

"The net result of the present-day purchasing methods of distributors is very naturally an unequal division of the commercial load. Under the present methods the producing element in business is carrying the major part of the load. . . .

"As indicated in your letter, viewing the situation from the standpoint of the distributor, it is, of course, good judgment from many angles to pursue the present-day methods, but it seems to us to be an open question as to whether or not in the final analysis the economies effected are real, when the complete problem of production and distribution is considered as a whole. In other words, there is a certain burden to be carried, and if that burden is shifted entirely, or even very largely onto one element it becomes oppressive, and in the case of institutions without ample capital may readily present an impossible situation. . . .

"You can readily understand that lacking either ample capital or ready and ample credit no manufacturing institution could operate on such a basis. This, however, is exactly the situation under which underwear and hosiery is today being produced and sold. The result is that the risk is all of it carried by a comparatively few manufacturing institutions, to each of which the burden is rather appalling, rather than as formerly, being divided by forward commitments partially between these same comparatively few manufacturers, and hundreds of thousands of distributors, each of whom were individually carrying a comparatively small part of the total load.

#### SOLUTION SEEMS DIFFICULT

"I confess that a solution of this problem seems almost impossible, due to the fact that the operation of human nature does not readily lend itself to any argument as to equity, unless perchance there is some distinctive ultimate benefit. It is particularly difficult to solve such a problem when we are in a distinctly buyers' market, where competition is great, transportation facilities good and every factor contributing to feasibility of the methods now followed by distributors.

"I believe something could be accomplished, if the thought of a community of interest between the producing and distributing elements, based on pure economic principles, could be brought home forcibly enough to the distributing element. I believe that anything that can be done to promote intelligent thinking on this problem is very much worth while, for only by a study of problems are solutions found. From the standpoint of the banking element in the business game it seems to me that the extension of

credit under present-day methods is, and will constantly become more hazardous than under former methods. This seems to me to be logical by virtue of the fact that a widely scattered risk in small blocks is surely less hazardous than one in larger units among a smaller group; therefore I feel that the banking element has a very vital interest in this problem."

#### BELIEVES IN CURTAILMENT OF PRODUCTION

Mr. W. C. BRADLEY, the president of the Eagle & Phenix Mills at Columbus, Georgia, which are large manufacturers of cotton and woollens, and who is also chairman of the board of the Coca Cola Company, has the following comment to make:

"Manufacturers, as a rule, have suffered greatly from the adoption of hand-to-mouth policy by buyers within the past five years, and this has been particularly true in cotton textiles during the past two years. My own feelings on the subject are that nothing can remedy or improve the situation except a drastic curtailment in production, which policy the majority of mills have very largely been forced to adopt within the past year, and I am very pleased to advise you that we have been having an improved demand for our merchandise since July 1, and things now look more nearly normal than at any time within the past three years."

#### SHOULD KEEP IN TOUCH WITH CONSUMER DEMAND

Mr. EDWIN F. GREENE, treasurer of the Pacific Mills, which are large manufacturers of cotton and worsted goods, with mills and print works in New England and the South, advises that "hand-to-mouth" buying is but one of the serious problems which the textile industry has been facing. In commenting on the situation he advises as follows:

"I am inclined to think that on the whole it is much wiser for the mills, wholesale distributors and retailers not to buy as far ahead as they were formerly accustomed to do and thus keep more closely in touch with the real consumer demand. This works a peculiar hardship on woven colored goods mills who require more time to prepare their lines and is a distinct detriment to all mills, but our experience has tended to show that in the past our customers in placing large orders frequently could not