Gentlemen:

I have not lately been making addresses, but when your Chairman, Mr. Mosessohn, invited me to address your Association, I found it quite impossible to decline, principally because during the war I asked him to do a job for us in our War Loan Organization, which he promptly and loyally agreed to do. What he did was very much better done and was of more service to his country than anything that I am able to do for your organization by making this brief address. In a word, he took hold of an important section of the War Loan Organization as its chairman, and sold four times the quota of bonds allotted to that trade.

The industry which you represent is, I believe, a section of the largest industry in New York City. Your Chairman has asked me to tell you something of prevailing business conditions and what you may reasonably expect. It would indeed be a serious responsibility for one to undertake to prophesy as to the future to such a body of men as you, who are very much better acquainted with the details of the business which they are conducting than I can possibly be. And it is, in fact, quite contrary to our policy to attempt any such thing.

But I am very glad to give you what we consider to be the actual facts both as regards industry in general, and the impression we get of your own industry from the reports that are now given to us regularly by a number of your leading firms.

In doing this I am going to take advantage of the opportunity to tell your Association of the system of business reporting which has been developed by the different Federal reserve banks, and especially our own. Perhaps it may lead to even a larger degree of cooperation from your
Association than we now enjoy.

As to the general industrial situation, you are fairly familiar with the fact that there has been, within the last ten months, a steady and a very marked improvement in most of the industries; and I think that there is good evidence that for the most part this improvement is solid and is a real one. Of course I cannot say how this would apply to each of the industries. Some of them, I have been led to believe, have been in danger of going a little too fast; they may have given a little too large a measure of hopefulness to their orders. So that there have been some setbacks here and there in the last year.

But, speaking of the majority, there is no sort of question that conditions now are very different from what they were, let us say, no more than a year ago. Probably our old friend, pig iron, is still one of the best thermometers, even if it is not a very good barometer of business; and there we find a very rapid recovery from the extreme depression of last year, so that in the iron and steel industry as a whole, production is now about double what it was a year ago, and some of the mills for special products are now almost at the peak of production.

The textile trades, of course, have been disturbed by strikes and latterly by the great rise in the cost of raw materials, but taken as a whole their production has been well up towards normal, and I think the same is true of a number of other industries. We, of course, have had a real building boom in the last year, and are still in the midst of it; and the same is true of the automobile industry, where production in May broke all records.

And we have evidence, moreover, that both wholesale and retail trade in most lines is in healthy condition. About this I can speak quite definitely. You know before we undertook the task of collecting business
statistics reports of trade were confined largely to the use of adjectives. Business was said to be good or poor, improving or depressed, adjectives which mean little when the economist attempts to analyze conditions in an industry. The optimist usually said business was fine; the pessimist said business was bad. I believe that Mr. Mosessohn, in his letter to me, said that the garments trades were depressed at the present time. A study of our reports has convinced me that Mr. Mosessohn may have selected the wrong adjective. I do not know just what adjective to use. Therefore, I am going to avoid describing conditions, as we find them, in these abstract phrases.

About twenty of the largest clothing manufacturers in New York City, as well as in Rochester, the other great clothing center in our district, submit each month in confidence to our Statistics Department reports of their sales or shipments. These reports show the dollar value of their shipments, but regretably do not show the number of garments shipped. We have divided these firms into two groups, manufacturers of men's clothing and manufacturers of women's clothing. I believe that you are primarily interested in the women's clothing industry, which I understand is entirely distinct from the men's clothing trade.

Our reports show that the dollar value of May shipments by fourteen manufacturers of women's clothing who report to us each month was 10 per cent. greater than the dollar value of the shipments by the same firms in May, 1921. In April shipments showed a decline of about 12 per cent., as compared with a year ago. The combined value of shipments during April and May, however, was about the same as during the corresponding period last year. There is no doubt that your prices are somewhat lower this year than last, and possibly your profits less; but if we make allowances for these changes in prices we find that more shirt-waists, dresses and suits have been shipped out of
New York this spring than were shipped last spring. That is the reason why I said that your Chairman, Mr. Mosseohn, may have selected the wrong adjective when he described conditions in the garment trades as "depressed."

Turning for a moment to the men's clothing industry we find that the shipments in April by the seven firms that report to us were 65 per cent. greater than shipments in April last year. This comparison is not strictly fair because, you will recall, the men's clothing industry in this city was in the midst of a labor controversy at this time last year. In May of this year shipments of men's clothing were 16 per cent. greater than the shipments made in May, 1921. These reports convince me that business is now better than it was one year ago and that the tendency is toward further improvement.

It is true that if we go back to the year 1920 we find that there has been a decline of about 25 per cent. in the value of clothing shipments. This, to my mind, has been due to lower prices which now prevail, and indicates a return to sounder and more stable business. I think we will all admit that conditions in the spring of 1920 were abnormal and, in comparing business today with that of two years ago, due allowances must be made for the decline in prices, declines in wages and declines in the ability of the public to spend with the same lavishness that characterized buying in the spring of 1920.

I have much confidence in the accuracy of the figures which the clothing firms submit to us each month, as we have other means of checking these up. In addition to the reports we receive from the wholesale trades we also get confidential reports from the retail department stores. These reports show the dollar value of sales. I believe that we now have 64 of the largest department stores in the Second Federal Reserve District cooperating with us in the collection of this business information. In the
year 1921 the total volume of sales by these stores was in the neighborhood
of $350,000,000, sufficient to make our figures representative.

Sales by these stores in April were about 2 per cent. greater than
were the sales in April, 1921. Some of the merchants told us that this in¬
crease in business was caused by the late Easter. This, no doubt, exerted
some influence but I do not believe it was an important factor, because we
find that in May the stores again reported an increase of 4 per cent. in
sales.

Bear in mind that these figures show the dollar sales. Again, when
we make allowance for the lower prices which now exist, there is no question
that the stores are actually selling a great deal more merchandise this year
than they sold last year and this explains what is becoming of the clothing
that you manufacturers are constantly shipping to the stores. Sales in May
were the largest of any May on record with the exception of May, 1920, when a
New York merchant led others in reducing prices by announcing his famous
20 per cent. reduction sale.

In addition to our reports of sales by both wholesale and retail
firms, we have at our disposal other data to enable us to check up business
conditions in the clothing industry. The Bureau of Labor issues reports
which show the consumption of wool and cotton. These figures show that the
New England woolen mills are now running at about a normal rate and we are
told that many of them are sold up for their entire output for the fall season.

Prices are becoming firmer, indicating a growing manufacturer's de¬
mand. Raw cotton is selling at about double what it sold for last year.
Raw wool has risen still more. The mills are, I believe, turning out goods
with a greater confidence than for some time that a market for their output
at a fair and just price is reasonably assured. The wheels of industry are
turning, and gradually approaching a nearly normal rate. Reports show that
employment is increasing rapidly and the officials in Washington have re-
cently informed the President that the unemployment crisis had passed. High-
ner prices for farm products have greatly helped the rural population, again
making it possible for the farmer to buy the clothing that you manufacture.

Now as to the larger outlook. At hardly any period in the history
of our country has the banking situation been on a sounder basis. We now
have ample facilities to supply all legitimate demands for credit and those
facilities are better organized than in the past. Interest rates are at the
lowest point they have reached since 1918. Prices of securities have risen
sharply during the past year and all of our Liberty bonds are now selling in
the open market at a small premium. Business failures are on the decline.

I do not want to leave the impression that in all business every-
ting is all that can be desired. There are still spots on the industrial
horizon which must be cleared up. In most of those industries which have
recovered from the extreme depression of the past year or more, the recover-
ies have been built upon solid foundations and I view the future with reason-
able optimism.

I should like to add one word about our system of business report-
ing. Some members of your organization probably report your sales to us.
Others do not. I want to take this opportunity to thank you for what you
are already doing and to ask you to continue to help us in collecting this
valuable information. If you are willing to help—and I believe that you
will yourselves profit most from this information—I wish that you would
write me a letter saying that you will work with us. We shall send you a
blank to fill in each month. You may rest assured that the individual re-
ports will be held in confidence. The aggregate figure is published in our
Monthly Review of Credit and Business Conditions. If any of you wish to
talk over these reports I shall be glad to ask one of the men who has charge
of collecting this information to call upon you personally and explain our system in more detail.

This new system I believe has immense possibilities for the future security of trade, and I am sure no organization could find a more vital interest in cooperating with us than yours. By this means, and I think in this alone, will it be possible for you to obtain, both in your own and allied industries, a clear and reliable picture of actual conditions and tendencies. All else is as it has been in the past, mere guess work and crude estimate. When we have this new system fully developed, it will be possible to organize industry to a very high degree, and in a fashion never before possible; to prevent competition and over-production; and by this means, I believe, largely to do away with strikes and widespread unemployment. Probably we shall never quite overcome the tendency to over-enthusiasm which is the root of all waves of expansion, and subsequent depression; but we can go a long way, and here I believe is the way.

I thank you for the privilege of addressing your Association; I wish you a reasonably restrained prosperity, knowing that you and your workers will pay very dearly if you have too much of it, and overdo it. And I bespeak your cordial support of the new methods whose aim is to make business and industry more of a science, and less of a hazard and a gamble, as it has been so strikingly in the last three years.