

HOW GOLD RUSH INFLATION SENT COFFEE PRICES TO THE HIGHEST IN AMERICAN HISTORY

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Life in America is getting more and more expensive by the day. Photos of gas prices in California are stoking fears of inflation across the country. There's reason for concern, as inflation is at the highest rate seen since 1982. But if you think California is bad now, remember that it can always be worse.

In 1848, carpenter and famous hard-luck case James W. Marshall found gold while building John Sutter's sawmill on California's American River. The find sparked an influx of settlers into the region over the next seven years, which we now call the California gold rush. While we remember the gold rush in books, cartoons, and a Bay Area football team, the reality is that it wasn't all eureka moments for the people who settled there.

The sudden arrival of an estimated 300,000 people in an area with a population of almost half that number caused a lot of problems. When hundreds of thousands of people rushed to California in search of gold and fast fortunes, the inflation rate in California skyrocketed to levels never seen in American history, jumping to more than 30%.

California miners and other laborers paid in the neighborhood of \$40 for a pound of coffee. As of March 2022, the price of coffee on the world market is the highest since 2011 but is still around \$2.50 a pound. By 1849, Californians were paying \$1,200 per pound in today's dollars.

“Edward Gould Buffum, author of *Six Months in the Gold Mines* (1850), described having a breakfast of bread, cheese, butter, sardines and two bottles of beer with a friend and receiving a bill for \$43 – the equivalent [in 2015] of about \$1,200. There were reports of canteens charging a dollar for a slice of bread or two if it was buttered, the equivalent of \$56. A dozen eggs might cost you \$90.”

If the “forty-niners” wanted to replace a pair of boots, which they probably needed to go out prospecting for more gold, it would cost around the modern equivalent of \$3,000. If they needed a pickaxe to dig with, the tool would have cost them roughly \$1,500.

It seems like the only people who didn't benefit from the California gold rush were James Marshall and John Sutter, who profited from neither the gold nor their sawmill.