

We are all middle class now

By [Steve Thorngate](#)

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Before I left home this morning, I heard three different NPR reports on President Obama's [proposal yesterday](#) to extend the Bush income tax cuts for one year for all but the top 2 percent of earners. Each accepted uncritically the president's assertion that this bottom 98 percent—those making less than a quarter million dollars a year—constitutes the "middle class." One even offered a single short profile as an example of the people Obama seeks to help: a family making \$40-something thousand a year.

The president's right on the basic policy here. This is no time to raise taxes for struggling lower-income people, and it's also a bad time to restore the higher rates for people who are more than comfortable but not so much more that they can't find things to spend most of their money on. It's a bad idea to do anything that will make less money move around the economy, because the flow of money creates jobs.

[Republican leaders](#) insist that it's in fact very rich people who create jobs, and that each additional dime of tax liability will make them less likely to do so. [There's not a lot of evidence](#) that either of these things is true. But the fact that congressional Republicans [aren't that interested](#) in this tax rate extension unless it includes the top 2 percent as well is a stark reminder that their priority is not lower taxes. It's a) rich people and b) opposing the president.

Which is of course the reason Obama proposed this, so kudos on the politics, too. But it irks me every time I hear him and other Democrats define the middle class so

expansively. Due to the aspirational quality of American politics—and the fact that the poor don't make it to the polls in large numbers—Democrats often say "middle class" when they mean "low income" or even "[poor](#)." Then they go and use the same term to refer to people who are really pretty rich, just not like *some* people.

A quarter million dollars a year is 17 times the federal minimum wage. It's almost five times the [median household income](#), and it's more than triple what you need to be [as happy as money can make you](#). It's more than American taxpayers pay [any elected official except the president](#).

Most importantly, it's more than the overwhelming majority of Americans—[98 percent](#), as Obama said—earn each year. And the more we call the lot of us middle class, the more we reinforce two fairly destructive ideas. First, that people making almost \$250,000 a year haven't arrived—not *really*—so they should keep striving for still more money. Second, that it'd be foolhardy to try to raise their taxes, ever. Middle-class tax increases are always unpopular; the fact that we pay less than we used to, and that the Bush cuts as passed into law *were in fact temporary*, doesn't seem to change this much. So if we're all middle class now, where will the federal government ever get new revenue?

It'll need it before long. If and when the economy gets back on its feet, it will be time to work hard on returning to surplus budgets and chipping away at the federal debt. We can't do this simply by trimming bloated budget lines and eliminating waste. Either the cuts will be drastic—catastrophic—or there will need to be significant new revenues as well. And taking a couple more percent from the wealthiest few won't get it done. There aren't enough of them. Taxes will need to go up on the much larger group beneath them as well, the ones I like to call the rich-but-less-ludicrously-so.

Obama likes to call them the middle class.

In so doing he pushes for their solidarity with those with less: *We Are the 98 Percent*, and—he hopes—*We Vote*. But rising inequality isn't just about runaway incomes at the tip-top; it's also about how much harder it's gotten to ever ascend to the (actual, lower) middle class in the first place. Righting this ship is a complicated project, but it will eventually need to include new tax revenues from the many Americans who have money to spare, even if they don't have money to buy jets and islands and members of Congress.

But first, we may need to start calling them "rich."