1. Go to the Bureau of Labor Statistics data webpage http://www.bls.gov/data/. Under Inflation and Prices, go to Prices-Consumer, All Urban Consumers (Current Series) and click on Top Picks to get the Consumer Price Index (CPI). Check All Items, 1982-84=100 and All Items less Food and Energy (called “Core Inflation”). After you retrieve the tables change the beginning date from to 1980.

2. Calculate the inflation rate for both series between 1995 and today using the formula on p. 631, with year2=September 2010 and year1=September 1995.

3. Southwestern’s tuition in September 1994 was $11,850 and it is $31,630 today. Convert the 2010 tuition to 1994 dollars by dividing the 1994 CPI by the 2010 CPI to get the ratio of the two, and multiply the current tuition by this ratio (which is <1). What has been the “real” increase in tuition since 1994, both in dollars and in percentage terms($increase/1994$tuition)? How does this compare to overall inflation for the period calculated above? What do you think causes the difference?

4. Gasoline prices were $1.13 per gallon in 1980. What would the price be in current (2010) dollars? Like before, create a ratio of the 2010 CPI to the 1980 CPI, but use the Core Inflation rate. Multiply this ratio (which is >1) times the 1980 gas price. How much have “real” gas prices risen or fallen since 1980?

5. Use the formula (CPI Period 2 - CPI Period 1)/CPI Period 1 to calculate the inflation rate between September 1980 and 1981, 1990 and 1991, and between 2009 and 2010. How has the inflation rate changed among these periods?