

Babson Predicts Better Year In 1962, Minus Nuclear War

(Ed. Note: The Herald publishes herewith the annual business and financial forecast of Roger Babson, Massachusetts economist. Mr. Babson's 1962 forecast was 83 percent correct.)

1. I am hopeful for 1962: it should be a better year for my readers than 1961. Industrial production will exceed that of 1961.

2. There will be neither a nuclear war nor total disarmament in 1962. Considerable progress may be made toward a ban on atomic weapons.

3. Some thirty stocks may reach an average of 1000 during 1962, although these will not necessarily be the thirty Dow-Jones stocks.

4. Retail trade will make new records during 1962. Increased newspaper advertising, especially in colors, will be a great boon to merchandising.

5. Commodity prices will act erratic during 1962. Agricultural prices will be held up by legislation, but many metals will sell for less.

6. The official cost-of-living figure will rise slightly in 1962, but there may be a scandal in Washington over how this figure is calculated or adjusted. The real increase in the cost-of-living will be due to increased wages demanded.

7. The only certain shortages during 1962 will be in land suitable for parking places and waterfront property readily accessible to building lots; also for automobile "graveyards" near cities which have been zoned.

8. The building of shelters will look silly before the end of 1962. Certainly the Federal Government will not underwrite the building of private shelters for individual families.

9. Good real estate must rise in price as the population increases. Elementary mathematics determine the price of suburban real estate. This is notwithstanding the claim of the "space companies" which are said to be interested in selling rights on the moon. There probably are crazier speculations.

10. While the land on which your house now stands should increase in value during 1962, the building itself depreciates from the moment when it is first oc-

cupied. A possible exception would be certain very attractive ranch houses painted in color.

11. Automobile production will be the most important statistical indicator during 1962. This applies to both the number of automobiles and their sales value. We now have no reliable figures for the latter.

12. We will gradually approach an average of two cars for every family. The life of automobiles gradually increases. The percentage of automobiles annually destroyed will decrease in 1962.

13. Automobiles and gasoline will be increasingly sources for raising money by taxation. These means will be extended to include an additional assessment on the manufacturers of automobiles.

14. Taxes as a whole, will continue to increase in 1962 for every family. Business net taxes, however, will decrease in 1962, through the granting of depreciation refunds which can be done by Executive order. The manufacturer may greatly increase his deductions for past investments and new machinery, plant, and equipment. Douglas Dillon feels that such tax reductions will increase the purchase of new equipment, develop greater efficiency, and result in a net improvement in the employment situation. This is good news for 1962.

15. Speculation in real estate and securities will be active during 1962; but good children will gradually be recognized as the best investment. Young people will be married earlier and will want to have large families.

16. Public education will gradually be recognized during the years ahead. Schoolhouses will be built as places to "park the kids" while the parents are at work. New schoolhouses will be built so as not to be over one story high, with lots of sunshine.

17. Owing to the lack of airport facilities and to inadequate equipment, there will be increasing airplane accidents during 1962.

18. With all the above changes, plus increased public improvements and longer vacation periods, families must save somehow and cut somewhere. I think it will begin in 1962 with cloth-

ing. This will gradually become cheaper and more attention will be paid to color.

19. The time is approaching when the weaving of cloth will be greatly curtailed. Clothes will be made like paper. Plastic coats are already on the market. These are produced by feeding the cellophane into a machine which cuts to desired sizes and bonds (not sews) the material into beautifully finished goods of different colors.

20. We will hear more about automation during 1962. But the cost of building automatic factories is so great that the change is coming slowly. Even electronics has been overemphasized.

21. There need be no unemployment among steel workers during 1962. But Government unemployment figures will remain high. Foreign competition, due to low wages abroad, will be an important factor. Women will prefer to work in air-conditioned factories and have their home pantries filled with precooked foods.

22. Labor unrest will grow in extent and power. The Kennedy Administration is friendly to union leaders and their demands. There will be demands for more "fringes" in 1962. A steel strike is possible.

23. This means that with increased taxes, prices of retail products will be higher. This will be blamed on "inflation" of money; but it will be due to inflation of living standards.

24. The real value of the dollar will decline slightly during 1962, due to the decrease in the productivity of labor. The electronics industry will temporarily suffer in 1962 if atomic warfare is outlawed. But otherwise the electronics industry will increase for some years to come and hold up the dollar value. Watch polymer chemicals and "epoxy" cements.

25. There will be enough money for mortgages insured by the Federal Housing Administration in 1962. Plenty of money will be available for mortgages guaranteed by the Veterans Administration, although this supply varies with different sections of the country. Interest rates on conventional loans not having any government guarantees will be a

little higher. Real estate people will worry about the public's desire to build, rather than about their obtaining mortgage money.

26. The kilowatt hours of electricity produced in 1962 will exceed the total of any previous year. This is favorable to utility preferences.

27. Steel production in 1962 will exceed this year's 100 million tons, but the increase will come from producing steel in colors.

28. Cement production will be about the same in 1962 as in 1961, but the industry's capacity to produce is increasing too rapidly in view of the demand. The cement manufacturers must give more attention to colors.

29. Expenditures for plant and equipment in 1962 will increase, supplemented by large appropriations for repainting factories and offices in many colors.

30. Newspaper production depends upon the number of news-

papers and the amount of advertising sold. I forecast a decline in the amount of newspaper sold during 1962, but advertising receipts may increase through the better use of colors. This may result in the increased use of coated paper to better take printing — with a 50 percent increase of advertising rates.

31. Furniture manufacturers are marking up prices so that young couples will buy furniture in the raw and paint same themselves.

32. There will be some increases in color TV sales in 1962. In fact, I think the present TV market is far from being saturated.

33. First-class postage rates will not be increased during 1962. Hence, more money will be spent on direct mail selling. This should help job printers in 1962, as their present margin of profit is very small. Billboard advertising will increase during 1962, due to a new kind of paint.

34. Lumber will do well to hold its own in 1962 and much of it will be sold colored. Wall-to-wall carpeting will become even more popular, reducing the price of the best hardwood floors.

35. Fewer "scatter rugs" will be sold in 1962. Rug dealers must go to brighter colors, ever for "orientals."

36. One of the greatest developments during 1962 will be the increased use of color in homes, offices, stores, and factories. This should increase both the demand

for and the price of good paint.

37. Exports will probably increase during 1962, but the surplus of trade in favor of the United States is constantly decreasing.

38. President Kennedy is encouraged by the recent elections in New York, New Jersey, and Texas. This Democratic trend will continue during 1962, notwithstanding former President Eisenhower's campaign speeches.

39. Though most industries will do more favorably to "big business" in 1962 ONLY when he is able to use big business to increase employment. Profit margins will not improve during 1962, although most industries will do better in terms of gross and volume.

40. Bond prices will not change much during 1962, except in the case of "non-taxables." European investors are buying American stocks and bonds feeling that their money is safer in United States industries and real estate. Even the first mortgage bonds of transcontinental railroads are being bought by Europeans. The manufacturers of West Germany are making huge profits through the use of new machinery and low wages. They are sending their money to the United States to be invested. They seem to prefer suburban real estate, shopping centers, and electric utilities. I hope they are not buying into too many "fly-by-night" new electronic companies.

41. Buying of Mutual Funds will continue to exceed selling in 1962. Considering that brokers make much more profit by selling Mutual Funds than by selling shares of individual stocks — and considering the thousands of salesmen selling Mutual Funds — this should help stock prices during 1962. Remember that the Mutual Funds operators must go to the New York Stock Exchange to purchase stock to support these Mutual Funds which salesmen are selling in the field.

42. The so-called "service industries" — including education, beauty parlors, travel, entertainment, and government positions, — should prosper in 1962.

43. Among the fastest growing industries in 1962 will be the plastics and glass industries. These materials will gradually take the place of wood, stone, cement, and even some metals — except as these are colored. Plastics and glass will become more important building materials and perhaps be used much more for automobiles.

44. Some unexpected event or discovery will cause the Dow-Jones Industrial Average to sell much higher during the next few years. As an illustration of what one of these unexpected events will be, I mention developments in chemistry, including "DNA" and "RNA", which may provide the source of life and extend it — yes, perhaps restore it, in special cases.

45. I am bullish on Canada for safe investments during 1962. Canada has a small population of only about 18,000,000, but it is rich in material resources and has a sound, progressive government. I do not expect a nuclear war to be started by Russia; but if it comes, Canada will be a good place to live and have your money invested.

46. South and Central America also have great natural resources; but most of their countries are ruled by selfish dictators. I believe most of our southern neighbors will suffer from serious inflation during 1962 and become a great problem for the United States.

47. Although the countries of Europe could be the greatest sufferers in case of World War III, the people I meet in Europe fail to realize this. I forecast that they will look at the situation more realistically during 1962.

48. West Germany is very prosperous; East Germany is in terrible condition. Much unemployment exists in Italy, France, and even Great Britain. I advise against investing money in Europe during 1962.

49. I am uncertain how to advise about Africa. But it is very rich in natural resources — including gold, diamonds, and almost every metal — as well as having the greatest undeveloped

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No. 4 TOWNSHIP TAX LISTING

Begins Tuesday January 2, 1962

At the Courtroom, City Hall, Kings Mountain

Daily Except Saturdays

8 a. m. to Noon & 1 to 4:30 p. m.

At Grover, R. E. Hambrick's Store

Saturdays, January 6, 13, 20, 27

CONRAD HUGHES, TAX LISTER

All property owners are required by law to list all real and personal property for taxes.

Males between the ages of 21 and 50 are required to list for poll taxes. Dogs and firearms must be listed.

If you live on a farm, you are also required to make a farm report.

LATE LISTERS WILL BE PENALIZED — LIST EARLY AND AVOID THE LAST MINUTE RUSH

Max W. Hamrick

CLEVELAND COUNTY TAX SUPERVISOR



WINN-DIXIE

OSCAR MAYER

Luncheon Meat 3 12-oz. CANS \$1.00

Ground Beef 3-Lb. \$1.39 5-Lb. \$2.19 Pkg.

U. S. Choice, W-D "Branded" - U. S. Govt. Graded

STEAKS

Well Trimmed T-bone or Sirloin **89¢** lb

Boneless Top Round or Tender Cube **99¢** lb

U. S. Choice Trimmed **Full Beef Loin 79¢** lb

Limit 1 of your choice with a \$5.00 or more order.

Shortening

Limit 1 of your choice with \$5.00 or more order.

1-Lb. Can **59¢** ASTOR

1-Lb. Ctn. **39¢** ARMOUR PURE LARD

Detergent

Limit 1 of your choice with \$5.00 order.

Lge. Size **17¢** WHITE ARROW

Lge. Size **19¢** SILVER DUST

Coffee

Limit 1 of your choice with \$5.00 order.

1-lb. Bag **39¢** ASTOR

1-lb. Can **49¢** ASTOR

Limit 1 of your choice with a \$5. or more order.

6-oz. Jar **69¢** ASTOR Inst.

6-oz. Jar **79¢** NESCAFE Inst.

PACKER'S LABEL .. Limit 5 cans at this price, please.

Tomatoes 5 No. 303 Cans 49¢

FRESH

Collard Greens 19¢

Large Bunch

SUPERBRAND

Ice Cream 59¢

Half Gallon

WINTER GARDEN Frozen .. Apple, Peach, Cherry & Coconut

Fruit Pies 4 22-oz. Pies 99¢



Hog Jowls

Fresh lb. **17¢** Smoked lb. **19¢**

Virginia Brand Sliced BACON

1-Lb. Pkg. **39¢**

Milk

Tall Can **10¢**

California Blackeye **Peas**

Limit 2 at this price with other purchases.

2-Lb. Pkg. **19¢**

Firm, Ripe Slicing **Tomatoes 29¢**

U. S. No. 1 White **Potatoes 27¢**