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WHO'S KILLING THE GOOSE?

Three Factors in Present Business Recession—Capital, Government, Labor . . . Downturn Seen as Artificially Induced . . .

Co-operation Is Alternative to Nationalism or Socialism.

Three obstacles loom today against recovery from a depression period which appears to have been primarily created by artificial means rather

FAVORABLE
Unemployment de-
ters unionization.
Inventories lower;
potential buying is
thereby foreseen.

UNFAVORABLE
Top-heavy used car
stocks hurt retail vol-
ume at all points.
Car builders, parts
makers both slash at
production schedules.

than the more usual cause of ebb and flow in economic forces. The solution of this current down movement lies to a large extent in the joint hands of three groups — the government, labor and business. In concert they can act to start the wheels of business accelerating by the first of the year.

Continuing on the unsound paths they have trod for the past 12 months, they can plunge the nation more deeply into depression.

These facts become apparent on study:

1. Government, by refusing to relinquish its emergency hold on business, has paved the way for the present recession. Squandering has gone on at an unchecked pace, and taxation, even though high, has lagged in equaling the expenditures. Government has cut away the safety barrier of business—surplus accounts—by imposing the undistributed profits tax. Government has put a regulatory finger on the financial markets, limiting the natural flow of money. Government has set an artificially regulated price on gold, affecting our entire price structure without indicating what ultimate step will be taken. Now government proposes a wages and hours bill opposed even by labor, seeking to again abridge the fundamental laws of economics it has defied with such failure thus far. Government has backed labor beyond the bounds of fairness to capital.

2. Labor has overstepped the boundaries laid out by government for its advancement. It has become as undependable as the weather. Because of that uncertainty, capital has become wary of beginning any new move in which there is dependence on labor.

3. Capital started on a sitdown against higher prices as much as a year ago when huge buying as hedging against price rises began, and inventories began to pile up beyond normal belief. When higher prices came capital stopped purchasing. The wheels froze. Capital began its sitdown in a new field this fall against labor when recession released capital from the necessity of continuing on an unequal partnership basis with labor.

Now these are fairly simple facts, and in their very obviousness lie fairly obvious answers. These answers must all tend to one conclusion: business must again begin to go forward. Price structures must come to order; the component parts of business—capital and labor—must work as PARTS, not as forces pulling against each other. When these things happen confidence will automatically be restored. Recovery can recommence.

The government must come to its senses and realize it cannot abridge the fundamental laws of economics. Equally important, government must realize it is the AGENT, not the director, of the people. As the agent it should develop its conclusions and let the nation know its course, rather than clothe its movements in mystery. The obscurity and wavering of its movements thus far is a prime factor in the current decline.

Labor must retrace some steps. This is difficult. In small industries labor can go to management and say: "We realize you cannot sell the goods we make at the prices you have to get. Put a lower price on your products, adjust our wages accordingly. You will sell more goods, and we will have

more work and actually more income than we have at present."

Labor has actually done this in a few instances during recent weeks. It is a step labor can take of its own accord, or have forced upon it. In larger companies it will be difficult because labor there cannot talk with a unified voice. And can Homer Martin go to his CIO members and sell them a wage adjustment? Or will he? He probably will not. Wage reductions mean fewer members.

Labor too must realize that MANAGEMENT manages, and that disorder in the shops must end if progress is to begin again.

Finally, natural economic laws will take care of the deficiencies pointed out on the part of capital. Inventories are rapidly being diminished, making purchasing necessary. Prices are breaking down as the sitdown strike of capital continues, and as they reach levels where buying is worthwhile, that buying will recommence. But in the renaissance of buying capital must not become too greedy, as it has shown signs of becoming. A new turn of rising prices absolutely cannot be made the butt of an excuse to advance retail prices beyond the necessity for fair profits. There is no place for profiteering.

The alternates in the current picture? There are as many as there are ambitious ideas. There can be the three-sided cooperation indicated, be-

tween capital, labor and government. Or there can be continued dissension, ending in complete fascism, socialism, communism, or any of the steps in between. The choice lies before us.

* * *

Holiday Cuts Production:

Output as a result of the Thanksgiving Holiday slumped down to 58,955 cars and trucks this week, as compared with the 85,757 units completed in the preceding week and with 102,399 assembled last year in the comparative week.

Most of the larger plants in the industry operated on three-day schedules, the exceptions being Ford (four days) and Packard (five days).

General Motors divisions completed 24,075 jobs against a revised total of 41,022 last week; Chrysler 16,020 against 26,700. Ford, advancing its pace to meet the needs of dealer introductions next week, moved up in all plants to 7,960 from 3,525.

Next week will see the upward movement resumed as four-day and five-day schedules are resumed. All indications are, however, that December will see a gradual slackening in virtually all factories.

Retail Passenger Car Sales

Nine Months and 41 States for October, 1937-36†

| | Units 1937 | % of Total | Units 1936 | % of Total | % Gain |
|---|----------------|---------------|----------------|---------------|-------------|
| Retail Commercial Car Sales | | | | | |
| Nine Months and 41 States for October, 1937-36† | | | | | |
| Autocar | 1,822 | .33 | 1,069 | .20 | 70.43 |
| Brockway | 1,305 | * .24 | 1,366 | .26 | * 4.47 |
| Chevrolet | 160,402 | *29.48 | 175,599 | 33.52 | * 8.65 |
| Diamond T | 7,115 | * 1.31 | 6,909 | 1.32 | 3.00 |
| Divco | 1,027 | .19 | 833 | .16 | 23.29 |
| Dodge | 54,933 | *10.10 | 73,102 | 13.95 | *24.86 |
| Federal | 2,082 | * .38 | 2,399 | .46 | *13.22 |
| Ford | 172,927 | 31.78 | 155,804 | 29.74 | 10.99 |
| F. W. D. | 376 | .07 | 256 | .05 | 46.87 |
| G. M. C. | 37,966 | 6.98 | 23,020 | 4.39 | 64.93 |
| Indiana | 1,197 | * .22 | 1,388 | .26 | *13.76 |
| International ... | 64,490 | 11.85 | 59,154 | 11.29 | 9.02 |
| Kenworth | 122 | .02 | | | |
| Mack | 4,672 | .86 | 3,237 | .62 | 44.33 |
| Plymouth | 11,837 | 2.18 | 2,285 | .44 | 418.04 |
| Reo | 3,674 | .68 | 3,580 | .68 | 2.62 |
| Schacht | 40 | .01 | | | |
| Sterling | 284 | .05 | 201 | .04 | 41.30 |
| Stewart | 999 | * .18 | 1,036 | .20 | * 3.58 |
| Studebaker | 4,665 | .86 | 2,784 | .53 | 67.56 |
| Stutz | 560 | .10 | | | |
| Terraplane | 4,475 | .82 | 1,626 | .31 | 175.21 |
| White | 5,011 | .92 | 4,587 | .88 | 9.25 |
| Willys-O | 845 | * .16 | 2,094 | .40 | *59.65 |
| Miscellaneous ... | 1,260 | * .23 | 1,592 | .30 | *20.85 |
| Total | 544,086 | 100.00 | 523,921 | 100.00 | 3.85 |

*Loss. †Wisconsin omitted for July to October, 1937.

| | Units 1937 | % of Total | Units 1936 | % of Total | % Gain |
|---|------------------|---------------|------------------|---------------|--------------|
| Retail Passenger Car Sales | | | | | |
| Nine Months and 41 States for October, 1937-36† | | | | | |
| General Motors | | | | | |
| Chevrolet ... | 647,044 | *21.29 | 774,035 | 27.68 | *16.41 |
| Pontiac | 185,169 | 6.09 | 137,052 | 4.90 | 35.11 |
| Olds | 164,267 | * 5.41 | 152,070 | 5.44 | 8.02 |
| Buick | 166,599 | 5.48 | 120,254 | 4.30 | 38.54 |
| Cadillac | 9,751 | * .32 | 9,229 | .33 | 5.65 |
| LaSalle | 24,824 | .82 | 9,372 | .34 | 164.87 |
| Total | 1,197,654 | *39.41 | 1,202,012 | 42.99 | * .37 |
| Chrysler Corp. | | | | | |
| Plymouth ... | 403,751 | *13.29 | 400,984 | 14.34 | .70 |
| Dodge | 224,297 | 7.38 | 201,694 | 7.22 | 11.20 |
| DeSoto | 63,828 | 2.10 | 35,319 | 1.26 | 80.72 |
| Chrysler | 77,240 | 2.54 | 45,598 | 1.63 | 69.40 |
| Total | 769,116 | 25.31 | 683,595 | 24.45 | 12.52 |
| Ford | | | | | |
| Ford | 705,392 | 23.22 | 642,871 | 22.99 | 9.72 |
| Lincoln | 21,399 | .70 | 11,364 | .41 | 88.31 |
| Total | 726,791 | 23.92 | 654,235 | 23.40 | 11.10 |
| Graham | 12,392 | * .41 | 13,649 | .49 | * 9.20 |
| Hudson-Terra. | 79,249 | * 2.61 | 80,872 | 2.89 | * 2.01 |
| Nash | 60,695 | 2.00 | 33,535 | 1.20 | 81.00 |
| Packard | 82,979 | 2.73 | 52,027 | 1.86 | 59.49 |
| Studebaker .. | 61,052 | 2.01 | 53,950 | 1.93 | 13.17 |
| Willys | 45,989 | 1.51 | 10,569 | .38 | 335.14 |
| Others | 2,692 | * .09 | 11,571 | .41 | *76.74 |
| Total | 3,038,609 | 100.00 | 2,796,015 | 100.00 | 8.68 |

*Loss. †Wisconsin omitted for July to October, 1937.