

THE ST. LOUIS-SAN FRANCISCO RAILWAY COMPANY

Mr. J. M. KURN, president of the St. Louis-San Francisco Railway Company, believes that the vast improvement in transportation facilities accomplished in the past two years has been a great factor in making possible the "hand-to-mouth" purchasing policies generally prevailing throughout the country. Mr. Kurn states:

"I have grave doubts as to whether the manufacturer can depend upon forecasts as to the conditions sufficiently to attempt a program which means a cessation of piling up his inventories. In the majority of the manufactured list (I am not dealing with wearing apparel) I feel that standards are so fixed that the manufacturer can fairly well predicate his period of prospects versus a past period of actual performances. I could not say that there would be an economy in the manufacturers supplying at interior points warehousing facilities and through that channel redistribute. The warehouse necessarily would be just that much closer to the consumer than would be the manufacturing plant, and to that extent it might accentuate rather than retard the conditions as complained of."

THE UNION PACIFIC SYSTEM

Mr. CARL R. GRAY, president of the Union Pacific System, believes that the motor truck has proved quite a factor in the distribution system. He states that everywhere he goes he has found evidences of the fact that inventories are being kept at a figure which a few years ago would have seemed incredible, and that this is due fundamentally to the vast improvement in transportation. He thinks that the situation will be a permanent one as he believes that the railroads can be counted upon to maintain the present high character of their service, and that the motor truck will undoubtedly continue its development.

THE MISSOURI PACIFIC LINES

Mr. L. W. BALDWIN, president of the Missouri Pacific Lines, also believes that improved transportation service has to a large extent influenced the tendency of "hand-to-mouth" buying. Mr. Baldwin thinks that any readjustments which must be made to

meet the new condition is the problem primarily of the manufacturer or wholesaler, and he points out that there has been a growing tendency on the part of the manufacturers to sell their products direct or through brokers to the retail trade, eliminating the so-called middle man, and he states that he believes that this is as it should be.

THE SOUTHERN PACIFIC COMPANY

With respect to the railway material supply, Mr. WILLIAM SPROULE, president of the Southern Pacific Company, makes the following contribution:

"Notwithstanding the circumstances which demand large stocks of basic articles, our total material stocks normally carried represent a little more than three months' supply and could not well be reduced. Carrying charges are such an important item that a detailed check is kept at all times on the supply balance and constant effort is made to save money by reducing stocks to the lowest limit consistent with real economy and good operating practice. With respect to various small articles used on railways such as may readily be obtained when required, it has been our practice to make these purchases only as needed and stocks carried on hand are not large. The policy in respect to such articles is necessarily different from that observed for the larger and more important railway stocks of raw materials, which make up the bulk of the railway investment in supplies."

THE ECONOMISTS' VIEWPOINT

BELIEVES IT TO BE A MANUFACTURERS' PROBLEM

F. W. TAUSSIG, the well-known Professor of Economics of Harvard University, has the following comments to make with respect to current buying practices:

"The changes in the practices of retailers and other distributors seem to me due partly to temporary causes, partly to permanent. The main temporary cause is the recollection of the collapse of prices in 1920-21. That has not yet been forgotten. Sooner or later it will be, and there will probably be less caution, and more disposition to rely on steady prices, to buy in larger amounts, perhaps gamble a bit on the future of trade. But my guess is that the permanent causes will prevent large-order buying