

Increased Costs Destroy Profits Of Record Sales

By LEWIS A. WEBEL
United Press International
New York—The nation's chemical industry failed to be impressed by its record \$33 billion sales in 1962.

For despite this 10 per cent jump over 1961, the industry continued to be plagued by declining prices and increasing costs, resulting in lower earnings.

And prospects for the future appear to be for much of the same, according to a survey by the Manufacturing Chemists association.

More than half the chemical producers responding to the survey expected sales would increase during the second half of 1962 from the first half total of \$16.4 billion and nearly three-fourths also believed this upsurge will continue through 1963.

Drop Foreseen

However, about half of these producers foresaw a drop in earnings both this year and next with the remaining 50 per cent about equally divided between a small improvement and no change.

Chemical leaders had only to look at the wholesale price index for chemicals and allied products for support of this concern. This index averaged one per cent less in 1961 than in 1960 and recorded a further decline of 1.9 per cent during the first half of 1962.

June, 1962, wholesale price index for chemicals and allied products was 97.6 (1957-59 equals 100), a 2+ per cent drop below the average of the new price index period and the lowest point since September, 1956. Sixty per cent of those queried in the survey expected chemical prices to continue downward from the 1962 level.

Increased Overhead
Another cloud in the chemical industry sky is that labor, raw materials, transportation and distribution costs increased from one to five per cent during the second half of 1962 from the first part of the year. Sixty-three per cent of those surveyed expected a similar cost increase in 1963.

Despite continuing over-capacity in many chemical product lines, industry leaders are continuing their capital expenditure expansions on schedule.

About 97 per cent of those taking part in the survey reported their expansion programs have not been completed and their long term plans are continuing. Nearly 81 per cent advised that the major portion of their 1962

capital expenditures will be for new plant and equipment in 1963, a substantial increase over the \$240 million spent in 1962.

Authorizations Double

The company also said authorizations for new projects in the final half of 1962 were more than double those made in the last half of 1961.

Almost without exception, chemical industry leaders believe enactment of the investment tax credit in the administration's 1962 tax bill would have little impact upon new plant expenditures this year and in 1963.

Although chemical producers feel a general reduction in the U.S. corporate tax rates would have a greater impact on business expansion, a majority of those questioned said they would be unwilling to see a tax cut without a subsequent reduction in federal expenditure.

In the other area where the federal government holds paramount power—foreign trade—industry leaders all agreed the effect on the chemical industry of the president's trade expansion law could only be determined by the way in which the act is to be administered.

An interesting sidelight to the 1962 chemical story is rather than for improvements in existing equipment.

Capital expenditures are estimated to reach \$1.65 billion in 1962, compared with \$1.7 billion in 1961, according to the U.S. Department of Commerce and the Securities and Exchange commission.

Du Pont, the nation's largest chemical concern, has announced plans to invest \$350 million in construction of new and improved plant, laboratory and other facilities the effect a best-selling novel had on the industry.

Investigations
As a result of Rachel Carson's attack on pesticides and herbicides in her book, "Silent Spring," a full-scale investigation of government activities with respect to pesticides and other chemicals in the environment is under way. The outcome, producers fear, may be increased government control over pesticide testing and marketing.

The Manufacturing Chemists association and National Agricultural Chemicals association are preparing a rebuttal entitled, "Pesticide, Fact and Fancy" and industry opinion seems to be some workable solution will have been reached on problems in the pesticide area by the spring of 1963, the next major selling season.

California Leads in Stereo Broadcasting

New York—Running neck and neck with New York in the race for the nation's largest population California already is way ahead in another area—stereophonic sound.

The 1963 Stereo Hi-Fi directory reports California has 31 FM radio stations broadcasting Stereo Multiplex programs. This tops the Empire state almost three to one. Tied for second statewide stereo broadcasting are Texas and Ohio, each with 17 FM Stereo stations.

About one million Americans have undetected diabetes.

Earth Tremors May Provide Key to Detection of Blasts

By DAN PIENAR
United Press International
Johannesburg, South Africa—The 200 or so earth tremors that rock Johannesburg every month may hold the key to a foolproof system for detecting secret underground nuclear tests.

Local scientists, aided by an American research grant, are using the seismic force of these "man-made" tremors to study the behavior of shock waves through the earth's upper mantle.

The tremors are the result of gold mining operations, said Rodleigh Green, one of the research team.

Green, who is employed by the Bernard Price Institute at the University of the Witwatersrand, said some of the big shocks have a force equal to a 50-kiloton nuclear device. The first atom bomb, exploded at Alamogordo during Project Manhattan, was a 20-kiloton device.

"Figures show that Johannesburg gets an average of two rock bursts a month in that force range," Green said.

Green and his team have a \$120,000 grant from the Advanced Projects agency to study the effects of these shock waves through the earth's crust.

"We hope to be able to evolve a way of conclusively distinguishing between shock waves of natural quakes and tremors and those caused by underground nuclear explosion," he said.

"As I see it, the whole solution to the problem of a test ban lies in detecting underground tests. Atmospheric tests can be detected by sensitive barographs and space tests will probably soon be detectable by a system of spy satellites."

The tremors rocking Johannesburg are frequent enough to afford an ideal method of studying the behav-

ior of shock waves through the earth's crust.

"We want to determine the composition of the material of the earth's mantle," Green said. "To ascertain this, we are plotting the velocity curve and other characteristics of these waves from as far afield as 2,000 kilometers."

The project has several field stations which are switched on by automatic radio signal from Johannesburg the moment one triggers the mother recording apparatus there. The barographs are then collated and studied.

The recording outposts are

moved from time to time so that all points of the compass come under scrutiny.

"We want to see whether the effects that we know so far are merely local or whether they are relative to all parts of the mantle," Green said.

Observed

The tremors were first observed round the turn of the century, a few years after the deep mining operations which followed the discovery of the fabulous Witwatersrand gold reefs (veins) in 1886.

"These rock bursts—to give them their proper name—are caused by huge faces

of rock bursting under pressure in the mines flanking Johannesburg," Green said.

"They usually occur some distance ahead of the actual working face. Imagine what happens when millions of tons of rock crack after being subjected to a stress of 14,000 pounds per square inch."

Somewhere, in or around this mining metropolis, a cup is probably dancing right now on a kitchen table.

Houses and buildings shudder every day along the 60-mile-long gold belt as millions of tons of rock shift their weight, ever so slightly, under super stresses.

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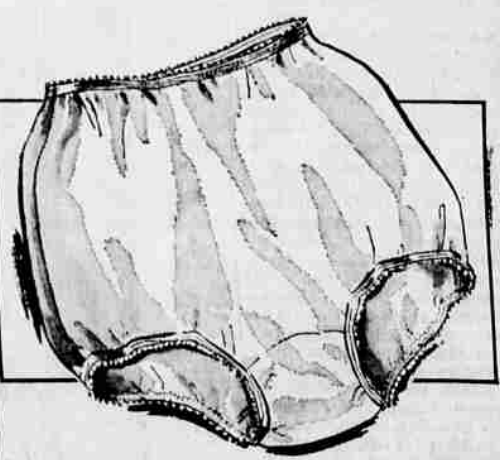
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Jewish Planner Is High USSR Official

Moscow—Among the men who emerged with an evident vote of confidence from the recent high level government party reshuffle is the nation's top economic planner, Veniamin Dymshits.

Dymshits is the only Jew among the upper echelons of the Soviet hierarchy. And because of the continued question of anti-Semitism in the Soviet Union, the fortunes of the 32-year-old engineer and economic expert have attracted special attention.

Soviet propaganda media even have used his higher status—Chairman of the Economic Council of the USSR, a newly-created body—to support claims that anti-Semitism does not exist in the USSR.

Not Practicing

From all evidence however, Dymshits is not a practicing Jew and, as a member of the Party's powerful Central committee, it is almost certain he accepts the party's official dogma and atheism.

Dymshits is another of the USSR's growing list of men who have reached high positions after a long climb up through the ranks.

When he was appointed chairman of the former State Planning committee (Gosplan) last July he also was given the rank of a USSR Deputy Premier which traditionally goes with the Gosplan job.

At that time the question of his Jewish background was particularly put into focus because no other Jew had held such a high government post since former party premier Lazar Kaganovich.

Kaganovich lost both his jobs in 1957 after being labeled a member of the so-called anti-party group.

Next Ranking Jew

But even at the time of Kaganovich's ouster, Dymshits was virtually the next ranking Jew in the Soviet hierarchy. He then held the title of USSR deputy minister for construction of metallurgical

and chemical industries enterprises.

He was then sent as chief engineer in charge of construction of the Bhilai metallurgical plant in India, one of the most ballyhooed symbols of Soviet aid to that country.

Returning in 1961, Dymshits was named deputy vice chairman of Gosplan and when former chairman Vladimir Novikov was moved to another key job last July, Dymshits moved logically into the chairmanship.

Under Premier Khrushchev's reorganization plan, aimed at pepping up the Soviet economy, Dymshits' State Planning committee (Gosplan) was given a new name and expanded functions—the Economic Council of the USSR.

Married and a father, Dymshits has a long background of technical and planning experience, much of it in the Ukraine, where many of the top men under Khrushchev received their early training.

All Was Not What It Appeared To Be

Niles, Ohio—The executive board of the newly-formed Welcome Wagon club had completed a busy evening formulating plans for the initial meeting of the entire club.

Then the women sat down to a dessert luncheon which featured a mouth-watering pecan pie. One member asked her hostess, Mrs. Richard Pugh, for the recipe. Mrs. Pugh obliged and, after listing all the ingredients, added: "If you don't have pecans, use walnuts, as I did."

CONFERENCE SET

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