



Written by [Bob Adelman](#) on February 8, 2011

Are Living Standards Improving?

Five years ago Donald Boudreaux, Economics Professor at George Mason University and author of the website Café Hayek, bought a used 1975 Sears catalog on Amazon, and started comparing prices to those current in 2006. His results, at the time, were quite remarkable, and generated much traffic and conversation on the matter.

For instance, the lowest-priced electronic calculator in 1975 was \$13.88, and with six digits, it allowed one to add, subtract, multiply and divide. When updated for inflation through the Bureau of Labor Statistics (BLS) [website](#), that would be \$56.21 in today's money. Of course, it's hard to draw any sort of hard conclusion from a single example. First of all, that calculator is no longer available. Those available today are vastly more powerful and versatile and sell now for just a few dollars.



Here are some others that he found, with updated 2011 prices from Sears.com:

Sears Best kitchen range: \$589.95 in 1975 [today: \$1,823.99]

Sears Best television: \$749.95 in 1975 [today: \$1,899.99]

Sears lowest-priced 10-inch table saw: \$254.95 in 1975 [today: \$520.90]

Sears Best freezer: \$384.75 in 1975 [today: \$423.99]

At first glance, it looks like things have gotten more expensive over the years. But that would fail to take into account three things: inflation of the currency by the Federal Reserve (which went off the international gold standard in 1971, leaving Fed officials free to inflate the currency to their heart's content since then), the resulting steady increase in average or nominal wages, and the remarkable resilience of what's left of the free market in providing goods for customers. Expecting the BLS website to provide accurate data is very presumptuous as so many other factors are impacted by their "data," or as one wag said: "the BLS provides government numbers for government purposes only. Any relation to reality is strictly accidental."

Nevertheless, using BLS data, since 1975, nominal wages have increased from \$4.87 per hour in 1975, to just under \$20 per hour today, or an increase of 405 percent. For the sake of argument, wages have doubled twice, or by a factor of 4 since 1975.

Boudreaux decided to measure prices by *hours of work required to make the purchase*. What he came up with was quite startling:

The Sears Best kitchen range cost 121 hours of labor in 1975. Today it takes 91 hours.



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The Sears Best television set cost 154 hours of labor in 1975. Today it takes 95 hours.

The Sears Best 10-inch table saw cost 52 hours of labor in 1975. Today it takes 26 hours.

The Sears Best freezer cost 79 hours of labor in 1975. Today it takes a little over 21 hours.

As Boudreaux suggested, there are so many variables that make his study less than totally persuasive. And yet, despite the distortions that the Fed has caused with its inflationary monetary policy, and the impact of the Great Recession on wage rates, these results remain impressive.

One may be drawn to several conclusions: Many items consumers take for granted today — CD players, DVD players, personal computers, handhelds, ipads and ipods, video games, food processors, digital cameras, even down comforters (one is tempted to suggest that even the price of down is down) — weren't even available in 1975. When the free market is left alone, the very natural way is to see improvements in quality with continuing reductions in prices. But these improvements were made during a period of increasing government intervention, restriction, and distortion. The economy is currently carrying the government on its back, with an estimated 40 percent of GDP being siphoned off by the government. Even in this environment, it's remarkable what the average consumer has been able to enjoy.

Even more remarkable is to imagine what living standards would be like if the government had been restrained all these years to its legitimate functions, and the free market allowed truly to operate at maximum efficiency and ingenuity.

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