

Real Estate and Inflation

Babson Discusses Price Trends

Washington, D. C., June 26—There seems to be as much misunderstanding about inflation as there is about rubber and gasoline. Even the Washington Bureaus appear to issue contradictory statements. It may be that these departments get their tenses mixed up, referring to the present or past rather than the future. Therefore, let me first straighten readers out on this subject.

Inflation Indicated Now or After War

We most certainly will have inflation. If it doesn't come during the war, it will come after the war. Inflation is like a stream of water, you can't dam it up forever. Building a dam does not destroy the water in the stream. The dam holds back the water for only a limited time and then the water flows over it. The work of Leon Henderson, for whom I have great respect, is preventing inflation at the present time; but he is damming the water without destroying the flood. He is only postponing inflation.

All this talk about inflation is, however, accomplishing some real good of lasting importance. During World War I the Administration at Washington was friendly to business. Prices were allowed to take their natural course and go up. As a result, they went up too high and there was a tremendous decline in 1921. This sudden price decline ruined a great many people. Now with an Administration at Washington which is unfriendly to business, these prices are being kept down. This, however, should avoid a serious drop and deflation after the war is over.

Doubt of Dollar Worst Inflation

There are various kinds of inflation,—money inflation, credit inflation, commodity inflation,

etc., etc. Most of these forms are gradual and do not make or break people. The real dangerous form of inflation is when people get panicky as to the value of their paper money. Then, like a flock of crazy sheep, they suddenly turn to spending this money and putting it into real things. This is the inflation which may come after the war. It is a matter of psychology and cannot be headed off by laws or price fixing or rationing or anything else except faith in God and our country.

When people lose confidence in the dollar and look about for real things, they all turn first to good furniture, wearing apparel, new autos, books, rugs, etc. People with money to invest turn to common stocks of companies with natural resources, good labor relations and whose stocks are selling at prices below their "invested capital value." The middle-class group will put their money into good real estate. If you do not own a home, you had better buy one. If you own a home with a mortgage you should pay off that mortgage. If you own a home without a mortgage, get it in good condition to go through the inflationary period without the need of further maintenance expenses.

Real Estate Situation Not All Satisfactory

In the war districts there now is very little vacant property; it must be less than 1%. Yet, I would not advise buying property in these booming war areas. It might be well to sell when comes to considering average property in an average community I would divide it into five groups as follows:

(1)—Business Property. Now is the time to sell occupied city business property and the time to buy vacant suburban business property. The tire and gasoline shortages have temporarily reversed trading conditions. Where during the past few years trading has gone from the city to the suburbs, it is now returning from the suburbs to the thickly settled areas; but it will come back again.

(2)—Office Buildings. Most office buildings have been built in crowded sections. Hence, they should benefit during the remainder of the war, even if they may be used for purposes for which they were not intended. Those who own such property should keep down operating

Sailor Saved At Sea Wipes Away Oil



A sailor, one of 44 rescued from a collier in an Atlantic convoy after it had struck a mine, wipes the oil from his face after being hoisted aboard a sub-chaser on patrol. Captain Nybory of the collier is at the left.

costs and keep the property well maintained. As no new office building property will be built during the war, I now see no probable slump in good office building property after the war. (3)—Single Family Residences. Houses within walking distance of buses and railroad stations should hold up in value, but the sub-divisions, dependent on automobiles, should suffer during the remainder of the war. After the war the large, old-fashioned city houses will again be a drug on the market, but the houses in new sub-divisions should readily again come back in demand.

(4)—Apartment Houses—These are mostly 100% occupied at the present time. Apartment houses usually are built in locations not dependent on private automobiles and hence are benefiting from the war. Furthermore, no new apartment houses are now being constructed so that the demand is gradually exceeding the supply. On the other hand, those who can now get their money out of apartment houses which have been a headache during the past ten years had better do so. The net income on apartment houses should remain at about present levels, at least during the war.

(5)—Vacant Land—Much depends on the location and quality of the land, growth of the community, etc. My preference is land just outside of small cities of from 10,000 to 25,000 population, especially "college towns." Small farms that are near enough to a community to some day be cut up into house-lots should be attractive. Be sure to get such on the side of

the city which is growing. Most cities grow best in some one direction. Buy by the acre; then sell by the foot.

Remember Fire Losses And Population Growth

In addition to inflation there are other factors which should cause an up-lift in certain forms of real estate after World War II. For instance, the fire losses each year amount to nearly \$300,000,000. Of course, many of these losses are only partial and the building is quickly repaired; but many are total losses. These fire losses are constantly reducing the supply of houses. The population of our country is increasing at the rate of about 1,000,000 a year.

The birth rate last year was the highest that it has been for many years. The marriage rate for 1942 will top all previous records. These facts should develop a demand for houses after the war is over. The greatest probable help to real estate, however, would be inflation. When people get scared as to the real value of dollars, they will want to put them into something concrete, such as food, clothing and shelter. Of these three things, shelter will probably be in most demand.

Confirmation Rites Sunday Morning for Zion Lutheran Class

A special confirmation service will be held for a class of eight as part of the regular worship service at 11 a. m. Sunday at Zion English Lutheran church, West Fourth street at Oakdale.

The following young people have completed a year's course of catechetical instruction under the pastor, the Rev. Karl W. Brockhaus, and will be received into the communicant membership of the Evangelical Lutheran church: Charles Maben Gerhardt, Thomas Jacob Steinbrecher, Norma Jean Steinbrecher, Carl Edward Borg, Dorothy Mae Hanson, Sidney Arthur Lagensen, Barbara Anne Christensen and Roger Gene Sterton.

The pastor will preach the confirmation sermon on the theme "Facing Our Fortress of Faith." Following the service of confirmation, members of the class will receive their first communion.

The service Sunday will be open to the public and friends of the young people who are being confirmed are invited to attend church to witness this event.

OPTIMISM HURTS WAR BOND SALE

Washington, June 26—(AP)—Treasury Secretary Morgenthau today blamed "over optimistic statements about the war" for a lag in war bond sales, which he said made it improbable that June sales would reach the quota of \$800,000,000.

The treasury announced that Alaska was the first state or territory to make its June quota. The June goal in Alaska was \$400,000 and \$411,018 had been sold in the first three weeks of the month. In May, Alaska sold \$492,000 worth of bonds although its quota was \$198,000.

Salem, June 26—(AP)—The State Board of Control failed to take action today on a proposal to buy government war damage insurance for state-owned buildings, but indicated that it would take some action before July 1. The state is protected until that date.

See Mail Tribune want ads.

St. Peter's Lutheran To Play Host Sunday At Mission Festival

Lutherans from Klamath Falls, Ashland and Grants Pass will gather in this city Sunday and join the local congregation of St. Peter's Lutheran church and celebrate a special mission festival.

The services at 11 a. m. and at 2:30 p. m. will be held in the Lincoln school auditorium on North Bartlett and Maple streets. The guest speaker in both services will be Pastor Carl Nitz of Klamath Falls.

The local choir will render special selections in the services including "Gloria in Excelsis" by Henry Farmer and directed by Mrs. R. Smith. Home and foreign missions will be the predominant theme of the services. Lunch will be served for all present in the Lincoln school cafeteria. The public is cordially invited to both services.



"Treasure" hunt are suggested by the department of commerce as a means of collecting rubber and other needed scrap.



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HAMS, No. 1 grade, 1/2 or whole, lb. 36c; BACON, Extra Fine Quality, lb. 28c

Choice Veal Roasts, lb. 25c	Meaty BEEF Short Ribs, lb. 17c	CHOPS or Pork Steaks, lb. 30c
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Nice Assortment of Fat Young Tender HENS lb. 28c	R. I. Red and Barred Rock FRYERS Milk & Corn Fed lb. 35c
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SPRING LAMB LEG, No. 1 grade.....lb. 30c; Chops or Steaks, lb. 30c

CAMPBELL'S TOMATO SOUP 3 cans 25c

DEL MONTE CATSUP, Large Bottle 15c

SPINACH, Royal Club, No. 2 1/2 tins 18c

PUMPKIN— 12c
No. 2 1/2 size Tins

TOMATO Juice— 25c
Del Rogus. 3 TALL TINS

GRAPEFRUIT— 25c
Royal Club—No. 303. TWO TINS

FLOUR

DRIFTED SNOW 209

Enriched—49-lb. sack

FISHER'S BLEND 209

49-lb. sack

KITCHEN QUEEN 189

49-lb. sack

Klamath BOUQUET 149

49-lb. sack

EXTRA SPECIAL LIMITED OFFER PRE-WAR STEEL SKILLET

ONLY 50¢ AND ONE LABEL FROM THE TOP OF A PACKAGE OF ALBERS FLAPJACK FLOUR

25c

MILK

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