

war, delays in movement were exhibited as a reproach to railroad management, and following the disturbed conditions growing out of the war and Federal Control of the railroads it was not only essential but urgent that American railroad management should demonstrate its capacity to not only reorganize and restore the plant, but also to improve the service. This we have done, and I have no reason to doubt will maintain it, at least so long as we have reasonably fair treatment by public authorities. We have been told in many instances of the savings in inventory cost and otherwise which the shipping public has been able to make, and I presume that this is a righteous saving and one which industry will not only seek to maintain but will adjust itself to."

THE CHICAGO AND NORTHWESTERN RAILWAY COMPANY

Mr. FRED W. SARGENT, president of the Chicago and Northwestern Railway Company, expresses the opinion that we have passed entirely away from the day of large inventories for small retailers for the reason that railway transportation has reached a point of efficiency that enables the remotest parts of the country to secure goods on short notice. Commenting on the general situation brought about by current buying practices Mr. Sargent writes as follows:

"To my mind the greatest value arising from this condition is the stabilization of credit through avoidance of inflation. One of the contributing factors to recurring panics was the fact that in periods of prosperity the country dealer, not being sure that he could secure sufficient goods to meet increased demands, would universally overstock. He would call upon his local bank to finance him in the purchase of large quantities of goods. He was not an economist and rarely ever realized that when the supply overtook the demand there would be a period of depression and he would be left with large quantities of goods on his hands. This situation resulted in numerous failures and bankruptcy proceedings at recurring periods because the merchant was unable to dispose of his goods to meet the inflated credit of his local bank. This situation is largely avoided by virtue of the fact that the merchant knowing that he can get with certainty and regularity any quantity of goods, large or small, that he may order from time to time, is no longer tempted to overstock in order to meet temporary spurts in the demand for his products. To my mind this condition is of great

value to the entire economical and industrial structure of the country and will more than offset any disadvantages occurring to the manufacturer and wholesaler."

THE ILLINOIS CENTRAL SYSTEM

Mr. C. H. MARKHAM, chairman of the Illinois Central System, states that in the railroad business a great change from forward to current buying has been particularly noted in the demands that are made for transportation service. He says that it is not at all uncommon for patrons frequently to let their stocks run so low that they must have expedited movement of their goods to prevent closing down operations, and this applies to manufacturers' raw materials as well as to distributors' and retailers' stocks.

Mr. Markham believes that current buying is valuable insurance against radical and upsetting changes in business conditions. He says:

"If there arises the necessity for general retrenchment it can be accomplished with little disturbance and without serious losses if there are not large stocks of raw materials and finished goods in the hands of manufacturers, distributors and retailers. In fact, the absence of such prospective losses should tend to prevent the spread of uneasiness, which has been one of the chief causes of changes in business conditions in the past."

THE GREAT NORTHERN RAILWAY COMPANY

Mr. RALPH BUDD, president of the Great Northern Railway Company, believes that "current buying" is a far better term to describe present conditions than "hand-to-mouth" buying, and he leans to the belief that good, adequate transportation is the cause of the change. He says: "I think it is safe to assume that insofar as transportation is concerned there will not again be any necessity for jobbers and retailers to stock up heavily in order to insure against stocks getting short. If manufacturers are on a current basis transportation agencies, both rail and highway, it seems to me can be depended upon to make the necessary distribution."