

WAGES IN THE UNITED STATES

BY SCOTT NEARING, PH.D.,

Instructor in Economics, University of Pennsylvania.

Several recent inquiries conducted by private agencies and by public authorities into the cost of a "decent" or "fair" living have reached very similar conclusions.

Accepting for the purpose of discussion a unit family of five members (a man, wife and three children under fourteen) and a normal standard as one providing 22 cents per adult man per day for food; three rooms for the family of five; \$105 per year for the family clothing and laundry; and an amount for food and light, car-fare, health, recreation and sundries equal to one-fifth of the total expenditures, Dr. R. C. Chapin concludes his New York study with the statement that, "An income under \$800 is not enough to permit the maintenance of a normal standard. . . . On the other hand an income of \$900 or over probably permits the maintenance of a normal standard, at least so far as the physical man is concerned. . . . Whether an income between \$800 and \$900 can be made to suffice is a question to which our data do not warrant a dogmatic answer."¹

Data from other cities are very inadequate, but such facts as are available indicate that it costs as much to live in Pittsburgh as it does in New York; that in Baltimore the minimum is \$750, and that in Philadelphia, Boston and Buffalo it is somewhere between \$750 and \$900.

A recent federal study, published in 1911, relating to small towns, comes to the conclusion that in Fall River, "The total cost of the fair standard for the English, Irish and Canadian French family is \$731.99, and for the Portuguese, Polish or Italian family it is \$690.95."²

¹ R. C. Chapin, *The Standard of Living of Workingmen's Families in New York City*. New York: Charities Publication Committee, 1909, pp. 245-46

² Report on Conditions of Women and Child Wage-Earners in the United States, Vol. 16, Family Budgets. Washington: Government Printing Office, 1911.

In small Georgia and South Carolina mill towns, "The father must earn \$600.75 in order to support himself" according to a standard which "will enable him to furnish them good nourishing food and sufficient plain clothing. He can send his children to school. Unless a prolonged or serious illness befall the family, he can pay for medical attention. If a death should occur, insurance will meet the expense. He can provide some simple recreation for his family, the cost not to be over \$15.60 for the year. If this cotton-mill father is given employment 300 days out of the year, he must earn \$2 per day to maintain this standard. As the children grow older and the family increases in size, the cost of living will naturally increase. The father must either earn more himself or be assisted by his young children."³

It is, therefore, fair to conclude that from \$600 to \$900 per year—\$2 to \$3 per working day—is the minimum amount necessary to enable a man, wife and three children to maintain a normal standard of living in the industrial sections in the eastern part of the United States.

Statements of the cost of a decent standard of living are manifestly unsatisfactory unless they can be contrasted with some analysis of the incomes which American families receive. Aside from a few scattering inquiries, no attempt has been made to determine the size of family income, but several studies have been made which show pretty conclusively, that the great bulk of family income is derived from the earnings of the father alone. For example, among the New York families which Chapin considered to be living on a fair standard, the earnings of the father furnished 85 per cent of the income. The remaining 15 per cent was made up from the earnings of other members of the family, the receipts from boarders and lodgers, and miscellaneous sources of family income.⁴ The conclusion from these, and other available facts, seems to be that a young family—consisting of a man, wife and three children under fourteen—is largely dependent on the earnings of the father.

What does the father earn? Passing, without further emphasis the oft-repeated statement that the statistics of average wages are meaningless there remains a limited body of data giving the classified wages of adult males, from which certain wage conclusions may be made. Twice during the past ten years, these facts have been sum-

³ *Ibid.*, pp. 152-53.

⁴ R. C. Chapin, *The Standard of Living of Workingmen's Families in New York City*, p. 63.

marized at the end of rather elaborate studies. The latest of these studies dealing with the period about 1904, contains the following paragraph at the end of a brilliant discussion of the "Distribution of Wages."⁵

In view of this consideration, and of the general harmony of the statistics presented in this chapter, it is reasonable to believe that in 1904, something over 60 per cent of the males at least sixteen years of age, employed in manufacturing, mining, trade, transportation, and a few other occupations associated with industrial life, were earning less than \$626 per annum, about 30 per cent were receiving \$626 but under \$1,044, and perhaps 10 per cent enjoyed labor incomes of at least \$1,000. If to these the agriculturists are added, 65 per cent fall in the low-earnings group, 27 in the medium, and 8 in the high. Suppose all the men engaged in gainful occupations in 1904, but unaccounted for in this estimate, to have been paid \$12 per week or more. This is manifestly impossible, yet, even upon such an assumption, fully one-half of the adult males engaged in remunerative labor were rewarded that year with less than \$626.

These figures made no allowance at all for unemployment. The weekly wage is simply multiplied by 52 to derive the annual earnings. In the second study to which reference has been made, a reduction of 20 per cent is made for unemployment when the annual earnings are computed. After a careful analysis of the available data this study concludes:⁶

With one exception (Bell Telephone Company) these statistics are remarkably uniform. About one-half of the adult males included receive less than \$12 per week (\$600 per year); while less than one-tenth receive wages of more than \$1,000 per year. The Bell Telephone Company, a relatively high-class industry, employing almost no unskilled help, reports 20 per cent of its employees as receiving more than \$1,000. With this one exception all of the reports are on practical agreement. Did these statistics emanate from one source, or were they based on one investigation, or derived through one statistical method, they might possibly be open to question but coming as they do from six separate authorities, from states as far separated as Massachusetts and Wisconsin, from the Interstate Commerce Commission, and from the inspection by the Department of Commerce and Labor of the pay-rolls of the telephone and Bethlehem companies, their agreement permits of but one conclusion,—that these seven reports give an accurate measure of the wages of adult males in the industries of the United States.

⁵ F. H. Streightoff, *The Distribution of Incomes in the United States*. New York: Longmans, Green and Company, 1912, p. 139.

⁶ Scott Nearing, *Wages in the United States*. New York: Macmillan Company, 1912, pp. 209-14.

Here, then, in brief, is an answer to that vital question—"What are wages?" For the available sources of statistics, and by inference for neighboring localities, the annual earnings, unemployment of 20 per cent deducted, of adult males employed east of the Rockies and north of the Mason and Dixon Line, are distributed over the wage scale thus:

Annual Earnings	Adult Males
Under \$325.....	1-10
Under 500.....	1- 2
Under 600.....	3- 4
Under 800.....	9-10

Since the publication of these studies, the conclusions of which are remarkably uniform, the federal government has published a most elaborate investigation into the wages of the workers in the iron and steel industry of the United States.⁷ Among 172, 706 employees,

16.29 per cent received less than 14 cents per hour
 65.96 per cent received less than 18 cents per hour
 92.30 per cent received less than 25 cents per hour

Bearing in mind the fact that the equivalent in weekly wage for,

14 cents per hour, approximately \$10 per week
 18 cents per hour, approximately 15 per week
 25 cents per hour, approximately 20 per week

the reader will observe that the wages in the steel industry conform almost exactly to the conclusions reached in the two wage studies noted above.

That the conclusions presented in these studies are close to the real facts can no longer be seriously questioned. That the wages which they reveal fail in a large proportion of the cases to meet the demand of decent family standards seems equally incontrovertible.

⁷ Chas. P. Neill, *Summary of Wages and Hours*. Senate Doc., 301, 62 Cong., 2 sess., 1912, p. 19.