

pointing out that the great cry has been for lower marketing or merchandising costs, and that one of the best ways to reduce marketing costs is to increase the rate of turnover in retail and in wholesale houses; further, that all students of marketing have been urging retailers, especially, to increase their turnover by buying in smaller quantities and by keeping their stock at a minimum.

Mr. Swift believes that this is a sound practice, and states that his company caters to it in their own manufacturing and distributing methods. He believes that "hand-to-mouth" buying has come to stay, and that it will be necessary for the manufacturer to adjust himself to this new condition. In commenting on this phase of the situation he advises as follows:

"Although we realize that this development means higher operating costs and greater storage expense to the manufacturer in some instances, we do not believe that 'hand-to-mouth' buying is inimical to mass production. In fact, there are some advantages to the manufacturer in forcing him to also adopt more of a 'hand-to-mouth' policy. He is not so apt to get caught with heavy inventories of raw materials and semi-finished products during periods of price decline or business recession. Neither is he likely to suffer so much from cancellation of orders.

"Taking manufacturing and marketing costs together, it seems to us that 'hand-to-mouth' buying tends to reduce the price differential between raw materials and consumer goods, and that therefore it is beneficial to the public at large."

BELIEVES RESULT WILL BE STABILIZATION OF PRICES AND PRODUCTION

Mr. F. EDSON WHITE, the president of Armour and Company, views the situation as follows:

"It is generally recognized that business has been undergoing a very marked change in every particular for the past few years since the post-war boom of 1919 and 1920. The barometers issued a few years ago to measure business trends seem to have lost their ability to forecast.

"Production capacity, in all lines of business, shows development on a scale far in excess of ordinary distribution capacity, and, while the latter has increased to some extent, it is quite evident that

there is a greater productive capacity in most lines of business than there is ability to sell and consume.

"I think the 'hand-to-mouth' buying has been developed, first under the loss that occurred from inventory shrinkages, and following that, the caution that economists and bankers have preached on all sides to the buyer against the practice of carrying large inventories under the new era of merchandising, and that we will never again see the buying made on the old basis of a season or two ahead of the actual consumption.

"I feel that this hand-to-mouth buying is here to stay, and in the long run the effect will be to more soundly stabilize prices and production. This will all lead to the discouragement of speculative buying and should develop helpful, permanent and stabilized business."

"THE ONLY FUNDAMENTALLY SOUND THING IN BUSINESS"

Mr. C. W. PATTERSON, the president of Austin, Nichols & Co., who are large importers, exporters, manufacturers and wholesale distributors of food products, writes as follows:

"I really believe that the 'hand-to-mouth' proposition has come to stay and that it is the only fundamentally sound thing in business. We here, of course, in years past, have done a large future business and are still doing a big future business, but it gets smaller each year. We experience a great deal of difficulty in delivering our futures when the markets go down and we have quite a time filling orders when the markets go up.

"The manufacturers as a rule on strong markets prorate their different packs of canned goods and merchandise. It may to some extent work hardships on the manufacturers or the canners—it will only be a financial hardship. They will have to arrange to have more capital in their business or more lenient credit lines to carry their merchandise, which is packed once a year. They are in a position to control the situation—the markets, etc.—and it is only economically fair that they should do so rather than to pass this burden on to the small retailer, who only has a few thousand dollars in his business and who, through thrift and frugality, may succeed if he does not permit speculation to enter into his transactions.

"We are the largest canners of vegetables in the country and, naturally, we will have to carry quite a lot of our merchandise throughout the season, but I believe when all is said and done it will be the