



ONE-MAN SUB TESTED — Isador Portnoff, top photo, waves good-bye as he prepares for an underwater test of his one-man submarine at Chicago. The sub, a 13-footer, is powered by a two horsepower electric motor driven by two 12-volt batteries. In the lower photo the sub is going down in 14 feet of water in Lake Michigan. Portnoff considered the test a success. (UPI Telephoto)

Bermuda Reaches Ideal Goal; Budget Balanced, No Debt

By HENRY J. BECHTOLD
UPI Financial Editor
New York—UPI—A balanced budget, no national debt, and a huge dollar reserve. This may be the goal of all nations, but Bermuda already has reached it.



And reach it, it has despite the absence of the normal tax. Henry Bechtold levies found in most countries. This tiny island with a permanent population of only 45,000 showed an overall profit of \$129,372,471 from the end of World War II until June 30, 1959. Tourism, of course, is Bermuda's bread and butter business, accounting for 70 per cent of its national income. However, there is a healthy trend there toward a more diversified economy with the island's tax benefits: the big drawing card.

Bermuda does not have any income tax, business tax, capital gains tax, sales tax, excess profits tax, dividend tax or estate tax. And this tax immunity is available to all-Bermudians and non-Bermudians, residents and non-residents.

This is quite an attraction to the U.S. companies seeking new methods and techniques to maintain and develop international business to meet the serious competition of the common market and other regional trading areas being formed in Europe and South America.

Prentice-Hall, Inc. noted in a recent tax ideas report that American firms now are finding Bermuda a most favorable over-all base for foreign operations and private investment.

Until recently, it said, many Americans by-passed Bermuda as a base because the island does not advertise its tax freedom and hence it was erroneously assumed that Americans and American business were not wanted. They also were under the impression that exchange control and currency restrictions might prevent or hamper base or investment operations.

They now have discovered, however, that Bermuda welcomes corporations and persons of standing and integrity; several of its laws are particularly patterned for base operations and foreign trusts; and liberalization of exchange control and currency restrictions now insure that Americans and American firms may freely use their dollars, as an external company or account. While most of Bermuda's newly registered firms are administrative and financial in character, the island's four-

year old freeport industrial area, where, by law, the government guarantees a tax-free operation for a 30-year period, is attracting more and more light manufacturing, packaging and distributing operations. Bermuda also is attracting an increasing number of international shipping lines.

More than a score of European companies now have established subsidiaries in Hamilton in moves designed to help them maintain competitive advantages threatened by American and Greek owners who have registered their ships in such countries as Panama, Liberia and Honduras.

Annual reports recently issued by the island's two banks reflect the booming state of Bermuda business. The Bank of Bermuda's profit last year was \$442,486, an increase of \$40,890 over the previous year. The Bank of Butterfield's profit in the same period jumped \$50,229 to \$439,389.

Bermuda's economic firmness also is strongly propped by increased U.S. military spending. Income to Bermuda for U.S. armed forces and their families, stationed on the island, together with dollars being spent locally for increased construction of facilities, topped \$12 million in 1959.

Miss International Beauties Compete

Long Beach, Calif.—UPI—The 15 finalists in the new International Beauty Congress will be selected from 52 contestants tonight to compete for the title of Miss International Beauty. Final judging will be held Friday night with the 15 girls first trimmed to five finalists and then Miss International Beauty chosen from that number. Winner of the contest will receive \$10,000. The 52 contestants each representing a different nation will parade for the last time tonight in three divisions. One group will wear play suits, another evening dresses and the third native costumes.

Bohlen To Attend Costa Rica Meeting

Washington—UPI—Secretary of State Christian A. Bohlen will take his top Soviet affairs adviser along to the Aug. 16 American hemisphere foreign ministers meeting in San Jose, Costa Rica. The State department said Wednesday that Charles E. Bohlen, former ambassador to Russia, would attend the meeting. The session will consider Communist threats in Cuba and Latin America.

Young Chaplin's Lawsuit Rejected

Hollywood—UPI—Charles Chaplin Jr.'s court suit to compel inclusion of his famous father's name in the Hollywood Walk of Fame has been denied. Superior Judge Ellsworth Meyer turned down the suit Wednesday against the Hollywood Improvement association and the Hollywood Chamber of Commerce. They are in charge of the Hollywood blvd. sidewalk program in which stars' names are embedded. Chaplin Jr., 35, still has a \$400,000 libel suit pending against the two groups. He accused them of maliciously excluding the name of his father.

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