

The Business Year.

Painful Progress After Booms End
--Irregular and Trying Period--
Rally at Mid-Year.

Commodity Prices Recede, Then Turn. Most Industrial Outputs Reduced. Smaller Trade Totals. Foreign Trade Values Evaporate. Necessity Buying Sets Year's Pace. Railway Stocks Lowest in Generation. Easing Money Initiates Later Gains in Security Markets. Short Crops at Pre-War Prices. Cotton Notable Exception. Record Number and Liabilities of Failures. Bank Suspensions Second in Total. Clearings One-Fifth Off. Mid-Year Rally Holds Fairly Well to Close. Apparel Industries Among Best Throughout Year. Armament Conference Aids Improvement in Last Months. More Cheerful as Year Closes. Labor Stubborn. Record Year in Building.

BAROMETER ABOUT "FAIR."
(Bradstreet's Report)

Nineteen-twenty-one was a many-sided year, and if a description were sought in a phrase, it might be said to have been the last word in irregularity. It was a period of liquidation during which the boom of 1919, punctuated in 1920, was pretty thoroughly deflated. Commodity prices as a whole, continuing the reaction of 1920, though at a slower pace, were reduced to the lowest level since 1916, or half the distance from the 1920 peak, while retail prices fell about one-fourth, on the average. Crops, except corn, were short, and farmers' returns were reduced, and values of sales were cut not merely to the bone but to the very state of business. Some classes of securities, railway stocks for instance, reached the lowest average points in almost a generation. Foreign trade values dissolved like the mist before the sun, giving rise to queries as to what had really become of international trade. The railways shown were generally slow in most cases, and some of the gains were not entirely held. Few lines of business had as good a year as they did in 1920, itself a year of strain, and the residuary legate of the silk-shirt extravaganzas of the first year of peace. Inventories, badly slashed in the last months of 1920, were even more greatly reduced in 1921. It was a year with an unprecedented number of failures, and with one of the most serious concerns towering above anything previously known.

And yet, like the individual who was described as being not wholly bad, it developed redeeming traits and features as the year advanced, the lines first to feel the depression leading in the work of recuperation and repair. The genesis of improvement in some lines, in fact, was discernible almost at the outset of the year, whereas others waited until the summer had well advanced before showing the first signs of rallying. With the progress of the year, favorable features asserted themselves in increasing number, the financial markets improved, money released from trade, where some of it had lain long in the form of frozen credits, sought investment in fixed interest-paying securities, foreign exchange rose, wheat exports broke all records in volume as did building construction in value, and the close of the year certainly found things better in many lines than at the beginning. Still, the lesson was again brought home more closely, apparently, than ever to the people of the United States, as indeed to the people of the rest of the world, that while there may be vital necessity for war, there is little profit in it. The last weeks of the year were guided by the apparent agreement of the nations to try to find a way out of the morass of armament, with all that this implies in the way of reducing expenditure for war and warlike materials, to the end that crushing taxes may be reduced.

At least three big features stand out in a review of the past twelvemonth. One, the progress, not perhaps complete in all cases, made in deflation of costs of many kinds, without which no real improvement was or is possible; another, the perceptible improvement in the international political and financial situation, which, however, leaves much still to be desired and done, especially in central Europe; third, this despite all criticism to the contrary, the demonstrated high, indeed superlative, importance to the country of the Federal Reserve Banking system. This proved in 1920 and 1921, as in 1914 and 1915, the real sheet anchor of American business, those who doubted and the few who still doubt having before them the recognized fact that what was the biggest, if not the most acute, crisis in the history of America was thereby prevented from running the traditional American course and culminating in commercial disaster greater than was ever before experienced.

The events of the year, the many counter currents experienced, the hopeful advances made by report early in September, which attracted a good deal of attention and has since gone around the country, "Business is better, not a great deal perhaps, but still it is better."

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In a year filled with big events of good and bad import, only a few striking examples may be cited. One notable feature was that about the first of the business divisions to rally were those which figured most prominently in the extravaganzas of 1919 and were first to feel the unfavorable influences of 1920. We refer, of course, to the textile and kindred industries, generally spoken of as the apparel trades. Most of these went through their worst experience in the last months of 1920, when shut-downs followed the buyers' strike of that year. Many of the so-called barometer industries, notably iron, steel, coal, lumber and transportation, did not show much, if any, improvement until the late summer, but these had been among the last to recognize the facts in 1920, and apparently it took them, as it did the apparel trades, nearly a full year to get down to a working basis. For this latter, the reluctance of the related lines of organized labor to recognize and meet the situation was, according to common report, partially responsible for their delay in getting in order in the year 1920 when depression first loomed, and later finding that the reduced purchasing power of the masses of the population had prevented their unloading unwieldy stocks of goods, were popularly regarded as brakes on the wheels of progress. In this connection, it would seem as if the large retailers, department and chain stores, found it both advisable and easier to move faster than did others. Because of reduced purchasing power among the greater part of their clientele, the mail-order houses, who naturally cater largely to the agricultural sections, appeared to be hampered in their efforts to get on a solid basis of good sales at the reduced prices.

PRICES PARTIALLY STABILIZED.

The high peak of commodity prices as indicated by Bradstreet's Index Number, which, as frequently explained, is the sum total of the prices per pound of ninety-six articles of common use, was reached on February 1, 1920, viz., 110.8690. From that date to January 1, 1921, the Index Number, with one trifling exception, that of May 1 following the outlaw switchmen's strike, which created a state of artificial famine, dropped quite steadily, the decline in eleven months being just short of 40 per cent. In the next five months, or from January 1 to June 1, the drop was 16 per cent. In the next six months the rise was 7 per cent. In other words, the rise in the last half of this year was a little less than half the decline, but this rise was no mean factor in the crystallizing of favorable opinion in the latter half of the year as pointing to a probable stabilizing of prices after the drop from the top of 49 per cent. The net decline from the peak on February 1, 1920, to December 1, 1921, was 46 per cent. The course of Bradstreet's Index Number month by month from the peak point touched on February 1, 1920, to December 1, 1921, is shown in the following percentages table:

	Decrease	Decrease
February 1, 1921	2.3	
March 1, 1921	4.0	
April 1, 1921	4.1	
May 1, 1921	4.8	
June 1, 1921	1.9	
July 1, 1921	1.0	
August 1, 1921	1.0	
September 1, 1921	3.0	
October 1, 1921	3.9	
November 1, 1921	1.4	
December 1, 1921	3	

*Increase.

Back of all this, however, it must be noted that additions to the business community in the past two years were enormously large, 11 per cent. over 1919, and 16 per cent. as compared with 1915, a preceding year of stress, with which comparisons will naturally be made. For eleven months the number of failures exceeded those of 1915 by four-tenths of 1 per cent. Compared with 1919, the most favorable year as regards failures there is record of since 1881, failures were three times as large. Liabilities for eleven months, \$663,404,163, were just double those of 1920 and 160 per cent. larger than in 1915.

LOOKING FORWARD.

In any effort to weigh up prospects for future business, one who has events of the recent past in mind must be impressed by the fact that most ideas of real progress in domestic and indeed in foreign trade revolve about the question of costs, whether of raw materials, labor, transportation or selling. No sensible person wishes to quarrel with the desire of organized labor to get all it can in reason, but any one who remembers the futile

stand of the railroad men against the July reduction must be impressed with the fact that any trade that insists on being placed on a wage pedestal of its own is bound to suffer ultimately. In this connection, the stand against reductions of many in the building trades and the attitude of the coal miners who talk of demanding advances next April must seem peculiar, especially in view of the depression and short time that has ruled the fuel trades for a year past. In the popular mind, also, the average retailer in a case in point of oversteering the market and of belated reductions failing to find the sale they might have realized earlier before purchasing power was curtailed by low prices to the farmer and short time or unemployment in industries.

The foreign situation seems to have many more elements of strength than would seem possible from a cursory glance at the past. If the calculations of the Department of Commerce as to volume versus value of trade are correct, a better demand exists than a year ago—at a price. The political situation abroad looks far better than one or two years ago despite the woeful condition of the central European exchange. The collapse of the printing press brand of money should have some lessons for our own "medicine men" and quick doctors who would create values by fiat. With protection guaranteed by the stronger powers against incursions of the eastern hordes, who have admitted that their own combination of socialism and murder has failed to bring about the millennium, central Europe should rally because its peoples are mainly

workers and have not arrived at the point, reached by some advanced thinkers nearer home, where they believe men can live by agitation alone. The course of events in the past year, and especially since the late summer, would seem to point to the normal conditions following the bursting of a boom having made fair progress. It was said quite early in 1920 that we were experiencing the secondary effects of the usual panic depression, industrial stagnation and shut-downs without having had the acute troubles that had preceded these in other years of stress. If reports are to be believed, the unemployment trouble is not so great as it was earlier last year or in the last months of 1920, although efforts of sunshine societies cannot close our eyes to the fact that an unprecedented amount of labor was displaced in mid-year. With easing money from the summer onward, the usual phenomena of active demand for fixed interest securities, bonds, etc., was witnessed. The stock market proper seemed to lag, but still average prices of rails and industrials advanced 13 and 26 per cent., respectively, from the low of summer. The strength of exchange is another favorably sign. Backward weather and reduced purchasing power were brakes on fall distribution in the autumn, and December failure liquidation was equal to that of the worst month in our history, January, 1915, but manifestations like the latter have often been termed the judgments of the court of last resort of 1921 and the realization that two years of liquidation and depression have passed, the feeling of cheerfulness is more marked than it was. Summed up, the business barometer is now set at about "fair," but courage and care seem to be essentials in the commercial world as we face the uncertainties of 1922.

Japanese Society Excited

WOMAN BRINGS DIVORCE SUIT.

Mme. Aki-ko Ito ("White Lotus"), cousin of the Emperor of Japan and one of the leading literary women in Japan, has established a precedent at Tokyo by openly revolting against her joyless marriage with a self-made coal magnate.

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To Fit All Ages.

Large Variety.

Local, English, American.

Here is a chance to secure a well-made Stylish Overcoat suitable for all seasons.

MEN'S OVERCOAT BARGAINS

MEN'S TWEED OVERCOATS in a variety of designs and cloth; sizes from 34 to 42. We offer these to clear at

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15.95

MEN'S OVERCOATS in Plain Greys, Browns and assorted goods. Good value at 35.00 to 45.00. We offer to clear

16.50 to 19.50

MEN'S LEATHERETTE OVERCOATS, with storm collar, all around belt, patch pockets; sizes 34 to 44. Worth 10.00 to 16.50. We offer to clear

16.50

MEN'S
WOOL UNDERWEAR.
All sizes to 42.
Price \$1.25.
Regular Price \$2.65.

BOYS' OVERCOAT BARGAINS

BOYS' TWEED OVERCOATS in Dark and Light Tweeds; well made, good trimmings; sizes from 8 to 13. Price

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BOYS' HEAVY CLOTH and TWEED in the latest styles; all around belt and shaped back; sizes from 3 to 8. Worth 15.00. Our prices

6.95 to 10.50

BOYS' GREY NAP OVERCOATS—Well made, good linings, pleated back, all around belt and storm collar; ages from 3 to 9. Worth 18.00. Our prices

8.10 to 10.75

BOYS' GREY NAP OVERCOATS in the very latest styles, with rolled collar, double breasted, all around belt and buckle; ages from 3 to 7. Prices

8.10 to 8.60

MEN'S KHAKI
FUR BACK FOLDS,
\$1.50.
Regular Price \$3.20.

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WE HAVE been almost exclusively a Government and Municipal Bond House, consequently the underwriting of a Hotel's securities was, and is, a departure from our established policy, and one not to be undertaken lightly.

As a result, several abstract things weighed with us in our underwriting of the 8% Convertible Debentures of The Mount Royal Hotel Company, Limited.

Not the least of these was the success of the men who were to manage the enterprise.

We had seen them bring, among others, The King Edward Hotel in Toronto to a losing business into a handsome dividend-paying concern within two years. We had seen them make a financial success of the operation of sixteen other hotels, any one of which presents a far harder problem, in a financial way, than does "The Mount Royal Hotel" in Montreal.

Not only so, but these same men have secured a Directorate for "The Mount Royal Hotel" of the most able and successful business men in Canada. And, because of all these factors, we underwrote "The Mount Royal Hotel" 8% Convertible Debentures, and with all the force at our command, and with our reputation at stake, are offering them to investors.

It is our considered opinion that these 8% Convertible Debentures are a safe and sound investment; and it is our judgment that in a reasonable time substantial dividends should be paid upon the Common Stock, which is now given away as a bonus.

Write today for a copy of our circular describing fully the 8% Convertible Debentures of The Mount Royal Hotel Company, Limited, offered at 100 and interest, carrying a bonus of 50% of Common Stock.

To W.A. Mackenzie & Co., Ltd.

38 King Street West, Toronto.

Dear Sirs: Please send me a copy of the circular describing the 8% Convertible Debentures of The Mount Royal Hotel Company, Limited, and oblige.

Name in full

Full address

Please write clearly.



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—SORE THROAT

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