

## THE COST OF LIFE IN SHANGHAI

### Are Stores Profiteering? Some Facts to Remember: How Prices are Calculated

There are two subjects on which the least conversational members of society can find something to say: their insides, and the cost of living. The freedom and minuteness with which foreigners in Asia can discuss what they may or may not eat—by all accounts India's conversations are as frank in this respect as China's—with all the why's and wherefor's thereof would astonish people at Home. The best season for discussions of this kind has not yet arrived. But of lament over the increasing cost of living there is no end. The letters we have recently published are only an index of the kind of talk that is heard in every circle; and if the cause of expense of living is not always correctly gauged, of the fact there can be no doubt.

Having taken no part hitherto in the controversy, we have now made some independent inquiries, referring to the manager of one of the principal department stores here. The prices in all the chief stores here are so nearly on a level that one is a sufficient guide to all. At the outset it may be noted that none of the big stores has much inducement to overcharge as there are Chinese competitors nowadays always on the look-out to undersell them. The manager we went to was perfectly frank and showed all figures that could in any way influence local prices.

#### THE LAID DOWN COST.

The method adopted is as follows. Having taken the net cost of the goods on the Home manufacturer's invoice, the costs of packing, shipment, insurance, interest charges, etc., are added up and the percentage that these represent on the net cost of the goods is worked out. The value of the shilling at the rate of exchange under which the goods were paid for is ascertained—say it is 48 cents. To this is added the percentage of packing and shipping charges—say 12 cents (this by the way would be very low, such percentages naturally varying with the value of the goods) and thus it is found that each shilling's worth of this particular cargo laid down in Shanghai costs 60 cents. The department to which this cargo is allotted is credited with so many thousand dollars' worth of stuff at a 60 cent dollar, the amount being checked by turning all the sterling charges into local currency at the same rate.

It must not be forgotten that to these laying down costs have to be added the local working expenses, salaries and wage bill. A mean return for five years might thus easily show less than eight per cent. net profit on sales. If the store declares a higher dividend, it is because the capital has been turned over three or four times. The position of most of the stores

here as regards dividends can be seen in the Stock Exchange lists.

#### SOME TELLING COMPARISONS.

Now coming to the prices quoted by "Lancastrian" for hats and shirts, everything would appear to depend upon the quality, particularly, it may be said, in hats. A cheap hat may look as good at the outset as a dear one, but a few weeks wear will show the difference. The manager quoted above gives us the following comparison of prices per shilling cost, calculated in Mexican cents as just described:—

	March, 1921	March, 1920
Glassware	58 cents.	32 cents.
Hats	60-61	34
Boots & Shoes	58	24
Cellular clothing	58	24
Cotton piece goods		
fancy	57	23
Millinery	68	30-29
Chinaware	58	26
Sports goods	57	28

The difference represents mainly the difference between high and low exchange. In some cases, we understand, however, Home manufacturers' prices have gone up. If they have all declined, there has not been time for the change to be felt in Shanghai.

The sum total of the evidence, which practically anybody, we believe, could obtain, is that the prices in the big stores represent no more than a perfectly fair profit.

We have not inquired into the prices of *articles de luxe* in houses which deal mainly in them and we offer no comment on them as it is or should be only the very rich people who buy them. At any rate if people on moderate incomes do so, they have only themselves to blame.

#### THE MARKETMAN'S IMPOSITION.

Where we do think that some inquiry is urgently needed is in respect of market prices. The present writer's experience is certainly not peculiar, probably it is general, namely, that only since last Christmas the prices demanded for meat, eggs, poultry and vegetables—taking only necessities, not delicacies such as fish and game—have gone up enormously, as much as 15 to 20 per cent. This does not appear to be a matter of "squeezing" by cooks as many of the market men provide printed lists of their prices. We have made various inquiries as to why this should be, and the only reason we can hear is that the countrymen who supply the markets did not at first wake up to the high cost of rice. Now they have done so, although rice has fallen again, and consequently market prices have gone up to compensate for the countryman's extra expenses last autumn and assure him against possible extra prices to come.

This is a situation with which consumers should deal at once. The time-honoured "cutting" at the end of the month may do something. But what we want is a consumers' league and a consumers' strike as has been done at Home. For prices in Shanghai, once up, are very slow to fall again.