

Business At Normal Says Babson

Statistician Traces Path of Recovery of Trade; Business Is Again at Normal

By ROGER W. BABSON

General activity as reflected by the Babsonchart is shown at 'par' for the first time in eight months.

The final November figures, just in, bring the line up from a point 8 per cent below normal where business stood at election time. The readings by months trace the path of decline during the early part of 1924 and picture clearly the advance that has taken place since the election. January saw business at 2 per cent above normal. The momentum from the last month of 1923 was still keeping activity at a good volume. February continued at the same level. In March, in spite of the usual seasonal spurt, we saw things drop to 1 per cent above normal. Further slowing up in April took us back to 4 per cent below normal and from then on business fell off rather badly. May showed activity at 8 per cent below normal, June registered at 12 per cent below normal, and July at 11 per cent below normal. August finally reached the bottom, activity averaging at about 13 per cent below normal. September and October suffered from the uncertainties attending the election and were recorded as 10 per cent and 6 per cent below, respectively. On the eve of the election business stood at 8 per cent below normal. Today it has made up this loss and things stand at an even balance.

You may wonder just what is meant by "normal business" and an explanation is certainly due. We have heard of normalcy in business and we have heard about pre-war conditions. Other comparisons have been made with the boom year of 1919 and still others with the depression year of 1921. So many different bases have been used and the term "normal" has been applied loosely to mean so many things that our present use should be

carefully defined. In studying business conditions and the changes in the business weather here at Babson Park, we show the fluctuations on a large chart which combines all the twenty-six leading barometers of business into one picture. So far as general activity is concerned the path of business is defined by two lines on this chart. The central one, or so-called X-Y line, follows the path of National growth regardless of the immediate situation. It pictures total transactions and reflects the real expansion of business, commerce, and finance. The second line which runs alternately above and below it shows the exact present condition of trade. In their interpretation these two lines might be likened to a tree. The tree grows a little each year as is

shown by the rings you see in the cross-section of its trunk. This growth is slow and hardly spectacular enough to interest us much. At certain seasons of the year, however, the tree does show activity on the surface that changes the appearance of things. In the spring, when the leaves are budding, it seems to be growing rapidly, but in the autumn, when these same leaves shrivel and fall, the tree looks as though it were dying. It is somewhat the same with business and these two lines that measure its two kinds of progress. The X-Y line traces the gradual growth regardless of season while the line of present activity reflects the surface development of the individual season.

Our business and financial worlds are beset by "seasons" even as the tree is, except that the changes from prosperity to decline, from decline to depression, from depression to improve-

ment, and from improvement to prosperity do not occur with any regularity as to time. Business seasons are of varying length and of different intensities. These changes have made money for many people, and have carried others to their graves. In fact, the presence of extreme fluctuations in conditions presents one of the greatest problems in our entire commercial and economic worlds today. Abnormal prosperity gives us false ideas of values. Easy profits due to rising prices and speculation undermine our habits of work and thrift. We become interested in spending rather than earning, then the great basis Law of Action-Reaction steps in and a depression results. Losses wipe out business profits, the bread lines form, and by suffering and by want, we again learn the fundamental lessons of industry and thrift. As our overdraft on the bank of prosperity is gradually paid back by the hard process

of working more and spending less, things gradually improve and business comes back into balance. Either extreme is dangerous and we are really soundest when activity coincides most closely with the normal X-Y line of National growth. By normal business then we mean that activity is neither running ahead, nor lagging behind the X-Y Line, but is running at the fastest pace we can continue to hold. Normal business is healthy business and at present, business is in exactly this normal healthy position.

President Coolidge has emphasized the necessity for "stabilization" in the present situation. Secretaries Mellon and Hoover are stressing economy and the dangers of inflation. The government is awake to the tremendous advantages of this normal situation and the losses that will inevitably accrue if the present improvement is allowed to develop into a spree of speculation. Per-

sonally, I have spent the last twenty years in an effort to cut down these jumps and bumps in American business, to lessen these extremes and to eliminate loss and suffering by helping business men to keep nearer to this line of normal growth. It is improbable that these fluctuations will ever be completely eliminated but, as more business men and more wage workers recognize these changes in the business weather, their results are modified and the penalties imposed by this economic law become less. We are approaching the period of temptation when the urge to gamble, to get without earning, is strong. If we can only remember that we get what we pay for and we pay for what we get; if we can only continue to work as hard as we have worked during this year to get back to normal, all will go well and we shall not have to face the unpleasant task of paying the fiddler.

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by some unfortunate and unexpected accident or sickness— it is too late to think of

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- Oyster Cocktail
- Relishes
- Stuffed Celery-Olives
- Mixed Pickles
- SOUP
- Home-made Chicken Noodle
- Petti Marmite
- FISH
- Boiled Red Snapper, Egg Sauce
- Potatoes Pommes Long Branch
- MEATS
- Roast Young Vermont Turkey
- Chestnut Filling
- Giblet Sauce Cranberry Jelly
- Prime Ribs of Roast Beef au jus
- VEGETABLES
- Mashed Potatoes or Sweet Potatoes, Georgia
- Sweet Garden Peas
- Cauliflower Hollandaise, sauce
- Pineapple Salad, French Dressing
- DESSERTS
- Pumpkin and Hot Mince Pie
- Coffee, Tea or Milk
- Nuts and Raisins

Deare Santa.

Sioux City, Iowa

Father and Mother and I ar all so Happy cause this is Chrismas day and we have a big fambly present of five pounds of James Salt Water Taffy. Cousin Ned who travels all about the whole United States sent it from Atlantic City and it is just the bestest kind of candy that I ever tasted.

In all the candy stores of Sioux City they have no candy that tastes a bit like it. It is great and I thank you Santa Claus for getting it from Uncle Ned and delivering it with By-Lo Doll and her pretty baby dresses.

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