

Babson Forecasts General Business Increase for '55

Economist Roger W. Babson sees a general business increase in his forecast for 1955, which appears below. Babson sees encouragement for retail sales, food prices to firm later in 1955, the wage trend in organized industry to move higher and a spread in the uranium "craze" which could exceed the Gold Rush of 1849. He sees no relief in income taxes until the election year of 1956 and forecasts no crash by the stock market during the coming year. As to World War III, Babson says the initiative in international affairs still rests with Russia but feels the Kremlin is not yet ready for an all-out attack in 1955.

By ROGER W. BABSON

1. **GENERAL BUSINESS.** Despite wails from some quarters, 1954 saw a drop in the average Physical Volume of Business of only 3 per cent from the record year 1953. 1955 could see a rise of about the same amount. Certainly, the direction of business until mid-1955 will be upward.

2. **BUSINESSMEN WILL WAKE UP.** During 1954 many businessmen rediscovered the meaning of the word "competition." Sales will continue to be made only with real effort in most lines.

3. **CONSUMPTION OUTLOOK.** Consumption in a number of lines has been proceeding at a more rapid rate than has production. I forecast a better record in early 1955 for both steel and automobiles.

4. **TEXTILE INDUSTRY.** Textile industry operated at extremely low levels throughout most of 1954. Coal and railroad equipment also exerted a strong downward pull. I forecast that the textile and coal industry will be in a recovery phase after their long stay in the doldrums.

5. **PRIVATE CONSTRUCTION.** I forecast that home building and general construction will be somewhat lower in 1955 than in 1954, but this important industry should still operate at high levels next year.

6. **PUBLIC CONSTRUCTION.** I forecast that public construction will increase during 1955. This should mean a rise in the output of cement.

7. **AGRICULTURAL EQUIPMENT.** This industry has been suffering from a decline in demand, but should now improve. Government-sponsored planting curtailment and crop loans have reduced free supplies, and may make for higher agricultural prices later in 1955.

8. **ARMAMENT INDUSTRY.** The armament industry will still be one of the main floors beneath the economy. The electrical and chemical industries will move at a rate close to that of 1954.

9. **OTHER INDUSTRIES.** I am somewhat optimistic on clothing, aircraft manufacturing, airline transportation, office equipment, electricity output, petroleum production, natural gas and shoes. I am also fairly bullish on rubber, paper, electrical equipment, certain types of building, and nonferrous metals.

10. **WEATHER CONDITIONS.** It is foolish for me to attempt to forecast rains, droughts, frosts, etc., for any special section. However, taking the nation as a whole, I look for better weather in 1955.

11. **RETAIL SALES.** I forecast that the outlook for retail sales is encouraging, at least through the first half of 1955.

12. **PROFITS.** Stiffening competition is chipping away at the profit margin. Return on invested capital is in a long-term downward trend. The first few years after World War II were the golden years for the novice in business and for the inefficient. Those days are gone for awhile.

13. **SELECTIVITY.** Higher labor and other costs, plus intensified competition, will continue during 1955. I forecast a high degree of selectivity in the effect of this trend on individual activities and companies. Victory will be for the nimble and for the strong.

14. **DIVIDENDS.** Recent high expenditures for new plant and machinery have left some concerns with very high depreciation charges. As new capital commitments are cut and depreciation remains high, cash inflow could expand. Such companies should be able to pay out in dividends a higher percentage of earnings in 1955 than in recent years, notwithstanding a moderate profits shrinkage.

15. **INVENTORIES.** Inventories have been permitted to run down during 1954. As total business expands, there will be a tendency to replace reduced stocks, especially during the first half of 1955. Total manufacturers' inventories, however, may build up more rapidly than total business inventories. I forecast that total wholesale and total retail inventories will show little change from 1954 levels.

16. **PRICES OF MANUFACTURED GOODS.** Even with the expected pickup in demand, I see no sharp markup in industrial prices next year. Overall supplies are generally ample. Hence, I forecast that industrial prices in 1955 will show little change from recent levels.

17. **FOOD PRICES.** Food prices may firm later in 1955. The strong move into government crop loans this year has made free supplies of most agricultural items less burdensome. I forecast that new advertising programs by canners and other great food distributors will help farmers, stock raisers, and fruit growers.

18. **CONSUMER INCOME.** Consumer income will hold at satisfactory levels. Most goods should move readily into consuming channels.

19. **LIVING COSTS.** I forecast that during 1955 living costs will show little overall change from present levels. There may be some firming during the first half, but the late months may again witness a minor softening.

20. **RENTS, ETC.** I forecast rental expenses may edge somewhat higher; clothing costs should be steady to moderately higher. There is small chance that food expenses can be greatly reduced.

21. **MONEY SUPPLIES.** I forecast that money supplies will be ample for all legitimate business needs during 1955. With little likelihood of business getting out of hand on the upside, credit easing is more likely than credit curtailment in 1955.

22. **INFLATION.** Fears, or perhaps hopes, of an inflationary boom should be buried. Barring outbreak of war, our productive capacity is sufficiently large to meet all demands for goods. I forecast that no runaway inflation is probable, even if the money managers increase the supply of money or ease credit.

23. **INTEREST RATES.** Until the Treasury finds a way to balance the budget, hold business at high levels and unemployment at a minimum, I forecast little likelihood of higher interest rates.

24. **BOND PRICES.** With the possible exception of tax-free bonds, I see no reason for increased bond prices in 1955. I forecast an increase in the issuance of tax-free revenue bonds.

25. **STOCK PRICES.** After so sharp a rise, the market could have a reaction; but I am forecasting no crash in 1955 such as we had in 1929. In fact, the situation changed for the better Oct. 11, 1954.

26. **WAGES.** I forecast that the wage trend in organized industry will continue to move higher at least in the first half of 1955. During the first half year, when business will be improving, the labor chiefs will also be quick to resort to the strike weapon.

27. **OTHER LABOR GAINS.** I forecast that the heavy guns of the labor bigwigs will be trained on the guaranteed annual wage, shorter work week, and more pensions. With a better congressional control of appointments to the National Labor Relations Board, the decisions of that body will swing more toward labor than toward management.

28. **NEW INVENTIONS.** These will mostly be a labor-saving type. I forecast a marked increase in automation and cybernetics, and other marvelous changes in production methods.

29. **EMPLOYMENT.** Unemployment outlook is brighter, since business will be on the upgrade during the first half. I forecast that local and seasonal employment will still prove a knotty problem.

30. **FAILURES.** The salient business characteristic of 1955 will be bitter competition. Many companies already weakened by competitive conditions will no longer be able to keep afloat. I forecast a rise in both the number and the total value of failures during 1955.

31. **MERGERS.** I forecast that mergers and consolidations will be encouraged by federal officials, if, by merging, a weak company can be saved. But while every effort will be made to prevent

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MEDFORD, OREGON, FRIDAY, DECEMBER 31, 1954

Price 5c No. 244

Medford Man Killed In Collision of Two Vehicles Thursday

Fred J. McPherson Victim of Accident

Fred Joyce McPherson, 66, GeBauer apartments, was killed in a two-vehicle collision at the intersection of McAndrews and Biddle roads at about 2:15 p. m. yesterday.

McPherson was driving a pickup truck. Driver of the other car, a ranch wagon, was Mrs. Dorothy Tuttle, 29, of 3074 Belling rd. A passenger in the pickup was William V. Johnson, 65, of 5 Valley View dr.

Mrs. Tuttle and Johnson were taken to Community hospital by Medford ambulance service, where she was treated for shock, bruises and an arm injury, and he was treated for a broken wrist. Both were in "good" condition this morning.

Fails to Stop

State police said Mrs. Tuttle was driving east on McAndrews rd. She told officers she attempted to stop at the stop sign, but was unable to do so, and the two vehicles collided.

Officers reported that the pickup truck was driving south on Biddle rd. and that the force of the impact spun it around to the left, and forced it some 40 feet from the point of impact. The driver was thrown from the cab and landed on the side of a concrete-lined irrigation ditch.

Mrs. Tuttle's car also was spun around by the impact, and was facing west when the investigating officer arrived. Both vehicles were badly damaged and had to be towed away.

In Lumber Business

Mr. McPherson was born in Schuyler, Neb., on Feb. 18, 1888, and had been a resident of Medford since about 1915. He was engaged in the lumber business, and earlier operated a men's clothing store here until 1932. He was a member of the Masonic lodge.

Survivors include Mrs. McPherson and their son, Fred N. McPherson, and several nephews living in Portland.

Funeral arrangements are being made by Perl funeral home.

Woman Hospitalized

State police also reported that Mrs. Alfred J. Kittick, 40, Klamath Falls, was treated for injuries at Ashland hospital yesterday afternoon, after a car driven by her husband collided with one driven by George Fredrick Bradley, 63, Box 12, Jacksonville.

The collision was on the Greensprings highway about eight miles east of its junction with Highway 99, officers said. Both vehicles were seriously damaged.

Officers cited Bradley for failure to operate on the right side of the highway.

Father, Son Hurt

Joe Everett Robertson, 30, route 1 box 391, Central Point, and his son, Curtis, 2, were injured about noon today in an auto accident near the Richfield truck station on Highway 99.

Officers said that a sedan driven by Robertson, proprietor of Don's drive-in, Central Point, struck the rear of a concrete mixer truck operated by Lester Lane Dusenberry, 40, 2810 Elliott ave, Medford.

Robertson suffered forehead cuts and chest bruises and his son a cut lip. They were taken to Community hospital by Medford Ambulance service. Dusenberry reportedly was not hurt.

Hammarskjold Talks With Anthony Eden

London—(U.P.)—U.N. Secretary general Dag Hammarskjold conferred with Foreign Secretary Anthony Eden today on his delicate mission to Peiping to obtain freedom for 11 imprisoned American and U.N. prisoners held by the Reds.

Timed with the secretary's arrival was an announcement by Moscow Radio that the Chinese Reds had sentenced 12 alleged "American Chiang Kai-shek agents" to death and two others to life imprisonment.

It appeared that all of the 14 were Chinese.

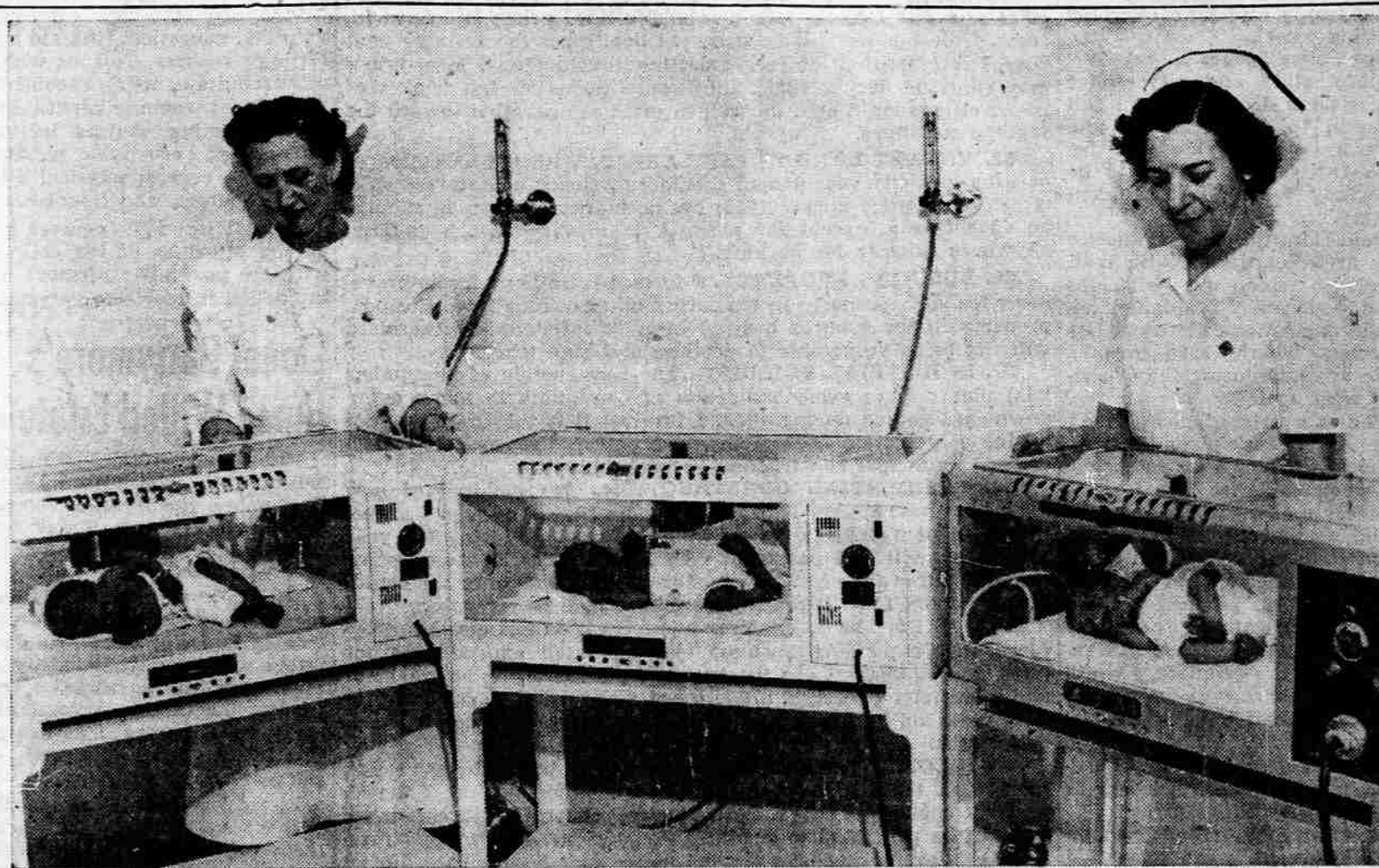
Hammarskjold received a warm airport greeting from Huang Hsiang, the Communist Chinese envoy to London upon his arrival.

Weather

FORECAST: Generally cloudy with occasional rain in valleys and snow in mountains above 4,000 feet through Saturday. Low tonight 42, High Saturday 50.

Highest Yesterday	Temp.
49	
Lowest this Morning	41
Pre. to 4:30 a.m. Today	57

Storm Lashes Oregon Coast



TRIPLETS SHOWN OFF—The Rolls triplets, born at Sacred Heart hospital Wednesday morning, pose above for their portraits. The parents, Mr. and Mrs. James W. Rolls, 512 Summit ave., still have not decided definitely on names for the three tiny boys. The smallest (at left) was the first born, and weighed 3 pounds 13 ounces at birth, but reportedly gained an ounce this morning. The middle one (in center incubator) weighed 4 pounds 6 ounces, and the largest weighed 4 pounds 8 ounces. All are said to be doing well. The nurses are Mrs. Rara Rucker, at left, and Mrs. Addie Price.—(Brainerd photo)

Streams Receding; Landslides Block Roads; Rail Lines

More Than Five Inches Of Rain at Brookings

By UNITED PRESS

Oregon coastal residents from Astoria to Brookings dug out today from the effects of a torrential rainstorm that sent streams out of their banks and blocked highways and rail lines with slides.

Brookings, on the south coast, had more than five inches of rain in a 24-hour period and the rainfall was heavy all the way north to Astoria. But the rain slackened off today and streams were reported going down. Highway and rail crews were busy clearing away rock and mud.

High Water Expected

Residents of the lower Coquille valley braced for high water expected this afternoon from the upper reaches of the stream's north fork. It was not known immediately how high the crest would be, but no serious damage or livestock loss was reported from upstream points where the north fork shot over its bank late yesterday. The north fork was receding today as was the Coos river which went over its banks in some places.

There was water over the highway between Coquille and Myrtle Point, but traffic was getting through.

Trains Delayed
Two Reedsport local trains were held up at Mapleton and another freight train stopped at Wendon for the night. The Southern Pacific branch line between Coos Bay and Eugene was cut in three places by slides.

More than two inches of rain loosened an embankment overlooking Highway 30 near Astoria yesterday and the resulting landslide blocked the route near Tongue Point naval station. A bridge on Highway 101 south of Port Orford was washed out and highway officials said traffic would be diverted over new construction if the damage could not be repaired promptly.

Highway 36 Blocked
An earth and rock slide near Mapleton between Eugene and Coos Bay blocked both Highway 96 and the Southern Pacific branch railway line. Debris was four feet deep over parts of the two routes.

A virtual cloudburst dumped 5.43 inches of rain on Brookings in the 24-hour period ending at 4:30 p.m. yesterday and ground water, coupled with gale-driven tides, flooded several roads but all were considered passable.

A section of new highway near Newport gave way under the impact of 3.93 inches of rain and the rocks and mud caught a passing auto and a grader. The driver of the car was rescued uninjured.

Guards were placed on several fill areas along the new coast highway, to alert motorists against sectors weakened by the rains.

In contrast to the heavy rain on the coast, Portland got .51 of an inch.

Salem—(U.P.)—The Willamette river rose sharply today but forecasts said no serious flood threat existed unless heavy rains returned.

The stream rose 7.3 feet here in 24 hours. The Willamette rose 5.5 feet at Albany and the lower Santiam river went above flood stage at Jefferson.

The five-day outlook by the weather bureau called for recurring rain with a total of 2 to 4 inches in coastal areas and along the west slopes of the Cascades with 1 to 2 inches in interior valleys.

Eisenhowers Planning Festive Celebration

Augusta, Ga.—(U.P.)—President and Mrs. Eisenhower plan a festive New Year's Eve with members of the Augusta National Golf club.

The chief executive, his wife and her mother, Mrs. Elvira Doud, planned to dine in the Trophy room of the club.

According to members of the Eisenhower staff, the chief executive will stay up until midnight, then go to bed shortly afterward.

Selah, Wash.—(U.P.)—Fire swept through the Samson-Biehle Fruit Co. packing room here last night, causing damage estimated at \$50,000.

Problem of Names For Triplet Boys Unsolved by Mother

The problem of what to name three tiny boys is giving Mrs. James W. Rolls a bad time today.

The mother of the triplets born Wednesday at Sacred Heart hospital has not been able to decide—definitely, that is—on names for her three new sons.

The youngsters, all being kept in incubators because of their small size and prematurity, are doing fine, according to the proud nurses of the obstetrical department, whose "pets" they are. The smallest one gained an ounce today, they report. The others are holding their own.

Meanwhile, Gerber Products Co., makers of baby food, announced through their local representative, Jack Rentz, that the triplets will be given a one-year supply of Gerber's baby food.

Al Dumas, of Medford Domestic laundry, said yesterday afternoon he will give the family 30 days of free wash-dry-folded laundry service.

Earlier, the father, an employee of City Sanitary Service Co., was presented with \$100 by his employers, and given a \$1 per day raise. Others in the city, including retiring Mayor Diamond L. Flynn, have indicated an interest in giving the young parents an assist with their multiple new responsibilities.

The family lives at 512 Summit ave.

Yule Tree Pickup Planned for 'Dimes'

The March of Dimes will be aided by the Medford Loyal Order of the Moose Sunday, Jan. 2, when members of the lodge will pick up old Christmas trees throughout the city.

They will begin the project at noon that day. They ask that persons having Christmas trees to be disposed of place them in front of their homes, and that contributions for the March of Dimes be included. They suggest that householders place the contributions in envelopes and seal them, and if receipts are desired, include their names and addresses.

That evening at 8 p.m., men of the lodge will burn the trees in a huge bonfire in the Camp White area. The public is invited. Provided that weather conditions are good, musical entertainment is planned for the evening event. Medford Boy Scouts of various troops will cooperate in the project, the lodge men said.

Those who want more information should call John Keener, telephone 3-3661.

DOW-JONES AVERAGES

New York—(U.P.)—Dow-Jones final stock averages: 30 industrial 404.39 up 2.42; 15 utilities 62.47 up 0.62, and 65 stocks 150.22 up 0.77. Sales today were about 3,840,000 shares compared with 3,590,000 shares yesterday.

March of Dimes Kickoff Nears; County Campaign Leaders Listed

Plans for the annual March of Dimes campaign January 3 to 31, to raise funds to combat infantile paralysis, moved a step nearer completion today with announcement of those who will head the campaign in various towns in the county.

The list, revealed by Bob Smith, co-chairman with Van Purdy for the sponsoring Medford Active club, include Thomas Reeder, Medford; Mrs. Curtis Gerhardt, Applegate; Carl Surber, Ashland; William Fry, Butte Falls; William Cody, Camp White; Wendell Panter, Central Point; Don Geren, Eagle Point; the Rev. G. W. Gear, Gold Hill; Ray Wilson, Jacksonville; Frank Lovett, Phoenix; Heston Grieve, Prospect; Mrs. C. W. Gleim, Talent; and Mrs. Eva Segessenman, Shady Cove.

Duffy Heads Publicity

John Duffy, Medford, will conduct the publicity campaign at the county level and Russ Jamison, radio station KMED, will coordinate radio and television programs. J. D. Montieth, of the U. S. National bank, Medford, will again serve as campaign treasurer.

"The need for funds is greater than ever," Smith said today. "More than 60,000 persons who have had polio in past years are still looking toward the National Foundation for Infantile Paralysis for care, and the Salk vaccine trials, which are costing many thousands of dollars, are yet to be completed," Smith said.

Results of a University of Michigan evaluation test of the field trials are expected to be announced in April, according to National Foundation spokesmen, and indications are that the vaccine will be available to the general public in 1956 if the tests prove satisfactory, which they are expected to do.

An unavoidable delay in receiving supplies will slow the local campaign at the start.

Smith said, but coin cards will be in the mail in a few days and coin collectors will be distributed to places of business throughout the county as soon as the supply arrives.

Extra Policemen On Duty Tonight

Extra police patrol cars will take to the roads in Medford and Jackson county tonight in an effort to prevent automobile accidents, particularly those involving drunken driving.

City and state officers have orders to stop all cars that are operating in an erratic manner.

All available city police officers will be on hand tonight and early tomorrow to drive home motorists who have had too much to drink, according to Police Chief Charles Champlin.

All public offices except those of law enforcement and fire protection agencies will be closed all day Saturday, and most business places plan to be closed throughout the day.

The Mail Tribune's business office will be closed Saturday.

Slight Earthquake Felt at Bishop, Calif.

Bishop, Calif.—(U.P.)—A slight earthquake was felt here today, causing windows and dishes to rattle for about two seconds. There was no damage, police said.

Mendes-France Seeks Big Four Conference; Ratification Praised

Paris—(U.P.)—Premier Pierre Mendes-France turned today to the task of pacifying Moscow which denounced French ratification of the German rearmament pacts as an aggravation of the danger of a new war.

Mendes-France, bone-tired after a 11-day parliamentary crisis that threatened his government and the Western alliance, sought a big four meeting with the Soviet Union as a means of easing international tension.

The decision to rearm Germany was an agonizing one and it left France deeply divided. A meeting with the Soviets would perhaps ease the tension in Paris.

The new era in European history began at 8:54 p. m. Thursday afternoon when it was officially announced the assembly had approved German rearmament by a vote of 287 to 260.

The assembly then sat in dead silence, appalled at the agonizing decision it had reached after four years of indecision.

London—(U.P.)—French ratification of the German rearmament pacts brought praise today from the free nations of the world, condemnation by those in the Communist bloc and a warning from Moscow Radio that it aggravated the danger of a new war.

British newspapers in general warmly welcomed the French action though the Manchester Guardian, which favors the Western European Union, warned:

"The decision to rearm Germany was an agonizing one and it left France deeply divided. A meeting with the Soviets would perhaps ease the tension in Paris."

Comment in Asia was sharply divided. Neutralist and Communist nations opposed it. Such Western nations as the Philippines, Japan, Nationalist China and South Korea favored it.

Some said West German rearmament would spark a renewed arms race, make more difficult the explosive issue of German unity, and check it not reverse the recent trend toward "peaceful coexistence."

Pedestrian Injured When Struck by Auto

Robert Stensvick, 76, of 520 North Front st., was taken to Community hospital by Medford Ambulance service yesterday, after he was hit by a car at about 5:23 p.m. at the intersection of North Central ave. and Fourth st.

Driver of the car was Dale Ramon Flowers, 17, of 306 Apple st., according to police.

Stensvick, who suffered head injuries, was said to be in good condition at the hospital.

Year-Around Oregon School Operation Plan Suggested

Corvallis—(U.P.)—A radical departure from traditional school terms was proposed here yesterday by State Senator-elect Mark Hatfield of Marion county.

Hatfield said he would ask the state superintendent of public instruction to make a study of the feasibility of operating Oregon schools the year 'round, with staggered vacations for students and teachers.

18-Year-Old Vote Talked
In a speech before the Corvallis Rotary Club, Hatfield also raised the question of the 18-year-old vote. He said he was canvassing the opinions of social science teachers around the state.

"Maybe the time is right to