

Questions for January 31, 2007 Hearing

Questions for the Panelists: Who is the “middle class” today?

Background

Before we ask whether they are “squeezed,” we should ask who the middle class is. It turns out the answer is not simple. Economists might say it is people who represent the middle 20 percent of all households by income (i.e. those with incomes of between about \$25,000 and \$45,000 per year, or between the 40th and 60th percentile). But this group

“(N)o longer resembles most people's image of middle America. While our father's middle-class may have been clustered in this income group, today's working families are not. Only 18 percent of married couples today are in this statistical middle, while more than two-thirds are found in the top two income groups. The largest share of married couples – 35 percent – earn enough to be in the top 20 percent of taxpayers, which begins at roughly \$68,000. So who is in the statistical middle today? They are right out of the cast of the long-running TV show “Friends.” Nearly 57 percent of taxpayers in the statistical middle are single or single parents with children.”¹

Further, it seems almost everyone in America thinks they are middle class – 90 percent call themselves either “middle class” or “working class.” As described in a recent article by Robert Samuelson,

Not surprisingly, a recent poll done for the Economic Policy Institute, a liberal think tank, finds that only 2 percent of Americans put themselves in the “upper class” and a mere 8 percent consider themselves “lower class.” The large majority classify themselves as “upper-middle class” (17 percent) or “middle class” (45 percent). The rest (27 percent) see themselves as “working class,” a stepping stone to the middle class.²

- Because identification of the “middle class” depends on so many factors and can be interpreted so many ways, please tell us who makes up the middle class? (How many people? What income ranges? Is it a static group, or do people and families move in and out?)
- Has this group grown in number in the past generation? (How much?)
- Are the key features that most people would think of as middle class status – owning a home, being able to retire, having decent health – more or less common today than in, say, 1970?

¹ Scott Hodge, The Tax Foundation, “Is Anyone Left in the Middle Class?,” November 3, 2004, St. Petersburg Times, <http://www.taxfoundation.org/news/show/92.html>

² See

http://www.realclearpolitics.com/articles/2006/12/the_view_from_the_middle_class.html