



LOOKING TWICE TO SEE WHO IT IS COMING OUT IN FAVOR OF WEDDED BLISS.

Inflation Hitting Big Business As Well As Small Pocketbooks

By ELMER C. WALZER
UPI Financial Editor

New York—Inflation is hitting big business as well as the pocketbooks of the little people throughout the nation.

According to Charles R. Sligh, Jr., executive vice-president of the National Association of Manufacturers, American business is haunted by ghost profits. And these hinge on inflation.

Ghost profits, Sligh says, are profits which show on the books and are taxed by the government, but which can't be put to the uses normal for profits.

He cites the story of what Thompson Products company of Cleveland calls its "million-dollar lathe."

Thompson bought a lathe in 1942 at \$12,000 and depreciated it over a period of 14 years. By 1956 it had laid aside \$12,000 of depreciation for a replacement. The old lathe was sold for \$1,000 so the firm had \$13,000 for the replacement.

But inflation between 1942 and 1956 raised the price of the same model from \$12,000 to \$35,000, and Thompson needed an even more expensive one—a lathe costing \$67,000.

That \$67,000 job meant the firm had to raise \$54,000 above the \$13,000 it had to replace the old lathe. To do this, Sligh explains, Thompson had to earn a profit of \$112,000 before taxes. This represents the profit on sales of \$1,250,000—hence the term "million-dollar lathe."

Here then were two things working to boost the price of the lathe—inflation for one, and technological progress which involved a more expensive lathe in the replacement for the other.

Sligh further points out the high cost of business expansion and the financing of new jobs.

"The cost of providing the facilities to create one new job now averages more than \$17,000," he says.

"Corporate profits now are running at around 15 billion dollars a year for all companies. To finance one million new jobs would require investment of more than the total corporate profits for an entire year."

Industry, he holds, cannot solve the problem by cutting dividends because that would make new financing difficult as well as create hardship for stockholders.

Beyond Industry's Control
"The ideal answers to these difficulties," he says, "lie beyond industry's control. Ghost profits will continue while inflation continues."

"Inflation will continue so

long as federal spending and fiscal policies force inflation. "Inflation will continue so long as federal law permits unions to exercise monopoly power and hoist wages regularly beyond productivity gains. "Profits will not cover necessary expansion for the growing population until



DR. ARTHUR S. ANDERSON Takes over Camp White duties

Assumes Duties At Domiciliary

Dr. Arthur S. Anderson, new chief medical officer for the Camp White domiciliary, arrived Monday to assume his new duties, according to Acting Manager Banks I. Paul.

Dr. Anderson replaces Dr. Wallace Pianka who recently was transferred to Fargo, N.D. as director of professional services at the Veterans Administration center there. He was clinical director, Idaho State hospital at Orofino, Idaho before coming to Camp White.

Previous to that he was chief of physical medicine and rehabilitation at the Veterans Administration hospital in Roseburg from 1947 to 1957.

Dr. Anderson is a graduate of the University of Kansas medical school, Lawrence, Kan. After graduation in 1931, he served as director of the Indian Service hospital at Lawrence, Kan., until 1933.

During World War II he served with "General Stillwell's Y force in the China-Burma-India area.

Laws of 16 of the states, from New Hampshire and New Jersey in the east, to Idaho and Washington in the west, have laws which prohibit segregation in their schools.

ILLINOIS VALLEY Employees Attend Picnic

By RUTH RAUSCH
Cave Junction—The annual picnic for the personnel of the Illinois Valley farms was held last week on the spacious lawns of the George P. Martin Jr., home. The hosts furnished the ice cream and drinks for the pot luck affair.

Those attending include the Harold, George and Bob Martin families, the Marvin Cross family, the Dean Mayfield and Ed DeMersseman families with the Rev. and Mrs. Gene Denning and family as special guests. Other guests in-

cluded Marie Adams and Harold Martin's guest, Jimmy McMillan, of Jerome Prairie, Martin Lee Lewis, guest of the Mayfields and Mrs. Robert Russell of Lake Arrowhead, mother of Mrs. Denning.

Orville and Charlotte Looper were in the valley over the week end from their new home in Redding, Calif., to visit with friends and family and left young Roger for a two week's visit.

Mrs. Guy Dick's sister and brother-in-law, Mr. and Mrs. Floyd White will be house guests of the Guy Dicks for a fortnight.

The Cave Junction Community church missionary society will hold their annual picnic on Wednesday, Aug. 20.

The Glen Davis family left recently for a month's vacation through Yellowstone park and South Dakota.

In the announcement of the wedding of Miss Donna Louise Gray of San Francisco, granddaughter of Mr. and Mrs. David Looper, the groom's name was erroneously given as Thomas H. Hoover. The correct name is Thomas Shaw of San Francisco.

Carolyn DeMersseman was a guest of the Carl Weatings at the state line Tuesday.

A bridal shower for Miss Ronine Rausch is to be held at the Immanuel Methodist church in Cave Junction August 20.

Hostesses for the affair are Mesdames Gilbert Clayton, Walt Hunting, A. N. Collman, Raymond Heidenreich, Misses Jackie Williams, Carolyn DeMersseman, Judy Collman and Milicent Wray.

At the Vernon Larson home this past week were Mr. and Mrs. Ray Amundson and two daughters from Longview, Wash., Mr. and Mrs. Perry Sunderland, sister of Mrs. Larson, from Coquille; and Mr. and Mrs. Donald Allison and son of Klamath Falls. Mrs. Allison is a niece of Mrs. Larson.

Mr. and Mrs. Vernon Larson were in Eugene for a day last week reviewing prospective applicants to fill the vacancy on the Illinois Valley High school teaching staff, resulting from the resignation of Don Brown.

Church membership in the United States is reported to be growing twice as fast as the growing population, and 60 per cent of all U. S. adults are no members of a church.

Colorado river water apportioned the flow to upper and lower basin states.

Special Master Rifkind will hear arguments on Arizona's move to amend its pleading at a later date.

If Rifkind rejects the plea, Arizona may take the matter to the Supreme Court for a ruling.

In other actions Wednesday, the U.S. government and New Mexico rested their rebuttal cases. California's rebuttal was expected to take 10 to 12 trial days.

Rifkind hopes to wind up the trial by Labor Day.

Arizona Seeks Million Acre Feet In New Pleading

San Francisco—UPI—Northcutt Ely, chief attorney for California in the Colorado river water suit, accused Arizona today of taking "dead aim" at states of the upper basin.

Ely made this charge out of court after Arizona changed its pleading in the six-year-old suit to claim in effect an extra one million acre feet of water a year out of the Colorado's flow.

The change in plea came on the eve of California's rebuttal case, scheduled to open this morning before Special Master Sion H. Rifkind. He is hearing the suit for the U.S. Supreme Court.

"These amendments would rewrite the Colorado River Compact by excluding tributary streams in the lower basin," Ely said. "This is a revision which the Arizona legislature proposed 35 years ago, but which the other states of the basin refused to accept."

Upper Basin Responsibility
Mark Wilmer, an Arizona attorney agreed the new pleadings would theoretically make the upper basin responsible for providing Arizona with the extra water.

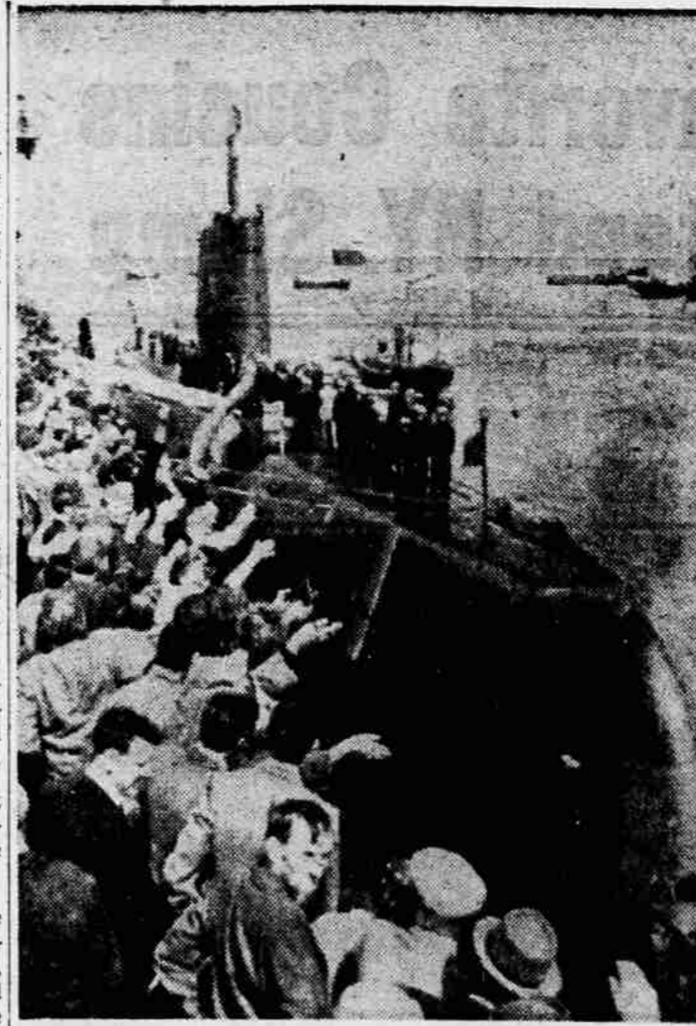
Charles Reed, chief Arizona counsel, replied to Ely's remarks by saying: "Mr. Ely's concern over the upper basin is a little difficult for me to appreciate."

When Arizona originally filed the suit before the Supreme Court in 1952, it sought clear title to 2,800,000 acre feet from the Colorado's main stream and roughly another million acre feet from the Gila river. That river flows through Arizona.

If granted, that claim would have cut California's use of the Colorado from 5,362,000 acre feet a year to 4,400,000 acre feet.

But Arizona insisted Wednesday it was entitled to its base allotment of 2,800,000 acre feet; another million feet out of the main stream; and nearly all the flow of the Gila. This would amount to roughly 4,800,000 acre feet.

Says Gila Not Included
Arizona claimed that the Gila river was never included in the Colorado River Compact of 1922. Under that compact, the states sharing in



TRIUMPHANT ARRIVAL—Enthusiastic crowds wave from edge of pier as the nuclear submarine USS Nautilus docks in Portland, England, at the end of her trail-blazing voyage under the Arctic ice-box and the North Pole. Every ship in this channel harbor screamed a welcome with sirens, fog-horns, and whistles.

The vast swampy plain known as the tundra, bordering on the Arctic ocean, has been called an Arctic desert.

More than 60 per cent of Egypt's land owners derive their entire living from one or less acres of land.

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