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Life Is Better; It Isn't Better. Which Is It?

By [DAVID LEONHARDT](#)

When the first snow falls on the North Shore of Chicago this winter, Robert Gordon will take his Toro snow blower out of the garage and think about how lucky he is not to be using a shovel. Mr. Gordon is 66 years old and evidently quite healthy, but his doctor has told him that he should never clear his driveway with his own hands. "People can die from shoveling snow," Mr. Gordon said. "I bet a lot of lives have been saved by snow blowers."

If so, most of them have been saved in the last few decades. A Canadian teenager named Arthur Sicard came up with the idea for the snow blower in the late 1800's, while watching the blades on a piece of farm equipment, but he didn't sell any until 1927. For the next 30 years or so, snow blowers were hulking machines typically bought by cities and schools. Only recently have they become a suburban staple.

Yet the benefits of the snow blower, namely more free time and less health risk, are largely missing from the government's attempts to determine Americans' economic well-being. The same goes for dozens of other inventions, be they air-conditioners, cellphones or medical devices. The reasons are a little technical — they involve the measurement of inflation — but they're important to understand, because the implications are so large.

For the last few weeks, there has been a roiling debate, both within the Democratic Party and between [Democrats](#) and [Republicans](#), about how to describe living standards in this country. Among Democrats, the debate is really about how to talk to voters about the economy as the party tries to reclaim control of Congress this year and the White House in 2008.

One group of Democrats says that it's time to stop pulling punches and acknowledge that, at best, life is marginally better than it was a generation ago. The other group argues that the middle class's current problems should not obscure enormous progress made over the last few decades. President Bush and his aides agree with the progress part and go on to say that the middle class continues to do quite nicely today. Each group has its preferred numbers, which can be dizzying, but you don't need to dig into them to figure out what's really going on. You just need to understand snow blowers.

They help to illuminate two big issues, the first being that progress is easy to take for granted. Clearing a driveway without a shovel, buying an affordable cross-country plane ticket and — on a totally different scale — watching a very premature baby survive are all accepted parts of life today. They're also fairly recent developments.

Polls show that Americans, in fact, understand this. By wide margins, they say they live better than their parents. "Looking backward," the [Pew Research Center](#) reported last week, "Americans were more inclined to say they had made progress than were the publics of any

country surveyed in Europe or the Middle East and most of the countries surveyed in Asia, Latin America and Africa.”

But the experts keep fighting over living standards, largely because the single most commonly used measure of well-being — how much money people make — can be very misleading. This is where inflation, the second big issue, comes in.

In the early 1950's, Toro began selling mass-market snow blowers, which weighed up to 500 pounds and cost at least \$150. As far as the Bureau of the Labor Statistics was concerned, however, snow blowers did not exist until 1978. That was the year when the machines began to be counted in the Consumer Price Index, the source of the official inflation rate. By then, the cheapest model sold for about \$100.

In practical terms, this was an enormous price decline compared with the 1950's, because incomes had risen enormously over this period. Yet the price index completely missed it and, by doing so, overstated inflation. It counted the rising cost of cars and groceries but not the falling cost of snow blowers.

The cellphone and the air-conditioner also improved middle-class life, and also took years to get into the inflation numbers, by which point their prices had plummeted. [Wal-Mart](#)'s effect on prices is another blind spot in the index, which considers something sold at a discount to be lower quality (and, therefore, not truly a bargain) than something sold at full price — even when the items are identical, like a box of Tide or a can of Campbell's Soup.

Mr. Gordon, besides being a fan of snow blowers, also happens to be one of the country's leading macroeconomists. A decade ago he served on a government-appointed group known as the Boskin Commission. It argued, as Mr. Gordon still does, that the government exaggerated inflation by more than one percentage point every year.

Some other economists think the skew may be somewhat smaller, but there's broad agreement, even at the [Bureau of Labor Statistics](#), that the Consumer Price Index has its weaknesses. "Use of the C.P.I. over extended periods of time," Patrick C. Jackman, a government economist, told me, "is much more problematic than using it over short periods of time."

By overstating inflation, the official numbers understate the country's wealth, since every meaningful calculation of income subtracts inflation. The [Census Bureau](#), for instance, says that the median-earning man who works full time — the one in the dead middle of the earnings ladder — made slightly less last year than in 1977. It is one of the main numbers cited by those who say life isn't much better now than 30 years ago.

But Mr. Gordon's adjustments show that men actually got a 27 percent raise in this period and women 65 percent. The gains are not as big as those of the 1950's and 60's, but they do sound far more realistic than the official numbers. Think about it: we live longer than people did in the 1970's, we're healthier while alive, we graduate from college in much greater numbers, we're surrounded by new gadgets and we live in bigger houses. Is it really plausible, as some Democrats claim, that the middle class has made only marginal progress?

In recent years, the government's economists have gotten much better at measuring inflation, introducing some new products, like Viagra, into the index within months. Of course, this means that incomes lately have not been understated by much and that their growth really has been miserly. (The recent reports showing healthy gains all refer to averages, which have been driven by huge gains at the top.) For all the sunny numbers that Republicans have offered up, the reality is that not a single piece of government data shows that most workers have gotten a significant wage increase since 2002.

So these are the facts. Americans are far better off than they were a generation ago, but the last few years haven't been very good. It's time for both parties to move on to the harder question: What are the policies — in education, health care and other parts of the economy — that will ensure tomorrow's middle class can afford the next invention as worthy as the snow blower?

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