

Emphasis Given to Modernization In Plant Expenditures This Year

By REYNOLDS KNIGHT

American industry will spend almost as much on new plant and equipment this year as it did last, and the emphasis will be on modernization, research and new product development to meet competition at home and abroad.

The 1961 estimate of total capital outlays has been revised slightly upward since last fall and now reads \$35 billion, 350 million, only one per cent less than the \$35 billion, 690 million spent last year, a survey by McGraw-Hill Publishing Company shows.

THE SURVEY reveals that 70 per cent of planned expenditures in 1961 will go for modernization of existing plant and equipment, the highest such percentage on record. It also was noted that industry plans to increase its capacity at a rate of slightly more than three per cent a year during the next four years.

Expenditures for research and new product development to \$10.5 billion this year and by 1964 it is expected to reach \$11.7 billion a year, the survey predicts.

The petroleum industry is expected to spend the most for expansion in 1961 — \$2.85 billion, compared with \$2.64 billion in 1960.

IRANIAN VENTURE - American business continues to invest heavily in installations in friendly countries abroad. Latest example is the new \$7-million B.F. Goodrich tire plant that recently went into production in Iran.

B.F. Goodrich Iran, S.A. was built in association with a group of prominent Iranian investors, and an Iranian business man is chairman of the board. BFG President J. W. Keener calls it "a concrete example of the right kind of co-operation between American private enterprise and local investors in promoting the economic progress of one of the world's developing economies."

Young Model Buffs Start Eliminations

Initial stages of the third annual Air Youth State Championships are now under way all over California in runoff contests to determine who will win a free trip to the national contest in Philadelphia during July.

It's all part of a drive to stimulate the interest of young men in model airplane building and flying. This is where and how America may expect to develop her pilots and astronauts of the future. In fact, many dads and granddads find model plane building and flying a great joint-participation sport.

LOCAL RETAIL hobby store proprietors all over California have been designated as the "grass roots" headquarters where interested boys and young men may receive further guidance, and instructions for participation in local meets.

Similar contests are being held in all 50 states, and each state will send their champion to vie for the national honors.

Boys (or girls) who have not reached their 16th birthday by July 1, and who have not previously won an Air Youth State Championship, will be eligible to register and compete in any of the California AYSC contests.

IN SOUTHERN California, participants will be offered a chance to gain experience in the Southern California regional contest to be held on May 21 at the Los Angeles Model Airport, in Sepulveda Basin in Van Nuys. The final contest to determine the California state champion will be held at the same spot on June 25. Participation in all AYSC-sponsored contests will be open to anyone with a desire to discover the fun and thrills of model airplane flying.

The National Air Youth State championships meeting will take place in Philadelphia July 24 through 30.

Rules have been greatly simplified this year. Each contestant may enter only one model airplane, which will compete in all four events. The four events are: speed, stunt, endurance, and beauty.

Mr. Keener underlined the unique character of this installation in his address at the formal opening which was attended by His Imperial Majesty the Shah.

"AS THE ONLY tire plant in the area, this is a vital installation for this oil-endowed crossroads of civilizations," he said. Another commentator termed the plant "a strategic link in the chain of defense planned by the United States and its allies for this crucial region." The magazine Business Week echoed this sentiment, calling the Iranian plant "part of U.S. effort to develop Iran's economy."

The Iranian installation was the third tire plant to be built by BFG foreign subsidiaries in the past 13 months. The others are B.F. Goodrich Australia Pty., Ltd., near Melbourne, and B. F. Goodrich do Brasil, near Campinas.

TILE RESEARCH - Fierce competition in the building industry has stimulated great new research efforts aimed at improved product design and new economies. Contrary to some popular beliefs, many customer costs within the building industry have decreased rather than increased in the last few years.

One good example of this has occurred as the result of technological research conducted by the Tile Council of America on behalf of the major ceramic wall and floor tile producers in the United States.

THROUGH THE program of the Tile Council's research center at Princeton, N. J., for instance, a revolutionary new tile-setting cement mortar has been developed. In the last five years more than 160 million square feet of real tile have been installed with this new, economical "dry-set" mortar.

As this "dry-set" mortar makes possible cost savings up to 30 per cent over conventional mortars, this one major technological breakthrough alone has shaved nearly \$80 million from tile installation costs throughout America.

THINGS TO COME The "do-it-yourself handyman may be happy to learn of two new products that will make life easier around the house this spring and summer. First, there's a gutter and downspout repair kit which contains a self-soldering, plastic impregnated patch that adheres to both painted and bare metal surfaces and is guaranteed to last indefinitely. . . . Another new product designed to make it easier for the man of the house is a solution which can be used to remove rust from metal surfaces and can also be used for preparing metal surfaces for painting.

TWO-WAY STREET - The fifth annual U.S. World Trade Fair which opened in New York's Coliseum last week for the first time attracted a number of leading American producers. They apparently see in the Fair, which has government blessing, an opportunity to break further into the export field. Two apparent reasons for their interest are a realization of the fact that their well-being will increasingly depend on their share of the foreign markets, and a growing need to reduce large deficits which this country has been accumulating in the past three years.

Foreign merchandise greatly outnumbered exhibits by American producers, but U. S. industry apparently feels that the event will provide a vehicle for a greater two-way trade aspect.

BITS O' BUSINESS - The demand by piano key manufacturers for large, good quality African tusks has declined approximately 10 per cent below January levels, despite the difficulties in that strife-ridden continent. . . . Milk production in the United States may set a new record this year despite a decline in cow population. The 19.2 million dairy cows in the U.S., down from 21.5 million ten years ago, currently produce an average of 6,500 pounds of milk a year per cow, about 1,200 pounds more than a decade ago.

City Manager, Councilman Attend Dedication Rites at Lake Mathews

Several hundred leading Southern California governmental, civic and business leaders Wednesday gathered at Lake Mathews to take part in ceremonies celebrating the completion of the enlargement of the reservoir of the Colorado River Aqueduct. Among those attending were City Manager George Stevens, and Councilman Nick Draie.

The huge reservoir is located 10 miles southwest of Riverside and 60 miles east of Los Angeles. It is a vital link in the Colorado Aqueduct system of the Metropolitan Water

District which delivers a supplemental water supply to scores of cities and large unincorporated areas in Southern California. The ceremonies were to celebrate the enlargement of the reservoir from 107,000 to 182,000 acre-feet or 60 billion gallons storage capacity. This work has been a part of a \$200 million expansion program that has been carried forward by the Metropolitan Water District since 1952 to bring the Colorado River Aqueduct system to its full planned delivery capacity. District officials pointed out.

PARTICIPATING in the dedication program were MWD Board Vice Chairman Warren W. Butler, who served as Master of Ceremonies Board Chairman Joseph Jensen, Secretary Fred A. Heilbron. District General Manager and Chief Engineer Robert B. Diemer, and former General Manager and Chief Engineer Julian Hinds, who also served as a member of the consulting board of engineers who passed upon the plans for the enlargement of Lake Mathews. The ceremony included the unveiling of two plaques commemorating the enlargement

of Lake Mathews and descriptive of this important link in the Aqueduct system.

BUTLER TOLD the assemblage that the celebration was being held to dedicate the enlarged reservoir to the service of the people. He recalled that his first action as a member of the District Board of Directors back in 1935 was to offer a motion to award the contract to the lowest bidder for the construction of Mathews Dam and Dike in their initial development. This work was completed in 1939.

Chairman Jensen stressed

the fact that the entire Colorado River Aqueduct system has been paid for by the people it serves.

"There is no Federal subsidy sustaining any part of the Metropolitan Water District Aqueduct," Jensen declared. "We believe that is the way it ought to be."

"That may be why our people in the District have many times urged our representatives in Congress to oppose Colorado River projects in some of our neighboring states that have no economic justification," he continued.

JENSEN WENT ON to point out that here in Southern California the authorizing of these

expensive subsidized projects calling for the diversion of Colorado River water turns out to be a two-edged sword thrust at the vitals of Southern California.

"This is true because these projects call for heavy tax subsidies that reach into the pockets of our people here in this Southland and, in addition, these selfsame projects take water out of the Colorado River and threaten our share of Colorado River water for which we have invested hundreds of millions of dollars—water for which we have contracted in good faith - water needed to help sustain the lives of more than 7,500,000 people now living

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