

The Optimistic World of Edgar Kaiser

by Walter Guzzardi Jr.

Debt and confidence are both running high in the Kaiser organization. Also on the run is Edgar Kaiser, leading his multi-fold companies into new ventures with characteristic fervor. But how his passion will pay off remains to be seen.

The thick white carpet muffles footsteps. A silvered acoustical ceiling mutes voices, and quiets the ringing of pastel telephones. But, despite such refined decor, a clamor of activity, brushed with an overlay of genial confusion, is highly audible on the twenty-seventh floor of Kaiser Center—that gorgeous palace in Oakland, California, where the Kaiser companies make their headquarters. For on that floor, in a light-filled office whose entry is concealed by a glittering fretwork of aluminum screening, Edgar Kaiser, amiable but furious-paced son of a fabled father, guides the destinies of the Kaiser organizations. Working from his office—but also from airplanes, hotel rooms, and hasty facilities flung up at the scene of Kaiser operations from Argentina to Zaragoza—Edgar Kaiser is fast fixing a new imprint upon the Kaiser industrial complex. Edgar's father is active and vigorous at eighty—but the Kaiser complex now is being shaped primarily by Edgar's busy hand.

A busy hand is what it takes in the Kaiser dominion these days. The dominion sprang, as all the world knows, from the seeds of Henry Kaiser's construction companies—those dashing outfits that operated on thin capital, finished great projects months ahead of schedule, and then raced on to new bids and new challenges. But now a different stage of growth has begun. The various companies that began as mere suppliers for construction ventures—cement for dams, steel for ships—have outgrown construction and come to a giant size. They are running

affairs more intricate than even Henry Kaiser foresaw for them. Change in the Kaiser organization is everywhere, and Edgar Kaiser is the engine of change.

The organization he is leading could hardly be more complicated. Atop the pyramid sits the publicly held Kaiser Industries Corp., which was formed in 1956 out of Kaiser Motors Corp., an ill-starred venture in Detroit ("What Cooks with Kaiser," *FORUMS*, July, 1956.) Alongside of Industries ranges a vestige of the past—the wholly owned Henry J. Kaiser Co. These two companies own big bundles of stock in the three other publicly held enterprises: Kaiser Aluminum & Chemical Corp. (42 percent Kaiser owned); Kaiser Steel Corp. (79 percent); and Permanente Cement Co. (89 percent). But Kaiser Industries is also an operating entity through its divisions and subsidiaries, which include Willys Motors, Inc., Kaiser Engineers, an aircraft and electronics division, and a number of other activities ranging from sand and gravel production to Venetian lagoons in Hawaii.

To gauge the performance of such a complex is no easier than to describe it. As a holding company, Kaiser Industries last year collected \$7,700,000 on its \$297 million worth of stock* in the aluminum, cement, and steel companies. The biggest contributor was Kaiser Aluminum, which paid its parent \$6 million out of near-record earnings. Permanente Cement, a steady earner, paid another \$1,700,000. But Kaiser Steel, in deep trouble, paid no dividends at all—it showed a loss of \$5 million in 1962. On the operating side, Willys Motors skidded from \$7 million earned in 1961 to a loss of nearly \$500,000 last year. But other divisions more than compensated for the skid. Kaiser Engineers, made up of both domestic and foreign operations, showed a good profit, and other smaller divisions made solid contributions.

The result of all these varied returns was that, after taxes, Kaiser Industries earned \$10 million last year, an increase of around \$3 million over 1960 and 1961 levels. Despite that improvement, Kaiser Industries paid no

*As of March 1, 1962, market value.

Edgar Kaiser dashes across Park Avenue in New York

dividends and, indeed, has never paid any. The principal reason is a heavy load of debt inherited at its formation. To put Kaiser Industries on a dividend-paying basis—to make the whole Kaiser complex perform as well as some of its parts—is the cherished but elusive ambition of the present Kaiser management.

The ubiquity of the three

The top tier of that management recurs in all parts of the Kaiser empire. It still includes Henry Kaiser, but today Edgar is imparting a sense of unity to the disparate Kaiser organization. Edgar is president of Kaiser Industries. But he is also an active chairman of the board of the aluminum, cement, and steel companies. He has kindled everyone's interest in foreign markets, and he is increasing his own vigorous, even frenetic, activity in that field. It is a rare executive who works harder, or enjoys it more. He is forever on the frontier—not only in his planning, but literally, flying perpetually to Accra, or New Delhi, or London or Paris. "When he wants to travel, and we know the airport of his destination is fogged in," remarks an assistant, "Edgar is likely to say, 'What's the alternative? Where else can we get to?'" Now fifty-four, with thirty years of experience, Edgar is racing, one suspects, partly as a consequence of the formative years he spent alongside a strong-willed parent. "He seems to get new energy," says an aide, "not by rest, but by changing from one kind of work to another. Shifts in the direction of his thoughts—say from a scheme for a new aluminum plant to a plan for a tunnel under the English Channel—seem to revive him." Deepening lines in his face give the only apparent testimony to the long hours he keeps.

Routine traffic of management is not for Edgar Kaiser. Although he will give time to an ordinary problem if it is brought to his attention—and one of his shortcomings, says an associate, is "his willingness to deal with whatever comes before him"—he never seeks out the ordinary kind of trouble. Like his father, he loves to locate a seam somewhere, but he leaves others to mine it. He has found an able assistant for doing so: Eugene Trefethen is another important link in the Kaiser chain of joint command. A lifelong associate of Edgar, Trefethen serves not only as Edgar's right hand in Kaiser Industries, but also as vice chairman on the other company boards. While Edgar is out breaking new ground, Trefethen is supplying the organization with sound and steady day-to-day management, in consultation with the chief executives of all the companies.

Creeks and deeds

The result of common management is common philosophy. All the different Kaiser companies share the same striking Kaiser creed, as first articulated by Henry Kaiser: faith plus work equals success. Now, as refined and extended by Edgar, the Kaiser creed admits of no such easy summary, but it has three readily identifiable postulates. The first is confidence in people: there is good in every man. The second is decency in dealings: to do the right thing is not only possible, but it is also necessary and important—as important as an increase in earned cents per share. The third is optimism: the world is going to be a better place tomorrow than it is today, and Edgar Kaiser, through the medium of his companies, can speed the process that will make it so. If there is a fourth postulate, it is simply this: nothing in the first three is incompatible with good management,

or intensive negotiations, or efficient business procedures.

From this doctrine many things stem. But its most unexpected result comes when it is translated into financial policy. Although the Kaiser creed is a compound of virtues, it does not logically lead to the practice of another, more homely virtue: thrift. Along with the Kaiser faith in the future goes faith in growth. "This country is going to grow, and grow, and grow," says Edgar Kaiser, "and there isn't going to be any end." The best way to prepare for tomorrow's growth, obviously, is to borrow today. High debt thus becomes the most sensible business practice.

So the Kaiser complex has borrowed, in amounts that might frighten less confident men. With George Woods, former president of First Boston Corp. and now president of the World Bank, formulating the concepts and arranging the financing, Kaiser companies have raised around \$2 billion since the war. The parent company, Kaiser Industries, carries a long-term debt of \$80 million and a \$25-million bank loan—mostly an inheritance from the past. But the separate Kaiser companies have also borrowed heavily. Permanent Cement has always been on the outer fringe of traditional debt ratios for cement companies. Kaiser Steel, in an industry whose debt averages 22 percent of total capital, carries a 60 percent debt—"high enough to give Pittsburgh the creeps," says one analyst, but he quickly adds, "Still, why not? We don't live in the 1930's any longer." While this kind of financing adds up to a liberal policy, Kaiser Industries executives balance that policy with a kind of conservatism: they depreciate their capital equipment at the accelerated rate, thus—while taking full advantage of today's tax laws—also reducing today's profits in the name of tomorrow's. "In relation to our holdings, our debt doesn't amount to a tinker's dam," snaps Gene Trefethen. "When you can service your debt, pay the interest out of earnings, and pay a dividend, debt is a plus."

The blessings of debt

When that philosophy proves right, it outruns even Kaiser expectations. A conspicuous, even classic example is Kaiser Aluminum, which at one point in its history had a heapful of debt, and one of the highest debt ratios the industry had ever known. That was in 1953, when its first huge expansion program of \$200 million was just blooming. This heavy borrowing followed one of the most inauspicious beginnings in the history of American business: when Henry Kaiser was raising money to found the aluminum company, his favorite bankers and friends at the Bank of America said to him soberly, "We'll lend you this money if you insist, and if you're sure you really want it. But honestly, Henry, for your own good, we recommend against it. It will never work out."

Yet look at Kaiser Aluminum today. Started only seven-teen years ago, it is now, measured in sales, the third-biggest aluminum company in the U.S., and very nearly as big as the second company, Reynolds Metals. A decade ago, Kaiser Aluminum's sales were \$142 million; last year they stood at \$444 million. Its earnings moved from \$13 million in 1952 to \$31 million last year, and its profit on sales was 7 percent. Out of an increase of \$20 million in 1962's sales over 1961, Kaiser Aluminum squeezed an extra \$7 million in profits. So far as the debt goes, it is now both in line and in hand: in the expansion year of 1953, long-term debt stood at \$191 million and equity at \$85 million—a then shocking 69 percent debt



Sedate in his business suit, Henry Kaiser sits at a desk in his New York office. He makes frequent trips east to consult on company policy. But he is more often seen these days in flannel sports shirts, haunting the sites of his development projects in Hawaii.



The third man in the Kaiser complex is Eugene Trefethen. He plays an important role as a steady influence on the flamboyant Kaisers. Before they present a proposal to Edgar Kaiser, most Kaiser company executives first like to "clear it with Gene."

ratio. But now the debt ratio is down to 49 percent, and while that is eighteen percentage points higher than conservative Alcoa's, it is only four points higher than Reynolds Metals carries. And, since its big expansion is completed and it could increase its 1962 output of 560,000 tons by 10 percent (to its capacity of 610,000) with no added outlay, Kaiser is set for the next few years. With some fabulous growth already behind it, Kaiser Aluminum stands ready for that typical Kaiser tomorrow.

Not that Kaiser Aluminum finds the living easy at the moment. Once the aluminum industry's only problem was production. Now there is overcapacity. Prices have eroded steadily, first behind the scenes and then in published lists, falling from 26 cents a pound for ingot in 1961 to 22.5 cents a pound today. Estimates are that an efficient U.S. aluminum company probably makes at current prices no more than 3 cents a pound after taxes, in an industry that requires a high average capital investment of \$35,000 per employee. Foreign competition is fierce, coming both from Canada's Aluminium Ltd. and from Pechiney, the big French company which believes that the way to compete is to undersell—and, thanks to export incentives and tariff protection at home, is apparently prepared to undersell no matter what happens to prices. "If we had known five years ago what today's problems would be," remarks Tom Ready, newly elected chief of Kaiser Aluminum, "I'm not sure how many of us would have bothered to show up for work."

The market is tricky, too. Aluminum is made into thousands of products that the steelmen call "knick-knacks," so that much of its output runs on a kind of job-shop basis, without benefit of the recurring big volume required for high profitability. Kaiser Aluminum

had unhappy experiences with both household aluminum foil (still a loss item) and aluminum siding for houses, a market that Kaiser sidled into, lost on, and retreated from some years ago.

To Ready's way of thinking, the way to increase profits is to control as much as possible of the bauxite-to-consumer process. Right now, Kaiser Aluminum is promoting its aluminum siding once more—this time directly to the house owner. The company is also looking for future growth and profits from its new chemical division. Good earnings will continue to come from the profitable and well-run refractory-brick division.

Fairest of them all

But foreign fields look fairest of all. Here, Edgar Kaiser acts with characteristic passion and energy in the affairs of the aluminum company. Chairman of its board since 1959, he has always turned first to the foreign area, and, indeed—except at board meetings—he pays little attention to other aspects of the aluminum company's business. Edgar seeks abroad for Kaiser Aluminum what he obviously regards as the only real evidence of life: growth. Kaiser Aluminum executives like to support Edgar's conviction by quoting all the usual statistics: annually the U.S. consumes twenty-three pounds of aluminum per person, Western Europe consumes nine pounds, and in Africa the per capita consumption probably comes to less than the weight of a tribesman's bangle. "As a matter of fact," says Ready, "we give foreign proposals a more thorough study than any others. We have to, because we know that Edgar inclines in their favor."

Edgar's fervor has made Kaiser, among U.S. aluminum companies, first in foreign sales. In just the last couple of

years Kaiser Aluminum has spudded in these overseas undertakings: through the medium of the Hindustan Aluminum Corp. Ltd., which is 27 percent owned by Kaiser, it cast its first metal in India; it entered a partnership with Delta Metal Co. to expand James Booth Aluminum Ltd. in England (50 percent Kaiser owned); it began work on a series of aluminum projects in Australia (Comalco Industries Pty. Ltd., 50 percent Kaiser); and it started enterprises in South Africa, Sweden, Argentina, Venezuela, and West Germany. There, with a \$15-million fabricating plant in Coblenz, Kaiser Aluminum will soon have a look into the Common Market. Although they have severe tests yet to pass, the far-flung operations of Kaiser Aluminum's foreign division thus far have proved successful. Booth in Britain, for example, gave Kaiser Aluminum a critically important boost a couple of years ago, when the domestic pinch on sales was first felt. Last year, over 20 percent of Kaiser Aluminum's total volume in aluminum was sold abroad.

The most ambitious foreign venture of all is Kaiser Aluminum's entry into Ghana (see "Edgar Kaiser's Gamble in Africa," *FORTUNE*, November, 1961). There Kaiser has afoot a vast \$128-million project, which includes a huge aluminum reduction plant, powered with

electricity generated by the Volta River Dam, designed by Kaiser Engineers and now under construction. Edgar Kaiser himself drove the opening wedge into Ghana. His close personal relationship with Nkrumah, as well as his belief that Nkrumah can and will create a tolerable business climate, still forms one of the project's prime instruments. Yet the Ghana undertaking would try the patience of a Ghundi: Nkrumah's intemperate statements and attitudes have caused a deterioration in U.S.-Ghana relationships, and if the result should be the termination of U.S. aid, it would be a hard blow to Edgar's hopes. While the Kaiser companies, whose Ghana agreements are appropriately hedged with guarantees, would not be badly hurt financially if the Ghana plant remained unbuilt, the psychological blow would send a shock through the whole system. Even optimistic Kaiser ears would have to hear the creak of doubt.

What would happen to Edgar Kaiser's philosophy then remains to be seen. So far, he remains unshaken in his conviction that the only intelligent and practical way for U.S. business to enter foreign markets is with a local partner. Nor does he see any reason why the U.S. company should insist on majority control. "I don't see any special merit in having 51 percent," he says. "If you're in

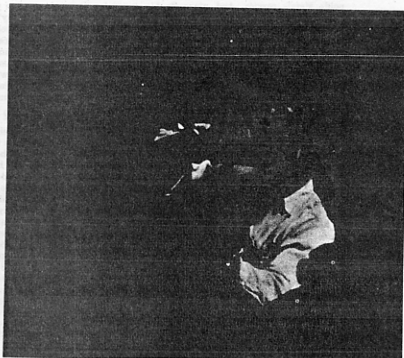
Ebb and Flow Around the Empire

Kaiser Industries has a hand in many things (see photographs on these pages and overleaf). The big companies in which it holds stock are producers of basic materials—aluminum, cement, and steel. Each company racks up great tonnages of output every year, and each copes with the special problems of its own complicated commodities market. Often, the Kaiser fates wane or prosper in accordance with the dictates of such forces. And, as though maneuvering amid such great markets were not enough, Kaiser Industries also operates in the automotive industry, a place where, these days, it is meeting both giants and ghosts.

The activities of Kaiser Industries have still another dimension. Edgar Kaiser has led all the Kaiser companies into foreign markets: Kaiser Steel sells ore to Japan, Kaiser Aluminum pours ingots in a dozen countries, and Permanent Cement supplies construction companies in Hawaii. Wherever possible abroad, Edgar likes to see the Kaiser organization take on a local partner, whose investment is likely to be either substantial or controlling. Says Edgar: "Our way is the way U.S. business has to do things, if it will only look ahead. I really believe that what we are doing overseas is good for our country. I'm not trying to put a halo on our heads, but we really do understand Brazil and Argentina and India. We're big, but we are not a traditional big-business organization. We are something special, and we are doing something special. By doing our job, we improve U.S. relations with other countries."

1962: sales \$444 million, earnings \$31 million

Kaiser Aluminum & Chemical Corporation



A pot operator at Kaiser's big plant in Ravenswood, West Virginia, produces aluminum in an electrolytic reduction cell.

trouble locally, that 1 percent isn't going to save you. They'll find a way of kicking you out anyway." Suma up an aluminum-company executive: "According to Edgar, local partnership is the greatest thing since the wheel."

Earthquake in Argentina

But one seismic jolt to that declaration has already been recorded in Argentina. There, Willys owns 29 percent of, and manages, Industrias Kaiser Argentina (IKA), an independent automobile company making a line of Jeep vehicles and passenger cars in Córdoba. Ever since it began operating in 1956, with old dies from the former Kaiser Motors Corp., IKA has turned a good profit. But, in a typical way, both Edgar Kaiser and Willys' president, Stephen A. Girard, have always been proud not only of IKA's good work, but also of its good works. Edgar has often pointed with pride to the fact that Argentine ownership of a large part of the company has helped local relations, that its higher-than-average wages have lifted the economy of Córdoba, and that IKA's loyal workers, who began by bicycling to the plant, now come in their own cars. The Argentine operation looked like a first-rate illustration of the infallibility of the Kaiser creed.

Then came the jolt. With a deteriorating national econ-

omy, the car market dropped, and IKA decided to shut down production for two weeks. Violence flared. A group of angry workers forced about 200 foremen, including North Americans and Argentines, into the area of IKA's big ovens, where paint is baked on car bodies. Thousands of watching employees made no move to interfere. Then the word traveled to the plant manager: "Start up the plant, or we'll march these men into the ovens—and turn the heat on." IKA's management had to capitulate. Later, after union negotiations, the plant was successfully shut down for two weeks—and, surprisingly, only about 15 percent of the workers accepted IKA's offer for an interest-free loan on wages to tide them over the two-week period. Evidently the threat of starvation was not the motivation for the violence. Now the plant is operating once more. But the atmosphere around Córdoba isn't ever likely to be the same again.

It was enough to give a man the Willys.
Meanwhile, Willys Motors faces an uphill road at home. Edgar Kaiser is under no illusions about Detroit since he went through a test of fire as president of the Kaiser-Frazer Corp. That experience left its mark. "We went through \$110 million," Edgar recalled recently, "and then for six weeks I couldn't pay the bills. It was the first

Sales \$232 million, loss \$5,200,000

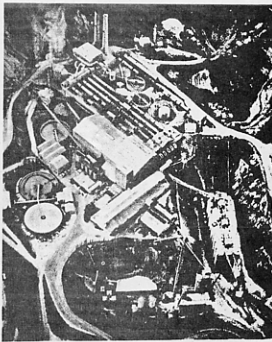
Kaiser Steel Corporation



After further processing in Kaiser Steel's big mill at Fontana, California, this coiled sheet will be made into tinplate.

Sales \$75 million, earnings \$6 million

Permanente Cement Company



This cement plant in San Jose, California, is the largest in the West, with an annual capacity of 8,500,000 barrels.

time in my life I ever had that experience. Yet it was invaluable. You win all your life, and that's one thing. Then suddenly you lose, and that's quite another." After the loss, Edgar went back to California in 1954, over the next five years gradually to assume control of all the Kaiser industries. But he has always had, according to Steve Girard, "a chunk of his heart in Willys Motors."

Two years ago Willys faced an exacting decision. "Fifty percent of our net," recalls Girard, "was coming from our foreign sales. But we could see that, in the face of so much local foreign production, the export market was going to decline. We knew we had to have something new." But the decision to put out a new line wasn't easy. "This was a big question for us," continues Girard. "We had been badly burned once. There was some real reluctance about whether we should get back into it all. Bankers eyed us very carefully. After long discussions, we finally decided, 'Let's finance it, and let's go.'"

By Detroit standards, the new models are modest enough. They cost \$24 million to tool. The key model is the Jeep Wagoneer, a station wagon, available with four-wheel drive and automatic transmission. Together with its companion series of four-wheel-drive trucks, production now stands at 350 a day—volume that Girard says

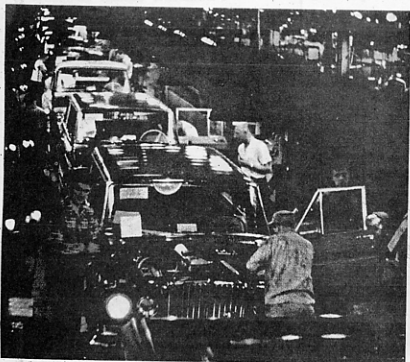
"would just be a nuisance for Ford or G.M., but it means a lot to us." Although orders are backlogged, no dramatic increase in production is contemplated. "With Kaiser Motors, just as we got the production up, demand fell off, and there we were," remembers Edgar ruefully. "I don't want that to happen again." Besides these new models, Willys has recently won a \$58-million Defense Department contract for the production of around 1,000 new military Jeeps a month. The Jeep Universal continues to be Willys' "bread and butter business." And Willys is bolstered further not only by the earnings submitted by IKA, and by Willys-Overland do Brasil (which sold around 60,000 vehicles last year), but also by royalties from companies it licenses throughout the world.

Still, the outcome for Willys rides on the new models. Last year's loss at Willys was the first since Kaiser has owned the company. The new models represent Willys' big effort to get back, and stay back, in the domestic black. Once that happens, Willys can push the prosperity of its foreign companies without worrying at the same time about having to export a high number of units from Toledo. Then Willys can get busy paying off the \$21 million it owes to its parent company. So Willys, more than any other part of the Kaiser complex, might improve the

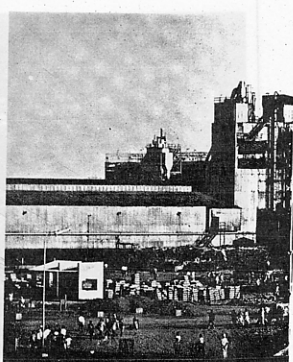
Sales \$155 million, loss \$469,000

\$30-million plant (just started)

Willys Motors Inc.



The new Jeep Wagoneer carries most of Willys' hopes for the future. Here the Wagoneer comes off the assembly line in Toledo.



The first metal from the Hindalco plant in Renukoot was poured in May, 1952. The company has 16,000 Indian stockholders.

condition of Kaiser Industries. Edgar Kaiser puts it this way: "Over the years the aluminum, cement, and steel companies will increase their dividends to us. That will improve our situation, but only gradually. With Willys, however—well, the auto business can be cold, but it can also get hot as a fox. If that happens, it could make a dramatic difference to Kaiser Industries." It could also make a dramatic difference if things at Willys went the other way.

The deal in steel

Kaiser Steel has never interested Edgar Kaiser in the way that Willys Motors does. Edgar first became active in the steel company around 1959, when he took a hand in its labor relations, and that is still the area which concerns him most. For other matters, he acts as he does toward the domestic aluminum business—as a concerned, but more traditional, chairman of the board. Informed regularly about the steel situation, he leaves all but the biggest decisions in the hands of Gene Trefethen and the executives of the steel company itself. And, at the moment, those hands are very full indeed.

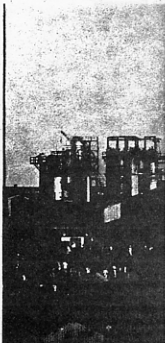
Kaiser Steel was born in debt. It was built during the war by Henry Kaiser with \$91 million of borrowed RFC

money. Then Kaiser repaid the RFC in 1950, with financing arranged by George Woods for the purpose. (Kaiser executives, who are very sensitive to the old saw about how Henry Kaiser "baked a truck up to the Mint" during the war, are quick to point out that the \$91 million represented "100 cents on the dollar plus interest" for the U.S. Government.) In the 1950's the company went through a \$327-million expansion program—slightly bigger than the one the aluminum company went through in the same decade—and it still carries nearly three times as much debt as the average ratio in the industry. In the eyes of some Kaiser financiers, however, that difference simply indicates that the rest of the industry is lagging behind the times. Says one of them: "That debt may bother the college professors, but it doesn't trouble financial people."

But the company's present predicament does. In its early years, Kaiser Steel—serving its seven-state western market from its integrated Fontana, California, plant, and enjoying the same \$14-a-ton freight differential that eastern companies charged western customers—boomed along with earnings of 10 percent and more on sales. Then that pleasant panorama swiftly faded. In 1958, Kaiser Steel began to suffer setbacks, just as the whole

Kaiser Aluminum's equity: 27 percent

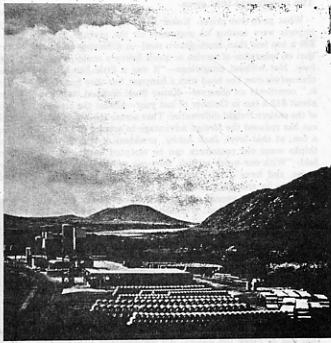
Hindustan Aluminium Corporation Ltd.



Using their heads in the old way, Indian workers move the new metal.

Investment: \$22 million

Kaiser Hawaii Kai



Part of Hawaii Kai, this concrete plant, blessed by beauty, is cursed by idleness—brought on by a real-estate downdrift.

The World of Edgar Kaiser

industry did. In that recession year its earnings fell to 3 percent of sales—but worse was yet to come. Foreign competition, mostly from Japan, began to hit the West Coast and Kaiser Steel, especially in the production of reinforcing bars and continuous-weld pipe. By 1962, 60 percent of the western steel market for small-diameter pipe was in foreign hands. Besides, some West Coast consumers began to move their plants back east, where steel was cheaper: Kaiser Steel's total production had always been relatively small—around 1,800,000 tons a year, which represents about 20 percent of the western market for which Kaiser Steel competes, but only 1.8 percent of the total national output—and these combined difficulties pushed production down to the point of no return.

Or, to be exact, the point of less than no return. Kaiser Steel lost over \$7 million in 1959, over \$8 million in 1960, and over \$5 million in 1962. (Helped by a \$16-million tax-loss carry-over, it took a breather in 1961, showing earnings of \$17 million.) As Kaiser executives point out, the importance of those losses should be evaluated only after consideration of the high depreciation, which reached \$31 million last year; if Kaiser Steel were depreciating at a slower rate, its current earnings record would be better. Still, the situation had changed radically for the worse, and interest payments of around \$1 million a month in 1962 seemed a lot more onerous than they had in the halcyon years. By mid-1962, it was apparent that something had to give.

The misgivings that gave

What gave was prices. Kaiser Steel figured that foreign imports were costing its customers on the average \$25 to \$30 a ton less than home-grown steel—a difference so great that no assurance of service or quick delivery could paper it over. Not without misgivings—"it was a little like hitting themselves over the head with a hammer, but they had to do it," comments an observer—Kaiser Steel dropped its prices about \$12 a ton in October of last year—almost the amount of the eastern freight differential. That across-the-board price cut has reduced the foreign advantage to around \$10 to \$15 a ton; at that level, Jack Ashby, president of Kaiser Steel, thinks some old customers can be tempted back into the fold. "With our quick service, they can reduce their inventories, and have quality control assured," he says. "That ought to be enough." Ashby also confidently believes the price cut will be enough to improve Kaiser Steel's position in domestic competition. Whether it will be, however, won't be demonstrable for several months.

Kaiser Steel's other move came in the field of labor relations. According to eastern steelmen, steel labor on the West Coast has never been as proficient as it is around Pittsburgh, where father teaches son how to make steel. And, ever since he broke with the industry to settle the steel strike separately in 1959, Edgar Kaiser had been troubled by the thought that "every couple of years, we have to go through these negotiations, with lots of pressure on both sides. I've never agreed with businessmen who say that since it's management that has to make the money, it's management that has to dictate the labor terms. I wanted our approach to be bilateral." With an eye both to efficiency and continuity, then, Edgar Kaiser joined with the Steelworkers' David McDonald three years ago in setting up a committee to seek a long-range solution to the labor problem. The resultant plan, put into effect last month, showed the original Kaiser touch: in essence, the four-year plan will divide among Kaiser workers

one-third of whatever savings the company may achieve by cutting costs or increasing productivity. It will thus pass on to Kaiser workers a part of something that, at present, does not exist, but that they can help to create. The bookkeeping that the plan involves is very intricate, and its results—both to management and labor—are still unknown.

But a big turnaround at Kaiser Steel would involve nothing less than a shift in the California steel market. At present that market consumes principally tinplate and fabricated steel for construction. But Kaiser Steel turns in its most efficient performance in the primary steps of steelmaking, rather than in fabrication; it has an excellent supply of good-grade ore nearby, and it can make good profits through the ingot stage even though, as Executive Vice President Fred Borden says, "with the size of orders we get, we roll 100 tons of steel, and then have to change our rolls, while the eastern companies roll 1,000 tons before they have to change theirs." If Kaiser could raise its volume of manufacturing steel, it might see the light of a happier day before too long. So an important Kaiser objective is to persuade eastern industrialists to open plants near those growing California markets—no so difficult a job, Kaiser thinks, as it might have been before it lowered its prices. If a couple of auto-frame companies moved west, it could make a big difference to Kaiser. But the process seems likely to be slow.

The solidity of cement

Another important Kaiser investment is the Permanente Cement Co. Permanente is a 39 percent owned Kaiser enterprise with the usual high debt (and the usual attitude toward it: "It may be high to the bankers, but we think it's conservative"), earnings of \$6 million on \$75 million in sales in 1962, and a good record of remissions to the parent. Tied to the West—"as the population goes, so goes our business"—Permanente Cement, supported by a gypsum business that accounts for 39 percent of total sales, can look to a solid future. To be sure, some outside Kaiser officers think it's a solid future, too. "About the only thing you can do when you bring out a new model in the cement business is to change the bag," cracks Willys Motors' Girard. But Permanente's president, Wallace Marsh, is playing a fascinating checker game with plant locations, depleting resources, and shifting markets. The same situation occurs in the Sand and



That gorgeous palace: Kaiser Center in Oakland, California

Gravel Division, which remits around \$1 million a year to the parent.

Kaiser Engineers also holds an important place in the Kaiser scheme of things. Beginning as an offshoot of the old construction companies, Engineers' growth in its domestic and foreign divisions has been startling. It moved from \$123 million worth of work completed in 1959 to \$170 million in 1962. Domestically, it had some losses in missile-base construction in 1960-61, but recovered \$8,800,000 last year. Engineers do not break out separate figures for the two divisions, but it turned a profit in 1962. It is working on a \$130-million domestic backlog, as well as considerable new business for 1963, when the Engineers' performance should be good.

If it turns out that way, it would be a particular source of gratification to Edgar Kaiser. He was twenty-three when he worked with a construction gang on Henry Kaiser's first big project, Hoover Dam. As a result Edgar, when he can find time, still keeps close to the business of the Engineers. The original lure is there—like Henry, Edgar Kaiser feels a romantic tug in constructing bridges, dams, and tunnels. And the bright bauble of work overseas shows up once more. Led by Edgar, the Kaiser Engineers International Division took on a \$115-million project at Snowy Mountain in Australia (it lost money on the first link, a fourteen-mile tunnel); in 1959 a \$150-million steel mill for the Tata interests near Calcutta (it turned a profit, but had a rough time with its hard-to-satisfy clients); did the design for the big Volta River project now steaming along in Ghana; and is willing to plunge into any other foreign sea where Edgar's travels and the chance to profit may coincide. At home, Kaiser Engineers is busiest with the Atomic Energy Commission, for which it is engaged in a project whose total value is \$150 million. Also in the scientific field is the Aircraft and Electronics Division, which acts as a subcontractor on NASA and Defense Department projects, and yielded \$1 million in profits last year.

As for Hawaii Kai, that is Henry Kaiser's domain. His earlier Hawaiian project, Hawaiian Village, was sold in 1961 to Hilton Hotels, at a profit of \$5 million—although the sale was not entirely Henry Kaiser's choice, since \$5 million was needed to fund Kaiser Industries' loans due at the time the sale was made. Then Henry turned to the development of 6,000 acres around Koko Head, a huge project involving, with the usual Kaiser flair, the dredging of a few lagoons and the moving of a couple of mountains. The project disturbs some Kaiser executives, who believe that it will be a long time before it shows a profit, and who think that the present condition of Kaiser Industries makes inadvisable an investment of the size of Hawaii Kai (some \$22 million is tied up in it). To increase their anguish, the real-estate market in Hawaii is in the doldrums at present. But Henry Kaiser has been right many times before, and he may be right this time too; in any case, Hawaii Kai will go as Henry's enthusiasm for the project is boundless, and—as Edgar Kaiser is aware—it helps keep Henry hearty and vigorous. "I like to be in the stream of action," Henry says.

To compete—and assist

In a curious way, all the Kaiser companies both compete with and help one another. In the early years, as Gene Trefethen says, "we purposely drew the curtain down between the companies." Now the aluminum, cement, and steel companies frequently compete with one another: in the recent bidding for California's license-plate business, Kaiser Steel and Kaiser Aluminum executives butted heads in Sacramento. Even more often, one or the other of the metal

The World of Edgar Kaiser

companies finds itself in competition with the cement company, which is very active everywhere in West Coast construction. And none of the three companies will buy a Willys Jeep unless the Jeep is the right vehicle for the job.

Yet cooperation is growing, too. From abroad, any Kaiser man, from Edgar on down, may generate Kaiser fame and bring back new opportunities for some part of the complex. As an example, Willys Motors recently encouraged a Brazilian supplier to a Willys foreign partner, Renault, to buy some aluminum from the Kaiser company. "None of us just wears a Willys sweatshirt," says Steve Girard. And what Girard calls "the back scratching around here" also goes on through the medium of Kaiser Engineers. When Engineers is doing work for another Kaiser enterprise, some advantages accrue to the total complex. "When we decided that some Kaiser Steel construction had gone far enough, and we wanted to stop it sooner than we had planned at first, it turned out to be easy because Engineers was doing the job," recalls Edgar Kaiser. "We just cut it off at the pockets, and that was that." To be on the safe side, an intercompany committee oversees the propriety of all dealings between Kaiser companies.

An albatross for Industries

The success or failure of all these variegated undertakings will eventually be reflected at the top of the pyramid in Kaiser Industries. Here the burden of debt weighs far more heavily than in the case of Kaiser Aluminum or even Kaiser Steel. Kaiser Industries was formed when Kaiser Motors had to accept defeat in its postwar bid to become a major factor in automotive production. The Kaisers might have elected to let Motors go into bankruptcy, and concentrated on their other companies and investments. But partly because of the effect that bankruptcy would have had on those other companies, and partly because of a genuine feeling of responsibility to Kaiser Motors stockholders, the Kaisers, Trefethen, and their intimate financial adviser, George Woods, decided in 1955 both to pay off the creditors and to give the public stockholders some interest in the Kaiser future. In the complex stock deal that Woods worked out, Kaiser Motors disappeared, and Kaiser Industries began its life in 1956 with \$65-million term debt.

That hard decision was the correct one. But it hung an albatross around Industries' neck. Today, seven years after Kaiser Industries began, it still carries a total of \$41 million of inherited debt, and its stockholdings are pledged as collateral. Kaiser Industries has also contracted new obligations: it has lent \$21 million to its wholly owned subsidiary, Willys Motors,* which has a \$22-million debt of its own. Besides, Kaiser Industries owns 25 percent of Kaiser Center Inc., which borrowed \$37 million in 1957 to put up the Oakland showplace. And the whole situation is made more difficult by the fact that Kaiser Industries is not helped along very much by depreciation. The result is that it has a low cash flow, and debt repayment is slow.

As for the poor Industries stockholder, he has his stock certificates, but he hasn't got much more so far. He's never been paid a dividend, and if he bought 100 shares of Kaiser-Frazier Corp. (later Kaiser Motors) for \$1,000 when it was first issued in 1945, he would now be holding twenty-five shares of Kaiser Industries at around \$7—worth \$175. And, while he can get a sense of comfort from the fact that he owns

*After FORTUNE went to press, Willys Motors rechristened itself Kaiser Jeep Corp.

a share in the big companies which pay those steady dividends to Kaiser Industries—"ringing up that old cash register," as Trefethen says—he may also become unsettled by the ironic thought that his immediate chances once again hang on the automobile business: this time, on the fate of the new model Willys is bringing out.

He might also, with justice, hope that Industries will soon look to its future management. Too much of that organization now turns on the twin hinges of Edgar Kaiser and Gene Trefethen. When the several Kaiser companies were smaller, there was more executive movement between them, but that has slowed recently. As a result, while competent people can be found in the several divisions and companies, few of them have had the opportunity to develop the Industries outlook. And within Industries itself, management is pretty thin. Both Trefethen and Edgar, who are the same age, must soon start to move executives up to their administrative level to prepare for the day—remote as it may seem—when the duo will be replaced. Indeed, they should have started such preparation before this.

No pinchbeck tribe

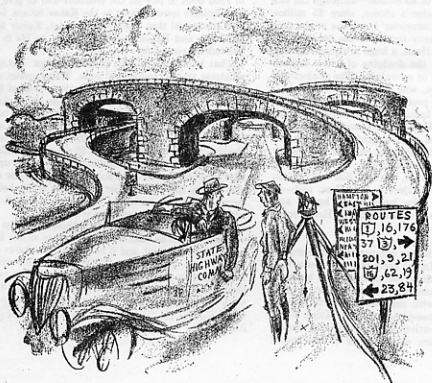
Yet much in the Kaiser organization merits optimism. Kaiser Industries sits atop no pinchbeck tribe of companies. Most are solid earners that have recently completed expensive modernizing processes, and now stand ready to grow. Even today's big loser, Kaiser Steel, is positioned so that when external improvements come, they will be translated quickly into improvements in earnings. Generally, according to Trefethen, "the period of consolidation is behind us, and a period of profits lies ahead." Trefethen's own careful management should help bring that day of profits closer. But even if Kaiser gets the kind of growth in the world economy that it is looking for, the day when Kaiser Industries will be sufficiently freed of its debt to pay a dividend still seems at least a couple of years off.

Edgar Kaiser is doing what he can to hurry that day along. Whether behind his twenty-foot desk hung with telephones in Kaiser Center, or in his office in New York, or in a dinner jacket in Acera, he is running the complex with the air of a man half-inspired, half-bedeviled, and thoroughly delighted. A man of great good will, Edgar always leaves his office door open, and he sometimes hails passersby, or calls, "You might just as well come in as pace around out there." During a busy day Edgar may stride from behind his desk into a colleague's office, find him in the midst of a business telephone call, and pick up an extension phone to chime in with his views. He drinks coffee all day out of a constantly replenished thermos, and often dials his own telephone calls—to the despair of his long-suffering secretary, who has trouble keeping up with his appointments and his whereabouts. Not without pleasure, Edgar will sometimes call to her as he strides by: "We may have to go to London tonight—I'm not sure yet." The contrast with the composed office atmosphere that surrounds an executive like Jersey Standard's Jack Rathbone—who keeps to a rhythmic schedule of meetings, and every day at two minutes before 11:50 A.M. enters Jersey's boardroom—is startling. Remarks Gene Trefethen, "We don't believe in committee management."

So Edgar Kaiser stands now with his shoulder to the wheel. But he never forgets his father, who was for Edgar the purveyor of the dream. When Henry enters the office, Edgar is likely to call, "Good morning, Mr. Kaiser," and then spring around his desk to kiss the old man's cheek. Remarked Edgar recently, "I'm the lucky one. Dad built a lot of bridges, and he built one for me, too."

END

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"Something's screwy somewhere. No matter how you go in, you always come out here."

At Mid-Century, A Miracle..

behind it, Work and a Dream

Let's Look at the Past . . .

Its ancestry goes back to the dark ages when man first knocked corners off a rock and made a wheel, back to the day an Englishman named James Watt got curious about the power of the steam in a tea kettle, back to a Frenchman named Cugnot, a German named Benz and two American brothers named Duryea. Its grandad was a Stanley Steamer and its papa was a Stutz Bearcat. And its offspring will put wheels to the American dream for a half century and beyond. *

The biography of the modern American car began the day primitive man took his first step, but virtually the whole story can be told in the progress of the first half of the 20th century. And so clearly and inseparably has the car been linked with the people themselves in those five brief decades, that it is impossible to tell the story of one and not the other.

At the turn of the century. Pierre and Madame Curie discovered radium, the first chapter of a story that reached its climax at Hiroshima. People are still talking about the Windsor Hotel fire in New York, the Dreyfus case in France and two Swedish explorers lost trying to fly over the North Pole in a balloon.

Freeland Stanley has climbed Mount Washington, N. H., in a Stanley Steamer built by himself and his twin brother Francis, and a Riker Electric Stanhope has won America's first track race with an average speed of 26.8 miles per hour. And 20 million horses are still transporting the "common man".

1900 to 1909. The Wright Brothers make their first successful flight at Kitty Hawk. The gold rush revives for a few months in Nevada. And if a stage door Johnny hopes to impress a Floradora Girl, his best bet is a ride in a Lozier Limousine (price \$6,500).

But for the average man the model T is the first car within the range of his pocketbook. Barney Oldfield has begun to gain fame as a race driver and a Franklin has been driven from New York to Chicago in 19 hours, 36 minutes. Fearful of the effect of such fast living on its citizens, Glencoe, Ill., has built humps into its streets to discourage speeding. And when they aren't comparing Maude Adams with Anna Held or discussing the decline of morals which allows a young lady to show her ankles in public, people are talking about cars with one man tops, shock absorbers, demountable rims and even front bumpers.

1910 to 1919. The Titanic sinks on her maiden voyage. Irene Castle cuts her hair, dances Castle Walk and the one step. In Mexico, Pancho Villa is terrorizing the country and the First World War flares, is fought and forgotten.

And rivaling talk about Maragret Sanger, birth control, Mary Pickford and the League of Nations are comparisons of the Chalmers, the Saxon (at \$395), the National Newport Six, the Brisco (with a cyclops-eye headlight), the Scripps-Booth and Moon Six. Except for the war years when most plants are turning out Liberty engines, manufacturers are offering such innovations as hand-operated windshield wipers, stop lights, rear view

mirrors, headlights in fenders, wire wheels, all steel bodies and installment buying.

1920 to 1929. The Roaring Twenties write an unforgettable page in American history. Lindbergh flies from New York to Paris. Prohibition leaves the nation "dry" but speakeasies offer a solution.

World War One ace Eddie Rick-enbacker breaks into the business with a four-wheel braked sedan bearing his famous "hat-in-the-ring" insignia. The Cord boasts front wheel drive, the Wills-Sainte Claire has balloon tires and the Flint six offers disc wheels. Prohibition and gang wars are finding new uses for sleek black sedans. Radios are appearing in dash panels, dimmer switches can be worked by foot. And before the daring decade closes in financial collapse automotive production will have risen to five million units a year.

1930 to 1939. The League of Nations begins to crumble in Geneva. Hitler starts his rise to power in Europe and F.D.R., C.I.O., T.V.A., C.C.C., N.R.A. and W.P.A. are the first of an endless succession of initials and abbreviations. Will Rogers and Knute Rockne are killed in plane crashes. At the Century of Progress Exposition in Chicago, Americans peeked down into the Austin Bantam and wondered if it would be the car for the "common man".

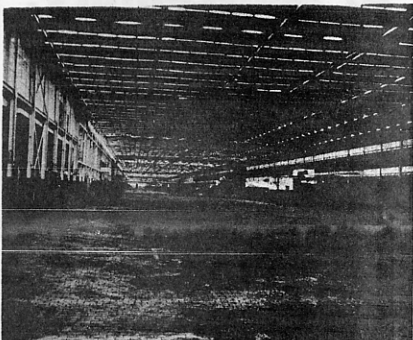
V-8 engines, vent windows, the turret top, built-in defrosters, push-button radios and hood locks are new. Cars lose their sharp corners and sealed beam headlights are introduced.

1940 to 1949. Selective Service and gas rationing are the first taste Americans get of total war. They wonder how London can survive her near-nightly poundings by German bombers. In America the air raid warden, the auxiliary policeman and the bread truck that subs as an ambulance give rise to the term "home front". Many Americans will have taken their last Sunday drive for the duration on that sunny December seventh which F.D.R. said will "live in infamy".

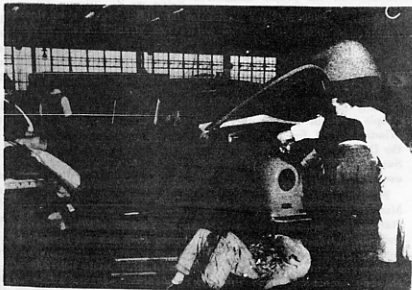
And American transportation gets squarer, harder, tougher and thicker. Kids who up to now have tinkered with ancient jalopies or w'celed the family pride for special dates are finding themselves behind the controls of six by sixes, semi's, half tracks and General Sherman tanks. War plants are at double their peacetime output, and people who thought they'd never be connected with anything but a block-long limousine are learning firsthand the secrets of the 105 mm tank destroyer, the recon car, the "duck" and the M-24 the M-5 and the M-29.

Olive drab staff cars are for "brass" only, high speed armored cars are chasing the Desert Fox across North Africa, weapons carriers are wheeling onto the beaches at Normandy. Anzio and half a hundred Pacific islands, and everywhere that four men go flying through the air in a sitting position, under them somewhere will be a jeep.

And finally, with only a few weeks but thousands of lives between, D-day, V-E-day, V-J-day and back to normalcy. Everywhere the race is on again. There are waiting lists for every car and everywhere "post-war" models are blossoming. Thirty-odd new companies make a bid for the lush seller's market but only a handful survive. And only K-F reaches volume production. Used cars become big business and names like Honest John, Happy Jack, The Smiling Irishman and Mad Man Flanagan keep sky writers busy.



K-F'S OWN STORY is as exciting as that of the industry in general but has been compressed into a space of a little over five years. It was in November of 1945 that K-F leased the big Willow Run plant. Vacant, bare, 84 acres of it had just a few months before been the birthplace of the war's deadliest weapons.



THREE MONTHS LATER, the first hand built models were in the final stages. Those last days before the Waldorf showing in New York were one of those around-the-clock marathons that people have tagged industrial miracles; but, 156,000 saw the cars in New York. Equally impressive will be '51 show in Chicago.

... And the Present ...

Miracle, rabbit in the hat, know-how, production genius.

They've all been applied at various times to Kaiser enterprises as though there was some magic formula that could be used to turn an ordinary building operation into something supernatural. They used those terms to describe everything from Boulder Dam to the Liberty ships. And the low priced car is more and more frequently called the rabbit in Henry Kaiser's hat.

But the terms are poor ones unless you admit that no man-made miracle is possible unless it is preceded by months, even years of planning and hard work; unless you realize that know-how is not talent born into men, but rather a knowledge acquired by experience and countless trials and errors; unless you know that nothing, not even a magic, supernatural rabbit, can be pulled out of a hat unless something has first been put into it.

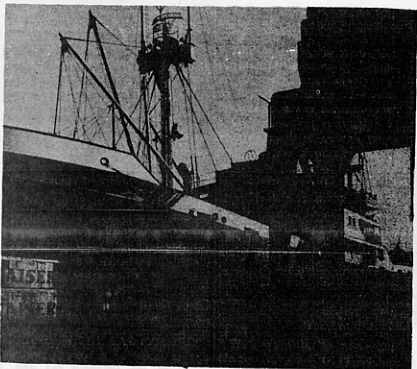
The "magic" that went into Henry Kaiser's low priced car is the same kind of magic they teach in third grade with problems in which A buys apples for five cents each and sells them to B for ten. It's the same magic that keeps a grocery store in business when the one next door goes broke trying to sell caviar to pork chop families.

Simply, it's one, two, three: One, how much you pay for the materials; two, how much it costs to put them together; and three, how much it costs to stave in business.

Price-Thinking Reformed

To keep the prices of materials down, styling and engineering had men to come out of the industry's ivory tower. They had to stop thinking along in terms of the best looks, the lushest trim combinations and the most chrome.

This time, they had taken one more ingredient into consideration. It had to be a good car and it had to be a simple car, but most important, it had to be a car that could be built quickly and cheaply.



AND IN THE FAR CORNERS OF THE WORLD, the name Kaiser was appearing on boxes on the wharves of seaports in Europe, Asia and South America. Some contained whole cars, eagerly welcomed by the foreign market for their lushness. Others were completely knocked down, went to the Rotterdam plant for assembly.

Economy Wave Cut Costs

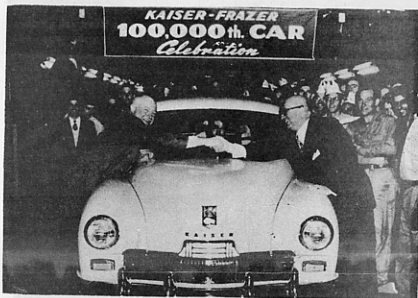
There was a problem of tooling at Willow Run, too, for it would do no good to buy the pieces reasonably if it was going to cost too much to put them together. Just take the Machine Shop as an example. It turns out steering assemblies, using high temper steel cutting tools. Such tools are expensive, break easily, and until recently, were scrapped or discarded altogether after a conventional length of time.

But, when K-F's economy wave hit and it was either get competitive or get out, it was discovered that such tools could be re-welded, re-sharpened and re-used, not once but many times. The result was a drop of thousands of dollars in tooling costs in the machine shop alone. And the pattern was similar throughout the plant.

Nor would it be either wise or profitable to build one of the so-called midgets. Contrary to what you might think, the half-size, toy car which you've always thought was cute (but never even thought of owning) would actually be more expensive to build. Because K-F's car was to have standard sized parts, not "watchworks", those parts could be bought from regular suppliers and built from regular dies. At least that was the reasoning.

That was the situation, too, when K-F's buyers put the problem before the countless suppliers who would have to furnish the parts. In

virtually every case, the vendors were able to supply them at, or in some cases even below, the originally estimated prices.



BY OCTOBER, LESS THAN A YEAR after K-F leased Willow Run, they were celebrating production of the 100,000th car and people stopped wondering if they'd ever build one. Production was nearing its peak and a car-starved public was readily taking to the new idea in styling. Only problem was building enough.



PEOPLE WERE USED TO THE IMPOSSIBLE by June, 1948, when they rolled off number 250,000 and the skeptics stopped counting. K-F's production was to reach 400,000 between then and the introduction of '51 models. But there were to be set-backs, too, in the form of buyer's market, price problems. The chips were down.

Finally, the buyer's market. The Honest Johns are lamenting new cars that sell for more than used ones. People are finding they don't have to "know somebody" anymore, that salesmen are coming to see them about a new car. And the survivors are arming for total war.

And at Mid-Century, the world waits for a miracle. For fifty years the American public has watched the labored birth of the modern car. Through the daredevil days, the "get-a-horse" days, the war years, the promises of a future on wheels.

Along the way a thousand have fallen, a thousand who thought they had found the answer to the American dream. Their names echo like ghosts out of the past: Reo, American Steamer, Maxwell, Texan, Franklin, Fox, Jewett, Viking Wasp and Whippet. Many have made good cars. Many have made cheaper cars. But not one in over five decades has made the car that newlyweds can buy new, that a carpenter and a mason and a factory worker can buy out of a year's pay, that school teachers can buy, that people who expected to ride buses and street cars and subways for the rest of their lives can own for just a little over their carfare.

The past fifty years have put the nation on wheels, but thirty-three million cars still serve 131 million people. The rest need cars they can buy. A third of America's cars are ten or more years old. Most of their owners have never bought a new car but would like to. By working this Mid-Century miracle, K-F will capture the imagination of Americans, not just for half a century, but for countless generations to come.

Let's Look at 'Overhead'

No magic up to now. But there was still one item that stood between K-F and the competitive success it was aiming at. Economists called it overhead but you think of it in your home as your light bill, your fuel bill and your telephone bill. And it was basic items like that which felt the weight of the biggest part of the economy drive.

Executives who had always had a car or two at their disposal found they had to drive their own or catch a shuttle bus around the plant. Offices that had once boasted Hollywood-like batteries of phones found they could get along with one.

The plant's power house was converted from oil to coal. The Advertising department screened magazines and newspapers, cut its budget drastically, placing more money on the local level where it would do the most good for the least cost.

Less . . . Less . . . Less

People were reminded to shut off lights, drinking fountains, and fans and close windows when they went home. And office girls used less typing paper, fewer paper clips, made fewer carbon copies and used typewriter ribbons a little longer.

In every department someone found some way to get along on less. Sometimes it was only a matter of a few cents, but that was a few cents that wouldn't have to be tacked onto the price of the new cars.

What was the result of this basic arithmetic? The rabbit in the hat, the know-how, the miracle at mid-century, the car America has been wanting for fifty years.



'THIS IS THE REALIZATION OF MY GREATEST AMBITION', Henry Kaiser told K-F dealers at a meeting earlier this month. He was referring to the car with which he and Edgar Kaiser are pictured in the photo above. This low priced car has been their goal ever since K-F entered the automotive industry in 1945. It was Henry Kaiser's personal dream for years prior to that. But, he admits, it is just the beginning of another ambition—to put good cars within the reach of everyone's income.

... And the Future

One of the reasons why there have been over a thousand automobile companies in America which flourished, floundered and faded in oblivion in the first fifty years of the century is because many of them were formed with the sole purpose of cashing in on a lush, get-rich-quick opportunity. They had no real interest in building a long range, practical business.

In the early postwar days* some industrial observers were predicting that K-F would take the same course as soon as the buyer's market returned. But even the toughest cynics are taking a new view of K-F's future after having seen the models on these pages. Many are even anticipating a change in the pattern of modern life.

For one thing, foresight and Henry Kaiser are virtually synonymous. The wizardry of his record-breaking war achievement was, in every case, based on months, even years of planning. The low priced car itself had over fifty prototypes, was in the initial planning stages as early as 1943.

Dream Has Only Begun

Nor does he consider the introduction of new models just the end of a long dream. In many ways it is the simply the beginning of what he hopes will be a new cycle in American transportation, a new era of low priced prosperity. A

prosperity not with cars alone, but with houses and goods and services, traditionally in the luxury category, placed within the range of everyone.

In the automotive field, K-F's styling and engineering departments are constantly working on projects anywhere from one to ten years in advance of production models. In testing labs and drafting rooms in a dozen different places K-F researchers are exploring the possibilities of light metals, high compression, new plastics, front wheel drive.

Relatively new as it is in the in-

dustry, K-F has already helped to pioneer many of the most important postwar developments. It has been a pace setter in styling and design; and, even more important, in answering the need for low cost practical transportation.

Tomorrow — the Moon

Those who know the man best and have most closely watched his growth as a builder are certain that Henry Kaiser's vision reaches far beyond the span of one man's lifetime into exciting futuristic worlds. And the American public, half-amused, half amazed by the way he has caught the imagination of America itself and translated it into a workable way of life, has perfect faith that when travel to the moon becomes a matter of something to do on a week-end, the vehicle in which they'll make the trip will somewhere bear the name Kaiser.



THE GAP BETWEEN MANAGEMENT AND LABOR has seldom been as unnoticeable as at K-F. One of the reasons for the production magic at Willow Run is traceable to the fact that K-F has never experienced a major strike. All the disputes between the two have been talked out, not walked out.

WE GET PICTURES

HI DEAN.. I AM ENCLING THE FORM LISTING MY DARRIN FOR THE QUARTERLY AND IF YOU CARE TO USE THEM A COUPLE OF PICTURES SHOWING MY HOME MADE FIBER GLASS TOP WITH THE RATHER UNUSUAL SINGLE PIVOT SIDE WINDOWS. IF ANY DARRIN OWNERS CARE FOR INFORMATION ON HOW TO DO IT, I WOULD DO MY BEST TO EXPLAIN. I AM RATHER PROUD OF MY LITTLE WAGON AND EXPECT TO DRIVE IT AT LEAST 10 MORE YEARS.

M E MC COY 540 WALDEN AVE TOLEDO OHIO



NOTE FROM THE EDITOR.....

IN GOING THRU SOME OF THE PHOTOS THAT HAVE BEEN SENT TO ME I FOUND A COUPLE FROM LARRY SMITH IN FEBRUARY OF 1962 WHEN HE FOUND THE PARTS THAT NOW MAKE UP HIS PRIZE WINNING DRAGON.





OWNER'S CLUB QUARTERLY

BOX 691 ST LOUIS 69 MISSOURI

DEAR MR MOORE

I HAVE RECRUITED A NEW MEMBER DOWN HERE IN GEORGIA THAT MUST CERTAINLY TAKE SOME KIND OF PRIZE FOR KAISER CARS. THE ENCLOSED PHOTOS WILL SHOW WHAT I MEAN. HIS NAME IS EDDIE HODGES OF COLUMBUS GEORGIA.

YOURS TRULY

DUANE SUMNER

FORT BRAGG NORTH CAROLINA



AND THIS PHOTO FROM JACK EDWARDS IN OCTOBER 1962 AS HE FOUND HIS PRIZE WINNING DRAGON IN A JUNK YARD IN EL PASO TEXAS. I HOPE SOME MORE OF YOU MEMBERS CAN DO AS WELL. DON'T GIVE UP HOPE, ESPECIALLY ON THOSE EARLY 47 - 48'S. THEY ARE GETTING VERY SCARCE.



DEAR MR MOORE
ENCLOSED IS PICTURE OF MY 53
4 DOOR TRAVLER (BLUE) I HOPE TO
SEE YOU ALL THE NEW HOPE MEET

YOURS TRULY

E W SAVIDGE HOPEWELL NJ

GARY BERSCHAUER PHOENIX ARIZ



DEAR MR MOORE

I HOPE I'M SENDING MY LETTER TO THE RIGHT PERSON. FIRST TO LET YOU KNOW I ENJOY GETTING THE BULLETINS AND THE QUARTERLY BOOKLET. I HAVE JUST FOUND A HENRY J THAT I AM FIXING OVER. IT'S A LITTLE SAD NOW BUT HOPE TO GET IT BACK TO NEW CONDITION SOON. I'LL TAKE A SNAP SHOT OF IT LATER AND SEND TO YOU. THE SNAPS THAT I AM SENDING YOU ARE OF MY 54 WHICH HAS 50,000 MILES ON IT AND IS IN MINT CONDITION WITH ALL RED LEATHER INTERIOR. THE 49 KAISER CONVERTIBLE IS GETTING BACK IN SHAPE. I REPAINTED IT BACK TO IT'S ORIGINAL COLOR. IT HAD SOME RUST SPOTS ON IT. I WAS LUCKY TO FIND MOST OF THE CHROME TRIM NEW AT BAKERS IN SAN FRANCISCO. IT'S SURE A SOLID ONE. I'VE OWNED 5 OTHER KAISERS AND NOW HAVE THREE... SO YOU SEE I'M SOLD ON THEM.

YOURS TRULY

RICHARD WENZEL PALO ALTO CALIFORNIA

Aluminum Paces Speed Classic

Kaiser, Harvey Enter Lightweights in Indianapolis 500

Farwest aluminum makers use raceway as proving ground for their auto engineering ideas.

It's part of the drive to increase auto applications for aluminum.

By R. R. Kay

The Indianapolis 500-mile race in May is always a showcase for new automotive developments.

This year's race on Memorial Day will be no exception. The big development this time will be entry of aluminum racers. They're being readied now in southern California auto shops.

For 50 years now, the Indianapolis speed classic has been a good proving ground for new materials and components. Many features on today's cars got their baptism there.

Going All-Out—U. S. aluminum producers have been nibbling their way into the big automotive market. In the past 10 years or so, automakers have hiked use of the metal from an average of 12 to 70 lb per car. They chew up about one million lb per day.

Aluminum industry sources confidently predict a three-fold jump within three or four years. The auto racing circuit is one way to get more attention for automotive aluminum.

Two West Coast-based producers, Kaiser Aluminum & Chemical Sales Corp. and Harvey Aluminum Sales Corp. will try the Speedway route.

Try for a Dozen—Kaiser's automotive engineers are working with A. J. Watson, California race car designer-builder, on a new car for this year's 500. Mr. Watson is a top man in the field.

Driver for the Kaiser Aluminum Special is Rodger Ward—two-time



NO STRAIN: Kaiser VP F. J. Drewes hefts aluminum auto part which will go into the "Kaiser Aluminum Special" to be entered in the Indianapolis 500 this year. Rodger Ward (right), last year's winner, will drive the "Special."

winner of the classic and national racing champion. He will also enter Kaiser's car in 11 other races.

Howard C. Holmes, vice-president-marketing, says this project is part of Kaiser's "continuing work with the automotive industry to improve the efficiency and appearance of American cars by effective applications of aluminum."



DEAR MR MOORE

SORRY MY MEMBERSHIP RENEWAL LAGGED... PROCRASTINATION AND A BIT OF ILL HEALTH ADDED UP TO NO ACTION. IN NOVEMBER MY FAITHFUL '54 KAISER BLEW A HEAD GASKET. MY CAR LONG WIFE AND I DECIDED TO NURSE IT BACK TO HEALTH. (SEE ENCLOSED PICTURE... .." A VIEW FROM THE TERRACE" .. LITERALLY)... THEN, THE OVERFLOW PIPE ON THE RADIATOR PLUGGED UP, CAUSING THE OVERFLOW TO PUSH OUT THE CAP RESULTING IN A WET DISTRIBUTOR.... MANY EMBARRASING TRAFFIC TIE UPS UNTIL THE TROUBLE WAS DISCOVERED. JUST ABOUT THIS TIME I BEGAN TO HAVE HEALTH PROBLEMS.. SO IT WAS DECIDED TO PUT THE KAISER IN DRY DOCK UNTIL WARMER WEATHER AND BETTER HEALTH PREVAILED. AS GARAGE SPACE IS OCCUPIED BY TWO GARDNER 8'6 (1929 ROADSTER AND A 31 SPORT PHEATON) WE MUST WAIT UNTIL SPRING TO WORK ON THE '54 MANHATTAN. IT NEEDS A FLOCK OF BODY RENOVATING BECAUSE OF RUST.. HOPE WE CAN SWING THE JOB. WE ENJOY THE CLUB PUBLICATIONS IMMENSELY. WOULD LIKE SOME DOPE ON V8 CONVERSIONS OR WILLYS OHC WITH PICTURES IF POSSIBLE.

YOURS TRULY HOWARD T JOHNSON JR POUGHKEEPSIE NEW YORK

CITY SCENE

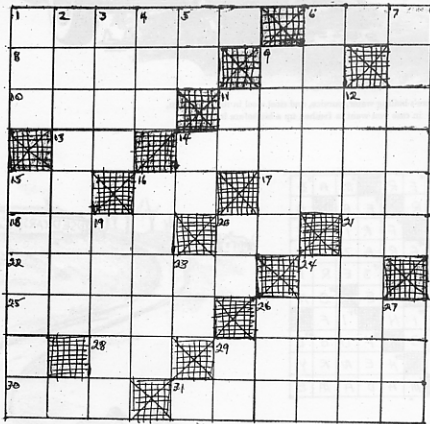
Aged Kaiser providing but-
tery charge to sleek, expen-
sive, 1963 model on Bigley
Avenue.



Charleston, West Virginia,



KAISER FRAZER CROSS ROAD PUZZLE

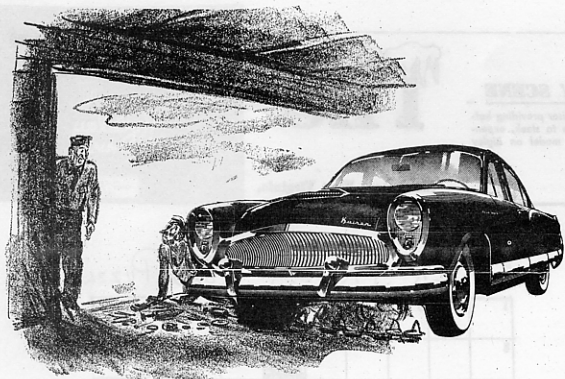


DOWN

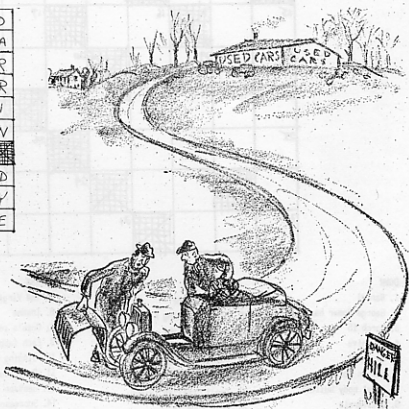
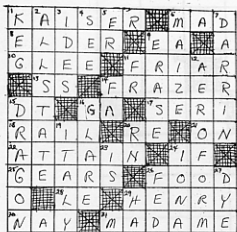
1. Barrel
2. George Dower has one
3. March 15
4. Perceive
5. He (Ger)
6. Indian corn
7. Great body builder
8. Obliterate
11. French (abbr)
12. Streamlined auto style of the 30's
13. Musical tone
15. Fire breathing K F Car
16. Dazzling light
19. European nation
20. Registered Nurse (abbr)
23. Exists
24. Small Scottish island
26. Gave food to
27. Tint
29. Exclamation

ACROSS

1. The Virginian
6. Insane
8. One's senior
9. Each (abbr)
10. Singing group
11. Religious brother
13. Gestapo (abbr)
14. Successor to the Graham
15. Delirium Tremens (abbr)
16. Georgia (abbr)
17. Indian tribe
18. Train track
20. Egyptian Sun God
21. Not off
22. Reach
24. Conjunction
25. First, Second, Third, O.D.
26. Second need after having a Kaiser Frazer Car
28. The (F)
29. Always precedes J
30. Negative
31. Mrs. (F)



"There's boiling water, pumice, and steel wool in the washroom,
in case you want to freshen up a bit before lunch."



Katty III

Katty III was the third in a series of Kaisers purchased by the Dettore family. She was the first 1974 Kaiser Manhattan to be obtained by our dealer in Ottawa, Illinois. Her first tour of duty, while being broken in, was a trip to Florida in April of 1954. Throughout the vacation she received the praise of many admirers, but this was just the beginning for the Persian Gray Artic-White 4 door sedan.

For the first three years of her life she was pampered and cared for by the eldest son of the family. Under his auspices Katty III's suspension was modified for highway travel only. The A- Frames were dropped and both front springs shimmed--- then 2 leaves were added to each rear spring. Heavy duty shock absorbers soon replaced K-F originals. This was the car for the Dettore family with classy design, speedy motor and a suspension made to take the heavy weight abuse our traveling cars were subjected to.

1956 and 1957 found Don away from his beloved Kaiser while attending college. Early in 1958 "Big D" the father of the family decided Katty III, after 4 years of heavy highway travel, might become a problem when taken on long trips if she did have mechanical trouble--- although Katty III had never then or was she ever in the future going to fail her owners. So Don inherited his pride and joy. Katty III was his very own. For the next two years Katty served him daily until he finished college at Champaign. Then on to new frontiers ---- medical school and the wasteland of city slums. Katty was to be parked outside with the ever present danger of theft and vandalism. Afraid he might lose his prized possession, Don set about to make it look undesirable for the first time in his life. The wide Chrome was stripped from the sides and the hub-caps removed. Then the whole car was wiped with Simonize and allowed to dry. Chicago's air did the rest. Soot, streaked by rain covered her shiny paint and chrome. But still an occasional passer-by would question "Where did those taillights come from? or Look at that Grille! And so Katty III hid under her unpolished wax soot topping secure for the year.

1960 found Katty moving with Don to Forest Park, a Chicago Suburb. There was a haven and again a garage.

During the Summer of 1960, Katty was to be thoroughly reconditioned. She was now six years old with her upholstery still perfect, chrome still shiny and her paint gleaming but her rocker panels were beginning to rust. So with tender loving care the rockers were replaced and the motor overhauled. The accolades burst out with more fervor than ever! Could this really be a 1954 car? Would it ever stop attracting attention? Don knew that as long as he lived there would always be a Katty III because the life of a car is measured only by the desire of its owner to keep it on the road.

It was 2:30 A. M. on October 25 1960 that Katty was to face her greatest challenge. Don was roused from his sleep by the pounding on a door and calls of fire. Stumbling out into the darkness clad in pajamas he was crushed by the sight of flames gushing forth from the door and windows of the garage in which Katty was parked. The fire was well under way with not the slimmest chance of getting Katty out. He slowly walked back inside to dress and await the firemans arrival. With tears in his eyes he watched roof fall. His ears were soon shocked by the explosion of a gas tank. Was it Katty's or the Ford's parked next to it---- time would only tell. One half hour later Don entered the garage and extinguished the last remaining flame on the Ford's rear tire. The Ford, with windows rolled down, had been thoroughly gutted by flames. To everyone looking ~~XXXXXXXXXX~~ except Don, Katty was also a total loss. Her once shiny Artic White enamel was blistered and covered with tar. The Persian Gray top was caved in by the falling roof and now completely void of paint. The left rear fender and tire had been subjected to the exploding Ford's Gasoline tank leaving the once shiny ornament and tail light now an amorphous glob of melted pot metal and plastic. All the E-Z glass had been shattered by the cold water the fireman had sprayed on it. Don slowly tugged at the still warm door with its rubber weatherstrip melted. Inside the rugged

Black and Gray upholstery which the night before had looked like new after 6 years use was now powdery charcoal. Don slipped behind the steering wheel as he had done many times before. The plastic gear shift lever handle knob which he had always admired because of its deeply sculptured contours hung pitifully from the end of a smoke stained lever. Don wondered as he reached for the ignition, would there be any sign of life? He flicked the key on and was bolstered by the appearance on the dash of two tiny red lights glimmering through smoke covered glass. Immediately he pulled the hood latch handle, slipped out of Katy and lifted the hood. Looking at the motor Don found it covered by the fiber glass insulation which had dropped from the hood when its adhesive glue had melted. He quickly brushed it aside. All of the ignition wires were blistered from the heat but they looked intact. Out of curiosity he opened the radiator and found the alcohol he had put in the week before had boiled away.

With a twinkle in his eye Don closed the hood and turned to the fireman asking them to help him move the 16 foot garage door so that he might drive his car out. The fireman scoffed so Don moved the door himself.

He was back behind Katy's wheel now his heart thumping. Would Katy run? Assuming the carburetor would be dry Don pumped the accelerator once and turned on the starter--- 5 seconds with the starter still whining Don pumped the accelerator again and at 10 seconds once more. With a roar 217-5589 under Katy's hood burst into life. Don flicked the headlights on and with the McCulloch ~~XXXXXXXXXX~~ whistling merrily drove her out slowly into the awed crowd surrounding the garage.

For the next few days there was much talk of junk yard, but Don would hear nothing of it. He knew Katy would have to wait but wait she would. Needing a car badly Don scurried around Chicago looking for another Kaiser to replace Katy III. No 54's were to be found so Don took the best 1953 Kaiser Manhattan he could find.

What about Katy III? She has been given a coat of green paint, covered with a tarpaulin and is waiting in Don's back yard until such time that she can be reconstructed.



Katy III, snow covered lady in waiting .

EDITORS NOTE.....

IF YOU HAVE STORIES SIMILAR TO THESE THAT YOU THINK WILL BE OF INTEREST TO OTHER CLUB MEMBERS, SEND THEM TO THE QUARTERLY TYPED ON ONE SIDE OF THE PAPER ONLY AND WITH A BLACK RIBBON IF AT ALL POSSIBLE. WE PROMISE TO PUBLISH THEM ALL, MISTAKES IN TYPING AND ALL.....

DEAN MOORE

AN OPEN LETTER TO KFOG OWNERS OF 1954-1955 KAISERS

The purpose of this letter is an effort to secure a perhaps unattainable item.

To get to the point; I am looking for a "cream-puff, mint-condition" (or whatever you would call it) 1954 or 1955 Kaiser Special or Manhattan. This car would replace the 1963 Dodge Dart I now have as my sole mode of transportation and therefore it should be in exceptional shape.

My preference is a Special or Manhattan 2-door sedan with the supercharger (if Man.), radio, heater, tinted glass and all other '54-'55 features (large rear window, new dash, etc.). The car should be completely free of all rust and/or poorly refinished body panels. The mechanical condition of the car should be good with everything in working order. In other words, the car should be as near-perfect as is possible.

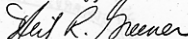
Whoever would sell a car that I've described would do so with the assurance that it will be kept in perfect condition at all times. Since I was 16 and bought my first Kaiser (a '51 Special 4dr) I've had a great deal of enthusiasm and respect for the Kaiser car.

If anyone in the Club has a car that they would be willing to part with that is similar to what I am after, I'd like very much to hear from him. The first letter should include as many details as possible and, if at all possible, a picture of the car. My address is:

7969 Alabama Avenue
Clarendon Hills, Ill.
Phone; FA3-8622, Code, 312

Again, I realize that this is an almost impossible thing, however, I shall be looking forward to hearing from anyone who would be interested in my proposition or can help me in my search in any way. Thank you.

Kaiserly,



Neil R. Greener
Member #257

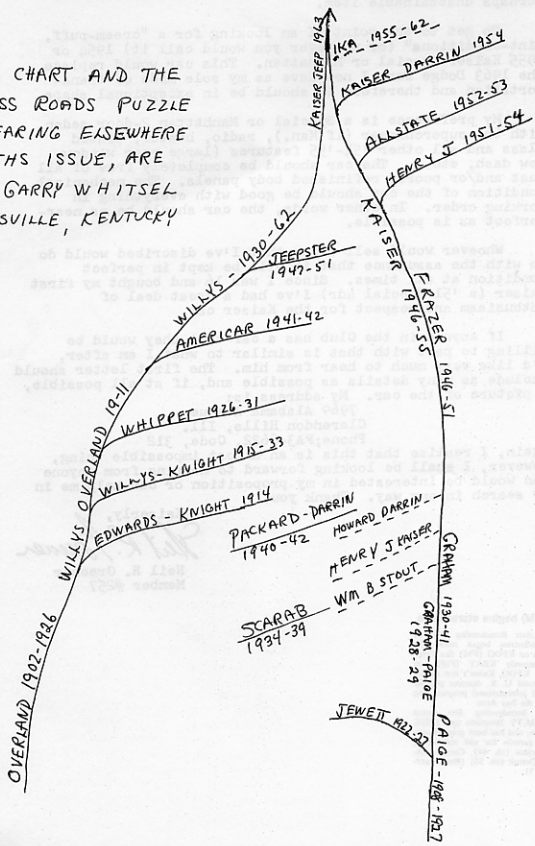
.KFOG(FM) begins stereocasts

The Kaiser Broadcasting Div. of Kaiser Industries began stereo fm broadcasts on KFOG (FM) San Francisco (formerly KBAY (FM)) on March 1. KFOG, Kaiser's first station in continental U. S., features popular music and informational programming geared to the Bay Area.

Kaiser Broadcasting Div. owns KHVH-AM-TV Honolulu and KHJK (TV) Hilo, and has been granted construction permits for sub stations in San Francisco (ch. 44), Corona (ch. 52) and Detroit (ch. 50) (BROADCASTING, Jan. 7).

THE ROAD TO KAISER-JEEP-USA.

THIS CHART AND THE
 CROSS ROADS PUZZLE
 APPEARING ELSEWHERE
 IN THIS ISSUE, ARE
 BY GARRY WHITSEL
 LOUISVILLE, KENTUCKY





THE KAISER FRAZER OWNERS CLUB WAREHOUSE STORY

QUARTERLY

BOX 691 ST LOUIS 88 MISSOURI

THE PARTS WAREHOUSE, ONCE AN INACTIVE PILE OF PARTS SITTING IN A DARK CORNER OF A MARION, INDIANA FURNITURE STORE HAS BECOME DURING THE PAST YEAR OF THE MORE BUSTLING SEGMENTS OF OUR ACTIVELY GROWING ORGANIZATION. AT THE SUGGESTION OF PAUL BARKER, THE CLUB PRESIDENT, THE CARE OF THE WAREHOUSE WAS GIVEN TO GEORGE BUCHINGER AND DON DETORRE. IT WAS THEIR BELIEF THAT IF THE WAREHOUSE WAS ORGANIZED AND ACTIVELY GROWING, IT COULD DO THE CLUB AN UNTOLD SERVICE BY STOCKING PARTS WHICH WERE BECOMING HARD TO FIND AND WOULD BE EVEN MORE OF A PROBLEM IN THE DAYS TO COME.

BEARING THIS IN MIND GEORGE AND DON SET THEMSELVES TO THE TASK OF ACQUIRING NEW PARTS AND ORGANIZING THE PARTS THAT THE WAREHOUSE ALREADY HAD. KNOWING FULL WELL THAT CLUB MONEY WAS NOT AVAILABLE AT THE TIME THEY PUT UP THEIR OWN MONEY FOR THE COST OF BUYING AND HAULING PARTS TO GET THE WAREHOUSE ROLLING.

THEY DECIDED FROM THE BEGINNING THAT THE WAREHOUSE WOULD BE A NON PROFIT SEGMENT OF THE CLUB DEDICATED TO SERVICE FOR THE MEMBERS BUT MANAGED ACCORDING TO SOUND BUSINESS PRINCIPLES SO THAT IT COULD CONTINUE IN THE FUTURE AS A CLUB ASSET. THE FIRST PROJECT WAS TO HAUL THE ORIGINAL WAREHOUSE PARTS FROM MARION INDIANA TO THE PRESENT STORAGE AREA JUST OUTSIDE CHICAGO. THEN THE PARTS WERE SORTED INTO NEW AND USED PARTS WITH THE NEW ITEMS BEING ASSIGNED THEIR ORIGINAL KF PART NUMBERS. THIS PROJECT WAS SOON FOLLOWED BY A PURCHASE OF MANY NEW PARTS FROM A JEEP SUPPLIER.

QUICKLY REALIZING THAT MORE ROOM WAS NEEDED, DON BUILT A 26 BY 15 FOOT GARAGE STRICTLY FOR THE WAREHOUSE OUT OF USED LUMBER. USING HIS POWER SAW TO GOOD ADVANTAGE HE HAD THE GARAGE FINISHED IN THREE DAYS AT A TOTAL COST OF \$17.

SO NOW THE WAREHOUSE HAD THE FOLLOWING STORAGE AREAS:

1. PART OF GEORGE'S GARAGE 2. PART OF DON'S GARAGE 3. ALL OF THE GARAGE BUILT FOR THE WAREHOUSE 4. GEORGE'S BASEMENT 5. DON'S BASEMENT..... BATHROOM, AND KITCHEN (EDITOR'S NOTE... IT MUST BE ROUGH TO HAVE TO TAKE A SHOWER WITH ALL THOSE BUMPERS IN THE SHOWER) EVEN WITH ALL THIS ROOM THEY STILL HAVE TO SORT AND STORE WITH CARE BECAUSE OF THE STEADY INFUX OF PARTS.

IN LATE SEPTEMBER OF 1962, A LARGE PORTION OF THE PARTS CHRIST GABRIEL DONATED TO THE WAREHOUSE WERE HAULED FROM MT CLEMENS, NOW THE WAREHOUSE WAS UNDER WAY WITH A BANG. MEMBERS WERE BEGINNING TO PATRONIZE IT, AS THE MONEY CAME IN, THE WAREHOUSE KITTY SLOWLY GREW. WITH THE HELP OF OTHER CLUB MEMBERS DON AND GEORGE WOULD GO THRU AND EVALUATE THE PARTS IN OLD KF DEALERS GARAGES, BARNs AND FIELDS, THE BEST BUY WOULD BE PURCHASED, AND THE HAULING, SORTING, AND LISTING WOULD BEGIN AGAIN. IN THIS MANNER 4 MORE OLD DEALERS WERE BOUGHT OUT.

NEEDLESS TO SAY, THE LISTING AS PUBLISHED IN THE QUARTERLY IS ALWAYS BEHIND WHAT ACTUALLY IN STOCK BECAUSE THE WAREHOUSE IS GROWING SO FAST. MANY ITEMS ON THE LIST ARE ONE OF A KIND AND ARE SOON BOUGHT OUT, TOO. IN 1962 WHEN THE QUARTERLY EDITOR WAS ON A VISIT TO THE FACTORY IN TOLEDO, THE PART DEPARTMENT TOLD HIM THEY SOON WOULD GET RID OF ALL REMAINING PARTS AND SOON THEY PUT ALL THE REMAINING TOLEDO PART ON THE BIDDERS LIST AND AS YOU KNOW IN LESS THAN 10 DAYS THEY CLUB MEMBERS LOANED THE WAREHOUSE OVER A \$1000 TO BUY THESE PARTS. THE PICTURES ON THE

FOLLOWING PAGES WILL TELL PART OF THAT STORY AS THE TRUCK ARRIVED WITH THE PARTS. IT WAS MUDDY AND COLD AND THEY RENTED A FORK LIFT TO UNLOAD THE TRUCK. BY NOW EVEN THE REAR STEPS HAD TO COME OFF TO GET AROUND TO THE WAREHOUSE. EVERYTHING WAS BULGING WITH PARTS. SHELVES WE BUILT, PARTS SORTED IN CELLARS AND LIVING ROOMS. THEN WORD CAME THAT PARTS IN THE NILES ILLINOIS WAREHOUSE WERE GOING TO SCRAPPED. ONCE AGAIN THE 1953 TRAVLER AND THE TRAILER MADE IT FAMILIAR TRIP AND MORE PRECIOUS PARTS WERE HAULED TO THE WAREHOUSE.

SO BY CONTINUING TO RE-INVEST MONEY OBTAINED FROM THE SALE OF PARTS THE KFOC PARTS WAREHOUSE IS GROWING AND WILL CONTINUE TO GROW SO AS TO ASSURE ALL MEMBERS PARTS FOR THEIR CARS IN THE FUTURE. THE ONLY FACTOR THAT WILL LIMIT ITS GROW IS LACK OF SUPPORT BY CLUB MEMBERS. BY PURCHASING PARTS FROM THE WAREHOUSE MEMBERS ARE ONLY GIVING MONEY SO THAT THEY WILL HAVE PARTS AVAILABLE THEMSELVES IN THE FUTURE. THIS PROGRAM HAS BEEN MADE POSSIBLE BY THE UNSELFISH UNTIRING EFFORTS OF GEORGE BUCHINGER AND DON DETTORE WHO SPEND COUNTLESS DAYS WITH THE WAREHOUSE AND MEMBERS WHO SUPPORT IT. NEEDLESS TO SAY THE WAREHOUSE COULD NOT EXIST WITH OUT THE PATIENCE OF MARY BUCHINGER AND ELEDA DETTORE WHO SACRIFICE TIME WITH THEIR HUSBANDS, ALLOWING THEM TO WORK ON THIS TIME CONSUMING PROJECT.

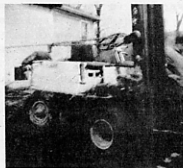
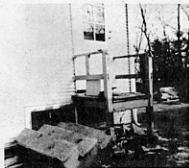
HERE IS HOW A PURCHASE IS MADE FROM THE WAREHOUSE

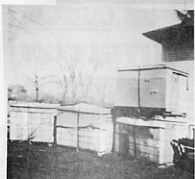
1. YOU MUST BE A KFOC MEMBER.
2. A LIST OF PARTS YOU DESIRE IS SENT TO EITHER GEORGE OR DON PREFERABLY WITH A CHECK OR MONEY ORDER MADE OUT TO THEM, NOT TO KFOC WAREHOUSE OR SOME OTHER SUCH NAME. IF YOU DO NOT SEND SOME KIND OF A RETAINER, THE PARTS YOU HAVE INQUIRED ABOUT CANNOT BE SAVED BUT YOU WILL RECEIVE A PROMPT LETTER TELLING WHAT PARTS ARE AVAILABLE AND HOW MUCH. PARTS ARE SENT ONLY ON RECEIPT OF MONEY... IN OTHER WORDS ALL SALES ARE CASH SALES.
3. ALL PARTS ARE SHIPPED BY WHATEVER MODE YOU WISH WITHIN ONE WEEK BUT ARE SHIPPED IMMEDIATELY IF YOU SO INDICATE THAT YOU ARE IN DIRE NEED.
4. ALL PACKAGES ARE INSURED. THE PURCHASER PAYS FOR THE COST OF MAILING SO IT IS WISE TO SEND SOMETHING EXTRA ON SMALL PARTS UNLESS THEY ARE COMING COLLECT.
5. ANY EXTRA MONEY SENT TO THE WAREHOUSE IS KEPT AS A CREDIT TOWARD FUTURE PURCHASES OR RETURNED AS YOU SO DESIRE.

AT THE PRESENT WRITING MORE OF THE REGIONAL WAREHOUSES ARE BEING BOUGHT OUT AND DEALERS STOCK ALL OVER THE COUNTRY ARE BEING HAULED BACK TO CHICAGO. IF YOU KNOW OF ANY PARTS THAT ARE AVAILABLE WRITE TO DON OR GEORGE AND TELL THEM. IF YOU DO NOT KNOW THE NUMBER OF THE PART THAT YOU NEED YOU CAN EITHER WRITE TO THE WAREHOUSE OR THE QUARTERLY AND THEY WILL SUPPLY YOU WITH PART NUMBERS BUT BE SURE TO GIVE THE YEAR AND MODEL OF YOUR CAR AS WELL AS SERIAL NUMBER. IN SOME YEARS PARTS CHANGE WITH CERTAIN SERIAL NUMBERS SO THIS IS IMPORTANT. IF YOU HAVE ANY PARTS THAT YOU NO LONGER NEED THEY CAN BE DONATED TO THE WAREHOUSE OR YOU CAN SEND THEM TO BE SOLD. WHEN THEY ARE SOLD YOU WILL RECEIVE EITHER MONEY OR CREDIT TOWARD PARTS YOU NEED. DO NOT THROW AWAY ANY KAISER PART. SOME ONE MAY NEED IT SOON AND THAT SOMEONE MAY BE YOU.



THE TRUCK ARRIVES FROM TOLEDO
AND WE UNLOAD PARTS





UPPER ROW * UNLOADING PARTS..
PARTS IN THE LIVING ROOM.....
MORE PARTS IN CRATES AND BOXES

2ND ROW..GEORGE'S GARAGE AND
THE WAREHOUSE IN DON'S YARD

BELOW * THOSE UNDERSTANDING
WIVES PLUS THE SHELVES LOADED
PLUS THE CELLAR FLOOR IN THE
PROCESS OF SORTING AND NUMBERING

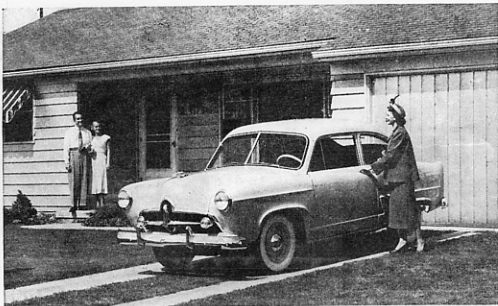




SUPPLEMENTARY LIST OF NEW MEMBERS
SINCE MEMBERSHIP LIST WAS PUBLISHED

QUARTERLY BOX 691 ST LOUIS 88 MISSOURI

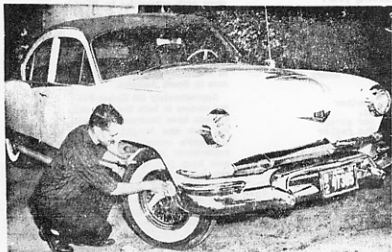
429	TEDDY HAMBURG	7417 CORNELL, UNIVERSITY CITY MISSOURI	
430	M J GUTHMILLER	618 S McCOY ST	ABERBEEN SOUTH DAKOTA
431	ERNEST STERN	72 VAN BRAM ST	PITTSBURG PA
432	EINAR ANDREN	2415 THIRD AVE S	MINNEAPOLIS MINN
433	WILLIAM MOLENAAR	93 FORTH AVE	PATERSON NEW JERSEY
434	ROBERT W GINN	3732 CLAIRMONT RD	CHAMBLEE GA
435	CHARLES W COCHRAN	1267 HODGE AVE	CHARLESTON AFB S CAROLINA
436	JAMES F HART	3802 COSSELL RD	INDIANAPOLIS IND
437	ALICE E SWARTWOUT	44 S HARRISON AVE	CONGERS NEW YORK
438	LINDA KILLHAM	14300 RIDGEMONT DR	GREGORY 2 MICHIGAN
439	ALEXANDER LICHTMAN	6137 S CROFT AVE	LOS ANGELES 56 CALIFORNIA
440	ARTHUR P McGUIRE	3821 HILLSIDE AVE	INDIANAPOLIS INDIANA
441	ROBERT J AMSTETT	NEW YORK AND DIVISION	REMINGTON INDIANA
442	PAUL DRAKE	7517 E GRAND	DALLAS 14 TEXAS
443	CALVERT L ASH	2801 N 77TH AVE	ELMWOOD PARK ILLINOIS
444	EUGENE W CLINE	405 BATH AVE	CATASAUQUA PA
445	B W CONKLIN	19200 MEADOWBROOK	NORTHVILLE MICHIGAN
446	ORVILLE VOEKS	4403 MUELLER RD	SHEBOYGAN WISCONSIN
447	JAMES HARRIGAN	4036 55TH ST	DES MOINES 10 IOWA
448	ERNEST E MISNER	1024 ALEXANDRA PILE	ANDERSON INDIANA
449	CAPT O C ROBBINS	NAVAL AMMUNITION DEPOT	CHARLESTON SOUTH CAROLINA
450	JAMES C SHARMAN	469 DELL AVE	MOUNTAIN VIEW CALIFORNIA
451	FRANK J MCGINLEY	2044 PROSPERITY RD	ST PAUL 9 MINNESOTA
452	GILBERT M COURTAIN	E HOLME	NORTON KANSAS
453	R H DADISMAN	4212 KITRIDGE RD	DAYTON 24 OHIO
454	GEORGE L POSTE	Rt 2 Box 841	SUMNER WASHINGTON
455	LARRY L LANDIS	50 PALFREY LANE	LEVITTOWN NEW JERSEY
456	RANDAL W HOWARD	3210 BOULAVARD	COLONIAL HEIGHTS VIRGINIA
457	DAVID W MECONE	RD 1	WILLIAMSPORT PA
458	WILLIAM G PECK	3136 29TH AVE S	MINNEAPOLIS 10 MINNESOTA
459	JOSEPH J LAZUR	RD 2	TAMAQUA PA
460	A W MARTIN	9506 NE 4TH PL	VANCOUVER WASHINGTON
461	DONALD L BARTLETT	2200 E Co Rd E	WHITE BEAR LAKE 10 MINNESOTA
462	ROBERT McDUFFEE	915 GABLES BLVD	WHEATON ILLINOIS
463	HERMAN F EPPEN	4830 W 20TH ST	SPEEDWAY 24 INDIANA
464	JIM DERDEN	11077 WHITBY HALL	BRIDGETON MISSOURI
465	RAY COX	BOX 79	HIGGINSPOINT OHIO
466	ELROY EHLERT	631 E CALUMET ST	APPLETON WISCONSIN
467	JOHNNIE R HATCHER	863 S BILTMORE AVE	INDIANAPOLIS 41 INDIANA
468	ROBERT W NEWELL	880 ISABEL ST	WOODSTOCK ONTARIO CANADA
471	JEFFREY I GODSHALL	13220 WOODWARD AVE	DETROIT 3 MICHIGAN
469	LOWELL DAVIS	STAR BOX 11	ROACH MISSOURI
470	AUGUST C LARSON	LARSON HIWAY SERVICE	AMBOY MINNESOTA
475	CHARLES F WISE	1071 BALMER RD	YOUNGSTOWN NEW YORK
472	Dr Leon Ackerman	963 Park Ave	Elizabeth 3 New Jersey
473	H William Mullaney	RD#1 Box 272A	Asbury Park New Jersey
474	Net Goldberg	1650 Ocean Parkway	Brooklyn 23 NY
476	Myron Bradford	660 S Monroe	Xenia Ohio
477	Michael Madden	303 N 30th	Corvallis Oregon
478	Jerald Agans	Box 312	Jacksonville Illinois



Kaiser's Henry J

Coincident with the showing of the highly publicized Henry J, the Kaiser-Frazer Corp. has released specifications for the first time. The low-priced offering of the Willow Run company is being shown only in the six-cylinder models but the four will be put on the assembly line shortly. The six is rated at 80 horsepower, while the four is 68. Both are L-head high-compression types, made by Willys-Overland for K-F. The Henry J has an over-all length of 174½ inches. The tread is a standard 54-inch front and rear and its turning radius is 17½ feet. It is less than five feet high but has a road clearance of 7½ inches. Great power is claimed for the engine, as well as smooth operation through use of a counterbalanced crank-

shaft with a stroke of only 3½ inches. A ventilation system, which pipes clean air for the crankcase through the carburetor air filter and exhausts it through the manifolds, is another feature. The company tests have shown the car goes from zero to 50 miles an hour in 10 seconds, to 60 in 14 and 70 in less than 20 seconds. Gas mileage between 30 and 35 miles to the gallon is claimed. The car was put through grueling tests before being put on the market, according to company officials. Back-country roads of Arkansas, reputed to be the worst in the country, were selected for the tests, which ran up 5000 miles. A team of five specialists accompanied a production model to Jonesboro, Ark. Experts computed that each 100 miles on the twisting, tortuous terrain would equal 5000 miles of normal driving.



Lawrence Smith, 2728 Fair Ave., Davenport, who won first place with this car in a national auto show, shines up the 1953 rebuilt

machine which will also be entered in the Mount Pleasant Old Thresher Days contest in September.

LIKE CINDERELLA

Rusting Car Regains Beauty, Steals Show

A year's spare time work has paid off for Lawrence Smith, 2728 Fair Ave., Davenport, whose modified 1953 automobile was named best of show at the New Hope, Pa., Auto Show.

Smith, a grinder at Caterpillar Tractor Co., bought the 1953 Kaiser Dragon for \$25 two years ago when it was rusting away in a farmer's field. He values it a \$1,500 now.

He won the award for the best job of rebuilding a car with authentic parts. But getting the necessary pieces called for lots of

correspondence. Smith said some parts were bought new and some were refurbished, the items coming from about 10 states.

Other awards he received at the show were those for showing the best modified car and most unusual car.

His entry was selected from 80 autos.

Mr. Dean Moore
Box 691
St. Louis 88, Missouri

Dear Mr. Moore,

I have been a KF member for about 9 months now. I am one of those members sort of basking in reflected glory, since I no longer own a KF car. From 1950 to 1960 we owned a '51 Kaiser, and from '57 to '60, a '51 Henry J. The Kaiser was my father's at first, and I later "inherited" it, but the Henry J was my first "real car." With the possible exception of my present car (a '56 Lincoln), the Kaiser was without a doubt, the finest car ever to be in our family. Its virtues need no explanation to members of this organization, but reaffirmation may be welcome.

I shall never forget the Sunday of September 17, 1950. That was the day my father brought our brand new '51 Kaiser home. Down the street it came—making the box-shaped Fords, bullet-shaped Hudsons and dowdy Chevys parked along the street look positively obsolete. We, too, suffered the caustic remarks about the Kaiser—it was too long and low, windshield was too big, the design in the rear door looked like a dent, too much chrome, etc. and etc. As is known by all Kaiser owners, within a few years longer and lower cars were appearing on the road. With the exception of our disapproval of its poor quality paint, we found little to ~~dislike~~ like the car. It served us faithfully for a decade. Had I known of the existence of the Kaiser-Frazer Club, my Kaiser would not have been the trade-in on my present car. (I learned of the club thru a social item in our local paper, mentioning Mr. Scutt's attendance at a KF meet.)

During the summer before my sophomore year in college, I acquired the Henry J from a friend, for a mere \$75. At the time, I wondered if I had been taken. The car was a ready and willing candidate for the junk yard. The paint was completely faded, the grill rusted pitifully, the upholstery stuffing was coming out; the motor need work, and there were holes in the floor. By the time school started in September, the Henry J had undergone almost a complete transformation. My father and I reinforced the fender with steel plating, and painted it with lead paint. Twenty-five dollars' worth of work had it in running condition. Since my father used to spray-paint cars professionally in the '30's, for the price of the paint, I had it painted. White slipcovers with a gold metallic thread, and plush dark blue wall-to-wall carpeting were next. The grill was silver-frosted. The stainless steel bumpers and trim cleaned up beautifully with steel wool and wax. As a final touch, to set off the gleaming full-size wheel covers, a set of porta-white-walls adorned the tires.

During my sophomore year the Henry J became sort of a "living legend" at college (Drew University, Madison, N. J.). It was the sharpest little car in the computers' parking lot.

In my junior year, someone else brought a Henry J on campus; however this car was quite akin to the former condition of my car, and I used to revel in the delight of parking next to it whenever possible, so the other one would suffer even more in comparison. Unable to stand the "competition," the other Henry J did not make an appearance on campus the following year.

Sadly, by 1960, both the Kaiser and Henry J were ailing mechanically. Original parts were wearing out, and it was becoming increasingly difficult to obtain parts, even from junk yards. One night the Henry J chugged in the driveway, and somehow I had the feeling it would never make it back out again ~~back~~ by its own power. A few days later, stripped of everything I could salvage (including the hubcaps, slipcovers, and two "Henry J" nameplates), it was unceremoniously towed away.

A few months later the Kaiser lost a debate as to whether it or a Ford we had would be the trade-in on the Lincoln. The fact that the Kaiser needed a new clutch, and that the garage-man suggested we get rid of the car, sealed its fate. The dealer from whom we purchased the Lincoln used the Kaiser as a "loan" car; within a few months, it was completely wrecked, and in the junk yard.

Belonging to this organization has been a great joy to me. Some day, when funds permit, I would like to purchase one of the cars offered for sale, and re-live some former enjoyable driving. (I am particularly interested in that rarity, the '51 Kaiser.)

Sincerely,
Jack V. Gill
Jack V. Gill



Auto Club Chooses City For Show

The Kaiser-Frazer Club last weekend voted London the site of its 1964 international car show. The show will be held in August.

Mr. and Mrs. Wilfred Newell, of 134 Maple St., submitted London's name at this year's show, held Saturday and Sunday in connection with the sixth annual automobile show at New Hope, Pa. Club members voted almost unanimously for London.

Mr. and Mrs. Newell, who will arrange the London show, expect at least 100 of the now-discontinued cars to be shown. There were 54 at New Hope, including Kaisers, Frazers and Darrins, the company's two-seater sports roadster.

They hope to combine the show with exhibitions by Western Ontario sports car clubs, auto modifying organizations and antique car enthusiasts.

The company stopped producing cars in the U.S. and Canada in 1955, although it still produces cars in South America.

Approximately 450 Kaiser-Frazer owners in both the U.S. and Canada have incorporated their car club and bought out the company's complete supply of replacement parts, which they now keep for their own machines at a Chicago warehouse.

The Newells won first prize at New Hope for the best-conditioned 1947-1953 model, with a 1953 Kaiser Golden Dragon sedan they bought last October for \$250. They spent 10 months and approximately \$500 restoring the machine to its original condition. It cost approximately \$4,900 in 1953. Mr. Newell also has a restored 1954 Kaiser Manhattan.



Detroit Listening Post

OCTOBER 1950

By Siler Freeman

STUDEBAKER is on schedule to come out with its 1951 models. It is expected to go into production on the new cars early this month.

There will be few changes outwardly, mainly a face-lifting job with most of the differences being found in the grille and trim. Maintaining its pioneering in the so-called postwar design, present Studebaker styling is considered good enough to keep the South Bend firm in an enviable position in the automotive field. Use of its automatic transmission will be extended.

The new Nash, now in production, shows considerable styling revisions. It has new rear fenders and a different deck shape as well as a new grille. The exterior trim is also new and different.

The 1951 Nash Ambassador and Statesman lines went on display in September. Principal change from 1950 models is the elongated rear fenders which come with streamlined vertical fins. Tail and directional-signal lamps are moved from the trunk lid to the rear fenders. The airline-lounge type rear seat is retained in the club coupe. The Ambassador has a 115-horsepower engine with a compression ratio of 7.3 to 1. The Statesman uses an L-head, 85-horsepower engine with a 7 to 1 ratio.

The new Ford, due later in the year, will feature many engine and transmission refinements. It will also have improved shock absorbers. The new automatic transmission, with which the company has been concerned for some time, will show up in the 1951 cars.

The auto industry is still going heavily to new engines, despite the threat of allocations and war orders. Studebaker has one, an overhead-valve job that resembles the Cadillac's V-8. It will be given to the Commander and Land Cruiser for 1951. The engine has been tested and shows much of Cadillac's economy as well as power. It is slightly smaller however, having a cubic-inch displacement of about 280 against Cadillac's 331.

Lincoln-Mercury engineers have been driving around behind their new V-8, high-compression power plant, equipped with

the new automatic transmission. The combination is reported to be hard to beat on getaway and high-speed driving, as well as terrific power.

Kaiser-Frazer is also working on a new engine, or rather two engines. One is a six cylinder with a seven-bearing crankshaft and the other is a V-8 with a five-bearing crankshaft. Because of the long testing period plus the huge investment in an engine program, K-F is probably two years away from production of the new engines.

General Motors' new-model program was somewhat in the balance only a couple of months ago. Although the 1951 lines have been finalized, a big difference of opinion came up at one of the policy-committee meetings on how the corporation should go.

Several wanted to halt all preparations for new models this year, as well as 1952 and 1953 planning, until the government came to a decision on its defense program and its effect on the auto industry. But Harlow H. Curtice, executive vice-president, led the group which urged the corporation to keep on as usual until all-out war was in the offing. He won out so GM customers will have their new cars, a bit late perhaps but nevertheless as planned.

GM is already committed to its annual showing of new models at the Waldorf-Astoria in New York in January. What worries the top GM executives is the inroads the government may make on its engineers who are already packed to move into its new \$600,000,000 technical center in Centerline, Mich.

If anything, GM has planned a larger staff of research and lab experts when it finally completes its new center. The defense program's extent and needs will determine it, however. Fisher Body is taking over the research center's old quarters, behind the GM Building in Detroit.

Production, kept high since last February by the huge demand for new cars, will probably start sliding the other way this quarter. Changeovers by those companies which have not yet brought out new models for 1951 will keep output lower than for the past six months.

**What will your car
be worth
TOWARD A NEW 1947
KAISER
or FRAZER?**



How is that aging family car of yours holding up under the strain of waiting? Is it "headed for the junkyard"? Or are you playing the game smarter than that—and taking care of your car for tomorrow! It can really pay!

You see, we'll be looking for cars like yours before long—cars we can take in on the purchase of new 1947 KAISERS and FRAZERS. And the better shape your car is in, the more we can allow you for it—to say nothing of the added safety and comfort and peace of mind you will enjoy, with an automobile you know is in good repair.

So why not drive in soon for a visit with our service department manager? He'll give you an estimate on any work needed, without the least obligation. You can see for yourself, when you stop in, that we are fully equipped with the men, the machines and the tools for complete and modern service to all makes of cars.

Drive in this week. While you're here we'd like to tell you a few things you may not know about those exciting new KAISERS and FRAZERS. They'll be here soon—watch for them!



**Our Service Department
Specializes in:**

(Space for listing of special services, to be furnished by individual dealers.)