

National Income Gain Predicted

Babson Sees Fair Year Ahead; Real Estate Firm; Advice Given Workers

(By Roger W. Babson)

BABSON PARK, Mass., January 1.—As long as World War II lasts, the total U. S. production will continue to increase. I estimate an increase in national income of nine billions for 1942, thus bringing it up to 95 billions compared with 78 billions in 1940 and 86 billions in 1941. In forecasting this national income for 1942, I am taking into account probable increases in production of goods and services, and not mean that more goods will be produced, in fact 1942 will show a decline in the real wealth of America.

Unfortunately, the increase in the industrial production will be in the defense industries. Nineteen-forty-two will show considerable decline in the non-defense industries. It is well for my friend Odium and others to talk about shifting over manufacturers of lawn mowers to making battle tanks. To a certain extent this will be done in 1942, but a great many non-defense concerns will suffer if the war continues through 1942. Washington tells me that with Japan, Italy and Italy fighting us we may need 50 per cent of the wage workers of the country on defense works before Hitler is eliminated. This seems very high to me as Great Britain now has less than 30 per cent engaged in defense industries.

Will Bombing Win the War?
Most readers of the Argus or wage workers, should primarily be interested in whether World War II will continue in its present fury through 1942. If it will so continue, this is good news for those engaged in the defense industries, and bad news for those who are in certain non-defense industries. If the war is to end during 1942, then

the reverse is true. In fact, we would then see some hectic times which would be detrimental to many readers, even though helpful to others. Therefore, let's bravely face the facts and answer the question, "Will World War II continue through 1942?"

It would be impossible to lick Hitler by an army of invasion before December 31, 1942. Most aviation experts are of the opinion that the effects of bombing are not as great as they are believed to be. They believe that cities gradually become immune to bombing as individuals become immune to almost everything which comes along slowly and lasts long enough. Of course, if the British and Americans should succeed in bombing Germany, it would tremendously help the invading army by destroying the enemy's communication lines, crossing and rail. But for merely scaring the people of a country, bombing has not been successful. Statistics indicate that the money that has been lost by the bombing of Germany is more than the property loss caused by the bombers. The multiplication factor is bound to be a factor in bringing this war to an end, but when? The blockade—however it is becoming an important factor—but blockading takes time whether against Germany or Japan.

Uprisings May Come
All of this means that the only hope of bringing World War II to an end during 1942 is an uprising of the Germans, Japanese, and Italians, or of the people of the conquered nations, or of the people of Great Britain, or of the United States. I have the people of any of these countries quit and go on a "sit-down strike" would bring the war to an end. I can visualize this taking place some time after 1942, but I cannot visualize it as coming about in 1942. In this connection let me remind readers of what I said last January regarding the destruction of crops and fuel supplies during 1942. Therefore, I say that there will be no peace in 1942, that many non-defense industries will be depressed throughout 1942, and that business as a whole has already reached its peak. The war may even last two or more years after 1942, but after 1942, two months before it ends no one will hold the end.

Real Estate Will Hold Firm
Prices of farm lands should strengthen during 1942. Farmers will be more prosperous. The only investment which farmers know is land. Many will be so foolish as to again get land poor as they did following World War I. There also will be some purchasing of small farms as inflation hedges. It looks, however, as if—other than in defense areas—the "small home" industry has about reached its peak and will begin to slump off in 1942.

Ordinarily this should result in increased rents and an increased demand for housing already built. It must be remembered, however, that where a third of the workers will have more wages and want to move into better homes, two-thirds of the workers will have no wage increases. Many will have wage decreases. Some will see their expenses so increased that they will be looking for cheaper homes as well as for cheaper cars. Readers who have real estate which they would like to sell should make a strong effort to sell it during 1942—at least sell enough to get out of debt.

What About Retail Trade?
Merchants in the defense areas should have a good year. I am not too hopeful for those outside defense areas. Certainly, the number of sales will be smaller although the total gross may hold up. Expanding the draft age may have a dampening effect on retail trade later in the year. The new draft call may also cut the labor supply

of many industries. Blackouts are another factor in retarding consumer buying. Hence, merchants should increase advertising appropriations if they expect a good year in 1942. I advise merchants to keep down expenses, keep wages increased, and get out of debt. If someone else offers your employees more money than you are now paying, let him have such. In the war they will come back to you to work for less money than you are now paying. Don't speculate in mechanics, stocks, or stocks on standard goods, but avoid style goods which are hard to carry over. Inflation is with us and is gradually increasing. Prices at the rate of from 10 to 15 per cent a year. Legislation can check it, but it can no more stop inflation than legislation can stop crime. Remember that when the war stops, it will stop suddenly. Therefore, merchants should keep close to shore.

Residential Building Will Decline
Residential building during 1941 increased as a year ago. I forecasted it would increase. Hence, I do not like to risk my good reputation now in giving a figure for 1942. I believe, however, that residential building during 1942 will show no increase. It is expected that while I should not be surprised if it fell back to 1940 figures—possibly to the extent of 10 to 15 per cent. Public works and highway construction will be less in 1942 than in 1941. The building of industrial plants will continue in good volume during the first six months. Pleasure car production will be cut 50 per cent. General export trade, except for war purposes, will also fall off. This is especially true in the Pacific due to Japan's attack upon us. Remember that—as a rule—the curves for residential building, auto production, and non-defense foreign trade generally go in the same downward direction.

Utilities Should Improve
The utility industry is basically sound. With a few exceptions when high finance crept in, the utilities have been conservatively and efficiently managed. They have been foremost in reducing the cost and improving the quality of their service. Yet for some unknown reasons the utilities have been accreted, taxed, sandbagged, and strangled as never has any legitimate industry before. When a financial history of the 20th century

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'42's First Baby

Hillsboro Merchants Offer Prizes Galore; See Ad on Back Page

Xmas Party Held By Commercial Bank Employees

The annual Christmas party of the Commercial National bank was held at Henry Thiele's in Portland Tuesday night of last week with more than 40 in attendance, including employees, their families and invited guests. A. H. Ables, field representative for the bank, was toastmaster.

The day before at the bank's Christmas tree, all employees of the bank had been presented with a Christmas bonus from the bank. The bank, previous to the gift, had been 100 per cent in the purchase of defense bonds, every employee owning one or more in varying denominations.

High tribute to the bank and its personnel was paid by Elwyn Greenwood, secretary of the Oregon Bankers association, and Frank Hollister, executive secretary of the Independent Bankers association. Greenwood declared that the employees should realize that they are working for one of the finest institutions of its kind in the United States. Hollister said that he had yet to see a bank where the morale exceeds that of the Commercial National bank.

President William C. Christensen told the group that during 1941 loans had increased 235 per cent, the capital structure was up \$40,000 and resources had climbed from \$2,000,000 to about \$3,000,000. In addition, he said, more than 700 new depositors had given their business to the bank.

Brief addresses were given by Leonard H. Bakel, financial editor of the Oregonian; George J. Greenwood Jr., Bank of California; Frank Hollister, Elwyn H. Greenwood, J. L. Seary, vice-president of the Commercial National; and Earle Bowman, cashier. R. R. East, M. P. Cady, Lester Ireland, and W. Verne McKinney, editor of the Hillsboro Argus.

Outstanding vocal, piano and magic entertainment was presented, including singing by the Bunnell sisters of Scholls, who were escorted time and again. It was announced at the party that the sisters had been given a contract for radio singing in Hollywood.

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(Continued on page 2)

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Hillsboro Argus

Section Two

Classified, Public Notices, Farm, Editorial, Sports

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Programs Given At Reedville

REEDVILLE.—A Christmas program was given by the local school last Tuesday evening with the following program: songs, upper grades; salute to the flag, assembly; reading of welcome, Nancy Heinrich, "In the Doll Shop," Doris Brownlee as shop-keeper and 10 girls as dolls; reading, Eddie Waggoner; play, "Santa Won't Come," intermediate; violin and clarinet quartet, Flora La Rue, Jerryne Tisdale, Mildred Becker, Eileen O'Meara; "The Living Christmas Tree," primary grades; reading, Jerry Baumgartner; reading, Merle Harrison; "First Aid for Santa," primary grades; reading, Doris Brownlee; play, "A Mirth Provoking School-room," depicting Reedville as Christmas in 1882 with Eileen O'Meara as teacher in charge, upper grades; song by chorus, Ida Lou Hagg, Kathleen Imlay and Flora La Rue were accompanists. Grace McCormick and Melvin Vandermest were in charge of program with Mrs. Vandermest directing the chorus.

The Christmas program of the Sunday school was given Wednesday night at the Reedville church with the following program: songs, audience; prayer, Harry Hampton; four small girls, "A Big Way," Robert Geiger; solo, Professor Williams; Carpenters of Albany college; violin and piano duo, John and Robert Geiger; play, "The Secret Christmas," depicting a Russian home at Christmas in 1882 with Eileen O'Meara as teacher in charge, upper grades; song by chorus, Ida Lou Hagg, Kathleen Imlay and Flora La Rue were accompanists. Grace McCormick and Melvin Vandermest were in charge of program with Mrs. Vandermest directing the chorus.

The Missionary society met Friday afternoon at the home of Mrs. A. Lingman with a large group of women in attendance. Mrs. A. Lingman presented the topic on Iran, Syria and Mesopotamia; Mrs. A. O. Pederson told of the recent changes in the educational system; Mrs. V. Perry told of the changes in the medical world under missionary influence. Mrs. L. Bleakney gave outstanding current events. Miss Virginia Sampson sang a solo. A social hour with refreshments followed with Mrs. V. Perry assisting hostess. An attractive calendar for 1942 was presented to each guest. The organization will be with Mrs. Loren Slade.

Miss Doris Lingman of Prineville arrived late Tuesday to spend Christmas with local relatives and returned Sunday.

Appeal Made for Red Cross Help

SCHOLLS.—Some response to the Red Cross drive in this community has been received, but there is need for more funds to swell the emergency kits of the organization. It is announced, Mrs. Len Guild is in charge of Scholls territory, and is trying to reach each home, but a voluntary response would help the cause to a great extent. It is pointed out that supplies for emergency should be provided now, before the need becomes too great, and that a bandage provided now, and on hand when needed, would be of much more value than a dollar bill later. Contributors are asked to place money in a sealed envelope together with the name of the giver, and the amount given, and to also write the amount of money on the outside of the envelope. The envelopes will be handed in as given.

Early Resident of Shady Brook Passes

SHADY BROOK.—Mrs. Mark Trumbo of Portland was buried in the Shady Brook cemetery last Monday afternoon. She was a pioneer of this community and, among the relatives who mourn her loss is a sister, Mrs. Fred Northrup. The Reverend Dix officiated at the services.

Scholls' Aid Meets Jan. 9; Tremor Felt

SCHOLLS.—MIDWAY.—The Ladies Aid of Scholls will meet at the home of Mrs. Frank Rowell January 9, second Friday of the week, at 2 o'clock. The program of the day will be: "The Living Christmas Tree," primary grades; reading, Jerry Baumgartner; reading, Merle Harrison; "First Aid for Santa," primary grades; reading, Doris Brownlee; play, "A Mirth Provoking School-room," depicting Reedville as Christmas in 1882 with Eileen O'Meara as teacher in charge, upper grades; song by chorus, Ida Lou Hagg, Kathleen Imlay and Flora La Rue were accompanists. Grace McCormick and Melvin Vandermest were in charge of program with Mrs. Vandermest directing the chorus.

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LAUREL.—The War Emergency Red Cross Relief fund for this community headed by Mrs. Ruby Meyers and she earnestly asks all who possibly can to get in touch with her with their donations as the task of collecting is a large one for one individual. The quota is double the annual roll call and will continue through the month of January.

Extension Unit to Meet
"Ming Hing Emergency in the Home" will be the topic at the home extension meeting to be held at the home of Mrs. Ruby Meyers next Wednesday, January 7, Mrs. Bernice Brown and Mrs. Wanda Rutschman will give the demonstration. The meeting will begin at 1:30 p. m., according to announcement by the president, Mrs. D. A. Otto.

John Watkins returned to his work at Albany Saturday after a week's visit with his parents. Mrs. Flora Baker entertained with a dinner party at her home Sunday giving her sons-in-law and daughters, Mr. and Mrs. Theodore Wells of Redmond and Mr. and Mrs. William Joos Jr. of Hillsboro and her four grandsons. The Andy Verdigan and Francis Nibler families were Christmas dinner party guests at the home of Mr. Verdigan and Mrs. Nibler's parents, Mr. and Mrs. J. Verdigan, of Portland.

Buxton Reports Its First Snow

BUXTON.—MANNING.—Although the hills were white with snow Christmas morning it was not until the Monday following that the community saw about one-half inch of snow at home.

Christmas dinner party guests of Mr. and Mrs. Emmet Shipley included Mr. and Mrs. O. O. Brown, Dan Lacour, who is at Zig Zag CCC camp near Timberline lodge, returned Sunday after spending five days visiting his mother, Mrs. Lacour, who lives on the Tom Reed ranch.

Mr. and Mrs. Frank Rowell, J. A. Rowell and Mrs. Ina Sutherland attended the 28th wedding anniversary of Mr. and Mrs. E. J. Sutherland of Portland on Saturday evening.

Mrs. Grace Raynard and son John spent Christmas Eve and Christmas Day at the home of her daughter and son-in-law, Mr. and Mrs. Charles Newton of Portland and little daughter Julie Ann Newton.

Mr. and Mrs. C. W. Larkin had their daughter Mrs. Marjorie Graff and their granddaughter Diana Graff of Portland over the holidays.

Miss Velda Koerber of Washington, D. C., and Ivan Koerber of San Francisco, Cal., spent the Christmas holidays at the home of their parents, Mr. and Mrs. Ferd Groner of Scholls.

Betty Sue Fristoe left Sunday night to spend New Year's at Klamath Falls at the home of a number of the Alpha Omicron Pi sorority.

Present at the Twigg family Christmas reunion were Grandma Twigg of Hillsboro, Mr. and Mrs. C. W. Twigg and daughter Elaine and Wallace Flint and Mr. and Mrs. Harold Christensen and children Irvin, Phyllis, Melvin and Norman Christensen.

Mr. and Mrs. Vernie Scott and children of Sublimity and Mrs. Jessie Pendleton of Underwood returned to their respective homes Monday after spending the holidays at the Clifford Trask home.

Stanley Hergert son of Mr. and Mrs. C. W. Hergert, who is employed at the Boeing Aircraft company of Seattle as a mechanic, was home Wednesday and Thursday to spend the holidays. The C. W. Hergerts attended a family reunion Christmas Day at Oregon City.

North Plains Home Threatened by Fire

NORTH PLAINS.—Fire started behind the fireplace in the Laurence Crop home Saturday, but they managed to put it out before too much damage was done.

Christmas guests of Mr. and Mrs. W. H. Joos were Mr. and Mrs. Bell Joos Jr. and Billy and Larry of Hillsboro and Mrs. Flora Baker and Earl of Laurel.

Christmas guests of Mr. and Mrs. Henry Cypher and Eugene were Mr. and Mrs. Arthur Davis and Dickie of near Bend, Mr. and Mrs. Robert Johnstone and Joan of Silverton, Miss Elvora Sandford of Gresham and Mr. and Mrs. Richard Sandford.

Mrs. Minnie Blake is nursing C. E. Korn, who recently suffered a stroke.

Miss Eugenie Cypher left Saturday for a week's vacation trip to Wallowa Lake to visit Mr. and Mrs. Harley Tucker.

Mr. and Mrs. W. E. Mays and Elmer Jr. of Yamhill were Christmas Eve and day guests of Mr. and Mrs. L. R. Cypher. Elmer remained until Sunday for a visit.

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Lester Ireland & Co. of Hillsboro advertised a \$500 lb. team of horses for sale. They received inquiries the day the Argus was delivered and made the sale soon after.

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