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| hats the Cost? |
| http://pbskids.org/bigapplehistory/activities/a_arts/activity3/images/coin1.gifHave you ever heard your parents or grandparents talk about the good old days? Do they tell you how much cheaper things used to be? "Why, you could buy a soda for a dime and a gallon of gas cost 39.9 cents." They're partly right. In absolute costs, things were cheaper years ago. A soda now costs between five and ten times what it did 30 years ago, at least in actual cents. On the other hand, it's not as simple as that. First, inflation has reduced the value of money over the years. True, a soda cost a dime in 1970, but then the minimum wage was $1.35 (instead of today's $5-plus). In addition, products improve. For example, CDs are more expensive than records used to be. But CDs are superior products--they hold more music and they never wear out. In this activity, you will learn how to figure out how much inflation (and technological progress) affects the cost of products and services. Except you won't go back 30 years to your parent's youth, but all the way back to the days of your great-great-great grandparents. You will go back to New York City in the mid-1800s.  |
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| alculating Costs |
| http://pbskids.org/bigapplehistory/activities/a_arts/activity3/images/coin2.gif**First, consider the costs of products and services available in New York City 150 years ago.**

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| **#** | **Item** | **Cost** |
| **1** | A photographic portrait by Matthew Brady | $5.00 |
| **2** | A telegram to Boston | $2.00 |
| **3** | Daily Sun newspaper | 1 cent |
| **4** | A visit to Barnum's American Museum | 25 cents |

**Now, let us consider how much these products are worth today. First, however, we have to find equivalents:**

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| **#** | **Item** | **Cost** |
| **1** | A role of film and development. | **?** |
| **2** | An email to Boston | **?** |
| **3** | Your local newspaper | **?** |
| **4** | Visit to your local natural history museum. | **?** |

To calculate the inflation-adjusted value of the products and services in old New York, you need to do several steps. First, let us consider what a dollar was really worth in 1850. In that year, the average unskilled worker made about $1 a day. Let us say, that the average unskilled worker today earns the minimum wage: $5.25/hour. That's $42 a day. But that's for an eight-hour day. the average worker in 1850 probably worked 12 hours for his/her $1.Therefore to learn the value of a modern dollar in 1850, you have to complete several calculations:**1)** Divide 100 cents ($1) by 12 hours to get the earnings per hour in 1850 cents.**2)** Divide the number you get into 525 cents ($5.25). This will give you a figure that tells you how much more money is worth today. For example, 10 cents goes into 525 cents 52.5 times.**3)** Now it's time to figure how much these items cost today. To do that, multiply the costs of the 1850 items listed above by the figure you got in calculation #2 above. |
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| omparing Costs |
| http://pbskids.org/bigapplehistory/activities/a_arts/activity3/images/coin3.gifTo compare costs with today, estimate the costs today for the items listed above. You can learn these costs by checking prices. (For email: divide your email service costs per month by the average number of emails you (and others on the same email account) send each month. Now subtract the figure of similar items (that is, a newspaper then and now). Subtract the smaller from the larger to get the difference. Or you can divide the costs of modern items into the 1850 items. This will give you the ratio of costs then and now. (You can also do this backward by dividing the costs of 1850 items into costs of modern items.) Disgard the decimal and multiply by 100 to get the percentage.Of course, there is an element that cannot be calculated: the quality of the item. Which is really worth more: an email of any length that you can send from your house to your friend's house or a telegram that had to be kept short and had to be sent from a telegraph office? |  |  |
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