

A Chronicle Feature

## Babson Gives Forecast For First Half of 1954

Noted Statistician Discusses Problems Confronting American People In 25 Predictions. Forecast for Second Six Months of Year Be Made Next June.

By **ROGER W. BABSON**  
I do not now believe in the theory of most economists—that business will fall of 10 per cent in 1954, with a greater decline in net earnings. My feeling is that everyone will unite forces to hold up business, at least during the first half, to its approximate 1953 average. This can be done by expanding research, increase advertising appropriations, extending further credits, and obtaining labor's cooperation.  
But, I say something much more important than the above; namely, if business should slump 10 per cent, the decline would probably not stop at 10 per cent. Too many business concerns and individuals are working on a very narrow and slim margin. The decline in employment, with resulting business losses which a 10 per cent in gross would cause, could result in millions of families being unable to pay their bills and installment obligations. This could set off a chain reaction, which could send business down 10 to 30 per cent more, with a corresponding decline in the stock market, commodity prices, and real estate. In this latter case, the Eisenhower Administration would suffer as did the Hoover Administration.

will sell for less during the first half of 1954, when farmers' profits will begin to decline.  
10. The Central and Southwest will not suffer drought as in 1953.  
11. There will be more fear of World War III as years go on. People will gradually move out of certain large cities. Nearby farm land will be split up. A rise in the price of such fringe farm land is certain.  
12. The U. S. Government will give less money to the European and other nations direct; but will help them through the United Nations.  
13. There will be fewer employed next June—the total take-home-pay will be less—than last June. This, however, may be a good thing for the morale of the nation.  
14. The present Administration will suffer much opposition to attempts to reduce tariffs if profits decline or unemployment increases.  
15. The Administration and the Labor Leaders will try to revamp the Taft-Hartley Bill during 1954; but bad strikes are coming.  
16. I am no weather prophet, but experts expect a warmer winter for the eastern portion of the U. S. and a colder Florida.  
17. Canada will continue to boom during the first half of 1954, but this may be a good time to take profits on Canadian investments.  
18. The above may also apply to Southern California and its airplane and movie industries. Both may have reached their peaks for the present.  
19. Automobiles will be harder to sell and easier to buy during the first half of 1954. Both the automobile stocks and the cars will be in less demand. There will be more bargains in used cars, discounts on new cars, especially cars of the "independent" manufacturers.  
20. Florida may have killing frosts during the next few months. This will cheer up California, Arizona and Texas.  
21. The Korean situation will remain about as is—as the Chingman says, "much talkie, no shootie."  
22. There will be one or two resignations from the Eisenhower "businessmen's Cabinet," replaced by "politicians." All is not going too well. The President is not used to being pressured by lobbyists.  
23. The first half of 1954 should be your best time to get out of debt or at least reduce your debt. Remember that most bankers are in the business of "loaning umbrellas when the sun is shining, and calling them in when it rains." Moreover, you cannot blame them because the umbrellas really belong to the depositors, who also will want them on rainy days! Operate so you can clean up your bank loans once during 1954.  
24. The companies which will prosper most are those which have inaugurated effective labor-saving programs. Most manufacturers are learning that they cannot beat labor through mere strikes. They are winning only as they purchase new labor-saving machinery, spend more money on research and on well-directed advertising.  
25. There may be some further inflation in 1954; but percentage-wise to the total national output it should not help the stock market.

In view of this possible serious alternative, I have contacted the leading newspaper publishers as to the attitude of their respective communities. Of these, over 970 have replied as follows: The people of 30 communities are discouraged, and want to liquidate; 297 communities are optimistic and want to buy and invest more; 643 are now content and in a strong position, but are waiting until they see how 1954 develops. Due to the results of this survey, I believe the chances are ten to one that at least the first half of 1954 WILL BE FAIRLY GOOD.

- Below are 25 definite forecasts which, in any case, should prove correct for the first six months of 1954. My forecast for the second six months will appear in this paper next June.
1. There will be no World War in the first half of 1954.
  2. The Dow-Jones Industrial Stock Average will be less on June 30, 1954, than on January 1, 1954.
  3. Taxes will be lowered by expiring laws.
  4. The price for most commodities will be lower on June 30, 1954.
  5. The Eisenhower "Honey-moon" is fast ending and he will have a hard time controlling Congress during the next six months.
  6. Retail sales can be kept up by manufacturers and merchants spending more money on advertising, selling and developing new products.
  7. The U. S. population will continue its present growth and the best prospects for sales in 1954 will be the "teen-agers".
  8. Interest rates during the first six months of 1954 should average about as at present, except on the renewal of low-rate loans.
  9. Farm lands, except near cities,

### What Will President Eisenhower Do?

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I have promised to answer the following four questions:  
1. Is Eisenhower to take the advice of Assistant President Adams, representing certain Republican leaders, and turn to the left? Or, will he stick to his conservative election platform?  
Answer: He will stick to his election platform.  
2. To put the question in a more practical way: Will 1954 be a year of reform and economic adjustment as promised by President Eisenhower, or will he give the country more inflation, and further play Santa Claus to labor, farm, high tariff, and other groups?  
Answer: He is learning that "economic reforms" must be gradual.  
3. Will he run the risk of losing Congress in 1954 and the election in 1956 FOR A MATTER OF PRINCIPLE, AS DID HOOVER IN 1932? Or, will he succumb to the temptation of changing his policy with an attempt to "save his party"?  
Answer: He will run the risk of losing Congress in 1954, and the election in 1956.  
4. Is a "middle-of-the-road" policy practical? Will it serve both groups, or no group?  
Answer: Yes, it is practical for working a gradual change, and it should serve both groups.

### Social Security Tax Rates Go Up Effective Jan. 1

The South Carolina district office of the Internal Revenue Service Monday began notifying 45,000 employers of increased social security tax rates beginning January 1.  
Director R. C. Pitts said the tax hike will be to two per cent for employers and to two per cent for employees.  
"These rates," he explained, "will apply to wages paid after Dec. 31, regardless of when earned."  
Two-thirds of the notices are going to business employers, the remainder to households employing servants.  
The tax supports old age and survivors social security insurance benefits.

### Stomp Springs Firm Is Chartered

Secretary of State Frank Thornton granted a charter during the week to Stomp Springs Furniture Company, Inc., Stomp Springs, Clinton, to do a general furniture business, to deal in antiques, capital stock \$5,000. Thomas E. Hair of Columbia, developer of Stomp Springs, is president of the new company.

### Recommend \$70.5 Million S. C. Outlay For Public Schools During Coming Year

By **W. D. WORKMAN, JR.**  
Columbia.—An outlay of more than \$70 1-2 million in state and federal funds alone has been recommended for South Carolina's public schools for the fiscal year 1954-55.  
That amount is more than the total appropriation five years ago for operating the entire state government, including education but excluding highway expenditures.  
If the appropriations recommended for the state's other educational institutions (including colleges and the University) are added to the public school cost, the 1954-55 allocation for education would rise another \$9 million and stand at a grand total of about \$79 1-2 million. (These figures do not include the additional millions raised and spent within the state's various school districts.)  
The greatly increased cost to the state of the public school establishment is due in large measure to the equalization and expansion program adopted by the 1951 legislature. Since that time, state aid to the public school system has increased 87 per cent. The average state-paid salary for teachers has been boosted 43 per cent over that in effect for the 1950-'51 school year, and the number of pupils transported by school bus has jumped 35 per cent.  
The massive school construction program undertaken by the Educational Finance Commission has resulted in the allocation of more than \$85 million out of a total authorization (under present legislation) of \$175 million. For the next fiscal year, the State Budget and Control Board has recommended an appropriation of \$17 1-2 million for the Finance Commission for the continuance of school construction, bus transportation debt service and overhead. (These construction funds are separate from those raised through issuance of state school bonds.)  
Under the proposed budget now being studied by the House Ways and Means Committee, the Department of Education itself would receive \$48 1-2 million (most of which would go for teachers' salaries), including more than \$3 million in federal funds for education. An additional \$4.4 million would go toward teachers' retirement, and almost \$60,000 would go to the State School Book commission for its operation.  
The three per cent general sales tax imposed in 1951 will provide the greatest part of the state's school money. For the year 1954-'55, that tax is expected to raise \$47 million. Almost \$6 million is expected to come from the state's share of alcoholic liquor taxes, leaving an amount of more than \$14 million to be appropriated for public schools out of the state's general revenue.

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### Good Christmas Business Reported

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One of the largest crowds seen on the streets in many years was here all day Christmas Eve and until late closing hours doing their last minute shopping. The peak of Christmas shopping came the last three days with heavy buying and merchants reporting a satisfactory volume of business as good as last year, and reported by several as surpassing the '52 record.

### MRS. DAVIS IN HOSPITAL

Friends of Mrs. John D. Davis will regret to know she is a patient at the General Hospital in Greenville.

### Masonic Goups Elect Officers For Coming Year

The following officers have been elected and installed for the local Masonic organizations for the year 1954:

Campbell Lodge No. 44, AFM—Clyde R. Trammell, Worshipful Master; T. Leo Heatherly, Senior Warden; William J. Davis, Junior Warden; F. M. Boland, Treasurer; V. P. Adair, Secretary; John W. Moore, Senior Deacon; C. F. Dunaway, Junior Deacon; J. T. Gallman, Steward; Wm. R. Fennell, Steward; Rev. E. K. Garrison, Chaplain; J. M. DeYoung, Tiler.  
William Plumer Jacobs Chapter No. 54, AFM—M. N. DeYoung, High Priest; S. C. Chaney, King; Wm. J. Davis, Scribe; K. F. Mills, C. of H.; Geo. J. Sineath, P. S.; E. R. Knox, R. A. C.; J. E. Ellison, M. 1st. V.; B. F. Harvey, M. 2nd. V.; F. E. Miller, M. 3rd. V.; V. P. Adair, Sec.; F. M. Boland, Treas.; Carous B. Davis, Guard; Olin F. Furr, Senior Steward; Wm. S. Weir, Junior Steward.  
Musgrove Council, No. 40, RMS—S. C. Chaney, I. M.; J. K. Johnson, D. M.; B. F. Harvey, P. C. W.; F. M. Boland, Treas.; V. P. Adair, Sec.; Durward Murdoch, C. G.; M. N. DeYoung, C. C.; F. E. Miller, Steward; E. R. Knox, Sentinel.

### Episcopal Minister Resigns Work Here

The Rev. Edwin Ballenger Clippard, minister-in-charge of St. Luke's Episcopal church at Newberry, the Church of the Epiphany in Laurens, and All Saints Church of this city, has concluded his pastoral duties here to assume his new duties as pastor of the Protestant Episcopal Church of the Holy Communion in Charleston January 1. The announcement is one of regret here.  
Mr. Clippard married Miss Sophie Willis Wallace, daughter of the late Dr. Duncan D. Wallace of Wofford college, in 1952.

### Open Meeting By County Delegation Set for January 11

The county delegation plans to give the public an opportunity to air their views on local or state measures before the meeting of the 1954 legislature.  
Rep. Justin Bridges, secretary to the delegation, said that at a recent meeting the delegation decided to have a public meeting in the court house at 10 a. m., Jan. 11, the day before the legislature convenes, when citizens may appear and make their views known on any legislative subject.  
He also said that the delegation approved a group hospitalization insurance policy for county employees, including court house officials. Under the approval, he said, the county will pay 25c per month on each policy and the employees will pay the rest.  
The 25 cents payment, Mr. Bridges said, was the minimum amount required of the county to allow the employees to qualify for the policy. Practically all of the employees wanted the coverage, he said, and were willing to pay their share. Mr. Bridges said he did not know what their share would be but that it would be a greater part of the cost.  
The total cost to the county for the 60 to 70 employees will be in the neighborhood of \$180 per year, he said.

### Last Rites Held Here Sunday For Mrs. W. L. Weir

Mrs. Frances Ray Wier, 52, wife of W. L. Wier, died here last Saturday afternoon at the home of her daughter, Mrs. Harry E. Baldwin, after several years of declining health.  
Funeral services were conducted Sunday afternoon from Duncan's Creek Presbyterian church near here by Rev. J. S. Gray, assisted by Dr. W. R. Turner. Burial followed in the church cemetery the rites being attended by a large gathering of friends and relatives, with many lovely floral tributes banked upon the grave indicative of the love and esteem in which she was held.  
Palbearers were Jack Holland, Edgar Taylor, Jr., Thomas E. Baldwin, C. W. Wier, Jr., Sam Wier, Jr., Buford and Bill Wier.  
Mrs. Wier was a native of this section of the county where most of her life was spent. She was a daughter of the late Charles and Maggie Lou Simpson Ray and was a lifelong member of the Duncan's Creek church.

### Citizens Federal Pays \$80,911.15 In 1953 Dividends

The Citizens Federal Savings and Loan Association of this city, will pay its regular semi-annual dividend today to investors as of December 31. The dividend is on the basis of 3 per cent per annum.  
The December dividend amounts to \$41,631.75, added to the June 30 dividend paid of \$39,279.40, brings the total dividend paid during 1953 to \$80,911.15, an increase of approximately \$9,000 over last year.

### COMMUNION SERVICE

The first communion service of the new year will be held Sunday morning at the First Presbyterian church during the 11 o'clock worship hour.

### Stores Close Friday For New Year's Day

Stores and business firms generally will be closed Friday for New Year's Day. Stores will be open on Saturday the usual hours.

### South Carolina Crops Show Increase Over '52

Columbia—Year-end estimates of 23 field and 15 commercial truck crops grown in South Carolina indicate an aggregate farm crop production 6 per cent more than in 1952, but still 5 per cent less than average.  
The increase from last year was attributed by Frank O. Black, statistician in charge of the U. S. Department of Agriculture's State Crop Reporting Service Office here, to better per-acre yields. The below-average volume, he said, was the result almost entirely of less than the average acreage being planted.  
Here's what Black told the Associated Press about 1953 South Carolina crop production:  
Most spring and summer maturing crops were good to excellent—oats and tobacco breaking previous per acre yields—but summer heat and drought seriously damaged fall harvested crops and pastures. Generally speaking, yields were poorest in the south and east, although varying with moisture conditions in all sections. On the whole 1953 was a reasonably good crop year despite adverse conditions that caused severe losses on many farms.  
The composite or all-crop yield of 606 tons from each acre was 5 per cent better than last year and almost equal to the 10-year average.  
Crops were harvested from approximately 4,164,000 acres. This was nearly 1 per cent more than the area harvested last year, but 5 per cent less than average. The "lost" acre went mostly into grazing crops.  
Production of oats and soybeans broke all previous records. Larger than last year's crops of cotton, tobacco, rye, corn, grain sorghum, sweet potatoes, peaches, pears and pecans were made. Wheat, cowpeas, peanut and grape production was virtually the same. Barley and Irish potatoes were moderately short but all hay and seed crops—lespedeza, lupine, crimson clover and tall fescue—were down sharply. Fruit and nut crops were generally good. Food grain production was one-fifth larger.  
Prices received for farm products generally were less than received last year. This fact more than offset the increase crop tonnage, making total crop value of 342 million dollars nearly 2 per cent less than the revised value of 347 million for crops in 1952. The worth of this year's crops, however, is 15 per cent more than the 1942-51 average.  
The principal cash crops of lint cotton and tobacco are valued at 21 million dollars compared with 208 million in 1952, cotton being about four million less but tobacco about seven million more. Other crops with higher values than in 1952 are corn, oat, rye, grain sorghum, soybeans and pecans.  
A cotton crop of 695,000 bales and cotocensed of 294,000 tons are indicated from Dec. 1 reports. The bales are valued at approximately 114 million dollars and seed at nearly 15 million, compared with 1952 figures of 119 million and 20 million, respectively.

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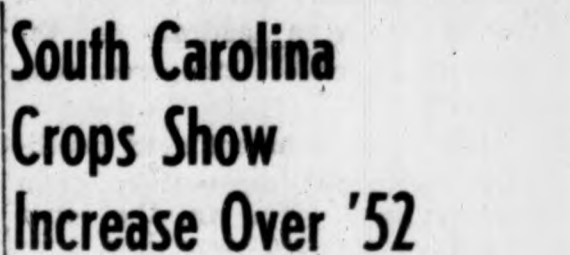
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**Happy New Year**

Our sincere wish is that 1954 treats you so well that when it departs down the corridors of Time, you'll count it among your luckiest years... richly endowed with good health, warm friendships, solid achievement and high happiness.

**The Chronicle**  
"The Paper Everybody Reads"

**FOOD . . .**  
Is An Important Item With Housewives  
You will find helpful Grocery and Market News in THE CHRONICLE every week from leading food stores in the city.  
Read the advertisements regularly—they tell you about changing prices each week and where you can supply your needs and buy to advantage.