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The Economic Journal

Cost of Living in American Towns. Report by the Board of Trade. Cd. 5,609. 1911. Pp. 533. 5s. 1d.

THIS volume completes the series of inquiries begun several years ago into the condition of industrial wage-earners in the United Kingdom and the principal foreign manufacturing countries—Germany, France, Belgium, and the United States. The investigation covered, in the last-mentioned country, 28 selected towns (including in some cases surrounding industrial districts) in the area east of the Mississippi, including, however, Minneapolis, St. Louis, and New Orleans, which are on the river. The selected towns include the principal industrial and commercial centres in this large territory, but in order to make the selection representative without unduly increasing the number of places to be investigated, the twenty-eight were not chosen merely in order of magnitude.

The broad results of the investigation show a high standard of money wages, and in spite of greater cost of living than in the United Kingdom, a high level of material comfort. For the purpose of international comparison of wages only certain occupations in industries widely scattered have been taken, namely, in building, printing, and engineering. At the same time statistics were obtained and are given in the reports on the separate towns, of wages and hours in many other industries. The high level of money wages in the United States is shown by the index numbers of American and British wages in the three selected industries, the ratios for a full week's earnings being 243:100 in the building trades, 213:100 in engineering, and 246:100 in printing. Hours of work were shorter in the United States in printing (7 per cent.), and in building (11 per cent.), and longer in engineering (6 per cent.).

It is, of course, difficult to say with certainty that these figures of nominal full week's earnings in these particular trades are thoroughly representative of the levels of actual money earnings in the two countries for the whole body of wage-earners. For reasons mentioned in the report, pages lvii. and lviii., but too long to explain fully here, it is probable that the index numbers based on the occupations and industries chosen rather overstate the comparative height of American wages. But a study of the earnings quoted for all the many miscellaneous occupations dealt with in the town reports, and of the incomes given in the family budgets, confirms the impression that money wages on the whole are somewhere in the neighbourhood of double the height pre-

valent in the United Kingdom. The dates to which the British and the American inquiries relate (October, 1905, and February, 1909) are not identical, but this discrepancy makes no important difference.

It is not to be supposed that every raw immigrant obtains at once double the money wages of an unskilled labourer in England. The new arrivals usually make their way to places where there are large works employing gangs of labourers under foremen who can speak their language. The range of choice of occupations is limited, and the wages of this class vary appreciably according to supply and demand. When trade was brisk in 1906 and 1907, even raw immigrants earned six or seven shillings a day, but when the depression came they were turned off in large numbers. Many went home and others were glad to accept lower rates of wages for irregular work. Apart from the disadvantages under which the new arrival labours on account of his inability to speak the language of the country, and from not "knowing the ropes," if a slang phrase may be pardoned, it cannot be said that the results of the inquiry indicate any very noticeable tendency towards differentiation of wages merely on racial grounds. In fact the standard of living theory of wages does not receive much support. Many of the immigrants receive wages much in excess of what is required to maintain even the new standard of living which they quickly acquire in the United States—a standard often much lower than that of the native American in many respects, but approximating to the American standard in regard to abundance of food. These men are keen enough to get all they can, and what they do not spend they save. In fact it is largely the hope of saving a little capital which is the magnet that draws the immigrant in the first instance.

Much interesting matter relating to the position of the various races, including the negroes, is to be found in the reports on the various towns and in the general introduction, but further discussion of this topic must be omitted. We pass on to the important subject of the purchasing power of money.

House-rent, as measured by the rent per room, is rather more than double the predominant rent in British provincial towns. Local variations are very considerable, and are much influenced by the extent to which frame houses prevail. They are cheaper than brick houses of equal size in most of the towns, in spite of more rapid depreciation; but their prevalence usually means a very fair size of rooms and open air all round the house, and frequently, also, underneath. In fact, the most striking feature

of most American cities is the enormous area covered by detached frame buildings, which are popular, not only with the working classes, but with the middle classes and even the fairly wealthy. These frame houses are less monotonous than the rows of uniform brick terraces, and they both facilitate and make necessary the use of plenty of land. The main drawback is the costliness, and consequent neglect, of efficient sanitation.

Food is dearer, on the whole, than in the United Kingdom, but not in proportion to the discrepancy in wages. The ratio given by weighting the items in proportion to consumption of British families, comes out at 138:100. A correction for dates reduces this to about 130:100.

The report contains an analysis of family budgets classified according to racial groups. Space, unfortunately, does not permit of any extended reference to this subject, but it should be noted that the high price of bread in America is not so serious a matter as one might suppose, since bought bread forms nothing like so large a proportion of the family diet as is the case in this country.

It should be remembered, moreover, that the rise in the price of food, about which so much has been heard, was a rise from a low level. Beef at the time of the inquiry was scarcely dearer than in England in October, 1905, and pork was cheaper. Sugar, butter, milk, and flour were, however, substantially dearer (retail prices, of course), and potatoes were more than double the English price. In regard to the remaining items of expenditure, such as clothes, amusements, liquor, and travelling expenses, no detailed statistics were obtained.¹ Woollen clothing is undoubtedly much more expensive than in England, but the high cost of cloth for suits is largely offset by the high degree of skill which has been developed in the production of ready-made suits, which are much more universally worn and made better in style and quality of cloth than one associates with ready-made suits in this country. Cotton clothing and boots are sold at prices not very different from those prevailing here, but possibly less durable. Both on clothing and boots the American appears to spend much more than the British working man, but he would consider the latter shabby. The American wants to have things new pretty frequently, and does not expect his clothes or boots to last long, but he wants them to look stylish. Unquestionably he has a greater margin above the cost of necessaries than the British workman. He has a more liberal and varied diet, eats more meat, and still has more to spare either for saving or for spending on pleasure and adornment.

C. F. B.

¹ The remarks regarding clothing prices are based on the writer's observations.