

WHAT IT COSTS YOU TO LIVE

By R. H. COATS



Mr. R. H. Coats.

What does it cost you to live? Some say that the price of everything is steadily going up: that if a man gets higher wages for his labour and pays proportionately more for what he consumes, what better off is he? James J. Hill, in a recent magazine article, states that the problem is not so much the high cost of living as the cost of high living. He argues that the modern individual lives at a higher pace than his grandfather: that what were once luxuries have now become commonplaces. Which may or may not be true.

In an article on this page, Mr. R. H. Coats begins to show exactly what the prices of commodities are in these days compared with what they used to be before the present rise began. He proves that in some respects it costs less to live now than it did before people began to complain about the cost of living, and that the question is one with a hundred points of view. On first glimpse you may not agree with him. Read his facts and figures and you will begin to conclude—that what it costs you to live nowadays is partly what you reckon you can afford to have that you didn't need twenty years ago; partly the result of world-wide conditions over which individuals and nations have no control; in part the waste of raw material, calling for conservation of resources.

Mr. Coats is the Dominion Government's expert on prices. As the Associate-Editor of the Labour Gazette, he has followed minutely the cost of labour as well as of commodities. The Department of Labour has just issued a special book by Mr. Coats—the work of several months' investigation—which contains more information on the cost of living than any other book ever published in Canada.

FOURTEEN years ago we had low prices in Canada. We also had three other things: glutted warehouses, stagnant money and unemployment. In 1895-7 when steak was twelve cents a pound and lumber about two-thirds its present price, every fifth man you met was out of a job and every fourth house in a Canadian city had "To Let" on the window. The wholesale prices of goods in general were eleven points lower than now. In 1897 prices went down to 37 per cent. wholesale lower than they are to-day. Since then the cost of living has gone up. Furs head the list. Lumber comes next. Meat is dearer. Hides, leather and boots are up. Fish is climbing. Groceries, however, are not much higher. Dry goods and clothing have advanced very moderately. Coal is reasonable. House-furnishings are among the slowest to increase in value. Lowest of all in the scale of advance are drugs and chemicals; metals and implements. But since 1897 the one idle man in four has found a job; and "To Let" has gone off the windows. Which is better?

THE first natural desire of everyone who feels the advancing cost of living of the past dozen years is to account for it. But before attempting that, it is highly important to know, in as thorough-going a way as possible, what it is we have to account for. Price is not a simple thing. Of all economic phenomena, price is among the most complex—the most difficult to appraise, let alone explain. Not to speak harshly, scarcely one in ten of the "representative" opinions which have been filling some of the magazines of late, can be of more than indirect value, because almost invariably such opinions frankly stand for singleness of outlook, of one kind or another, upon a subject which is as many-sided as human nature and human society itself. Under no circumstances can absolute comprehensiveness of purview be obtained; but at least one should try to get as broad a sweep of the field as possible.

Price is, of course, to a degree, a world phenomenon, and though the well-known records of the London *Economist* and various foreign governments have a practical bearing on the Canadian situation, a more intimate and local analysis is greatly preferable. This is now afforded by a special report just issued by the Department of Labour, which is specifically designed to do for Canada what the various investigations referred to perform for their respective countries. The rapid development of the Dominion, and the differentiation in conditions implied, have undoubtedly created a need for these independent statistics.

The Department's investigation goes back to 1890, some six or seven years before the present rise began, and thus furnishes a sufficiently remote and detached point of view. Altogether some 230 articles are covered, the selection being over a wide range, on the principle of taking the most represent-

ative commodities in the most important fields of commerce, and thus obtaining a result which may be regarded as reflecting, with due regard to proportion, the whole area of Canadian consumption and trade. These are arranged in thirteen main divisions, with several sub-divisions, so that altogether about forty distinct branches are represented. For every one of the articles a reliable price quotation was secured on the first market day of each month back to 1890. Wholesale prices are used, as preferable to retail for their greater accessibility and reliability, though the latter are of course the prices actually paid by consumers. The following is a bird's-eye view of the scope of the inquiry:

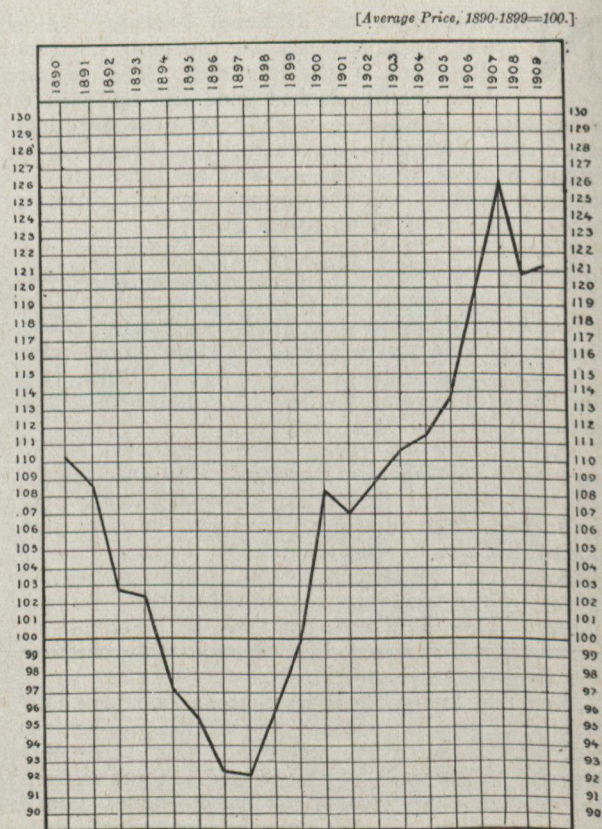
Group.	Number of Com- modities.
1. Grains and fodder	13
2. Animals and meats	15
3. Fish	9
4. Dairy produce	5
5. Other foods (groceries, fruits, vegetables, etc.)	57
6. Textiles—	
(a) Woollens	5
(b) Cottons	4
(c) Silks	3
(d) Linens	3
(e) Jutes	2
(f) Miscellaneous	2
7. Hides, leather, boots and shoes	11
8. Metals and implements	27
9. Fuel and lighting	10
10. Building material—	
(a) Lumber	11
(b) Miscellaneous building materials....	14
(c) Paints, oils and glass	14
11. Housefurnishings (furniture, crockery and glassware, kitchen-furnishings and table cutlery)	16
12. Drugs and chemicals	15
13. Miscellaneous—	
(a) Furs	4
(b) Liquors and tobacco	4
(c) Sundry	6

The method of presenting the results demands a word. This is the well-known device of index-numbers. For the benefit of the non-statistician, to whom the term in spite of its vogue may still savour of the mysterious and technical, it may be explained that the index-number is merely a device to show the combined and final effect of the price changes of several commodities. The nature and extent of a series of changes in the price of a single article may, of course, be seen at a glance. Suppose, however, the price of wheat advances within a given period, say, ten cents a bushel, while the price of lumber declines \$1 per thousand feet, how may the net result of the two changes be expressed? The answer is, by reducing the actual quotations in each case to the form of a percentage of the price during a common standard period (that is, by translating the quotations into the terms of a common denominator), in which form they may be combined. This is in effect the method of index-numbers. Simple as it sounds, it is well-known as one of the most involved as well as fascinating of the problems of statistics. The index-number of any article or number of articles at any date is the percentage which the price of that article or number of articles at that date is of the price of the same article or articles at some other date or period selected as a standard.

Summing up the results of the investigation as a whole, the chart below on this page gives a better idea than words. It should be pointed out that the base or standard period selected is the last ten years of the last century, 1890-99. This average is represented in all the charts, of which the report contains 114, by the line 100.

Speaking roughly, this shows that prices in Canada were falling at an almost precipitate rate from 1890 to 1895—years of panic depression and political unrest both in the United States and the Dominion. Steadying themselves for a year, they rose even more quickly than they had fallen from 1897 to 1900. There was again a year's breathing space, after which the advance was resumed, but somewhat more slowly, until 1905, when the extreme buoyancy of 1900 again set in and held full sway until 1907. A slump in 1907-8 and a partial recovery in 1909 which was continued into 1910, and is probably by this time completed, concludes the tale. From 1900 to 1907 the rise was at least 37 per cent.; and it would be conservative to infer that at the present time also prices in Canada are fully that much above the level of thirteen years ago. It may be noted in passing that the Canadian diagram is very similar to that of the official index-number of the United States Department of Commerce and Labour, which covers the same or a very similar list of articles. Here also may be interposed the remark that the rise has apparently been a little more pronounced in the United States than in Canada, and more rapid again in Canada than in Great Britain.

This, of course, is a general statement compounded of various constituents. Price, however, as thus expressed, is like an elaborate mosaic.



In ten years wholesale prices in Canada varied 34 p c.