Lowering the Cost of Living for the Navy

How One of the Newly Appointed Rear Admirals, as Paymaster General, Tackled a Vexatious Problem and Solved It

Of the last recommendations that the late Admiral Dewey is known to have made to the government, the most important was the pointment to the permanent grade of Rear Admiral of Paymaster General, U. S. N. X. So it was not a matter for great surprise when the President, in nominating five navy officers for that rank, included Rear Admiral Dewey, who made no such request. It is not so much a story about Paymaster McGowan as it is about how he tackled the high cost of living on behalf of the navy and the country.

Suppose, for instance, that you had about 65,000 men, the great majority of them young, healthy, and hungry, to be fed. Suppose that when you bought flour you bought it by the millions of pounds; that your most purchased article was 1,000,000 pounds a year; that you had to buy about 25,000,000 pounds of vegetables, onions, potatoes, carrots, cauliflower, and other food. This is the kind of food that your sugar and coffee and canned goods purchases were proportionately large; that when you bought eggs the order specified by your cooks was five dozen. Suppose you bought every twelve months more than 1,700,000 pounds of butter, not to mention stores of other foods which America does not produce. What would you do and get, what would you do about it?

In order to do all this, McGowan must have dealt with 65,000 and more bluejackets and marines, pay their salaries, and keep track of supplies in every part of the world, wherever the American Navy operated. This requires bookkeeping for more than 2,000,000 separate accounts. The total expense involved annually is somewhere between $40,000,000 and $50,000,000.

This story will not attempt to tell how Rear Admiral McGowan clothes his great family, how he balanced his books, to his job, in efficiency, nor how that spirit of cooperation that has made it all possible has been obtained.

Rear Admiral McGowan, the new Paymaster General, has celebrated his forty-seventh birthday by tackling the High Cost of Living problem. In 1916 McGowan's food bill for the navy amounted to about $40,000,000. If he were to have come to probably $1,000,000 more for the fact that two years ago McGowan saw where the war was going and set out to meet the situation. He did that while General Wood and other well-known persons want the United States to do. He prepared.

McGovern and Paymaster Peoples, and other officials of the Bureau of Supplies and subsistence in the Bureau of the Navy, over which the former president, studied the problem from all sides. McGowan said that he had never found that there must be a certain period in each year when some staples of food, such as flour, sugar, and meat, could be bought cheaper than at any other period of the year.

So the statisticians were told to get the records of food purchases in the navy in the past. They were told to make a complete chart of the prices and the quantity of each department, the commodities purchased, the average price per item by department, and the average price per item by department, and so on. Behind this was the idea that the navy had a buying power such as none other, and that, if the navy had the buying power, they should buy what they could.

It was established in this way that the food prices generally followed the market prices at New York, and that the average price per item per month was generally the average price per item per month. For instance, coffee is usually at the lowest prices in June and July, but at the highest prices in December, January, and February. McGowan bought the navy's eggs in April, May, and June, and the stipulation being that the eggs were to be held in cold storage until needed. So the "high price of eggs" around Christmas never worried the business manager of the navy.

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The price of butter reached its lowest in 1917, when on April 1 the best cream could be purchased wholesale at 18.5 cents a pound. The McGowan charts indicate that record will stand for a long time, for in all other years it has averaged about 27 cents a pound in the period when the supply was most plentiful and the prices lowest. The maximum butter prices as shown in the McGowan chart have hovered between 30 and 35 cents in the two high-price periods, while the low records have been reached in all years except 1911 in the months of June, July, and August. And that is why McGowan generally ridicule the butter market in the last three months named.

Take one other great food commodity, namely, flour, and you see another one of the Paymaster General's biggest and most puzzling problems. In 1912, 1913, and 1915 the prices of flour per bushel behaved "very decently," as the Admiral himself expressed it in a few days ago, for only on two occasions did the staple climb up to and over the $1 mark, and the two years that followed the chart below. In 1914 the price dropped from 30 cents a dozen in the latter part of November to 35 cents in early December; but instead of staying on the down grade they went up again about Dec. 10, and jumped to 65 cents in the next ten days, after which it remained almost stationary down to 35.5 cents, as Dec. 31.

Now, what did this charting of egg prices mean to the United States Government? Just this: A saving of many thousands of dollars. McGowan bought the navy's eggs in April, May, and June, and the stipulation being that the eggs were to be held in cold storage until needed. So the "high price of eggs" around Christmas never worried the business manager of the navy.

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and low price seasons, the high periods in history are more irregular, but its low points can be quite well foretold. There are two high-price periods in the calendar year and only one long. The first high-price period may be in either January, February, March, or April, while the second period is pretty sure to occur in November or December, with new and then a backward fluctuation into Winter. But the low cost is always in June and July, although it is one of the six charted years it occurred in March.