



The Changing Cost of a Thanksgiving Dinner

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The cost of living in the United States is an increasingly salient topic in public-policy circles today. As Mark J. Perry from the American Enterprise Institute [documents](#), child care, education, and health care have become more expensive relative to wages over the last two decades. Conversely, cars, clothing, food and beverages, household furnishings, housing, software, and toys have become cheaper. In light of today's holiday, we will focus on the cost of a Thanksgiving Day dinner between 1986 and 2020. The positive picture we paint certainly does not detract from the real hardship American families have faced during the COVID-19 pandemic. But it may make us more grateful for the U.S. farmers and free enterprise that make food historically superabundant.

Since 1986, the American Farm Bureau Federation has conducted an annual price survey of food items found in a typical Thanksgiving Day dinner. The items on this shopping list are designed to serve a group of ten people, with leftovers. The list includes a 16-pound turkey, a 30-oz pumpkin pie mix, one gallon of milk, a one-pound vegetable tray, twelve bread rolls, two pie shells, one pound of green peas, twelve ounces of fresh cranberries, one-half pint of whipping cream, 14 ounces of cubed stuffing, three pounds of sweet potatoes, and several miscellaneous ingredients. What has happened to the price of a Thanksgiving Day dinner over time?

In nominal terms, the cost rose from \$28.74 in 1986 to \$46.90 in 2020 (a 63.2 percent increase). Over the same period, inflation amounted to 135 percent, which would have meant that the dinner *should* have cost around \$67.69. In fact, it cost only \$46.90. So, adjusted for inflation, a Thanksgiving Day dinner became \$20.79 (i.e., 30.7 percent cheaper). But what if we analyze the cost of a Thanksgiving Day dinner using "time prices"? To calculate the time price of a Thanksgiving Day dinner, we divide the nominal price of the meal by the nominal wage rate. That will give us the number of hours of work required to earn enough money to feed the ten guests. We can then analyze the change in time prices over time.

As noted, the nominal cost of a Thanksgiving Day dinner increased 63.2 percent between 1986 and 2020. Over the same period, the unskilled hourly wage rate increased by 173.2 percent. That means that the time price of the meal for an unskilled worker declined from 5.48 hours in 1986 to 3.27 hours in 2020 (a 40.3 percent decrease). As such, unskilled workers could buy 1.67 Thanksgiving Day dinners in 2020 for the same amount of work required to buy one meal in 1986.

The hourly compensation rate of a blue-collar worker rose by 163.4 percent. Consequently, the time price of a Thanksgiving Day dinner declined from 2.23 hours in 1986 to 1.38 hours in 2020 (a 38 percent decrease). As such, blue-collar workers could buy 1.61 Thanksgiving Day dinners in 2020 for the same amount of work required to buy one meal in 1986.

The unskilled workers who upgraded their skills to become blue-collar workers between 1986 and 2020 saw their hourly wage rise by 547.4 percent. So, the Time Price of a Thanksgiving Day dinner fell by 74.8 percent. These “upskilling” workers were thus able to buy 3.97 Thanksgiving Day dinners for the same amount of work required to buy one meal in 1986.

Finally, imagine providing a Thanksgiving Day dinner for everyone in the United States. That will give you a sense of the relationship between food prices and population growth. The U.S. population rose from 240 million in 1986 to 331 million in 2020 (a 37.9 percent increase). What happened to the total Thanksgiving Day dinner bill over that 34-year period?

If the whole of the United States consisted of unskilled workers in 1986, the total Thanksgiving Day dinner bill would have fallen by 17.6 percent in 2020. If everyone in the United States were a blue-collar worker, the total bill would have fallen by 14.6 percent. If everyone upskilled from unskilled work to blue-collar work, the total Thanksgiving Day dinner bill would have fallen by an astonishing 65.2 percent.

Put differently, the total Thanksgiving Day dinner bill in the United States fell, even though the U.S. population increased. With every hungry mouth comes a pair of hands and a brain capable of invention and innovation. So, on this Thanksgiving Day, let us be thankful for all the American inventors and innovators who enrich our lives with plentiful food and, hopefully, a cure for the COVID-19 pandemic.

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