

Business and Securities In 1923

Halfway Between Depression and Prosperity Says Babson. Statistician Discusses Prices, Wages and Sales For coming Year. Stocks and Bonds To Go Higher

Wednesday, Hills, Mass., Dec. 30.—“What’s going to happen in 1924?” That question is uppermost in the minds of 1,000,000 American business men and investors who are facing the problem of making plans for the New Year.

Signs are not clear and the usual barometers seem to contradict one another. Some are very bullish for the coming year, and others cannot see much hope for business. The reason for such a situation is that we are at present neither at the top of a boom nor at the depth of a depression. It we were at either of these extremes there would be no question of what the next move would be. As it is, we are about half way between them.

“During the past year United States business has steadily advanced until the average for the whole country is what we usually call ‘normal’ business. Having advanced thus far, shall we immediately continue into a great prosperity period or shall we go into another period of depression and poor business as some predict?”

“If you will only remember the five years preceding 1921 and recall what an enormous orgy of expansion existed, you can see for yourself that it will take some time to get a proper foundation for really good business. We danced during those years, and now we must ‘pay the fiddler his complete bill.’ Business has really been like a convalescing patient. Everything will go well with the patient if he does not try to get out of bed too soon. If he tries to do so he will have a relapse. We now have passed the most painful part of the readjustment. The crisis is over, but a process of cost reduction and re-balancing is necessary.”

Price spread is wide.

“Today a wide disparity exists between prices of different commodities,

and particularly the spread between producers’ and consumers’ goods. This is a brake on trade. One half of the people cannot earn enough to buy the goods that the other half has to sell. There are one hundred and six million people in the United States and fifty per cent of them get their living from producing or distributing raw materials. It has thus far been impossible to reduce the prices of finished consumers’ goods to meet the cuts on these raw materials. The purchasing power of these people is out of its natural proportion.

“It is not entirely a matter of reducing wages, although labor costs are a large factor, nor is it entirely a matter of inefficient management. No, the problem of high costs is not a problem of any one element; and readjustment can come in only one way—drastic competition. All this will take further time.

“Does this mean that there will be no opportunities in 1924? Not a bit! There will be just many chances to make money as in any year you ever lived. It will be possible for you to make as much during the next 12 months as in any year of your business life, but it will not be along the lines which made money in 1919 and 1920, nor in any other boom year. The profits in 1924 will come by giving attention to details, by stopping the little leaks, by saving here and there through new labor-saving inventions, and most of all, by devising new and more economical means of distributing goods. This was not in all the situation during the business boom. Then the man who stopped to prevent small leaks found himself caught by the monstrous rise in prices and changes in general conditions.

“These days have passed. They were wild and merry while they lasted. Now business has come back to earth. In most industries, an excessive producing capacity was created. During the boom, overhead costs were increased to keep up with an abnormal turnover. Today the amount of business has dropped back more nearly to normal, but costs have not been proportionately reduced. Higher wages, higher rents, more expensive sales organization—in fact nearly every item of expense is out of proportion with the amount of

business done.

“Instead of wild gyrations in the commodity markets, the average trend throughout the coming year should be more of a sideways movement. Some commodities are high and others are very low, but the majority at present are about 15 per cent above their levels a year ago. A year from now we shall probably get them averaging at about the same level they stand today. In between, there may be a further rally from the low of 1923, and agricultural products certainly should do better.”

Earnings Will Be Higher.

“Earnings,” continued Mr. Babson, “should average somewhat better than in the year just passed. A survey of 199 leading industrial companies, recently made by my organization, showed that in 1923, 94 per cent of these companies made a net profit, while only 4 per cent showed a deficit. In 1922, the number of companies which showed a profit was down to 48 per cent. Over half, or 54 per cent, of the industrial companies lost money on their 1923 business. 1923 has witnessed a change from red ink figures into black ink figures, but the amount of net profits will not be large when the books are balanced. We are just getting back onto the right side of the ledger.

“The shortage of labor is one of the worst features of the 1923 outlook. The moment that business works up to average activity it becomes impossible to get sufficient workers. This raises costs and in turn increases commodity prices and the cost of living. The immigration law is largely the cause of this shortage. This law restricts the number of immigrants in a single year to 3 per cent of the total number of respective nationalities already in the United States. Before the war we had an addition of a million immigrants a year. Now we are receiving less than 400,000 and at least 60 per cent of these are women, children or other dependents. On the other hand, I doubt if the repeal of the 3 per cent immigration law is the proper solution of the present shortage.

“The real solution is not the repeal of the present immigration law, but rather the repeal of the contract labor law for as long a period as the 3 per cent law remains in force. This would make it possible for employers to promise selected foreign workers employment before leaving their own homes. The moment that the immigration law is repealed the contract labor law can again be applied.

“There should be no great difficulty in getting ample supplies of bituminous coal this winter. The coal shortage is diminishing somewhat. Ample supplies of bituminous coal are being produced, suggesting lower prices. The mischief of this situation lies in the fact that it will give an advantage of both miners and operators to close the mines for a time. The difficulties which brought on the strike last year have not been settled. There is serious danger of another strike in the soft coal fields.

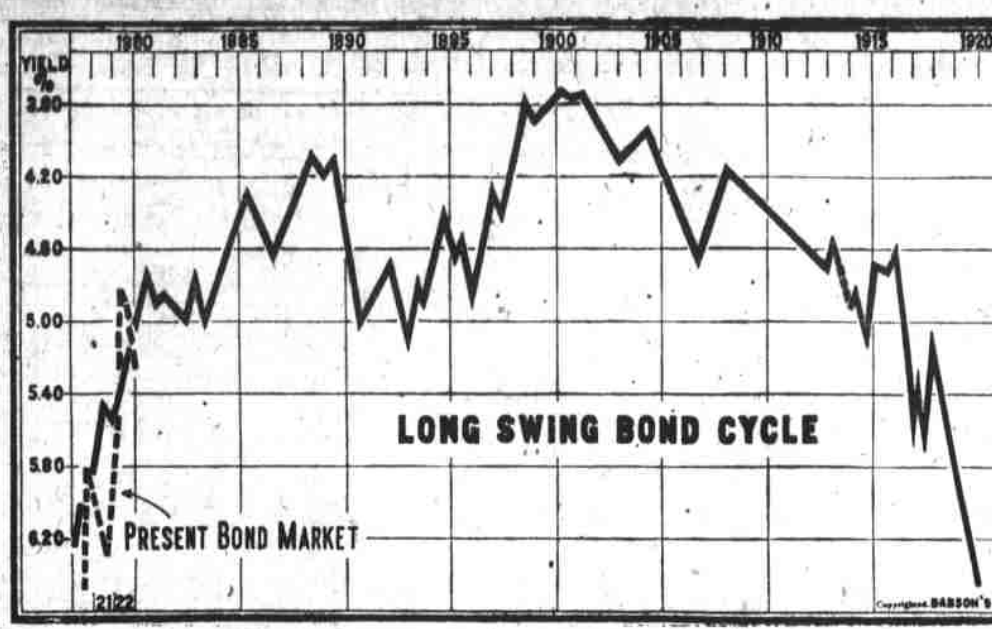
“Everybody is worrying about the political situation. There is talk of radical legislation during the coming year. Most of this is merely the echo from campaign speeches. It may be a noisy year. Both the conservatives and the radicals have veto power, but neither is strong enough to push through any extreme measures of its own. The only kind of legislation that will really be enacted is that which will appeal to members of both groups. Already the federal reserve board has issued a ruling, admitting a large amount of agricultural paper for rediscount in the federal reserve banks. The music shoen problem will probably be settled, either by sale to Henry Ford or by development on the part of the government itself. The soldier’s bonus will probably be enacted, although no agreement as to the terms or means of raising the money has yet been made. It is improbable that there will be any increase in the amount of business taxes.

“The political aspect has frightened many stockholders, but it is entirely too early to be worried. The thing to watch is fundamental conditions. We are still in a readjustment period. This means that sooner or later we shall work toward better prosperity. It is true that industrial stocks are much higher than a year ago and are certainly not the bargains that they were. However, as I have already stated, certain lines of industry are just getting ready to go forward. The industrial market will be ‘spotty’ but there are a great many issues that should do better in the coming year.

“The rail group is relatively not so far advanced as the industrials. I do not believe rails should be bought indiscriminately, but the rail average will follow up the general market. I am much more attracted to the long-haul roads than to the shorter lines. The motor truck is a competitor for the former but a competitor of the latter. Copper stocks have really not started yet, but the statistical position of the metal is far better than it has been for a long time. Coppers, certainly are selling at bargain levels.

“Money conditions should continue good. There is no question that the banks are in a strong position. The federal reserve banks today have reserves equal to about 76 per cent of their note and deposit liabilities. The reserve required is between 35 per cent and 40 per cent. It is true, that when foreign countries began to get on their feet, it will be necessary to send much of this gold back. For the present, however, this gold represents the basis on which a considerable expansion of credit can be built. It guarantees to us a relatively easy money rate, until heavy gold exports are resumed. During the coming year, borrowers need have little fear of a lack of funds for all legitimate purposes, and this also applies to long term money, that is, capital for permanent investment. Mortgage rates during 1923 showed lower. Today, the average rate of real estate mortgages throughout the United States is between 6 per cent and 7 per cent. The time is not far away when this average will stand between 5 per cent and 6 per cent.

“Of course, the ease of the money market is distinctly favorable to long time bonds. There is a point in the business cycle when industry becomes so active that money is absorbed by trade. When this occurs bonds are sold and develop a downward tendency. This point in the cycle has not yet appeared. Moreover, history shows that following the Civil war bond prices, barring temporary fluctuations, rose for a long period of years, the advance culminating about 1910. From this point,



a descent was gradually made to a low point at the end of the European war. Since this low point, history is repeating itself, bonds having reached a middle ground, but still far below the 3.80 or 4 per cent basis of the 1920 period. All these factors suggest that well selected bonds, both municipal and corporate, are a distinct purchase.

“Bonds and money,” concluded Mr. Babson, “are certainly sound factors in the situation. As for business as a whole, there is no doubt that it will average better this coming year than it did in 1923. This does not mean that there will be any boom, but that there will be plenty of money-making opportunities for those who know fundamental conditions.”

General business according to the index of the Babson chart stands at only 1 per cent below normal, the same as a week ago.

Lumberton during the last week. The majority of those boarding the matrimonial boat were negroes and Indians, however. The Robesonian of yesterday carried notices of ten deaths, all of which occurred around Christmas. None of those who died lived in Lumberton.

There were 44,750 bales of cotton ginned in Robeson county from the crop of 1923 prior to December 13, as compared with 41,710 bales from the crop of 1922 to the same date.

The amount of Christmas mail handled at the Lumberton postoffice this year was at least 25 per cent larger than ever handled during the holidays before, according to Postmaster I. L. McGill. Although the postoffice force lost one day just before Christmas as a result of a fire in the postoffice building, all mail was delivered by early Christmas morning.

Members of Lumberton post No. 43 of the American legion enjoyed a barbecue and general good time at the Goat club cabin, near Lumberton, Thursday from 6 to 8 o'clock. The occasion was known as the “annual feed” and the evening was much enjoyed by the large number of ex-serviced men present.

At a business meeting following the social hour the following officers were elected by the post: Commander, W. Bert Ivory; vice-commander, F. E. Wihart; adjutant and finance officer, I. Leon McGill; historian, R. F. McMillan, Jr.; insurance officer, John S. Goss.

Dr. Chas. H. Durham, pastor of the First Baptist church of Lumberton, will fill his regular appointments Sunday, December 31, after being confined to his room for two weeks with influenza. Dr. Durham was stricken soon after returning home from the Baptist state convention at Winston-Salem. His many friends throughout the state will be pleased to learn of his recovery.

The tobacco growers of Robeson

county are preparing seed beds for the 1924 tobacco crop. It is thought that the acreage next year will be somewhat larger than that of 1922.

GOV. MORRISON GOES TO LUMBERTON TODAY

Governor and His Daughter Will Be Guests of A. W. McLean—Other Lumberton News.

(Special to Daily News)

Lumberton, Dec. 30.—Governor Morrison and his daughter, Miss Angela, will arrive here Sunday morning from Raleigh and will spend a few days in Lumberton as guests at the home of Mr. and Mrs. A. W. McLean at their home on Chestnut street. This will be Governor Morrison's first visit to Lumberton since his election.

On Monday afternoon from 3 to 4 o'clock Mr. and Mrs. McLean will hold a public informal reception at their home in honor of the governor. The public generally is invited to call and meet Governor Morrison during these hours.

Twelve marriages took place in

Robeson county during the last week. The majority of those boarding the matrimonial boat were negroes and Indians, however. The Robesonian of yesterday carried notices of ten deaths, all of which occurred around Christmas. None of those who died lived in Lumberton.

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The tobacco growers of Robeson

“The Careful Apothecary”

Wishes You
A Happy and Healthful
New Year

HOWERTON'S DRUG STORE

113 E. Market St. Phone 47
We Close Sunday's

A Happy New Year

From
Kirkman & Cobb

113 E. Washington Phone 3232

A Happy New Year

We appreciate the cordiality with which you have received us here and hope that 1924 will bring us closer together in mutually satisfactory business relations.

For You We Wish All the Good Things Desirable

COHEN'S

Ladies' Ready-to-Wear
212 S. Elm St.

Observing NEW YEAR Holiday

Our Offices Will Be Closed All Day Monday

Emergency Calls—Phone 331

North Carolina Public Service Company

Silk Plush

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GILMERS INC.
FROM MILLS DIRECT TO YOU

Bolivias

Beginning Monday Final Clearance Sale
Women's and Misses Coats
From Our Regular Stock, Radically Reduced For Quick Clearance

No doubt you have waited for this final reduction and clearance of coats before making your purchase. Now it is here and we have placed a price on every coat in stock to move them quickly. The former prices were low in consideration of quality and we do not hesitate a moment to say that these are the lowest prices in the city—and you be the judge.

Our Entire Stock is Included in Three Groups. The Original Prices On These Coats Are Shown in Plain Figures.

Group No. 1
Former Pricing \$9.75 to \$12.50
Reduced to
\$6.95

In this group are 28 Coats of All-Wool Velours with Fur-Trimmed Collars. Some straight line models, others belted. These Coats are all nifty models and carry the appearance of much higher priced garments and really they are worth considerably more than this clearance sale price. Others may reduce coats, but no such values are to be found any place, than are to be found in this group.

Models for Stout or Slender Women or Misses' Sizes

SEE OUR WINDOW DISPLAY OF THESE COATS

Group No. 2
Former Pricing \$24.50 to \$37.50
Reduced to
\$19.75

In this group of 75 Coats are Bolivias, Tweeds, Broadcloth and Silk Plush, in fact the styles and fabrics are of the best—the workmanship exceptional and the variety of different smart models are most unusual for a clearance sale of this sort. For dress, or street wear, in fact for any occasion you will find a coat in this group that will be just stited for the time.

Models for Stout, Slender or Misses

Group No. 3
In this group are 5 Ameritex Silk Seal Plush Coats, former price \$49.50 and \$69.50, at
\$35.00

Sport Coats \$19.75

Fur Trimmed \$19.75

\$6.95