

Babson Predicts: Major Business Slump 'Unlikely' In First-Half '54

Odds Said 10-1 on 'Fairly Good' First Half; If Business Drops 10 Per Cent Chain-Reaction Depression Feared

By ROGER W. BABSON
(Internationally Known Business Commentator and Advisor)

I do not now believe in the theory of most economists—that business will fall off 10 per cent in 1954, with a greater decline in net earnings. My feeling is that everyone will unite forces to hold up business, at least during the first half, to its approximate 1953 average. This can be done by expanding research, increasing advertising appropriations, extending further credits, and obtaining labor's co-operation.

But, I say something much more important than the above; namely, if business should slump 10 per cent, the decline would probably not stop at 10 per cent. Too many business concerns and individuals are working on a very narrow and slim margin. The decline in employment, with resulting business losses which a 10 per cent decline in gross would cause, could result in millions of families being unable to pay their bills and installment obligations. This could set off a chain reaction, which could send business down 10 per cent to 30 per cent more, with a corresponding decline in the stock market, commodity prices, and real estate. In this latter case, the Eisenhower Administration would suffer as did the Hoover Administration.

Most Communities in "Strong Position"

In view of this possible serious alternative, I have contacted the leading newspaper publishers as to the attitude of their respective communities. Of these, over 970 have replied as follows: The people of 30 communities are discouraged and want to liquidate; 297 communities are optimistic and want to buy and invest more; 643 are now content and in a strong position, but are waiting until they see how 1954 develops. Due to the results of this survey, I believe the chances are 10 to one that at least the first half of 1954 WILL BE FAIRLY GOOD.

Below are 25 definite forecasts which, in any case, should prove correct for the first six months of 1954. My forecast for the second six months will appear in this paper next June.

No World War in First Half of 1954

1. There will be no World War in the first half of 1954.
2. The Dow-Jones Industrial Stock Average will be less on June 30, 1954, than on January 1, 1954.
3. Taxes will be lowered by expiring laws.
4. The price of most commodities will be lower on June 30, 1954.
5. The Eisenhower "honeymoon" is fast ending and he will have a hard time controlling Congress during the next six months.
6. Retail sales can be kept up by manufacturers and merchants spending more money on advertising, selling, and developing new products.
7. The U. S. population will continue its present growth and the best prospects for sales in 1954 will be the "teen-agers."
8. Interest rates during the first six months of 1954 should average about as at present, except on the renewal of low-rate loans.

Farm Land Prices May Slip

9. Farm lands, except near cities, will sell for less during the first half of 1954, when farmers' profits will begin to decline.
10. The Central and Southwest will not suffer drought as in 1953.
11. There will be more fear of World War III as years go on. People will gradually move out of certain large cities. Nearby farm land will be split up. A rise in the price of certain fringe farm land is certain.
12. The U. S. Government will give less money to the European and other nations direct, but will help them through the United Nations.
13. There will be fewer employed next June—the total take-home pay will be less—than last June. This, however, may be a good thing for the morale of the nation.
14. The present Administration will suffer much opposition to attempts to reduce tariffs if profits decline or unemployment increases.

Bad Strike Seen as Probability

15. The Administration and the Labor Leaders will try to re-vamp the Taft-Hartley Bill during 1954; but bad strikes are coming.
16. I am no weather prophet, but experts expect a warmer winter for the eastern portion of the U. S. and a colder Florida.
17. Canada will continue to boom during the first half of 1954, but this may be a good time to take profits on Canadian investments.
18. The above may also apply to Southern California and its airplane and movie industries. Both may have reached their peaks for the present.
19. Automobiles will be harder to sell and easier to buy during the first half of 1954. Both the automobile stocks and the cars will be in less demand. There will be more bargains in used cars, discounts on new cars, especially cars of the "independent" manufacturers.
20. Florida may have killing frosts during the next few months. This will cheer up California, Arizona, and Texas.
21. The Korean situation will remain about as is—as the Chinaman says, "much talkie, no shootie."

Cabinet Resignations Believed Likely

22. There will be one or two resignations from the Eisenhower "businessmen's Cabinet," replaced by "politicians." All is not going too well. The President is not used to being pressured by lobbyists.
23. The first half of 1954 should be your best time to get out of debt or at least reduce your debt. Remember that most bankers are in the business of "loosing umbrellas when the sun is shining, and calling them in when it rains." Moreover, you cannot blame them because the umbrellas really belong to the depositors, who also will want them on rainy days! Operate so you can clean up bank loans once during 1954.
24. The companies which will prosper most are those which have inaugurated effective labor-saving programs. Most manufacturers are learning that they cannot beat labor through mere strikes. They are winning only as they purchase new labor-saving machinery, spend more money on research and on well-directed advertising.
25. There may be some further inflation in 1954; but percentage-wise to the total national output it should not help the stock market.

What Will Eisenhower Do?

1. I have promised to answer the following four questions: Is Eisenhower to take the advice of Assistant President Adams, representing certain Republican leaders, and turn to the left? Or, will he stick to his conservative election platform?
Answer: He will stick to his election platform.
2. To put the question in a more practical way: Will 1954 be a year of reform and economic adjustment as promised by President Eisenhower, or will he give the country more inflation, and further play Santa Claus to labor, farm, high tariff and other groups?
Answer: He is leaning that "economic reforms" must be gradual.
3. Will he run the risk of losing Congress in 1954 and the election of 1956 FOR A MATTER OF PRINCIPLE, AS DID HOOVER IN 1932? Or, will he succumb to the temptation of changing his policy with an attempt to "save his party"?
Answer: He will run the risk of losing Congress in 1954, and the chance to run again in 1956.
4. Is a "middle-of-the-road" policy practical? Will it serve both groups, or no group?
Answer: Yes, it is practical for working a gradual change, and it should serve both groups.

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The Oregon Statesman

103RD YEAR

12 PAGES

The Oregon Statesman, Salem, Oregon, Thursday, December 31, 1953

PRICE 5c

No. 276

IT SEEMS TO ME

By Charles A. Sprague

Washington newsmen interpret the comments of Secretary of State John Foster Dulles at a press conference Tuesday as warning Red China of trouble if it openly intervenes in the war in Indochina. Of course Red China is intervening as a supplier and base for the Vietminh rebels in Indochina; and the United States is serving as banker and supplier for the French and Vietnam forces.

Dulles warned that any renewal of hostilities in Korea or a Chinese Communist entry in Indochina would bring a U. S. reaction "not necessarily confined to the particular area the Communists choose to make the theatre of their new aggression." The common interpretation is that the U. S. then would launch naval and aerial warfare against China itself, perhaps unleashing some of its new weapons.

Dulles should take care lest he be accused of starting a "Dulles war." Republican partisans could use his intervention in Korea "Truman's war." We wonder, too, if the event occurs which Dulles warns against whether the administration would move to make resistance a United Nations enterprise or would ask Congress to declare war formally on Red China. Surely it will not expose itself to the criticisms which Republicans used against Truman.

It is safe to say, however, that Dulles used this strong language in the hope that it would deter the Red Chinese from further military

(Continued on editorial page, 4.)

Gary Cooper Hollywood's Boxoffice King

HOLLYWOOD — Slim, slow-talking Gary Cooper, who won this year's top Oscar, Wednesday was named the boxoffice king as well.

Motion Picture Herald's 22nd annual poll of movie exhibitors selected Cooper as the No. 1 attraction in film theaters. The movie veteran has placed in the top 10 fourteen times, but this is the first time he has topped the winner. Cooper displaced Martin and Lewis, who held top honors in 1952. The zany comics, who soared to fame largely through their TV appearances, slipped to second place.

John Wayne, who starred in action films and the divorce courts, retained his No. 3 position. He was the top man in 1950 and 1951. Allan Ladd, who once before was among the top 10, made a rapid return from 16th to No. 4. He knocked Bing Crosby down a notch to fifth. The crooner held the No. 1 place the longest of any star (1944-45).

Marilyn Monroe, who added a new dimension to sex on the screen when her first boxoffice recognition by placing sixth on the list. She and Susan Hayward (repeating as No. 9) were the only actresses in a field heavily laden with cowpokes and comics.

The top 10 was rounded out by James Stewart (No. 7), Bob Hope (No. 8) and Randolph Scott (No. 10).

Temperature Slides to 28

It was chilly in Salem Wednesday.

The mercury dipped down to 28 degrees in early morning and only climbed to 37 for the day's high at mid-afternoon.

Fog reduced visibility to zero in early morning and the white stuff hung on, although thinner, to see the day out.

Forecast for today calls for light rain and warmer temperatures.

Can You Spell 1,000 Words?

Starting next Wednesday, Jan. 6, The Oregon Statesman will publish 20 words on Page 1 daily for 50 days. They will comprise the basis for oral semi-finals and finals in the 1954 Statesman-KSLM Mid-Valley Spelling Contest.

The words are offered as a daily stimulus — no composite list of them will be available. All are from standard textbooks.

Eighty-three schools and nearly 4,000 seventh and eighth grade pupils will take part in the contest—the fourth one of its kind. The progress and results of the competition will be an interesting and exclusive feature of

Your Home Newspaper

'Watchnight' to Include Church Delegates



Grouped around a small organ at the Pilgrim Holiness Church here are participants in the three-day midwinter convention of young people from Pilgrim Holiness Churches in Western Oregon and Washington. The Rev. William S. Deal, Salem, is in charge of the convention which will conclude tonight with a watchnight prayer service. Shown above from left to right are Gladys Callier, Marysville; Wash. Rebecca Story, Salem; Elaine Cox, Medford; Roy Dworschak, executive youth secretary, Eugene; and William Parker, Portland. (Statesman photo.)

Knowland Wary of Ike's Defense Job Shift Plan

WASHINGTON (AP)—The Republican leader of the Senate, Sen. Knowland of California, said Wednesday the administration's plan to channel more defense orders into centers of unemployment is disappointing and "too wide."

Knowland said he would back legislation to limit the program, already under a drumfire of criticism from the South.

Thus the White House was confronted with a top level split on policy on the eve of a vital congressional session in which the GOP will hold only a shaky margin of control.

"My own belief," Knowland told a news conference, "is that the order is still too wide and needs curtailment. It still appears to me that on the set-aside provision, the percentage is not spelled out."

That was a reference to a feature of the plan to set aside portions of defense orders for areas where there is a labor surplus. Contractors in those areas could qualify for the work by meeting prices established by competitive bids in other areas not suffering from unemployment.

Presidential Press Secretary James C. Hagerty said Tuesday 20 to 30 per cent of some orders would be earmarked for areas of serious unemployment. Knowland said 20 or 30 per cent is "far too much," and there will "definitely be some legislation" on it after Congress reconvenes next week.

The administration plan, a modified version of one set up in the Truman administration, was put into operation Nov. 4. President Eisenhower gave it an endorsement and a push Tuesday at the temporary White House in Augusta, Ga.

Deetz Applies For License

CANBY — Elmer Deetz, recently adjudged guilty of selling milk without a license, has served notice he will take the case to court himself if the State Agricultural Department refuses to grant the license for which he now has applied.

Deetz, apparently anticipating the department will refuse his application on the grounds that his machinery does not meet requirements, wrote the department that "records show I have achieved purity standards."

He termed requirements for specific machinery "capricious," and asked for a hearing as provided by law.

Pen Parolee Kidnaps Cop, Recaptured

MONTECA, Calif. — Police Tuesday captured Carl D. Smith, 22, a prison parolee from Medford, Ore., after a car in which he forced a policeman to drive him crashed into a power pole.

According to Dist. Atty. Chester Watson of Stockton, Smith had been paroled from San Quentin prison, but jumped parole.

Policeman Robert Khan arrested Smith at gunpoint and headed him towards a parked police car. But Smith knocked the gun from Khan's hand, pulled another one from his pocket and ordered Khan to drive him away in the police car.

Khan complied, but the vehicle crashed into the pole at high speed. Khan, who suffered head and chest injuries, was dazed but Smith fled despite face and hand cuts.

Smith was washing blood from his face at a lawn faucet when sheriff's deputies spotted him. He threw away his pistol and surrendered.

Eugene Cafe Pickets March Despite Ban

EUGENE — Picketing of the Paul Bunyan Burger Restaurant here continued Wednesday despite an order by Fred G. Scherer, state labor examiner, that it be stopped. (Story on page 2.)

Scherer issued the order Tuesday to the AFL Culinarian Alliance under the state's new anti-picketing law. But the union said it had not yet received a copy of the order.

The law says a union may not picket to organize workers. Mr. and Mrs. Julius Gilbertson, who own the restaurant, contend the picketing is to coerce employees and deny them the right to decide whether they want to join the union.

However, the union insists a majority of the restaurant employees were members prior to last May, and that the owners refused to bargain.

After two hearings Scherer upheld the employees. Earlier he issued a similar anti-picketing order against the AFL Culinarian union in its dispute with the Cave Shop restaurant at Grants Pass. But the union appealed the order and picketing continues pending a decision by Circuit Judge O. J. Millard.

The AFL and CIO contend the law is unconstitutional and have said they will carry their fight against it to the State Supreme Court if necessary.

Shoulders Posts Bond

ST. LOUIS — Former Police Lt. Louis Shoulders, accused of lying to a grand jury seeking the missing \$300,000 of Greenlease ransom money, surrendered Wednesday to face a federal charge of perjury.

Shoulders, who appeared to be in a jocular mood, went to the federal marshal's office with his attorney, Henry G. Morris. He immediately posted \$10,000 bond before U. S. Commissioner Edwin J. Bean and was released.

He is to appear before federal authorities at Kansas City at a date still to be set. The grand jury indicted him there Tuesday, saying he testified falsely on how he handled suitcases containing the ransom money. Less than half of the \$600,000 paid by Robert Greenlease Sr. was recovered.

Today's Statesman

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Watchnight Services Scheduled Tonight in Many Salem Churches

By VAN EISENHUT
Church Editor, The Statesman

New Year's eve watchnight services are scheduled tonight in many Salem area churches and a few congregations have scheduled a worship hour Friday morning.

Early evening programs will include social hours, songs, games and films but all services will conclude with a period of devotion and prayer shortly before midnight.

The following churches have announced New Year's programs: Bethel Baptist—choir program, 9 p.m., fellowship and refreshments, 10 p.m.; worship, 11 p.m. Calvary Baptist—program starts at 9 p.m. with a consecration service from 11 o'clock to midnight.

Capitol Baptist—program at 8 p.m. with worship service at 11 o'clock.

New Marking Ordered For One-Way Grid

Survey by Officials Brings Call for More Signs, Repainting of Arrows

By ROBERT E. GANGWARE
City Editor, The Statesman

Better marking of the one-way street grid in downtown Salem was ordered Wednesday after an arrow-to-arrow inspection by a party of top city and state highway officials.

Scores of new signs and repainted street arrows will feature the authorized improvements, and some of the installation will start "immediately," declared Mayor Alfred W. Loucks.

Although planned by the city administration several weeks ago, the grid survey actually came in the wake of a petition movement which in the past two days has claimed more than 400 signatures of citizens opposing the one-way street grid in the downtown district.

In response to the petitions, officials reiterated Wednesday they think the grid, which went into effect Oct. 21, has not yet had a fair trial.

Fears Traffic Snarls
Mayor Loucks said, "If we were to go back to two-way streets right now, I feel sure it would result in serious loss to those with investments in downtown Salem, would produce greater traffic snarls and tend to push shoppers outside the area."

State Highway Engineer R. H. Baldock stressed that his department has helped set up the grid only at the city's request, since the original recommendation for a one-way city street grid was included in the state traffic plan for Salem's new bridge, bypass route, one-way highway couplets and other features.

Baldock Defends Plan
But Baldock had this to say Wednesday:

"The city would be making a serious mistake to abandon this one-way grid. By adopting the grid, Salem has taken positive action against traffic congestion and toward the holding of business in a central downtown district. . . . The only alternatives to one-way streets in the heavy traffic centers are a system of no-left-turns, a prohibition of downtown parking on the streets or both."

(Additional details on page 12)

UCLA Fumbles At Pre-Bowl Luncheon Talk

LOS ANGELES — If UCLA doesn't do better in the Rose Bowl Friday than it did Wednesday at its pre-bowl luncheon it's Michigan State by a mile.

The Bruin Club was to present a trophy to All-America back end Cameron. An appropriate speech was made extolling Cameron's merits, but the president of the club had to tell Cameron that the engraver wasn't through with the cup and that it would be along later.

Toastmaster Sam Balter opened fire with "it isn't the function of a toastmaster to bore you, but to introduce you to people who will."

Then he couldn't find the list of dignitaries he was to introduce. The UCLA band, playing Ger-shwin's "Rhapsody in Blue," went silent as a page was turned and there just weren't any more notes. The music had been misplaced.

UCLA coach Red Sanders' microphone went dead while he was speaking. Finally, he shouted: "Can you hear me back there?"

"No," came the chorus. "You're not missing anything," Sanders assured one and all.

Animal Crackers

By WARREN GOODRICH



"May I have this dance?"

CIO Aide Rejects Ike's Call

By NORMAN WALKER

WASHINGTON — A top CIO staff member Wednesday refused to accept a post on an advisory board to which he had been named by President Eisenhower.

Stanley H. Ruttenberg, CIO research and education director, wrote the President rejecting an appointment as member of the International Development Advisory Board, which advises the government on its program for giving technical aid to underdeveloped countries.

Ruttenberg said he never heard of his appointment until he read about it in newspapers and then checked with the White House. He said it was a vacancy caused by Eisenhower's failure to reappoint another CIO man.

No Check in Advance

"It seems inconceivable to me," Ruttenberg wrote the President, "that members of the White House staff failed to discuss the question of my appointment in advance of its publication either with me or with the appropriate officers of the CIO."

Ruttenberg's refusal came about two weeks after AFL President George Meany quit as a member of the foreign economic program's Public Advisory Committee.

Blamed Stassen
Meany charged that former operations administrator Harold E. Stassen had fired many American union representatives employed in government aid offices abroad. Meany also said Stassen had failed to encourage labor unions in other countries.

However, it was learned Wednesday that Meany has since talked with Stassen and is due to confer with him again next week.

Sen. Fox Won't Seek Re-Election

MEDFORD — State Sen. Ean Day, Gold Hill R. publican, will not seek re-election next year, he announced Wednesday.

Day was elected in 1950 to represent Jackson County in the Senate. He had served in the House the year before.

Day, a rancher, concerned himself chiefly with weather control and school legislation. At the last session he was chairman of the Public Health Commission, vice chairman of the State and Federal Affairs Committee and a member of the Education, Agriculture and Public Welfare and Institutions committees.

THE WEATHER

	Max.	Min.	Precip.
Salem	37	28	.00
Portland	44	33	.00
San Francisco	56	36	.00
Chicago	29	18	trac
New York	40	40	.00

Willamette River 4.7 feet
FORECAST (from U. S. weather bureau, McNary field, Salem): Cloudy this morning with light rain this afternoon and tonight. High today near 44 and low tonight near 35. Temperature at 12:01 a. m. was 37 degrees.

SALEM PRECIPITATION	Since Start of Weather Year Sept. 1953	Last Year	Normal
19.26	11.22	18.07	