

## Business in U.S. Is Affected by Europe's Plight

Many Signs Point to End of Depression Period, However, Asserts Financial Expert.

By DWIGHT W. MORROW.  
*(Special Contributor to the Nation's Business.)*

What relation does the financial rehabilitation of Europe bear to American business? That is the question your president has assigned to me for discussion this morning.

What does "financial rehabilitation" mean? My dictionary tells me that the strict meaning of "rehabilitation" is "restoration to a former status." Now, that doesn't happen very often upon this earth. Few things in life are ever restored to a former status. We may—I think we will—get back some day to a stable Europe, with an orderly financial system, but we have little reason to expect that it will be the same Europe that we knew in 1914. It is not easy to tell what kind of a Europe it is going to be, but I think we have moved far enough away from the war to realize that some of the dire predictions that were made three years ago have not been fulfilled by the events. For instance, we heard a great deal about the permanent abolition of the gold standard. We do not hear so much of that at the present time.

### Currency Stabilized.

England during the past two years has handled its budget so rigorously that intelligent people are looking forward to a full resumption of specie payments in England within a short time. In both France and Italy the unit of currency has tended to become stabilized. To be sure, the paper franc and the paper lira are selling substantially below the par of exchange, but the fluctuations from day to day and from month to month are not as violent as they were two years ago. Merchants are now better able to estimate what foreign currencies are worth when measured in the currency of their own country. I am speaking only of the countries of western Europe. The information from Germany, from middle Europe and from Russia is still too meager to enable students of financial conditions to form definite conclusions.

How will the financial rehabilitation of Europe help America?

### Unsound Expansion.

I think the answer to this question must largely depend upon how much our commercial depression has been due to the financial chaos in parts of Europe. It is too often considered that all of our troubles are due to the failure of portions of Europe to recover financial equilibrium. But this is by no means true. The depression in the United States and in England has been due in large part to the fact that a great emergency demand for goods in 1919 led to unsound expansion. With the disappearance of the emergency demand the temporary prosperity passed away, and for the past two years the world has been working

back through much pain and travail to a readjustment of values.

Two years ago our thoughts were all on the high cost of living. Then the reduction of price came. This reduction helped the consumer, but hurt the producers. Inasmuch as every man is both a producer and a consumer he has to balance off his gain in his capacity as a consumer against his loss in his capacity as a producer, and, as in every economic readjustment, the net loss or net gain has fallen unequally upon different classes.

### Economic Area Grows.

Under the present organization of society, where large-scale production is the practice in every civilized country in the world, our foreign and our domestic trade are so inextricably bound together that no man can tell how much of the domestic trade that he engages in is a part of the processes which go into our foreign trade.

The most arresting economic fact in the history of the last 150 years has been the widening of the areas of exchange by the increased means of communication. One hundred and fifty years ago the work of any one man would affect only the few people in the neighborhood. Almost everything that man consumed was close to his home. With the coming of the railroad and the steamship and the telegraph and the telephone our economic areas have kept growing wider and wider. Our foodstuffs are no longer produced in the community in which we live; the product of our own labor may go to the remote corners of the world.

As an illustration of the great change that has come in 100 years we may recall that in the fiscal year ended June 30, 1921, this country exported goods to the value of over \$6,500,000,000 and imported goods to the value of more than \$3,500,000,000. One hundred years ago, however, the exports from this country were only about \$70,000,000 and the imports were about \$75,000,000. That is to say, in the last 100 years, while our population has increased tenfold, our exports have increased ninetyfold and our imports fiftyfold.

### Expansion Affects All.

This great expansion growing out of the division of labor affects the lives of us all. Increased means of communication and large-scale production have made this wide interchange of goods possible. New machinery, advanced methods and communications have enabled raw materials and manufactured goods to be produced in great quantities and sent far and wide over the earth.

But large-scale production has not eliminated cycles in business activity. Some people think that it has increased the frequency of these cycles. In the old days, when the economic areas were small, when the means of communication were scanty, if a drought came in one section the mortality in that section was almost unbelievable. The rest of the world was practically without knowledge of the misery of the afflicted region. It is hard for us to appreciate that in the 14th century two-thirds of all the population of Europe died of the black plague, a disease attributed to under nourishment.

### Must Estimate Demand.

The business cycles—while falling less intensely upon particular regions—are now likely to spread over greater and greater areas. If a collapse in prices starts in Japan in the spring of 1920 it soon spreads over the whole world because of the

close interrelations of the great commercial nations. As a matter of fact, it is amazing that what we regard as overproduction does not come oftener than it does. Most of the processes of large-scale production extend over long periods. It is therefore necessary for every business man to determine, not the needs of a particular customer into whose face he can look, as was the custom with the individual dealer who made goods to order 100 years ago, but he must guess from the best data available just what customers and how many will come along at the time his goods are ready for delivery.

The man who is making goods, whether they be shoes, or textiles, or steel products, must make the best estimate he can of the demand for his goods. That estimate influences his plans for plant extension. Some of these estimates are made by careful study. But all human beings are fallible and men are prone to overestimate the period during which the demand will last. And in times of pessimism and depression they fear that the ordinary consumption of goods will never begin again. Moreover, when a great upheaval like the world war occurs, the plans of all people are rendered useless.

### Lesson Learned.

What lesson can we learn from it all? The great majority of the people of this earth are sober, industrious people, eager to do their part in life in return for what life gives them. They are not gamblers; they are not speculators; they want to eliminate as much as they can the element of speculation from their business. If the real facts of large-scale production can be thoroughly understood it will be readily recognized that there are inherent risks

that no human foresight can entirely eliminate. Those risks, however, can be rendered less burdensome if men will only accept the teachings of past experience.

The overproduction of goods of any particular kind, the maladjustment of production and goods brought about by the war and by the boom that followed it, will pass away by the operation of the same natural forces that have operated in such periods in the past. It is the business of sober and reasonable men to remember that in times of optimism men are inclined to think that a period of depression will never come, and in times of depression men of inexperience are inclined to think that there never again will be an adequate demand for goods. In good times, when there is 5 per cent more demand than supply, that 5 per cent is apt to look like 500 per cent. The same thing is true of bad times. When there is 5 per cent more supply than demand, that oversupply is apt to look like 500 per cent. With courage, with patience, with tolerance, this great country with its manifold activities should soon pass through its period of depression. In fact, the signs are many that we are already upon the upturn.

### Food Traditions Broken by Parliament Members

London, July 1.—Members of parliament are not following in the gourmandizing footsteps of their predecessors, according to George Willsner, manager of the parliament restaurant.

In the old days members of parliament were connoisseurs on food and wine. Willsner says, but the modern legislator does not seem to care what or when he eats.

## 1,651 Carloads of Trucks Shipped

Interesting Sidelight on Business Conditions Shown by I. H. C. Figures.

An interesting sidelight on business conditions in general, and particularly in the automotive field, is found in the figures shown by the International Harvester company of America on the sale and delivery of International motor trucks this year. Up to April 1, a total of 1,651 carloads of International motor trucks have been shipped from the factories at Akron and Springfield, O., to be delivered to purchasers. Of the total, 892 carloads were shipped west of the Mississippi river and 759 carloads were for delivery east of the

river. These carloads would make a single train 14 miles long, or 33 average trainloads of 50 freight cars each. The freight charges alone approximate \$247,000.

If all these trucks were placed in service at one time they would be capable of moving the 12,000,000-bushel cotton crop of the entire United States, the usual average haul, in 20 working days. The mileage to accomplish this task would amount to 10,000,000, a distance equal to 400 times around the earth at the equator.

In giving out these figures, the sales department indicated that the satisfactory growth in truck business was partly due, at least, to the free inspection service which has been in force at the 92 company branch houses for over two years.

**Abolish Passport Visas**  
Paris, July 1.—Passport visas have been abolished between France and Spain. This in no way affects travelers from the United States.

## Hubby Forcibly Bobs Wife's Hair; Divorced

Kansas City, Mo., July 1.—Because her husband was a cave man and bobbled her hair in defiance of her wishes, Mrs. Mae G. Tork was granted a divorce in Judge Thomas B. Buckner's court here.

Mrs. Tork testified that her husband, John Tork, forcibly bobbed her hair.

"Don't you like bobbed hair?" Judge Buckner quizzically asked. "Well, it may be stylish, but I don't care for it and besides my husband put glue on mine after cutting it," the plaintiff explained.

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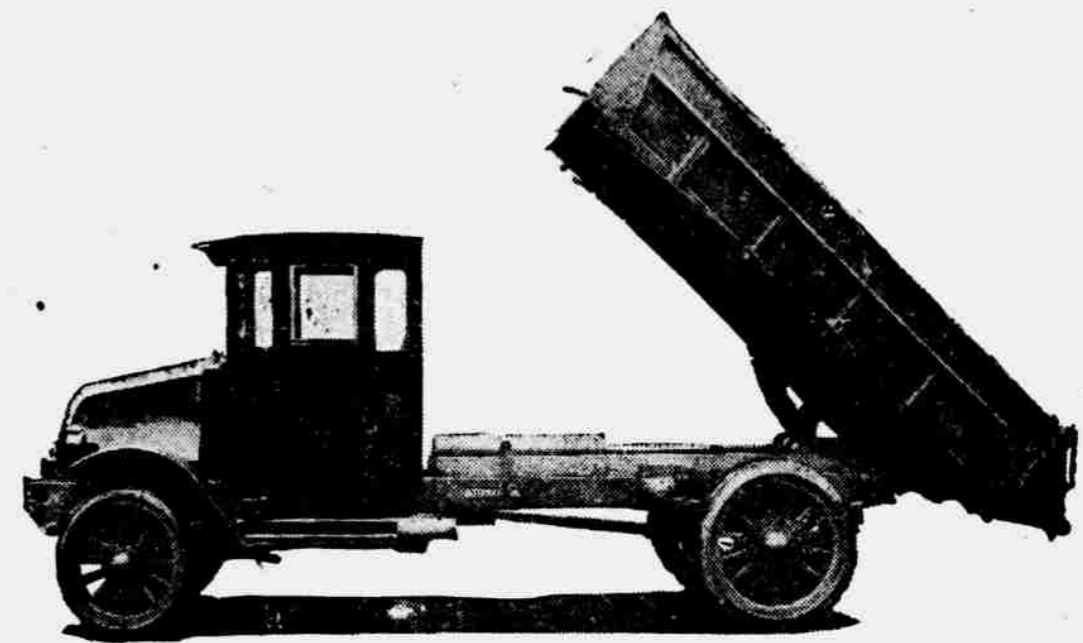
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