

PRICES AND WAGES.

BY BYRON W. HOLT.

We are hearing a great deal lately of the "economies of production," of trusts, of lower prices for goods, and of higher wages to employees. Thus, on January 15, Andrew Carnegie, addressing the Railroad Branch of the Young Men's Christian Association, said:

"It is one of the most cheering facts of our day that under present conditions the wages of labor tend to rise, and the price of the necessaries of life tend to fall. There never was a nation so splendidly situated as ours is at this moment in regard to labor. Every sober, capable and willing man finds employment at wages which, with thrift and a good wife to manage, will enable him to go forward toward laying up a competence for old age."

This is but a sample of hundreds of similar statements that might be quoted from prominent men and newspapers. Whether or not the most of these statements are inspired by men interested in deceiving the public is not important. It is, however, important that the public should learn the facts or, at least, such facts as are furnished by the probably very imperfect statistics of today.

The census bulletins on manufactures have been published for thirty-three states and territories. They include all of the New England and southern states, except Massachusetts, Virginia, and Kentucky; and all of the states west of the Mississippi river, except Texas, California, Washington, and Minnesota. New Jersey and Delaware are also included.

According to the statistics of these thirty-three states, 1,004,590 wage earners received an average of \$418.48 each per year, or \$1.39 per day, in 1890 and 1,463,365 wage earners in these same states received an average of \$387.53 each per year, or \$1.29 per day, in 1900. The day wages of the average earner, in manufacturing industries of these states, then, declined from \$1.39 to \$1.29, or 6 per cent, from 1890 to 1900. That is, for every dollar the 1890 wage earner got, the 1900 wage earner got only 92.4 cents. The comparison is fair, because both 1890 and 1900 were considered prosperous years.

The last and largest manufacturing state reported is New Jersey. Its 120,090 wage earners, in 1890, got average day wages of \$2.24; while its 241,581 wage earners, in 1900, got average day wages of only \$1.52. These figures, if correct, show a phenomenal decline of 32.2 per cent in wages in New Jersey from 1890 to 1900.

Such statistics do not bear up Mr. Carnegie's statements on "Rising Wages and Cheerfulness," as some of the newspapers headed his speech. But perhaps Mr. Carnegie, though wrong as to wages, may be right as to falling prices; for, after all, it is the purchasing power of wages, rather than the money wages received, which determines actual wages. If prices have gone down faster than wages, the wage earner may be benefited by the change. Have prices, then, declined?

If Mr. Carnegie had read Dun's Re-

view of Jan. 4, 1902, before he made his thoughtless speech, he might have avoided his error in regard to prices. This high authority contains tables based upon quotations for 350 articles, with due allowance for the importance of each, showing that the cost of living is now greater in this country than ever before. The following are some of Dun's "index" figures:

	Jan 1, 1890.	July 1, 1897 (low.)	Jan. 1, 1900.	Jan 1, 1902.
Breadstuffs	\$13,765	\$10,587	\$13,254	\$20,002
Meat.....	7,620	7,529	7,258	9,670
Dairy and garden	12,675	8,714	13,702	15,240
Other food.....	9,935	7,887	9,200	8,952
Clothing.....	14,845	13,808	17,484	15,547
Metals.....	16,240	11,642	18,085	15,375
Miscellaneous	15,111	12,288	16,312	16,793
	\$90,191	\$72,455	\$95,295	\$101,587

The totals show that the cost of living was 6 per cent greater in 1900 than in 1890, 31 per cent greater in 1900 than in 1897, and 40 per cent greater in 1902 than in 1897.

Dun's Review says of the table that "this establishes the cost of living at the opening of the new year above all recent records."

If, as most trust promoters and defenders proclaim, trusts cheapen production and lower prices, the cost of living should be lower now, instead of higher than ever before. It is rather unfortunate for the trusts and their friends that the great rise in prices should correspond exactly with the great growth of trusts. Census Bulletin No. 122 contains information concerning 183 "Industrial Combinations" having a total authorized capital of \$3,607,539,200, over \$3,000,000,000 of which has been issued. Of these 183 trusts, 63 were formed prior to 1897, 7 in 1897, 20 in 1898, 79 in 1899, and 13 in 1900, prior to June 30. More than half of all were chartered between Jan. 1, 1899, and June 30, 1900. Nearly half of these trusts were formed during 1899, the year of the greatest advance in prices. The index number for prices which stood at 80,423 on Jan. 1, 1899, rose to 95,295 on Jan. 1, 1900. More trusts (including the greatest of all) have been formed since June, 1890, and prices have still further advanced.

These facts should silence forever the claims that trusts justify their existence by the lower prices which they give us. Trusts may, and probably do, lower the cost of production, but this is a very different thing from lower prices to consumers. It is undoubtedly true that these trusts are selling their products to foreigners at unusually low prices. They are, however, protected in our markets by tariff

duties averaging, on manufactured goods, including prohibition duties, about 75 per cent. The trusts, seeing that we have put this high tariff wall around ourselves and presuming that we, therefore, prefer high prices, have decided to mark up prices to us to the highest possible notch. Often they charge us 50 to 100 per cent more than they charge foreigners for the same goods.

The census statistics of manufactures also show that the average value of each wage earner's product in the 33 states reported increased from \$1,938 in 1890 to \$2,148 in 1900. Why, we may ask, should wages go down 7 per cent when the value of each wage earner's product has gone up 10 per cent, and when the cost of living has increased 6 per cent? Are these some of the "Blessings" of trusts and signs of permanent prosperity. The fact that the census figures for 1890 and 1900 were made on a slightly different basis may change these percentages somewhat, but not enough to change the general results materially.

Again, apparently the 1900 wage-earners got in wages less than one-fifth of the value of his product. Deducting, however, the cost of materials used and salaries and miscellaneous expenses, and making allowance for interest on capital, depreciation of plant, and cost of selling the products, the difference between the wages of each earner and the value of his product is greatly reduced, though it is probably still very great. As the wage-earners constitute the great bulk of consumers, it is evident that if wages and prices get so far apart that the wage-earners cannot, with their wages, buy back more than half of their product, a great surplus of goods will soon be created. This surplus must be sold at greatly reduced prices, such as rule during times of so-called "business depression." Perhaps the Napoleons of industry in charge of our protected trusts will succeed in upsetting the old and apparently natural order of economic events, and in establishing a new order which shall contain only prosperity, unalloyed, unadulterated, and everlasting. We shall see.



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