

BABSON SAYS IMPROVEMENT NOT GENERAL

Only Half of the Business
World Yet Affected, Says
Noted Statistician.

WELLESLEY HILLS, Dec. 2.—Roger W. Babson today called attention to a very important fact in discussing the general industrial revival.

"Depressions hit the country very much like storms," says Mr. Babson, "and just as they affect different localities of the country in regular sequence they also affect the different divisions of our business world in different degrees and at different times."

"The fact that a depression ordinarily starts in the Northwest works South and West, finishing its course in California, is clearly evident from a statistical study of the situation. If we look at the business world we find it dividing itself into four big divisions and we find that the business depression traces its regular course through this industrial fabric."

"First, there is the Raw Materials Group, or iron and steel companies, copper and oils, crop and livestock products. Second, there is the Transportation Group, the railroads and steamships. Third, there is the Manufacturing Group with its automobile factories, textile mills and the other fabricators of finished products. Fourth, and finally, there is the Distribution Group headed by the wholesale houses, mail order firms, chain stores, and finishing with the multitude of retail establishments."

"Now what happens to these Big Four Groups when a business depression hits the country? The first to suffer is the Manufacturing Group. This is partly the result of financial stringency. Take the recent depression, it appeared first among shoe factories, textile mills, and other factories. In a broad way these are concentrated in the Northwest section of the country, and it was exactly in this region that trouble first appeared. This was entirely characteristic. It is what happened also in earlier periods of business depression. Far-sighted executives foresaw long in advance, that this would be the first part of the country to weaken, because it is the home of the Manu-

facturing Group.
"Then comes the next act in the drama of depression. As the logical result of curtailed manufacturing, we get a slump in the Raw Materials Group. When a shoe factory shuts down, orders for leather shrink. When a textile mill closes, demand for cotton and wool dries up. So the initial weakness in the Northwest spreads to the West and South. The West and the South are the home of the Raw Materials Group.
"As traffic in finished goods and raw materials subsides, there is lessened activity for the Transportation Group. The railroads fall into line on the downward march.
"The tragedy closes with the last act, namely, the downfall of the Distribution Group, numbering the great mass of retailers scattered throughout the entire country who are caught with high cost goods, he economic curtain falls on a land sunk in almost universal depression.
"We have just seen all this enacted before our eyes. With this sequence of events still fresh in memory, a business man is blind, indeed, who cannot foresee the payment of returning prosperity. Manufacturing activity has been resumed. The Northwest is well advanced on recovery. The South and to some extent the West are looking better as the Raw Materials Group begin to struggle to their feet. Car surplus has changed to car shortage—reflecting and measuring the revival of the Transportation Group.
"But the final stage is still before us. We have yet to witness full resumption among the great rank and file of retailers who constitute the final group of the Big Four, the Trading Group.
"Therefore, I estimate that improvement is not yet general and that the best is yet to come, when all the Big Four Groups shall participate in prosperity. Those who apprehend that the bull movement

in the stock market is at an end, might well question whether recovery can in any sense be complete with the enormous Distributing Group still to be heard from.

"It is true, of course, that the stocks of so-called trading corporations show a substantial advance. This is partly because the stock market discounts the successive steps in business revival. But a more important reason is that the trading corporations, so-called, with their immense national ramifications lead to part company with the smallest individual retailer and move on in harmony with the other groups.

"If you are a retailer, don't get discouraged if your sales seem to lag behind general business. This is merely the working out of economic laws. Your turn will come—and he who laughs last sometimes laughs best. If you are an investor, I suggest that the bull market—so far as the long swing is concerned—will not finally culminate until improvement is general. Improvement cannot be general until shared by the millions of big and little retailers in cities and crossroads throughout the entire nation."

General business is holding its recent improvement. The index of the Babsonchart shows general activity about 3 per cent below normal—the same as last week.

The fact is, the men had better quit devoting so much time to criticism of woman suffrage and devote more to planning how they're going to retain their seats in the smoking car.

Few girls are as bad as they are painted, or as "white" as they are powdered.

About the only thing that limits the cost of living in this country is the pay envelopes.

London Thinks Germans Planning a War Against France for Near Future

LONDON, Dec. 2.—That the Germans are actively planning a war of revenge, chiefly against France, for which purpose they have concluded a secret military agreement with Russia, is the main point of a "memorandum" by a person in close touch with the best informed German circles in Berlin and Munich, communicated to the Daily Mail, which displays it under big headlines.

The paper claims to have made exhaustive inquiries in Germany, London and Paris into the memorandum's accuracy, with the result, the Mail says, that it has been largely supported thereby.

Except for precise details, the Mail's story does not differ materially from similar statements printed from time to time in anti-German papers.

EXPORTS SHOW BIG INCREASE

WASHINGTON, Dec. 2.—The rising tide of American exports appears to be under way, according to a statement Friday by Dr. Julius Klein, director of the bureau of foreign and domestic commerce who declared that the factors entering into this country's foreign trade "portend a most valuable future." The director added that the total of \$372,000,000 in exports in October, the largest since March, 1921, marks a progressive increase and shows the trend definitely upward.

The importance of foreign trade to the country is more and more widely recognized, Doctor Klein declared.

Improving conditions in Latin-American countries, the Far East

and in Africa forecast increased business with these quarters of the world, Doctor Klein said. In all of these, he explained, the American exporters are seeking to enlarge their operations as shown by the trade inquiries.

As for Europe, Doctor Klein declared that the imports by most countries there had reached an irreducible minimum, and any change for the better meant more purchases in America.

The man that keeps good-natured, by misfortune undismayed, is the man that comes out winner. When the final hand is played: There is even a certain triumph. That compels respect complete in the way a real sportsman. Takes his dose of stern defeat.

No one can feel more virtuous than a man who goes without a cigarette all Sunday morning because he ran out of them the night before.

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