

Stability in Major Industries Shown by Business Forecast for 1927

Danger From Over Expanded Credit, Inflated Prices and High Inventories Conspicuous By Its Absence—Believers in Cycle Theory Cautious Because of Past Two Years of Prosperity—1926 Closes With Stock and Bond Prices At Highest Levels Ever Recorded—Stability In Banking, Good Supply of Crude Oil, Surplus of Raw Materials, Volume of Manufactures, All Point to Another Good Year Nationally and Optimism Prevails Throughout the Country—Building Conditions Good—Low Prices of Commodities Is Only Cause For Concern

All Indications Point To Continued Prosperity

No Clouds In Business Sky, Say Industry's Prophets—Underlying Conditions Sound, Business Risks Minimized—Money Conditions Easy

(Continued from Page 2.)

thought of holding on to the gains it has made.

"To me, this augurs well for the continued prosperity of the country, and 1927, I think, will see us all on a better foundation than ever before."

Automotive Industry

By ALFRED P. SLOAN, JR.
President of the General Motors Corporation

"There is more reason to expect that 1927 will be another good year for the automobile industry—perhaps not so good as 1926, but a satisfactory year. It must be borne in mind that 1926 had exceeded any previous year in the volume of automobile production and sales; that domestic consumers demand has broken all records and that export business has been the largest in history. During this year something over 4,500,000 passenger cars, trucks and buses were produced in the United States and Canada, or some 6 to 7 per cent more than in the previous record year of 1925. Indeed, the past four years have been a period of very satisfactory automobile volume, the total output of the industry in the United States and Canada in these four years having been about 16,500,000 vehicles, or an average of approximately 4.13 million a year. It now seems reasonable to expect that the 1927 production will equal if not exceed, this four year average."

"It must be recognized that the volume of replacement automobile business is increasing rapidly and that the overseas demand is steadily expanding, and that additional volume from these sources in 1927 will go far towards offsetting any reduction of new user buying in this country which may be experienced."

"Although there is some uncertainty as to what the level of general business activity will be next year, there appears to be little likelihood that any drastic change will take place, and that at worst nothing more than a moderate

slowing down need be anticipated. This view is predicated upon the fundamental soundness of the present situation. Banking and credit conditions are very favorable, with the available supply of credit large and interest rates relatively easy; there has been no price inflation; inventories have not been piling up; the efficient operation of the railroads makes prompt delivery of the materials and finished products possible; agricultural purchasing power, while perhaps somewhat less than a year ago (primarily because of the decline in the price of cotton) is on the whole good; and the present volume of industrial employment and the current level of wages promise the continuance, at least over the near future, of a satisfactory purchasing power from this source. The building situation, because of the high level of activity in this industry, holds an element of uncertainty, and the possibility of a decrease in building operations must be recognized. It is not likely, however, that any sharper drastic reduction of building will occur next year."

"In view of the foregoing, I think that we may look forward to a year of good general business, even though it possibly will not be quite so good as 1926. And the same applies, in my judgment, to the automobile business."

Railroads
By WILLIAM SPROUL
President of the Southern Pacific Company

"The indications are that railway traffic volume and financial results for 1927 will compare favorably with those of 1926."

"The pressing problem of the railroads continues to be the production of enough net to pay such adequate return upon railway investment as will attract new capital constantly needed. Comparing 1926 with 1917, when we entered the World war, the wages of employees of the railways have been advanced 100 per cent in round figures compared with only 50 per cent advances in rates charged to the public. The result requires that \$8 more gross be taken into the treasuries of the railways to produce \$1 more net operating income."

"Before we entered the World war railroads were earning over 5 per cent on their investment. When the government gave them back to the owners in 1920 the net operating income has largely disappeared, and in the following year only 3 per cent was earned. Gradual improvement has been shown since, mainly through great efficiency in operating the roads, for the rates have gone down substantially since their peak. In 1926 it is probable the net operating earnings of the railways will again average 5 per cent, but still will be much below the 5 1/2 per cent declared a fair return by the Interstate Commerce Commission under authority of the transportation act."

"There is a limit to what expert operation can achieve, and it is already evident that means have to be found for increasing

the gross earnings out of which operating and all other charges have to be paid. The general situation is that too much additional tonnage is being handled for too little earnings. The trouble is that reduction in railroad rates is accepted by the public as a matter of course, but every attempt to increase a rate is met with rebuff. The public does not yet see clearly that a high service in transportation is of first importance to them, and that it can be maintained only as money is forthcoming for the purpose."

"On this and other matters we look with confidence in 1927 for that moral support in public opinion which is the basis of sound progress. Measures which needlessly reduce earning power, or needlessly increase expenses for the roads, can be frowned upon by the public in view of the very narrow margin that now exists between gross and net income. The progress of the railroads since the war gives earnest for the future with the aid of a reasonable and sympathetic attitude on the part of the people."

Metal Industries
By R. L. AGASSIZ
President, Calumet and Hecla Consolidated Copper Co., President Copper and Brass Research Association

"Copper is one of those American industries which looks to Europe to consume a substantial proportion of its product. Therefore, any improvement in the general European situation must be viewed optimistically by us. With in the past few weeks we have had encouraging evidence that the larger foreign nations, which the war left in chaos, are emerging from their difficulties, and this certainly augurs well for that section of the American industrial organization which has been built up to its present proportions on the basis of a fixed European demand for its products."

"The world's economic structure is so sensitive that we cannot always be sure what a week or a month will bring forth, but judging by conditions as they now present themselves, I have every confidence that the coming year will be a prosperous one for the copper industry. With the operation of Copper Exporters, Inc., it is expected to bring about better general working conditions in the European market, so long influenced adversely by speculative interests. With the consumption of copper in the United States continuing to increase, there is little at home to cause apprehension."

"During the first 10 months of the current year shipments of refined copper exceeded refinery production by approximately 20,000,000 pounds. It is true that during this period exports fell off from the 1925 average by about 12,000,000 pounds a month, but against this we have the encouraging fact that domestic consumption has been exceeding the 1925 figure by 15,000,000 pounds a month. The figures for November and December are not yet available but if the averages for the first 10 months are maintained for the balance of the year, shipments of American copper will show a substantial increase over 1925, which was a peak year for peace times in the copper industry."

"For the past five years there has been a constantly expanding demand for copper and copper products in the United States. This has been due in part to the main consuming industries—electricity, automobiles and building—but a very largely increased tonnage is accounted for by the smaller consuming industries such as radio, electric refrigeration, washing machine, brass pipe, lightning rods, hot water heaters, locomotives, marine piping and others."

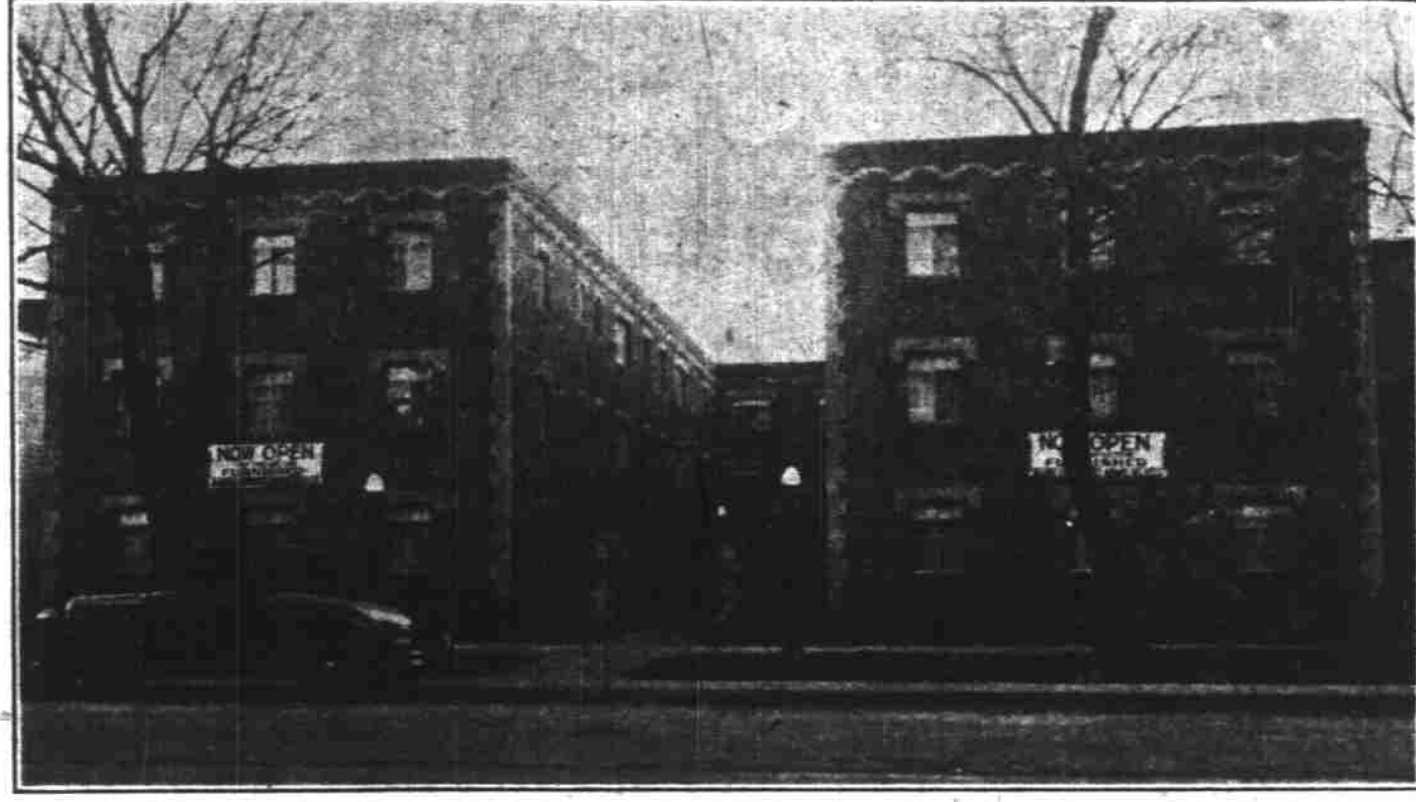
"There is no indication of this demand abating; on the contrary there is every evidence of steadily increasing requirements."

Transportation
By PATRICK E. CROWLEY
President of the New York Central Lines

"The railroad situation as a whole is more satisfactory than it has been in a long time. As the roads have prospered they have been able to give better service, and there is on the part of the public, the shippers and the companies, a growing feeling of reciprocal satisfaction over the situation."

"The most pressing problem confronting the railroads is the necessity for making, pursuant to the jurisdiction of the public authorities, expenditures for improvements which do not enhance the capacity of the property and do not in themselves yield a sustaining return. The railroad is viewed from a regulatory and legislative standpoint as a public institution from which it seems expedient to exact many things beyond those required to convey persons

AMBASSADOR APARTMENTS, SALEM, JUST COMPLETED



Modern conveniences installed, Public invited to inspect new building

The Ambassador Apartments, at 550 North Summer street, between Marion and Union, is now completed, and the management cordially invites your inspection.

This beautiful apartment house, erected by J. C. Meyers, Inc., of 205 Western Bond and Mortgage building, Portland, at a cost of approximately \$200,000, on property purchased through Becke & Hendricks, realtors, is an outstanding feature of the recent solid growth of the capital city.

It is a fine example of the very latest and most modern apartment house, fully equipped for all conveniences and comforts, as well as being a distinct asset to the city and a structure of beauty.

Each apartment is equipped with an electrical refrigerator machine that manufactures ice as

well as keeps the ice box at a very low temperature at all times.

Electric ranges are installed throughout.

A radio loud speaker is provided for each tenant, furnishing either local or long distance programs.

Another very modern feature of the apartment is the heating system, which uses circulating hot water generated from an oil burner. This system is automatically controlled, thus assuring an even and constant temperature.

The furniture consists of overstuffed pieces, Windsor chairs, floor and table lamps, davenport extension tables, etc., well matched in color and material, which gives a very pleasing effect.

With all cooking facilities of an electrical nature, the heating

plant outside of the building, and the building itself of a fire resisting exterior, with metal cornice and metal sash, one is given a feeling of ease and security from possible fire hazard.

There are 44 apartments in the building, of two and three room suites, with a range of prices that appears to be popular, as a considerable portion of them are already leased or rented for the coming year.

The manager of the Ambassador Apartments is H. C. Lewis, who is on duty 24 hours a day. The housekeepers are Mr. and Mrs. J. P. Phelan, giving constant and expert attention, looking to the well being of the tenants. The phone is 1972, and a call will bring immediate and willing attention to any inquirer.

and property; yet it must survive as a business, if it survives. This is an anomaly which requires that the business, if business it is must absorb burdens as a part of its current existence from which other forms of enterprise are immune.

"The indications are, however, that 1927 will be a year that might be termed generally satisfactory so far as the railroads are concerned, in that the prospects for the volume of traffic do not, at this time, present any unusual outlook. From the information we can gather, there are no bad spots in business in our territory. There has been a little slowing up in some lines, but, generally speaking, the outlook is favorable."

"Regarding the outlook for net earnings, there seems to be a few conditions, other than wage increases recently awarded, that should encroach upon the net earnings, assuming the volume of business generally expected for the year materializes."

"In the field of legislation affecting the railroads, I believe the passage of the Parker bill by congress will be in the interest of the public as well as the railroads. It will enable progress to be made in carrying out the intent of the transportation act in regard to consolidations, as to which we are now at a standstill. I do not see how there can be much, if any, progress during the coming year in railroad consolidations, unless the Parker bill, or some other bill which will authorize consolidations to be made, shall be passed."

"In the meantime, some progress in unification has been made by acquisition of stock, taking of leases, etc. Consolidations when they shall become possible should be made along business and economic lines so that there may gradually grow up in the country a number of well balanced systems. Railroad systems should grow gradually through construction and amalgamation, and there should be no attempt to make arbitrary and general advance grouping. Each situation as it arises should be studied by itself and with regard to its merits and to the general situation."

Investments
By ALVIN W. KRECH
Chairman of the Board of Trustees, The Equitable Trust Company of New York

"The thermostat that operates to establish an even temperature in a well-regulated heating system has a parallel in the influence of numerous radical changes that have recently taken place in the conduct of business."

"The business risks involved in wars, pestilence and money panics have been minimized. Immigration laws have stabilized labor conditions. So-called 'hand-to-mouth' buying, or 'producing for consumption,' supported by efficient transportation and prompt distribution, has reduced inventory risks and the peaks of employment and unemployment in the industrial field."

"With all cooking facilities of an electrical nature, the heating

planned to instalment buying and selling. The business weather man may confidently predict smooth seas for 1927. Money should be fairly easy. Europe's slow but sure financial recovery is apparent. Foreign loans will continue to increase only to the extent that other countries can afford to pay a higher return on unquestioned security."

"With his usual courage and enterprise, backed by good digestion and cheerful temperament, the American business man may look forward to a year devoid of nightmares."

Finance
By JAMES S. ALEXANDER
Chairman of the Board, National Bank of Commerce, N. Y.

"In forming a judgment as to business in 1927, it is even more than ordinarily essential to separate the fundamental from the superficial elements in the situation. Conditions underlying business in the United States unquestionably are sound."

"The inventive genius of the American people in the mechanization of industry has greatly increased the individual productive capacity of workers in many lines and the natural resources of the country furnish the major part of the raw materials needed for the operation of the great national plant. Despite a standard of living never before equalled, savings are accumulating at an astonishing rate. The stabilizing influence of the Federal Reserve system and the liquid position of manufacturers and merchants afford assurance of freedom from credit stringency. In a word, the United States is tremendously rich, it is self-contained as is no other country, with a fine plant and well-balanced business organization; and the main trend is toward continued prosperity."

"It is true that there has been some recent decline in the general rate of business activity. Prices of non-ferrous metals have been falling for some months and steel outputs have begun to decline. While a pronounced slump in building in the immediate future is NOT likely, the peak of the upswing in construction which began

other than a good year ahead.

"Business is on a new plane. Speculation has been minimized by an evolution in trade—an evolution which for lack of a better name we call hand-to-mouth buying. Few, if any, surpluses have been built up, and consequently there is little prospect that there will be any unusually dull periods. After all, the greatest factors in assuring prosperity are steady employment and stable prices."

"The packing industry rather expects to handle a little more product in 1927 than in 1926. The first half of the year should be about on a par with the like period of 1926, but during the second half it seems probable that there will be greater receipts of livestock resulting from the size and condition of the last corn crop. Much of this corn was not suitable for holding and will have to be fed. That spells heavier steers and more hogs."

"The necessity for cheaper meat is generally taking Europe out of the market for American meat products. Europe is raising hogs in ever increasing numbers and it is idle to contemplate an increase in export business while hog and pork products remain at present price levels. Any surpluses of pork products marketed abroad will have to meet stiff price competition. Because of this the American meat packing industry is confining its operations largely to the American trade and attempting to improve its manufacturing and merchandising methods."

TIMBER IS ENDANGERED

Porcupine Has Uncle Sam Camping on His Trail

PORTLAND, Ore.—The "fretful" porcupine now has Uncle Sam camping on his trail.

The biological survey of the government is after the needle-clad creature because of destruction of timber, as it has been found the porcupine is fond of eating green bark. One animal frequently has been observed to girdle 25 young trees in a day.

An extensive study of the animal is being made in California, Oregon and Washington to find a way to eliminate the menace to timber without harming the protected animals.

CURE DISEASES OF EYE

Staples Optical Co. Has Office At High and State

The Staples Optical Co., located in both Salem and Portland, has its headquarters here in separate rooms with the same entrance as the Red Cross Pharmacy, on the corner of State and High street in the Masonic building. The office

here is in charge of Dr. Edward E. Boring, who has been in Salem for two years. He is a graduate of the Northwest College of Optometry, Portland. This establishment specializes in the curing of diseases of the eye with the aid of lenses.

May 1927
Bring You
Health, Prosperity
and Happiness
in Abundance



Argo
Restaurant

EISMAN HARDWOOD FLOOR COMPANY
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Portland, Ore.

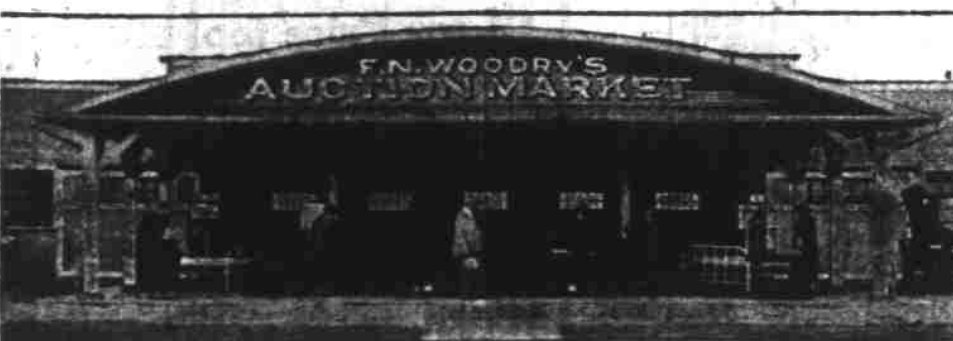
Can furnish Oak or Maple Flooring in any grade or in any size, and in any quantity from a board to a carload of the best brands at any time and at the lowest market prices.

We will also take contracts to install floors complete, anywhere in the states of Oregon or Washington from a 4-room house to a 16 story skyscraper and guarantee satisfactory results. Send us your inquiries. Our goods and our service satisfies.

To Our Friends
and Patrons
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for a

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For 10 Years Salem's Leading
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New and Used Furniture
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Private Sales Daily
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A Happy
New Year
to All

The Pastime
Blessing & Boone
129 S. Commercial

Cigars, Tobacco, Soft Drinks
Pool and Billiards

Your Furs For The New Year

It's going to be mighty chilly for you if you enter upon the New Year without furs. No woman is fashionably dressed without a fur coat or fur neck piece. Our furs are made of carefully selected pelts.

Come to us for your furs and style.

HORGAN FURRIERS
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"Let Staples See to your Sight"

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Happy New Year

START THE NEW YEAR RIGHT

And Have Your Eyes Examined
Our Examinations Are Thorough

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