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From Hemlines to Heels: Can Fashion Trends Predict Economic Cycles?

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There are many indicators of economic activity and the overall state of the economy. The best known is Gross Domestic Product (GDP)—even if this indicator is far from uncontroversial, as I have argued in earlier [articles](#). The biggest advantage of GDP is that it reduces economic complexity to a single number: GDP growth or decline. Striving for similar simplicity, humankind has also

developed other, highly visible yet less conventional indicators purporting to reflect economic conditions. Among these are fashion indicators—claims that styles in clothing and accessories shift in response to broader economic trends.

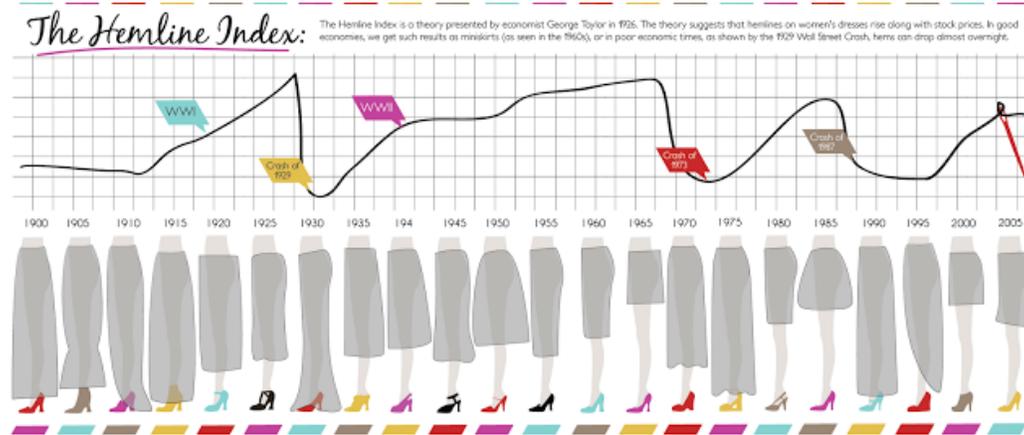
Lately, I have been writing on [serious and hefty topics](#). Today, I take a lighter turn. Although the subject remains serious—economic cycles and their impact on consumption—the approach is much lighter. Instead of discussing standard economic measures like trade balances or interest rates, I will explore an unexpected yet intriguing dimension of economic analysis: what our fashion choices might reveal about financial trends.

Skirt lengths and economic cycles: The Hemline Index

One of the most well-known fashion-based economic indicators is the hemline index, a theory first proposed by economist George Taylor in the 1920s. It suggests that skirt lengths fluctuate with economic cycles: shorter skirts become fashionable in times of economic prosperity, while longer skirts dominate during downturns.

However, the original theory did not connect skirt length directly to the economic situation but rather to stock market trends. Since the stock market reflects both the real state of the economy and expectations about its future, the hemline index was originally conceived as a fashion-based predictor of investor sentiment.

The rationale behind this idea is that in prosperous times, optimism and confidence lead to more daring fashion choices, including shorter skirts, as seen in the Roaring Twenties. Conversely, during downturns, social conservatism and financial caution are reflected in longer, more modest styles, such as those of the Great Depression.



Source: Fashionblogga by Olga Mitterfellner,

<https://fashionblogga.wordpress.com/2017/10/31/the-hemline-index-if-skirt-lengths-could-talk/>

While the hemline index has often been dismissed as anecdotal, it has been the subject of serious economic research. [One study](#) investigated whether the relationship between hemline length and macroeconomic factors—real GDP, recessions, and unemployment rates—remains applicable. The research also examined time lags that reflect the delayed impact of economic factors on hemlines, using U.S. data from 1950 to 2014.

To measure hemline length, the study analyzed women's day-wear in the spring and fall editions of US Vogue. It found that recession and unemployment influenced hemline length with a four-year time lag, meaning that hemlines tended to lengthen several years after an economic downturn and shorten following economic recoveries. The effects of previous recessions and unemployment on current hemlines were found to be very close to statistical significance, reinforcing the hemline theory's central claim: economic downturns correspond to longer skirts, while economic booms coincide with shorter hemlines.

Despite these findings, the hemline index remains an imperfect economic measure, as fashion trends are influenced by multiple factors, including cultural shifts, technological advancements, and designer creativity. However, the persistence of the hemline theory in academic research suggests that economic conditions do play at least some role in shaping fashion cycles.

Heel heights as economic indicators

Similar to the hemline index, the “high heel index” suggests that women’s shoe trends reflect economic sentiment. During recessions, higher heels become more popular as consumers seek escapism and fantasy, while during economic booms, practicality and comfort take precedence, leading to the rise of lower heels and flats.

While this theory has often been considered anecdotal, it has also been the subject of economic research. [One study](#) investigated the relationship between heel height and macroeconomic factors—specifically recession and unemployment rates—using U.S. data from 1950 to 2014.

The study found that unemployment rates influenced heel height with a three-year time lag, meaning that high heels tended to become more popular several years after an economic downturn. Additionally, the effects of unemployment rates from two years prior were very close to statistical significance, reinforcing the idea that economic uncertainty correlates with a rise in heel height, as consumers may gravitate toward more extravagant or theatrical fashion as a form of psychological compensation.

Some fashion analysts observed an increase in high heel popularity during the 2008 financial crisis, as extravagant fashion served as a psychological relief. For instance, a 2011 [IBM study](#) noted that during prominent U.S. recessions, heel heights tended to increase, suggesting that consumers turn to more flamboyant fashions as a means of fantasy and escape during economic downturns. Although the high heel index presents an interesting perspective on economic sentiment, it remains an imperfect measure, as fashion trends are shaped by a combination of cultural, social, and lifestyle changes, in addition to economic conditions. However, similar to the hemline index, the persistence of this relationship in academic research suggests that economic cycles do play a role in shaping fashion trends, even if they are not the sole determining factor.

Men's fashion as an economic indicator

Fashion trends are not limited to women's clothing—men's style choices have also been linked to economic performance. Two key indicators often discussed are tie widths and underwear sales.

The Necktie Index

The necktie index suggests that tie widths shrink during recessions and widen during economic booms. The rationale is that economic downturns bring a preference for conservative, restrained fashion, while times of prosperity encourage bolder, more expressive styles. Historically, the slim ties of the 1950s and early 1960s coincided with post-war economic caution, whereas the wide ties of the 1970s reflected economic expansion. However, with the decline of formal business attire, ties have become a less reliable economic indicator.

The Men's Underwear Index (MUI)

One of the more unconventional economic indicators is the Men's Underwear Index (MUI), popularized by former Federal Reserve Chairman Alan Greenspan. The concept behind the MUI is quite simple but has far-reaching implications: during economic downturns, men delay purchasing new underwear as it is a non-essential expense, whereas during economic recoveries, underwear sales increase when consumer confidence improves.

The reasoning is that, since consumer spending accounts for a significant portion of a country's economic output, changes in spending patterns can have ripple effects throughout the economy. When consumers cut back on non-priority purchases—including items as basic as underwear—it signals broader financial distress. Conversely, when consumer spending increases, it drives demand for goods and services, leading to job creation and economic growth.

Over the years, the MUI has garnered attention from various quarters, including mainstream media, further cementing its status as a unique and intriguing economic indicator. While it may not be as widely recognized as traditional macroeconomic indicators like GDP growth or inflation rates, its insights into consumer behavior and economic sentiment make it a valuable topic of discussion.

The [COVID-19 pandemic](#) provided a striking example of the MUI in action. The global economic downturn caused by the pandemic led to widespread job losses and uncertainty, and as expected, men's underwear sales experienced a decline during this period. This further demonstrated the MUI's ability to reflect broader economic trends, reinforcing its relevance as an informal gauge of financial stress.

While the Men's Underwear Index presents an interesting lens through which to analyze economic conditions, it is crucial to approach it with a healthy dose of skepticism. No single economic indicator is infallible, and the MUI is no exception. However, its historical performance provides intriguing insights into the relationship between consumer spending and overall economic health, making it a noteworthy addition to the study of economic indicators—albeit a rather unconventional one.

Conclusion

Although fashion-based indicators such as the hemline index, high heel index, necktie index, and men's underwear index may seem unconventional, they share a common economic rationale. During "fat" years, economic growth fuels increased consumption, which expresses itself in more flamboyant and elaborate (and hence, more expensive) clothing styles and more non-priority purchases, such as underwear. During "lean" years, consumers tend to cut back, either opting for cheaper substitutes or reducing the quantity of their purchases to the bare minimum. This is sound economic reasoning, consistent with basic consumption theory.

However, for those readers with a deeper interest in economics, this reasoning is not just about consumption theory in the neoclassical sense (e.g., intertemporal choice models of how consumers allocate spending over time). Instead, it aligns more closely with Keynesian economics, where aggregate demand is the main driver of output and employment. The fundamental Keynesian argument holds that when consumers reduce their spending—whether on high heels, luxury fashion, or even essentials like underwear—demand shrinks, production slows, and employment falls. Conversely, in boom times, higher consumer spending stimulates economic activity, driving further production and job creation.

While these indicators should not replace more formal economic measures, they provide a fascinating, informal lens through which to observe economic cycles. The fact that they have been the subject of serious economic research suggests that shifts in fashion and consumer behavior do not occur in isolation but are embedded in broader economic structures. Though imperfect, they capture real-world changes in economic sentiment and spending patterns, reinforcing the idea that even the smallest details of daily life can reflect larger macroeconomic trends.

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