

Henry J. Kaiser Super Industrialist, With But One Defeat, in Automobiles

(Editor's Note: After turning out more ships than any other builder during World War II, Henry J. Kaiser turned to peacetime industry and, with the exception of automobiles, has built up one of the most successful industrial empires in America. Here's the story behind one of our most fabulous engineering and managerial organizations.)

By LEIF ERICKSON
OAKLAND, Calif. (AP)— Rome wasn't built in a day, but that may have been because Henry J. Kaiser wasn't running the job.

The boss of one of America's great industrial empires admits as much. In a demonstration of the supreme faith he has in himself—and in his managerial and engineering organization—Kaiser once confided, to an anxious aide, fretting that his chief's promises exceeded possibility, that he might have managed to build the Eternal City quicker.

He might have, at that. Like



Henry J. Kaiser

Babe Ruth and his legendary World Series swat into the stands, where he had brashly pointed with his bat, Kaiser has homered in both war and peacetime industries.

One Exception
There was one exception—automobiles. Kaiser took a mighty swing, but couldn't break into the same league with General Motors, Ford and Chrysler.

During World War II he built more ships—1,490 of them—than anybody. When the Korean War started and the Air Force began building up a fleet of jet planes, Kaiser's new Chalmette, La., aluminum plant produced the desperately needed metal in 10 months, two months earlier than promised. In another 20 months the plant's production capacity was doubled and today it is the nation's largest aluminum reduction plant, operating its own generators producing 475,000 kilowatts of electric power from natural gas.

Moreover, Kaiser Aluminum is slated soon to start building a new and bigger reduction plant at Ravenswood, W. Va., which is expected to raise Kaiser's overall aluminum metal capacity to 654,000 tons annually.

In 1946, at 64, Kaiser began building up a diverse domain not only in aluminum, but in steel, cement and gypsum, all basic in 20th century economy. As of mid-1953 Kaiser enterprise assets are measured at more than a billion dollars and annual sales volume at 943 million.

In motors Kaiser has pulled out of the brutal passenger car sales battle. He bought out Willys in Toledo and now concentrates on commercial vehicles and the Jeep, an accepted world wide symbol of American engineering effectiveness.

Public Acceptance
"We learned that in the auto industry, more than any other, you've got to have public acceptance," Kaiser says. "And that you can't make or buy in a hurry."

Production of Kaiser jeeps, trucks and cars in Argentina, originally scheduled to start this year, has been stalled. The deal under which Industrias Kaiser Argentina was established last January has not been honored by the new Aramburu regime and Argentine assets of the company have been frozen.

This is part of a campaign by the new government to recover what has been called gains "ill gotten" under the ousted Peron regime. To unfreeze their assets, affected companies must prove that profits since 1943 were honestly obtained. Otherwise, the wealth is to go into a government fund for the development of housing and oil industries.

Kaiser, apparently hale and healthy at 73, entered a Honolulu hospital this week for a checkup. Edgar Kaiser said that while there was nothing dangerous about his father's condition, he had suffered intermittent pain since a fall in a bathtub in December.

Even before the accident, the elder Kaiser had made clear he knows better than anyone that he can't go on forever. But he has thoroughly trained and tested a leadership team in Edgar Kaiser, his chief deputy, and Eugene E. Trefethen, the executive vice president of all Kaiser companies.

They are equipped in experience and spirit to keep the empire growing whenever Henry J. steps out.

Latest Enthusiasm
Kaiser now spends weeks at a time in Honolulu, personally whipping along his latest enthusiasm—Waikiki's biggest hotel development. He plans an eventual group of three 500 room beach hotels.

"I don't have much time left," Kaiser says. "I want to get on with this."

Wherever the boss may be, the Kaiser management organization machines out decisions and policies at the empire's general headquarters on Oakland's Broadway. The management team—headed by son Edgar, Trefethen and engineer George Havas—probably

is the prize of all Henry J. Kaiser's creations.

In the planning stage is a new GHQ—a Kaiser Center overlooking Lake Merritt, a water park near Oakland's business heart. The site is bought for a building with 500,000 square feet of Kaiser Enterprise office space, plus a lush shopping area.

Aluminum Expansion
Meanwhile, Kaiser's management organization is engineering its way ahead with over 111 million dollars in aluminum expansion, a new 12 million dollar cement plant in Southern California, and better than 6 million dollars in new gypsum factories at Pittsburg, Calif.

And Kaiser Steel, which has concentrated on acquiring raw materials properties in iron ore, coal and limestone, has a 110 million dollar production increase program ready for the financing go ahead.

The managing team carries out what the boss believes. "We live in the industrial revolution of the last half of the 20th century," Kaiser says. "It transcends anything we've known before."

"This age of atomic energy, aviation, electronics, new metallurgy, chemistry and new technology, has jet propelled us into a chain reaction of progress."

Critics of Kaiser have claimed he and his empire were made by government money. But he insists he used the money to produce what the nation needed. He asserts, too, that he saved the government far more than he borrowed by production cost cuts.

Of an overall 227½ million dollars in federal money that Kaiser borrowed, all is repaid except a balance of less than 15 million owed by Kaiser Motors. By 1950 the 152 million in RFC money borrowed for war projects and steel had been repaid, plus 26 million in interest, 25 years ahead of the last loan deadline.

Private Money
Kaiser financing has shifted entirely to private money now. George Woods, board chairman of First Boston Corp., has guided Kaiser in raising 600 million in private investment money since 1946. He is called the empire's minister of finance.

"The main problem," Woods says of his financing performances for the Kaiser enterprises, "was to get these boys accepted in eastern banking and industrial circles." It's a problem long settled.

Since Woods cured Kaiser steel's wartime financing hangover, by raising 125 million dollars in first mortgage bonds, stock units and bank credit, its growth has been rapid. Kaiser steel bought and modernized coal mines at Sunnyside, Utah, in 1950 and last July bought 500,000 acres of coal lands near Raton, N. M. The company has a coking coal reserve for a long future.

Perhaps Kaiser engineers, headed by Hungarian-born Havas, is the special apparatus which, with the dream generator in Kaiser's cranium, made possible the swift growth of all the empire provinces.

Through the engineers Kaiser maintains a big stake in construction. Kaiser engineers are sponsoring head of an American contracting group building 56 million dollars worth of dams and tunnels in Australia, for example. The jobs are part of that country's billion dollar Snowy Mountains hydroelectric and irrigation program.

Most Unique
Most unique of all Henry J. Kaiser's many sides is his big and controversial venture into hospitals and group medical practice. Forty-three Kaiser hospitals and medical centers, with doctor partnership groups, now serve 500,000 subscribers to his prepayment plan for hospital and doctor care.

"My mother died in my arms when I was 16, for lack of medical care," Kaiser says, explaining his earnest fostering of the health plan system.

"My father went blind, and that could have been prevented, I made up my mind that if I ever had the opportunity, I would work for more medical care for more people at lower cost."

The first Kaiser hospital started in the desert to serve his workers on the Colorado aqueduct. The workers kicked in a nickel a day from wages for medical care.

Now the basic fees for the nonprofit Kaiser Foundation Health Plan are \$4.80 a month for an individual and up to \$12 for a family group.

Critics call it socialized medicine. Doctors protest that it offers no free choice of a physician.

Dr. Sidney J. Garfield, who started the first desert hospital and now is the plan's medical director, says, "We don't have to think of the patient's pocket book. No one becomes a second-class or charity patient. Everyone gets the treatment he needs

from a staff skilled and qualified in all fields."

Pay Their Way
The Kaiser hospitals pay their way. Banks finance new ones. No gift or fund drives are needed. The corporate organization of the Kaiser empire is topped by the Henry J. Kaiser Co. It holds investment control in the producing companies and shapes management and financial policy for all.

This corporate setup would be revised under a plan, recently disclosed by the elder Kaiser, which is to be submitted to stockholders early this year.

Under the reorganization plan, the Henry J. Kaiser Co. would, through an exchange of stock, become a wholly owned subsidiary of Kaiser Motors.

Kaiser Motors would then be renamed the Kaiser Industries Corp. The various subsidiaries of the vast industrial empire would continue to operate within the consolidated system.

A vice president and general manager is operating head of each producing company and is delegated a full degree of responsibility. These chiefs are Donald A. Rhoades of aluminum, Jack L. Ashby of steel, Wallace A. Marshall of cement, Claude E. Harper of gypsum, and Steve A. Gerard of motors.

Home base for all but Gerard is the Oakland GHQ. When they are in town they meet daily at lunch in the executives' dining room with Edgar, Trefethen and Henry J.

Looking Ahead
Looking ahead into the next 10 years for Kaiser Enterprises, Trefethen says, "We will have a much broader base to build from than we did getting where we are."

"We will have more credit, more management, more opportunity for new developments. Men with ideas will come to us."

Now 45, Trefethen started as Kaiser's executive assistant soon

U. S. Urged To Maintain Grant's Tomb

NEW YORK (AP)—The federal government has been asked to take over maintenance of Grant's tomb, a sightseers' landmark since 1895.

The Grant Monument Assn., a nonprofit organization, owns title to the monument on Riverside Drive. However, maintenance funds have been provided by New York City.

The association said Wednesday it was appealing for federal funds because of "constant worry" entailed in receiving sufficient money to maintain the monument.

The organization noted, however, that the city "has been very decent about our requests."

after coming out of Harvard's School of Business Administration.

"We have proved we are sound people," he said. "There's no more fighting for the chance to prove it."

"I can tell you, there's been a lot of sweat."

Godfrey Show Minus Audience

NEW YORK (AP)—An innovation went into effect Wednesday night on Arthur Godfrey's television show—the program was put on without a studio audience.

A spokesman for Godfrey said "we just tried something new," adding that the experiment would be continued "for a couple of weeks."

No reason was given for the no-audience idea, although some observers in TV circles speculated it was part of an effort to enhance the quality of the show.

Suit Says Actress Churned Up Yard

SANTA MONICA, Calif. (AP)—A neighbor couple seeks \$1,500 damages from Wanda Hendrix, claiming the actress ruined their yard while attempting to make a turn in a station wagon.

The suit, filed Wednesday in municipal court on behalf of Mr. and Mrs. Donald E. Dufford, stated the incident occurred Dec. 1. The actress is the wife of socialite James Stack.

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