FALLING DOWN

I am not economically viable.

Bill Foster (Michael Douglas) in the 1993 film Falling Down

If the 1993 film Falling Down (in which an unemployed engineer snaps in an almost Taxi Driver-like fashion) was a bit over the top in capturing the angst of the American middle class, perhaps a joke going around a few years later did a better job. President Clinton encounters a voter on one of his campaign trips, and asks for the man’s support. “Why should I vote for you?” the obviously peeved man asks the incumbent president, to which Clinton answers, “Because I created millions of new jobs in my first term.” The irate man quickly responds, “Yes, and I’ve got three of them.”

Funny or not, the joke (reportedly based on a true story) reflected the frustration many of the middle class felt even as the economy was turning around in the mid-1990s. Unlike in the early part of the decade, there were indeed many jobs to be had, but most of them involved asking customers if they had any coupons when paying for their Big Mac or oil change. High-tech jobs in Silicon Valley were also waiting to be filled, but there were only so many Americans in 1996 who knew hypertext or C++ programming languages.

“Flexibility,” rather than loyalty, had rather suddenly become the key to successful employment in the country as more Americans found themselves competing in the global economy. Around the same time that the Berlin Wall came down, the postwar dream of a lifetime job and all the benefits it afforded also imploded, making many of the American middle class feel adrift and dislocated. Words like “deskilling,” “outsourcing,” and “downsizing” had entered the lexicon of workers, with a growing sense that one was, like Bill Foster in Falling Down, no longer “economically viable.” Rather than justifiably believing they represented the heart and soul of the nation’s economy, members of an ever-smaller middle class were concluding they were now useless and dispensable. The falling down of the America middle class in the 1990s went well beyond matters of self-worth.

“The shrinking of the middle class is particularly worrisome for those concerned with the fate of democracy, for it is the class that has historically been the backbone of liberal democratic regimes,” wrote Jean Bethke Elshtain in the New Republic in 1996, concerned that civic life as we knew it was disappearing in this new economic order.

A Kind of Free-Floating Anxiety

The unhappy state of the American middle class in the 1990s had roots in the preceding years and decades. Just as “the eighties” effectively ended in 1987 with the “Black Monday” market crash, so did the economic momentum of the middle class begin to reverse in the fall of that year. A recession officially began in July 1990, according to government statistics, but higher taxes had started to eat into the net incomes of typical middle-class families a few years earlier. The middle class had also overexerted itself in the greed-is-good decade, and was now literally paying the price through high interest payments. Cutting back was now the order of the day, the last decade of the century and millennium beginning to look like it would end with more of a whimper than a bang. In the fall of 1990, Vice President Dan Quayle urged Americans to “be more upbeat, more positive,” words offering little comfort to those thinking there would be precious little under their Christmas trees in a couple of months. “A kind of free-floating anxiety has gripped the great middle class, even those holding well-paying jobs with two cars in the garage,” wrote Larry Beibstein in Newsweek, the worst-case scenario a major medical catastrophe that would put most in even deeper debt. Smelling blood, more Democrats were thinking of entering the presidential race, knowing George Bush was very vulnerable. “Bush, like Reagan before him, favors the wealthy, tolerates the poor, and has forgotten the largest group in the middle,” said a self-identified Republican from North Carolina, thinking he and everyone else in the middle class were being “taxed to death.”

The American middle class was definitely being squeezed in higher education due to rising tuitions at private colleges and universities. Although qualified for acceptance at such schools, many high school graduates could not afford to pay the $20,000 or so annual tuition nor were they eligible for financial aid. Stuck between a rock and a hard place, these students were likely to choose one of the elite, more affordable state universities such as University of Michigan or UCLA. This in turn bumped many other smart middle-class students to second- or third-tier schools, a domino effect that U.S. News & World Report called “the great college tumble.” (Some college officials called the phenomenon “the middle-class melt.”) Moderate-income families were also having to take out loans to fund a child’s college education, this too part of a “downward migration” in higher education in
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America. Federal “Pell grants” were limited to low-income families, and the Bush administration was trying to get Congress to make eligibility for them even tougher in order to cut government spending during the recession. Applications to and attendance at community colleges were, not surprisingly, way up, as more middle-class students with excellent grades settled for what they could afford.8

Who and what was to blame for the “downward migration” in education and, more generally, the “free-floating anxiety” of the middle class? Not everyone was so sure that the 1980s had been as devastating on the American middle class as was popularly believed. In a kind of economic autopsy, all sorts of “experts” juggled the numbers this way and that to determine if most Americans made gains during the decade or just the rich (an exercise that continues to this day). Those on the right, not surprisingly, tended to think that the much-hyped decline of average families during the Reagan years was overstated if not outright false. Michael Novak of the American Enterprise Institute, writing for Forbes in 1992, suggested that simply examining median income would reveal whether the middle class made gains or experienced losses. Median income rose more than $2,000 in inflation-adjusted dollars between 1981 and 1989, he reported, meaning more Americans did better under Reagan (and Bush) than worse. Partisan politics (and the liberal media) were the cause of all the gnashing of teeth, he argued, the fact that bad news was more interesting than good also playing a part in the bending of truth. “Since 1970 the middle class has expanded upward in a very rapid fashion,” Novak concluded, directly contradicting the majority who were convinced that the last two decades were a big slide for most Americans.9

Kevin Phillips, who was purportedly a devout Republican (he had helped Richard Nixon win over Southern Democrats in 1968), certainly agreed that the income divide of the 1980s had hurt the middle class. In two books, The Politics of Rich and Poor and Boiling Point, Phillips described how the rich got richer that decade and the effect that had on the country’s political landscape. The undercutting of the middle class during those years was a “quiet devastation,” he suggested in the latter book, even some of those making as much as $150,000 a year not really secure because of high taxes and few benefits.10 Regardless of what and whom was to blame, there was a consensus that the middle class was suffering in the early 1990s as another presidential election neared. “The recession has left the great American middle class feeling frayed and sobered and vulnerable,” wrote Lance Morrow in Time, believing that, “fear and anger are eating like acids at the electorate.”11 “The middle class is now scared,” agreed Mortimer B. Zuckerman in his U.S. News & World Report, comparing the situation to that in the 19th century when thousands of American skilled craftsmen lost their jobs to new machines that could produce goods faster and cheaper.12

Indeed, telling a good number of middle-class white men in the early 1990s that their lives had been rapidly “expanded upward” as Novak claimed would elicit guffaws or something much worse. Like the fictional character Bill Foster in Falling Down, those who had lost their good jobs often felt a sense of rage that went well beyond pure economics. “Virtually no one in the major media speaks for those disaffected middle-class whites who, though making up a majority, see themselves as increasingly marginalized in a nation where ‘protected’ minorities have become a privileged class and traditional values are under officially sanctioned (not to mention subsidized) siege,” wrote film critic Terry Teachout in Commentary. Rush Limbaugh had made a very successful career by speaking for this sizable group, of course, and the mainstream media was starting to pay attention to this new ironically disenfranchised demographic. Newsweek had just published a cover story on “White Male Paranoia,” and Fortune did the same on white-collar unemployment just a week before Falling Down opened, suggesting the plight of the “downsized” middle class worker was reaching critical mass.13

It was the inescapable reality of contraction that felt so alien and distressing for the American middle class. Looking back, an ever-expanding middle class was one of the pillars of postwar prosperity and optimism, something that was considered one of the nation’s proudest achievements. That the American middle class was large and would continue to get larger was also ammunition against communism, clear evidence that our system was in the best interests of the majority. Our version of class based on a kind of “cultural equality” devalued foreigners’ version predicated on social and economic stratification, and proved that Marx had some certainly interesting theories but it was capitalism that actually worked. Best of all, perhaps, the postwar American middle class accommodated both white-collar and blue-collar workers, another retort to Marx and his intellectual descendants subscribing to a fundamentally divisive workplace based on class. The peaceful coexistence between white-collars and blue-collars applied not just at work but in their personal lives as well. Middle managers and their public sector equivalent could happily live alongside blue-collar workers, another important symbol of economic (if not social) equality. A middle class, both real and imaginary, subsumed the working class (and its politics), with enough abundance believed to go around for nearly everybody (at least nearly all white people).15

Although this model began to self-destruct in a cultural sense in the early 1960s, it would become another decade before its economics fell apart. “Something happened to this expanding middle class around 1975,” wrote Jack Beatty in the Atlantic in 1994, with median family income (adjusted for inflation) now decreasing. The energy crisis, a shift from a manufacturing-based economy to a service-oriented one, Wall Street’s short-term demands for dividends, a decline in public education, and lower spending on public
infrastructure all negatively impacted the nation’s economy over the next two decades. Virtually unlimited abundance now just a happy memory, the middle class diverged, its blue-collar (and “new-collar”) component falling further and further behind white-collar workers in wages and salaries. Beatty and many others believed the two-decades-long breakup of the American middle class transcended economics, creating what he called a “civic void.” “The crisis of the middle class is of commanding gravity,” he wrote, seeing it as the country’s most important issue. “Anti-politics” were one direct result, a pervasive cynical attitude destabilizing the relationship between the government and the people. Unless and until the economy improved, Beatty was not optimistic that this civic void would be filled. “What we have here,” he wrote, “is a circular, self-generating crisis for which it is hard to come up with convincing efficacious solutions,” he bemoaned, seeing little reason to be bullish on the future of the American middle class.

**Living on the Edge**

While insightful, such analyses ignored the fact that there really was no longer one giant American middle class as there was (or might have been) in the postwar era. Given how broadly the middle class was now generally defined (households with incomes between $25,000 and $100,000), it could be expected that the economic situations between the lower and upper ends varied dramatically. Most families close to a six-figure income were typically holding their own despite the early 1990s recession but those bringing in half or less of that were bearing the brunt of the downturn. Millions of the American lower middle class were struggling to pay their mortgages or rent and their children’s college tuition although they were not poor or unemployed. This segment of the middle was “living on the edge,” Mark Levinson of *Newsweek* wrote in 1991, with “making ends meet” a constant effort. There was little or no chance of taking a vacation or saving money for retirement, making many wonder why they were working so hard. A good number of those folks were living below the standard that their parents had, giving them a bleak view of their future prospects and those for their own kids. Polls showed that the lower middle class was as pessimistic about the future as those living in poverty. Unlike the upper middle class, the lower middle class had not shared in the bounty of the 1980s, setting them further back from the rest of the pack. The concept of decline, both in real terms and relative to one’s expectations, was simply not part of many Americans’ vocabulary. Anger was the natural reaction, with politicians, those better off, and people getting government handouts all targets of their deep resentment.

Statistics relying on averages also obscured the vast differences between the lower and upper middle classes. The gap in incomes expanded significantly in the 1980s, but viewing the American middle class as one enormous group masked the wide division within it. The upper segment went one way and the lower went another, in crude terms, a trend that was continuing in the early 1990s. Democrats blamed Reaganomics on this splitting of the middle class, but it was the “stagflation” of the early 1970s that triggered the distancing of the two segments. It was then that wages, adjusted for inflation, began to drop, the beginnings of what would become, two decades later, essentially two American middle classes. An income of $30,000 once thought of as a boatload of money, was now for many families just enough to scrape by. Delaying home improvements and car repairs, leaving the lights off as much as possible, renting a video instead of going to a movie, or even cutting out beef from the weekly shopping list were not unusual ways for the lower middle class to save money. Plans to have another child were often abandoned, one of the salient aspects of this economic parting of the ways. Those without college degrees were more apt to be in tough straits, not surprisingly, with one’s level of education strongly linked to income. Weaker labor unions had not helped matters; blue-collar workers simply did not have the bargaining power with management that they once had.

Although there was no doubt that the lower middle class was more likely to be living on the edge, it was clear that many members of the upper middle class were hardly living extravagant lifestyles. Families bringing in $75,000 in the early 1990s could typically afford a nice home in a nice neighborhood and a couple of cars but were foregoing luxuries and saving nothing, a troubling fact of life. The upper middle class was justifiably worried that the Clinton administration and Congress would target it to lower the deficit and reform health care, its size and income level making it ripe for the picking. After taxes, insurance, mortgage payments, utilities, and gasoline, many upper-middle-class families had less than $10,000 for food, clothing, and other necessities. Such families felt that they just were not getting their money’s worth when paying the government about half of their gross income. Taxes were notoriously high in most European countries but citizens there received free health care, university educations, and other subsidies, a fair return on investment. Eighty-four percent of readers of *Money* magazine felt their federal tax dollars were not being well spent, a sign that many middle-class Americans simply did not trust the government, at least regarding its economic policies.

Alan Wolfe of Boston University also believed that the American middle class had cleaved in two by the early 1990s, but not based on economic status. The two American middle classes held distinct sets of morals and outlooks on life, he argued in 1993, the disparity thus less about money than values. What Wolfe called the “old” middle class
ascended in the postwar years, when a large number of Americans made significant gains against the backdrop of a relatively steady and strong economy. Rising incomes, bigger and better houses, and the familiar trappings of consumerism were all part of what many viewed as the realization of the American Dream, as was sending children to college and retiring to a warm place. “Many people in this generation became middle class just by showing up,” noted Wolfe, American society geared to allow most citizens, especially white men, to enjoy economic and social mobility. Just as the good times evaporated for this sizable group of Americans in the early 1970s, however, a new and different kind of middle class emerged. Through hard work and sacrifice, many urban white ethnics with civil service or unionized blue-collar jobs, college graduates working in service industries, African Americans, and immigrants now achieved middle-class status. These contrasting and even clashing groups altered the economic, political, and social character of the nation, Wolfe held, the old and new American middle classes competing not just economically but culturally.19

Having struggled to earn their privileges rather than have them handed over on a silver platter, the new middle class of the 1970s and 1980s saw things quite differently than their predecessors, according to Wolfe. While the old middle class was engaged in the civic or public spheres, especially when it came to politics, the new middle class was primarily dedicated to private interests. Religion was highly secularized for the old middle class while the new was not averse to traditional, even fundamentalist faiths. The old middle class had learned how to manage their careers, focusing on process, while the new was more interested in producing things. The old middle class was open to bilingualism and multiculturalism in general while the new middle class, ironically, had more of a “love it or leave it” philosophy regarding national identity and loyalty. Given these basic distinctions, Wolfe concluded, it was important to view the American middle class not as a single, monolithic entity but as a dualistic one with dissimilar and often conflicting views and aspirations.20

The Wimpiest Term in the Lexicon of Social Taxonomy

Whether there were one or two middle classes, it remained those with average incomes whose votes were most sought after by politicians. Just as in the 1980 presidential election campaign, both Democrats and Republicans aggressively wooed the middle class by offering tax cuts in the 1992 campaign.21 Incumbent president George Bush and the Democratic candidate, Arkansas governor Bill Clinton, were each also promising job security and better schools for Americans, all key hot buttons for a beaten down middle class. “Our politicians have scanned the huge expanse of national need and determined, in time for the great U.S. election campaign of 1992, that they will pledge themselves to resurrection of the middle class,” wrote Fred Bruning for Macleans in February of that year.22 Bush, an icon of the wealthy elite, was also trying to appear more middle class by doing things like sharing a pizza with factory workers and petting a cow while campaigning in New Hampshire in January of that year.23

Based on what Reagan had promised and then delivered, however, Bruning was not swayed by Bush’s Everyman stunts or either party’s rhetoric. Twelve years of Reagan and his successor had led to higher unemployment and a recession, hardly the prosperity he vouched for when campaigning against incumbent Jimmy Carter. “When the politically ambitious—Democratic or Republican—start bragging about the middle class, it’s a sure bet someone is about to be fleeced,” Bruning warned, having heard this story before. Politicians knew the term “middle class” encompassed virtually all Americans’ income levels and lifestyles, and that most of us believed we were in the mainstream or wanted to be considered part of it. Typical American activities—having a pizza delivered or going to the movies on the weekend, say—were taken as signs of one’s “middle-classness,” this despite having millions in net worth or being in debt. Suspicious of the wealthy and either fearful of or holding disdain for the poor, Americans’ natural inclination was to lean toward the socio-economic center regardless of personal circumstance.84

Americans’ clinging to the idea that almost all of us were middle class, something that was likely unique in the world, functioned as a powerful levelling force that reinforced the nation’s egalitarian spirit. A vice president of a regional bank and a successful electrician made about the same amount of money, but it was likely two such individuals had different attitudes and opinions regarding any number of important issues. Still, they were each “middle class,” making them seem more similar than they probably were. The same could be said to be true of those over forty and those under, homeowners and renters, blacks and whites, and even men and women. Much was made about the country’s political stability because of the checks and balances of our two-party system, but on closer inspection it was perhaps this nearly universal membership in the middle class that kept us from splintering into hundreds of discordant subcultures. As a fundamentally multicultural society, perhaps the most diverse on the planet, the unifying effect of our common belonging to the middle class could not be overestimated. “It is in the middle class that the nation locates its center of gravity, its values, its work force, its soldiers, its leaders and above all its voters,” Morrow of Time proposed, thinking that “American democracy means middle-class democracy.”85

Politicians’ appeals to the middle class certainly sounded great in speeches, but it was
actually more the working class that was listening. More than 90 percent of Americans considered themselves middle class, recent polls showed, although just 60 percent actually qualified based on annual income.25 The term’s meaning has shifted over time, but it generally refers to those who have enough to get by but not enough to be rich.26

Vincent Navarro, a professor at Johns Hopkins, argued in The Nation that the majority of Americans belonged to the middle class but to the working class if one’s financial identity was defined by hourly wages. Such workers represented more than half of adults, according to a study by Erik Olin Wright of the University of Wisconsin, a fact most politicians did not recognize, at least publicly. Navarro felt that the discourse focusing on the middle class was obliquely racist, a means of marginalizing minorities who accounted for significant numbers (and the fastest growing segment) of the working class. “By referring to a mythical middle-class majority as an entity separate from ‘the others,’” he wrote, “politicians were delivering a ‘divisive message.’” More broadly, it could be said, Americans’ preference to think of themselves as more middle class than working class helped to minimize not just the nation’s immense economic differences but our profound cultural diversity as well.27

While some believed using the term “middle class” rather than working class was linguistic trickery, others warned that politicians were speaking in a kind of code when making promises about who was going to get taxed and how much. “Candidates who talk about taxing the rich are really aiming straight at the middle class wallet,” advised Novak in 1992, seeing a global trend away from the left that always seemed to serve the interests of the wealthy.28 The fastest rising taxes were actually state and local income, sales, and property taxes, which had nothing to do with the federal government. Escalating property taxes (presumably based on the increasing value of one’s home) were especially frustrating as it was difficult to tell what one was getting for the additional money. If anything, public schools were getting worse rather than better, many felt, with some feeling the need to pay their kids in private school. Between higher property taxes and private school tuition, once nicely growing savings accounts and IRAs were sitting dormant, with all money that came in going out just as quickly. Middle-class families were thus often faced with a decision with existential overtones: should we scrimp to try to put a few dollars away for retirement, or seize the day by enjoying life with the little money one had (or borrowed on credit cards)?29

Separate from the tax issues, politicians always seemed to be “rediscovering” the middle class. Meg Greenfield of Newsweek observed, as if it was something new and alien. It was absurd that the vast majority of Americans could go missing, and that each new sighting of them during a campaign was treated as major news. “Where does the middle class go in between times?” she joked, adding that the term’s very definition was used differently by different candidates. Some politicians (much like non-politicians, especially the media) referred to a group of Americans with a particular range of income, while others defined it by a certain set of cultural characteristics. Sometimes the term was a politically correct way of meaning “white people,” Greenfield thought, like Navarro, and other times it signified anyone outside the New York—Washington—Los Angeles elite. (Lewis Lapham of Harper’s concurred, thinking the phrase “the forgotten middle class” was “a euphemism for the modesty affluent and well-to-do, the not-poor and the non-black.”)30 Interestingly, on occasion the term meant the (white) lower class rather than the middle class; a good example of how confusing or at least fluid the concept of class was in America. Attempts for politicians to appear as regular folk by doing “middle class things,” e.g., eating at a local restaurant or stopping for socks at J.C. Penney (the latter something George Bush had also done), only made them seem more non-middle class, Greenfield felt. Americans easily saw through such playacting, knowing that a rich, powerful man stopping for a piece of pie in their town was Public Relations 101.31

In mentioning the word “class” at all, however, politicians were in some respects breaking one of our cultural taboos. America was not supposed to have rigidly defined economic and social classes like those in Europe, according to our national creed, the concept of an aristocratic elite or an oppressed proletariat in opposition to our firm faith in equality. Throughout the nation’s history, class signified foreignness, and invoked the dangerous ideas of revolution and communism. But by limiting themselves to the term “middle class” (versus “upper class” or “lower class”), candidates were actually reinforcing the American mythology of classlessness rather than challenging it. Because most Americans liked to think they were middle class or in the general neighborhood, any mention of the words promoted unity rather than divisiveness. Much or all of the term’s potential political power had at some point been drained away, something both George Bush and Bill Clinton knew very well. “Middle class is the wimpiest term in the lexicon of social taxonomy, meaning little more than not rich, not poor,” thought Barbara Ehrenreich in 1992, seeing the term now as essentially synonymous with “normal.”32

However, while perhaps not class-conscious, Americans were extremely status-conscious, Ehrenreich was quick to point out. Driving a Chevrolet and owning a Mercedes were two very different things, we all knew, the latter conveying a level of success (and perhaps intelligence) that the former did not. It was during the 1980s that our collective status-consciousness spiked, she argued, the distinction between the lifestyles of the rich and famous and those of the growing numbers of homeless too vast to ignore. It was that same decade when the middle class as a whole felt it was losing some of its status, as prices rose and income levels stayed constant. In terms of lifestyle, remaining “middle class” required being almost wealthy, somewhat contraditorily, a troubling trend that carried over into the early 1990s.33
W(h)ether the Middle Class?

The populist movement centered around the interests of the middle class that cohered during the 1992 election did indeed appear to mark a watershed moment in American history. Much like how Teddy Roosevelt’s third-party Progressive platform in 1912 and FDR’s New Deal in 1932 successfully attacked the excesses of capitalism, Clinton’s promise to rebuild the prosperity of ordinary Americans went beyond ordinary politics. The quarter-century postwar boom was officially ending, creating an opportunity for virtually anyone who boldly challenged the status quo. What made the movement so powerful was that not just inner city and working-class Americans liked Clinton’s message but also suburbanites and college graduates who had been left off. In “W(h)ether the Middle Class? A Dynamic View,” a chapter in Poverty and Prosperity in the USA in the Late Twentieth Century, Greg Duncan, Timothy Smeeding, and Willard Rodgers argued that suburbanites were actually affected more by the recession than urbanites as the latter were more likely to hold relatively secure government or government-related (versus corporate) jobs. Believing downward mobility could simply not happen to them, suburbanites facing bankruptcy and the loss of their homes were especially open to a new regime predicated on remembering the “forgotten” middle class. And unlike the Great Depression, when almost all Americans took an economic hit, the rich appeared to be not just surviving these tough times but thriving, magnifying the discontent among the middle class. Fears that the nation was on the way toward becoming a highly stratified country like Brazil paved the way for the man from Hope to deliver just that to the American middle class.35

Peter G. Peterson, the billionaire businessman and ex-Secretary of Commerce, believed the middle class was getting off too easy, however. Although unpopular, if not anathema, to demand that the middle class make large financial sacrifices in order to balance the budget and reduce the deficit, Peterson boldly suggested doing just so. Coddling the middle class as newly elected President Clinton was doing might be an effective way to remain well liked but was absurd from a financial perspective. “Most Americans, emphatically including the middle class, will have to give something up, at least temporarily, to get back our American Dream,” he stated in The Atlantic Monthly after juggling the numbers. Entitlements were the big problem, he prophetically wrote in 1993, the government’s commitments to Social Security, Medicare, and tax breaks a looming disaster. It was the middle class, not the poor as popularly believed, that represented the primary beneficiaries of these entitlements, a fact that seriously endangered the nation’s economic future. “The middle class is at the heart of our budget problem—and must be at the heart of the solution,” Peterson insisted, estimating that this large group of Americans received 80 percent of total benefit dollars. Going after the rich and helping the poor was all fine and good, but it was those falling somewhere in between that would have to pay higher taxes and/or accept a reduction in entitlements to keep the United States solvent. Peterson’s argument may have been not just fiscally prudent but made sense on a cross-cultural basis. Although beleaguered, the American middle class remained the richest in the world and paid far lower taxes than middle-class citizens of most other countries.36

Hard numbers backed up Peterson’s conviction that the middle class should not get a free ride if America wanted to be fiscally healthy. “Politicians may talk about raising taxes only for rich people, but to raise any significant amount of revenue the politics would have to attack the middle class,” agreed Forbes in its analysis of where most of the nation’s money was. Soaking the rich made good headlines but did not generate nearly enough cash to pay the country’s bills, a fact that both Republicans and Democrats usually ignored, especially if they were running for office. Placing surtaxes on millionaires or raising the tax rates on the highest earners—steps Bush and Clinton had respectively proposed—fell well short of, say, doubling the taxes of those in the middle. “Politicians tax the middle class for the same reason some people rob banks,” explained Peter Brimelow, as “that’s where the money is.”37 Middle-class Americans could of course decide to move to another country or not work as hard to escape the tax hike but each was unlikely, meaning they remained the best
source to raise money if economics (versus politics) ruled the day.38

Defenders of the middle class argued that this group of Americans was already paying more than their fair share of taxes, however, the financial burdens in real people’s lives missing from the IRS’s tidy charts and tables. In their America: What Went Wrong? (based on a series of articles originally published in the Philadelphia Inquirer), Donald Bartlett and James Steele argued that the tax system was fundamentally rigged against ordinary Americans. The articles and book became something of a phenomenon, with a PBS documentary featuring Bill Moyers created out of the bestseller. (Then presidential candidate Bill Clinton had called the bestseller “must reading.”) Many readers agreed with the Pulitzer Prize-winning reporters’ thesis that the American middle class was effectively “dismantled” during the 1980s. Not just corporations but the government enacted policies that hurt average income earners, they held, a series of events that showed no signs of reversing.39 Around the same time, Sylvia Nasar of the New York Times also wrote a number of articles about the economic favoring of the wealthy at the expense of the middle class, adding to the outpouring of public interest in the issue.40

Bartlett and Steele said much the same thing in their follow-up book, America: Who Really Pays the Taxes? and extended their treatise by making the case that the rich often found ways to avoid paying taxes while the middle class was left footing the bill.41 Changing one's name, incorporating oneself in the Cayman Islands, or paying oneself large dividends in order to claim deductible losses were all strategies the wealthy used to lower (or completely eliminate) their taxes.42 Those on the right attacked Bartlett and Steele’s methodology, however, claiming that the Carter years had been much tougher on the working class than during Reagan’s two terms. “The rich did get richer during the Eighties, but not without making others richer also,” argued Ed Rubenstein in National Review, claiming that “the longest peacetime economic expansion in U.S. history took place” on the Gipper’s watch.43 The middle class may indeed be hurting now, he and other hard-core Republicans insisted, but Reaganesque was one of the best things to ever happen to the American people.

The Radical Middle

Whatever one chose to believe about the past, raising taxes on the middle class to get the country out of the hole it had dug for itself in the present would be politically suicidal, and was unlikely to happen soon. “The middle class is growing increasingly cantankerous,” noted Lawrence Kudlow in National Review in 1994, unhappy it was carrying a higher tax burden than upper-income earners.44 The middle class complained about government (over)spending, but did not want entitlements like Social Security and Medicare touched, a Catch 22 with which Clinton (and his two successors) continually struggled. (His proposal of a “New Covenant,” in which citizens would have to offer something in return for their entitlements, never really gained traction.)45 Much like how he and incumbent president George Bush promised tax cuts for the middle class in the 1992 campaign, Bill Clinton, with “Middle-Class Bill of Rights” in 1994 to try to win votes and stay in the White House for another four years. With its “Contract for America” already in place, however, the Republican Party had positioned itself as the party for the middle class, making the run-up to the 1996 election an interesting one.46 “Both Republicans and Democrats have set out to placate the increasingly anxious, economically squeezed and angry middle class,” observed Kenneth T. Walsh of U.S. News & World Report, each party knowing these voters represented the key to winning elections and gaining support on particular issues.47

President Clinton, in fact, embarked on a road trip to middle-class communities around the country early 1996 to court the affections of voters concerned about taxes and jobs. Getting reelected might prove more difficult than holding some town meetings and demonstrating the man was not just a country boy at heart by buying some apple butter at a roadside stand in Kutztown, Pennsylvania, however.48 Census Bureau data showed that median household income had shrunk through the early 1990s, leading many pundits to predict that a “radical” middle class would emerge and vent their anger at Clinton at the polls.49 The concept of a “radical” middle class first emerged in 1968 to explain support for presidential candidate George Wallace, and was used again in 1992 to describe Ross Perot’s populist appeal. (The similar idea of “radical centrist” was first used by sociologist Seymour Martin Lipset in his 1960 book Political Man.) Now again a “radical” middle was in play, journalists like Newsweek’s Joe Klein believed, thinking that nationalistic Americans repulsed by both classic liberalism and far right conservatism would have a big effect on the coming election.50

Klein’s 1995 cover story for Newsweek, “Stalking the Radical Middle,” certainly gave many the impression that Clinton was in a similarly precarious position as Bush was four years earlier. Rather than favor the upper class, however, Clinton was in cahoots with special interests, lobbyists, foreign leaders, and the underclass, the radical middle supposedly believed, the latter getting a free ride through welfare and food stamps. The radical middle class was bipartisan. Klein believed, the common denominator being disgust with the American political system as a whole. Klein was not the only one to propose something big was afoot. As many as two-thirds of Americans felt alienated from
Washington, Gordon S. Black and Benjamin D. Black, co-authors of *The Politics of American Discontent*, posited, a true movement in the making. Colin Powell used a softer term for this group of Americans—the “sensible center”—but his concept of an infiltrated middle class wanting a third party to emerge that served its interests was basically the same. In short, the radical middle wanted the system cleaned up (and overhauled), the budget balanced, and civility restored, all reasonable demands but a lot to ask for given the inflexibility and lethargy of Washington.51

A third party was thus just waiting to be born, Klein and others felt, one that appealed to centrist voters sick and tired of politics as usual. Given its sensible stance predicated on social liberalism and fiscal conservatism, was such a group really “radical,” Michael Lind asked in the *New York Times*, or more of a “moderate” middle? Lind believed there were actually two groups in the “middle,” the moderates and radicals separated by class and degree of anger. Moderates tended to be upper middle-class and generally accepted the system, while radicals were lower middle class and would be happy to see the current system tossed into the trash and something very different forged. There were two other parties in waiting, Lind concluded, progressive moderates and populist radicals too dissimilar to coalesce into a single movement.52

The political rhetoric overstated both the devastation the American middle class had experienced and their rage, however. Imports, automation, and corporate cuts had certainly wiped out many jobs among the middle class by the mid-1990s, and hourly wages had not kept up with inflation for three decades. Still, spending was up among the middle class over the last decade, as was home and car ownership. A higher percentage of Americans had major appliances like air conditioners and dishwashers than ever before, and the average house was getting bigger. In short, living standards and buying power were up among those defined as middle class, these fifty-three million households (or three out of five Americans) not as impoverished as politicians liked to make out.53 Indeed, by the time the actual election rolled around, the prospect of a better middle class had largely dissipated. The new favorable economy (and rising stock market) had ecelled voters’ anger about the state of the nation, it appeared, making the reelection of Clinton a virtual certainty. Clinton’s shift toward the center halfway through his first term also increased his appeal to moderates, a lesson a future incumbent Democratic president would learn well.54

While Clinton’s reelection campaign turned out to be anticlimactic, it did prompt Democrats to rethink what their party should be about. Long-time progressive journalist Richard Parker, for example, believed that Democrats should focus their attention not on the poor and excluded but on the middle class, quite a shift in direction. Historically, progressives were dedicated to improving the lot of the working class and economically disadvantaged, but Parker argued it was time to officially change their orientation. Recent presidential elections had proved that success in politics relied heavily on embracing a populist kind of centrist and, specifically, speaking to the interests of the middle class. Trying to complete the social legislation of the New Deal of the 1930s or Great Society of the 1960s was living in the past, he believed, explicit loyalty to the middle class the party’s future.55 Ramesh Ponnuru of the *National Review* thought the president had already largely achieved this. The most important dimension of Clintonian-style politics was “the attempted retitling of the Democratic Party as the servant of middle-class interests through the mechanism of government,” he wrote within days of the president’s reelection. Through broad-based social initiatives rather than safety nets, Clinton pollster Stan Greenberg had envisioned a few years earlier, Democrats could and should be the party not just for the “have-nots” but everybody.56 For now, at least, the Democrats had claimed title to better serving the needs of the politically powerful American middle class.

### The Web of Comforts

Even the U.S. Government could not magically reinvigorate a still reeling middle class, however. Guarantees and perks the middle class had relied upon for decades were simply no more. “The web of comforts that muscular U.S. companies and a benevolent Uncle Sam provided the American middle class for 60 years is dissolving before your eyes,” Joseph S. Coyle of *Money* wrote in 1995, seeing job and income security as a thing of the past. Global competition had made the postwar job-for-a-lifetime extinct, and company-paid pensions were being replaced by voluntary plans funded by workers. Dreams of retiring early were rapidly fading among the middle class, and being able to pay for health care had emerged as Americans’ number one concern, according to a poll by the magazine. And despite President Clinton’s reassurances that Social Security would be around when they did retire, many were having their doubts, thinking their future checks would likely be, as the saying went, “in the mail.”53 Children with no health insurance were increasingly coming from middle-class families, statistics showed, another “web of comfort” that was vanishing. Companies were making it more difficult for employees to include their families in health care coverage, one of many cost-cutting measures to improve bottom-lines. The number of uninsured Americans overall continued to grow, many of them not poor but middle class who simply could not afford to pay escalating premiums. A program similar to Medicare, the national health insurance program for the elderly created in the 1960s, was clearly needed, but how to pay for it was proving to be a political football.58
The woes of the American middle class somehow defied conventional measures indicating that the economy was strong. Unemployment and inflation were low, yet most Americans were not optimistic about the future, according to polls. Anxiety lurked beneath the surface of prosperity, with a constant fear that one could suddenly be jobless in this era of downsizing. And if one did get laid off, it was unlikely that one would make the same amount of money, studies showed. In addition, part-time and temporary employment had exploded in America over the last couple of decades, a disturbing trend for those wanting to work full-time (and receive not just the higher pay but the benefits that afforded). Moonlighting was also up significantly; the percentage of Americans holding multiple jobs far exceeded that of any other industrial nation. If many of the middle class were struggling just to keep up in a good economy, what would happen when another recession arrived, as it inevitably would?

For at least one journalist, Lynn H. Ehrle, that question was moot. The American middle class was not struggling, Ehrle argued, but that was only because it no longer existed. “The American middle class has disappeared,” the freelance writer wrote in the 1996 article in the Humanist. “The belief in readily available Census Bureau data. Like others, Ehrle believed the demise of the middle class began in the 1970s, as purchasing power became weakened by stagflation. Safety nets and a sharp rise in two-income families disguised how sick the middle class was. By the early 1990s, however, the household income gap that had ballooned between an upper and lower class could not be missed. Egregious tax policies, the exporting of jobs, massive layoffs, union busting, and automation were the nails in the coffin of the middle class, the nation now composed of a small upper class and a large lower class. Whether measured by household income or net worth, the American middle class was now a “myth.” Ehrle seriously claimed, a fact the media and politicians refused to recognize because it was a frightening idea. Faith in a vast “middle” was essential to maintaining our national identity, but the sad truth was that we now had only a narrow top and wide bottom. The good news was that the middle class could be brought back to life, but Ehrle was not hopeful that the government and corporations would make much of an attempt to help rejuvenate it anytime soon.

While most journalists did not think the middle class had gone belly up, many did believe it was on life support. “If calling America a middle-class nation means anything,” Paul Krugman wrote in 1996, “it means that we are a society in which most people live more or less the same kind of life.” The problem for Krugman was that we were that kind of society around 1970, describing what took place in the United States over the last quarter of a century as a “spiral of inequality.” If the downward spiral of the middle class began about 1970, it accelerated in the 1980s. The “Reagan Revolution” really was one, he agreed, but not in the way conservatives liked to believe. The revolution that began with Reagan’s election was dividing Americans, not uniting them in a common cause, and this rift was continuing to grow. Krugman lived in Palo Alto at the time, a place in which the enormous disparities between the wealthy and the poor could not be missed. The technology boom had made the boundary between an upper and an under class that much more extreme, so much so that many younger people assumed the town, and many others in the United States, had always been that way.

This just was not true, however. In Palo Alto and hundreds of communities across the country a generation earlier, a managerial class and a working class lived, worked, and played closely together, their incomes not that far apart. (Skilled blue-collar workers actually often earned more than white-collar middle managers.) CEOs of typical Fortune 500 companies made about thirty-five times that of an average employee in 1970 while in the mid-1990s it was 150 times, this alone evidence that a select group of Americans had taken the high road while a lot more had taken a lower one. Foreign imports, information technology, the decline of unions, and high tax rates on the middle class were all partly to blame. Krugman thought, but the larger cause was a shift in the nation’s values. The nation’s egalitarian ethic had disappeared, he had concluded, this the primary reason for our spiral of inequality. Truly scary scenarios could be conceived from the inequalities continue to spiral over the course of another generation. “Imagine a Blade Runner-style dystopia, in which a few people live in luxury while the majority grovel in Third World living standards,” he envisaged, offering a variety of strategies to avoid such a nightmare. Until another FDR and unifying force equivalent to World War II came around, however, economic policies would have to serve as the best way to reverse the spiral and revive the middle class.

The $20 Meal

It was difficult for those in the American middle class to resist comparing their economic situation to those of their parents when they were the same age. Only one parent, usually the dad, worked full-time a quarter-century ago but, with a desk job or high union wage, that was all that was necessary. Now both parties in a married couple each often held full-time jobs, if they were lucky. New kinds of software were replacing middle managers, this just one way corporations were “streamlining” their organizations. Thinning executive ranks had become the focus of many American companies, especially those which had recently undergone a merger or acquisition. If dad’s job was eliminated for some reason, the company would typically find another one for him within the organization. This was
fast becoming an obsolete practice, however, as it defeated the whole purpose of cutting costs. Even with the distressing gender biases of the times, it appeared that one’s parents had it a lot better around 1970, at least when it came to buying power. Maintaining the jump in real income and living standards that mom and dad had enjoyed would prove to be an unsustainable proposition as Europe and Japanese competitors caught up to and then surpassed our manufacturing capabilities in many industries over the next couple of decades.\(^5\)

Comparing consumer culture circa 1970 and in the mid-1990s was apples and oranges, however, making things seem gloomier for the current middle class than they really were. Things were more affordable back in the day partly because of the things we were using, the upscaling of American culture still to come. Keds had evolved into Nikes, the five-channel television set into a five-hundredchannel multimedia device, and the Ford Pinto into a Honda Accord, with no comparison between the consumption habits of the typical American middle-class family in 1970 and one a quarter-century later. Being middle class now was a lot more complicated and cost a lot more than once upon a time in America simply because products and services were far superior. Dining out had become routine rather than the special occasion it used to be, and vacations in Cancun and Caribbean cruises had largely replaced the Great American Roadtrip to a national park or Aunt Sally’s in Iowa. The average middle-class family’s lifestyle in the 1990s would be considered extremely luxurious in 1970 if time travel (and all kinds of other events defying the physical laws of the universe) were possible, this fact essential in judging how good or bad things were for most Americans at the end of the 20th century.\(^6\)

While consumerism, perhaps more than any other part of American culture, had progressed over the past few decades, marketers were no longer treating the middle class as one very large group. Although there were still some iconic brands that continued to serve one big American market (Pepsi and Ivory soap, say), they were more the exception than the rule. Many companies were offering different product lines for an upper middle class and a lower middle class, both shaping and reflecting the growing economic divide in the country. One Winnie-the-Pooh line of items could be found in upscale stores like Nordstrom’s and Bloomingdale’s while another was sold at Wal-Mart, for example, an intentional strategy by the Walt Disney Company to segment the middle-class marketplace. With the middle of the middle class losing both numbers and purchasing power, it made sense to target the upper and lower ends that were each growing in population and discretionary income. The mass market, once the bulwark of business, had eroded and polarized just as the middle class had. PaineWebber was, in fact, advising investors to put their money into companies that were following a “Tiffany/Wal-Mart” strategy and avoid those “that serve the ’middle’ of the consumer market.” Roper Starch, the market research firms, had just published a report called “Two Americas” showing that our society was sharply divided along economic, educational, and technological lines. Restaurants too were going one way or the other. “The $4 meal is doing all right, and the $50 meal is doing all right,” said economist Lester C. Thurow, but “the $20 meal is in trouble.”\(^5\)

The segmentation of the American marketplace paralleled the historical path of the middle class to a remarkable degree. Mass marketing ruled in the postwar years, when economic disparities within a large middle class were relatively narrow. Niche marketing strategies developed in the 1970s and 1980s, decades in which the middle class began to fragment into clearly identifiable upper and lower segments. Now, in the 1990s, when a “middle” middle class was difficult to detect, marketers were rushing to the margins where the action was. Two tiers of products ranging from cars to computers and services ranging from banking to telecommunications were being sold, both their relative quality and advertising geared to class distinctions. One did not have to look further than the retail landscape to see that the days of a homogeneous assemblage of American consumers were over. Middle-of-the-road department stores were either disappearing or banding together to stay alive (the Macy’s Group was quickly gobbling up local and regional players), while both discount and specialty were thriving. Customers who once frequented chains like Sears, Montgomery Ward, and J.C. Penny were now shopping at K-Mart or Neiman-Marcus. The implications of this bifurcation of the marketplace went beyond one group of Americans owning a superior Winnie-the-Pooh plush toy, some believed. “This new dual world affects far more than just the way goods are sold.” David Leonhardt wrote in BusinessWeek, thinking, “it has become yet another force tearing at the country’s fraying sense of community.” Mass marketing in the 1950s and 1960s was a unifying force, Leonhardt suggested, while current marketing strategies were contributing to the sense that there really were “two Americas.”\(^6\)

**These Are the Good Old Days**

While the nation may have been divided in two, the economic boom of the late 1960s sparked by the dot-com bubble appeared to be just what the American middle class needed. The state of the middle class remained either dismal or rosy, however, depending on whom one listened to. “Income distributionists,” i.e., those who argued that the rich should be taxed at much higher rates to create a more even playing field, looked to recent Census data to make their point. Incomes were declining among the poorest Americans in real dollars even in the good economy, while the incomes of the richest continued to rise. By 1998,
20 percent of Americans raked in about half of all earnings, up from 46 percent in 1990. "Income disparities between the top fifth of families with children and families at the bottom and middle of the income scale have grown substantially over the past two decades," reported the Center on Budget and Policy Priorities, a classic view among the more liberal.62

Conservatives could not dispute these numbers or the loss of middle-class jobs but were able to look at the situation much differently. Income mobility still very much existed, for one thing, meaning people who were poor a couple of decades ago were unlikely to still be poor. Family incomes had risen over the past quarter-century when adjusted for average household size, another fact the "class warfare lobby" tended to ignore. Another explanation for why the middle class appeared to be disappearing was that they were moving up rather than down the economic ladder, conservatives pointed out. Fewer families qualified as middle class based on their income levels than in decades past, in other words, this a good thing. Asset holdings also had grown significantly over the past couple of decades, something that did not show up in income statistics. (Many elderly, for example, were income poor but asset rich, making it difficult to say which class they belonged to.) Finally, when the values of fringe benefits like health care, pensions, and vacation were added, wages were rising instead of falling, another reason reports of the death of the American middle class was greatly exaggerated. "For the vast majority of Americans, these are the good old days," believed Stephen Moore of the Cato Institute, counteracting those who claimed the heyday of the middle class was in the rear-view mirror.63

One reason why the middle class was likely doing better than some critics claimed was, a little oddly, that it simply did not account for a large share of the nation's financial assets. It was true that there were more investors than ever in the stock market because of the popularity of mutual funds, 401(k)s, and IRAs. (Forty percent of American households owned some stock in 1995.) But even collectively the middle class did not own enough stock to get hurt much in a bear market like the one in 1998 (or gain much in a bull market). A study by NYU economist Edward N. Wolff showed that the wealthiest 10 percent of American households owned a whopping 85 percent of the stock market gains of about $3 trillion between 1989 and 1997. (The richest 1 percent earned half of that, rather incredibly.) The middle class just did not have enough money to make much difference on Wall Street, in other words, meaning the exposure of the average investor was minimal. Home, not stocks, was where most of the financial assets of the middle class resided, making even a severe market slump not terrible news for ordinary folks.64

Despite not having a significant piece of the nation's financial pie, many members of the American middle class were determined to live as if they did. For a good number of Americans, in fact, being middle class or appearing as such to others was simply not good enough. While between the 1930s and 1950s most rich Americans unconsciously or consciously minimized their wealth to look "ordinary," the opposite had been true from 1960s on. In the "downsized" 1990s, a sizable portion of the middle class was living beyond its means, afraid to be seen by friends and colleagues (or admit to themselves) that they were part of the hoi polloi. Keeping one's McMansion and the BMW in the driveway was imperative to some although they were no longer making the big bucks they had in the go-go eighties. Some were even raiding their IRAs or giving up their health insurance in order to maintain their luxurious lifestyles, the thought of being truly middle class unacceptable if not abhorrent. Dropping down in class was considered embarrassing and shameful in this country, Julia Schor explained in her The Overspent American; seeing us as a competitive people prone to defining our identity not in absolute terms but relative to others. The "upscale" of the nation had made it harder to keep up, making some of the middle class take desperate measures to seem more well off than they really were.65

Based on Alan Wolfe's research, however, the intense peer pressure some of the middle class felt was largely unnecessary. In his 1998 One Nation After All, Wolfe found that most members of the middle class had adopted a philosophy of cultural relativism or secular humanism—a fancy way of saying they were non-judgmental. "Middle-class Americans have added an Eleventh Commandment: 'Thou Shalt Not Judge,'" he wrote in the book, suburbanites particularly inclusive. Wolfe's survey revealed that most suburban Americans subscribed to the "I'm OK, You're OK" school, obviously influenced by a couple of decades of warm and fuzzy self-help wisdom (or just Oprah Winfrey). When it came to what one did for a living or the kind of relationship one was in, Middle America felt "to each his own," rather refreshing news after decades of suburbs hating Schor's finding of overspent Americans was no doubt equally valid, but such people were likely trying to "Keep Up With the Joneses" (or one step ahead of them) because of their own insecurities rather than from outside forces.66

The make-believe universe of American pop culture no doubt fueled the desire of some of those firmly middle class to surround themselves with the trappings of the upper class. In movies and on television, ordinary Americans were somehow able to enjoy luxurious lives, the flourishing wealth culture of the times obviously influencing Hollywood screenwriters and directors. In the 1998 film Step Brothers, for example, Susan Sarandon and Ed Harris make their way between their fabulous SoHo loft and gorgeous 19th century colonial in the suburbs in a Land Rover and BMW, not exactly your typical upper-middle-class lifestyle. Having no money did not prevent the young couple in The Parent Trap from getting married on the QE II and then staying at a lavish winery in Napa Valley and posh mansion in London (with butlers at the ready in each). And in You've Got Mail, Meg Ryan
lives in a beautiful apartment on the Upper West Side although her bookstore is going under. Audiences responded well to all these films, however, suggesting that real life members of the middle class liked to see people similar to themselves living much like the rich. Two popular television shows of the late 1990s—“Friends” and “Mad About You”—also brazenly skirted the realities of New York City real estate, their middle class characters living in plush flats while holding down working-stiff jobs. “With a few exceptions, TV characters are upper-middle class, or even rich,” Schor noted, thinking popular culture distorted our sense of normalcy.

As the American Century drew to a close, the fate of the middle class was as uncertain as ever. Would the chugging economy keep chugging, or were the current good times artificially inflated by the emergence of a revolutionary new medium and a wild stock market? Only time would tell, of course, as the excitement of entering the 21st century and Third Millennium brought forth new kinds of challenges and opportunities for the American middle class.

Notes

3. “Lost City.”
11. “Voters are Mad as Hell.”
15. “Who Speaks for the Middle Class?”
17. “Living on the Edge.”
20. “Clash of the Middle Classes.”
24. “Beware the Defenders of the Middle Class.”
25. “Voters are Mad as Hell.”
26. “George Bush’s Search for the Middle Class.”
Magazine, April 1992, 7–11.
33 “Double-Talk About ‘Class.”
48 “Rival Suitors.”
62 “The Spiral of Inequality.”
THE PERFECT STORM

It would be a disaster of epic proportions. It would be the perfect storm.

TV meteorologist in the 2000 movie The Perfect Storm

In March 2011, thousands of people rallied to protest against the way they were being treated by the government. Guards tried to hold back the angry mob, which was determined to occupy the building where elected officials were meeting. Social media had served as a vehicle for the shouting crowd to organize the uprising that was a result of what the protesters genuinely believed was government oppression and even tyranny. Money, not surprisingly, was at the root of it all, the demonstrators’ frustrations over steadily dropping income reaching boiling point.¹

The event described above was not part of the “Arab Spring,” of course, but took place in Madison, Wisconsin, a city known more for cheddar cheese and brewpubs than civil unrest. But after the governor of the state passed a bill limiting the bargaining rights for government employees, the people had had enough. Most of the protesters were middle class, a group convinced it had “been on the losing end of almost every economic trend in America in the past 30 years,” as Bill Wolpin of America City and County described it. Massive job losses, plunging home values, and shrinking retirement nest eggs were all part of this most recent recession, and the prospect of losing the right to bargain with the government (and possibly lose some or all of a pension) was too much to bear. Watching big banks get bailed out by the government when they had been largely responsible for triggering the financial meltdown only added fuel to the fire. The American middle class, at least this small slice of it, was mad as hell and was not going to take it anymore.²

America’s Forgotten Majority
THE AMERICAN MIDDLE CLASS: A CULTURAL HISTORY

The very embodiment of the “establishment” a half-century ago, the American middle class was increasingly feeling outside of it as the group’s economic and social status continued to fall. The middle class of today is in many other ways strikingly different than the one that flourished in the postwar years. More blacks and Hispanics were making up the middle class as they moved up economically (the fruits of the civil rights movement), and the wave of immigrants over the past few decades was making the group younger. Rather than being a fixed body of people or one with a defined set of demographics, the middle class was thus a constantly shifting target. In addition to this morphing aspect, there remained no agreement regarding what level of income qualified an American to be judged middle class. Some believed it was the middle 20 percent quintile, while others felt it was the middle three quintiles, or 60 percent of Americans, while still others made a case for the middle 40 percent of households. (The definition of what constituted being “lower class,” i.e., “poor,” or “upper class,” i.e., “rich,” was similarly disputed.) Because level of education was strongly tied to income, a reasonable argument could be made that being middle class was simply a matter of whether one had a college degree. Class in America continued to be hazy and ambiguous, with no consensus regarding its composition or its boundaries.

Although it was perfectly obvious that there were major gaps among Americans along social and economic lines, the nebulous nature of class made them less apparent. “The middle class, in current American parlance, is such an elastic concept that it actually includes all classes,” noted Rob Long of National Review in 2000, both poor folks and rich ones firmly believing they belonged to the group. There was, however, one group of Americans that did not want to be recognized as middle class. Because they enjoyed their “higher” socio-economic status, members of the upper middle class preferred to distance themselves from those who they deemed as less sophisticated. “Upper middlers are the Restoration Hardware shoppers and the grilled-salmon-with-mango-salsa eaters,” Long thought, seeing them as the “Merlot people.” Other nicknames for the upper middle class were floated as the turn-of-the-century bubble increased the segment’s numbers. “Affluents” was sometimes used, as was “overclass.” David Brooks called them “Bourgeois Bohemians” or just “Bobos” in his Bobos in Paradise, while Money labeled them the “ultra” middle class. The magazine considered a household income between $150,000 and $250,000 as the economic range of “ultras,” which about 4 percent of Americans enjoyed. (The 1 percent of American households earning more than $250,000 was determined to be “rich.”) As Long made clear, Ultras were notable for their discretionary income and eagerness to spend it. A good number of them had caught what Robert Frank called “luxury fever,” emulating the rich by buying designer brands in every product category imaginable.

Still, the concept of class remained so vague in the United States that most of its citizens could not tell you who composed the largest one. Most Americans would say the middle class was the largest, and that they were part of it. Politicians and the media typically reinforced this idea to the point where it was generally believed that the United States was simply a “middle-class nation.” The truth, however, at least according to two new books published in 2000, was that the working class represented the majority in America. Ray Teixeira and Joel Rogers’s America’s Forgotten Majority and Michael Zweig’s The Working Class Majority each made a compelling case that more Americans were working class than middle class, something that many of us would have a tough time believing (or liking). Both books posited that the 1980s and 1990s had been kind to a college-educated managerial/professional class, while a much larger working class had struggled and lost ground over that same period of time. Calling everybody middle class obscured that fact, the authors argued, part of Americans’ confusion about and even denial of class. It was true that acknowledging the mere existence of a working class here was somewhat distasteful, as it conveyed that we had a social hierarchy like that of the 19th century or those in Europe. And if we had a working class, it meant we had a managerial/professional class and an ownership class, something smacking of Marxist anti-capitalist ideology and a divisive society. Even presidential candidate Al Gore’s focus on “working families” rubbed some the wrong way, the term prompting critics to claim he was engaging in “class warfare.” Ralph Nader had long openly acknowledged class politics, but it was rare for a major candidate to build a campaign strategy around any group outside the safe and friendly confines of the American middle class.

The bitter truth was that class definitely existed in the United States, and there were great differences among Americans both socially and economically. Tremendous variations were common within the middle class alone. Not only were the lifestyles of the working (or lower middle) class and the managerial/professional (or upper middle) class typically dissimilar, but even those in the exact middle of the middle class could find themselves in very different economic situations. This became vividly apparent in the New York Times’ 2002 look at seven families around the country who all earned the national median income of $54,400. Not just how but where one lived made a huge difference in the kind of house and car one owned and whether it was possible to save money or afford the occasional splurge. Whether families had taken advantage of the stock market bubble of the late 1990s also mattered a great deal. With a mortgage payment of just $425 on their three-bedroom house, for example, a Louisiana family making that amount felt “well off,” while a family from the Bronx dreamed of having enough money to buy a home of their own. Likewise, a family of farmers in Wisconsin had hundreds of thousands of dollars of debt from agricultural loans, while a family from Manhattan who had done well with their
investments had socked away $100,000. The clever exercise illustrated that the common label “middle class” obscured the great disparity in Americans’ standards of living, even among those making the exact amount of money.

Because of the growing diversity of the middle class, finding high concentrations of “average” Americans was becoming a more challenging pursuit. For most marketers, it was important to know which areas of the country had the highest number and highest percentage of members of the middle class. For the time being, the middle class remained the sweet spot for many products and services, a giant market of consumers that often accounted for the majority of a company’s sales revenue. Marketers now generally considered those households with an annual income between $45,000 and $75,000 to be middle class. There were twenty-six million such households in the United States in the early 2000s (about a quarter of the total number), and marketers actively sought to reach them with advertising and promotion for their brands. “Will it play in Peoria?” was thus not just a rhetorical question for most businesses. Marketers really did want to know where “average” American consumers tended to live in order to make best use of their budgets and to test products. Peoria, Illinois would actually not be a bad choice; the city ranked thirty-third on the country’s list of percentage of middle-class households. The best choice would be to head directly to Wisconsin, as five of the ten metro areas with the highest percentage of middle-class households were located in that state. Sheboygan, Appleton-Oshkosh-Neenah, Wausau, Green Bay, and Janesville-Beloit were as average as they came, in terms of income anyway, with York (Pennsylvania), Elkhart-Goshen (Indiana), Lancaster (Pennsylvania), Cedar Rapids (Iowa), and Sioux Falls (South Dakota) rounding out the list.

Perhaps even more so than marketers, politicians were keen on appealing to the middle class. Because using the term “middle class” was like shooting with a shotgun, i.e., difficult to miss one’s target, presidential candidates again used it literally for the 2004 campaign. An economic recovery had already begun, but that did not stop the Kerry-Edwards campaign from referring to average earners’ financial struggles as a “middle-class squeeze.” Kerry had begun his campaign talking about topics like energy independence and global warming, but quickly found that issues central to middle-class concerns—job insecurity and the costs of health care, local taxes, and college tuition—resonated much stronger with voters. Independents liked the Democrats’ populist message steeped in the premise that the Bush administration was favoring the rich over the middle class and poor, while the Republicans dismissed it as a “class-half-empty” perspective.

Like marketers and politicians, charities relied heavily on connecting with the middle class. Families with household incomes of less than $100,000 contributed about 60 percent of charity dollars, according to the Center of Philanthropy at Indiana University, a statistic that indicated it was the middle class rather than the upper class that collectively gave more money away to worthy causes. As well, there were extraordinary stories of frugal people who had somehow accumulated small fortunes and gave them away to causes they felt strongly about. A Pittsburgh shoe shiner had recently donated more than $90,000 to a local hospital, for example, while a Minneapolis handyman gave over a million dollars to New York City after 9/11. Average earners who received a sudden windfall, such as by winning a lottery, were also known to give it away, uncomfortable with the idea of being considered wealthy. Contrary to public opinion, not everybody wanted to be a millionaire, the appeal of remaining middle class stronger for some than becoming one of the privileged few.

A Largely Hidden Problem

Most of the middle class, however, would rather have large sums of money given to them than give them away. Television glorified wealth, of course, with the two most popular shows in 2000 (Who Wants to Be A Millionaire? and Survivor) each designed around a big cash prize for winners. Smart, middle-class people were increasingly asking themselves why they were not rich like the dot-commer or investment banker down the block. Financial advice books also suggested that wealth was not just a desired state but an entirely normal one. (The title alone of Suze Orman’s The Courage to Be Rich implied that it was cowardly to not be rich.) “Our thinking has become so distorted that being comfortably middle-class now feels like the next step to actual poverty,” observed Elizabeth Austin in The Washington Monthly, many Americans now viewing an average $45,000 annual household income as chump change. Much of the most prosperous civilization in the history of the world felt poor, a clear sign there was something wrong with our values. The new upper middle class had raised the stakes in measuring status, turning consumption into a fine art that many wanted to master but few really could because of a lack of resources (or simply taste). Envy, dissatisfaction, and discontent were pervasive, especially among baby boomers who once considered class privilege a social pathology. “It’s hard to find any hint that regular middle-class life might be pleasant, honorable, or desirable,” Austin concludes, our obsession with money bad for individuals and the nation as a whole.

Robert H. Frank agreed that the media’s veneration of wealth made many middle-class Americans feel destitute. “In the midst of the longest sustained economic boom in history,
many American families are experiencing an unprecedented sense of impoverishment,” he wrote for the New York Times in 2000, the simple awareness of the tremendous wealth some possessed lowering others’ own self-worth. Rapidly escalating consumption, especially that being enjoyed by the thousands of new dot-com millionaires and a few billionaires, was making average earners want to spend more. Savings were significantly down and credit card debt was at historically high levels, a fair reflection of the (futile) effort to try to mimic the lifestyles of the rich. The cards may have been stacked against the middle class in terms of taxes and other economic factors, but many with average incomes were doing themselves no favors by choosing to spend money rather than save it.\footnote{33}

The concentration of wealth in the early 21st century was eerily reminiscent of the polarized class dynamics of a century earlier, raising some interesting questions. Did the emergence of another Gilded Age suggest that the flourishing of the middle class in mid- century America was a cultural anomaly, i.e., a rare or even unique event produced by a series of economic and social forces unlikely to occur again? Paul Krugman of the New York Times thought so after looking at economic data going back almost a hundred years. “The middle-class America of my youth [the 1950s and 1960s] is best thought of not as the normal state of our society, but as an interregnum between the Gilded Ages,” he wrote in 2002, the New Deal and war having flattened the nation’s collective wealth (a process Claudia Goldin and Robert Margo called the “Great Compression”). As the income gap began expanding in the 1970s, the middle class began shrinking, effectively returning us to our pre-Depression class hierarchy. The implication was that Americans’ current expectations for a vast and strong middle class were based on an exception rather than a rule and were thus unrealistic. Perhaps the United States was not as different from other nations as we liked to believe, our mythology of “classlessness” purely an illusion. If so, pining for the days when the lifestyles of the well to do and the less well off were not very different was naïve and futile, as there was no chance the postwar American Way of Life was about to return a half-century later.\footnote{34}

Michael Lind saw things somewhat differently. “The United States has always been an economic paradise for the middle class,” he wrote in The Atlantic in 2004, the government playing an active role in its creation and perpetuation. Since the nation became a nation, widespread material prosperity was as essential to American life as civil liberties or political democracy, Lind argued, the chance to make more money as important as any other reason for immigrants to come here. For over two centuries, the United States had been a hospitable home for a middle class, he explained, as opportunist Americans moved from the farm to the factory to the corporation in great numbers. This is what distinguished us from Europeans, Lind felt, our middle class dwarfing their small bourgeois class sandwiched between the large peasant and elite aristocratic classes. However, Lind broke away from this traditional view by suggesting that the emergence of our mass middle class was not a natural result of capitalism, believing instead that it was a product of “government-sponsored social engineering.” Whether it was the availability of cheap farmland and building of railroads in the early 19th century, protectionist tariffs and limitations on immigration in the late 19th and early 20th centuries, or the New Deal whose effects extended until the 1960s, the federal government vigorously served the interests of a middle class. Like most, Lind saw the pendulum begin to swing in the 1970s and accelerate through the 1980s and 1990s, as manufacturing shifted abroad. Goods became cheaper to buy but money became more difficult to acquire as jobs went overseas and our service economy developed. The government had lost control of its massive social engineering project, the system no longer rigged for the middle class.\footnote{35}

In their The Two-Income Trap: Why Middle-Class Mothers and Fathers Are Going Broke, Elizabeth Warren and her daughter Amelia Warren Tyagi also pinpointed the 1970s as when the discretionary income of middle-class families began to go in reverse. Two-earner families now had less money to spend than a one-earner family a few decades ago, they concluded after analyzing the data, a result of continually rising fixed costs, i.e., mortgage payments, car loans, health insurance, childcare, and taxes.\footnote{36} “Whether looking for housing, tax breaks, health care, child care, luxury cars, white-collar jobs, or countless other elements, services, and products seemingly essential to American life,” Mark Mitchell argued in Independent School, “the middle class just cannot catch a break.”\footnote{37} If preset income was a fair measure of economic status, in fact, one could argue there was no middle class in America anymore. In 2005, 500,000 Americans (the top 1 percent of income earners) made almost as much money as the remaining 150 million American earners, meaning the nation consisted of a tiny upper class and a huge underclass.\footnote{38}

That the middle class could not seem to catch a break was not lost on television executives. New reality shows like Three Wishes, Extreme Makeover: Home Edition, and The Miracle Workers were offering precisely those products and services “essential to American life” as prizes to average folks who could not afford them. Giving away college tuition, a bigger house, even a necessary surgical procedure to those in need had become a formula for high ratings (and viewers’ tears). Oprah Winfrey was now giving away new cars and other big-ticket items to deserving audience members, this too capitalizing on the actual reality of downward mobility. Such shows “target a timely anxiety: the middle class’s fear of failing,” James Poniewozik of Time believed, with no coincidence that the goodies given away were the pillars of economic and social mobility. “In this moment of crisis, these series swing into place like a virtual social net,” Poniewozik explained, as television networks did for a select few what the government was failing to do for the many.\footnote{39}
Magically solving a few Americans’ problems may have made good television, but the economic challenges of the middle class were mostly unseen. “It’s a largely hidden problem, this quiet erosion of the middle class,” Barbara Ehrenreich and Tamara Dreutz observed in _The Nation_ in 2006, thinking the downwardly mobile did not get as much attention as the poor. Downsizing (or right-sizing or smart-sizing, as it was sometimes called) was decimating the middle class. Some who once held managerial positions in IT, marketing, or engineering were driving cabs or doing janitorial work, while others with college degrees were working retail just to pay the bills. Having borrowed thousands, sometimes tens of thousands of dollars to get their degree, those who had been laid off frequently found themselves in serious debt. Fourteen thousand white-collar workers had recently been laid off from Ford alone, making one wonder if they would ever have jobs as good as the ones they had just lost. Being unemployed left a gap on one’s résumé, making them “untouchable” to some companies. In his _The Disposable American_, Louis Uchitelle described how being downsized was not only disastrous financially but emotionally as well. After a couple of years of being unemployed or working for minimum wage, some doubted they could ever hold a managerial job again because their confidence was so shattered.

“This is the new world of the middle class,” Ehrenreich and Dreutz wrote, “haunted by debt, stalked by layoffs, pinched by vanishing pensions and health benefits, and forced into ever more contingent forms of work as ‘real’ jobs give way to benefit-free contract work.” The middle class was not really in the “middle,” they believed, but hovering slightly above the working poor, making class in America decidedly bottom heavy.

Much like the people who lived in them, neighborhoods in cities across America were either going up or going down, depending upon economic circumstances. Overall, there were fewer urban middle-class neighborhoods in 2000 than there were in 1970, according to a study published by the Brookings Institution in 2006. Fifty-eight percent of metropolitan neighborhoods were defined as middle class in 1970, while just 41 percent were three decades later. Neighborhoods were, in other words, stratifying, a physical reflection of the changes going on within America’s class system. Some were becoming more expensive and exclusive, while others were becoming more run-down and crime-ridden. If Americans were more likely to be rich or poor, so were the places they lived, something that made perfect sense. New York City and Los Angeles were the cities most divided by class, not surprisingly. Bedford-Stuyvesant was a very long way from the Upper East Side, economically speaking, and South Central equally distant from Beverly Hills. Only 16 percent of New Yorkers were middle class, in fact, and 17 percent of Los Angelinos. The nation’s suburbs too were losing the middle class, the Brookings Institution found. Of the dozen suburban communities studied, the middle-class population dropped from 64 percent to 44 percent between 1970 and 2000, with high-income and low-income families making up the difference. America was becoming an “Upstairs, Downstairs” society, such studies suggested, the middle class possibly giving up to the top floor but more likely heading down to the bottom one.

**Positively American**

The significant concern over class in America was all the more interesting given that we were popularly believed to be a classless nation. For a country that supposedly did not have strong class distinctions, i.e., where upward of 90 percent of citizens claimed to belong to the same (middle) class, in other words, we sure spent a lot of time talking about the subject. This was most apparent to those from other countries. Clive Crook, an ex-patriot from England, for example, found Americans’ obsession with class highly ironic given that the subject was now rarely discussed in his native country. Most Americans would agree that social class was integral to the British way of life and political process but, in fact, this was an outdated stereotype. It was American politicians (and voters), not their British counterparts, who were preoccupied with matters of class, something Crook found surprising and strange. Crook also considered the nearly universal adoration of the American middle class odd, as in England being called “middle class” was rather insulting, a euphemism for being self-satisfied and self-righteous. Here the bourgeois value of hard work was held in high regard as the principal means of economic mobility while across the pond it was deemed as, well, bourgeois.

Although the Brits tended not to use the term “middle class” because of its negative connotations, a leading newspaper there did employ one that was similar to its American equivalent. The _Daily Telegraph_ had recently begun using the term the “coping classes,” which it defined as people who were “overburdened by tax, crippled by mortgage repayments, and struggling to meet the demands of young people and elderly parents.” Like the term “middle class” in the States, “coping classes” could be interpreted as a huge swath of people, and thus served as a way for the newspaper to demonstrate empathy for a large number of readers. Like the American middle class, the British coping classes were experiencing harder times as a recession worsened and as food prices rose. British politicians had yet to adopt the term, but it appeared that things overseas were not as different as Crook made them out to be.

Charles Schumer, the Democratic U.S. senator from New York, was exactly the type of politician whose rhetoric Crook found so odd relative to that of British elected officials. Schumer was one of the loudest spokespersons for the American middle class, using the
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group to define his political platform and backing it up through his voting record. Schumer summed up his views in his 2007 book *Positively American: Winning Back the Middle-Class Majority One Family at a Time*, explaining how Washington has been less than supportive of middle-class families and offering ways in which it could do better (such as by making college tuition tax deductible). As some other writers have done, Schumer used a fictional family, the Bailey's, to represent the American middle class, describing them as possibly “a straighter version” of the Griffins on the Fox animated sitcom *The Family Guy*. “They need help and nobody's talking to them,” Schumer said in an interview, thinking the government should modestly tax junk food advertising to pay for other ads that informed viewers how unhealthy the products were. (Apparently the Bailey's were as portly as Peter Griffin.) Schumer also believed that property taxes should be reduced by half, this another means of getting the middle class back on its feet.25

Schumer was hardly the only politician to suggest that Washington had let down the middle class. In their 2006 essay for *Blueprint Magazine*, “Saving the American Dream,” Senator Hillary Rodham Clinton, Senator Tom Carper, and Governor Tom Vilsack showed how the middle class and our core mythology of the American Dream were indelibly connected through the 20th century. The “basic bargain” of the Dream—that all Americans should have the chance to make the most out of our potential—“built the greatest middle class the world has ever known,” the three (all Democrats) co-wrote. In the first few years of the new century, however, that bargain had been broken, replaced by an economic philosophy that everyone would ultimately gain by favoring the wealthy. This new direction surely was not benefitting the middle class, the trio explained, with rising costs and falling incomes more of a recipe for an American nightmare than an American Dream. “These trends aren’t just a burden for middle-class families,” Clinton, Carper, and Vilsack wrote, but “undermine our way of life because middle-class strength and growth have been the backbone of America.” Like Schumer, the three had a set of ideas regarding how Washington could mend its ways and give the middle class the attention it deserved. They had recently formed something called the American Dream Initiative, “an opportunity agenda for the middle class and all who aspire to join it.” All of the initiative’s measures were designed to give Americans the opportunities they deserved, a means of reestablishing the “basic bargain” of the American Dream.26

Businesspeople, journalists, and academics also pointed out how the decline of the American middle class was a serious blow to our national identity. In his “last page” editorials in *U.S. News & World Report*, Mort Zuckerman continued to voice his concerns about the state of the American middle class. Zuckerman, a Canadian-born billionaire and owner of a media empire including that magazine, was a champion for the American Dream, having achieved it himself as a naturalized citizen. “Our nation’s core bargain with the middle class is disintegrating,” he wrote on Christmas Day 2006, a typical remark in support of the group he felt was being left behind as wealthy people like he got richer. Zuckerman’s concern for the middle class appeared genuine as he empathized with Americans’ anxieties over job security, health insurance, and retirement plans. For Zuckerman and others, the deterioration of the middle class was clearly an un-American phenomenon, something that was contrary to our basic values and history. That the median income of the middle class was not rising in the current economic expansion was especially frustrating to Zuckerman, as things would no doubt get a lot worse when the next recession came along. (It did the very next year.) Insecurity over the possible loss of a job or the appearance of a major health issue was crushing Americans’ natural inclination to take risks, this also antithetical to the country’s distinctiveness. An America consisting largely of families living in constant fear of bankruptcy was not the country Zuckerman recognized, and he urged policy makers to make housing, education, health care, and childcare more affordable to the middle class.27

Lou Dobbs had also become a one-man army for the middle class, making a strong case in his 2006 bestseller *War on the Middle Class* that the government, corporations, and special interest groups were all working against the interests of the largest group of people in the country. Dobbs’ book was based on research for his show on CNN, *Lou Dobbs Tonight*, on which he covered stories about health care and job outsourcing under the title “The Middle-Class Squeeze.” After reporting the failures of America’s education system, the segment was re-titled “Assault on the Middle Class.” Dobbs soon realized that even “assault” was too mild a word for what was taking place, however, renaming the segment “War on the Middle Class.” His show and book cast the members of the middle class as victims of powerful and greedy forces (including the mainstream media), believing it did not stand much of a chance of surviving the war if present trends continued. Not just liberals but many conservatives thought Dobbs was too extreme in his views (the Bush administration would not grant him interviews), but the man was saying what a lot of middle-class Americans felt but could not articulate.28

Two other recently published books—Yale political scientist Jacob Hacker’s *The Great Risk Shift* and union leader Andy Stern’s *A Country That Works*—preached a similar kind of economic populism, and offered ideas on how the middle class could win the war being waged against them. Income disparity was a common theme in all these books, their authors maintaining that the still growing divide between an under class and upper class was hurting those in the middle.29 No one had completely lost hope for the middle class, however, and some saw light at the end of the tunnel. The emerging green economy could provide thousands of jobs for Americans of all class levels, the more optimistic believed,
leading to the Green Jobs Act that was passed by the House in 2007. Renewable energy, energy-efficient vehicles, and green buildings were just some of the opportunities waiting around the corner as America and much of the world embraced "sustainability" in all its forms. "Across every industry, new job possibilities are emerging for those with the skills to bridge the divide between the old, fossil-fuel-based economy and the new, energy-efficient one," exclaimed Brita Belli of E Magazine in 2007, thinking, "everything’s coming up green." "Green-collar" jobs could go a long way toward rebuilding a crumbling middle class, Belli and quite a few others felt, a 21st century version of the blue-collar jobs that were instrumental in vastly expanding the group in the last century.32

A Vexing Contradiction

Until everything came up green, however, it appeared that the middle class would fall further and further behind the wealthiest Americans. For the middle class, however, did it really matter some asked that a "super-rich" class had emerged in America? Class polarization was probably not ideal, but did the good fortune of one group necessarily negatively impact another? Barbara Ehrenreich certainly thought so, coming up with a few solid reasons how the concentration of wealth to a limited few was directly impacting the lives of the many. First, much of the wealth on the top was built on the work at the bottom, she argued, the owners and managers of businesses the beneficiaries of cheap labor. (Wal-Mart was the worst violator of this classic industrial-era model.) Second, the ability for what she termed an "overclass" to pay any price for housing and education made costs higher for everyone, forcing the middle class to settle for less. (Exorbitant tuitions at elite colleges continued to steer qualified students from average income families to state universities or community colleges.) Finally, wealth and politics were two peas in a pod, Ehrenreich reminded readers of The Progressive, their cozy relationship leading to the creation of economic policies favoring the rich and disfavoring anyone who was not. (The failure of universal health insurance to get passed by Congress was a prime example.) Ehrenreich clearly did not subscribe to the aphorism "a rising tide lifts all boats," thinking that the lifting of a few boats (or yachts) was keeping the majority of the fleet down.33

That the middle class was "losing its place at the table," as a U.S. senator had recently put it, was all the more surprising given the number and range of powerful people who claimed to be on its side. Well-known media people such as Dobbs, nazi politicians (including President Bush), and the occasional celebrity (like Rosie O’Donnell) had all made public statements in support of the middle class, especially with regard to the nation’s income inequality. Empathy for the middle class crossed party lines, with not just liberals but many conservatives unhappy about how the rich were getting richer and the poor appeared to be making no headway. Like the old joke about the weather, everybody was complaining about the state of the middle class but nobody seemed to be doing anything about it. Besides the fact that speaking up for the middle class was simply a popular thing to do, one explanation for the "all talk, no action" was that from a broad, historical perspective, it could be argued that those with average incomes were doing quite well. Economists have research showing that class mobility had not changed much through the years, and that all income groups had made some gains over the long term. In addition, more Americans than ever (70 percent) now owned their homes, and two-thirds of high school graduates were going on to college (versus one-half in 1970). Was the American middle class really "vanishing," as so many believed, or, in a historical sense, prospering?34

Northwestern University economist Robert J. Gordon believed the latter. There was no doubt that income inequality was increasing, Gordon reported, but his research showed that the middle class had enjoyed steadily improving standards of living over the last couple of decades. "Anybody who thinks things are getting worse should go to Best Buy and notice the type of people who go [there]," he said in 2006, believing the way that the government calculated the cost of living was part of the problem. Real income was understated, he said, and other economists were sure, meaning things were not as bad for the middle class as politicians and the media made them out to be. "You have to wonder who’s buying all those flat-screen TVs, serving precooked rotisserie chicken for dinner or organizing their closets with Elfa systems," agreed Virginia Postrel of Forbes, thinking much of the fretting about the middle class was symptomatic of the "American standard of whining."35 Brian Kants, writing for the National Catholic Reporter, echoed this view, thinking the "crisis" of the middle class was mostly media hype. If the middle class felt poorer, it was only because it wanted or felt it needed more stuff than it used to. Two or three cars rather than one, a bigger house, a computer, Internet, and cable were now part of a typical middle-class lifestyle, meaning it was necessary to make more money than in the past. Compared to most people around the world, the American middle class was positively rich, its "crisis" nothing more than how to keep up its pricey standard of living.36

Anecdotal evidence could be found for such a contrarian’s viewpoint. Restaurants that Americans with household incomes of $60,000 or less regularly frequented had recently lost customers, a good example of how the middle class was having to cut back. Casual dining places like Applebee’s, Outback Steak House, Ruby Tuesdays, TGI Fridays, and the Cheesecake Factory were all reporting flat or negative sales, while business at fast food chains like McDonald’s, Burger King, and Taco Bell was very good. "The triple whammy of
gas prices, housing-market collapse and the credit crunch [is] the perfect storm,” said a Los Angeles advertising executive whose agency was losing the Sizzler account. Other casual dining chains were moving their business to new ad agencies, but the problem was less about advertising, more about the economy. Consumers were without a doubt strapped for cash, quite literally losing their place at the table. But was it such a tragedy that the middle class had to eat a Big Mac or Whopper instead of Applebee’s Chicken Fajita Rollup or TGI Friday’s Pulled Pork Sandwich?  

The plight of the middle class ran deeper than missing a few meals at one’s favorite restaurant chain, however. An ambitious study published by the Pew Research Center in 2008 reported that 56 percent of Americans believed they either had not moved ahead or had fallen behind in the past five years, a finding Pew considered “the most downbeat short-term assessment of personal progress in nearly half a century.” The Pew study (in which a whopping 91 percent of respondents said they were somewhere in the middle class) also found that 80 percent of Americans found it difficult to maintain “middle-class lifestyles” compared to 67 percent in 1986. Robert J. Samuelson felt something deeper resided under the numbers, however. “Middle-class families value predictability, order and security, and these reassuring qualities have eroded,” he wrote for Newsweek, the possibility that one could lose everything the real source of anxiety. While Americans had become generally more prosperous, they felt more vulnerable. In other words, perhaps because they now had more to lose. “The prevalence of middle-class ambitions and values subjects us to a vexing contradiction,” Samuelson observed, our expectations for higher living standards making us feel more insecure and fearful when they are threatened.  

A Turning Point

Successful politicians recognized the anxiety the middle class felt, and capitalized on it every chance they could. Some of those in the political sphere were even taking the time and effort to determine who was fighting hardest for the middle class. A Washington, DC-based organization called the Dram Major Institute for Public Policy (DiM), for example, rated congressional members based on their voting record on ten issues related specifically to the interests of the American middle class. In 2006, 34 senators and 199 representatives earned an “A” grade, while one-third of all representatives and almost 40 percent of all senators received an “F.” Virtually all politicians claimed to be looking out for the middle class but, if DiM’s scorecard was accurate, a good number of them were not living up to their promises. The three top presidential candidates that election year all happened to be U.S. senators, allowing for a fair comparison of their respective commitment to the middle class. Senators Barack Obama and Hillary Clinton each earned a grade of “A-,” but Senator McCain received an “incomplete” as he was absent for most of the graded votes. McCain was, in fact, the only senator to receive such a grade. Even Tim Johnson, a senator from South Dakota who suffered a serious brain hemorrhage and missed almost nine months of work, voted on more of the specified issues than McCain.  

Charles Schumer’s commitment to the middle class had only intensified over the decade he was in office. As chairman of the Democratic Senatorial Campaign Committee, Schumer was helping other Senate candidates around the country get elected or re-elected through what he referred to as the “Schumer Method.” Based around the interests of the middle class, the Schumer Method was a way for the senator to spread his gospel throughout the Democratic Party. Schumer insured that the party was staying true to its brand, something he felt Democrats had not done well since the “Reagan Revolution.” The middle class was not the poor or the working class, Schumer continually reminded fellow Democrats, an important distinction when forging policy. Schumer was also determined to convince the “liberal-elites” that trying to help the middle class was a good thing, i.e., that the poor should not be the sole recipient of government assistance programs. If his method worked as well as he thought it could, Schumer believed a new Democratic era that bonded the government to the middle class could last for a generation or longer.  

Schumer’s message appeared to be on target, but there were few signs that the middle class was making any progress. The mortgage crisis only intensified the effects of the recession, putting more American families into debt. “America’s middle class is at a turning point,” said Elizabeth Warren, who was now overseeing the Federal Reserve, thinking the country was getting dangerously close to a two-class economy. The outcome of this recession will either be a significantly strengthened middle class—which has less debt and a stronger safety net, both on its own and through new government regulation—or the middle class we once knew will disappear,” she warned. The United States may soon consist of “a substantial upper class that’s financially secure and then a very large underclass that lives paycheck to paycheck,” she believed, a society precisely like that of many developing nations. Avoiding such a scary scenario depended in part on government policy, the ex-Harvard law professor maintained, but national and individual financial security also rested on consumers paying off their credit card debt and car loans as soon as possible.  

A president seemingly dedicated to the interests of the middle class represented a major sign of hope for those Americans “losing their place at the table.” That an African American could become president helped make matters of class (versus those of race) a national priority, this itself perhaps good news for a struggling middle class. “However inspirational
the story of his ascent, Barack Obama will be judged largely by whether he can rebuild a ladder of upward mobility for the rest of America, too,” wrote Joe Klein for *Newsweek* in 2009, the president inheriting a climate of growing inequality as he came into office. President Obama included a middle-class tax cut in the 2008 economic stimulus bill (with Schumer’s help), and mentioned the middle class no less than twenty times in a September 2009 speech to the AFL-CIO. Because of his working-class background, Vice President Joe Biden served as the president’s ambassador on middle-class issues. Biden oversaw the administration’s Middle Class Task Force, whose mission was to “recreate the link between economic growth and middle-class income.” With health care reform the administration’s top priority, however, the task force had yet to take on any major initiative, much less tackle the colossal job of figuring out how to shrink the income divide.

Like President Clinton, who appeared to become fully committed to the interests of the middle class in the midpoint of his first term as a re-election tactic, President Obama began to more aggressively appeal to average earners after some time in office. Consistent with political pundits who argued that the Democratic Party needed to shift to the economic center and cut its New Deal and Great Society roots tied to the working class and poor, Obama swung even closer to the middle class in early 2010. The recession and foreclosures had of course hit the middle class hard, bringing them closer to the kind of disenfranchised Americans that Obama had targeted during his campaign and first year in office. The president’s 2010 State of the Union speech was filled with references to saving for college, retirement, and childcare, all hot buttons for those at both the upper and lower ends of the middle class. By not addressing such concerns, Obama risked losing disenfranchised middle-income voters to the Republican Party and the emerging Tea Party movement. Not coincidentally, the Commerce Department had just reported that 62 percent of Americans now thought of themselves as being middle class, all the more reason to propose policies that would make their lives better. No official definition of “middle class” still existed, making it easy for the administration to expand its parameters for political purposes.

**Waking Up from the American Dream**

A parade of new statistics backed up President Obama’s intensified commitment to the American middle class. The income divide was not getting any smaller, bad news to those who believed it was strongly linked to the health of the middle class. By 2011, the top 1 percent of American households held 34.3 percent of total private wealth, more than the bottom 90 percent. Five percent of Americans accounted for 37 percent of all consumer purchases, meaning those who made the most money also not surprisingly spent the most money. Not only were the rich accounting for a continually rising share of total income, wealth, and spending but the non-rich were losing share. Two out of five Americans who considered themselves middle class said they were struggling to remain so, according to a 2010 ABC World News poll, the most recent recession (of five since 1980) and persistent job losses (25 of the last 26 months) were the statistic. According to 2010 U.S. Census figures, the annual income of middle-class families had dropped more than $2,500 over the past decade, a reversal of gains made between the late 1960s and early 1990s. Continually rising income was a, perhaps the defining trait of middle-class life in America in the second half of the 20th century, something that could not be said to be true in the first decade of the 21st century. A decline in savings along with lower house values further diminished the “nest egg” of the middle class, making paying for college for a child or planning for retirement much more problematic.

Given the recent housing bust and long-term loss of manufacturing jobs, it was surprising to some that the middle class had not completely disappeared. “The remarkable thing about the American middle class is that we still have one,” James K. Galbraith observed in *Mother Jones* in 2010, thinking teachers and civil service workers were the last men and women of the once enormous group standing. Social Security and Medicare represented the final line of defense for the middle class and, predictably enough, these were now in danger of being cut. “The same forces that went after the unions in the 1980s, that relentlessly pushed free-trade agreements while manufacturing jobs evaporated, and that destroyed housing values in the 2000s [are] on the prowl again,” Galbraith wrote, not having to say it was certain Republicans who represented these villainous forces. In his book *Pinched*, Don Peck echoed Galbraith’s concern that the middle class was all but extinct. Income inequality typically flattened out during a recession, but that did not hold true between 2007 and 2009, when the highest earners pulled further ahead of everyone else. Since then, the wealthy have recovered nicely, while the middle class has struggled mightily to get back to its already tenuous position. Millions of white-collar and blue-collar jobs disappeared in the “Great Recession,” perhaps never to return. Pay rose for top earners and wages dropped among the less educated during the recession, another blow to the middle class.

Jacob Hacker, who had shown in *The Great Risk Shift* how income disparity was hurting the middle class most, continued his argument in *Winner-Take-All Politics*. As the book’s subtitle ("How Washington Made the Rich Richer—and Turned Its Back on the Middle Class") suggested, Hacker and co-author Paul Pierson made the case that it was politicians (versus technology or globalization, say) who were most at fault for causing such great
economic inequality in the United States. If the government could be credited for facilitating the creation of a great middle class in the 1950s, 1960s, and 1970s through tax and other policies, it was equally responsible for bringing it down in the 1980s, 1990s, and 2000s. (The 1960s and 1970s could be seen as transition decades.) Again, the rich and super-rich surged ahead of everyone else those last few decades, the numbers showed, direct beneficiaries of business-friendly lobbying and legislation. Both parties could be blamed for this transformation of the American political landscape. “If Republicans have been the perpetrators, Democrats have been the enablers,” Peter Steinfield of Commentary wrote in his review of the book, each party catering to conservative interests in its own way. The result of this political maneuvering completely contradicted the American mythologies of classlessness and social mobility. Contrary to popular belief, we were now the most economically unequal nation in the developed world, the authors boldly concluded, our class structure based on income distribution not all that different from a banana republic.49

Other countries are also proving that the collapse of the middle class is not a global phenomenon. In the “BRICS” (Brazil, Russia, India, and China), per capita income is booming, meaning the middle classes of those countries are expanding rapidly. Some of this is certainly at the expense of the United States, as American Jobs shift overseas because of labor costs. Other countries are now not just gobbling up American manufacturing jobs but ones in many service areas as digital technology further makes geography less relevant. (Even some American government jobs have been outsourced to foreigners.) Education and infrastructure are also improving in these countries, as they go through a boom period not unlike the one America experienced in the postwar years. “America, in my view, is not toast, but I think its middle class will spend some hard time in the toaster oven,” quipped Andrew Feinberg of Kiplinger’s Personal Finance, thinking the quality of life for most of its would decline in the foreseeable future.31

If there is any silver lining to the expansion of the middle class in the BRICS for the United States, it is that consumers in these countries have more money to spend, likely increasing the global demand for American-made products.52 Among “developing nations,” in fact, Brazil’s retail sector is growing faster than any other country in the world, according to A.T. Kearney’s 2012 Global Retail Development Index, with China and India placed third and fifth respectively on the list. A growing middle class in each country, complemented by high consumption rates and per capita spending, large urban (and relatively young) populations, and political and financial stability, is a perfect recipe for marketers wishing to expand their presence around the world.33

Most important, perhaps, Americans themselves across racial, income, and political lines believe the middle class is shrinking. Two-thirds of those asked in an October 2011 Hill Poll said the middle class was getting smaller (14 percent said it was growing and another 14 percent believed it was staying the same size), most of them blaming greater income inequality for the contraction.54 Recent Census data confirms Americans’ instincts are right. “If a broad and prosperous middle class is the key to a healthy America, the United States is ill,” Nigel Holmes wrote in American History a couple of months later after looking at five decades of income statistics. The percentage of households in the middle three quintiles of income has shrunk significantly since 1967 while, not surprisingly, the top quintile ($100,000 or more, adjusted for inflation) has ballooned. Other studies indicate that the bottom quintile of earners remain in a state of denial regarding their class status. Forty-one percent of Americans with family incomes of less than $20,000 claimed they were middle class, one recent study reported, the demarcations of class in this country as vague as ever.55

Meanwhile, however, downward mobility in America shows no sign of letting up. One-third of Americans raised in the middle class now fall out of the group as adults, a 2011 Pew study called “Downward Mobility from the Middle Class: Waking Up from the American Dream” found.56 Median household income adjusted for inflation continued to drop in 2011, and more Americans than ever (fifty million) have no health insurance. “The fading fortunes of the middle class are probably the top factor fueling vast dissatisfaction with government and a pervasive sense of national decline,” wrote Rick Newman of USNews.com in September of that year, the common feeling that one was falling behind more than imaginary.57 Some could not help but wonder how the collapse of the American middle class occurred, and if it was permanent. The puzzle is why so little has been done in the last 40 years to help deal with the subversion of the economic power of the middle class,” former secretary of labor Robert Reich wrote that same month, thinking the government could have done a lot more to create “problem solvers and innovators” through all levels of education. A higher minimum wage, different tax structure, and making Medicare available to all Americans were other things the government could and should have done to preserve the middle class, Reich believed. Instead, administrations aligned themselves with big business in the name of free markets, ignoring the consequences to average earners. “Reviving the middle class requires that we reverse the nation’s decades-long trend toward widening inequality,” he stated, thinking it was not too late to level the playing field.58

The Defining Issue of Our Time
Rhetorically, at least, politicians continue to be firmly committed to reviving the middle class, although how that can and should be achieved remains highly divisive. In his 2012 State of the Union address, President Obama defined economic fairness as “the defining issue of our time,” citing the case of Debbie Bosanek, Warren Buffett’s secretary, as a prime example of the country’s rigid system. Bosanek paid a higher tax rate than the billionaire, a fact even Buffett publicly acknowledged was absurd.59 Reversing income inequality through tax reform, offering financial incentives for American manufacturers, and investing in education and transportation would go a long way toward restoring fairness to the system, the president confidently stated, and ultimately build a stronger middle class. Republicans had serious doubts about such a plan, however, seeing the private sector as much more capable of benefitting middle-class (and all other) Americans than any steps the government could take. Economists were themselves divided over the subject, reminding both parties that larger forces at work—globalization, technology, the decline of unions, and the growth of single-parent households, to name just a few—had been squeezing the middle class for decades. Anything resembling the “Great Compression” of the postwar years was unlikely at best, making greater polarization perhaps inevitable.60

The run-up to the 2012 presidential election was, as in most campaigns of the past half-century, heavily centered around the interests of the middle class even with both candidates coming from typically elitist backgrounds (economically for Obama and financially for Republican candidate Mitt Romney, despite the latter’s two Harvard degrees).61 After the recent financial crisis and recession, the American middle class could use a lot of help if it is indeed going to be “revived.” Between 2007 and 2010, the median household lost almost 40 percent of its wealth, according to the Federal Reserve, with middle-class families taking the biggest hit as usual. As in the past, the poor had less to lose during this particularly bad economic stretch (and benefited from government stimulus programs), while the rich found ways to keep their heads above water. In fact, the wealthiest 10 percent of Americans gained 2 percent in net worth during the financial crisis (they owned more crash-proof bonds), a clear sign that the nation’s playing field was hardly even.62

Obama stayed on message throughout the campaign, seeing higher taxes for the wealthy as the best way to pay for improvements in the nation’s infrastructure. Romney envisioned drastic spending cuts and lower taxes as the better route to creating a better future for the American middle class, a classic expression of the basic two-party model predicated on what the role of the government should be. The political debate over if and how to resuscitate an ailing middle class was symptomatic of our never-ending difficulty in dealing with matters of class in general. Steps to remedy income inequalities or even acknowledging class distinctions were, for some Republicans, “class warfare,” a politically-motivated maneuver that was more divisive than unifying. Part of the problem was that there was still no agreement on who was a middle-class American and who was not. The government still used quintiles to measure the distribution of household income distribution (those in the three middle sections earned between $20,000 and $100,000 in 2009), but even that rough gauge ignored how many people were in the house. A childless couple making $30,000 was quite a bit more “middle class” than a couple with the same income but six children, in other words. Using education as a determining measure of middle-class status was not much better. Which household was more middle class: a one-income ($40,000) family headed by someone who was college-educated, or a two-income family ($60,000) in which neither breadwinner went to college? Race, ethnicity, and gender further complicated the issue, as did geography because of greatly different costs of living, especially in housing.63

Francis Fukuyama (who had deservedly received much attention when he announced in 1989 that it was “the end of history” when the Soviet Union was collapsing) recently made the case that the decline of the middle class in the United States and the rest of the world poses a major threat to liberal, free-market democracy. It was, rather than a particular politician’s policies, the modern, global economy that was the real danger, today’s inequalities of wealth way out of balance. Globalization, abetted by technology, was well on the way to making it impossible for many to achieve middle-class status, a process that had begun in the 1970s but accelerated rapidly with the digitalization of markets.64 Joe Biden, Obama’s point man for the middle class, believes “American innovation” distinguishes us from other countries, a view that had better be correct if the United States stands a chance of competing with the likes of India and China in the decades ahead. “I’m here to tell you the United States is better positioned than any other country in the world to be the world’s leading economic power of the 21st Century as it was in the 20th,” the vice president said in March 2012, seeing the nation’s universities as “idea factories” that would continue to churn out new members of the American middle class.65

Given what many college graduates were currently doing or, more accurately, not doing, Biden’s optimism did not seem warranted. In fact, the grandchildren of those who survived a great depression and a world war to ultimately prosper were comparing their bleak situation to that of “the greatest generation.” In a 2012 Pew survey, more than half of 18- to 24-year-olds reported they were living with their parents or had recently done so, not a surprise given that the unemployment rate for young adults was the highest it has been since the government began keeping track in 1948. Being jobless early in one’s career is a terrible path to gaining entry into the middle class, history has shown, another economic
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boom like “the greatest generation” rode during the postwar years highly unlikely. Temporary jobs, low pay, and perpetual job searching is the norm for today’s twentysomethings, a bad omen for the future of the American middle class. Another primary symbol of middle-class status—owning a car—is also becoming more rare among “millennials,” the cost of insurance and gas just too high to afford one.68

Things are not much better for a good number of that generation’s middle-class parents. Amazingly, given the high unemployment rate in this country, many companies are going abroad to recruit skilled factory workers like machinists, tool and die makers, and computer-controlled machine programmers and operators. “These are good quality middle-class jobs that Americans should be training for,” said Gardner Carrick of the Manufacturing Institute, dismayed to see “the backbone of manufacturing” going to foreigners. American skilled factory workers are literally a dying breed, and their numbers will get even smaller as more of them retire. This kind of “insourcing” (versus outsourcing, which can be understood because of the economics involved) is making things tougher for the middle class than they need to be, as there is no reason why Americans cannot learn how to qualify for these kinds of jobs.69

Even those fully employed and making a solid middle-class income are too often finding themselves in the red. Middle-income consumers are flocking to agencies offering debt-reduction plans, their credit card debt typically almost half of what they earn in a full year. At one such credit counseling firm, Atlanta-based CredAbility, the average client earned $54,000 and owed $24,000, a clear violation of the cardinal rule not to spend more money than one has or can reasonably pay off over time. Interestingly, this segment of the middle class, most of them not just employed but homeowners, found it more difficult to get out of debt than lower-income people. “They have become used to driving new cars and getting the latest cell phone,” explained a CredAbility executive, their lifestyle and “status anxiety” responsible for their money troubles. Poorer people understood the concept of having to cut back, in other words, while those average earners (the median income in the United States remains around $50,000) did not. It is hard to have sympathy for this portion of the middle class, needless to say, their predicament (in which debt-reduction agencies negotiate lower interest rates with credit card companies) purely of their own making.66

The troubles of the American middle class, most of them beyond the group’s control but some not so, has become a theme to which many of us can relate. The theme frequently shows up in our popular culture, not surprisingly, with movies, television shows, and pop music all addressing in multiple ways the tough times that average Americans are experiencing. The revival of Death of a Salesman on Broadway in 2012 was a telling sign of the times, I believe, as it is difficult to think of another story that better expresses the tragedy of the middle class, or at least one member of it. Death of a Salesman was, for Lee Siegel of the New York Times, “the most devastating portrait of punctured middle-class dreams in our national literature,” making it entirely understandable how it was again a hit on Broadway more than sixty years after its debut.66

Siegel, however, wondered if the play should have been revived at all given, as he put it, “the American middle class—as a social reality and a set of admirable values—has nearly ceased to exist.” Much indeed had changed for the middle class and the nation since the show opened in 1949. Tickets now cost $111 to $840, ten times what they cost for the original run ($1.80 to $4.80) after adjusting for inflation. It was unlikely that many members of the audience of the revival were middle class, Siegel pointed out, something probably not true in 1949. The top tax rate in 1949 was a whopping 82 percent while in 2012 it was 28 percent, this too a telling indicator of how things had changed for the better for the rich and not so for the middle class. Even the traditional value of hard work had seriously eroded, Siegel believed, making it unlikely that audiences today would identify with Willy Loman’s plight as they had at mid-century. “Even what’s left of the middle class disdains a middle-class life,” he caustically observed, thinking, “Everyone, rich, poor and in between, wants infinite pleasure and fabulous riches.”70

Siegel nicely captured one of the key paradoxes of class in America: the nearly universal desire to be recognized as middle class while, at the same time, enjoying a lifestyle that far exceeded one that an average income could afford. Americans appear to be inspired by characters on television and in movies who hold middle-class jobs but somehow are able to live in fabulous apartments or houses, a good example of how we as a people like to have our cake and eat it too. The reality is, of course, much different. “Almost everyone—even affluent professionals and entrepreneurs—wants to identify with the middle class, but increasingly, the genuine middle is a tough place to be,” Peter Morici, a University of Maryland economist, wrote for the Chicago Tribune. With a contracting economy and the-victims-go-the-spoils national ethos, it should not be surprising that it is difficult to even find a true middle class, much less save it.72 In his The Servant Economy, economist Jeff Faux made the (Marxian) case that the nation’s elite was purposefully squeezing the middle class as a kind of social control. A dubious claim, but there is no doubt at this point that the cultural elite has distanced itself as far away as possible from the middle class and that our society is a deeply divided one.72 The future of the American middle class is more uncertain than ever, but time remains for us to heed Euripides’ wise call that “it is the middle that saves the country.”

Notes
1 Bill Wolpin, “A Middle Class at War with Itself,” American City and County, March 2011, 6.
2 “A Middle Class at War with itself.”
3 Alison Stein Wellner, “The Money in the Middle,” American Demographics, April 2000, 56–64.
22 Bill Wolpin, “Upstairs, Downstairs,” American City and County, August 2006, 6.
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37 “Congress Squeezing Middle Class,” USA Today (Magazine), May 2008, 6–7.


40 Joel Kotkin, “The End of Upward Mobility?”, Newsweek, January 26, 2009, 64.


45 Bill Wolpin, “In the Middle of the American Dream,” American City and County, March 2010, 6.


51 Andrew Feinberg, “Is America Toast?” Kiplinger’s Personal Finance, July 2011, 41.


58 “The Limping Middle Class.”


62 Tim Mullany, “Families’ Wealth Dives 39% in 3 Years,” USA
CONCLUSION

It is entirely reasonable, I believe, to make the case that the collapse of the middle class and concurrent breakdown of the American Dream is the biggest story of the nation’s history over the last half-century. It is tempting to think that the current crisis of the American middle class is something new and unique, but history suggests otherwise. Since the mid-1960s, in fact, the middle class has been in a kind of crisis mode, although how it has played out has varied significantly based on the prevailing social, economic, and political climate. The state of the middle class can be seen as the country’s “sensitive spot,” almost all of us worried about the group’s relative health and its prognosis for the future. Although we naturally view the ailing of the middle class as an undesirable and dangerous condition, in some ways it has served as a uniting force that has brought us closer as a people. Our nearly universal concern for the fate of the middle class has functioned as one of our very few common denominators, in other words, something that has helped bind us together.

The American middle class can be seen as having to confront a series of cataclysmic events since the group’s zenith in the early 1960s. In the mid-sixties and through the remainder of that decade, social and cultural forces tore apart the middle class, leaving the huge group much smaller and weaker. Significant numbers of young people, women, African Americans, white ethnics, and gays effectively abandoned the traditional middle class dominated by the WASP patriarchy, finding greater meaning and purpose in smaller, tighter-knit communities with different, often conflicting philosophies and lifestyles. With a host of sizable and politicized subcultures now operating alongside and sometimes competing with the mainstream, the middle class no longer held the power and influence it did a decade earlier. The middle class became the target of critical attacks and was put in a defensive position, its values questioned by groups with alternative perspectives and ways of life. Youth culture’s protest of the Vietnam War, women’s and gays’ fight for equal rights, and the racial and ethnic pride movements can all be seen as causes that chipped away at the “consensus” led by the white, male middle class.

Already reeling from these powerful cultural and social forces, the middle class faced serious economic challenges in the 1970s. A bad recession combined with double-digit inflation threw the postwar economic engine in reverse, inflicting further damage on an already wounded middle class. Having survived that test, the middle class now had to face
1980s “Reaganomics,” economic policies that served to push the group into an “upper” or “lower” segment. Cliven in half, the middle class was forced to operate in a much more competitive cultural climate during this decade, with members of the group finding themselves either moving up or down. For the last two decades and change, the middle class has done everything it could to simply survive. The gap in income and wealth between the rich and everybody else that began to spread in the late 1960s became a gulf over this period of time, more bad news for the middle class. Incredibly concentrated wealth among the top 1 percent and 5 percent of the population effectively drove the middle class further back in the nation’s economic and social strata, creating what can be considered a small but powerful upper class and a large, weak under class.

Tumbling the numbers clearly reveals the economic decline of the American middle class since the late 1960s. In its “9 Charts on the State of the Middle Class” released in October 2012, the Center for American Progress (a liberal think-tank) showed how the group went backward according to a variety of income-based metrics. The share of the nation’s income going to the middle 60 percent of households dropped from 52 percent in 1968 to 46½ percent; 9 percent fewer households today are earning middle-class incomes than in 1970; the typical American family in 1983 had a debt load equal to 38 percent of annual income, while in 2010 debt averaged 154 percent of annual income; median household income has declined over the past decade, this after a two-decade period of no growth. Compounding these reversals has been the double-whammy of what it takes to maintain a middle-class lifestyle: the cost of many things, particularly housing and a college education, has risen precipitously over the years.1 Median wealth fell a whopping 40 percent between 2007 and 2010, according to a recent report from the Federal Reserve, a direct result of this decrease in money coming in and increase in money going out.2 The American middle class was “fezzier, poorer, and gloomier,” claimed a much-publicized Pew Research report from August 2012, its numbers showing that the 2000s had been the last of four consecutive decades in which the group lost ground.3

Many conservatives, it need be said, pooch-pooch all this depressing number crunching, seeing things quite differently. Scott Winship of the Brookings Institution, for example, has argued that the principal reason that the middle class has “shrunk” is that Americans have grown richer over time, meaning the price of admission to belong to the group has risen (a good thing).4 It is also important to keep in mind that by global standards, today’s America’s middle class is very wealthy. To be part of the richest 1 percent on a global scale requires an annual income of just $34,000, according to World Bank economist Branko Milanovic, meaning middle-class Americans actually belong to the world’s upper-upper class.5

The story of the black middle class is perhaps a happier one but has a much different and more complicated set of cultural dynamics. While the white middle class was running its gauntlet of challenges, many African Americans were making significant economic and social progress. The blossoming of the black middle class can be seen as coming a generation later than that of the white middle class as some of the country’s institutional racism began to erode. However, the intersection of class and race—America’s two most highly charged subjects—emerged as a primary site of conflict as the black middle class “moved up” between the 1960s and 1980s. Because the rise of the black middle class coincided with the civil rights movement, a host of issues related to racial identity became central in the African American community. Did blacks have a separate class system or did they belong to the country’s (white-dominated) one? Were blacks who achieved middle-class status morally obligated to help “less fortunate” African Americans and ethically responsible to play a visible role in the struggle for equal rights? Middle-class blacks were routinely criticized for adopting lifestyles that mimicked those of their white counterparts, and the mainstream media condemned for focusing on African Americans who had “made it.” Members of the black middle class may be enjoying the fruits of their achievements, more militant African Americans loudly expressed, but they would never realize true power or be accepted by the white community. Indeed, many of those within the black middle class felt ambivalent about their new status, their “twoness” magnified as they straddled different worlds defined by race. Despite the progress made, African Americans today still trail whites (and Hispanics) in achieving middle-class status, a 2012 Brookings Institution report showed, our national field hardly level when it comes to race.6

In addition to adding to our understanding of the relationship between race and class, the cultural history of the American middle class over the last halfcentury helps put the current crisis of the group in much needed perspective. Despite all the gnashing of teeth that the middle class is on the brink of extinction, we know that is not likely true as we have heard that same claim many times before. The middle class has survived other crises, so it is reasonable to conclude that it will survive this one and those to come. Likewise, it would be silly to think the American Dream is going to completely disappear, it too an enduring dimension of our national identity. Fears that both the middle class and the American Dream are in great jeopardy seem to be built into our cultural DNA, perhaps reflecting our repressed suspicions that we are not as democratic a nation as we pretend to be. Vast inequalities in income and wealth and “downward mobility” threaten our idea of what it means to be an American, explaining why calls to address and correct these “anomalies” have been a fixture these last fifty years. Income divide and class polarity have risen exponentially in recent years but little action has been taken to reverse the trend, leaving what is left of the middle class a precarious, vulnerable position today. Some look back to
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the postwar era as the “normal” state of affairs, and wonder why the middle class cannot again enjoy the prosperity it did during those years.

The truth, however, is that the flourishing of the middle class during the postwar years was the anomaly. A unique set of forces came together in the 1950s to create a brief, shining moment favoring average earners, those forces very unlikely to ever coalesce again. Unfortunately, we tend to look at the postwar consensus grounded in “classlessness” as the rule rather than the exception, the yardstick by which to measure contemporary affairs. This is a no-win situation, and not very helpful to solve the very real problems of the middle class. Rather than lament about what we have lost, we need to agree what we have to gain by helping the middle class recover much of what it has lost over the last half-century. Some of the greatest minds in history have observed how important a middle class is to any society, inspiration that should serve as a guiding principle for our elected officials. Both political leaders and those in Big Business have a vested interest in tilting the system toward the wealthy, however, something that needs to be corrected if we are serious about putting the middle class in the “middle” once again.

Our lack of ability to deal with (or even acknowledge) matters of class compounds the problem. Our denial of class in America explains why upward of 90 percent of us claim to be middle class despite clear evidence to the contrary. It also explains why we cannot even adequately define “middle class” despite many attempts to do so. Americans of virtually all income groups continue to define themselves as middle class in part because there is still no official meaning to the term (unlike “poor,” of which the U.S. Department of Health and Human Services has at least a crude formula). Non-income-based markers of middle-class status (e.g., having a steady job, putting away money for retirement, owning a home, or sending one’s kids to college) are useful but subjective measures that further blur the boundaries of class. There will likely always be a tension associated with the middle class and class in general here in the United States, it is safe to say, as major social and economic disparities violate our creed of egalitarianism. (Race remains problematic in this country, of course, but at least that issue is grounded in our inherent pluralism.) The pervasive belief that we are a “middle-class society,” all of us falling somewhere within the same group, is simply false. In short, our current understanding of and approach to class is not a good foundation for social change, making attempts to do more for the middle class than praise the group in political speeches all the more challenging.

Yet there is hope for those wishing for a larger, more financially secure American middle class. Economic policies can be changed, after all, and politicians who are serious about representing the middle class elected. The title of James Carville and Stan Greenberg’s 2012 book—It’s the Middle Class, Stupid!—says it all, yet both Democrats and Republicans have not done nearly enough to protect a group that can be said to have become an endangered species. “Republicans went crazy, Democrats became useless, and the middle class got shafted,” posited Mike Lofgren in his The Party is Over of the same year, believing neither party has stood up for those with average incomes. The middle class has been woefully passive for far too long, and needs to be much more proactive about charting its own destiny rather than waiting for change to happen. A “Middle Class Party” is bubbling up in Connecticut, in fact, such a thing is precisely what is needed to make the middle class more than a talking point for those running for office. “The Middle Class Party will represent middle class Americans on taxes, jobs, foreign trade and aid, military spending, social security, Medicare, social programs, governmental budgets, civil rights, etc.,” explains the originator of the idea, the Berlin, Connecticut Property Owners Association.

While certainly grassroots, efforts like this one can perhaps have the makings of something very big. (A “Middle Class Party” actually flourished briefly in the Netherlands in the early 1960s.) Despite all the rhetoric, neither Democrats nor Republicans are truly committed to the interests of the middle class, making the formation of such a party one possible way progress can be made. Similarly, an “American Dream Movement” is in the works. A number of activist organizations, including “Rebuild the Dream,” are part of this movement “fighting back against the attack on ordinary Americans.” With the possible exception of the much broader counterculture of the late 1960s, nothing like this kind of populist movement has been attempted, reason enough to think the tide may be turning for the American middle class. By borrowing some of the philosophy and methods of the Tea Party and Occupy Wall Street (OWS) movement, a “Middle Class Party” or “American Dream Movement” can perhaps reverse the one-way direction of the American middle class over the last half-century.

Indeed, the rise of the Tea Party and OWS movement is cause to be bullish on the American middle class despite the mountains of historical evidence suggesting otherwise. Unions, for example, have recently embraced some of the ideology and language of OWS, finding the movement’s commitment to direct action, democratic decision-making, and rank-and-file militancy helpful to their cause. The protests in Wisconsin prove that the middle class can be mobilized toward OWS-style campaigns when its interests are at stake, an effort that can be expanded on a national scale. Rather than a left wing or right wing group, a centrist or, better yet, party-free movement offers the greatest chance for the American middle class to reverse the trend of the last half-century. Aligning somehow with the growing middle classes in the BRICS would also make a lot of sense for Americans as the world becomes increasingly flat. “The alternative narrative is out there, waiting to be born,” wrote Francis Fukuyama in his 2012 essay “The Future of History: Can Liberal Democracy Survive the Decline of the Middle Class?” believing the world will be a
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Notes

5. Charles Kenny, “We’re All the 1%,” Foreign Policy, March–April 2012, 24.

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