Business in 1931 Faces Year of Careful Thinking, Work

LOWER PRICES ENTICE BUYERS

Green in Nation's Business, Believes Labor Costs In Building High

WASHINGTON—Business enters the new year with a clearer understanding of the present difficulties and to that extent is in a better position to overcome some of the obstacles which stand in the way of recovery, says Frank Greene in his November review in Nation's Business, published by the Chamber of Commerce of the United States.

The business community, he says, is convinced that improvement can be brought about only through hard work. Less time, he adds, is likely to be wasted in the coming months on making predictions and waiting on miracles to cure the situation.

"One of the anomalies of the present world-wide efforts to regulate prices of commodities, especially raw materials," he writes, "is that, after a full year or more of such attempted regulation, the general level of prices as indicated by index numbers is the lowest in at least five years. For the fourteenth month in succession the general level of wholesale prices in this country has fallen. And still there is a good deal of agreement that final costs, that is retail prices, have not come down as have the wholesale quotations.

Food Outlets Steady

"Most progress in this direction seems to have been made in food products. In these lines a leading retail purveyor's reports point to large increases in tonnage of foods sold as compared with small or no gains in value. November sales at retail as a whole, however, fail to reveal decreases equal in percentage to those recorded in wholesale lines.

"It may perhaps be asked whether 'sell more' rather than 'buy more' would not be a better slogan, if the readjustment conceded to be necessary is to be achieved. This seems a fair question if prices are to be made at which goods will force their way into consumption. If this is conceded, there would seem to be an especially wide field for improvement in the building trades, where capital seems to be abundant and materials are cheaper but where labor costs have fallen but slightly from the levels of the boom years.

"To get down to the practicabilities of November trade, it might be noted first that it was a short month. Further, wholesale and retail trade sagged off somewhat and industry quieted down from the month before. This was surely true of most of the heavy industries—steel, iron, copper, lumber, automobiles and many related lines. The sag was perhaps most notable in a large portion of the middle South and West, which suffered from the drouth and low-priced cotton or grain earlier in the year and later from the closing of many banks which had all the above conditions to cope with as well as deflation of security prices or, in some areas, of real estate prices.

Production Cut Imperative

"As to the notably low prices for cotton or grain, it might be noted that the Farm Board's report to Congress indicated that stabilization measures of the type it employed are necessarily temporary and while cooperative marketing methods may ameliorate or improve things, the obvious economic remedy lies in curtailment of production. In other words, agriculture, to reach a par with industry, must adjust production to consumption and perfect a self-controlled economic system of distribution. The prediction was also hazarded that the years just ahead promise a lower trend in wheat prices.

"Failures in November increased over those of a year ago by 30.8 per cent and liabilities increased more than three-fold. For the 11 months, failures were 21.4 per cent and liabilities 88 per cent above those of 1929. November and the year, in fact, set up new high records for those periods. Those increases and the further fact that November liabilities, swelled by bank suspensions, exceeded those in October, 1907, should, however, be considered in conjunction with the facts that the number of all those in business has increased 53 per cent, the number of banks has increased 28 per cent and that the country's bank resources are thre times what they were 23 years ago.

Auto Output Lowered

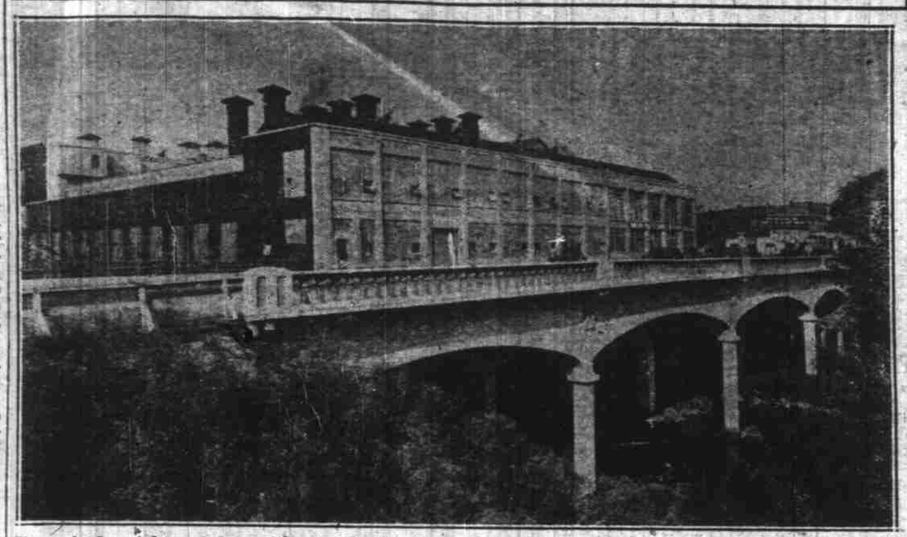
"In industry it might be noted that automobile output in November was 35.8 per cent below that of a year ago and, for the 11 months, 38.8 per cent lower. Pig-iron output was off respectively 41 and 24.6 per cent, with the smallest daily output since September, 1924. Steel-ingot production was off 36 and 26 per cent respectively from the like periods of 1929.

"Among the lighter lines the takings of silk by mills made a better showing than in previous months, gaining 13 per cent over November, 1929, while only nine per cent lower for the 11 months. This latter decrease has been whittled down steadily month by month. Bearing upon this, it might be observed that the price of silk is a little more than half of what it was a year ago, which demonstrates that prices have been heavily reduced to meet the market and the product has sold freely in consequence.

"Building, one of the heavy trades, lifted its head in New York in November. The total value of permits in Manhattan was $21,662,280 as against only $4,528,650 in October and $23,047,365 in November, 1929. Of the total building planned, $9,250,000 or 43 per cent was reported for 12 apartment structures. For November, the value of permits issued in 194 cities declined 32 per cent as against a decline for the 11 months of 44 per cent.

"The interest in distributive trade lost nothing as the year's end approached. For November the total sales of 43 chain systems dropped 10.6 per cent behind those of November a year ago, whereas the decrease for the 11 months was only 1 per cent. A year ago November sales gained 21 per cent over those of the same month of 1928, while for 11 months the gain over 1928 was 24 per cent.

SALEM'S LARGEST SINGLE INDUSTRY



Unceasingly, night and day, without reduction in number of operating days, the Salem plant of the Oregon Pulp & Paper company has continued its operations throughout 1930. For the payroll of this Commercial street plant shown above, an average annual payroll of $600,000 is required, while $1,500,000 is spent each year in the purchase of wood products for the mill, this money being disbursed in the Salem territory.

Investment of $1,200,000 is Made in '30 in Gas Lines Through Valley

Story Told of Laying Miles of Mains to Bring Salem and Other Cities High-Pressure Cooking, Heating Gas

The Portland Gas & Coke company acquired by purchase on August 1, 1929 the gas plant and properties of the Portland Electric Power company in the city of Salem, Oregon. The distribution system at that time comprised 33 miles of main of varying size—6" and under and covering approximately 35 per cent of the town.

The business consisted of 1568 customers with a maximum daily demand of 80,000 cubic feet.

The Portland company felt that by improving the services and obtaining additional business, a considerable reduction could be made in gas rates.

Sales Start in '29

Sales solicitation began on August 1, 1929 with a house to house canvass of the buildings and residences on the existing low-pressure mains at that time. For the first three weeks considerable difficulty was experienced in making sales. Modern gas equipment was not known or understood by the average housewife in Salem, as the sale of electric equipment had been pushed in preference to gas. Company policies and rates had to be explained, articles and ads published in the leading newspapers, cooking schools and demonstrations held, and in fact every known agency was used to break down the housewives' resistance.

To insure better service, the Portland company after initiating its program in Salem, began changing all meters and connections, from the existing customer record-cards, to its standards; also checking various appliances and house-piping and giving instruction in the use of both new and old appliances. Service pipes that were found too small for satisfactory operation were changed to insure satisfaction and resulted in very favorable comment. The original plans called for mains to run from Gasco, Oregon, (home plant of the Portland Gas & Coke company) to supply the Salem territory with the same efficient gas service which the residents of Portland enjoy.

44-Mile Line Laid

This extension completed some time ago, consists of a 10" line of 7.7 miles from the Lake Grove district to Tualatin. From Tualatin via Wilsonville, an 8 mile line was run across Oregon Electric railroad bridge and continues south to the town of Aurora; then on down the Pacific highway to the old gas plant at Chemeketa and Water streets, (a distance of 36.6 miles) making a total combined line of 44.3 miles.

The various communities in the path of this service were of course included in the extension and provided gas service in Tualatin, Wilsonville, Aurora, Hubbard, Gervais and Brooks.

Some idea of the magnitude of the enterprise can be obtained by a comparison of the major materials used in construction with things of almost universal observation. More than 2,300 tons of steel were used, enough to build 3,000 new Ford roadsters which lined up end to end would make a continuous line seven and one-half miles long. Over 31,000 lineal feet of welding was done on the gas pipe, sufficient to encircle a square mile with a band of steel and have enough left over to surround 12 individual city blocks. The lumber used would make a walk a foot wide and three-quarters miles long of a thickness of two inches. In excess of 26,000 cubic yards of earth were excavated, which would fill up a hole 300 feet long and 100 feet wide to a depth of 23 feet.

Bridge Crossing Hard

Only one engineering problem was encountered. This was the installation of the eight-inch gas main on the Oregon Electric railway bridge spanning the Willamette river at Wilsonville. This bridge is 800 feet long and 75 feet above the water. A plank walk was constructed along the lower cross members of the bridge from the east shore to the center of the bridge. The eight-inch pipe was raised from the ground to this walk and carried out onto the bridge and then laid in place and welded. Considerable care and caution was necessary so that no accidents would occur. A rowboat with an oarsman was kept on the river under the bridge so that any worker who might miss his footing and fall into the river could be rescued quickly. Twenty one of the 45 miles of pipe line were laid on the Pacific highway.

Oil gas, manufactured at the Gasco plant, is pumped through large transmission mains to the gas holders situated in different sections of Portland. The gas for the high pressure distribution system is transmitted to the gas holders situated at East 11th and Clinton streets. From these holders the gas passes into the gas compressors located in Station E. Compressor building at the same location. Thence the gas is pumped out into the high pressure distributing system under 30 to 85 pounds pressure to the square inch. Gas is carried by means of high pressure to the far points of the territory that we serve; Vancouver on the north, Troutdale on the east, Salem on the south and Forest Grove to the west.

Purging Process Interesting

Some facts about the process of purging the newly constructed line before gas could be sent through the mains for consumption will be of interest to many readers. The purpose of the process is to clear the pipe line of all air. The work is somewhat hazardous, due to the explosive mixture of air and gas existing in the section of the main being purged.

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STOCK MARKET SHIFTS LOWER

Preliminary Rally in Early Months of Year Followed by Liquidation

NEW YORK—(AP)—The task of teaching the unpleasant lessons of practical economics to another large class of security owners went forward almost without a recess in 1930.

Whoever had matriculated in the bull market as a freshman got a rapid but thorough education in profit and loss, and emerged from the year's schooling with the experience of a post-graduate.

During the first three months the stock market fed on a rich diet of hope. Prices climbed almost steadily from early in January until the first week in April.

The composite price of 90 representative shares rose in that interval from 168 to 205. Many traders, both amateur and professional, would have been surprised could they have known that the latter figure was to be the year's high.

Rallies Short-Lived

The market then turned pessimistic and by late June had lost so much ground that it bore some resemblance to the lean figure that had startled investors in November, 1929.

On June 24 prices reached an average of 154, or 12 points above the low of the previous year.

However, there was to be no surrender without a further skirmish and prices slowly recovered. By late July the composite had risen to around 173, but progress was arrested by the drought and the market had some weak moments in August.

By the end of that month, reassurances that business surely would pick up in the autumn found enough listeners to promote a rally that carried over Labor day and prices returned to the July highs.

Those levels, however, proved to be formidable resistance points.

Bears Warned of Method

By mid-September the market had started one of the most persistent declines on record. Sentiment became frankly pessimistic. Day after day prices slipped off, not on large turnovers, but with a monotony that told a story of steady liquidation.

Wild rumors sprang up, all fantastic, none true. Short selling reached considerable proportions.

The stock exchange stepped in to prevent willful misrepresentation. There was no desire, officials explained, to curtail legitimate bearish activity, but it was necessary, they emphasized, that there be no malicious attacks designated to undermine confidence.

Several prominent bear operators were questioned and warned. Stocks suddenly became very hard to borrow. Professional selling virtually disappeared and the market got a breathing spell.

Lowest In Three Years

The decline was resumed in November when the June lows were broken for the first time, and stocks sold at the lowest quotations in three years.

And by mid-December the November minimums had been punctured.

Sharp contraction of railroad traffic and the attendant reduction in earnings brought the carrier shares into marked disfavor; in fact they finally receded to the lowest levels since 1925.

SASH PLANT MAY BE ADDED TO OUTLAY

Salem's big lumber mill, the Spaulding Logging company, has, like all the mills of the northwest, curtailed its manufacturing particularly during the last half of 1930 to hold output in line with orders. Lumber authorities predict that 1931 will see a steady restoration of demand in the lumber market. Residential building, which is the great consumer of lumber, has been at low ebb for over a year; and a renewal of this type of construction will revive the call for lumber and other building materials.

The Spaulding plant was electrified in 1929, and in 1930 only minor changes were made in the mill. The changes which were made had for an object the reduction of operating costs.

One forward move made by the Spaulding interests was the purchase of land at Klamath Falls for putting in a sash and door factory there. Klamath Falls has been building rapidly and the local operators saw a chance for building up an industry there. Plans are being drawn for the construction, which may begin in 1931. The Klamath plant will operate in connection with the Salem plant.

Besides the Salem mill the Spauldings operate a mill and yard at Newberg, a sash and door plant and yard at McMinnville, a yard at Portland and retail yards at Woodburn and Independence. An affiliated institution is the pulp plant at Newberg.

Varied Places Available for Public Meetings

If you want to give a concert where the audience is likely to be of pretty good size, please keep in mind the following seating capacity:

Stadium at the state fair grounds, 5,000. Armory, without much crowding will easily seat 1,800. The Elsinore will seat 1,425 and the Bligh Capitol will accommodate 1,200.

The Grand theater has a capacity of 756 and the Hollywood in excess of 500. Or if one wants the high school auditorium, it has a seating capacity of 900.

RETIRING MAYOR PREDICTS NEW BUSINESS ERA IN 1931

Salem Ideally Situated, Livesley Believes; Expresses Appreciation for Support

A new era of business for city, state and nation during 1931 is the prediction of T. A. Livesley, retiring mayor of Salem, who believes the depression, if such it can be called, reached its lowest ebb in the year just closed.

"Indications point to a steady gain in all lines," he declares, "with Salem at present most fortunately situated to profit to the utmost in the return of normal conditions."

Improvements in this city during the past two years have just about brought the city's development on par with its growth in population and industry. Mr. Livesley states, leaving a clean slate upon which the new municipal administration may plan its government.

Trade Veto Held Help

The vetoing of the ordinance calling for the vacating of Trade street, in Mr. Livesley's opinion, was a move which already has resulted to the great advantage of the city.

"I regretted the necessity of over-riding the vote of the council, as well as the thousands of petitioners," he declared. "But I am still of the opinion that the act, which makes possible the new cinder arrester, was one which will prove a great asset."

Completion of the $350,000 bridge project and the $500,000 sewer construction are the high points of his administration, Mr. Livesley believes. Only 12 bridges first were proposed, and the $350,000 issue was budgeted for that work. Actually 17 bridges were constructed or improved with the money thus appropriated, he pointed out.

In speaking of his successor, Mr. Livesley declared:

"Salem is most fortunate in obtaining as mayor, P. M. Gregory, whose ability and integrity is unquestioned. I trust that he and his administration will have a most enjoyable regime."

Mr. Livesley expressed great appreciation for the support he has received during his four years as mayor, and termed his tenure in office as "most enjoyable."

Hop Growing is Centered Here; Outlook is Good

Hops are grown largely in New York state, California and in Oregon, but if you want to get right into the center of the greatest hop growing district in the world, come to Salem.

It is a fact that Oregon grows more hops than any other state in the country and fully 86 per cent of the entire Oregon crop is grown in what is known as the Salem district.

I, 1931, Do Hereby Resolve:

1. To keep my hair soft and curly.
2. To keep my nails rosy and well-shaped.
3. To keep my rose-petal complexion.

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