

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

ONE of the last recommendations that the late Admiral Dewey is known to have made was to suggest the appointment to the permanent grade of Rear Admiral of Paymaster General Samuel McGowan, U. S. N. So it was not a matter for great surprise when the President, in nominating five navy officers for that rank, included him. This, however, 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 what resulted.

Suppose, for instance, that you had about 65,000 men, the great majority of them young, healthy, and hungry, to clothe and feed. Suppose that when you bought flour you bought it by the millions of pounds; that your meat purchases totaled nearly 18,000,000 pounds a year; that you had to buy about 25,000,000 pounds of cabbages, onions, potatoes, carrots, cauliflowers, and other fresh vegetables annually; that your sugar and coffee and canned goods purchases were proportionately large; that when you bought eggs the order specified a few hundred thousand; that you bought every twelve months more than 1,700,000 pounds of butter, not to mention scores of other foods which America's bluejackets and marines must have and do get, what would you do about it?

In addition to all this, McGowan must clothe all the 65,000 and more bluejackets and marines, pay their salaries, and keep track of supplies in every part of the world where the American Navy operates. This requires bookkeeping for more than 3,000,000 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 has reduced office work to the last word in efficiency, nor how that spirit of co-operation that has made it all possible has been obtained.

But this story will show how McGowan 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 \$6,209,000. It would have come to probably \$1,000,000 more but for the fact that two years ago McGowan saw what was coming and set to work to meet the situation. He did what General Wood and other well-known persons want the United States to do. He prepared.

McGowan and Paymaster Peoples, and other officials of the Bureau of Supplies and accounts, the name of the Bureau over which the former presides, studied the problem from all sides. McGowan said that he had an idea that there must be a certain period in each year when some staple article of food, such as flour, sugar, or 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 as far back as 1910. When this was done charts were prepared, one chart for each article of food, and the price in each year was traced from Jan. 1 to Dec. 31. It was established in this way that food prices generally strike their lowest at about the same average time each year. For instance, coffee is usually at its lowest price in the early weeks of each year, eggs in June and July, butter in July and August, and meat in Lent, and so on.

The charts were prepared and the zigzag lines that indicated price fluctuations studied, and the navy's supplies of between 75,000,000 and 100,000,000 pounds

of food were ordered to be contracted for in those periods shown by the charts to be the most advantageous.

Eggs occupied a prominent place in the news columns of the papers during the latter part of 1916, the price per dozen reaching not long ago so high a figure that housewives of New York refused to buy. The navy uses several million eggs a year, and so Admiral McGowan added eggs to the list of foods which his statisticians were to investigate. The chart that was submitted

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



Rear Admiral Samuel McGowan, Paymaster General of the Navy.

(Photo by Harris & Ewing.)

to him told an interesting story, which was that if you use eggs, particularly the cold-storage variety, the time to get them cheap is in April, May, and June, and that they should be left "severely alone," so to speak, in October, November, and December, and frequently in January and February also.

The high tide in egg prices for the six years ended Dec. 31 last was about Nov. 20, 1916, when the navy chart indicated the wholesale price as about 65 cents a dozen. In 1915 the maximum wholesale price occurred at the same time, which was true of the other years also, except 1914, when eggs were highest about Dec. 10.

Furthermore, the egg chart discloses the interesting fact that the highest price in 1916 was not much in excess of the maximum record in the other charted years. But there was this big difference: Whereas in the five years prior to 1916 eggs reached the high-water marks at the usual time, they started to toboggan and in each instance dropped from 20 to 35 cents a dozen in four weeks. In 1916 the price dropped from 65 cents a dozen in the latter part of November to 55 cents in early December; but instead of staying on the down grade they went up again about Dec. 10, and jumped to 63 cents in the next ten days, after which there followed a slow decline to 59.5 cents, on 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; for Admiral McGowan bought the navy's eggs in April, May, and June, the stipulation being that they were to be held in cold storage until needed. So the "high price of eggs" around Christmas never worries the business manager of the navy.

While eggs are consistent as to high

The price of butter reached its lowest in 1911, when on April 1 the best creamery 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 periods when the supply was most bountiful and the prices lowest. The maximum butter prices as shown in the McGowan charts have hovered between 35 and 39 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 visits the butter markets in the last three months named.

Take one other great food commodity, namely, wheat flour, and you run across one of the Paymaster General's biggest and most puzzling problems. In 1911, 1912, and 1913 the prices of flour per bushel behaved "very decently," as the Admiral himself expressed it a few days ago, for only on two occasions did the staple climb up to and over the \$1 mark—in the latter part of September, 1911, and in May and June, 1912. It never went above 91 cents in 1913, but in 1914, the beginning of the great war is indicated by the fact that the price jumped from 89 cents a bushel, on Aug. 1, to \$1.29 on Sept. 10, around which figure, with occasional slight variations, it remained for the rest of that year. In 1915 wheat started at \$1.28 on Jan. 1, jumped to \$1.51 on April 20, declined to \$1.27 on June 10, then jumped to \$1.33 on July 20, dropped to 91 cents on Sept. 1, and then slowly climbed until, by the end of December, it was wholesaling at \$1.16 a bushel.

As for 1916, it is a different story the chart tells. Admiral McGowan contracted for the navy's supply of flour in June of last year, and by doing so took

advantage of a market in which the price of wheat varied during a period of thirty days from \$1.09 to \$1.13 a bushel. The navy uses over 10,000,000 pounds of flour each year, and the amount saved to the Government can be easily imagined by taking into consideration the fact that after June wheat climbed to \$1.55 on Sept. 1 and \$1.91 in November, after which it slowed down a bit and ended December at \$1.71.

These references to the charts that show the prices of eggs, butter, and flour for the six years ending Dec. 31 could be multiplied indefinitely, for there is a chart in the office of the Paymaster General which keeps a similar record of every food product used in the service afloat.

Meats, sugar, canned goods of every kind, coffee, cocoa, chocolate, all are charted day by day, and the little lines that zigzag from January to December have made it possible for Admiral McGowan to obtain the reputation of being the ablest business manager the United States Navy has known.

There are now between 55,000 and 60,000 enlisted men in the United States Navy. In no navy in the world do the men get such good food and so much of it. The pure food laws are enforced; McGowan sees to that. In 1916 he issued to the service 16,714,313 rations, the total cost of which amounted to \$6,208,190.71. Included in these rations were 18,627,000 pounds of meat, of which 15,376,000 pounds was the best fresh refrigerated meat that could be bought, and every pound of which was purchased when the chart suggested it was time to buy.

Nearly 14,000,000 pounds of flour were required, while the vegetable outlay totaled more than 26,600,000 pounds, of which 24,428,000 pounds were fresh. To sweeten coffee and make pies and cakes for the bluejackets Admiral McGowan purchased 4,681,000 pounds of sugar, while the amount of creamery butter reached 1,729,000 pounds for the year. Of coffee 1,289,000 pounds were bought, the American Navy proving itself to be a "coffee navy" in that only 69,000 pounds of tea were required for the service in 1916.

But the cost problem was only one of many that McGowan tackled in typical fashion when he succeeded to the Paymaster Generalship in 1914. One of the first reforms ordered had to do with the bureau correspondence. It seemed that everybody in the Bureau of Supplies and Accounts was writing letters all the time. McGowan figured he could save several hours a day, to be applied to other needed work, if he could find a way to lessen the "penmanship strain," as one of his subordinates termed the situation.

The result was one of the famous McGowan orders. The order, purely a bureau affair, contained some maxims with reference to proper correspondence methods. Here are a few of them:

Don't write at all unless you have something to say. When you have said that something stop.

Don't get excited! If you do don't record the fact on paper.

Don't discuss people. Discuss things. Don't hesitate to say "no" if that is the proper answer; and, having said it, do not attempt to suggest an alternative aimed to circumvent your own "no."

Don't use long words when it can be helped, and it generally can be helped.

Don't say "shall," "must," or "should" when you mean "will," "verbal" when you mean "oral," "amount" when you mean "quantity," "hardly" when you mean "scarcely," or "with the view of" when you mean "with a view to," &c.

Don't write anything in a perfunctory way, but remember always that each letter or indorsement should bear the impress of the writer's dignity, courtesy, and intelligence.

Today when a visitor enters the office of the Paymaster General he does not have to wind his way through a maze of desks and chairs and file cases to get to Admiral McGowan or his right hand Paymaster, Christian J. Peoples. No office in the department has fewer desks and chairs and file cases. And this is one of the busiest of them all.