

The Business Year in the U.S.

The War Still Sets the Measure

Special Extracts from Bradstreet's Review.

Nineteen hundred and sixteen was a wonderful year, but that characterization does only partial justice to this latest and greatest twelve months in the country's history. It was said of 1915 that adjectives were lacking fitly to portray that year's progress. So it may be said of 1916, in turn, that comparatives fail to describe the repeated examples of high records set up in nearly all lines of trade and industry.

In 1915 the boggy of troublesome liquidation of our own stocks and bonds held abroad was finally laid, and we began to offer a market in the U.S. for foreign securities; but in 1916 we definitely secured title to our position as a creditor nation, loaned freely to the entire world, and, despite hitherto unequalled purchases by us of belligerent securities, became possessed of gold imports in a volume such as was never before seen. To the spur of foreign war demand, represented by unheard-of quantities of food, munitions and general merchandise sold abroad, was added a new and record-breaking volume of imports, largely of raw materials to feed our industrial machinery, while at the same time purely domestic trade grew beyond the most sanguine dreams of our merchants and manufacturers. A quieting down in midyear, with attendant free predictions of the termination of war demand, merely acted as a breathing spell before new and still larger demands were again met in the autumn and early winter. "Not enough cars, labor or goods" was a common description of trade and industry throughout many months. Even toward the close of the year, when nearly all lines were booked for nine months ahead, and some iron and steel lines were sold well into 1918, when prices of commodities, after rising to new heights, had broken badly, due largely to peace talk being injected into the situation, there were but few signs of a let-up in active buying, or indications that the conservatism so long preached was really

secondary purchasing. It was due to the fact that it would be hard to see the quiet and the quiet due to a 4-cent break in raw cotton.

All this activity had occurred, too, despite the fact that it was a presidential year, one also of disturbed foreign relations and a period of disappointing crop outturn, which was made more manifest by large foreign buying of obtainable supplies, and evidences of speculation having taken advantage of natural conditions to push prices of food to record heights. This latter resulted in a popular outburst against high living costs and the usual frenzied efforts of public men, legislators and others to find evidences of monopolistic combinations affecting the prices of the "people's food."

Some Financial Features.

Exports of merchandise totaled \$5,460,000,000 in value, excelling those for the previous calendar year by 55 per cent., and those for the year 1914 by 157 per cent. Imports aggregated \$2,360,000,000, exceeding 1915 and 1914 by 32 per cent. Gold imports totaled \$630,000,000, surpassing exports by \$500,000,000. Our gross imports of gold during the war have aggregated \$1,100,000,000, and the net imports \$838,000,000, while our sales of merchandise for the like period were considerably over double our purchases. Hence the estimates that we bought back \$2,000,000,000 of American securities, and, in addition, became creditors for an additional \$2,000,000,000 of foreign bonds or notes. As our export trade has grown since the war began, its character has gradually changed, and the early large shipments of foodstuffs have become dwarfed, partly because of crop shortages, by later enormous exports of manufactured goods—not all of these, by the way, munitions—though it must be said that our shipments to Entente countries have far exceeded those to the rest of the world. Our gains in trade with the part of the world at peace have hardly expanded as much as might have been hoped, though it is hard to see how our factory production, strained as it was to the breaking point, could have been further increased. Credits based on the new and vast supplies of securities and gold have expanded, and the country's banking position has become one of unparalleled deposits and resources. Bank clearings for 1916 testified to the enormous volume of the banking movement in a total of \$260,000,000,000, a sum never before equaled, and a gain of 40 per cent. over the

1915 high record and of 69 per cent. over 1914. If the normal excess of bank transactions over clearings at leading cities, $2\frac{1}{2}$ to 1, be regarded as a guide, the country's total banking business in 1916 was easily \$650,000,000,000. Stock speculation was more active than for a decade, total sales at the New York Exchange aggregating 232,000,000 shares, a gain of 30 per cent. on 1915, five times what it was in the "closed" year 1914, and only 18 per cent. less than in the record high year 1906. Bond sales aggregated \$1,160,000,000, a total showing a gain of 23 per cent. over 1915, and second only to 1909, compared with which year transactions fell off 12 per cent. Government bond sales, reflecting large foreign flotations, were eighteen times as active as in 1915. Money was easy until toward the close of the year, and collections were good, with many old accounts liquidated, especially in the south. Failures for the year, reflecting the final closing out of old, crippled concerns and of new ventures insufficiently provided with experience, capital or other requisites, were large in number, second only in fact to 1915, from which they decreased 13 per cent.; but the rarity of important suspensions is shown in the volume of liabilities being the smallest with one exception since 1909, 38 per cent. below 1915, and less than half those of 1914.

Price Movements.

As pointed out elsewhere, the crop outturn was not in keeping with other developments, and to this cause as much as to active foreign demands were due the new and dizzy heights reached by many commodities included in Bradstreet's Index Number, which latter rose steadily early in the year, faltered in the late spring and summer, and then took a new flight to still higher ground as crop shortages became certainties, active industry swelled pay rolls, and a snowstorm of wage advances in the latter months by a process of an endless chain character still further advanced all price quotations. This process, resulting in a reduction of the dollar's buying ability of 23 per cent. as compared with the year's opening, was ultimately responsible for a sort of popular revolt against high food prices, petitions for embargoes against food shipments, and widespread national, state and municipal John Doe hunts for the causes of advancing prices. That some of the price advances were bred of speculation, made possible by cheap and abundant money, seems certain; that some were what may be called psychological or auto suggestive may be conceded, but that short yields and unexampled demand were the main causes hardly requires proof. The fact that Bradstreet's Index Number for the entire year 1916 was 20 per cent. above 1915, 33 per cent. above 1914, 32 per cent. above 1910—the last year of food price revolts and meat boycotts—and just double that of the low-water year 1896, is a visible statistical exemplification of what have been called the "penalties of prosperity."

The war abroad still sets the measure of prosperity at home, and the irregularity of our stock, wheat and cotton markets in the last few weeks shows how sensitive we are to any prospect of a basic change in the present struggle. Too many fine predictions of so-called authorities have gone by the board in the past two and a half years to encourage any hard and fast forecasts, but few general remarks may, however, be hazarded. Present high prices of all products, the scarcity of ships, the severity of the submarine campaign, the decision of the western allied governments not to place large quantities of short-time notes here, and the ability of the Allies to produce much war material at home, would seem to indicate that our exports have about reached their zenith. Then, too, the war, while profitable to many, has brought home to this country as a whole, through the medium of famine prices, the fact that we are ourselves paying no inconsiderable part of the financial cost of the struggle. How much further domestic consumption can go before past, present and prospective high prices will automatically check consumptive buying, if it does indeed do this, is a debatable question. The crop failures of the past year would in normal times have given trade a heavy setback. It was easy to preach but hard to practice conservatism in the past year of high costs of foods, materials and operation, as well as of deficient stocks alike of manufactured goods and of raw materials. If peace should arrive within a reasonable time, it will find a good part of the coming year's business as secure as any business can be

that was placed at present price levels, and with stocks of goods concededly small in all positions. It seems certain, however, that peace will come much more gradually than did hostilities two and a half years ago, and in this case demands from Europe for materials for rebuilding and repair will help to take up the slack of reduced orders in other lines.

Another and much more doubtful feature is the question of the extent to which European countries which have practiced state socialistic or collectivistic methods in the control not only of industry and trade, but even of public appetites and food supplies, as military measures, may seek to apply these methods to the struggle with us for old or new markets. To what extent business men, shackled by evidently outworn laws based on theories of unrestricted competition, are prepared to meet this possible European combination of state and private competition, if as seems probable, it eventuates, is perhaps the most crucial question in the entire situation. New and strange economic forces are evidently to be met with after the war; but it at least may be said that business men's eyes are open to the difficulties confronting them, and the country faces the problems of 1917 with costs of operation at a high level, it is true, but with a wealth of capital never before possessed, with a population not decimated or crippled by death or wounds, with a new and rapidly growing merchant marine, with a solidly established ship-building industry, and with clearer ideas of what constitutes financial, commercial and military preparedness than it ever had before.

THE COST OF FEEDING SOLDIERS.

A Western Ontario newspaper points to the administration of the Commissariat department of the Canadian troops now in training as an example of how the high cost of living may be beaten, claiming that in the city of London, Ont., the men are fed for less than the most careful housewives claim they can provide a similar menu.

In London it costs an average of 31.297 cents per day to feed the men during the month of November. If the men had eaten all that the regulations allowed them, it would have cost 34.158 cents day to feed each. That little saving of 2.861 cents per man per day seemed small in itself, but when applied to some 1,800 men it soon assumes an aspect of importance. In addition to that it goes to show that two and one-half years of war have taught lessons in economy that have not been entirely disregarded.

Many years' experience have shown that a soldier must be well fed. Here is a list of the items allowed a man, together with the quantities:

Beef	1 pound
Bacon	3 ounces
Sugar	3 ounces
Milk powder	1 ounce
Fresh vegetables	6 ounces
Bread	1 pound
Potatoes	1 pound
Beans	2 ounces
Jam	2 ounces
Butter	2 ounces
Cheese	1 ounce
Split peas	$\frac{1}{2}$ ounce
Salt	$\frac{1}{2}$ ounce
Coffee	$\frac{1}{3}$ ounce
Tea	$\frac{1}{4}$ ounce
Pepper	1-36 ounce

For a change, if the men desire them, they may have in lieu of some of the foregoing, canned vegetables, corned beef, oatmeal, fish, flour, rice, macaroni, or any of several other things.

In order to effect the saving, a careful account is kept from day to day of the actual amounts eaten by the men. A battalion of 700 men might indent for its full 700 pounds of beef. Possibly the men do not eat the whole issue on that day. The surplus is carefully kept and made up into meat pies or some other dainty, and the next day just enough meat is indented for to provide a satisfying meal. A saving of 75 pounds of meat may be effected. Likewise with bread or potatoes. In the early days of the war any surplus of supplies was thrown away and became a dead loss. No one would take the responsibility of the amount of food wastage in the early days of the war. Any estimate would probably err on the side of moderation.

Buying in mass, says this newspaper, undoubtedly accounts for the low cost of maintaining soldiers. One of a mass of 5,000 men can be fed more cheaply than any separate individual. If the individual goes into a shop and purchases a pound of meat for himself, he will have to pay more for it than would the army supply officer have to pay for any one of 50,000 pounds purchased for an equal number of men. The same holds good for all purchases.