11 JULY 2002

## Inflation: the value of the pound 1750-2001

The Library is often asked how the purchasing power of the pound has changed over various periods. This paper attempts to provide a long-term perspective by presenting a price index for the period 1750 to 2001 based on a range of official and unofficial sources. The results suggest that, over this period, prices have risen by around 126 times with a rise of over 65 fold since 1914. This paper replaces research paper 99/20.

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## Summary of main points

- This paper presents a price index covering the period 1750 to 2001 to illustrate the way in which the purchasing power of the pound has changed over the long-term.
- Over the period as a whole, prices have risen by around 126 times. Thus one (decimal) penny in 1750 would have had greater purchasing power than a pound in 2001.
- Since 1945 prices have risen in every year with an aggregate rise of almost 24 times. By contrast, prices were lower in 1939 than in 1919.


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## I Introduction

Inflation - the increase in the general level of prices over a specified period - reduces the internal value of a currency. So, if prices double, any given (nominal) amount of currency will buy half the goods and services it previously did. On the other hand (although unusual in the UK since the Second World War) a period of falling prices results in an increase in purchasing power. This paper presents a price index covering the period 1750 to 2001 to illustrate the changing purchasing power of the pound over the long-term. No attempt is made to measure changes in the external value of the currency as a result of movements in exchange rates, but changes in the prices of imported goods are reflected in the price index.

It must be stressed that, for a number of reasons, such an exercise is very approximate. Expenditure patterns have changed dramatically over the past 250 years. Many products now commonly purchased (cars, electrical appliances, processed foods, etc) simply did not exist in 1750, and conversely goods which consumed a large share of household budgets in the eighteenth century - candles for instance - are now an insignificant part of most families' expenditure.

It is, however, possible to compare price levels over the long-term by linking price indices covering relatively short periods into a single series. Even so, indices covering only a few years can become unrepresentative if they are not adjusted to reflect changes in expenditure patterns. Today's retail prices index, for example, is periodically updated to reflect changes in consumers' tastes, and new products and services. For example, pre-recorded cassette albums were taken out of the 2002 'RPI basket' of representative goods and services, while DVD players and recordable CDs came in. ${ }^{1}$

A further problem with long-term comparisons involves changes in the quality of goods. For example, while it is possible to compare the price of a Mini motor car today with that of one in 1959, it is much more difficult to identify the degree to which the increase in price reflects an improved specification.

In addition, the further one looks back into history, the more difficult it is to obtain reliable information. The first official consumer price index started in 1914. This was the Cost of Living Index, which reflected changes in the cost of providing a standard of living prevalent in working class households. There are also periods for which a number of alternative indices are available which can suggest different trends in price levels. Therefore, although the results in this paper are presented in unrounded form to facilitate computation and presentation, they are not necessarily accurate to the degree suggested.

[^0]
## II Sources

Information on changes in the level of prices faced by consumers comes from two main types of source. The more familiar are consumer price indices such as the Retail Prices Index but alternative measures can be derived from national accounts statistics. In the national accounts, estimates of household expenditure are produced at both cash and constant prices from which a price deflator for household expenditure can be implied.

The price series presented in this paper is derived from the following sources (in reverse chronological order). Further details of the source material is available from the Library:

## 1974 to 2001

- the all-items Retail Prices Index as published by the Office for National Statistics. (The all-items RPI includes mortgages.) Annual data are the average of monthly figures. ${ }^{2}$


## 1948 to 1974

- the implied deflator for household final consumption derived from the official national accounts of the United Kingdom. ${ }^{3}$


## 1870 to 1948

- the implied deflator for consumers' expenditure derived from the unofficial national accounts of the United Kingdom produced by the Department of Applied Economics at Cambridge University. ${ }^{4}$


## 1850 to 1870

- a retail price index constructed by Sir Walter Layton and Geoffrey Crowther covering the period 1850 to $1933 .{ }^{5}$


## 1750 to 1850

- an index of consumables' prices constructed by E H Phelps-Brown and Sheila Hopkins covering the period 1264 to $1954 .{ }^{6}$

[^1]The Office for National Statistics publishes a long-term price index from 1947. Its monthly first release on consumer price indices provides a link to this. ${ }^{7}$

## III Results

Table 1 (pages 11-17) shows for each year the level of the price index with 1974 equal to 100 and the value of the pound relative to a base of 100 pence in 1974. 1974 was chosen as the base year largely on the pragmatic grounds that, as well as being one of the link years in the series, its use prevents the data at the start and the end of the period being inconveniently large or small. The table also shows the change in prices (the inflation rate) each year. Over the period as a whole, prices have risen by around 126 times. Thus one (decimal) penny in 1750 would have had greater purchasing power than a pound in 2001.

Although there was considerable year on year fluctuation in price levels prior to 1914 (reflecting the quality of the harvest, wars, etc) there was not the long-term steady increase in prices associated with the period since 1945. Prices in 1914 were roughly twice their level in 1750 but were below the level of the early nineteenth century. Prices doubled during the First World War but in most years between 1921 and 1938 they fell or showed very small increases. Although prices began to rise during the Second World War the increase was less marked than during the First World War. Since 1945 prices have risen in every year with an aggregate rise of over 22 times. In the period 1974 to 1981 inflation was above $10 \%$ in each year except 1978, and prices more than tripled in these eight years. Despite lower inflation rates in the late 1980s and early 1990s, and very low (by post-war standards) rates in recent years, prices rose by some $62 \%$ between 1988 and 2001.

Chart 1 (page 18) plots the price index for the period 1750 to 2001. Although such a graph illustrates the extent to which the absolute increase in prices has been concentrated in recent years, it over-emphasises the proportional impact. For example, in chart 1 a doubling of the price index in the eighteenth century from, say, 5 to 10 appears to be much less significant than a doubling in the 1970s from 100 to 200. Such problems can be overcome by use of a logarithmic scale as in chart 2 (also on page 18). With a logarithmic scale, equal proportional increases produce the same vertical change whatever the initial value. Charts 3 and 4 (page 19) plot the value of the pound on linear and logarithmic scales respectively. Chart 5 (page 20) plots the rate of inflation in each year.

Table 2 (page 21) shows the value of the pound at 20-year intervals between 1761 and 2001. In each column the value of the pound is equivalent to 100 pence in a different year. Table 3 (page 22) provides a similar analysis for each year since 1979.

[^2]
## IV Specimen calculations

The examples illustrate how the price index in table 1 can be used to answer frequently asked questions.

## Example 1:

How much would have been needed in 2001 to have the same purchasing power as £100 in 1850?

From table 1 the price index for 1850 was 8.2 and the index for 2001 was 630.1. In 2001 the average price level was 76.8 times (630.1/8.2) the 1850 level. Thus, to have the same purchasing power as $£ 100$ in 1850 one would have needed some $£ 7,680(76.8 \times £ 100)$ in 2001.

## Example 2:

What was the purchasing power of a pound in 2001 compared to the pound in 1930 ?
From table 1 the price index for 1930 was 17.0 and the index for 2001 was 630.1. In 2001 the average price level was some 37.1 times ( $630.1 / 17.0$ ) the 1930 level. Thus, relative to 1930 , a pound in 2001 was worth under 3 (decimal) pence ( $100 \mathrm{p} / 37.1$ ).

## Example 3:

Cheddar cheese cost 17 pence per kilogram ${ }^{8}$ in 1923 and $£ 5.10$ per kg in 2001. How did the price change in real terms?

From table 1 the price index for 1923 was 18.4 and the index for 2001 was 630.1. In 2001 the average price level was 34.2 times (630.1/18.4) the 1923 level. Over the same period the price of cheese rose 30.0 times (510/17). Thus, in real terms, the price has fallen by $12.3 \%$ [((30.0/34.2)-1)x 100].

[^3]
## V Table 1 Price Index 1750-2001

Price Index 1750 to 2001

| Year | $\begin{array}{r} \text { Price } \\ \text { index } \\ 1974=100 \end{array}$ | $\begin{array}{r} \hline \text { Value of } \\ \text { the pound } \\ 1974= \\ 100 \text { pence } \\ \hline \end{array}$ | Change in prices on year before |
| :---: | :---: | :---: | :---: |
| 1750 | 5.0 | 1,997 | -3.1\% |
| 1751 | 4.9 | 2,053 | -2.7\% |
| 1752 | 5.1 | 1,961 | 4.7\% |
| 1753 | 5.0 | 2,014 | -2.7\% |
| 1754 | 5.2 | 1,916 | 5.1\% |
| 1755 | 4.9 | 2,039 | -6.0\% |
| 1756 | 5.1 | 1,957 | 4.2\% |
| 1757 | 6.2 | 1,607 | 21.8\% |
| 1758 | 6.2 | 1,612 | -0.3\% |
| 1759 | 5.7 | 1,751 | -7.9\% |
| 1760 | 5.5 | 1,832 | -4.5\% |
| 1761 | 5.2 | 1,919 | -4.5\% |
| 1762 | 5.4 | 1,847 | 3.9\% |
| 1763 | 5.6 | 1,799 | 2.7\% |
| 1764 | 6.1 | 1,653 | 8.9\% |
| 1765 | 6.3 | 1,597 | 3.5\% |
| 1766 | 6.3 | 1,577 | 1.2\% |
| 1767 | 6.7 | 1,492 | 5.8\% |
| 1768 | 6.6 | 1,509 | -1.1\% |
| 1769 | 6.1 | 1,643 | -8.2\% |
| 1770 | 6.1 | 1,650 | -0.4\% |
| 1771 | 6.6 | 1,520 | 8.5\% |
| 1772 | 7.3 | 1,373 | 10.7\% |
| 1773 | 7.3 | 1,378 | -0.3\% |
| 1774 | 7.3 | 1,365 | 0.9\% |
| 1775 | 6.9 | 1,446 | -5.6\% |
| 1776 | 6.8 | 1,478 | -2.2\% |
| 1777 | 6.7 | 1,484 | -0.4\% |
| 1778 | 7.0 | 1,426 | 4.0\% |
| 1779 | 6.4 | 1,559 | -8.5\% |
| 1780 | 6.2 | 1,614 | -3.4\% |
| 1781 | 6.5 | 1,550 | 4.1\% |
| 1782 | 6.6 | 1,518 | 2.1\% |
| 1783 | 7.4 | 1,356 | 12.0\% |
| 1784 | 7.4 | 1,348 | 0.6\% |
| 1785 | 7.1 | 1,404 | -4.0\% |
| 1786 | 7.1 | 1,404 | 0.0\% |
| 1787 | 7.1 | 1,413 | -0.6\% |
| 1788 | 7.4 | 1,359 | 4.0\% |
| 1789 | 7.3 | 1,377 | -1.3\% |

Table 1 (continued)
Price Index 1750 to 2001
$\left.\begin{array}{lrrr}\hline \text { Year } & \begin{array}{r}\text { Price } \\ \text { index } \\ \mathbf{1 9 7 4}=\mathbf{1 0 0}\end{array} & \begin{array}{r}\text { Value of } \\ \text { the pound } \\ \mathbf{1 9 7 4}\end{array} & \begin{array}{r}\text { Change } \\ \text { in prices } \\ \text { on year }\end{array} \\ \text { before }\end{array}\right\}$

Table 1 (continued)
Price Index 1750 to 2001

| Year | $\begin{array}{r} \text { Price } \\ \text { index } \\ 1974=100 \end{array}$ | Value of the pound 1974= 100 pence | Change in prices on year before |
| :---: | :---: | :---: | :---: |
| 1831 | 10.7 | 935 | 9.9\% |
| 1832 | 9.9 | 1,010 | -7.4\% |
| 1833 | 9.3 | 1,075 | -6.1\% |
| 1834 | 8.6 | 1,165 | -7.8\% |
| 1835 | 8.7 | 1,146 | 1.7\% |
| 1836 | 9.7 | 1,033 | 11.0\% |
| 1837 | 9.9 | 1,008 | 2.5\% |
| 1838 | 10.0 | 1,001 | 0.7\% |
| 1839 | 10.7 | 933 | 7.3\% |
| 1840 | 10.9 | 916 | 1.8\% |
| 1841 | 10.7 | 938 | -2.3\% |
| 1842 | 9.9 | 1,015 | -7.6\% |
| 1843 | 8.7 | 1,144 | -11.3\% |
| 1844 | 8.7 | 1,145 | -0.1\% |
| 1845 | 9.2 | 1,092 | 4.9\% |
| 1846 | 9.5 | 1,050 | 4.0\% |
| 1847 | 10.7 | 937 | 12.0\% |
| 1848 | 9.4 | 1,066 | -12.1\% |
| 1849 | 8.8 | 1,138 | -6.3\% |
| 1850 | 8.2 | 1,216 | -6.4\% |
| 1851 | 8.0 | 1,254 | -3.0\% |
| 1852 | 8.0 | 1,254 | 0.0\% |
| 1853 | 8.7 | 1,147 | 9.3\% |
| 1854 | 10.0 | 997 | 15.1\% |
| 1855 | 10.4 | 965 | 3.3\% |
| 1856 | 10.4 | 965 | 0.0\% |
| 1857 | 9.8 | 1,022 | -5.6\% |
| 1858 | 9.0 | 1,116 | -8.4\% |
| 1859 | 8.8 | 1,136 | -1.8\% |
| 1860 | 9.1 | 1,095 | 3.7\% |
| 1861 | 9.4 | 1,067 | 2.7\% |
| 1862 | 9.1 | 1,095 | -2.6\% |
| 1863 | 8.8 | 1,136 | -3.6\% |
| 1864 | 8.7 | 1,147 | -0.9\% |
| 1865 | 8.8 | 1,136 | 0.9\% |
| 1866 | 9.4 | 1,067 | 6.5\% |
| 1867 | 10.0 | 1,005 | 6.1\% |
| 1868 | 9.8 | 1,022 | -1.7\% |
| 1869 | 9.3 | 1,076 | -5.0\% |

Table 1 (continued)
Price Index 1750 to 2001

| Year | $\begin{array}{r} \text { Price } \\ \text { index } \\ 1974=100 \end{array}$ | Value of the pound 1974= 100 pence | Change in prices on year before |
| :---: | :---: | :---: | :---: |
| 1870 | 9.3 | 1,076 | 0.0\% |
| 1871 | 9.4 | 1,061 | 1.4\% |
| 1872 | 9.9 | 1,014 | 4.7\% |
| 1873 | 10.2 | 983 | 3.1\% |
| 1874 | 9.8 | 1,017 | -3.3\% |
| 1875 | 9.7 | 1,036 | -1.9\% |
| 1876 | 9.6 | 1,039 | -0.3\% |
| 1877 | 9.6 | 1,047 | -0.7\% |
| 1878 | 9.3 | 1,071 | -2.2\% |
| 1879 | 8.9 | 1,120 | -4.4\% |
| 1880 | 9.2 | 1,087 | 3.0\% |
| 1881 | 9.1 | 1,099 | -1.1\% |
| 1882 | 9.2 | 1,088 | 1.0\% |
| 1883 | 9.1 | 1,093 | -0.5\% |
| 1884 | 8.9 | 1,123 | -2.7\% |
| 1885 | 8.6 | 1,158 | -3.0\% |
| 1886 | 8.5 | 1,177 | -1.6\% |
| 1887 | 8.5 | 1,183 | -0.5\% |
| 1888 | 8.5 | 1,175 | 0.7\% |
| 1889 | 8.6 | 1,159 | 1.4\% |
| 1890 | 8.6 | 1,157 | 0.2\% |
| 1891 | 8.7 | 1,148 | 0.7\% |
| 1892 | 8.7 | 1,144 | 0.4\% |
| 1893 | 8.7 | 1,153 | -0.7\% |
| 1894 | 8.5 | 1,176 | -2.0\% |
| 1895 | 8.4 | 1,188 | -1.0\% |
| 1896 | 8.4 | 1,192 | -0.3\% |
| 1897 | 8.5 | 1,175 | 1.5\% |
| 1898 | 8.5 | 1,171 | 0.3\% |
| 1899 | 8.6 | 1,163 | 0.7\% |
| 1900 | 9.0 | 1,106 | 5.1\% |
| 1901 | 9.1 | 1,101 | 0.5\% |
| 1902 | 9.1 | 1,101 | 0.0\% |
| 1903 | 9.1 | 1,097 | 0.4\% |
| 1904 | 9.1 | 1,100 | -0.2\% |
| 1905 | 9.1 | 1,095 | 0.4\% |
| 1906 | 9.1 | 1,096 | 0.0\% |
| 1907 | 9.2 | 1,082 | 1.2\% |
| 1908 | 9.3 | 1,078 | 0.5\% |
| 1909 | 9.3 | 1,072 | 0.5\% |

Table 1 (continued)
Price Index 1750 to 2001

| Year | $\begin{array}{r} \hline \text { Price } \\ \text { index } \\ 1974=100 \end{array}$ | Value of the pound 1974= 100 pence | Change in prices on year before |
| :---: | :---: | :---: | :---: |
| 1910 | 9.4 | 1,063 | 0.9\% |
| 1911 | 9.4 | 1,061 | 0.1\% |
| 1912 | 9.7 | 1,031 | 3.0\% |
| 1913 | 9.7 | 1,035 | -0.4\% |
| 1914 | 9.6 | 1,038 | -0.3\% |
| 1915 | 10.8 | 922 | 12.5\% |
| 1916 | 12.8 | 781 | 18.1\% |
| 1917 | 16.0 | 624 | 25.2\% |
| 1918 | 19.6 | 511 | 22.0\% |
| 1919 | 21.5 | 465 | 10.1\% |
| 1920 | 24.8 | 403 | 15.4\% |
| 1921 | 22.7 | 440 | -8.6\% |
| 1922 | 19.5 | 512 | -14.0\% |
| 1923 | 18.4 | 545 | -6.0\% |
| 1924 | 18.2 | 549 | -0.7\% |
| 1925 | 18.3 | 547 | 0.3\% |
| 1926 | 18.1 | 551 | -0.8\% |
| 1927 | 17.7 | 565 | -2.4\% |
| 1928 | 17.7 | 566 | -0.3\% |
| 1929 | 17.5 | 571 | -0.9\% |
| 1930 | 17.0 | 588 | -2.8\% |
| 1931 | 16.3 | 614 | -4.3\% |
| 1932 | 15.9 | 630 | -2.6\% |
| 1933 | 15.5 | 644 | -2.1\% |
| 1934 | 15.5 | 644 | 0.0\% |
| 1935 | 15.6 | 640 | 0.7\% |
| 1936 | 15.8 | 635 | 0.7\% |
| 1937 | 16.3 | 614 | 3.4\% |
| 1938 | 16.5 | 605 | 1.6\% |
| 1939 | 17.1 | 586 | 3.1\% |
| 1940 | 20.0 | 500 | 17.2\% |
| 1941 | 22.2 | 450 | 11.2\% |
| 1942 | 23.9 | 418 | 7.5\% |
| 1943 | 24.8 | 403 | 3.7\% |
| 1944 | 25.5 | 391 | 3.1\% |
| 1945 | 26.4 | 379 | 3.2\% |
| 1946 | 27.3 | 367 | 3.5\% |
| 1947 | 29.3 | 341 | 7.4\% |
| 1948 | 31.2 | 320 | 6.6\% |
| 1949 | 32.0 | 312 | 2.6\% |

Table 1 (continued)
Price Index 1750 to 2001

| Year | Price index $1974=100$ | Value of the pound 1974= 100 pence | Change in prices on year before |
| :---: | :---: | :---: | :---: |
| 1950 | 32.9 | 304 | 2.8\% |
| 1951 | 36.1 | 277 | 9.5\% |
| 1952 | 38.0 | 263 | 5.3\% |
| 1953 | 38.8 | 258 | 2.2\% |
| 1954 | 39.5 | 253 | 1.9\% |
| 1955 | 40.9 | 244 | 3.5\% |
| 1956 | 42.9 | 233 | 4.7\% |
| 1957 | 44.3 | 226 | 3.3\% |
| 1958 | 45.5 | 220 | 2.7\% |
| 1959 | 45.9 | 218 | 0.9\% |
| 1960 | 46.4 | 216 | 1.1\% |
| 1961 | 47.7 | 210 | 2.9\% |
| 1962 | 49.4 | 202 | 3.6\% |
| 1963 | 50.3 | 199 | 1.8\% |
| 1964 | 52.1 | 192 | 3.5\% |
| 1965 | 54.6 | 183 | 4.9\% |
| 1966 | 56.7 | 176 | 3.8\% |
| 1967 | 58.2 | 172 | 2.6\% |
| 1968 | 61.0 | 164 | 4.7\% |
| 1969 | 64.4 | 155 | 5.6\% |
| 1970 | 68.2 | 147 | 5.9\% |
| 1971 | 74.0 | 135 | 8.6\% |
| 1972 | 78.7 | 127 | 6.4\% |
| 1973 | 85.3 | 117 | 8.4\% |
| 1974 | 100.0 | 100 | 17.2\% |
| 1975 | 124.2 | 80 | 24.2\% |
| 1976 | 144.8 | 69 | 16.5\% |
| 1977 | 167.7 | 60 | 15.8\% |
| 1978 | 181.7 | 55 | 8.3\% |
| 1979 | 206.0 | 49 | 13.4\% |
| 1980 | 243.0 | 41 | 18.0\% |
| 1981 | 271.9 | 37 | 11.9\% |
| 1982 | 295.3 | 34 | 8.6\% |
| 1983 | 308.8 | 32 | 4.6\% |
| 1984 | 324.2 | 31 | 5.0\% |
| 1985 | 344.0 | 29 | 6.1\% |
| 1986 | 355.7 | 28 | 3.4\% |
| 1987 | 370.5 | 27 | 4.2\% |
| 1988 | 388.7 | 26 | 4.9\% |
| 1989 | 418.9 | 24 | 7.8\% |

Table 1 (continued)
Price Index 1750 to 2001

| Year | Price <br> index <br> $\mathbf{1 9 7 4 = 1 0 0}$ | Value of <br> the pound <br> $\mathbf{1 9 7 4}$ <br> $\mathbf{1 0 0}$ pence | Change <br> in prices <br> on year <br> before |
| :--- | :---: | ---: | ---: |
| 1990 | 458.5 |  |  |
| 1991 | 485.4 | 22 | $9.5 \%$ |
| 1992 | 503.6 | 21 | $5.9 \%$ |
| 1993 | 511.6 | 20 | $3.7 \%$ |
| 1994 | 523.9 | 20 | $1.6 \%$ |
| 1995 | 542.1 | 19 | $2.4 \%$ |
| 1996 | 555.2 | 18 | $3.5 \%$ |
| 1997 | 572.7 | 18 | $2.4 \%$ |
| 1998 | 592.3 | 17 | $3.1 \%$ |
| 1999 | 601.4 | 17 | $3.4 \%$ |
|  |  | 17 | $1.5 \%$ |
| 2000 | 619.2 |  |  |
| 2001 | 630.1 | 16 | $3.0 \%$ |
|  |  | 16 | $1.8 \%$ |

1. Chart 1 Retail prices 1750-2001 (linear scale)

Retail Prices 1750-2001
Index 1974=100

2. Chart $\mathbf{2}$ Retail prices 1750-2001 (log scale)

Retail Prices 1750-2001

3. Chart 3 Value of the pound 1750-2001 (linear scale)

4. Chart 4 Value of the pound $1750-2001$ ( $\log$ scale)

5. Chart 5 Change in prices on previous year 1750-2001

Change in prices on previous year


## VI Table 2 Purchasing power of the pound 1761-2001

Purchasing power of the pound 1761 to 2001 (pence)

|  | Year in which value equals 100 pence |  |  |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1761 | 1781 | 1801 | 1821 | 1841 | 1861 | 1881 | 1901 | 1921 | 1941 | 1961 | 1981 | 2001 |
| 1761 | 100 | 124 | 285 | 194 | 205 | 180 | 175 | 174 | 436 | 427 | 916 | 5,218 | 12,092 |
| 1781 | 81 | 100 | 230 | 157 | 165 | 145 | 141 | 141 | 352 | 345 | 740 | 4,215 | 9,769 |
| 1801 | 35 | 43 | 100 | 68 | 72 | 63 | 61 | 61 | 153 | 150 | 321 | 1,830 | 4,240 |
| 1821 | 52 | 64 | 147 | 100 | 106 | 93 | 90 | 90 | 225 | 220 | 473 | 2,692 | 6,239 |
| 1841 | 49 | 61 | 139 | 95 | 100 | 88 | 85 | 85 | 213 | 209 | 448 | 2,551 | 5,911 |
| 1861 | 56 | 69 | 159 | 108 | 114 | 100 | 97 | 97 | 242 | 237 | 509 | 2,900 | 6,721 |
| 1881 | 57 | 71 | 163 | 111 | 117 | 103 | 100 | 100 | 250 | 244 | 525 | 2,989 | 6,927 |
| 1901 | 57 | 71 | 164 | 111 | 117 | 103 | 100 | 100 | 250 | 245 | 525 | 2,993 | 6,937 |
| 1921 | 23 | 28 | 65 | 44 | 47 | 41 | 40 | 40 | 100 | 98 | 210 | 1,197 | 2,775 |
| 1941 | 23 | 29 | 67 | 45 | 48 | 42 | 41 | 41 | 102 | 100 | 215 | 1,223 | 2,834 |
| 1961 | 11 | 14 | 31 | 21 | 22 | 20 | 19 | 19 | 48 | 47 | 100 | 570 | 1,320 |
| 1981 | 2 | 2 | 5 | 4 | 4 | 3 | 3 | 3 | 8 | 8 | 18 | 100 | 232 |
| 2001 | 1 | 1 | 2 | 2 | 2 | 1 | 1 | 1 | 4 | 4 | 8 | 43 | 100 |

VII Table 3 Purchasing power of the pound 1979-2001

Purchasing power of the pound 1979 to 2001 (pence)


[^0]:    1 See http://www.statistics.gov.uk/themes/economy/articles/pricesandinflation/rpi articles.asp or Focus on Consumer Price Indices, formerly Business Monitor MM23, National Statistics, monthly, on line at http://www.statistics.gov.uk/statbase/Product.asp?vlnk=867\&More=N

[^1]:    ${ }^{2}$ Source: NS database series CBAB and CHAW from 1987
    3 Source: NS database series ABJQ and ABJR
    4 Source: C H Feinstein, National Income, Expenditure and Output of the United Kingdom 1855 to 1965, 1972, tables 3 and 5. For the period 1938 to 1948 two alternative estimates of prices changes are available, one based on the structure of expenditure in 1938 and the other on the structure of expenditure in 1948. The figures in table 1 for this period have been adjusted so that they represent the average of these two estimates.
    5 W Layton and G Crowther, An Introduction to the Study of Prices, 1935, table 1

[^2]:    6 E H Phelps-Brown and S Hopkins, "Seven Centuries of the Prices of Consumables compared with Builders' Wage-rates", Economica, November 1956, pp296-314
    7 Focus on Consumer Price Indices, formerly Business Monitor MM23, which links to table RP02 http://www.statistics.gov.uk/themes/economy/Articles/PricesAndInflation/downloads/RP02.pdf

[^3]:    8 Converted from 1s 6 d per pound (source: O Newman \& A Foster, The Value of a Pound, 1995).

