

ITALY'S MANPOWER IS GREATEST IN EUROPE, BUT NATION MUST HAVE CREDIT, SAYS VANDERLIP

Trade Balance Must Be Made Up by Loans Until Country Resumes Peace Basis and Sources of Revenue Reopen

Great Industrial Concerns Are at Mercy of Circumstances—Organizing Geniuses Head Efficient Plants in Northern Italy

By FRANK A. VANDERLIP

IN RECENT years there has been developed in northern Italy, particularly in Turin, Milan and Genoa, a number of great, efficient industrial organizations. The story of one of these is as splendid a romance of industrialism as will be found anywhere.

There was one man in the industrial life of Italy who resisted the "peaceful penetration" of German capital. He had large industrial works in Genoa. There was ingrained in him a distrust of the Teuton, and as German capital penetrated to other industries he not only resisted any advance made by that

ITALY'S INDUSTRIAL FUTURE HANGS ON NATIONAL FINANCIAL POSITION

Frank A. Vanderlip, financier and former president of the National City Bank, in a further discussion upon the industrial situation in Italy, based upon his observations while in Europe, says:



FRANK A. VANDERLIP

In many ways Italy impressed me as being richer in human material than any other country in Europe. There are a good number of well-planned and well-equipped industrial organizations in northern Europe. Italy has produced some of the greatest organizing geniuses in the world. One plant saved Italy during the advance of the Austrians which resulted in the Caporetto disaster by furnishing 2000 guns immediately to supplement those captured by the enemy.

Continuation of these plants depends solely upon international trade. Italy as a unit must be able to sell to the world sufficient amount of her products to pay for the coal, cotton, wool and other products which she must have. It is not a question of the credit of individual firms. If Italy cannot make the loans to counteract the balance of trade, her industries must halt, production cease and workmen stand in idleness and face want.

capital for an interest in his business, but he instilled into his two sons what became almost a religion of chauvinism so far as this great establishment was concerned. Oath at the Bier When the father died the two sons, with a touch of Italian romanticism, stood at the bier and made a stern compact one with the other that they would never admit German capital into their great industrial inheritance.

In these two men there certainly must have been some of the blood of the Caesars, for they had an audacity, an imagination, a vision for the great accomplishment such as the men who ruled early Rome must have had. There was one great industry in Genoa. The whole was known as the Ansaldo Company, and it had great and varied industrial capacity, running through shipbuilding, the making of turbines, the construction of locomotives and the building of electrical machinery.

With Italy's entrance into the war these two men had the imagination to realize that the great war was a war of industrial capacity. A speech which Kaiser Wilhelm made in which he told his own people that the war would be won in the workshops of Germany brought to them a revelation regarding the character of the war.

Their clear-eyed view of German national characteristics, their hatred of German domination, made them see, as few men in Italy saw, what the struggle meant to Italy and what means must be employed if Italy was not to be vanquished.

They offered at once to turn their establishment into the making of large guns for the army. Perhaps, as they believed, there was German influence still in seats of power in the Italian Government. Perhaps there was only a lack of vision, but in any event, they got no orders for guns.

Lack of orders, however, did not daunt them. They believed they could see more clearly than the government saw. They obtained from Italy's allies the designs of the most efficient French guns and without a single order from the government and in the very first days of the war they started to convert their plant into an ordnance establishment.

Before they received an order for a

single gun they had completed 2000 pieces of ordnance. Then came the Caporetto disaster. And not until that awful defeat did the Italian Government turn to them with cries for guns. When the first order was placed the officials were confounded on being told that the guns were ready for immediate delivery. These two thousand guns were at once put in the field to take the place of the vast losses which the Italian army had sustained, and performed a feat which was almost beyond the capabilities of the Austrians, the value of which can hardly be measured.

The Ansaldo Company could now get orders, but through some influence, or perhaps only through financial inability, they could not get pay. The orders were unexecuted. The pay continued to accumulate. The great works, however, were operated to their utmost capacity, and performed a feat that those in America will marvel at, who know by experience the difficulties of ordnance production.

Financing Required Genius Works that employed 100,000 men were created and 10,000 guns were put in the field. At one time the Italian Government owed the Ansaldo organization 70,000,000 lire.

The Italian mode of financing the situation required genius, during the war the strength. The capital of the company was increased to 500,000,000 lire and the public generously subscribed to the stock. A great combination of banks was created in order that the organization might control and be aided by a bank of great financial strength.

In a struggle balanced to such a nicety as was the great war, when Paris and perhaps the whole cause was saved by the opportune arrival of a handful of Americans at Chateau Thierry, it can be justly said of each of the nations that the war could not have been won without this or that particular contribution.

In that sense it seems to me it can truly be said that without the contribution of the Perroni Brothers and of their industrial organization of 100,000 men that they brought together in the Ansaldo works, the great war could not have been won. For Italy's cause would have been lost and with that loss might have come the downfall of the great cause. But now what of the future of this and other great industrial establishments that the war developed in Italy?

Rich in Man Power In many ways Italy struck me as being richer in human material than any other European country that I visited. These northern Italians seem to have a genius for industrial organization.

One of the great industrial plants of the world is the Fiat works at Turin, and there are a goodly number of well-planned, well equipped industrial establishments in northern Italy that have at hand an efficient, skilled and more than ample labor supply. But they must have coal, and to get that must somehow, and at once, have the power to pay either in goods or in dollars or pounds sterling.

It is not a matter of the individual credit of these industries. It is not at all a question of the domestic wealth of these concerns. It is a question of Italian national position with respect to the international exchanges.

Italy as a national unit must be able to sell to the world a sufficient amount of her own products to pay for the coal, and the cotton, the wool, the petroleum products, the rubber, and the other raw materials which she must have.

If for the time being she cannot do that, and cannot make up the balance from emigrants' remittances and tourists' expenditures, she must have credit or her industries must in part close down.

If all amounts to the inevitable logic of two plus two. There is no getting away from the few fundamental factors that are involved in international trade. To buy anything abroad Italy must sell her own products or make loans to counteract the lack of balance. If she cannot make these loans, things essential to her industrial life cannot be imported. Her industrial life must halt, production cease, workmen stand in idleness and face want.

But that usually spells whether the hungry man is an Italian, a Russian, an Englishman or God forbid, an American, the result is apt to be the same, revolutionary outbreaks, a disorganization of the social order, industrial chaos.

(Copyright, 1919, by McMillan Co.) Tomorrow Mr. Vanderlip will discuss "An Economic Madhouse."

BUSINESS NOTES

Buying of fall apparel for women by retailers from all parts of the country continues with undiminished activity, despite the inclement weather.

Business in raw silk is only fair. Owing to the decline in prices, buyers have developed a disposition to shop for supplies in the hope of uncovering weak spots.

Demand for cotton goods has outstripped the supplies that are offered by the mills. Leading eastern manufacturers of gingham state that they cannot supply goods in anything like the quantities desired by exporters, cutlers, manufacturers, jobbers and retailers.

Automatic machinery for the book-binding and leather trades is reported in excellent demand, and a number of the manufacturing plants are said to be working overtime. Since the war terminated business with foreign countries has been accelerated. Shipments have been made to the Dutch East Indies, England, France, Norway, Japan and the British Indies.

Steps toward the resumption of trade relations with Germany have been taken by raw skin merchants. Dealers who formerly had German connections have called to Germany for reports on conditions there and the prospects for the sale of American furs. The cables have been followed by letters outlining conditions here and quoting prices on supplies for shipment.

British traders are feeling the competition of American cotton products in overseas markets, particularly in Argentina, according to the American Chamber of Commerce in London. Certain of the American houses in Great Britain which hitherto have virtually confined themselves to the purchase of goods for consumption in the United States, it is understood, may now take on the export of British cotton goods to various markets, even India.

June structural steel commitments were 45 per cent of rated capacity, against 49 per cent in May and 50 per cent in June. Average backlog of structural orders in the first half of the current year was approximately 20 per cent of capacity, against an average of 24 per cent in the same period last year. Industrial extensions are responsible for the larger part of orders booked in recent months.

The American Locomotive Company has received the following orders for export shipment: Java Sigit Railways, twelve ninety-nine-ton Mallet engines; Cordoba Central Railroad of Argentina, six eighty-three-ton Mikado engines; Imperial Railways of Extrusion Railway of Chile, two forty-two-ton Prairie type engines.

At the wool auction sales in London today, 7450 bales were offered. The market was irregular. Combing merinos sold 5 to 10 per cent lower. Carbonizing merinos were firm, while coarse crossbreds sold 10 to 15 per cent lower. Scourings ruled steady.

Complaints of coal operators in Ohio and West Virginia that recent increases in freight rates destroyed the relationship with rates to the Northwest from Illinois and Indiana mines, subjecting them to undue disadvantage, were not sustained by the Interstate Commerce Commission, which announced its decision today after an investigation made at the request of Director General Hines.

LIVESTOCK QUOTATIONS Chicago, July 17.—HOGS.—Receipts, 30,000 head. Most sales 10¢ lower than yesterday. Top, \$22.40 out of line. Bulk, \$21.50 to \$22.00. Light, \$21.50 to \$22.00. Heavy, \$21.00 to \$21.50. Packing, \$20.50 to \$21.00. Butcher, \$20.00 to \$20.50. CATTLE.—Receipts, 12,000 head. Choice and prime steers 25¢ higher. Heavy, choice and prime steers 10¢ higher. Cows and calves steady. Other stock 25¢ lower. Medium and good 11¢ to 12¢ higher. Sheep.—Receipts, 15,000 head. Native and western, \$18.50 to \$19.00. Top western, \$18.75. Sheep steady. Feeders, \$18.25 to \$18.50.

Pittsburgh, July 17.—HOGS.—Receipts, 10,000 head. Live generally 25¢ to 50¢ lower. Top, \$22.00. Bulk, \$21.50 to \$22.00. Light, \$21.50 to \$22.00. Heavy, \$21.00 to \$21.50. Packing, \$20.50 to \$21.00. Butcher, \$20.00 to \$20.50. CATTLE.—Receipts, 10,000 head. Choice and prime steers 25¢ higher. Heavy, choice and prime steers 10¢ higher. Cows and calves steady. Other stock 25¢ lower. Medium and good 11¢ to 12¢ higher. Sheep.—Receipts, 15,000 head. Native and western, \$18.50 to \$19.00. Top western, \$18.75. Sheep steady. Feeders, \$18.25 to \$18.50.

East St. Louis, Ill., July 17.—HOGS.—Receipts, 10,000 head. Live generally 25¢ to 50¢ lower. Top, \$22.00. Bulk, \$21.50 to \$22.00. Light, \$21.50 to \$22.00. Heavy, \$21.00 to \$21.50. Packing, \$20.50 to \$21.00. Butcher, \$20.00 to \$20.50. CATTLE.—Receipts, 10,000 head. Choice and prime steers 25¢ higher. Heavy, choice and prime steers 10¢ higher. Cows and calves steady. Other stock 25¢ lower. Medium and good 11¢ to 12¢ higher. Sheep.—Receipts, 15,000 head. Native and western, \$18.50 to \$19.00. Top western, \$18.75. Sheep steady. Feeders, \$18.25 to \$18.50.

South Omaha, July 17.—HOGS.—Receipts, 10,000 head. Live generally 25¢ to 50¢ lower. Top, \$22.00. Bulk, \$21.50 to \$22.00. Light, \$21.50 to \$22.00. Heavy, \$21.00 to \$21.50. Packing, \$20.50 to \$21.00. Butcher, \$20.00 to \$20.50. CATTLE.—Receipts, 10,000 head. Choice and prime steers 25¢ higher. Heavy, choice and prime steers 10¢ higher. Cows and calves steady. Other stock 25¢ lower. Medium and good 11¢ to 12¢ higher. Sheep.—Receipts, 15,000 head. Native and western, \$18.50 to \$19.00. Top western, \$18.75. Sheep steady. Feeders, \$18.25 to \$18.50.

East Buffalo, N. Y., July 17.—CATTLE.—Receipts, 10,000 head. Live generally 25¢ to 50¢ lower. Top, \$22.00. Bulk, \$21.50 to \$22.00. Light, \$21.50 to \$22.00. Heavy, \$21.00 to \$21.50. Packing, \$20.50 to \$21.00. Butcher, \$20.00 to \$20.50. CATTLE.—Receipts, 10,000 head. Choice and prime steers 25¢ higher. Heavy, choice and prime steers 10¢ higher. Cows and calves steady. Other stock 25¢ lower. Medium and good 11¢ to 12¢ higher. Sheep.—Receipts, 15,000 head. Native and western, \$18.50 to \$19.00. Top western, \$18.75. Sheep steady. Feeders, \$18.25 to \$18.50.

LONDON STOCK MARKET

Further Shake-Out in Oil Shares. Canadian Pacific Buoyant. London, July 17.—There was a further shake out in oil shares on the stock exchange today. The Anglo-Persian Oil Company has proposed an amalgamation with Scotch-Schell Companies to unify refining operations. Fresh buoyancy was shown in Canadian Pacific and support was given to South American rails.

Domestic securities lacked steadiness and the mining stocks displayed irregularity. Generally the markets were quiet and mixed.

BUTTER, EGGS AND CHEESE New York, July 17.—BUTTER.—Dull and weak. Receipts, 7500 tubs. High selling, \$14.00. Extra, \$13.50. State, \$13.00. Butter, \$13.00. Eggs, \$13.00. Cheese, \$13.00.

\$6,818,592 in Treasury The weekly statement of City Trusts shows a balance of \$6,818,592. Receipts for the week totaled \$805,700.16, and payments of \$1,387,126.95 were made.

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Bank of England Statement London, July 17.—The weekly statement of the Bank of England shows the following changes: Total reserves increased £782,000; circulation decreased £680,000; bullion increased £31,200; other securities decreased £29,000; public deposits increased £119,000; notes reserve increased £724,000; government securities decreased £92,255,000. The proportion of the bank's reserve to liability this week is 20.54 per cent; last week it was 12.30 per cent.

RAILROAD EARNINGS UNION PACIFIC SYSTEM

Gold Bars to Be Sent to Paris New York, July 17.—Gold bars amounting to \$43,000 have been withdrawn from local depositories for shipment to Paris. A further amount of \$101,000 was withdrawn for export, but the destination is unknown.

The tide has turned and is running strong towards the Port of Philadelphia

The commerce of our port for the year ending April 30, 1919, shows— Foreign trade vessels cleared 4,621,000 tons. Coastwise trade vessels cleared 3,049,000 tons.

Direct sailings are now in operation from Philadelphia to the following foreign ports.

Antwerp, Bristol, Buenos Aires, Copenhagen, Gothenburg, Glasgow, Liverpool, Leith, London, Manchester, Montevideo, Rotterdam, Rio de Janeiro, Stockholm

There are trade opportunities in all these ports for manufacturers in Metropolitan Philadelphia.

Let the Foreign Trade Bank, the Corn Exchange, co-operate with you in developing this business.

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READJUSTMENT OF AETNA EXPLOSIVES CO., Inc.

To Holders of 6% Gold Bonds, Preferred Stock, and the various Certificates of Deposit therefor, of Aetna Explosives Co., Inc. Securities have been subjected to the Plan and Agreement as amended June 10, 1919, with approval of Hon. Julius M. Mayer, Judge of the United States District Court for the Southern District of New York, in the following amounts and percentages of outstanding securities, respectively:

\$1,974,600 of 6% Gold Bonds, approximately 90% \$4,403,425 of Preferred Stock, approximately 83% said figures, however, including \$501,800 par value of Preferred Stock deposited with the Stockholders' Protective Committee under the Agreement of September 29, 1917, the holders of which have until July 20, 1919, to dissent from the Plan, but none having dissented to date, and also including bonds purchased by the Receiver.

Both the Directors and the Stockholders of the Company have approved and authorized the carrying out of the Plan. Judge Mayer by orders dated July 14, 1919, has authorized immediate payment of the moneys necessary to effectuate the exchange of old Bonds for cash and, on August 1st or as soon thereafter as the mortgage and the new Series A and Series B Bonds and certain legal formalities can be completed, the delivery of the moneys and new bonds necessary to effectuate the exchange of old Bonds for new Series A Bonds and of the Preferred Stock for cash and new Series B Bonds.

The undersigned as Readjustment Managers under said Plan and Agreement have declared said Plan and Agreement operative and hereby give notice thereof.

Holders of Certificates of Deposit for Bonds electing to take cash will therefore receive payment (\$850 and unpaid accrued interest to the date of payment not later than July 30, 1919) on or after July 17, 1919, upon surrender of their Certificates of Deposit, properly executed in blank and witnessed to the Depository assuing them, together with income tax ownership certificates for accrued interest from July 1, 1919, and also income tax ownership certificates for the coupon maturing July 1, 1919, if such coupon has not previously been cashed. Holders of Certificates of Deposit for Bonds electing to take new Series A Bonds must in writing notify their Depository thereof on or before July 30, 1919, and holders failing to give such notice will be deemed to have elected to take cash.

Notice will be given hereafter of the date (either August 1, 1919 or as soon thereafter as the bonds are ready) when delivery to Depositors will be made of the new Series A Bonds in exchange (par for par) for old bonds not electing to take cash, and of \$75 in new Series B Bonds and \$20.75 in cash in exchange for each share of Preferred Stock.

Additional deposits of Bonds may be made with Bankers Trust Company, 16 Wall Street, New York, and of Preferred Stock with Columbia Trust Company, 60 Broadway, New York, depositaries, on or before July 30, 1919.

Dated July 17, 1919.

J. W. SELIGMAN & CO., Readjustment Managers under the Plan and Agreement of Readjustment of Aetna Explosives Co., Inc., as amended June 10, 1919, with the approval of Judge Julius M. Mayer.

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