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BUSINESS AND FINANCE

with any accuracy. We don't have enough data about the grass roots, where the bits and pieces come from."

To develop this picture, the Defense Department has asked the Census Bureau to include a question in its 1963 Census of Manufacturers asking what portion of each plant's work is for military use. Secretary McNamara has also asked the Institute for Defense Analysis, a nonprofit "think" group, to make a similar study of the arms industry and the procurement factors that affect it. To coordinate studies at all levels of government, Gardner Ackley, a member of the President's Council of Economic Advisers, is heading an informal committee that can suggest further studies and point out overlapping.

Eventually, says Archibald Alexander, an assistant director of the Arms Control Agency, the planners hope to have "ma-



Associated Press

Foster: Peace is better business

chinery set up ahead of time to anticipate some of these disarmament impacts." Defense officials have already asked the General Accounting Office to allow companies to charge off against defense contracts reasonable amounts of money spent on conversion studies—enough, say, to support a small staff of planners. Among the tools the government would like to fashion in the future:

▶An early warning system to pinpoint what geographic areas, industries, and individual plants could be affected, what the manpower cuts would be, and when the impact would come.

▶Federal offsetting actions including a tax cut, public-works programs, civilian research, manpower retraining, and loans to industry.

▶A coordinating group to mesh Federal, state, local, and industry-labor programs.

This sort of coordinated effort will take time to develop, but the test-ban treaty—whatever its other effects—seems

certain to increase the pressure for action. Obviously elated at last week's overwhelming Senate ratification, Arms Control director Foster cradled the phone in his State Department office and said: "We are seeing only the beginnings of what may lead toward disarmament. The basic point is that industry must begin to plan something to take the place of defense contracts. We did it in World War II and we can do it again."

U.S.-SOVIET TRADE:

Like Surfboarding

Testing the political winds at every step, the Kennedy Administration last week groped cautiously toward approval of a giant wheat sale to Russia that would effectively reverse the nation's long-standing policy of restricted trade with the Communist bloc. President Kennedy had quietly launched a re-examination of U.S. policy even before Canada concluded a 240 million-bushel grain sale to the Soviets (NEWSWEEK, Sept. 30). Then last week, after the Senate finally approved the limited nuclear test-ban treaty, the inevitable trial balloon floated skyward. Agriculture Secretary Orville Freeman, Commerce Secretary Luther Hodges, and other officials discussed possible sales at a closed meeting with two House committees. A similar get-together was scheduled with Senate groups early this week. Freeman called the House session "helpful," but one high official said the House at best would probably keep hands off. "Congress doesn't want to take the rap if there is a backfire," he said.

The meeting and Congressional reaction were far from academic. For up in Ottawa, about fifteen U.S. grain dealers were negotiating a wheat sale with a Soviet trade mission. Some 200 million bushels, to be paid for in "hard currency," were involved, said a White House source. In an effort to keep their sessions secret, the Americans had arranged bookings at the Château Laurier, a fairy-tale Gothic structure, through a foreign grain merchant. But word soon leaked out that negotiations were going on around a horseshoe-shaped table in Salon D between U.S. grainmen and a team of Russians headed by squat, pug-nosed L.M. Matveev. By midweek, the Russian offer was clear—they would pay only the world price of around \$1.65-\$1.70 a bushel, which meant the U.S. would have to ante up the approximately 50-cent-a-bushel subsidy it pays farmers for all exported wheat. This placed the deal squarely up to the Administration in Washington. In swarthy, 41-year-old trader Burton Joseph, president of Minneapolis-based I.S. Joseph and head of the U.S. group, put it: "We'll have to wait and