

"Inasmuch as we are a chain store organization, employing what we term 'mass buying,' we naturally prefer to buy from manufacturers who have what is termed 'mass production,' and, except in those few departments where changes in style become an important factor, we encourage on the part of our manufacturers by our method of buying the opportunity for mass production.

"However, our business is hardly comparable to retail businesses in which rapid changes of style cause serious depreciation in inventories.

"It appears to me that since 1920 all retailers have been more cautious regarding the size and amount of inventories on hand—and correctly so, but, on the other hand, I think that in many instances, this has been carried to an extreme.

"This country, in my opinion, with the high cost of labor which many of us sincerely hope will continue to be high, can only hope to compete in economic and world markets on a basis of quantity production.

"Eliminating those lines of merchandise which are subject to frequent style changes which necessarily must be merchandised on as nearly a hand-to-mouth basis as possible, it seems to me that the pendulum must swing back towards the method of buying which will enable the manufacturers to fabricate in quantities. In other words, there must be and will be developed by economic adjustment, the mending of the ways between the manufacturers and the retailers."

MANUFACTURERS SLOW TO RECOGNIZE CHANGE

Mr. HORATIO S. RUBENS, chairman of the board of the U. S. Industrial Alcohol Company, who are manufacturers of cologne spirits and pure and distilled alcohol, after commenting upon the overstocked conditions of both manufacturers and dealers in the late summer of 1920, and the unprecedented scale of cancellation of orders which were subsequently placed with manufacturers, goes on to say:

"Obviously, stocks must be carried, and the sole question is, shall the manufacturer or the dealer take the risk. Formerly the dealer took his chances, and apparently the manufacturer prefers this policy continued rather than take any risk himself.

"The only defense of the dealer, who by his past experience feels that he must shun this risk, is to maintain the policy of hand-to-mouth purchasing. On the other hand, the manufacturer must, if he de-

sires a large turnover, assume the risk formerly for the account of the dealer.

"Reduced to the simplest form, the complaint of the manufacturer may be thus stated: that he asks the dealer to continue to take the risk which he himself refuses to assume."

POINTS OUT A POSSIBLE DANGER

Mr. IRENEE DU PONT, the vice-chairman of the E. I. du Pont de Nemours and Company, whose wide range of manufacture is well known, remarks that—

"There is no question but that hand-to-mouth buying has become the fashion; that this has resulted in the release of a great deal of capital from working capital accounts of manufacturers and others, which capital has been put to work in other directions. All this is beneficial.

"There is some danger that carrying this fashion too far will result in shortages which will hamper output. Such a condition has not yet appeared."

HAND-TO-MOUTH BUYING AS VIEWED BY THE STEEL INDUSTRY

Mr. B. F. JONES, JR., chairman of the board of Jones & Laughlin Steel Corporation, advises that the change in the buying methods of their customers has been very pronounced. He states that—

"Today the customer is buying for his immediate wants and is, apparently, very well satisfied with the results. We have attributed this change to two factors; the first is the very much improved service which the railroads are giving, and the second is that during war-time the production was so increased in all steel lines that it is now considerably ahead of the consumption. It is our opinion that this latter condition will be overcome when the consumption catches up with the increased production. I do not know of anything that would change these conditions, as today in the steel business the market belongs, to a great extent, to the buyer and he can do about as he pleases in his purchases."

Mr. ALEX. GLASS, chairman of the Wheeling Steel Corporation, questions very much whether the present practice of hand-to-mouth buying can be overcome to any great extent, although he remarks that, of course, there will be times when an unusual demand