



We do not calculate the CPI correctly: *Quality* Bias

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CPI does not distinguish differences in quality

\$700

With time, **quality improves**: For the **same \$700** consumers now get **8GB** of memory: **a massive drop in price!**

Cost of  
the basket

1 x 700

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To avoid a drop in **real** salary, the **nominal** salary  
must increase by inflation