

Babson Sees Prosperity For 1937

(Continued from Page one) look threatening and even though there will be a big increase in the number of strikes, I merely say that if labor leaders try to push too far and too fast in their demands for higher pay and shorter hours, we are in for serious trouble.

FOUR NEW FACTORS

There are four new factors in the picture that will give labor such a strong hand on industry. First, is the tremendous gain in industrial production and profits. Second, is the sharp rise in living costs. Third, is the backlog of 10,000,000 unemployed men and women. Fourth, is the fact that the "average" man has been in the "average" job for 10 years. These factors go to show that the labor all-around the benefit of the situation.

The real key to this puzzle is the Administration and its policy toward labor. If trouble should develop, Mr. Roosevelt with his almost unanimous backing could swing the tide of battle in whichever direction he wished. Because of the President's unprecedented workers following the outlook for labor depends to a large extent on Washington.

CONGRESS NOT-HARMFUL

In fact, much depends on Washington as far as most problems are concerned. Not so many years ago it was the vogue to take careful soundings in Wall Street before making an annual forecast. Today the most important preparation for my outlook letter is to drop the lead-line in the Potomac. A fortnight before Christmas, I visited the Capital. Experienced observers there believe that the President may have more trouble than the public imagines in holding his huge Democratic majority together.

The Washington consensus is that Congress will not be harmful to business in spite of the voters' roar of approval of the New Deal. There will be a lot of barking but little biting. The emphasis of the coming session will be on perfecting legislation already passed and adding a few amendments thereto. I doubt if a bumper crop of new reform laws will be jammed through.

BOND INFLATION TO CONTINUE

It will be two years before another election, and the average Congressman will be worrying less about his constituents and more about the Constitution. Along this line, I expect to see a big improvement in federal finances. An effort will be made to cut expenses. Relief aid will be continued but not on the bondbusting scale of the past three years. The

OPTIMISTIC



ROGER W. BABSON

country's income should rise to 1937 levels. But despite Washington forecasts to the contrary, I doubt if the gain in revenue or the slash in expenditures will be sufficient to bring the budget into balance by June 30, 1937.

This means that inflation will gain ground this year. It has already taken big strides in recent years, although the gross national product has grown \$1,000,000,000 since July 1, 1926. Tax receipts have doubled since 1933. Still the Treasury is forced to raise funds to pay the public bills by selling government bonds. This money finds its way into the banks in the form of jobholders' or contractors' deposits. The bank then "invests" these deposits by buying more government bonds.

SEES HOME BUILDING BOOM

Four years ago the building of a new home or factory was a relatively rare sight. Only eight homes were built in the depression year of 1932, where a hundred were built in 1929 and where fifty are being built today. Home building is a typical capital goods industry. It is a direct thermometer of public confidence, once confidence returns there is a veritable stampede to take advantage of real estate bargains and to get under the wire on building costs. A feature of 1937 should be a real boom in home building.

Non-residential construction, aside from public works, should also enjoy a big gain. Plant expansion or modernization is a necessary for many concerns. Prices of building materials are on the verge of a sharp mark-up. Demand for skilled building mechanics will soon be reflected in higher bids on jobs. Bargains in existing

structures are pretty well picked over. If you must modernize, renovate, repair, or build, let your contracts now! EXTEND LEASES NOW! The same applies to rents. If you have a favorable lease extend it NOW for a five-year period. After a 10 per cent advance last year, rents will probably increase another 5 per cent in 1937—maybe more in well-located areas. With the optimistic prospects for building and rents, I look forward to a profitable year for real estate men with rising valuations and with activity at least 20 per cent above 1936.

The outlook for real estate and building is typical of the outlook for all capital goods industries such as automobiles, ships, power stations, and machinery. These has notes are due for a sharp snap-up percentage improvement in the consumer goods industries. Employment in the heavy group a year ago was 75 per cent of normal; today it is 85 per cent and next Christmas it should be 95 per cent.

SHARP MARK-UPS AHEAD

Wholesale quotations on 74 commodities from raw materials to finished goods—have risen 4 per cent in the last three months and are at a new top since September, 1936. Next Christmas this price average will be 5 per cent—maybe 10 per cent—higher than it is today. Four years ago wheat was selling at the lowest price in three and a half centuries—41 cents a bushel. Because it was cheaper than to pay freight corn was being burned for fuel in place of coal. Milk was being poured on the streets to reduce over-supplies of butter and cheese. There was a bounty on baby pigs.

Today wheat is around \$1.25 per bushel. Corn is being imported from Argentina. Much talk butter sold in United States markets comes from abroad. Bacon is a delicacy once again. This all goes to show how much more powerful are the laws of nature and economics than the laws of men. The drought, the AAA and short supplies, plus better business and heavy consumption have doubled farm prices during the last four years. Now what about the outlook for farm prices this year?

ANOTHER GOOD YEAR ON FARMS

Grain and cotton prices depend on the weather and planting. Based on current average estimates and barring drought, prices of these products should not be much higher next December than they are today. Meat prices will edge upward for our livestock population is near the lowest point in years. Dairy, eggs, and poultry prices will advance under the impact of higher producing costs during the first half. Good prices plus higher production should lift farm incomes between 5 to 10 per cent during the new year.

CLOTHING TO COST MORE

Up to now, the cost of living has not been keeping pace with the recovery in general business. Its advance totals only 20 per cent against 75 per cent for industrial activity and 50 per cent for retail prices. This coming year the gap will narrow. I look for a 5 to 8 per cent rise in living costs against a 3 per cent gain in 1936.

1937 SALESMAN'S PARADISE

Merchants can honestly plug the "Buy Now—Higher Prices Coming" appeal in their advertising. Salesmen can safely pack up their sales quotas and advertising appropriations by at least 10 per cent—probably 20 per cent. The sales feature of 1937 will be the return of the seller's market for the first time since 1929.

Every hour of effort and every dollar of expense put into selling work in 1937 will return what two did in 1934 and what two may in 1939! I urge every salesmanager and every salesman to work his head off in 1937. Get your reward for all the hard work of the past few years. Sunny selling days will not last forever!

BONDS AT CEILING

I feel that present high bond prices cannot continue indefinitely. Those buying bonds during the coming twelve months must exercise extraordinary care and judgment to avoid getting burned! With higher money rates and certainly sooner or later, I feel that the general bond market is today where the stock market was in 1928.

NO WAR IN 1937

No one can deny that the overseas situation is critical. Europe and Asia today closely resemble the armed camps of 1912-14. A general war involving Fascism vs Communism is inevitable; but a general European War will not come in 1937. There will continue to be revolutions within nations; but no formal conflict between nations.

CURRENCY OUTLOOK

The most hopeful foreign development of 1936 was the "Gold Bloc" devaluation and three-cornered currency agreement between France, England and ourselves. I do not expect, however, that the dream of international stabilization can become a reality during 1937. Improvement in business conditions in Europe is the best remedy for most of its troubles.

CONCLUSION

As 1937 opens, most of the snarls brought on by the depression have been untangled. Improvement is widespread through all branches of industry. Employment is gradually approaching normal once again. The outlook for the coming twelve months is bright. I predict that as we look back at this New Year season we will remember it as a momentous milestone in our business history.

Whether we realize it or not today, we are now placing a headstone over the 1929-1936 depression corpse and bundling up the 1937 (?) prosperity baby in swaddling clothes. How long this period of prosperity will last or how far it will go, no one can now say. That depends upon how well we have learned that lasting prosperity only comes through the practice of industry, honesty, thrift, faith, and other basic virtues.

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COUNTY AGENTS' COLUMN

W. D. SMITH

We hope that everybody had a pleasant time during the Christmas holidays. We saw evidence that more children were made happy this Christmas than any time in a number of years. We had a very pleasant time. One of the most happy occasions was that on Wednesday evening when Mr. Trull, manager for Champion Fibre Company, Miss Smathers and the county agent visited nine homes in the Beaverdam-Thickety section. These homes joined in with the home agent forming a club among other things, demonstrating home Christmas decoration.

We hope that next year that a number of others will join in. In our opinion, the decoration and everything considered would give Mrs. Paul Robinson first place; Mrs. H. G. Reno second place; Mrs. Crom Cole, third place; Mrs. Harley Wright, fourth place; Mrs. Geo. Wright, fifth place; Mr. Tom Higgs, sixth place. Honorable mention should be given to Mrs. Lowry Burrell, Mrs. Tom Murray and Mrs. Russell. These good ladies used living trees for their Christmas trees. This in itself is a commendable move. It is more economical and prevents the slaughter of so much of our young evergreens. In the yard of one of

January 7, at Rock Hill school house at 9:00 o'clock. We are glad that our farmers who are burley growers are getting good prices for their burley this year. It has been brought about as a result of their effort. It has been very interesting to get the expression from so many farmers within the last few days that we must go forward that we must not go back to the old way of doing. We have not heard any one state that he was willing to grow a big tobacco crop next year and have no harvest very many. We just wonder how many farmers will in 1937 put up with this eggs for a cash crop in one hand. We have eight chief money crops in Haywood county. How many farmers are going to use more than one of these. Burley, beef cattle, milk, cream, apples, potatoes, sheep, poultry forest products. Very few farmers in the South have such a variety of cash crops. Perhaps every farmer will use all eight but these wise farmers that depend on more than one crop for his ash.

Perhaps the following facts will furnish us with something to think about. When in North Carolina one out of every four ears of corn consumed comes from outside the state. Two out of every three biscuits; one out of every four bales of hay; one out of every three quarts of milk; one out of every six mutton or lamb chops; two out of every five pigs; one out of every two chickens or eggs. We will have to step up production for a long time before we can even take up this slack. We are looking to Haywood county farmers to carry on a two arm farming system. Namely, crop production and animal production with the proper balance between the two. Our soil is doomed and the people are doomed if we unbalance these two.

FREE — 1937 Calendars — FREE

Thursday
Friday
Saturday
SPECIAL
SALE

SMITH'S

Cut-Rate Drug Store

Your Rexall DRUG STORE

ALL 5c
Candies
Chewing
Gum
Mints
3 For 10c

\$100 FREE! SATURDAY YAST DAY OF THE \$100.00 POPULARITY CONTEST—BUY YOUR NEEDS NOW—WIN A PRIZE

REMEDIES

\$1.50 LYDIA E. PINKHAMS	89c
\$1.00 CARDUI	59c
\$1.00 WAMPOLES EXT. C. L. O.	69c
\$1.20 SYRUP PEPSIN, CALDWELL	79c
35c VICKS VAPO-RUB	22c
40c MUSTEROLE	27c
35c GROVES BROMO-QUININE	22c
25c B-C or STANBACK	15c
50c GROVES CHILL TONIC	33c
60c ALKA-SELTZER, MILES	49c
25c FEEN-A-MINT	19c
50c 666 CHILL TONIC	33c

Toiletries For Baby

TOOTH POWDER	50c
DR. LYONS	18c
50c TOOTH POWDER	29c
IPANA	29c
LARGEST SIZE LISTERINE	59c
50c SIZE LAVORIS	31c
85c SIZE MUM	23c
75c SHAMPOO FITCH	49c
BOX 500 KLEENEX	31c
\$1.00 LARGE POND'S CREAMS	49c
50c HEADS PABLUM	35c
\$1.00 LARGE OVALTINE	49c
15c BABY FOOD CLAPPS	8c
75c MEADS DEXTRI-MALTOSE	59c
25c MEADS CEREAL	18c
\$2.50 3-POUNDS DRYCO	\$1.89
40c FLETCHERS CASTORIA	27c
25c BABY POWDER JOHNSONS	19c

SMITH'S Soap Sale

LAVA SOAP, Medium 5 for 24c
 P&G LAUNDRY SOAP 3 for 10c
 IVORY SOAP, Guest Size 3 for 11c
 WOODBURY'S FACIAL SOAP 2 for 15c
 SUPER SUDS, Largest Size 3 for 23c
 RINSO or LUX FLAKES 2 for 15c

Octagon

LAUNDRY SOAP	Giant Size	6 for 25c
Palmolive OR CAMAY	3 For	23c
Cashmere Boquet	3 For	23c

Jergene Lotion
50c
Size 29c

Lucky Tiger
\$1.00
Size 59c

GLYCERIN AND ROSE WATER
25c
Size ... 2 For 25c

MILK OF Magnesia
50c
Pint 19c

Castor Oil
25c
Size ... 2 for 25c

Kotex
2 Dozen 37c
4 Dozen 67c

FRENCH'S Bird Seed
Large Size ... 2 For 25c

RUBBING Alcohol
Full Pint ... 2 For 25c

Black-Draught
25c
Size ... 2 For 25c

Warning!

Due to the fact that a great many milk bottles are out of circulation and are not being properly returned, we are making a request for anyone that has creamery bottles to please call the

Western Carolina Creamery

And we will be glad to call and take them out of your way.

PHONE 10

NORTH CAROLINA STATUTES PERTAINING TO ILLEGAL USE OF MILK BOTTLES

Chapter 284, Public Laws of North Carolina:

"Sec 1. No person, firm or corporation shall use, or permit to be used a milk bottle, or other receptacles designed as a milk container, or container of dairy products, and having the name, brand, or trade mark of any other person, firm or corporation thereon, for any purpose other than as a milk container, or as a container of dairy products.

"Sec. 2. It shall be unlawful for any person, firm or corporation to use or permit to be used any milk bottle, can, crate, or any other container for milk or milk products which has the name, label, trade name or inscription of any other person, firm or corporation blown, embossed or marked thereon.

"Sec. 3. That it shall be unlawful for any person, firm or corporation to purchase milk bottles except from a wholesale dealer, retail stores or dairyman having the same for sale and it shall also be unlawful for any person, firm or corporation, other than dealers having the same for sale, to sell any milk bottles: Provided that this act shall not apply to judicial sales.

"Sec 4. Any person, firm or corporation or agent willfully violating any of the sections of this statute shall be guilty of a misdemeanor, and shall be subject to a penalty of a fine of not more than fifty (\$50.00) dollars, or imprisonment of not more than thirty days for each and every violation thereof.

"Sec 5. All laws and clauses of laws in conflict herewith are hereby repealed.

"Sec. 6. This act shall be in full force and effect from and after its ratification. Ratified this the 20th day of April, A. D., 1933."

YOU ARE ALWAYS WELCOME AT SMITH'S