THE POLITICS OF OPPORTUNITY

by Robert W. Hodge and Steven Lagerfeld

Trying to account for the absence of a self-conscious, politically cohesive working class in the United States, Karl Marx observed in 1852, that, "though classes, indeed, already exist, they have not yet become fixed, but continually change and interchange their elements in a constant state of flux."

There have been other explanations.

In *Why is There No Socialism in the United States?* (1906), Werner Sombart, a left-leaning German economist, cited the availability of Western farmland—even though, in 1906, the frontier was "closed." On other points, Sombart was more perceptive. He noted that the American belief in political equality, in "the efficacy of the People's will," firmly attached almost all citizens to the existing political system.

Like Tocqueville 70 years earlier, Sombart also put great store in the easy American sense of social equality. "The worker," he wrote, "is not being reminded at every turn that he belongs to a 'lower' class." Moreover, American wage earners lived rather well compared to their European counterparts, and their standard of living was rising.

"All Socialist utopias," he observed, "came to nothing on roast beef and apple pie."

But the most important ingredient of all in the American "proletarian psyche," in Sombart's view, was the opportunity to "escape into freedom." Reluctantly, he concluded that there was some truth to the "rags to riches" sagas that he had heard everywhere in the United States during a visit in 1904. "A far from insignificant number of ordinary workers ascend the rungs of the ladder of the capitalist hierarchy to the top or almost to the top." Others rose more modestly, he noted, but rose nonetheless.

In the years since, both American and foreign scholars have offered fresh theories to explain the scant appeal of egalitarian socialism in the United States. Among them: 1) the continual influx of various immigrant groups hindered working-class solidarity; 2) enormous *geographical* mobility hampered efforts to unite workers; 3) American socialist leaders were inept organizers and divided among themselves.

Of course, the United States does have social classes, and, more obviously, class politics—think of the New Deal, the Fair Deal, the Great Society. Frequently, class tensions have been played out in debates over taxes, or, especially since the 1960s, welfare.

But what most Americans do *not* entertain is the belief that individual status and earning opportunities are fixed for life. Among Europeans that belief has been far more common. In 1926, Austrian-born economist Joseph Schumpeter defied Europe's conventional wisdom when he compared the social strata to various rooms in a hotel, "always full, but always [full] of different people."

Historians doubt that individual opportunities have actually been vastly greater in the United States than in other Western industrial societies. But sociologists, studying more precise 20th-century data, conclude that America's current advantages are at least "statistically significant." In any event, the vision of upward mobility retains its popular appeal. It bridges two often contradictory ideals: equality (discouraging overt distinctions of rank) and individualism, which tugs the other way, encouraging enterprise, self-reliance, and success based on merit.

'Every Man A King'

The belief in equal opportunity, that everybody *begins* with a roughly equal chance to get ahead, is what eases the tension between equality and individualism. "Although denied every day by experience," wrote Margaret Mead, the belief "is maintained every day by our folklore and our daydreams."

A rising standard of living, allowing ordinary workers as well as the rich to own cars, television sets, and houses, is essential to the general sense of opportunity. During the Great Depression of the 1930s, social mobility among the employed did not decrease. However, massive unemployment, widespread farm foreclosures, and a sharp drop in living standards for millions of citizens (but not all citizens) provided harsh reminders of what had always been (and still is) true: In America, as elsewhere, opportunities are not equal for all.

"Looking at the world," wrote French socialist Léon Blum in 1932, as bread lines lengthened throughout the West, "one has the impression of an audience . . . waiting restlessly for the end of one act" and the beginning of another. Four years later, after Italy and Germany had succumbed to fascism, Blum became premier of France.

In the United States, there were fears of open class warfare. But the voters turned to Franklin D. Roosevelt, a wealthy Hudson Valley patrician, who promised on one hand to help the "forgotten man" and, on the other, to slash government spending by 25 percent!

Roosevelt, observed columnist Walter Lippmann, "is no crusader. He is no tribune of the people. He is no enemy of entrenched privilege.

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In August 1935, Senator Huey Long (D.-La.) tells reporters that he will make an independent bid for the presidency if no other "liberal" mounts a challenge. At the time, some observers thought Long might be able to win.

He is a pleasant man who, without any important qualifications for the office, would very much like to be president."

Economic hard times brought the tiny Moscow-run American Communist Party few new supporters, except among writers and intellectuals; Norman Thomas's milder Socialist Party claimed a grand total of 15,000 members the year Roosevelt was first elected—although Thomas won nearly one million votes in the 1932 presidential election.

Instead of doctrinaire leftists, the Great Depression spawned a host of popular demagogues, notably Father Charles E. Coughlin, the Detroit "radio priest," and California's Francis E. Townsend, advocate of generous pensions for the elderly. The most popular of the new leaders was Huey P. Long, the colorful Louisiana "Kingfish," who promised to make "Every Man A King."

A spellbinding orator who served as Louisiana's governor and then as a U.S. senator, Long gained a national following by blaming the nation's ills on J. P. Morgan and a cabal of Wall Street "plutocrats." "All of our businesses have been taken over by a few men," he thundered. If they were not stopped there would be "no profitable enterprise left to anyone except them."

Long promised to raise living standards through a scheme to Share Our Wealth. New taxes would gradually eliminate all personal fortunes over $3 million or $4 million; inheritances would be limited to $1 million. The tax revenues would, he claimed, supply a basic household nest egg of $5,000 for every needy family—"enough for a home, an automobile, a radio, and the ordinary conveniences"—and a minimum income of about $2,000 annually. As one contemporary study indicated, even stiffer taxes than the ones Long proposed would have produced only a bit more than $400 per needy family. No matter. Millions of Americans were ready to believe that a tiny upper class had grabbed a greater share of the nation's wealth, an inequity that "soak the rich" taxes could remedy.

By the mid-1930s, the Kingfish loomed as a possible third party candidate running against FDR in the presidential election of 1936. That threat ended in 1935 when Long was assassinated by the son-in-law of a Louisiana political foe.

Dangerous as he may have seemed, concludes historian Alan Brinkley, Long was not quite as radical as he often sounded. His followers were not workers aiming to topple "the bosses," but mostly members of the small-town lower-middle class, struggling to hold on to hard-won respectability. Long's attacks on Wall Street's "plutocrats" echoed a tradition of American politics going back to the Revolution—opposition to concentrated economic or political power. (Indeed, Long also criticized FDR for accumulating too much power for his New Deal agencies in Washington.) The Kingfish harked back to a simpler America where even the least well-off could hope to improve their lot by going into business for themselves. "Where is the corner groceryman?" he asked the Senate. The "little independent businesses operated by middle class people . . . have been fading out . . . as the concentration of wealth grows like a snowball."

Attacks on "bigness" would recur under different circumstances, from the Left and the Right, later in the 20th century. The villains would be giant institutions—variously public or corporate—which seemed to threaten not only the American egalitarian ethos, but the spirit of individual enterprise and self-reliance.

Soaking the Rich

In June 1935, before Long died, FDR decided to "steal Huey's thunder" with a tax program of his own. The so-called Second New Deal also included Social Security, the Wagner Act (which encouraged the organizing of labor unions), and banking reform. In proposing new taxes—stiff levies on Big Business, an inheritance tax, and sharply higher income taxes on the well-to-do—FDR appealed to a mixture of class resentment and fears of "bigness." "Social unrest and a deepening sense of unfairness," he declared, "are dangers to our national life which we must minimize by rigorous methods." Then, as the Hearst newspapers opened fire on what they called his "Soak the Successful" plan, the president blithely departed for the annual Harvard-Yale boat races at

New London, Connecticut.

Eventually, Congress approved FDR's Second New Deal. But the president's tax proposals, denounced by conservatives as "class legislation," were whittled down. No inheritance tax was passed.* The top income tax rate did jump from 63 to 79 percent, but only one man in the country (John D. Rockefeller) fell into this bracket.

Many historians now conclude that Roosevelt's soak-the-rich scheme was largely a symbolic gesture. Overall, writes William Leuchtenburg, because FDR insisted on financing Social Security with a regressive payroll tax, the wealthy claimed about the same share of the nation's income after the Second New Deal as they had before.

The G.I. Bill

Nevertheless, during the 1936 presidential campaign, FDR barely mentioned the GOP's candidate, Kansas Governor Alf Landon, and gleefully campaigned against America's "economic royalists." On Election Day, FDR lost only two states to Landon. (William Lemke, running as the candidate of Father Coughlin's Union Party, won 892,267 ballots; Socialist Norman Thomas garnered 187,833; and Communist Earl Browder collected 80,171.) "As Maine goes," the president's advisers joked, "so goes Vermont."

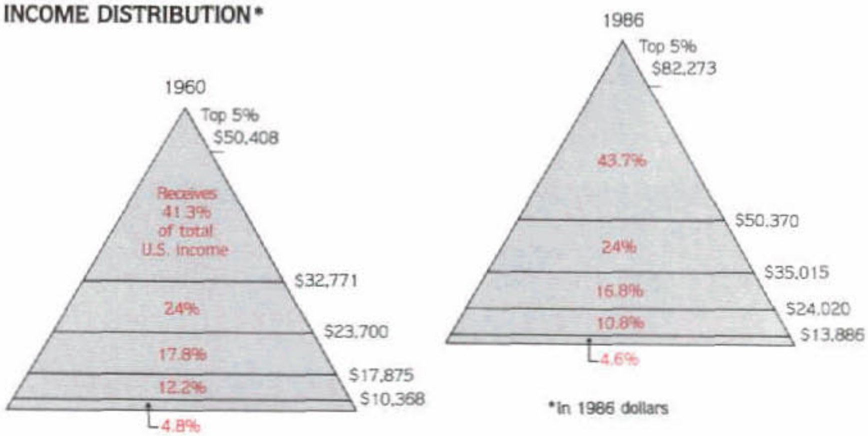
Roosevelt's re-election firmed up the New Deal coalition and signaled the political realignment of Americans more closely along socioeconomic lines. Business contributions to the Democratic Party dropped sharply. Blacks deserted the Party of Lincoln, and fiery labor leader John L. Lewis, until then a Republican, aligned the one million-member Congress of Industrial Organizations with the Democratic Party. Blacks and Big Labor have remained more or less firmly attached to the Democrats ever since. But class politics, even the polite form practiced by FDR, never seem to get very far in the United States. The defection of conservative Southern Democrats in Congress from Roosevelt's coalition in 1937, coupled with Republican gains in the congressional elections of 1938, wrote *finis* to any possibility of a radical Third New Deal, even if FDR had desired one. (It would be almost 40 years before a Democratic presidential candidate, George McGovern, would appeal quite so openly to class resentment again.)

After a decade of economic hardship, Americans still longed for a restoration of national prosperity and individual opportunities, not a sharpening of class conflict or a general redistribution of wealth.

Such sentiment has always helped bar the way to class-based politi-

*Except during the Civil War, Washington has never imposed an *inheritance* tax (i.e. a tax paid by the recipients of bequests). Congress imposed a modest levy (one to 10 percent) on large estates in 1916. The estate tax remained essentially unchanged until 1976, when it was lowered, and it was reduced again in 1986. The tax, which falls on less than one percent of all estates, yields some $6 billion annually. Sweden and other European nations levy an annual tax on wealth. The United States does not, but individual states *do* tax "personal property," real estate, and estates and inheritances.

THE UNCHANGING U.S. INCOME DISTRIBUTION*



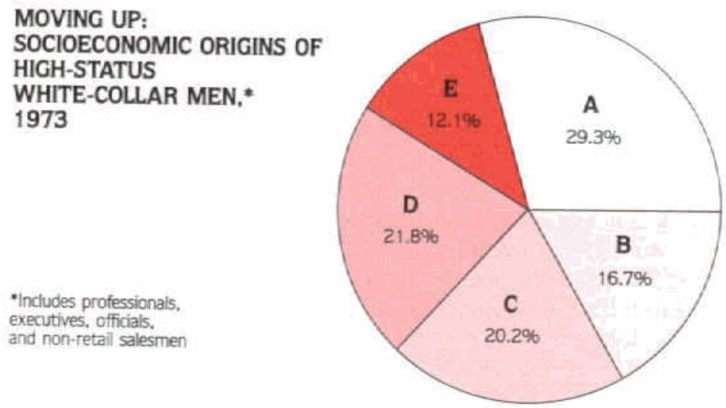
*In 1986 dollars

Overall, the distribution of income (above) has changed very little since 1960. (Each segment represents one-fifth of all U.S. families.) The dollar figures show the lowest income in the top five percent and the highest income in each of the lower four quintiles. The chart below shows how Americans aged 25-30 who had established their own households by 1981 fared as compared to their parents. Not many offspring remained in their parents' bracket (see the percentages underlined in red). And more than half of all these young adults will rise or fall into a new bracket by 1991.

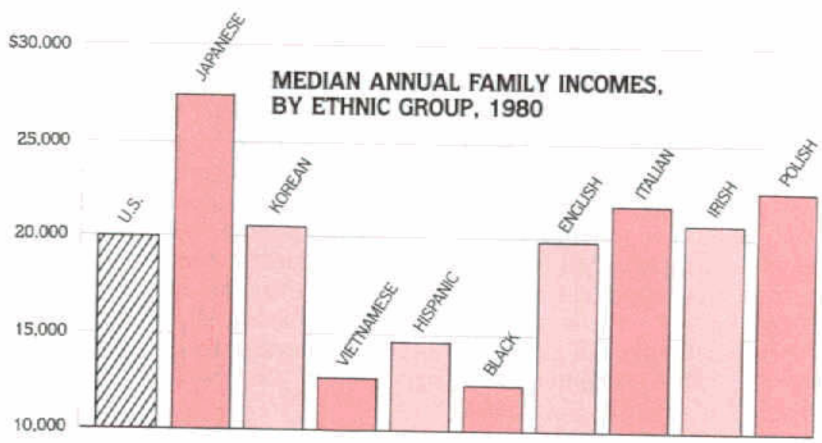
INCOME MOBILITY BETWEEN GENERATIONS, 1981

Percentage of Sons and Daughters In Various Income Quintiles

Income Quintile of Parents	Highest	Second	Third	Fourth	Lowest
Highest	36	23	19	13	9
Second	25	26	22	17	10
Third	17	26	23	23	11
Fourth	15	19	19	24	23
Lowest	2	9	18	27	44



The chart shows the occupations of the fathers *of American men (aged 21-64) who held high-status white-collar jobs in 1973: A) Same as son; B) Proprietors, retail salesmen, and clerical and kindred workers; C) Craftsmen and foremen; D) Semi-skilled or unskilled factory workers and service employees; E) Farmers and farm managers and laborers.*



The family incomes of various American ethnic groups have tended to grow more equal over time. But some groups progress faster than others, and a few (e.g., Japanese-Americans) seem consistently to surpass others.

Sources: U.S. Census Bureau; Panel Study of Income Dynamics, University of Michigan; David Featherman and Robert Hauser, *Opportunity and Change* (1978).

cal parties, so common in Europe. Yet, curiously, the nation's widespread belief in individual opportunity has never spurred elected officials to *promote* individual upward mobility.*

In the United States, politicians hail the "common man," not the "self-made" man. The ideal of the self-made man and "making it" has been nurtured mostly by popular authors and by magazines (from *Work and Win* at the turn of the century to *Inc.* today), clergymen, and business leaders. Politicians promise prosperity (or a "safety net") for all; to promote openly the success of some individuals, but not others, is to court political oblivion.

After the Great Depression, however, the federal government did begin to do more to boost the long-term prospects of selected classes of individuals. The first of these measures was the so-called G.I. Bill of Rights (passed by Congress in 1944), which provided a massive array of benefits for World War II veterans. It was intended only partly as a reward to the returning soldiers. More to the point, as a government report said, it provided a "solution of a problem as old as war—the returning soldier embittered against the society he fought to protect."

Free-Swinging S.O.B.'s

At the time, it also seemed possible that after the World War II boom ended, the Depression would simply resume. The G.I. Bill, by pumping money into the economy and keeping veterans out of the job market, would help to prevent such a disaster. Looking further ahead, Harvard president James Bryant Conant declared in 1943: "The demobilization of our armed forces is a God-given moment for reintroducing the American concept of a fluid society. If it is handled properly we can insure a healthy body politic for at least a generation." Two decades later, the idea of drawing a potentially alienated minority into the mainstream by giving its members a chance to get ahead would reappear.

During the late 1940s, however, few veterans seemed alienated. The nation was grateful; the economy stayed healthy. The G.I. Bill offered a smorgasbord of benefits, such as low-interest home mortgages, but the most important, symbolically, was generous aid for the college bound: up to $500 annually for tuition plus a modest stipend for living expenses. All told, 2.2 million World War II veterans went to college on the G.I. Bill, and another 5.6 million attended vocational and technical schools, at a cost of $14.5 billion.

Hailed, in the words of one educator, as "one of the most significant contributions to the development of our human resources that this nation has ever undertaken," the impact of the G.I. Bill has been, in fact, somewhat overrated. Although the G.I. Bill made it easier for 2.2 million

*One could argue that federal efforts to increase farm ownership (e.g., the 1862 Homestead Act), or the creation of the Small Business Administration (1953) to help struggling entrepreneurs, assisted upward mobility in many cases, but they were not promoted as such.

veterans to attend universities, scholars estimate that only about one-third of them would not have done so without federal aid.*

At first, few of the returning veterans aimed for the top. They went to school, worked hard, and sought promising but secure jobs. *Fortune* magazine, surveying the college Class of '49, found that only two percent of the graduates planned to go into business for themselves. "I know AT&T might not be very exciting," explained one young man, "but there'll always be an AT&T."

Fortune noted with dismay that "the Forty-Niners" were reluctant even to discuss money, but generally seemed to aim for relatively modest incomes of about $10,000. They conceived of the Good Life chiefly in terms of a happy family (with three children), a comfortable home, and two cars. It was just about what Huey Long had promised their parents during the 1930s. *Fortune* worried that the new generation might not furnish enough of the "free-swinging s.o.b.'s we seem to need for leavening the economy."

As it turned out, there would be, eventually, a sufficiency of s.o.b.'s. But memories of the Great Depression had lowered, temporarily, the ceiling on popular expectations. The wartime military, by throwing men of varied ethnic backgrounds together, had acted as a giant Mixmaster of the social classes, at least among whites. With the return of prosperity during the late 1940s, Americans seemed to strike a new balance between egalitarianism and competitive individualism. As politicians saw it, the United States would "level up": Everybody—everybody white, that is—would be middle-class.

In this optimistic postwar climate there was no significant agitation for redistribution of the wealth, and hardly any public discussion of what had happened to the "one third of a nation" that Franklin Delano Roosevelt had found to be ill-housed and ill-fed.

The Lonely Crowd

Assessing the political landscape in 1952, shortly before the election that put Dwight D. Eisenhower in the White House, political scientist Samuel Lubell argued that there were now two middle classes. One was older, small-town, mostly Yankee (or from established immigrant groups), "instinctively" Republican; the other, composed mostly of first- and second-generation Jews, Irish, and other urban ethnics who had "made it" since the Depression, was also conservative, but wedded by sentiment to the Democratic Party.

"We are witnessing an almost complete refutation of the Marxian thesis," Lubell concluded. "Our class struggle, if it can be called that, arises not from the impoverishment of the masses but from their

*College enrollments had grown by about 400,000 during the Depression, reaching 1.5 million in 1940. With the return of the veterans, enrollments reached 2.3 million in 1950. A decade later, 3.6 million youths were in college, and by 1970, 7.9 million were.

From The New Yorker *(1987): "Stop moping. Lots of people who don't make a million by thirty make tons later on."*

progress in postwar America."

Even the intellectuals seemed to have forgotten the poor. During the 1930s, they had decried the nation's poverty and clamored for collective action by the masses; now, they recoiled from the prosperous "mass man" of the 1950s, and jeered at his *spiritual* impoverishment.* Among the most famous of the many books in this vein was *The Lonely Crowd* (1950), by Yale's David Riesman, and two colleagues. Riesman warned that the sturdy, enterprising, "inner-directed" man of the past was rapidly being replaced by a joyless, conformist, "other-directed" type. The cause of this new phenomenon: "a centralized and bureaucratized society." Or, in a word, *bigness*.

In a world of large institutions, Riesman argued, getting ahead "depends less on what one is and what one does than on what others think of one—and how competent one is in manipulating others." Yet, what Riesman conceded then is still true: Only a fraction of the working population is, in fact, employed by Big Business. (Today, only 10 percent of

*Ironically, the "classless" 1950s produced a burst of scholarly writing on social mobility, class, politics, and status. Thus, sociologist Martin A. Trow argued that Senator Joseph McCarthy (R.-Wisc.) drew his main support for his anti-Communist, anti-Eastern Establishment crusade from small-town businessmen who looked to him to express "their fear and mistrust of bigness, and the slick and subversive ideas that come out of the . . . big institutions to erode old ways and faiths."

working Americans are on the payrolls of private firms with more than 1,000 employees.) But he had a point. A personal reputation for old-fashioned rectitude, thrift, and honesty counted for more in a close-knit town of small merchants and farmers than it did in large, impersonal organizations, where nice guys might finish last. But hard work and intelligence still mattered a great deal, then as later. As certain small-town virtues faded in importance, for better or worse, the values of "meritocracy" took their place.

There was a socially benevolent side to the postwar growth of corporate capitalism, but it was not widely appreciated at the time. The rise of publicly owned corporations, underway since the turn of the century, spelled the demise of "family capitalism," and all that went with it. In former days, a Swift, duPont, or Rockefeller could create an enormously successful company and hope to pass its management on to his children and grandchildren. Especially in smaller cities, such as St. Louis, locally prominent families could thus also preserve their social and political power for generations.

More Room at the Top

When companies are owned by a vast, amorphous group of shareholders, such perpetuation of wealth and power is far more difficult. By the 1950s, large family-controlled enterprises, such as the Ford Motor Company, were anomalies; much more common were publicly owned corporations, such as General Motors, run for many years by Alfred P. Sloan, Jr. Sloan and other professional managers could pass on whatever wealth (usually modest) they accumulated to their sons and daughters, and they could provide them with superior educational opportunities, but they could not confer automatic "position" and power, as Henry Ford I did, in effect, in his last will and testament. Under the pressure of competition, Big Business had created room at the top.

Not that "rags to riches" sagas became more common. In 1959, reviewing various studies of the "business elite" stretching back to colonial times, sociologists Seymour Martin Lipset and Reinhard Bendix found that only 10 to 20 percent of executives have ever come from the most humble socioeconomic origins. Instead, the changing structure of business allowed those Americans whose parents already had made it into the middle class to stand on the shoulders of their fathers and climb a bit higher.

By 1950, according to one study, such "second-generation" Americans occupied 18 percent of the offices in executive suites, up from only two percent in 1870. White Anglo-Saxon Protestants still dominated the business establishment, but the "old" families were losing their grip. In 1870, 86 percent of top business leaders traced their origins to colonial forebears; by 1950, the proportion had dropped to 50 percent, mirroring the composition of the U.S. population at large.

Overall, sociologists have found, the 20th century has seen a slight but measurable rise in social mobility in America. It has been steady, unaffected even by the Great Depression—although the careers of young people during the 1930s were set back—or by the great burst of prosperity after World War II.

No single factor seems to explain the increase. The growth of service industries, which employed 39 percent of U.S. workers in 1920 and employ 73 percent today, is one likely contributor. Despite its current reputation as the domain of hamburger flippers, the service sector created thousands of relatively high-paying jobs for educated workers—nurses, bankers, government bureaucrats, engineers. And, partly because high school enrollments swelled during the Depression and later, Americans became steadily more educated: By 1960, they possessed a median of 10.5 years of schooling (today, the median is 12.6 years), and nearly eight percent of the population held college degrees.

The Decline of the WASP

Progress was uneven. During the 1950s and into the 1960s, lingering social discrimination kept the rising generation of college-educated Dapolitos, Steins, O'Briens, and other descendants of recent white immigrants out of many places at the very apex of society, especially in the older precincts of the Northeast.

As late as 1964, E. Digby Baltzell of the University of Pennsylvania could still write about *The Protestant Establishment*. If well-to-do White Anglo-Saxon Protestants did not throw open the doors of their preparatory schools, Ivy League colleges, private clubs, and other institutions to more non-WASP men of achievement, he warned, the nation would lose its last chance to ensure the survival of a cohesive upper class of "real distinction and wide authority." Baltzell, no egalitarian, argued that a permeable but well-defined upper class was essential to the proper governance of a democracy.

As Baltzell conceded, the 1960 presidential election victory of John F. Kennedy, a Catholic, Harvard alumnus, and grandson of an Irish immigrant, suggested that half of Baltzell's argument might already have been all but won. The other half—preserving a cohesive national upper class—was already lost; America was now just too big and diverse.

Despite its symbolism, Kennedy's election represented, in large measure, a continuation of 1950s-style politics. "Soak the rich" rhetoric was out. Indeed, in 1962, when the young Democratic president proposed a tax cut to stimulate the economy, ultimately slashing the income tax rate on the nation's top earners from 91 percent (where it had been fixed during World War II) to 70 percent, he sounded for all the world like Calvin Coolidge. The existing tax structure, he told the New York Economic Club that December, "reduces the financial incentives for personal effort, investment, and risk-taking."

Thus, when Kennedy administration officials began planning what would eventually emerge as the core of Lyndon B. Johnson's War on Poverty, the initial approach was also traditional. One early target: juvenile delinquency in the black ghettos. As Allen J. Matusow of Rice University writes, their diagnosis was simple: "Society encouraged slum kids to have high aspirations but provided few legitimate opportunities to satisfy them.... Temptation was great, therefore, to exploit 'illegitimate opportunities.'" Better schools and job-training were the solution. The slum kids would grow up and prosper.

By the time LBJ declared War on Poverty early in 1964, however, the Democrats' efforts had been transformed into a broad assault on economic, political, and racial inequality. A new kind of class politics had been born—not "soak the rich" but lift up the poor and the minorities. "The central problem," LBJ declared, "is to protect and restore man's satisfaction in belonging to a community where he can find security and significance." Ambitious programs designed to enhance the upward mobility of the poor, especially blacks—Head Start, Upward Bound, Job Corps—had been linked to the Community Action Program, an ill-fated effort to increase the political power of the poor in the cities and elsewhere. Meanwhile, many of the remaining legal props of racial discrimination were swept away by the 1964 Civil Rights Act and the 1965 Voting Rights Act.

The egalitarian spirit of the age may have peaked in 1969, when President Richard M. Nixon, a conservative Republican, backed the so-called Philadelphia Plan, which greatly expanded the scope of LBJ's 1965 "affirmative action" directive by requiring federal contractors to establish hiring quotas for blacks. In the space of five years, the federal government had shifted decisively from seeking equality of ***opportunity*** for racial minorities to promoting equality of ***results***.

Trust Fund Hippies

One of the biggest efforts came in education. Local public school desegregation had mixed effects, including "white flight," and, in some cities, middle-class black flight. But federal money was pumped into private colleges and universities and into student grants, loans, and loan guarantees. Congress extended its largesse to the children of the middle class as well as to the poor. By 1970, two million college students were receiving some form of federal aid; by 1981, when Washington paid out nearly $12 billion to assist higher education, more than eight million students were beneficiaries. During the 1970s, fostered by such subsidies, black enrollment in colleges nearly doubled, topping one million. Partly as a result of affirmative action, preparatory schools and elite colleges and universities opened their doors wider to minorities, including many who were "academically disadvantaged." At Harvard, blacks constituted 7.5 percent of the entering freshman class by 1975.

IS THE MIDDLE CLASS SHRINKING?

In one recent survey, 92 percent of Americans—rich, poor, and in-between—told pollsters that they were members of the "middle class."

Such responses reveal more about individual psychology in this country than they do about the actual size of the "middle class." Scholars, pundits, even politicians disagree over how to measure the "middle," but, in recent years, many of them have come to the disturbing conclusion that it is shrinking. Warns U.S. Senator Tom Harkin (D.-Iowa): "Freedom and democratic institutions rest on the widest possible dissemination of wealth and power, and we've come to the point where too few people have too much and the rest of us have too little."

Using one broad definition—the proportion of families with inflation-adjusted incomes of between $15,000 and $50,000—scholars have found that the "middle class" declined from 65 to 58 percent of the population between 1970 and 1985. Such data can be deceptive: For every family that dropped below the $15,000 level, more than three rose above the $50,000 level. Yet, the "shrinking middle" turns up "no matter what definition you use," says James Smith, a Rand Corporation economist. Dividing the population into income quintiles, for example [see chart, p. 114], reveals that the *share* of all income received by the middle three-fifths of the population dropped from 53.8 percent in 1969 to 52 percent in 1985.

But it is not clear whether the recent shift is a statistical "blip" or an ominous trend.

Forty years ago, on the eve of the greatest economic surge America has ever known, sociologist W. Lloyd Warner gloomily concluded that "there has been a steady decline of skilled jobs and a decrease in the worker's chances to get ahead." Today's pessimists echo that fear, citing the long-term decline of both U.S. manufacturing employment and high-wage unionized jobs.

A 1986 study by the Joint Economic Committee of Congress, for example, detected an "alarming trend toward low-pay jobs." Nearly 60 percent of all the new jobs created between 1979 and 1984, the study found, paid less than $7,012 annually. Yet about 90 percent of the workers in these jobs worked only part-time or part of the year. And, as scholars note, the summary data in

However, there were limits to how far the American people were willing to go in the direction of egalitarianism and the new class politics.

In January 1972, Senator George McGovern (D.-S.D.) was on the presidential primary trail in Ames, Iowa, when he presented new proposals designed, as Theodore H. White wrote, to "gut the rich, comfort the middle class, and sustain the poor." Among them were the now-famous "demogrant" (a $1,000 federal grant to every man, woman, and child) and an astonishing new tax on inheritances: No individual would be allowed to inherit more than $500,000. To the surprise of McGovern's aides, the inheritance tax proposal was no less unpopular among working-class voters than was the demogrant idea. As McGovern's spokessuch studies varies depending on the time period covered, among other factors. For example, only six percent of the jobs created between 1981 and 1985 had yearly salaries of less than $7,012.

Frank Levy, of the University of Maryland, argues that much of today's alarm over the state of the middle class reflects the fact that the total U.S. economic pie shrank after 1973. The sharp increase in oil prices imposed that year by the Organization of Petroleum Exporting Countries (OPEC) triggered a recession in the United States, followed by a decade of domestic economic turmoil. The results were painful. Between 1973 and 1984, the median U.S. family income slipped (in 1984 dollars) from $28,200 to $26,400. It was the first such sustained drop since World War II.

The middle class "is not getting much smaller," Levy concludes, "but it is growing a little poorer."

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At the same time, demographic and other changes have altered the position of various groups within the income distribution—heightening *perceived* inequality. In part because Congress indexed Social Security payments to the Consumer Price Index in 1972, just as inflation was beginning to outstrip wages, the elderly improved their lot relative to some young families. And more and more of these young families (21 percent by 1984) were headed by women; a majority of them wound up at the bottom of the economic heap.

The influx of the large "baby boom" generation (those born between 1946 and 1960) into the work force held down wages and salaries for younger Americans. But the effects are frequently overstated. For example, home ownership among married couples under age 35 is down from 62 percent in 1980 to 55 percent today. The drop seems significant to baby boomers, but only 43 percent of their parents owned homes when they were in their thirties.

Levy believes that many Americans have tried to maintain living standards by postponing marriage, keeping families small, and sending wives to work. Such adjustments, he warns, "can take us only so far." A healthy economy, Levy says, is the only way to sustain a prosperous American middle class. Fortunately, median family income has resumed its upward climb in recent years; it is now (in 1984 dollars) $27,906, nearly what it was in 1973. Barring economic catastrophe, the middle-class "crunch" should ease.

man, Richard Dougherty, mournfully acknowledged, "it wipes out dreams."

The proposal also helped to wipe out McGovern, although many other factors contributed to Nixon's landslide re-election (61 percent of the popular vote) that November. Significantly, Nixon made inroads into the core of FDR's New Deal coalition—including blue-collar workers in the big cities of the North, many of whom had supported George Wallace's independent bid for the presidency in 1968.

As White observed, they "had fought their way up to the status, the comfort, the neighborhoods in which they now dwelt—and wanted to preserve their neighborhoods and way of life against the tide of change."

At the same time, paradoxically, many of the sons and daughters of affluent America were rejecting the "rat race" of acquisitive individualism. Many offspring of the rich became "trust fund hippies," going back to nature in rural Vermont, New Mexico, and other havens. Children of the respectable middle class joined the quest for personal "self-fulfillment," or at least some measure of felicity, via sex, group therapy, communal living, drugs, and other noneconomic pursuits. It was a much-publicized but short-lived trend.

As the 1970s progressed, severe economic recessions and chronic inflation led many more Americans to worry about advancing or preserving their standard of living. The national mood changed. Archie Bunker, TV's blue-collar bigot, faded from popularity, replaced by "Dallas" (which premiered in 1978) and other series that fed audiences' fascination, however ambivalent, with the rich. "Peasant" dresses were out; "status wear," such as "alligator" shirts, and, later, the "preppie" look, was in. Law, business, and medical schools expanded. Before long, the media gave birth to the Yuppie (Young Urban Professional). In California, Miss Lisa de Longchamps prospered by offering a new form of psychotherapy, which she described as a "divine plan of opulence" aimed at "getting rid of all that junk in our consciousness [e.g., money is the root of all evil] so that we can join the rich."

If the Great Depression of the 1930s had stirred resentment of the wealthy, the "stagflation" of the 1970s spurred many Americans to try harder to *become* rich (or, at least, well-to-do). The difficulties of the 1970s and early '80s, with their uneven impact, bred a popular desire to "level up," especially among younger couples, often putting wife as well as husband to work outside the home.

An Old Dream Revived

One explanation of the change lies in the U.S. tax code, which was to undergo two drastic and unprecedented overhauls during the 1980s. "Bracket creep," caused by affluence and the high inflation of the 1970s, meant that many more ordinary working people began to pay higher income taxes, and thus a larger share of the bill for the nation's modest program of income redistribution.

As a result, much of the electorate was receptive in 1980 when Ronald Reagan proposed a massive 30 percent cut in federal income tax rates. Now it was Big Government, not Big Business and Wall Street, that was to blame for the citizen's woes. "If there's one thing we've seen enough," Reagan declared, "it's this idea that for one American to gain, another American has to suffer.... If we put incentives back into society, everyone will gain. We have to move ahead. But we can't leave anyone behind."

Reagan scored a remarkable election victory, receiving 50.7 percent of the popular vote to incumbent Jimmy Carter's 41 percent, and

Making it in America: Lee Iacocca, chairman of Chrysler, Roberto C. Goizueta, chairman of Coca Cola, and An Wang, chairman of Wang Laboratories. Iacocca is the son of Italian immigrants; Goizueta was born in Cuba, Wang in China.

independent John Anderson's 6.6 percent. Reagan's victory was decried by Democrats as a triumph of the "haves," but analysts searched in vain for a sharp pattern of class divisions. The well-to-do gave the majority of their votes to the Republicans, as they always have. But, while voters earning under $10,000 had cast their ballots overwhelmingly for Carter (against Gerald Ford) in 1976, Carter garnered only 50 percent of the "poor" vote, Reagan, 41 percent, in 1980.

In short order, Congress adopted the Economic Recovery Tax Act of 1981, slashing the top income tax rate to 50 percent. In 1985, Reagan proposed a sweeping new tax plan based on "'freedom,' 'fairness,' and 'hope.'" Adopted by Congress the next year, it further cut rates, but closed many loopholes that had been available to businesses and the well-to-do. The top income tax rate was slated to drop to 28 percent.

In part because of these and other tax cuts (e.g., the 1978 reduction in taxes on capital gains), the entrepreneurial spirit flourished. In 1985, despite the long odds against success, Americans launched some 669,000 business enterprises, more than twice as many as they had in 1970. Most of the new ventures were small businesses. The old dream of independence, of being one's own boss, had not died.

Through all of this, and despite deep budget cuts in some federal programs for the poor (e.g., public housing and rent subsidies) and reduced rates of growth for many others, the less fortunate did not fade from public view, as they had during the 1950s. Indeed, political and scholarly discussion of the plight of the poor, especially the black poor, has revived and sharpened during the past half decade.

In a recent study of *The Truly Disadvantaged* (1987), for example, sociologist William Julius Wilson notes that, overall, blacks have made significant economic progress since 1960. While only 10.4 percent of black families earned more than $25,000 (in 1982 dollars) in 1960, nearly a quarter of black families did so by 1982. Especially among young, married, working couples, the white-black income gap shrank.*

It is unclear how much of this progress would have come about without federal intervention, how much was due to "color-blind" anti-bias laws, and how much was owed to "color-conscious" quotas and affirmative action programs. But it is plain, Wilson and others argue, that whatever gains individual blacks have made, thanks to affirmative action, have gone overwhelmingly to "advantaged" blacks—those who began with more income and education and higher occupational status than their fellows. "Class," Wilson once said, "has become more important than race in determining black life-chances."

For the black urban poor, many of them isolated in demoralized, crime-ridden ghettos, the disadvantages of social class today translate into serious handicaps—an astronomic high school dropout rate, teenage pregnancy, welfare dependency, semi-literacy, unemployment, drugs, the exodus of respectable blacks (and thus of local leadership and "role models"), a rising proportion of female-headed households. By 1984, 43 percent of black families (as compared to 13 percent of white families and 23 percent of Hispanic families) were headed by women. More than half of these women and their children were poor.

The X-Factor

Yet there is surprisingly high mobility among the poor of all races. "Only a little over one-half of the individuals living in poverty in one year are . . . poor in the next," concludes Greg J. Duncan, of the University of Michigan. This applies to Appalachian whites, to Hispanics in south Texas, to newly arrived Vietnamese. Even among the daughters of poor, black, single mothers, two-thirds manage to escape poverty when they leave home.

The antipoverty formula *for young people* seems simple. "To complete high school, to work consistently full-time year-round (even at a minimum-wage job), and to [marry] and to stay married are characteristics statistically correlated with avoiding poverty," concludes a panel of specialists headed by Michael Novak, of the American Enterprise Institute. But if, as some scholars fear, the *long-term* poor are increasingly concentrated in a "culture" that only perpetuates social pathologies, it may become increasingly difficult for the children to better themselves.

*Recently, David L. Featherman and Robert M. Hauser, both of the University of Wisconsin, Madison, found that in 1962, only 20 percent of the sons of "upper white collar" blacks managed to secure white-collar jobs themselves. By 1973, the proportion had jumped to 55 percent. For the male population as a whole, such white-collar "status inheritance" generally averages 60 to 70 percent.

(Estimates of the current size of the "underclass" vary, from roughly 1.6 million blacks, whites, and Hispanics, to more than five million.)

As Harvard's Edward Banfield observed in 1970, a willingness to delay gratification and an orientation toward the future are essential to getting ahead. Lacking such self-discipline, many younger members of today's underclass, black or white, may simply be unable to repeat the old American pattern, now seen among Asian and Cuban immigrants, of upward progress from father to son to grandson.

Broader research by sociologists into the sources of intergenerational upward mobility supports some of these worries. Having black skin still hinders an individual's chances to advance. But lack of schooling, a broken home, and a large number of siblings hurt as well.

The three most important ***known*** ingredients of "success" are education, one's father's occupation (and the advantages it may bring), and one's first job. A positive outlook (shown in work effort and strong career ambitions), high intelligence, and coming from a small, intact family also help, but they seem less significant than schooling. Education level matters most.

However, sociologists, using intricate computer formulas, have been able so far to account for only about half of the elements of any given individual's career success, or lack of it. Education and the other factors cited above usually pay off. But, there remains a mysterious "X" Factor; in the great Horatio Alger tradition, good luck and the ability to find one's proper niche, along with other intangibles (such as those attitudes which sociologists have ***not*** yet measured as well as they might) seem to matter a great deal.

That is as it should be, for a society in which all individual prospects could be more or less calculated in advance would be extraordinarily dreary, and, almost inevitably, prone to harsh class conflict and other ills. In the imaginary hotel of the social classes that Joseph Schumpeter described back in 1926, it is never certain who will occupy the luxury suites, and who will inhabit the dingy lower floors—or for how long. That uncertainty, along with rising material well-being for all, has helped to keep the big American hotel a relatively peaceful establishment.