

**Babson Forecast**

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work again for legislation on their parity program, but to fear of a collapse in all farm prices after the war.

**TAXES**

16. Taxes will not be increased during 1945 and some will be reduced; in fact, some nuisance taxes will be eliminated altogether.

17. The Federal debt will continue to increase during 1945.

18. Whatever is done about taxes, the cost of living will continue to rise during 1945.

19. Providing job for returning soldiers will be the big political football of 1945. I am not now prepared to forecast what will happen in this connection.

20. Through a coalition of Republicans and Conservative Democrats, we should have a "do nothing" Congress during 1945.

**RETAIL SALES**

21. The volume retail sales will show a decline during 1945. Prices of ladies' apparel and general luxuries will suffer, while grocery sales should be higher.

22. The total dollar retail sales should be about equal to 1944 with an increased demand for woolen and cotton textiles for civilian use.

23. The best cities for 1945 business should be:

Altoona, Pa.; New York, N. Y.; Cleveland, Ohio; Davenport, Iowa; San Jose, Calif., and Wichita, Kas.

24. There will be a great stampede in 1945 to get rid of the makeshift ersatz goods which have been made to take the place of good merchandise. Thus, 1945 will witness many "mark-down sales" of unrationed merchandise.

25. Wise will be those manufacturers, merchants and consumers who realize that postwar competition will be terrific and, therefore, withhold purchases until 1946.

**FOREIGN TRADE**

26. The United States will own over 50% of the world's ships in 1945.

27. There will be an increase in free exports with the "freed countries", but lend-lease exports will decline.

28. We will make England and Russia large postwar loans provided they spend the money in the United States.

29. Both the British Empire and Russia will go into the competitive foreign trade market during 1945; many cartels and government monopolies will be in operation. I, there-

fore, forecast higher prices for coffee, cocoa, sugar, and many other articles for which we are absolutely dependent upon foreign countries.

30. No central bank will be organized nor will the stabilization of foreign currencies be attempted in 1945.

**LABOR**

31. The Little Steel Formula will be amended during 1945.

32. Industrial employment during 1945 will be off 7% in hours and off 10% in pay rolls.

33. The building of a few new autos and new houses will be resumed during 1945.

34. Many industries, now operating on a 48-hour week, will return to a 44-hour week during 1945.

35. Wage rates will not decline, but "take-home" income will be less.

**WAR OUTLOOK**

36. The greater part of Germany's army will collapse before the German planting season opens in the spring of 1945. Before surrendering, Germany will try poison gas.

37. Japan will not hold out as long as most people think. Japan will collapse within six or 12 months after Germany collapses.

38. If Stalin's health continues, he will be the world's most powerful man in 1945 and may dictate the peace terms, especially for the Pacific.

39. Sometime after April, 1945, Russia will join (or threaten to) the Allies against Japan but only after the promise of territory privileges and a huge loan.

40. The markets may witness a "communistic scare" during 1945; but they should soon recover thereafter.

**STOCK MARKET**

41. The rails will show the greatest decline during 1945, because the airplane and shipbuilding stocks are already pretty much deflated.

42. The heavy chemicals, steels and motors may hold their own during 1945; but consumer goods will do much better.

43. The safest stocks to buy—considering value, income and safety—will be the merchandising stocks, especially the chain store stocks.

44. 1944 saw a large increase in the demand for peace stocks with a decline in war stocks; but 1945 will witness them both moving more or less together. Switching has been over-done in most cases.

45. 1945 will continue to witness creeping inflation, although the big

movement toward inflation will not take place until the next business depression which will follow the postwar prosperity.

**BONDS**

46. Though bank loan rates should continue to have an upward tendency, interest rates in general will remain low through 1945, since the money supply is now 20% above normal and government controls will continue.

47. Anticipating the expected decline in Federal taxes, 1945 should surely see a falling off in the price of most municipal and probably other tax-exempt bond.

48. The highest grade corporation bonds will decline during 1945.

49. Investors will give much more attention to diversification and staggered bond maturities during 1945.

50. More public utilities will be taken over by municipalities and "authorities" during 1945.

**REAL ESTATE**

51. Suburban real estate will be in much greater demand with higher prices during 1945.

52. City real estate should hold its

own, excepting in the congested war areas where declines may set in.

53. Small productive farms will continue to increase in price; but large farms may sell for less in 1945 than in 1944.

54. Building will show a considerable increase. Contracts will be up 25% but prices may be a little lower due to increases in lumber and cement production.

55. There will be no changes in residential rents during 1945.

56. Real estate will be helped by Congress ceasing to induct any more men into the armed services after June 30, 1945.

**POLITICS AND POSTWAR PEACE**

57. The uncertain political factor of 1945 will be Mr. Roosevelt. People will soon fear that he may resign before the next Congressional elections either on account of ill

health or to become head of a Peace Commission or new World Organization.

58. Our foreign headaches will become worse and more frequent during 1945. What we are going through to reorganize Italy, will be repeated in many other countries.

59. The Latin American honeymoon has passed its peak. The attitude of Argentina will extend to other countries and our South American troubles will increase during 1945.

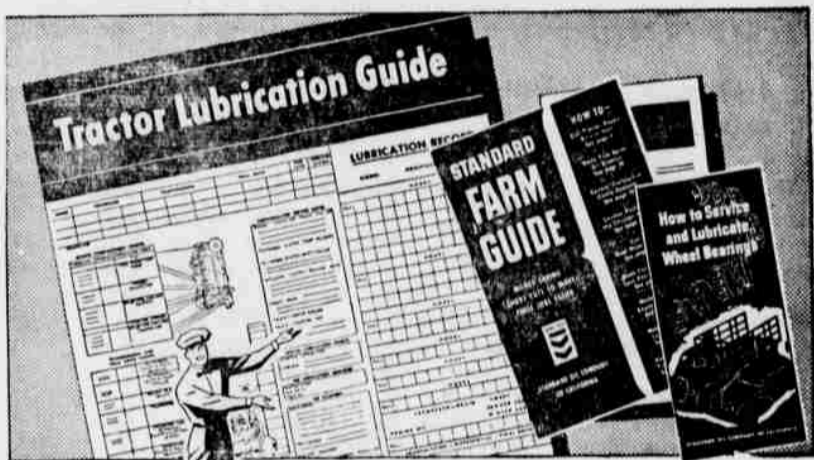
60. 1945 will see more religious interest, including more church-going, than did 1944. People gradually are realizing that without a Spiritual Awakening no peace or other plans will be much good. Nations cannot be depended upon to cooperate and stick to their agreements unless they recognize God as their Ruler and Guide.

**A Good New Year's Resolution**

To eat at the **HEPPNER CAFE** just as often as possible throughout 1945

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