

Reflections

Over the past 100 years, the economic and demographic profiles of households in the United States, including those in New York City and in Boston, have changed significantly. These shifts, largely positive, have been both dramatic and gradual. They are manifested not only in income and expenditure patterns, but also in family structure and social transformation. In many ways, the only thread of commonality between U.S. households in 1901 and in 2002–03 is their geographic location.

Family characteristics were transformed. In 1901, the size of the average

U.S. family was 4.9 people; by 2002–03, it had been reduced to 2.5, the average family size in New York City to 2.7, and the average family size in Boston to 2.3.

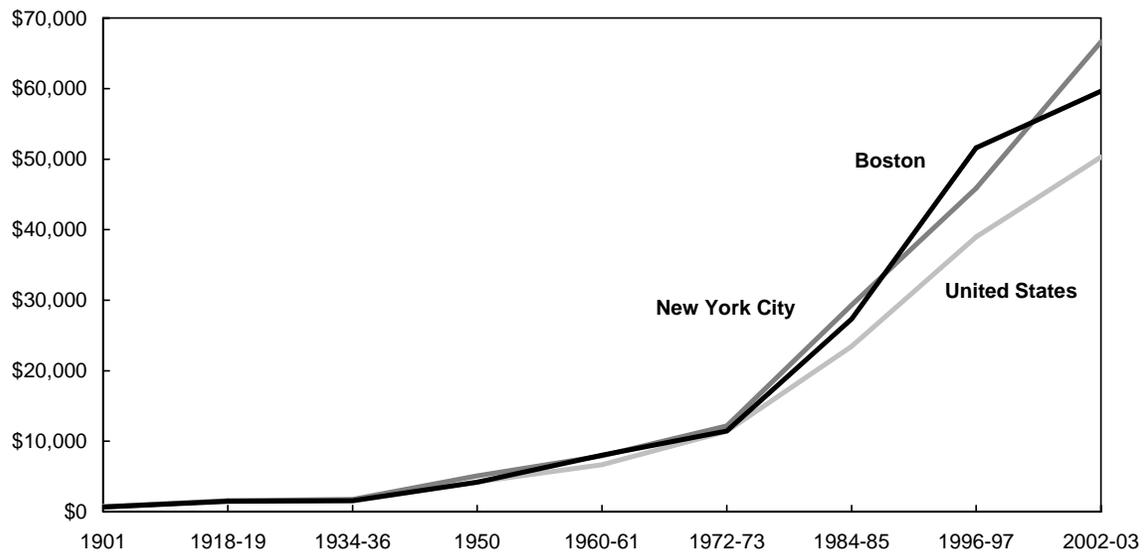
Women entered the workforce in large numbers. In 1901, women made up 25.0 percent of New York City’s labor force and 28 percent of Boston’s. By 2000, 51.9 percent of the people working in New York City were women, while in Boston women constituted 49.9 percent of all workers.

Standards of living rose, and nowhere was the effect more apparent than in household incomes over the 100-year

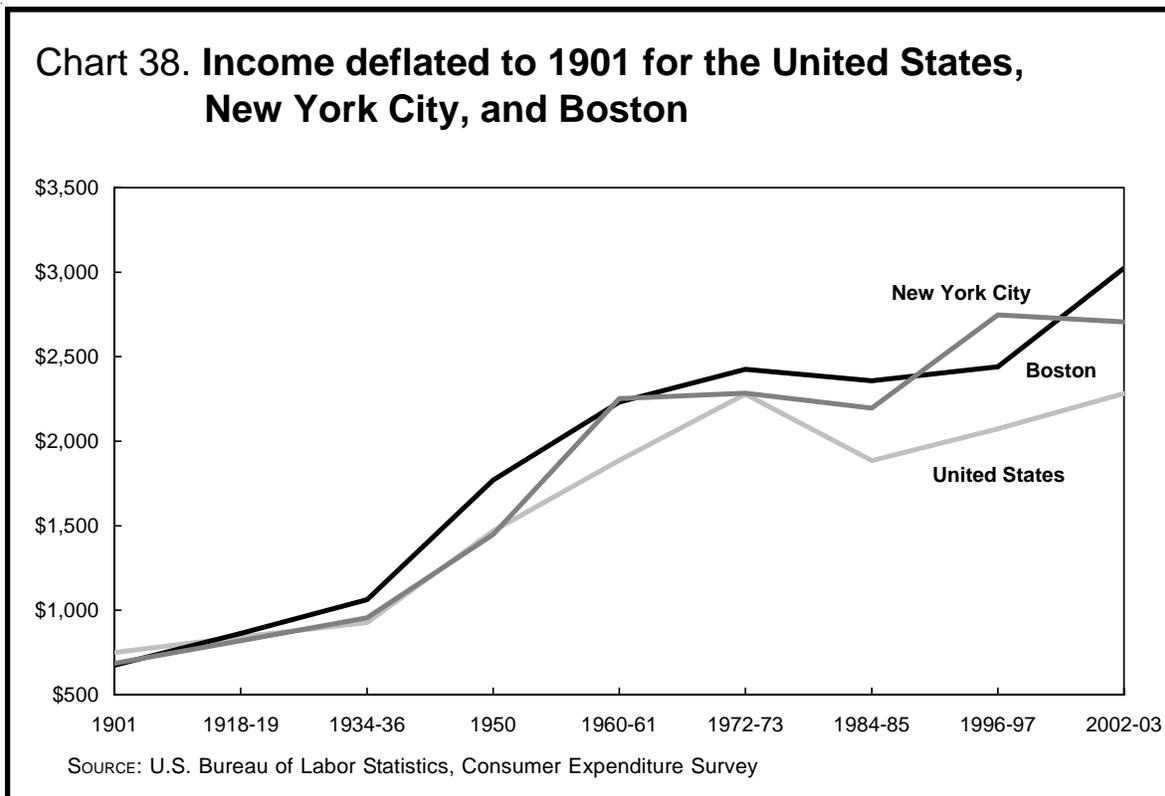
period. In 1901, the average U.S. family earned \$750. By 2002–03, family incomes in the United States had increased 67-fold, to \$50,302. (See chart 37.)

Significantly, this increase in incomes was real, as can be seen when incomes are adjusted for inflation. (See chart 38.) As noted, in 1901 the average U.S. family’s income was \$750. In 2002–03, this family’s real income, expressed in 1901 dollars, would have increased threefold, to \$2,282. The increase for New York City families was by a factor of 4.5, to \$3,023; the increase for Boston families was fourfold, to \$2,706.

Chart 37. Income for the United States, New York City, and Boston



SOURCE: U.S. Bureau of Labor Statistics, Consumer Expenditure Survey



The sources of incomes changed, too. In 1901, the average U.S. family received 90.5 percent of its income from the earnings of family members, with 9.5 percent of these earnings contributed by children. By the 21st century, only 80.7 percent of family income came from the direct earnings of family members. Interestingly, in 2002-03 in New York City and Boston, family earnings constituted a greater proportion of household income than they did in the country as a whole. In New York City, family members' earnings contributed 85.0 percent to total household income; in Boston, family earnings contributed 89.0 percent.

During the 100-year period, household expenditure patterns also demonstrated great variability. In 1901, the average U.S. household had \$769 in expenditures. By 2002-03, these expenditures had increased 53-fold, to \$40,748. Over the same period, expenditures in New York City had increased 62-fold, from \$814 to \$50,319, while in

Boston, the increase was 48-fold, from \$880 to \$41,814. (See chart 39.)

In real dollars, calculated with 1901 as the base, expenditures also demonstrated a notable increase. In 1901, as noted, the average U.S. family had \$769 in expenditures. By 2002-03, that family's expenditures would have risen to \$1,848, a 2.4-fold increase. In New York City the increase would have been 2.8-fold, from \$814 to \$2,283; in Boston the increase would have been 2.2-fold, from \$880 to \$1,897. (See chart 40.)

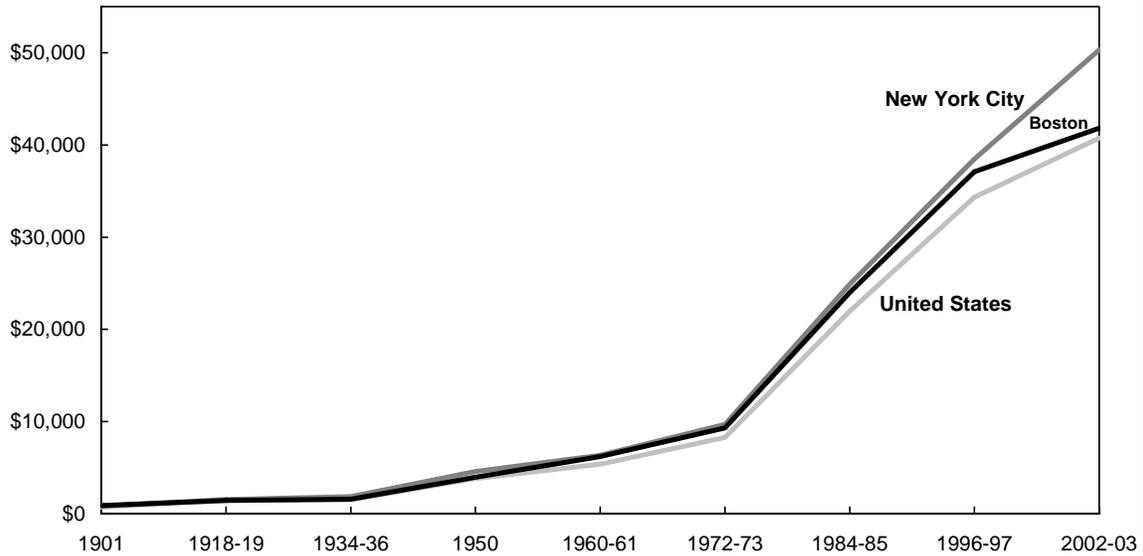
The material well-being of families in the United States improved dramatically, as demonstrated by the change over time in the percentage of expenditures allocated for food, clothing, and housing. In 1901, the average U.S. family devoted 79.8 percent of its spending to these necessities, while families in New York City spent 80.3 percent, and families in Boston allocated 86.0 percent. By 2002-03, allocations on necessities had been reduced substantially, for U.S. families to 50.1 percent

of spending, for New York City families to 56.7 percent, and for Boston families to 53.8 percent. (See chart 41.)

The continued and significant decline over the century in the share of expenditures allocated for food also reflected improved living standards. In 1901, U.S. households allotted 42.5 percent of their expenditures for food; by 2002-03, food's share of spending had dropped to just 13.2 percent. For New York City households, the expenditure share had declined from 43.7 percent to 13.9 percent; for Boston households, the decline was from 41.7 percent to 13.5 percent. (See chart 42.)

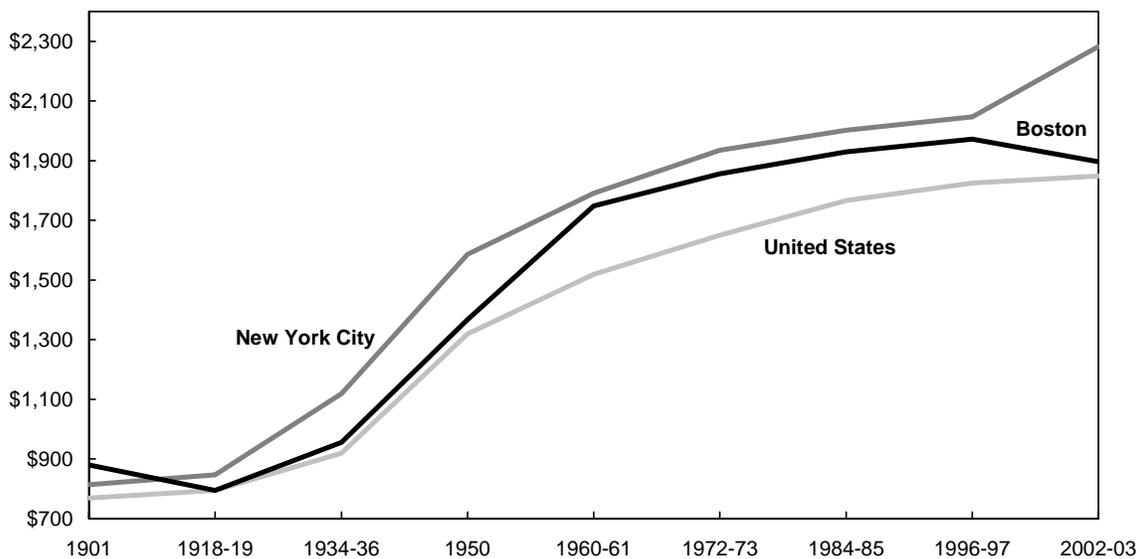
Beginning in the 1970s, another trend emerged in spending for food. At the time, the average U.S. family allocated 72.4 percent of food expenditures for food eaten at home and 26.4 percent for food eaten away from home. In New York City, a similar pattern held: households allocated 72.2 percent of their food spending for food eaten at home and 26.7 percent for food eaten

Chart 39. Expenditures for the United States, New York City, and Boston

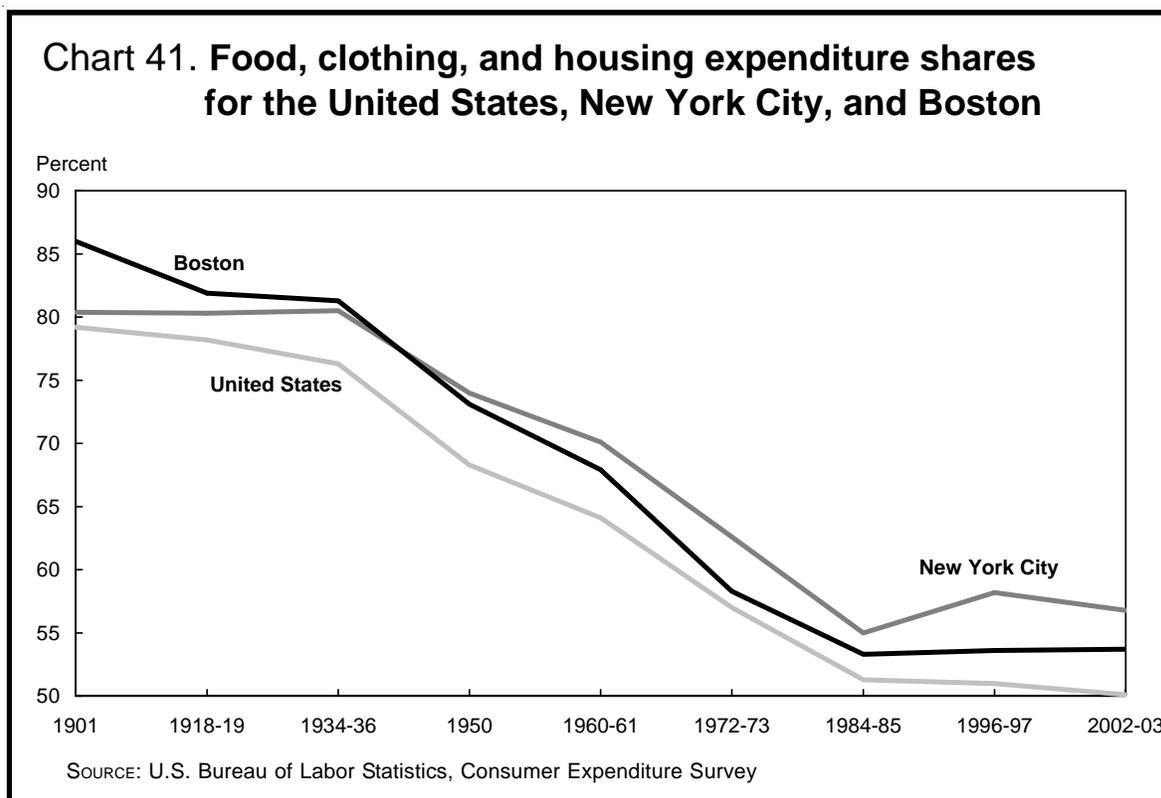


SOURCE: U.S. Bureau of Labor Statistics, Consumer Expenditure Survey

Chart 40. Expenditures deflated to 1901 for the United States, New York City, and Boston



SOURCE: U.S. Bureau of Labor Statistics, Consumer Expenditure Survey



away from home. Boston family food expenditure patterns were different, with 66.1 percent of food spending allocated for food at home and 33.5 percent allocated for food eaten away from home.

By the 21st century, however, the average U.S. family allocated just 58.1 percent of food spending for food eaten at home and 41.9 percent for food eaten away from home. Similar patterns existed in New York City and in Boston: the allocations in New York City were 54.4 percent and 45.6 percent, respectively; in Boston, they were 58.7 percent and 41.3 percent.

Changes in diets also occurred over the 100-year period. In 1901, New York City families allocated 40.4 percent of their grocery expenditures for meat, poultry, fish, and eggs; 16.3 percent for dairy products; 14.5 percent for fruits and vegetables; and 11.0 percent for cereals and bakery products. Among Boston families, the allocations for these four categories of items were 48.4

percent, 17.5 percent, 8.3 percent, and 9.2 percent, respectively.

By 2002–03, grocery expenditure shares for meat, poultry, fish, and eggs had decreased to 28.3 percent in New York City and to 27.2 percent in Boston. Shares for dairy products had decreased to 10.4 percent in New York City and 10.8 percent in Boston; shares for fruits and vegetables had increased to 19.2 percent in New York City and 17.0 percent in Boston; and shares for cereals and bakery products had increased to 15.0 percent in both cities.

Home ownership shifted markedly. In 1901, 19 percent of Americans owned their home, while in 2002–03, 67 percent of U.S. families did. In 2002–03, 56 percent of New York City households owned their home, while in Boston, the share was greater: 59 percent.

With greater home ownership and higher housing costs, in the 1960s family spending for housing became the most significant item in household budgets, displacing spending on food.

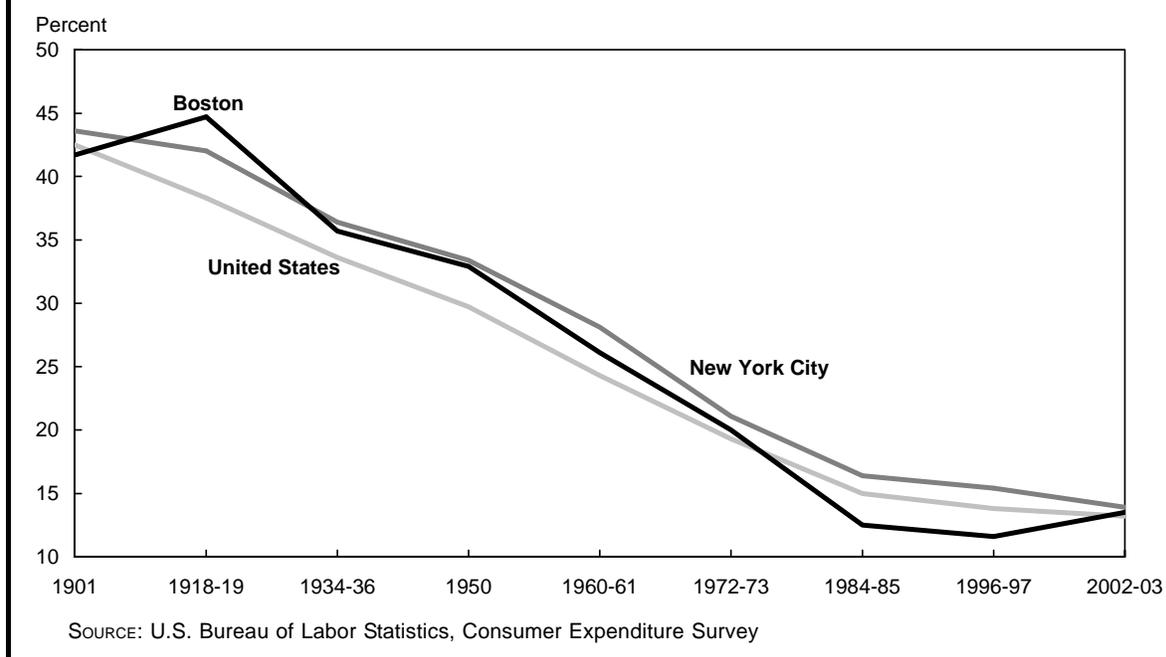
Spending for shelter constituted the single largest segment of the average family’s housing expenditures: 62.5 percent in the country as a whole, 62.7 percent in New York City, and 66.8 percent in Boston.

Forty years later, in 2002–03, shelter costs represented 19.3 percent of total household expenditures in the country as a whole, 24.6 percent in New York City, and 24.3 percent in Boston. In other words, 1 out of every 4 dollars spent by New York City and Boston families went for shelter.

With the rise in expenditures for shelter came an increase in spending for utilities. In the 1970s, the average U.S. family allotted 4.9 percent of total spending for utilities; the average New York City family, 3.8 percent; and the average Boston household, 4.9 percent. By 2002–03, shares of total spending for utility costs were 6.7 percent, 6.1 percent, and 6.4 percent.

Over the 100-year period, expenditure shares for clothing steadily de-

Chart 42. Food expenditure shares for the United States, New York City, and Boston



clined. In 1901, the average U.S. household allocated 14.0 percent of total spending for apparel, while households in New York City allocated 13.0 percent on average, and households in Boston, 14.4 percent. By 2002–03, spending shares for clothing had decreased to 4.2 percent in the country as a whole, 5.2 percent in New York City, and 3.9 percent in Boston.

In the clothing category, in 1901 New York City families allocated 6.3 percent of total spending for children’s clothing, 3.9 percent for men’s clothes, and 3.6 percent for women’s apparel. In Boston, the corresponding allocations were 5.6 percent, 4.8 percent, and 5.0 percent, respectively. By 2002–03, women’s clothing had become the single largest component of the clothing budget in both cities, at 2.0 percent of total spending in New York City and 1.5 percent in Boston.

In 2002–03, the average U.S. family could allocate 49.9 percent (\$20,333) of total expenditures for a variety of dis-

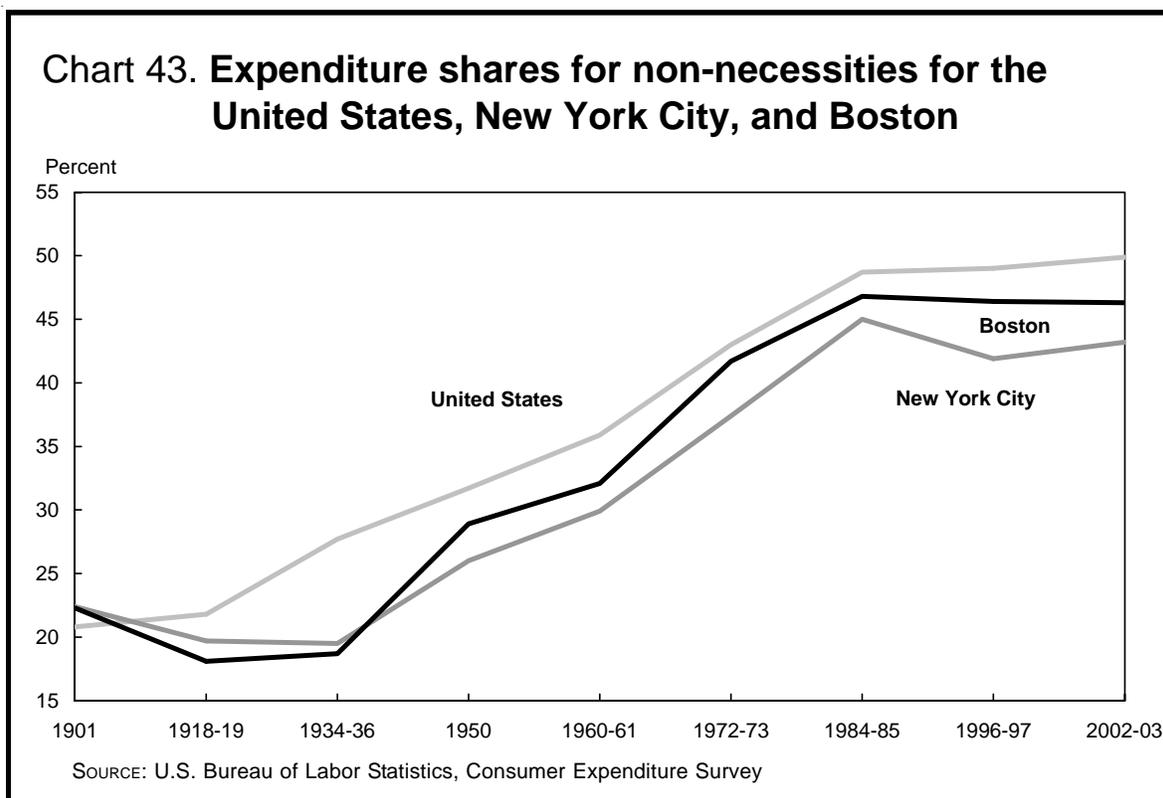
cretionary consumer goods and services, while the average family in 1901 could allocate only 20.2 percent, or \$155, for discretionary spending. (See chart 43.) In 2002–03, New York City families had 43.3 percent (\$21,738) and Boston families had 46.2 percent (\$19,360) of income left to spend on non-necessities, compared with 19.8 percent (\$161) and 14.0 percent (\$124), respectively, in 1901. (However, families in 2003 had to pay Federal, State, and local taxes, which did not exist for 1901 families.)

The ability to buy more discretionary goods and services also improved the U.S. standard of living. The emergence of the family car was one example. In 1934–36, 44.4 percent of U.S. households owned an automobile, while the percentages were significantly less in New York City and in Boston—14.8 and 14.1, respectively—where well-developed public transportation was available. By the 21st century, there was at least one vehicle

in 88 percent of U.S. households, with the average family owning 2.0. In New York City, the average household owned 1.4 vehicles; in Boston, 1.6.

Besides big-ticket items, items such as reading and education became integral components of daily life throughout the country, while items such as personal care products became relatively less expensive. In 1901, New York City families allocated 1.1 percent of spending for reading and education; for Boston families, the share was 1.3 percent. One hundred years later, these items accounted for 2.8 percent and 3.1 percent, respectively, of all spending by New York City and Boston families. Nationwide, the average family allocated 2.1 percent of spending for reading and education.

From 1950 to 2002–03, spending shares for personal care products decreased. In 1950, the average U.S. family allotted 2.2 percent of total spending for such products; New Yorkers and Bostonians allotted 2.1 percent and 2.3



percent, respectively. By 2002–03, all these shares had fallen to around 1.3 percent.

Entertainment has remained an important component of the U.S. lifestyle. According to the survey done during the Depression (1934–36), U.S. households allotted 5.4 percent of their expenditures for entertainment, on average. The expenditure shares in New York City and Boston were 6.2 percent and 4.6 percent. By 2002–03, expenditure shares for entertainment were 5.1 percent nationwide, 4.7 percent in New York City, and 4.8 percent in Boston.

Spending for healthcare always has been an important part of household budgets. In 1901, the average New York City family allotted 2.1 percent of spending for healthcare, while the average Boston family allotted 2.6 percent. By 2002–03, these shares had

shifted to 4.4 percent and 4.8 percent, respectively.

No clear pattern emerges in spending on alcoholic beverages. In 1901, New York City families allotted 2.9 percent of their spending for alcohol, while in Boston the share was 0.7 percent. Interestingly, by 2002–03, the expenditure shares had declined in New York City to 0.9 percent, and risen in Boston to 1.2 percent.

Charitable giving always has been part of the expenditure patterns in both New York City and Boston. In 1901, New York City families allocated the equivalent of 1.1 percent of their spending for charitable contributions, while Boston families donated 1.5 percent. By 2002–03, these percentages had increased to 1.9 in New York City and 2.4 in Boston.

Perhaps as revealing as the shift in consumer expenditure shares over the

past 100 years is the wide variety of consumer items that had not been invented during the early decades of the 20th century but are commonplace today. In the 21st century, households throughout the country have purchased computers, televisions, iPods, DVD players, vacation homes, boats, planes, and recreational vehicles. They have sent their children to summer camps; contributed to retirement and pension funds; attended theatrical and musical performances and sporting events; joined health, country, and yacht clubs; and taken domestic and foreign vacation excursions. These items, which were unknown and undreamt of a century ago, are tangible proof that U.S. households today enjoy a higher standard of living. ■