

The Real Middle Class by Dan Jacoby

For generations, politicians across the spectrum have claimed to appeal to the “middle class.” They have touted their “middle class values” and asserted that their programs – and only their programs – would benefit this “middle class.” The problem is, nobody has bothered to define exactly what the “middle class” is. To complicate things even further, most polls show that the overwhelming majority of Americans consider themselves to be “middle class.”

By dividing Americans into “lower,” “middle” and “upper” classes, we get what is probably the broadest definition of “middle class.” Under this definition (which we haven’t yet completed), one-third of all Americans are “middle class.” The simplest methods for dividing us are by income or by wealth. Since wealth is not only far more difficult to determine, and also far more variable (witness the tremendous wealth losses experienced in just the past few months), let us define “middle class” according to household income.

In going by annual income, one-third of American households had income below \$32,000 in 2005, and one-third of American households had income above \$65,000. That defines “middle class” as American households with total household income between \$32,000 and \$65,000, and defines the “exact middle” as a household with income of \$44,389.¹

That’s a general picture, but it can be refined. Many areas of the country, especially large cities, have higher costs of living, and therefore higher incomes would be necessary to “keep up” with areas that have lower costs. People living in New York City, for example, where housing, food and transportation costs are higher than, say, Ames, Iowa, would need more money in order to maintain a “middle class” standard of living.

In addition, there is a feeling of being “middle class” that varies from location to location, as the general standard of living varies. Should these feelings be taken into account, and if so, when? For example, taking New York City as a baseline for a standard of living, just a few miles north in Westchester County, the standard is much higher – not because costs are higher, but because median household income is significantly higher. Clearly, in Westchester County a person could have an income well below the average for that area, yet still have a standard of living that is higher than most Americans.

Even taking into account varying costs of living, it could be comfortably said that just about any household making below \$20,000-\$30,000 a year is not in the middle class, and the same could be said of almost any household making above \$75,000-\$90,000 a year. Yet many people outside these ranges still call themselves, and honestly think of themselves, as “middle class.”

Why is this important? First, it is always important to take an honest look at the facts in order to develop societal and governmental policies. Second, it is important for people whose incomes put them above the “middle class” to understand where they really fit in. Too many people who are clearly doing far better than “middle class” need to understand that the problems they face are far smaller than those faced by true “middle class” Americans, and that if we are to create a more fully integrated society they need to come to terms with that fact.

Finally, we need to stop pretending that people who, despite the difficulties they face in their day-to-day lives, are not seriously hurting by societal standards, and don’t need as much help from government as those who truly are hurting. This means that those people who are living far above the top of the “middle class” range will need to stop demanding more when there are far too many people whose needs are far greater.

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¹ U.S. Census Bureau: http://pubdb3.census.gov/macro/032007/hhinc/new06_000.htm