

Middle-Class Security



AMERICAN COMPASS

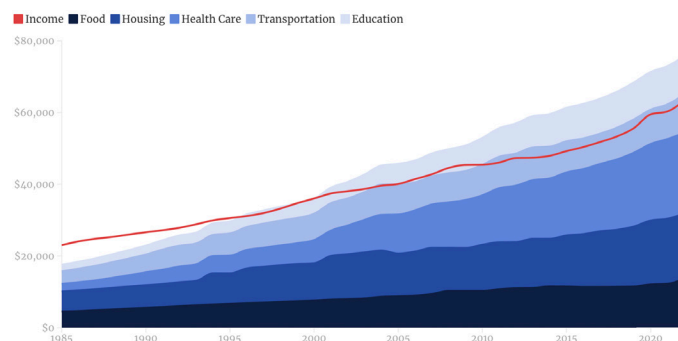
Responsive Politics

THE ISSUE:

Stagnating wages have prevented workers from keeping up with the costs of attaining middle-class security in America. In 1985, the typical male worker could provide a family of four with good health insurance, transportation, housing, and food, and save for college, with 40 weeks of income. In 2022, he would need 62 weeks.

MAJOR COSTS FOR A MIDDLE-CLASS FAMILY OF FOUR VS. MEDIAN MALE INCOME

All figures in nominal dollars



Source: American Compass Cost-of-Thriving Index (2023)

WHAT VOTERS SAY:

90%

say raising a family has gotten harder

90% of GOP voters say, “Middle-class life has gotten more expensive and wages have not kept up, so it has gotten harder.” Only 10% say “America keeps getting richer and the government keeps providing more generous support, so it is easier than ever for a family to achieve middle-class security.”

59%

say it is a big problem to need two earners

59% of American parents say families sending a second earner into the labor market to help ends meet is “a big problem. Many families have lost the choice they want, and once had, to live a middle-class lifestyle on one income.” Only 24% say, “This is not a big problem. It is how the economy is supposed to work. Parents are choosing to work more and consume more, and if they want they can also choose to work less and consume less.”

WHY IT MATTERS:

Something has gone very wrong in the American economy over the past generation. Economists and policymakers focused on economic growth without concern for who was benefiting from that growth, or how the market forces generating that growth were affecting families. The result is that, while the economy did grow, and everyone has more stuff, families find themselves under much greater financial pressure. They find ways to make ends meet, often having both parents earning income and relying on a wider range of government programs and subsidies. But the security that they once enjoyed has become much harder to achieve.

Many politicians seem determined to offer more of the same: more tax cuts and deregulation and globalization that they promise will spur growth—the same kind of growth that has left most people behind. What the American people want is the opportunity to build decent lives, raise strong families,

and contribute productively to their communities. They need secure jobs that allow a worker to support a family on a single income. They need economic growth to reach the places where they live, not to be told that achieving the American Dream requires moving away from their family and friends.

Rather than emphasize merely the power of “freedom,” which has become an empty promise for the typical American who encounters increasing constraints and a lot of bad options in the modern economy, conservatives must offer an affirmative vision of what the free market is for: empowering people with greater control of their own lives and delivering rising prosperity to all who participate. A compelling agenda will begin with acknowledging that the free market does not deliver this vision automatically, explain why it has failed to in recent decades, and make the case for how the nation can do better.

Political Leaders

WHAT TO TALK ABOUT

- **The American Dream.** Define the American Dream in terms that resonate with voters. The dream is not just to earn more than your parents did, or to have the hypothetical and rarely realized opportunity to become rich and famous. It is to build a decent life on your own terms, contribute productively to your community, and raise children prepared to do the same.
- **Secure Jobs.** Statistics emphasize the number of jobs in the economy and the low rate of unemployment. But that's not enough if the jobs are insecure ones. Only 40% of the economy's jobs meet a minimal threshold for middle-class security: paying at least \$40K with predictable earnings and a manageable schedule, providing health insurance and paid time off. For workers without a college degree, only 30% of jobs meet that threshold. How has this happened, and what will it take to ensure that businesses do well by creating jobs that allow families to do well too?
- **Productive Markets.** The lesson of the past 40 years is that capitalism can generate a lot of growth and profits without spreading that prosperity broadly. Not all free markets are productive ones. To ensure that markets are not only free, but also productive, policymakers must have an economic agenda that goes beyond cutting taxes to creating the conditions for productive investment and the creation of better jobs.

Media

WHAT TO ASK

- How do you define the American Dream, and has it become harder or easier for the typical American to achieve in recent decades?
- Why have wages for the typical worker stagnated in recent decades and how would you suggest America change its approach to economic policy in response?
- People often say that anyone who works hard can get ahead in America. Do you agree, and does that mean that anyone who isn't getting ahead isn't working hard?

POLICY PROPOSALS

1. **The Family Benefit.** The Child Tax Credit reduces the tax liability of many families with children, but it arrives in a lump sum at the end of the year and its value is limited for families with low earnings. American Compass has proposed a “Family Income Supplemental Credit” (Fisc) that would give working families between \$250–\$400 per child per month, capped at the family's prior year earnings. Only working families would be eligible, but even a single parent working part-time at the minimum wage could receive the full benefit. Senators Romney, Burr, and Daines have proposed the “Family Security Act” along these lines, and Sen. Hawley's Parent Tax Credit would accomplish many of the same goals.
2. **Non-College Pathways.** America's college-or-bust education system is doubly costly for families. It first leaves young people with little choice but to pursue expensive higher education—and then fails to connect them with productive jobs that would allow them to support their own families. American Compass has proposed a Workforce Training Grant that would repurpose resources spent on higher education to support on-the-job training. Senator Cotton's “American Workforce Act” puts this model into practice.
3. **Rebuilding American Capitalism.** A range of reforms will be necessary to realign the pursuit of profit with the creation of secure jobs. Our handbook for conservative policymakers provides a comprehensive agenda.

ASSIGNMENT DESK

- Ask Americans how they define the American Dream and middle-class security, and what priority they give to dimensions like upward mobility, financial stability, raising a family, and achieving career success.
- How has life on a median income changed in America? What kind of a life could a worker on that income provide to a family? In what ways has it improved or deteriorated?
- What role do childcare subsidies play in how families organize their lives? If a family received an equivalent cash benefit instead, would they spend it on childcare or choose a different arrangement?