

# Prosperous Recession From Record Boom Predicted For Americans During New Year

## More Comfortable Living Ahead For Average Consumer, Who Is Saving More of Current Income

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NEW YORK—(AP)—The United States rode through 1948 astride the longest and strongest postwar boom in its history, setting one record after another. At year-end, however, the pace was slowing. It seemed that 1948 would be recorded as the peak of the boom, and that 1949 would bring, at best, a leveling off. Most authorities predicted a healthy dip in over-all activity—a "prosperous recession" from the heights.

This would mean the average consumer would find living more comfortable with lower prices, especially for food, and income about steady; the average business man would have more worries, more trouble keeping a margin between costs and receipts, than at any time since the end of the war.

A depression was not anticipated. Most industrial leaders and government officials and economists generally believed this would be prevented by the continuing demand for such things as automobiles and housing and the steady need for public works. They believed that this backlog of work yet to be done in a still-expanding economy would cushion the shock of the adjustment in other lines which already was taking place.

### Delicate Balance Kept

Government officials, even in the face of various deflationary tendencies at year-end, pictured the economy as delicately balanced between deflation and further inflation. They said a further rise in rearmament spending would bring more inflation which the government probably would fight with direct controls on business. The rearmament program and spending for rehabilitation in foreign countries was a major prop to the boom in 1948; in major part the spring just after a sharp February break in commodity prices, this spending probably prevented a sharp downturn during the year. Many believe inflation would have been punctured abruptly early in the year without it.

### Living Cost Declines

The cost of living as measured by the government's Bureau of Labor statistics stood at 133.3 in June, 1948. It rose to 168.8 in January, 1949, at an average monthly increase of almost two points. The increase since the commodity break has been at an average rate of only one-third of one point.

This index rose only 3.4 points in the ten months following the February price break, or only one-fourth as fast as it had in gaining 12.5 points in the ten months preceding.

The index reached an all-time high of 174.5 in August, held even in September, and then declined to 173.6 in October and 172.2 in November, the latest figure available at year-end. This meant the Bureau of Labor statistics figured that in November it cost a moderate-income family living in a large city 72.2 per cent more to live than it did in the period from 1935 through 1939.

Against this, incomes were

higher (the average weekly earnings of industrial workers in 1948 was more than double their 1939 wages), and prosperity was general, even though prices were high.

### Truman Victory Is Jolt

A second major impact on the economy during the year—largely psychological but nonetheless real—came in November when President Truman was re-elected in the face of the general expectation that he would be defeated. The business and financial community, which had anticipated a more friendly atmosphere under a Republican administration, was shocked.

There were a wide variety of clues at year-end indicating that business was rounding a peak and that inflation finally was ending. In addition to the falling cost of living and the decline in commodity prices (despite metal prices were a notable exception), there were these other developments:

1. Consumers were saving more of current income; they liked the buyers' market they were bringing about and were spending more cautiously everywhere.

2. Business buying was down in many fields; inventories were being watched closely and held lower; the business man, like the consumer, was "shopping around" and "waiting to see" where prices would go. Most inventories still were high.

3. Corporate profits began to decline slightly from record highs, and interest rates were rising.

4. Farmers, traditionally the first to feel the downturn, were writing 1947 down as the peak of their postwar prosperity. Farm income, estimated at \$15,450,000,000 for 1948, was down about eight per cent from the previous year.

### Economy Steadied

Against these developments pointing downward, there were at work great steadying influences which most authorities felt were insurance against a "bust."

Heavy spending for rearmament and foreign rehabilitation was scheduled to continue. The steel industry, at the base of the economy, was still unable to meet demand. The automobile industry, although feeling the return of the buyers' market in some areas, still felt it had a big backlog which would carry it at least through 1949.

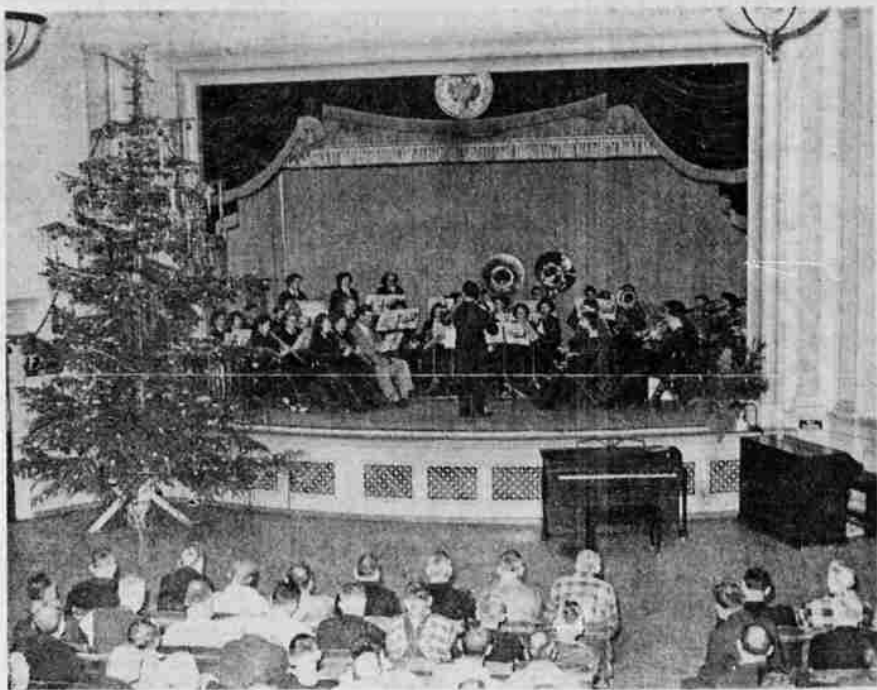
Population has increased by more than 10 per cent over the prewar "normal" years, calling for more all-around production just to keep us even with those years. In addition our standard of living has gone up.

### Britain, Poland Enter Into 5-Year Trade Pact

LONDON, Jan. 5—(AP)—A five-year Anglo-Polish trade pact setting up the biggest East-West commercial deal since the war's end probably will be signed soon, a British official said.

A Board of Trade spokesman said the two countries would exchange approximately \$50,000,000 (\$200,000,000 worth of goods in the next five years under the projected pact.

Poland, which will ship bacon, eggs and other foods, wants a five-year pact in order to lay out a long-term agricultural expansion program. The spokesman said that Poland wants mainly machinery and other manufactured goods in return.



**CHRISTMAS BAND CONCERT**—The Lebanon High School Band pictured here appeared in a concert of Christmas music at the Roseburg Veterans Hospital Saturday, Dec. 18, in the Recreation hall. The band, directed by Vincent Snyder, came to Roseburg under sponsorship of the Lebanon Elks Lodge.

## MARKETS

### PRODUCE

PORTLAND, Ore., Jan. 4—(AP)—Butterfat, tentative, subject to immediate change. Premium quality maximum to 35 to 1 per cent acidity delivered in Portland, 71-84c lb; first quality, 69-72c lb; second quality, 67-70c; valley routes and country points, 2c less than first.

Butter: Wholesale F.O.B. bulk cubes to wholesalers; grade AA, 83 score 68c lb; A, 82 score, 68c lb; B, 80 score 66c lb; C, 83 score, 65c lb. Above prices are strictly nominal.

Cheddar: Selling price to Portland wholesalers: Oregon singles, 44-50c; Oregon 5-lb loaf, 47-53c.

Eggs: To wholesalers: A grade large, 60-62c; A grade medium, 57-59c; Grade B, large, 52-56c.

Live Chickens: (No. 1 quality F.O.B. plants)—Broilers, under 2 1/2 lbs., 30-33c lb; fryers, 2 1/2 to 3 lbs., 33c; 3 to 4 lbs., 34-35c; roasters, 4 lbs and over, 34-37c; fowl, leghorns, under 4 lbs., 28-30c lb; leghorns, over 4 lbs., 34-35c; colored fowl, all weights, 39-40c lb; old roosters, all weights 16-19c lb.

Turkeys: Net to the producer on a dressed weight basis, U. S. grade A young toms, 50-51c; A grade hens, normally 60c lb.

Dressed Turkeys to Retailers: Grade A young toms, 70-71c lb; New York style dressed; A grade young toms, 58-59c.

Rabbits: Average to retailers for live, white, 4 to 5 lbs., 30-32c; 5 to 6 lbs., 26-30c; colored, 2 cents lower; old or heavy, does, 13-15c lb.

Fresh Dressed Meats (Wholesalers to retailers per hundred pounds):

Steers: Good, to 700 lbs., \$41-44, commercial, \$37-41; utility, \$35-36.

Cows: Commercial, \$32-36; utility, \$31-32; canner-cutter, \$29-31.

Beef Cuts (good steer): Hind quarters, \$50-53; rounds, \$48-52; full loins, trimmed, \$68-70; tri-angles, \$38-40; square choicks, \$40-45; ribs, \$35-39; forequarters, \$40-44.

Veal and Calf: Good and choice, \$43-45; commercial, \$39-42; utility, \$35-39.

Lambs: Good-choice, 30 to 60 lbs., \$41-44; commercial, all weights, \$39-40.

Mutton: Good, 70 lbs. down, \$19-20.

Pork Cuts: Loins, No. 1, 8 to 12 lbs., \$45-46; shoulders, 18 lbs. down, \$38-40; spare ribs, \$46-50; carcasses, \$33-34.

Wool: Coarse, valley and medium grades 45c lb.

Mohair: 25c lb on 12-month growth.

Country Killed Meats: Veal: Top quality, 38-40c lb; other grades according to weight and quality.

Hogs: Light blockers, 30-33c lb; sows, light, 27-30c.

Lambs: 38-40c lb; mutton, 14-18c.

Beef: Good cows, 27-31c lb; can-

ners and cutters, 23-26c lb.

Onions: 50-lb western Ore. Yellows, No. 1, med., \$1.85-2; large \$2.25; Idaho and eastern Oregon Yellows, med., \$1.75-1.85; large, \$2.15-2.35.

Potatoes: Oregon Russets central district, and Klamath No. 1-A, \$3.60-3.75; 25 lbs., 90-95c; No. 2, 50 lbs., \$1.35-1.40; Washt., Yakima Russets, No. 1-A, \$3.50-3.60; 25 lbs., 85-90c.

Hay: Following prices are strictly nominal: U. S. No. 2 green alfalfa or better, carlots F.O.B., Portland, \$37-38; U. S. No. 1 Timothy, \$37-38; oats and vetch mixed hay, uncut clover hay, \$24-25 ton, baled, on Willamette Valley farms.

### LIVESTOCK

PORTLAND, Ore., Jan. 4—(AP)—(USDA)—Cattle: Market active, fully steady; some cows stronger; common-low medium steers 18.00-22.00; high medium-grade steers lacking; quoted steady with Monday's 25-50 cent lower close; top Monday 25.00; common-medium, heifers 17.00-22.50; canner-cutter cows mostly 13.50-16.00; common - medium cows 16.25-18.50; very few fat dairy type cows above 16.50; bulls scarce; odd common-medium sausage bulls 17.00-21.50; few good-choice vealers steady at 29.00-31.00; select, upward to 32.50; sizeable lots medium 25.00 lb. stock calves 21.50; culls downward to 12.00.

Hogs: Market active, steady to 35 cents higher; good-choice 180-230 lbs., 23.00; sorting light; few 260 lbs., 21.00; good 375 lbs. sows up to 19.50; good-choice feeder pigs 23.00-24.00.

Sheep: Market steady-strong; few lots good-choice 93-123 lb. fed lambs 23.00; medium-good grades 20.00-21.00; medium 70 lb. feeders 16.50; good ewes 8.00; common down to 5.00; good woolled bucks 7.00; shorn bucks 7.00; shorn bucks 6.00 with a 1.00 dock.

Elliott Now Sheriff; Bond OK'd on Split Vote

PORTLAND, Jan. 5—(AP)—M. L. "Mike" Elliott became sheriff yesterday when the Multnomah County commissioners accepted his \$110,000 bond by a 2 to 1 vote.

He was to have taken office Monday, but earlier rejection of his bond delayed qualification and Martin Pratt continued in office for the added day.

Elliott ran into bond trouble last month when the firm to which he had made application withdrew. The withdrawal followed publication of discrepancies between Elliott's age, education and military service and his campaign claims.

Subsequently friends posted cash as collateral and the bond was written. It was rejected by the commissioners because of a 30-day cancellation clause. The bond then was re-written and was accepted Tuesday although Commissioner Frank Shull opposed the bond as not being in the same form as sheriff's bonds in the past.

## Lumber Unions Plan Demand For New Wage Boosts

PORTLAND, Jan. 5—(AP)—The Pacific Northwest's two big lumber unions yesterday disclosed conferences are scheduled for Portland in the next two weeks out of which may come demands for another postwar round of wage increases.

Usually reliable sources said the AFL Lumber and Sawmill Workers Union would ask a 17 1/2 cent hike. The CIO demand was expected to be similar.

The CIO International Woodworkers meeting will come first. The regional negotiating committee will open two-day sessions here Thursday.

The announced purpose is to "study various suggestions of local unions to revise the 1948 contracts." Recommendations will be made to the annual conference of the Northwest IWA locals Saturday. About 210 delegates are expected at the conference.

The AFL conference will follow on Jan. 15 with 50 district council representatives on hand.

Reliable sources said the AFL demand will represent that portion of an increase not won last year. The union asked a 30-cent raise, and got 12 1/2 cents of it.

The current minimums are generally \$1.45 hourly in the fir region and \$1.42 in the pine area.

## Dope Sales Conviction Upheld by Appeals Court

SAN FRANCISCO, Jan. 5—(AP)—The conviction of a Seattle attorney, Garfield C. Barnett, on charges of sale of narcotics, and conspiracy, was upheld yesterday by the U. S. Circuit Court of Appeals.

He was sentenced last February to a term of 3 years and 9 months.

Barnett was convicted of arranging with two clients who were held in an Everett, Wash., jail, to sell for them 1,000 grains of narcotics at \$10 a grain.

The government said delivery of the drug was made to a federal agent in Barnett's office. Barnett said no money changed hands, thus the sale was not consummated. The Federal Court in Seattle and the Appeal Court here declared it was a sale.

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