

## Watch Your Investments

Babson Discusses Industries Outlook

New York City, June 19.—Once a year I like to give readers a brief resume of some of the various leading industries. I am arranging these, however, alphabetically rather than in accordance with their immediate importance as they are changing their relative position each month. Following are my condensed analyses:

### Industries For Consideration

**Agricultural Equipment**—An essential industry. Profits satisfactory, dividends liberal. Farm prosperity should maintain post-war sales.

**Automotive**—Practically entirely converted to war production. Profit margin down. Taxes up. War-end outlook favorable.

**Aviation**—Outlook for manufacturing companies poor. Planes will be "a dime a dozen." Transportation units should boom after the war.

**Banks**—Assets approaching new highs. Low rates and government holdings make earnings moderate. Prices low in relation to book values.

**Building**—Slump in residential construction and inability to convert to war work have caused severe inflation. Should boom at war's end.

**Chemicals**—Vulnerable to excess profits tax. Industry in growth period aided by research. Has inflation merit. Subject to competition.

**Dairy Products**—Aided by government and lend-lease orders. Noted for stability, income and increasing volume. Post-war exports uncertain.

**Department Stores**—Shortages, rationing, and price freezing offsetting large consumer demands. Immediate outlook poor. Peace would reverse picture.

**Electrical Equipment**—Sales at record highs. Earnings good but subject to heavy excess profits taxation. Capitalization increasing. Renewal of appliance business and post-war exports will help cushion after-war adjustments.

**Finance Companies**—Hard hit by elimination of consumers goods and restrictions on credit. Post-war outlook favorable.

**Fire Insurance**—A basic necessity. Not materially affected by wars, booms, or depressions. Conservatively managed. Excellent dividend record.

**Gold Mining**—Suffering from government control of money, high taxes and operating costs. Immediate outlook clouded; but should come back with after-war inflation.

**Grocery Chains**—Excellent management. Very stable. Act-

ing well marketwise. No great growth ahead but the industry well balanced to meet problems of war or peace.

**Machinery**—A real "war baby." Record outputs and earnings. One of the first to benefit from war; but one of the first to deflate with peace.

**Mail Order**—Sharply deflated due to war. Financial position strong. Long term outlook excellent.

**Meat Packing**—Sharply higher demands reflect higher profits. Stable earnings. Low invested capital. Immediate outlook good.

**Motion Pictures**—High wages increase attendance. Producing companies in good shape. Near term and future outlook okay.

**Paper**—Prosperous due to war. Has been aided by high demand and low imports of pulp. Backlog orders now on down side. Doubtful if demand in future can match recent requirements.

**Petroleum**—Inflation type industry. Research minded management. Taxes of little consequence. Long term outlook excellent; but immediate outlook uncertain.

**Railroads**—Helped by war. Sheltered from high taxes. Improving financial position. Current favorable position will not last.

**Railroad Equipment**—Earnings satisfactory due to railroad and armament boom. No great tax burdens. Large export business may be ahead.

**Rayon**—Unhampered by restrictions but hurt more than helped by war. Tax situation now bad. Development of new products may make outlook promising.

**Shipbuilding**—Obviously booming. Submarine menace calls for sharply higher tonnage.

**Steel**—War's key industry. Output greater than ever. Earnings always erratic. Book values to decline as new government financed plants are written off. Cannot now foretell after-war conditions.

**Sugar**—Pacific War plus shipping shortages have temporarily helped earnings. Beet companies should have best season for many years. Strict

## Hero Back In the Army



Sam Woodfill (right), 39, received congratulations from Col. Arthur R. Underwood at Fort Thomas, Ky., when Woodfill swapped a reserve captain's commission for active service as a major. For such feats as wiping out two machine gun nests with a borrowed rifle, Woodfill was described by General John J. Pershing as the first World War's "outstanding American soldier."

price control may be bullish post-war factor.

**Textiles**—Erratic peace time earnings replaced by war boom. Normally suffers from overcapacity. Outlook uncertain. Good management essential.

**Utilities**—Government break-up orders are hamstringing the holding companies. Operating units in better position. Both hurt by war taxes.

**Variety Chains**—Better situated than most retail outlets. Sales and profits should be well maintained.

**Advisable Readjustments**

At the moment the four industries which are prospering most are shipbuilding, meat packing, sugar, and paper; while the four that are least prosperous are utilities, gold mining, finance companies, and building. One is taking more or less of a risk to invest in any

of the above eight groups at the present time. Rather, he should consider one of the average groups, such as fire insurance, dairy products, grocery chains, and banks. Certainly, it would be wiser to take those that have suffered most, rather than those that have suffered least.

### Latest On Rubber Substitute Recipes

Readers will remember that in previous columns I told of experiments which were being made on tires to apply some asphalt gum or other mixture which required no rubber. (This is entirely different from re-treading by cementing camelback on to an old tire.) Thiokol accomplishes exactly what I have in mind. The cost should be \$6 to \$8 per tire with a mileage of from 3,500 to 5,000 miles at a speed of 40 miles per hour. The material is made from

caustic soda, chlorine, ethylene, and sulphur. Caustic soda comes from salt; ethylene from corn, wheat, or any agricultural waste; while Texas has a surplus of sulphur. Chlorine is now being allocated, but the production can readily be increased. No adhesive material is needed or no natural or reclaimed rubber will be required. The plan is identical with my original forecast and should permit 1,000,000 tires a month being treated.

## LUMBER CZAR TO SPUR PRODUCTION

Washington, June 19.—(P)—Emphasizing the nation's growing lumber shortage as a result of heavy military demands, war production board chairman Donald M. Nelson today appointed a western log and lumber czar to boost west coast production, and announced that skilled lumbermen in the area would be granted temporary draft deferments. Nelson said that Frederick H. Brundage, on leave as associate regional United States forester in the sixth region, had been made western lumber administrator with "the full powers of the war production board to carry out such action programs as may be necessary in order to obtain the quantities and quantities of lumber required by the program."

A management-labor advisory board from the western lumber industry will be named soon to assist Brundage.

## Four Billion More Voted For Britain

London, June 19.—(P)—The house of commons promptly voted a new 1,000,000,000-pound (\$4,000,000,000) credit for war purposes today at the request of Sir Kingsley Wood, chancellor of the exchequer, who said it brought Britain's total authorization during "the costliest war in history" to 10,050,000,000 pounds (\$40,200,000,000).

Britain's rate of government expenditure recently has risen to \$4,250,000 pounds (\$337,000,000) a week, Sir Kingsley said.

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## RECLASSIFYING OF MARRIED MEN IS SOUGHT BY TAFT

Ohio Senator Proposes Class III For Those Married Before Draft Law Passed.

Washington, June 19.—(P)—Senator Taft (R-Ohio) proposed in the senate today that the Selective Service reclassify all men married before passage of the draft law who are living with their wives and children into class III, calling them for duty only after all available younger, unmarried men had been inducted.

Speaking before the senate approved a resolution to correct a minor clerical error in the family allowance bill previously voted by both houses, Taft said that if President Roosevelt subsequently signs this bill into law immediate classification

of selective service registrant with dependents ought to be undertaken under terms of the measure.

**Classes Suggested**  
Predicting that it would be necessary to call married men with dependents in order to build the armed forces up to a strength of 10,000,000 men, Taft suggested the following classes be drawn upon in order: Men under 37 years old without wife or children, but with dependent parents, brothers or sisters.

Men under 37 with wife but no children.

Men under 30 years old with wife and children, or children only.

All other class III registrants, including men over 30 with wife and children.

Taft estimated that an additional 2,500,000 men would be selected for service in 1943 and 2,000,000 more in 1944.

**Should Decide**  
"We should decide and decide deliberately and intelligently whether boys of 19 should be taken before men more than 30 years of age with families," Taft told his colleagues. "We should also decide whether volunteering should longer be allowed."

He said he thought it unlikely that married men with families over 30 years old ever would

be needed for active service, adding that he thought it wise for Selective Service to make a definite ruling on the status of these men.

Senator Maybank (D-S. C.) interrupted Taft to note that a "large number of illiterates" in his state were anxious to serve in the armed forces but had been deferred under present Selective Service regulations.

Maybank suggested that some married men could be deferred if some way were found to educate those illiterates, many of whom were unmarried.

There are 80 shots at the enemy in a set of brass curtain fixtures, the metal they contain would produce that many cartridges for a soldier's rifle.

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