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Roger Babson's Business And Financial Outlook For Year of 1943

Thumbnail Outlook for 1943

1. **Total Business:** Defense production will be up sharply (plus 50%); non-defense down sharply (minus 33%), accompanied by a drastic standardization of products.
2. **Employment:** The above also applies to employment, if we do not include the armed forces.
3. **Farm Income:** Will be up 5% in 1943 over 1942.
4. **Dividends and Business Earnings:** Have passed their peaks and will be lower in 1943 than in 1942.
5. **Labor:** There will be practically no strikes until the end of the War and wages will gradually become stabilized.
6. **Commodity Prices:** Will strengthen somewhat, especially the prices of manufactured goods. Commodity price indexes will indicate far less than the actual advance.
7. **Taxes:** Will be felt severely, especially by the white-collar group who can expect no pay increases.
8. **Retail Trade:** Will be 12% off in physical volume in 1943 compared with 1942.
9. **High-grade Bonds:** Should decline, but good Stocks should sell higher.
10. **Creeping Inflation:** Will continue throughout 1943.

Babson Park., Jan. 1—Events are moving at breath-taking speed. Never before has the world been in the midst of such a far-reaching turmoil. Within the next hour news might break that will change the whole course of history:. Nevertheless, it is vitally important to keep your perspective. To change your business or investment program with every piece of war news is utmost folly. A good example of this was portrayed when the United States opened up a second front in North Africa. That morning many thousands of self-appointed commentators were convinced that the war was going to last at least five years. Yet by midnight of that day these same commentators could see nothing but a short War and a quick victory. Let us now, therefore, confine this Outlook to probabilities.

Retail Trade

The first quarter of 1943 should equal the first quarter of 1942; considering the entire year, a decline of 12% is probable. Just what will happen depends on two things: first upon the quantity of goods; and second, to what extent consumers are willing to take substitutes. Washington talks about 300,000 retailers being put out of business; but I believe this is entirely unnecessary. If landlords will be easy on rents, as sensible ones should be, practically all retailers can run a skeleton force and keep alive until the War is over when business again should be good.

The hope of America lies not with the big concerns, but with small businessmen. These small businessmen must be protected in order to preserve democracy. I go further and say that the preservation of democracy depends on small and so-called inefficient manufactureres and retailers to "clutter up" the economic situation. Large units lead ultimately to tyranny. As this is becoming recognized, I think 1943 will see some real help given the small retailers. Of course, no general forecast will apply to all parts of the country. The industrial and agricultural sections should hold up to 1942 figures; but retailers in certain other sections are bound to suffer. After paying their tax bill in 1943, the American people will have left out of their income $36 billions more than they had after paying their taxes in 1940. City restaurants and amusements will prosper most; while filling stations, garages, lumber yards, household appliances and hardware stores will suffer most.

Commodity Prices and Living Cost.

Prices of practically all commodities are at their low with the exception of certain ones that are now imported from India, the Far East and Africa. As we are shipping loads of men and supplies to these points, ships may bring back supplies of cocoa, coffee, olive oil, dried fruits, cork, antimony, lead, maganese, hides and skins, mercury, molybdenum, zinc, and other comodities. Throughout 1943 there will be a continued pressure to pierce price ceilings. These ceilings will be kept down fairly well on goods which the armed forces need.

Thus far the OPA has made no distinction between essentials and non-essentials. Not only is this a difficult thing to do, but it is good politics to class everyone alike. The war against inflation, however, will never be won this way. The only way to keep women from buying unnnecessary clothes, for instance, is to let the prices of these clothes increase to a point where the price tag hurts. Therefore, during 1943, I forecast a reclassification of the essentials and non-essentials. Prices will be held down on the essentials, but retailers will be allowed to charge higher prices for non-essentials. There will be little increase in living costs, but care in buying and less waste can more than offset any increases.

Security Prices

I believe that the Dow-Jones Stock Averages will go to points during 1943 higher than anything seen in 1942; also that bond yields and stock yields will tend to come closer together. This may mean a decline in the price of low-coupon, long-term bonds and an increase in the price of many stocks. This especially applies to stocks of companies which are not handicapped by cumulative preferred issues or bond issues. Remember, the London Stock Market is witnessing the highest prices it has seen for five years. Certainly, Investors are sound asleep in the United States. Even the utilities begin to look better in spite of coming inflation.

The most important question for the investor during 1943 will be, "Shall I buy peace stocks or war stocks?" Of course, the safest thing is to buy peace stocks. The war stocks include airplane manufacturers, the steels, coppers and other metals and machine tools; while the peace stocks include building supplies motors, rubbers, household appliances and the stocks of most other companies which are now suffering from lack of business. One sure bet is that companies which are now prospering most during the War will suffer most after the War; while companies which suffer most during the War will prosper most after the War. There are some concerns of course, such as the merchandising companies, which should do well both during and after the War. The railroads will do well during the War—but afterwards, look out!

Building and Real Estate

New buildings during 1943 will fall off. Government buildings, both of factories and cantonements, will decline while residential buildings will continue to be held down. This means that not only will the manufacturers of building supplies and contractors have a poor year in 1943 but there is liable to be more or less unemployment among carpenters, masons, painters and plasterers. The honeymoon of the building trades is over for the duration. After the War, however, building should come back with a bang although prefabricated houses may put some union labor out of business. Hence, do not sariffce good real estate or farms during 1943. Besides, there may be legislation requiring the demolition of buildings over 75 years old.

New Industries

1943 will see the greatest crop of new scientific developments that any year ever witnessed. These may revolutionize agriculture, industry and commerce even to a greater extent than the War will revolutionize governments, politics and human relations. Among the new industries I especially have in mind are SYNTHETICS for making artificial products better than the natural; PLASTICS for displacing metals and wood; FERTILIZERS and PHOTOSYNTHESIS to revolutionize agriculture; PHOTOELECTRIC CELLS to make machines think; PREFABRICATED houses; AIR-CONDITIONING RADIO HEATING which will dispense with all radiators and oil burners; AUTOMATIC TYPING; UNWOVEN TEXTILES; ULTRA-MICRO-SCOP-RY which will greatly help the elimination of disease. NEW ALLOYS with marvelous strength and lightness; HARNESSING THE SUN, TIDES AND WINDS; COS-

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Seed Growers League to Meet Jan. 15-16; Eugene Through Group Marketing

The annual meeting of the Oregon Seed Growers league will be held at Eugene January 15 and 16, it was decided at a meeting of executive committee members at Oregon State college. Despite transportation difficulties the directors agreed that so many industry matters need consideration that the convention is necessary.

A program dealing largely with wartime adjustments is being prepared by President Glen Ritchie, Forest Grove, and Secretary E. R. Jackman, OSC.

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A new syystem of rationing known as the Point System will be used with War Ration Book No. 2 to ration certain commodities not yet announced. The system will not replace straight coupon rationing of sugar, gasoline, and coffee as it will be used only for groups of related or similar commodities which can be interchangeably used. Each commodity is plentiful, a high point-value if it is scarce—and the Government, to protect the supply of scarce commodities, can lower or raise the point-value of any commodity at any time.

RATION BOOK REMINDER

SUGAR—Stamp No. 10, in Book 1, good for three pounds, expires January 31, 1943.

COFFEE—Stamp No. 27, in Book 1, good for one pound, expires Jan. 3 (For bookholders 15 years of age or over only.) Stamp No. 28 good for 1 lb coffee from January 4 to Feb. 7.

GASOLINE—Stamps No. 3 each good for four gallons thru Jan. 21, 1943.

TIRES—Inspection dates: Cars with license numbers 110,000 to 140,000, between Dec. 26 and Jan. 2; 140,000 to 170,000, Jan. 2 to 9; 170,000 to 200,000. Jan 9 to 16; 200,000 to 250,000 Jan. 16 to 23; 250,000 and above, Jan. 23 to 31.

Clip this information and keep it with your ration book for handy reference.

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Palmer Torvend Named Secretary Of Association

Palmer S. Torvend, county agent, has been named secretary of the Washington County Agricultural Conservation association at a recent meeting. The county election followed eleven community meetings at which community committeemen were elected. Results of the 1942 program were discussed by one of the county committee members who attended the meeting. They pointed out that soil building, wheat, and potato payments in the county were bringing in approximately $104,000 to county farmers and the seed purchase program was bringing in over a half million dollars just for the legume seed sold to the triple A. Over 40 carloads of feed wheat were purchased through the AAA by farmers and dealers in the county and 712 tons of ground limestone and 215 tons of phosphate were distributed. Of the 2400 operators signed up under the program in 1942, 1200 have made application for payment to date.

The 1943 program which, in general, is similar to the 1942 program with the exception that war crops can be substituted for wheat and several crops are on the allotment basis.

Community committeemen elected for the Kinton district are: C. H. Thompson, chairman and delegate, E. Hite, vice chairman, Leland Flint, regular member.

Aloha: Because of a default in the election in the Aloha district, the same members will remain that were elected a year previous: Michael E. O'Meara, chairman and delegate, A. W. James, vice chairman, Bruce Denney, regular member.

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Youths of Oregon to be Mobilized for Victory

More emphasis on the mobilization of Oregon youth to help win the war on the nome front will be the objective of the OSC Extension service throughout the state. Plans were laid at district conferences in connection with 4-H clubs and with possible greater utilization of city youth on farms.

Extension leaders are aiming in 1943 not merely to maintain the present relatively high level of 25,000 4-H club members in Oregon, but to offer club work to as many more as possible of the 80,0000 eligible boys and girls in the state for whom local leadership can be obtained.

The nation is realizing more than ever before the great contribution that can be made by youth when properly mobilized and trained, says W. L. Teutsch, assistant director of Extension. Too often in the past youth has been neglected in times of national crisis, a mistake that is being avoided now.

The extension service is also considering its part in an as yet uncompleted program for mobilizing city boys of high school age for farm work through a cooperative arrangement among schools, the employment service, and the Extension forces.

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Oregon Club Kids Win In Nine of 15 Contests

Two more national winnings by Oregon 4-H club members give this state a record of having seven placed among the highest regional winners, and two placed second highest in the nation where the campetition was on a nation-wide individual basis. Thus out of 15 contests, Oregon club members were top winners in nine, according to a summary made by H. C. Seymour, state club leader.

The two additional winners are Richard Krenz, 16-year-old Silverton high school junior, who won one of the two $200 college scholarships in the farm crafts contest, and Jean Huffsmith, Portland, who was one of nine blue group national winners in the dress review. Her prize included a free trip to Chicago and valuable sewing equipment.

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In Officers Training Camp

Ben McCue, Chester Beach, Jack See, Hollis Fleiner and Bob Coleman have been transferred from Camp Lewis to officers training school at Camp Roberts, according to a letter received from Ben McCue this week. He said he had passed the examination.

County Growers Can Boost Their Cash Income

Washington County's 4,348 farm operators can increase their cash income as much as $220,000 a year on fruits, nuts and vegetables alone by working with retailers in developing group marketing programs, it was estimated today by a leading distributor of Oregon crops.

"With approximately 875 farmers in this county and more than 15,000 farmers throughout Oregon using farm marketing cooperatives to streamline war-time distribution, the general trend toward group action in marketing is one of the most important agricultural developments in the state," according to Earl R. French, marketing director of A & P's produce-buying affiliate, the Atlantic Commission Company.

Our experience shows prowers can boost their income 10 to 15 percent by working together to provide adequate volume and standard grade and pack, and by working with distributors to cut out unnecessary handling operations and costs. This 10 to 15 per cent would bring approximately $145,000 to $220,000 extra annually on fruits, nuts, and v egetables alone to Washington county growers, who in one recent year received 1,445,816 from their sales of these products. Growers could similarly increase their cash income from other crops by group action French explained.

As an indication of the effectiveness of cooperation between growers and distributors, French said economies worked out through group marketing programs were one important factor helping Oregon growers to realize $535,900 last year for fresh fruits and vegetables sold through the Atlantic Commission Company

With wartime food supply conditions, emphasizing the need for shortening commercial distances between growers and consumers, group marketing programs can not only aid the Food-for-Freedom program but also provide a vitally important key to post-war farm prosperity, French declared.

He pointed out that the groundwork for building these programs is already well prepared in Oregon, which Group-Markets fruits and vegetables, dairy products and livestock.

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Alarming Notion Given to Clock Owners of City

This is just a warning not to yield to that early morning urge to toss your insistent alarm clock out the window and turn over for another 40 winks.

Your present Beckoner from the Arms of Mopheus is probably the only one you will be able to purchase for the duration. A check with Portland stores today revealed that new clocks of all types are even further back on the priority list than new tires.

Professional hoarders reading this will be too late—there aren't any new alarm clocks left in Portland. The metal which would ordinarily be made into an instrument to wake you up is now being used to put your enemies to sleep.

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Navy Recruiting Cruiser At Beaverton Tuesday

The Navy Recruiting Cruiser which visited Beaverton this week attracted large crowds. A program was given at 12:30 which included motion pictures and battle scenes. Forrest Cooper, state administrator of War Bonds sales spoke. The cruiser is making many towns through the Willamette Valley and Coast towns in connection with War Bond Sales and giving latest information on navy recruiting.

The car was in charge of Chief specialist F. T. Garesche, with fire controlman 3rd class W. W. Bond, Pharmacist mate 3rd class Stecklen Berg, and Yeoman 3rd class Subert.

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Tacoma Mayor Speaker For Jackson Day Dinner

Mayor Harry P. Cain of Tacoma, will be the principal speaker at the annual Jackson club dinner, Saturday night, January 9 ,at the Multnomah hotel, Portland, according to Dr. Bernard Noble, president.

The dinner is scheduled for 6:30 o'clock, and other notables are expected to have a place on the afternoon dinner program, it was announced after a meeting Monday noon at the Portland hotel. A number of committees have been appointed by Dr. Noble, headed by members of the executive board, including Young Democrats as well as older members of the Democratic party.

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Returns After Month's Visit

Mrs. Harold Miller (Dorothy Stafford) has returned to her home in Beaverton after a month's visit in the east.

On her return trip she visited her cousins, Captain and Mrs. Malcolm Bauer at Fort Douglas, Utah. She also spent a few days with Mr. and Mrs. Hal Swafford, former Oregonians, in Los Angeles, Cal.

Attention Shoppers

Shoppers, school children, and essential travelers are being urged to cooperate with bus lines in arranging shopping and pleasure trips. With the steadily increasing demand for transportation of workers engaged in essential and defense industries, the public can be of great assistance in relieving congested traffic by planning trips at hours other than those when workers are going to and from places of employment.

If you are a shopper, go after 9 a. m., and return home before 4 p. m., and limit your travel Monday to Friday exclusively, stay home Saturday.

School children return home on the first bus after school is out, and do not travel on Saturdays and Sundays. In so doing, you will make the seats available on week-ends and during the peak hour period for men in the armed service, defense workers, and other essential workers.

Your co-operation in this manner will lend a great help to the War Effort by relieving congestion on already overburdened transportation systems, and enable them to better serve your service men, defense workers, and essential riders.

You can help win the war, by conscientiously being aware of the above request when planning a shopping trip or visit.

DON'T TRAVEL ON SATURDAYS OR SUNDAYS DURING WEEK USE BUSSES AFTER 9 P. M. AND BE HOME BEFORE 4 P. M. DO YOUR PART.

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KINTON

The Kinton school held their Christmas program and tree Wednesday afternoon at the school house to a large group of parents and friends. The program was composed of dialogues and songs by both rooms, a piano solo by Jean Neher, a reading by Irene Van Kleek and a very impressive candle lighting service for the following eighteen boys from this school district who are in the Army Air Corps, Navy or Marines: William Van Kleek, Carl Van Kleek, Clifford Van Kleek, Herbert Ward, John Van Horn, Carl Karpstein, Rudolph Karpstein, Theodore Karpstein, Harry Ludwig, Glen Pringle, Orville Muilenberg, Harry Wedeking, Charles Kulbel, Robert Campbell, Ralph Fluke, William Pederson, Henry Bowne, and Charles Kehm. After the candles were dedicated Charlotte Thompson repeated a prayer for the boys. On December 26 two more boys, Vernon Sprecher and Edward Van Horn entered the service making twenty boys from this district in the service. Besides the gifts for the children each mother was presented with a gift made by her child at school. School opened Monday after a four days vacation and will close Friday for New Years day.

S. H. Pomeroy was surprised Wednesday night when a group of his friends called with presents and a birthday cake to help him celebrate his birthday.

The home of Mrs. Harry Richards was the scene of a merry Christmas party when forty-eight members of ten families of her children came home for Christmas. Nearly every home in this community observed Christmas when members of the family that lived near gathered at home for Christmas dinner and tree.

The Kinton Grange will hold their regular meeting Saturday afternoon Jan 2. Everyone in the community is invited to a pot luck dinner and community get together at noon of that day at the Grange hall.

Mr. and Mrs. Roy Bell, Miss Maxine Bell and Kenneth Bell spent Christmas day at McMinnville at the home of Mr. Bells brother in law and snster, Mr. and Mrs. George Woods.

Mr. and Mrs. E. L. Cox and Mr. and Mrs. S. H. Pomeroy were Christmas day dinner guests at the home of Mr. Pomeroy's sister, Mrs. Eunice Crips in Portland.

Mrs. Harry Richards attended the golden wedding anniversary of her brother in law and his wife, Mr. and Mrs. George Richards of McCoy on Monday.

Mrs. E. L. Cox left this week for Seattle where she will spend a week visiting relatives.

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Beaverton Girl Completes WAAC Advanced Course

Fort Des Moines, Iowa, Jan. 1—A member of the WAAC from Beaverton, Oregon, recently completed advanced training in the Specialist Schools for members of the Women's Army Auxiliary Corps here.

She is Anne Robel.

This Corps member was given four weeks basic training in military routines and procedures on reporting for duty. She was chosen for advanced training in courses in Specialist Schools because of the excellence of her work in basic training. The Specialist Schools comprise the Baker's and Cook's School, Motor Transport School and Administrative Specialist's School.

She will be assigned to fill a non-combat Army job now held by a soldier thus fulfilling the purpose of the Corps which is to release trained fighting manpower for combat duty.

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Funeral services were held Tuesday for Henry Krause of Portland, former proprietor of the Beaverton Bakery for many years. Mrs. A. H. Barron of Reedville, a step daughter, attended the funeral.

Enlargement Loan Available In This County

Washington County has been designated by the Regional Director of the Farm Security Administration as one of the counties in which Farm Enlargement loans can be made this year reports Victor S. Madsen, local county supervisor.

Although the appropriation is limited to the selection of five applicants between now and April 1, 1943, it is a start in attempting to develop economic units where the present farm is too small.

To be eligible, the applicant (1) must be a citizen of the United States, (2) must at the time of applying have been either the owner or purchase contractor of his present inadequate unit for at least 12 months, (3) have manifested a desire of stability of residence, (4) be adapted to and interested in operating a family-type farm, (5) be unable to obtain from private or other Government sources a satisfactory loan for the purchase, (6) be free from incurable physical disabilities likely to interfere with successful farm and home management operation,. (7) must be or must have recently been engaged in farming as a means of providing the major portion of the family income, (8) must have shown a proper attitude toward meeting obligations.

The loans will provide for the refinancing of present real estate indebtedness but in no case shall the refinancing exceed the amount required to purchase the additional tract.

The loan value will be determined by an appraisal of the earning capacity of the real estate rather than speculative values.

The rate of interest on these loans will be 3 percent and payable over a long period of years.

Madsen believes that this type of assistance should lead to more stability of farm families and better organization of real estate.

Applicants should apply at the FSA office in the Court House, Hillsboro, soon as the processing of these loans will take some time.

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Victory Garden Program For '43 More Inclusive

Oregon's 1943 victory garden program was launched at the second annual state-wide conference, held at Oregon State College, December 4, under the joint sponsorship of the OSC Extension Service, the OCD, and the USDA war board.

While the program will still emphasize gardens and more gardens for the production of vegetables, it was broadened slightly to include also calling attention to the necessity for the home production and preservation of other foods as well.

The conference adopted as the official name this year The Oregon Victory Garden and Family Food Supply Program, and included among its recommendations That a home garden be grown by every Oregon farmer having suitable soil for gardening ,a working knowledge of gardening, and the time to grow such a garden.

Also recommended was that families possessing facilities and skill augment the home food supply by the production of eggs, meat, and milk.

The question of the extent to which use of ornamental garden space for vegetable production would be recommended was again thoroughly considered. As was done last year, the conference again cautioned against wholesale destruction of lawns and ornamental plantings for vegetable gardens, and said the plowing up of golf courses and other playgrounds is not necessary. It did recognize, however, that some change in use might be justified and pointed out particularly the possibility of spading up all or parts of exceptionally weedy lawns or poor ornamental plantings that would profit by being renewed after the war.

The state conference will be followed by county conferences in which representatives of a score of agencies will be asked to take part. Four committees worked on the preparation of the conference report, which will be available for participating agencies and others interested.

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A middle-aged man, the other day, being asked if he liked the liver wing of a chicken, replied, "I hardly know, I have so seldom eaten it: when I was a boy my father took it, and now my children eat it."—Rev. E. J. Hardy.

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In the first year of war, the Department of Justice has secured court convictions of at least 8 persons charged with treason, has sent to prison, for terms aggregating 530 years, 49 spies in the pay of Germany and Japan, has brought under rigid control more than 2,000 foreign agents, and has indicted 27 war contractors for defrauding the Government. Through the breaking up of international cartels and illegal patent pools a great number of trade secrets and technical processes have been given to American arsenals and manufacturers.