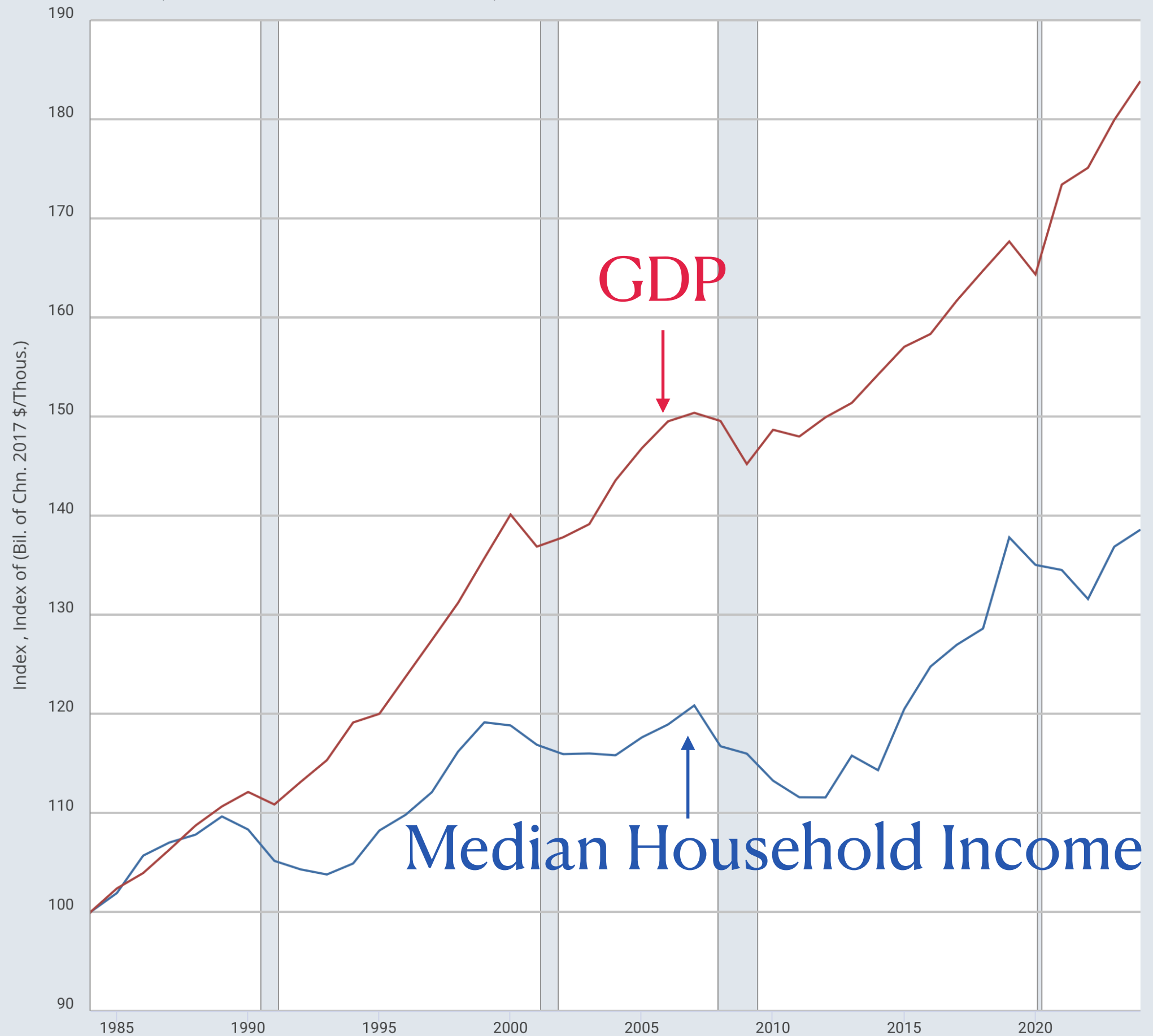


Affordability

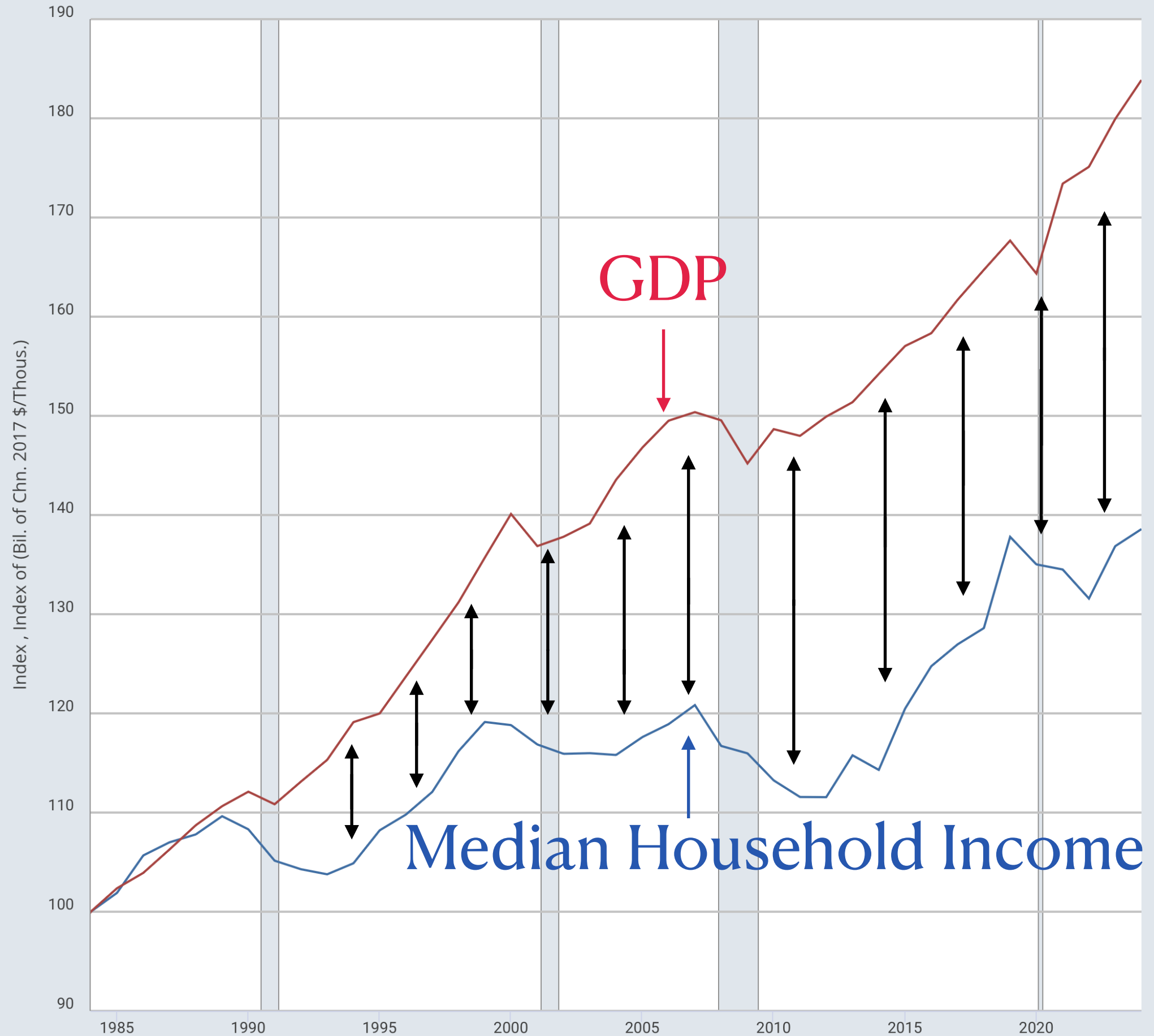


Sources: U.S. Bureau of Economic Analysis; U.S. Census Bureau via FRED®

Shaded areas indicate U.S. recessions.

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Sources: U.S. Bureau of Economic Analysis; U.S. Census Bureau via FRED®

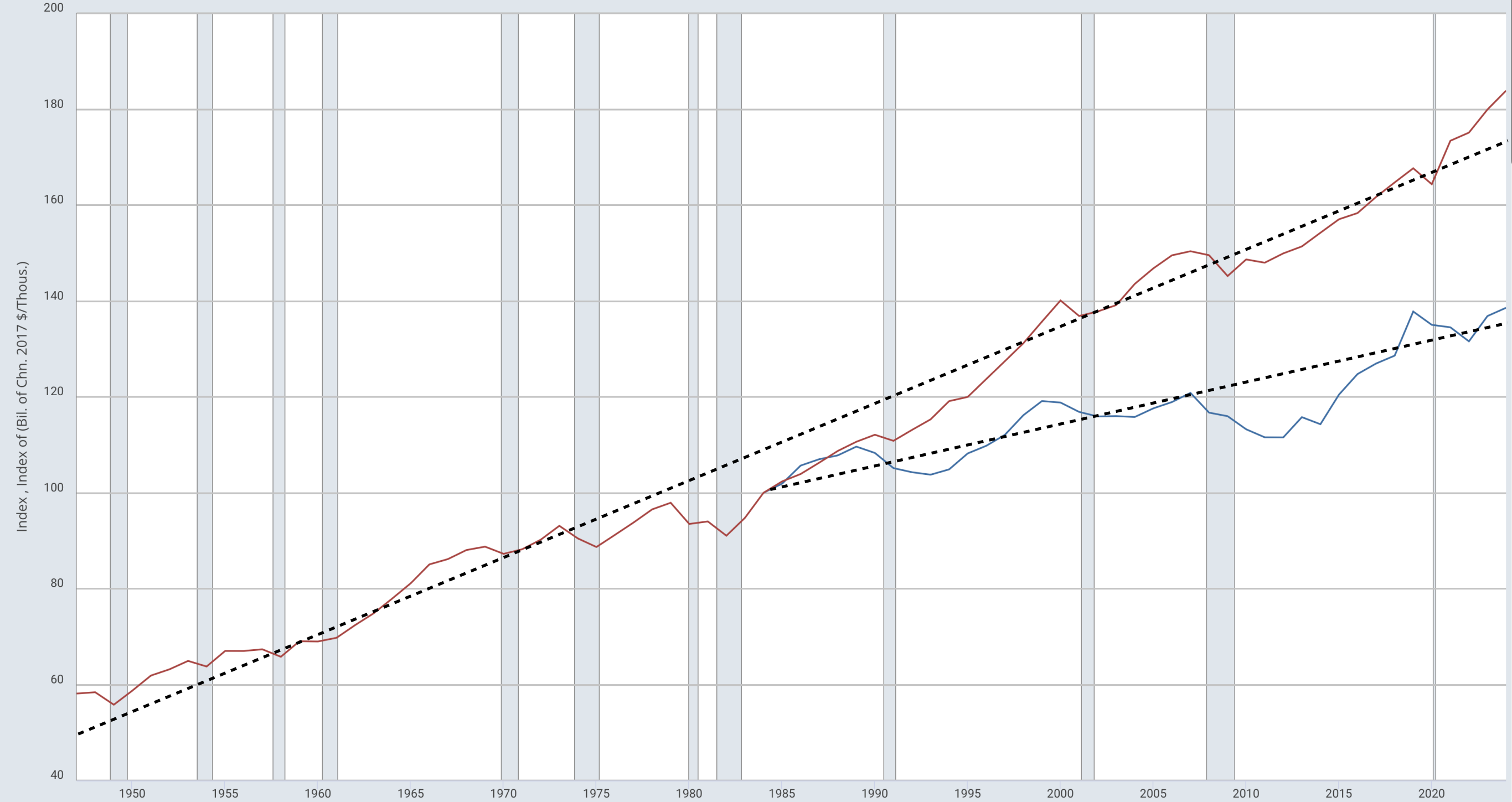
Shaded areas indicate U.S. recessions.

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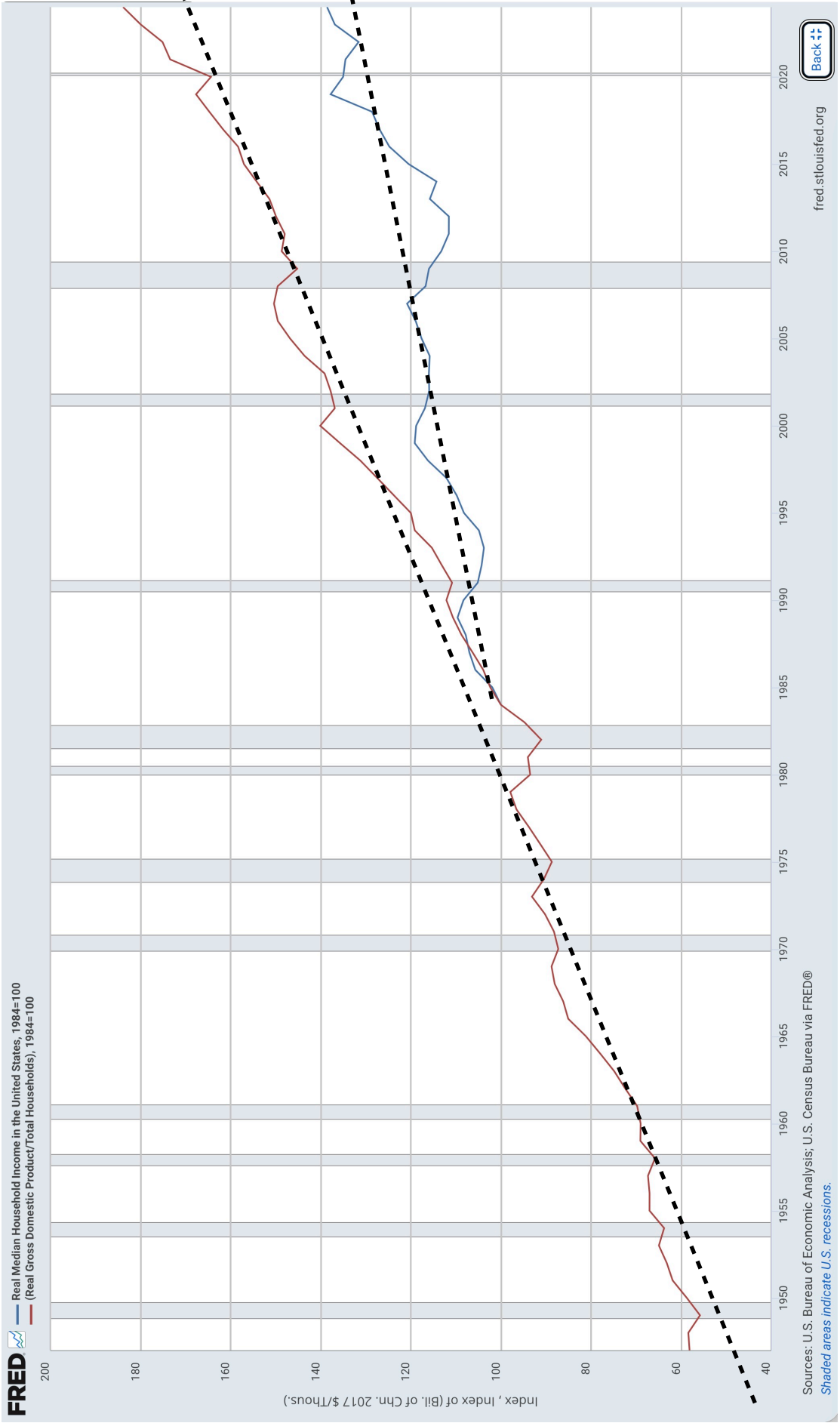


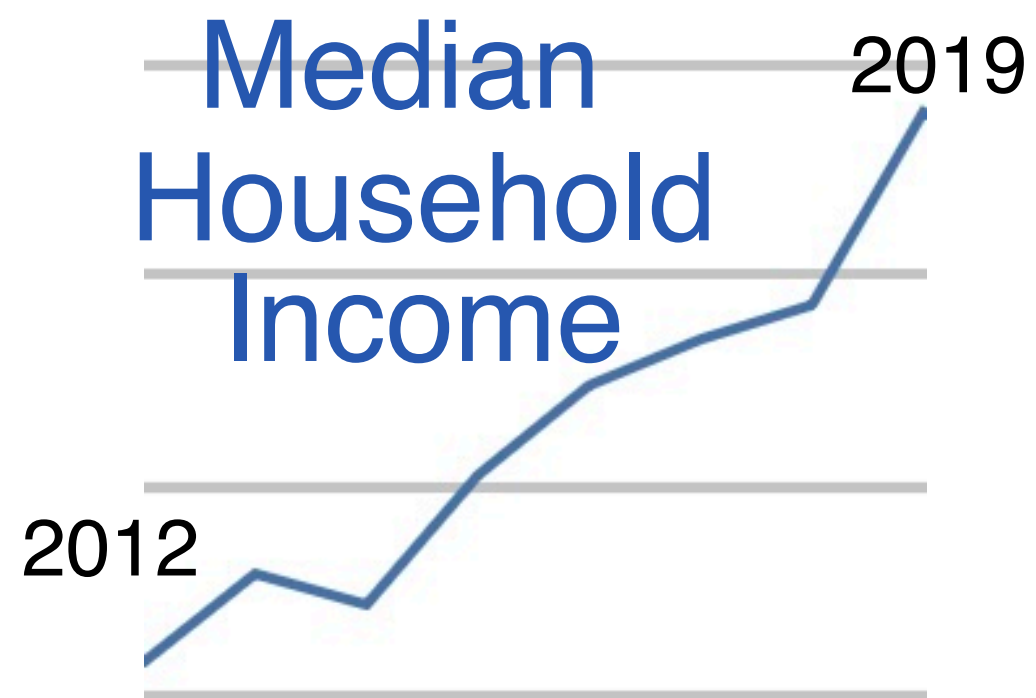
Real Median Household Income in the United States, 1984=100
 (Real Gross Domestic Product/Total Households), 1984=100



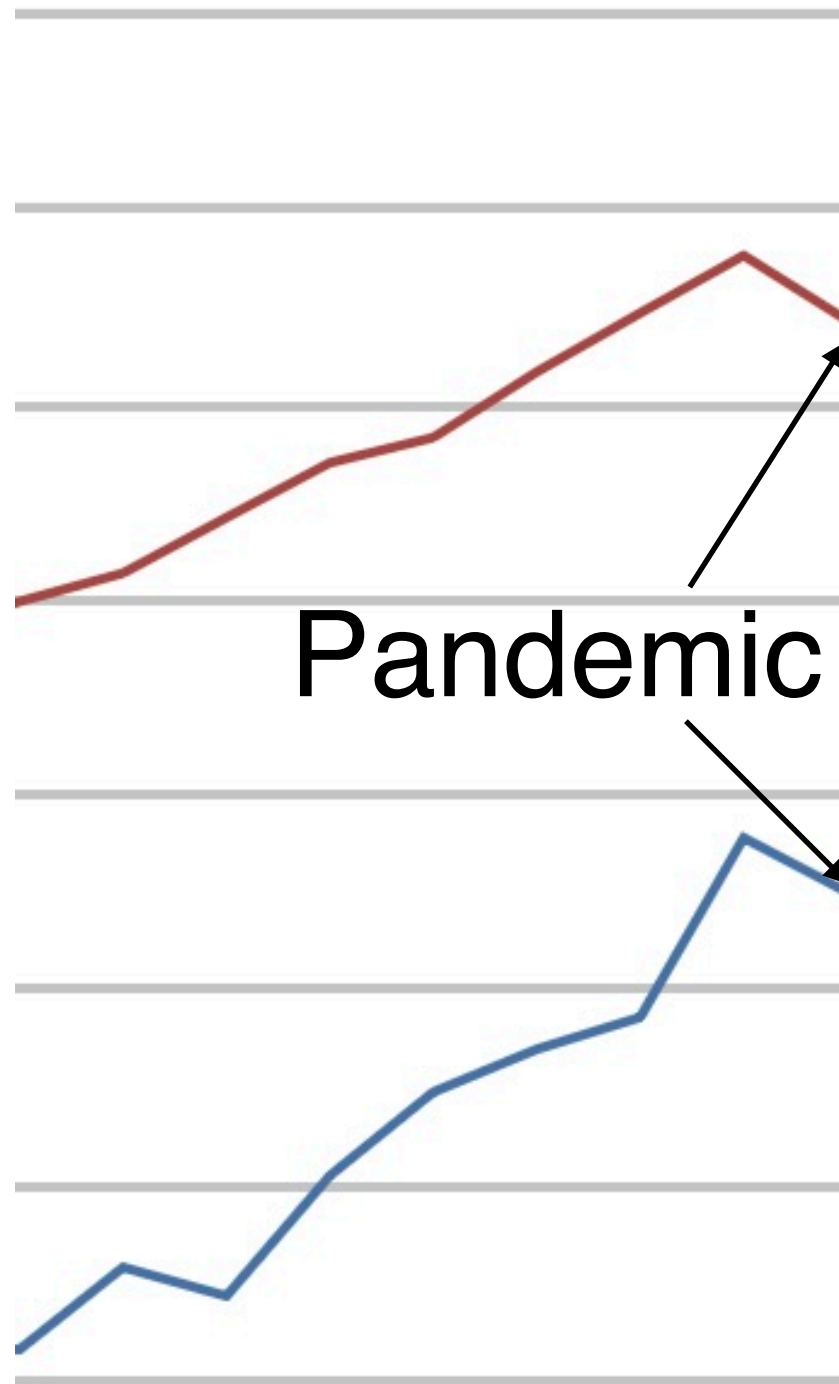
Sources: U.S. Bureau of Economic Analysis; U.S. Census Bureau via FRED®

Shaded areas indicate U.S. recessions.





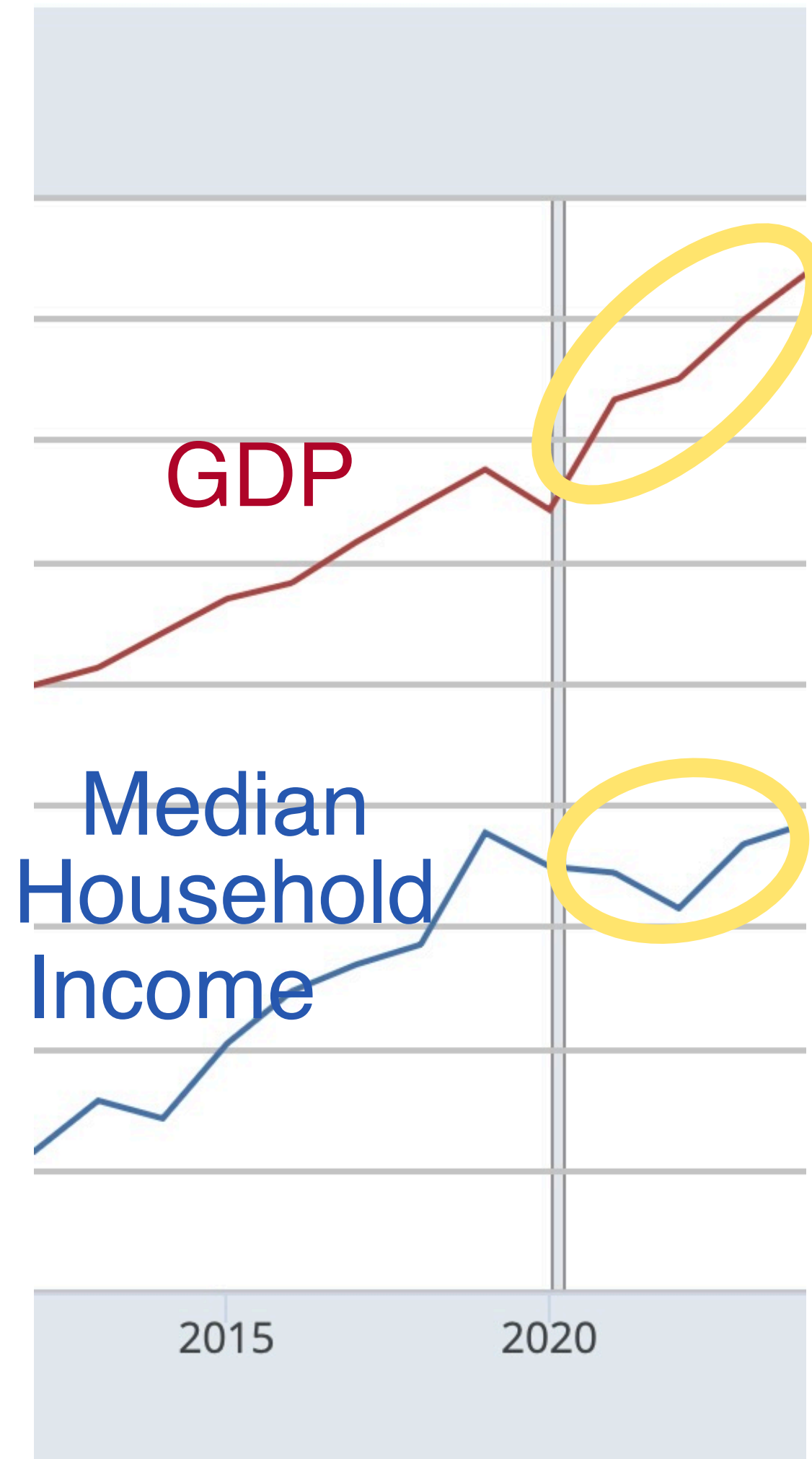
2015



Pandemic

2015

20









Data from the Federal Reserve show us why affordability is a current issue. From around 1990 to the present, the GDP has grown much faster than median household income. This is not supposed to happen in a free market economy, where competition in both supply and demand keeps the economy in balance.

The data indicate that about half of the increase in GDP over the last 30 years went to the richest people. This would be fair if the richest people made such exceptional contributions that the GDP increased twice as fast as usual. Did that happen?

No. Here's a graph of GDP from 1947 to the present. The data on median household income are not available that far back, but we can see the GDP is increasing at about the same rate over the entire time period. The median household income is increasing at a slower rate after 1990. I'll turn this graph on its side so you can see it better on your phone. That means at least half the population is falling behind in terms of affordability for what our economy produces.

No. Let's zoom in on recent years. From 2012 to 2019, household income actually grew faster than GDP, so products remained affordable.

Then the pandemic came along, and everything went downhill.

By 2021, GDP was growing very nicely again, but household income was just limping along, not keeping up with prices. How could this happen?

The military tells us freedom isn't free. The same is true of the free market. It needs support to prevent people from cheating the market. Cheating ranges from simple robbery to sophisticated market manipulation.

It's time to investigate how our market economy let so many households fall behind the growth of our productivity.