

What Is the “Middle Class”? Who Are the 99%?

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What is the “Middle Class”?

The working class got scarcely a mention in the 2012 election campaign. Instead, it was the great American middle class that got the headlines. As historian Steven Hahn pointed out at the time, “The campaigns of both parties showed an obsessive concern for the fate of the ‘middle class,’ an artificially homogenized category mostly coded white...” while ignoring poverty. “Middle Class” is a problematic concept that I will explore below.

Meanwhile, however, the conversation was already changing. In 2012 Elizabeth Warren, an F.D.R.-style liberal, won the Senate seat from Massachusetts. Within a year she had become “the Hot Ticket on the Far Left,” according to *The New York Times*, apparently because she had the audacity, in a 2011 speech, to declare that the rich didn’t get there on their own; rather, they were helped along by an infrastructure (roads, police, fire departments, vocational training, etc.) that the government paid for. There was no such thing as a “self-made man” (or woman), she insisted. Then in 2013 Bill de Blasio was elected Mayor of New York City. He campaigned on Michael Harrington’s “two nations” thesis: one rich, the other not. Harrington’s book had been an important spark to the beginnings of what was to be President Johnson’s “war on poverty” in the mid-1960s.

By New Year’s Day 2014 the *Times* claimed that “the national debate over inequality and social justice has reached a fever pitch.” President Obama had also been talking about the growing divide between rich and poor. Was this class warfare? Not to worry. Mr. Obama quickly shifted the focus: In his State of the Union address in January, 2014 inequality of opportunity rather than inequality of outcome had become the problem. Neither Obama nor Warren has anything against making lots of money. We just need to tweak taxes a bit in order to be fairer. And how are we to overcome inequality of opportunity? Out of the mountainous issue of “the two nations” comes the mouse of a solution: pre-K education, the heart of de Blasio’s reform program for New York City. Not that there’s anything wrong with that.

However, it is critical to note that wealth “come(s) from financial and employment practices that *cause* widespread joblessness and the very poverty that is being attacked” (Peter Marcuse, letter to *The Nation*, March 3, 2014). The program of “expanding opportunity” to enter the “middle class” via education and related reforms without altering the exploitative and oppressive rules that are basic to the creation and maintenance of wealth is illusory.

The idea that most Americans, aside from those at the very top and the poor at the bottom, are “middle class” is deeply rooted in U.S. culture. It has been promoted over many decades by the media and by much of the U.S. social scientific community, which has steadfastly rejected class conflict analysis for most of its history. The result is to make the working class disappear, as Michael Zweig aptly put it. If there is a working class different from a middle class and an upper or capitalist class, then we must examine what makes it different. This might suggest that there are conflicting economic interests between these classes, something that is outside the permitted framework of public discussion.

Surveys over the years have tried to demonstrate that most Americans think of themselves as middle class, not working class, as if thinking makes it so. This goes back at least to 1940, when

Fortune magazine did a poll asking people to choose between upper, middle, and lower class and, no surprise, the majority of respondents chose middle class. In 1949 Richard Centers, at Princeton, thought this was a bit fishy and did the survey again, adding the category of working class. 51% identified as working class. Since that time, in every survey that included a “working class” choice, those choosing neither “lower” nor “upper” have split in half, with around 45-50% identifying as working class and about the same as “middle class.”

In August, 2012 the Pew Research Center released a report, “The Lost Decade of the Middle Class.” Among other quite useful data, Pew included a survey asking basically the same *Fortune* question: which class would you say you belong to, upper, upper middle, middle, lower-middle, or lower class? 49% chose middle, 32% chose lower-middle or lower, and 17% said they were upper or upper-middle. The 49% ranged in income from less than \$30,000 to over \$100,000, with an average for all of \$70,000. From these figures it is reasonable to assume that much of this “middle-class” is part of the working class.

The confusion that is being sown here is the distinction between middle *class*, and middle *stratum* or layer. The middle *class*, as those working in a Marxian framework insist, consists of people defined by several kinds of relationships to the capitalist economic system different from other people, whose relationships are *qualitatively* unlike theirs. In short they differ in their *source* of income from others’ sources of income. Middle *stratum* is often defined in income terms, or by lifestyle (culture, housing, education, consumer and leisure time activities, etc.). Clearly if we divide the population of income earners into 20% segments, and consider the bottom fifth poor, and the top fifth rich, the remaining 60% who are in the middle constitute a majority. Some of this middle is middle *class*, but much of it is not. The fact that some of this grouping have a certain level of education or own a house does not make them middle *class* despite every effort by the cultural and political apparatus to make them think so, and despite the fact that many of them have accepted this definition.

Most social scientists, who generally lean liberal, are in the business of promoting this same confusion of *class* with *stratum*. Their studies often consider many kinds of workers (generally most white collar workers) as middle class because their work may have more prestige, or involves more formal education. For them the concept of exploitation as a tool with which one sector of the labor force can be distinguished from another is absent because that is considered a moral, hence scientifically useless, expression. Even Zweig’s overall very useful book defines class “in large part based on the power and authority people have at work...For all their differences, working class people share a common place in production, where they have little control over the pace or content of their work, and aren’t anybody’s boss.” So for him, professionals, because they have “considerable authority and flexibility in their jobs, whether they are self-employed or work in a corporate department” are middle class.

For most Marxian sociologists that is wrong: the *self-employed* (including many professionals) are part of the old middle class, the petty-bourgeoisie. Those who toil for others in a corporate setting are workers, regardless of their authority over their immediate work. The fruits of their work are expropriated by another class. They are exploited, an economic concept, not a moral one. For some other Marxian sociologists, administrators, supervisors, and mid-level bureaucrats who are wage earners constitute a “new middle class” because their function is to support exploitative relations even as they are also themselves exploited. Where to draw the line between new middle class and working class has been a problem for some time.

The present economic crisis has clearly hit large numbers of households in the middle income strata hard, but the poor even harder. Incomes and wealth (especially as reflected in housing values), have deteriorated for the middle. In fact the so-called middle class has shrunk, the famous

“declining middle thesis.” What does this mean, and where did they go? The Pew authors define the middle-income “tier” (that’s acceptable, it’s a layer, a stratum, not a class) as all adults whose annual household income is from 2/3 of the median household income to twice the median: that is, from \$39,418 to \$118,255 in 2011. This number constitutes 51% of all households. In 1971, using figures appropriate for that date, it was 61%. Where did they go? The upper tier increased to 20% of households from 14%, and the lower rose to 29% from 25%. However, in Pew’s three-tier system, only the upper-income tier gained in its *share* of household income. These folks collected 46% of all income, up from 29% in 1971. The middle tier collected 45%, down from 62%, and the bottom tier got 9%, down from 10% forty years ago. The fact is the income *share* of the middle 60% of wage earners has been steadily declining since 1965. (Note that tiers are much larger than quintiles.)

However, this misses a lot. We must also look not only at shares of income, but also at changes in real, actual dollar income. When the U.S. Census looks at quintiles (20% segments) of household income, it turns out that the income of the bottom 40% (two quintiles) was the virtually the same in 2010 as it was in 1970, adjusted for inflation. So this stagnation began well before the Great Recession of 2008. But quintiles do not lose, or gain, in the same proportion: the lower the quintile, the larger the proportion of loss, and the higher you are, the larger proportion of gain. Thus since 1990, the bottom fifth lost 8% of its income, the second fifth lost 6%, while the top fifth gained 20%. What about wealth, which is always more unequally distributed than income? For the top 10% of individual owners (of wealth), their share went up from 67.2% in 1989 to 74.5% in 2010, and that’s after the crash of 2008. Meanwhile the bottom 50% of households went down from 3% of all wealth to 1.1%.

The mystification that so many people are “middle class” whereas they are simply in some statistical middle has unfortunately been all too successful, and contributes to the relative lack of class consciousness of U.S. workers, although obviously it is not the only factor. Many workers do in fact consider themselves middle class and see themselves as separate from other elements of the working class including the unemployed and the poor.

The real middle class, as most Marxian sociologists see it, consists of small-scale farmers, small business people (mom and pop operations with a limited number of employees), and self-employed professionals. Franchisees are in a contradictory position: on the one hand, they have purchased a business for about \$30,000 up to millions depending on the industry, and in that sense are part of the middle class. On the other hand, their conditions of work, including everything from the percentage of their gross revenue to the specifications of their product (the shape of a hamburger, the print on the advertising, the architecture of their outlets) are determined by the corporate franchiser. What is left after expenses (without considering the purchase price) is the “profit,” or salary, as it is sometimes actually termed in the franchise business. This suggests that franchisees constitute a kind of “secret proletariat.” (The average annual net profit of a franchise is about \$66,000, varying with industry, which is a low wage considering the hours worked by many franchisees.) Of course his or her workers are even more exploited, and because the “owner” determines the wage and work assignments she/he is at the same time an exploiter. Aside from sometimes using the term “salary” most franchisees do not grasp that one of their legs is in the working class and the other, given their high bankruptcy rate, is on a banana peel.

Once we pose the question of how different parts of these strata relate to actual social and economic relations within capitalism, we may be able to get a better grasp of their likely political agendas.

Who Are the 99%?

The 99% concept similarly breaks down when we look at the realities of the U.S. class structure.

Within the 99% there are deep differences due to divergent, and sometimes conflicting, class interests.

The famous 1% captures a vastly disproportionate part of the nation's wealth and income and this disproportion likely grows by the day. The data have been well-known over the years, long before the Occupy Wall Street movement spread the word. "As of 2012, the richest 1% of families, all with incomes above \$394,000, receive more than one-fifth of the income of the nation." (Alex Green reports that the top 1% of *households* — which includes individuals, hence numerically larger than people in families — begin at \$521,000.) As for wealth, the top 1% of individual owners of wealth, averaging about \$6.8 million in assets in 2010, commanded 34.5% of all wealth then. Meanwhile the bottom 50% aggregated a big 1.1%, as was noted earlier.

But the capitalist class consists of a far larger group than the 1%. Consider the next 9%, with an average wealth of \$2.37 million. Are they part of the 99%? What about the next 10% (about 12 million households), whose net worth begins at \$952,000 and goes up from there? True, a million bucks doesn't buy what it used to, but considering that much of their wealth, and for those who are retirees their current income, is derived from owning shares of corporations or related financial "instruments" (derivatives, and other complex forms of gambling) aren't most of them if not directly capitalists, linked to capital rather than labor? (It's also true that many union pension funds, as well as other progressive institutions, are invested with Wall Street, which may play a role in their lack of revolutionary zeal.) So the 99% has now shrunk to only 80% of individuals who don't own significant property, that is, aren't dependent on the survival of capitalism. (To be sure, we know from history that quite a few of the top 20% have social consciences and can be recruited to progressive causes.)

There's another factor that supports this lower percentage: the number of people directly owning and operating medium to large businesses. Some are doubtless among the 1%, but many more are not. In 2010 there were about 17,000 businesses with 500 or more employees. 500 is the government's cutoff, below which it's "small business." (Other countries use a much lower cutoff, which is more logical). This is the core of the producing, retailing, and service economy, with nearly 57 million workers. There were another 82,000 firms with 100 to 499 employees. It's not clear how many of the under 500 group are part of the 1%, but surely many are somewhat below that. Their interests place them into an antagonistic position vis-à-vis the majority of the working (and unemployed) population. These owners, plus those with 20-99 employees, are what we can consider the better-off segment of the old middle class, or petty bourgeoisie (U.S. Census, 2010, *Statistics of U.S. Business*).

What are the political interests of those who rank in the top 20% in income and/or wealth but are below the 1%? Or, overlapping with them, the owners of firms with less than 500 workers? And even below that cutoff, the 22.5 million businesses with no employees? They exploit only themselves, and perhaps family members. Many are immigrants, who are overrepresented in these ranks. What are their interests?

It would be simplistic to suggest that this large mass of the real middle class constitutes a single political bloc that is either pro status quo or part of the 99% that Occupy Wall Street imagines can be brought together in a progressive and vaguely anti-capitalist coalition. However, my argument is that large segments are unlikely to be potential allies in an anti-corporate struggle—logically enough because they are part of the corporate structure, albeit at the smaller-scale level.[1] How do we know this?

One way to get at this question is to study specific political organizations and the distribution of occupations among their members. There are many studies of right-wing groups ranging from the KKK to Christian Identity to the Tea Party.[2] If Tea Partiers are disproportionately middle class, as is

true for Christian Identity, maybe their political views can be extrapolated to a like-situated larger group. However, the middle class respondents are not “broken out” of the entire group for analysis, so we have no way of knowing whether, or how, they are different from the entire membership.

We do know that a *New York Times*/CBS poll of April 2010 shows that in their rather small sample of 881 Tea Partiers 65% see themselves as upper middle or middle class, while 31% see themselves as working or lower class. It could even be that this latter group is more reactionary than the folks in the middle; we don’t know. Without further data, it is hard to argue that the Tea Party, or any organization in which the majority is middle income and/or middle class can show us the political face of the entire, or even most, of the petty bourgeoisie.

Fortunately we do have further data, courtesy of the small business “community” itself. The National Small Business Association, which conducts surveys, looked at 650 small business respondents in October, 2011. This report provides details about the makeup of the 650: 70% had less than 20 employees, 25% had from 20-99. Most were in professional services (23%) followed by manufacturing (19%), construction (11%), and retail (8%). From 2008 to 2011 those identifying as Republicans increased from 48% to 54%, while Democrats went down from 33% to 16%, an astonishing drop, which is not explained. Possibly Obamacare had something to do with it. 82% see themselves as conservative or strong conservative on fiscal issues, and 72% see themselves the same way on foreign affairs and national security, whatever “conservative” might mean in this context. Only 11% are moderate or strong liberals. When asked what the federal government should do to help “your business,” the overwhelming sentiments of the Republican majority ran to “reduce and reform taxes,” “reduce and reform regulations,” and, more pointedly, “get out of the way,” the meaning of which would seem obvious.

In August, 2012 the business magazine *Entrepreneur* provided the results of a survey done by Manta.com. Manta is an online small business service that collects business data. It did a series of surveys of its approximately 2000 “members” who had registered their business profiles prior to the 2012 election. In May, it reported that only 4% of respondents opted for Ron Paul, the libertarian closest to the Tea Party. Three weeks prior to the election, Romney was down 14% from August, with 48% support, against Obama’s 38%. (Romney apparently lost some support when he picked Rep. Paul Ryan, an extreme right-winger, as his running mate). This group also saw Obama as more in touch with the average American than Romney (after Romney said 47% of the American people would never vote for him because they don’t pay income taxes). However, they did see the Republican Party as the bigger supporter of small business (54% to the Democrats’ 19%, with 14% saying neither). Their biggest concerns were, in order, healthcare (probably because small business is worried about Obamacare’s possible negative economic effect on them), tax policy (likely because they don’t like paying taxes to support “unproductive” people, whether big banks, or the poor), and government regulation (too much, too complicated). They were also concerned about unemployment, but very little interested in foreign policy, or social issues such as gay marriage.

What are we to conclude from all this?

1. We learn little by looking at right-wing extremist groups, where the petty-bourgeoisie is overrepresented. From surveys of larger business populations we can gather some pretty good indications, but even so these are limited given that many business people are left out—in particular the surveys do not tell us about minority and immigrant business political sentiment. Nor do the surveys distinguish between men and women entrepreneurs.
2. It is pretty clear that small business leans conservative and Republican, although the individual business person’s views are not unalterable. The level of support for given candidates does go up and down.
3. Most small entrepreneurs favor laissez-faire economics, distrust the federal government and

most state governments, in particular their regulatory arms. They feel overwhelmed by paperwork. They do not like taxes, which they see as an unfair burden. Since labor unions also infringe on their decisions, and threaten their competitive positions, it is logical to assume that most are hostile to unions, although that issue was not included in these surveys.

Where does that leave us with respect to the 99% and Occupy Wall Street and its offshoots? While it is not so easy to find a consensus on the entirety of OWS's program, we can try to compare the sentiments of the small business community to one widely-disseminated document, the OWS Declaration accepted by the New York City General Assembly on Sept. 29, 2011.

There are 23 points in the Declaration, all of which are essentially indictments of corporations and their economic power, which, the preamble states, "run our governments." However, it does not say which corporations; presumably, only the very big ones, but many small business people reading this might conclude that OWS is anti-business. Beyond that, lots of the points can hardly be disputed even by Republican entrepreneurs. What rank-and-file Republican can object to protesting illegal foreclosures, bailouts, exorbitant executive bonuses, discrimination in the workplace (surely no small business person does that!), poisoning the food supply, infringements of freedom of the press, coverups of oil spills, etc. But wait: there's the one objecting to stripping "employees of the right to negotiate for better pay and safer working conditions." To the extent that these rights infringe on employers' freedoms, they are not what most bosses would freely agree to: note the widespread resistance to current drives to increase the minimum wage. And, while OWS questions the need to create weapons (of mass destruction) in order to maintain our security, most of the bourgeoisie, large or small, does not.

A pragmatic businessperson might ask, but what do they advocate positively? Unions, apparently, and regulation: of the food supply, product safety, hiring practices to avoid discrimination; and health insurance. The small business community is largely hostile to regulation in general and Obamacare in particular. Furthermore, OWS tries to get its points across by violating the sacred principle of private property by—occupying it, which is against the law. It is not difficult to conclude that the Republican majority, and even some of the Democrats of the small business community are not in sympathy with OWS, which claims to represent the 99% including that community. Their economic interests trump appeals to the greater good. Their class consciousness, their material self-interests, logically enough support conservative, and for a segment that resents redistributive policies (meaning to the "undeserving" and in their view, minority, poor), reactionary, policies. The surveys we have at hand unfortunately do not go further in exploring the politics of race. Finally, this middle class does not want to hear about equality of outcomes. You get what you work for. Creating equality of opportunity by improving educational opportunity is probably okay with them.

As we try to reverse decades of declining class consciousness (especially among white workers), we need to make the working class visible again. We also need to expose the way wealth is created and made to grow, and how that process leads to unemployment and poverty. We need to call that process by its name: capitalism. What things are called does matter because it affects the way people think of themselves and others, which in turn affects their behavior. We should therefore insist on calling classes by their right names. The "middle class" mythology has the effect of papering over the realities of class and class conflict and maintaining illusions.

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[1] In the National Small Business Association survey discussed below, 87% of responding businesses were either S-Corporations (40%), Corporations (29%), or Limited Liability Corporations (18%). S-Corps and LLC's are usually smaller entities.

[2] See, for example, David Cunningham, *Klansville, U.S.A.* Oxford U. Press, 2103; James Aho, *The Politics of Righteousness*, U. Washington Press, 1990; Paul Street and Anthony DiMaggio, *Crashing the Tea Party*, Paradigm, 2011.