

Higher Property Taxes Predicted If Bill Defeated

SALEM (UPI) — An "almost certain" increase in property taxes if the tax measure is defeated Oct. 15 was predicted at a Salem meeting Thursday night.

Myron Katz, a U.S. Government economist and former interim committee tax consultant for the Oregon legislature, gave a strong endorsement to a "yes" vote on the tax measure in an address to the Salem Jane Jefferson Club for Democratic Women.

The club voted unanimously to go on record in favor of the tax measure and to urge their counterparts, the Republican Petition Polities Club, to issue a similar endorsement and join the Democratic Women in soliciting public support for the measure.

Oregon has not had a state property tax since 1941, Katz said, and the new measure is designed to help reduce present county property taxes. It can be defended on its merits, he said, because it preserves this state's traditional principal of taxation based on ability to pay together with a more equitable tax rate structure and a broadened tax base.

Passage of the tax measure would be "eloquent testimony that the people of Oregon do not intend to default in their responsibilities as good citizens in a modern world," he said.

Defeat of the measure could be "catastrophic" because it would plunge the state into a financial crisis which would discourage industrial development, seriously impair functioning of government, jeopardize all levels of education, and could result in the first major new taxes in Oregon since 1929, Katz said.

Patterson Elected UAL Board Chairman

CHICAGO — United Air Lines board of directors have elected W. A. Patterson chairman of the board and chief executive officer. It is the first time the position has existed in United.

George E. Keck, former executive vice president and general manager, was elected president.

Patterson, whose airline career began in 1929, has been president of United since 1934 when four predecessor companies were combined into one corporate organization.



Your Money's Worth

By SYLVIA PORTER
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PRICE-EARNINGS RATIOS AND YIELDS

Measured by some of Wall Street's most treasured yardsticks, stock prices on average again are moving into very high ground. For instance, the average price-earnings ratio of the 30 stocks in the Dow Jones industrial average is back above 19-to-one—approaching the high ratio reached at the end of 1961 when the market crash began and well above the ratio touched in mid-1962, when this stock average hit its low.

As another illustration, the average yield of the 30 stocks in this popular average is back below 3 1/2 per cent—approaching the low yield reached at the 1961 market peak and well below the yield touched at the 1962 market bottom.

What is a "price-earnings ratio"? What is a "yield"? How can you compile these figures on stocks you own? If you're typical among America's millions of stockholders, you've read and heard these terms many times but no one has explained them in two-plus-two-equals-four language, nor put them into perspective. Here goes.

(1) A price-earnings ratio is the relationship between the price at which a stock is selling and the company's earnings per share. Since a stock reasonably is supposed to sell at a price reflecting to an extent what the company is earning today and likely to earn tomorrow, the importance of this ratio is generally acknowledged.

Say ZYX stock is selling at \$100 a share. Say the company's earnings work out to \$5 for each share of stock outstanding. You divide the market price of \$100 by the \$5 earnings per share and you get the price-earnings ratio of 20-to-one.

How high is today's average of 19.1 on the Dow Jones 30 industrial stocks? Historically, it's high, but that does not mean it's too high and won't go higher.

At the end of 1950, when the market's upsurge was in its infancy, the price-earnings ratio of the Dow Jones average was a meager 8.4-to-one. At the peak of the average in late 1961, it was a spectacular 23.4. At the low in mid-1962, it was a more sober 16.5.

The key point is that price-earnings ratios vary tremendously from stock to stock. A high ratio may simply reflect investors' enthusiasm for a stock on the basis of its growth prospects and future earnings. A low ratio may reflect investors' worry about an industry's future. Electronic stocks illustrate the first ratio, tobacco stocks the second.

(2) A yield represents what a company is paying in annual cash dividends on its stock as a percentage of the stock's price. Since the return investors can earn on a stock reasonably influences the decision of many to buy it, the importance of yield also is generally acknowledged.

Say that ZYX stock, selling at \$100 a share, pays \$3 a year in dividends. You divide the cash dividend of \$3 by the market price of \$100 and you get the yield of 3 per cent.

How low is today's average yield of 3.23 per cent on the Dow Jones 30 industrial stocks? Historically, it's low, but that does not mean it's too low and won't go lower.

At the end of 1953, the yield on the Dow Jones average was 5 1/4 per cent. At the 1961 market peak, it was 3 per cent. At the mid-1962 price low, it was 4 per cent.

Once more, the key point is that yields vary tremendously from stock to stock. A very low yield simply may reflect the fact that a company is putting most of its earnings into its own future business, and buyers of its stock are betting on that future. A high yield may reflect the fact that while a company continues paying good dividends, investors question its future. Electronic and tobacco stocks again illustrate both extremes.

The moral is fundamental. You cannot invest successfully on the basis of yardsticks or averages or clichés. This stock market is extraordinarily selective, and professional. You must be too.

Republicans Claim Stockpile Program Report 'Slanted'

WASHINGTON (UPI)—A controversial report on the nation's multi-billion dollar stockpile program, charging cabinet-level favoritism during the Eisenhower administration, was branded as "slanted" Thursday by Republicans.

Sen. Stuart Symington (D-Mo.) chairman of the special stockpile investigating subcommittee, made the 100-page document public at a hastily called news conference following a series of partisan charges and counter-charges over its contents.

Prominently featured in the report was a critical review of the roles played by former Treasury Secretary George M. Humphrey, ex-Commerce Secretary Sinclair Weeks, and one-time cabinet member Arthur S. Flemming during the time he served as director of the Office of Defense Mobilization. But Humphrey appeared to be the chief target.

Political Motivation Claimed
Republicans said the report was "politically motivated," and charged it was compiled with the aid of personnel from President Kennedy's office.

Symington released the report despite a 3-to-3 voting deadlock in the subcommittee against approving it. During a closed session earlier in the day Democratic Sen. J. Strom Thurmond of South Carolina lined up with two Republicans, Sens. J. Glenn Beall of Maryland and Clifford P. Case of New Jersey, in opposition.

Symington was supported by Democratic Sens. Howard W. Cannon of Nevada and ailing Clair Engle of California, who voted by proxy.

Ike Defends Policies
Case later issued a letter from Eisenhower defending stockpile policies during his eight years in the White House.

Portland-Medford Flight Started by WCA

SEATTLE (UPI) — West Coast Airlines said today it has inaugurated a non-stop flight leaving Portland daily at 8:35 a.m.

It said the 70-minute flight was the only direct air connection between the two cities. The speedup also will affect flights to Sacramento via Klamath Falls.

The flight from Medford to Portland stops at Eugene. It leaves Medford at 3:55 p.m. and arrives at Portland at 5:20 p.m.

Timber resources on the public domain of the U.S. have an estimated current value of more than \$100 million.

Symington said reform legislation designed to improve the vast \$8.9 billion program of stockpiling strategic materials would be introduced shortly. About \$4 billion worth in the stockpile has been tentatively termed surplus.

Among other things, the report recommended that the major stockpiles be consolidated for better management. It advocated speedier disposal methods and use of surplus stockpiled metals in certain defense contracts and foreign aid projects.

NOT IMMEDIATE CURE
PORTLAND (UPI)—So-called "freezing" of the stomach does not offer an immediate cure for peptic ulcers, a team of University of Oregon Medical School specialists told the Oregon Medical Society Wednesday.

SALEM (UPI) — Gov. Mark Hatfield and an Oregon Technical team met with executives of the Du Pont Company in Wilmington, Del., Thursday to discuss opportunities for Du Pont in Oregon, the governor's office announced.

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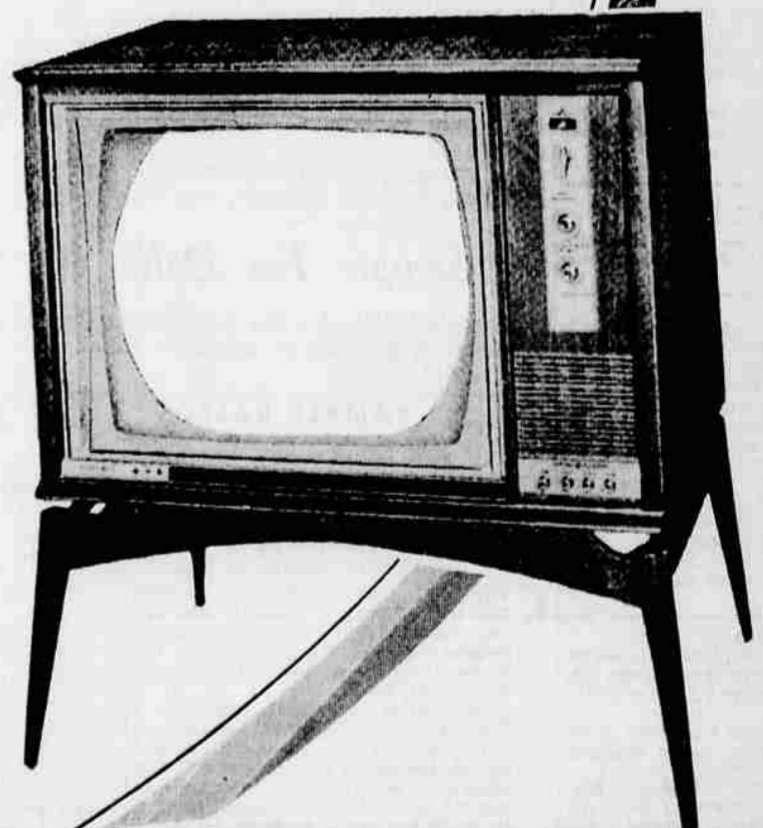
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