HOPKINS RELEASES COSTS OF LIVING STUDY

"How much income must the average unskilled working man have to provide himself and family with basic maintenance in our industrial and commercial cities? Does the amount needed vary greatly from city to city and from region to region?"

These questions were answered today by Harry L. Hopkins, Federal Works Progress Administrator, in commenting on the report "Inter-City Differences in Costs of Living" just released by the WPA Division of Social Research. The report was prepared under the direction of Corrington Gill, Assistant WPA Administrator. It was written by Margaret Loomis Stecker, under the supervision of Howard E. Myers, Director of the Division of Social Research.

Mr. Hopkins said, "Presenting the cost of living at a 'maintenance' and an 'emergency' level in 59 representative cities throughout the country, the study reaches the conclusion that the annual cost of self-support at the maintenance level of living for a four-person manual worker's family ranged from a high of $1,415 in Washington, D. C., to a low of $1,130 in Mobile, Ala., at March 1935 prices. At the emergency level, the cost ranged from $1,014 in Washington to $810 in Wichita, Kans.

"The average cost of the maintenance budget for the 59 cities was $1,261; of the emergency budget, $903. Corrected for March 1937 prices, the necessary outlay would have to be increased by about $56 per year at the maintenance level."

Mr. Hopkins emphasized the fact that even the more costly of these budgets in no sense provides a desirable standard of living for the American family. The higher standard measures only the amount required for basic
maintenance, without provision for savings, while the lower standard is 
frankly an emergency level, insufficient to maintain health and physical ef-

ciency for any considerable period of time.

"In laying out a program of plenty for America," Mr. Hopkins con-
tinues, "we must have the facts on costs of living. Of course it is true 
that many urban families do live on incomes drastically less than the amount 
required for the maintenance budget in this report. For instance, in 1929, 
according to the Brookings Institution, one-fifth of the families in this 
country were making less than $1,000 a year. Findings now being released by 
the Bureau of Labor Statistics from their nationwide survey of family incomes 
indicate that this proportion was higher in 1935-1936. Thus on the basis 
of our study it must be concluded that a large proportion of American families 
are unable to obtain all of the necessities, let alone the comforts, that the 
American standard implies."

"Most persons comparing the cost of living between various cities 
make judgments on the basis of spectacular differences in a few commodities. 
A person moving from Mobile, Ala., to Bridgeport, Conn., would have been 
unduly impressed by the fact that eggs cost more than twice as much in Bridgeport 
as in Mobile, and would have ignored the large number of commodities whose 
cost was the same in both places. One of the most significant findings of 
this study is that although the cost of any given item may vary greatly between 
cities, these cost differences tend to cancel one another in a budget made up 
of hundreds of commodities and services."

As a result, the cost of living does not vary greatly among the 
59 cities in the study. Although necessary outlay for the maintenance bud-
get in the most expensive city was $285 above that in the least, in more 
than half the cities, the cost was between $1,200 and $1,300 a year. When 
cities of the same size are compared, the variation is still less.

Even more striking is the discovery that variation in the cost of 
living by regions was small. The average cost of the maintenance level in 
cities of the Middle Atlantic States (New York, New Jersey, Pennsylvania) -
where costs were highest—was only $117 above the average cost in cities in the East South Central States (Kentucky, Alabama, Mississippi, Tennessee)—where costs were lowest. The difference is even less when cities of 500,000 or more are omitted from the Middle Atlantic group in order to make the two regions comparable as to size of city.

Commenting on this fact, Mr. Hopkins said, "The findings of this study throw new light on the problem of interregional and intercity wage levels. Since our figures show that the cost of a maintenance level of living does not vary greatly between cities or regions, it can only be concluded that the low income levels for workers must depress their standards of living regardless of the regions in which they live."

The maintenance budget used to compute living costs was constructed for a four-person manual worker's family, consisting of the worker, his wife, a son, 13, and a daughter, 8. The man wears overalls at his job; his wife does all the housework.

They live in a four or five-room house or flat, equipped with gas, electricity, an icebox, and a small radio. They read a daily paper, go to the movies once a week, and enjoy a few other leisure-time activities. Their food is an adequate diet at minimum cost. The family does not have an automobile.

The man has a winter and a summer suit for Sunday and holiday wear, one overcoat, a felt, and a straw hat, all of which are replaced every three years. He has three work shirts and two dress shirts, a small supply of underwear, one pair of dress shoes and two pairs of work shoes a year. His wife buys a winter coat and a spring coat every three years. Her wool dress and her winter hat must be worn two years; one silk or rayon dress and three cotton housedresses are replaced annually. Her three cotton street dresses last two years. Every year she buys a summer hat, six pairs of cotton stockings and two of silk or rayon, a pair of pumps and a pair of oxfords, both of which are repaired twice.

The two children are clothed with corresponding simplicity.
The man carries a $1,000 life insurance policy; medical care, car-
are, taxes and other incidentals are included.

As the maintenance budget worked out for the 59 cities combined,
6 percent of the total cost is needed for food and 30 percent for housing
and household operation. Fifteen percent is required for clothing, clothing
shoes, and personal care; 6 percent for recreation (amusement, newspapers,
organization dues, tobacco, toys, etc.); 4 percent for medical care; and the
remaining 9 percent for transportation, school attendance, life insurance, and
other miscellaneous needs.

Although costs of some individual items varied widely from city to
city, cost of groups of items varied somewhat less. Food costs as a group
aried least and house rents most. In Bridgeport, Conn., where food was most
expensive, it would have cost the housewife 17 percent more to fill her market
basket than in Cedar Rapids, Iowa, where food was cheapest. In general, cities
such as Indianapolis, Wichita, Sioux Falls, S. D., and Milwaukee which are
located in agricultural areas, had somewhat lower food costs than industrial
centers of the East.

Rent was lowest in Portland, Ore., where the family would live in
frame bungalow. The Washington, D. C. family would have paid more than twice
as much for the same number of rooms, which would be in a brick row house.
Costs were low in Seattle and Spokane, in part, because of low building cost
connected with proximity to the lumber industry. This advantage was also
shared by Mobile, Birmingham, and Little Rock.

The cost of household operation, in which the price of fuel was the
most important factor, was nearly 68 percent more in Sioux Falls, S. D., than
in Houston, Tex., the two extremes. The cost of fuel was largely determined
by climate and distance from supply. In Sioux Falls, Minneapolis, and Portland,
where all cities with very cold winter weather, the cost of household operation
was very much higher than in the milder climates of Houston, Dallas, and
Little Rock. Yet Pittsburgh, Clarksburg, W. Va., Columbus, Ohio, and Peoria, Ill.,
cities with much more severe climates, also had low household operation costs
partly because of their proximity to coal or gas fields.

The difference in the combined cost of clothing, clothing upkeep, and personal care was slightly more than 32 percent between Dallas, the cheapest city, and Butte, the most expensive city.

Miscellaneous costs, made up of medical care, transportation, recreation, school attendance, etc., were highest in Cleveland where the cost was 63 percent greater than in El Paso, the cheapest city. Miscellaneous costs, in general, increased with the increase in size of the cities.

In most of the 59 cities, some of the necessities were costly and others cheap, so that the budget as a whole did not reflect the extremely low or high costs shown for some items. Among the 10 most expensive cities in which to live at the maintenance level, only in San Francisco, Chicago, and Boston were the costs of all major budget groups well above the average. Among the 10 least expensive cities, only in Mobile, Wichita, Little Rock, and Knoxville were all costs relatively low.

The cost of living was above the average in all cities with a population exceeding 500,000, but the size of city did not always account for cost variations. In the Pacific States, for example, more was required for self-support at the maintenance level of living in the two largest cities — San Francisco and Los Angeles — than in the three smaller ones — Seattle, Portland, and Spokane; but in the Mountain States the budget was less costly in the two larger cities — Denver and Salt Lake City — than in the smaller places — Butte, Albuquerque, and Tucson.

"In addition to measuring relative costs of living in the 59 cities," Mr. Hopkins concluded, "this study makes an important contribution to the technique of costs of living studies. This study represents the first successful attempt on a large scale to measure intercity differences in the costs of a uniform level of living at a given time."