

Eye on the Pie

By Morton J. Marcus

Hank Hoosier explains his low income by saying, “We have a low cost of living in Indiana, so our incomes doesn’t have to be as high as elsewhere.” He pays no attention to me telling him, “Your low income is why your cost of living is low.”

Today, I just lay it out flat for him. “Inflation is all we really know about. We don’t know beans about the Cost of Living. The Consumer Price Index (CPI), which so many people incorrectly call the Cost of Living, is just what it says it is: an index of consumer prices.

“The Cost of Living is hard to define. We all have



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a different idea of what standards should go into that concept. It can get rather personal, tied up with our expectations. We

can know actual rental and grocery prices plus the quantities bought and then compare them over time. But a “Cost of Living” is a different beast for which we don’t have any official measure.”

“So, what’s the CPI for Indiana?” Hank challenges me.

“There’s no CPI for Indiana,” I tell him. “The Bureau of Labor Statistics (BLS) doesn’t give state-by-state measures of prices. They do have figures for the nation, some regions and 23 metro areas. They offer nothing for Indiana except a Chicago number which would contain some Indiana counties.”

“Then how can you talk

about Indiana’s inflation?” Hank says.

“Ah,” I say. “The Bureau of Economic Analysis (BEA) compares prices in each state with those nationally. They tell us back in 2007, before the Great Recession, Indiana’s prices were 91.2 percent of the U.S. average. That put us in 34th place behind Hawaii, if we were in a race to have the highest prices.”

“That’s good,” Hank says.

“Don’t be too sure,” I caution. “In 2018, the latest data we have so far, Indiana stood at 89.3 percent of the national average and in 39th place behind Hawaii.”

“Better and better,” Hank exults.

“Yes,” I play along. “BEA also tells us the national inflation rate was 14.9 percent from 2008 to ’18 and for Indiana it was 12.3 percent (40th behind the State of Washington).

“Super,” Hank is overjoyed.

“It’s close to meaningless,” I tell him. “Don’t you compare the prices you pay to your income? If prices are high and your income is low, life can be tough. Indiana’s median household income in 2018 was \$54,325. That’s 90.1 percent of the national median. Now, when you divide our 90.1 percent income index by our price index (89.3 percent of the nation), we come out just about in the middle at

100.9 and 27th in the country.”

I could tell Hank understood precisely. His bubble was burst. Indiana isn’t really an inexpensive place to live, when you consider our income level. We’re just ordinary, like Ohio and Missouri.

“How ‘bout those Cubs?” Now Hank’s back on a high.

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years, and event goers were required to bring their own tents and chairs.

According to Huang, 1,500 spectators were at the event on Saturday, but they were evenly and safely spaced out. He believes that the state and the city are happy with the safety protocols they put in place.

Furthermore, for those who were not comfortable with being at the event live, Shift S3ctor provided a

livestream, giving the community the Indy Airstrip Attack experience without leaving the comfort of their own home.

Despite all of the COVID-19 related changes that Shift S3ctor was required to make, Huang said that the event went off without a hitch, and that people respected the protocols put in place in order to prevent the spread of the virus.

“The atmosphere has been amazing,” Huang said. “I had the opportunity to meet a lot of the spectators, the drivers, and the sponsors, and everyone is just so excited that the event happened. A lot of events have cancelled, so the atmosphere has been very positive. People are just happy that this event happened and that they are able to sit here and watch a lot of racing.”

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