What is more significant, this increase was not gained at the expense of life insurance or the ownership of homes and securities because these important reserves also registered impressive gains. Boiled down, it looked as though our people had mastered the trick of eating our pie and also having it. We could produce more, consume more, spend more—and still have more. Already tested by war and its aftermath, this national ability to maintain liquid reserves was subsequently tried in the furnace of instalment buying and was again proved non-combustible.

This reversal in the trend of savings accounts began prior to the stock crash which indicates that a large number of depositors had been withdrawing their savings to participate in the stock market. In short, the savings account habit which had withstood adversity could not, perhaps, withstand the lure of "easy money." For the purposes of this discussion the cause of this reversal is not so important as the effect it will have on consumption during 1930. It seems entirely logical that the restoration of the normal trend in savings accounts and the clearing up of accrued obligation will antedate any period of free spending. And it is not easy to estimate the amount of re-employment which must occur, and over what period of time, to liquidate the varied obligations of those who have been jobless.

To sum up, the state of employment during 1930 will have a direct and vital bearing on the sales problems of this and future years. It is a major problem which until brought under control will continue to challenge American prosperity. Government and industry are now deeply concerned, and are acting in unison. Facts are gradually supplanting alarmist bunk on the one hand, and political Pollyanna on the other. Surely it is not too much to hope that the brains and resources which gave us leadership in production and management will ultimately regulate the conditions of employment.

2. *Decline of Commodity Prices.* Like the tariff and unemployment, this subject has been befogged by a diversity of viewpoints. The disciples of John Stuart Mill believe that a comprehensive and gradual decline of commodity prices is an approach to the millennium. They take the position that all sellers are in the end, at least, buyers of commodities—that when the supply is doubled, the price is cut in half, which means doubling the *purchasing power.* They hold that what happens to price is not important because the essential remuneration of the producer is not dependent on how much money, but on how much in consumable products he receives for his goods. But this complacent viewpoint, correct as it may be over an extended period, is not shared by those who suffer from the immediate irregularities of changing values. Unfortunately, the index figure of one commodity compared to all others does not rise and fall in unison. Therefore the temporary effects of such a pronounced decline as we have had in agricultural products is not only disturbing to the farmer but is also a depressant to business in general. Regardless of the extent to which purchasing power has diminished, an immediate effect is to restrain merchants from buying freely. The incentive to "stock up" is lacking as long as supply is assured and there is any likelihood of obtaining better prices. This depressant starts with the retailer and works back through the jobber and manufacturer and eventually to the producer of raw materials. At this point it becomes a factor in depressing prices still further. Something like this has been happening recently, and as far as 1930 marketing is concerned, a major problem will be that of adjustment to these conditions.

3. *Buying Fatigue.* I have already referred to buying fatigue as a state of mind rather than pocketbook—a mental attitude on the part of the individual which, when considered collectively, results in a tired market. The people composing this market are distinctly in the minority when compared with total population but, nevertheless, they represent an important division of national buying power. In the main, they are people who, according to their individual standards, have maintained satisfactory reserves, have experienced no serious impairment of income and have little apprehension about the future. They are people who either stayed out of the stock market or who emerged from it without serious consequences. We do not need any elaborate survey to assure ourselves that the number of people who are now capable of greater consumption represents an important potential market. It is a market which has representation in all but the lowest income groups. It is a market which for years has received the concentrated fire of intensive sales effort. It has

been written to, phoned to, wired to, advertised to, called upon, bullied, cajoled, threatened and tempted. Each year it has bought more and still more things. And finally last summer at the very peak of good times, it commenced to show symptoms of being tired and jaded. Long before the fall crash the motor and radio industries were reflecting the lethargy of a market which had gone stale.

Gradually and in varying degrees this lagging market made itself felt in other industries. The conventional stimulants of the merchandising medicine chest were used in larger doses but with a sedative, rather than a tonic, effect. It is, of course, characteristic of stimulants that frequent usage develops an increasing degree of immunity. There comes a time when "bargains," as such, lose their punch—when "convenient payments" fail to tempt—when the kaleidoscope of changing styles, colors and designs does more to confuse than to attract—when synthetic obsolescence is more irritating than stimulating—a time when people will even declare an armistice with the "Jones family." It is wholly inconceivable that this tired market will remain tired indefinitely. The law of action and reaction works both ways. Powerful economic forces are continually lifting from beneath. Above all, it is a characteristic of the American people that, given reasonable periods of adjustment, they will expend surplus income to the uttermost in raising their standards of living. In the long run the Jones's are not there to be kept up with—but to be passed.

Nevertheless, in spite of the long term trend, a major problem for 1930 is to overcome the inertia of a tired and jaded market. That it can be done is abundantly proved by the example of some of the leaders in manufacturing and merchandising.

Now, since the essence of a paper like this is to reach conclusions which will be helpful, we may profitably consider what is being done toward bringing about a closer adjustment with unemployment, with declining commodity prices and with buying fatigue.

Unemployment is dominating public attention as never before. Able minds are being drafted by Federal, State and private agencies. Much has already been accomplished, such as Procter & Gamble's forty-eight week employment schedule. Assuredly much more will result from the concerted effort to remove a conspicuous blot from our industrial escutcheon. But from the standpoint of sales management during 1930, the problem is one of immediate adjustment rather than ultimate removal. This implies the intelligent use of current employment indices as a factor in production and marketing schedules.

As to declining commodity prices we find a wide and fascinating opportunity for study and adjustment. Nothing is more natural than the present downward trend in commodities of all kinds. Only such violent economic disruptions as great wars have been able to interrupt a world-wide trend toward lower prices. It is simply a reflection of increasing fecundity under improving methods of production.

As an example of the adjustments which are being made in harmony with this inevitable trend, here is one which seems particularly applicable. It is that of a company producing a specialized line of food products to which prior reference has been made.

To begin with, the administration of this enterprise is an example of the practical application of economics to business management. Its policies are rooted in fundamentals. Its activities do not seem to be governed by transient and superficial forces from without, but radiate from within. It will be recalled that this company feels that its major sales problem for 1930 is one of closer adjustment to the declining trend of commodity prices, particularly as manifested in more intensified hand-to-mouth buying. In their opinion, declining prices simply reflect conditions which provide no incentives, either for the trade or for the consumer to purchase in advance of immediate requirements. The management of this company considers it folly to oppose this trend—instead they are making every effort to conform to its demands. This takes the form of adapting their merchandising to the changing preferences of the trade and the consumer.

In adjusting its packaging to meet this condition, the company has studied the needs and desires of the consumer and made a number of changes which have reduced resistance at the point of sale.

Let us now turn to the problem of buying fatigue. As a concrete illustration, one of the major products of this company is packaged dates. As the pioneer in this field it has revolutionized the date