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EDITORIAL

## A PRICELESS LESSON.

By DANIEL DE LEON

**W**E have before us a tabular statement, prepared by *Bradstreet's*, showing what is called, in the language of statisticians, the "index number of prices" on the first day of every quarter-year, from October 1, 1890, to July 1, 1901.

This document is highly instructive and may be of great service in exposing the false pretenses of two categories of labor exploiters, necessarily antagonistic to each other—namely, the plutocratic employer and the middle class dealer. But, before proceeding with its consideration, it may be well to first state here, as briefly and clearly as possible, what is meant by this expression, "index number of prices."

A number of leading articles—such as wheat, corn, flour, beef, pork, salt, sugar, petroleum, coal, iron, cotton, tobacco, etc., etc.—are taken together, in quantities corresponding to the estimated consumption of each, per capita. The value of each quantity is then calculated upon the ruling wholesale price on a given day; the sums thus obtained are added together, and the total is called the "index number of prices" for that particular day.

For instance: When it is said that the index number given by *Bradstreet's* for one hundred leading articles on July 1, 1899, was 80.81, whereas on July 1, 1901, it was 83.95, it is tantamount to saying that it now costs, at wholesale prices, \$83.95 to buy the same assortment of the said one hundred articles as could have been bought at wholesale prices two years ago for \$80.81.

We may now proceed.

On October 1, 1890, *Bradstreet's* price-index number was nearly 106. It then fell steadily every three months until July 1, 1892, when it was only 80.63. In the following nine months it recovered somewhat, but on July 1, 1893—that is, on the eve of the crash—it fell to 79, and from that moment went again steadily down until it was barely 66 on April 1, 1896, showing a decline of 40 per cent. in five and a half years. This was the lowest level of wholesale prices since 1860.

But a turning point had been reached. Soon concentrated capital resumed its onward movement to trustification upon the prostrated body of the middle class. The prices rose steadily. The index number went up to 73 in 1897; to 76 in 1898; to 80 in July, and 90 in December, 1899; then finally touched the 93 point in February, 1900. Since that time, however, a downward movement has taken place and, as already stated, the index number was only 83.95 on the first day of the current month.

There is no room for a consideration of the causes that brought about the violent oscillations of the wholesale price pendulum. We must for the present confine ourselves to one of the many important lessons taught by the above figures when they are viewed in the necessary light of certain other facts. With this end in view we must observe that during the first period of declining wholesale prices which extended from 1890 to the crash of 1893, the middle class was highly prosperous, for the simple reason that the retail prices did not decline in the same proportion. They were, in fact, remarkably steady. Therefore, the retailing class was highly benefited by the decline, although the manufacturers were not injured by it, the reduction being the result of enormous improvements in the machinery and methods of production. But when the crisis came, the petty, pilfering body of small dealers found itself in sore straits, owing to the reduction of the purchasing power of its victim, the working class. Low prices, then, were of no avail. The “revival of business,” promptly followed as it was by the steady rise of the wholesale price level, did not sensibly improve the retailers’ condition. Every such rise was so much taken from their profits, because, limited as they were in their exactions by the purchasing power of the workers—whose earnings had not by any means risen in the same proportion—, they could not greatly increase their retail prices. Hence the wordy war against the trusts, carried on by the yellow papers, which are largely dependent upon the store-keeping gentry for circulation and advertising patronage.

It is thus plainly seen that the price question, ever so important to the exploiters of labor, is actually of no interest to the working class. Whether prices rise or fall, the worker’s condition under the capitalist system can only get worse.

Transcribed and edited by Robert Bills for the official Web site of the Socialist Labor Party of America.

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