

Business Review

By Floyd L. Wynne

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Shareholders Review Century Of First National Progress

First National Bank of Oregon's 100-year history was reviewed Tuesday as shareholders met in Portland for the bank's annual meeting.

Ralph J. Voss, president of the statewide banking system, described 1964 as "a fitting climax to our first 100 years of service and a challenge for greater achievement as the bank enters its second century in 1965."

In his message to stockholders, Voss noted that interest on savings and other time deposits continues to be the bank's largest item of expense and has increased 11.2 per cent over the previous year to a record total of \$13,355,400. This figure exceeds the interest total paid to depositors of any other financial institution in the state.

He said interest payments will increase further this year as a result of the recent rate increase. First National lowered other banks in the state early in January and raised its interest rate on savings accounts to four per cent.

The bank's electronic data processing equipment was cited as a stabilizing influence on earnings. Voss said the equipment has enabled the bank to increase its volume of business without increasing its ratio of operating expenses to gross income.

At the close of 1964 the bank's electronic data processing center was handling daily demand accounts for 230,000 checking accounts at 60 branches in the Willamette Valley and in other sections of the state.

Accounting for numerous other phases of the bank's operations has been converted or scheduled for the earliest possible conversion in the modern electronic equipment. Voss declared.

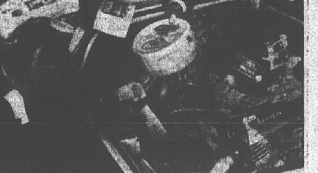
First National's aggressive program of expansion during 1964 extended bank services to four areas, increasing the year-end total of offices to 101.

In addition, two branches were relocated in modern new quarters, and major enlargement and modernization projects were completed at eight other locations throughout the state.

Major construction projects already are scheduled by the bank during 1965 in Portland, Salem and Klamath Falls, and work is nearing completion at sites in Eugene, Stayton, Medford, Bend and West Linn.

As reported early in January, First National earned \$8,334,370 during 1964, a gain of more than \$1 million over the previous year. Per share earnings rose to \$3.82 from the previous year's figure of \$3.44.

Total deposits topped \$1 billion for the third consecutive year, closing out the year at \$1,132,979,988 for a new all-time high. Loans also established a record at \$729,229,129, a total more than \$43 million.



WINS GROCERIES — Mrs. Amy Crapo, Rte. 1, Box 597, Klamath Falls, was the winner in a recent grocery contest by Dupon and West Chevrolet Company. Mrs. Crapo is shown here with George Crapo, left, and Bob West, right. She guessed within eight cents of the correct value of groceries loaded in the trunk of a new Impala Sport Coupe. Actual value was \$83.87, and Mrs. Crapo's estimate was \$83.95. Estimates ranged from \$9.26 to \$250. The contest was part of the Grand Opening festivities of the company's new plant at 677 South Seventh Street.

Department, Specialty Stores See Good 1965

NEW YORK (UPI)—The department and specialty stores of America expect 1965 to be another good year. In fact far more are looking for a good year ahead than in the case last year or two years ago. This is only natural after the spectacular 11 per cent sales gain this year.

In the main, they are willing to make predictions only for the first half of the new year. According to a survey by the National Retail Merchants Association (NRMA), they expect a sales increase of 5 per cent and an earnings rise of 10 per cent in the first half on the average.

According to the NRMA, 1964's sales and profits have been "little short of fantastic." "A 4 to 5 per cent sales gain in our industry is a good year," the association said. "We don't know right now how much 1964 earnings of department and specialty stores increased in 1964 over '63, but we wouldn't be surprised if it was anywhere from 25 to 50 per cent."

Other segments of retailing, the food stores, for example, obviously did not have such large sales gains in 1964.

Few increase ads. Only about one-third of the dry goods stores intend to increase their promotional budgets substantially in 1965. Of those who do, by far the largest group, 34 per cent, will put the increased outlay in newspaper ads, followed by 23 per cent for direct mail and 12 per cent for radio. Only 5 per cent said they would increase local television advertising.

When the NRMA took its preview survey for 1965 only 37 per cent of the storekeepers looked for a sales rise in the coming year and 10 per cent thought sales would go down. A year later, 66 per cent were looking for a raise but 5 per cent still expected a decline. This year 87 per cent see bigger sales ahead and 1 per cent expect a drop.

A big question about the past year naturally was the effect on retail store trade of the Federal income tax cut. Only 11 per cent said the tax cut caused a significant rise in sales but 49 per cent said it caused a moderate rise.

Savings Are Spent As for what tax savings were spent on dry goods stores, the women spent 41 for clothes, in most cases. Only 1 per cent of the stores thought the tax cut increased sales of furniture and other durables.

And it is in women's clothes that the department and specialty stores expect to make their best sales gains in 1965. With blouses and sportswear in top place followed in order by adult dresses and girls' wear. Things for the menfolk are way down on the list.

A rise in credit buying is quite generally expected. It is interesting that, for the first time in several years, the downtown stores are bothered more about such internal problems as inventory control and increasing the productivity of sales workers than about the decay of the center of the city and traffic congestion.

Base Notes Bid Awards

Bids were awarded recently for over \$500,000 in contracts by the Base Procurement Office at Kingsley Field.

Successful bidders included Eldon Hill, Route 3, Box 64, Klamath Falls for \$22,260 for contractual services to Precision Measurement Equipment Laboratory at Kingsley Field.

Cascardo Sherry Seal, Inc., of Eugene, Ore., was awarded contract to place a blumhouse sludge seal on unpainted areas of Runway 11-32, supporting taxiways and areas within the ADC storage area at Kingsley Field.

Fire Detection Service, Inc., Spokane, will furnish everything necessary to maintain fire detection system in various buildings at Kingsley for \$4,932.

W. E. Treadwell, Redding, Calif., will repair the parking lot, building 213 at the Red Bluff Air Force Station, Red Bluff, Calif.

Local Man At Session

Klamath Falls resident J. H. Schenk was among 125 members of Shell Oil Company's Northwest sales staff attending an annual sales conference in Seattle last week.

At the opening of the meeting on Thursday, J. P. Finland, the company's acting Portland district manager, told the group that they had set a new sales record in 1964, for the fourth year in a row. Sales were up over 10 per cent in the company's Western Marketing Region, while the industry's rate of growth was approximately six per cent.

Finland ascribed the company's continued growth to the design of its merchandising services stations, which have been well received in various communities, and to the intensified dealer training programs.

The meeting, which ended Friday, Jan. 29, was held at the Washington Athletic Club.

Bank Debits On Upgrade

Bank debits for the Klamath Falls area including Klamath and Lake counties increased in December, 1964, compared to December, 1963, the University of Oregon Bureau of Business Research has reported.

Debits for December, 1964, totaled \$48,940,029, for November, 1964, the total was \$44,615,902 and for December, 1963, the total was \$39,277,000.

Oregon, with 290 banks reporting had a percentage change of plus 6.9 in December, 1964, compared to November, 1964, and plus 4.8 percentage change as compared with December, 1963.

Total debits for December, 1964, came to \$2,801,192,171. For November, 1964, the total was \$2,729,769,618 and for December, 1963, the total came to \$2,769,248,278.

Firm Promotes D. R. Collins

Donald R. Collins, a former Klamath Falls resident, has been promoted in the Walgreen Drugs chain in California from assistant manager of the San Francisco store to manager of the Palo Alto store.

Collins, a graduate of Sacred Heart Academy, joined the Army following graduation. In 1959, he began working for the Walgreen company as a stockman in the Oakland branch.

GM Reports Record Profits

DETROIT (UPI)—General Motors Corp. today reported 1964 profits of \$1.73 billion, a new record for any industrial firm.

The figure topped the \$1.7 billion reported earlier by American Telephone and Telegraph for the 12-month period ending last Nov. 20.

It also topped the \$1.59 billion earned by GM in 1963.

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Furniture Mart Trip Planned

Ralph Linkhart, manager of Budget Furniture, 2410 South Sixth Street, will spend a week at furniture market in San Francisco where he will buy the latest trend in furniture for the buying public in Klamath Falls.

The firm has been in business for three years now. He will buy new offerings in overstuffed, dining and bedroom furniture and room accessories, lamps, pictures and other items other durables.

And it is in women's clothes that the department and specialty stores expect to make their best sales gains in 1965. With blouses and sportswear in top place followed in order by adult dresses and girls' wear. Things for the menfolk are way down on the list.

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Building Totals Up

Building permits increased in Klamath Falls in December, 1964, compared to December, 1963, the University of Oregon Bureau of Business Research has reported.

In December, 1964, the total was \$69,000 compared to \$24,077 in the same month last year. Building permits from 148 identical reporting centers in Oregon totaled \$19,940,112 in December, 1964. This was minus 0.5 lower than in December, 1963.

The state total in December, 1964, included \$810,824 for 628 new dwelling units, \$3,998,149 for new non-residential construction, and \$2,072,130 for additions, alterations, and repairs to existing structures.

For the same month last year, the \$10,926,688 total of permits was composed of \$9,096,869 for 307 new dwelling units, \$6,090,014 for new non-residential construction, and \$2,065,734 for additions, alterations, and repairs to existing structures.

About \$2,100,000 will be coming to New York Life policy owners in Oregon as 1964 dividends on Oregon 1964 dividends will total \$182,550,000, an increase over \$5,700,000 over the previous year, Church said. This is the third record increase in a row and double the amount paid 11 years ago.

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Association members in that area are Bell's Hardware, Coast to Coast Store, DeBoer's West Hardware, Hahn Electric Company, J. C. Equipment, Inc., J. W. Kerns, Klamath Tractor and Implement Co., Novak Paris Supply, Don Potter Machinery, Swan Lake Moulding Company, Valley Pump and Equipment Co., and Western Auto Association Store.

Don Potter, Don Potter Machinery, is a member of the association board of trustees.

It Could Happen Here? "Society cannot keep its feet without going through the mud of development."

Carter-Jones Collection Service, Inc. Pay your bills promptly and keep your credit good.

Hardware Dividend Top Noted

Pacific Northwest Hardware and Implement Dealer Association's 61st annual convention is booked for Jan. 31 - Feb. 13, at the Hilday Motor Inn, S.P.O. Inc., in Portland.

Association members in that area are Bell's Hardware, Coast to Coast Store, DeBoer's West Hardware, Hahn Electric Company, J. C. Equipment, Inc., J. W. Kerns, Klamath Tractor and Implement Co., Novak Paris Supply, Don Potter Machinery, Swan Lake Moulding Company, Valley Pump and Equipment Co., and Western Auto Association Store.

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Hemphill To Handle Production

Mervyn W. Hemphill has been appointed production manager at the Klamath Falls Branch of Weyerhaeuser Company, George Kovick, branch manager, reported recently.

Hemphill most recently has been manufacturing manager at Weyerhaeuser's Marshfield, Wis., branch.

A 1952 graduate in forestry from Iowa State University, Hemphill is a Navy veteran. He joined Weyerhaeuser at Klamath Falls in 1953, working in the plant management training program in the lumber mill, as hardwood shipping clerk, quality control supervisor, assignment supervisor, and in 1957 and 1958 as assistant hardwood superintendent.

He was named plant superintendent at West Memphis, Ark. In 1959, and plant manager there in 1959. Hemphill worked on special assignments out of the Tacoma main office in 1962, and became manager of manufacturing at Marshfield in March, 1963.

He is married, and has three children.

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Southern Pacific Says Will Battle Increases

Southern Pacific today said it intends to continue its efforts to hold the line against freight rate increases, despite major wage boosts and other higher operating costs.

Chairman D. J. Russell declared that "Southern Pacific considers it imperative to keep rates at their present levels, so we can compete effectively with other forms of transportation, even though much higher costs have created substantial pressure for rate increases."

Recent wage settlements in the rail industry cost Southern Pacific about \$17 million in 1964, he said, and his bill for wages and fringe benefits will go up by an additional \$12.5 million in 1965.

The big December floods in Oregon and Northern California also were costly to the railroad. Lines and facilities of SP and its subsidiary, the Northwest Pacific Railroad, suffered more than \$12 million in damage.

"In the face of such increased costs," Russell said, "holding the line on freight rates—with their importance to the general inflationary spiral—is only possible because our huge capital improvement programs of recent years have enhanced our ability to attract business."

This program to give Southern Pacific greater competitive muscle and efficiency, he added, was capped by a record \$122 million investment in new equipment and facilities in 1964.

"This helped SP and its subsidiaries develop net income from all operations in 1964 of \$79,302,982 before giving effect to reduction in federal income taxes as a result of accelerated depreciation, equivalent to \$2.92 a share of common stock. This compares with \$65,065,067, or \$2.40 a share, in 1963.

At such federal income tax reductions, net income was \$95,066,142, or \$3.56 a share, compared with \$88,235,198, or \$2.35 a share, a year earlier.

This income gain was made notwithstanding the wage increases and traffic revenue losses because of the December storm and floods, Russell pointed out. While voters in California and Arizona materially helped railroads' efforts to hold down future costs by repealing state excess crew laws last fall, he said, real benefits will not be felt until this year. Repeal of the state laws did not become effective until December, and SP is paying severance benefits of \$2.7 million with young firemen, most of them with two years' service or less.

"The need for fewer firemen will represent a payroll saving of about \$5 million in 1965 for SP, allowing for added costs of other items involved in the wage raise settlement."

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