# PROFITS, WAGES, AND PRICES

Published @ 2017 Trieste Publishing Pty Ltd

ISBN 9780649293940

Profits, wages, and prices by David Friday

Except for use in any review, the reproduction or utilisation of this work in whole or in part in any form by any electronic, mechanical or other means, now known or hereafter invented, including xerography, photocopying and recording, or in any information storage or retrieval system, is forbidden without the permission of the publisher, Trieste Publishing Pty Ltd, PO Box 1576 Collingwood, Victoria 3066 Australia.

All rights reserved.

Edited by Trieste Publishing Pty Ltd. Cover @ 2017

This book is sold subject to the condition that it shall not, by way of trade or otherwise, be lent, re-sold, hired out, or otherwise circulated without the publisher's prior consent in any form or binding or cover other than that in which it is published and without a similar condition including this condition being imposed on the subsequent purchaser.

www.triestepublishing.com

## DAVID FRIDAY

# PROFITS, WAGES, AND PRICES

Trieste

# PROFITS, WAGES, AND PRICES

BY

### DAVID FRIDAY

PROFESSOR OF POLITICAL ECONOMY UNIVERSITY OF MICHIGAN

160308 30.3.21.

NEW YORK HARCOURT, BRACE AND COMPANY 1921 COPYRIGHT, 1920, BY HARCOURT, BRACE AND HOWE, INC.

(k)

Ind.

3

ų,

THE QUINN & BODEN COMPANY RAHWAY, N. J.

#### FOREWORD

In the autumn of 1916 my attention was first attracted to the enormous growth of profits which resulted from the business activity induced by European war demands. It has fallen to my lot since that time to collect a considerable amount of material on profits, wages, prices and related subjects, most of which is today not readily available except to the specialist. This little book has no more pretentious ambition than that of presenting these facts briefly and in such form as to make them comprehensible to the general reader.

The statistical material in this volume, essential though it be, will probably be more abundant than the general reader will have the patience to follow in detail. Nor is it necessary that he should do so in order to get the point of view of the book or the gist of the author's conclusions. Though all of the chapters hang together, the meaning of almost any one of them may be grasped when taken by itself.

The facts concerning profits, wages and prices do not indicate disintegration or economic weakness in America, although they have created end-

iii

#### FOREWORD

less confusion in the public mind. What they do show is that the productive resourcefulness revealed by the war gives a substantial basis for social and economic optimism.

DAVID FRIDAY.

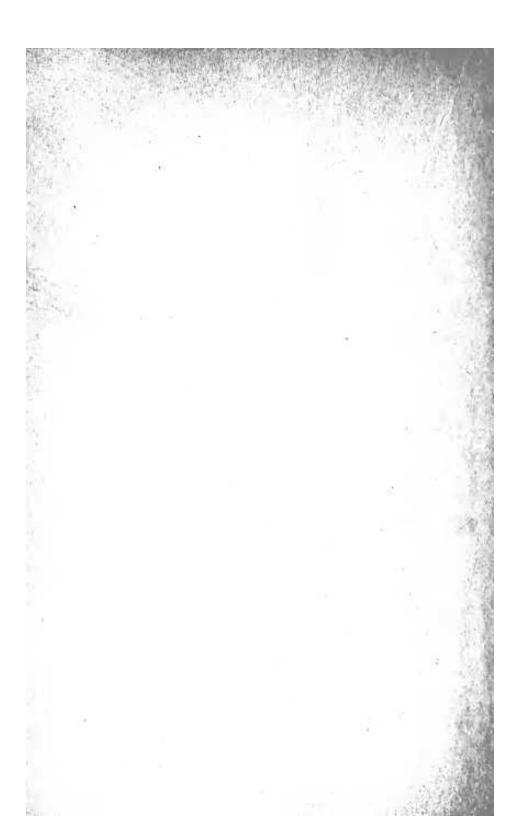
Ann Arbor, June 25, 1920.

iv

### CONTENTS

CHAPTER I.	Provide the state of the second state of the second state of the state of the	PAGE 1
п.	The Growth of Profits	14 -
III.	NORMAL PROFITS AND PROFITEERING .	31 🖌
IV.	THE USES TO WHICH PROFITS ARE PUT	49
v.	THE RATE OF INTEREST	69 et e
VI.	The Course of Wages	100
VII.	The Division of the Product	112
VIII.	How Europe Raised American	
	Prices	133
IX.	PRICES SINCE THE ARMISTICE	156
X.	GENERAL PRICES AND PUBLIC UTILITY	
	RATES	166
XI.	The Theory of the New Taxes .	176
XII.	HAS THE EXCESS PROFITS TAX RAISED	
	Prices?	192
XIII.	THE PART PLAYED BY THE BANKS .	207
XIV.	How CAN REAL WAGES BE RAISED? .	234

N



### PROFITS, WAGES, AND PRICES

#### CHAPTER I

#### THE CURSE OF PEACE

WHEN one compares the tone of American life during the spring and summer of 1918 with the state of public opinion and industrial activity of 1920, he wonders whether peace is really a blessing. Edwin Cannan tells the story of a charwoman who remarked to a charity worker: "This war has made many a happy family, sir." She seems to have been a person endowed with acute powers of observation, and something of a prophetess as well. Her paradoxical remark applied quite as much to America as to England. Not only the young men who were eager for an excuse to go in quest of adventure and the women suffering from ennui who had found relief in work were happy with the war. The whole nation had for once an end so direct and straightforward, so stimulating to the imagination, that it found itself possessed of a unity of purpose which led to satisfying activity. On the side of industry