

# **A Generational Perspective on Living Standards: Where We've Been and Prospects for the Future**

**Neil Howe and Diana Elliott**

**April 2, 2015**

**Federal Reserve System Community Development Research Conference  
Washington, DC**

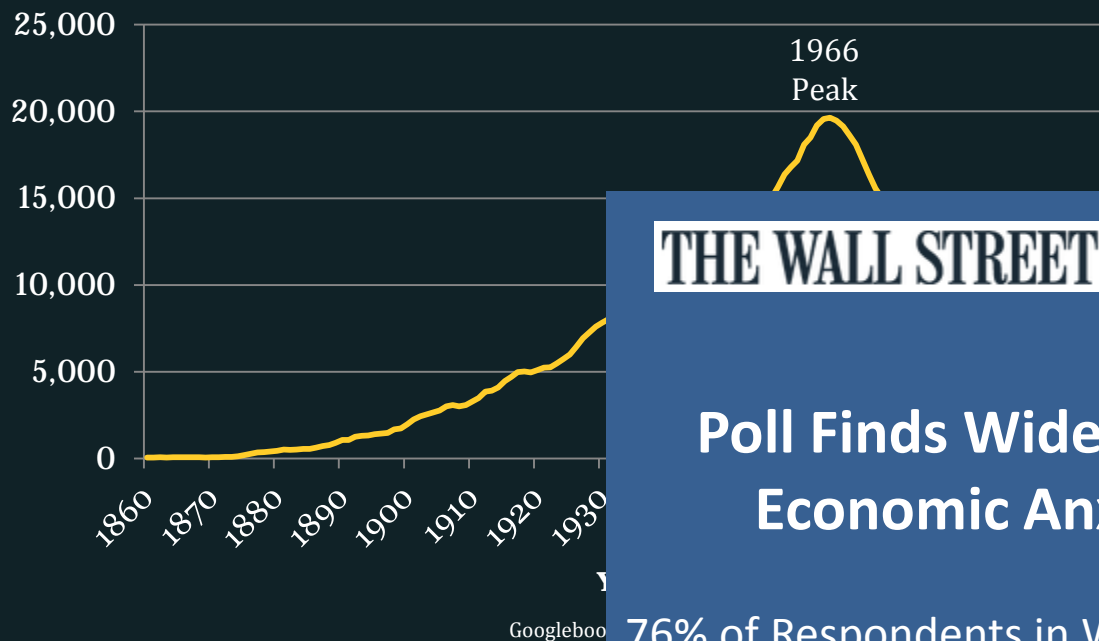


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Mentions per 10<sup>10</sup> Googlebook Sentences

## Google Ngram Mentions of Phrase “Economic Progress”

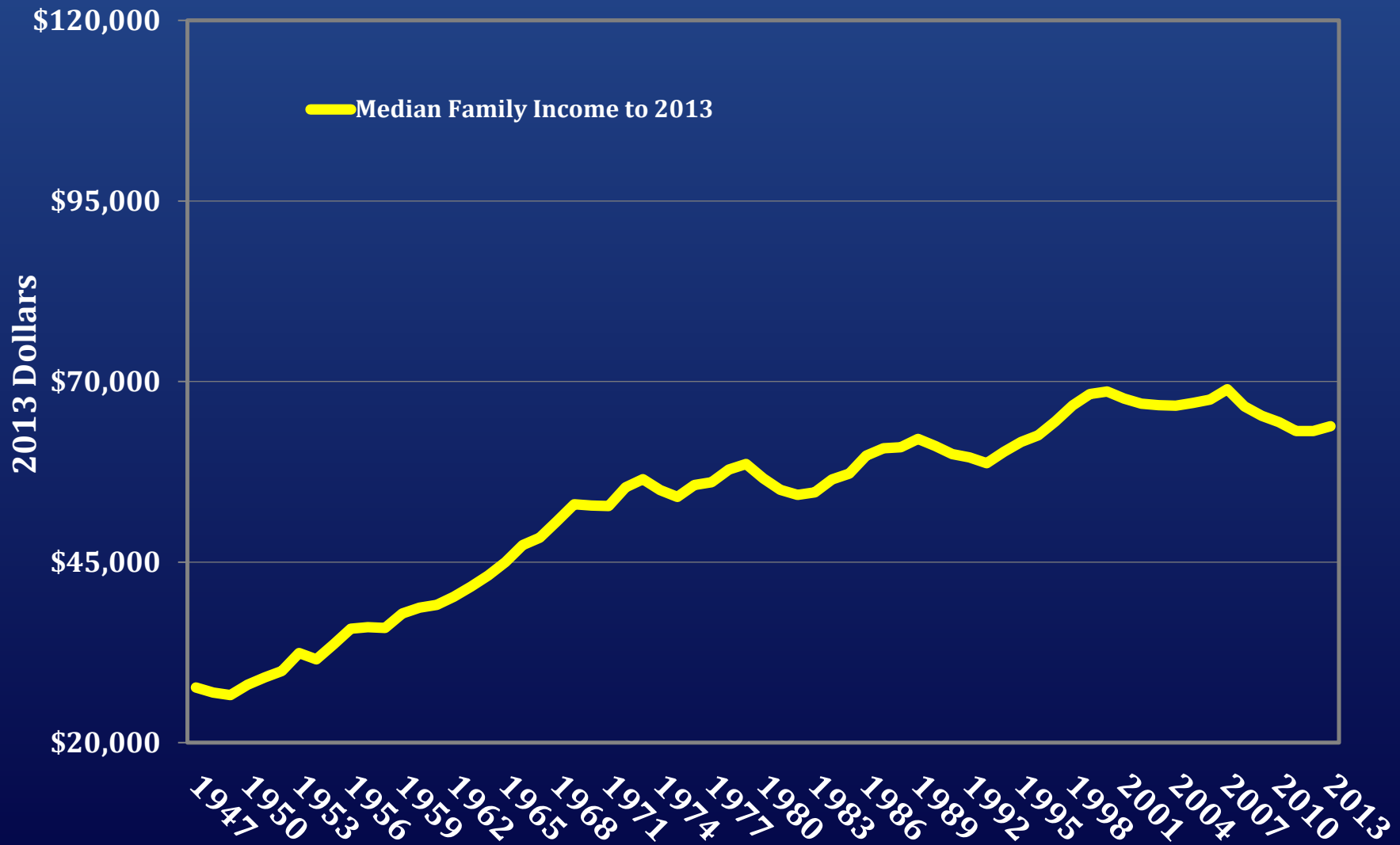


THE WALL STREET JOURNAL.

## Poll Finds Widespread Economic Anxiety

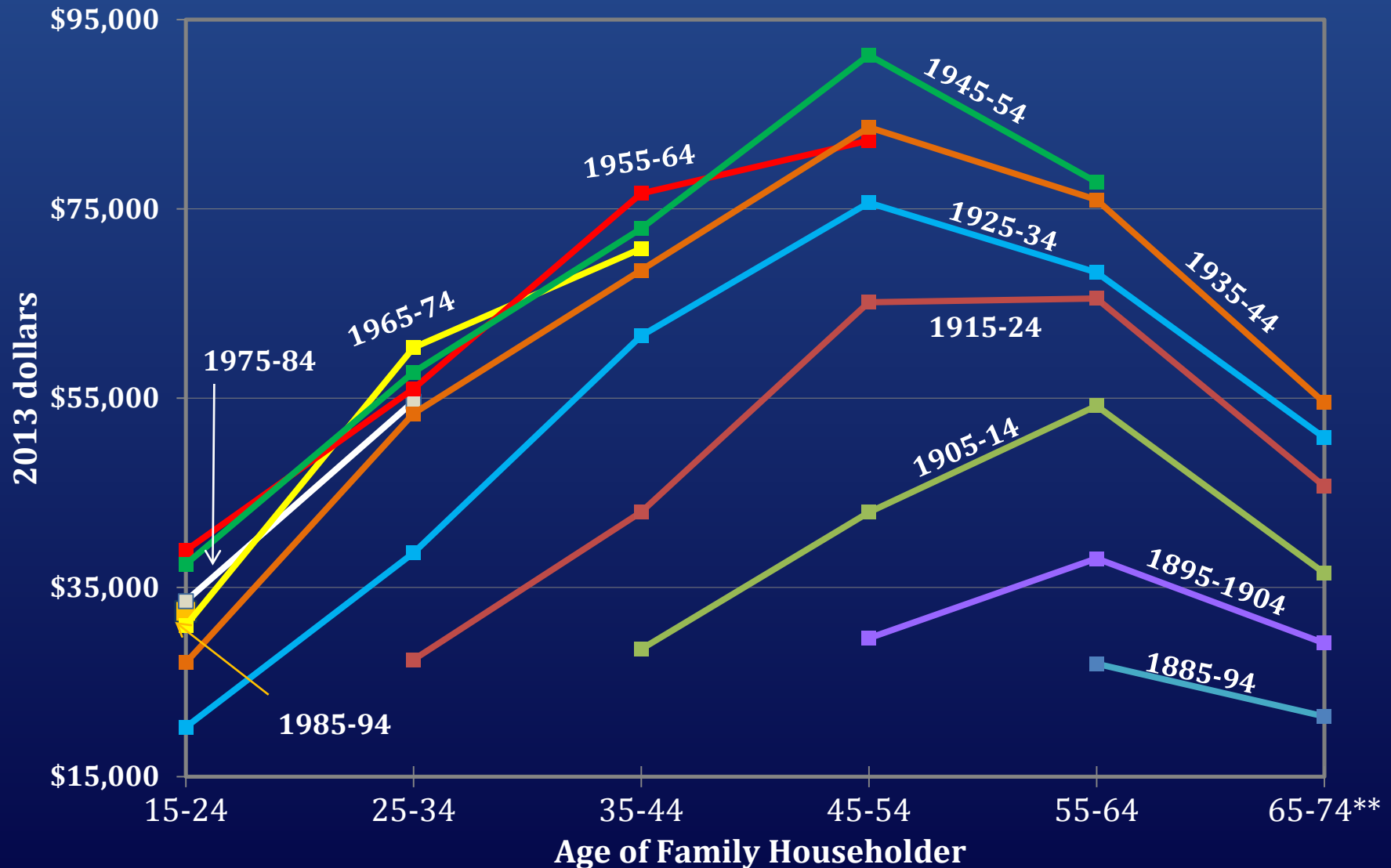
76% of Respondents in WSJ/NBC Poll Fear Their Children's Generation Will Have Fewer Opportunities—An All-Time High (Aug 5, 2014)

# Alternative Measures of U.S. Standard of Living, 1947-2013, in Constant 2013 \$\*



\* All series deflated to 2013 dollars with CPI-U-RS  
Sources: SCF, Fed Bulletin (2013 and earlier years); CPS, Table F-11, Census (2015)

# Real Median Family Income by Age Bracket, from 1885 to 1994 Birth Cohort\*

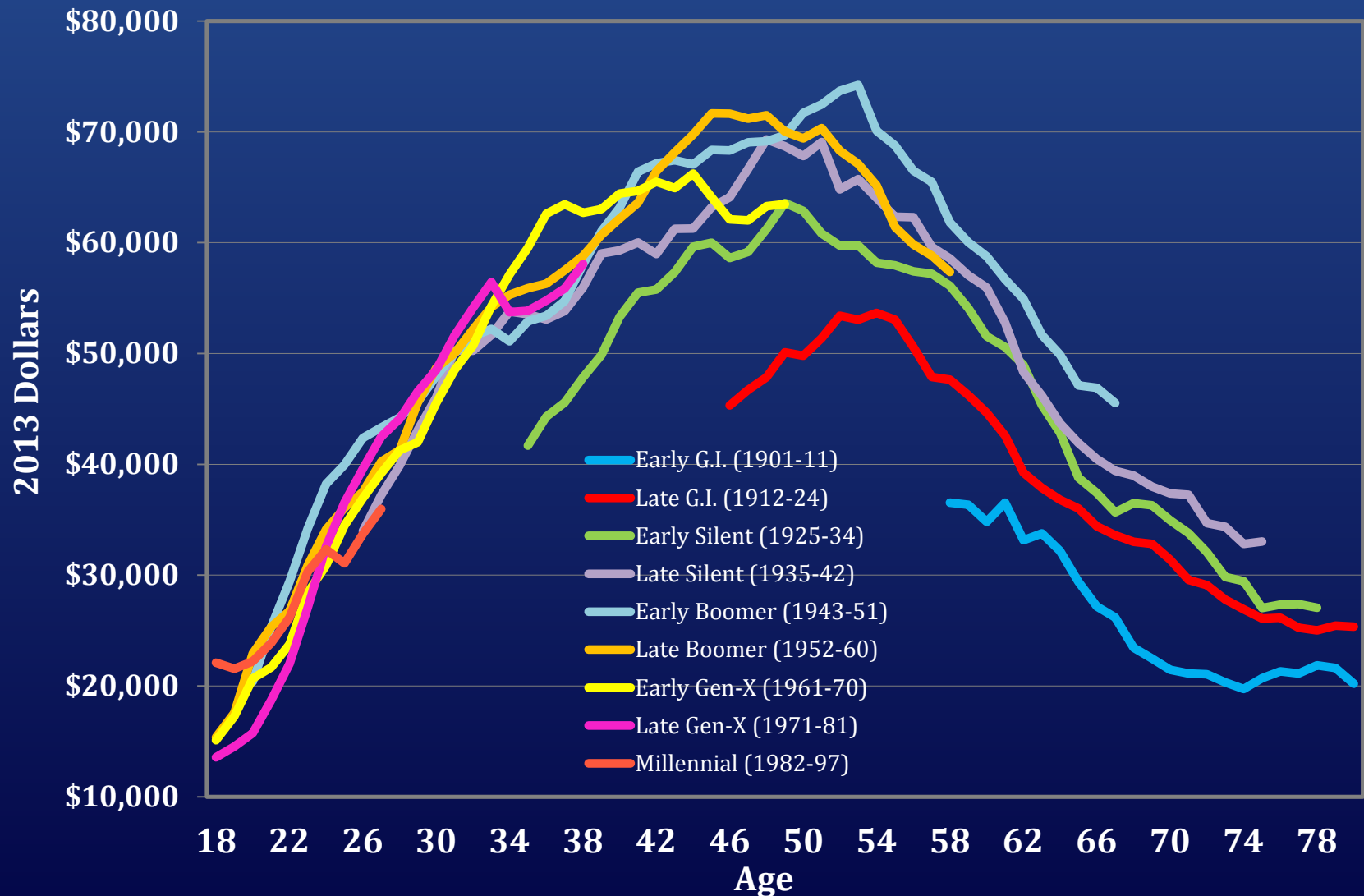


\* Families only, at exact date birth cohort coincides with age bracket; all series deflated to 2013 dollars with CPI-U-RS

\*\* Trended from values for all 65+ before 1987

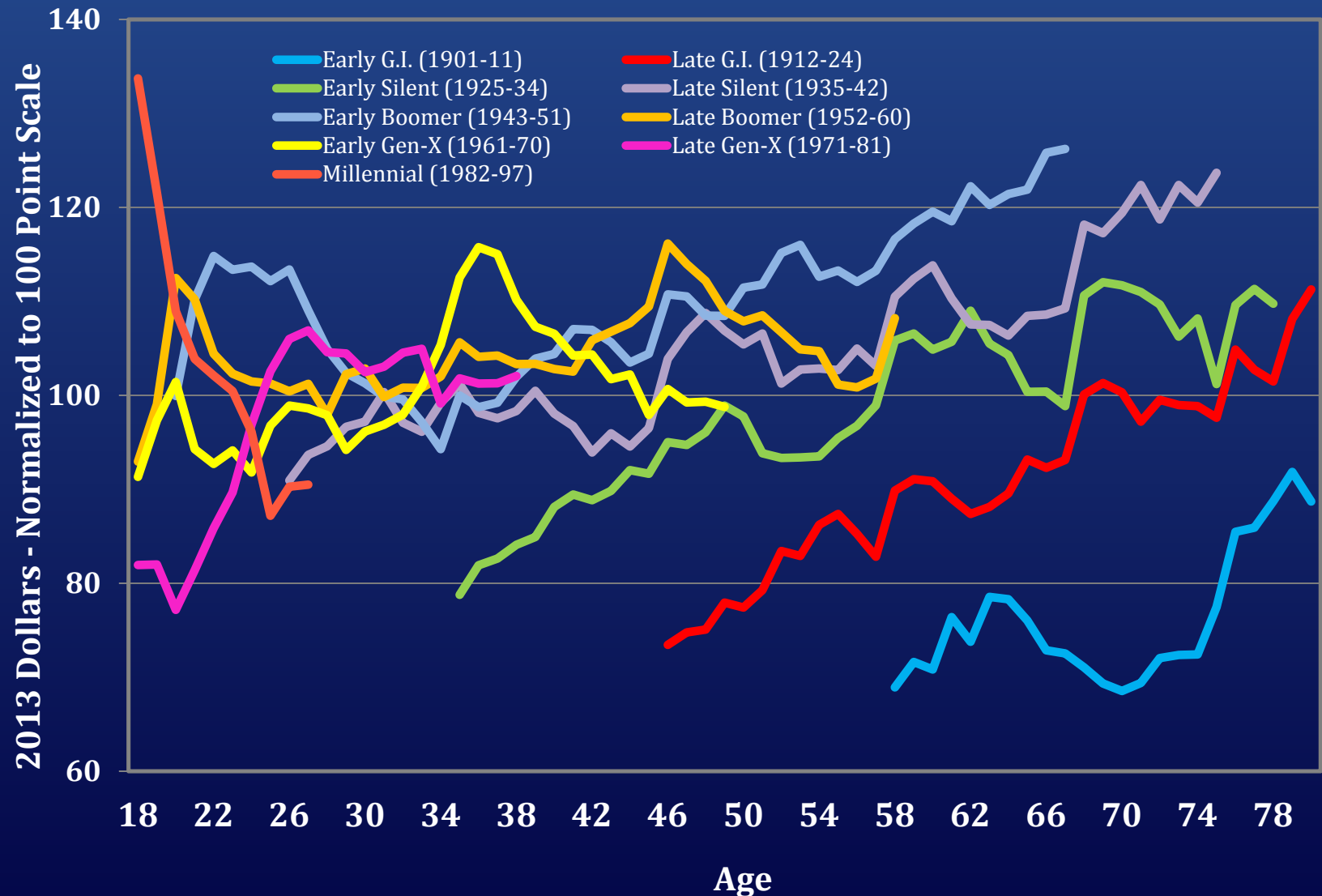
Source: CPS, Table F-11, Census (2015)

# Lifecycle Income for Half Generations, in Constant 2013 \$\*



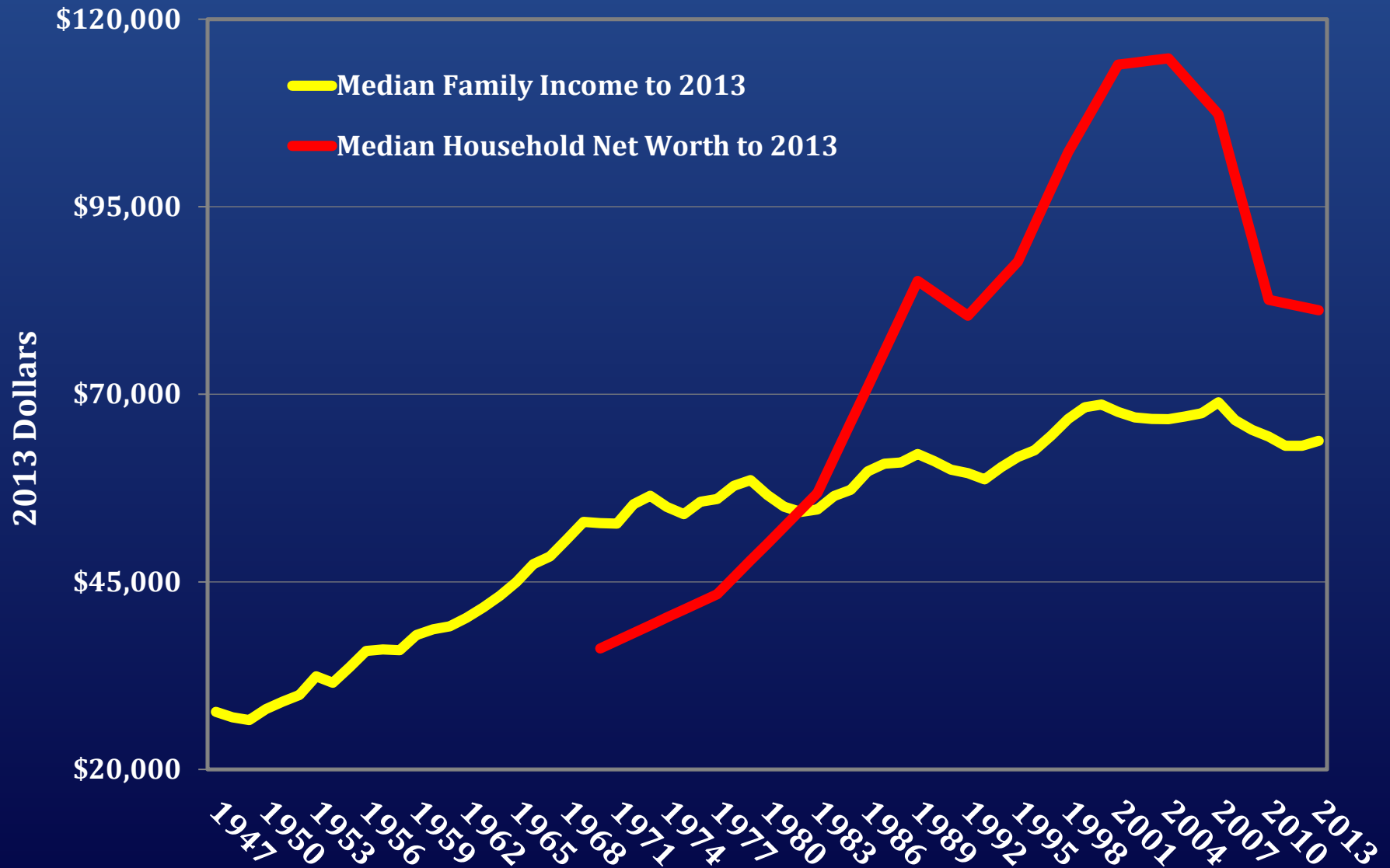
\* All series deflated to 2013 dollars with CPI-U-RS  
Source: IPUMS-CPS (1964-2014)

# Lifecycle Income for Half Generations, Normalized to 100 Point Scale, in Constant 2013 \$\*



\* All series deflated to 2013 dollars with CPI-U-RS  
Source: IPUMS-CPS (1964-2014)

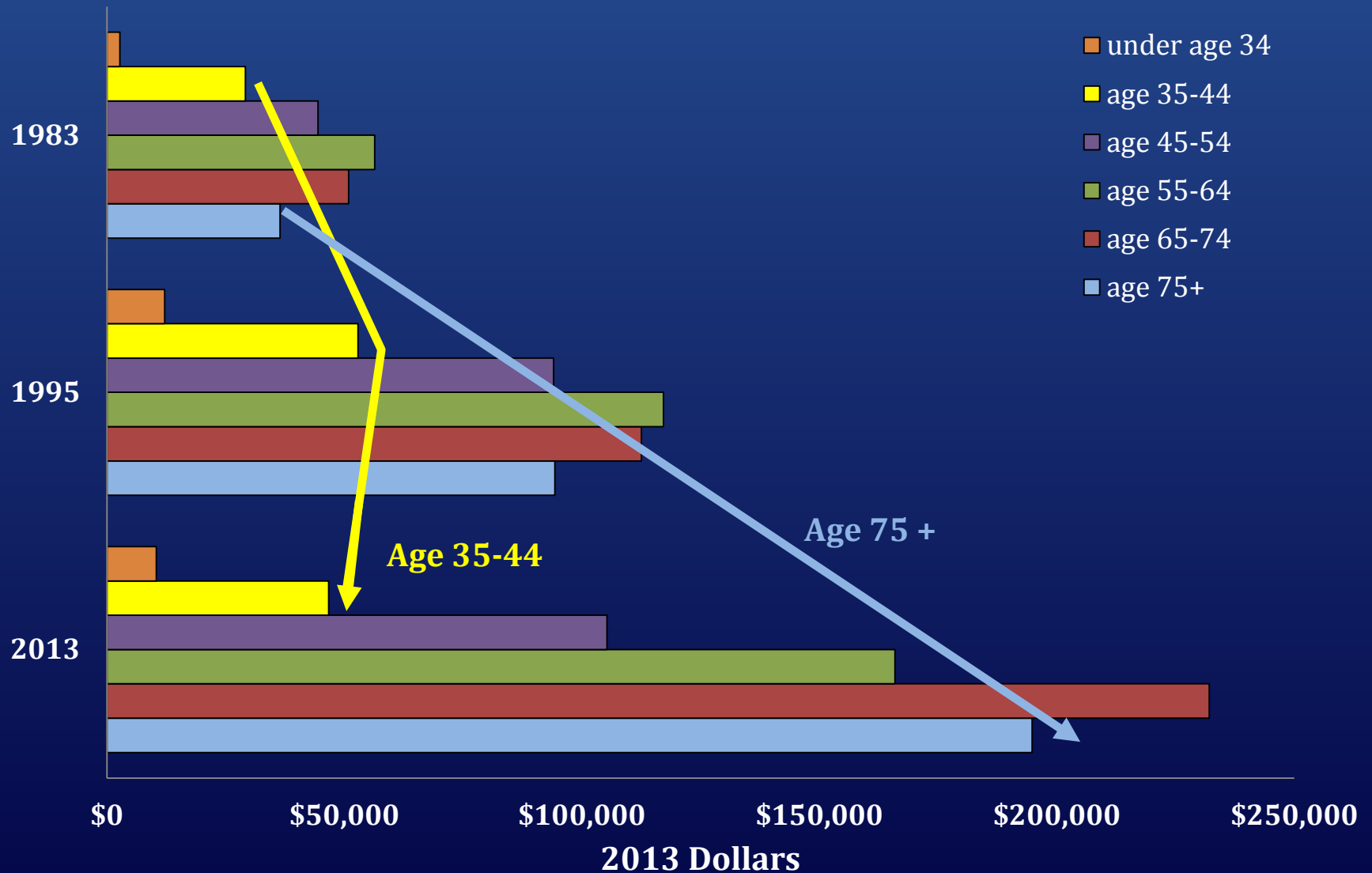
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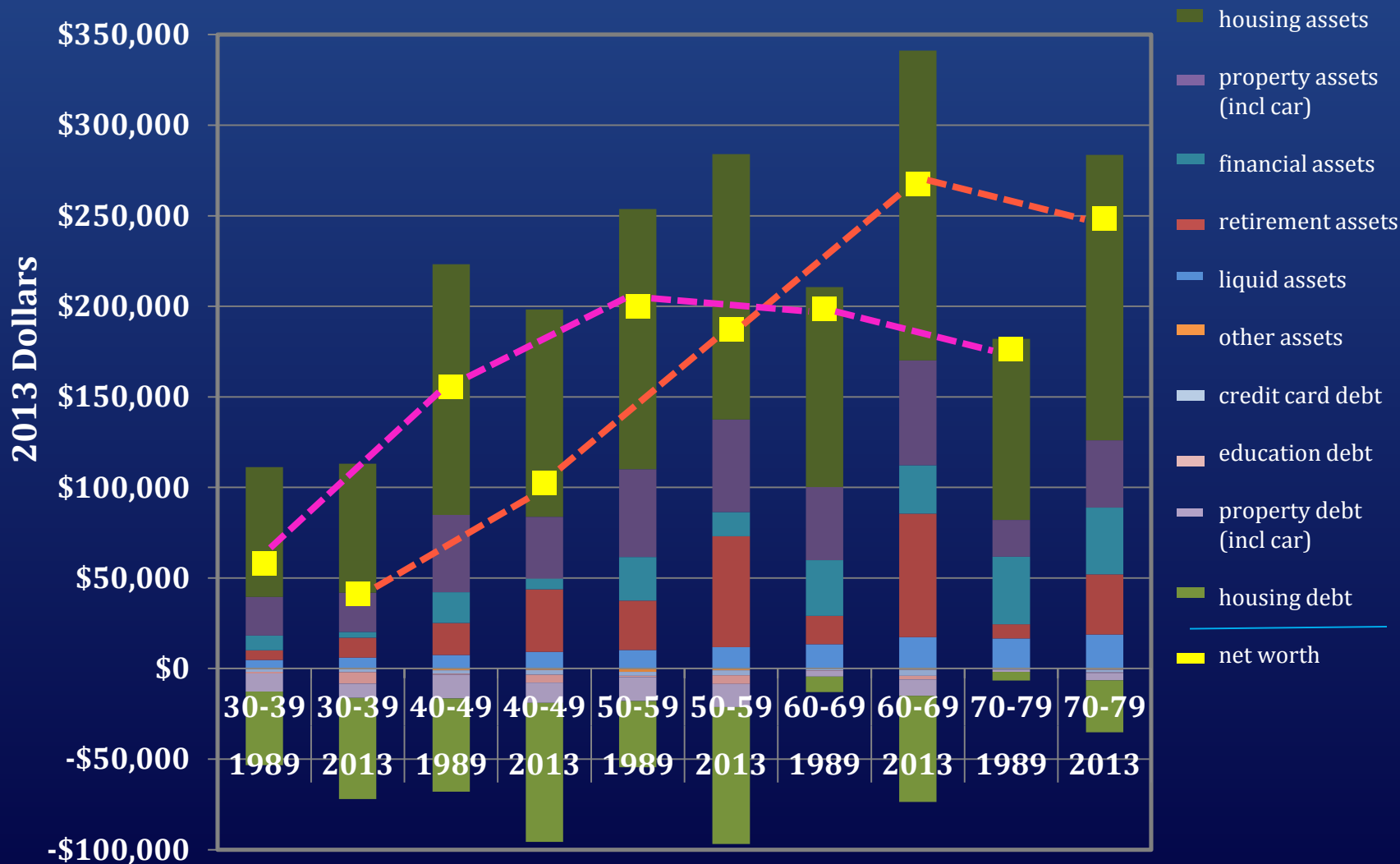
# Real Median Family Net Worth, by Age: 1983 to 2013\*



\* All series deflated to 2013 dollars with CPI-U-RS  
Source: Survey of Consumer Finances, Fed (2014 and earlier)

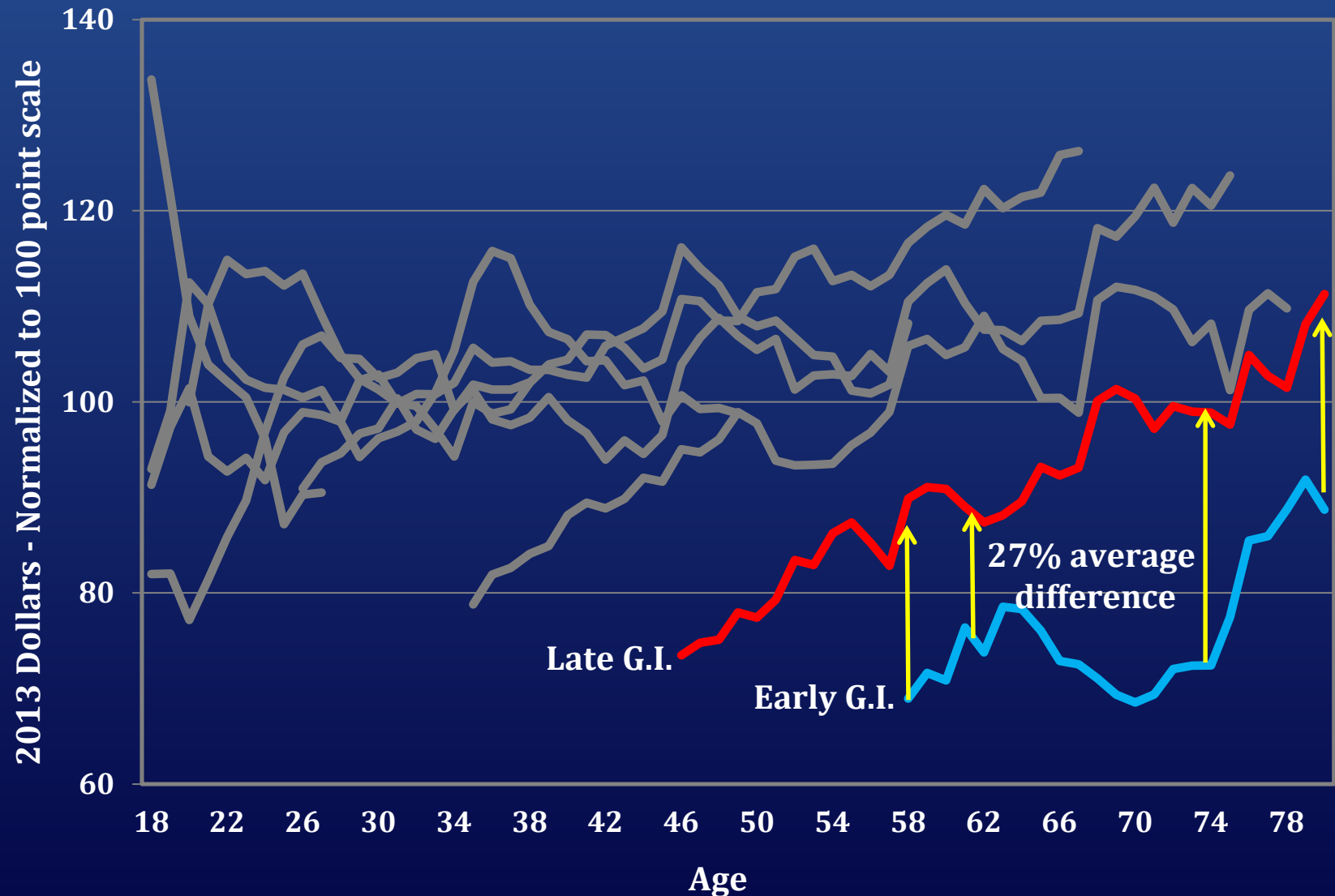


# Average Net Worth and Composition of Assets and Liabilities of the Middle 60 Percent of the Wealth Distribution by Select 10-Year Age Groupings: 1989 and 2013\*



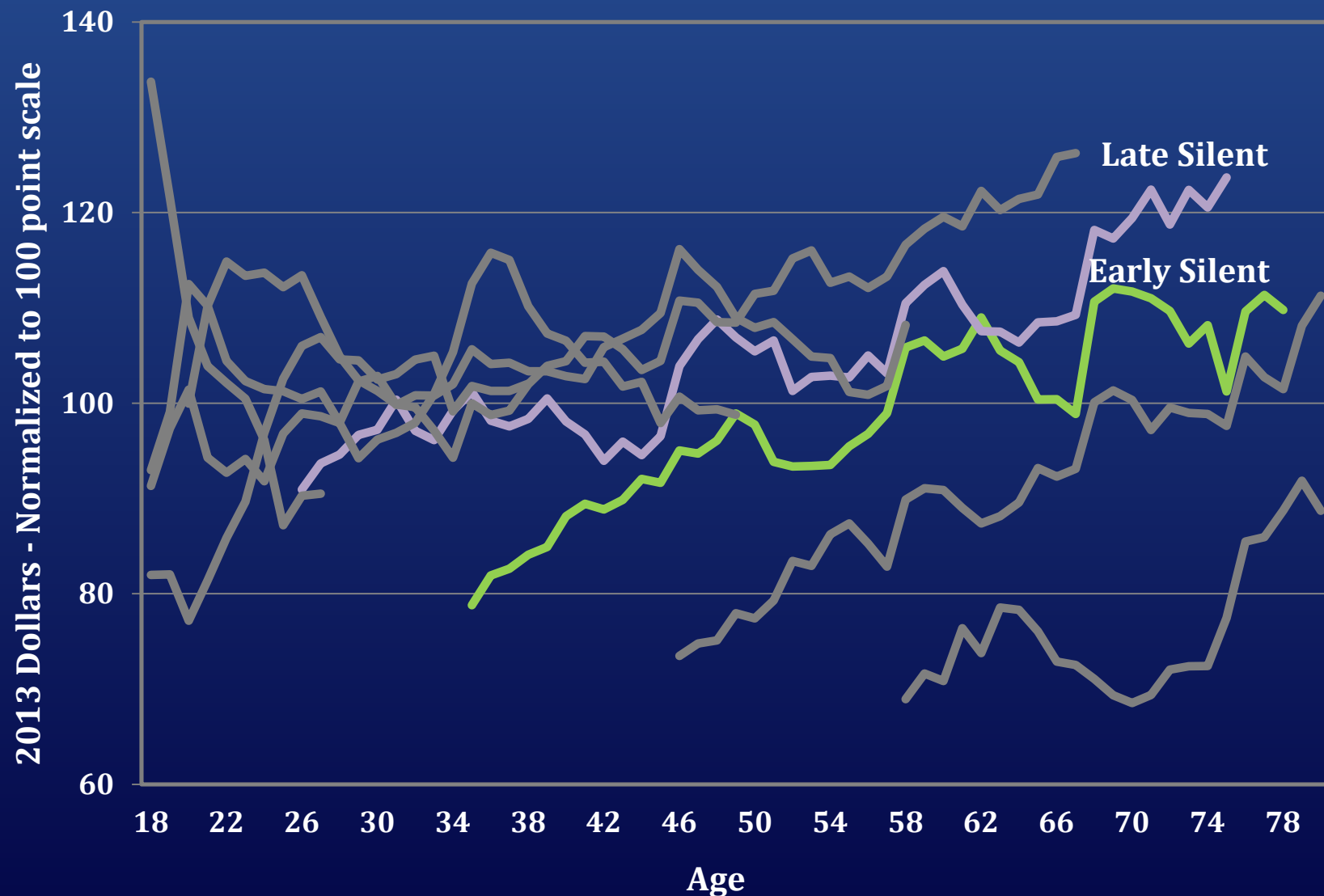
\* All series deflated to 2013 dollars with CPI-U-RS  
Source: SCF (1989 and 2013)

# Lifecycle Income for Early and Late G.I.s, Normalized to 100 Point Scale, in Constant 2013 \$\*



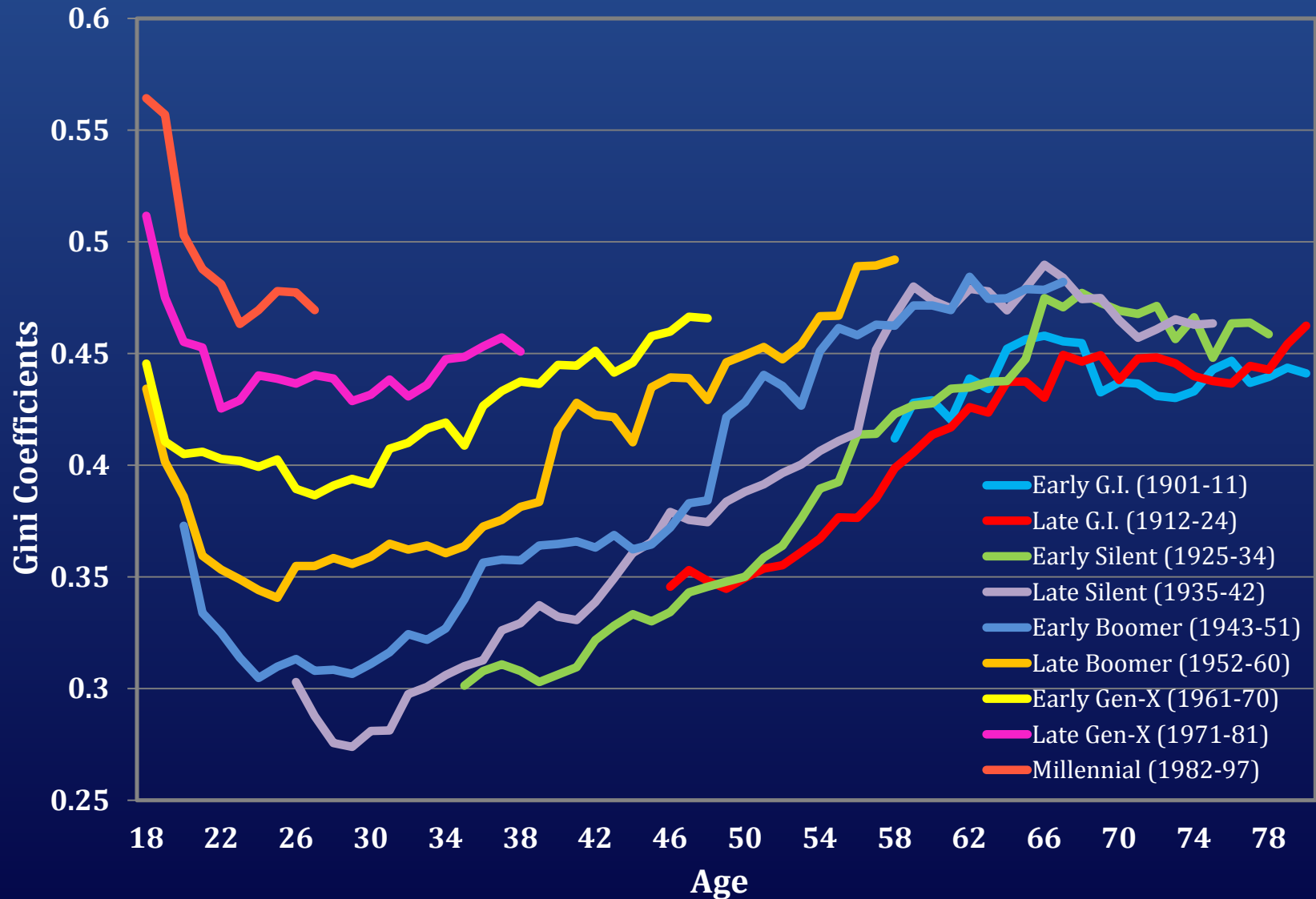
\* All series deflated to 2013 dollars with CPI-U-RS  
Source: IPUMS-CPS (1964-2014)

# Lifecycle Income for Early and Late Silent, Normalized to 100 Point Scale, in Constant 2013 \$\*



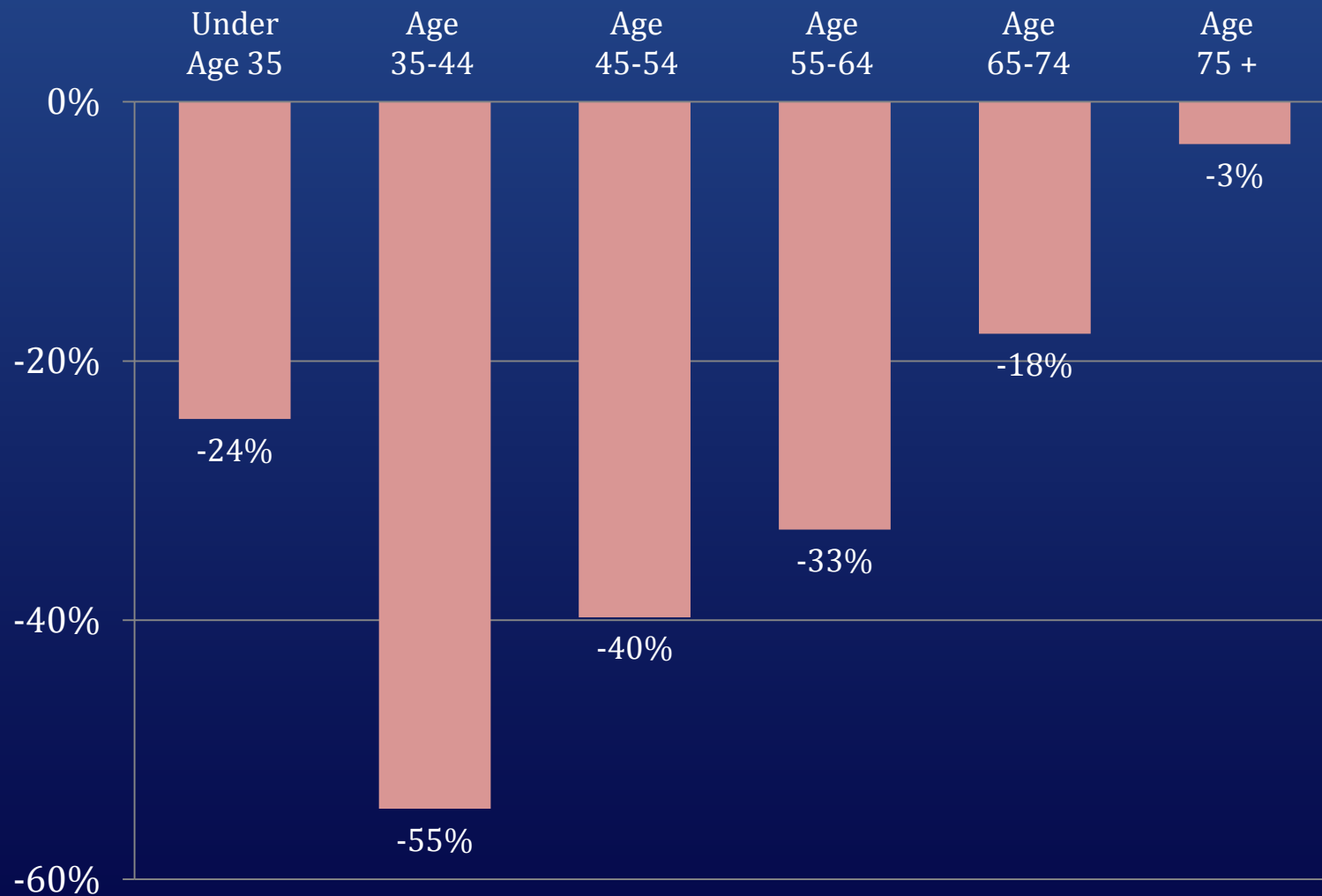
\* All series deflated to 2013 dollars with CPI-U-RS  
Source: IPUMS-CPS (1964-2014)

# Gini Coefficients for Half Generations, by Average Age



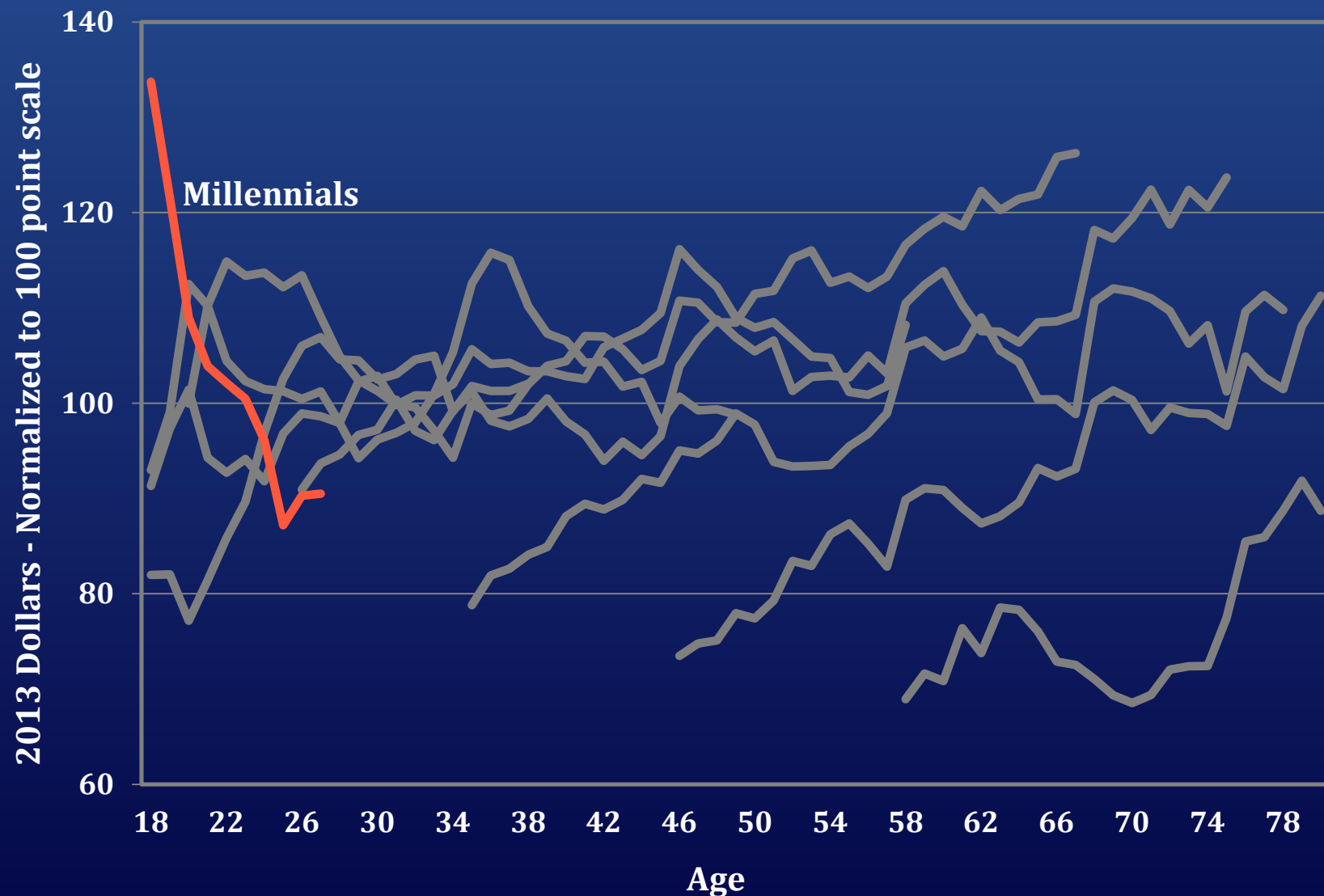
\* All series deflated to 2013 dollars with CPI-U-RS  
Source: IPUMS-CPS (1964-2014)

## Change in Real Median Household Net Worth, by Age: 2007 to 2010\*



Source: SCF, Fed Bulletin (2007 and 2010)

# Lifecycle Income for Millennials, Normalized to 100 Point Scale, in Constant 2013 \$\*



\* All series deflated to 2013 dollars with CPI-U-RS  
Source: IPUMS-CPS (1964-2014)

## A Generational Perspective: Some Concluding Remarks

- ❑ The declining generational trend in median affluence is not a new development.
- ❑ Inequality is on the rise—and this too started with late Boomers.
- ❑ The relative affluence of today's elderly is historically unprecedented.
- ❑ Generation X (in our opinion) is currently in the greatest danger.
- ❑ Millennials will be helped not just by their better macro timing, but also by a positive generational shift in their attitudes and behaviors.
- ❑ The American Dream is re-imagined by each generation.

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