

DYNAMIC GROWTH FOR STATE SEEN IN '60s

Farm Bank Activities Recognized

Gordon W. Barrie, assistant manager of the Klamath Falls Branch, United States National Bank, and County Key Banker of the Oregon Bankers Association for Klamath County, has just been informed that the outstanding service which Oregon banks have given the state's farmers, both through regular banking service and through special activities in the agricultural field, has received special recognition from the American Bankers Association.

This agricultural award is presented each year to the state's bankers associations of those states whose banks have been of notable service to agriculture during the preceding year. This is the 31st consecutive year that Oregon's banks have received the award, indicating the continuous nature of the bank program in agriculture. Oregon is the only state in the nation to qualify for this award for so many consecutive years.

The awards are presented to recognize the wide range of projects which bankers carry on as a means of bringing greater understanding and cooperation between the farm and financial communities. Included are such activities as cooperation with the extension service and other officials of the state agricultural college sponsoring educational programs on farm financial matters, support of farm youth groups such as Future Farmers of America and 4-H clubs, promotion of soil conservation and land management, and sponsorship of banker-farmer meetings to discuss mutual problems.

This recognition is based not only on Oregon banks' leadership in serving the credit needs of agriculture, but also because of their activities in behalf of educational work in the wise use of credit; in promoting improved farm practices; and cooperating with farm, livestock, and commodity organizations.

The work is planned and directed by the Agriculture and Forestry Committee of the Oregon Bankers Association with the assistance of the County Key Bankers. It is the work of these groups in Oregon which has brought this award to the state's banks.

In addition to numerous awards, prizes, and contributions made by individual Oregon banks, the Oregon Bankers Association appropriated, for the fiscal year ending June 30, 1961, \$4,500 to the 4-H Club and \$2,865 to the Future Farmers of America. The association is pleased to thus manifest in this tangible way its support of these two outstanding agricultural youth organizations.

Public Lands Bids Asked

Sealed bids for the leasing of 26 tracts of public lands in the Southern portion of Lease Area "G" (Southwest Sump) for agricultural and grazing purposes will be received from the general public until 10 a.m. January 24, 1961, at the Bureau of Reclamation office in Klamath Falls.

Information on bidding procedure and leasing conditions may be obtained from the bureau's office at the corner of Washburn Way and Joe Wright Road, or from bulletins posted at all post offices in the Klamath Basin area.

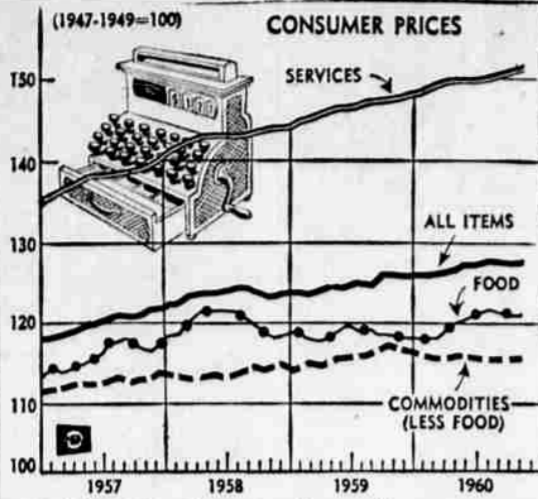
Increase in Traffic Volume Seen For '61 By GN Chief

By JOHN M. BUDD
President
Great Northern Railway

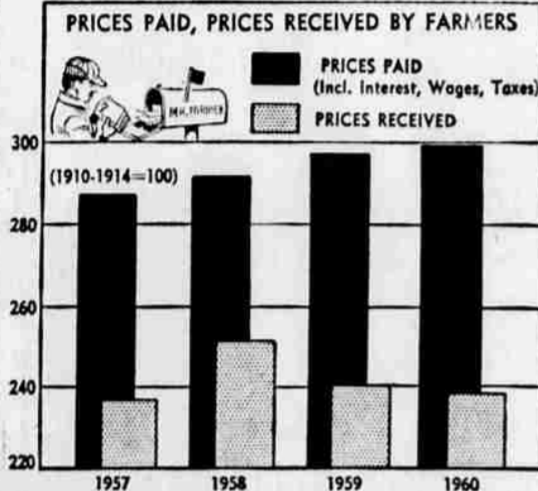
Considering the very optimistic predictions for business generally at the beginning of 1960, results of Great Northern operations in the past year were disappointing. The railway experienced a declining physical volume of traffic since spring, and one important result of this condition was an increase in the unit cost of operation.

Great Northern will have a lower net income than in 1959—a reflection of less traffic and the tough cost-price squeeze, although the impact of the latter condition was lessened by tight control of operating expenses.

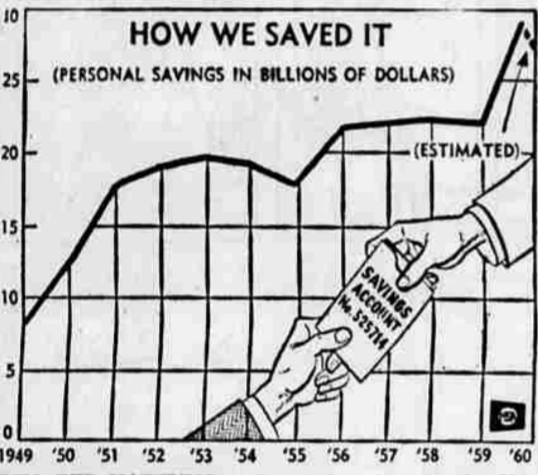
We are both optimistic and apprehensive about the future of transportation. On the favorable side for 1961, we believe the railways in our region will have a modest increase in traffic volume. Also heartening is the fact that a presidential commission will be



PRICES ARE UP—Consumer prices, on the average, were higher in 1960 than in any other postwar year—almost 30 per cent up from 1947-49 period. Services advanced most; durable commodity prices sloped off slightly from last year.



FARMERS' COST GAP—The price stretch on the nation's farmers increased further in 1960. Using 1910-14 as an index of 100, prices paid rose to 290; prices received slipped to 270. Information is from the Department of Agriculture.



INTO THE MATTRESS—Personal savings in the U.S. climbed from 8.5 billion dollars in 1949 to 29.2 billion in the third quarter of 1960. Dips represent recession periods. Last quarter, 1960, will probably fall. Data: Commerce Dept.

Pick At Stock Market Shows Much Optimism

By HENRY J. BECHTOLD
UPI Financial Editor

NEW YORK (UPI)—A professional peek at the stock market through a crystal ball reveals general optimism for the coming year.

But, while the Wall Street forecasts look for an upswing in stock prices in 1961 they do not expect a runaway market.

Walston and Co. and Spear and Staff, Inc. look for the Dow Jones industrial average to reach a high of close to 700 in 1961, an advance of about 14 per cent from present levels and about 20 per cent from the October, 1960, lows.

Edmund W. Tabell of Walston reasoned that the market is too high on the fundamentals of earnings and dividends to expect another sharp rise on top of the 300 per cent rise from 1949 to 1959.

He did note, however, that many individual issues today are undervalued.

Sidney B. Lurie of Josephthal and Co. said the market faces the same internal price depressants that existed in 1960, including the absence of an inflationary stampede to equities and the new competition from senior securities.

Above all, Lurie declared, the stock buying public has become a nation of "economic hypochochondriacs." New concepts of valuation have come into being, he explained, with everyone wanting the stocks with a story. "No one wants the stock market's problem children, and the companies which lack claim to special growth are penalized by inattention."

Double Previous Growth Rate Predicted In Nonagricultural Employment Fields

Oregon's economy is off to a good start toward achieving the dynamic growth forecast for the 1960s, the Oregon Department of Planning and Development said in a report to Gov. Mark O. Hatfield summarizing the past year's activities.

The department, noting that nonagricultural employment increased by 12 per cent in the past decade, said gains of 23.4 per cent—or nearly double the previous growth rate—can be forecast for the next 10 years on the basis of trends now underway in the economy.

Even that rate can be increased by programs instituted to influence both the rate and nature of economic expansion in the state, the department said.

A total of 93 new manufacturing plants and plant expansions were recorded in the state during 1960, creating a total of 5,700 new jobs. This will result in about twice that number of jobs in service industries.

Some of this gain was obscured during the final months of the year by effects on the state's big lumber and plywood industry of decline in home building nationally, and by the general slowdown in the nation's growth rate.

Industrial expansion during the year included 25 plants by new Oregon companies, 55 new plants and expansions by existing Oregon firms, and 13 new plants by outside companies. In addition, the department has active "prospect files" on 140 companies which are interested in locating in Oregon.

The report continued:

"We are not in the business of signing up new smokestacks for Oregon. Our function is to conceive and carry out programs which will result in expansion of all phases of our economy, including agriculture, tourism, recreation, service industries and manufacturing industries."

Some of the programs instituted to influence both the nature and rate of the state's economic growth were listed as follows:

A broad program of "investment opportunity" studies pointing out the economics and feasibility of both market and resource-related opportunities for business and industry ventures in Oregon. Two such studies have been completed, six are underway and 25 proposed studies are being evaluated.

Expansion of promotional activities to include economic development tours, a motion picture, new publications and cooperation with Oregon companies in national advertising programs.

Creation of the Space Age Industrial Park at Boardman, and "good progress" toward locating a space technology industry on the site.

Expansion of research and science-based activity to generate new ideas, new products and new industries.

Strengthening and expansion of programs for servicing and assisting Oregon communities. Two field representatives have been added, a manual on community development has been issued, in-

dustrial site surveys have been completed for 60 communities, and assistance given to many communities on special programs and projects. "New industries do not locate in a state; they locate in a community," the department noted.

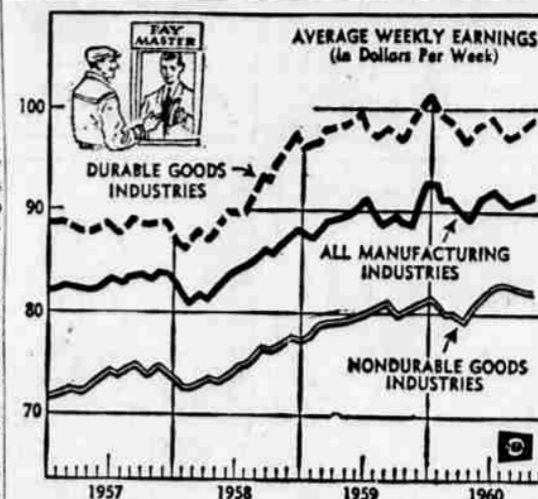
Emphasis on assisting existing Oregon industry to grow and prosper. Such assistance has included tax matters, raw materials, markets, new products, relocation and expansion problems.

Four major planning projects have been undertaken.

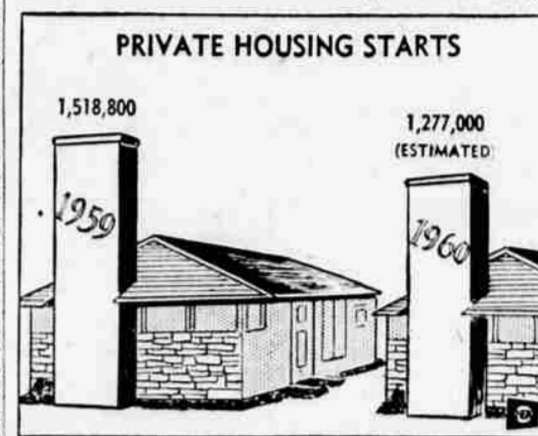
Broad support and participation in these programs have been achieved on a statewide basis, the department noted. Industrial development corporations have been established in 21 communities. More than 100 citizens from all segments of the economy are working at the state level on advisory and special committees for transportation, business climate, new industries, and science, engineering and new technologies.

The department said close working relationships have been established with chambers of commerce, colleges and universities, area development departments of Oregon companies, and with departments of the state government.

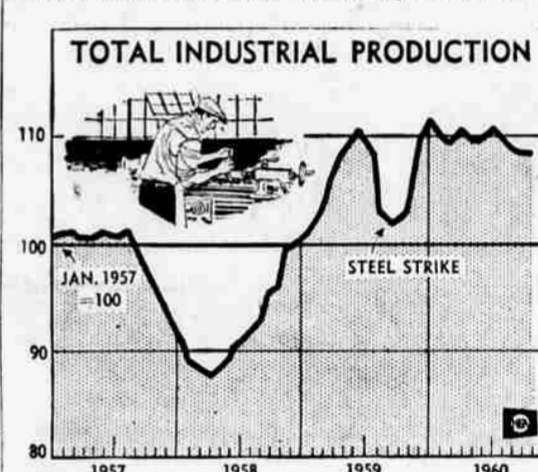
"Programs instituted in the past year have generated a tremendous amount of interest and activity in economic development throughout the state," the department said. "Oregon has gained the momentum necessary to achieve a dynamic economy."



AMERICA'S PAY LINE—After dropping sharply from an early year high, the average weekly earnings of the nation's industrial production workers recovered to just over 90 dollars at the close of 1960. Data: Department of Labor.



HOUSING IS DOWN—Although the nation's population pressed upward in 1960 by more than three million, private housing starts fell off from 1959 by about 230,000 units. Builders blamed tight money. Source: Dept. of Commerce.



THE WHEELS TURNED—The nation's total industrial production in 1960 was down from a January high. Recovery from the 1958 slump generally continued, though. Information is from Governors of the Federal Reserve System.

Business Review

By Floyd L. Wynne

PAGE 6-C HERALD AND NEWS, Klamath Falls, Ore. Sunday, January 1, 1961

\$40-Billion Upturn In Economy Forecast By Business Magazine

NEW YORK — The annual 18-month forecast of Fortune magazine's widely quoted Business Roundup says that the U.S. economy is already heading into a broad advance that will produce a sizable boom within a year's time. Fortune's economists expect that in the next 18 months the gross national product will rise eight per cent from its recent rate of \$65 billion to \$545 billion.

Fortune's forecast has good news for all sectors of business. "The advance of the economy should begin to reduce unemployment by this spring. Thereafter, strange as it may seem now, there may be a question of whether the nation's manpower capacity will grow enough by 1962-63 to warrant a big advance in capital formation."

The coming 1961 upturn, says Fortune, traces basically back to the success of the nation's experiment in economic stabilization during the past year. Moreover, the economy has about completed its 1960 readjustment, which was largely confined to inventories.

Here are the 10 major factors on which Fortune based its forecast:

Defense spending will rise at a rate of \$2.5 billion a year. The budget will be unbalanced, with total federal spending rising at the rate of \$6 billion or more a year. Capital spending will start to increase by midyear; by spring of 1962 a new record capital-spending rate of \$51 billion a year is likely.

Inventory liquidation is slowing, and soon business will be building up its stock on hand. Construction of housing will turn up; housing starts, now at an annual rate of more than 1,200,000, will, by the spring of 1962, be approaching 1,400,000.

Prices and wages will both go up, but slowly about two per cent a year for the general price level, perhaps three per cent a year for factory wages.

Income and savings will increase; income in current dollars will rise nine per cent over the next 18 months, and savings will resume their normal rate of about 7.4 per cent of spendable income by late '61.

Consumer spending will increase by four per cent a year. Credit, considerably eased from a year ago, will continue so, with interest rates remaining fairly steady.

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Survey Shows Business To Advance During 1961

Despite reduced optimism, a majority of western business leaders expect activity during the first quarter of the new year to equal or exceed the comparable period of 1960, according to a survey by Prudential Insurance Company.

Sixty-four per cent of Prudential's 1,000-member Western Business Forecast panel predict that business in the approaching quarter will equal or improve upon the same 1960 period. Well over a third anticipate gains of one to 10 per cent, while almost one out of 10 look for advances of 11 to 40 per cent.

In a comparison with the final quarter of 1960, approximately six out of 10 panelists believe that business will continue at the same pace or advance during the first part of 1961.

Businessmen in the Washington-Oregon area expressed the lowest degree of optimism among the geographical groupings. The percentage expecting first quarter business to equal or better the same period in 1960 ran 27 points below the high mark of 76 per cent posted by Northern California-Hawaii panelists.

The highest confidence among the industry groupings was expressed by transportation and public utilities, where over three-quarters of the members expect their business in the upcoming quarter to equal or improve over the comparable period of 1960.

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Phone Firm Planning Big Outlay

Pacific Telephone Northwest has programmed a \$23.9 million outlay to expand and improve telephone service in Oregon during 1961. F. M. Mitchell, the company's vice president and general manager, announced recently.

"This expenditure of almost \$24 million is certainly the best evidence of our belief in the essential soundness of Oregon's economy and in the future growth prospects of the state," Mitchell said.

Reporting on 1960, Mitchell said the number of telephones served by his company in the state increased by 22,942 to a total of 576,169. The number of long distance calls went up about 6.6 per cent during the year, he added.

In Klamath Falls 341 phones were added to the total in service during the year, according to Manager A. B. Dickerman. There are now 15,696 phones in the Klamath Falls exchange.

Looking ahead, Mitchell listed bringing Direct Distance Dialing to some 160,000 Portland phones with Atlantic, Capitol and Belmont exchanges in May, 1961, as one of the company's biggest projects during the coming year. DDD will be extended to the rest of Portland and nearby suburban communities in 1962.

Completion of manual to dial conversions at Florence and at Arlington in 1961 will bring dial service to 99 per cent of the company's telephones in Oregon, he said.

Paper Users Eye Sawdust

Sawdust from Douglas fir may become a new raw material for production of corrugated paper used in manufacture of boxboards, according to R. M. Samuels, in charge of studies on pulp and paper at the Oregon Forest Research Center, Corvallis. An expanding boxboard industry in the Pacific Northwest could provide a market for this wood residue.

Tests at the research center have indicated that paper made from Douglas fir sawdust does not have great strength, but is crush-resistant. Paper for corrugated parts of boxboards need not have conventional properties of strength, but must be crush-resistant, stated Samuels.

Alder presently is being used in manufacture of corrugated paper. Utilization of sawdust in making this paper would produce a higher return than mills now receive selling sawdust as fuel. In addition, other mills might find a market for sawdust, Samuels said.

Other effects of sawdust on quality of paper are being investigated by the wood scientists in this study.

Research in pulp and paper at the research center is supported by a tax on timber harvested in Oregon.

Good Times Expected Back Toward End Of 1961 Period

By L. A. BROPHY
AP General Business Editor

NEW YORK (AP)—Things will get worse before they get better, but by the end of 1961 good times for most people are expected to be back.

That about sums up what the experts think of the state of the economy, present and future. They figure it this way:

A continuation for the first few months of 1961 of the slow erosion of business that began last mid-year, then a pickup increasing to the end of the year.

Reasons for such a belief are: (1) The consumer will loosen his purse strings; (2) the government will send more money into the economic bloodstream.

In many respects it will be up to the individual to make 1961 a better year.

If he decides to buy the new car, to get his wife the home appliance she covets, to buy a house or make postponed repairs on the old one, to generally spend money

that has been laid away, the economy will get a stimulation it badly needs.

Surveys have indicated the consumer is planning to do just that. Notably, some findings are for an increase in new home buying and in planned purchasing of big ticket home appliances such as freezers, ranges, refrigerators and television sets.

There seems little doubt that federal purchases of goods and services will go up. It is the biggest prop under the economy. As the year ended, it was at an annual rate of \$54 billion. Forecasts are that it will go to \$55 billion in the first three months of 1961 and undoubtedly higher if present conditions become worse.

Distressing pockets of bad times dotted the nation in 1960. With the steel operating rate at only around half of capacity as the year ended, union officials estimated 150,000 workers were idle. And yet on the face of the massive economic indicators, 1960 was a record year.

The gross national product (