

# December Business in the United States Encouraging

*Data assembled from the report of the commerce department  
as it functions under Secretary Daniel C. Roper*

Automobiles kept their high November level. The early shows gave a wintertime fillip to buying that may be belied by the spring turnover. Steel mills kept practically their November level, and total industrial production was 14% higher in 1935 than in 1934 and higher than during any year since 1930. A major factor was expansion in durable-goods sales. (Gross use of installment-payment selling still persists, widely questioned as to soundness).

December retail sales grossed above December 1934, as they did during the whole year. Luxury and semiluxury goods were in active demand, assuming more importance in total sales. Rural sales of goods upped 19%, department-store sales 5%. Total national income of \$50,000,000,000 in 1934 is estimated to have been more than 5% higher in 1935. There was revival of building activity during 1935, and a further rise in profits of leading corporations.

During 1935 American exports and imports both rose materially; imports rose more than exports, but November witnessed a sharp rise of exports chiefly of farm products.

(Cities remain congested with unemployed labor; if not all, at least many). Merchandise sales in urban markets improved less rapidly than rural sales, yet large gains were made in sales of automobiles, electrical goods, house furnishings, furs and jewelry. Business in farm areas dependent on crop incomes fared better than in urban areas; values of farm products rose markedly, while retail prices save of farm products did not rise much as compared with 1934. Food prices grew much higher, explaining the 4% rise in chain-store sales on a basis of price rather than volume.

Gaining 3.8%, factory employment in December stood 27% above the low of 1932; factory payrolls upped 13% during 1935, were 50% up from 1932. The labor bureau counted 711 employed during the first 11 months of 1935, out of every 1,000 persons employed in 1923-1925; therefore on the basis of 1923-1925 industrial employment, without counting growth of population, in 1935 unemployment was still 30% off. (Meantime, millions of youths had reached the age of employment). During 1935 employment in the steel industry upped 16% over 1934: blast furnaces, steel works, rolling mills. In plumbers' supplies, 53%; in farm implement making, 56%; in electrical goods making, 15%; in machine tools making, 43%.

Outside of manufacturing no such increased use of employed labor was manifest. In the wholesale and retail trades employment was practically unchanged; about the same number of employed handled the larger volume of work.

On December 18 gold stocks were \$10,103,000,000, November gold imports having been \$211,000,000 and banks reporting higher demand deposits. (This foreign gold that may be demanded at any time affects the money market maliciously).

Idle funds in New York have grown enormously. Member banks in the Federal Reserve system show higher loans against securities, and RFC said in November its loans to industry had passed a total of \$100,000,000. (Despite marked conservatism among the banks, new flotations have been considerable; there are indications that mercantile and industrial credit will be available in future at rates averaging lower than in the past). The 1935 rise of security prices was not accompanied by materially higher loans to brokers.

Greater use of railway freight facilities began late in 1935; carloadings from August to November upped 12% over the same period

of 1934, mainly from greater industrial activity, and by the end of October railway deficits had dropped nearly to \$35,000,000—expectation being that November and December would cut this still more. (The roads spent little for maintenance, repairs and new equipment during 1935, but they began doing so; in 1936 their orders will be a larger factor in American industry).

The 1935 automobile sales topped 4 million units, 45% more than 1934, 3 times 1932. Income from sales was 40% above that for 1934. (The manufacturers offer better cars at appreciably lower prices).

(Tires are made so durable nowadays that the great factor is more than ever the new cars to be equipped). November's output of automobiles took 2 million new tires; daily consumption of crude rubber was 50% above November 1929, first full month of the depression, and 1935's consumption was estimated at 500,000 tons—up considerably over any previous year.

The year's output of 33,500,000 tons of steel ingots was about 1.3 more than during 1934, production running 48.5% capacity; actual production at the end of the year was higher than in December 1929, second full month of the depression.

(Textiles were due for substantial improvement during 1935, what with all the skill going into the new fabrics, and the advent of the general appetite for outdoor life and more style in both men's and women's apparel).

Wool consumption rose 120% over 1934 during 1935, with no abatement in December; cotton consumption was up 3% for the year, silk 10%, nonacetate rayon 31%; but silk included transfer of 11,000 bales to Canada, while wool was helped by government purchases and the demands of industry.

November exports topped October's by \$50,000,000; farm products exports, cotton mainly, counting \$30,000,000 in this. The first 4 months of the cotton year end with November, and during that 4 months exports upped 36% as compared with the same period of 1934. Automobiles were America's second best export (all farm products being first), then mineral oil, then copper.



DANIEL C. ROPER  
Secretary of Commerce