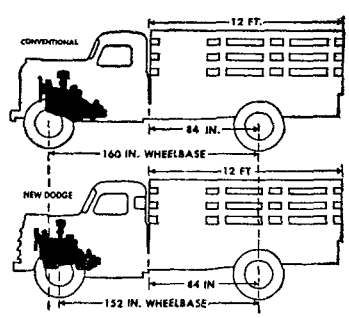
Your new truck will have *"Job-Rated"* power, for performance with economy.

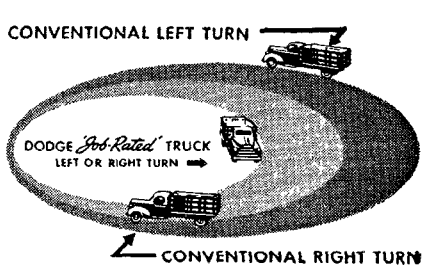
Every other unit . . . clutch, transmission, brakes, rear axle, springs and tires will be *"Job-Rated"* for long life and dependable operation.



PLUS... these important NEW features







SHORTER TURNING DIAMETERS

New Dodge *"Job-Rated"* trucks provide an entirely new ease of steering and handling. You can turn in much smaller circles, right and left, because of a new type of "cross-steering," plus shorter wheelbases and wider tread front axles.

MORE COMFORT AND SAFETY

1. Plenty of headroom. **2.** Steering wheel, right where you want it! **3.** Natural back support, adjustable for maximum comfort. **4.** Proper leg support. **5.** Chair-height seats. **6.** 7-inch seat adjustment, with convenient hand control. **7.** "Air-O-Ride" cushions, adjustable to weight of driver and road conditions.

BETTER WEIGHT DISTRIBUTION

New Dodge *"Job-Rated"* trucks have *much* better weight distribution. You can haul *more payload.* This has been achieved by moving the front axle back, *under* the frame, and moving the engine forward. More of the load is carried on the front axle. Wheelbases are shorter . . . but cab-to-rear-axle dimensions are unchanged.

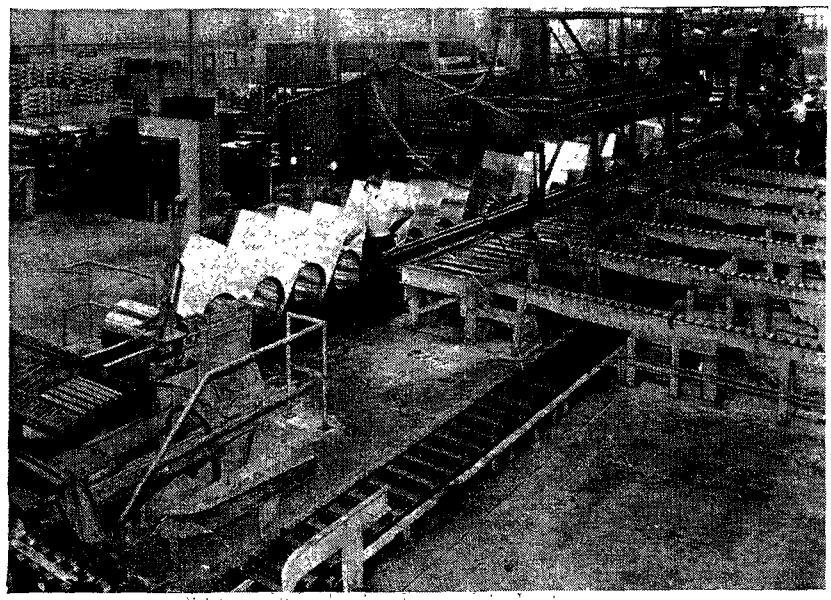
For the location of the Dodge dealer in your community, consult the yellow pages of your telephone book.

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· FIT THE JOB . . . LAST LONGER !



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It is real economy to get sound engineering help with your materials-handling problems — help from people whose business is the development of efficient handling methods, and the manufacture of fine conveying machinery.

The Mathews organization makes such service available to American and Canadian industries — service which is complete from preliminary planning to erection in the field, and which is backed up by the facilities of three very modern plants.

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Engineering Offices or Sales Agencies in Principal American and Canadian Cities

from its production-distribution setup. To do this, R.K.O. will split into two separate companies. Present stockholders will get stock in both companies on a pro rata basis. Exception: Howard Hughes, who owns a controlling interest (24%) in R.K.O. Hughes will have to get out of one or the other unit within a year—by selling his stock. There is no question that he will unload his holdings in the theater company, stay in the producing end of the business.

The exhibition company must liquidate its interests in the 241 theaters that R.K.O. now owns in partnership with other exhibitors. The exhibition company may dissolve 30 of these partnerships by buying out its partners. These theaters, plus the 80 wholly owned houses R.K.O. now has (and, with minor exceptions, may keep), will make a chain of 110 theaters.

• **Exhibition Company**—The future of the exhibition company, once the split has been made, seems assured financially. The company will have big theaters in 20 cities, as well as a profitable neighborhood theater circuit in New York.

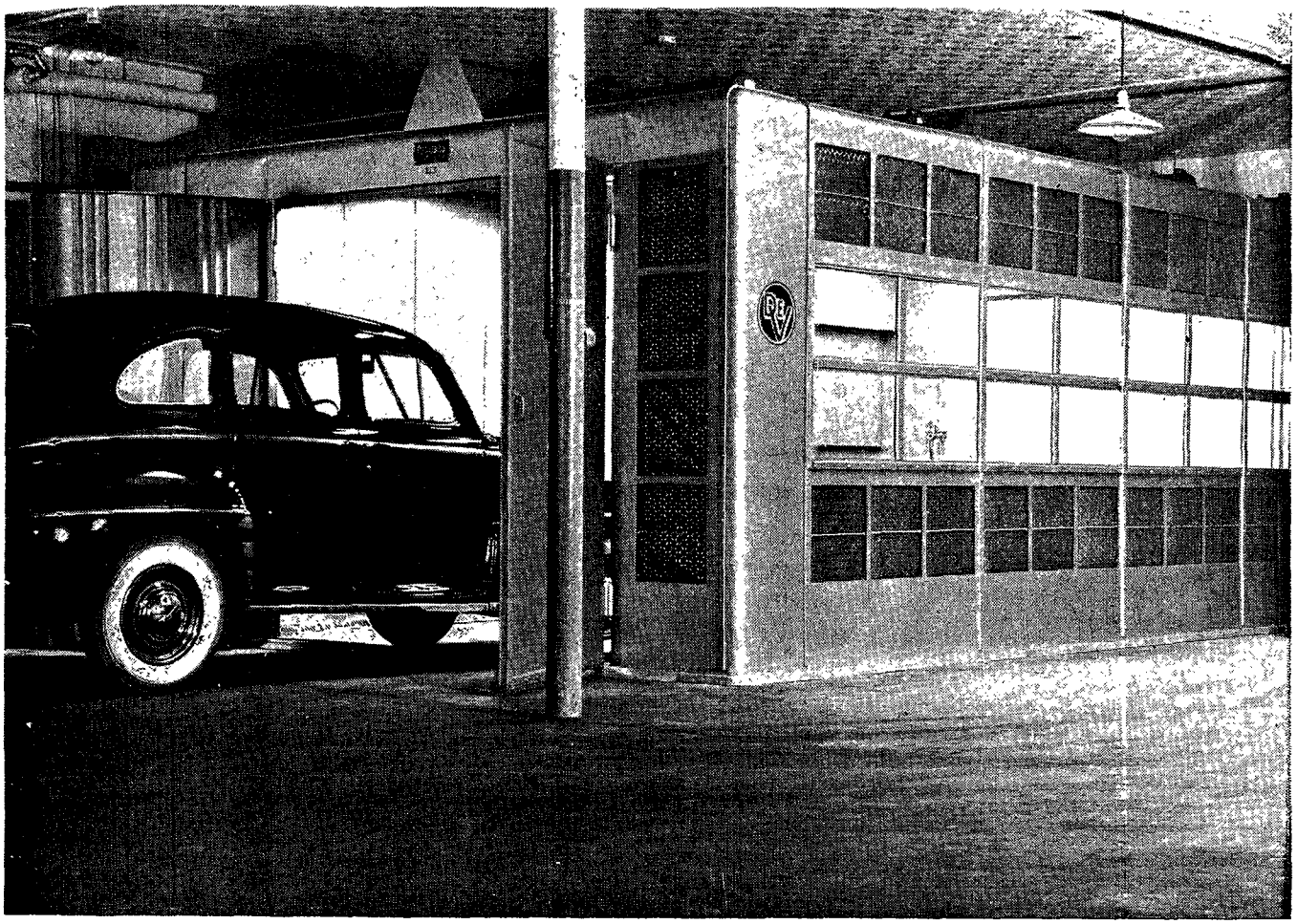
In 1947, the theater chain brought in profits of $7-million, while the production-distribution unit went into the red for $3.5-million. This year, R.K.O.'s theater wing has been off some 15%-20% from last year's showing. But it is still expected to come up with a substantial net at the end of the year.

• **Production-Distribution Setup**—The production-distribution company will not be allowed to keep any theaters. Its outlook is more uncertain than that of the exhibition unit. Mostly it depends on how Hughes operates the concern. Although the company was consistently in the red last year, it posted a $500,000 profit during the first quarter of 1948. But last year it had to write off several millions in unprofitable films.

• **Weakened Defense**—R.K.O.'s settlement is regarded as weakening the defense of the other companies under Justice's fire. These companies have maintained all along that a producer-distributor must have theaters in order to merchandise and test its pictures properly.

According to trade rumors, some of the other defendants, notably Paramount, are trying for separate consent decrees to fit their own problems. But no agreement has come out of negotiations yet. Rehearings before the three-judge Federal Statutory Court are still slated to take place this month.

Hughes' reason for beating the rest in reaching a settlement is generally believed to be his anxiety to get rid of the costly suit. Also, the sale of his interest in the theaters is a way of recouping at least part of the $9-million he is said to have paid for his block of R.K.O. stock.



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Today, in automobile refinishing booths, men make old cars look like new—quickly, inexpensively, thanks to new quick-drying finishes, efficient spraying, modern ventilating and air filtration equipment.

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Wherever high standards are set for clean air and where economy, too, is important, DUST-STOP Replacement-Type Air Filters are widely used. The pack of Fiberglas fibers forms an exceptionally efficient filter medium. Being glass, and inorganic, they will not rot, nor will they absorb the non-evaporating adhesive with which they are coated. As a result, each trapped particle of dust is quickly saturated, maintaining high dust-catching effectiveness. When the filters become loaded with dust, have done their job, they are easily and economically replaced.

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Paint shop at Bob Reese Motors, Toledo, Ohio. Spray booth by The DeVilbiss Company, Toledo, Ohio. Maintenance of filters for this type of booth is simplified because of the ready availability of DUST-STOP Air Filters, coast to coast.

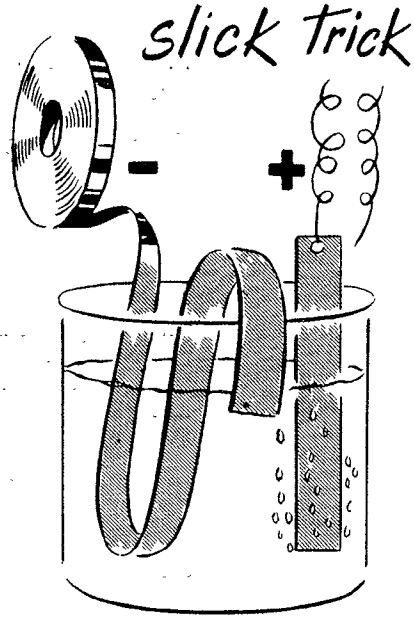
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FIBERGLAS

DUST-STOP* AIR FILTERS

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5¢ Daily Upsets 7¢ Rivals

Evening newspapers in Los Angeles fight back as the new Mirror eats into their circulation and advertising.



PUBLISHER Pinkley's unorthodox tactics have started an old-time newspaper war

An old-fashioned newspaper war is making Los Angeles a lively town.

• **Serious Threat**—This week the brand-new evening Mirror, after skyrocketing to almost half-a-million circulation for its first few issues, seems to have settled down at about 150,000. Even at that level, it poses a serious threat to the circulation, advertising, and profits of its evening competitors: Hearst's Herald-Express and Manchester Boddy's around-the-clock Daily News.

The Mirror is the offspring of the well-heeled morning Times. It is a tabloid in size—but not in character. Its conservative owners have kept it clear of the sensationalism and earthy editorial touch that made the New York Daily News so fabulously successful. Instead, the Mirror's initial gains have been due mainly to these three potent factors:

TIMING. The nickel Mirror hit the streets just after the opposition dailies hiked their prices to 7¢.

FORMAT. Though it may as yet be weak on syndicated features, particularly comics, the Mirror has a lavish, picture-splashed make-up.

PROMOTION. The Mirror was ushered in with a hard-hitting, $150,000 advertising campaign.

This implies, of course, that plenty of money has been sunk into the new venture. But just how much, no one knows except the Otis-Chandler family (which owns the Times-Mirror Co.). Estimates hover between $12-million and $20-million.

The paper is housed in five stories of its own ten-story building (BW—Sep. 4'48,p20). It also has eight color presses, a $500,000 photo laboratory—and the privilege, it is said, of losing up to $1.5-million its first year.

• **Pinkley**—The Mirror was conceived during the war years when Norman Chandler (president of the Times-Mirror) and his brothers decided that Los Angeles could use another afternoon newspaper. So when the time came they built an $8-million home for their project, and tapped Virgil Pinkley, former European vice-president of United Press, as publisher and editor.

Pinkley had just nine weeks to produce a paper from scratch. To do it, he built his staff mainly with aides from the U.P. overseas staff. And he also hired away a few men from other local dailies—a practice frowned upon by the Los Angeles Newspaper Publishers Assn.

• **Maverick**—This characterizes the Mirror's maverick behavior. Another example: For 10 years Los Angeles papers have ignored radio as a source of news; now Pinkley has decreed two pages daily of radio gossip and logs.

With a circulation guarantee of 100,000, the Mirror has lured all but two of the city's largest retailers—plus a considerable number of national advertisers—into contracts.

• **Retaliation**—Of course, the competition hasn't taken the Mirror's inroads lying down. The Herald-Express hit back first. Across page one it splashed a candid picture story of a Mirror reporter (1) sneaking damp copies of the Herald-Express out of the latter's mailing room; (2) phoning the headlines to his own city desk.

Last week the Daily News also struck with bus carcards.

• **Another Threat**—In their preoccupation with the Mirror, Los Angeles' other dailies momentarily took their eyes off another potential threat: the West Los Angeles Independent.

This is one of a string of seven weekly, free-distribution papers purchased early this year. It's the caliber of the buyers—some Time-Life executives, movie people, Los Angeles department-store men—which is the chief cause for worry.

Publisher James Parton, who headed Time's overseas editions, has explained that his backers are intent on learning the weekly newspaper field before branching out. But he admits that "no one will believe me." The grain of salt results from (1) the high-powered staff; (2) the list of wealthy stockholders;

(3) expansion of Pacific Press, the West's largest printing plant, owned partly by Time-Life.

Oleo Truce Offer

Dairymen would agree to end of taxes on margarine if sale of colored oleo were banned. But oleo men won't compromise.

Wary margarine makers warned each other this week to beware of butter makers bearing gifts.

The "gift": a sudden compromise proposal by the American Butter Institute and other dairy interests that all taxes on margarine be dropped. The catch: that Congress enact a law banning the sale of colored margarine.

• **Reasons and Reasons**—Butter men's announced reason for wanting colored margarine barred is to prevent deception. They say restaurants serve colored margarine to the public as butter.

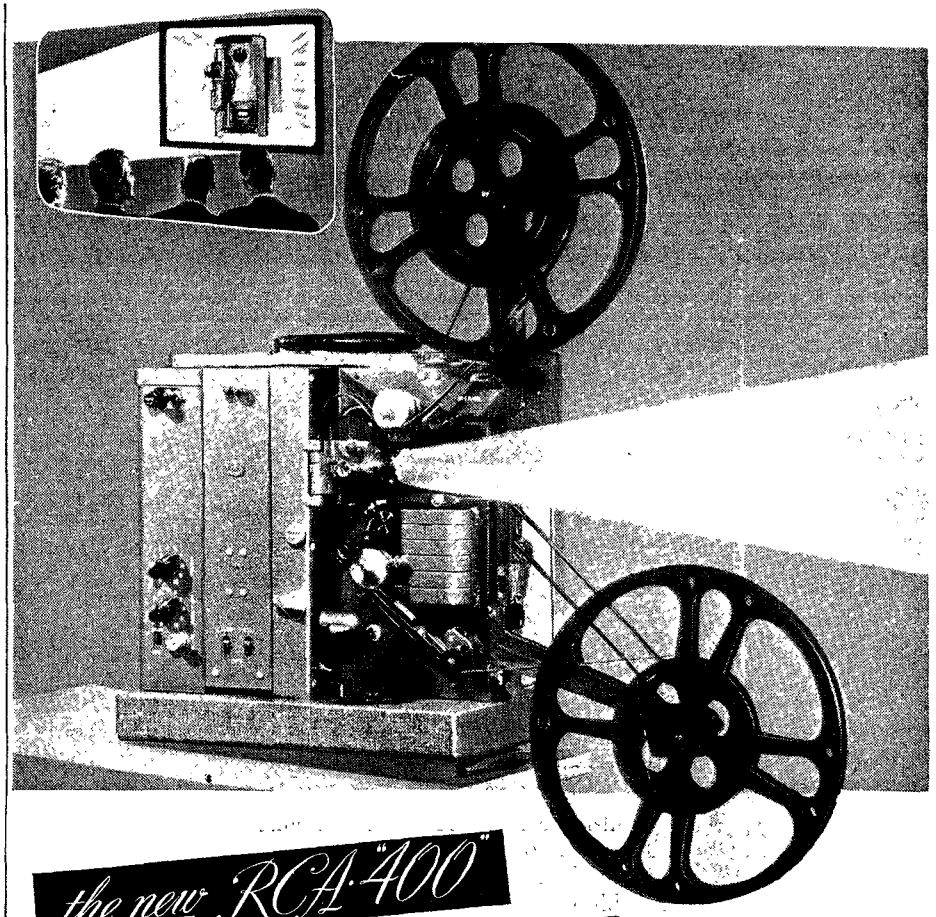
But margarine makers figured that there were a couple of other reasons, not announced: (1) Housewives dislike coloring their own oleo, so a good deal more of the product would sell if it were colored; (2) restaurants would curb their use of margarine if they had to serve it white.

• **No Compromise**—But the oleo group will accept no compromises from the butter interests that it has fought since back in the 1880's.

Oleo men had an aroused public behind them last spring when they were able to force through the House a bill to repeal margarine control (BW—May 1'48,p20). The repeal bill died in the Senate Finance Committee in the last-minute legislative rush at the close of the 80th Congress. But a similar bill will be offered next year. And margarine men feel that the new Congress will be even more sympathetic to their appeal than was the 80th.

Butter interests, of course, will press their compromise solution, too. And both sides are wondering how much public interest can be whipped up in the coming battle. The answer will depend, at least in part, on the altitude of butter prices.

• **Colored Butter**—"We are glad that the butter interests publicly admit that they have been wrong on margarine," twitted Paul T. Truitt, president of the National Assn. of Margarine Manufacturers. He and other margarine people asked an embarrassing question, too: "Why do butter men want to ban the sale of colored margarine and not of colored butter?" Margarine men know that large quantities of colored butter are sold, particularly in the winter months.



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From the first frame right through to the "end" you'll realize that here is rock-steady, brighter, flicker-free screening. 750-watt illumination. Pictures are at their best in brilliance, contrast and definition.

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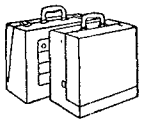
Voices, music and sound effects are reproduced with the dramatic realism, and superb tone quality of natural sound. You change from "sound" to "silent" by merely turning a knob.

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The RCA "400" is the easiest of all projectors to thread. It is exceptionally simple to operate. Theatrical framing. Finger-tip tilt control. Smartly designed projector is compact and easily carried. Ideal for use in business, industrial training, churches, schools and colleges, homes.

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GENERAL ELECTRIC

THE MARKETING PATTERN

THE NIGHT after the election movie-producer Walter Wanger appeared on a panel broadcast over New York City's radio station WQXR. The subject under discussion was: "Is the movie audience getting what it wants?" The interlocutor asked Wanger: "Can you tell us if the film industry has any guide to popular favor other than box office receipts?"

"Until last night," Wanger replied, "we always had the advantage of Dr. Gallup's Audience Research Institute . . . I don't know what the substitute will be."

Of course, the answer was good for a laugh. But it's no laughing matter for the political pollsters who came a cropper (page 25). Their main business is the market research they conduct between elections.

The most ironic point about the pollsters' unfortunate calculations is the fact that they conduct the political polls more or less as advertisements for their services. In previous elections, the payoff has been the comparison of election results with the pollsters' predictions. Until this year's elections, the comparisons have been very favorable.

THE RESEARCH TRADE is wondering what effect the election fiasco will have on its business. At least one small researcher has greeted the pollsters' downfall with glee. He says that previous election polls by the big outfits won customers for the pollsters. But this time he expects the polls' miscalculations to drive customers into the little fellows' offices not publicized by election polls.

Among executives of other research firms not involved in the election blowup there is some feeling that, in the long run, market research will learn some lessons from the experience. Researchers, they say, will have to tighten up their procedures. They will have to choose their samples more carefully. And they'll have to be plenty cautious in interpreting the results of their question-asking.

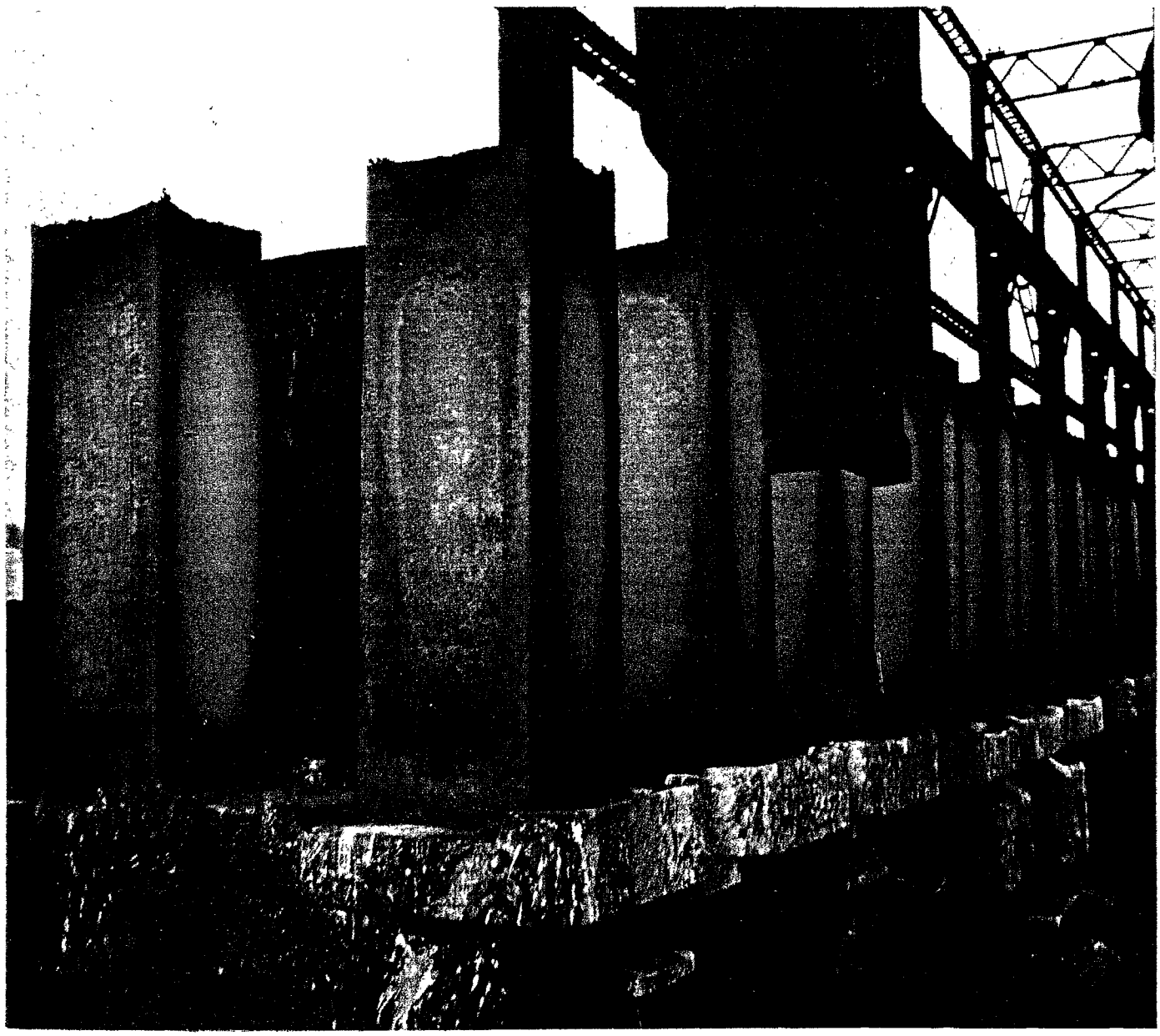
Meantime, the research fraternity can expect a competitive barrage from the public relations people. This group is sure to approach management something like this. "Why put your money into research on attitudes toward yourself or your product? Why pay the pollsters to get opinions or indexes of buying expectations? It's all phony, anyhow. Get yourself a public relations expert who will *mould* public opinion for you—not measure it wrong."

WHILE THE PUBLIC as a whole may cast a sardonic eye at polls for awhile, the really important buyers of research probably won't change their programs much. They have been working closely with the vox poppers for some time; therefore, they have been aware of the error possibilities inherent in any sampling method. But some of the smaller "fringe" buyers of research services may decide that research is still too inexact a science for them to risk an investment in. And some top management men, better acquainted with the results of research than with the techniques, may keep their own research departments under the gun for awhile.

Most consumer market research, however, shouldn't suffer too much. The job of consumer quizzing is usually to find out what people have, how much they make, what magazines they read. This is quite a different thing from asking people what they expect to buy, earn, or read in the future. And this, in effect, is what the election polls attempted—to find out how people expected to vote at some time hence.

Management men have never put too much faith in the prospective-purchase surveys anyhow, say the researchers. But refrigerator makers have relied heavily on studies which tell them how many refrigerators there are in Des Moines, or how many farm homes wired for electricity have quick-freeze units.

WHAT IT ALL may add up to is this: Most intelligent marketing executives will continue to channel dollars into research studies that tell them what people are doing, or what they have done. And they will want to be surer than ever that the techniques used are the best that can be devised. But they will keep on being skeptics when it comes to determining what people are going to do tomorrow, next week, or next year.



Removing molds (stripping) from hot Open Hearth ingots at the Lowellville, Ohio, Works of the Sharon Steel Corporation.

There is no finer STEEL than SHARON

For almost 50 years the Sharon Steel Corporation has produced America's finest steels for America's finest customers. One reason why Sharon is today one of the nation's ten largest steel makers.

SHARON STEEL CORPORATION

Sharon, Pennsylvania

SHARONSTEEL

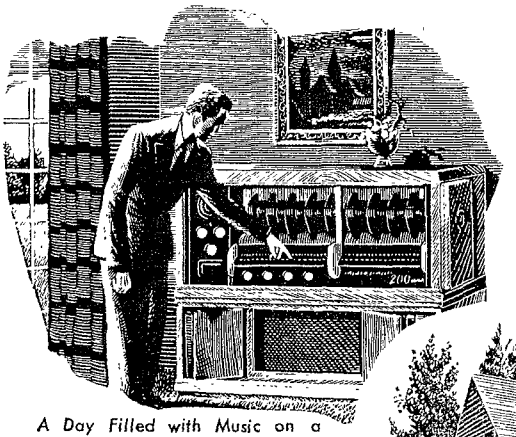
BRAINARD STRAPPING SYSTEM

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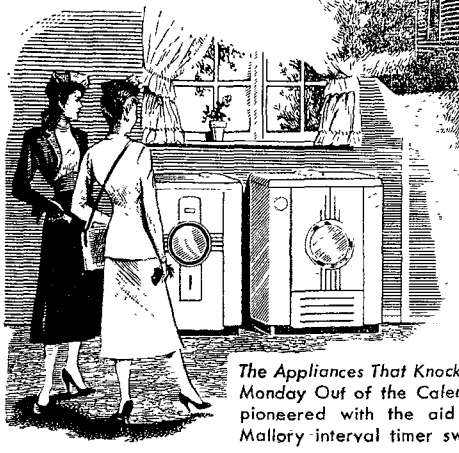
Home Was Never Like This...



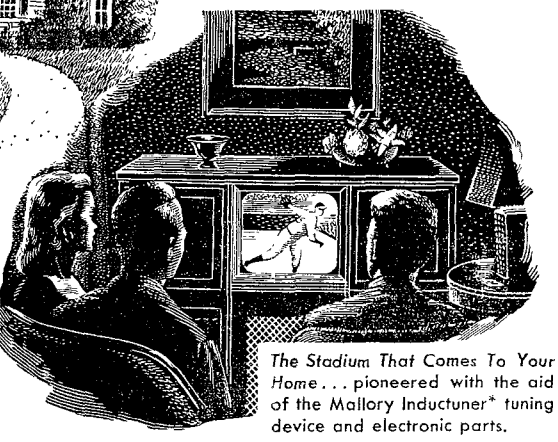
A Day Filled with Music on a Snap and a Wish . . pioneered with the aid of Mallory switches and capacitors.



The Ice Cubes That Were Ready When You Needed 'Em Quick . . pioneered with the aid of Mallory capacitors.



The Appliances That Knocked Blue Monday Out of the Calendar . . . pioneered with the aid of the Mallory interval timer switch.



The Stadium That Comes To Your Home . . . pioneered with the aid of the Mallory Inductuner* tuning device and electronic parts.

. . . *until Electrical "Brains" Helped Make It so*

The American home is the world's best home today for two important reasons—the homemaker's devotion and the electrical "brains" that are her ever-present accessories. These work for her—saving her time and effort—providing new relaxation—and permitting her to do a better homemaking job than ever before.

Electric refrigerators, completely automatic washers, self-controlled dryers, television receivers, and now a new device that automatically selects, plays and replaces records for hours on end. These and many like them quickly become commonplace, largely because they are so completely trouble-free.

Many of these contributions to better living have been developed by the use of Mallory parts and materials. Mallory components often provide the electrical "brain-power" responsible for their completely automatic operation . . . and in every case Mallory precision has played an important part in their record of dependable performance.

Behind this precision stands the skill acquired in thirty years of pioneering development and manufacturing in the fields of electronics, electrochemistry and metallurgy. If your problem of design or production falls within this area, let Mallory assist you in reaching a higher degree of perfection for your product.

**Registered Trademark of P. R. Mallory & Co., Inc., for inductance tuning devices covered by Mallory-Ware patents.*

P. R. MALLORY & CO. Inc.

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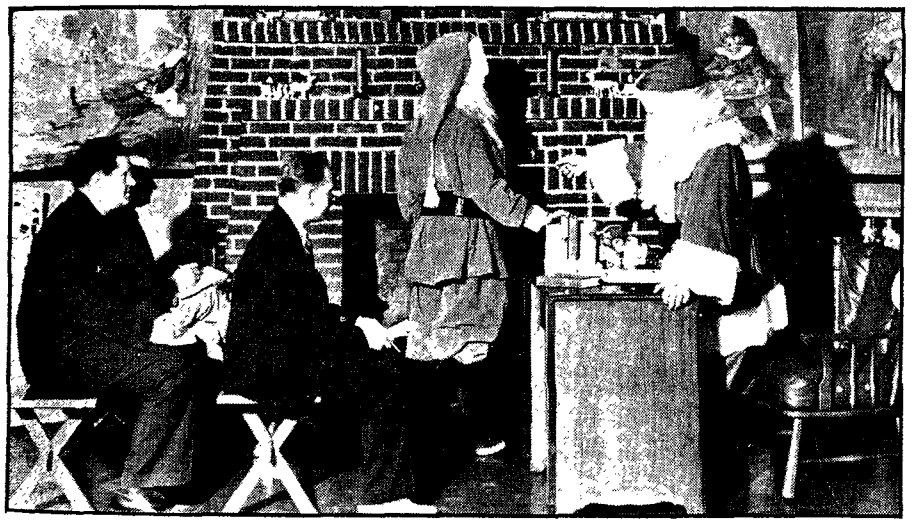
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Gearing for Christmas



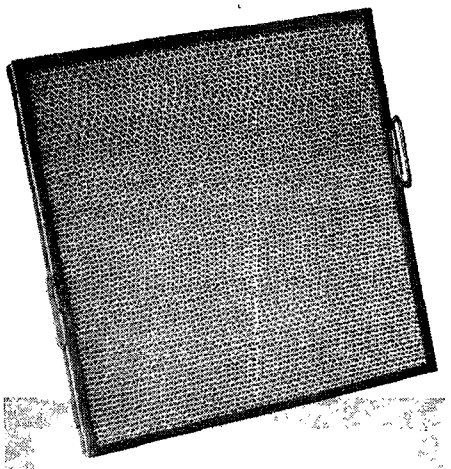
HELP FOR SANTA of expert type will come from New Orleans salespeople. Reason: 30 of them graduated last week from a course on how to wrap gifts for stores



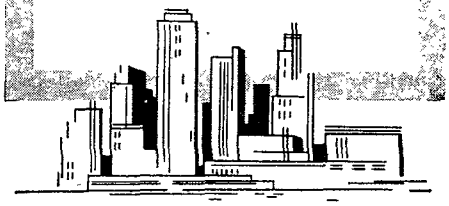
SCHOOL FOR SANTA is held in Albion, N. Y. It teaches the department-store variety how the North Pole variety acts. Tuition is $50. "Xmas expert" is Charles W. Howard



PSYCHOLOGY FOR SANTA was discussed at Parents Magazine's one-day training school. Santa, said psychologists, should be mild-mannered, soft-spoken, not scare childen



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People buy more and work better in cool, clean, air conditioned buildings. That is why progressive commercial institutions are interested in *clean* air and are standardizing on Far-Air Filters. The *herring-bone-crimp* design assures dependable higher performance, larger dirt holding capacity, lower pressure loss, easier cleanability, reduced maintenance costs.

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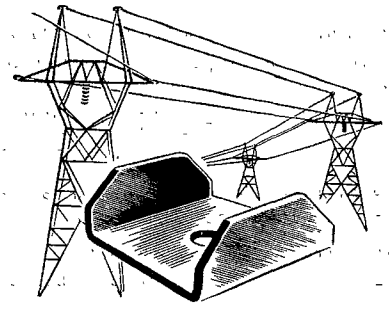
(Advertisement)

BUSINESS IN MOTION

To our Colleagues in American Business . . .

The part shown here certainly does not seem complicated in either design or manufacture. Yet actually it proved to be difficult to make as economically as was desired The piece is called a "potential tap," and is a small stamped channel section used in certain types of electric meters Since it has to carry current, naturally it is made of copper.

Originally this was made of electrolytic copper, with sufficient hardness to provide the strength required to withstand the operation of tightening the wires on it by means of a nut and washer. The metal, however, proved troublesome, because cracks developed at the bends during the forming operation. As a result, 100% inspection was required, and rejections were numerous. Even though the rejects had a high salvage value, as is the case with anything made of copper, still the cost of the part was much higher than had been expected.



At this point, a Revere Technical Adviser entered the picture. He studied both the requirements of the metal and the fabrication methods, and made two suggestions. One was that a somewhat harder temper be used. The other was that the metal be OFHC Copper, Oxygen-Free, High Conductivity. Test runs on this Revere Metal proved so satisfactory that a large production order was placed.

OFHC Copper carries a premium over regular electrolytic, due to the extra processing necessary to produce it. Most of its applications are rather special, such as in electron tubes, and in electrical equipment operated at high temperatures in the presence of reducing gases In the case of this potential tap such chemical characteristics were unimportant. The reason the Revere Technical Adviser recommended the metal was that it has excellent forming characteristics, even at a Rockwell hardness of B50. For that reason it can be deep-drawn, and the 90-degree bend required in this part is easy to produce without fracture.

The General Manager of the company expressed it this way: "We paid a premium for OFHC Copper. But that premium is much more than offset by our saving in scrap and the all-around reduction in costs. Our potential taps now have no more cracks in the bends, there are no rejections whatever, and expensive inspection has been eliminated."

Thus another manufacturer has learned that it is not the price per pound that determines the economy of a material, but the cost of the finished part made of it.

In this instance Revere collaborated with the company in the investigation. However, there are other informed suppliers of materials, whether they be metals or chemicals, plastics, glass or wood. Revere suggests that you take them into your confidence, and work closely with them. After all, every order entitles you to their knowledge as well as to their shipments. Why not get both?

REVERE COPPER AND BRASS INCORPORATED

Founded by Paul Revere in 1801

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Executive Offices:

230 Park Avenue, New York 17, N. Y.

MARKETING BRIEFS

LIQUOR SALES this August beat August, 1947, by 1.8%. Even so, the eight-month total for 1948 still lags 2.4% behind last year

EXCLUSIVE-DEALING CONTRACTS between National Pressure Cooker and wholesale distributors got the ax from FTC last week. The company will not appeal.

CANDY MAKERS also felt FTC's hot breath last week. Charges against 24 companies: discrimination in price, allowances, services, and facilities.

CIGAR SMOKERS bought 13% more stogies during September, 1948, than they did during that month last year. But tax figures show cigarette sales for the same period gained only 2%.

WESTWARD is the name of Kaiser Co.'s new pocket-size magazine for customers. Photographs, art, and color point up Pacific Coast industrial expansion.

AMATEUR PHOTOGRAPHERS buy $33-million worth of equipment yearly, according to an Eastman Kodak study. Commercial photography accounts for an additional $67-million

SEARS, ROEBUCK had the best October ever. Sales hit $221-million, 7.8% higher than last October. Sales from February through October are 20% ahead of last year

COAXIAL CABLE linking A.T.&T.'s Boston-Richmond and St. Louis-Milwaukee television hookups will open January 12. The presidential inauguration will probably be the first major event telecast over the entire network.

LUGGAGE RETAILING by catalog has been adopted by U. S. Luggage & Leather Products. Hopes to sell through 50,000 stores, ship directly to customers.

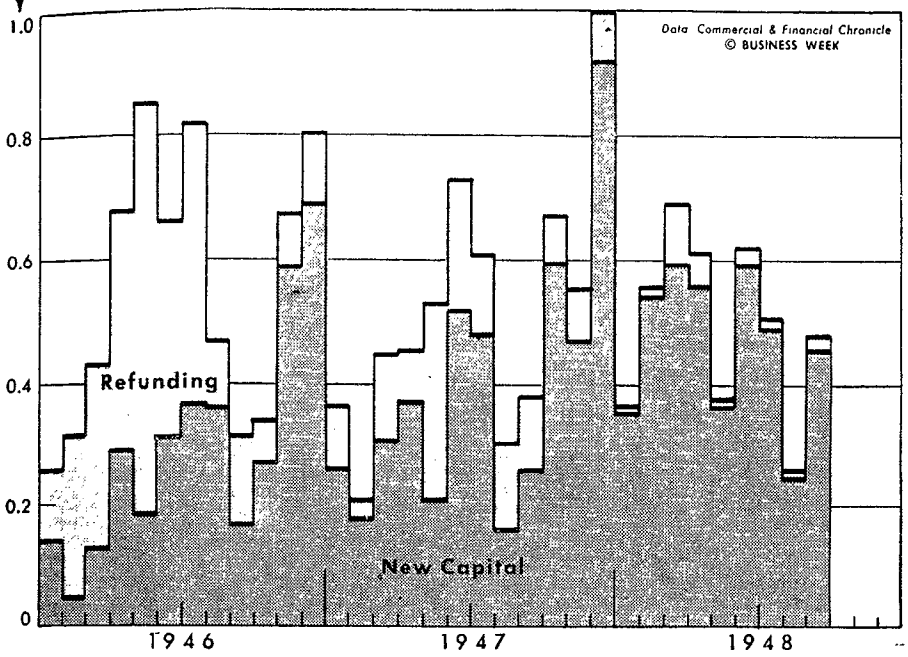
C. B. S. relaxed its ban on recorded programs last week to permit rebroadcast of live programs Gives sponsors a chance to keep big-name programs going in summer.

DEPARTMENT-STORE SALES are 7% ahead of 1947 for the year up to Oct 30 Biggest regional gain, 12% (Dallas district); smallest, 3% (Boston, San Francisco).

HALVING WAREHOUSE RATES: "Unitized" loads could do it in many cases, says materials-handling expert Albert B. Drake. Readying loads for mechanical handling will cut time and pilferage.

FINANCE

Corporate New Financing (billions of dollars)



NEW ISSUES have stayed high, but they have been yielding . . .

Less Profit for Underwriters

Industry may have more trouble raising new money in the future. Underwriters' income has been hit by private placements, overbidding, and corporations' tendency to sell bonds.

Results of the election throw a cloud over business plans for capital expansion and the demand for new money.

• **Hopes**—Up to election day, Wall Street thought it had a fairly good idea of what lay ahead in the capital markets. On the demand side, it anticipated a steady stream of new issues to raise money for capital-expansion programs. On the supply side, it looked for a pair of contradictory trends: (1) a gradual tightening of credit under a moderately conservative Republican administration; (2) a series of measures designed to offer more incentives to investors (for instance, corporate tax reform).

This combination, the Street concluded, spelled slowly raising money rates, a high volume of activity, more "public" participation, and something better than the "profitless prosperity" that the securities business has experienced for the past couple of years.

Now, nobody knows what's ahead.

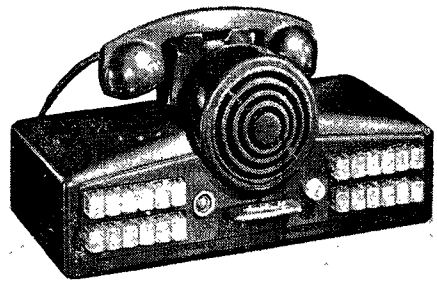
• **Less Expansion?**—First, there's the question of what the Truman victory will do to the capital-expansion plans of business in general. The immediate impulse of many businessmen has been to pull in their horns. They fear that an excess-profits tax or a government-supported fourth round of wage increases will take the profit out of new facilities. They are afraid that allocations of materials will cut their production, and that price controls will narrow their margins.

But this mood may pass. If Truman takes a fairly easy-going attitude toward business, the chances are that few expansion plans will be shelved. And while business is waiting to see which way the Democratic cat will jump, the tremendous volume of expansion projects already under way will keep total corporate spending at a high level.

• **Supply Problem**—But if business still wants new money for expansion, will Wall Street be able to supply it? The Democrats probably will be more inclined to easy money than the Republicans would have been. But there is no use hoping for any special incentives for investors. And the stock market's frantic dive for the cellar (page 100) is a bad omen for finance in general.

At this point, nobody in Wall Street can tell how these problems will work

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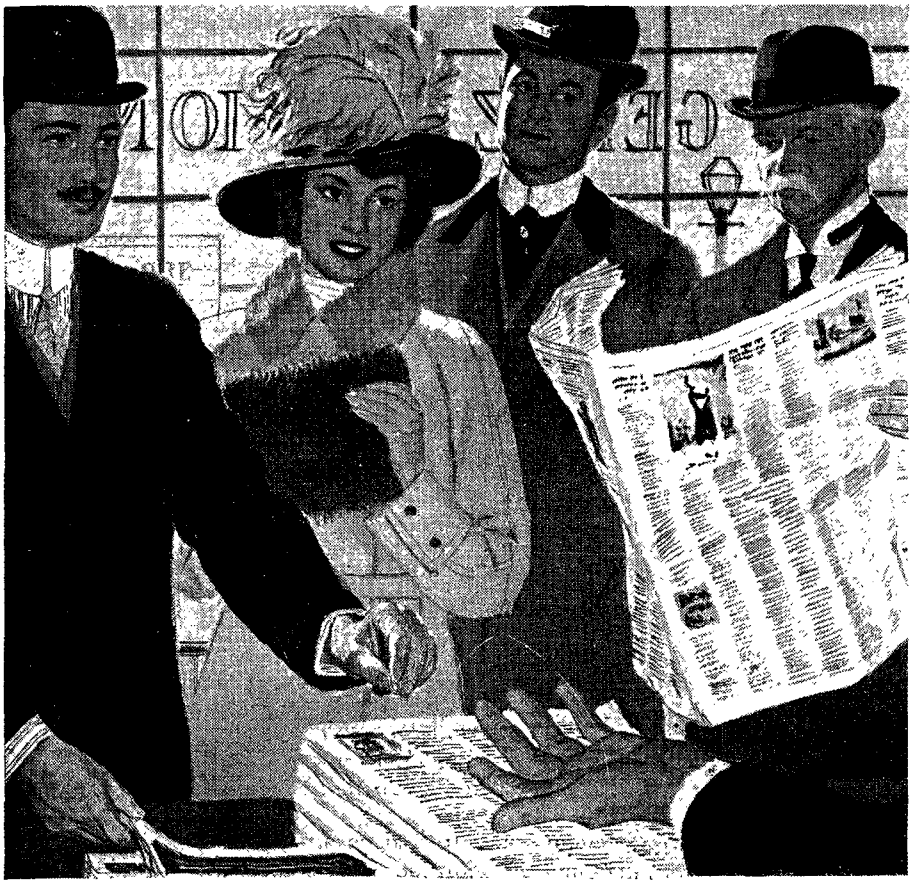
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Company.....

Address.....

City..... State.....



Four customers were a crowd...

...back in 1911, when Benjamin Gertz opened his tiny stationery store in Jamaica, Long Island.

Here he cheerfully sold newspapers, magazines and writing materials to a bustling, fast-growing community. His business grew and he added toys, sporting goods and musical instruments.

Jamaica kept on growing. And so did an idea in the minds of Benjamin Gertz and his two sons, who had joined the business. "Why not," they asked themselves, "establish Long Island's first completely stocked *'thrift'* department store?"

This would require financing—for larger quarters, for store equipment, for a line of men's and women's clothing. Could the Bank of the Manhattan Company help? It could—and did.

In 1925, the Gertz family came to the Bank with a still longer-range merchandising program: to offer a wider and wider variety of the finest merchandise with a "Triple Guarantee" of satisfaction, service, and prices as low as any in New York City. In this undertaking, the Bank again lent a hand.

Expansion was rapid as the Gertz business went ahead—with the assistance of the Bank. Even during the depression, thrifty-minded customers thronged to the Gertz store in such numbers that still more space was added, as well as a 1200-car parking lot.

Today Gertz is the fifth largest department store in New York City; expects to do a $30,000,000 business this year.

The Gertz business, in its modern 7-story air-conditioned building, is a far cry from the tiny shop of 37 years ago. And it is built on a firm foundation of vision, hard work and creative finance.

CHARTERED 1799

Bank *of the* Manhattan Company

NEW YORK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

themselves out. For the present all a securities man can do is keep his fingers crossed and wait for more news on Truman's plans and industry's appraisal of them.

• **Gloom**—It isn't as though the corporate-new-issues market had been blooming even before the election. In recent weeks, when their hopes were highest, underwriting houses still were having their troubles.

It wasn't the amount of business that was bothering them. Offerings of new corporate securities in the first nine months of 1948 added up to almost $4½-billion. That's 11% higher than the same period last year, and only 8.7% less than the first nine months of 1946—biggest new-issue year since 1929.

But despite this high level of business, Wall Street's underwriters have rarely been so gloomy as they are today. Reason: For all the volume, they haven't been able to earn respectable profits. Several factors are responsible for this state of affairs. Most important among them: private placements; more bonds and fewer stocks; overbidding.

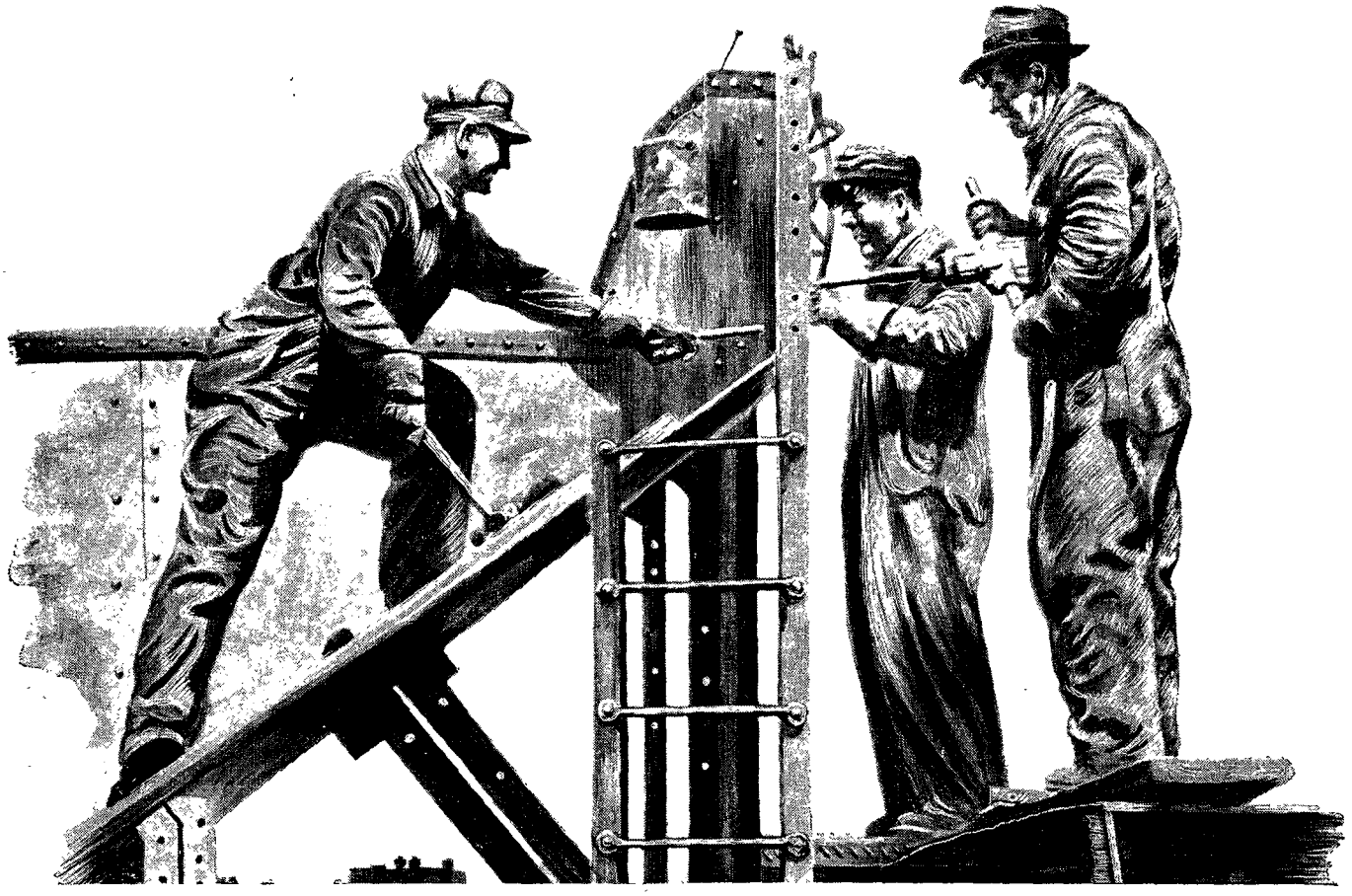
• **Private Placements**—Most of the new issues that are sold privately to insurance companies or other institutional investors never pass through underwriters' hands at all. So, from the standpoint of underwriters' profits, they might just as well never have been sold at all. In the first nine months of 1948, some $1.7-billion of new corporate securities bypassed Wall Street this way.

That's almost 40% of the total of new-issues flotations. Only once before (in 1942, when the war was restricting new-issues marketing) has this percentage ever been surpassed. And dollarwise, private placements in 1948's first nine months have already topped the total for all of 1947.

Occasionally, of course, an underwriter will midwife a private-placement deal. A case in point: the recent sale of $250-million of bonds by Shell Caribbean Petroleum Co. to a group of institutional investors; the details were handled by Morgan Stanley & Co. (BW—Oct.30'48,p21). But such examples are comparatively rare, by and large, the trend to private placements has definitely hurt the earning potential of the underwriters and distributors of new issues.

• **Fewer Stock Issues**—Commissions received by underwriters for handling new stock issues are almost always higher than those on bonds. Reason: The risk is greater. And, with the supply of risk capital drying up in recent years (BW—Jan.24'48,p70), corporations have been relying more and more on bonds for their new money.

Last year, for example, new stock issues amounted to only about $1.2-billion. That was a drop of some $250-million from 1946. And it represented



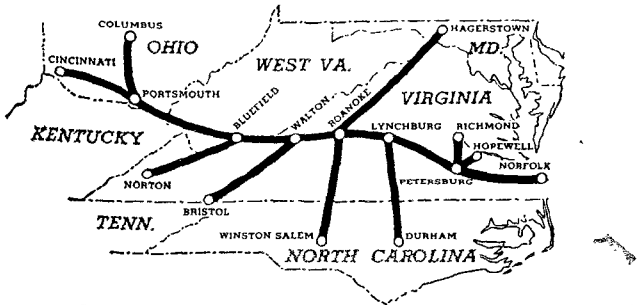
. . . the human ingredient
. . . in the unbeatable combination

On the Norfolk and Western Railway's Roanoke, Va., shop assembly line, men like these build a 70-ton steel coal car* in 48 minutes.

The building of these sturdy cars is only one of thousands of jobs which go on ceaselessly behind the scenes. The workers who build them are only a few of many thousands of Norfolk and Western employees. *But these men typify the human ingredient which helps to make Norfolk and Western* Precision Transportation.

Good railroad transportation requires modern and efficient facilities from the roadbed up. It requires sound, progressive operating methods . . . and the teamwork of the thousands of Norfolk and Western employees with trained minds and skilled hands . . . with the sense of responsibility which creates the human desire to see the job well done . . . and with the experience that assures the railway's shippers that the job of providing dependable rail service *will* be well done.

This is the vital human ingredient in the unbeatable combination.



The Norfolk and Western Railway recently was awarded the Harriman Memorial Gold Medal for making the outstanding safety record among the large Class I railroads of the nation in 1947. This marks the fourth time the N. & W. and its employees have won the highest honor in railroad safety.

*The N. & W. has more than 52,000 coal cars of various capacities to serve the coal mines along its lines, dealers and consumers. The cars are designed and built to fit the needs of the coal operators and coal users.

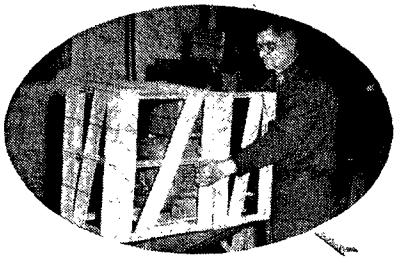
Norfolk and Western
RAILWAY
PRECISION TRANSPORTATION

Leach Silo Unloaders, manufactured by the Leach Company of Oshkosh, Wisconsin are a boon to farmers in eliminating an unpleasant chore and conserving ensilage. But packing the 1200 pound, oddly shaped units in such a way that they could be handled and installed conveniently presented a difficult problem. Some method for shipping the machine as a group of sub-assemblies that would pass through small silo doors was essential.

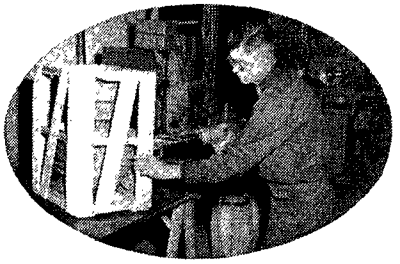
Wirebounds solved the problem. Wirebound engineers "tailored" eleven different boxes and crates to package and protect the various parts of the unloader for safe, convenient shipping and handling. At the receiving end, re-assembly was easier because contents could be seen and identified through the sides of the Wirebounds for unpacking in proper sequence.

Light weight Wirebounds meant real shipping economy for Leach too. Less than seven man-minutes were required for packaging any one of the unloader sub-units and packed crates could be stacked 10 high to conserve valuable floor space!

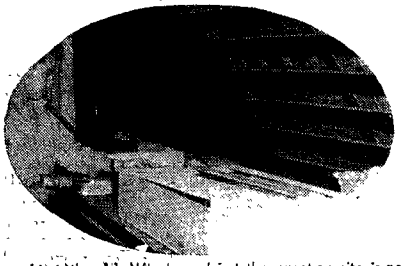
Wirebounds can provide an efficient, economical solution to your shipping problems. Mail the coupon below!



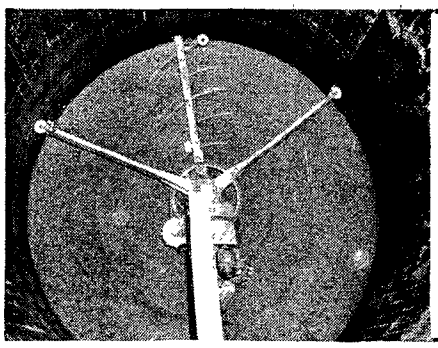
161 pound motor for the Leach Silo Unloader is mounted on a crate base which is engaged by the bottom cleats of the Wirebound.



The door-like fourth side is folded shut and the wires are twisted closed with an electric toggle twister.



Unpacking the 11 Wirebounds at the erection site is no problem since the twisted wire closures need only be cut to open.



The unusual shipping problem encountered by the Leach Company is readily apparent in the above view of the assembled Silo Unloader.

another "ODD SHAPE"

shipping problem solved by

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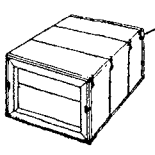
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SIXTY WIREBOUND PLANTS THROUGHOUT THE UNITED STATES



Wirebound BOXES & CRATES

only 26% of the year's total new-issues business. This year the showing has been even worse: According to the Federal Reserve Bank of New York, stock issues made up only 20% of the total in the first six months, only about 9% in the July-October period.

• **Overbidding**—Back in 1946, underwriters took a lot of heavy losses because they bid too high on new issues. For quite awhile after that unpleasant experience, they were careful to keep their bids below going prices. Today, however, there are signs that they are forgetting that costly lesson.

Back in September, an underwriting syndicate bid 100.14% of par for $75-million of Pacific Telephone & Telegraph Co. 3⅛% bonds. It promptly reoffered them to the public at 100.53. The issue received a lukewarm reception from the start. That might almost have been expected, because of the big volume of Bell System paper that has been absorbed by investors in the past year or two: Bell obligations accounted for over 50% of all utility flotations in 1947; for 32% so far this year.

A month later, a large portion of the Pacific Tel. & Tel. bonds still remained unsold. Nevertheless, another big syndicate bid 101.77% of par for $75-million of new Michigan Bell Telephone 3⅛% bonds. These bonds were reoffered at 102.¼. And they didn't sell either.

• **Coup de Grace**—Crowning blow to the hopes of both syndicates was the announcement by American Tel. & Tel. itself that it planned to sell $150-million



Lesson in Finance

Basil B. Chesley, Lansing (Mich.) druggist, believes in teaching them the ABC's of finance while they are young. He has installed this self-service cash register in his store where young (and old, too) can ring up their own purchases—all on the honor system. So far, Chesley reports that honesty has been holding its own; and the register is a big drawing card.

of new bonds soon. When that news was received, the two syndicates gave up hope of selling their bonds at the offering price, and decided to let the issues seek their own levels in the open market.

The Pacific Tel. & Tel. bonds promptly dropped to 98% of par; the Michigan issue, almost to par. Wall Street hears that the syndicate handling the Michigan bonds took a loss of about $1-million.

• **Another Example**—Overbidding has by no means been confined to telephone bonds. Just a couple of weeks ago an underwriter bought $10-million of New Orleans Public Service Corp. 3¼% bonds at 101.565% of par, reoffered them at 102⅛%. Before it could get out from under, it had to drop the selling price to 100.95. That represents a net loss of about $6.15 on each $1,000 bond sold. And instead of earning the expected $56,000 on the deal, the underwriter took an out-of-pocket loss that's estimated at $61,000.

Obviously, not all recent new offerings have gone sour. On most issues, particularly earlier in the year, underwriters held their bids down to a point where they could reoffer the securities to yield more than comparable outstanding issues—and still make a profit. But even in most of these cases, underwriters were forced to slice profit margins pretty thin.

• **Impact on Business**—It would be the worst sort of shortsightedness for businessmen to kiss this whole situation off as merely "Wall Street's worry." Underwriters are like anybody else: They can't and won't continue to take losses lying down. To relieve their present plight, they are likely either to hold down their bids on new issues, or to insist on higher coupons. Either way, it will cost business more to raise money.

DEARBORN SAYS NO

Boston's John Hancock Mutual Life Insurance Co. planned to build a $10-million rental housing project at Dearborn, Mich. (BW—Oct.9'48,p25). But now it's not going to do it. The reason: Dearborn residents have indicated they don't want it.

On election day, the voters turned thumbs down on the project by a thumping margin—15,948 to 10,562. Only 8 of Dearborn's 55 voting precincts, in fact, voted in favor of it. The vote was on an advisory referendum for the guidance of the Dearborn city council.

The outcome was a victory for Mayor Orville Hubbard. He had long fought erection of the proposed 500-rental-unit project, on the grounds that it would bring into his residential community "an undesirable element."

The insurance company has made no



. . . but loaded with business DYNAMITE!

A little fire can ruin a big business. If your *records* go up, you're in trouble—4 out of 10 firms never reopen after losing their records by fire!

Keep your records in a safe—But—

CAN YOU DEPEND ON YOUR SAFE?

NO . . . if it is a refinished used safe that may have been in a previous fire or burglary.

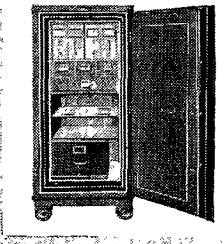
NO . . . if it was built before 1917.

NO . . . if it does not carry the label of the independent Underwriters' Laboratories, Inc.

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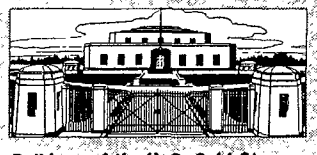
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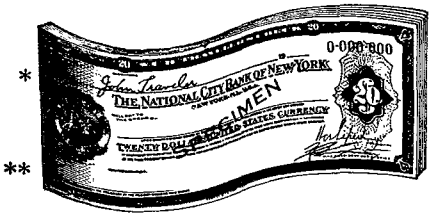
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official statement since the election returns were announced. Earlier, however, John Hancock spokesmen hinted that the proposed project would be taken to some other community if the vote showed that Dearborn wasn't interested.

AKRON TO DIVERSIFY

Put Akron on the growing list of one-industry cities that want to diversify.

Sparkplug behind the drive for new industry is the rubber capital's biggest bank, First National. It has turned its officials into a sales force that will carry the Akron story in person to corporations that are considering expansion.

The roving ambassadors will carry along with them a "personalized" brochure that stresses these Akron advantages: (1) a freight run of 24 hours or less to 70% of the U. S. market; (2) an area served by 64 common and contract trucking companies; (3) a favorable tax rate of $34.64 per thousand.

To clinch the deals, the salesmen have another strong argument: First National will put up the capital to erect any type of building for the new industry or business. The only condition is a long-term lease.

Working Capital Hits Another New High

Corporate working capital is still climbing. That's the word from the Securities & Exchange Commission this week.

At midyear, SEC reported, current assets of all U. S. corporations (excluding banks and insurance companies) topped current debts by $63.9-billion. That's a spread 2.1% larger than the earlier record-breaking total of last March; and it's 5.4% greater than at the start of 1948.

Cash and government bond holdings continued their postwar downtrend. Inventories, meantime, were at a new high in June.

But current liabilities took a drop, too. So, all in all, you get this picture:

The current ratio (current assets divided by current debts), for example, worked out to 2.17 vs. 2.14 at the 1947 year-end. Quick assets (current assets excluding inventories) also covered current debts 1.35 times, compared with only 1.33 times six months earlier. Normally, 2-for-1 current and 1-for-1 quick-asset ratios are considered good by fiscal authorities.

Here is SEC's latest working capital report (in billions of dollars) in detail:

CURRENT ASSETS

	Cash	*Government Securities*	*Receivables*	*Inventories*	*Other Current Assets*	*Total*
1939	$10 8	$2 2	$22.1	$18 0	$1 4	$54 5
1940	13 1	2.0	24.0	19.8	1 5	60 3
1941	13.9	4 0	28 0	25.6	1 4	72.9
1942	17.6	10 1	27 3	27.3	1 3	83 6
1943	21.6	16 4	26.9	27 6	1 3	93.8
1944	21 6	20 9	26 5	26 8	1 4	97 2
1945	21 7	21.1	26 3	26 3	2.4	97 8
1946	21 4	14.9	32 3	34 8	1 7	105.1
1947	22 6	13.4	38 2	40 6	1 6	116.6
1948						
March 31	22 1	13 2	38 8	42 3	1.5	117 9
June 30	22 4	12 6	38 7	43 0	1 6	118.4

CURRENT LIABILITIES

	Payables	*Taxes*	*Other Current Liabilities*	*Total*
1939	$21 9	$1 2	$6 9	$30 0
1940	23.2	2 5	7 1	32 8
1941	26 4	7.1	7 2	40 7
1942	26 0	12 6	8 7	47.3
1943	26 3	16 6	8 7	51 6
1944	26 8	15 5	9 4	51.7
1945	26 1	10.4	9 7	46.2
1946	31 3	7 9	9 7	48 9
1947	35 3	10 0	10 8	56 0
1948				
March 31	34 0	10 0	11 3	55 3
June 30	33 8	10 2	10 5	54.5

NET WORKING CAPITAL

1939	24 5	1945	51.6
1940	27 5	1946	56 2
1941	32 3	1947	60.6
1942	36 3	1948	
1943	42.1	March 31	62.6
1944	45.6	June 30	63.9

Airport Income Up

Municipal fields show operating profit for the first time—thanks to rentals from non-flying concessions.

For the first time in history, city-owned airports as a group have been able to show an operating profit.

• **A Record**—That's the report of the 1948 Municipal Yearbook, which International City Managers Assn. has just put out. In 1947, says the Yearbook, gross revenues of 173 municipal airports added up to over $8.9-million. This set a new high. Operating costs for the same period came to $8.2-million.

That $700,000 in the black represents quite a jump from the 1946 showing. In that year, substantially the same group of airports were in the red with a total operating deficit of over $1-million.

• **To the Rescue**—It wasn't the flying business itself that pulled the rabbit out of the hat. The association gives credit for last year's record-breaking revenues to banks, beauty shops, and other businesses renting space at air terminals. Those rentals gave the airports a substantial increase in income in 1947.

Topping the list as an income producer was Miami's International Airport. Its revenues of $764,000 came close to doubling running expenses of $384,000. Dallas' Love Field and St. Louis' Lambert Airport can make the same claim. The Newark (N. J.) airport wasn't far behind. Its 1947 income was some $500,000; its running expenses only $300,000.

• **Tops in Revenue**—For sheer size of revenues, New York's La Guardia Field takes the national blue ribbon. That field, now operated by the Port of New York Authority, took in $832,000 in 1947; in the six months ended Nov. 30, 1947, its take counted up to over $636,000.

In "non-aviation concessions," the Yearbook points out, "La Guardia Field has reached the highest development" so far. To travelers using its facilities, it offers a score of non-flying services. These include an automobile park, newsstands, barber and photography shops, taxi and bus services, an observation deck, a postoffice, drug stores, even clothing stores.

La Guardia gets two-thirds of its total income now from fees from such concessions, the association reports; income from actual flying activities supplies only a third.

• **But not in Profits**—Even so, La Guardia Field has yet to show a profit, although its revenues have risen sharply since Port Authority took over from

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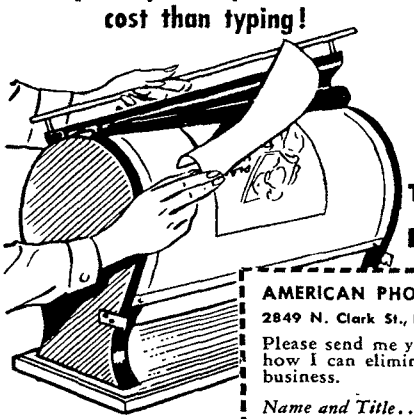
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the city. The sideline businesses brought in the cash. But building them up was what put the Field in the red last year; receipts were poured into further expansion of "extracurricular activities."

In the case of 83 separate airports, fees from terminal concessions accounted for over $1.1-million of revenues in 1947. Several airports, the association notes, actually "were saved from going in the red" by the added income they derived from such sources.

• **Money-Makers**—Thus, the automatic insurance-vending machines installed at their airports proved particularly profitable to the cities of Baltimore and Knoxville. Hatbox Field, owned by the city of Muskogee, Okla., is similarly reported to have done well with an airport hotel. Cliff Manus Field, the property of Corpus Christi, Texas, is also said to have picked up satisfactory extra income with an airport hotel and an airport theater.

FINANCE BRIEFS

LIFE COMPANIES have recently bought new securities from Fibreboard Products ($25-million), Minneapolis Gas ($11-million), St. Regis Paper ($10-million), Russell-Miller Milling ($5-million), Portland General Electric ($4-million), Gerber Products ($3.5-million).

CHRISTMAS CLUBS of mutual savings banks will disburse $166.8-million to members, $17-million more than in 1947.

LARGEST BANK in Mississippi will come out of merger now planned by Jackson's Capital National and Jackson State National banks. New unit will have resources of about $70-million.

BOOK PUBLISHERS are still finding the going tough (BW–Sep.11'48,p90). One small New York publisher—Robert M. McBride & Co.—is asking for relief under the Federal Bankruptcy Act.

EDGEWATER BEACH HOTEL in Chicago went for some $6-million to a Boston group that operates eight residential and resort hotels in the East.

TRANSFER OF SURPLUS will increase capital of New York City's National City Bank from $77.5-million to $124-million, if stockholders approve. Bank would up par value of present stock from $12.50 to $20, issue no new shares.

KAISER-FRAZER'S earnings have slipped: They were $4.1-million (before taxes) in the third quarter of 1948—about half what they were in the same 1947 months. Probable cause: K.-F. had

higher costs but didn't jack prices as high as some other car makers.

EMIL SCHRAM has signed another three-year contract as president of the New York Stock Exchange. Salary is supposedly the same—$100,000 a year.

TO FINANCE a proposed 1949 outlay of some $40-million for new construction, Cleveland Electric Illuminating will try to sell $20-million to $30-million of new securities.

DAYTON may soon slap on a municipal income tax, following the lead of sister-cities Toledo, Columbus, Springfield.

OREGON VOTERS FORGOT all about financing last week when they approved $50-a-month pensions, allowances for medical and dental care. Bill had no provisions for raising requisite sums—so bond houses are ignoring offering of Oregon's $2-million veterans-bonus bonds.

MISSING SHAREHOLDERS will prevent the Pennsy from buying all outstanding stock of the Detroit, Toledo & Ironton, even if ICC OK's the deal (BW—Oct. 23'48,p102). For over 20 years no one has tracked down owners of seven shares.

WILL WALDORF-ASTORIA GO to Hilton Hotels? Unconfirmed rumor says the chain is negotiating for purchase of the famed New York City hotel.



Fund Director

Andrew N. Overby, 39, has been appointed to the newly created post of deputy managing director of the International Monetary Fund. Formerly a special assistant to Treasury secretary John Snyder, Overby will act as chairman of the Fund's executive board in the absence of Camille Gutt, Belgian-born chairman.

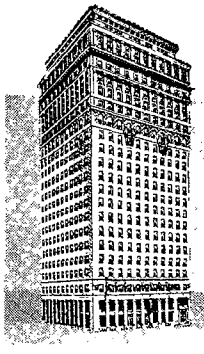
How much will Embezzlements cost Employers in 1949?

● THE YEAR 1948 is not over, but thus far it has revealed a rising trend in spectacular embezzlements, not only in banks but in other businesses. Some of these have exceeded half a million dollars.

During the past two years, among banks alone there were 37 losses of over $25,000 which averaged $144,000 each, according to an article in "Business Week." These bank shortages were concealed for periods ranging from less than a year to 20 years. "The concealment factor is the reason that the losses don't show up in a hurry," says the same magazine. "If he (the embezzler) is particularly adept, he can keep all this well-hidden for years." And our experience shows that in most cases it is easier to conceal a shortage in other businesses than it is in banks.

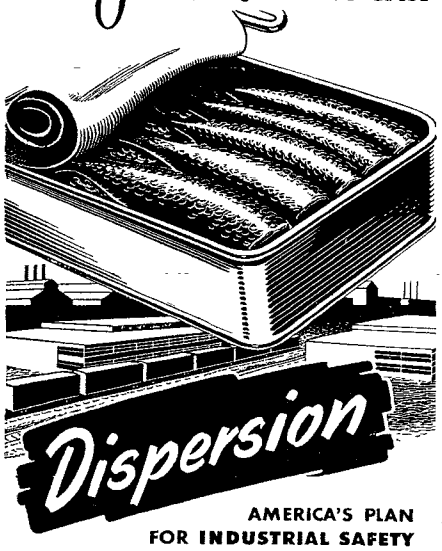
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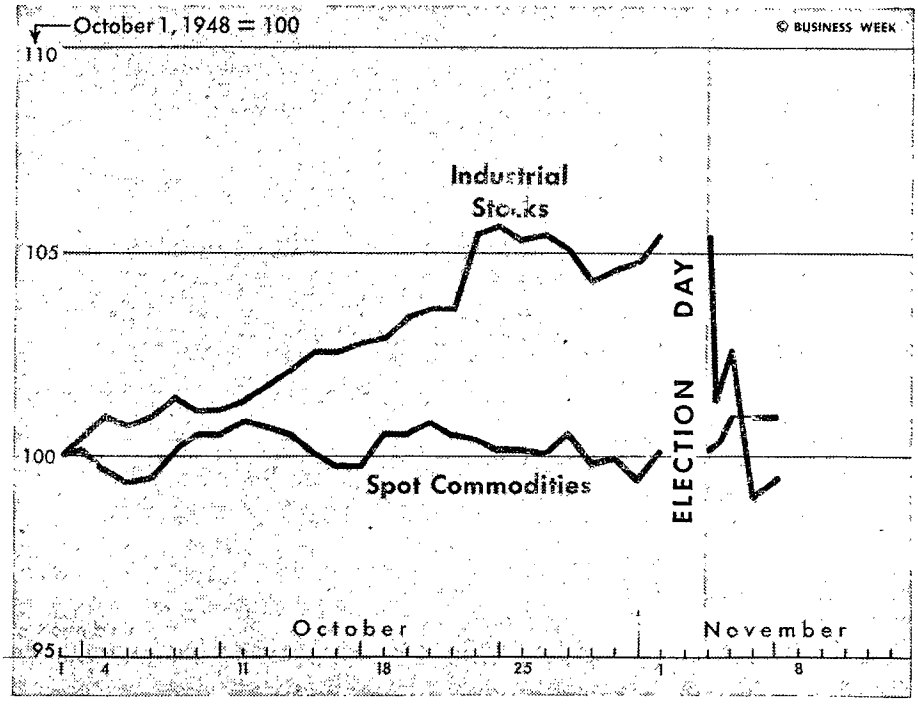
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THE MARKETS



Stocks Down, Commodities Firm

Implications of Truman victory, especially prospect of higher taxes, affects industrial and rail stocks. Farm commodities strengthened by Democratic policy of vigorous price supports.

The stock market seems to have made up its mind this week about the significance of the election: For stock traders, Truman's victory is pure poison (chart above).

• **Commodities, Bonds**—Other markets don't take the same dismal view of what's ahead for them.

Commodities have firmed up significantly since election day. Most of their strength has been in the farm group. Industrial commodities have been steady, imported commodities have turned a little shaky.

The government bond market also has perked up considerably in the past week. The Democrats are traditionally an easy money party. And with Truman in the White House and John Snyder in the Treasury, the market assumes that support of government bond prices at par will go on indefinitely. Institutional buyers, who had been holding back on the chance that the peg would be pulled, started picking up long-terms immediately after election day.

• **Stocks Depressed**—Wall Street isn't taking much comfort from the bullish signs in commodities and government bonds, though. The stock market is what most financial men watch. And the stock market has been having a rotten time.

The first wave of panic selling spent itself quickly on the morning after election day. But it was followed by a steady flow of large-scale liquidation.

This isn't freight selling in the ordinary sense. It is carefully considered, determined liquidation by big and little investors alike. It is hitting the top quality, investment-grade issues—chemicals, motors, steels, oils—as well as the cats and dogs. In general, heavy industry is suffering more from it than the

Security Price Averages

	This Week	*Week Ago*	*Month Ago*	*Year Ago*
Stocks				
Industrial	148.0	164.8	156.6	151.6
Railroad	43.3	49.8	48.0	40.7
Utility	67.3	73.0	70 3	71.4
Bonds				
Industrial	94.5	94 6	95.7	100 9
Railroad	85 1	85 6	85 8	85.1
Utility	93.5	93 7	94.6	99.5

Data: Standard & Poor's Corp.

consumer goods lines. And that's a bad sign. It was the heavy goods that put life into the market before the election.

• **Bearish Signs**—It's still a little early to sound taps for the bull market that was supposed to have started moving last spring. But the pattern shaping up looks more and more bearish every day.

In the rally just before election day, the averages refused to go through their June tops (193.16 for the Dow-Jones industrials). In the post-election slump, they slid quickly through one resistance point after another. And on Tuesday of this week, the industrials dropped under their summer low point (175.99). There isn't another resistance point worth mentioning on the downside short of the old bear market lows around 163-165.

The rails, on the whole, have turned in an even worse performance than the industrials.

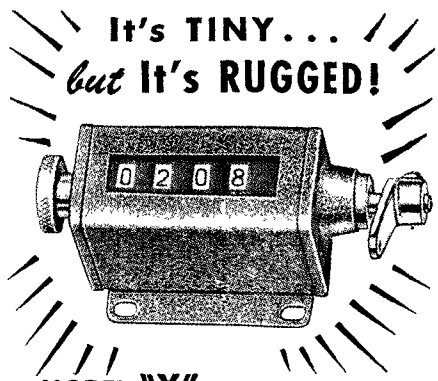
On a strict reading of the Dow Theory, you would have to say that a new bear market is already under way. That would mean that the 1948 bull market ended last June.

• **Tax Spectre**—But the Dow Theory hasn't exactly distinguished itself lately. And there's also at least one hopeful possibility: Probably the biggest single thing that frightens the market now is the prospect of an excess profits tax. The latest word from Washington is that Truman will go slow about asking for a levy on excess profits (page 19). If that's true—and traders begin to believe it—the market may be able to pull itself together in coming weeks.

Election Returns: Early Effect on Stock Prices

Industrial Common Stocks	*1948 High*	*Election Eve*	*Nov. 9, 1948*	*Post Election Loss*	*Loss From 1948 High*
Dow-Jones Averages	193 16	189 76	173 94	8.4%	9 9%
American Can	$92.75	$81 75	$79 25	3.1	14.6
American Car & Foundry	49 12	37 37	31 50	15.7	35 9
Amer. Smelting & Refining	68 00	61 87	52.75	14.7	22.4
American Tobacco	69 75	64.75	59 00	8.8	15.4
Anaconda Copper	41.25	38 12	33 50	12.1	18.8
Armstrong Cork	56 75	53 00	45 50	14 1	19.8
Bethlehem Steel	39 75	39 25	33 62	14.3	15 3
Chrysler Corp	65.75	61 00	54 00	11.4	17.9
Du Pont	188 87	181 75	170 00	6.4	10.0
General Electric	43.00	42 50	37 62	11.5	12.5
General Foods	41 00	40.25	38 62	4.0	5.8
General Motors	66 00	66 00	59.87	9.3	9.3
Gimbel Brothers	25.00	21.37	19.12	10.5	23.5
B. F. Goodrich	64 50	64 00	56 37	11 9	12.6
Gulf Oil	81.00	75 12	65.87	12.3	18.7
Int'l Harvester (1)	34.25	30.25	27 25	9.9	20.6
International Tel. & Tel	16.50	12.50	10 00	20.0	39.4
Johns-Manville	42.25	41.00	35.75	12.8	15.4
Kennecott Copper	60 87	60.87	53.00	12.1	12.1
National Steel	114 50	111.00	97.75	11 9	14 6
Sears Roebuck	42 87	42.87	37 87	11.7	11.7
E. R. Squibb	29 25	25 87	23 00	11 1	21 4
Standard Oil (N. J.)	92 87	81.00	72.62	10 3	21 7
Studebaker Corp	29 25	27 25	22.00	19 3	24.8
Swift & Co	36 87	32.00	30 00	6.2	18.6
Union Carbide (1)	43 25	43.25	38 12	11 9	11.9
United Fruit	58 50	54 50	50 50	7.3	13.7
U. S. Rubber	49 62	46 75	40 00	14.4	19.4
U. S. Steel	87.62	85.12	73.75	13 4	15 8
Westinghouse Electric	33 25	28 50	24 62	13.6	25 9
Railroad Common Stocks					
Dow-Jones Average	68 31	61 97	53.83	13.1%	21 2%
Atch., Topeka & Santa Fe	$120 62	$113 75	$99 37	12.7	17.6
Atlantic Coast Line	62 00	59 00	51 00	13 6	17.7
Chesapeake & Ohio	45 25	39.00	35 50	8.9	21.6
Great Northern (Pfd.)	50 87	49 00	40 25	17 9	20 8
Illinois Central	42 37	38 00	29 50	22 4	30 4
Louisville & Nashville	50 00	44 75	39 75	11 2	20.5
N. Y., Chic & St. Louis	92 00	86 00	76 50	11.0	16.8
Norfolk & Western	62 87	62 87	58.37	7 1	7 1
Pennsylvania	22 12	19 75	17 25	12.7	22.0
Southern Pacific	62 37	59 87	50 25	16.1	19.4
Southern Ry	50 25	48 75	42 25	13.3	15.9
Union Pacific (1)	96 25	92 50	82.50	10.8	14.3

(1) *Adjusted for stock split-ups.*



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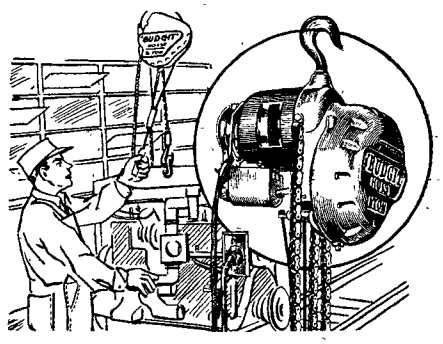
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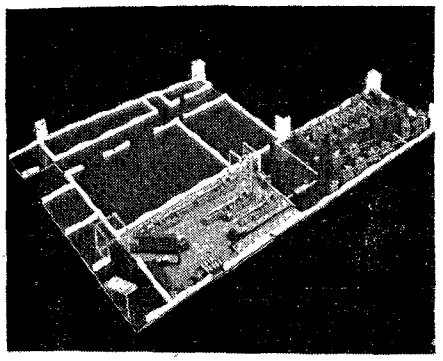
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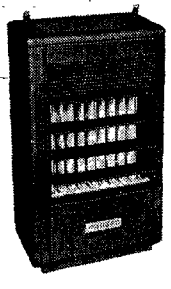
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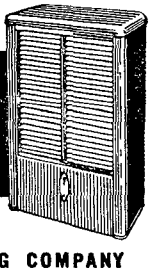


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LABOR

How Labor Campaigned

Unions spent nearly $4-million, find they can work best inside the Democratic organization. Labor party is now a dead issue; its advocates were too successful in electing Democrats.

Was the Democratic victory last week a first short step toward a labor government in this country?

This question came up, inevitably, when labor's role in winning the election became evident. Union leaders claimed—and got—a lot of the credit for the greatest political upset in three decades. Labor manpower and money had pulled the Democratic Party out of political bankruptcy. As a result, labor may be in a position to have a commanding position for at least two years.

• **Payoff**—Political rewards for labor are certain. Complete overhauling of the Taft-Hartley law may be only a small part of what labor ultimately will get (page 19). Broad social controls and reforms, economic planning, and government regulation of the economy are part of labor's program.

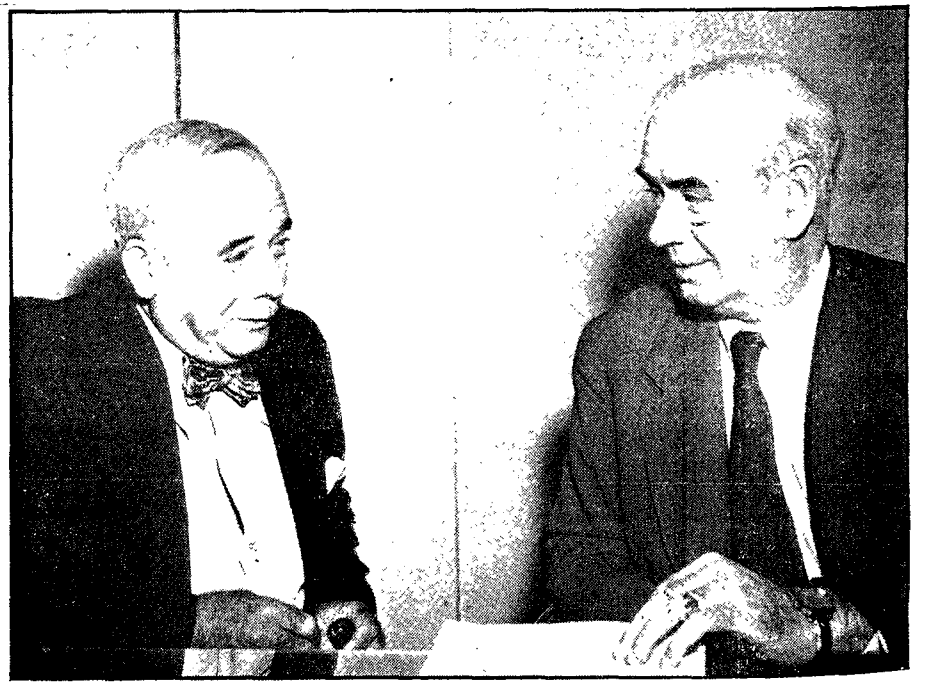
• **Test Case**—Last week's election was a crucial one for the right-wing labor bodies. It was a test of (1) whether labor could rally housewives, farmers, liberals, and other forces behind a common program, and (2) whether labor could carry on its political efforts within the framework of the Democratic Party.

Working with one of the major parties—and perhaps taking it over—has been C.I.O.'s objective ever since it got into political action. A.F.L. has a similar goal. But both C.I.O. and A.F.L. have strong advocates for a new party.

• **Third Party?**—Walter Reuther, president of C.I.O.'s United Auto Workers, has been the most outspoken. Reuther proposed, three months ago, that unions get together "after the 1948 elections [to form] a genuine progressive political party." The proposal has been discussed quietly in union conferences since that time. It got unexpected support when A.F.L. president William Green was quoted as favoring a new labor party; Green subsequently denied that he had come out so flatly for a new party.

The labor party advocates worked hard this fall, campaigning for labor-endorsed Democrats. They didn't expect a sweeping victory. Their own goal was election of "as many good congressmen and senators as possible in the 1948 elections [as] a base from which to work." Their big fight, which might lead to an actual government by labor, was on the schedule for 1950 and 1952.

• **Dead Issue**—The labor third party is now a dead issue. The election results



C.I.O. CAMPAIGN HEADS Jack Kroll (left) and Philip Murray got out votes



A.F.L. POLITICAL GUIDE George Meany was just as effective in labor victory

strengthened the hand of those who have argued all along that a new party would be too risky. As long as the Democrats let labor have an influential role in the government—even though not a controlling one—unions will be satisfied.

Labor's gains are emphasized by comparison with accomplishments in earlier elections. In 1946, for instance, unions tested their political strength in 14 election contests. They lost 13, and the other was only a partial victory; labor was divided on the winning candidate.

This year, unions endorsed 19 candidates for the Senate alone. All were Democrats, including four incumbents. Sixteen of the candidates won. The only setbacks were in Kansas, Michigan, and New Jersey.

Unions also endorsed 217 candidates for the House of Representatives. Favored candidates won in 167 of the contests—or almost 80%.

• **No Coat-Tails**—Unions gave belated and comparatively lukewarm support to President Truman. He wasn't the man they wanted as a candidate (labor has always suspected that Truman is inherently conservative). What they accomplished in his behalf, therefore, is far more significant, politically, than votes garnered by laborites while riding the late President Roosevelt's coat-tails.

This time, the showmanship and hoopla of Political Action Committee campaigning was missing. This undoubtedly led vote experts to underestimate labor's activities—and its potential ballot strength. Instead, unions used tried-and-true political campaign techniques.

C.I.O. worked with farm groups, particularly in Iowa. It got together with A.F.L., Railroad Brotherhood and other union political committees for unified



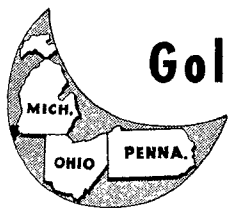
He can't hog the Ohio Market!

Hogs are important to Ohio farmers—but they're not everything! No, sir, in the Buckeye State, farmers believe in *a variety of products*. Thus, they avoid the ups and downs of a single product . . . and have money coming in the year around.

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Then, there's *age*—a mighty important indication of stability. And Ohio's been a great farming market for more than one hundred years. Indeed, THE OHIO FARMER has been bringing the latest farm news to farm families for all those many decades.

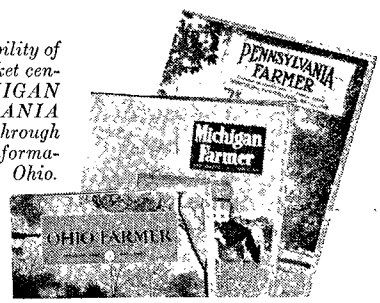
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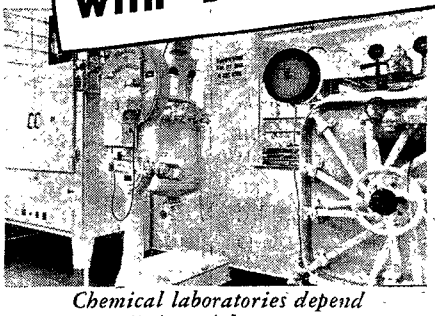
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TOLEDO

HEADQUARTERS FOR SCALES

house-to-house campaigning. Duplication of effort was cut way down. And C.I.O. and the other labor politicians followed through from registration, to "political education" of the voter, to the poll itself.

They rented automobiles on election day to get voters to the polls. They furnished baby-sitters for families on labor's vote list (including idle bartenders who agreed to handle different kinds of bottles, just for the day). They used the telephone to remind the right people to vote, or rang doorbells in doubtful precincts. The effort paid off.

In Illinois, A.F.L. and C.I.O. had 17,000 members pushing doorbells; 13,000 of them worked in Chicago. Result: In Cook County, 82% of all registered voters went to the polls, compared with 72% in downstate Illinois.

It's political tradition that a small vote is a Republican vote. This time, BUSINESS WEEK correspondents in most of the country made the same comment about the election in their territory: The voters who showed up were Democratic voters, drummed up by labor; the Republicans stayed away.

• **Money, Too**—The unions also kicked in heavily when the bankrupt Democratic National committee needed funds. Typically, P.A.C. turned down an advertising firm proposal for a C.I.O. publicity program to cost $650,000. It was the sort of thing the old P.A.C. would have bought. The new version, directed by Jack Kroll and Philip Murray, decided the money could be used to a better advantage in precinct work. The expenditure didn't show up spectacularly, but it was more effective.

In all, C.I.O.-P.A.C. spent about $500,000 nationally plus $1,200,000 in the field. A.F.L.'s newly organized Labor's League for Political Education, headed by George Meany, spent about $1,000,000. These weren't the only union political expenditures. A.F.L. and C.I.O. affiliates, and other major unions, also spent liberally—where it would be of real help to the Democrats.

In addition, C.I.O. took about 4,800 of its field employees off regular jobs and put them to work in the campaign. They worked in Democratic offices in many places, took over important committee jobs in some spots. Where they did, they are hanging on to them.

A.F.L. and C.I.O. are firmly entrenched in the Cleveland Democratic organization, for example. The Wayne County (Mich.) Democratic committee is strongly influenced by Reuther and U.A.W. and in Minnesota the Democratic-Farmer Labor Party is in the hands of union men and pro-labor representatives of Americans for Democratic Action.

• **Key Issue**—Importance of the Taft-Hartley law in labor's election fight can't be minimized. It was a made-to-

order issue for getting P.A.C. dollars, precinct workers, and the labor vote. In many instances, the T-H law was the only important issue at stake. The basis for indorsements in Illinois, for instance, was: "Do you favor repeal of the T-H act?"

The election might have been another story if T-H hadn't been on the statute books. So the test of how strongly labor will remain in politics may come in 1950—when T-H probably will be ancient history.

LABOR BRIEFS

CASES PENDING before NLRB dropped 9% in September, to 9,348. The Board disposed of 4,054 cases, got only 3,082 new ones: 2,521 petitions for elections, 453 unfair labor practice charges against bosses and 108 against unions.

NON-COMMUNIST AFFIDAVITS have been filed by 98,256 union leaders, a 9,234 increase since Sept. 30. T-H requirements now have been met by all but 11 of A.F.L.'s 105 unions, six of C.I.O.'s 37.

REMINGTON RAND employees in Syracuse voted to let U.A.W. represent them. They turned down (1) International Assn. of Machinists, and (2) a plea for "no union" votes by U.E., the former bargaining agent.

EIGHT BREWERIES in New York City seek $8,275,000 in damages from C.I.O. Brewery Workers and five locals. Grounds: a wildcat strike (BW—Nov. 6'48,p106). International union is a defendant although it repudiated strike.

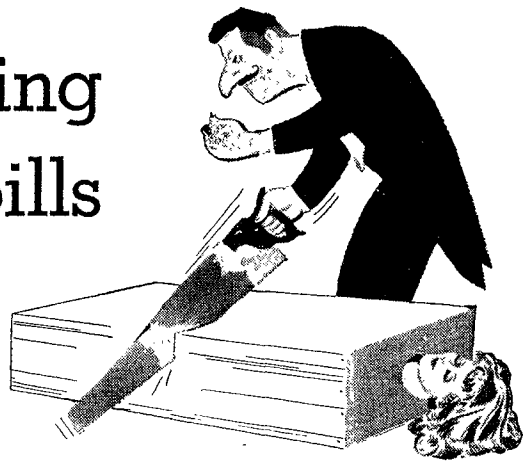
SUGGESTIONS have netted Remington Rand employees $100,000 since 1945. More than 5,000 ideas have been adopted. Top awards: $1,500.

AN EMPLOYER can urge his employees, in private talks, to vote against a union in an NLRB election—if he doesn't make any threats. The board said so in the Mallinckrodt Chemical Works case.

WAGE INCREASES: (1) American Potash & Chemical gave 11¢ an hour to C.I.O. employees; (2) a Newark (N. J.) arbitration award raised Public Service Coordinated Transport employees (A.F.L.) 13¢ an hour now, 15½¢ after next Apr. 1.

SOLOMON BARKIN, C.I.O. textile union research director, is latest union official borrowed to help make ECA work. He will study the British textile industry, serve as consultant to ECA administrator in Great Britain.

---on cutting fuel bills in Half



During New England's severe winter of 1947-8, the J. C. Corrigan Company, Inc., of Dorchester, Mass., *cut its fuel bill nearly 50%* by installing a DRAVO *Counterflo* Heater. Coal for the previous winter season had cost this company between $1100.00 and $1200.00, whereas only $652.00 was spent for oil to fuel the DRAVO Heater during a similar period.

Besides fuel savings, the maintenance expense for the old heating system was practically eliminated because the DRAVO Heater operates automatically by thermostatic control. "Even more important" says J. C. Corrigan, President, ". . . part of our substantial increase in production this winter was due to the improved heating system."

Employees in the Corrigan plant manufacture custom-built conveying systems and need adequate warmth for efficient fitting and assembling. Previously, the plant was heated by a coal burning furnace using blowers and ductwork to distribute the warm air. Excessive roof heat losses in this 165' x 70' x 27' building prevented it from being comfortable. To heat "cold spots" that developed, eight pot-bellied stoves were installed. Maintenance of this old heating method required three hours labor every day. Coal and ashes had to be hauled through the heart of the busy plant. Even with the eight stoves to supplement the coal-fired furnace, heat was inadequate and employees spent valuable production time huddling around the stoves.

In November 1947, one DRAVO *Counterflo* Heater with an output capacity of 2,000,000 Btu was installed. No ductwork was needed. Only fuel and power lines had to be connected and a vent stack installed. Now the entire factory area is maintained at the proper degree of warmth for workers' comfort and efficient production.

During sub-zero weather last winter, the single DRAVO Heater delivered enough heat within 20 minutes after it was turned on to satisfy the thermostat's setting. Moreover, the DRAVO Heater is shut down to conserve fuel during non-working hours, whereas the coal furnace had to be fed over week-ends while the plant was not in operation to maintain some warmth for the Monday morning shift.

DRAVO *Counterflo* Heaters burn oil, gas or coal. Units burning non-solid fuels can be converted from one fuel to another very readily. Coal-fired heaters can be converted for burning gas or oil.

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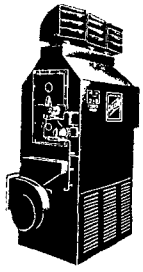
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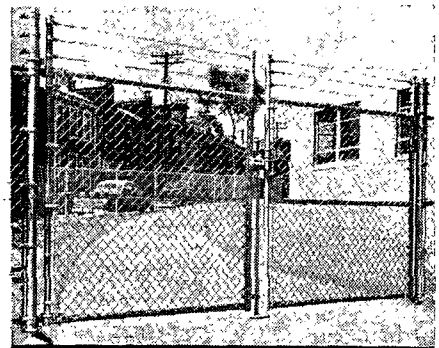


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Wage Gap Shrinks

Skilled workers' percent gains haven't kept pace with those for unskilled. Semi-skilled do better too.

Before the war a skilled employee in a manufacturing plant pulled down 65% more pay than an unskilled worker. Now he only gets 55% more, which means that he has made a smaller percentage gain in wages than his unskilled co-worker.

This in turn creates a new problem for employers. It accounts for much of the discontent and lagging morale of highly skilled workers—upon whom employers rely the most for steady, high-level production.

• **Narrowing Gap**—The narrowing of the wage spread isn't anything new. Before World War I, the gap between unskilled and skilled pay was 105%. It narrowed to 80% in the 1931-1932 depression years. And it has been becoming less almost every year since then.

This doesn't mean, of course, that differentials have shrunk on a cents-per-hour basis. Top-skill pay has gone up about 100% since prewar days; unskilled rates, 115%. But these percentage raises added more actual cash to the skilled worker's pay envelope than to the unskilled worker's—85¢ as compared with 60¢ in hourly increases.

• **Buying Power Off**—Here's what really bothers the high-skilled worker today: The unskilled worker's pay has risen one-third faster than the cost of living, while his own rate of increase has barely kept abreast of the c.-of-l. And he is being tapped more for federal taxes than before.

As a result, many skilled workers have suffered real losses in living standards since prewar days. Some blame it on their unions. Most blame it on the employer. No matter which they do, their discontent shows up in morale and productivity.

• **Why the Trend?**—The narrowing wage gap is due to a combination of factors:

Unions have pressed for—and won—sizable increases in minimum wage rates

Competition by employers for unskilled labor in a tight labor market always narrows the wage spread. The gap widens again when the labor pinch ends, but it is never as great as before.

Mechanization of factory work has cut into the demand for highly skilled workers. It usually requires less skill to run a machine than to do the same job by hand. And workers can be trained more easily and quickly to run the machine than to do a craftsmanlike hand operation.

More education—both general and technical—means that there are fewer untutored laborers. And the starting worker is worth more to the boss.

• **Regional Differences**—You can see these factors at work in the labor market by looking at regional variations. The biggest average spread between skilled and unskilled wage rates is found in the South—70% as compared with the national average of 55%. The reason: There is a large pool of unskilled labor, while highly skilled workers are hard to get.

The smallest spread (45%) is in the Far West. It is harder there to find unskilled workers. Industry can attract them only with a higher starting wage rate.

• **Semi-Skilled Workers**—Figures on the narrowing margin between skilled and unskilled workers leave out the largest occupational group—the semi-skilled. Their wages have gone up almost as much as those of unskilled labor in most industries. Statistics for only 3½ years are available (October, 1943, to April, 1947), but they tell the story. Increases during the period amounted to 35% for semi-skilled workers, as compared with 28% for skilled and 36% for unskilled labor.

Semi-skilled workers gained more than any other group in the textile and apparel industries—mainly because there are so many incentive plans which cover only semi-skilled operations.

• **The Future**—The Bureau of Labor Statistics has estimated that the long-term trend has been a shrinkage of 1% a year in occupational differentials. The short-term trend is determined in large part by the pattern followed in annual wage settlements.

A flat percentage increase—such as that given this year in the steel industry—maintains the percentage differential in rates. Highly skilled workers favor this kind of settlement: It pays off best for them.

Unions generally prefer a uniform cents-per-hour raise for all job classifications. Such a settlement (agreed on this year by almost all industries except steel) appeals most to the large number of union members who are paid less than top rates. It means a bigger gain for them. It also squeezes the differential between pay extremes still further.

The Pictures—Acme, Harris & Ewing, Int. News, Wide World—19-22; Acme—24, 25, 84; British Information Services—118 (mid., bot.); European—117; Fabian Bachrach—99, Harris & Ewing—102, 103; Int. News—26, 89 (mid.), 94, 108; Keystone—118, 120; N. Y. State Dept. Labor—39; Wide World—89 (bot.).



G. N. ALEXANDER will be the . . .

Fifth G. M. Umpire In Eight Years

Gabriel N. Alexander—a newcomer to the big league of labor arbitration—will step into one of arbitration's toughest jobs next week. He will succeed Saul Wallen as impartial umpire for General Motors and the United Auto Workers (C.I.O.). Wallen was ousted recently after a decision against the union (BW—Sep.25'48,p111). Alexander will be the fifth man in the job in eight years.

Alexander is a Detroit attorney; he has done occasional labor-arbitration work since his graduation from the University of Michigan law school in 1933. He handled a number of special union-shop cases for G.M. and U.A.W. while Ralph Seward, Wallen's predecessor, was umpire. He has also arbitrated cases involving a number of other C.I.O. unions, A.F.L.'s Teamsters, and the International Assn. of Machinists.

TO RULE ON ANTI-RED OATH

The Supreme Court this week agreed to rule on the legality of the non-Communist affidavit clause in the Taft-Hartley law—one provision which may survive congressional overhauling.

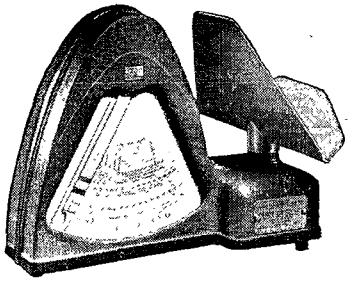
The affidavit clause bars unions from using the National Labor Relations Board unless officers swear they aren't Communists. The leftist American Communications Assn. (C.I.O.) has challenged this requirement. Earlier this year, in a hearing before a special three-judge federal district court, the union alleged that it was barred illegally from an NLRB election. NLRB said A.C.A. wasn't eligible for the ballot at Press Wireless, Inc. because union officers hadn't signed affidavits. The lower court upheld NLRB—and the T-H law. A.C.A. appealed.



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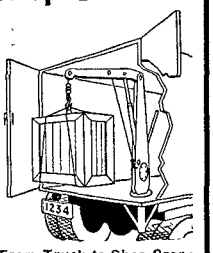
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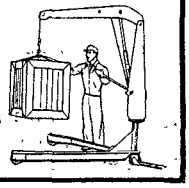
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Easy on Overtime

Auto Workers don't want to stir up Congress on overtime when the Capitol is in a mood to forget about it.

The United Auto Workers (C.I.O.) won't push suits against employers for pyramided overtime. U.A.W. has told regional and local union officers to "preserve contract arrangements where they have proved fair and equitable." Thus, its formal position on overtime-on-overtime (BW—Oct.16'48,p108) is to go easy.

• **Reason**—This attitude is highly significant. Management wants Congress to amend the Fair Labor Standards (Wage-Hour) Act early next year. That would wipe out management liability for back overtime, under recent Supreme Court decisions, by redefining "overtime." Now, Congress may not act on the issue at all.

U.A.W.'s legal staff has made a broad study of the Supreme Court decision. As a result, the union executive board says that U.A.W. "does not intend to stretch the Supreme Court decision in an effort to pyramid overtime rates, or to repudiate legal contractual provisions for computing overtime pay. At the same time it does not intend to permit any employer to use the Supreme Court decisions as an excuse for doing away with premium pay for work on holidays, Saturdays, Sundays, and shift differentials. It is entirely possible within the law to preserve contract arrangements where they have proved fair and equitable."

• **Holiday Pay**—U.A.W.'s legal staff has, at the same time, a new opinion on holiday pay. It's a friendly interpretation of contracts, says in effect:

(1) Regular pay for holidays not worked is not payment for hours worked. It can't be included in figuring the regular rate of pay for the week—on which overtime is paid for more than 40 hours' work a week.

(2) If work is done on a holiday, the extra pay—and only the extra pay—should be included in figuring the regular rate of pay. Straight time pay for the day would be "idle" pay—the worker would get it even if he didn't work. So if he worked and got double-time pay, only the second half of it would be figured into the base rate. Since it would be the same as straight time for one day, it wouldn't change the base rate.

(3) Some contracts specify straight time for holidays not worked, and provide an additional double-time premium if work is done. In such a case, the double time would be used in computing the base rate.



A.F.L. LONGSHOREMEN check bosses' "final offer" prior to NLRB vote

Longshoremen Strike Hits East Coast Docks

A.F.L. longshoremen on East Coast docks quit jobs this week as an 80-day anti-strike injunction expired. "National emergency" provisions in the Taft-Hartley act had failed, for the second time, to avert a potentially serious tieup. The first failure involved C.I.O. longshoremen on the Pacific Coast.

Members of the International Longshoremen's Assn. (A.F.L.) formally voted to reject employers' "final offer" of contract terms (picture, above). They later turned down an even better settlement which Joseph Ryan, I.L.A. president, described as "satisfactory." Opposition was led by a left-wing minority in New York City, but rank-and-filers all along the coast joined in.

The East Coast flareup came at a time when there were signs of possible labor peace on Pacific Coast docks. Negotiations were resumed this week between the International Longshoremen's & Warehousemen's Union (C.I.O.) and employer bargaining representatives. Bosses agreed to resume talks when assured C.I.O. would guarantee that I.L.W.U. will live up to terms of any contract it signs.

Rail Pay Puzzle

Should employees of a mine road get mine scale or railroad scale? That's the basic issue in the Kennecott Copper strike.

Sometimes railroad men on mine-to-mill railroads belong to the same union as the mill workers. This is particularly true in the steel industry. In other industries, employees on mine or mine-to-mill roads often belong to the big railroad brotherhoods.

• **Problem**—In such cases, should wages follow railroad pay rates or industrial pay rates? This question has caused trouble for a good many companies in recent years. And it's the key issue today in a labor dispute at Kennecott Copper Corp.'s mine in Bingham Canyon, Utah (BW—Oct.30'48,p36).

Kennecott operates two rail lines at the mine. One goes down into Bingham Canyon to haul ore. The other carries ore from the terminus of the mine road to mills and crushing plants in Magna and Arthur, Utah.

Employees on both lines are members of the Brotherhood of Locomotive Firemen & Enginemen. The company agrees that the second line is a bona fide short-haul railroad, and pays its engine crews prevailing railroad wages. But it insists that employees of the mine road are actually production workers, so it pays them the mine scale—considerably less than their fellow unionists on the other line.

• **Demand**—Last month the Brotherhood demanded that Kennecott pay the same scale on both lines.

The union first asked a $4.08-a-day increase for the mine railroaders. Later the demand was cut to $2.71. The company offered 96¢ a day—the same 12¢ hourly increase accepted by Kennecott mine and mill employees.

• **Strike**—Rail workers struck three weeks ago when wage talks collapsed. The company protested that the stoppage was an attempt to force "a new round of increases." It warned it would not contribute to a "new inflationary spiral" by raising its offer.

The strike tied up the nation's biggest supplier of copper; about 30% of the country's output—more than 18,000 tons a month—has been coming out of Bingham Canyon. Federal mediators sought a settlement as the walkout, entering its third week threatened to halt the government's stockpile purchases of 10,000 tons a month. But by midweek, mediation hadn't dented the firm position of either party. The rail union was willing to let the dispute go to a federal fact-finding board. Kennecott refused the proposal.



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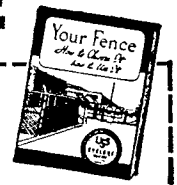
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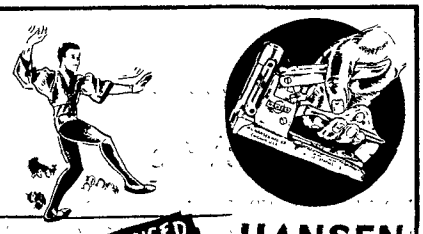
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COMPANY STORE in Jacksonville, Fla., offsets high food cost—and wage demands

Company Store Keeps Wage Demands Low

No one would be likely to guess that a company store might prevent labor from asking for a big wage raise. No one, that is, but the Jacksonville (Fla.) Coach Co.

• **Food Expense**—Last spring the company figured that the biggest single expense item that its 549 employees faced was food. So it decided to set up a company store which would sell them groceries and meat on a nonprofit basis.

The food savings were so big that the employees loved this company store from the day it opened. What the company hoped was that they would love it well enough to keep their third-round wage demands down.

They did: The union asked for—and got—a hike that could be granted without a fare increase.

• **Problem Solved**—For Jacksonville Coach, this outcome solved a problem that loomed last spring. Bus passenger traffic was down sharply; costs were at a record high and still trying to push higher. The company was in a nip-and-tuck fight to break even.

The A.F.L. Street Electric Railway employees local at Jacksonville was ready to come up with third-round wage demands. Other companies already were negotiating on 30¢ to 40¢ demands. The Jacksonville company couldn't give more than 5¢ an hour without asking for a fare increase. It didn't want to do that.

• **Biggest Worry**—The company and union have always been on friendly terms. The company's labor record is considered a good one by A.F.L., and employee morale is high. So Jacksonville Coach's general manager, J. M. Moore, could talk informally to union men. He found that their biggest worry was high food costs.

The company put up a $12,000 store building in the Jacksonville Coach yards. It put in $6,000 worth of modern equipment, spent $10,000 at the start for a wide stock of name-brand groceries and top-grade meats. To operate it, the company hired an experienced store manager and four clerks.

Name tags entitle employees to make purchases at the "trading post" for either cash or credit. The tag also may be used by members of the family, and is a "pass" for a free ride on company buses to and from the store.

• **Good Business**—The store got big business from the start. Employees found that they could save up to one-third. The markup on items costing up to 12¢ at wholesale is ½¢; on items costing more than 12¢ wholesale, the markup is 1¢. The markup is intended to cover day-to-day operating costs; the company meets the overhead.

Savings on food are roughly equal to a 15% to 20% raise. Possibly as a result of it, union demands weren't heavy. Negotiations brought a quick and friendly contract agreement. The company store wasn't brought into the discussions, or made a part of the contract. Thus, it remains wholly a voluntary offering by the company for employees.

• **Sales Soar**—Currently, the store's sales are well over $18,000 a month—and the trend is upward. Revenue from the markup so far has been enough to meet running costs, and to have a little left over. The company recently built an addition to the original building so that it can buy in carload lots at cheaper prices.

What Is a Strike?

Mass quitting can be, NLRB finds, in nailing down T-H definition. But unions aren't necessarily responsible.

If a lot of your men quit at once, is that a strike? It is—or at least it's "persuasive evidence" of one.

• **Concerted Stoppage**—Of course, maybe your workers can give a sound reason for quitting their jobs. Then it's a different story. But if they can't, their action is to be construed as a concerted move for a common cause. And concerted stoppage of work is a strike, by Taft-Hartley law definition.

But the union isn't responsible, unless you can prove that it "initiated, promoted, or sponsored" the walkout.

• **First Time**—This is the meat of a decision just handed down by a National Labor Relations Board trial examiner. For the first time, NLRB has had to interpret the Taft-Hartley definition of a strike. The decision conforms with the view expressed recently by the Federal District Court at Knoxville, Tenn. (BW—Sep.25'48,p107). But it looks as though the full five-man NLRB would review it at the request of the union—the International Brotherhood of Electrical Workers (A.F.L.).

• **The Case**—The company in the case is Roane-Anderson Co., which maintains and operates the electrical distribution system at Oak Ridge, Tenn. All but one of the company's 115 maintenance electricians and linemen quit their jobs on July 29 and 30. About the same time, the Kaiser Electric Co., Knoxville nonunion subcontractor, began installing fluorescent light fixtures in a school. Roane-Anderson's union men had demanded that a company using union electricians get the job.

Most of the I.B.E.W. workers stayed away until Sept. 2, when an injunction was issued against the stoppage.

• **On Their Own**—Last week, NLRB Examiner Arthur Leff turned down the statements of 13 employees, who said they had quit their jobs on their own. The workers made their statements to support a union claim that there was no strike. The T-H law provides that nothing in it shall be construed "to make the quitting of his labor by an individual employee an illegal act."

Leff said none of the employees could give a specific reason for quitting. Most of them left after reporting for work, or in mid-shift. But they couldn't cite anything that had happened at the moment to make them quit as individuals.

• **Responsibility**—The trial examiner said that I.B.E.W. did not formally call a strike, or hold a strike vote. He said,



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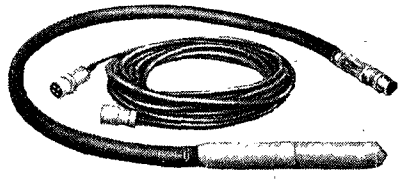
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however, that the union's responsibility was proved: In ten instances, the evidence showed that union officials had induced, directed, or encouraged the walkout.

• **Dying Issue**—The strike-definition issue will almost certainly be a dead duck soon after the new Congress meets. It grew out of section 501 (2) of the T-H law. That's where one definition of a strike as "any strike or other concerted stoppage of work by employees" occurs. The earlier Wagner act did not define a strike. Unions considered "concerted stoppage of work" a dangerous wording: It makes unions liable for a walkout by any group of its members, whether the union was forewarned or not. Congress is sure to rub out the strike-definition clause when it overhauls the present federal labor law

Textile Workers Ask 10¢ Boost in 1949

What will your workers be shooting for as a 1949 wage goal—now that the election has gone their way? The C.I.O. textile workers may have given a clew to the answer. In New England and the mid-Atlantic states they are trying for a 10¢-an-hour increase. It would take effect early in 1949 for more than 200,000 workers.

• **Post-Election**—This is the first important union goal announced since the election. And it's the smallest figure that the Textile Workers Union of America (C.I.O.) has asked since the war. That's rather curious. Other unions may be tougher in their fourth-round wage demands.

The union will ask the 10¢ raise for 90,000 woolen and worsted workers and 120,000 employees in cotton and rayon mills. Here's what the 10¢ would mean:

Woolen and Worsted Mills: The increase would raise the minimum to $1.15 in 160 mills under contract with T.W.U.A. It would raise average straight-time hourly earnings to $1.41.

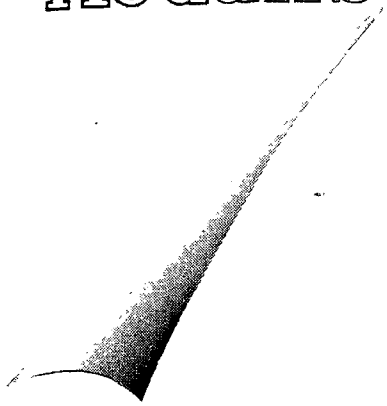
Cotton and Rayon Mills: A 10¢ increase would bring the average straight-time hourly earnings to about $1.28. The minimum wage would go up to $1.07 an hour.

• **Resistance Seen**—New demands are expected to meet some employer resistance. Employers aren't as optimistic as the union about continuing high profits for the industry. But if negotiations should deadlock there would be no strike; wage-setting would be sent to arbitration proceedings under terms of textile contracts.

Textile raises so far have not been tangled up in multi-industry "pattern" settlements. Hence, what T.W.U.A. gets won't necessarily influence other union-management decisions.

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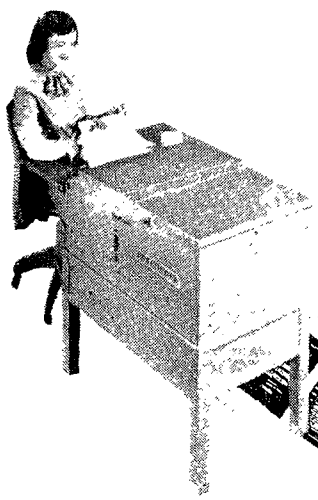
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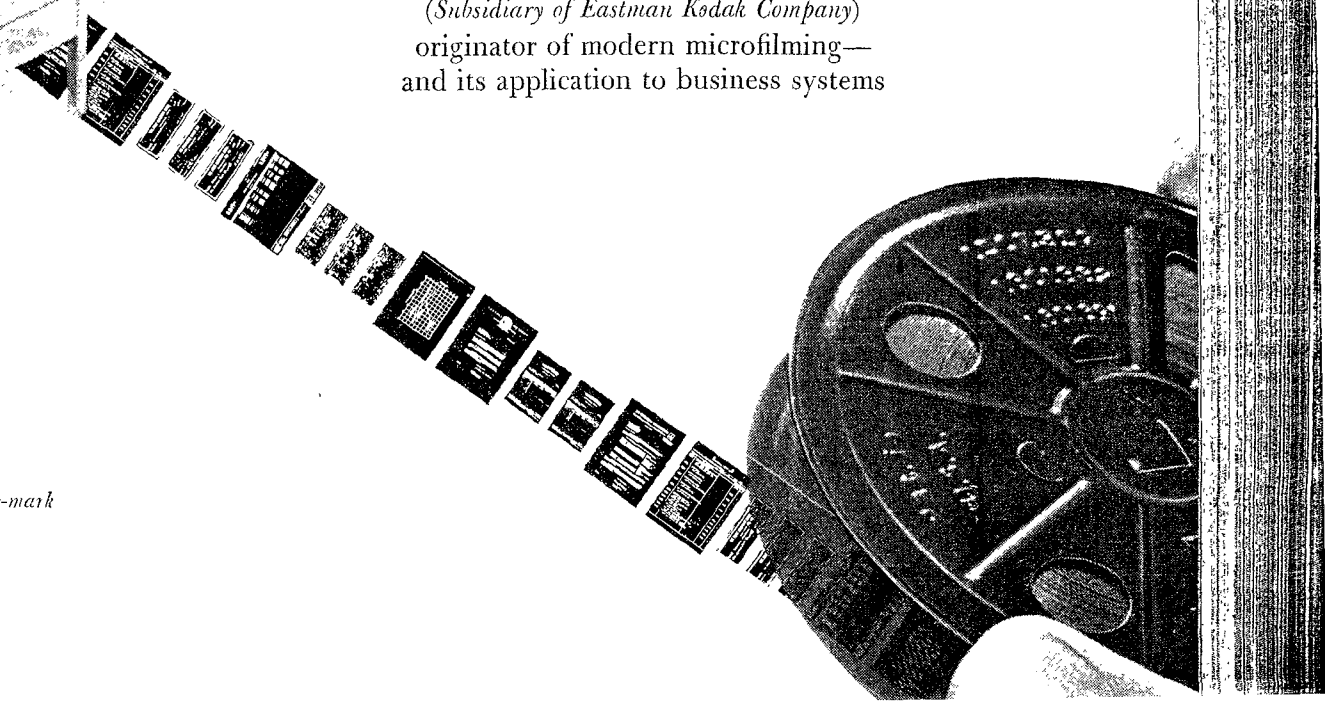
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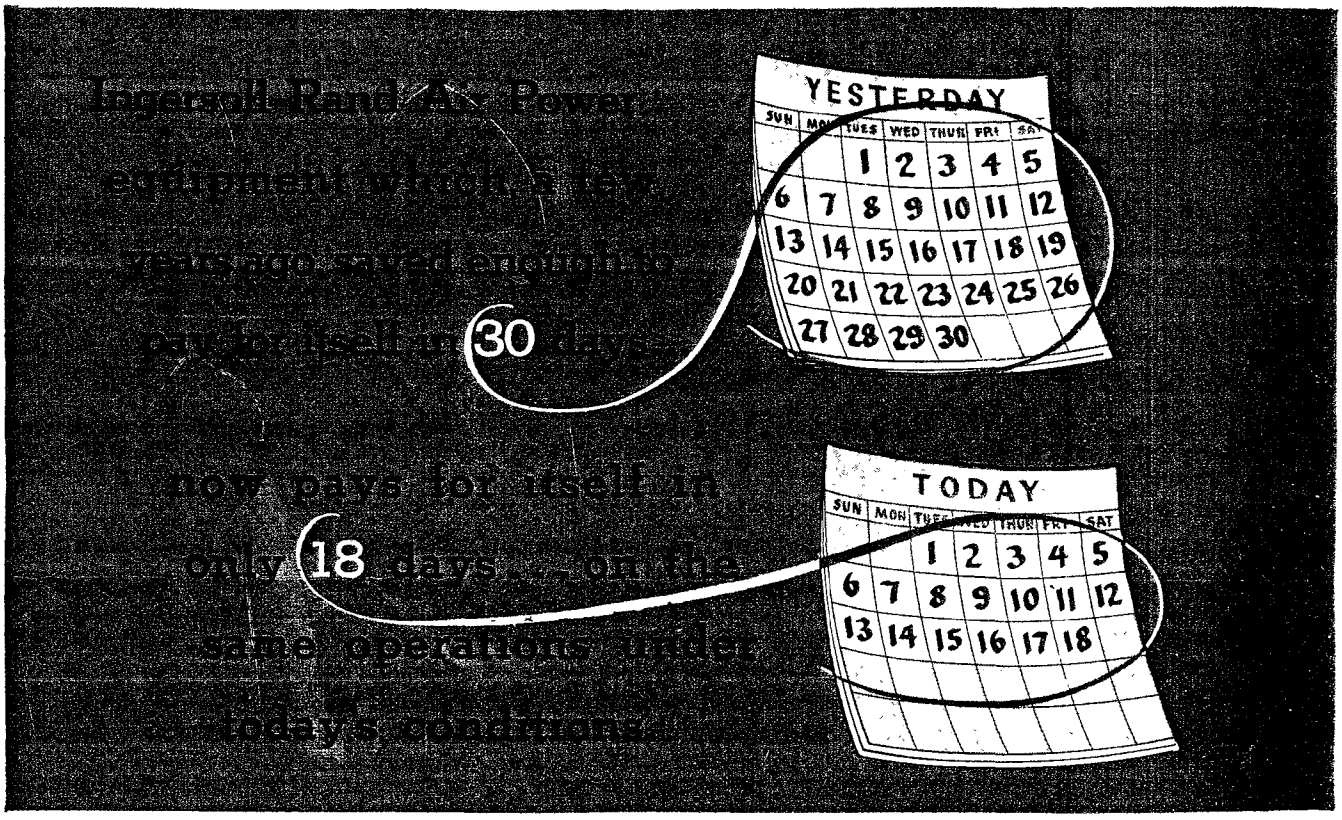


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INTERNATIONAL OUTLOOK

BUSINESS WEEK
NOVEMBER 13, 1948

You can just about write off the Nationalist government in China.

Chiang Kai-shek's military forces are crumbling fast—as much from mutinies and desertions as from Communist victories. His new gold Yuan currency has been reduced to just about nothing. Rice riots have thrown Shanghai, Nanking, and other Yangtze valley cities into turmoil. Unpaid soldiers, hungry students, angry workers—not Communists—are bringing Chiang down.

Chiang's one hope seems to be this: Turn over rule in the Yangtze area to Vice-President Li Tsung-jen; let T. V. Soong control South China; go into the field himself to pep things up.

•

Don't expect the U. S. to prevent further disasters in China.

True, U. S. Marines may be flown into Shanghai and Nanking to protect American personnel and property. But this won't make a new China policy.

The fact is Washington doesn't know what to do. The Chinese experts are divided. One group argues that $1-billion worth of military equipment could still save Chiang. The idea thus is to get a military solution to the problem first. Economic problems would be tackled later.

The other group says that Chiang's forces need more than military supplies. They need the will to fight. And they won't have this unless Chiang cleans up his corrupt bureaucracy and checks inflation.

•

Don't read too much into de Gaulle's success in this week's elections.

The voting was for the Council of the Republic (French senate). The General won the same sort of victory in last year's municipal elections. But since the electorate for France's upper house consists mainly of representatives from the municipal councils, Sunday's vote is no new yardstick.

The licking the Communists took probably means more. They are just about isolated politically.

•

General elections in Britain may not come until 1950. But Labor has started to prepare for the fight already.

Last week the government dropped controls on a lot of home-produced goods, plus some raw material imports. (British industry will be spared filling out about 200,000 licenses a year.)

Next week the reins on steel will be loosened.

Dozens of other controls could easily go any time now. But they will be abolished piecemeal. Reason: to give the impression that the government is making steady progress despite its vast problems.

In 1949 the housewife will get a hot wooing. Rationing on food and clothes will ease off.

Tactics such as these will make it tough for the opposition. You can be sure, though, that the Conservatives will make hay with the steel nationalization issue (page 117).

•

Work has started in London on an international control authority for the Ruhr.

This is the body that's supposed to take over the job of allocating Ruhr coal, coke, and steel from the U. S.-British military governments. The problem is how to divide these products between western Germany and the other Marshall Plan countries.

The U. S., Britain, France, Belgium, Holland, and Luxembourg are

taking part in the London talks. The delegates expect to reach an agreement by the end of this month.

•

President Peron is getting set to ditch his Argentine Trade Promotion Institute (IAPI). This is the outfit that has squandered Argentina's gold and dollar reserves.

Peron just about junked it in September. At that time Foreign Minister Bramuglia convinced him that IAPI was ruining the country.

But IAPI is the pet of Miguel Miranda, the economic boss. When he heard about Peron's plan, he decided to get Bramuglia out of the way for a while. So the foreign minister was sent off to the United Nations meeting in Paris.

But Miranda's move may have boomeranged. Bramuglia has gained world prestige as chairman of the Security Council. He has been the prime mover in the attempt of the "neutrals" to settle the Berlin blockade.

It shouldn't take Bramuglia long to topple Miranda when he gets back to Buenos Aires.

•

Brazilian officials now talk of spending $1-billion on railway improvements.

This is a big hike on the $300-million President Dutra recommended in his five-year "Salte" plan. And Brazilians say they will have to borrow in the U. S. to finance the difference.

Here's what the money would be spent on: locomotives and rolling stock, $295-million; roadbeds and rails, $243-million; electrification, shops, etc., $272-million; overall construction plans, $191-million.

The Brazilian-U. S. Technical Commission is taking a look at this new plan.

You can be sure the U. S. group (BW-Jul.17'48,p107) will turn thumbs down on one of the Brazilian proposals: to sell special bonds in the U. S. These wouldn't pay interest in an orthodox way—they would offer freight discounts to the American holders.

The U. S. group will also want an explanation of things such as this: The government-owned Central do Brasil Railway has the same mileage and carries the same number of ton miles a year as the privately Leopoldina Railway. But the Central has about 42,000 employees and the Leopoldina about 7,000.

•

The Itabira iron mine in Brazil is getting out of the red.

U. S. steel men are paying $9.00 a ton for Itabira's 68.41% ore laid down at the port of Victoria.

The price six months ago was only $4.80. (Company officials figure they can more than break even at $6.00.)

Despite transport problems, Itabira expects to ship at least 300,000 tons of ore this year, as against 174,000 in 1947. The goal for 1950 is 1.5-million tons.

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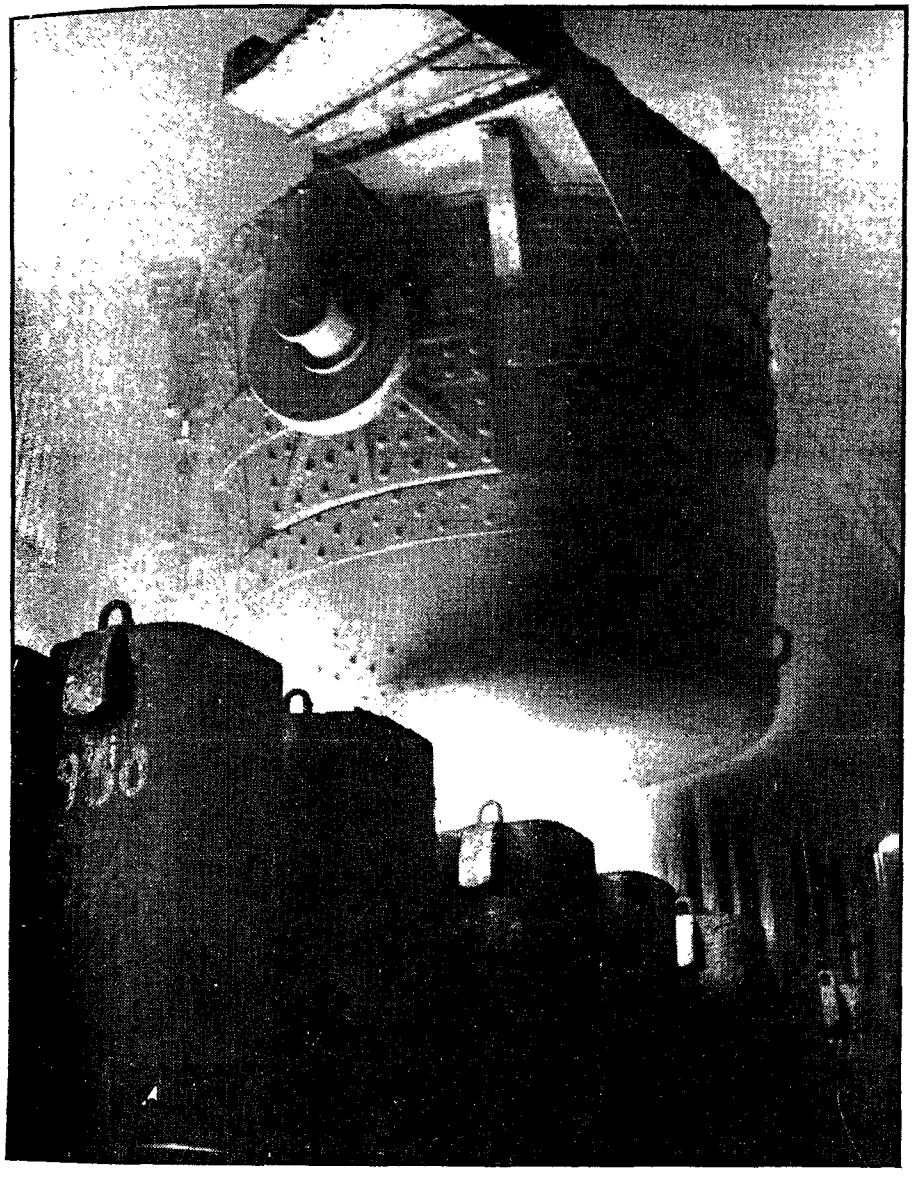
Washington looks for an early end to the Arab-Israeli war. The hard facts of the military situation make this almost certain.

The Arabs are beaten, and they know it. The Israelis want to quit, too. The fighting has been a heavy drain on their infant economy.

The big job is to devise a way of saving face for the Arabs. That is really what the United Nations is trying to do now.

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BUSINESS ABROAD



British steel industry's record output doesn't check Labor's plans for . . .

Steel: Political Nationalization

Would remove a political foe, give planners control over 50% of Britain's capital investment. Also would increase capacity.

LONDON—Britain's steel industry has never been a model of efficiency—at least not since the 19th century. And there's little chance that it will become one under the steel-nationalization legislation introduced two weeks ago by the Labor government.

• **Iron & Steel Corp.**—The Iron & Steel Bill does no more than turn a privately owned monopoly into a publicly owned monopoly. Ownership of some 107 companies passes from private hands to a public holding company—the Iron & Steel Corp. of Great Britain. Over-all direction of the industry passes from the British Iron & Steel Federation to the new corporation. The bill calls for no reorganization of steel production as such, or of the industry's "uniform delivered price system."

The fact is that in nationalizing the steel industry now the Labor government isn't thinking primarily about making the industry more efficient, as it was in the case of coal nationalization.

• **Political Objective**—The government's immediate objective is political. It claims that public ownership of steel is essential in building a socialist democracy. Private monopolies, such as the present steel industry, wield too much power. Moreover, the government says it has a mandate to carry out steel nationalization, since it was a big plank in Labor's 1945 election platform.

The government also has a broad economic objective into which steel fits very nicely—to stabilize the whole economy through control of the flow of investment. When steel is added to the other nationalized industries (plus housing, roads, etc.), the government will control better than 50% of the investment potential of the country.

• **More Capacity**—The one thing the country may gain from steel nationalization—in terms of steel alone—is more capacity. The government has set its target for steel a lot higher than the British Iron & Steel Federation has. It wants at least 22-million net tons of capacity before 1960. The industry has refused to set its sights higher than about 19-million tons capacity.

When it comes to these objectives, the government can probably get what it wants by means of its steel bill—assuming Labor wins the next general election.

• **What the Bill Does**—The bill sets up the Iron & Steel Corp. of Great Britain as the sole shareholder of the 107 largest British iron and steel firms and their subsidiaries. The private companies remain intact. They keep their names, management, directors, and trade-marks. Individual accounts will still be published.

But instead of paying dividends to their present shareholders, they will pay them to the new corporation. (Nationalization of steel differs radically from coal, transport, and electricity: In these industries private companies were dissolved and welded into an entirely new organization.)

The Iron & Steel Corp. has vast powers and will undoubtedly supervise the units of the industry much more closely than the British Iron & Steel Federation ever has. The corporation is subject to general direction from the Minister of Supply and is responsible through him to Parliament. But in practice it will determine the quantities, prices, and types of virtually all iron and steel produced. It can acquire or form additional companies. Its five to 11 members will be in effect controlling shareholders in all of the nationalized concerns.

• **Big Slice**—The government takes over firms that produce: 97.5% of Britain's iron ore production; 97.6% of pig iron capacity; 99.3% of steel ingot output; and 93.6% of rerolling, sheet, plate, and tinplate output.

From the subsidiaries of the 107 earmarked companies the government also gets: 45.5% of Britain's total output of heavy forgings; 15.8% of drop forgings; 23% of steel castings; 94.3% of steel



LABOR'S STRAUSS will spearhead the steel bill in Commons. On the other side . . .

wheels and axles; 67.2% of wrought iron and steel tubes, pipes, and fittings; 60% of hard and mild steel wire; 72.4% of cold-rolled strip; and 40.7% of bright steel bars.

• **Competition**—The government, in taking over about 160 subsidiaries of the big firms, will compete with private enterprise in a wide variety of goods. They range from hand tools, nuts and bolts, ballbearings, and fertilizers to umbrellas, tennis rackets, and safety pins. The new corporation will also build bridges, quarry limestone, make concrete, and produce sulphuric acid.

It is impossible to calculate exactly what percentage of national output of such goods the corporation will control. But on the basis of the number of workers involved in each, the corporation will be producing: 32% of Britain's nuts and bolts; 11% of bridges; only 1% of hand tools and cutlery, chemicals, and cement.

• **New Stock**—Compensation for the private owners will be paid with British Iron and Steel "stock," guaranteed by the treasury as to both principal and dividends. Each existing shareholder will receive stock equal in value to the stock exchange quotation for the securities he is giving up. This will be either the Oct. 1-25, 1948, average or that of the six months just before the 1945 election—whichever is higher. (This option is intended to wash out the depressing effect on stock values.)

Total issued capital of the 107 private companies is about $780-million. But on the basis of stock-exchange values, some $1.2-billion of the new stock will have to be issued.

• **Complaints**—These terms for compensation follow the pattern used in nationalizing electricity and railways. But steel men complain that they are being even more unfairly dealt with than private railway and electricity shareholders. On the London stock exchange it is estimated that the total assets of the 107 companies are worth at least $2-billion. And steel shareholders argue that stock exchange quotations do not yet reflect the capital investment by private steel owners during the past three years (since June, 1945, almost $400-million has gone into new steel plant and re-equipment).

Investors who hold on to their new British Iron & Steel stock (which is negotiable) will certainly take a heavy cut in income. The ordinary shares of most British iron and steel companies are yielding about 5%. The comparable government stock will pay about 3%.

• **Opposition**—Three forces are getting set for a finish fight against the steel bill—the Conservative Party, the British Iron & Steel Federation, and Aims of Industry, Ltd. (largest British public-relations outfit).



CONSERVATIVE LYTTELTON will fight nationalization on the floor, while . . .

Since Labor has a big majority in Parliament, these groups can't keep the measure from being passed. So they will stake their whole effort on keeping it from being put into effect. This means they will carry steel to the British people as a main election issue in 1950, when they hope to put the Conservative party back into power and repeal the steel bill.

The Conservatives begin their battle in Parliament in another ten days or so. Winston Churchill will undoubtedly relish this opportunity to blast Socialism. However, Oliver Lyttelton (a wartime Minister of Production) will probably carry the burden of the opposition case in the House of Commons. It will be the job of George R. Strauss, Minister of Supply, to defend the bill.

• **Delaying Tactics**—Delaying tactics will be used by the Tories in the House of Lords to hold up passage as long as possible. Aims of Industry will launch a $400,000 "steel defense campaign" (BW—Oct.2'48,p108).

Apart from the private investors, the British Iron & Steel Federation has the biggest stake in the fight. The B.I.S.F. has run Britain's steel industry with a pretty tight rein since the mid-1930's and is responsible for: (1) a modernization program which got under way about 1935; (2) the monopolistic character of the industry. Under the leadership of Sir Andrew Duncan, the B.I.S.F. blocked a Labor attempt at nationalization in May, 1946.

• **Retarding Investment**—But there is no basis for the charge that has been made by some Labor spokesmen that steel men would sabotage production.

It is probable, however, that some of the newer capital investment programs will be retarded. Any new investment next year would be just so much more private money poured down the drain, unless the government makes special provision for such investment.

Today British steel production is running at record levels—about 15-million tons a year. But between now and the 1950 elections, some slight fall in production effort and output may result from uncertainties about the future. But the big impact will be felt after the general election if Labor is returned to power and the act is put into effect. No sure-fire way has been suggested for training new top management men, technically competent to run the complex steel industry if the present management refuses to play along.



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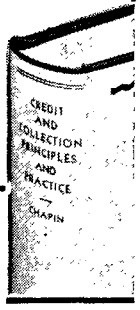
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PROMISED LAND? This Italian hopes for a better life in the New World, now that . . .

Argentina Seeks Immigrants

. . . President Peron is trying to attract both new industry and new workers, principally from Europe. Purpose: to build Argentina's production; to lessen its dependence on dollar imports.

BUENOS AIRES—Last week a 20th-century Mayflower disgorged its passengers and cargo on the barren shores of Tierra del Fuego—at the extreme southern tip of Argentina. The passengers were 600-odd Italian immigrants, they were fleeing overcrowded Italy in search of a place to work and enough to eat.

They were far better equipped than most pioneers. They brought with them prefabricated houses, brick kilns, and the machinery for a paper factory—all made in Italy. They brought their own managers and technicians; their own doctor, dentist, and teachers. They had all the basic needs to build a fairly modern community in their bleak new land.

• **Invited**—The Europeans came at the express invitation of the Argentine government. It has hung out "help wanted" signs all over Europe in an effort to bring whole industries as well as skilled and semiskilled labor to the country. Purpose: to put Argentina on the road to self-sufficiency in industry; to eliminate as much as possible the need for dollar imports.

President Peron doesn't think he can make much of a show of power with only 16-million-odd Argentinians. And he can't wait for the normal increase in population to fill the gap.

• **Industry, Too**—Argentina has offered European businesses duty-free entry for all machinery and material. It has offered land grants on which to build new factories. It has deluged the European businessman with publicity—telling him how profits of 100% in Argentina are more common than not; how his wage problems would pale into insignificance in a land where there is plenty to eat.

So far, 109 small manufacturing and construction firms have taken the bait. They have brought in about $40-million worth of capital goods and some 25,000 technicians and other skilled workers.

• **Mostly Small**—Very few of the immigrant industries are any great shakes. Most are marginal organizations. Included are. 27 construction firms, 31 metal-working plants, 12 textile mills, 11 sawmills and woodworking plants, 3 paper mills, 5 chemical manufacturing plants.

More than half of the concerns are Italian. But, over-all almost every western European country and some South American countries are represented.

• **Examples**—One Italian firm, Cotosan of Milan, is shipping its factory for washing and processing wool. Another, Luis Mendez y Alberto Riccioti, is shipping heavy machinery for the manufacture of nails and wire. A shipbuilding outfit, Canticie Navale A. Costagna of Genoa, is sending its entire yard to be set up on the Parana River near Buenos Aires

A Belgian firm, SILCA, is moving to the Argentine city of Mar del Plata,

where it will manufacture fire bricks. A Brazilian outfit is setting up a complete silk business—from worm culture through the spinning process. A Swedish paper concern is already building a mill which promises to cut Argentina's imports of kraft paper.

Some critics say that many of these industries are not only small, but also equipped with out-of-date machinery. But Argentinians answer that, in the situation they find themselves, any machinery is better than none.

• **Immigrants**—President Peron's drive to bring individual skilled and semi-skilled workers to Argentina has also been paying off. In the first eight months of 1948, more than 83,000 immigrant workers entered the country, almost all of them were Italians. Next year the government hopes to bring in close to 200,000. A new immigration treaty was recently signed with Spain; so many Spaniards will be included in this 200,000 figure.

Most of the Italians were lured with mouth-watering tales of cheap beefsteaks (30¢ a lb. for T-bone) and plentiful supplies of the indispensable Italian macaroni and wines. But there are more concrete lures: The Argentine government promises to supply shipping space for the immigrants, and shelter on their arrival. And when a worker has settled down he is allowed to send back for his relatives.

• **Productivity Problem**—If President Peron thinks these immigrant workers are going to solve all his economic headaches, he may be in for a disappointment.

In addition to Argentina's labor shortage, there's the problem that Argentine workers don't seem particularly interested in working. Peron has showed great solicitude for the Argentine workers, but his attitude has not paid off in more production.

The Argentine worker is making just about twice as much in wages as he did in 1943. But man-hours worked have actually decreased. Reasons: (1) an unbelievable amount of absenteeism; (2) a ridiculous number of political and religious holidays.

• **Workers Loaf**—One of Argentina's leading business magazines points with regret to the fact that the workers don't seem to have any great desire to improve their standard of living. President Peron has doubled their wages; so they only work half time, and get the same income.

• **Pressure**—There is some indication, however, that the government realizes that its policy of protectionism for the workers isn't all it might be. It may not be long before Peron takes official steps to bring an end to absenteeism and general malingering. In that case, the new workers and the new industries will be a real boon to Argentina.



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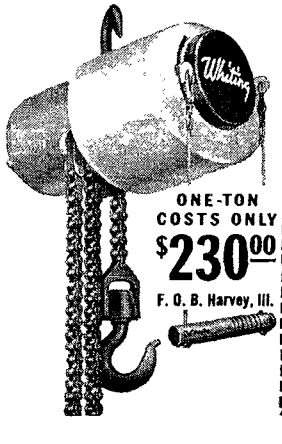
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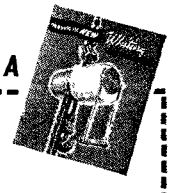
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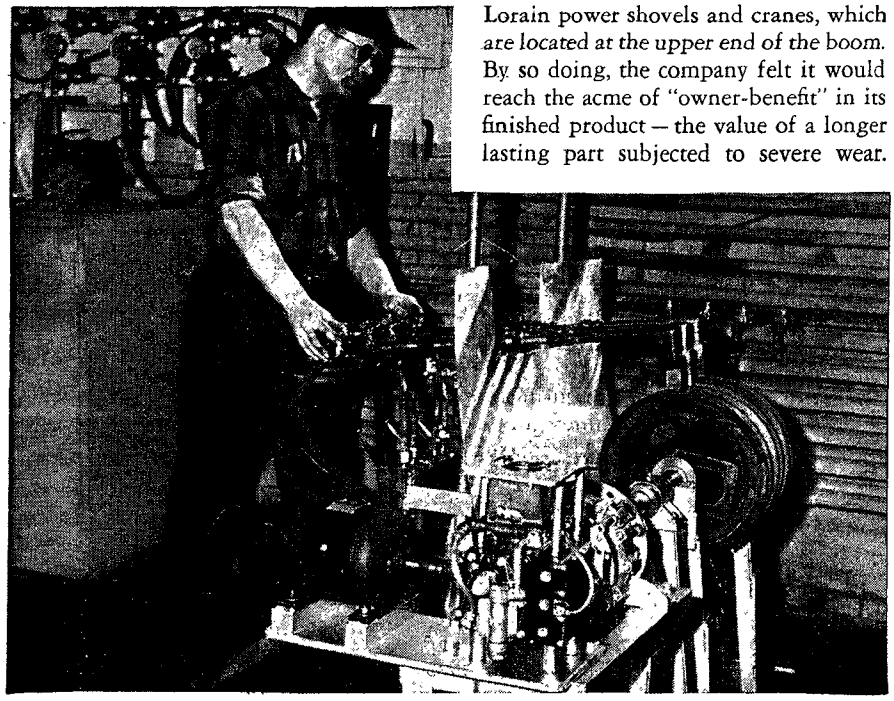
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Product "customer-value" built up with flame hardening

THE THEW SHOVEL COMPANY, Lorain, Ohio, wanted to improve the wearability of the sheave throats on Lorain power shovels and cranes, which are located at the upper end of the boom. By so doing, the company felt it would reach the acme of "owner-benefit" in its finished product — the value of a longer lasting part subjected to severe wear.



A. B. Neiman, Airco Technical Sales Representative, recommended oxyacetylene flame hardening. With this modern process, hardening could be localized to the sheave throat, *without* affecting the balance of the sheave's ductility. This was highly important for finished machining. Using a set-up of three Airco No. 4383 torches, with hardening tips especially designed for this job, three sheaves are simultaneously hardened to a predetermined degree that insures maximum wear-resistant qualities.

Since flame hardening was introduced, the company still has gone further in its efforts to increase the customer-value of its products by expanding this modern, localized hardening process to include gears, jaw clutches, and other parts requiring longer "in-service" life.

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ECA'S LEDGER

Reports From Washington

The Netherlands' ban on all U. S. imports that can't be bought with ECA dollars may stir up a tempest here (BW —Nov.6'48,p123). If other Marshall Plan countries follow suit, Congress could have a bunch of angry exporters on its hands the next time the subject of ECA comes up.

ECA has been telling western European nations to trade as much as possible among themselves. It has not allowed them to use ECA dollars for some "traditional" imports from the U. S.—automobiles, fountain pens, and countless brand-name consumer goods—lest ECA be accused of wasting the taxpayers' money.

But U. S. manufacturers stand to lose their long-standing European markets. If a manufacturer wants to market non-recovery goods in Western Europe, chances are he won't find many countries with the dollars—other than ECA's —to pay for them.

Top industrialists touring Europe lately have been speaking bluntly on this score. An executive of the Studebaker Corp.—ECA boss Paul Hoffman's own company—has warned the Dutch Ministry of Economic Affairs: U. S. industry might shift its influence against the Marshall Plan if U. S. markets abroad are hurt. And other top industrialists are squaring off for a battle with Congress over additional appropriations.

ECA's answer: If it weren't for the Marshall Plan, there wouldn't be any western European markets at all—just economic collapse.

Other Developments

Procurement Authorizations. For the week ended Nov. 6, ECA authorized almost $193-million worth of purchases. Primary iron and steel mill products came in for $27.4-million; machinery, $27-million. Included under machinery were $5.4-million for metalworking machinery and machine tools; $5-million for engines, turbines, and electrical equipment; and $4.6-million for construction and mining equipment.

More than 75% of this week's spending was for commodities to be delivered in the future. The rest was reimbursements for purchases made earlier. But the day of reimbursement financing under ECA is almost over: Deadline for all requests was last week

Investment Guarantees. The $300-million that ECA tentatively set aside to cover new U. S investments in western Europe hasn't had many takers. One reason: Under ECA law, the guarantee money was to be deducted from the $1-

billion earmarked for ECA loans; each country in which there's ECA-backed investment loses that much from its *loan* allocation.

Western European nations don't think that most of the proposed investments would give them as much for their dollars as a straight loan. They might buy the guarantee idea if it were offered in addition to a given country's total allocation of dollars.

Reports From Abroad

Allied military authorities in Germany have approved several small investments by U. S. publishers to be covered by ECA's guarantee fund. MacFadden Publications International Corp. and Fawcett Publications, Inc., were guaranteed conversion of earnings in German currency up to $87,000 for the coming year.

This is what the Germans get: 10,000 assorted comic books a month, plus copies of True Confessions, Startling Detective, True Police Cases, and Movie Story. Moreover, MacFadden intends to publish a German edition of True Story.

Occupation-Generals Clay and Robertson approved. They did so because they could find nothing "Nazi or unsuitable from a security point of view."



Forge-Proof Licenses

This printing press at Todd Co., Inc., Rochester, N. Y., is turning out export license forms designed to foil the cleverest forger. It is part of Commerce Dept.'s drive against export racketeers (BW—Jul.17'48,p108). The Todd process makes export licenses as safe as banknotes. A surface pattern of dots, arranged in a complex mathematical formula, is printed on each form. The formula was destroyed for secrecy after the printing plates were made.

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THE TREND

Congress Can Reinforce U. S. Industrial Strength

The U. S. came out of World War II holding clear title to the industrial championship of the world. As the champ, this nation so far has not gone soft; on the contrary, it has added to its industrial strength.

But we must not adopt a ho-hum attitude. America's industrial might is not invincible; it can be weakened or hobbled in many ways. And anything that hinders plant maintenance, replacement, or expansion should be suspect. Our No. 1 candidate for investigation on that basis is the depreciation tax policy of the Federal government.

This policy was written into law for the same purpose most tax provisions are drafted: to increase revenues. The law, as now phrased, limits the amount of tax exemption for depreciation reserves to the amount of cash necessary to replace the equipment at original cost. That provision was designed to prevent companies from making excessive deduction for depreciation to avoid paying heavier taxes.

That theory appears to be satisfactory—even desirable—on the surface. It is hard to argue against any law which produces revenues and puts a stop to tax evasion. But a study of that policy at this time and in light of existing conditions does not sustain the opinion that the policy is sound.

Higher Costs Cause Trouble

Inflation of prices began during the war and has continued since. It has hit the manufacturer as well as the individual consumer.

But the sock on the nose dealt by inflation is not all that the manufacturer feels. He is also hit by the depreciation tax policy. This is what happens:

He has been writing off his old equipment on the basis of original cost as the law requires. He follows the general practice of figuring depreciation for tax purposes by the straight line method. This means getting tax exemption for equal amounts annually to make up the original cost of the equipment.

However, he now finds that today's replacement costs are so much higher that the money earmarked is not nearly enough to pay for the new equipment.

What will happen if the present law stays on the books unchanged? Probably one of two things:

(1) A company can take off for depreciation only the amount allowed for tax purposes. But then it will not have enough money put by to replace existing equipment. In fact, if prices have doubled, it can replace only half of its equipment as it wears out. Multiply that single example by all the companies of the nation. What do you get? The ability to maintain all of our productive capacity at present levels is cut in half.

(2) A company can step up depreciation funds beyond those allowable for tax purposes. That is being done by a number of companies today. U. S. Steel Corp. is a prime example. It has been setting aside extra funds which it would otherwise consider as net earnings. But it is not getting relief in the way of taxes, because the government still considers those funds as net earnings; the corporation still is only entitled to credit for depreciation on the basis of original cost.

At the same time, companies following this method are drawing criticism from several directions. Stockholders, for example, do not like to see dividends cut or withheld to build up depreciation funds. We plan to discuss that point in a later Trend.

What Can be Done?

Neither of these alternatives are satisfactory. So the wisest course would seem to be a change in the tax statutes. But what kind of change?

One proposal is to provide that the depreciation tax exemption is to be based on replacement costs, not on original costs. It would permit a company to step up the amount for depreciation when costs are rising. As an offsetting factor, the company would be required to reduce the depreciation fund when costs are falling.

Another proposal is to provide for more rapid depreciation of the cost of new facilities. Instead of being required to write off original cost over the useful life of the project as determined by the government, let the company amortize the cost for tax purposes over a much shorter period. That is the plan followed during the war in order to get more private investment in war facilities.

No proposal for changing the depreciation tax policy has won full favor in Washington. But there is recognition—even among New Dealers—of the impact depreciation policy has on plant expansion. The new Democratic Congress should look upon a change in depreciation policy not as a sop to business but as a boon to national welfare.

Some resistance to the change has been shown by tax-policy framers because revenue will be lost. We admit that the present high cost of government and the huge public-debt burden must be seriously considered before any proposal involving sizable revenue losses are contemplated. But there are other things to take into consideration: What will be the effect if industry cannot maintain its physical plant and thus provide employment for workers at high wage levels? What will be the effect on world affairs if the U. S. begins to lose its position as the industrial leader? Those are serious questions too.

They point up the reason why the Joint Congressional Committee on Tax Policy should explore this subject carefully as soon as possible. That committee should urge Congress next January to put this vexing problem high on its agenda for consideration and positive action.

Memo to ——

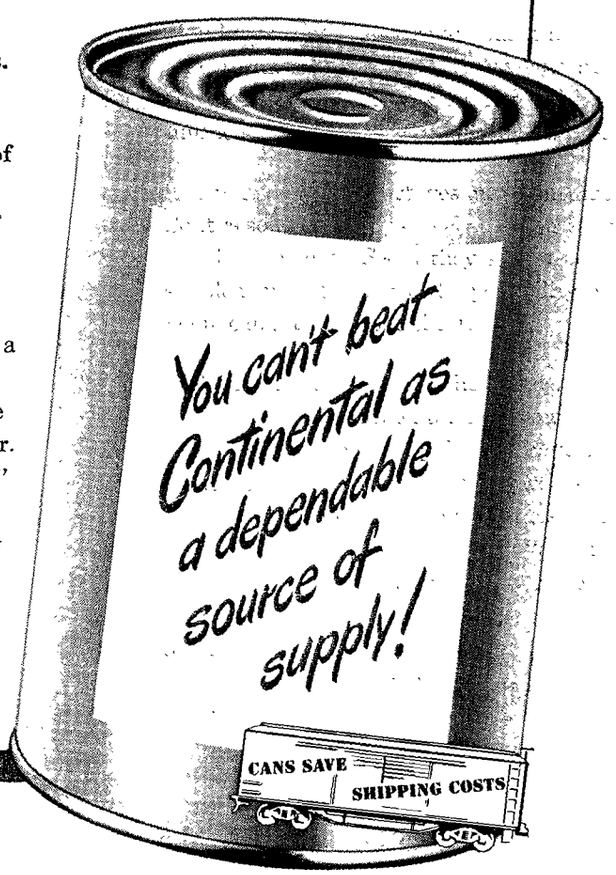
TO A FOOD PACKER WHO IS THINKING ABOUT HIS SUPPLY OF CANS

(A memo that many a forward-looking businessman will find worth a minute of his time.)

You know that these are difficult times. Uncle Sam is fighting a cold war, and he is in the market for both the raw materials and finished goods needed to build up our defenses.

Today's food can shortages may continue. So it is sound business to check your sources of supply right now. See if they should be supplemented to reduce the possibility of your being caught in a spot shortage.

We'd like to tell you right here and now that you can't beat Continental Can Company *as a dependable source of supply. We have the manufacturing capacity, the research staff, the sales organization to serve the largest customer. And we have the willingness, the "on-the-toes" spirit it takes to give any processor the finest service possible. We'd welcome an opportunity to sit down with you to see what we can do to supply you with the food cans you need, when and where you want them.



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A way for "fat" men to beat the heat

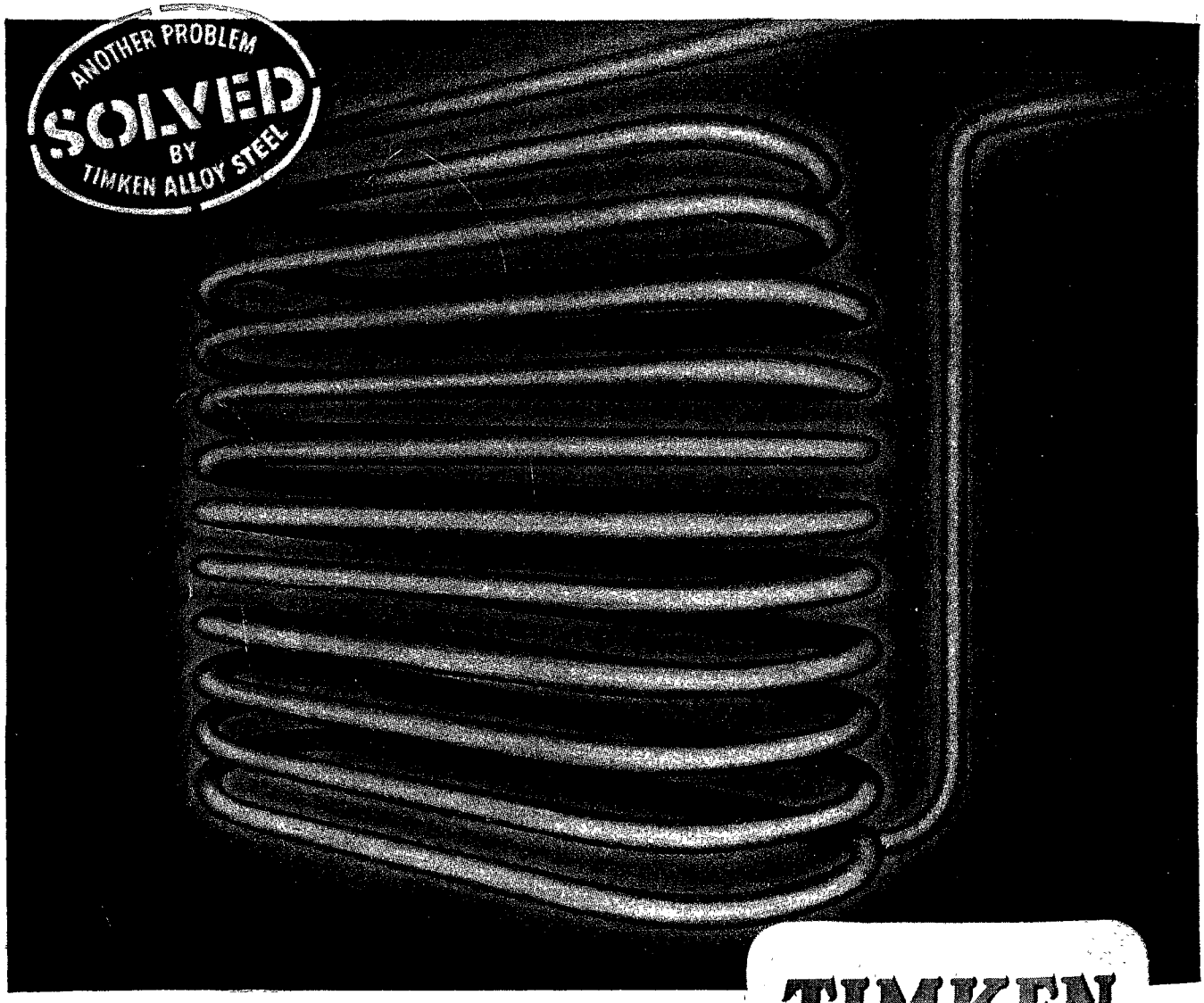
A COMPANY that distills animal fats for soap manufacturers was having trouble with its superheater coil—a winding section of steel tubing in which steam is superheated to a blistering 1200°F. Continuous operation at this red hot temperature weakened the steel. Too-frequent replacements were necessary and valuable hours of production time were being lost.

Learning of the problem, metallurgists of The Timken Roller Bearing Company suggested that the coil be made out of Sicromo #5—a special analysis Timken high temperature steel. So while the manufacturer was having a new furnace installed he decided to put in a new Sicromo coil, too. The results were amazing.

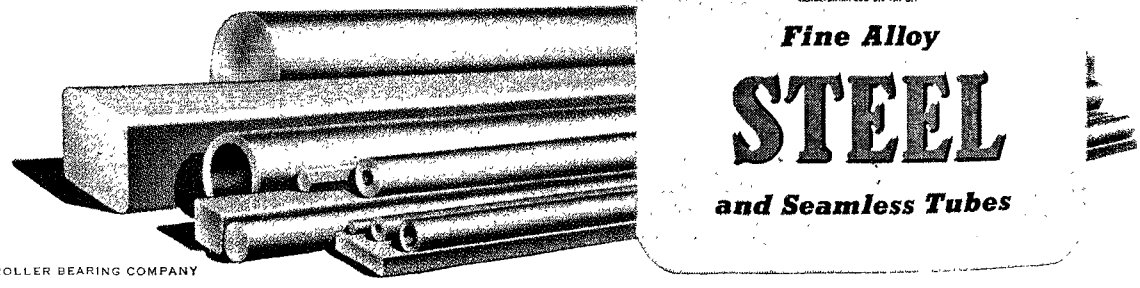
Where the steel formerly used had to be replaced every year, the Sicromo tubing stood up under the terrific heat *for seven years* before replacement was necessary. Valuable production time was saved. And less money was spent for tubing—thanks to Timken's ability to specify the high temperature steel that delivers the *best* life/cost ratio for each particular application.

As specialists in fine alloy steels, the Timken Company offers a combination of research and experience that is unique in the industry. That's why you'll find so many tough steel problems stamped: "Solved—by Timken Alloy Steel". It's a record no other alloy steel producer has equalled!

We'd like a chance to consult with you on *your* steel problems, too. Write The Timken Roller Bearing Company, Steel and Tube Division, Canton 6, Ohio. Cable address: "TIMROSCO". Tapered Roller Bearings, Alloy Steels and Seamless Tubing, Removable Rock Bits.



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