

## Today, Everything's on Sale

### The present is a bargain

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Wage appreciation, or lack thereof, does not tell us everything we need to know about our standard of living. Wages often fail to capture changes that come from competition and technological breakthroughs.

One — much underutilized — way in which we can get a sense of the improvements in our standard of living is to look at the number of hours an average employee needs to work in order to buy commonly used items.

When cost is measured in terms of hours worked, almost everything in 2015 is “on sale” when compared to the same product in 1979.

Consider two common kitchen appliances: the microwave and the refrigerator.

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### Refrigerator Cost Reduced by 52%



In 1979, Sears sold a 13 cubic foot refrigerator for \$489.95. In 2015, Walmart sold the same size refrigerator for \$747.93. In 1979, an average worker earned \$6.57 an hour. In 2015, s/he earned \$21.08 an hour. Source: Average Hourly Earnings, Production and Non-Supervisory Employees, www.bls.gov.

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### Microwave Cost Reduced by 95%



In 1979, Sears sold a 1.3 cubic foot microwave for \$399.95. In 2015, Walmart sold the same size microwave for \$59.13. In 1979, an average worker earned \$6.57 an hour. In 2015, s/he earned \$21.08 an hour. Source: Average Hourly Earnings, Production and Non-Supervisory Employees, www.bls.gov.

Those are some impressive discounts!

[Look at the data](#) for yourself and you will find that the trend of falling prices, when measured in hours of labor, is widespread. The main exceptions when it comes to the cost of living are the highly distorted healthcare, education, and housing markets.

In contrast, when market competition thrives, it tends to bring down prices and raise living standards for all of us.

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