Both the amount and the pattern of consumption by different age groups has undergone a substantial change in the U.S. Total consumption per capita for all ages was much higher in the 1980s than in the early 1960s. In the late 1980s, however, retirees' consumption was roughly twice that of their counterparts in the early 1960s, whereas middle-aged and younger individuals had increased their consumption by only about a third. Clearly, much of the relative increase in older generations' consumption is due to a sizable rise in their medical spending. However, older age groups' larger relative increases in consumption are also discernible in nonmedical (housing plus other) spending.

The share of medical consumption was roughly similar for all age groups in the early 1960s. In the late 1980s, however, this share declined for younger groups and increased for older ones. The pattern of change in housing consumption by age is the opposite of that in medical consumption: Relative to the elderly, younger households allocated a smaller share of total consumption to housing in the earlier period.

Although consumption patterns evolve over time in response to many factors, recent research suggests that the pattern observed in the U.S. may have resulted largely from fiscal policies that, through programs like Social Security and Medicare, redistributed sizable amounts of resources from young and unborn generations toward older ones.