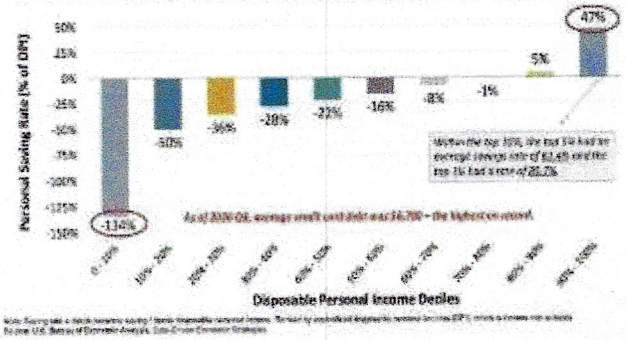
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Who keeps consumer spending going?

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In the first installment of this macroeconomics 101 series, I explained why household spending is central to economic growth. Today, I'll address who has the financial capacity to keep that spending going.

Visual 1: U.S. Personal Saving Rate by Income Decile, 2023



Various reliable sources show we have a highly uneven economy. This is why we are seeing what I call voting by desperation. Households with substantial investments and savings have a vastly different experience from households using most of each paycheck for necessities, although both appear in the same national spending and economic growth data.

The Bureau of Economic Analysis (BEA) saving estimates show a pronounced income divide. Higher-income households have more room to save, while many middle- and lower-income groups spend more than they earn — and that is a large proportion of the U.S. population. Therein lies the undercurrent of discontent as well as the questionable sustainability of our economy long term.

Looking at the BEA data, the U.S. has a low but positive overall average savings rate of roughly 4%, but that's only because the top 10% save so much. The bottom 80% have to dip into savings or borrow.

This helps explain the current average credit card balance of almost $7,000 per individual (TransUnion) — the highest on record. And the average interest rate is around 22%. With that kind of interest rate and negative savings rates for the bottom 80%, I wonder about the breaking point of many households.

About 82% of American adults have credit cards, and about 37% of all Americans carry a credit card balance over one month, meaning the high interest rates are hitting them hard.

This is a meaningful part of the puzzle with respect to the recent elections. These economic fundamentals largely explain the massive voter swings shown in Visual 1 from the 2024 to 2026 House representative votes.

Looking at young men, the D+37 means Democrats received 37 percent more votes from this group than Republicans, and the +34-point shift means the Democratic margin increased by 34 percentage points between the 2024 and 2026 elections.

As you can see, economics underpins just about everything, including our decision making and abilities on whether to educate ourselves, to work, to buy homes and how to vote (which we

thankfully have as implicit in our democracy).

The question now is whether these voter swings will make a difference for the vast majority of Americans' financial situation.

Tatiana Bailey is executive director of the nonprofit Data-Driven Economic Strategies. Other Denver Gazette articles, TV segments, DDES monthly economic dashboards with technical explanations and how to sponsor their work can be found at ddestrategies.org.