C2 · Student lesson · 60–90 minutes

Same Money. Smaller Basket.

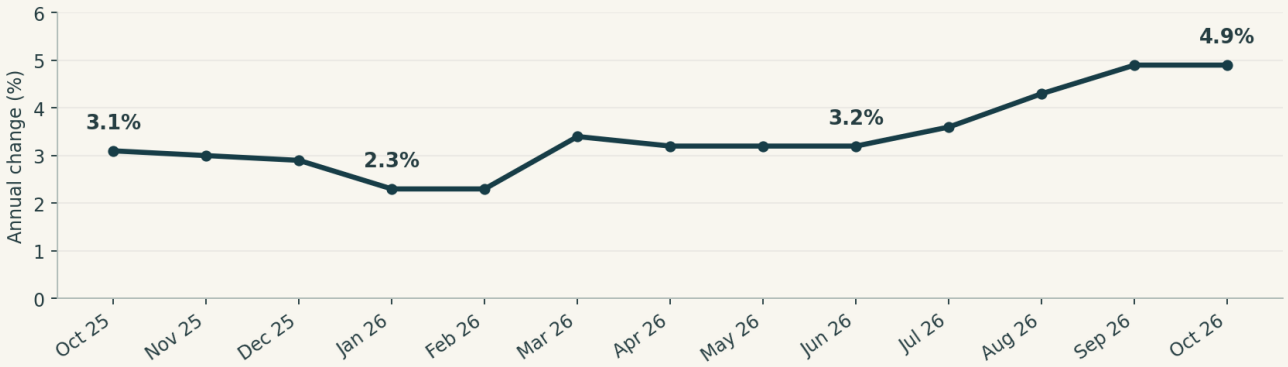
Interrogate competing measures of welfare, identify inferential limits and negotiate a defensible policy under uncertainty.

Talk first

1. What would justify overruling a reassuring aggregate with troubling household evidence?

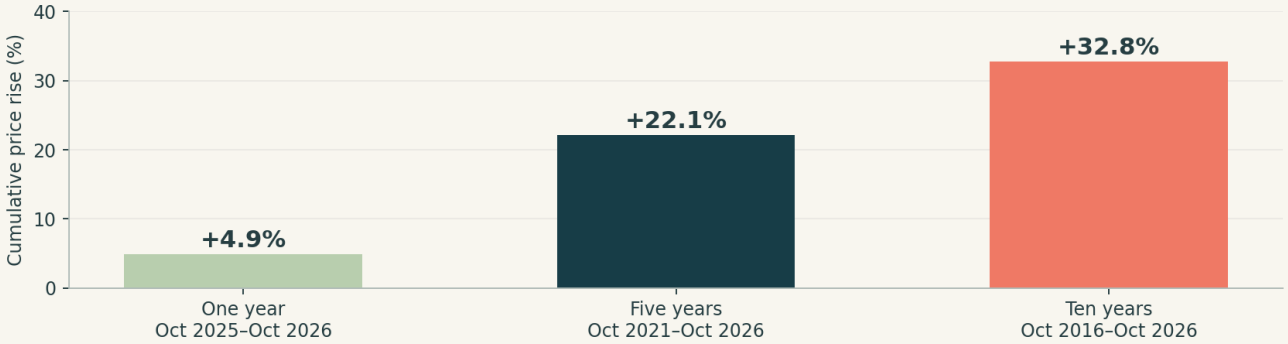
2. Is affordability a statistical property, a political judgment or a relationship between resources and obligations?

Inflation changed. Prices kept rising.



Spain · annual CPI rate, each month compared with the same month a year earlier. These are not month-on-month increases. INE; October 2025–October 2026. Latest release: 13 November 2026.

Same endpoint. Different starting prices.



Spain · national general CPI, same-month comparisons ending October 2026. One year: +4.9%; five years: +22.1%; ten years: +32.8%. The periods overlap: do not add them. Illustrative equivalent of a €100 basket: €104.90, €122.10 or €132.80, respectively. Not the prices of a specific grocery list.

Notice the difference: a slowing positive inflation rate still means the price level is rising.

Did pay keep up?

Spain, April–June 2026 compared with April–June 2025: average gross wage cost per worker rose 4.0%. General consumer prices rose about 3.2%. That average comparison does not mean every worker received a raise. Sources: INE wage-cost release and monthly CPI series.

The price of a reassuring story

Original source-informed classroom reading · Research snapshot: 13 November 2026

Economic narratives often compress three propositions into one: output is expanding, average purchasing power is improving, and people are better off. None follows automatically from the others. GDP concerns production, real earnings concern a price-adjusted income measure, and welfare encompasses circumstances those measures only partly capture. The problem is not that aggregation is illegitimate. It is that a useful summary can become an unwarranted verdict on experiences outside its scope.

Affordability is relational. A price that one household treats as an irritation may force another to reorganize work, care or meals. Exposure depends on contractual obligations, accumulated buffers and the availability of substitutes, not merely income rank. A homeowner with stable housing costs and a renter facing a new contract may interpret the same inflation release very differently. Neither reaction, on its own, settles the validity of the index.

Our evidence separates three questions: how the annual rate has moved, how selected supermarket products have changed, and how much the general price level has accumulated over distinct horizons. Each has a legitimate use. The temptation is to smuggle one answer into another question: to present slowing inflation as recovered affordability, a conspicuous product increase as representative inflation, or a nominal pay increase as an unambiguous gain in living standards.

Even a matched comparison of gross wage growth and CPI cannot resolve every dispute. Composition effects can alter average earnings, household baskets differ, and taxes or transfers mediate disposable resources. Nor does a modest real increase over a recent interval establish restoration to an earlier baseline. Precision in a calculation is valuable only when the surrounding inference is equally disciplined. A narrow estimate should retain a narrow claim.

Household adaptation complicates interpretation further. Switching products, postponing replacement or investing more time in shopping may keep recorded spending stable while changing the quality, convenience or reliability of what people receive. Spending more can likewise reflect higher prices rather than greater consumption. Treating expenditure alone as revealed satisfaction overlooks the constraints under which choices are made, although discounting all such choices would disregard genuine agency.

There is also a distribution of adjustment costs. A strategy that saves money through preparation may shift work into the home. A bargain requiring cash up front excludes someone who could benefit most from it. Reducing social spending can diminish networks that make other difficulties manageable. The question is not whether people should ever tighten their belts, but whether the proposed belt-tightening is feasible, consequential and fairly distributed.

Price regulation raises a parallel problem of scope. A temporary ceiling aimed at a specific market disruption is analytically different from a general attempt to suppress prices without addressing scarcity. Whether intervention preserves access depends on coverage, enforcement, supplier viability and the response of demand. Subsidizing the difference may sustain supply but relocates the burden to public finance. An attractive headline cannot eliminate that incidence.

Alternatives also require scrutiny. Targeted transfers can preserve consumer choice while creating exclusion through eligibility and administrative friction. Tax reductions may be incompletely passed through. Competition policy and additional supply may address durable causes while leaving immediate hardship unresolved. A credible package may therefore combine measures whose time horizons differ, provided its rationale and costs remain intelligible.

The task is to make a judgment without claiming certainty that the evidence cannot supply. State the harm to be prevented, the counterfactual against which success is assessed, and the people whose welfare matters most. Then identify what observation would count against the proposal. A policy defended only by its intentions, or a narrative insulated from contrary evidence, is not strengthened by sophisticated vocabulary.

Language worth keeping

distributional incidence — how benefits and burdens fall on different groups

composition effect — a change in an average caused by changes in the mix of people or items

counterfactual — what would plausibly have happened without the action or event

inferential leap — a conclusion that goes beyond what the evidence supports

binding constraint — a limit that materially restricts available choices

administrative friction — practical obstacles in accessing or delivering a system

substitution — replacing one good or option with another

restore purchasing power — return the amount money can buy to an earlier level

make do — manage under imperfect conditions using available resources

falsifiable claim — a claim for which evidence could show it to be wrong

Use two expressions to describe different spending choices. Give enough context to show their meaning.

Useful language

• The calculation is sound; the inference depends on ___.

• That framing conflates ___ with ___.

• Against which counterfactual are we assessing ___?

• The measure is defensible to the extent that ___.

• I would revise my position if ___, but not merely because ___.

Find the evidence

1. Which three propositions does the opening separate?

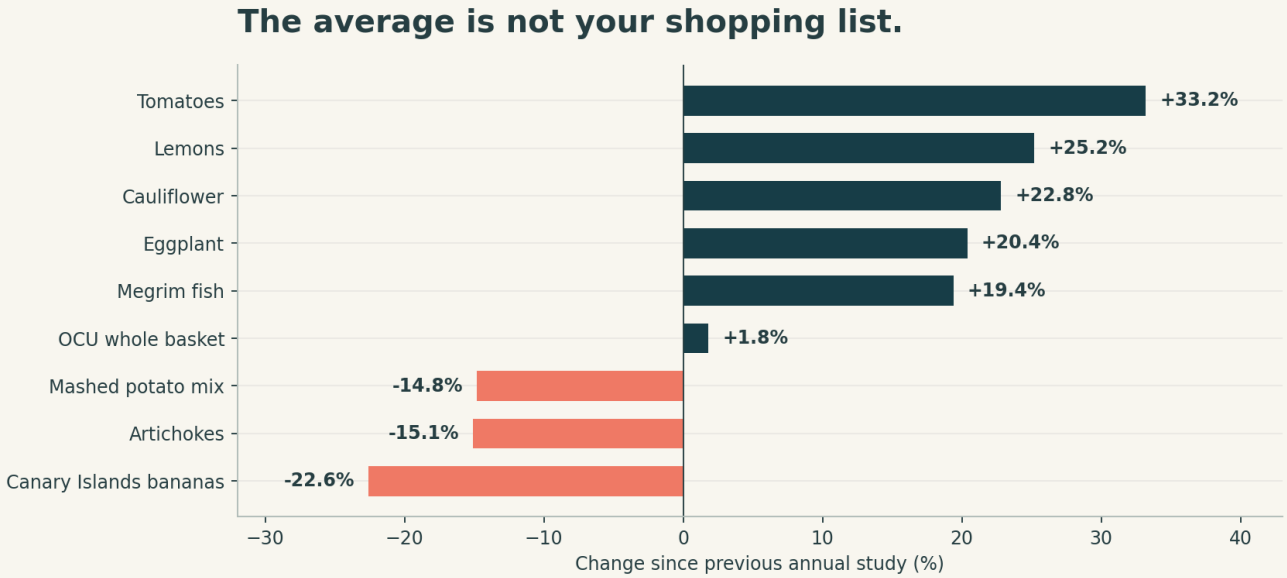
2. How can unchanged spending conceal a loss?

3. Why does a subsidy not erase a price-control burden?

4. What makes the final proposal open to scrutiny?

Discuss your answers and point to a supporting sentence. Opinion questions can have more than one defensible answer.

The average is not your shopping list



Selected products from OCU's 2026 annual supermarket study compared with its previous study. Prices collected April–May 2026. Percentage changes, not euro prices; selected examples are not a representative average. The whole basket also includes household and hygiene products.

1. Identify one legitimate inference and one overreach for each visual.

2. If a basket rises 32.8%, would a 32.8% fall return it to its starting price? Explain.

3. How could a comparison that is mathematically correct still misrepresent lived affordability?

Budget food, with a side of economics

Hamburger Helper stretches added ground beef with boxed pasta and sauce mix; instant ramen supplies the familiar US student-budget counterpart. In 2025, David Hebert argued in The Daily Economy that budget-food demand can expose pressure obscured by aggregate growth. The informal "index" invites a useful question, not a causal verdict: sales revenue need not track sales volume, and substitution need not establish falling income. Which inexpensive meal would remain your choice even if your budget doubled?

What people report cutting

ONS, Great Britain, August 2026: 59% of adults reported spending less on non-essentials because of higher living costs; 43% shopped around more; 38% spent less on food shopping and essentials. Multiple actions were possible. This is not a Spanish survey.

Optional listening · opening excerpt, maximum 3 minutes

Federal Reserve Education: Inflation. Use the official video and transcript; preview playback. If unavailable, your teacher can read the short original fallback.

1. Separate the measure described from the welfare judgments it might invite.

2. Evaluate the explanatory scope of a basket-based comparison.

Open official video and transcript

A conversation worth having

Choose questions that interest you. Ask a follow-up, respond to a different view and use an expression from the language page. Fictional answers are welcome.

Measurement and judgment

1. Which dimensions of welfare can a cost-of-living index reasonably be expected to capture?
2. When should qualitative household evidence alter interpretation of an aggregate?
3. How might substitution conceal changes in welfare?
4. Which counterfactual would make a “recovery” claim meaningful?

The burden of adaptation

1. Who performs the extra labor behind apparently successful economizing?
2. Is protecting a minor pleasure defensible when a household runs a deficit? Under what conditions?
3. What would distinguish constrained choice from a stable preference?
4. Which saving strategy could deepen vulnerability despite reducing current spending?

Policy under uncertainty

1. Specify a price intervention narrow enough to evaluate and broad enough to matter.
2. How should uncertainty about shortages affect the burden of proof?
3. What exit rule would balance credibility with the risk of withdrawing support prematurely?
4. Could a policy improve welfare while making a headline inflation measure look worse? Explain a mechanism.

Claims and accountability

1. What observation would falsify your preferred explanation of current pressure?
2. Can personal experience establish a general trend? What else is needed?
3. How would you communicate uncertainty without appearing evasive?
4. Which compromise could you defend publicly even if it were not your first choice?

Decision challenge

Use the fictional budget as a stress test, not a representative household. Propose a package that addresses the €80 shock while preserving meaningful choice. State its distributional incidence, a plausible counterfactual, an adverse scenario, two evaluation measures and an exit or revision rule.

30-minute extension

Compare two fictional households with identical income but different rent, care and transport commitments. Construct the strongest case for and against giving them equal public support.

Exit ticket: one useful expression, one evidence-based claim and one idea you reconsidered.

Make the plan work

Fictional monthly budget	Amount
Housing and bills	€1050
Food and household goods	€420
Transport	€160
Health and essential care	€90
Phone and internet	€60
Social life and subscriptions	€120
Savings / emergency buffer	€100

Income €2,100. Current spending €2,100. Essential costs rise €80.

Possible monthly change	Saving
Switch some brands / reduce food waste	€25
Cancel one subscription	€15
Two fewer takeout meals	€30
Walk or use an existing bus pass for suitable trips	€20
Renegotiate phone plan	€10
Delay a non-urgent purchase	€30
Reduce the savings contribution this month	€40

Illustrative estimates only. Do not double-count food savings. Discuss time, transport and access; protect essential care and adequate food.

Should the government step in?

Temporary price ceiling: Set a legal maximum for selected essential goods. It may provide immediate relief; if set below a viable supply price without support, it can discourage supply or create shortages. Define the product, duration and enforcement.

Targeted support: Give eligible households cash or vouchers. This can focus help on need; eligibility rules, missed applicants, funding and price effects need attention.

Tax relief and competition: Reduce selected consumption taxes or improve competition and price transparency. Benefits depend on how much reaches shoppers; tax cuts cost public revenue and competition measures can take time.

Who benefits, who pays, what might go wrong, and what evidence would justify changing the plan?

Full source links, chart data and student activities online

Keep the conversation going.
Scan for this version’s free student lesson, source links, charts and student PDF. No account needed.