

La Grande Evening Observer

VOLUME XXVI

SECTION TWO

LA GRANDE, OREGON, MONDAY, JANUARY 1, 1923.

MEMBER OF ASSOCIATED PRESS

NUMBER 73

HALF WAY UP IS BABSON'S LATE SURVEY

Statistician Believes Next Twelve Months is a Period of Money Making for Lots of People.

WELLESLEY HILLS, Mass., Jan. 1. (Special)—"What's going to happen in 1923?"

"That question is uppermost in the minds of 1,000,000 American businessmen and investors who are facing the problem of making plans for the new year.

Signs are not clear and the usual barometers seem to contradict one another.

In the face of this general confusion we had best fall back on the facts and figures. After a thorough study of the fundamental conditions that govern our market, Roger W. Babson today issued a statement which clears the air and furnishes a basis of fact for your plans.

"We are now at a point in the business cycle," says Mr. Babson, "where you can get almost as many different opinions as there are business men. Some are very bullish for the coming year and others cannot see much hope for business. The reason for such a situation is that we are at present neither at the top of a boom nor at the depth of a depression. If we were at either of these extremes there would be no question of what the next move would be. As it is, we are about half way between them.

"Normal" Business. "During the past year United States business has steadily advanced until the average for the whole country is what we usually call 'normal' business. Having advanced thus far, shall we immediately continue into a great prosperity period or shall we go into another period of depression and poor business as some predict?"

"If you will only remember the five years preceding 1921 and recall what an enormous orgy of expansion existed, you can see for yourself that it will take some time to get a proper foundation for really good business. We danced during those years, and now we must 'pay the fiddler' his complete bill. Business has really been like a convalescent patient. Everything will go well with the patient if he does not try to get out of bed too soon. If he tries to overdo he will have a relapse. We now have passed the most painful part of the readjustment. The crisis is over, but a process of cost reduction and re-balancing is necessary.

"Price Spread is Wide. "Today a wide disparity exists between prices of different commodities, and particularly the spread between producers' and consumers' goods. This is a brake on trade. One half of the people cannot earn enough to buy the goods that the other half has to sell. There are one hundred and sixty million people in the United States and fifty per cent of them get their living from producing or distributing raw materials. It has thus far been impossible to reduce the prices of finished consumers' goods to meet the cuts on these raw materials. The purchasing power of these people is out of its natural proportion.

"It is not entirely a matter of reducing wages, although labor costs are a large factor, nor is it entirely a matter of inefficient management. No, the problem of high costs is not a problem of any one element, and readjustment can come in only one way—drastic competition. All this will take further time.

"Does this mean that there will be no opportunities in 1923? Not a bit! There will be just as many chances to make money as in any year you ever lived. It will be possible for you to make as much during the next twelve months as in any year of your business life, but it will not be along the lines which made money in 1919 and 1920, nor in any other boom year. The profits in 1923 will come by giving attention to details, by stopping the little leaks, by saving here and there through new labor-saving inventions, and most of all, by devising new and more economical means of distributing goods. This was not at all the situation during the business boom. Then the man who stopped to prevent small leaks found himself caught by the

momentous rise in prices and changes in general conditions.

"Those days have passed. They were wild and merry while they lasted. Now business has come back to earth. In most industries, an excessive producing capacity was created. During the boom, overhead costs were increased to keep up with an abnormal turnover. Today the amount of business has dropped back more nearly to normal, but costs have not been proportionately reduced. Higher wages, higher rents, more expensive sales organization—in fact, nearly every item of expense is out of proportion with the amount of business done.

"Instead of wild gyrations in the commodity markets, the average trend throughout the coming year should be more of a sidewise movement. Some commodities are high and others are very low, but the majority at present are about 10 per cent above their levels a year ago. A year from now we shall probably find them averaging at about the same level they stand today. In between, there may be a further rally from the low of 1922, and agricultural products certainly should do better."

"Earnings," continued Mr. Babson, "should average somewhat better than in the year just passed. A survey of 100 leading industrial companies, recently made by my organization, showed that in 1919, 96 per cent of these companies made a net profit, while only 4 per cent showed a deficit. In 1921, the number of firms which could show a profit was cut down to 48 per cent. Over half, or 52 per cent of these industrial concerns lost money on their year's business. 1922 has witnessed a change from red ink figures into black ink figures, but the amount of net profits will not be large when the books are finally balanced. We are just getting back onto the right side of the ledger.

"The shortage of labor is one of the worst features of the 1923 outlook. The moment that business works up to average activity it becomes impossible to get sufficient workers. This raises costs and in turn increases commodity prices and the cost of living. The immigration law is largely the cause of this shortage. This law restricts the number of respective nationalities already in the United States. Before the war we had an addition of a million immigrants a year. Now we are receiving less than 300,000 and at least 60 per cent of these are women, children or other dependents. On the other hand, I doubt if the repeal of this 3 per cent immigration law is the proper solution of the present labor shortage.

"The real solution is not the repeal of the present immigration law but rather the repeal of the contract labor law for as long a period as the 3 per cent law remains in force. This would make it possible for employers to promise selected foreign workers employment before leaving their own homes. The moment that the immigration law is repealed the contract labor law can also be applied.

"There should be no great difficulty in getting ample supplies of bituminous coal this winter. The coal shortage is diminishing somewhat. Ample supplies of bituminous coal are being produced, suggesting lower prices. The mischief of this situation lies in the fact that 160 million people are dependent on both miners and operators to close the mines for a time. The difficulties which brought on the strike last year have not been settled. There is serious danger of another strike in the soft coal fields.

"Everybody is worrying about the political situation. There is talk of radical legislation during the coming year. Most of this is merely the echo from campaign speeches. It may be a noisy year. Both the Conservatives and the Radicals have a veto power, but neither is strong enough to push thru any extreme measure, but neither is strong enough of its own. The only kind of legislation to be enacted is that which will appeal to members of both groups. Already the Federal Reserve Board has issued a ruling admitting a large amount of agricultural paper for rediscount in the Federal Reserve Banks. The Muscle Shoals problem will probably be settled, either by sale to Henry Ford or by development on the part of the government itself. The Soldiers' Bonus will probably be enacted, although no agreement as to the terms or means of raising the money has yet been made. It is improbable that there will be any increase in the amount of business taxes.

"The political aspect has frightened many stockholders, but it is entirely too early to be worried. The thing to watch is fundamental con-

STANFORD IS DEFEATED BY PITT ELEVEN

STADIUM STANFORD UNIVERSITY, Jan. 1.—The Panther football team from the University of Pittsburgh had little trouble in defeating Stanford University, 16 to 7, here today in the second east-west game of the season. The visitors outclassed the Cardinals throughout the game and except for a few minutes during the last period were on the offensive.

Only a vicious Stanford defensive prevented the score from being higher. Six times the Pitt backfield with its crack fullback, Hewitt, and its star halfback, Flanagan, doing most of the work, by line bucks and forward passes, carried the ball to within the Stanford 20-yard lines, and six times Stanford held and punted out of safety.

It was one Warner-trained team playing against another, and the most experienced eleven won. Glenn Warner, who is advisory coach of the Stanford team, and comes to take full charge of the eleven in 1924.

Conditions. We are still in a readjustment period. This means that sooner or later we shall work toward better prosperity. It is true that industrial stocks are much higher than a year ago and are certainly not the bargains that they were. However, as I have already stated certain lines of industry are just getting ready to go forward. The industrial market will be 'spotty' but there are a great many issues that should do better in the coming year.

"The rail group is, relatively, not so far advanced as the industrials. I do not believe rails should be bought indiscriminately, but the rail average will follow up the general market. I am much more attracted to the long-haul roads than to the shorter lines. The motor truck is a feeder for the former but a competitor of the latter. Copper stocks have really not started yet, but the statistical position of the metal is far better than it has been for a long time. Coppers, certainly, are selling at bargain levels.

"Money conditions should continue good. There is an question that the banks are in a strong position. The Federal Reserve Banks today have reserves equal to about 76 per cent of their note and deposit liabilities. The reserve required is between 35 per cent and 40 per cent. It is true that when foreign countries begin to get on our feet, it will be necessary to send much of this gold back. For the present, however, this gold represents the basis on which a considerable expansion of credit can be built. It guarantees to us a relatively easy money rate, until heavy gold exports are resumed. During the coming year, borrowers need have little fear of a lack of funds for all legitimate purposes, and this also applies to long-term money. This is capital for permanent investment.

"Mortgage rates during 1923, should work lower. Today, the average rate of fixed estate mortgages throughout the United States is between 6 per cent and 7 per cent. The time is not far away when this average will stand between 5 per cent and 6 per cent.

"Of course, the case of the money market is distinctly favorable to long time bonds. There is a point in the business cycle when industry becomes so active that money is absorbed by trade. When this occurs bonds are sold and develop a downward tendency. This point in the cycle has not yet appeared. Moreover, history shows that following the Civil War bond prices, barring temporary fluctuations, rose for a long period of years, the advance culminating about 1900. From this point, a descent was gradually made to a low point at the end of the European war. Since this low point, history is repeating itself, bonds having reached a middle ground, but still far below the 3.80 or 4 per cent basis of the 1900 period. All these factors suggest that well selected bonds, both municipal and corporation, are a distinct purchase.

"Bonds and money," concluded Mr. Babson, "are certainly sound factors in the situation. As for business as a whole, there is no doubt that it will average better this coming year than it did in 1922. This does not mean that there will be any boom, but that there will be plenty of money-making opportunities for those who know fundamental conditions."

Stars Favor U. S. in 1923

THIS IS PREDICTION OF WOMAN SEER FOR NEW YEAR

What do the stars foretell for 1923? NEA Service asked Evangeline S. Adams, world famous astrologer. Here is her story of the influences which will pervade over the nations of the world for the coming year.

By Evangeline S. Adams
The year 1923 will be one of material success.
Throughout the year Jupiter will be in the sign Scorpio, which augurs well for any enterprise having to do with liquids, chemicals or drugs.
Oil wells will show profit, shipping will be stimulated, those engaged in the import and export business will meet with success.

Hope for Wets.
Conditions also favor those interested in the so-called "wet" movement, so that prohibition agents and "dry" leaders will have to be increasingly vigilant.
Political chaos will continue abroad until this country decides to cooperate. Restriction and depression will prevail in China and India. Russia, however, will issue into brighter conditions.

U. S. Success.
The United States will be materially more successful than any other country, as President Harding is under better influences than any other ruler.
King George is under the influence of the nerve-wracking Uranus, so his country will continue in great unrest.
The year 1923 will be as a rule a year of last struggles, precluding the appearance of new ideals and a new and stronger race of people.
Children born in this year will tend to be of the new race.

1924 Conflict Predicted.
Here are predictions made by Miss Adams which later events justified: The Windsor fire, 1899. King Edward's death, 1897. World War.
She predicted a great conflict for the United States in 1942.



EVANGELINE S. ADAMS

HIGH SCHOOL CLASSIC BEING PLAYED TODAY

The Corvallis high school gridiron team, scheduled to play the Toledo football team for the interscholastic championship of the United States, has bitten off a large mouthful, or so says they who witnessed the invaders workout on Multnomah field yesterday. The eastern team, averaging 160 pounds to the man, hit a high pace for about an hour and when the practice was over, the team jaunted from the field without appearing the least bit tired.

A hundred or more forward passes were executed with a perfection that is rarely seen even among college teams. Of the entire number of attempted gains by the aerial route, only a few went to the dogs. And the rest of their plays were carried off with a speed and smoothness that showed without a doubt that the Waite bunch were champions.

The Corvallis team, a heavy, fast bunch of expert maulers, men, took a five mile jaunt as their final practice preliminary to the game, which is being played this afternoon in Corvallis, and they are ready to meet their opponents and give them the toughest battle that they ever had. "I am counting on the wonderful fighting spirit of my boys, their speed and intelligence, more than any knowledge of the game I may have been able to give them to come out victorious," said Coach Keam of Corvallis.

Officials for today's game are: Sam Dolan, referee; Vincent Horlock, umpire and R. B. Rusek, head linesman.

VANDALS HOPE TO BE CHAMPS

MOSCOW, Idaho, Dec. 31.—Hopes of retaining the basketball championship of the Pacific Coast Intercollegiate Conference are held at the University of Idaho here, where thirty-five men are fighting for positions on the varsity. Last year Idaho, in its first conference season, won the basket championship.

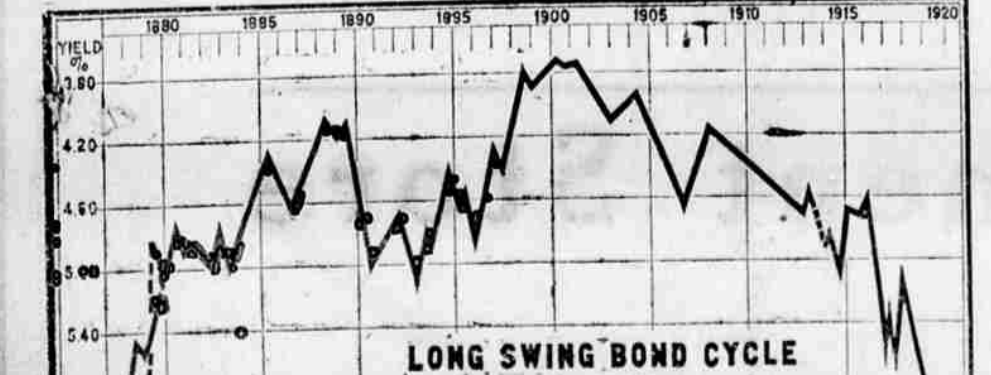
Coach David McMillan has several teams working out daily and some of the new men are so good that the 1922 veterans will be forced to fight for their jobs this season. McMillan believes he has a better passing team than he has last season.

The Vandals' basketball schedule follows:
Jan. 12.—Montana at Moscow.
Jan. 13.—Montana at Moscow.
Jan. 17.—Gonzaga at Spokane.
Jan. 18.—Washington at Seattle.
Jan. 19.—Multnomah at Portland.
Jan. 22.—O. A. C. at Corvallis.
Jan. 23.—Willamette at Salem.
Jan. 26.—Washington state at Pullman.
Jan. 27.—Washington State at Moscow.
Feb. 10.—Washington at Moscow.
Feb. 14.—Willamette at Moscow.
Feb. 19.—Oregon at Moscow.
Feb. 21.—Oregon Aggies at Moscow.
Feb. 23.—Washington State at Moscow.
Feb. 24.—Washington State at Pullman.
Feb. 26.—Whitman at Moscow.
Feb. 27.—Montana at Missoula.
Mar. 1.—Montana at Missoula.

MOVIES ARE NOW FAVORED

TOKIO, Dec. 9.—The taste for the general public in Japan for moving pictures is increasing every year. From sixty to eighty new pictures are inspected every day by the metropolitan police. According to the police authorities, the number of pictures permitted for use last year reached 11,877, showing an increase of about double that of the preceding year.

Since January 7,000 pictures have been imported to Japan from the United States and about 200 each from Italy, Germany and France respectively. The number of moving pictures imported from England and other countries is very small.



HUGE PROJECT IS NEARLY DONE

(By The Associated Press)
SAN FRANCISCO, Dec. 31.—San Francisco's great municipal water and power project at Hetch Hetchy, California county, is nearing completion, according to engineers in charge who say that less than a month's work remains on the huge \$5,000,000 dam.

Hetch Hetchy is a Sierra Nevada mountain valley and often has been compared to the Yosemite valley, not many miles from it. When the dam is completed, water will form behind it and by next spring it is expected the valley will be replaced by a lake.

Work is progressing on the power plant here and the water main and tunnels being constructed as a part of the project, which eventually will supply San Francisco with water and power.

Greetings! 1922

Greetings and Salutations, kid. And also "Welcome to our city!" The Old Year's blowed, we're glad he did, His gears were gettin' worn and gritty; He wasn't hittin' on all six, The poor old wreck could hardly toddle, He wasn't worth the time to fix; So we get YOU, a brand new model!

It's true the roads he found was rough, Chuck full of mud and sand and gravel; You'll find some, too, but DO your stuff, Let's see how smoothly you can travel, We're wishing you the best of luck And that is straight, we wouldn't con you; Go on now, show your pep and pluck, We're for you, kid, and in on you!

That old bird, 1922, Done well, though he's a geezer and checked, But we're expectin' more from you, 'ere back'n' you to break his record, Sho! Start your net! Get busy! We Are waitin' every move you're makin', Go to it, 1923, Step out and cop the well-known bacon!

Biggest Task Up to Science Im New Year

By Edwin E. Slosson
Scientist and Author
The most important scientific event of the coming year, so far as can be foretold, will be the confirmation or contradiction of Einstein's theory of relativity.

Already the evidence is in hand. Director W. W. Campbell of the Lick Observatory has returned to California with the precious plates that may settle the question which is right in regard to gravitation—Isaac Newton or Albert Einstein. He says they are good negatives and likely to prove something.

But what they will prove will not be known to the world until the images of the faint stars surrounding the eclipsed sun are measured with the micrometer to a thousandth of an inch to see if they are farther apart than when the sun is not in their midst. If they are so separated and to the right amount, it will show Einstein was right when he said in 1915 that a ray of light from a star passing near by a heavy body like the sun would be bent out of its straight path toward the sun.

To get these few photographs the American astronomers had to travel across the Pacific to Australia and up the west coast of the island continent to a place in the desert known as Walla. Why did they go there? Because it was in the desert and therefore likely to be clear weather during the six minutes of total eclipse.

Other astronomers went farther and fared worse. The British, German and Dutch astronomers chose Christmas Island, in the Indian Ocean, as their observation point for the eclipse of September and it happened to be a cloudy day, so they had to return without any evidence on the Einstein theory.

Triple Test.
Einstein, like Portia's suitors, has to pass a three-fold test. He predicted, besides the deflection of light rays passing by the sun, that light rays proceeding from the sun would have their waves so lengthened that their spectral lines would be shoved toward the red end.

Here the evidence is conflicting. Some astronomers say that there is such a shift. Others find none of the sort required. This question is being most thoroughly tested by Dr. C. E. St. John at the Mount Wilson observatory.

The third test, or rather the first in point of time, is the famous experiment made by Michelson and Morley in 1887 to determine the rate of either drift. This gave the disconcerting result that there seemed to be no ether at all.

Einstein interprets this to mean that everything shortens as its speed increases; that at a velocity of 161,000 miles a second a footrule would shrink to six inches and a watch would lose 30 minutes an hour.

APPLES STILL FALL

Professor D. C. Miller of Cleveland is now repeating the Michelson-Morley experiment on a more extensive scale and with more exact apparatus, but his results so far are

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