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Roger W. Babson's Authentic Business Outlook For Year 1941

Roger W. Babson's Word's-Eye View For 1941

BUSINESS: 10% Gain Over 1940. With Defense Program In High Gear.

TREND: Present High Levels Should be Exceeded Before Spring.

POLITICS: No More New Deal Legislation In 1941.

MARKETS: Gradual Uptrend, But Careful Washington Scrutiny.

FARMERS: Income up About 5%, Benefits At Present Levels.

WORKERS: Employment, Pay Rises At Peak Figures.

RETAILERS: 5 to 7% Gain in Sales; Prices Slightly Higher.

CONSUMERS: Less than 5% Rise in Living Expenses.

REALTORS: Residential Building Up 20%; Rents Steady.

INVESTORS: Bullish Outlook For Selected Stocks.

SUMMARY: BEST VOLUME OF BUSINESS IN NATION'S HISTORY.

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By: ROGER W. BABSON

Eabson Park, Mass., Jan. 3—A question to discuss before making a forecast for 1941 is: "Will World War II continue throughout the year?" My answer is that it will surely continue at least until fall. For the purpose of my forecast, this is equivalent to the entire year of 1941.

Germany is storing up huge quantities of arsenic to be used in an attempt to destroy the crops of Great Britain next summer or next fall. If England is also storing arsenic and succeeds in destroying the crops of Germany, the War may end next Fall. It is evident that both sides will attempt destruction by arsenic, fire, or otherwise. I say this because the effect of such a crop-killing campaign would be more serious for Germany than for England. England is dependent to the extent of only 35% on her home crops, while Germany's is 90%. Germany, moreover, is unable to import except by robbing adjoining nations, and hence, must conserve all her own crops. People are not frightened by bombs, as only one person out of many thousands suffers from them; but the fear of starvation will throw a nation into panic. Hence, statisticians believe that the ending of the War in favor of England depends upon the success of the British blockade supplemented by the destruction of German crops.

Let's Look at the Record

Let me say that 1941 should be the best business year this country has ever witnessed. Everything from cradles to coffins, including dividends and pay envelopes, should show a fine gain over 1940. We hear much howling about taxes. When you consider, however, that the Excess Profits Tax on firms with large invested capital does not begin until they earn 8% net, even taxes are not so serious.

Industrial activity directly related to defense will account for about 10% of total 1941 business. Production indirectly related to defense will also aggregate about 10%. Thus, in 1941, 20% of our total business activity will come from armaments. I expect the Babsonchart Index of Business to average about 10% higher than in 1940. Notable gains should take place in textiles, shoes, mining, foods, printing, publishing, shipbuilding, building, freight traffic, and many other industries. By spring, business volume will be recording a new-time high.

It would be foolish to put a definite figure on what the Babsonchart Index will show in 1941, but I should not be surprised if it averages 125. Estimating the country's income for 1940 at \$74,000,000,000, I forecast a rise to well above \$80,000,000,000 for 1941. The 1939 figure was \$70,000,000,000. The greatest national income to date was in 1929, when it was \$82,885,000,000. This calls for a reduction in unemployment of 50% an increase in building of 20%, and an increase in retail trade of 5-7%. This means that sales of physical volume of merchandise will show moderate gains, as retail prices will average only slightly higher than they were last year. This is a very healthy sign.

War or Peace Business will be Better

I believe that we would have a prosperous 1941 irrespective of our defense program. The big business backlog, the great shortage of houses, and the unprecedented supply of idle funds are bound to lead to a return of good times. When we add to this fact the tremendous effect of the defense program, the result is staggering. If you have any doubt, read in your newspapers the contracts made by the government every day for supplies of all kinds. Not only will the demand for goods be greater during World War II, but our industries are in far better posi-

tion to handle the business. The automobile industry, for instance, has built approximately 76,000,000 cars since 1918. It is now prepared to build airplane engines and machine guns, as well as trucks and tanks.

The electric-power industry, thanks to President Roosevelt, has covered the country with a vast network of transmission lines, furnishing today power at rates 40% below those of 1918. Our generating capacity is from four to five times that of Great Britain or Germany. Experts say that the War will be won by OIL. If so, we are fortunate in having three-fifths of the annual world's production, distributed by over 95,000 miles of pipe lines to all parts of the country.

We have over one-third of the railroad mileage of the world. The physical condition of our railroads has improved as money, which heretofore has been spent on interest, has been put into maintenance. Let us not forget our telephone service which connects 40,000 communities by nearly 100,000,000 miles of wire. All of these items show tremendous increases from every point of view. Whatever may be the truth as to the nation's preparedness for War, it is certainly true that we never before were so well prepared for a great industrial expansion.

What About the Railroads?

As readers know, I have never recommended railroad securities since I spent two years as Assistant to the Secretary of Labor at Washington, from 1917-1919, and fought with leaders of the railroad unions. I came back from there saying that even if any cream should arise from the railroad milk, it would be skimmed by labor and never reach stockholders. Railroad security owners are further faced with severe competition by the truck, the bus, the airplane, and the automobile. Even today, approximately 10% of the nation's freight and 25% of the nation's passengers are being transported on rubber. These figures, moreover, are increasing at the rate of about 20% a year; while the percentage of freight and passengers hauled by railroads is constantly declining. When railroads earnings look good in 1941, this will be the time to get out and STAY OUT. Do not be fooled on the long-pull outlook by news items of rising carloadings and earnings.

Idle Funds at Maximum Peak

We enter 1941 with the highest known record of national bank excess reserves—about seven billion dollars. This means that banks are in a position to loan billions of additional credit. No such good condition ever existed in our nation before. Our outstanding bank notes are covered nearly 100% by actual gold, while other countries have a coverage averaging only about 10%. More money is being carried in the pockets of people today than ever before. The money in circulation in the U. S. as I dictate this column, amounts to \$5,500,000,000.

Dividends are popping like firecrackers. Dividend record sheets show a tremendous expansion in disbursements, equal to the balmy days of 1928-29. It is well enough to talk about the explosives which are being manufactured by the du Pont and other powder-producing plants; but surely some of the statistical explosives on my desk should be the basis of some real fireworks in 1941. I emphasize this so strongly because the defense program has hardly started. Recent Army and Navy monthly expenditures have been only about 30% of what they will be during 1941. Construction is just starting on so many of the plants which are necessary to produce hundreds of thousands of needed items and materials, that statisticians estimate it will be the fall of 1941, at least, before we get fully under way.

It is estimated that it cost Germany twenty billion dollars to arm. During the five years she was engaged in this, she paid workers twenty-five cents per hour. If we must pay our workers three to four times this, you see what it will cost this country to duplicate the German war machine. A year from now it will be time enough to discuss 1942, 1943, and 1944; but as far as 1941 goes, nothing can stop us—not even peace talk if it should come in the fall of 1941. The world is entering a new era—industrially, economically, and socially. It is hard for us older men to become reconciled to these changes; but every day there are 4,000 funerals. The undertakers are bringing back prosperity!

Homebuilding Will Continue

During World War I, the building of homes was restricted. Contractors were not allowed the necessary cement, bricks, lumber and nails for building homes. World War II, however, is an entirely different war. The building of a hundred-thousand airplanes does not take much material, but rather labor, skill, and time. It is true that we must enter a shipbuilding program—both of naval vessels and merchant ships—but

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Kinton Grange to Meet on Saturday

Mrs. D. E. Ogle died at the Milwaukee Open Air Sanitarium Sunday morning, and was buried at the Rose City cemetery Tuesday afternoon. Surviving are her husband David, and three sons, Marvin, Merle and Claude. Two sisters, Mrs. Minnie McDonald and Mrs. May Holt of San Antonio, Texas, and a brother, George Denison of Newark, N. J.

The Kinton Grange will hold their regular monthly meeting Saturday, January 4, starting at 10:30 a. m. The Red Cross Sewing club meet at the Home Economics club room in the grange hall on Thursday, January 9 at 10 a. m. with a pot luck dinner at noon. Plenty of work is ready for all tying comforters to make layettes.

Mr. and Mrs. Robert Richards and daughter, Mr. and Mrs. James Richards and son John and Wesley Herd of Mt. Shasta, Calif., Mr. and Mrs. Frank Mathews and family of Roseburg, and Mr. and Mrs. Jim Graf and family of Dillard spent Christmas week at the home of Mrs. Harry Richards. On Christmas Day Mrs. Richards entertained 57 relatives and friends.

William Snider of Marysville, Calif., spent Christmas week at the home of his parents, Mr. and Mrs. George Snider, Sr., Mr. and Mrs. George Snider, Jr., and son Harold of Ione, spent from Thursday till Sat. with his parents. On Wednesday Mr. and Mrs. George Snider Sr., Everett Snider, William Snider, Mr. and Mrs. Ed Jenkins and daughter Virginia, Sharon Salens and Mr. and Mrs. Leland Flint attended a family dinner of the Snider and Jackson families at the home of Mr. and Mrs. William Jackson at Mulloy.

Mr. and Mrs. Carl J. Allen entertained Mr. and Mrs. Jack Birum and daughter Carol of Portland, at dinner on Christmas day.

Mr. and Mrs. Robert Pomeroy and family spent Christmas day at the home of Mrs. Pomeroy's brother, Bert Sparks of Portland. Clement returned home then to spend the rest of his Christmas vacation.

Mr. and Mrs. John Glodt of Prineville and Mr. and Mrs. Robert Murphy of Gresham, spent Christmas with their parents Mr. and Mrs. O. T. Murphy. Robert Murphy is still at his parents home ill with the flu.

The flu spoiled quite a few Christmas plans. The following people are recovering from the epidemic: Mrs. Jacob Faix and infant daughter spent several days at the Jones hospital in Hillsboro, returning home Sunday, little Joe Aten had pneumonia but is able to be out now. Others with flu were: Mrs. S. Dallman, the E. W. Wright family, Mr. and Mrs. Dave Ward, Mrs. E. W. Van Horn, Irene, Edith Marion and Marge Van Kleek, Mrs. Charles Kulbel and daughter Goldwyn and Mrs. J. H. Aten.

Mrs. Jess Huntman spent Christmas week in Portland with her son Archie Otis.

No Strike at Montgomery Wards Optical Department

Strike conditions or labor disputes do not pertain at all to Montgomery Wards Optical department. It is personally operated by Dr. J. B. Richardson. Dr. Richardson has practiced optometry in Portland field and has created for himself a wide personal following and enviable reputation in the field of optometry. It is only fair, therefore, that we point out his department is fair to organized labor, has a high rating for ethical practice, though constantly giving the public lower prices than the so styled cut-rate or box optical firms. We believe that Dr. Richardson richly deserves the patronage of Oregon people whether union or non-union.

Beaverton Hi Student Author of New Book on Prophecy of World War

An item of unusual interest has been called to our attention by an ad appearing in this issue of this paper concerning the publication of a new book World War No. II in Prophecy Gordon Lindsay author. Mr. Lindsay was formerly a student at Beaverton High School and therefore possibly some of the credit for his remarkable work as an author may be claimed by that institution. That Mr. Lindsay's writing is authoritative and of great value has been declared by those who have reviewed his first book, The Wonders of Bible Chronology, which was off the press June, 1940. Mr. Dean Collins, News commentator states:

"A most interesting and provocative book of its sort that one will run across in a 'month of Sundays'. It is astonishing, the amount of work he has done, and the ingenuity of the charts he has developed—and if you start getting into them in any depth, your interest and astonishment grows."

The mathematical sureness of the coming of certain outstanding events as set forth in Mr. Lindsay's books is causing even men of scientific standing to wonder. These books answer many present day questions, which otherwise would remain unanswered, until history presents the answer.

One technical expert has stated that "these books outdistance anything that has ever gone before them. They are destined to become the world's greatest books on prophecy, and the chronology Mr. Lindsay has discovered is without doubt the greatest discovery of the kind in the last two thousand years."

The Anglo-Saxon Federation of Oregon, 501 Guardian Bldg., Portland, is handling the prepublication orders for this latest book.

Golden Wedding Celebrated Christmas Eve

Mr. and Mrs. L. S. Barnes celebrated their golden wedding anniversary at the home of their son and daughter in law, Mr. and Mrs. Harry M. Barnes Christmas evening. There were 35 relatives, grandchildren and great grandchildren, and friends present to pay homage to the couple, who have spent many years in Beaverton.

The decorations of gold were carried out about the rooms and tables. The dining table being beautiful with a gold cloth, napkins, and taper holders, with a lovely cake decorated in gold roses and bells. Mrs. Florence McCallahan poured. Mrs. Hazel Fuller and Mrs. Lucile Barnes served. The couple received lovely gifts in keeping with the occasion.

During the evening Robert Barnes sang solos and was accompanied by Miss Maxine Cady at the piano. The guests departed at a late hour wishing the couple many happy returns of the day.

Johnson Re-elected Head County Farmers Union

Members of the Washington county farm union re-elected Henry Johnson of Beaverton route 1 as president at their annual meeting Saturday. Chester Wohler of Hillsboro route 4, was named vice president and Mrs. Edna Corney of Cornelius route 1 was re-elected secretary-treasurer.

Selected for the executive committee were Arthur Pierson, Beaverton, Walter Orr, Scholls, and A. Hornecker, Hillsboro; other officers elected were: M. J. Vanderzanden, Banks, conductor; Peter Jorgenson, Hillsboro, doorkeeper, Mrs. John Haase Beaverton county junior leader and Mrs. William Walbel, Scholls, organizer.

Mr. and Mrs. W. C. Wright had for their Christmas dinner guests Mr. and Mrs. Woodrow Weaver, Earl Miller of Portland and Jerry Had-dock of Forest Grove.

Personal Mention

The Beaverton Book club will meet at the Kiwanis hall, January 8th.

Robert Engleke returned to U. of O. at Eugene, Wednesday. He was accompanied by Frank Emmons, who will complete his course at the university this coming year. Frank played professional foot ball in the East during the fall months.

W. C. McKell, mail carrier on route 1, Beaverton, is confined to his home with the flu.

Mrs. V. A. Wood is among those suffering an attack of the flu.

Mrs. Juliette Carter is ill at her home suffering an attack of the flu.

The past matrons and past patrons of the Eastern Star with their husbands and wives are holding their annual pot luck dinner and party Saturday evening January 4th. Mr. and Mrs. R. C. Berger and Betty of Sheridan, returned home late after spending their vacation with her parents P. F. C. John R. Bergin returned to Fort Lewis Monday after a Christmas furlough with home folks.

Dr. Walter Myers attended the meeting of the state executive committee of Oregon Christian Endeavor union in Portland last week. Dr. Myers is on the program committee for the 51st annual state convention to be held at Klamath Falls. The theme of the convention will be Trust and Do based on Psalms 37:3. Arrangements are under way for observance of the 60th anniversary of Christian Endeavor in the week ending February 2.

Mrs. Arthur Page and son Lloyd of Anacortes, Wash., visited Mrs. Fred Goyt a couple of days last week. Mr. and Mrs. Jay Gibson, Mrs. J. G. Gibson and Jay Gibson Jr., spent Christmas day at the coast.

Floyd Carlson has been very ill with flu for the past week.

Mrs. Harold Miller is ill with flu at her home.

Mrs. W. J. Scott left for Evanston, Wyoming, Sunday where she was called owing to the serious illness of her father M. A. Lemmons, who has pneumonia.

Mrs. H. M. Barnes is confined to her home with flu.

Miss Gladys Wright left for Washington, D. C., Wednesday evening where she has a government position. Word has been received of the death of A. M. Lammons at Evanston, Wyoming, January 1st. He was the father of Mrs. W. J. Scott.

Mr. and Mrs. Charles Bolier of California, visited at the F. H. Schoene and A. E. Hanson homes several days the first of the week.

Mr. and Mrs. F. H. Schoene were dinner guests at the Benson hotel to a group of relatives and friends including Mr. and Mrs. W. J. Scott, Mr. and Mrs. A. E. Hansen, Mr. and Mrs. John Houtz, Miss Mable Carlson, Miss Marjory Scott, George Martin Gene Hanjony and Roy Van Pelt.

Mrs. M. C. McKercher had for her Christmas breakfast guests Mr. and Mrs. R. R. Miller, and Christmas evening her guests were W. W. Kiddle and Miss Ginger Foote of Portland.

George McKercher came home to spend Christmas, and with his mother, Mrs. M. C. McKercher and together were dinner guests at the Leo Justen home in Portland. He left for Bremerton that evening, his ship the U.S.S. California, sailed Friday for Long Beach, California.

Mrs. C. J. Stevens has been very ill at her home for the past week, suffering an heart attack.

The Womens Christian Service society are holding a silver tea at the Methodist church Thursday, January 9th. Mrs. E. W. Sheets and Mrs. G. M. Hartman are hostesses for the occasion. There will be an interesting program put on in connection with the tea.

Lee Richey, lieutenant-governor of the Pacific-Northwest Kiwanis district took office January first.

Officers Retained by Community Representatives

Community representatives from 11 districts, comprising conservation county's agricultural conservation program, re-elected all officers this week. The 1941 program will be administered by John W. Kamms, Hillsboro, route 5, chairman. A. E. Krahmer, Cornelius route 2 and R. Glenn Ritchey, Forest Grove. Named as alternates were J. C. McBurney, Gaston, and F. H. Jossy, Portland route 2. Also retained in office were W. F. Cyrus, county agent, secretary, Stan McClell, assistant secretary and Cecil Boge, Hillsboro route 5, treasurer.

Council to Install New Officers January 6

Beaverton Town Council will install new officers at their regular meeting Monday, January 6th. Albert Ross, newly elected Mayor, will succeed Mr. McCloskey who has so ably conducted his duties the past few years.

Others to take oath are: R. C. Doty, recorder-treasurer, G. C. Carr, W. L. Van Kleek and L. R. Harris, councilmen.

The Deputy Grand Master of Odd Fellow lodges, will pay his official visit to Beaverton Lodge No. 252 next Monday evening January 6th. Installation of officers will also be held the same evening.

Six Men Called For Training

Four Volunteers Listed Thru Beaverton Board

Six men will be called by the selective service board number 1, Beaverton, for the week of January 20 to train for one year.

Dan Haack, of Aloha, Lars M. Hagstrom, Sherwood, Kenneth A. Burke and Elwin W. Nelson, both of Beaverton, who are volunteers, and James N. Aitken of Garden Home, and Joe A. Kessler of Portland, Oregon, on the regular list. These men have all taken their physical examinations, but all reports have not been received.

Rev. Horsell Installed President of Kiwanis

At the regular meeting of the Beaverton Kiwanis Monday, December 30, the 1941 officers were installed in a ceremony conducted by past Governor Cy Gengelback, from Montavilla club. The new officers of the Beaverton Kiwanis for 1941 are: Earl B. Horsell, president; Fred Goyt, vice-president; J. J. McMahon, treasurer; J. L. McKell, secretary; A. L. Berg, Ted Emerson, Hal Inman, Oscar Hagg and Dewey Drorbaugh, directors. Cy Gengelback told the Kiwanis that besides being builders the Kiwanis served to develop a fellowship found at no other place. He said that sympathy and understanding were needed to help build better things in the world.

Ed Lewis, J. H. Galfard, Geo. T. Schultz and L. H. Bessinger of Montavilla Kiwanis, were visitors of the evening.

It was announced that the next regular meeting of the Kiwanis would be held Wednesday, January 8.

16 Oregon Men Get Army Wings

Sixteen Oregon men were members of the eighth class of 1940 of flying cadets to graduate from the army air corps advance flying school at Kelly Field, Texas, this month. Colonel H. R. Harmon, commandant, made the graduating address at ceremonies held at the field December 20.

The men comprise the largest class ever to graduate from Kelly Field. Oregon graduates are: Robert W. Robinson, Richard Lane Williams and James G. Thorsen, Portland; Byson Robert Bailey, Forest Grove; Robert Horace Benesh and Paul B. Smyth, Corvallis; Noel Stephen Benson, Klamath Falls; Robert R. Bonebrake, Roseburg; Keith Nelson Busch, Hillsboro; Jerald Floyd Holzapfel, The Dalles; Thomas Dale Hutchinson, Helix; Edward Martin Janssen, Beaverton; Elvin Earl Goodyear, Pendleton; R. M. Madison, Grand Ronde; Lewis F. Parson, Multnomah, and Clifford Porter Patton, Eugene.

Elna Nyland Purchases Pat's Beauty Shop Here

Elna Nyland has just purchased Pat's Beauty Shoppe next to the Thrifty Market and will take over the first of the year. Miss Nyland has lived near here most of her life, she graduated from Beaverton high school with the class of 1938. Her friends wish her success in her new business.

Dr. C. E. Mason Moves To New Modern Building

Dr. C. E. Mason moved this week into his new up to date brick building on the corner of Watson and First street. Many friends called to see his new quarters and wish him happy new year. Shrubs are being planted around the building enhancing its classic lines.

Beaverton Folks Joint New Years Party Hosts

Mr. and Mrs. Dewey Drorbaugh and Mr. and Mrs. Wm. Stratton were joint hosts at the formers home for a New Year's watch party Tuesday evening. Guests included Mr. and Mrs. Jay Gibson, Mr. and Mrs. Dayton Peck, Mr. and Mrs. Fred Goyt, Mr. and Mrs. Wm. Grauer, Mr. and Mrs. C. M. Martin, Earl Drorbaugh, Crandall Peck and the hosts. A lovely dinner was served at 7 p. m. and the guests remaining to welcome in the new year.

Bethel To Install Officers on Monday

Bethel No. 29 Jobs Daughters are installing their officers Monday evening, January 6. Everyone invited to come out and support the girls in their work.

Boy Scout News

At a dinner meeting of all the committeemen from the Tualatin district of Boy Scout troops is to be held at Roamers Rest on January 7. The district includes Beaverton, West Portland, Multnomah, Sherwood, Tigard, Sylvan, Mettzer and St. Mary's boys school. All members are urged to be there as a discussion of many affairs of the district will be held.