Vital Speeches of the Day 20(11): 343-347 D05779

tunities just waiting for us to believe enough to move forward into projects that appear to be impossible of accomplishment.

This universe of ours is just as big or as little, just as good or as bad, just as full of opportunities or as destitute of them as is the person making the decision. How do you feel today? What is your outlook? What do you believe? That is how far you will go. That is how much you will accomplish.

The close of the story out of my salesbook tells us that of all the people who left Egypt, the only two who entered this great new land of opportunity were Caleb and Joshua. All the rest turned back into the wilderness and died there.

But there was another group who entered that land. The story tells us that all the youth who had been born during the treck from Egypt to Canaan but who had had no vote in the matter, went in, too. These were the youth of the day. There is another reason why I stake my claim to a good future. It is in the light of what the youth of our days see ahead. And I can report that though they may see giants of opposition ahead, they do not see themselves as grasshoppers.

This world waits not for people who are big enough or strong enough to build it up. For no one is that big or strong. But this world waits for people who believe enough to push forward toward what appear to be impossible goals.

But once let us begin to fear that we aren't big enough, that we are grasshoppers, and we, too, will be turned back into the wilderness and never get out.

When Sir Edward Appleton was made Chancellor of the University of Edinburgh, a national magazine cabled "We are sending a man to interview you." He cabled back, "I will not let any man interview me. I will interview myself, and you can publish that."

That is for all of us, interview ourselves. What do we see? Grasshoppers? Or do we see men and women with great power in our hands? What we see ahead will be measured by what we see in here. For out there is just the mirror that reflects what is in us. "And we saw giants, and we were as grasshoppers in our own sight."

How many men have been crushed, lives blighted because of the giants of opposition that made them feel like grasshoppers? You and I have both heard people say about their superiors "He makes me feel like an insignificant piece of nothing." If your boss or anybody else makes you feel like that, it is not his fault. It is yours because you think you are an insignificant piece of nothing, or no one could make you feel like it. All he did was loom up before you as a giant and you made like a grasshopper.

If there is anything I hate to hear it is a young person say "Oh, I don't expect to set the world on fire, but . . ." Every person ought to expect to set at least his little corner of the world on fire with some good idea, some new slant. That is what he was born with, a torch in his hand to light up some dark corner, to ignite some great idea that would be a boon to civilization.

Whatever any of us sets out to do there will be giants in the way, some seemingly insurmountable obstacles. And that is why we need the information out of this salesbook of mine to put along side yours. For yours tells you what to sell and how much to ask for it. But mine tell us how to sell it. AND THAT IT CAN BE SOLD.

Believe this, live this, and failure for you is impossible.

Selling Our Way Out of the Farm Problem

SELLING IS INEFFECTIVE WITHOUT ADVERTISING

By JOSEPH B. HALL, *President, The Kroger Co., Cincinnati, Ohio.*

Delivered before Women's Advertising Club of Washington, D. C., January 22, 1945

IT IS a pleasure to be here in Washington, where so many national and world problems are under discussion. It is especially pleasant to appear before the Women's Advertising Club of Washington when one's subject relates to selling—for selling in our economy is ineffective without advertising. Many farmers have learned that truism, for marketing co-operation with aggressive advertising support often has assisted the wide distribution of many farm products.

The farm problem has become one of the greatest single issues facing our nation today. Experts who have devoted their lives to agriculture have expressed their opinions. National farm organizations have announced their positions. Special commissions have been studying the farm situation for many months, and their findings have been incorporated in the program submitted by President Eisenhower to the Congress. There are complex overtones involved, both economic and political, which cannot be ignored. But the basic question is, "Do we want our economy controlled by actions of the government or by the action of the marketplace?" Do we want continued price supports, acreage controls and price regulations, or do we want prices and production to reflect the will of all the people as expressed in their day-to-day buying of food products?

An approach frequently used in business in atacking a problem is to discuss it under the following three headings:

Where are we?
Where do we want to be?
And how do we get there?

Where are we today in the farm situation? The Bureau of Agricultural Economics furnishes the following figures on farm income, including government payments:

	Realized Gross Farm Income	Production Expense	Realized Net Income	
1939	$10,426,000,000	$ 6,165,000,000	$ 4,261,000,000	
1947	34,002,000,000	17,228,000,000	16,774,000,000	100%
1948	34,520,000,000	18,916,000,000	15,604,000,000	93%
1951	36,962,000,000	22,317,000,000	14,645,000,000	87%
1952	36,526,000,000	23,027,000,000	13,499,000,000	80%
(Est.) 1953	35,100,000,000	22,600,000,000	12,500,000,000	75%

Total farm income has not kept pace with the balance of the economy over the last five years. The farmer's share of the food dollar as of October 1, 1953, was 45c—compared to a high of 51c October 1, 1950, and 35c in 1939. He is still better off than he was in 1939, but he has been affected in recent years by some decrease in farm prices and increases in costs of food processing, packaging, transportation and distribution. These increases are due principally to increased wages in every phase of the food marketing operations.

Wages in the Kroger Company, for example, account for 60 percent of our total cost of doing business. Freight rates on food transportation have increased 60 percent over the last seven years. During this period the average hourly wage rates of all railroad employees have risen 101.5 percent. Certainly profits of the food chains have not increased. The increased efficiency in retail distribution over the last 15 years is emphatically attested by the fact that during this period our gross margins—the difference between our costs and retails—have dropped 20 percent. In 1939 Kroger's net profit was 1.6 percent of sales; in 1952 it was 1.1. Other food chains will show comparable figures.

What is the supply situation? That's important because the two principal elements in any free market are supply and demand. Crop conditions have been good. Supplies are plentiful. Farm production was encouraged during the war, as a result of which production increased tremendously. Here are some figures:

In 1939 we produced 741,210,000 bushels of wheat. In 1953 we produced 1,168,536,000 bushels, an increase of 57.6 percent. In the same period corn production has gone up 23 percent; rice production 115.9 percent, and soybeans up 191 percent.

The domestic demand situation is good. With 61 million people working and receiving an all-time high wage rate, demand has to be good. With spendable income high, consumers have been eating well. Consumption per capita is at an all-time high in terms of dollars. Export demand, on the other hand, is down. Many American farm products have been priced out of world markets.

War-devastated areas of the world are coming back into production. The suggestion that the United States dispose of its surpluses at prices below the world market is met with the objections of our allies abroad. In addition, such a situation may be considered unfair to American consumers who must pay a higher price under such a plan.

At the moment supply and demand are out of balance. *The Evening Star* of January 14 carried the headline, "Federal Dairy Stocks Hit Peak as U. S. Hunts for Surplus Outlet." Federal holdings of dairy products now exceed $342 million, reaching an all-time high last summer, and still moving upward in a period when the government should be selling. Dairy production is 5 percent higher than a year ago—due, not to increased demand, but to price supports. Can you imagine the situation in almost any consumers' good industry with an inventory of this size hanging over the market?

The investment of the Commodity Credit Corporation has more than doubled during the past year, increasing by about $2 billion. The President, in outlining his farm program, asked Congress to restore capital losses of CCC and increase its borrowing authority to $8.5 billion, effective July 1, 1954. The financial obligations of the CCC are pressing against the $6.75 billion limitation on its borrowing authority. While every effort is being made to reduce cash outlays by government, the present support program will require greater expenditures than ever.

Wheat owned or obligated to be acquired by the government is more than the domestic requirements for a full year. The carry-over of vegetable oils is roughly double what should normally be maintained.

Where are we today? We are confronted with a huge inventory position—an oversupply—a production capacity in excess of demand—at least at current prices.

President Eisenhower summarized the situation in his message to Congress:

"The nation's agricultural problem is not one of general over-production: consumer demand continues at or near record high levels; the average prices of farm products that lack direct price supports have been as high in recent years as those of price-supported products.

"The problem is rather one of unbalanced farm production, resulting in specific surpluses which are unavoidable under the present rigid price supports. The problem is complicated by the continuing loss of some of those foreign markets on which American agriculture has depended for a large part of its prosperity."

Where do we want to be? The simple answer is "in balance." The American Farm Bureau Federation, The National Grange and the National Council of Farmer Cooperatives' programs call for obtaining balance between production and markets, but at the same time maintaining farm income with a minimum of restriction and control on the individual farmer. The Farm Bureau says national policies affecting farm production and markets must be coordinated to promote a realistic balance between markets and productive capacity, adding that we are now in the situation of having a greatly expanded productive plant and shrinking foreign markets.

The National Grange believes that a farm program designed to maintain adequate farm income and balance between supply and demand of agricultural commodities is essential to the welfare of American agriculture and the national economy. The greatest need of American agriculture, says the Grange, is domestic and foreign markets for the commodities produced.

The National Council of Farmer Cooperatives states: "National agricultural policies should provide opportunity to promote efficiency, permit sound economic and technical adjustments, develop proper inter-relationships within agriculture, and result in a high level of consumption of farm commodities."

Secretary Benson has said that our agricultural policy should aim to obtain in the market place full parity prices of farm products and parity incomes for farm people so that farmers will have freedom to operate efficiently and adjust their production to changing consumer demands in an expanding economy. He has said repeatedly that he believes this objective cannot be assured by government programs alone. It can be achieved, Mr. Benson has pointed out, only with a steady level of prices, high employment and production, and a rising output per worker in our total national economy.

President Eisenhower, in his farm message, outlined ten fundamental considerations in approaching the problem. The first five are:

(1)

"A stable, prosperous and free agriculture is essential to the welfare of the United States.

(2)

"A farm program must fairly represent the interests of both producers and consumers.

(3)

"However large surpluses may be, food once produced must not be destroyed. Excessive stocks can be removed from commercial channels for constructive purposes that will benefit the people of the United States and our friends abroad.

(4)

"For many reasons farm products are subject to wider price fluctuations than are most other commodities. Moreover, the individual farmer or rancher has less control over the prices he receives than do producers in most other industries. Government price supports must, therefore, be provided in order to bring needed stability to farm income and farm production.

(5)

"A farm program first of all should assist agriculture to earn its proportionate share of the national income. It must likewise aim at stability in farm income. There should therefore be no wide year-to-year fluctuation in the level of price support."

I am sure that most people will agree that a good, balanced supply and demand situation without the need for government regulations would be ideal. That is where we would like to be. As in so many instances, the ideal is difficult to attain, but at least we should strive toward that goal. Now, how do we get there?

At the moment we are witnessing a tug-of-war between those who want more controls and those who want no controls. Most of us have seen in our lifetimes that the establishment of regulations and controls usually leads to still further controls. The price support program led to acreage control. Acreage controls have not always reduced supplies. Improved farming practices on the remaining acres have frequently increased production.

The National Planning Association reports that acreage controls were originally applied to cotton and tobacco with some degree of success, but that their use in controlling production of food crops "must be marked down as a failure."

On the other hand, complete elimination of price supports and production controls might result in chaos in the important farm segment of our economy.

The problem calls for an *evolutionary* approach, not a revolutionary one.

Returning to the President's message for a moment, his eighth fundamental consideration was: "Adjustment to a new farm program must be accomplished gradually in the interest of the nation's farming population and in the interest of the nation as a whole."

Some of the difficulties arising out of the use of high price supports were recently emphasized by an Illinois farmer, speaking before the House Agriculture Committee.

Here is what he said:

First, high price supports on feed grains encourage farmers to raise corn to sell to the government rather than to feed livestock.

Second, high support prices have led to even greater acreages of soil-depleting crops.

Third, support prices have helped the farmer *most* who needs the help *least*. And supports have hardly helped the *little* farmer at all.

And last, since 85 percent of all feed grains go into livestock, we are really robbing Peter to pay Paul.

The Farm Bureau favors variable supports with the provision that the law should be amended to provide that 90 percent of parity price supports should be mandatory the first year that marketing quotas are in effect for any commodity immediately following a non-marketing quota year.

The Grange favors retaining 90 percent supports as a last resort, but emphasizes that the complexity of the farm problem may demand almost an item-by-item approach. That is, they favor a "kit of tools" with use of any one or a combination of them which seems best fitted to the particular problem.

The National Council of Farmer Cooperatives favors such adjustment in production as would fit the total production to total demand, but feels that in making such adjustments, an all-out effort must be directed toward increasing the total demand by sound marketing methods.

The President's program makes the following recommendations:

"The amendment to the 1949 Agricultural Act providing for mandatory rigid supports, attuned to war needs and demonstrably unworkable in peacetime, will be permitted to expire. After the 1954 crops the level of price supports for the basic commodities will be gradually related to supply, promising farmers greater stability of income."

Both the Farm Bureau and the Grange recognize that control of crop production is necessary as long as price supports exist, at least at current high levels. Both wish to prevent the use of diverted acres for other commodities when it would result in excessive supplies. Both recognize that flexible price supports would require gradual changes to protect farm income.

The desirability of flexible price supports seems to be recognized by most of those interested in the agricultural problem. Such a program was recommended some years ago by Senator Clinton P. Anderson, when he was Secretary of Agriculture. It was important then. It is even more important now.

The President's program also calls for treatment of the farm problem crop by crop. *I believe this is a sound principle.* There is an obvious comparison that can be made at this point with the problems of industry, which has also been undergoing a period of post-war adjustment, industry by industry. Each one has had its own peculiar problems. Production of many items desired by consumers was curtailed by the war. There was a pent-up demand. So, immediately after the war, production of consumers' articles reached high levels —too high in many cases, Cotton was one of the first requiring readjustment. Household appliance industries of various kinds are confronted with similar difficulties brought on by high production and lower demand. But all of these adjustments have not come at the same time, nor are they all alike in severity. Similarly, farm production problems should be tackled product by product.

Since our biggest immediate worry is overproduction of certain commodities, the answer then seems to lie in the development of markets. Production capacity is available. Can greater markets be found—or must production be curtailed? Our population is soaring to new highs. Statisticians assure us that in a very few years our present supplies will be inadequate—we will have to *increase* production over present levels simply to keep step with our population. But that is in the future. Meanwhile, we have a serious immediate problem. What shall we do with the surpluses hanging over the market right now?

The President suggests that these surpluses be removed from the market by isolating them. I feel that such a policy is inevitably doomed to failure for, as long as these supplies are in existence, they will affect production and demand and price.

All current recommendations ask for special attention to developing new markets—especially foreign markets. Development of foreign markets deserves our best efforts, since any increase in demand will help reduce the size of the problem. Last Monday Secretary Benson revealed that the President will ask Congress for the authority to use up to $1 billion worth of surplus farm products to strengthen the economies of friendly nations.

Any action of this kind, since it would put into actual consumption the over-supply that is hanging over the market, would help to relieve our immediate problem, provided that in the process it does not dislocate the international picture.

The major, long-run solution, however, must come from within our own country.

I chose as my subject today, "Selling Our Way Out of the Farm Problem," and, in my opinion, selling is the ultimate answer. I recognize that the solution is not as simple as the statement. There are many complications. The farm organization leaders here are quite familiar with these complications, since they have been working with us in the food chains for several years to move products that are in heavy supply. This is farmer-retailer cooperation to do a job on a business basis. Let us take a recent example of an oversupply situation which was relieved by selling our way out of it—the beef problem.

Our country was confronted with an all-time high in cattle population. Why? Income levels had risen. People were eating better, and to most that meant eating more beef. So, with increased demand, prices went up and more beef cattle were produced. After a time the demand was satisfied, at least at the then current price levels, but production continued, since it requires nine months to produce a calf. As a natural result a condition of oversupply developed.

There was some demand for price supports, which would probably have resulted in ever higher production, since price would have been guaranteed. But the majority of the cattlemen asked only for marketing, merchandising and advertising support, not government price supports. True, the government did buy some lower-grade cattle to relieve the situation. But the major solution resulted from the concentrated merchandising and advertising emphasis of the retailers. The chain food industry featured all beef cuts. The program and its results are illustrated by the ads shown in the rear of the room and summarized in the booklet prepared by the National Association of Food Chains, titled, "The Retailer's Report on America's Beef Problem." Some 7,024 stores increased their beef sales 51 percent, calf sales 132 percent and veal sales 49 percent. Per capital consumption of beef increased from 61 pounds to 75 pounds in 1953. Price had some effect, since reduction in the price of beef cattle resulted in lower prices at the retail level. This, coupled with aggressive promotion, resulted in the rather spectacular sales increases, which helped to relieve the surplus supply condition.

In short, beef is righting itself. There were no government supports on beef. When the supply became large, it eventually became unprofitable to feed cattle. The price dropped and the cost of feed was increasing. The situation was accentuated by drought. Producers, therefore, began liquidating their beef herds. Beef consumption, made more attractive by lower prices and aided by advertising and promotion, went up. This is a *natural* adjustment.

If the government had maintained rigid supports on beef, marketing of beef cattle *would not* have remained high, prices *would have* remained high, and consumption would *not* have increased. Producers withholding cattle from slaughter in hopes of still higher prices would have further aggravated the situation.

We have advertised and sold our way out of the beef crisis. This was not the first time we had done so. In 1936 the first "Nationwide Beef Sale" was organized under conditions comparable to 1953. Increases in sales of beef by food chains in August, 1936 were 34.7 percent above those of August, 1935. Again, advertising and selling solved the problem.

Nearly 300 promotional campaigns of this type have been developed and coordinated by American retailers at the request of producers. Among the most notable promotions of the past was that of grapefruit in 1937. As a result, sales increased up to 285%. This helped to establish a nation-wide market for Florida grapefruit.

In 1938 retailers were credited with saving the peach industry from disaster in a similar period of oversupply.

A more recent example is that of East Coast broiler chickens, which were in serious oversupply last December. Broiler prices were sinking below the cost of production, and producers were faced with collapse of the market, with many planning to drastically reduce their flocks. In the long run a drastic reduction would be harmful to consumers and to the general market situation.

During the latter weeks of December, top-quality, fresh broilers were selling to consumers for only 35 cents a pound in some markets.

Broiler producer groups called on the food chains to help them with a stepped-up sales effort. We responded with special promotions and advertising singling out chickens as an unusual value. During the week of December 28 one of our Kroger branches, for example, sold four times the normal weekly movement of broilers.

By January 11 demand had climbed sufficiently to raise the retail price to from 41 to 45 cents a pound. At the present date prices have climbed above the cost of production and the surplus has been cleaned up—to the benefit of the producer, the consumer and the retailer.

We have sold our way out of the beef problem, the broiler problem, and many similar problems. Isn't it possible that we can sell our way out of some of the other problems with which we are confronted?

On the other hand, let us look at butter. We have already seen how much butter the government has bought or committed itself to buy under the price support program—a large supply. What is the sales picture?

The American people, per capita, are consuming less than half as much butter as they ate before World War II. They are eating three times as much margarine as they did during the same period.

(In Pounds)

	Avg. 1935-39	1950	1951	1952	Estimate for 1953
Butter	16.6	10.6	9.5	8.8	8.6
Margarine	2.8	6.0	6.5	7.8	8.3

It is estimated that the per capita consumption of margarine will exceed butter in 1954. The figures for sales through Kroger stores are even more spectacular.

Sales in Pounds

	1950	1951	1952	1953 (est.)
Butter	21,502,000	18,571,000	16,127,000	16,556,000
Margarine	37,691,000	42,188,000	46,351,000	43,891,000

At the beginning of the war in 1942 the differential between butter and margarine was 20c a pound. Under OPA the difference was 31c. The price differential has been as high as 62c per pound; and currently the differential is 46c. In spite of large supplies, butter today is 8c per pound above its 1947 low, while margarine is 5c below its 1947 low. Butter now is being produced for the subsidy in many instances—margarine for the market. The quality of margarine has been improved and the product has been advertised and promoted aggressively. How well we retailers know! The butter people spent more effort attacking margarine than in promoting the many virtues of butter. Butter at 3 to 4 times the price of margarine will not recapture the spread market. Butter is a good example of the harm rigid price supports can do to an industry. Beef provides a good example of what a sound price program and aggressive merchandising and advertising will accomplish.

I wish I had time to review the potato situation of some years back. Here again we had rigid price supports. Potato production soared, not for the market, but for the subsidy. The biggest single loss in the past was in potatoes, where the United States lost a half-billion dollars over a seven-year period.

For years one of the outstanding farm product promotions was that of Maine potatoes. Each shipper paid a small charge for advertising purposes. Quality control was effective; Maine potatoes were recognized as an outstanding product; and sales were good.

But the imposition of price supports changed all that. Potatoes were soon being produced for the subsidy. The quality of Maine potatoes was not as carefully maintained. Other areas developed their own quality programs and sold their potatoes at a figure closer to the market price. Shipments of Maine potatoes to Kroger stores were cut drastically. The Maine growers began losing some of their market, which was not recaptured when price supports were eliminated. Practically everyone agrees that fixed supports hurt Maine potato growers in the long run far more than they may have helped temporarily.

What happens in industry under similar conditions? Take television as an example. Inventory at the end of 1953 was exceptionally high. Production capacity was in excess of demand. So prices were slashed as much as $200 on some models. Sets were sold below production costs, in a situation which in many ways parallels the farm problem. But there were no price supports for the television producers.

Therefore, television production schedules are now being established in terms of a lower demand. Aggressive advertising and merchandising programs have been developed to move the surplus. The most recent reports indicate that the measures taken seem to have been effective. Refrigerators, stoves, washing machines and other household appliances are confronted with the same situation—and without price supports. Again, advertising and merchandising programs have been developed to sell them.

All of this would seem to support the recommendations of the President. Price supports should be flexible. They should be established at levels determined by the circumstances involved in each crop. They should be adjusted from time to time as marketing support enables them to be lowered. Emphasis should be made on selling the surpluses to the consumers, and not the government.

Can oversupplies be merchandised as was the beef surplus? Can the value of commodities be advertised through proper pricing for mass movement? I realize that such commodities as wheat and cotton present a slightly different problem. But I wonder if we have actually done all we can to promote and sell these commodities.

Actually, the consumer is the final control. Develop consumer demand and the merchandise will sell, if the price is right.

Of one thing I am sure. If we have price supports they should not be so high that we are producing for supports rather than for the market.

In the meantime, all of us in the food business will continue to cooperate with the farmers when surpluses develop to move them through the normal channels of distribution.

Through the years aggressive selling of ideas and products has helped America to grow great. In my opinion, intelligent advertising and sales effort will go a long way toward selling us out of the farm problem.

Moving People in Urban Areas

TOO MUCH EMPHASIS GIVEN TO MOVING VEHICLES

By DONALD C. HYDE, *General Manager, Cleveland Transit System, Cleveland, Ohio*

Delivered before the Economic Club of Detroit, Michigan December 7, 1953

I AM pleased to be back in Detroit again to talk about the subject, "MOVING PEOPLE IN URBAN AREAS". I wasn't too happy about some of the apparent controversy that my remarks seemed to stir up some six weeks ago, but apparently it also stimulated some thinking on the part of the people, or I probably wouldn't be here today.

I hope today that I will provoke more thinking rather than controversy.

By subject is "moving people"—not "moving vehicles". I want to make a sharp distinction. More and more people are becoming concerned about the matter of moving people. They are beginning to realize that there has been too much emphasis on the idea of moving vehicles and not enough on moving people. *People* are the important thing to consider in our community, for they are your customers, your employees, your clients, yourselves. Streets, buildings, factories, offices are unimportant without people. These people need to move and they want to move swiftly, safely, comfortably, and economically. Unfortunately, we are slipping in a great many of these respects as our cities become more and more paralyzed by traffic congestion.

Traffic congestion has become the number one problem in a great many cities today, and it is continuing to get worse. With the increased ownership of automobiles, more and more people are driving to and from work or to shop. I realize I may be sticking my neck out in the automotive center. The automobile is a great American institution, that has given people this freedom to go places, whether it's for business or for pleasure. However, within our larger communities, they are having the opposite effect! In increasing numbers, they are congesting our streets—streets that were never designed for such numbers of vehicles. They are choking the normal flow of people and goods upon which the life and growth and development of cities depend.

It is true in Detroit as well as it is in other cities. I read a report just the other day in one of your newspapers, quoting your Traffic Director, James A. Hoye, as saying that the volume of traffic in Detroit has increased some 7 per cent over a year ago. And he went on to say that traffic accidents in the first 9 months have jumped from somewhere around 53,000 to over 62,000; an increase of 18 percent.

If you will just look back to what has happened, if you can think back for the last seven years and the increase in congestion, and project that in the next seven years, or protect even half of that trend for the next seven years, it will scare a lot of you. Many of our major cities will become a less desirable place in which to live, shop, or work.

What do we have happening? With the economic life of your city strangled by traffic congestion, the very existence threatened by decentralization, many public officials are seeking relief by doing things which only bring on still more vehicles and increase the congestion. What am I talking about? Street widenings, grade separations, expressways are the patent remedies that are prescribed. Many, many mil-