

Inflation!

by
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Inflation, under normal circumstances, is a never ending cycle. Simply put, prices continually go up, employees demand higher wages to keep up with those price increases, and employers (who aren't just going to eat those higher salaries) are forced to raise product prices to consumers (including those very same employees!) to pay for those employee raises. And the cycle repeats, and repeats, over and over again. The recent demands for increased minimum wages, for example, is an excellent example of part of this process.

When I started teaching in 1973, my starting salary was \$11,000 a year. Since then, the total accumulative inflation rate in the US has been 436.8%, which would bring my current salary, just based on inflation to \$59,048.94. Fortunately, I've done better than that over the years, but any way you look at it, inflation is very important, both to the economy, our wallets, and our bank accounts.

As of this writing, the US inflation rate is 2.10%. In Sweden and Switzerland, the rate is 0%. In Venezuela, it's 60.90%. The average inflation rate in Brazil in 1995 was 147.98%!

When you go to a financial advisor, the first thing he tells you is that the return on your investments has to *at the very least* make up for what you're constantly losing due to inflation (and, hopefully, you'll be making more than that).



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<u>Year</u>	<u>Rate</u>		
		1978	
		1979	\$40
1941	-	1980	\$38
1942	\$1.50+	1981	\$42
1943	none	1982	\$54
1944	\$6	1983	\$52
1945	none	1984	\$56
1946	\$5	1985	\$43
1947	\$7	1986	
1948	\$6.5/\$7.5	1987	
1949		1988	\$60
1950		1989	\$65
1951		1990	
1952	\$7/\$8	1991	\$68
1953		1992	\$69
1954		1993	\$79
1955		1994	\$60
1956		1995	\$79
1957		1996	\$72
1958	\$8/\$15	1997	\$62
1959		1998	\$60
1960	\$14.5/\$21	1999	\$73
1961		2000	\$73
1962	\$12	2001	\$69
1963		2002	\$89
1964	\$12	2003	\$82
1965	\$12	2004	\$87
1966	\$12	2005	\$89
1967		2006	\$89
1968	\$16.50	2007	\$89
1969	\$14/\$16	2008	\$99
1970	\$19.5/\$28*	2009	\$89
1971		2010	\$98
1972	\$16/\$20	2011	\$89
1973		2012	\$73
1974		2013	\$86
1975	\$23/\$27	2014	\$90
1976	\$18	2015	\$89
1977	\$27	2016	\$109

You can see inflation at work whenever you go grocery shopping, You can see it in your health insurance, your property taxes...it's everywhere. But it's much more obvious when you look at what prices were in the past. That gives you something concrete to easily compare to.

A perfect example for us is a look at RMS Convention room rates over the years.

Notes: -All the figures here came out of back issues of the RMS Bulletin (for the 1997 figure, I had to convert Canadian \$ to US \$, so it's an estimate)
 -Room Rates seen here do not include tax and represent the basic double rate, not suites. The range indicates which amenities come with the room.
 -1942 was an 'informal get-together rather than a convention.
 - No conventions in 43 and 45.
 -1946 room rate was billed as "with running water".
 -1970 several hotels were available.
 -1977 Hotel had to be changed at the last minute.

Within given decades, prices tend to go back and forth, but that's because the locations varied. Still, the *trend* is obvious! That's inflation!

When I was in college, gasoline was 28¢ a gallon; when I filled up today, it was \$3.84. That bottle of Coke I bought for 5¢ when I was kid costs over a dollar now. That haircut that used to be 75¢ is now \$10. It's a constant battle for many just to keep up with inflation much less stay ahead of it.



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