Aerial view of the road network joining the Old City of San Juan with the Santurce Business District. Modern freeways connect the major commercial and residential sections of San Juan and provide easy access to the Island's outlying areas.

IMPRESSIVE ECONOMIC GROWTH

A PRELUDE TO A GREATER TOMORROW
Economy of Puerto Rico Is Steadily Thriving

By Dr. Rafael Pico, President, Government Development Bank for Puerto Rico

Superlative gains in Puerto Rico's economic progress are seen in such figures as 11 per cent rise in net income and 14 per cent advance in wages in the past ten years. The Planning Board, in gain in exports testifies to industrial expansion. At the same time, the domestic market fared equally well. Newest flourishing industry is that of Puerto Rico has increased.

Rapid Growth Is Real

The great gains were not any result of reactivation of an economy which had been declining. While the contrary is in fact, the 11% increase this past year came directly on the heels of an increase of 8% in the preceding year. Again, the total population of Puerto Rico has increased.

Net Income by Categories (Millions of Dollars)

<table>
<thead>
<tr>
<th>Sector of the Economy</th>
<th>1960-61</th>
<th>1961-62</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>$1089</td>
<td>$2076</td>
<td>4.7</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>383.2</td>
<td>145</td>
<td>-56.6</td>
</tr>
<tr>
<td>Construction by contract &amp; mining</td>
<td>92.0</td>
<td>102.2</td>
<td>11.1</td>
</tr>
<tr>
<td>Government &amp; municipalities</td>
<td>197.9</td>
<td>221.4</td>
<td>11.8</td>
</tr>
<tr>
<td>Federal Government</td>
<td>87.0</td>
<td>84.5</td>
<td>-2.9</td>
</tr>
<tr>
<td>All others (including rest of world)</td>
<td>360.8</td>
<td>650.0</td>
<td>22.0</td>
</tr>
<tr>
<td>Total</td>
<td>$1,487.7</td>
<td>$1,650.1</td>
<td>10.8</td>
</tr>
</tbody>
</table>

shows, concluded that year with a net income figure of more than 14% over the preceding year. As indicated, the chief source of income for the manufacturing activities of plants promoted by the Economic Development Administration is the so-called "Operation Bootstrap." Production by these plants, in terms of value, increased 23% which is clear evidence that the operation which has taken place. The Planning Board reports that the net income from the Economic Development Administration factories for the current year represents nearly two thirds of the manufacturing income of Puerto Rico.

Here are some additional interesting figures of new records set. These factories were launched launched with 118 a year earlier. A total of 128 factories actually began operations in this past fiscal year compared with 125 the year before.

At the end of the fiscal year, 657 plants and factories were in operation under the aegis of the Economic Development Administration, providing employment for 90,000 workers.

Experts Up 21 Percent

Naturally, this industrial expansion was reflected in exports, and the volume of foreign sales of new manufactured products rose to $494 million. This figure was 31% greater than a year earlier. At the same time, factories concentrated in the domestic market in Puerto Rico fared equally well due to rise in expansion in construction and the resultant demand for construction materials and, in part, to increased home consumption.

In the public sector, income flowing from activities of the Commonwealth of Puerto Rico and its municipalities—total wages and salaries advanced to $231 million, a payroll increase of $22.5 million. This increase was chiefly accounted for by the expansion and improvement of the educational system of Puerto Rico, the budget for which, this past year, was 11% higher than the year before. Another major factor accounting for the increase was $23 million additional in the health budget.

Agricultural Gains

Although production last year, totaled $256 million, slightly higher than the figure for the previous year. As the Planning Board has pointed out, however, this does not present a true picture of the gains in the agricultural sector of the economy. The plain figures do not show, for example, that by year by number the number of cattle keeps increasing not only to meet growing demands for milk and dairy products but also because of its meat-nest consumption.

Indicative of thisfact is the increase in the year under review in the number of head of beef cattle increased by 30%. While this dollar value signifies a gain of more than $5 million.

A slight decline in sugar production was offset by a sharp rise in other farm and agricultural items such as coffee, livestock and fowl.

Rising Tourist Industry

One of the newer and now thriving industries in Puerto Rico is tourism. Because of its year-round climate it is a natural tourist resort area. The Government Development Bank for Puerto Rico, cooperating with the Puerto Rico Industrial Development Co. and other lenders has been active in developing this field. Loans for various tourist projects such as large and small hotels as well as guest houses and restaurants have been granted. Recently, the Government Development Bank disbursed an interesting loan for a commercial boat yard and marina, an added facility for the growing tourist business.

Tourist trade in Puerto Rico this past year continued its forward climb. Tourist expenditures rose to $86 million, an increase of 30% over the corresponding figure of the previous fiscal year. The number of tourists stopping at hotels and guest houses this past year was 219,000 and because of added hotel construction at the end of the fiscal year there were 4,116 hotel and guest house rooms available, an increase of 369 over the preceding year.

The gains indicated by the figures shown above have been reflected in the entire economy of Puerto Rico—in business generally, in banking, in transportation, in public services.

This general expansion of the economy necessarily showed itself in government income. The Government's General Fund receipts totaled $347 million which was $29 million higher than the previous year. Significantly, personal income gains were up 21% which indicated the extent to which family incomes in Puerto Rico rose during the period.

NEW YORK: 37 West Street Chicago: Board of Trade Building Los Angeles: 611 Wilshire Boulevard Puerto Rico Offices at San Juan, Ponce and San Juan.
Improving Puerto Rico’s Commercial Development

By Carlos J. Lastra, Secretary of Commerce, The Department of Commerce, Commonwealth of Puerto Rico

Recently Puerto Rico embarked upon a new program to improve its commercial development which had fallen behind the Island’s industrial development. Mr. Lastra reviews the policy and the accomplishments of the newly instituted Department of Commerce.

Puerto Rico has become an example to many nations throughout the world because of its progress in industrial development, but for many reasons commercial development has lagged behind. To meet this need, the Department of Commerce of the Commonwealth of Puerto Rico was established by law in 1960 and started operations in August 1961.

The commercial policy consists of the following four points:

1. To develop an orderly and efficient distribution system to provide the maximum well-being to the consumer.
2. To develop a balanced distribution system which includes the participation of large and small firms, voluntary and corporate chains, cooperatives, and independent groups.
3. To develop a distribution system that will make possible the maximum participation of local businessmen.
4. To develop a distribution system that is integrated with cultural development.

The primary emphasis of the Commerce Department in its first year has been to give guidance to and stimulate local businessmen to improve their competitive position through management training, employee training, general orientation, technical assistance on merchandising methods and improvement of physical facilities, and organization into voluntary groups in order to make maximum use of group buying and promotional activities.

Some Highlights

A few statistical highlights on the first year of operation:

Two voluntary groups were organized: Lucky Seven, now numbering 37 grocery stores, and Golden Cross, consisting of 25 drug stores.

Technical assistance was given to 202 retailers whose establishments include food stores, drug stores, hardware stores and others. Of these, 29 stores were completely remodeled by the Department and 31 are in process of modernization.

Loans totaling $3,938,000 to 220 businessmen were processed by the Department and granted by the Small Business Administration and the Government Development Bank.

In a joint training program with the Agricultural Extension Service and the Grand Union Company, 147 food store employees participated in 24 courses including general managers, check-out supervisors, meat cutters, cashiers, store personnel, meat and sealer, and produce supervisors.

In a joint program with the Department of Education, a training program in selling techniques was provided to about 68 employees of the Golden Cross voluntary drug store chain. A modern merchandising methods seminar, given jointly by the National Cash Register Company and the Department of Commerce, was attended by about 200 store managers, store owners and other interested persons.

Less formal orientation has been given to more than 1,000 businessmen, as well as their associations and other community groups both at the Department, and in meetings throughout the Island.

New Attitude

The most important accomplishment of the Department has been to change the negative, pessimistic attitude frequently characteristic of local merchants and to give an impetus to their efforts to improve their businesses.

During the year, a public corporation, the Commercial Development Company, was created by legislation to assist the Department through providing new warehousing facilities and developing new shopping centers throughout the Island.

The work of the Advisory Committee to the Department, composed of leading businessmen, has assisted in the interchange of ideas between the business community and the government.

During the next year there will be greater emphasis in education and training to provide the necessary personnel for commercial development.

The Department has been, and will become increasingly concerned with international trade to fulfill its goal of providing the maximum income to the people of Puerto Rico.

Puerto Rico’s Gross National Product during the past 20 years has increased by an amazing 523%! No longer does the Commonwealth depend predominantly upon farm income— it is now a booming industrial community.

Establishment of more than 800 new industrial plants has made it necessary for electrical power production to virtually double and double and double again! Here are the figures:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Power Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>1946</td>
<td>343,000,000 kwh</td>
</tr>
<tr>
<td>1952</td>
<td>685,000,000</td>
</tr>
<tr>
<td>1957</td>
<td>1,342,000,000</td>
</tr>
<tr>
<td>1962</td>
<td>2,570,000,000</td>
</tr>
</tbody>
</table>

The Puerto Rico Water Resources Authority—responsible for electrical power—is now larger than all but one of the publicly-owned integrated distributors of electric energy on the United States mainland.

Bonds of the Water Resources Authority enjoy an A rating by nationally recognized bond rating services. Maximum annual debt service requirements are covered 1.95 times. Interest derived from the bonds is exempt from both Federal and State income taxes. Your bank or investment dealer can give you full information.

PUERTO RICO
WATER RESOURCES AUTHORITY

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SAND SAN JUAN — Puerto Rico has been called the “showcase of democracy” because of its success in the fields of education, industrialization, health, public works. About 2,000 visitors each year are sent to Puerto Rico through the “Point Four” and other programs to study the Commonwealth’s progress and the ways it has been accomplished. It is not unusual to see Nigerians, Israelis, Indians, Japanese, Venezuelans, jamaiicans, Libyans and people of almost all other nationalities visiting housing projects, factories, schools, art galleries, refineries, hospitals and other sites throughout the Island Commonwealth.
Water and Sewer Services Advancing Island's Growth

By Juan Labadie Kurie, Executive Director, Puerto Rico Aqueduct and Sewer Authority

Head of Puerto Rico's water and sewer services traces the rapid expansion, sound financial and rigid standards of the utility. Construction planned between now and June, 1966, is put at $76 million of which one-third is expected to be financed with borrowed funds. The last issue of $10 million was floated September, 1960, and the Authority may re-enter the market this Fall.

In keeping pace with the speeding rhythm of economic activity and the considerable improvement of living standards in Puerto Rico, the Aqueduct and Sewer Authority has shown constant growth—since its creation in 1945—in revenues, customers and utility plant.

In the fiscal year recently ended the Authority gained $3,795 water and $10,941 sewer customers. The increase in customers over last year's total was equivalent to 9.8% and 8.8%; that in revenues was 11.5%. This lead of revenues over customers is due to the existing correlation, within certain limits, between improved economic situation and higher water consumption, and to the fact that 92.2% of customers are metered.

The Aqueduct and Sewer Authority (not to be confused with the Water Resources Authority, which is in charge of power and irrigation) was organized as a public corporation in 1945 to operate all public water and sanitary sewer works in the Commonwealth.

Water and Sewer Facilities

All 72 cities and towns in Puerto Rico have round-the-clock water service. Average daily water consumption is about 115 million gallons, 56% of which is used in the Metropolitan Zone formed by San Juan and 10 neighboring towns. Of the total water supplied, 86% is filtered in 37 plants; 8% is obtained from deep wells and requires only a slight chlorine application. The remaining 3% receives partial treatment, enough to assure bacteriological purity, at the plants without filters of three small towns and various independent rural water works. The filtration plants for these three towns are under construction and two of them practically finished. All the water supplied by the Authority meets the rigid standards of the U. S. Public Health Service.

The water resources in Puerto Rico, on the average, are sufficient to meet the demand for 12 years. What is required, for the immediate future, is the construction of one filtration plant to meet emergency requirements.

The cost of the San Juan Metropolitan Sewerage Project, is estimated at $42 million. The sections already completed cost $12.4 million; those under construction will cost, when finished, around $10.3 million. The San Juan and four neighboring towns, pumping station at not yet started, have a cost estimate of $10.6 million; the branch sewers, mains and house connections, $8.5 million.

The financing of this project is being shared with the Authority by other governmental units, as follows: A c q u e d u c t and Sewer Authority, $6.3 million (mostly from a 1960 bond issue); Commonwealth government, $19.6 million; the five municipalities benefited by the project, i.e., San Juan, Carolina, Caguas, Guaynabo and Bayamón, $12.7 million; U. S. Government (water pollution act), $2.8 million; other, $690,000.

As for sewage system expansion outside San Juan although only five small towns do not have sanitary sewers, the Authority has a program for sewer improvements outside of the Metropolitan Zone amounting to $12.7 million, one-half of which is expected to be realized between now and 1966. No borrowed money will be used for this program which will be financed mostly from legislative appropriations and Federal grants-in-aid.

Relating to water works improvement, this program comprises major extensions and improvements, some of them already under construction, to the water system. The four-year program, 1963-66, will cost about $27,000,000. Some important items in this program, which will be financed with borrowed money, are the following: (a) improvements to the Loiza River Development Project, principal water supply for Metropolitan San Juan. These improvements include expansion of the Loiza Filtration Plant from 30 to 45-million-gallon-per-day capacity; (b) 48-inch supply main, parallel to existing one; additional raw-water pumping units; and an 84-inch transmission main; (c) enlargement of six existing filtration plants; (c) additional water supply for towns, including Mayaguez, our third-largest municipality; (d) transmission mains for six towns; (e) deep wells for other six; (f) reservoirs at San Juan (6MG) and Caguey (3MG).

Rural Aqueduct Program

The Rural Aqueduct program has already carried pure water to 54% of the Commonwealth's rural population. This program is having a great socio-economic impact in Puerto Rico's development.

An abundant supply of safe water in rural areas, not only improves the health of the people and enhances their productivity, but also keeps them from swarming to the cities. The program is financed from legislative appropriations of an estimated cost of $43.5 million, about $22 million have already been advanced; $13.5 million are expected to be used during 1963-66 and the remaining $8 million during 1967-70.

To avoid the possibility that those small projects, some of which are uneconomical, may become a drain on our resources, the Authority subsidizes the Authority for any rural project which does not at least break even.

Normal routine extension of the Authority's facilities in order to serve the new customers added each year, includes routine expansion of its water and sewer pipes, installation of valves, hydrants and meters. These extensions, which are paid for from current revenues, amount to about $5 million for 1963-66.

Summary

Summing up, the Authority contemplates a construction program of around $76 million from 1962 to 1966 which, slightly over one-third, will be financed with borrowed money. The Authority's most recent bond issue in the amount of $10 million was sold in September, 1960. Most probably next fall the Authority will again enter the market.

Puerto Rico's economic development during the last 20 years has steadily advanced. Per capita net income has increased from $121 in 1940 to around $700 in 1962 (second in Latin America only to oil-rich Venezuela), to fairness to the government and business community who have made this progress possible, and to investors who, during the last twenty years, we feel that our primary obligation to maintain this Authority in first class operation, with financial soundness and working toward continued healthy growth.

GROWING WITH PUERTO RICO-

<table>
<thead>
<tr>
<th>Net Sales</th>
<th>$7 57 58 60 61 62</th>
</tr>
</thead>
<tbody>
<tr>
<td>in millions</td>
<td>2.1</td>
</tr>
<tr>
<td>1958-59</td>
<td>3.9</td>
</tr>
<tr>
<td>1960-61</td>
<td>4.9</td>
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<td>1962-63</td>
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<td>1963-64</td>
<td>11.2</td>
</tr>
<tr>
<td>1964-65</td>
<td>15.0</td>
</tr>
<tr>
<td>1965-66</td>
<td>20.4</td>
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<tr>
<td>1966-67</td>
<td>30.1</td>
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<tr>
<td>1967-68</td>
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<tr>
<td>1968-69</td>
<td>58.6</td>
</tr>
<tr>
<td>1969-70</td>
<td>80.0</td>
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<table>
<thead>
<tr>
<th>Net Income</th>
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</tr>
</thead>
<tbody>
<tr>
<td>in thousands</td>
<td>1.4</td>
</tr>
<tr>
<td>1958-59</td>
<td>1.2</td>
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<td>1960-61</td>
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<tr>
<td>1962-63</td>
<td>1.8</td>
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<td>1965-66</td>
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<td>1966-67</td>
<td>2.5</td>
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<tr>
<td>1967-68</td>
<td>2.8</td>
</tr>
<tr>
<td>1968-69</td>
<td>3.1</td>
</tr>
<tr>
<td>1969-70</td>
<td>3.4</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Income Per Share</th>
<th>$7 57 58 60 61 62</th>
</tr>
</thead>
<tbody>
<tr>
<td>1958-59</td>
<td>0.0</td>
</tr>
<tr>
<td>1960-61</td>
<td>0.0</td>
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<tr>
<td>1962-63</td>
<td>0.0</td>
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<td>1964-65</td>
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<td>1966-67</td>
<td>0.0</td>
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<tr>
<td>1967-68</td>
<td>0.0</td>
</tr>
<tr>
<td>1968-69</td>
<td>0.0</td>
</tr>
<tr>
<td>1969-70</td>
<td>0.0</td>
</tr>
</tbody>
</table>

(1) For five months ended 3/31/71. (2) Based on number of shares outstanding in each period, adjusted for 4% split 5/3/62.

These charts tell the story of Girard's growth since our company was founded six years ago. We invite you to write for a copy of our annual report for the year ended June 30, 1962, published this week.

GIRARD Industries Corporation
Makers of Quality Furniture

Past Office Box 9237
San Juan, Puerto Rico

The Commercial and Financial Chronicle . . . Thursday, September 30, 1962
Growth of Electric Power Output in Puerto Rico

By Rafael V. Urrutia, Executive Director, Puerto Rico Water Resources Authority

The extraordinary growth of its economy and the improvement in the living conditions of the people of Puerto Rico are largely a result of the development of the Commonwealth's hydroelectric power resources. The Authority has harnessed over $200 million in tax-exempt bonds to develop its hydroelectric resources, and the Commonwealth's gross national product has soared accordingly. The Authority has been instrumental in the development of the Commonwealth's economy, and its growth has been reflected in the increased demand for electricity. The Commonwealth's economy has been driven by the demand for electricity, which has increased at a faster rate than the growth of the Commonwealth's population. This has led to a significant increase in the Commonwealth's gross national product, which has more than doubled since the 1950s.

With the continued increase in power generation, the Commonwealth has become increasingly dependent on electricity. This has led to the development of a robust electricity market, with a large number of companies competing to provide electricity to the Commonwealth's residents. This has resulted in lower electricity rates, which have made electricity more affordable for the Commonwealth's residents.

The Commonwealth's economy has benefited greatly from the development of its electricity sector. This has led to the growth of industries, which have contributed to the Commonwealth's economic growth. The Commonwealth's government has also benefited from the development of its electricity sector, as it has led to an increase in tax revenue and has helped the Commonwealth to achieve its economic goals.

The Commonwealth's electricity sector has been a major contributor to the Commonwealth's economic growth. This has led to the development of a robust electricity market, with a large number of companies competing to provide electricity to the Commonwealth's residents. This has resulted in lower electricity rates, which have made electricity more affordable for the Commonwealth's residents.

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Puerto Rico's Success Story Is Far From Ended

By Rafael Duran, Administrator, Economic Development Administration

"Fomento" or "Operation Bootstrap" was created to produce factories on Puerto Rico. Many believe it was dis—
couraging to private investors than they were when "Fomento" started in the early 1940s. Mr. Duran's summary story of free enterprise's successes and failures highlights the long, rapid and steady thrust toward prosperity found in the Economic Development Administration in Puerto Rico. He calls it simply "Fomento" — the word for the high tide in the island's "vibrant development." "Fomento's" energies are focused on the promotion of manufacturing — the key to modernization and a higher standard of living.

Fomento has just completed another record-breaking year.

Record Year Completed

New industrial plants signed up totaled 214 last year, leaving 184 for the year. Those are being financed by mainland banks and by local investors. Over the past ten years has been increasing at an average rate of 7% a year. The Puerto Rico government has been constantly involved in the rapid and steady thrust toward prosperity found in Puerto Rico. Economic development has been used to produce factories, and the proceeds from the sales of the products are being used to build out a network of factories needed.

Fomento was established 20 years ago under the name of "Fomento". It is responsible for more than 900 manufacturing concerns and 120,000 jobs, 100 of which are held by local investors. In other words, Fomento is an organization that provides necessary services and a higher standard of living.

Fomento's program, popularly called "Operation Bootstrap," offers a wide range of incentives to local investors. In addition, Fomento's strength is its ability to give full attention to the economic development of the Commonwealth. This year's tax incentive law was further modified to provide an option of 50% of Commonwealth corporate income taxes for 20 years.

Fomento also helps investors with the selection and training of workers and supervisory personnel, and—in special cases—provides various forms of financial assistance.

Federal corporate income taxes, of course, do not apply in Puerto Rico because Commonwealth residents do not have voting representation. This means that "Fomento" is able to provide various forms of financial assistance.

Fomento has been at pains to encourage only legitimate new investment. Puerto Rico will not grant tax exemption to any investor who does not comply with the rules of operation. We do not want to provide advantages to businesses located in other areas of the United States. We want only a small share of the vast pool of new U.S. investment which runs to more than $30 billion a year.

Results to Date and Future Direction

Today Puerto Rico is not only placed in a position of highly competitive productive factories and luxurious living, but it is also a thriving industrial center. It is no longer the "Poorhouse of the Caribbean." The island has been transformed into a "Bootstrap"—the island's "vibrant development."

In the early 1940's Puerto Rico was an overpopulated, agricultural land on the edge of destitution, lacking basic industrial resources such as coal, iron or oil. It was known as the "Poorhouse of the Commonwealth." The island has been transformed into a "Bootstrap." The success of this program is evident in the fact that in 1950, 38% of the labor force was employed in manufacturing.

Manuel Sanchez Rivera has been appointed President of the Puerto Rico Ports Authority to succeed of the Puerto Rico Ports Authority since 1981 and has been Executive Director of that Authority since July, 1961. He was previously chief of the public corporation financing division of the Government Development Bank for Puerto Rico. He is a graduate of the University of Pennsylvania.

Reuben Sanchez has been named to succeed Mr. Sanchez Rivera as Executive Director of the Puerto Rico Ports Authority. An engineer and a Puerto Rico Planning Board, he has been selected to succeed Mr. Sanchez Rivera as President in charge of Development for the Puerto Rico Industrial Development Company.

$30 Million Bonds Being Offered By Puerto Rico

Sealed bids will be received by 3 p.m. on Tuesday, June 29, 1960, at the Administration Building for Puerto Rico, Federal Building, for CHF 30,000,000 general purpose bonds of the Commonwealth of Puerto Rico dated July 1, 1961, maturing July 1, 1981, through July 1, 1961, with an interest cost basis of 4.452%.

Aerial view, South Coast Industrial Complex, near Ponce
Tourism Is Big Business
In the Commonwealth

Visitors spent $86 million in last fiscal year as against only $7 million a decade ago. New and enlarged facilities being built to accommodate increasing number of tourists.

SAN JUAN, PUERTO RICO, U.S.A.—A little over a decade ago Puerto Rico had 607 hotel rooms, less than 65,000 visitors a year and an annual tourism income of $7,000,000. During the fiscal year ended June 30, 1963, Puerto Rico’s hotel and guest house accommodations increased from 3,747 to 4,116 rooms, while the number of tourists visiting the island and spent $96,000,000.

Puerto Rico’s tourism development, an integral part of “Operation Bootstrap,” started with the opening of the Caribe Hilton Hotel in December, 1948. “Bootstrap” is a plan to expand the island’s economy by attracting outside capital investment in new factories and hotels. The program offers tax incentives, complete freedom to remit profits, assistance in plant site location and the recruiting and training of personnel, and loans from government or private banks for certain projects.

The Economic Development Administration of the Commonwealth financed the construction of the Caribe Hilton and contracted with U. S. hotels to operate Conrad Hilton to run it. The hotel was considered a tremendous gamble at the time, but in its first year the Caribe made $1,000,000 and its operation set the pattern for Hilton’s worldwide chain.

New Records in Sight
Puerto Rico’s tourism is expected to set new records during the next two years. Local and outside investments, amounting to some $60,000,000, will expand hotel accommodations by 2,500 rooms in the next two years.

Three large projects now under construction are the 24-story, 421-room Puerto Rico Sheraton in the Condado “Gold Coast” section, which will open next Spring; the 260-room Dorado Riviera, about 20 miles west of San Juan, and the 398-room Americana in the Isla Verde section, both of which will open this November.

New additions also are being made to existing hotels and facilities. The Condado Beach Hotel is expanding its facilities by 161 rooms, and the El San Juan Hotel in Isla Verde is planning a 200-room extension.

Other projects in the final planning stage include a 280-room Holiday Inn, to be built in Isla Verde; the 150-room Hilton Inn at Mayaguez, on the west coast; a 160-room Flamboyan Hotel and 288-room Ponce de Leon Hotel on the Condado “Gold Coast.

With the completion of the Flamboyan, Ponce de Leon and two small projects, there will be no further hotel construction on the Condado strip. This decision was made by Puerto Rico’s Planning Board and the Department of Tourism will prevent the beautiful beachfront area from becoming a “Chinese Wall of All Stars.”

San Juan has become a popular port of call for cruise ships. This year 75,000 cruise ship passengers will visit the Commonwealth’s capital, a five-fold increase over the number of passengers five years ago.

To accommodate larger luxury liners, the Puerto Rico Ports Authority is expanding pier facilities. Basic improvements include extension of one pier from 375 feet to 555 feet, dredging of slips to depths of 35 feet, additions to facilities including a restaurant, bar, shops, information and service centers, auto rental and sightseeing bus stand.

The International Airport at Isla Verde, which now serves 1.7 million passengers a year, is being expanded to handle an estimated 4.1 million travelers expected by 1970.

Planned Growth
The growth of Puerto Rico’s tourism facilities is being carefully supervised to maintain the open spaces and natural beauty of the island. Tourism Director Robert Bourelt says: “We are interested in every opportunity to expand and improve tourist accommodations, but we are equally concerned about preserving the natural beauty of Puerto Rico while at the same time giving the tourist something new, something charming and different. That is why 52% of the 2,500 rooms to be constructed in the next two years will be built out on the island.”

A. S. Beck Shoe Corporation
In Puerto Rico: “SalesSubstantial”

A. S. Beck Shoe Corporation has established a wholly-owned subsidiary—Puerto Rican A. S. Beck Shoe Corporation— to retail women’s, men’s and children’s shoes in Puerto Rico.

Saul Schiff, Beck President, said sales have been substantial and that “Beck is planning to add new leased departments as the New York Department Store expands its operations on the island.” Beck presently has five leased departments in the New York Department Store’s choice locations at San Juan, San Turce, Rio Piedras, Bayamon and Caguas.

Mr. Schiff also announced the appointment of Albert S. Nasr as Supervisor of the Puerto Rican operations, under the direction of Ben Shafer, General Manager of the Astra Shoe Division in New York City.

Presently, Beck operates 24 leased departments from coast to coast as well as 215 conventional stores and seven discount units. The company is also a leading manufacturer of men’s shoes, women’s dress shoes and handbags.

Success Begets Success in Puerto Rico

In less than twenty years Puerto Rico has evolved from a predominantly agricultural community to a bustling industrial Commonwealth. Rare is the country which can keep pace with Puerto Rico in growth of Gross National Product.

This historic transformation has been sparked largely by the Commonwealth’s Industrial Development Program, widely known as “Operation Bootstrap.” In all, this program has induced private business to set up more than 800 new industrial plants in Puerto Rico. One result has been the creation of 60,000 direct new jobs and annual payrolls of $150,000,000.

The Puerto Rico Industrial Development Company, “PRIDCO,” carries on a broad program of investments to further the industrialization of Puerto Rico. It has given specific assistance to nearly 900 companies—most of them representing industries newly established in Puerto Rico. Among them are subsidiaries of 20 of the 100 largest companies in the United States.

PRIDCO also stimulates the growth of the tourism industry. In 1949 PRIDCO built the Caribe Hilton Hotel and in 1958 La Concha. More recently it joined private capital in the new El San Juan Hotel, the Dorado Beach, the Ponce Intercontinental and the now rising Puerto Rico Sheraton.

Meanwhile PRIDCO itself has set an outstanding example of successful management. It was organized in 1942 with an initial capital of only $1,500,000. Total investment has already passed the hundred million dollar mark. Cumulative earnings are now close to $10,000,000!

PRIDCO will continue to foster a climate conducive to the success of private enterprise.

PUERTO RICO INDUSTRIAL DEVELOPMENT COMPANY
Continental Operations Unit

Big Factor in P. R.'s Growth

By J. Diaz-Hernandez, Executive Director, Continental Operations Branch, Economic Development Administration of Puerto Rico

The mainland activities in the U. S. and its exclusive overseas territories are the basic reason why Puerto Rico has been the fastest growing economy in the Western Hemisphere over the past decade. The reasons for this rapid growth are the product of the mainland economic trend, the continuing large and substantial investment in Puerto Rico, and the aggressive efforts on the part of the Puerto Rico Economic Development Administration (PRIDA) to provide an effective overall program of business attraction.

In 1960, when the Continental Operations Branch of the Puerto Rico Economic Development Administration was set up in New York City, the "Operation Bootstrap" program was all but unknown to the people of Puerto Rico and its business leaders. Early in 1967, the number of factories established under the "Bootstrap" program had reached 100 and the total employment income for the entire Puerto Rico economy was approximately $120 million. Today, 12 years later, the number of United States and Puerto Rican manufacturing firms assisted by "Bootstrap" is over 900. Net income for fiscal 1961-62 showed a rise of 10.8% over the past fiscal year, from $1,400,000,000 to $1,550,000,000. This "Operation Bootstrap" program, moreover, has become known to the commercial and industrial world as a symbol of profits. It is known to the underdeveloped nations of the world as a symbol of progress. A model example of how a project supported under democratic free enterprise, Puerto Rico has been cited by President Kennedy as "our showcase in Latin America" and by the United States Government as "the best of the United States to the underdeveloped world."

What, may be asked, is the role of the Continental Operations Branch during these recent years? Its principal role is twofold: (1) to drive toward industrial expansion and economic progress in Puerto Rico and (2) to play its proper function in the overall "Bootstrap" program. How do we operate?

In essence, COB does the basic promotional work that is the heart of the "Bootstrap" industrialization program. COB is also responsible for the attraction of tourists and the institutional promotion of the island's fine running water. All mainland activities in these three areas are the function of the PRIDA Offices Strategically Located in The States.

In each of these areas we utilize artificial intelligence in order to inform the mainland public about various aspects of Puerto Rico, and thereby to support the efforts of the Department of Industrial Promotion of Puerto Rico. The representatives who cover strategic industrial development centers throughout the states.

These Industrial Representatives have offices in strategic locations in the mainland and are specially equipped to help the mainland manufacturer on questions of location, labor, and other aspects of our industrial incentives program. In addition, the PRIDA representatives who cover strategic industrial development centers throughout the states.

The mission of the mainland IR, and of COB, may be considered accomplished. An island IR working out of San Juan, then travels over and helps out the firm's individual plans and problems with the Industrial Services Division of the Economic Development Administration and with the Puerto Rico Industrial Development Co. (PRIDCO), the financial and real estate arm of the EDA.

Tourism and Rum Industry Success

The exceptional success of COB's promotional drive is new history. Tourism and rum figures have shattered all records in each of the last six successive years. Puerto Rico's appeal to the business community has been such that we have opened six branch offices to help mainland manufacturers interested in the island as a site for branch plants. In addition to our New York headquarters at 600 Fifth Avenue, we now have offices in Boston, Philadelphia, St. Louis, Chicago, Miami and Los Angeles.

We also have on our staff expert consultants to assist with the special problems of "blue chip" firms and of specific industries, such as electronics, metalworking, and apparel. All our dealings with manufacturers, from the preliminary stages to final negotiations, are based on confidence and objectivity. If our surveys indicate that a particular manufacturer will not be successful in Puerto Rico, we advise him to that effect, saving all parties time, work and money. We take the appropriate precautions to screen out "runaway" firms—that is, firms whose objective is the closing of a state-side plant in order to reap a quick profit in Puerto Rico.

Once the qualified mainland firm is ready to go to Puerto Rico, the migration of the mainland IR, and of COB, may be considered accomplished. An island IR working out of San Juan, then travels over and helps out the firm's individual plans and problems with the Industrial Services Division of the Economic Development Administration and with the Puerto Rico Industrial Development Co. (PRIDCO), the financial and real estate arm of the EDA.

The exemplary success of COB's promotional drive is new history. Tourism and rum figures have shattered all records in each of the last six successive years. Puerto Rico's appeal to the business community has been such that we have opened six branch offices to help mainland manufacturers interested in the island as a site for branch plants. In addition to our New York headquarters at 600 Fifth Avenue, we now have offices in Boston, Philadelphia, St. Louis, Chicago, Miami and Los Angeles.

The competition for expanding U. S. industry has doubled and rises every year. In each of the past six years, U. S. a-affiliated plants have expanded in fiscal 1961-62, Puerto Rico and in the United States have continued to grow. In the past two years, for example, we have seen a new U. S. Foreign Trade Zone opened to promote joint ventures utilizing mainland and local capital, and also to promote continental development for exempt purpose of the industry.

To both the large and small aspects of our promotional effort we have kept pace with the growth of Puerto Rico. This we shall continue to do.

Port Authority's Key Role

In Commonwealth's Growth

By J. Diaz-Hernandez, Executive Director, Continental Operations Branch, Economic Development Administration of Puerto Rico

The mainstay for Puerto Rico's exceptional, sustained industrial expansion and economic progress is the Continental Operations Branch of the Commonwealth's Economic Development Administration. The EDA's vital part in this Department of Industrial Promotion and the Industrial Representatives located strategically in the States. Mr. Diaz briefly describes IR's services provided both to the Puerto Rico Institute, and the private sector, making the term "Operations Bootstrap" a well known symbol of progress throughout the world.

Working closely with the IR and the manufacturer in this last area is our Office of Economic Research. Among the services provided by this department are (1) feasibility surveys, for an entire industry or a particular firm; (2) availability of raw materials and services; (3) comparative shipping and transportation cost studies; (4) vertical industrial reports, periodically revised and readily available; and (5) marketing surveys.

What is "Operation Bootstrap?" It is a Decree of the Commonwealth of Puerto Rico Act of 1942 as part of the Economic Development Administration. It is charged with planning and administration of air and water traffic facilities.

One of the major properties of the Authority is Puerto Rico International Airport situated in the heart of the city of San Juan, capital of Puerto Rico.

As recently as 1951 the number of air passengers handled out of San Juan totaled 365,335. In that year the expansion passenger traffic totaled 1,564,797.

With more than 100 flights a day to over 20 mainland and foreign cities, the tourist business to Puerto Rico has increased substantially, especially because of the travel time from New York to Puerto Rico, which now takes less than three hours and from Miami less than one hour. There has likewise been a steady increase in the movement of air cargo.

Traffic Projection Reached

In 1958

Puerto Rico International Airports was built in 1950 at a cost of $15 million, and is designed to handle about 1,000,000 passengers a year. This traffic figure in 1958. In the last calendar year passenger traffic totaled 1,291,797 and the cargo movement totaled 27,122,749 pounds, increases of 7% and 22%, respectively, over the previous year. The continuing economic growth of the island has led to projections of about 2,500,000 passengers by 1970.

As a result of this great increase in air traffic, a new program of expansion is now well under way at Puerto Rico International Airport. The concrete runways have been extended from 3,000 feet to 8,000 feet to allow for international flights and full capacity use of the airport. Improvements include the doubling of terminal space for passengers, the paving and extending of the ramp to increase the number of exits for passengers from 16 to 24, construction of a new cargo building, C.O.B., taxiway, installation of a holding pad, relocation of runway and apron operations, and also to provide the air traffic control tower, new auxiliary fuel tanks, installation of a new radar system, and terminals.

The program of improvements and additions to the airport requires an estimated $11 million, of which $4.5 million has been appropriated. Funds for the capital improvements were obtained from federal appropriations, and $5.5 million was provided by the Commonwealth. The project is nearing completion.

Puerto Rico International Airport current quarterly revenue from the operation of the Port Authority, which is at 90%, Airport revenue for last fiscal year amounted to $3,150,000, with expenses totaling $2,250,000.

Other Major Airports

The Puerto Rico Port Authority also operates the two other major airports in the United States: Fonso, adjacent to the second largest city, and Mayaguez Airport, located at the third largest city. The Authority also has and operates other small airports in Puerto Rico.

Maritime transportation is the other major means of commerce and trade relations with the United States and with other countries. Reckoned from the standpoint of the Commonwealth of Puerto Rico, Puerto Rico is the United States' best customer. The Puerto Rico Islands buy more from the United States than children's of America's biggest states. This is in part an aggregate basis more than such huge federally owned empires, trade with the mainland is carried on by the now-grown vessels of United States and United Kingdom.

At the Port of San Juan, the most important in Puerto Rico, there are approximately 19 piers. It also operates the facilities at the Port of Mayaguez and at Arecibo. The Puerto Rico Port Authority controls the traffic and the operations at the Puerto Rico ports. Tonnage dues, dockage charges, and other ancillary services provide the revenue in the maritime activity. Puerto Rico's activities for the last fiscal year, from September 1, 1954, to August 31, 1955, shows a $10.4 over the previous fiscal year's revenues.

The number of shipping voyages of the Puerto Rico Port Authority is fiscal year is 20,000. Puerto Rico Ports Authority in fiscal year 1954, fiscal year 1955, the number of voyages increase over the figure of 1,700,000 in the previous fiscal year. Cargo tonnage for the same period increased to 1,778,241 short tons, increased with 1,250,000 short tons the previous year.

New Projects Underway

The Puerto Rico Port Authority is planning a steady increase in the number of expanding port facilities, including the development of a new port area at Porto Nuevo, dredging of the harbor at San Juan, and the reconstruction of the facilities at the Port of Mayaguez where the Foreign Trade Zone is located.

The Puerto Nuevo Port development comprises 105 acres of land, including a central market, 13 new berths, and marketing facilities. The work of the first stage of this project now under construction is estimated at 332 million of which $12 million have already been spent. Dredging of the harbor is estimated to cost $10 million, is about 1,000 feet to be completed. The Port Authority will provide about $11 million and the remainder will be provided by the private sector or by the Commonwealth. Facilities at Puerto Nuevo are expected to replace cargo facilities at the Porto Nuevo area. Of the old facilities, Pier 3 is being rehabilitated. Other facilities, from Pier 1 to 7, are under construction and the area restored for tourist purposes.

Reconstruction of the facilities at the Porto de Mayaguez already begun, will cost an estimated $1.4 million.
Puerto Rican Past 10 Year Economic Rise Sets Record

Commonwealth achieves a 10-year growth rate record and becomes a billion dollar market. Continued growth is predicted.

Puerto Rico's economy set a ten-year record for growth in the fiscal year which ended June 30, and the outlook is for another year of rising economic activity, Chairman Ramon Garcia Santiago, has announced.

Gross product for 1961-62 soared by $196 million, or 10.5%, to reach $1,954,000,000. Per capita income rose by 8.9% to reach $750 for the first time. Ten years ago gross product was $988 million and per capita income was only $375.

The Planning Board's annual economic survey showed that, except for a slight dip in Federal Government expenditures, all sectors of the economy contributed to the record growth with manufacturing and construction leading the way.

One of the most significant indicators of growth, however, was the rise in value of exports. The Commonwealth became a billion-dollar market.

The value of imports was $1.07 billion, or 924,000,000. Exports increased from the continental U. S. rose from $754,000,000 to $877,487,000 and imports from foreign countries rose from $165,000,000 to $192,271,000. Ten years ago total imports were valued at $448,000,000 of which $111,000,000 came from the United States.

Exports also increased, rising from $377,000,000 to $757,890,000. Shipments to the U. S. rose from $861,000,000 to $757,271,000. Ten years ago Puerto Rico's exports to the mainland amounted to only $230,000,000.

Barring any drop in the level of U. S. economic activity, Puerto Rico's importance as a market is expected to increase. The Planning Board anticipates a growth rate in the current fiscal year of at least $5% and a rise in manufacturing output of about 12%.

The exceptional record of the past year, the Board found, came in part from an overall rise in manufacturing output of 14.5%. Net income from manufacturing rose from $333 million to $381 million.

Two-thirds of manufacturing net income ($222.5 million) came from "Operation Bootstrap" factories (enterprises recruited by the Economic Development Administration), and in general the rise in output was higher than the overall manufacturing gain. The electrical machinery and metal working industries, for example, increased their output by 21%. Gain of 20% or more were registered in the apparel and textile, leather products, and scientific instruments industries.

The value of new construction rose from $325 million to $381 million reflecting a continuing boom in residential building and the Board predicts a further rise to $325 million in the current year.

The tourism industry had one of its best years. Gross expenditures by visitors rose from $65.7 million to $85.9 million. Income of hotels and guest houses rose from $11.7 million to $38.3 million.

Despite a relatively poor sugar crop, the value of agricultural output rose slightly, from $245 million to $255 million. The encouraging growth of the livestock, dairy and poultry industries continued with output rising from $69 million to $91 million.

The record of the Puerto Rico Aqueduct and Sewer Authority since its creation in 1945 shows accelerating growth in every area. Both gross revenues and number of water customers have doubled again and again.

Every town and city in Puerto Rico is now supplied with a constant, abundant supply of drinking water that meets the rigid standards of the U. S. Public Health Service. Rates are low: the average charge to residential customers for both water and sewer service, is under $4 a month.

The bonds of the Puerto Rico Aqueduct and Sewer Authority are well secured and fully exempt from Federal and State income taxation. These sound investments, at current prices, provide an attractive return to individuals and institutions. A descriptive booklet is available upon request.
Rapid Growth of Banking Facilities in Puerto Rico

By Jorge Bermudes, Executive Vice-President, Puerto Rico Bankers Association

Brief summary of rapid rise and extent of commercial banking in Puerto Rico underscores contribution this service has made to the economy's real rapid development. Island's eleven banks include two U.S. and two Canadian charted ones.

During the last ten years the quantitative progress of commercial banking in the Commonwealth of Puerto Rico, a free state associated with the U.S., has been remarkable. A great expansion in banking services, as evidenced by the increase in the number of branches and the number of additional banking functions performed, has likewise taken place. The selected figures in Table I will give a general idea as to the development of the Puerto Rican economy since 1940.

It is against this background of economic growth that banking progress should be examined. Commercial banks have participated in the rise of Puerto Rican economic prosperity, and have also contributed and done their share to make this economic progress possible. Banking policy in Puerto Rico has been one of active collaboration with both business and government. The results have been impressive. A few figures will give evidence of this fact. (Table II).

The data in Table II portray a picture of rapid growth. The loan and discount figures, for instance, constitute an eloquent index of the contribution commercial banks are making to the development of the Puerto Rican economy. This progress has been possible because of a variety of other factors. And the least of which has been the good partnership and mutual operation that has existed between government and private enterprise in Puerto Rico.

11 Banks and 141 Banking Offices

There are eleven commercial banks in Puerto Rico with 141 banking offices. This figure includes 34 mobile banking units.

There are in the Commonwealth three large commercial banks incorp- orated under the Puerto Rican Banking Act, four other locally incorporated smaller banks, two banks incorporated under U.S. laws, and two Canadian banks. These banks are the following: Banco Popular, Banco Credito y Ahorro Ponceño, Banco de Porto Rico, Banco de San Juan, Boig Commercial Bank, Banco de Economias y Préstamos, Banco de San German, First National City Bank, Chase Manhattan Bank, Royal Bank of Canada and Bank of Nova Scotia. The locally incorporated as well as the U.S. banking institutions are members of the Federal Deposit Insurance Corporation. All of the banks perform regular commercial banking functions in the same fashion as in the Continental United States, and all of them are members of the Puerto Rican Bankers Association.

About a year and a half ago a workmen's bank, "Banco Ob- rero de Puerto Rico," was estab- lished. Making personal loans exclusively at the present time. It is owned by workers and labor unions. As of June 30, 1962, it had loans outstanding in the amount of $1,407,000, total deposits of $5,240,000 and capital accounts totaling $796,000. These figures are in- cluded in the June 30, 1962 figures for commercial banks which appear in Table I.

Puerto Rico has a variety of other types of financial institutions not mentioned in this brief summary. They all effectively help in making the progress and stability of the Commonwealth economy possible. Among all the banking and financial institutions, commercial banks have played an effective, decisive and highly benefi- cial role.

Expert Aid on Puerto Rico Plant Sites

Continued from page 6 based on the manufacturer's specific product needs.

The IR can, in addition, call upon the Legal Office to help the manufacturer with technical problems such as tax incentives, export import regulations, and the filing of applications for tax exemptions.

Tourism and Rum

Promotion of Tourism and Rum is, of course, quite different from mere advertising. In these areas, too, however, direct contact is made throughout the country. Tourism maintains, in addition to advertising and poster campaigns, personal contact with travel agencies, travel clubs and groups, and convention bureaus, and on airlines. Tourism provides also information about hotels, sports, fishing, sightseeing tours, and special and cultural events, such as Festival Canáls, Symphonic concerts, art exhibits and the like, entertainment and enlightenment.

Rum promotion, in addition to advertising, with campaigns that involve personal contacts throughout the country—contacts with hotels, restaurants, and the food and liquor industry. This department provides special promotions with the liquor industry and has introduced to conventions and receptions a variety of run drinks.

Industrial Representatives' Offices

Mr. J. Diaz-Bernandez, Executive Vice-President, Puerto Rico Development Administration, 6th Floor, 191 West 40th Street, New York, New York (Circle 5-1200).

Mr. James Fernandez, Director of Chicago Office, Commonwealth of Puerto Rico, Economic Development Administration, 79 West Monroe Street, Chicago, Illinois (Anover 3-4887 or 8).

Mr. J. Romain, Director of Miami Office, Commonwealth of Puerto Rico, Economic Development Administration, 1001 Plaza Center—Suite 711, Miami, Florida (Franklin 7-2618).

Mr. Manuel Benitez, Director of Philadelphia Office, Commonwealth of Puerto Rico, Economic Development Administration, Transportation Building, 6 Penn Center, Philadelphia, Pennsylvania (LCoust 8-2665).

Mr. Ramon Azevedo, Director of Boston Office, Commonwealth of Puerto Rico, Economic Development Administration, 180 Summer Street, Boston, Massachusetts (Congress 2-1310).

Mr. Andres Belanco, Director of St. Louis Office, Commonwealth of Puerto Rico, Economic P.O. Box 355, St. Louis, Missouri (Bellefonte 2-5938).

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NOTE: On account of the fluctuations in the rates of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.
The first condominium for pieces of private buildings—that is, apartment or office buildings where individual units are separately owned, titled registered in individual names, and individual units can be mortgaged like single pieces of property on a single lot. The Bank in 1945 provided funds for the first condominium residential apartments, and other residential and office buildings soon followed. Private lenders are now active in this field. This kind of ownership is destined to play an increasing role in building expansion in San Juan and other communities.

The Bank was most active, along with commercial banks, home builders, and national housing organizations in urging inclusion of an amendment to the U. S. Housing Act of 1961, authorizing the Federal Housing Administration to insure mortgages on condominium properties. This has greatly spurred construction of such buildings in Puerto Rico and it is also expected that they will become popular in the States. The first condominium being built under this new Act is the Torretila, a 70-apartment structure in the Rito Rey sector of San Juan.

SAN JUAN—Puerto Rico is education-conscious. A third of the Commonwealth budget, or almost $90 million, is spent on education alone. The literacy rate is just short of 90% (the U. S. rate is 95%) and more than 84% of the school age population (ages 6-18) is enrolled in primary and secondary schools. The capstone of the educational system, the University of Puerto Rico, now has an enrollment of 20,000 in all its colleges—Including Humanities, Social Science, Education, Law, Pharmacy, Business Administration, Medicine, Agriculture and even Nuclear Studies.

Public schools are plentiful in Puerto Rico but they're crowded on this island where the population is 690 to the square mile. There are, however, 121 accredited private schools throughout Puerto Rico, 19 of them for English-speaking children, and they range from kindergarten through high school.

Affirmative action is also provided for education, and the San Juan School Board, a mix of Puerto Rican and American educators, is charged with the task of providing the best in education for all students.

The Bank was also active in the formation of the Commonwealth of Puerto Rico's educational system, providing an additional $10 million to fund the education of Puerto Rican students.

The Bank, in 1945, also provided funds for the establishment of the San Juan School Board, a mix of Puerto Rican and American educators, to oversee the development of the education system in Puerto Rico, and the Board has since been provided with additional funds to help with the task of providing the best in education for all students.
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Bond Record from the New York Stock Exchange

State and City Department

NATIONAL LIST OF OVER-THE-COUNTER SECURITIES

Canadian Markets (Range for Week)

Dividends

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New York Stock Exchange

The figures given are approximate and will differ from those quoted by the New York Stock Exchange when security has been issued in less than whole dollar denominations.