

## **Pounds and Pence, what is money worth?**

[Music]

Ever get tired of people going on about how things used to be?

Why is everything so expensive these days? I remember when I could get fish and chips for a pound, and still have change left over for a night at the cinema.

Was it really that good? Let's go back in time and take a look.

Everything was much cheaper in the old days. But she's forgotten that in 1975 she also earned a lot less.

Today some might earn, say, five hundred pounds a week. But in 1975 that would be more like thirty a week so they wouldn't have been any better off.

Now if we go forward in time, things have got more expensive. A price is just the way of giving the value to something and that value will depend on a lot of different things. How badly people want it, how much it costs and what people can afford.

So, what causes prices to rise? Here's an example;

Let's say that I've opened a pretty cool and amazingly successful milkshake bar.

"Can I have another one please?"

"Yeah sure, £1.20 please".

So cool in fact, my mates come here all the time, then they tell their other friends about it. So I think I'm on to a good thing here, so I up my prices a bit.

"Can I have another one please?"

"£1.30."

Still worth it I suppose. So I buy the latest super-duper milkshake machine, which makes twenty milkshakes a minute. But it's expensive, so I have to raise the price again, to get enough money to pay for the machine. "£1.50?"

"Sorry?".

Boy 1: The prices of different things rise and fall all the time and people usually try to get the best deal for their money. But when prices of many things is rising, that's called inflation. And a little bit of inflation is okay, as long as peoples' wages grow about the same time. But if inflation is higher, then our money doesn't go so far. And if wages stay the same, then people have to cut back down on how much they spend.

[Music]