

# Buy "Repeat Stocks" Says Babson

## Wizard of Business Forecast Writes of Stocks and General Business for La Grande Observer.

WELLESLEY HILLS, Mass., May 20.—When asked for his plan for selecting industrial stock, Rorer W. Babson, the statistician today sounded a new note recommending what he calls "the repeats."

"Manufacturing concerns are divided into three main groups," said Mr. Babson, "according to the nature of what they produce. These groups are as follows:

"Group one includes those concerns making products that are bought eventually by every person, but in small quantities. Coffins are a simple illustration of this group. For each of us one coffin will some day be bought. This is known as the essential group.

"Group two includes those concerns manufacturing products which only a certain percentage of the people buy at all and which only a very few buy more than once. There are hosts of illustrations of this group. Planos, automobiles, eyes, even garden tools are in this group.

"Group three includes those concerns who are engaged in the manufacture of repeat merchandise. The breakfast food people are an illustration of such manufacturers. You get into the habit of using a certain breakfast food and you keep buying it. The soap people are engaged in this repeat business. Such business is the most profitable both to the manufacturer and to the investor. Industrial securities which are founded on the third group are generally recognized as the most attractive.

"One might think that the essential group is the best group in which to invest one's money, but a study of the situation convinces one that this is not so. Although some one is sure some day to buy a coffin for each one of us, yet the coffin industry is a very easy industry to get overstocked. Surely the sale of coffins can be increased very little by advertising, salesmanship, or any other means known to the most clever sales managers.

"Take salt," continued Mr. Babson, "salt is the prime essential of food, yet the cleverest advertising in the world could not increase the natural consumption of salt. Although off hand you might think it much safer to loan money to the salt industry than to the candy industry, yet a study of failure records show that the candy industry is safer than the salt industry. Although musical instruments are not essential, the demand for them can be increased to an almost unlimited extent. Hence, industries producing products of the second group are preferable to those of the first group.

"The third group, including those industries based upon repeating purchases, is the most profitable of all. The securities of the Gillette Razor are a very good illustration. The Gillette company can afford to sell a razor at a loss because of the blades they sell later. Another illustration is the Eastman Kodak company. Eastman can well afford to sell a Kodak at cost because of the great source of income in films and supplies. Another illustration is the phonograph. A piano would go in group two, a phonograph would also go in group two, but phonograph records would go in group three. The Victor company has made its greatest profits on the records rather than on the phonographs. This fact is very interesting when looking over the stock market, because you will see that the most profitable stocks are those of companies like Gillette, Kodak, and Victor, all of which come under this third group.

"Investors should not be frightened at the word 'Industrial.' Every class of securities has its strong features and its weak features. No class of investments has a monopoly of all the good points. The wise investor will diversify, taking part governments and municipalities, part railroads, part individuals, part public utilities, part other classes. When, however, seeking industrial securities select those industries that are based upon repeat orders where the market is more or less unlimited.

"Some people bank on monopoly. They will buy only into industries which have monopolies. Temporarily they may win, but the fact of the company having a monopoly usually tends to make the company inefficient and often ultimately brings disaster. The investor who depends on monopoly is playing a dangerous game. It is far better to buy into an industry which has a great undeveloped field and which relies on repeat orders.

"I certainly advise investors against putting their money into companies which manufacture products which do people harm. Statistics show that the greatest losses to investors in industries have come through companies such as brewery companies. For instance, they have been operated purely for profit without regard to the welfare of the people. The primary feature to be sought when considering an investment," concluded Mr. Babson, "is to be certain that your money is to make people healthier, happier, and more prosperous. When you invest your money, if you will

try to select such companies, and at the same time companies profiting on repeat business, you will make the greatest profits with least risk."

General business has maintained the gain made a week ago according to the index of the Babson chart and is running at 15 per cent below normal.

## LIBERTY SCHOOL EXAMINATIONS

(Special to The Observer) GRANGE HALL, May 19.—Nine pupils of the Liberty school took the state examinations in two subjects Friday. Three pupils of the sixth grade wrote on physiology, while six pupils of the seventh grade wrote on geography.

Dwight Fleschman of the Willowdale school rode over to Liberty school, where he took the sixth grade examination in physiology.

Mr. and Mrs. Clarence Brown, who have been visiting for the past six weeks with Mrs. Brown's mother, Mrs. Colver, and sister, Mrs. Ed Stringham, and family, left Monday evening for their home in Pittsburg, Pennsylvania. Back in Kansas twenty-seven years ago the families separated, the Stringhams going west to Oregon, while the Browns went east to Pennsylvania. This is the first time in that period of years that the sisters have met. While here Mr. and Mrs. Brown visited the Hot Lake Sanitarium, the fish hatchery at Union and other places of interest in different parts of the valley.

On Wednesday evening, Mr. and Mrs. R. W. Gekeler celebrated their ninth wedding anniversary by driving out to the farm-home of Mr. Gekeler's parents, Mr. and Mrs. Wm. Gekeler, where a fine dinner was served and the families spent a very enjoyable evening together.

Ten good milk cows were sold from this neighborhood this week. Earl Zundel purchased four from George Salsbury and six from Wm. Hughes. Saturday evening a number of friends met at the home of Mrs. Ed Stringham, where a delightful social evening was spent. The gathering was in the form of a farewell party given in honor of Mr. and Mrs. Clarence Brown, who left for their home in Pennsylvania Monday evening. During their visit here Mr. and Mrs. Brown formed a large circle of friends who regretted very much to see them leave before their visit was completed. We hope it won't be long before these people will make another visit in our neighborhood.

Mrs. Alice Salsbury and sons, Geo. and Ernest, visited Ellie Salsbury at Mr. Glenn Tuesday evening.

**Effects of Sun Spots.** Magnetic storms manifest themselves by their effect on electrical apparatus and are visible as the aurora polaris. Because such storms frequently coincide with sun spots, it is believed that the atmosphere of the earth is in some way ionized by the sun. The sun spots are believed to shoot huge charges into space as a shotgun discharges shot. When the earth gets into the path of such a bombardment we have auroral displays and other magnetic disturbances. —Youth's Companion.

## Coming to La Grande Dr. Mellenthin

SPECIALIST in Internal Medicine for the past eleven years DOES NOT OPERATE Will be at SOMMER HOTEL Friday, June 2nd. Office Hours: 10 a. m. to 4 p. m. ONE DAY ONLY

No Charge for Consultation. Dr. Mellenthin is a regular graduate in medicine and surgery and is licensed by the state of Oregon. He visits professionally the more important towns and cities and offers to all who call on this trip free consultation, except the expense of treatment when desired.

According to his method of treatment he does not operate for chronic appendicitis, gall stones, ulcers of stomach, tonsils or adenoids. He has to his credit wonderful results in diseases of the stomach, liver, bowels, skin, asthma, heart, kidney, bladder, bed wetting, catarrh, weak lungs, rheumatism, sciatica, leg ulcers and rectal ailments.

If you have been ailing for any length of time and do not get any better, do not fail to call, as the proper measures rather than disease are very often the cause of your long standing trouble. Remember above date, that consultation on this trip will be free and that his treatment is different. Married women must be accompanied by their husbands. Address: 324 Boston Block, Minneapolis, Minn.

## Summerville News Notes

(Special to The Observer) SUMMERVILLE, May 20.—Milo Shilke of Lostine was transacting business in town Wednesday.

Mr. Buckley and Mr. Reed, both of Elgin, were business visitors in town Tuesday.

Miss Alma Owens has gone to La Grande for a few days.

Mr. and Mrs. Sam Campbell of La Grande spent Sunday with relatives here.

Mrs. Fred Hamilton and Mrs. John Hensley were shopping in a Grand Saturday.

C. M. Hale and D. H. McKinzie were transacting business in La Grande Tuesday.

T. K. Bellamy of La Grande was attending to business affairs in town Tuesday.

Mr. and Mrs. Wilson have moved on George Marshall's ranch north of town to spend the summer.

Mr. and Mrs. Earle Parks were shopping in La Grande Saturday.

Burt Sanders has gone to Baker, where he will be employed for the summer.

Mr. and Mrs. D. R. McKinzie were visitors Sunday on Pumpkin Ridge at the home of Mrs. McKinzie's mother, Mrs. Bean.

Mr. and Mrs. Bill Glenn and family spent Sunday at the home of Mr. and Mrs. Leo Neiderer.

J. E. Woods, Archie McKinzie and Mrs. C. M. Hale motored to La Grande Tuesday.

An interesting meeting was held Thursday at the home of Mrs. W. M. Baker by the Ladies' Aid Society. Many members and friends were present. Refreshments were served. Mr. and Mrs. Fred Becker were shopping in La Grande Monday. Mrs. Annie Hudson and family and Mrs. Amanda Wagener were dinner guests at the home of Mrs. Anna Parks Thursday.

Mr. and Mrs. Rex McRae of Enterprise motored over Sunday morning and spent the day at the McRae hotel. Mrs. Iah Littrent spent the weekend at the home of her daughter. She returned to her home in Imbler Monday morning.

Mr. Long of Imbler is working at the cemetery, while Mr. Ackared is laid off on account of a sore hand.

## BACCALAUREATE SERMON SUNDAY

The baccalaureate services for the graduating class in the La Grande high school will be held Sunday, May 21, in the high school auditorium at eight o'clock. The program has been completed.

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Here is your opportunity to insure against embarrassing errors in spelling, pronunciation and poor choice of words. Know the meaning of puzzling words. Increase your efficiency, which results in power and success.

## WEBSTER'S NEW INTERNATIONAL DICTIONARY

DICTIONARY is an all-knowing teacher, a universal question answerer, ready to meet your needs. It is in daily use by hundreds of thousands of successful men and women. The world's largest 400,000 words, 2700 pages, 4000 illustrations, 12,500 geographical subjects. GRAND PRIZE (Highest Award) PUBLISHED BY THE G. & C. MERRELL CO., Springfield, Mass., U. S. A.

After investigation of Union county's business as a taxpayer I am convinced that material reduction can be made in public expenses of this county. If nominated and elected I promise to bring about this reduction. John Wells, Alce, Oregon. Democratic candidate for County Commissioner in the Primary on May 19th. Paid Adv.

## For Sale Modern 9-Room Home

An excellent home located on paved street in the best residence section in La Grande, with 4 bed rooms, sleeping porch, fireplace, steam heating plant, full basement with entire concrete floor, garage that will hold two cars, built-in kitchen. This place is in excellent condition and the price and terms are right.

## Modern 5-Room House

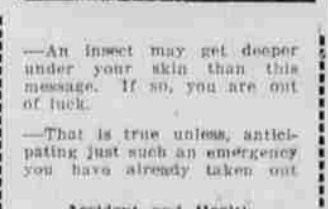
On Washington avenue, between Cedar and Oak streets, well built and nicely arranged. Shade and fruit trees. Price \$3200.

4-room house on paved street, lot 60x140, garden planted, bath, garage, good lawn. Price \$1650. Terms that you can meet.

Modern 5-room home, full basement, built-ins, garage. The owner of this place is a non-resident and wants to sell. If you have \$1,000 you can purchase this modern home at a price that will surprise you.

## Geo. H. Currey

Phone 2003 Real Estate, Insurance, Farm Loans



—An insect may get deeper under your skin than this message. If so, you are out of luck. —That is true unless, anticipating just such an emergency you have already taken out Accident and Health Insurance

In the Hartford Accident and Indemnity Company. Then, if infection sets in and you are "laid up," you will thank this agency for a steady insurance income. —Bugs and germs breed expenses—cold cash pays the bills.

Ask about Insurance Income. SECURITY INSURANCE AGENCY CHAS. H. REYNOLDS, Manager. La Grande Oregon "Insurance With Service"

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La Grande's Only Exclusive Shoe Store

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## SPECIAL---

We have on hand a few Electric Washing Machines of standard make which we will sell at reduced prices. These are new machines in perfect working condition which have become shopworn. Sold on easy payments with a liberal discount for cash.

## Eastern Oregon Light & Power Company

# STANDARD LAUNDRY CO

MODERN EQUIPMENT and expert handling returns your apparel in A-1 shape—at least cost. Don't trust to home-made efforts—get best results here.

and is as follows: Invocation by Rev. A. R. Sifton, pastor of the Baptist church; Hymn, "America," by the congregation; Scripture reading by Rev. O. W. Jones, pastor of the Christian church; a duet, "Tarry With Me," by Mr. and Mrs. Sherwood Williams, accompanied by Miss Ruth Quigley, Baccalaureate Sermon, "Highways of the Highway," by Rev. Joseph W. Gunn, rector of the St. Peter's church, and the benediction by Rev. George Quigley, pastor of the Methodist church.

These cars have been stored in what was known as Hilton's Garage and the Trustee is unable to locate the owners of said cars and those cars will be sold for storage and those claimed by the owner and the bill against the same paid.

JESSE CRUM, Trustee in Bankruptcy of the Estate of E. F. Hug, Bankrupt. May 17-19-19.

NOTICE OF SALE OF CARS FOR STORAGE.

The undersigned Trustee of the Estate of E. F. Hug, Bankrupt, now has in his possession the following automobiles which will be sold for storage and garage bills, to-wit: One Thomas Flyer, reputed owner, Wyle Dalton; one Maxwell touring car, reputed owner, V. V. Randall; one Wiggins-Knight touring car, reputed owner, C. A. Balth; one Overland touring car, owner unknown.

RAGS Wanted at The Observer.

Negligible Over There Also. English Paper—The illustration of the room was not noticed until after the ceremony.—Boston Transcript.

## La Grande MATTRESS SHOP and WEAVING WORKS

Mattresses of all kinds cleaned and rebuilt. Feather Renovating. Rag Rugs and Fluff Rugs for sale. Carpet and Rug Cleaning. 9x12, \$1.50 and up. Chas. Edwards, Prop. Phone 253-W

## Turn the Corner and Save a Dollar

Now is the time to can your Rhubarb. Special price in box lots, leave your orders now. The quality is fine and tender for canning.

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## Decoration Day May 30th

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—We have made a profound study of monument building, and an order placed in our hands is sure to receive faithful, intelligent execution. We Will Gladly Furnish Estimates

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