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BUSINESS ANNALS

UNITED STATES	ITALY
ENGLAND	ARGENTINA
FRANCE	BRAZIL
GERMANY	CANADA
AUSTRIA	SOUTH AFRICA
RUSSIA	AUSTRALIA
SWEDEN	INDIA
NETHERLANDS	JAPAN
CHINA	

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PREFATORY NOTE

Business Annals is an attempt to summarize and depict the business conditions in seventeen countries as they appeared to intelligent and expert observers. The chief sources are commercial and trade journals, reviews, magazines, and papers, consular and diplomatic reports, and government records. Doubtless the annals represent the years as contemporaries thought they were, rather than as statistical records later proved them to have been. Nevertheless, we have made considerable use of statistical material, and the analysts before us doubtless formed their opinions and views largely from such data. But we have tried to view the statistics through their eyes,—and describe the years as business men saw them at the time.

Each country has been studied as a separate unit. Therefore, prosperity in England is not comparable with prosperity in Russia, or India. It is impossible to impose similar standards of prosperity or depression on all countries or we might be forced to the conclusion, for example, that Russia and Argentina have never experienced prosperity. As a matter of fact, in the mind of the business man, a year is judged by comparison with previous years,—perhaps with the more recent years given extra weight. Prosperity and depression are therefore relative terms, and may vary in exact meaning between countries and between decades.

The annals consist of five paragraphs for each country for each year. The first paragraph is a phrase summarizing the year. Obviously, such a brief summary cannot provide more than a general impression of the year's record. Both industrially and geographically, quite different business conditions may exist within one country at the same time. But just as averages are attempts to picture varying observations by a single expression, so this phrase-summary is an endeavor to sound the dominant note of the year. In other words, it gives the central tendency, from which reviewers state exceptions. "Prosperity except in textiles" is obviously not complete prosperity, yet prosperity is, implicit in the statement, the dominant tendency. Although observers generally agree that 1925 was a prosperous year

for the United States, they also note that, although construction activity reached new records, the textile industries were depressed, and that although the Florida boom created great activity in the South, parts of New England were virtually in a state of depression. The phrase-summary throws aside all qualifications, some of which are stated in the more detailed paragraphs of the annals.

There have been occasions in national history, when economic activity has been completely reorganized and dominated by the endeavor to win a war. In such cases, the annals describe the year as one of "war activity". It is only very recently, however, that nations have conducted their war-making so systematically. Earlier wars often had but slight immediate influence on the economic system.

The second paragraph of each annal refers to industrial, commercial, and labor conditions. It notes business activity, construction and manufacturing activity, employment, important strikes, movements in commodity prices, speculation in commodities, and foreign trade. For lack of other data, references to commodity price movements relate to wholesale prices, and are generally based on averages of quotations for many commodities. The description of foreign trade refers to changes in imports and exports, and often remarks on the "balance of trade". A favorable balance of trade is one in which the country's exports exceed its imports, and an unfavorable balance is one recording an excess of imports. Since fluctuations in the relationship between exports and imports are of considerable importance, significant changes in the balance are noted. When no comment is made it may be assumed that the balance is similar to that of the previous year. The balance of trade figures are based on merchandise shipments, and do not include "invisible" items, such as international loans, interest and capital payments, immigrant remittances, and shipping and insurance services.

The third paragraph describes conditions in the money, security, and foreign exchange markets. The phrases "money tight" or "money easy", are used in their technical senses, indicating that money is difficult or easy to borrow—i.e., interest rates are high or low. Foreign exchange is quoted in terms of its departure from the par of exchange with countries on the gold standard. "Exchange declines" may be interpreted, therefore, as meaning that the currency has fallen below the par of exchange, commanding less of the foreign currency than comparison of the nominal gold parities would justify. The absence of any specific reference to exchange or money in circulation

may be assumed to indicate that there was no significant change during the year.

The fourth paragraph reports agricultural production and prices. Crops are included as of the years in which they are harvested. In general, harvest time in the Northern Hemisphere is in the autumn, in the Southern Hemisphere in the spring. It sometimes occurs, as in India in 1898, that the fourth paragraph reports "Abundant crops" while the fifth paragraph reports "Famine". Such cases are explained by the fact that the harvest was not reaped until autumn, whereas the famine existed in spring and summer. The agricultural prices given refer to those realized from the crops with which they are grouped.

The fifth paragraph refers to various non-economic phenomena which may have exerted influence upon the conditions of business. Political events, epidemics, and natural catastrophes are the chief subjects of note. It would be both impossible and absurd to include all the events which have influenced business conditions, but it is hoped that those of major importance are given.

In constructing the annals of certain countries, the writer has been fortunate in receiving the assistance of several scholars, for whose expert aid he is exceedingly grateful. They are in no way responsible for errors in detail, their assistance consisting rather in perfecting the general framework, and suggesting sources and improvements. Aid was given in the French annals by Professor Albert Aftalion, of the University of Paris; in the German annals by Dr. Robert C. Kuczynski, Editor of *Finanzpolitische Korrespondenz*, Berlin, and Dr. Franz A. von Hayek, of the University of Vienna; in the Austrian annals, by Dr. von Hayek; in the Russian annals, by Professor N. D. Kondratieff, and Messrs. A. L. Vainshtein and M. V. Ignatieff of the Conjecture Institute, Moscow, and Dr. S. Guberman of the Institute of National Economy, Moscow; in the Italian annals, by Dr. von Hayek and Professor Robert F. Foerster of Princeton University; in the South African annals, by Professor E. H. D. Arndt of Transvaal University College. Monthly indices of commodity prices for the period, 1805-1824, were kindly placed at the disposal of the writer by Professor Walter B. Smith of Wellesley College. Suggestions and assistance by the members of the Board of Directors and of the Research Staff of the National Bureau of Economic Research have greatly improved the original manuscript. In particular, Dr. Fred R. Macaulay, in addition to offering many valuable sugges-

tions, placed at the writer's disposal manuscript notes and unpublished statistical series which proved of great assistance in preparing the American annals. Finally, it is impossible to express adequately my indebtedness to the New York Public Library. The facilities for research and the skilled assistance provided by the staff of the Economics Division have been of the utmost importance in making this book possible.

Perhaps no one realizes the temerity of the undertaking as much as the writer. Economic histories have proven of surprisingly little assistance. Their concern lies more with long-term developments, or conspicuous events. Data on crises are abundant, but little is written concerning the intervening years. Contemporary observers are more given to discussing current conditions during periods of depression than during any other phase of the cycle. Later authors, reviewing the same general period, find the time of crisis of most interest. Periods of prosperity receive little published recognition,—except in the Annual Message of the President to Congress, in which all years appear as prosperous and abundant. The writer has attempted to exhaust the available sources. Every suggested title has been examined. Many proved to be sterile, those actually utilized being listed in Chapter XVIII. In spite of the extensive source-material, and the use of the utmost care in analysis, there must be many errors, both of commission and omission. It is the writer's desire to make the annals as accurate as possible. He earnestly requests any person who possesses further information on the subject-matter of the annals, to aid in bringing the record closer to the actual facts.

Although nearly one hundred periodicals were utilized in preparing the annals for 1925, there still remain many excellent sources which could not be employed, because they are not yet available (April, 1926). In particular, government reports are slow of publication. Consequently, the annals for 1925 must be regarded as preliminary. Final revised annals for 1925 and preliminary annals for 1926 will probably be published early in 1927 in the *News-Bulletin* of the National Bureau of Economic Research.

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