Recent Changes In The Cost Of Living

Prices of Goods Consumed by All Classes Moved Very Slightly in 1928

For all classes of the population of the United States the prices of goods which they consumed moved downward during the first half of 1928 and remained stationary or rose slightly during the second half of 1928.

Such are the facts brought out by the index numbers compiled by Dr. Willard I. King, the research staff of the National Bureau of Economic Research, under the general direction of Dr. Edwin F. Gay and Dr. Wesley C. Mitchell, directors of research, and approved for publication by the Executive Committee of the National Bureau of Economic Research.

This Chart Shows Indexes of the Prices of the Goods Used Respectively by Five Classes of Consumers

Indexes — Average for 1910 = 1.00

The downward movements during the first half of 1928 were not sufficient, declining in no case more than four points, or something less than 5 per cent of the preceding high point. Dr. King’s report follows:

Five Indexes Compiled

Those familiar with the work of the National Bureau will remember that for a number of years this Bureau has been publishing from time to time five different index numbers. Each of these indexes records the changes occurring in the average prices of the goods used by a certain section of the population. For this purpose the population of the United States has been divided roughly into five classes.

1. Families spending for direct or consumer’s goods around $25,000 per annum.

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2. Families spending for direct or consumers’ goods around $750 per annum.
3. Urban employees.
4. Farmers.
5. Agricultural laborers.

The third index contains the group representing the United States Bureau of Labor index of the cost of living adjusted slightly to bring it into line with the index in the Bureau of Labor Statistics. The first of the three is the index for the First of July as the case may be. The other four index numbers are computed by the Research Department of the National Bureau of Economic Research. Obviously the four classes of persons mentioned do not exist throughout the country. They are taken merely as representative classes. It is believed that changes in the prices of goods used by these classes are indicative of changes in the prices of consumers’ goods in general.

What is being measured

The system of weighting used in making up these index numbers and the list of goods for which price data are collected are given in Table D on page 21. It is to be assumed that the prices of commodities, this basket being supposed to represent the typical yearly consumption of goods and services by the class in question. Index numbers constructed in this manner do not allow for the changes in consumption which are necessarily occurring in a dynamic system. Such index numbers are given here only as a basis for comparison which is definite. Changes in the index numbers result wholly from changes in prices and not from changes in the quantities of commodities for which prices are given. A more complete discussion of the five index numbers is found in the News-Bulletin of the National Bureau of Economic Research for September 19, 1928.

It will be observed that certain of the figures for January 1, 1929 are marked as preliminary. This is because complete data concerning the wages of servants are not yet available. The Bureau has found it necessary to collect these figures from employers of servants throughout the country and it has taken some time to get the reports from them and have them tabulated. The probabilities are however that these preliminary figures will not be changed materially by the final estimates.

A Historical View of Situation

A study of the accompanying chart shows that the years since 1909 may well be divided into five periods. Between January 1, 1909 and July 1, 1913, there was a very marked movement of the prices of consumers’ goods was almost horizontal but with a slight decline. From the middle of 1913 until the middle of 1920 prices of these direct goods advanced accordingly. Eventually, however, the period from the middle of 1920 to the first of 1922 was one of decline, the downturn being precipitated at the early part of 1922 and the final break at the beginning of 1923. From the end of 1922 to the end of 1924 prices advanced and continued on an upward trend during the latter part of 1924 and the first part of 1925. In the early part of 1925 the advance was not interrupted and the low point for both food and farm products was not reached until the fall of 1925. In general, prices of goods used by all classes show a tendency to rise between the fall of 1925 and the early part of 1922 and the end of 1925. Since 1925 there has been a downward trend.

On January 1, 1929 the prices of direct or consumers’ goods were slightly higher than they were at the end of the period of depression in 1922. This trend of the 1922-28 decline is negligible except in the case of farm products. There are, however, some groups of prices which are not noticeably higher than they were at the end of the period of depression. The class of the 1922-28 decline is negligible except in the case of farm products. There are, however, some groups of prices which are not noticeably higher than they were at the end of the period of depression.

Financial Workings of Organized Philanthropy

TRENDS IN PHILOSOPHY recently published by the National Bureau of Economic Research, Inc., is the work for which it was voted the prize of the Academy of Social Science. The study of the results of the first attempt to gain a complete picture of the financial workings of organized philanthropy in any one community. The study was made under the general supervision of Dr. James R. Graff, and directed by Dr. Wallace C. Mitchell, Directors of Research, and was immediately directed by Assistant Director L. King.

The fact that the study covers a period of twenty-five years greatly enhances its value, for five long enough to reveal clearly the trends that are the results of changes that have taken place, and to what is most worth while in this field.

The study applies to New Haven—a city which is believed in many respects to have been typical of American urban life during the past quarter century.

For purposes of this study only those philanthropic organizations were considered, contributions to which are exempt from the Federal Income Tax. Organizations devoted exclusively to education were not included in the study. The investigation covered churches and other religious institutions, hospitals, including the City of Columbia, Y.M.C.A, hospitals and other secular philanthropic organizations, public welfare, public charities, and the Community Chest. Care has been taken to exclude from the consolidated totals all inter-organization payments and to distinguish between funds expended locally and money sent out of New Haven.

CHART 5—CONTRIBUTORS* AND DIRECT EXPENDITURES FOR ORGANIZED PHILOSOPHY MATERIALIZED IN DOLLARS HAVE

* The same purchasing power as in 1913

The two charts have presented (Charts I and II) illustrate some of the interesting facts which the study has revealed. The upper half of the first chart (Chart I) shows that total contributions to organized philanthropy between 1913 and 1928 increased from $2,400,000 to $3,200,000. The two charts have presented (Charts I and II) illustrate some of the interesting facts which the study has revealed. The upper half of the first chart (Chart I) shows that total contributions to organized philanthropy between 1913 and 1928 increased from $2,400,000 to $3,200,000.