TWENTY YEARS OF AMERICAN LIFE

AN EVIDENCE-BASED ECONOMIC STUDY

2004 TO 2023 20 YEARS

THE PROSPERITY OF THE AMERICAN HOUSEHOLD

Resources, Essential Services and Security over the Last Twenty Years

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A DATA-DRIVEN STUDY OF THE UNITED STATES, 2004 TO 2023

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Preface

An American household can own more and feel less secure. It can spend more on transport without reaching better opportunities, consume less electricity while obtaining better heating, or receive a higher income while facing a narrower choice of places to live. These possibilities make prosperity a demanding subject. A persuasive account must explain what households can do with their resources, what they must commit to preserve ordinary life, and what happens when circumstances change.

This book studies that problem over the twenty annual observations from 2004 through 2023. It follows resources, paid work, housing, mobility, energy, safety and family life. The aim is an independent evaluation of the evidence, not the confirmation of a familiar account of American success or decline. A single conclusion cannot be assigned in advance to every household, every indicator or every part of the period. When outcomes diverge, the divergence is an object of analysis rather than an inconvenience to remove.

The household is the book's central institution, but it is not a fixed statistical object. People move, form partnerships, have children, separate, retire and share homes. Surveys observe different units and populations. A worker's wage, a consumer unit's expenditure, a housing unit's tenure and an adult's response to an emergency-expense question are complementary pieces of evidence. They do not describe one family whose life can be reconstructed by joining published averages. The book keeps those distinctions visible because its conclusions depend on them.

The organizing concept is sustainable command over a feasible life. Resources matter because they support services and choices. Prices, location, household needs, institutions and obligations affect the conversion of resources into those services. Reserves, insurance and flexibility affect how long the choices remain available after a shock. This framework does not require every aspect of wellbeing to be expressed in dollars. Safety, autonomy and time can remain visible beside material resources instead of being assigned arbitrary exchange rates.

The analysis makes claims at different levels. Published observations describe distributions, and calculations decompose accounting identities. Population-composition standardization is specified as a research design and remains unestimated. A causal estimate needs a defensible intervention and counterfactual. A forecast needs a defined information set and an honest test against later outcomes. Advanced methods are useful when they sharpen one of these tasks; their names do not make an otherwise weak comparison scientific.

The distinction matters especially when history is used to study the future. The observed historical window is 2004–2023. Prediction of its 2023 endpoint is evaluated retrospectively with saved revised quarterly data, without claiming a reconstructed real-time information set. A separate conditional extension explores 2033 from the 2023 analytical baseline. Its resource and cost paths are explicit assumptions rather than a live forecast or estimated future probabilities.

Originality here means constructing an evidential argument that can be inspected and reproduced. The prose, comparisons and figures are developed for this book. Official statistics and established econometric methods receive credit. The book does not claim that a method is new merely because it is applied to a new combination of indicators, nor that no earlier author has reached a similar conclusion. What matters is whether each conclusion follows from the evidence and survives reasonable alternatives.

How to read the evidence

The first part establishes the concepts and measurement choices used throughout. The second examines resources, work, wealth and liquidity. The third studies essential services through housing, mobility and energy. The fourth considers safety, family transitions, children, care and resilience. The fifth brings the distributional and econometric arguments together. The final part evaluates a historical forecast and develops explicitly conditional future paths. Technical appendices record definitions, equations, identification assumptions and the replication workflow.

Empirical figures identify their source, population, units and observation period. A missing comparable observation remains missing. Model estimates, hypothetical examples and observed statistics are labelled separately. A chart showing a twenty-year period does not imply that every indicator was observed in every year. Shorter surveys and periodic waves retain their actual coverage.

Hypothetical households are teaching devices. They are not interviews, sampled records or descriptions of particular people. Their assumed budgets illustrate a mechanism and do not establish its prevalence. Similarly, a causal diagram states a proposed structure; it does not certify that every arrow has been identified empirically.

Rates and shares retain their denominators. A percentage-point change in unemployment differs from a percentage change in income. The median of a sum differs from the sum of medians. An aggregate ratio differs from a typical person's ratio. These distinctions are introduced in plain language and developed mathematically where they affect the argument.

Dates prices and terminology

The central window comprises 2004–2023, not the latest twenty completed years as of the editorial date. It contains twenty annual observations and nineteen intervals between the two endpoint values. Publication dates can follow observation dates. Later corrections are appropriate for retrospective measurement when identified, but unavailable corrections cannot enter an earlier real-time forecast.

Dollar amounts always retain a stated price base when adjusted for inflation. Nominal amounts are identified as nominal. Different price bases or vintages are never combined within a growth calculation. Household, family, consumer unit, worker, adult and customer account retain the meanings used by their sources unless an explicit harmonization creates a common unit.

The word prosperity describes the evaluated combination of resources, access, security and resilience. It is not a synonym for gross domestic product, spending, ownership or happiness. A gain in one dimension can be substantial while another remains constrained. The book's task is to explain those relationships with enough precision that agreement or disagreement can turn on evidence.

Part I Defining and measuring household prosperity

Chapter 1 Prosperity means command over a life that can be sustained

A resource gain is the beginning of an explanation

American households entered 2023 with a higher published real median money income than in 2004. In the Census Bureau's frozen 2023-dollar history, the two observations are $80,610 and $68,250. The point-estimate increase is about 18.1 percent across nineteen annual intervals. This is a meaningful gain in a clearly defined statistic. It does not describe the income growth of the same family, the resources remaining after taxes and necessary expenses, or the security of the services that income supports. Those questions determine what the gain means for household prosperity. (Census, Income in the United States: 2023, Table A-4a)

The distinction is practical. A household needs a place to live, ways to reach work and care, energy for ordinary domestic services, and resources for dependants. It also makes choices about leisure, saving, location and family life. A change in its purchasing resources matters through the opportunities available after those requirements and commitments are considered. Some choices expand as income rises; others depend on prices, access rules, time or conditions that income alone does not determine.

A national income series cannot reveal all those conditions. It can establish a resource comparison under its measurement convention. The book therefore begins with the comparison and follows its consequences through other domains. It asks whether households could obtain a suitable home, preserve practical mobility, maintain safe energy services, live with less exposure to harm, support children and withstand an interruption of income.

Each question requires a different outcome and a clear population. Their relationship is the subject of the book.

A broad prosperity judgement becomes credible when its dimensions have been examined separately. If resources increase and an essential service becomes easier to obtain securely, the two observations reinforce one another. If resources increase while access becomes more costly, the relation requires explanation. A conflict between indicators can reveal a change in household constraints. Averaging it away before understanding it would remove precisely the information that a serious account should preserve.

The analytical position adopted here is that prosperity concerns command over a feasible life and the capacity to sustain it. Command means the real opportunities a household can exercise, rather than the value of purchases recorded on its behalf. Feasible means consistent with its resources, needs, time and available services. Sustaining means preserving essential living conditions through a specified range of adverse circumstances. These definitions guide empirical questions; they do not supply a utility function or predetermine the historical answer.

Equal incomes can leave different choices

Consider two explicitly hypothetical households, each receiving 100 units of disposable resources per month. The units are an abstract common purchasing scale, not dollars or estimates from a survey. Household A commits 35 units to adequate shelter, 10 to necessary transport and 5 to domestic energy services. Household B commits 45, 20 and 10. After those three commitments, A has 50 units available for food, care, other consumption and reserves; B has 25. Their equal incomes support different remaining possibilities.

This example does not establish that one household is worse off overall. B might receive a larger dwelling, better access to valued places or more energy services. The service comparison is necessary. If the bundles are equally adequate for their needs, the difference in residual resources is informative. If their quality differs, the analysis should describe the quality and cost tradeoff. An expense becomes a burden relative to resources and services, rather than by being large in isolation.

Now suppose A's income rises to 110 while its commitments remain 50. Its residual rises to 60. B's income also rises to 110, but its commitments rise to 90 because equally adequate shelter and transport become more expensive. Its residual falls to 20. Both report a ten-percent income gain. One gains discretion and the other loses it under the specified assumptions. The arithmetic identifies a possible mechanism. Evidence about its prevalence must come from observed prices, needs and household resources.

The same reasoning applies to time. Two adults receiving the same annual earnings can work different hours or face different care and travel schedules. An extra paid hour can provide resources while reducing time available for rest or dependants. A shorter commute can enlarge practical choice even if money income remains unchanged. The book does not assign a universal monetary value to an hour of care or leisure. It asks where time is a binding constraint and whether the data measure it.

Household needs also matter. A dwelling adequate for one adult can be unsuitable for a larger family. A vehicle usable by one person can be inaccessible to another. A safe indoor temperature can require different energy inputs in different climates and buildings. Standardizing these differences requires explicit assumptions about comparable services. A simple ratio per household can be valuable, but its interpretation becomes weaker when household size, composition or needs change substantially.

Figure 1.1 develops this logic as a conversion process. Resources enter a household budget. Prices, service availability, household needs, time and institutions determine the bundles that budget can support. Contractual commitments and reserves affect flexibility. Experienced services and remaining choices are outcomes. The diagram's arrows identify accounting relations and proposed mechanisms. They are not a claim that a single fitted model has measured every channel.

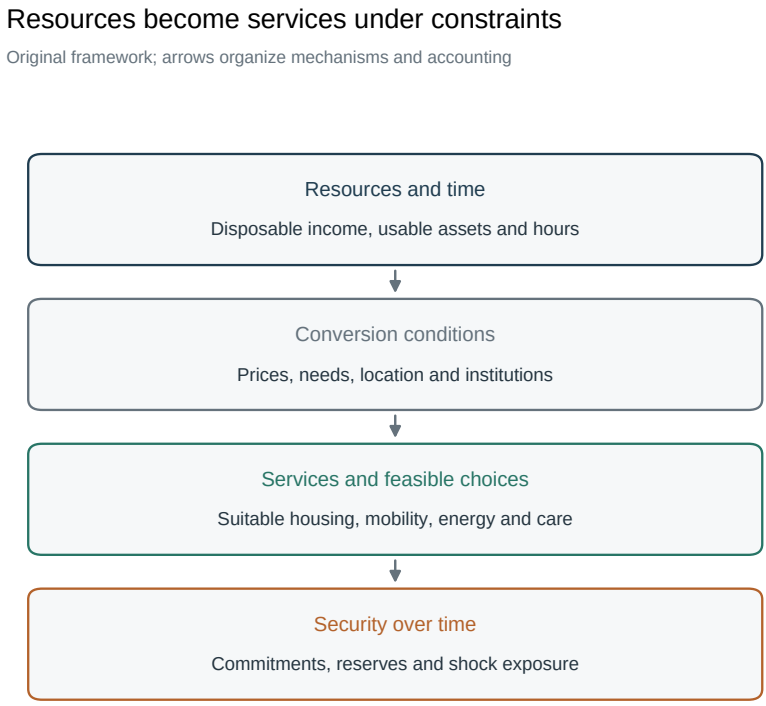


Figure 1.1 Resources become services through needs prices time and institutions. Original conceptual framework for Chapter 1. Resources and time are converted into services and feasible choices subject to prices, household needs, location and institutions. Commitments, reserves and shock exposure condition security over time. Arrows are accounting relations or mechanisms to investigate, not estimated causal effects.

Source: original conceptual framework or explicitly hypothetical illustration.

Services connect expenditure to living conditions

Expenditure records a payment. A service describes what that payment enables. Vehicle acquisition outlay can contribute to mobility, but a household's mobility also depends on reliability, fuel, insurance, access to destinations and alternatives. Electricity is an input to lighting, cooling, heating and appliances. Housing expenditure buys a bundle of space, condition, location and tenure rights. These relations explain why a rise in spending cannot receive a positive welfare sign before its source is understood.

A useful formal representation separates resources, inputs and services. Let R_h denote the household's disposable resources, x_h its purchased inputs and p the prices it faces. Let a_h represent existing assets, t_h available time, n_h service needs and z_h local conditions and institutions. The feasible set is

$$\mathcal{F}_h(R_h, p, a_h, t_h, n_h, z_h) = \{s_h : \exists x_h,\ p'x_h \le R_h,\ s_h = \Phi(x_h, a_h, t_h; n_h, z_h)\}. \tag{1.1}$$

Here s_h is a vector of services and feasible activities. The function Phi describes the conversion of inputs, assets and time into those outcomes. Equation 1.1 is a conceptual accounting framework. It does not assume that the conversion function has been estimated or that all services are directly observed. Its purpose is to show where a resource increase can fail to translate into an equivalent expansion of choice.

An efficiency improvement changes the conversion function. If a household obtains the same indoor comfort with less electricity, its measured physical consumption can fall while its feasible set expands. A price increase works through the budget constraint. If comfort requires the same electricity but costs more, other choices contract unless resources rise enough to compensate. Rationing can reduce consumption through a third route: the household accepts less service. Quantity alone cannot distinguish the three mechanisms.

The EIA's energy-insecurity measures supply evidence about the third route. They include households foregoing necessities, maintaining unsafe temperatures or facing service interruptions or notices. Such measures can qualify an interpretation based solely

on bills or kilowatt-hours. A low bill is not proof that needs were met. A high bill is not proof that more valued comfort was obtained. Service conditions and hardship make the expenditure comparison intelligible. (EIA, RECS energy insecurity)

Vehicle spending poses a related problem. The BLS Consumer Expenditure Surveys report mean net acquisition outlay across consumer units, including nonpurchasers. The mean can change through purchase incidence, prices, quality, vehicle mix or resale credits. It is not the price paid by a typical buyer or the share of households purchasing a vehicle. The book will retain the published concept and investigate mobility separately where the evidence permits. (BLS, Consumer Expenditure tables guide)

This service perspective avoids a false requirement that every indicator move together. Electrification can increase electricity use while replacing another fuel. Better location can reduce required vehicle travel. A larger household can buy more total services without improving resources per person. Each case calls for a relevant comparison. The aim is to identify what changed in the household's opportunities, rather than reward the largest recorded input.

Security gives present resources a time dimension

A feasible life can be fragile. A household can meet all current bills while depending on uninterrupted earnings, a working vehicle or the absence of a repair. Another household with the same current consumption can hold reserves or insurance that preserves essential services after a disruption. The difference concerns resilience: how outcomes change when circumstances depart from the current state.

Let c_{h} denote the recurring cash commitment needed to maintain a specified essential-service floor, L_{h} liquid resources and $R_{\mathrm{h}}(\mathrm{q})$ disposable resources under shock q. A simple conditional cash margin over horizon T is

$$M_h(T, q) = L_h + \sum_{j=1}^{T} \{R_{hj}(q) - c_{hj}(q)\}. \tag{1.2}$$

A negative margin indicates that the assumed resources do not finance the assumed commitments over that horizon without adjustment or additional financing. It is not a complete welfare measure. It leaves behavioral responses, borrowing rules, asset sales and informal support outside the formula unless they are added explicitly. Its value is to make the shock, horizon and service floor visible.

For another hypothetical example, suppose a household has 20 units of liquid reserves and a monthly resource shortfall of 5 after a temporary income loss. With no other adjustment, the reserve covers four months. If the essential commitments rise, the horizon shortens. If a transfer or insurance payment reduces the shortfall, it lengthens. A calculation of this kind can become an empirical stress test when its inputs come from a compatible household distribution. It cannot be estimated by joining unrelated published medians.

Net worth is relevant but differs from liquidity. A home, retirement account or business asset can support future resources while being costly or slow to convert into payment capacity. Sale can also remove the service the asset supplies. The valuation of an asset and the household's ability to use it during an emergency are therefore separate questions. A balance sheet rich in illiquid assets should not be treated as equivalent to a cash reserve of the same value.

The Federal Reserve's hypothetical $400 expense question illustrates a narrower resilience margin. It asks adults how they would meet that expense, and its cash-equivalent category includes a credit card paid in full at the next statement. The result describes stated payment capacity under that question; it is not a direct inventory of a separate emergency account. Its shorter history and fixed nominal amount also require careful comparison over time. (Federal Reserve, SHED unexpected expenses)

Security can also arise from flexibility. A household with several feasible transport options can preserve access after one vehicle fails. A tenant with stable rights and affordable alternatives faces a different relocation risk from one with no available substitute. These are mechanisms to investigate, not rankings already measured. Their empirical importance depends on exposure,

institutional conditions and what the household can actually do after a disruption.

The household shares resources without becoming one person

Household-level statistics often assume that resources support everyone in the unit. This is a useful starting convention, particularly when many goods are shared, but it does not establish equal access or identical preferences among members. One person's employment, care, safety or autonomy can change while total household income remains stable. A prosperous household should not be inferred solely from its largest pooled total.

Family transitions make the issue especially clear. Separation can reduce economies of scale because two homes replace one. It can also change safety, time, control over resources or the ability to make choices. The direction of a welfare judgement depends on those outcomes. A low divorce rate cannot be assigned a universally positive sign without knowing who remains together and under what conditions. Similarly, a higher birth rate does not by itself establish greater freedom to become a parent.

The official demographic measures have more limited purposes. Crude marriage and divorce rates count legal events relative to covered total populations; their reporting geography changes. Fertility rates describe births relative to specified populations, and period total fertility summarizes current age-specific rates. These statistics provide important context for household formation. They do not measure preferred arrangements, relationship quality or the allocation of resources within families. (CDC, marriage and divorce tables; NCHS, fertility definitions and history)

Children require a person-centered assessment. Household earnings are one input to their material environment, alongside housing, care, parental time and services. An equivalence scale adjusts resources for size and composition, but it does not observe how every dollar or hour is allocated. The hypothetical scale comparisons make their assumptions explicit; direct child outcomes retain their own populations. Empirical composition standardization remains a specified design.

These considerations support a two-level account. At the household level, analyze resources, shared commitments and the feasible service bundle. At the person level, ask who has access, who supplies time and who bears risk. When the data support only one level, the conclusion should remain at that level. A national household average cannot establish that every member's opportunity improved by the same amount.

A dashboard can preserve disagreements that a score would hide

Suppose an assessment records four oriented outcomes: purchasing resources, secure housing access, safety and resilience. A change is unambiguously favorable under a simple dominance criterion if every outcome improves and at least one improves strictly for the same comparable population. When outcomes move in different directions, a complete ranking requires weights or preferences about tradeoffs. The data alone do not supply those weights.

Let d_{h} be an oriented vector in which larger values represent more of a specified favorable outcome. For two comparable states A and B, the componentwise relation

$$d_h^B \succeq d_h^A \quad \text{if} \quad d_{hk}^B \geq d_{hk}^A \text{ for every } k \tag{1.3}$$

provides a partial ordering. It can leave some pairs unranked. That is an informative result when one state has more resources and another has greater security. A weighted index completes the ordering only by adding a rule about the exchange between dimensions. Such a rule can be explored, but its role should remain visible.

A dashboard is especially appropriate for variables whose welfare direction depends on context. Electricity use, vehicle spending, births and divorce should not enter with automatic signs. A direct hardship measure can have a clearer orientation than the input or demographic event. Even then, aggregation across people and domains raises choices about severity, inequality and compensation. An income gain for one group does not erase a safety loss for another simply because both appear in a national total.

A latent statistical factor answers another question. It can describe common movement among indicators under a measurement model. It does not discover the social value of that movement. A factor dominated by income and asset prices could rise while service insecurity worsens. Calling the factor prosperity would require a defended interpretation and stable measurement, not merely a successful numerical fit.

Table 1.1 will therefore distinguish resource indicators, service outcomes, direct hardship, resilience measures and contextual demographic variables. It will record each measure's population, orientation and main interpretive limit. This is not an attempt to avoid judgement. It creates the conditions for a judgement that readers can assess: which outcomes improved, whose outcomes were observed, and what tradeoff is required for a broader conclusion.

Table 1.1 What an indicator contributes to the prosperity assessment

Indicator class	Example	Native unit or population
Purchasing resources	Real median money income	Census households
Remuneration	Real usual weekly earnings	Full-time wage-and-salary workers
Access to paid work	Employment-population ratio	Civilian noninstitutional population aged 16 or older
Housing access	Adequate affordable shelter	Defined households or people
Mobility input	Net vehicle acquisition outlay	CE consumer units
Energy input	Electricity per customer	Residential customer accounts
Direct hardship	Unsafe temperature or unmet energy need	RECS households
Safety outcome	Nonfatal violent victimization rate	NCVS people aged 12 or older
Liquidity response	Cash-equivalent payment of hypothetical expense	SHED adults

Table 1.1 What an indicator contributes to the prosperity assessment

Indicator class	Example	Native unit or population
Family context	Fertility marriage and divorce	Defined demographic exposure populations

Indicator class	Interpretable direction	Main qualification
Purchasing resources	More purchasing resources under the stated definition	Pretax money income is not disposable equivalized resources
Remuneration	More remuneration within a stable comparison	Hours and worker selection affect interpretation
Access to paid work	Context dependent	Retirement care schooling and age composition matter
Housing access	Greater secure access	Ownership alone does not establish suitability or affordability
Mobility input	Context dependent	Prices quality incidence and financing can change
Energy input	Context dependent	Efficiency weather fuel substitution and rationing differ
Direct hardship	Less hardship	Observed only in the survey's actual waves and universe
Safety outcome	Lower exposure to the specified harm	Events differ from unique victims and exclude homicide
Liquidity response	Greater capacity under the stated question	Fixed nominal amount and stated responses limit comparison
Family context	Context dependent	Events do not reveal preferred or safe arrangements

Twenty observations contain a history as well as two endpoints

An endpoint comparison can conceal the duration and timing of setbacks. The frozen income series begins below its later endpoint, but its intervening path is uneven. A household forming at a low point, entering a housing market at a high acquisition cost or losing work before recovery experiences a different sequence from one exposed later. Calendar averages cannot recover every history, but they can show when gains and losses occurred.

The analysis will retain full available paths and describe intervals as well as endpoints. A useful descriptive statistic is time spent below a clearly chosen real-resource reference. Another is the size of a decline and the time required to return to the reference. These are empirical summaries, not automatic welfare valuations. Giving one lost year a particular social weight requires an additional assumption about timing, needs or risk.

Comparisons across generations require further discipline. The same age in different years is a cohort comparison, while different ages within one year reflect life-cycle and cohort differences together. A national median cannot show whether young entrants faced improved opportunities relative to earlier entrants. The book will separate these questions and avoid assigning an aggregate gain to every generation without compatible evidence.

The period is 2004–2023 by explicit choice. It contains twenty annual observations and nineteen endpoint intervals. The editorial date is later. A forecast to 2023 consequently means a historical experiment with a stated earlier information set. Later revisions can improve the historical account, but they cannot be credited to an earlier forecaster. This separation allows the same book to learn from corrected history and still evaluate prediction honestly.

Choice and insurance can matter before they are exercised

A household's living standard is partly visible in what it consumes and partly in what it can choose without a costly adjustment. A reserve can remain unused for years while supporting security. Access to a reliable alternative route can matter before the usual vehicle fails. The observed purchase or trip therefore provides an incomplete account of the option. This does not mean every unused asset or opportunity has a large value. It means that a consumption-only account should identify the opportunities it leaves outside its measure.

The distinction can be expressed through the feasible set in Equation 1.1. If a household can obtain every service bundle previously available at the same sacrifice and can obtain additional valued bundles, its opportunities have expanded. Its actual choice can remain unchanged. Saving an income gain can be consistent with that expansion. Conversely, unchanged spending can conceal contraction if prices rise, quality falls or the household must use reserves to preserve its former bundle. The service and balance-sheet accounts clarify which interpretation the evidence supports.

An expenditure decline also needs context. It can reflect improved efficiency, a preferred shift toward less costly activities, repayment that reduces later obligations, or an inability to purchase necessities. The initial sign supplies no general answer. Direct reports of unmet need, observed service quality and changes in reserves help distinguish the mechanisms. A model can organize those measures, but it cannot infer the missing mechanism solely from the decline it is asked to explain.

Insurance changes the distribution of possible outcomes rather than only its average. Two households can have the same expected income and very different exposure to a severe loss. A prosperity assessment concerned with security should examine the lower tail, the duration of disruption and the services placed at risk. It should not assume a particular degree of risk aversion on behalf of every household. Where valuation is needed, the assumed preferences can be varied and the underlying outcome distribution shown separately.

Some protections also require obligations. A fixed contractual payment can stabilize access while reducing short-run flexibility. A household can prefer that commitment because it protects an important service, yet become vulnerable if income falls. The analysis should show both the service secured and the cash margin remaining. Declaring the commitment a gain or a burden without its conditions would flatten an economic choice into an ambiguous indicator.

These considerations explain why the book keeps financial reserves beside current resources. A rise in income accompanied by a reduction in exposure can support a stronger prosperity judgement than the same rise with greater fragility. The comparison still depends on whose exposure is measured. A national aggregate can improve because highly resourced households accumulate reserves while households near an essential-services floor become less secure. Distribution is necessary to establish breadth.

The service floor used in an empirical stress test is itself a research choice. It should name the housing, energy, mobility and care conditions to be preserved, together with the population and horizon. A modest floor can be easier to measure but miss important dimensions of a usable life. A more demanding floor can incorporate quality and flexibility while requiring richer data. Publishing that choice enables the reader to assess the result instead of treating a model's threshold as a naturally given definition of prosperity.

The historical answer must remain open to the evidence

The framework creates several possible findings. Resources can improve broadly while entry into essential services becomes more difficult. Efficiency can preserve living conditions with fewer inputs. Lower recorded unemployment can coexist with a smaller employed share of the population because participation changes. Family outcomes can reflect expanded choice and material constraint at the same time. Each possibility is a question for evidence rather than a conclusion to import from another account.

The book's contribution is the construction and testing of those comparisons across domains. It uses primary statistics, states the meaning of its indicators and retains distinctions between observation, accounting, association, causal estimation and scenario. Established methods receive credit. Hypothetical examples remain hypothetical. Where a proposed model lacks the necessary data or identification, its assumptions and required evidence are stated without invented results.

Prosperity becomes a sharper object when the analysis asks which choices remain usable, for whom and under what conditions. The following chapter begins the measurement work needed to answer that question. It examines the people and units behind the published statistics, because a clear definition of the observed population is the first condition for a credible account of how its life changed.

END OF THE FREE EXCERPT

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