

Cost of Living

It's bad enough that prices rise because of inflation. Our monthly bills almost always rise even faster. Why?

As technology advances, new developments move from luxuries to necessities. My grandparents raised their 7 children in a small farmhouse with no electricity or running water.

They had a hand pump well, an outhouse, and a coal-burning stove. Their income was very low, but so were their expenses.

Today, if you live anywhere that you can possibly find a job, your basic expenses are much higher. Your home has to meet the building code for fire safety, sanitation, and so on.

Employers expect to be able to communicate with you, so you need at least a phone, and preferably email and Internet access also.

You have to look presentable,
and you have to spend more
money to get a job that pays
more money.

Then, let's say you have worked hard to build a good middle-class life for your family. To keep up your status, you need to buy approximately the same consumer goods that your friends and neighbors buy. When your car wears out, you can't just buy another one of the same kind, because everything on the market now has fancier features.

The same is true of household appliances, and everything your children want.

Recent surveys tell us a majority of Americans think the economy is only fair or poor, even though the stock market is doing great.

Here's a graph I have used before. It shows median household income is keeping up with inflation, but it is not keeping up with growth of the GDP. That means everything is less affordable for most people.

So if you struggle with your household budget, it's probably not your fault. Life really is getting more expensive.