

1926 Business Forecast Marked by Optimism in Major Industries

"Automobile Buying Has Been Particularly Good, Partly as a Result of Greater Values Offered by New Models and Lower Closed Car Prices, Next Summer's Demand Will Continue Large," Says Authority—Prosperity Will Continue Throughout the Coming Months in the Opinion of Leading Bankers and Industrial Heads as Shown in Statements Regarding Business Conditions—Gasoline Sale Sets New Records—General Trend of Industry and Shipping Firm—Presidential Messages Sound Note of Confidence and Predict No Hampering of Business

NEW YORK.—(The Associated Press.)—Present business prosperity will continue well into 1926 in the opinion of leading bankers and industrial leaders.

Forecasts for the new year prepared by these executives regard fundamental business conditions as sound, lay stress on the administration's business policies, and are hopeful regarding the European outlook.

Iron and Steel
"The business of the manufacturers of the iron and steel industry of the United States during the year 1925 on the whole may be considered good, so far as the volume is concerned," said Chairman E. M. Gaty of the United States Steel Corporation. "For a large portion of the year the selling prices were lower than they ought to have been, and many manufacturers operated without much profit."

"The wise and conservative statements of the president from time to time have been an important factor of encouragement to the general business fraternity."

"The apparent change in attitude of many of the national legislators, particularly with reference to economy in administration and more especially taxation, and the decisions of the supreme court concerning business, showing a disposition to assist legitimate business progress, have created a feeling of confidence on the part of investors."

Oil Optimists
"The petroleum industry has been in a very satisfactory condition for more than four years," said Henry L. Roberts, one of the largest independent producers in the country. "Prices have frequently been highly demoralized and none of the former recovery of prices have carried any assurance to any thoughtful man that they were certain to be permanent."

Gasoline Sales Up
"During this period our markets for higher priced products, principally gasoline, have grown immensely and probably beyond everybody's expectations. Gasoline consumption is now growing much faster than the growth in registered automobiles, due principally to the growing percentage of buses and trucks. The adoption of oil for house heating is now literally sweeping the country. No accurate figures are yet available on the consumption of oil for house heating. But this new market possibly has been increasing more rapidly on a percentage basis than our consumption of gasoline for automobiles has done."

Electricity Expanding
"There are many reasons to believe that the next year will see a continuance of the steady growth and development of the electric industry," declared Sidney Z. Mitchell, president of the Electric Bond & Share Co. "The year just ended has established new records in the amount of electricity generated and used in the United States, in the amount of capital invested and in the diversity of the uses to which electric power may be put."

Extension of the country's generating plants has kept pace with the increase in the demand for electricity, so that, while consumption has been increasing, the facilities for meeting this increase have been provided. "Industry is coming more and more to depend upon central stations for power, thousands of new residences have been wired for electricity and the advent of the electric refrigerator and numerous other domestic conveniences has swollen the aggregate demand upon the central stations. During 1925, the United States generated 12 per cent more electricity than during 1924."

Prospects Bright
"Most important of all, the public has become convinced of the stability of electric securities under the present state regulations, and this public confidence has been reflected in the ability of the industry to secure the capital needed for proper development of the country's power facilities."

"In view of all these facts, there is no legitimate reason why the progress of the country's electrical development should not continue during the coming year. In view of the optimistic tenor of recent expressions from the White House and the depart-

ment of commerce, it is reasonable to assume that the whole tone of the nation's business will be good during 1926."

Auto Prosperity Seen
"There is ample reason to expect that the first half of 1926 will be a period of general prosperity in which the automobile business should share," asserted Alfred P. Sloan, Jr., president of the General Motors Corporation. "The latter part of 1925 is still

worth noting that at the end of November stocks of refined copper available totaled 138,000,000 pounds, although consumption during that month was 237,000,000 pounds. This simply means that caused by average monthly consumption during the first eleven months of 1925 we entered the last month of the year with less than three weeks supply of refined copper available. "In the circumstances I feel

the desire on the part of the public to cooperate with railroad management to improve railroad service and to enable railroads to respond to the need for greater and more efficient transportation.

"The recent annual message of the president of the United States, the latest report of the Interstate Commerce Commission and the activities of regulating authorities generally—all give evidence of a healthier relationship be-

Bankers Optimistic
"During the first half of the year money rates were abnormally low, and although they firmed up thereafter the year as a whole has been characterized by easy money.

"Cheap credit might have been expected to tempt manufacturers and merchants to depart from the policy of caution generally followed since 1920, but they did not do so. Hand-to-mouth buying

interrupted by corporate prosperity, as is too often the case. In short, good sense and enterprise prevailed and industrial and merchandising operations were characterized by an absence of the speculative spirit.

"In other directions, however, credit redundancy has resulted in active speculation. Thus, although the excellent earnings of many corporations have justified higher prices for their stocks, in the case of others prices have reached levels which cannot be justified on these grounds.

"Although money is firmer and an early return of the very low rates which prevailed during the latter part of 1924 and early part of 1925 seems unlikely, credit stringency is not in sight, the outlook being for ample credit at rates neither very high nor very low. A firmer undertone, however, might well prove to be an important contributory factor in bringing about a moderate slackening of stock-market activity, speculative building, and speculation in real estate. Firmer money would also be somewhat of an obstacle to the further expansion of installment sales.

"The sound position of merchants and manufacturers and the improved position of the agricultural interests of the country are ample grounds for confidence in good business in 1926. It is un-

likely, however, that the year as a whole will show as great a gain over 1925 as did last year over its predecessor and the certainty of stiff competition in many industries will call for high initiative and economy to assure satisfactory profits."

Forests of Nation Rapidly Being Cut

KANSAS CITY.—Three-fifths of the estimated 800,000 acres of forests of the United States are leveled and consumption is surpassing growth of the remaining trees four times, says Prof. Fred R. Fairchild of Yale University.

In a paper prepared for the convention of the American Association for Advancement of Science, here Dec. 28 to Jan. 2, the professor, who will head the investigation provided by the Clarke-McNary Forestry Act, dwells upon taxation as particularly pertinent.

In this regard he advocates the substitution of the principle of "income or yield for capital value as the basis of taxation."

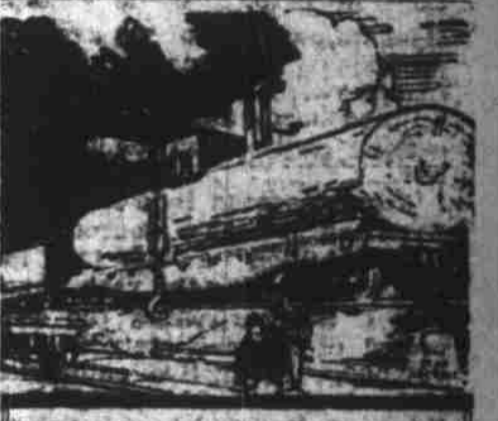
"Any enterprise may be handicapped or destroyed by excessive or discriminatory taxation," he declares. "Forestry is peculiarly sensitive to taxation, and finds the general property tax most burdensome."

"In forestry, the major income may appear only once in every 50 or 60 years. The annual property tax, even when perfectly administered, is certain to impose an excessive burden."

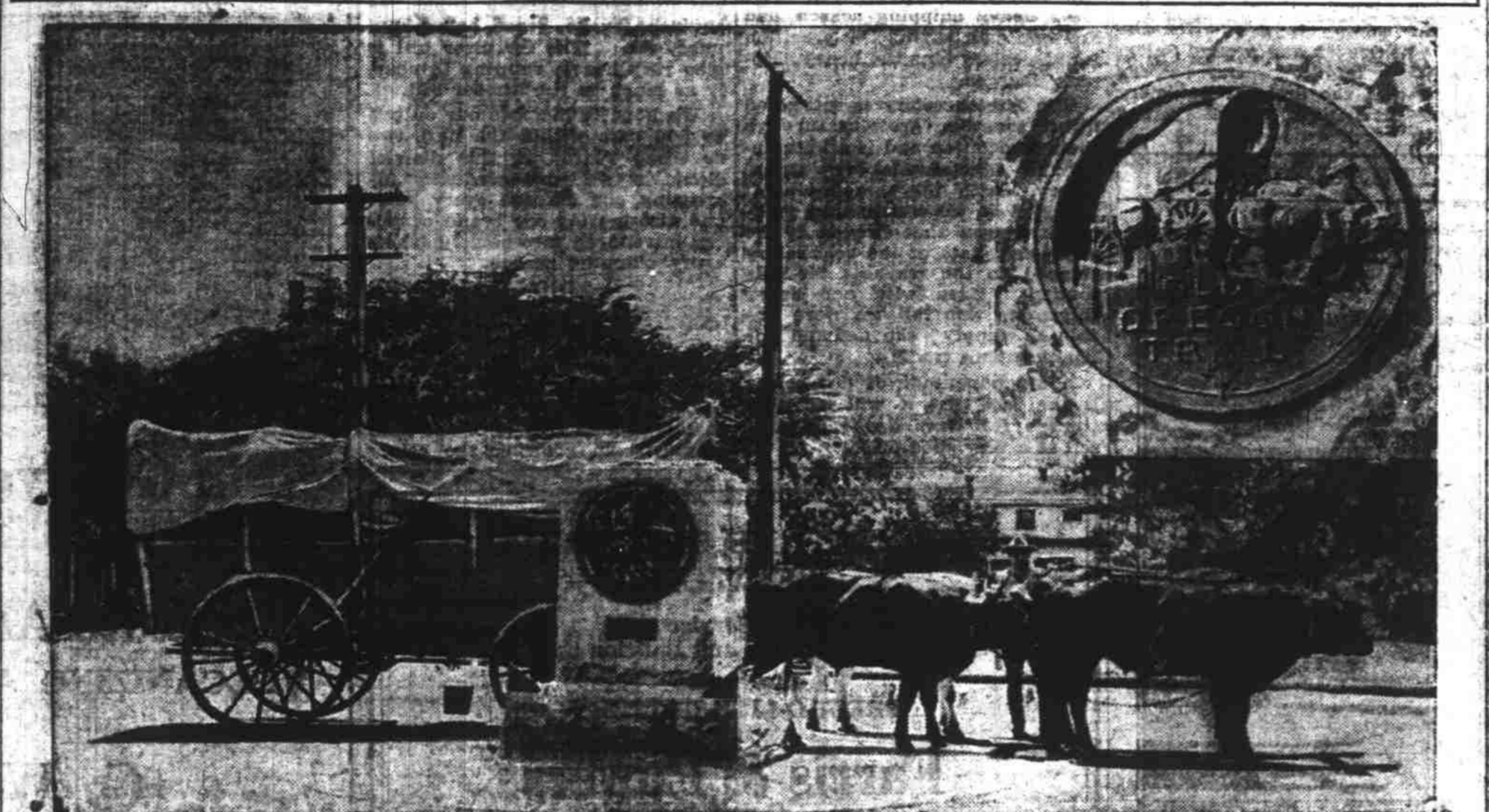
Privately owned forests still embrace about four-fifths of all the forest land in the country, he states, adding that private owners cannot be expected to handle their properties to meet the public interest unless the business is profitable.

"The following conclusions," Prof. Fairchild says, "are now generally accepted."

"Special favors to forest owners are not the solution. The revenues of the states, counties, towns, etc., must not be impaired."



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too far away for one to judge with much assurance what it may hold in store.

"The momentum of business recovery since last summer will tend to keep business active during, at least, the first part of 1926. Conditions are in a healthy balance at present. Employment is large, prices are relatively stable, transportation facilities are ample and efficiently operated."

"Production and inventories generally are well controlled, and credit conditions sound. In the light of such a present situation the expectation of active spring and early summer business seems to be justified."

Sales Record Good
"Automobile buying during the last few months has been particularly good, partly as a result of the greater values offered by the new models and lower closed car prices; partly as a result of better agricultural purchasing power, and partly as a result of general increased prosperity."

"I expect the summer demand for automobiles to continue large while general business remains active. The volume of retail automobile sales for the first half of 1926 is expected to exceed that of the first half of 1925 by a fair margin."

New High Levels
R. L. Krassus, president of the Calumet & Hecla Consolidated Copper company and the Copper & Brass Research association, said:

"If copper shipments in December prove anywhere near the average maintained during the first eleven months of the year, 1925 will have shown new high levels in copper consumption, both here and abroad. Unfortunately actual figures for December will not be available until well into January, but we know enough to predict with reasonable certainty that shipments of American copper during the year will be upward of \$2,800,000,000 pounds, which is 200,000,000 pounds more than in 1924, the best year since the war."

"America is, of course, the backbone of the American copper industry and some idea of the increased popularity of copper and copper alloys at home may be gained from the fact that in November, despite the falling off in European demand, shipments exceeded production by nearly 10,000,000 pounds. It is also well

between government and the railroads.

"That spirit is changing to one of confidence. Railroad officers can feel the strong supporting forces of public opinion backing them up to an ever greater extent. It is putting life, spirit and enthusiasm into the men in charge of the affairs of the railroads."

"The American people have the greatest railroad plant in the world. They have a more competent and loyal set of railroad officers and employes than any other country. With this railroad plant, manned by such officers and employes—all publicly regulated in a constructive spirit—a service can and will be given to the public which will constitute at all times a foundation of national prosperity."

"Certain aspects of business in 1925 are of fundamental importance in estimating the probabilities for 1926," asserted James S. Alexander, chairman of the board of the National Bank of Commerce of New York.

"The end of the year finds the railroad position stronger than it has been for a long time," said W. W. Allegheny, president of the Pennsylvania railroad.

"The volume of traffic handled has been large. While that has been a welcome fact it is not the most welcome fact. The greatest cause for confidence in the future is the evidence on every side of

continued and advances in raw material prices were resisted unless clearly justified by supply and demand. Progress in the use of labor-saving methods and equipment which has been noteworthy in American industry during the last few years was not

hopefully toward 1926."

"I subscribe to the opinion that 1925 has not been an abnormal year, but one registering normal growth of a great country," declared Carl B. Gray, president of the Union Pacific system.

"So far as can now be seen," he said, "we are not threatened with any material changes in the law governing railroads. The problem of 1926 will be to guard zealously the advances made in the last five years, and to bring about by every persuasive method that just return for all railroads throughout the country which will safeguard their essential credit and insure such circulation throughout the body economic as will preserve and protect the national health."

Shipping to Gain
P. A. S. Franklin, president of the International Mercantile Corporation, expects the shipping industry to do better in 1926 than it has this year. "Europe is gradually recovering," he said, "and trans-Atlantic traffic, both freight and passenger, should show substantial improvement during the next 12 months."

He explained that the earnings of his own company this year might not equal those of 1924 because of unsettled conditions in the British market and strikes in the British empire, particularly in Australia.

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