
Article on World Trade

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by

Hon. James A. Farley

Chairman of the Board

The Coca-Cola Export Corporation

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World Trade

EXTENSION OF REMARKS OF

HON. TOM CONNALLY

OF TEXAS

IN THE SENATE OF THE UNITED STATES

Monday, December 8, 1947

Mr. CONNALLY. Mr. President, the Honorable James A. Farley, former Postmaster General and a very distinguished American, some time ago delivered a notable address on world trade. I ask unanimous consent that it be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

WORLD TRADE—ON IT DEPENDS PROSPERITY AT HOME

(By James A. Farley, chairman of the board,
the Coca-Cola Export Corp.)

The American objective of constantly providing more things for more people cannot be reached without doing business with the other nations of the world. If we are to have prosperity at home, we must have paying customers abroad. In turn, we must buy the goods the other nations produce.

At the moment there is an acute shortage of dollars abroad, and many of the emergency measures to tide over nations hurt by war have ended. These current worries have obscured the longer range vision of countries working together as buyers and sellers. This vision must become a reality if we are to have a steadily rising standard of living.

Though much of the world is still suffering from the shock of war, our export-import planning should be based on the premise that effort and industry in other nations will return to normal. Only when those

nations are back on the job can foreign exchange of goods be carried out on a realistic, businesslike basis. Certainly our experience since the end of the war has demonstrated that we cannot continue to export without importing at a reasonable ratio.

GOOD BUSINESS TO DO BUSINESS ABROAD

The United States has shifted from a nation that had to be developed by capital from abroad to one that develops foreign areas with capital it exports. The Government, through loans, lend-lease, and relief grants has borne this burden during the past few years. It may do so for some time, but eventually private business will take over this task where it is permitted. The other areas may still be markets for our goods though dealings are carried out on a governmental level.

The warning that by rebuilding foreign industry we are putting competitors for overseas markets back into business is not valid. The history of world trade shows that the best customers are those who are able to sell abroad, generally in direct competition with each other. Their industry makes them better customers for their own products as well as the goods of others.

Because we are a highly industrialized nation, the bulk of our imports will be in the form of raw materials. It may be wise for us to build up our stock piles of raw materials now to hasten recovery abroad. When other nations are back on their feet, they will, as they did before the war, produce many manufactured products that we need in this country.

Another factor that will help bring foreign trade into balance is resumption of travel abroad. Millions of Americans, armed with the accumulated desire and savings of the period in which travel was impossible, will be voyaging to South America, Europe, Africa, Australia, and Asia. The money

they spend in other lands will come back to us as payment for goods we export.

It is difficult to say just how much of our national output will have to go into foreign trade to maintain full production and full employment at home. It will be at least as much as the one-tenth of production figure that was the rule before the war. In dollar value it should be much higher than that 10-percent quota.

One thing that will help us maintain this volume of foreign trade is the reputation for quality gained by American products in the years before and during the war. In every land where American forces were stationed they did a tremendous missionary job for American business. The French, British, Italians, Chinese, and others know firsthand that American products are the best in the world. Enemy commanders in World War II frequently admitted that they had lost campaigns because they underestimated the quality of American equipment. In the Near East the word "nylon" has become synonymous with first grade.

Business must continue to build this reputation for excellence if we are to capture our share of the world markets. The old idea of using foreign lands as dumping grounds for merchandise that couldn't be sold at home does not fit into the new scheme of things. If foreign buyers want second-rate merchandise, and if we send it to them, it should be frankly labeled as such so that we may maintain our reputation for fine quality.

ADVERTISING ABROAD IS EFFICIENT

In our trade with other nations of the world advertising can play the same role it has in this country, though advertising abroad is a much more complicated operation than in this Nation, where habits and customs are uniform. Advertising abroad can build the knowledge of American products and the desire for them if each campaign is custom tailored. Our export advertisers must learn the habits and peculiarities of each

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market if advertising is to be the powerful marketing force abroad that it is at home.

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The need for doing a better job of advertising abroad in the future than we have in the past has already produced many changes. Agencies are setting up foreign branches to learn more about the people they wish to reach through advertising. Advertisers generally have abandoned the idea that advertising in other languages is merely a matter of translation. They have learned that some ideas and expressions acceptable here are in poor taste abroad. Their messages now are fashioned in the working language of the people they wish to reach.

This revolution in export advertising stems from industry's broader interest in markets outside the United States. The war sent millions of Americans overseas. Transportation has speeded up; the airplane has brought inaccessible places close to our shores. We have come into possession of established enemy trade-marks and markets. These and other factors combine to whet industry's interest in the vast markets that exist in other parts of the world.

Large American companies have built the framework for our foreign-trade structure. In many cases, they opened new markets alone. In the past 10 years they have been helped by an interested and industrious Government. The State and Commerce Departments have done much to clear out the red tape and to arrange pacts and trade agreements with other nations.

In my recent trip around the world I found our consular service willing and able to help businessmen, large and small. Its members provided facts and figures unobtainable from other sources. These State Department workers, stationed in hundreds of cities throughout the world, are doing a fine service for American business. Their studies, observations, and opinions can serve to cut the cost and time of setting up in foreign trade.

OPPORTUNITY FOR SMALL BUSINESS

The opportunity for building foreign trade is not limited to the giant corporations. In fact, most of our hopes for the future of our trade with other nations are pinned to the smaller companies. The little fellow, like the big companies, can get information and help from the Government. In many cases the small producer is better equipped to take over a segment of a market than the large companies. American production is uniform, but foreign demand varies from country to country and often from region to region within a country. The smaller manufacturer, being more flexible, can suit his production to meet those peculiar demands.

One of our errors before the war was to assume that everybody would buy the same products that we used. Other countries were better prepared to fulfill the peculiar wants that we did not recognize. If a relatively small segment of the population wanted unusual products, salesmen for other countries could fill the order. Our representatives frequently went orderless because a big production line could not be interrupted to make a few thousand items to suit a special regional taste.

INFORMATION AND RESEARCH NEEDED

I can think of no better illustration of this than the story about the people in the Dominican Republic who wanted buttoned shoes when the rest of the world seemed to prefer laces. Shoe buttons were considered a mark of social distinction there. The brighter and more varied they were, the higher the wearer's social standing. Representatives of both German and American export firms were on hand for the business, but the German salesman got the order because he always agreed to give them anything they wanted. The American salesman had insisted on selling laced shoes because "that's what they wear on Broadway," a selling point that had little effect on the native

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buyer who very rightly preferred to set his his own style rather than follow another's.

Before the war the export-minded people were those in the seaports. Back in the interior, few companies even considered foreign trade, not being equipped to find overseas markets for their goods, or having experience in the complicated mechanics of foreign commerce. Even in some of the larger cities a businessman could not obtain the information and advice on basic export practice.

Since the war smaller companies everywhere have become foreign-trade conscious. They realize now that export represents the difference between full and partial production. They have mastered the paper work and the principles of trading with other countries. In this, they have been helped by the Government, foreign-trade groups, and many fine foreign-trade journals. They will play a major role in the foreign-trade picture of the future.

The airplane has been an important factor in making all of us world trade conscious. American businessmen now journey to countries they had encountered only in travel books before the war. Our knowledge of the world and our desire to trade with other nations have increased. But we must make every effort to increase our understanding of foreign people and their wants if our export-import effort is to be a success.

The need for market research abroad has already brought about some progress, especially in Mexico and South America. These studies should be extended to all areas in which we plan to do business to guide our marketing. We have abandoned hit-or-miss selling at home, and we must eliminate guesswork abroad. New techniques of market analysis suited to foreign countries are being developed; before many years, a wealth of this information should be available to the exporter.

A BRIGHT PICTURE

The improvement of communications facilities and of transportation, both air and sea, will have a tremendous effect on future foreign trade. Some of the delay in getting goods from our factories to customers abroad will be eliminated. Better methods of packing and shipping, many developed during the war, will trim the cost of shipment. Speeded delivery will make possible exchange of seasonal or perishable products that could not be handled before the war.

Of course, political differences and social unrest in many parts of the world will affect foreign trade. But with so many factors pointing to our success, even these seemingly overwhelming political blocks can be passed.

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We are already well under way in Latin America, South Africa and Scandinavia. Though the dollar supply there is falling low, we can feel certain that equitable arrangements for foreign trade will be made.

In war-blasted northern Italy, industry is coming back, perhaps faster than in other parts of Europe. France is beginning to get a grip on itself again. England, still in a crisis, is sure to emerge again as our best paying customer. India and China, as soon as they settle their political troubles, should be great markets for our products. Our success in foreign trade is certain if we plan right and work to make foreign trade a major factor in reaching a high level of economy and in staying there.