

Middle Class Frustration and Anger - Justified or Not? 2017

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The American middle class, and especially the working class within this middle class, is frustrated and angry, a fact to which the election of Donald Trump as President of the United States testifies. It is this group that Trump energized to vote for him in sufficient numbers that made the difference in the 2016 election in the key swing states of the American Midwest. Similar frustration is evident in other western countries. Is this frustration and anger justified?

Answer: Both Yes and No. It depends on the breadth of the perspective taken.

YES – Supporting Facts – the Internal American Perspective

- 1) As currently structured, the national economy depends on constant GNP expansion/growth together with inflation to outrun national debt obligations. But when growth slows or stalls and/or when resources are directed elsewhere [national security], resources diminish to support the needs of the working/middle class. Both of these circumstances apply during the last 40+ years.
- 2) Overall, economic conditions for the American middle/working class have been stagnant since the later 1970's with sluggish employment and wages just keeping up with inflation.
- 3) Worker productivity has soared over this 40+ year period while wages have remained constant relative to inflation.
- 4) The number of high wage jobs in industry/manufacturing/agriculture/mining/ etc. has diminished as technology and robots have replaced the need for labor and as the growth of comparable jobs in new industries has not kept pace with the rate of job elimination – especially since the Great Recession.
- 5) Disappointing lesser paying jobs in the service sector are more and more the end result of job searches for high school and even college graduates.
- 6) Many service jobs are designed to be just short of full time and so do not offer benefits, throwing the costs onto workers.
- 7) Many service jobs require the employed to work overtime without any increase in pay or benefits.
- 8) More and more local retail service jobs are being lost to giant Internet based corporations and web based enterprises.
- 9) Many good paying middle class jobs at the lower level of the professional service industry are being out sourced to Asia [accounting, legal, engineering, computing, etc.].

10) Good paying jobs in many economic sectors would not be lost to outsourcing if the rules of the World Trade Organization were not exclusively designed to benefit corporations. As constituted, these rules ignore important variables that should be considered when comparing the relative value of labor: ecological impact, working conditions, government subsidies, and civil rights. The result is an unfair “playing field” that hurts the American worker.

11) As a consequence of the corporate option to move their operations to lower wage countries, unions have been weakened and are much less influential in promoting the interests of workers.

12) Job security is more and more uncertain making it necessary to devote a significant amount of time to job hunting. The result of landing a new job often requires relocating, which disrupts families – especially teenage children and working spouses.

13) Most pensions to support retirement are gone forcing long term planning on individual workers, who have limited access to financial planning assistance.

14) It has become very common for both spouses in middle class families to be working, often full time to support their effort to improve their standard of living. This situation often negatively impacts marriages and families.

15) Workers are spending all that they make in the effort to sustain/improve their standard of living. As a result, they are unable to save much for retirement.

16) More and more citizens of retirement age are having to continue in the work force in order to make it economically.

17) The cost of health care and higher education have skyrocketed as public support for these services has waned since the 1970s. Only those in poverty qualify for health care support. Obamacare is confusingly complex, is not of much help for most, and is an economic expense for healthy younger citizens.

18) Proposals to privatize or reduce Social Security and Medicare benefits are scary because these actions would leave working and middle class citizens, who are unsophisticated when it comes to investment, more and more responsible for their own health and economic security in their later years.

19) The Great Recession caused a drop of about 50% in the wealth of the middle class. This wealth was focused in residential real estate which took the greatest hit through vast foreclosures and which has recovered only slightly.

20) The banks and investment houses that caused the Great Recession, together with the auto industry, were bailed out at public expense while assistance to deal with the phoney mortgages of working and middle class homeowners was so limited, complex, and poorly managed that few benefited.

21) Those in the financial industry who were responsible for the Great Recession have nearly all escaped prosecution and even benefited from bail outs supported by middle class tax payers.

- 13) The Recovery from the Great Recession has resulted in almost all of the economic benefit going to the top 5% of already wealthy Americans who have been able to strategically locate their assets in the world economy.
- 22) The growing economic inequality in the nation is fundamentally unfair to the working/middle class.
- 23) Government at all levels has not a) focused its attention on the needs of its middle class citizens, b) addressed these needs in some meaningful way, or c) created conditions of greater economic fairness. The national Congress is especially at fault in this respect, wasting its time on lesser issues and ideological squabbles.
- 24) The federal government is for sale to corporations and the new billionaire class, who can buy lobbyists to influence legislation to serve their special interests. Corporations and the wealthy, who contribute to the campaign coffers of incumbent legislators, get unwarranted tax benefits and privileged access to federal contracts, all of which further pushes the burden of economic support of the federal government on the stressed middle class.
- 25) Corporations and the wealthy avoid paying their fair share in taxes by exploiting loopholes in the tax code and hiding their assets and profits in tax sheltered foreign countries and bank accounts. The result is that the tax burden is unfairly pushed on the middle class.
- 26) An aging population with more and more retirees places financial pressure on those remaining in the workforce to pay taxes to support what become costly retirement health and income benefits.
- 27) For many years, the federal government has spent such a high proportion of its revenue on the military [costs associated with policing the world and fighting terrorism] that it has little left to support domestic needs from social services to decaying infrastructure.
- 28) The conservative political ideology of “limited” government applies almost exclusively to domestic spending, not military spending. It is a common conservative strategy to cut spending for domestic services/programs while increasing allocations for military related “goods and services.”
- 29) As the political right has ascended over the last 40+ years, the political left has become more fiscally conservative with less emphasis on a social agenda to assist the middle class. [Bernie Sanders' candidacy was an exception which failed in part because he got tagged as promoting a “socialist” agenda.]
- 30) The children of working/middle class families supply most of the volunteers to the military primarily because the military seems to offer support for education and a way out of social and economic constraints. When these volunteers are required to serve multiple tours in confused soldier/occupier roles, they often come home disabled in one respect or another. With inadequate government

support to address their duty related impairments, the middle/working class families of these veterans are hit with the economic and devastating emotional consequences – often long term and without any satisfactory resolution.

31) Newcomers to the country [immigrants, migrants and refugees] compete for the limited jobs that are available, and they frequently accept lower wages suppressing the wages of established workers. The largely uncontrolled immigrant/migrant situation in the country is a drag on the economy of established workers. [While the negative impact of newcomers in these respects is claimed regularly, the actual extent of its influence may be overstated. In addition, the positive effects to the national economy and to the working/middle class are often overlooked.]

Given the collective effect of all of the above facts, there certainly is a strong argument from an internal perspective to justify the notion that the needs and concerns of the middle class have been grossly overlooked over the last 40+ years. Because these factors have accumulated slowly and because major challenges external to the nation [9-11 terrorist attack in 2001 and the pursuit of terrorism in Middle Eastern wars] have taken precedence, the national political establishment has neglected to pay anything like sufficient attention. The Great Recession proved to be a breaking point, especially when the aftermath of this event, which was devastating for the working/middle class, saw the national economy rebound with virtually no positive consequence to the working/middle class. And this, as the perpetrators in the financial industry escaped with many billions of dollars in assets.

NO – Countervailing Facts – The External Global Perspective

The working/middle class, as well as the rest of the citizenry, has developed unreasonable expectations for a constantly escalating standard of living focused on increasing consumption for each successive generation. At younger and younger ages, the expectation has arisen for more vehicles, expensive “toys,” the latest communication devices for the entire family, and ever larger homes with more expensive finishes, furnishings and appliances. This expectation reveals how quickly the experience and lessons of the Great Depression can be lost when economic times are good [for the working/middle class from WWII to 1980; for the upper middle and upper classes from WWII to the present - 2017].

Citizens of developed countries have bought into the illusion that progressive technological advances in energy, agriculture, industry, and medicine will support a constantly upward trending, consumptive lifestyle. At the same time,

natural resource limitations tend to be discounted under the view that somehow there will always be a technological fix. Citizens are so committed to this illusion that in spite of the overwhelming evidence to the contrary, many continue to deny the negative ecological consequences of unrestrained natural resource use to support economic growth.

This illusion persists in part because citizens conveniently forget that the vast worldwide utilization of natural resources for the last 200 years has occurred to mostly serve the benefit of the standard of living for people in western countries. But, as the World Economy has emerged and expanded, competition for resources and economic benefits has arisen from nations with lesser standards of living – and much lower wages. Accompanying the rise of the world economy is the emergence of worldwide electronic communication which, in providing instant information and graphic visual evidence, reveals the inequality of the standard of living across the nations of the world. Awareness of this gross inequality then evokes higher expectations among the citizens of undeveloped and under developed countries, especially those trending toward democracy and the idea of government “by and for the people.”

As the search for economic advantage encourages companies to relocate to the underdeveloped world, resource utilization and the standard of living increases in these areas resulting in greater economic fairness and equality across humanity. But international economic competition and the consequent outsourcing of jobs in western countries suppresses job and wage growth to the consternation of the working/middle class in America and other western countries. The developed nations try to adjust by increasing productivity/efficiency using technology/robotics/computers, but this move on a comprehensive basis does not provide an answer because overall it ends up reducing the number of jobs in industry after industry and eventually even in some lower level professional jobs.

It is just a FACT: Under the influence of the world economy, as the standard of living levels out across the nations of the world, the heretofore privileged citizens of western countries, including especially the working/middle class, have to face the fact that they will be very fortunate if they can maintain their current standard of living. And they will likely be able to do this only if they can simultaneously find effective ways to reduce their use of natural resources and discover alternative, non-polluting sources of energy.

A related adjustment that the middle class will have to make is in its unsustainable reliance on credit to keep its consumptive lifestyle afloat. Under the illusion of an ever rising standard of living, the middle class is carrying far too much debt and as a result is constantly on the edge of economic collapse. In the realistic present and future economy of the middle class, the assumption no longer is accurate that with advancement in working/middle class jobs, the increase in income that results will allow these citizens to rather easily pay off their debts. Instead, the members of the working/middle class will have to learn to live within their means, focus on what they really need, reduce their dependence on credit, and wait to acquire some of the “things” they desire.

Justification for American Middle Class Frustration? Answer – YES and NO

Given the trend toward economic equality across the nations of the world, even if all of the issues from an internal perspective that justify working/middle class frustration in America are successfully addressed, it will most likely still be necessary for the majority of citizens to discard their expectation for further “expansion” in their consumptive standard of living. Of course positive change can continue to occur, but overall citizens will need to focus on the happiness that comes from the rewards of quality social relations and less from accumulating wealth and acquiring more material assets. As the standard of living equalizes across the nations of the world, economic sustainability needs to become the expectation of the working/middle class in western countries and the basis for planning at both the national and personal levels.

When will our political leaders address the substantive complaints of the working/middle class and at the same time have the courage to expose the illusion of constant growth in both the national economy and the middle class standard of living? Until this is done, America and the rest of the western world will be vulnerable to phoney populist appeals like “Make America Great Again.”