

125 commodities, divided into ten groups. In March, 1923, the general index number stood at 547.47, taking 1913 as 100. The following table shows the position of the groups for that month and their relation to the general average.

GROUP INDEX OF THE MILAN CHAMBER OF COMMERCE  
IN MARCH, 1923.

[125 commodities, 1913=100.]

| Group.   | Index number. | Relation to the general index. |                 |
|--|---------------|--------------------------------|-----------------|
|  |               | Per cent above.                | Per cent below. |
| 1. Vegetable food products (21).....               | 560.57        | 2.4                            | .....           |
| 2. Animal food products (16).....                  | 559.08        | 2.1                            | .....           |
| 3. Textile materials (18).....                     | 672.95        | 22.9                           | .....           |
| 4. Chemical products (20).....                     | 424.38        | .....                          | 22.5            |
| 5. Minerals and metals (23).....                   | 558.15        | 2.0                            | .....           |
| 6. Construction materials (8).....                 | 518.51        | .....                          | 5.3             |
| 7. Miscellaneous vegetable products (17).....      | 610.30        | 11.5                           | .....           |
| 8. Miscellaneous industrial materials (12).....    | 537.33        | .....                          | 1.9             |
| Average of groups 1 and 2—Foods.....               | 559.92        | 2.3                            | .....           |
| Average of groups 3 to 8—Industrial materials..... | 542.31        | .....                          | 1.0             |
| General index.....                                 | 547.47        | .....                          | .....           |

This is more nearly a return to 1913 relationships than has been experienced in the United States. Several of the groups composing the Bureau of Labor Statistics index are comparable to groups in the index of the Chamber of Commerce of Milan. For instance, in March, when the Bureau of Labor Statistics general index stood at 159, the index of "foods" was 143, or about 10 per cent below the general index; the index of "cloths and clothing" was 201, or 26 per cent above; of "building materials," 198, or 24.5 per cent above; and chemicals, 135, or 15 per cent below.

The two groups in Italy which are furthest removed from the general index are the textiles, 23 per cent above the average, and chemicals, 22 per cent below it. This phenomenon is not peculiar to Italy; it is general. The same relationship exists in the United States, as the Bureau of Labor Statistics index shows. There is, however, no reason for a general assumption that the relationships which existed in 1913, the year upon which the index numbers are based, are those toward the reestablishment of which development must necessarily tend.

THE COST OF LIVING.<sup>1</sup>

While wholesale prices of commodities in Italy are well adjusted both to each other and

to the prices prevailing in other countries, the items which go directly into the cost of living still show less harmony. It is a question if the increase in wholesale prices since 1913 has yet been completely communicated to the cost of living. In December, 1922, the wholesale index of Prof. Riccardo Bachi stood at 580. For the same month, the retail food index of the Municipal Labor Office of Rome (1914=100) was only 475. The Rome cost-of-living index, which represents the food, clothing, lodging, heat, light, and miscellaneous items of a family of five, was 439. For the same month the cost-of-living index of Milan was 504.

This Milan index represents the cost of living of a workman's family of five, and is based on the prices of the first half of 1914. In February, 1923, this index stood at 497. Inasmuch as the wholesale index computed by the Chamber of Commerce of Milan for that month was 534, it seems upon first examination that the cost of living is in general harmony with the wholesale price index.

Analysis of the composing items, however, raises some doubts on this point. The index for the item of food was 500, and it is estimated that the worker must allot 62 per cent of his budget for food—the same proportion as before the war. The index of clothing, however, was 653, and for miscellaneous items 672, both over 150 points above the general index and above the item of food. "Light and heat" stood at 548, but these items account for only 4.98 per cent of the family budget, against 4.51 in 1914. The widest discrepancy occurs in the items of "housing," which stood at only 208, requiring 4.77 per cent of the budget, against 11.40 per cent before the war. In other words, the Milan family is paying proportionately for its rent about half as much as in 1914, and is spending the amount saved in this manner on clothing and miscellaneous items. The reason for the relatively low rents is to be found primarily in legal restrictions. But, with the index of construction materials at 519, such relatively low rents evidently not only retard new construction, but even discourage repairs to existing dwellings. The conclusion is therefore reached that as far as consumers' prices are concerned, there are possibilities of further readjustments. Food prices are low compared to those of the manufactured articles which the worker buys, and his rent is low even in proportion to his food. As this rent situation is so anomalous, it may