

Inflation – How have we fared in 60 years.

There is a lot of angst when it comes to affordability in the U.S. by different age groups and for different reasons. The younger generation can't buy a house. The middle age group is faced with educating, feeding and clothing their families. Senior citizens are worried about their healthcare costs.

Many factors contribute to the cost of living, and those costs have shifted over the past sixty years. The largest expenses most people face are college education, housing, medical care, and gas prices. Food costs, by contrast, have remained relatively stable overall, although they reached double-digit inflation in the late 1970s and again in 2022.

Education

Let's start with education. In 1968 a public in-state four-year college cost for tuition and fees was \$328 per year (\$3,085 in 2026 dollars). In 2025-2026 it is \$10,340. These costs do not include room and board or books as that is unique to a locality. So even in today's dollars it has tripled in cost. In the same period average wages have risen from \$8,600 per year (\$82,650 in 2026 dollars) to \$68,450 per year; about 2.5 times. So tuition has outpaced inflation and that does not account for food, rent and books. Private college costs have gone from \$1,417 in 1968 (\$13,167 in 2026 dollars) to \$39,307 in 2025; they have tripled.

College costs in 1968 dollars compared to the average wage was 4%. Today it is 15% for public college and private college tuition is 57% of the average wage. This is the cost burden college grads have today, but they signed up for it.

Note the wage inflation from 1968 to 2026. It is 860%

There needs to be a national push to move from academia to vocational trades. Students have taken meaningless courses that will not turn into careers and then can't pay their tuition bills. Parents are at fault for letting them do it. Parents want to brag their kid is in college. Then they graduate and move back home.

There are 500,000 jobs open for skilled tradesman: welders, plumbers, electricians, carpenters, auto mechanics, diesel mechanics. The U.S. is on a military build up and cannot find workers to support the shipyards. Many of these jobs pay 6 figures. We need the trade unions to pony up and embrace the training necessary to fulfill these jobs. They are future dues paying jobs. We need parents to stop looking down their noses at blue collar careers.

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Housing

The average cost for a house in 1968 was \$26,600 with wages at \$8,600. The mortgage rate was 7.5%. The ratio of house to wage was 32%. In 2026 the house price is 508,000 and the average wage is \$68,450. The mortgage rate as of this writing is 7.1%. The ratio of house to wage is 14%. It seems that housing costs, even though they are high, have a better cost ratio and lower mortgage rate than 60 years ago.

The issue is that in 1968 the buyer was not burdened with as much tuition payment overhead, as the tuition cost was on average 3%. The student borrowing was capped at \$1,000 per year and \$5,000 max. Bank loans made their own lending program with the federal government paying the interest while the student was enrolled. Keep in mind that tuition and fees were \$328/year for public college and \$1,417 for private college.

Now in the late 70s mortgage rates were in double digits. In 1981 the rate was 16.6% and people still bought houses.

It appears that buying a house today is not as big a burden as it was in 1968 or other years.

The problem with housing is the lack of housing due to permits, zoning, material and labor costs. Builders cannot or will not build smaller houses that we at one time referred to as starter homes. We changed the name from row home to townhouse but the concept is the same. The size of the house has to come down to 1000-1200 square feet; 3 bedroom, 1.5 baths, LR, DR, Kitchen and garage. Change the building materials and use less wood and more steel/aluminum. Incorporate 3D printing in the design and construction.

Healthcare Spending

Healthcare costs and healthcare insurance are difficult to track as everyone did not have health insurance and people paid cash for medical visits and treatments.

In 1968 the person spent \$268 per year (\$2,575 in 2026 dollars) on healthcare. In 2026, so far, it is \$17,600. These are spending figures. Healthcare spending in 1968 was 3% of wages and in 2025 it was 26%.

There are no Health Insurance stats to compare years going back before 1977. But in 1999 family coverage cost \$5,791 per year (\$11,643 in 2026 dollars). In 2025 it cost \$26,993 for

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family coverage. The ratio of Health Insurance to wage in 1999 was 18%. In 2025 it was 39%.

Keep in mind that these are weighted averages across the country. The spending on healthcare has escalated far past housing and education costs. Now is healthcare better than in 1968? Technology has certainly improved our lives. Technology in 1968 was also an improvement over the prior 60 years.

Nothing has hurt the pocketbook more directly than healthcare.

We are getting close to universal healthcare as hospital conglomerates buy and merge hospital and private practices. The only check and balance left is the health insurance companies and that is letting an arsonist watch over the robber. Doctors and hospitals are hogtied to pre-approval by some insurance clerk who questions the doctors orders. Hospitals and Doctors have been caught submitting false claims and unwarranted procedures. Meanwhile the patient is hanging in the wind looking for treatment. Companies are looking at escalating healthcare benefit costs and up the price of their goods and services. In the end the patient pays one way or another.

Milk and Gas Prices

Now my favorite retail pricing topic. Everyone yells when they go past the gas station and sees the price of gas. It is a constant reminder of what it cost to fill up our gas tanks. This has been true since I started driving. I can recall heading to “junk” gas station when cash was low as the price of gas could be 26 cents a gallon versus 30 cents at a name brand gas station. Yep, a dollar would get you 4 gallons of gas.

But if you could see the price of a gallon of milk beside the price of a gallon of gas you would stop drinking milk. In 1968 the price of a gallon of milk was 1.07 vs a gallon of gas at 34 cents a gallon. In 1988 the price of a gallon of milk was 2.30 vs 90 cents a gallon for gas. In 2026 the price of a gallon of milk is 3.78 vs 4.33 a gallon for gas. This is the first year gas is more expensive than milk and that’s because of the Iranian conflict on the Strait of Hormuz.

Think about the cost and complexity of refining gasoline versus the cost and complexity in the production of milk. Trust me, I would not want to be a dairy farmer, but it is a simpler process.

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Now the cost of diesel fuel is extremely high today. This affects the cost of farming, ranching, transportation, construction and even fire trucks. It has the most direct effect on kitchen table commodities. Quite honestly, I could not find a rational reason why it is so high. Most of our diesel fuel is sourced from within the U.S. and Canada. Why the strait of Hormuz is being used as a reason is a farce. The U.S. and Russia are the largest producers of diesel fuel. Ukraine is devastating the Russian refineries and Putin has halted exports to favor Russian domestic use. The U.S. should do the same. Now we cannot stop 100% as we do have allies that depend on us, but even cutting exports by 20% would bring the cost of diesel down to under four dollars. Keep cutting exports until it reaches \$4. America First is the president's chant. Make it happen.

Summation

To wrap this up I think the young people need to stop whining and take some risks. None of us back in the 60s thought we could not succeed. Even the Vietnam War did not stymie our desire to buy a house, raise a family, take a vacation by the ocean or in the mountain. Today's challenges are different than the ones decades ago, but decades ago there were new and scary challenges. We didn't curl up and say it was tough, hard yes, but as Americans we fought the devils and made our way. Some were more successful than others, but we all survived. And now we seniors face the biggest devils of all -- the calendar and healthcare.

Following are the charts that were developed and used in this article.

TwoSmartFarts – Sep 2026

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Consolidated Inflation Charts

Inflation – Sep 10, 2026

US	3.30%	Brz	4.70%
EU	3.30%	Vnz	525.0% (Aug = 8.9%)
MX	3.10%	Arg	33.60%
Can	3.00%	Col	6.00%
Rus	6.30%	Ukr	8.10%
		Chn	0.5%

Value of the Dollar vs 2026

I used 1968 as the base year as that is when the author bought his first house.

	\$	2026	inflation
1968	1	9.6	860%
1978	1	5.12	412%
1988	1	2.82	182%
1998	1	2.05	105%
2008	1	1.55	55%
2018	1	1.33	33%
2019	1	1.31	31%
2020	1	1.29	29%

U.S. inflation by year, using the CPI-U annual-average change:

Year	Rate	Year	Rate	Year	Rate
1968	4.30%	1969	5.50%	1970	5.80%
1971	4.30%	1972	3.30%	1973	6.20%
1974	11.10%	1975	9.10%	1976	5.70%
1977	6.50%	1978	7.60%	1979	11.30%
1980	13.50%	1981	10.30%	1982	6.10%
1983	3.20%	1984	4.30%	1985	3.50%
1986	1.90%	1987	3.70%	1988	4.10%
1989	4.80%	1990	5.40%	1991	4.20%
1992	3.00%	1993	3.00%	1994	2.60%
1995	2.80%	1996	2.90%	1997	2.30%
1998	1.60%	1999	2.20%	2000	3.40%
2001	2.80%	2002	1.60%	2003	2.30%
2004	2.70%	2005	3.40%	2006	3.20%
2007	2.90%	2008	3.80%	2009	-0.4%

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2010	1.60%	2011	3.20%	2012	2.10%
2013	1.50%	2014	1.60%	2015	0.10%
2016	1.30%	2017	2.10%	2018	2.40%
2019	1.80%	2020	1.20%	2021	4.70%
2022	8.00%	2023	4.10%	2024	2.90%
2025	2.60%	2026*	3.40%		

Below, each figure shows what \$1 in that year is worth in 2026 purchasing power.
For example, \$1 in 1981 ≈ \$3.68 in 2026.

Year	2026 value	Year	2026 value	Year	2026 value
1968	\$9.61	1969	\$9.11	1970	\$8.62
1971	\$8.26	1972	\$8.00	1973	\$7.53
1974	\$6.78	1975	\$6.22	1976	\$5.88
1977	\$5.52	1978	\$5.13	1979	\$4.61
1980	\$4.06	1981	\$3.68	1982	\$3.47
1983	\$3.36	1984	\$3.22	1985	\$3.11
1986	\$3.05	1987	\$2.94	1988	\$2.83
1989	\$2.70	1990	\$2.56	1991	\$2.46
1992	\$2.38	1993	\$2.31	1994	\$2.26
1995	\$2.19	1996	\$2.13	1997	\$2.08
1998	\$2.05	1999	\$2.01	2000	\$1.94
2001	\$1.89	2002	\$1.86	2003	\$1.82
2004	\$1.77	2005	\$1.71	2006	\$1.66
2007	\$1.61	2008	\$1.55	2009	\$1.56
2010	\$1.53	2011	\$1.49	2012	\$1.46
2013	\$1.44	2014	\$1.41	2015	\$1.41
2016	\$1.39	2017	\$1.36	2018	\$1.33
2019	\$1.31	2020	\$1.29	2021	\$1.23
2022	\$1.14	2023	\$1.10	2024	\$1.07
2025	\$1.04	2026	\$1.00		

Year	Rate %	Avg Wage	Avg Home Price
1968	7.50%	8,600	26,600
1978	9.60%	10,556	62,500
1981	16.60%	13,773	83,000
1985	12.40%	16,823	100,800
1988	10.30%	21,027	138,300

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1998	6.90%	31.098	181,900
2008	6.00%	50,689	292,600
2018	4.50%	63,433	385,000
2026	7.10%	68,450	508,000

Price of a Gallon of Milk vs Gallon of Gas

	<u>Milk</u>	<u>Gas</u>	<u>In 2026 \$</u>	
1968	1.07	0.34	3.29	
1978	1.71	0.62	3.18	
1981	2.23	1.35	4.97	
1985	2.27	1.2	3.73	
1988	2.3	0.9	2.53	
1998	3.16	1.02	2.15	
2008	3.8	3.25	4.86	
2018	3.27	2.72	3.49	
2020	3.54	2.17	2.7	(the lowest gas price in a decade)
2026	3.78	4.33		

U.S. **grocery-price inflation** by year, measured by CPI-U food at home (annual-average change):

Year	Rate	Year	Rate	Year	Rate
1968	3.20%	1969	4.90%	1970	5.00%
1971	2.40%	1972	4.40%	1973	16.30%
1974	14.80%	1975	8.30%	1976	2.10%
1977	5.90%	1978	10.50%	1979	10.80%
1980	8.00%	1981	7.30%	1982	3.40%
1983	1.10%	1984	3.70%	1985	1.40%
1986	2.90%	1987	4.30%	1988	4.20%
1989	6.60%	1990	6.50%	1991	2.70%
1992	0.70%	1993	2.40%	1994	2.90%
1995	3.20%	1996	3.70%	1997	2.50%
1998	1.90%	1999	1.90%	2000	2.20%
2001	3.30%	2002	1.30%	2003	2.10%
2004	3.80%	2005	1.90%	2006	1.80%
2007	4.20%	2008	6.40%	2009	0.50%
2010	0.30%	2011	4.80%	2012	2.50%
2013	0.90%	2014	2.40%	2015	1.20%

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2016	-1.3%	2017	-0.2%	2018	0.40%
2019	0.90%	2020	3.50%	2021	3.50%
2022	11.40%	2023	5.00%	2024	1.20%
2025	2.30%	2026*	2.20%		

There is no single “average healthcare bill,” so this uses the standard national measure:

total U.S. health spending per person per year—including spending by households, employers, insurers, and government programs.

Values are nominal dollars for each year.

Year	Per person	Year	Per person	Year	Per person
1968	\$282	1969	\$315	1970	\$353
1971	\$387	1972	\$430	1973	\$474
1974	\$533	1975	\$603	1976	\$685
1977	\$772	1978	\$859	1979	\$963
1980	\$1,099	1981	\$1,262	1982	\$1,408
1983	\$1,537	1984	\$1,679	1985	\$1,822
1986	\$1,937	1987	\$2,090	1988	\$2,321
1989	\$2,560	1990	\$2,835	1991	\$3,065
1992	\$3,284	1993	\$3,486	1994	\$3,641
1995	\$3,807	1996	\$3,966	1997	\$4,141
1998	\$4,335	1999	\$4,559	2000	\$4,842
2001	\$5,209	2002	\$5,678	2003	\$6,112
2004	\$6,481	2005	\$6,871	2006	\$7,266
2007	\$7,662	2008	\$7,907	2009	\$8,132
2010	\$8,377	2011	\$8,590	2012	\$8,860
2013	\$9,024	2014	\$9,421	2015	\$9,860
2016	\$10,229	2017	\$10,582	2018	\$11,042
2019	\$11,487	2020	\$12,637	2021	\$13,137
2022	\$13,689	2023	\$14,580	2024	\$15,474
2025*	≈\$16,600	2026*	≈\$17,500		