

ARE WE REALLY COMING BACK?

Recovery Was Steady in 1936, but Puzzlers Like Unemployment, Recurring Deficits and Farm Surplus Must Be Solved.



1929—One of the busiest spots in the world as stocks soared to unbelievable heights in the great boom was the New York Stock Exchange, where a man could become a millionaire (on paper) one day and a pauper (not on paper) the next.

By WILLIAM C. UTLEY

Factories are smoking again, carriers are busy, and we have just passed a Christmas season which may have been the biggest holiday business spurt of all time, even including the height of the pre-depression boom.

As we enter the new year, we find industry at its highest point since 1929, national income having risen to an estimated 90 billions of dollars or more, the largest in five or six years, and a general relieving of the tension which holds men's nerves during an extended stretch of hard times.

For one thing, in the past year the nation was not temporarily hoaxed by business furies which seem to indicate that recovery had set in, only to subside again and leave the populace disappointed. The movement toward normalcy has been pretty steady, and seems to have at last spread over the base of the entire economic structure until it has touched every part of it.

Only time will tell whether, as some close observers believe, the revival is inflationary and beyond the measure created by demand. At least there are three major problems still confronting us:

There were in September, according to the National Industrial Conference board, nearly 9,000,000 persons still out of work.

Production Indexes Rise.
The deficit of the federal government is increasing at the rate of three or four billions a year.

Under normal weather conditions—if we should enjoy them during 1937—we will be faced with the agricultural surplus resulting from the cultivation of 30 or 40 million acres more than we need.

The production index of the Federal Reserve board for October shows that industry has reached a level nearly equal to the average for 1928, making the necessary allowance for normal seasonal trends. It does not, however, take into consideration the fact that we have a population greater by 9,000,000 today than we had in 1928. If allowance is made for this, the production index is about 92 per cent of the level of 1928. But in 1932 and 1933 it was only half that of 1928.

It said that the heavy industries, which make "capital goods," are far behind, but even they are picking up. Steel, the barometer of these industries, climbed from 41 per cent of production capacity in June, 1935, to 70 per cent capacity for June, 1936, or only about 12 per cent under the boom figure.

Absorbing the Unemployed.
The "semi-durable" industries which make goods requiring some considerable investment by the consumer led the uprising. Among these are the automobile industry which, it is estimated, produced 4,500,000 cars, more than in any year except 1929, and the electric refrigerator industry, whose sales reached a new all-time peak. Furniture, household appliances and others followed the trend.

The consumption goods industries, producers of leather, foods, textiles, etc., are experiencing what might be called almost boom times. Employment is not without hope. There are today at least 7,000,000 less unemployed than there were at the low point of March, 1933. They

How Reserve Board Looks at Recovery

The following indexes, supplied by the Federal Reserve board, show how conditions today compare with those of 1932, at the bottom of the depression:

	An'l avg.	Oct. '36	1932
Industrial Prods.	109	64	
Construction	56	28	
Factory emplmt.	94	66	
Factory payrls.	89	47	
Car Loadings	73	56	
Dept. Store Sales	90	69	
Common Stocks	119	48	

The above figures indicate the degree of recovery through last October. When November and December figures are released it is virtually certain that they will show a continuation of the upward trend.

are the victims of an ever-increasing population as well as increased efficiency in industry.

The consumption goods industries offer little in the way of increased employment, although they will absorb a few in the mild expansions which are forthcoming.

Semi-durable consumption goods industries—the automobiles, refrigerators, etc.—are working at just about peak now to supply a demand which has accumulated over a few years. They can be expected to contribute little toward the relief of unemployment.

The one avenue of hope seems to be the heavy industries, where there is still room for a good deal of expansion. Especially cheering is the progress which is apparently being made in the building industries, which will sooner or later have to begin correcting the large housing shortage.

Since 1929 there had been little modernization and renovation of factories and plants. This cannot keep up forever, or even for very long, for replacements would be needed even to keep up the restricted production of depression business and to meet the added needs of an increased population.

34 Billion Debt.

The unemployment problem is not as serious as it appears upon the surface, for even in normal times there are some 2,000,000 unemployed. If the present trends continue, we should soon approach this figure. Indeed, there are some "experts" who predict a labor shortage a few years from now.

Of real concern is the part of recovery artificial in character because it is based upon the extraordinary spending of the government. Five per cent of the national income today is coming out of government bonds, a situation which, if continued, is hardly sound. This brings us to the problem of reducing the federal deficit.

The national debt of about 34 billions is some 8 billions over the old-time 1919 high. Interest rates are lower, so that today the cost of carrying this debt is actually about 20 per cent lower than the cost of carrying the smaller debt in the years after the war.

Despite the fact that the debt could be raised to 40 billions without necessitating greater interest payments than the post-war debt, difficult credit conditions eventually face governments which do not balance their books. When credit collapses, prices go up quickly; conversely, savings, investments, insurance, and real wages hit the skids.

It is true, however, that as employment conditions improve, the necessity for government spending decreases, while, on the other hand, the added recovery brings higher tax collections. There are some optimists who expect sufficient continuation of recovery to permit the balancing of the budget within the year.

Farmers Face Surplus.

The farmer, from the point of income, is better off than at any time since 1929, if the fall of prices in the things he must buy is considered. Income from farm products for 1936 is estimated at \$7,850,000.

1932—One of the aftermaths of the great crash of 1929, the "jobless army," bound to fight for a meager existence against terrific odds and discouraging circumstances. 1937—Manufacturing plants once more boom as a new recovery gets under way.

There is an improving demand for farm products, but it is not enough to take care of the surplus which would occur should there be a cessation of the summer droughts. The production of American farms is based upon an export market which has disappeared and a feed market which is disappearing with Old Dobbin.

If the nation were to allow common economic forces to work until they had eliminated the surplus farmers, the fall in prices would be so disastrous to all farmers that it would seriously hurt industry and recovery.

New experiments in crop control, such as the defunct AAA, seem the only answer to the possible surplus. And they are sure to bring problems of their own, as we have well seen in the last year or two.

What can be done to recoup some of the vanishing export markets remains to be seen. It appears at this time that a return to high tariff policies would be disastrous to cotton, fruit and tobacco farmers, as well as to certain manufacturers and producers of mineral products. Mr. Hull's reciprocal trade treaties, with which we are now experimenting, have so far effected but slight improvement.

What If War Breaks Out?

It may be that the present boom will continue and get out of hand as the past booms have, resulting in a new depression. The two checks ordinarily effective in curbing the momentum of a boom after real demand has been fulfilled are tightening credit and soaring interest rates. But today we have a new situation. With half the world's supply of gold, we have the base for unlimited credit expansion, and the government is succeeding in keeping interest rates down in order to carry the huge national debt as cheaply as possible.

The last boom and the depression which followed it are largely traceable to the World War. Should another great war break out—and this seems not unlikely, in the face of conditions in the Eastern hemisphere—it will take all the brains and courage of the government and of business leaders to prevent another vicious business cycle.

Meanwhile statistics indicate that the average family has not found it any easier to live during the last few months of recovery. In the third quarter of 1936 payrolls dropped a little while the cost of living continued to rise, according to a survey made by the Northwestern National Life Insurance company.

The average family, earning and spending \$120 a month in 1933, saw its monthly income rise more than \$16 in the next two and one-half years, to \$136.73 by the second quarter of 1936, the survey reveals. Due to the accompanying rise in prices it then cost \$133.84 per month to support the same scale of living which only required \$120 to pay for at 1933 levels, leaving a modest gain of \$2.89 in the family pocket-book, as surplus of income over out-go.

In the next three months, however, the cost of maintaining the same scale of living rose another two dollars, to \$135.97, while the family's monthly earnings declined \$2.21, reducing the average household's income to \$134.52, thus turning the previous surplus into a deficit of \$1.45.

STAR DUST

Movie • Radio

By VIRGINIA VALE

OF COURSE you've seen Sid Silvers, and laughed at him, in many a movie; now you're going to hear him on the air with Al Jolson, whom you've also seen in pictures, but not recently.

Silvers is something new under the sun. He writes the very funny lines he speaks; that is, he makes them up, but he doesn't put them down on paper. He just says them. Somebody else takes them down. And if he gets a very funny idea during the final filming of a scene, in it goes and the scene is done over again. But what havoc that will create if he forgets himself and does it on the air, since radio scripts have to be written and re-written, and then approved.

Now it's Claudette Colbert and her husband who are going to adopt a baby from that famous orphanage in Chicago. Irene Dunne and her husband were the latest couple to do it—and Irene, worse luck, had such a bad cold during the first few days of the little girl's presence in her new home that she couldn't go near the infant. Meanwhile Claudette has been given the lead in the screen version of "Tovarich," the successful stage play; she should be grand in it.

Claire Luce, who was Fred Astaire's first dancing partner after his sister deserted him for matrimony, is in Hollywood, with yearnings to become a motion picture actress. On the stage she got along beautifully with the nimble Fred, but she's not making tests for RKO, so apparently she isn't being considered for his partner on the screen. Practically everyone else has been, apparently!

The blonde Miss Luce has a lifetime on the stage behind her—that is, she has her lifetime, as she started at the age of four. She was one of the six or eight chorus girls in the musical show in which Miriam Hopkins and various other celebrities were also chorus girls—and what tales they all tell about each other in private!

It looks as if James Cagney would break out again—not in a fight with a motion picture company this time, but in a new venture. He is talking of reviving the theater in small towns, so you may see him in person before long.

It is said that Robert Montgomery and Pat O'Brien may appear with him, as well as his brother Bill. Meanwhile his first picture for Grand National, is completed at last.

How do you like the idea of a picture with Robert Taylor, Spencer Tracy and James Stewart in it? The picture will be "Three Comrades," and the author is the man who wrote "Journey's End," so the story ought to be good. Once upon a time studio executives would have screamed at the idea of putting three such players in one picture, but nowadays the big companies plan to give us as much for our money as they can.

Have you been missing "Minnie Mouse" from the screen? If you have, don't worry—she'll return. You see, her voice—that is, the young woman who plays "Minnie's" voice—got married and went off on a honeymoon.

Being the voice for one of Walt Disney's popular characters is a pretty good job—and it means a contract for the actual owner of the voice, too, because the public is so familiar with the sounds that Mickey and his co-players make.

Maybe some day we'll see that Disney feature-length picture that has been talked about for so long, "Snow White and the Seven Dwarfs."

ODDS AND ENDS . . . Ever since he finished "The Gay Desperado" Nino Martini has been traveling around, giving concerts, and flying east each Wednesday for his broadcast—so imagine how thankful he is that the opera season has started in New York, keeping him home for the winter. . . . B. P. Schulberg, the movie producer, finally admitted that he and Sylvia Sydney will probably marry when his marital affairs are straightened out. . . . He and Mrs. Schulberg have been living apart for some time. . . . Richard Dix is taking out a patent for a thornless rose which he has developed at his ranch. . . . Robert Young will appear with Claudette Colbert in "She Met Him in Paris," which may console him for losing out on "Love on the Run," the Crawford-Gable-Tone picture. . . . Now they say it is Gladys George who will play the role of the mother in "Stella Dallas."

Western Newspaper Union.

what Irvin S. Cobb thinks about:

Glory Vs. Undernourishment.

SANTA MONICA, CALIF.—Because their dictators are piling up armaments and building up armies at a rate unprecedented, the German people must, it appears, go on rations, cutting down their daily consumption of breadstuffs and fats, with the prospect of still more stringent restrictions.

But their overlords—a reasonably well-nourished lot, to judge by their photographs—keep right on preaching that such compulsory undernourishment is all for the greater glory of the Vaterland.

I know of but one historic parallel to match this. It is to be found in Mother Goose, where it is poetically set forth:

There was a piper had a cow
And he had naught to give her
So he pulled out his pipes and played her a tune
And bade the cow consider.

Signs of Disapproval.

ONCE, in Montana, I heard two cowboys talking about the father of the sweetheart of one of them.

"I've got a kind of a sneaking idea that Millie's paw don't care deeply for me," said the lover.

"What makes you think so—something he said?"

"No, because he don't never say nothing to me, just sniffs. But the other night I snuck over there to see Millie, and, as I was coming away, I happened to look back and the old man was shoveling my tracks out of the front yard."

The archbishop of Canterbury is likely to wake up any morning and find the British public shoveling his tracks out of the front yards.

International "Messifications."

JUST about the time the contesting groups in Spain lose the twenty or thirty confusing names the correspondents have hung on them and resolve themselves into the army that's going to take Madrid not later than 3 o'clock tomorrow afternoon and the army that's going to keep Madrid until the cows come home, a fresh complication breaks into a mixup with General Chiang, possibly on the ground that he's a typographical error, and the red forces of the north get all twisted up with the white army of the north and the pink army of the north by northeast and so on and so forth, until the special writers run out of colors.

Just one clear point stands out of the messification. When the dust clears away some small brown brothers wearing the Japanese uniform will be found sitting on top of the heap. China's poison is Nippon's meat, every pop.

Rationalizing the Calendar.

THE plan to adopt a rational calendar is finding favor in administration circles at Washington, as in European countries.

Every time this proposition—which is so sensible and seemingly unattainable—bobs up, I think of the little story of the venerable Alabama pessimist who dropped into the general store just in time to hear the proprietor reading aloud from the newspaper that the project for thirteen months of twenty-eight days each had been laid for consideration before the League of Nations.

"I'm ag'in' it," declared the aged one. "It'd be jest my luck for that extra month to come in the winter time and ketch me short of fodder."

Stunts in the Films.

FOR ordinary film stunts, current prices are:

Tree fall, \$25; stair fall, \$50 (each additional flight, \$35); head-on auto crash, \$200; parachute jump, \$150; mid-air plane change, \$200; high dive, \$75; being knocked down by auto, \$75; being knocked down by locomotive, \$100; trick horse riding, \$125; crashing a plane, \$150.

It doesn't cost a cent, though, for practically every slightly shopworn leading man, on or off the screen, to crave to play "Hamlet" on the stage. But it is almost invariably expensive for the producers who occasionally satisfy these morbid cravings.

IRVIN S. COBB.

Western Newspaper Union.

Shampooed Policeman (to woman driver)—Hey, you, what's the matter with you, anyway?

Lady (in traffic jam)—Well, officer, you see I just had my car washed and I can't do a thing with it!

Well-Expressed

"What a long letter you have there."

"Yes, sixteen pages from Aileen."

"What does she say?"

"That she will tell me the news when she sees me."—Pearson's Weekly.

Moral Courage
Moral courage is more worth having than physical, not only because it is a higher virtue, but because the demand for it is more constant.—Charles Buxton.

GENUINE QUICK-ACTING BAYER ASPIRIN 1¢ A TABLET!



For Amazingly Quick Relief Get Genuine Bayer Aspirin

You can now get Genuine BAYER ASPIRIN for virtually 1¢ a tablet at any drug store.

Two full dozen now, in a flat pocket tin, for 25¢! Try this new package. Enjoy the real Bayer article now without thought of price!

Do this especially if you want quick relief from a bad headache, neuritis or neuralgia pains. Note illustration above, and remember, BAYER ASPIRIN works fast.

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LOOK FOR THE BAYER CROSS

War Breeds War

For what can war but endless war still breed?—Milton.

DISCOVERED Way to Relieve Coughs QUICKLY

IT'S BY relieving both the irritated tissues of the throat and bronchial tubes. One set of ingredients in FOLEY'S HONEY & TAR, quickly relieves tickling, hacking, coughing. It coats and soothes irritated throat linings to keep you from coughing. Another set actually enters the blood, reaches the affected bronchial tubes, loosens phlegm, helps break up cough and speeds recovery. Check a cough due to a cold before it gets worse, before others catch it. Check it with FOLEY'S HONEY & TAR. It gives quick relief and speeded-up recovery.

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Why suffer with muscular pains of rheumatism, neuralgia, lumbago, or chest cold? Thousands say Hamlin's Wizard Oil brings quick relief to aching legs, arms, chest, neck, back. Just rub it on—rub it in. Makes the skin glow with warmth—muscles feel soothed—relief comes quick. Pleasant odor. Will not stain clothes. At all druggists.

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Patience is bitter, but its fruit is sweet.—Rousseau.

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Are you getting proper nourishment from your food, and restful sleep? A poorly nourished body just can't hold up. And as for that run-down feeling, that nervous fatigue,—don't neglect it!

Cardul for lack of appetite, poor digestion and nervous fatigue, has been recommended by mothers to daughters—women to women—for over fifty years.

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