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Cleveland Garment Manufacturers Association, 1920.

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REPORT
of
BUSINESS CONFERENCES

JOINT MARKET OPENING
SPRING LINES

November 29th to December 4th
Nineteen Hundred and Twenty

The Cleveland
Garment Manufacturers Association

CLEVELAND *the* QUALITY MARKET
COATS - SUITS - DRESSES - WAISTS - SKIRTS - KNITTED COTTON GARMENTS

THE CLEVELAND GARMENT MANUFACTURERS ASSOCIATION presents this report, a digest of the business conferences held November 29th to December 4th in connection with the joint opening of spring lines by its members.

These conferences were arranged by the representative manufacturers of cloaks, suits, dresses, waists, skirts, knitted outer garments and allied lines in recognition of the obligation on the part of the manufacturers of co-operation with retail merchants of the United States.

They were designed as the part of helpful service of the Cleveland market for women's apparel to the retail trade and the public. National leaders in business addressed the conferences, which were attended by many representatives of the retail trade from various sections of the country.

The Cleveland Market Conferences

By MORRIS A. BLACK

President of the Cleveland Garment Manufacturers
Association

The seasonal openings of the Cleveland Garment Manufacturers Association and business conferences which are an important part of these events have demonstrated to the association and those who have participated in them that they are of great value to the entire industry. This industry includes the manufacturers, the retailers and the public, the latter the supporting factor of both.

The fundamental idea of the business conferences is that there shall be a comprehensive survey of business conditions, made by experts in the different fields of trade endeavor before retail merchants of the country assembled so that before they act they shall have accurate knowledge to guide them in making their plans for the approaching season.

Important as is the presentation of the products of the manufacturers, fashions and new values, and important as are the new bookings during these market events, most important of all are the business conferences, arranged for the evenings of these Cleveland market weeks. National leaders in business thought bring to these conferences expressions of exceptional insight, a guiding and helpful factor in planning wisely for the business of the new season.

Each succeeding event has brought an increasing number of retail trade representations from the several states; each event has provided a clear summary of business conditions of the present and the outlook for the future; the market weeks have been of incalculable benefit to manufacturer and retailer and likewise the public.

At the spring opening conferences some of the views were for the moment tending to caution in purchases; the views of others who addressed the meetings were fundamentally optimistic, although recognizing the temporary conditions in business of the time. Real, true conditions were laid before not only those who attended the meetings, but the entire country through the wisdom of the newspapers and trade journals in giving mention to the state of trade as viewed by these business leaders. Many expressions have come from merchants of the manifold value of attending these events.

Gratifying to the Cleveland manufacturers of the several lines incorporated in the Cleveland market has been the general expression of satisfaction with the attractiveness of the new styles shown and with the values presented. The bookings indicated the fundamental soundness of business conditions the country over. The members of the manufacturers association, co-operating in these events, express their appreciation to all who have joined in developing this institutional effort.

"The Financial and Trade Outlook"

ADDRESS BY

HONORABLE THEODORE E. BURTON

Author of "Crises and Depressions", an internationally recognized financial authority and statesman of Cleveland

In an attempt to throw some light on the recurring periods of depression and activity, and to give some guesses as to the future, may I say that I was so fortunate in 1907 — or unfortunate, whichever you please to call it—as to foretell in the month of March that a panic was coming. Now I am frank to say, partly because I have given less attention to the subject and partly because of the extreme complications of the situation, I do not feel safe in making any forecast as to exactly what will occur on the first of January and later. But, I would like to have you bear with me while I seek to state some of the great fundamental facts that influence the course of our business and industrial life.

In all the more advanced and progressive countries there are sharp alternations between business prosperity and business depression. They are peculiarly prominent in those countries that are making rapid progress. They are absent in China. They do not know what the term means because there is a dead level there. They are not so severe in countries of specially developed industry as France, although epidemics of speculation have caused panics. They were somewhat restrained in Germany, under the system of bureaucracy, under which the whole system of industry was given direction. They have been more severe in Argentina than any state in the world, perhaps partly because of its marvelous growth.

And, we have had them here, practically every ten years. The severest one in our generation was in '73, another occurred in '83 and '84. Then there was a severe panic in 1893, very largely due to our poor management of the currency and banking problem. In 1904 there was another recession, not so severe as in 1893, but noticeable. Again in 1914 there were signs of coming panic, when everything was eclipsed by the coming of the war.

What are the causes? You must bear in mind the use of the capital of the people. I don't mean merely money in the banks, I mean that which is reserved for future production; all the seed for harvest, all the raw material for the mills, all the clothing for the people, all the facilities, such as warehouses and railroads and things of that kind.

Panics come, or do not come, very largely according to the proportion between what is called liquid capital, which can be turned into something useful in a very short time, such as seed planted for crops, and fixed capital, which is permanent, like the railroads.

What causes this alternation? In the beginning, just after a depression, things move along rather slowly but satisfactorily to the most

conservative business men; then the wheels begin to go around a little faster.

Prices rise somewhat, employment is more general; then suddenly some new impetus, perhaps the discovery of a new facility, something that people use, more or less of luxury it may be, something like the automobile or airplane; then employment begins to be very general. Prices rise still higher. There are strikes and feverish activity, rates of interest go up and that continues until all at once there is a tremendous crash. We go through that succession about every ten years.

It is largely due to the fact that we disregard the proper balance between liquid capital and fixed capital, that we are investing too much in things that are a preparation for the future, like the Panama Canal. There is an excess of equipment in some line in which money has been easily made. Prices rise, merchants are anxious to increase supplies of goods in the expectation of a rise; manufacturers feel sure that the demand will increase.

So they enlarge their plants and purchase large quantities of raw material. Now it is not in human nature to stop just at the right place, so, as I said, in every progressive country we have these seasons of over-action, over-equipment, which lead to crises, and I again say that they pertain to countries where there is prosperity and growth.

All these usual conditions existed and threatened a material decrease in activity and prosperity in 1914, when we were suddenly involved in the greatest, the most colossal struggle in history—The Great War.

What are some of the reasons why that interfered with the ordinary course of things? Why are we feeling them now? It is perfectly plain.

Forty million men were withdrawn from ordinary productive employment and enlisted in the armies. War is always attended by excessive demands, by waste. More goods are needed by the average soldier than by the average citizen in the ordinary lines of employment. Great quantities of food are required, great quantities of clothing are required. Then again these activities in which the working class and the employer had been engaged for beneficent purposes, were exercised for the making of munitions of war, ordnance and devices to kill each other.

That went on. There was the most abnormal demand for certain commodities the world ever knew. Every factory that could make anything for the army was strained to the utmost. In addition, currencies were inflated. The result was that prices went ballooning, and there was activity the like of which was never known before.

In the midst of all that we did not realize that it was a fictitious prosperity. We would have to descend to the earth again and all this void, created by the warring armies, all this waste, would have to be remedied.

Such is this present situation. There is one problem you will ask about. Why is it that after the war stopped, prices went on increasing, as they did? I am frank to say, there is some difficulty in explaining that fact.

There are several reasons, however, that are perfectly obvious. Production was at a high pitch, on a high plane. Manufacturers and

merchants, alike, had great stocks. I know in New York, in 1917 and 1918, every banker was watching when men made application for loans to make sure that applicants were not acquiring too large an inventory. It was thought, this war may come to an end suddenly. As a consequence of swollen inventories, a supreme effort was made to sustain prices. That is one reason. Another reason is the great destruction created by the war and the disability of different agencies for production, such as manufacturing establishments, to function as usual, to fill the void. Then too, transportation broke down.

Another factor which has caused high prices and demoralization is the increase in the paper currency of the world, and the debts. It is a surprising fact that the proportionate increase in our country has been greater than in any except the Central Powers and Russia.

About debts. The national debt of the United States is now approximately 25 billions, which is about eleven and nine-tenths per cent. of our total wealth. If any man owns property, he must realize that there is a lien on that property. Great Britain's debt is \$38,000,000,000, which is about 54 per cent. of the wealth of Great Britain, as computed at the beginning of the war. France's total debt is \$45,000,000,000, 78 7-10 per cent. of the wealth of that country at the beginning of the war. Belgium's debt is \$4,500,000,000, 74 per cent. of the wealth of that country at the beginning of the war. Germany's debt is almost exactly the same as France's in proportion; it has a debt of \$63,000,000,000, 78 4-10 per cent. of the wealth as computed at the beginning of the war. Italy's debt is \$18,000,000,000, 83 per cent. Russia's debt is \$56,000,000,000, 93 7-10 per cent. The computation in regard to Austria's debt makes it more than the total value of property at the beginning of the war.

How can the nations endure such debts without demoralizing business? All production is influenced by the necessary increase of taxes. As one consequence there are increased prices.

I pass to the history of prices. Prices and rates of interest are very closely associated with seasons of activity and depression. Both these seasons of depression and prices move in cycles, as I have already shown; we have almost every form of activity and depression in ten years. The price cycles are very much longer.

In 1809 there was a peak of prices in Europe. The price in wheat was considerably higher then in Great Britain than during this last war. Prices after 1809 began to go down and with a zigzag movement, continued to go down for forty years, until in 1849, when they reached the bottom. That date was contemporaneous with great discoveries of gold, which is a significant fact, though many ascribe too much influence to gold mining in the influence on prices. Prices began to go up and went up and up from 1849 until 1873, when there was a burst, and it was not only the end of the period of prosperity, but the end of the period of rising prices. Then prices began to go down and continued to go down until 1897. Then they commenced to go up again and have been going up ever since, increasing in geometrical ratio, beginning before the war. Now, they have reached unprecedented figures.

If you take that period from 1849 to 1873 and from 1873 to 1897, twenty-fours years in each case, as a guide, I am inclined to think, inde-

pendent of the war, this year and next year would have witnessed a fall in prices.

Why is it they go in these long cycles? When prices go up it is connected with scarcity of some particular article, take for instance meat, cattle. That continues, the consumption of meat continues, and the supply diminishes relatively. That keeps on until people scour the earth to find places to raise cattle. They go to Argentina or the Isthmus of Panama or to the Valley of the Orinoco to raise cattle and supply the demand, and after a certain time the supply comes up more nearly to the demand, and prices begin to fall again.

Take the matter of building; there may be a scarcity of material; wages of artisans may be very high, when along comes some inventor and invents a new kind of material, cement, concrete, or some kind of material that can be used.

That is always the case. Inventive genius is brought to bear at the right place, and then the prices begin to go down. That works out in a period of perhaps twenty years or so. Prices have been rising, then they begin to fall.

There is another reason why prices have increased during the war. I have already referred to the strain that was put on everybody. Great Britain put an embargo on shipments of wool. I was in Japan a year ago, and they were complaining very much that they couldn't depend on Great Britain, or any other country for a supply of wool. The condition of their country is such that they can't raise sheep. They have to rely on the outside world. Wool rose enormously in value. There was an exhaustion of the supply everywhere.

Then, there is another thing that affected prices very much, besides the changed relation between supply and demand. True, there never was such a strain on production, there never was such an increase in consumption, and that would have caused prices to go up anyway, but there is another cause that is effective yet, that is the great increase in the currencies of the world, the paper currencies and the credit.

There is a kind of an equation maintained. On one side you have all the commodities that are for sale and you must take into account the number of times they change hands, the frequency with which they change hands, and the readiness. On the other side, you have all the paper money, gold and silver, and credit, and the relation between those two is very important.

Let me call your attention to the increase in the paper currencies in the world.

The United States, not before the war commenced, but on March 20, 1917, had outstanding Federal Reserve notes, three hundred and fifty-seven million dollars. According to the latest report that I have at hand, July 20, of this year, after only three years, it was three billion two hundred sixty million dollars, increased nine times.

You all know if a customer comes in with a thousand dollars in his pocket, you have more hopes of selling him than if he had only one hundred dollars. When more money is in circulation, prices are sure to go up.

Great Britain had \$145,000,000 before the war, in 1914; now, \$540,000,000. France, \$1,290,000,000 (they rely more there on their

paper currency than in Great Britain); now, \$7,295,000,000, an increase of nearly six times. Belgium, an increase four and a half times. Look at Germany, \$450,000,000 before the war; now, \$11,410,000,000. The increase there would be twenty-five times. Italy, \$421,000,000; now, \$2,699,000,000.

That has raised prices. The two factors will go on, relation between supply and demand, and amount of paper currency and credit. But there comes a limit when mere multitude of bills and paper currency can't raise prices. Time comes when the customer doesn't have the wherewithal to pay, and then prices are no longer maintained.

In addition to this enormous inflation of currency other facts have aggravated the present condition. Among them is the great difficulty in borrowing money at the banks. At the beginning of the period marked by the armistice, private and public debtors in Europe owed private institutions in this country \$200,000,000. Mark the distinction from the present conditions. We had a War Finance Board that conducted operations for a while, and the Government was making very large loans but they have quit, and private creditors must extend credit.

Since the armistice, credits for purchases made in this country have been extended by private individuals and corporations and banks. When the armistice was signed in November, 1918, Europe owed to private creditors in the United States as I have stated \$200,000,000. Now they owe \$3,700,000,000. What is the result of that? That addition of \$3,500,000,000 is loaded on the banks and they have to carry it. You can readily realize how that diminishes the amount of credit which they can offer.

Every little while you see a notice in the papers of temporary certificates issued by the Treasury, say \$500,000,000, at six per cent. It is true some of those are taken by corporations or private individuals, but the most of those have to be carried by the banks. That causes the rates of interest to go up and credit is strained. There are many less possible buyers than there were. What is the reason for this?

In Europe, they spent all their reserves and all they could borrow, and now their credit is bad. They would buy of us, but they have not sufficient credit. They are endeavoring by Herculean efforts to take care of themselves.

The records for the year show a far less balance of trade is in our favor than before. I don't see but that it is axiomatic that the balance of trade is bound to decrease in the future. Again the great demand for the exigencies of war has ceased.

The downward price movement has commenced. It is manifest in some categories, but not in others. In some varieties of iron and steel prices went higher than before. On the other hand, corn and wheat are going down; vegetables are going down; wages do not show much decrease, and some say that they must keep up to the record that has prevailed during the war and since. A man who says that is flying in the face of economic facts. Indeed, it is not too much to say that he is not familiar with the subject he is talking about.

Suppose prices have been on the basis of one hundred per cent., and prices of everything which the consumer buys and which the

employer of labor sells, go down from one hundred to sixty. Do you believe you can maintain those wages?

We are all anxious that labor be well paid. All are laborers in a very important sense. Then, there is a settled feeling in this country that we must have the best place for the workingman to live, of any place on the globe.

We are all anxious that the workingman should have the fullest possible reward, but when any one speaks of wartime prices breaking in two, perhaps, and wartime wages keeping as they were, he is talking of impossibilities.

The very man that would suffer most from it would be the workingman, because the concerns employing him would go into bankruptcy, and he would lose his employment.

Now, then, one question that confronts you, and I feel loath to advise you, is, "Is this a good time to buy?" Well, I know of a great many buyers who have been holding off because they have a certain critical feeling about the high prices that have been asked, and they feel sure they will go lower and they think the bottom has not been reached.

In regard to prices, there are a few things to be considered. The first to fall are the quotations on the stock market in New York. They go down. That is because the savings, the surplus capital, of the country are invested in securities, and when there is a large amount of surplus capital, there is plenty of money to buy stocks, but when there are some red flag signals hanging out, when men are not able to pay their debts, they begin to sell these stocks. They are thrown on the market and the price goes down.

Then, too, the stock market is a barometer of future conditions.

The next to go down are wholesale prices, next retail prices and wages. The response of retail prices and wages to changing conditions is a great deal more rapid than formerly. Why, when gold was 100 per cent premium and a paper dollar was only worth a half a dollar, wages were slow to rise during the Civil War, and it was a considerable time before a change was recognized in the retail prices.

Now, the response is a great deal quicker. In considering the present situation, bear in mind that people have to be fed and clothed. The goods to be worn must be made, and if everybody says, "I will wait until things get down on the ground floor," it means the mills will stop and the time will come before many months when there will be such a scarcity of the necessary articles that they will be sought everywhere and the price will rise abnormally.

It is a proper time for co-operation, and I want to say co-operation should be the future watchword in our business here in America.

We have had too much legislation, too many theorists at work on it, who think that the way business can succeed is by ruthless competition. Many laws have been passed with this object in view.

There naturally will be competition. A reasonable amount of competition in service is all right. There should be laws and regulations to prevent oppressive combinations, but co-operation should be the watchword of the future.

There was an illustration of what may happen which occurred at the time of the armistice. Buyers of iron and steel waited for lower

prices and manufacturers diminished production. In a little while prices were higher than before. That very condition would likely intervene if there is a general holding off in the making of purchases.

Some say that things are going to be all right after the first of January. As Seward said in the Civil War, everything will be all right in ninety days. Well, I hope so, but this present condition of prices is more than a banking condition. It cannot be cured by lower rates of money. It touches the whole industrial and commercial fabric, all the ramifications of trade. While, I hope, and in fact expect, a very material improvement after January first, I do not think it will do for us to be too sanguine. Of course, the question that interests everybody is, 'Have we reached the bottom?'

Well, we have been falling for some time, and we have had in this November, 1920, a succession of Black Fridays for two weeks, and it does seem the turn must occur soon, but it will be a long process before we get back to the conditions as they were in the early years of the war, or in 1912. I do not say that necessarily it will be years, but at least it will be months.

What are some of the hopeful signs? First, in facing any financial catastrophe, we know more than we used to. We can make our calculations more wisely. This very idea of co-operation has helped the situation. If there is any good that has been done by any of these big organizations, it is that they can forecast the future. They are like men that stand on a commanding eminence. They can see what is coming. They can slow up a bit if they are manufacturing too fast, and adapt supply to demand.

Then we have a better banking system. Why, when we look back on what happened before the Vreeland-Aldrich Act of 1908, it is amazing that this country could ever have gone along, in the halting way that it did, with a currency system absolutely lacking in elasticity.

Now, we have not only that law, which is practically superseded, but the Federal Reserve Law, which began functioning in 1914. I concede there is a tremendous power which rests in that Federal Reserve Board which might be abused, but I trust their authority will be used wisely, and that is our great bulwark in time of storm.

Then again, demand is pitched on a high plane. It will continue high. People can afford to buy for years to come. A good many will have to economize, but the first point of attack in any period, when large expenditure holds sway, is finer clothes and more personal adornment.

Even in this depression, when the stock market is sending out discouraging reports every day, as I understand it, the department stores report their sales were more in October and in November than last year. There is a limit to the time when a consumer will hold off in the expectation of lower prices. Clothes may become threadbare, and a man may endure it for a while, but after a time he will make up his mind that there is a necessity, and he will buy.

Then, again, we have an assured place in the colossal resources of this country, so that we are the favored people of the world. We can adjust the methods and means to meet the situation in a way we could not before.

We have enormous crops, the probabilities of a plentiful supply of food. I am frank to say there is one thing I look upon as rather a moral

question than financial. The general tendency of the people to indulge in luxury. There seems to be a tendency of that kind that goes all through our population, the disposition to have a good time.

As I compare things in the country town where I used to live, and think of the hardship we went through then, in comparison with the luxury they enjoy now, and as I look upon the wonderful industry and self-denial of the people in the Orient, it makes me afraid that we may lose our grip, and there is urgent need of individual industry and thrift: in talking of economy, advice does not apply to the big corporations and industries alone, it applies to every man and woman in the country. All must put their shoulders to the wheel to bring us out of this mud and depression of financial difficulty.

How wonderful are the chances of the American business man, merchants, manufacturers, bankers, all, reaching even to the very least favored rank in society. They have an opportunity in this country, not only to make a living from day to day, but to rise, an opportunity denied to the people of any other country in the world.

I have known people coming from the old country, who could hardly pass Ellis Island, who in ten years were able to deck their wives with clothes like the coronation robes of a queen, who could build homes that far surpassed the castles of their overlord in the old country.

Above all, I wish to enjoin courage on all. Do not be overcome by present conditions. We have been through flurries and panics before. If it were not for our improved methods, understanding and banking system, this month of November would have witnessed the worst panic we ever had, worse than 1873, but we are in so much better condition, so much easier for us to get upon a solid ground, that you can be sure that this depression while much more serious than a summer cloud, will pass by, and the man who is judicious in handling the management of his business, who is economical, thrifty in his personal habits, who is industrious, will come out triumphant.

I wish for all prosperity in business, happiness in homes, and the performance of an increasing share in public affairs in this time of seething excitement, when the world is full of din. I wish for all to take up the banner of patriotism and contribute to the honor and glory of our blessed country, the United States of America.

MR. JAMES BATEMAN
of Bateman & Co., Philadelphia, President of The Philadelphia
Wool and Textile Association

In taking a world survey of the wool situation today we are confronted with two very pronounced facts. One is, that we have an unprecedented supply of wool in the world and the other, that we have consumption at a very low ebb. The decline that has taken place in wool values in recent months has been greater than has ever occurred before in the world.

At the beginning of this year there was a scarcity of merino wools, although on a high basis and likely to go higher, and wool was getting to the place where we began to think of it as we did of silks and other commodities which were considered luxuries. Now the stocks of wool are, of course, held chiefly in Australia and in Great Britain, and the quantity that we have in this country, the surplus quantities, are not so great, not so much above normal.

The slump came forcibly in May. We had premonitions of it as early as March and April. I can best illustrate the extent to which wool slumped by taking a standard grade, for instance, Ohio fine delaine, which competes with the Australian merino. At the peak those sold as high as \$1.00 a pound in the grease, which meant a clean scoured cost of probably \$2.25 or \$2.50. The finer Australian qualities sold as high as \$3 or close to it. The market price of Ohio delaine in this end of November is fifty cents. That would mean that wool would cost \$1.20. It is significant that the wool in Australia, the only wool accessible in auction sales today, fine merino combing, at the prices which they are paying makes \$1.20, clean basis, at Atlantic ports.

Despite the terrific slump that has taken place in wool values, prices for wool have not been stabilized. Of course, we incline to the view that the depression has been caused by the curtailment of buying and that somehow or other, until the situation is cleared, we can't hope for any stabilization.

In so far as the wool situation is concerned, are the facts favorable or unfavorable? When the war started England clamped the lid down and that prevented Austria and Germany from getting their supplies. The consumption of wool in Austria and Germany is close to 600,000,000 pounds; for four years substantially that outlet was closed. That is one reason we have these abnormal stocks. Furthermore, the wools which today are selling, if selling at all, at such unheard-of levels, are the kind of wool that can be utilized in those countries to advantage.

If Germany and Austria are to meet the demands that are to be put on them in the way of reparation, in meeting the bills that they are going to be called upon to pay, if they are going to re-establish industry, they must have the tools to work with. If these wools which they can use can be financed so they can be made available for them, we are going to serve a double purpose.

I saw recently that the British Wool Council had arranged a credit to Austria of something like eighteen million pounds Sterling. That is just a beginning. I saw later that Czecho-Slovakia has also had supplies of wool furnished her to make a start, and so it does look as if the British Wool Council has to consider these British wool stocks, has to reach some basis by which particularly these low wools can find their way into Germany and be utilized.

In regard to wool prices and the future of wool prices, the situation today in regard to the domestic grower is serious. I think that those of us who are interested in wool and its manufacture must not leave him out of account.

Our normal wool consumption is somewhere in the neighborhood of six million pounds. During the war it got as high as six hundred million. Now, with increasing population and knowing that we are a country where the per capita use of wool is greater than any other country—I think it is around eight to nine

pounds—we are dependent upon outside sources of supply. That is not a situation that we ought to tolerate if there is any remedial way to correct it.

The grower plight is nothing less than a tragedy. The slump in wool came before the wool had to any extent been sold by the grower to the manufacturer or the wool merchant, and the financing of the wool alone, the movement of the wool to the market, was rendered very difficult because the banks in those little towns in the West, in the plains area, depend upon the wool clip when it comes to the shipping point to give the grower the money by which he shall liquidate a good many of his winter bills.

A few years ago, before the Homestead Act came into effect, the camper could go over the United States, stop where he wanted to, and he used to figure his wool clip would pay all his expenses and the lambs would be profit, but today it is different. The vacant lands have been taken up. The country has been settled so that those areas are no longer there. The wool grower has to have land and equipment, and has to purchase supplies and he has to be so equipped that he can carry his sheep through the winter. He has to have sheds, fences and other things to conduct his business successfully.

In looking to the future, the elements in the situation which appear favorable, and which incline us not to lose all of our optimism, are numerous. There are a good many sources of comfort to us. I believe that when the stabilizing of wool values is accomplished, when the reaction against high prices comes, it will give way to confidence.

By that I mean that we have all to address ourselves to this: all along the line, when the customer goes into the store to buy merchandise, if the price of that merchandise bears with it the conviction that from the wool grower, the manufacturer and the retailer we must prepare to forget the profits we enjoyed during the war period, which were unusual, and get to normal.

What I have heard in Cleveland is very encouraging. It is to me as a wool merchant. That is, that orders along certain lines which have a bearing upon the wool business have been placed, and there is nothing in the whole situation today that will be more helpful to the wool business than the knowledge that business has started.

MR. S. H. DITCHETT

Editor of The Dry Goods Economist, New York

The present price situation, this continual decline in prices, is what was looked forward to from 1916. During the war, and before the war, it was predicted that prices would decline as they have, and it was expected that the decline after the armistice would continue. We are now in our second period of decline.

The garment industry of this country is one of the most remarkable industries in the world. It has developed within the last thirty-five and forty years, and it has developed principally and very largely during the last twenty years. It is unique because I don't believe there is another country that has any industry like the American cloak and suit industry. In France, the needs of the woman in the way of clothing are largely supplied by the old-fashioned mode of dressmaker, custom tailor and so on. Germany, before the war, did have considerable of a garment industry, but never on the scale of the great cloak and suit industry of the United States, and this industry and its progress is largely in the hands of the manufacturers and retailers of this country. It is very gratifying to one who observes the development of the industry to see how the manufacturers are beginning to work with the retailers.

This is the first time I have heard much said by the officer of a manufacturers' association as to the purposes and plans to co-operate between the members

of such an association and the retailers, and I believe that this strikes a new note, and one which other industries will have to take note of, because therein lies the secret of benefit, progress and success for both.

The interests of the retailer, the manufacturer, the wholesaler are all mutual and if they could get together and work out their problems together, how much better it would be. If those interests could get together and work out the problem of cancellations, something real might be accomplished, but I have heard this subject of cancellation discussed for the last thirty years.

We are in the middle of a period of difficulty and perplexity, but a great many can remember our experiences in previous periods which, while perhaps not as serious, had tremendous difficulties. We went through those difficulties, great as they were, and came out on top, and I don't believe that there is cause even today for so much pessimism as one hears expressed in certain quarters.

I feel that we should look forward and take a long look ahead. I think it is not too much to say that the United States today is on the eve of its greatest development. We have developed our own resources, but we haven't been able until recently to develop an export trade.

We developed big trade during the war, in textiles. There were no woollens, little of knit hosiery and underwear, and today, even though Europe has largely ceased her importation of manufactured goods just because they haven't got the money to pay for them, although the conditions in South America are not favorable to exports, we have maintained our exports of woollens.

We have in this country the biggest opportunity we ever had in our lives. As Emerson has said:

"Some of our hurts we have healed,
And the sharpest we still have survived,
But what torments of grief we've endured
From evils that never arrived."

MR. N. L. DAUBY

General Manager of The May Co., Cleveland

As far as our institution is concerned, we have come to the conclusion that it is time to buy goods. I believe that unless we buy our goods now, and all jump in at one time, perhaps a month from now we will find the prices higher. I believe that goods are as low as they will go for some time to come. We expect to do business, and one can't do business unless one has goods to sell.

MR. VICTOR SINCERE

General Manager of The Bailey Co., Cleveland

There must come a time soon when the supply or the existing inventories, as reduced by continuous reduced prices by the retailers, by the liquidation of inventories in the hands of the jobbing industry, must make us dependent upon the manufacturer, and we have the most fertile opportunity now to get together to understand the problems of the other, because our problems are the problems of the other.

If we go into a period where there is an exhaustion of the present supply of merchandise, it will react on all retailers at the same time, and we will go into a condition that will result in further uncertainty in both retail and manufacturing industry.

DEAN WALLACE B. DONHAM
of Harvard University Graduate School of
Business Administration

In our economic research department we are taking up the study of department stores and women's specialty shops. In these studies we endeavor to get a representative group of men engaged in the industry to keep their books on a standard system of accounting and to make to us current returns of the actual facts about their business, the facts shown by their accounts and the facts shown by their replies to a systematic questionnaire which we send out accompanying the blanks with the returns of their accounts. Those returns are compiled in our bureau, and listed and sent back to the industry as a mark for the industry to shoot at.

We have been telling through work of this kind, the retail shoe dealers of the country what their associates and competitors are paying for the different principal items that go into operating costs. We have been giving information as to standard practices of the industry with reference to mark-downs and stock turnover. We have been analyzing the effect of stock turnover on operating costs and we have been literally giving to this and other retail industries work to shoot at of a very important sort.

In our investigation of the department stores on which we are about to enter, we ask for support and co-operation. We are teaching the facts about methods of managing industries, and the facts about the management of these industries are not known to the men in the industries themselves.

The Harvard University Committee on Economic Research in its current forecast of business conditions points out that the readjustment in retail prices has to go farther and that this is holding up the readjustment in business very largely, and the sooner the readjustment takes place, the sooner the rehabilitation in business will take place.

MR. MILTON H. BIOW
of The Biow Co., New York City

Tomorrow's business presents a problematical situation. I think the solution will come if the retailer and manufacturer will accept a very definite picture: that the retailer does not buy from the manufacturer and that the manufacturer does not sell to the retailer but that this is a matter of credit and finance, which is a matter of convenience. The fact is the manufacturer and retailer serve the consumer. If retailers in America will accept the picture that it is necessary for them to keep the manufacturer, their source of supply, engaged in producing goods, so they might supply them, they in turn might serve the labor employed in producing goods. The manufacturer should co-operate with the dealer if he expects to assist him in getting turnover in his stock. And, if we are to get that turnover, we have to accomplish certain very definite things, for example buy early.

The retail merchant will find that his sales will only come from the things he buys, and if he buys late, he will have no spring season. If turnover is sound for him, then it is for the manufacturer. If the turnover is sound for the manufacturer, then it is for the mill. If it is sound for the mill, it is sound for the farmer who raises the crop that goes into the garment. It is sound in every part of that economic chain of production.

If the dealer will realize the responsibility to the manufacturer, and will assist in getting turnover by buying early, by letting him know that he has confidence in business conditions, that will help the general situation.

MR. SAMUEL DAVIS
Manager of The Siegel Co., Cleveland

The science of business, my friends, is not a dream or a theory, or an experiment. It is but the art of knowing, nothing but organized knowledge, a mass of information and facts collected, correlated and classified, and when we say that a man does things in a scientific manner it is simply because he knows and is not guessing.

We have been business guessers long enough; let's be business-getters. That is why we need efficiency today to stimulate our plans, our deeds and desires and demands, and that is why efficiency in business is being recognized so broadly and is being accepted so liberally.

We are beginning to preach more than ever the rapidity of the turnover. Money is made in turnovers, not in the hangovers. The rapidity of the turnover is important—but at a profit. You will never go broke making a profit. Don't be afraid to make a profit, and you can only make a profit on early arrivals and early seasons. That is why early buying is so strongly advocated. Volume alone is a fallacy.

The more we observe the methods and study the successes or mistakes or failures of merchants, but especially the more we study successes of successful men, the more we are learning that these men know all about their business, not merely the overhead expenses, bills, liabilities, bills collectable or payable, but they know the details.

The big men today ask questions in percentages. They think in numbers, talk in numbers and figures; their decisions and actions are based in percentages. If you don't know how to figure in business, you don't cut much of a figure in business.

Retailers and merchants throughout the country who are growing and who have grown have charts and comparative tables. They have statistics and they analyze. Statistics enable us to arrive at conclusions instead of confusions. If you take pains at the start, you will save pain at the finish. It is much better to breed good examples than to breed good excuses. It is expensive to make excuses, because excuses don't pay expenses. Analyze. Years ago, before business was recognized as a science, Benjamin Altman did more business in proportion to space and stock than any merchant in the United States. He did a greater volume. Today we realize why and how he did it. He was very seldom seen on the floor, he was hardly known by the rank and file, but by those statistical charts and systems which he had departments divided into—what we call today interior information, and he knew what he was selling and why. He showed bigger proportion of turnover and profit (and that was thirty years ago), doing a wonderful volume of business.

As far as liquidation is concerned, sell and repent. Put the money to use, and let it work for you. The analytical merchant knows because he knows and gauges things by percentages. Then there is less reason to rant and roar over some isolated case. If we know our business will stand for certain percentages of adjustments and exchanges, then we do a certain percentage of adjustments and exchanges, then we do not have to magnify and say beautiful things.

If we know that our credit losses on charge accounts will stand for three-quarters of one percent, and as a certain merchant noticed one day that his credit losses were one-half of one percent, he said to the credit manager: "We are not losing enough money." Evidently he thought he could lose a couple of thousand more. He knew he could stand another quarter percent loss. If he didn't have statistics he wouldn't know what he could afford to lose. He

deals in percentages and talks and thinks in percentages, and it is the same way with selling.

How many business men can answer the question, "What is the average selling price of the merchandise I have in my respective departments by departments?"

We know that the average selling price in the department stores before the war was a dollar and a half. That is statistics. The average selling price today is about \$2.25, but what is the average selling price of these different departments? Then let us find out what is the average sale made in these selfsame departments. Then we will learn that there is a certain percentage of stock that isn't turning, and that we are carrying a portion of stock at the expense of the other.

If a merchant tells me that his advertising percentage does not exceed one percent then I know that fellow is deluding himself, because his payroll will be seven or eight percent. He has such low traffic in his place that it will cost him that. It would be a good idea for him to study the traffic proposition on the floor.

If you have more than two or three floors, and you can get sales checks made out on the various floors, you may wonder why only eight percent enter the third floor, you may wonder why only fifteen or twenty percent go to the second. It is because they lacked feeders, feeders on the first floor to bring them up, either in traffic or service department. That is why we should learn to analyze.

It is a splendid thing to establish quotas. I like to get my customer slips every week. I want to know how many customers Miss Jones waited on. I see Miss Smith waited on just as many customers, but sold half the amount of goods, because her average sale was one-half the amount of the other, and when they begin to live on that atmosphere of figures they are thinking with you.

I say, "Buy early; buy the merchandise that people want, and when they want it, so as to get the desired confidence in yourself."

The reason the man has dull weeks in his store is because he has that many dull spots in his mind. The man who is thinking big and thinking far is not the fellow who is going to be controlled by every impulse and whim and wind or whisper. One fellow's timidity is the other man's opening. The man who gets the business is the one who goes after it, regardless of any conditions, and the fellow who hustles the hardest is the man who is going to get it away from the man who does not hustle.

I want to say for the Cleveland garment manufacturers that they are manufacturers with conscience. Why? Because back of the brains, there is the heart and soul. They are holding you to sell what you buy and are studying retail conditions.

HON. VICTOR MURDOCK

Chairman of the Federal Trade Commission

Business men of the nation are giving to the whole world a service beyond price. There has been no time when the world needed the guidance, the judgment and the leadership of the American business man more than today. I know that the business men are giving their leadership in these things by the tens of thousands, by the exercise of confidence, optimism and fidelity to the public interest.

I am firmly of the belief that in the present complexities of trade it is essential that all of us shall carry to the situation a measure of optimism. The pessimist cannot help and he can harm. The man who meets difficult situations

calmly and with confidence can be a tower of strength. The man who haunts the barometer, forecasting storms which may never come, is a weakness in the whole line.

The obligation of optimism is not only upon us all as Americans in domestic affairs, but as Americans who must furnish an example of stability to all other nations.

It is interesting to note that one of the chief social phenomena of our time is assembly. Viewed in one way, this tendency among us is curious. For this is also the day of quick and ready inter-communication. That is, in a time when there might appear to be little need of physical contact among men, men are most prone to congregate.

The reason for this is that the genius of our age is open counsel and we congregate and confer to be guided and to guide through the complexities which confront us. Leading out of this is the similar tendency of men towards concert of action. Concert of action is an agent, either as tool or toy, which is not entirely agreeably familiar to our hands. We do not understand it perfectly.

One phase of it is a combination in restraint of trade. Another phase of it is co-operation seeking to keep trade free. Somewhere between cut-throat competition on the one hand and monopoly on the other is a land of economic justice where the living waters flow. There is no beaten pathway to it, no highway, no directions, no guide post. The way to it must be blazed. I believe the business men of America are blazing the way. I am certain that the lodestar which guides them is one thing above all other things. That one thing is service to the public interest.

Service to the public interest comprehends the maintenance between a merchant and his customer of a fiduciary relation—a relation of trust. A relation of trust is primarily a relation of service. The modern business man trades wares, quality and service for money and good will. When service and good will are present in the trade, confidence is born, and from confidence the whole social transaction proceeds and without it the social transaction must halt.

Service, moreover, thrives through an exercise of those factors which have built up our civilization. First and foremost among those factors is inviolability of contract. We must keep our word. A verbal pledge should remain a bond. The man who misrepresents in trade, in labels, in advertisement or in sale has no place in this situation, for a single unfair competitor, sometimes a single unfair act will disorder a whole line of industry. The man who cripples a competitor by unfair methods is blocking the path of progress, not blazing it.

Service also helps in maintaining the stability which preserves the even flow of that vast current of commodities which runs through trade from producer to consumer. That current of commodities, if it flows evenly, serves producer, trade and consumer alike beneficially. Anything which causes a flood in the channel is not best. Anything which diminishes radically a normal even flow is not best.

There is a golden mean between trickle and torrent which means demand for producer, supply for consumer and business for the merchant. That which helps in the normal flow is to be desired; that which retards, obstructs, diverts, harmfully withholds from that current, is to be avoided.

There are a great many things that no two men or three men can agree on. There are some things in trade which are extremely difficult and controverting. There are two sides to the question and there are two tenable sides. One is the maintenance by a manufacturer of the resale price of his goods. That case has gone to the courts and the Supreme Court in the land which will finally say whether maintenance of resale prices under the law is lawful or not.

Another thing is guarantee against decline in price. It is a very difficult question we are studying. We have had men in to talk about it. Finally, before that case is passed upon, the Supreme Court of the United States will have to say which is right and wrong.

MR. JAY IGLAUER

of The Halle Bros. Co., Cleveland, Chairman of the National Retail Dry Goods Association Committee on Accounting

I believe that retailers, a large part of whose business is ready-to-wear, and those manufacturers who are in the same line, will perhaps have a better opportunity to make good, make profit during the coming year than in many other lines where the turnover is much less rapid.

The new standardization program for the National Retail Dry Goods Association will run the entire gamut of accounting from financial statement right down to the last penny of expense. There will be a complete expense classification, a standard financial statement, a standard operating statement, a system for small stores, a system for medium stores, and a system for large stores, fitting well into one another.

There will be in the new standardization program a clear definition of the ordinary terms used in retail distribution. This standardization program means much to the retailer and means very much to the government. One of the things that has influenced us has been the constant tendency of governmental agencies to demand standardization in accounting so that they in turn might be in a position to collect data which would be intelligible. The retailer, likewise, hopes by this program to be able to compile data which will be of tremendous value not only to the new retailer just beginning but to those in the business many years.

MR. MAX HELMAN

President of The Lindner Co., Cleveland, President of the Retail Merchants Board of the Cleveland Chamber of Commerce

This is the era of co-operative effort, particularly for those in the women's wear business, which, contrary to the government ideas, is more precarious than profitable as a rule, and this is the era when comparisons, which will be greatly helped by standardization, are going to be of greatest value to us.

It is extremely interesting to see how this idea of co-operation among garment manufacturers and garment retailers, which originated in Cleveland, is progressing.

If all retailers hold back, it is only natural that there will be later on such a large scarcity of the commodities in which we deal that when we all rush in to do our buying, prices will go sky-rocketing and we will have a very unsatisfactory business condition. We are all very much better off in a stable market than in one that is rapidly declining or rapidly advancing.

The manufacturer isn't having all the troubles. I think retailers will support me in the statement that the retailer has been kicked so often in the last four or five months that he can scarcely walk straight, in fact, longer than that, because before the public started kicking him, the government did the kicking and did it most effectively.

We were told not only things that were true about business; we were told many things that were untrue, and some that were impossible. I think that most of us familiar with many of the things that were read into the Lever Act and after the government settled down a little bit and got quiet, then the public, with a total mis-interpretation of a statement that has been made by some economist and some publisher, got its whack at the retailer.

RABBI A. H. SILVER of the Temple, Cleveland

I would like to have you know that ministers are just as much interested in prosperity and in good times as the business man is. People sometimes think that because the minister or priest or rabbi is called upon to criticize certain economic features of our organization, and sometimes without reserve and severely, that they don't care at all whether things are prosperous or not.

We are vitally and intimately concerned with the prosperity, the soundness, the well-being of American business life and not so much for material reasons, although material reasons are not to be scoffed at, but really because of spiritual reasons, because the greatest enemy of religion, of progress, of art, of literature, of culture, is poverty.

Nowadays the denial of things necessary for living, poverty, leads to unrest and unrest to an ugly mood and the ugly mood to resentment and resentment to revolution, and in a land where the economic life is so delicately organized as it is in our land and in a democracy such as ours, made up of a variety of racial groups and elements, revolution is nothing short of disaster, chaos and anarchy, and so I am for two reasons deeply concerned that all of us exert our energy as far as it is within our power so to do to keep alive the spirit of optimism and good faith and confidence and hopefulness that are essential to wholesomeness and prosperity in our industrial life.

I wouldn't have you think that I am utterly naive about conditions abroad or here. It has been my good fortune during the past two summers to be in touch and contact with the economic life abroad and I believe I know a bit about the economic life in this land. I want to sound a note of optimism and hope and link up with it an appeal to men and women who are in the business life of our great land.

I want them to feel that things are coming right, that in spite of the displacements and the disorganization of life, all life, and more especially the economic life of the world, in spite of the multitudinous sufferings and sacrifices of people and in spite of the untold misery and starvation there is in the world, things are coming right.

Don't overlook the fact that we are just two years removed from the greatest cataclysm the world has ever known. Europe is quickly recovering. Even France, that suffered more than any other European country in this war, is resuming her normal course. Belgium was the first land that recovered, and even Italy, but for the lack of raw material and for the presence of a peculiarly obnoxious profiteering group, is fast resuming its place among the concert of European nations. Even Germany is tortuously, painfully it is true, but steadily, emerging out of the disillusionment and amazement and pique and resentment and revolt into the sane life of a steady-going republic. It is only in eastern Europe, where a treaty perpetuated some of the most unfortunate features of war, that chaos still exists.

It is surprising that a country like ours, which was ready to spend billions of dollars for our allies during the war, has not been far-sighted enough to establish long credits so those nations can buy those things they need and those markets can be thrown open for American enterprise and industry. There is enough construction and building and reclamation work to be done in this land of ours to keep us busy for many a day to come. What is to my mind essential is this thought to dominate the action of the business man of our land: First of all, that we must keep on producing, even at a smaller profit than of years gone by. The fat years are over. We are now experiencing perhaps one lean year and you must be ready to meet it with all its problems and all its unpleasantness. Pro-

duction, buying and selling must go on, for, if we become fearful, if we lose the temper needed for prosperity, we will lose prosperity and never regain it.

We must keep producing in order to keep men working, because if men stop working, first of all, they cease being consumers, and, secondly, we are instigating a spirit of hostility in them, which spirit we can not tolerate today.

I believe that the American business man has always given evidence of his broad-mindedness, of his fine grasp of facts and realities. What we need I believe, at this moment, with all the temerity and fearfulness that seems to be dominant, is a spirit of confidence that things are coming right, that we are merely in the trough of the wave that is bound to rise to the crest again. And we need a spirit of good faith.

It is just at this time that the spirit of determination, of fixed purpose, of zeal and energy is required of every intelligent American business man.

Talk prosperity! Talk good times! Talk faith! Talk confidence, and it is bound to come. This land has been blessed with plenty. Our yield has been rich and plentiful. All the wealth that this land needs is here. All that is required is a new adjustment necessitated by the complete disorganization of life about us and that will require time and thought and patience and courage.

MR. FRED P. MANN

of Mann's Department Store, Devil's Lake, North Dakota

It is almost necessary, I think, to have times confront us like those at the present, just to see whether or not we have the metal in us to pass by and overcome difficulties. Notwithstanding these conditions, I have been in very close touch with the sentiment of the buying public, not only in our own district, but in the entire northwest, and I have decided that if we were to move our stocks and keep our volume of business up, that something radical would have to be done. So we proceeded to do it, and started an active advertising campaign.

It is perpetual advertising, keeping your name before the public all the time, that pays.

About mail-order competition, a few years ago I made a survey of the mail-order business in North Dakota. I found that one-third of the business of North Dakota was going out of the state. Our mercantile business was estimated at ninety million dollars by our tax commissioners, and about one-third, thirty million dollars, was going out of the state.

I started to find out the reason for this great mail-order business, sent men into one hundred towns in the state to take a survey and I had a little questionnaire prepared for them. The questionnaire ran: What is the condition of the front of the store? Is it attractive? Are the windows clean? Is the display inside good? What is the arrangement of the stock? What cash system is used? What form of bookkeeping? Do they advertise? If not, why not?

We found that 70% of the merchants interviewed did not believe that advertising paid. About 18% advertised in a sort of a slipshod manner. The others were quite live advertisers. Then I studied to find out on the other hand what the mail-order houses were doing, and learned that 76 solid carloads of mail-order advertising had been shipped into the state during the year. I found that the mail-order houses had spent seventeen million dollars in one year in advertising, and I estimated that one million was spent in North Dakota. I allotted that with the money spent by merchants in North Dakota, and then I knew why the mail-order people were getting that volume out of North Dakota.

I am optimistic at the present time and we are going to buy a liberal stock of merchandise to start with. To go through January, February and March

and up to Easter without a good showing of merchandise would be most un-business-like. We always figure that when things are going a little bit bad or dark that we are going to spend a little bit more in advertising. We are starting already, the first of this December. I am buying merchandise now at these prices so that we are giving our people merchandise at a price that is attractive, and I am satisfied with the showing of Cleveland manufacturers. We don't want to see the wheels of commerce stopped, and I know we can do a wonderful lot of good if we just simply get behind and push.

MR. HOMER J. BUCKLEY
of The Buckley, Dement Co., Chicago

I believe that when a manufacturer puts his goods on the dealer's shelves, the manufacturer automatically becomes a partner in that dealer's business. Putting goods on a merchant's shelves and having the bill paid does not complete the transaction. The transaction should not be satisfactory to the manufacturer until those goods are sold satisfactorily.

When the merchants of the country realize the opportunities that are rightfully theirs and belong to them, the mail-order houses will disintegrate. The merchant is the logical unit in the community and he rightfully belongs there. He is a community builder and he has every advantage over the mail-order house.



THE CLEVELAND MARKET

Coats and Suits

The John Anisfield Co.
The H. Black Co.
The Cohn, Goodman Co.
The Falk, Feierstein Co.
The Forsch Co.
The Fried, Biederman Co.
The Keller, Kohn Co.
The S. C. Klein Co.
The Krause, Biederman Co.
The Landesman, Hirschheimer Co.
The H. A. Lattin Co.
The McBarron, Carder, Frolking Co.
The Miller Cloak Co.
The Pollack Cloak and Suit Co.
The Prince Wolf Co.
The Printz, Beiderman Co.
The P. H. Sampliner Co.
The Schwarz, Hexter Co.
The M. T. Silver Co.
The Sunshine Cloak and Suit Co.

Skirts

The H. Black Co.
The Bloomfield Co.
The S. Korach Co.
J. Leibel
The McQueen Co.
The Newman Dress and Skirt Co.
The Progress Skirt and Dress Co.

Dresses

The M. I. Benjamin Co.
H. Blum & Co.
J. Brock & Co.
The Campen Bros. Co.
The Emsheimer, Fishel Co.
The S. Korach Co.
The Kux Bros. Co.
Moshontz Bros. & Co.
The Newman Dress and Skirt Co.
The Progress Skirt and Dress Co.
The Reinhold Co.
The S., L. & G. Dress Co.
The E. Sperling Co.

Waists and Blouses

The Amermaid Manufacturing Co.
The Betty Waist Co.
The M., A. & M. Waist Co.

Sweaters and Knitted Outer Garments

Keetch Knitting Mills, The
Consolidated Knitting Co.
The Standard Knitting Co.

Aprons and House Dresses

The H. S. Weil Co.

The Cleveland Garment Manufacturers Association

EXECUTIVE OFFICES

224 Marion Building, 1276 West Third Street

F. C. Butler, Manager