

Gold Stock Outlook Dull Without Rumor Of Devaluation

ELMER WALZER
New York — Recession polishes the gold shares, says the current "Investor's Reader" published by the nation's largest brokerage house, Merrill, Lynch, Pierce, Fenner & Smith.



Elmer Walzer
man-made sparkle of devaluation rumors, the gold stock outlook is dull.

Costs of gold production are high and the American miners must sell their gold to the U. S. government at the fixed price of \$35 an ounce, the article continues.

Then it quotes the head of the foreign research division of the New York Federal Reserve Bank as saying there will be no devaluation of the dollar or increase in the price of gold.

Gold is a great thing in international finance. Nothing can be done with gold, but it is nice to have a stockpile of it

if you're a government. You don't have to have it in your own vaults. Most governments are content to leave it in the New York Federal Reserve Bank.

The Unmoving Element
If a country with a gold supply here wants to ship gold to another nation, it merely orders the New York bank to reduce its entry by the amount of gold it wants to ship and add it to the account of the nation which is to receive it. The gold stays put.

In times like these when gold is a mystery factor to many people, bankers like to

recall an old story that first appeared in the late 1920s. As the story goes, all the nations of the world voted to store all their gold on a little island in the Pacific Ocean. Only a few knew the location of the island and it had no sending apparatus to communicate with the outside world.

A few men lived on the island and they could receive messages. When a nation elected to send gold to another, it would send a message to the island. The men there would move the gold to be shipped from one cubicle to another and the deed would

be done. The fact the gold was there made everyone secure and there were no worries about physically shipping it.

Each year an expedition of a few people would visit the island to check up on the attendants.

What You Don't Know
On one of the inspection trips, the inspectors were horrified to find the island had disappeared.

"What'll happen when the world finds out," one of the younger men said.

"We won't tell them, son," the elder expert replied. "They'll never have any diffi-

culty at all if they think the gold still is on the island. Just thinking they still have it is all that is necessary."

And so the world went on and on without any gold, and nobody ever missed it.

Hope likewise has raised the hopes of gold shares to new highs since the Merrill Lynch index was started in 1940.

Despite eager talk of a gold price hike, the Investor's Reader article notes, "Most economists consider the prospects of a gold price hike remote."

One thing the gold miners have that most businesses

DIDN'T HEED MARQUEE
Greenville, N.C. — A theater whose marquee advertised the movie, "Don't Go Near the Water," was surrounded Tuesday by waters of the flooding Tar river.

LIBRARIAN DIES
Cincinnati — Dr. Charles Hadley, 85, long-time Cincinnati librarian and former president of the American Library association, died Sunday.

don't have, however, is a steady customer.

It is the U. S. Treasury which will buy all the gold offered at a price with a floor under it.

New Tranquilizers Are Being Studied by VA

Four newer tranquilizing drugs will be evaluated for use in treatment of mental illness by a large scale Veterans administration study, S. T. Brannock, officer in charge, Medford, Veterans administration office, said today.

The study just getting underway at 35 VA hospitals is the third in a series of VA major cooperative research projects on tranquilizers, Brannock said.

Drugs to be used are the compounds (phenothiazine derivatives) prochlorperazine, trifluromazine, perphenazine, and mepazine, which show promise in treatment of mental illness.

Chlorpromazine, a tranquilizer now in general use for mental patients, also will be administered in the VA study, since comparison of its effects will aid in evaluating effects of the other drugs.

Controlled Project
The carefully controlled project will involve veterans newly admitted to the 35 participating hospitals, a total of about 800 patients with schizophrenia, the most baffling mental illness, Brannock stated.

In addition to tranquilizers, all will receive other treatment, such as psychotherapy and the physical medicine and rehabilitation therapies, as indicated by their individual needs, Brannock said.

The project is part of VA's continuing chemotherapy in psychiatry studies, started in

1956.

VA hospitals participating in the new study include American Lake, Wash., and Roseburg, Ore.

Holmes Defends Remarks Against Freight Rates

Salem — Gov. Robert D. Holmes said Tuesday his attacks against "discriminatory" east-west freight rates imposed by the Interstate Commerce Commission were not attacks against the railroad themselves.

In a statement replying to the Railroad Brotherhood's Legislative League of Oregon, the Governor said:

"The only demand which I or my administration have made upon them (the railroads) is that they use their power and resources in the interest of the public which have chartered and created them."

Complaints Reiterated
Gov. Holmes reiterated his complaints that the discriminatory east-west percentage freight were damaging Oregon's economy.

The governor said his remarks about freight rates had been misinterpreted.

"What we want and need in Oregon is not less transportation, but more; not fewer freight trains operating but more of them," he said.

Previously the governor came out for repeal of the three per cent freight and 10 per cent passenger excise taxes imposed during the war.

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Ashland Council Approves Budget

Ashland—The Ashland city council and budget committee recently approved a \$1,327,318 budget for fiscal year 1958-59. A total of \$112,888 will be raised by taxation, raising the city levy from about 17.4 mills to 17.6 mills.

The budget is within the 6 per cent limitation. City Superintendent E. C. Biegel said and no election will be necessary. Last year the estimated tax was \$105,194, and the total budget was \$1,094,595.

Estimated revenue for fiscal year 1958-59 will be \$99,024, he said, and the estimated balance will be \$429,114.

RARE SPECIES CAUGHT

London — British Museum experts said today that a creature half-fish and half-animal caught by a North Sea trawler was a very rare species. The experts said the creature, two feet, six inches in length, was a mammal known as oxynotus paradoxus. They said only 14 specimens are known to exist.

Salem — A balanced Salem city budget of \$4,390,000 for the fiscal year starting July 1 has been revealed by City Manager Kent Mathewson.

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Eisenhower	won by 77,189	won by 13,762
Holmes	won by 7,599	won by 14,827
Hatfield	won by 18,643	lost by 6,203

*1956 Abstract of Votes

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