

# Babson Sees Some Business Decline In 1956 Forecast

By ROGER W. BABSON

1. If no unforeseen event happens, President Eisenhower will be re-nominated and re-elected in 1956.

2. The Republican party has an excellent chance of winning in 1956 with President Eisenhower making a few key speeches and promising to be an active part of the administration. He is trained to take responsibility and enjoys it, but the President should be relieved of speech making, entertaining, and much of the detail work which goes with being President.

3. Competition will be very severe in 1956, and with few exceptions will cause business profits to be less in 1956 than in 1955. Too many manufacturers, not satisfied with their present good business, are starting to make other products and undercut standard prices.

4. Higher wages may also be expected in 1956, and these could reduce profits. These higher wages, however, will largely be spent and should increase retail sales.

**Increased Advertising Appropriations in 1956**

5. Increased advertising appropriations will be seen in 1956. In fact, advertising appropriations for newspapers, magazines, television, radio, and billboards have helped our prosperity, or it would not have lasted through 1955.

6. The recent policy of the money managers in the direction of "squeeze" will be shifted to "ease" sometime in 1956. This reversal could put a floor under any business decline that may start next year.

7. Liberal credits to the purchasers of houses, automobiles, washing machines, televisions, and various other things have bolstered prosperity and will continue to be a strong support to many industries, through 1956 at least.

8. If the Republicans are re-elected in 1956, great sums will continue to be spent on research and new plant expansion. The effect could well be another "turn up" in the Babsonchart Index of Business.

9. Despite the decline in family formations, the baby boom will roll merrily on through 1956. The reason: More parents are willing to have four, five, and even more youngsters. The result: A tremendous, sustained demand for all kinds of necessities—housing, food, clothing, new schools, etc.

10. All told, I look for 1956 to be the second best business year in history—just a shade off from 1955. Predicted declines in the key auto and residential building industries will largely be offset by rising expenditures for roads, sewers, and schools—and by increased demand for electricity, natural gas, and foods.

**Real Estate Forecast for 1956**

11. The main handicap to retail business in 1956 will be intensification of the parking nuisance, but this is getting so terrible that a revolutionary solution may be in sight. Shopping centers are a partial remedy and will help suburban property. But only 15 per cent of the people will live in the suburbs in 1956.

12. Cities will condemn old buildings and provide thousands of parking lots in 1956. As this is done, city property will again come back. Until then we see no price improvement during 1956 in city business property.

13. Building costs will average higher through at least the first half of 1956. This means that fewer new homes may be built next year.

14. With demand falling and money more expensive, speculative builders of new homes will have to watch their step more closely in 1956 than in any year since the ending of World War II. Duplex Homes Continued Demand

15. Duplex dwellings will probably continue in demand through the whole of 1956 if they are well located. The limiting of rents will probably be totally abolished during 1956.

16. With the trend of vacancies showing a tendency to rise, owners of the newer and more costly apartment buildings will find their profit margins squeezed harder in 1956 than at any time in recent years.

17. Commercial farms need not suffer during 1956. Increased efficiency and new machinery should offset price declines.

18. Owners of small scattered farms will suffer during 1956. They have not the volume or capital to cut their costs to offset the reduced prices for their crops.

19. Farmers within 10 or 15 miles of a city can "beat the game" by selling out at the increased prices which their land will bring for subdivisions. Many more well-located close-in farms will become subdivisions during 1956.

20. Taken all in all, the real estate situation should average only moderately below the good level of 1955. However, activity promises to be less and those who have been holding real estate for speculative profits might do well to consider selling.

**International Outlook and Politics**

21. Russia will keep out of war with us during 1956.

22. There will be one or more small wars during 1956. Both sides of the conflicts will try to secure help in the form of munitions from both Russia and the United States, but none of these will develop into serious conflicts.

23. The "cold war," now existing between Russia and the United States, will continue through 1956.

24. The hydrogen bomb and the guided missile will be the greatest international factors for diplomatic trading during 1956. This trading will hold down the price of big-city property.

25. The Republicans will turn slightly "New Dealish" during 1956 and this will bring on a lively and heated Presidential campaign.

26. Democrats are uncertain as to what their policy will be in 1956. Stevenson is a liberal; but more conservative than many Democrats. Kefauver appeals to the masses, while Harriman leans to the left. However, some "dark horse" may run off with the Democratic nomination.

**Some Taxes Will Be Reduced**

27. Some taxes will be reduced during 1956. These cuts will try to favor all voters slightly; but the largest benefits will go to lower income groups.

28. The farm problem—concerning higher price parities—will be the center of most political fights.

29. The cost of living will increase only slightly during 1956. We, however, must not forget what weather can do to production, prices, and even to the stock market.

30. All the above means that there is now in sight no reason for further inflation during 1956. Certainly, I look for no run-away price climb.

**Outlook For Commodities in 1956**

31. I am not a crop expert, but my associates' forecast for 1956 is as follows: (1) Further acreage reductions that will be largely offset by soaring yields resulting from intensified cultivation; (2) expanded farm subsidies that will mildly bolster crop prices and farm income compared with the 1955 averages.

32. Although wheat and corn prices depend upon both shifting weather and foreign conditions, for 1956 I forecast moderately higher prices for the major grains, based on increased subsidies to be voted by Congress.

33. Industrial prices will enter the new year on a high plateau and should be well maintained to possibly firmer during the forepart of 1956. Later, as business falters, look for selective easing in this group.

34. Steel in 1956 will average higher in price than for all of this year. Do not look for any price cut in this key metal, even if business slackens.

35. Nonferrous metals in 1956 should move with the Babsonchart Index. High prices in early weeks may be followed by price weakness. Zinc and lead may be the first to give a tip-off on the coming downturn, but copper eventually is riding for the greatest fall.

**Frozen Food Prices May Advance**

36. Processed and frozen foods should advance only slightly in price as increased labor costs are offset by new machinery and competition intensifies. Early firmness in textiles should be followed by some late-year weakness.

37. There will probably be more leisure time during 1956. This should help the entertainment group, including sports, travel—and possibly the petroleum industry.

38. During 1956 I hope that school teachers will be paid more money. But, in order not to have increased municipal taxes, school committees must develop some method of either improving the efficiency of the schools, or reducing the time necessary for completing studies.

39. More people will continue during 1956 to return to the

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## Copco Contract Is Approved; Clears Way For Link Dam

### \$9,000,000 Project Near California Line

The interior department Friday approved a 50-year contract with the California Oregon Power company for continued operation of Link river dam.

The action clears the way for construction of a \$9,000,000 dam across the Klamath river in Oregon, near the California border. Copco received a conditional license for the dam from the Federal Power commission last January. The license specified that it was dependent on the approval of the contract with the interior department.

### Reclamation Project

The action clears the way for Washington by Undersecretary of the Interior Clarence A. Davis. The Link river dam is part of the Klamath reclamation project near Klamath Falls.

It was constructed by Copco and deeded to the government under a 1917 contract, which provides the dam be operated to improve the output of Copco's power plants on the Klamath river in Oregon and California, subject to prior demands for irrigation in the Klamath project.

The new 50-year contract continues the same arrangement, but in addition defines more carefully a broader area which can be irrigated with water released from behind the dam.

### Insurance Operation

Davis said the contract "will insure operation of the dam (Link river) at all times for irrigation and domestic use on existing and future federal reclamation projects in the area." He said it has received approval from the Oregon and California Klamath river commission, and by representatives of water user groups.

Copco will still provide power for pumping irrigation and drainage water, Davis said, on existing and any future reclamation projects at rates substantially lower than those in general effect throughout the company's service area.

A. S. Cummins, president of Copco, said Saturday approval of the contract assures "continuing operation of existing plants, vitalizing the company's investment in them, and clearing the way for the company to perfect a license to construct a plant on the upper Klamath river. . . . This contract and license will make available to this company the undeveloped power potential of the upper Klamath river, estimated as some 300,000 kilowatts. It promises residents of the company's service area an adequate power supply and protects the Klamath basin's water from possible diversion to other watersheds."

### Regulate Flow

He also indicated that the development now possible will permit the company to provide greater regulation of the flow of water downstream in the Klamath river. The company has been subjected to criticism for some years for surges of water down the Klamath caused by varying demands for power.

The matter has been in the courts in California, and Thursday the state supreme court denied a Copco motion to remove from Siskiyou county superior court jurisdiction in the matter. The Siskiyou court earlier had ruled the present Klamath river dams constitute a nuisance. The state had charged that water fluctuations caused by the dams had killed fish and threatened public safety.

## P. H. Parrish Retires From Newspaper

Portland — (U.P.) — Philip H. Parrish Saturday announced his retirement from a newspaper career of service on both of Portland's metropolitan dailies. He said illness was the reason for quitting his post as editor of the Oregonian editorial page. He was formerly a reporter for the Oregon Journal.

Parrish joined the Journal in 1919 and covered the famed D'Autremont murder trial in Jacksonville. He served briefly as alumni editor at Oregon State college before going to the Oregonian. He has been editor of the editorial page since 1939.

Succeeding Parrish will be Herbert Lundy who has been associate editor for 10 years. Parrish will continue to serve as an editorial consultant.

In addition to his newspaper work, Parrish also authored two books, one of them a standard text in Oregon history courses.

## Marshall Observes 75th Birthday

Pinehurst, N.C. — (U.P.) — Famed soldier and statesman Gen. George C. Marshall marked his 75th birthday quietly Saturday but was disappointed when weather prevented the arrival of his longtime friend, Bernard Baruch. Scores of congratulatory messages poured in from all over the free world to Marshall. He said they were arriving at the rate of about "half a dozen an hour."

## Barneburg Hill Site Bought For Retirement Home

About 15 acres on top of Barneburg hill will be purchased by Rogue Valley Manor as the site for its proposed retirement home.

M. N. Hogan, president of the non-profit corporation which is planning the manor, said a sales agreement with the owners of the property was signed Saturday afternoon. The agreed price was not announced, but it was known to be in the tens of thousands of dollars.

## Hill Location

Barneburg hill is located south of Barnett rd., southeast of the present city limits of Medford. It is located in an area proposed for annexation to the city. Annexation will be decided in an election Jan. 16.

Present owners of the property are Claude and Robert McIntire of the Rogue Valley Land company, Grange Fields, and Mrs. Maurice Spatz. They are planning a residential development in the area, and are among the petitioners for annexation. The hill has been platted and streets and lots laid out. Further development is awaiting results of the annexation election.

## \$2,000,000 Business

The area to be sold to the Manor is located on the summit of the hill, extending downward for some distance. The Manor building, to cost an estimated \$2,000,000, will be built at the summit, with a view in all directions, and will be surrounded by a landscaped area. The rest of the hill will be used for the residential development.

The Manor is affiliated with the Methodist homes organization, but is a non-denominational group which is planning the manor as a retirement home based on Christian ideals. Lifetime occupancy rights to the apartments will be sold in advance, with monthly full-care charges kept at a minimum.

The manor and the subdivision developers will cooperate in the installation of streets, sewers and water facilities, under the sales agreement. Start of the work is tentatively scheduled for mid-1956.

## Archbishop Of York Dies After Illness

York, England — (U.P.) — Dr. Cyril Forster Garbett, Archbishop of York and second ranking prelate in the Church of England, died Saturday after a long illness. He was 80.

A renowned humanitarian, Garbett was outspoken on many controversial subjects. He caused a sensation in 1945 when he declared that Hitler should be shot on sight rather than brought to trial.

## California Rivers Returning To Normal As Agencies Speed Rehabilitation Plans

San Francisco — (U.P.) — Once-turbulent California rivers were falling on all fronts Saturday, giving public agencies a free hand to speed "back-to-normal" operations in flood-ravaged areas.

Overnight tides in San Francisco bay were lower than expected, easing the threat to the San Joaquin-Sacramento river delta communities.

The San Joaquin was reported dropping at the rate of an inch an hour at Stockton since 7:30 a.m. Saturday.

Isleton, a farm community of 1,600 50 miles northeast of San Francisco on the Sacramento river, was reported "doing fine" after waters had lapped to within seven inches of top of the levee.

Isleton Civil Defense Director

## Celebration Fatal To 112 When Stone Parapet Collapses

### 50 Others Injured At A Shinto Shrine

Tokyo, Sunday — (U.P.) — At least 112 persons died in a traditional New Year's celebration early today when 30,000 pushing and shoving worshippers caused a stone parapet to collapse at a Shinto Shrine.

Police said 50 other persons were injured. Other estimates put the death toll as high as "170 and 180." A partial list of victims showed at least 21 women among the dead.

It was the worst New Year's disaster in recent Japanese history.

### Traditional Pilgrimage

The six-foot stone wall collapsed as worshippers shoved and pushed in the dimness of the torch-lit Yahiko Shinto Shrine in northern Japan to make the traditional New Year pilgrimage.

Scores were buried under rubble and others were crushed under the feet of the stampeding crowd as panic spread.

Police rushed to the scene to restore order and rescue injured.

The shrine is located 12 miles south of the city of Niigata which is 160 miles northwest of Tokyo.

The Kyodo News Agency said the parapet collapsed while priests in silken ceremonial robes threw mochi (rice cakes) denoting good fortune to the crowd of worshippers from the temple entrance.

As the people surged forward to catch the cakes, the wall collapsed. Many elderly men and women and children were in the crowd.

Some of the pilgrims had climbed to the top of the parapet to escape the press of the crowd toward the shrine just before the wall crashed.

The disaster recalled the Jan. 2 tragedy at the Imperial Palace in Tokyo two years ago when six persons were killed and many injured in a stampede to get into the palace grounds before the gates closed.

The tragedy had a sobering effect on the Japanese who saw out the Year of the Sheep and welcomed in the Year of the Monkey in a mixture of occidental exuberance and Oriental solemnity.

## President Spends Quiet New Year's

Key West, Fla. — (U.P.) — President and Mrs. Eisenhower spent a quiet New Year's Eve last night in Navy Base quarters overlooking a flotilla of submarines after one of the Chief Executive's most eventful years.

The First Lady flew down from Washington to join the President for the New Year's holiday week end as he recuperates from his recent illness.

Meantime the White House took a detached attitude toward the new year statement by Marshal Nicolai Bulganin, chief of the Russian state, calling for new efforts to outlaw atomic weapons.

"Don't they always issue statements like that on New Year's Day?" said Press Secretary James C. Hagerty when asked about the Bulganin statement.

### NO PAPER MONDAY

The Mail Tribune will not publish on Monday, Jan. 2, in observance of the New Year's week end holiday. It will resume publication the following day, Tuesday, Jan. 3.

# Cor Is Urged Against Floods



ROLLS IN NEW YEAR—Two-year-old Terri Langley, daughter of roller skating star Ann Cavello, sees the New Year enter at the San Francisco Cow Palace where her mother participated in the Roller Derby.

## All-Out Safety Drive Pays Off With Fewer Highway Fatalities

Chicago — (U.P.) — Safety experts said last night they were "elated with reservations" about the low number of traffic deaths during the New Year's holiday.

They noted that the rate of traffic fatalities on the nation's highways was running less than three an hour, as compared with

5 an hour at this stage of the Christmas holiday period.

### Rate Could Go Up

They cautioned, however, that motorists on the roads during the wee hours of New Year's day could send the rate up sharply.

As of late last night, 74 were killed in traffic accidents. Seven persons died in fires, one was killed in a plane crash and 17 others died in other types of accidents.

California and New York had the worst traffic records with eight fatalities each. Ohio had six and Georgia five.

The National Safety Council expressed hope that an all-out safety campaign employing troops, planes and police would pay off. The Council has predicted that 420 persons will die in traffic accidents during the 78-hour holiday.

Uniformed National Guardsmen were called out to aid state police in seven states and in four of them—Illinois, Kansas, Tennessee and Louisiana—planes kept a sky patrol for dangerous drivers.

Illinois, which recorded a whopping 46 traffic deaths during the Christmas holiday, had only one traffic fatality by late yesterday afternoon.

"Very Encouraging"

Ned H. Dearborn, council president, called the early count "very encouraging."

The Council has predicted that 420 persons will die in auto mishaps during the 78-hour holiday, a rate of more than five per hour. If the prediction holds true, the carnage will set a New Year holiday record—five above the 415 counted in 1952.

Motorists were getting a lot of help in trying to keep the carnage down.

Tennessee waged one of the most intense battles. It put 1,000 volunteer guardsmen and 200 jeeps and ambulances on the state's highways.

Many police departments installed portable drunkometers in squad cars and ordered quick jailing of drunks. Chicago and other cities planned to turn policemen into chauffeurs if necessary to get celebrants home safely.

## Weather

FORECAST: Cloudy with rain and occasionally gusty, southerly winds this morning, becoming showery this afternoon and evening. Monday, cooler and variable cloudiness with occasional showers. High today, 48 to 50. Low tonight, 35 to 37; high Monday, 42 to 45.

TEMPERATURE  
Highest Yesterday — 46  
Lowest Yesterday — 21

## County Courts To Send Resolution To Congress This Week

### Asks Engineers To Make Study Of River Basin

Pressure for flood control measures in the Rogue river basin mounted steadily toward the end of last week.

The county courts of Jackson and Josephine counties were preparing to send a resolution to Congress asking that the Army corps of engineers make "a detailed study of the Rogue river basin with positive recommendation as to what measures should be adopted to prevent or alleviate future damage from floods."

### Strong Recommendation

The Josephine County Chamber of Commerce heard a strong recommendation for a high dam across the Rogue at Lewis creek from Victor Boehl, president of the Rogue Valley Irrigation association.

Soil conservationists met and asked for reports from flood victims as to damage to farms, homes and businesses to support demands for flood control action.

The resolution of the two county courts, dated Jan. 3, has been prepared and signed by several of the six officials, with the others expected to sign it in time for it to be forwarded to Washington Tuesday. Its preamble pointed out that areas of the two counties adjacent to the Rogue are periodically subjected to floods which do an enormous amount of damage to property, both personal and real, and which constitute a peril to the inhabitants.

### Growing Area

It stated that the area is continuing to grow in population and economic development, and that "floods of the future, even of the present magnitude, will do more damage unless positive action is taken to control the flood water of the Rogue river. . . ."

The resolution requested Congress to appropriate funds to permit the Army engineers to make a detailed survey and make recommendations. Copies of the resolution are being sent to the Senate and House committees on public works, to the chief of engineers, and to Oregon's two senators and four representatives.

According to figures compiled last week by the bureau of reclamation, the flood was the second-worst in the recorded history of the Rogue river, the only worse one being in 1881 when early railroad figures indicated there was a maximum river flow of 175,000 cubic feet per second at Grants Pass.

In 1927, the flow was 117,000 cfs; in 1945 it was 69,000, and this year the estimate was 136,000 cfs. Normal flow is 1,200 to 1,600 cfs.

The bureau estimated that a dam at Lewis creek, providing for flood storage of 225,000 acre feet of water, could have reduced the 1955 flood damage by 78 per cent.

A higher dam at Emigrant reservoir, which now holds some 8,000 acre feet, probably would have kept Bear creek within its banks, according to the bureau's estimate. The raising of Emigrant dam is part of the Talent reclamation project, which has been approved by congress.

Boehl, who spoke at a special chamber meeting in Grants Pass Thursday, also said the Lewis creek dam, as planned in the controversial "Plan A" for Rogue basin development, in conjunction with other developments, would have done much to lower the flood level during the floods of Christmas week.

### Passes Motion

Following his talk, the chamber acting as a "committee of the whole," passed a motion requesting the newly-formed state water resources board and the Army engineers for further surveys toward flood control. It was also planned that the chamber board of directors would meet with sports and recreational groups, where opposition to a high dam largely originated.

Coquille, Ore. — (U.P.) — George Ulett Saturday announced his resignation as state senator from Coquille for business and health reasons.