

# Comments on: The Myth of the Declining Middle Class

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***“The trouble with the world is not that people know too little, but that they know so many things that ain’t so.”***

***Mark Twain***

# Middle-income losing ground

## American dream grows dimmer for many U.S. workers

By GRIFF WITTE  
The Washington Post

RICHMOND, Va. — A historic shift in the U.S. workforce, a shift that has been changing the rules for a crucial part of the middle class, is reshaping the nation.

This transformation is no longer just about factory workers, whose ranks have declined by 5 million in the past 25 years as manufacturing has moved to countries with cheaper labor. All kinds of jobs that pay in the middle range — about \$35,000 a year — are vanishing.

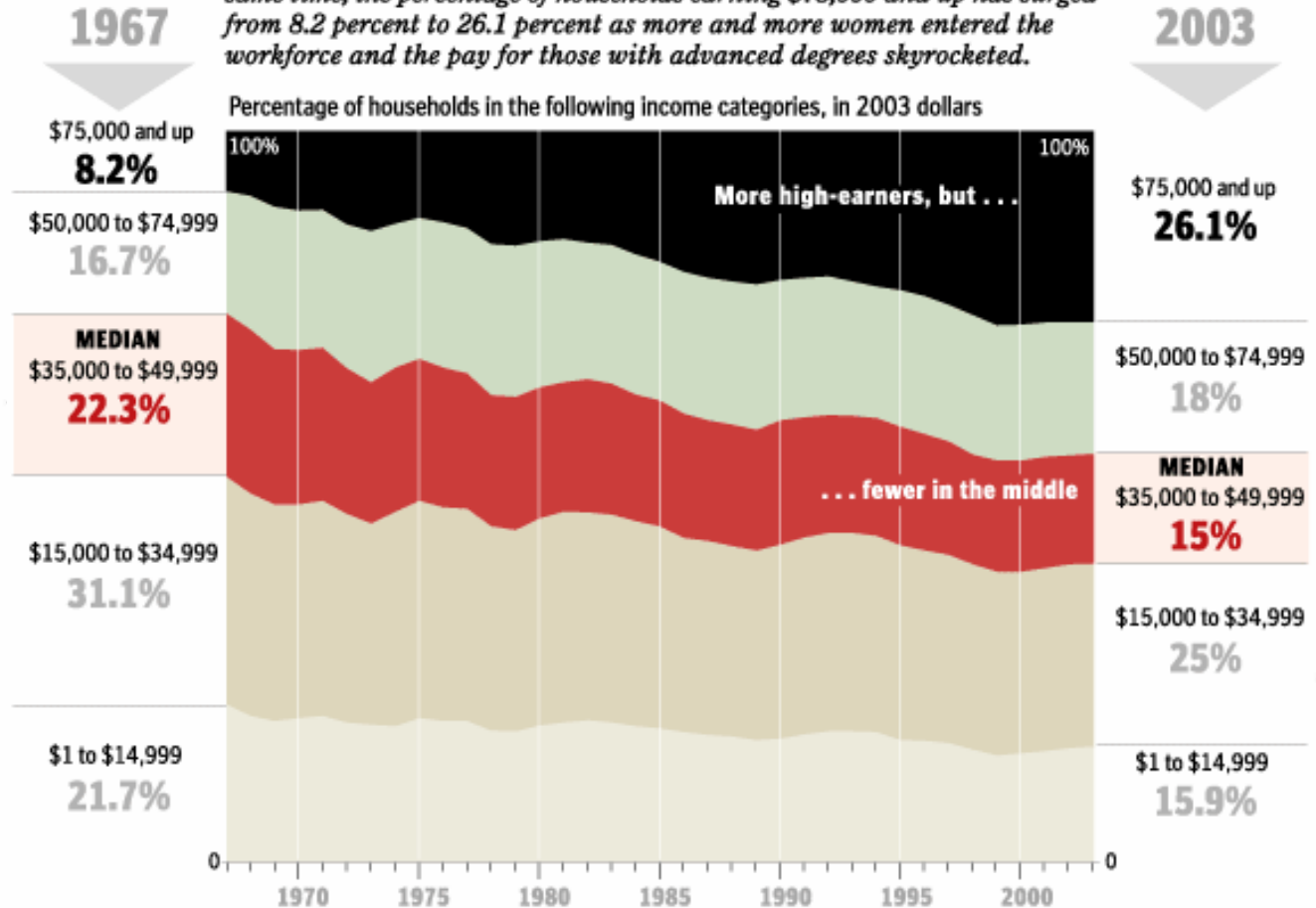
The jobs have had one thing in common: For people with a high school diploma and perhaps a bit of college, they can be a ticket to a modest home, health insurance, decent retirement and maybe some savings for the kids' tuition. Such jobs were a big reason America's middle class flourished in the second half of the 20th century.

Now what those jobs share is vulnerability. The people who fill them have become replaceable by machines, workers overseas or temporary employees at home who lack benefits. And when they are replaced, many don't know where to turn.

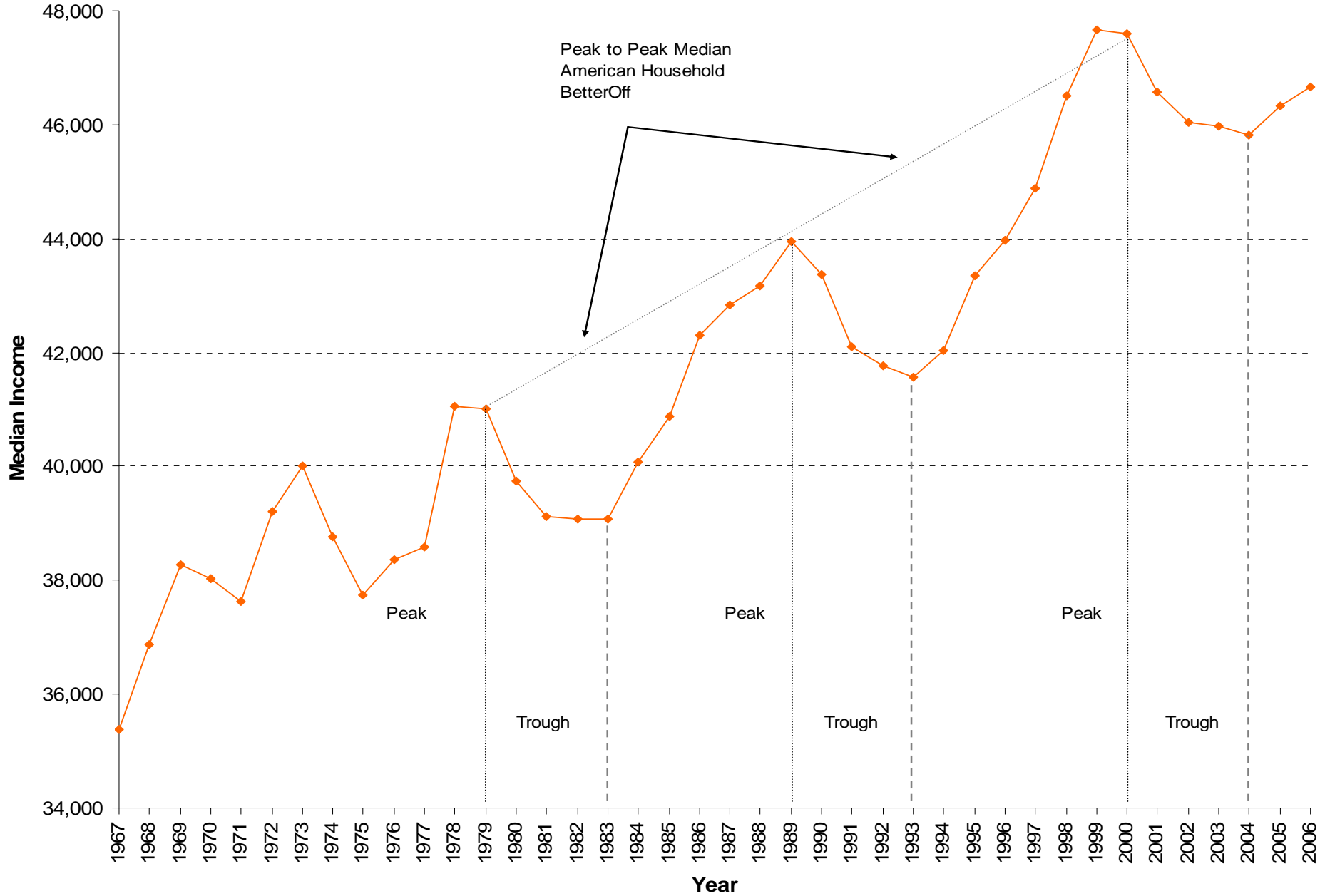
"We don't know what the next big thing will be. When the manufactur-

### A Shifting Landscape

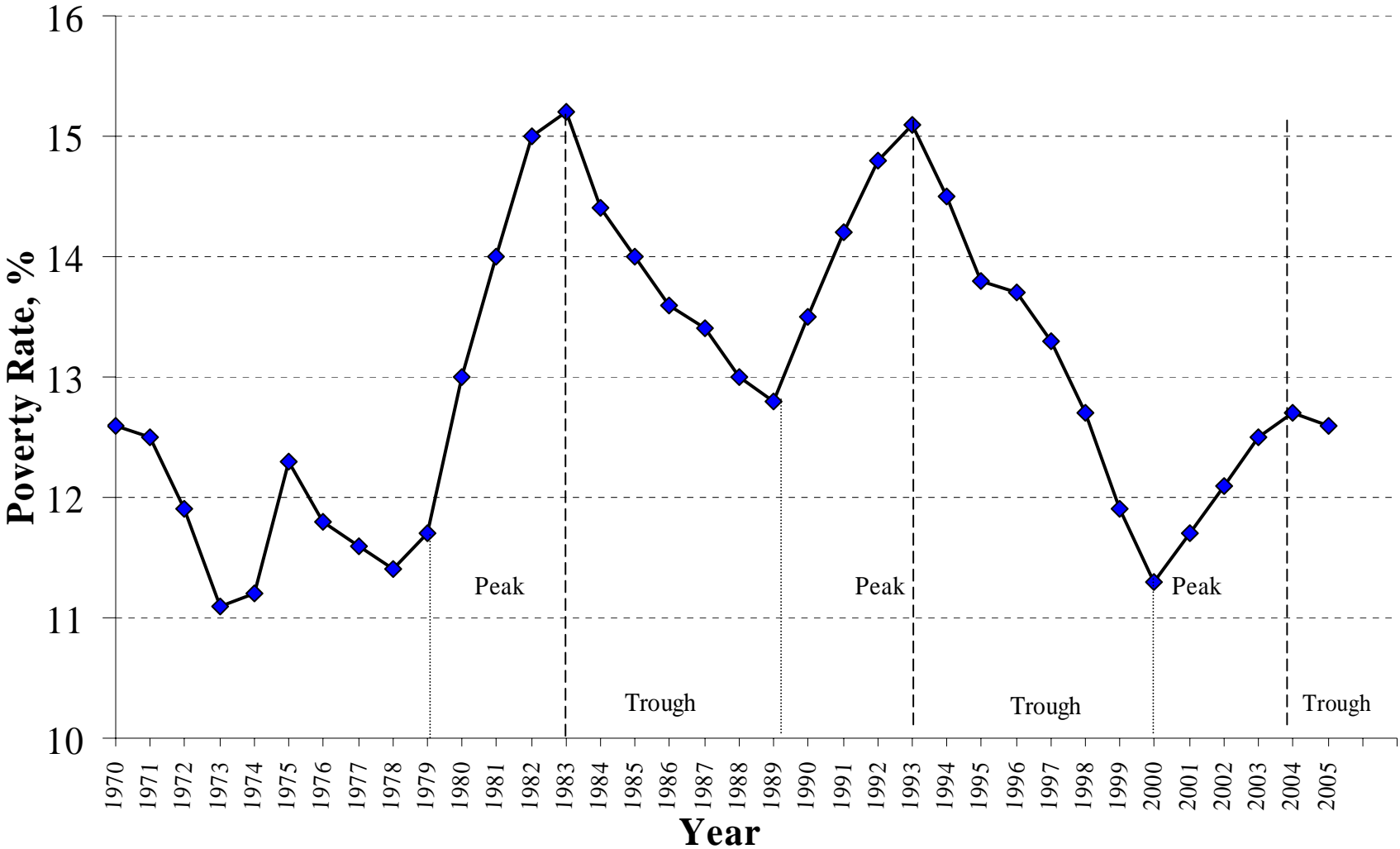
The proportion of households earning close to the median income\*—\$43,318 as of 2003—has been on the decline for three decades. In 1967, nearly a quarter of households made between \$35,000 and \$49,999 in inflation-adjusted terms. But that share was down to 15 percent by 2003. At the same time, the percentage of households earning \$75,000 and up has surged from 8.2 percent to 26.1 percent as more and more women entered the workforce and the pay for those with advanced degrees skyrocketed.



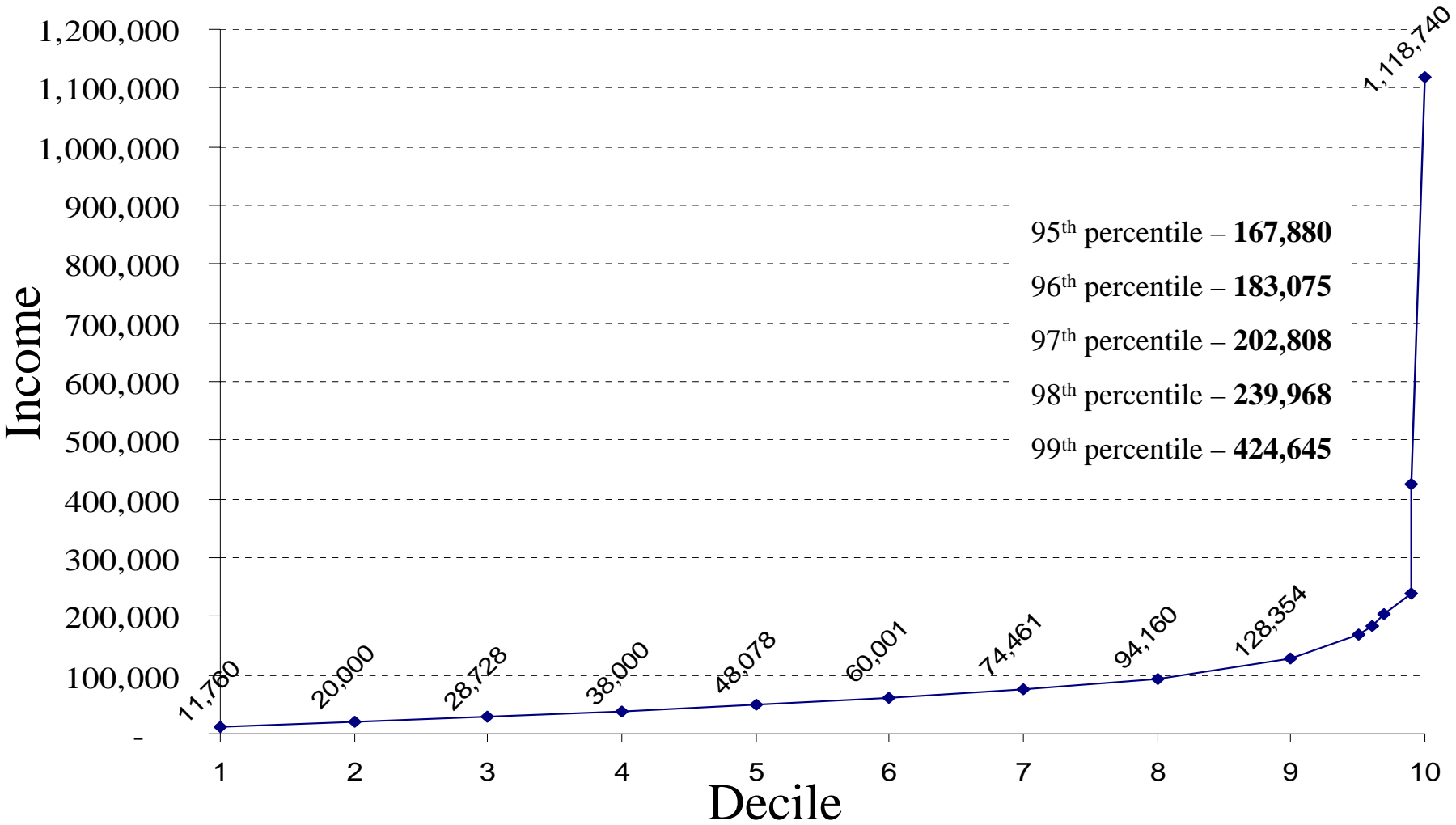
# Figure 1. Real Median Household Income in the United States: Total Population, 1967 to 2006 (in 2005 dollars)



**Figure 2. Poverty Rate in the United States: Total Population, 1970 to 2005**

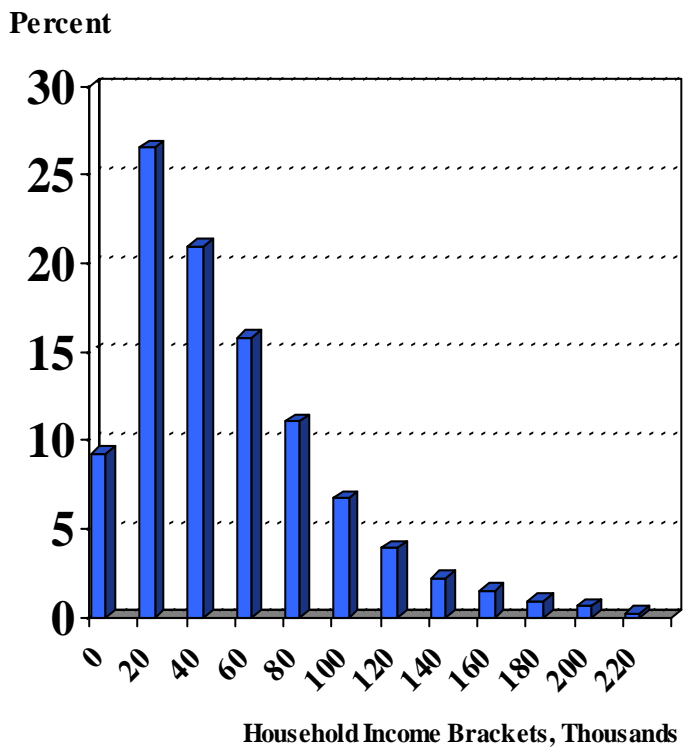


**Figure 3. Distribution of Household Income by Decile: Total Population, 2005**

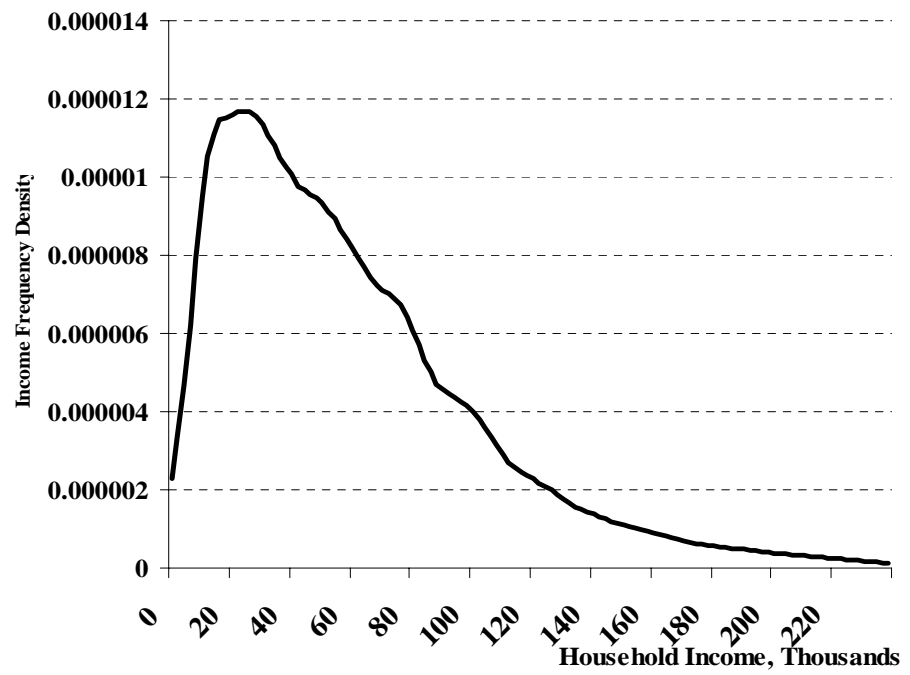


# Figure 4. Household Income Distribution in the United States: Total Population, 2002

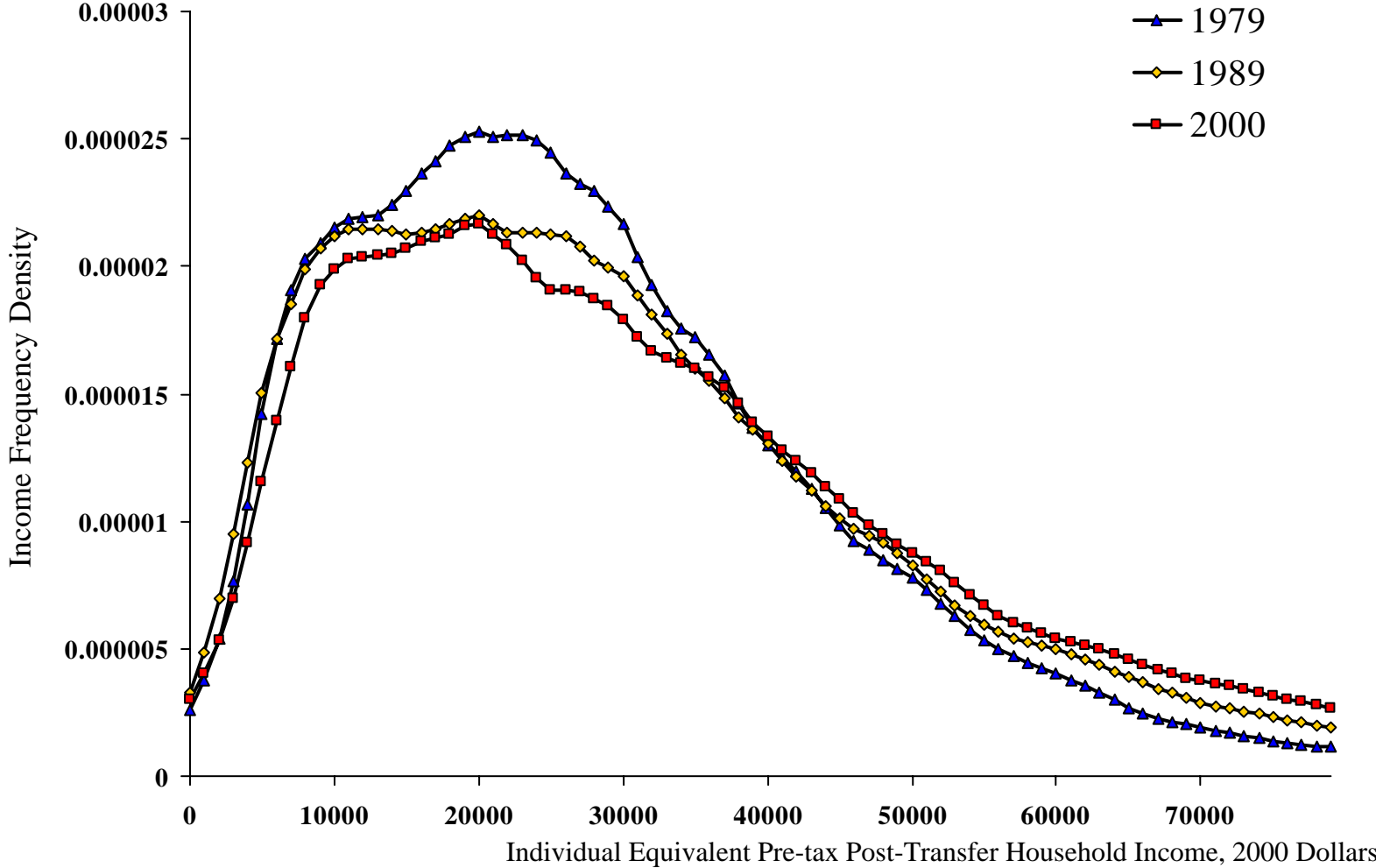
## Histogram



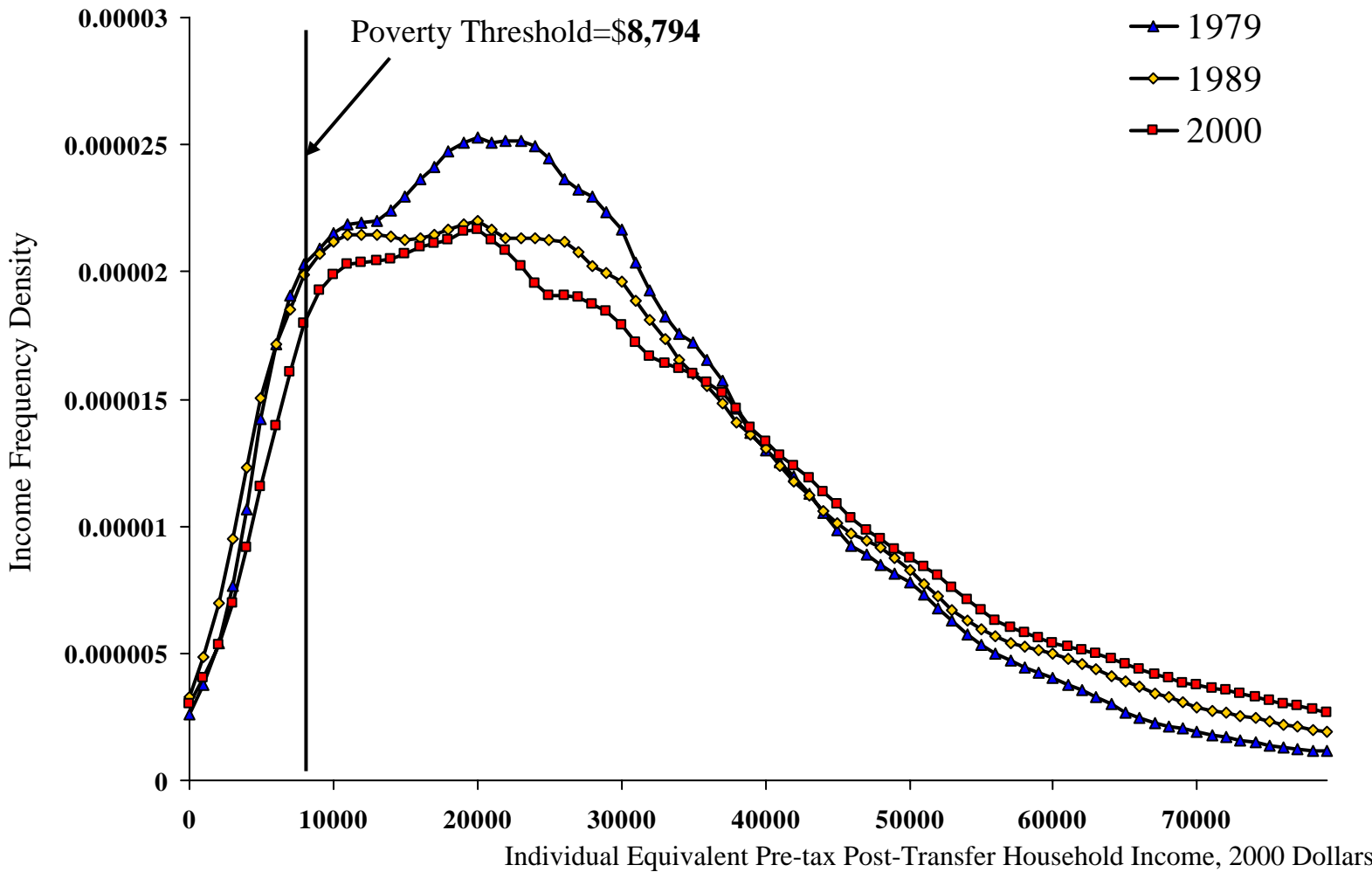
## Kernel Density



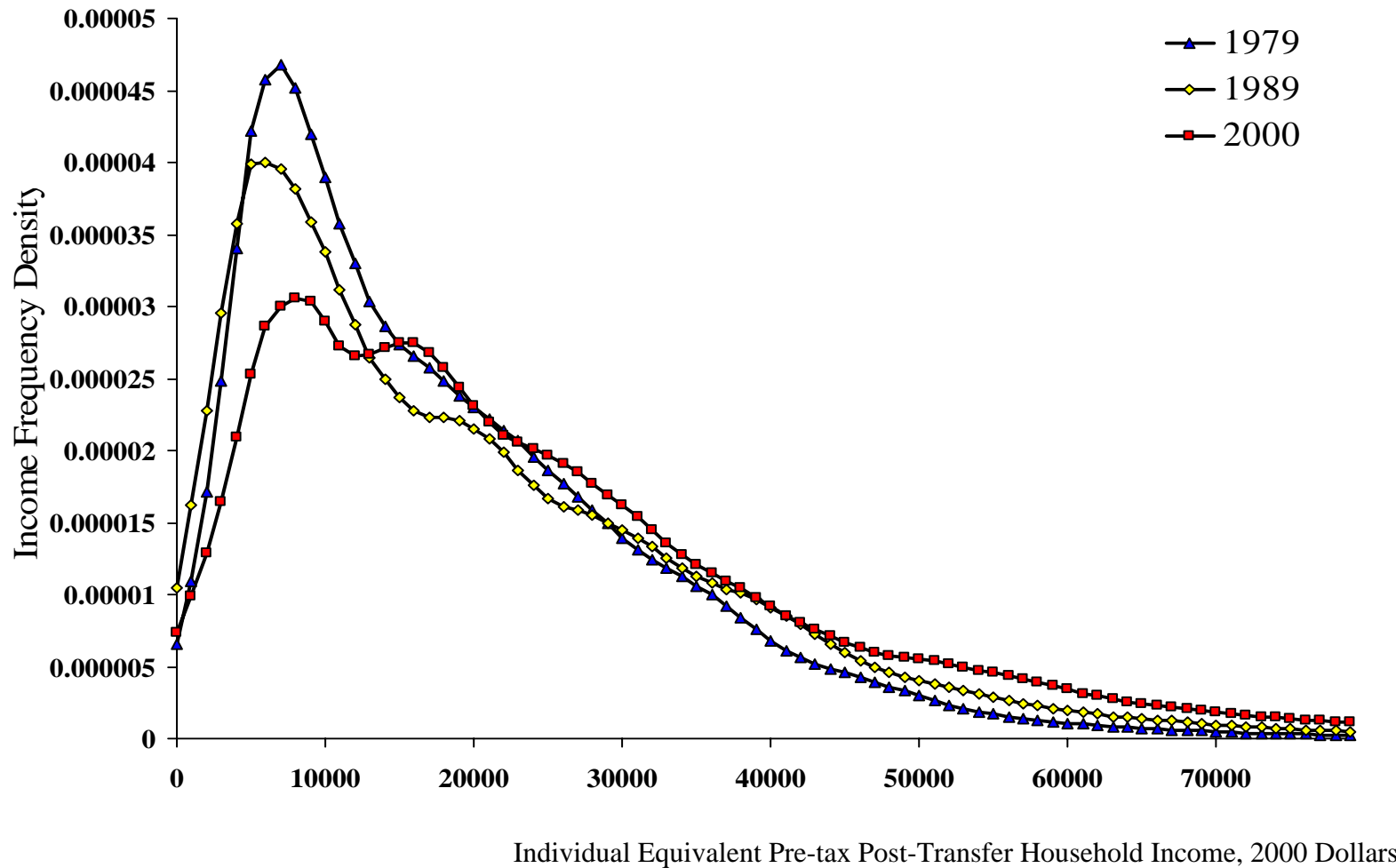
**Figure 5. The Income Distribution in the United States Population in 1979, 1989, and 2000**



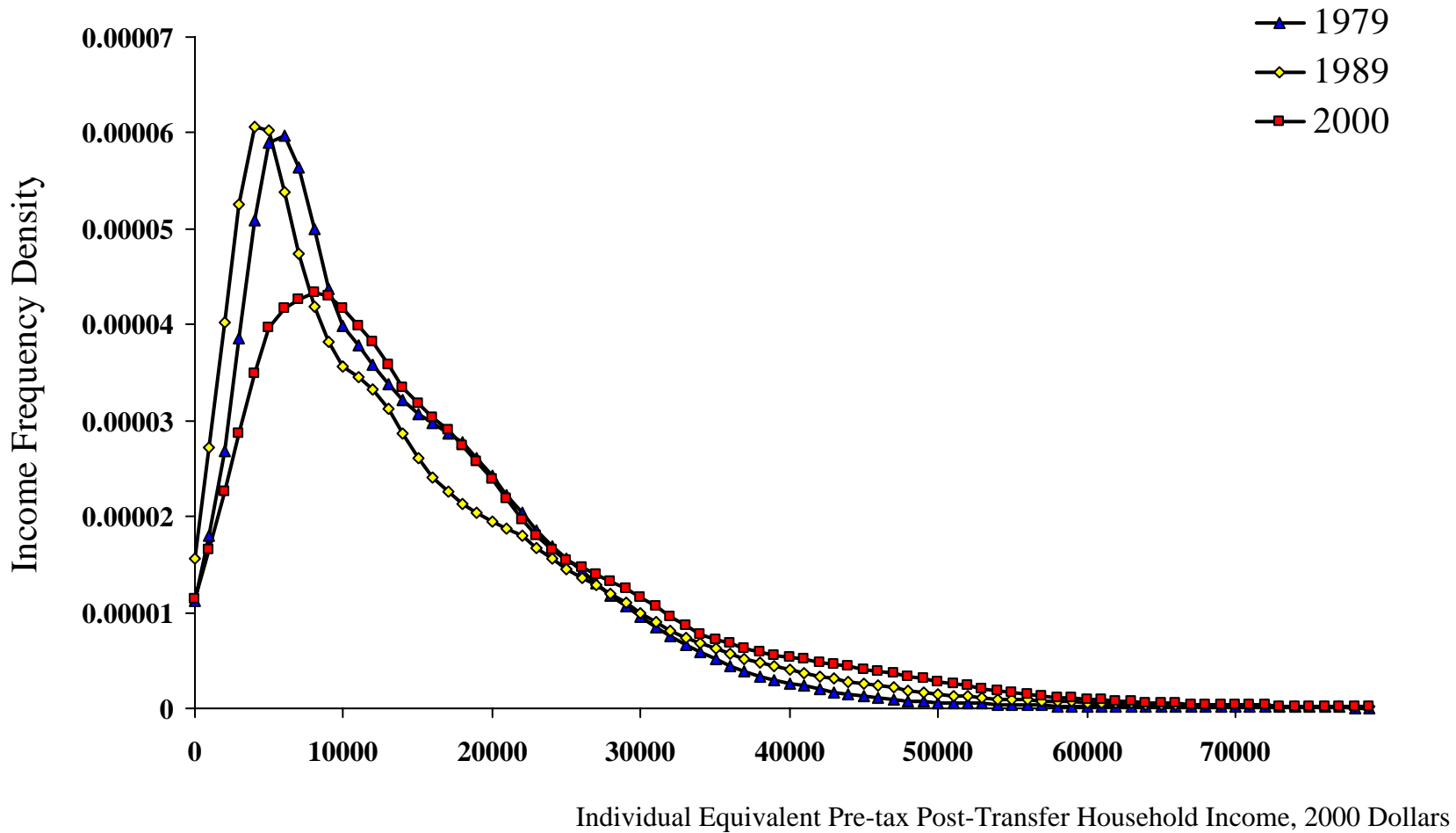
**Figure 6. The Income Distribution in the United States Population in 1979, 1989, and 2000**



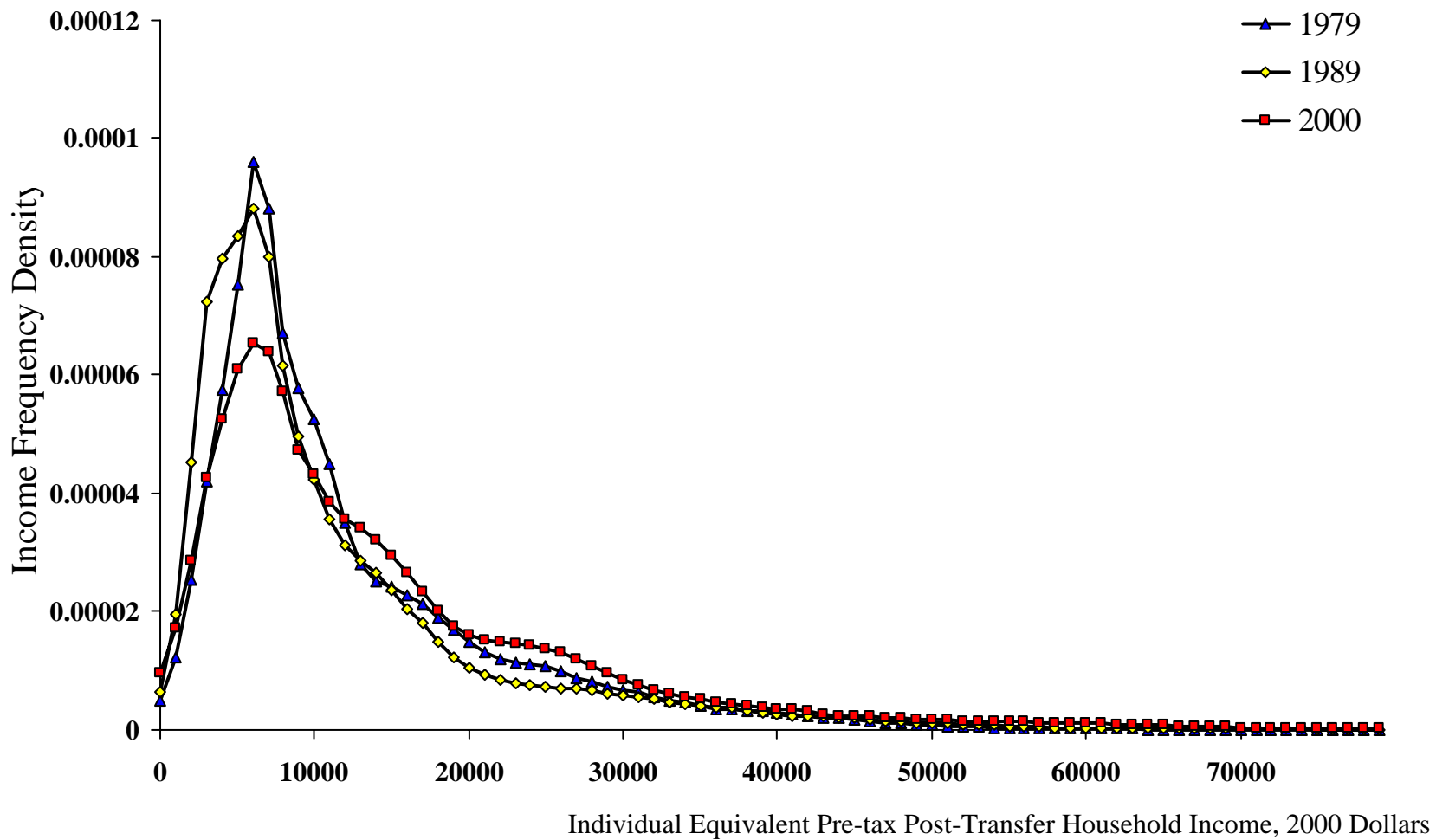
**Figure 7. The Income Distribution in the United States Population in 1979, 1989, and 2000: Blacks**



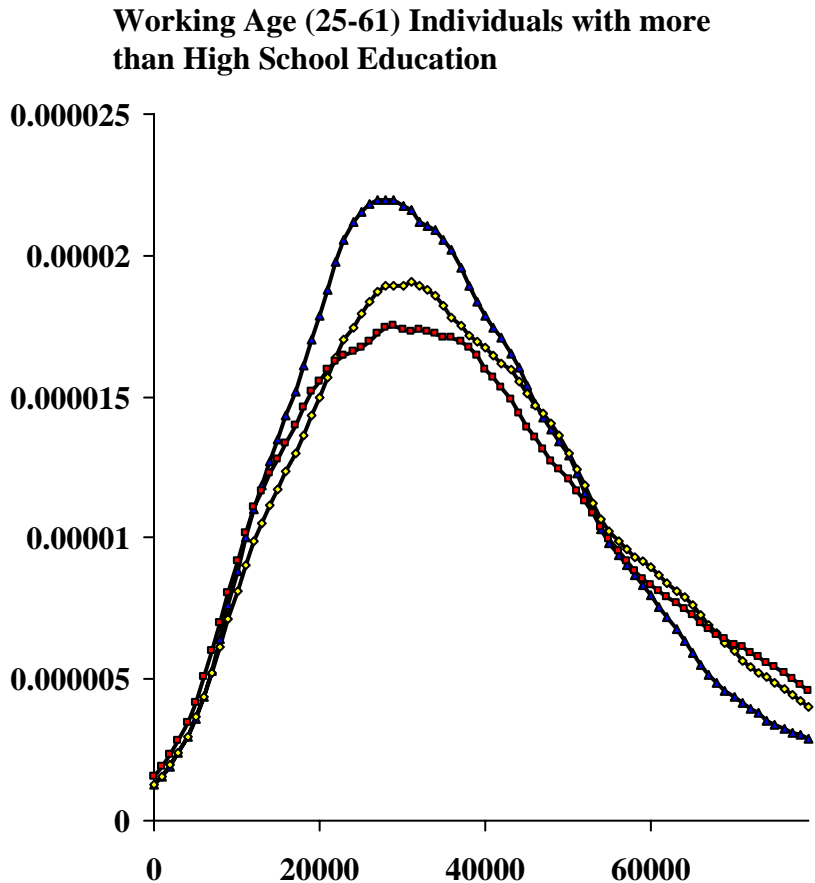
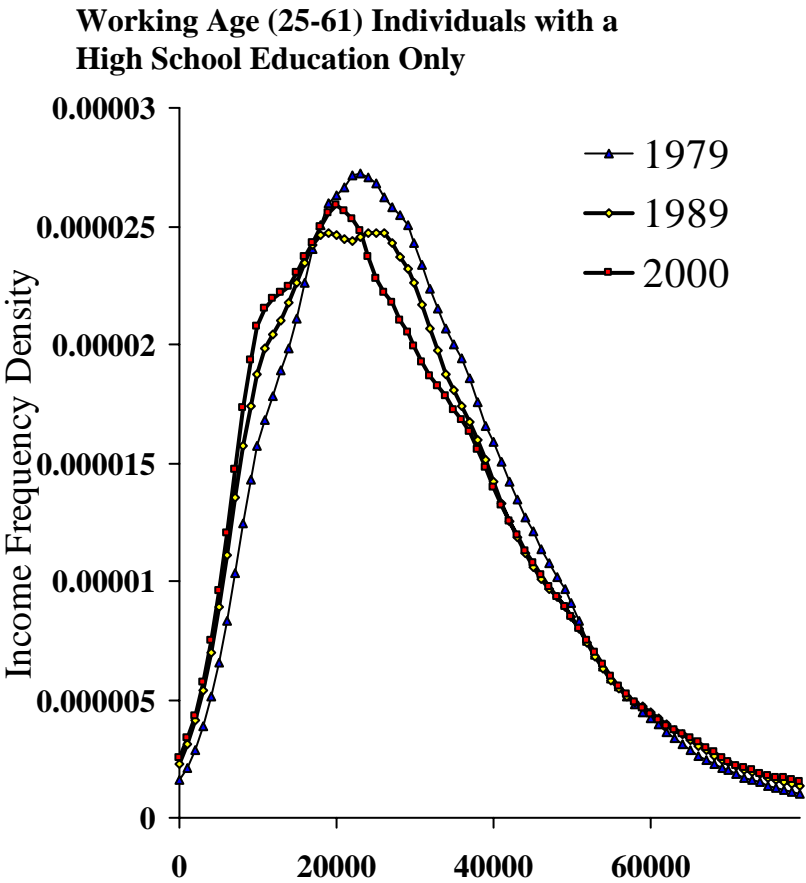
**Figure 8. The Income Distribution in the United States Population in 1979, 1989, and 2000: Single Mothers with Children Aged 17 and Younger**



**Figure 9. The Income Distribution in the United States Population in 1979, 1989, and 2000: Members of Households Receiving Welfare Payments**

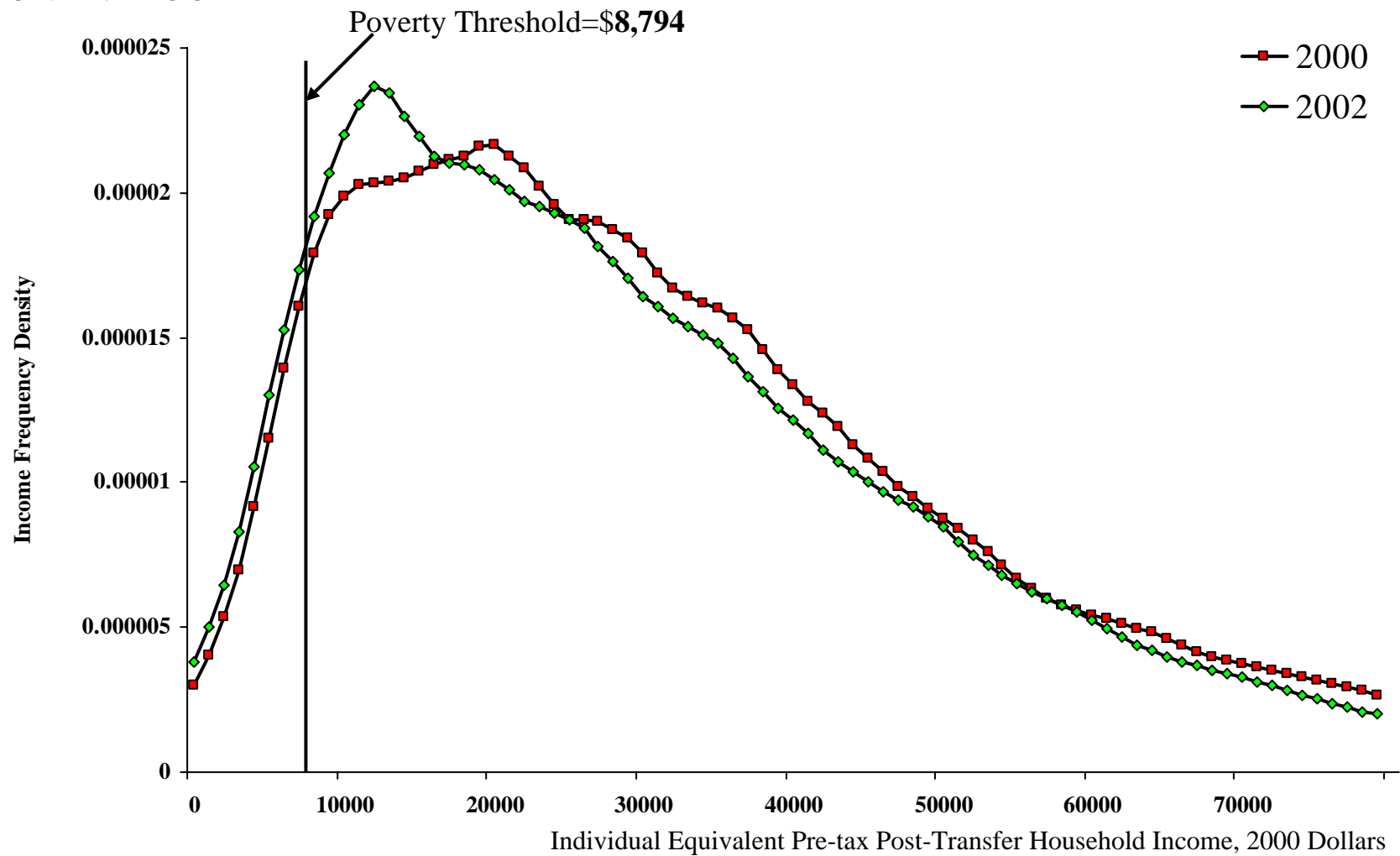


# Figure 10. The Income Distribution in the United States Population in 1979, 1989, and 2000

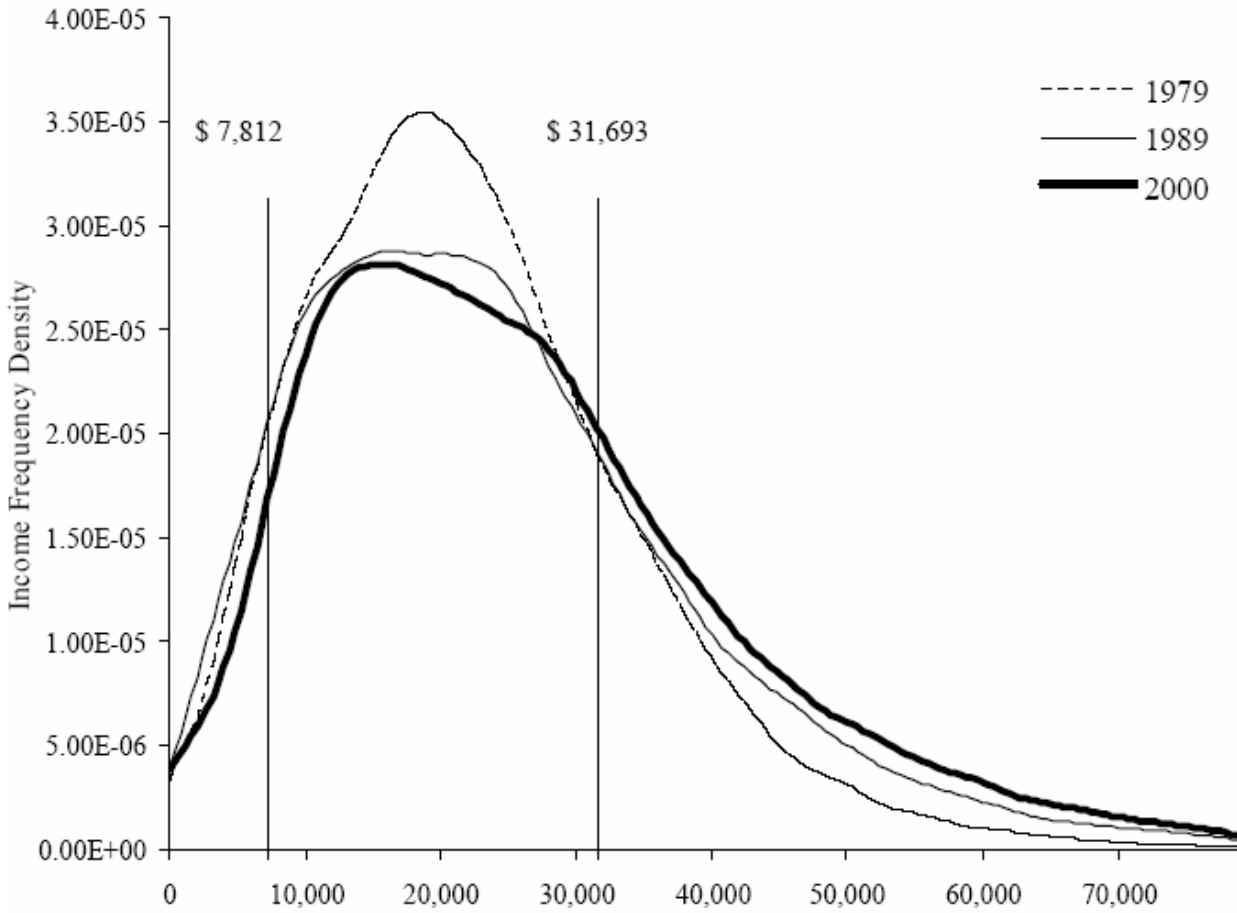


Individual Equivalent Pre-tax Post-Transfer Household Income, 2000 Dollars

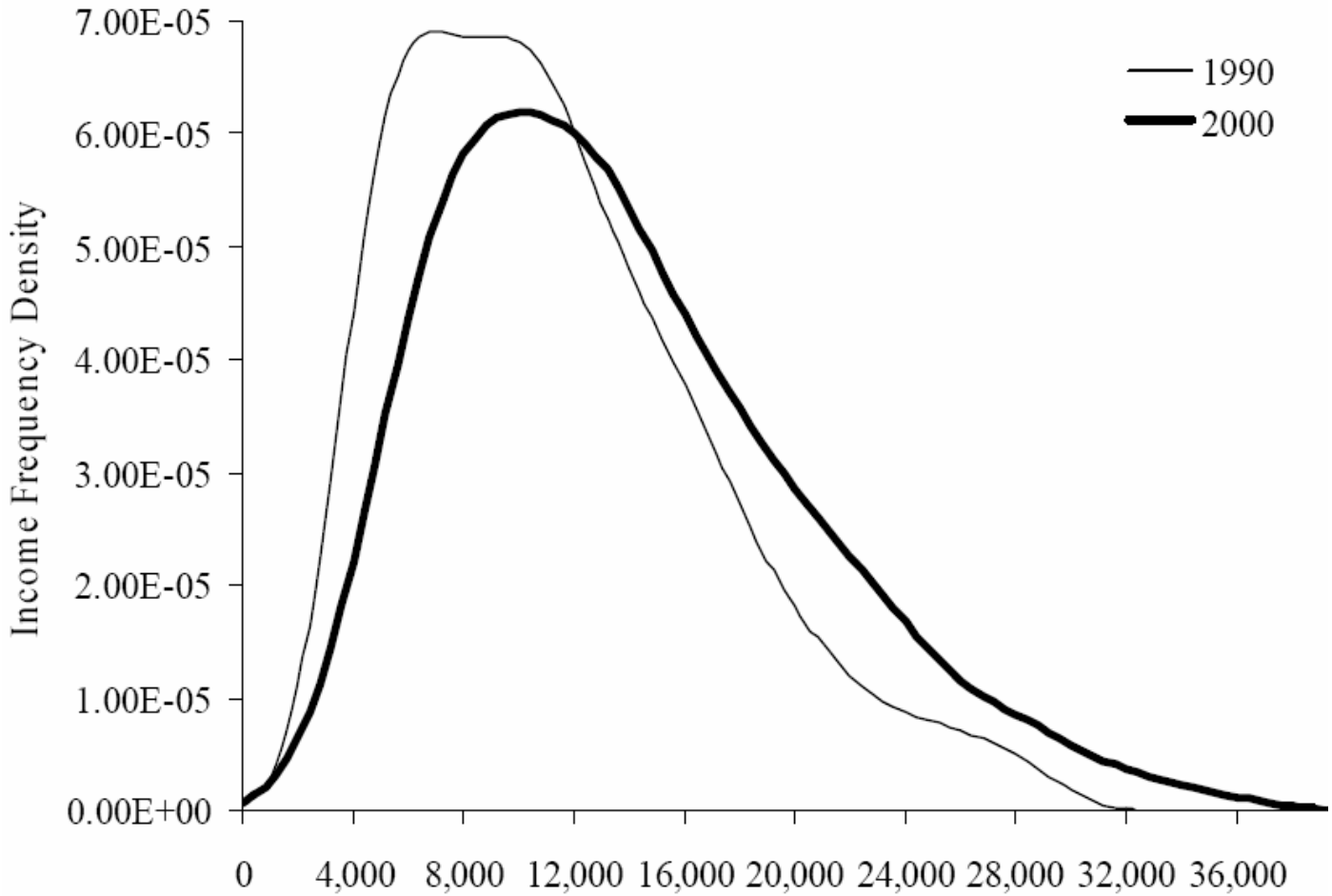
# Figure 11. The Income Distribution in the United States Population in 2000 and 2002



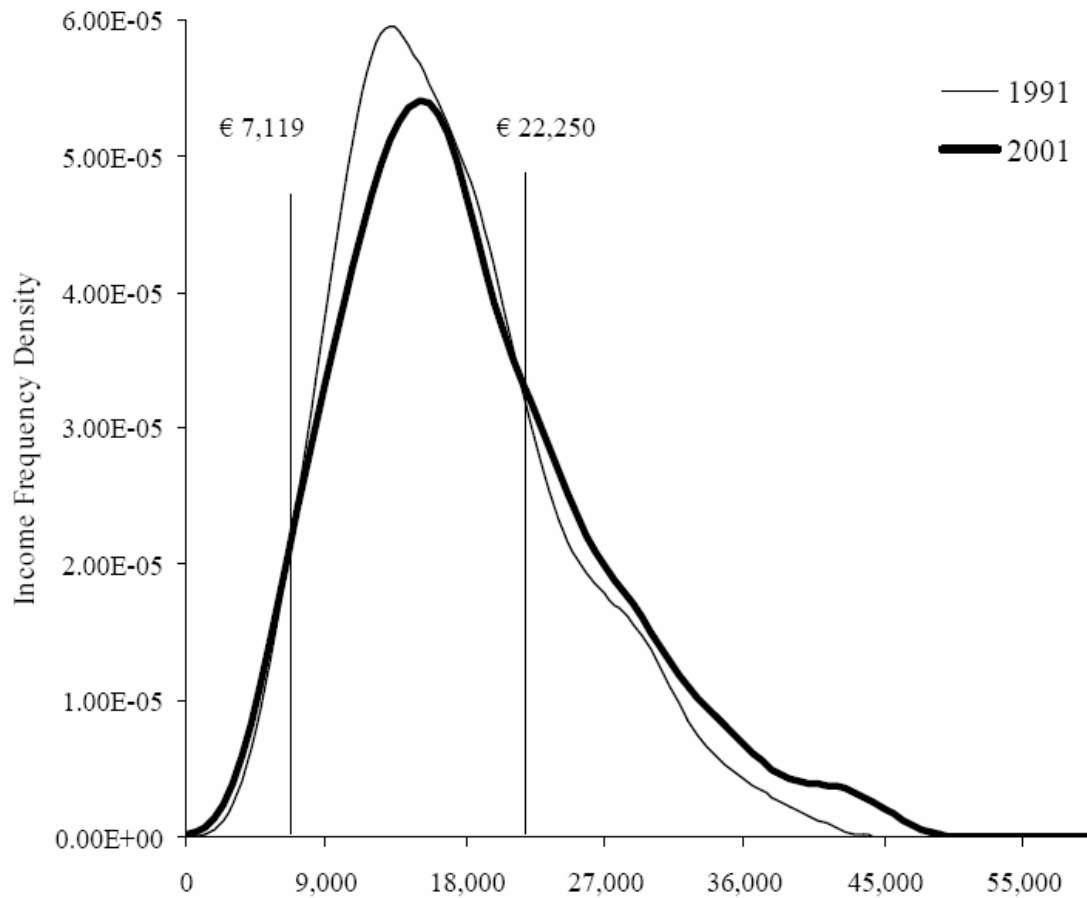
**Figure 12: Distribution of Post-Tax, Post-Transfer Household Size-Adjusted Income in Peak Business Cycle Years for the United States.**



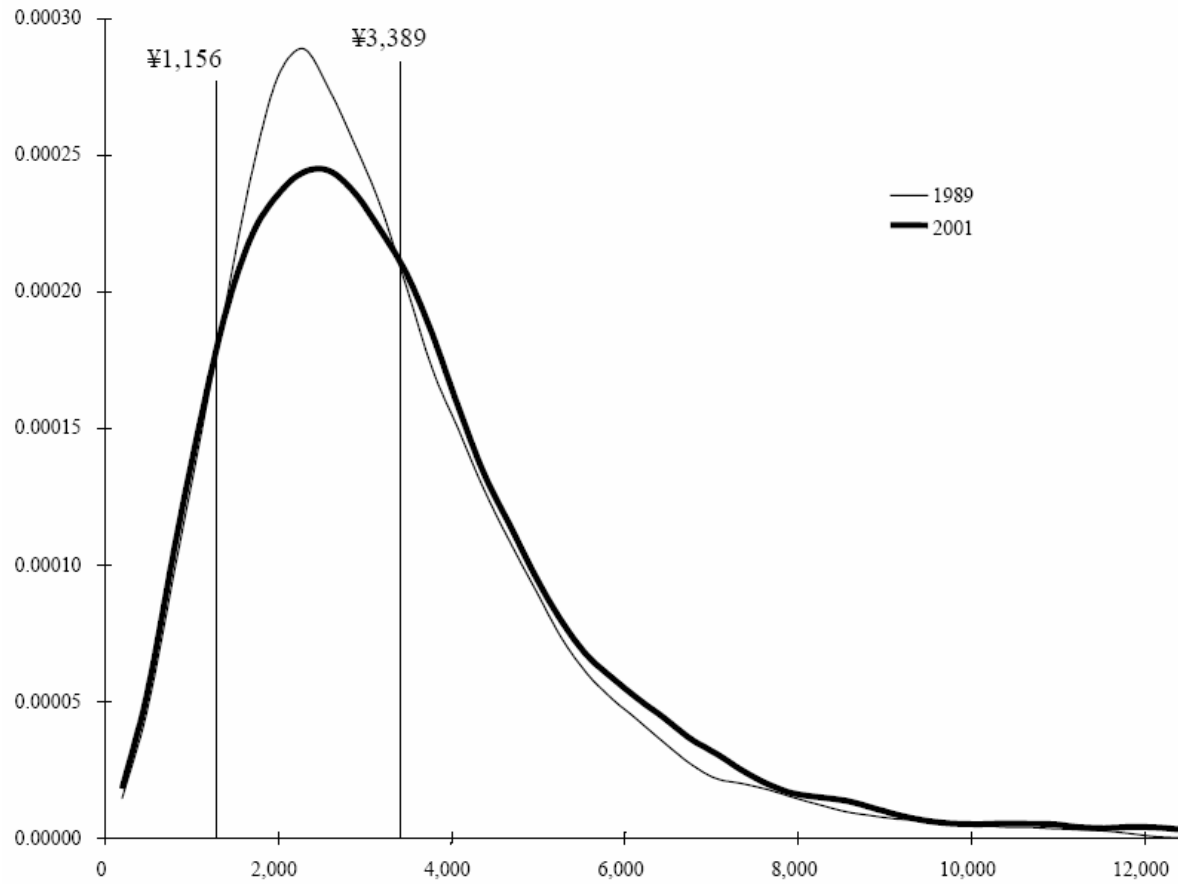
**Figure 13: Distribution of Post-Tax, Post-Transfer Household Size-Adjusted Income in Peak Business Cycle Years for Great Britain.**



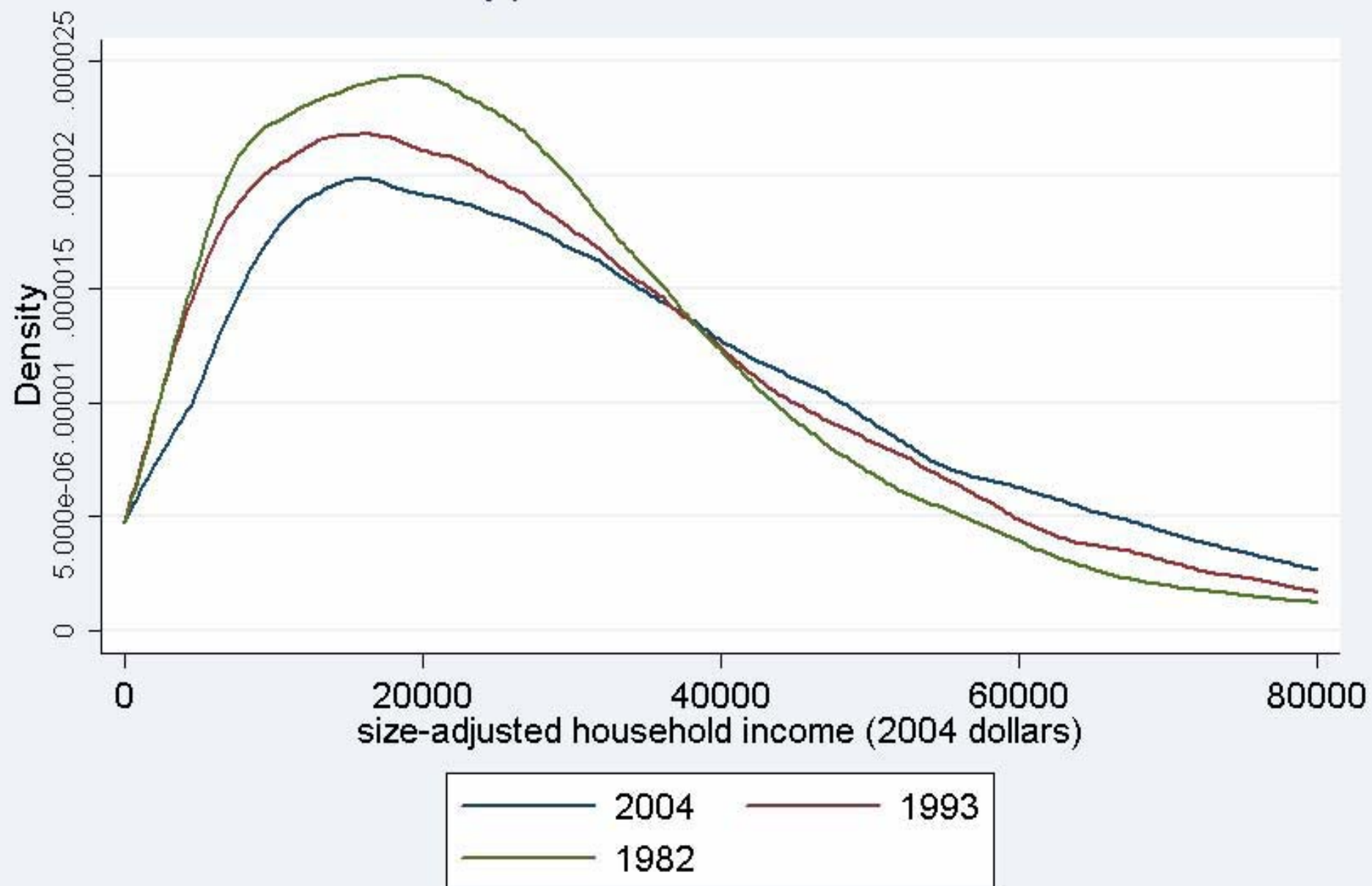
**Figure 14: Distribution of Post-Tax, Post-Transfer Household Size-Adjusted Income in Peak Business Cycle Years for Germany.**



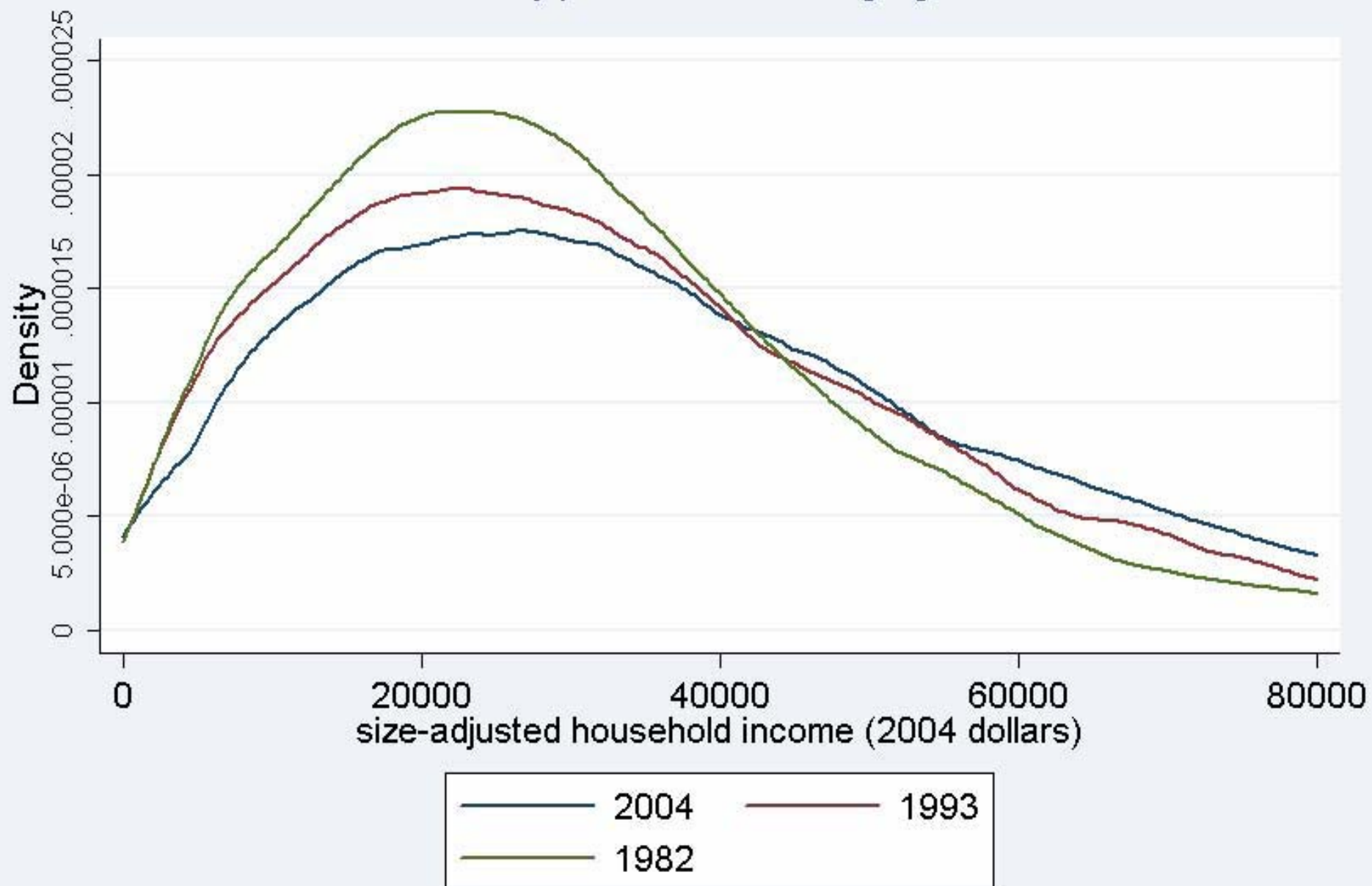
**Figure 15: Distribution of Post-Tax, Post-Transfer Household Size-Adjusted Income in Peak Business Cycle Years for Japan.**



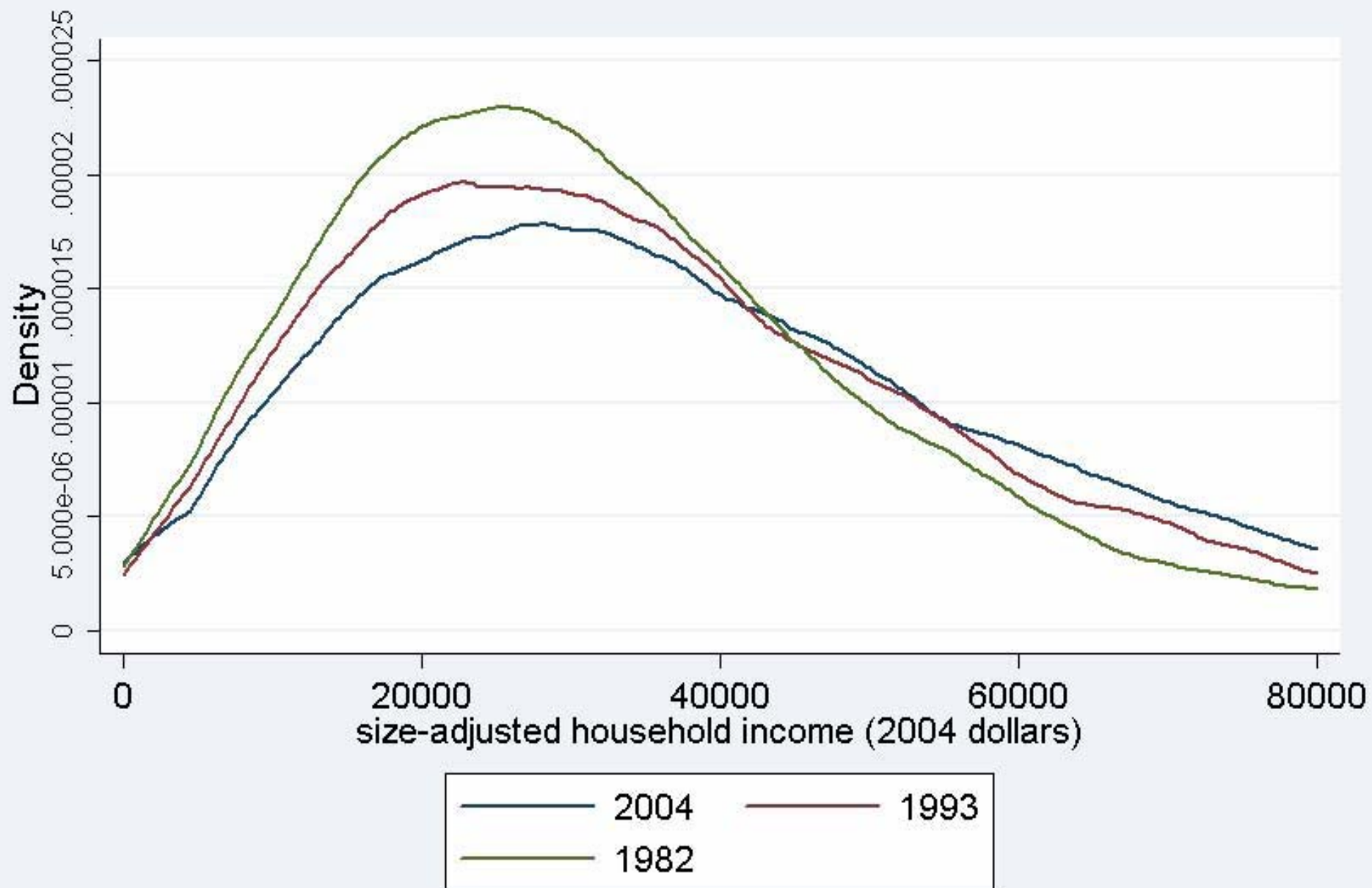
Kernel Density plots for all individuals in the March CPS



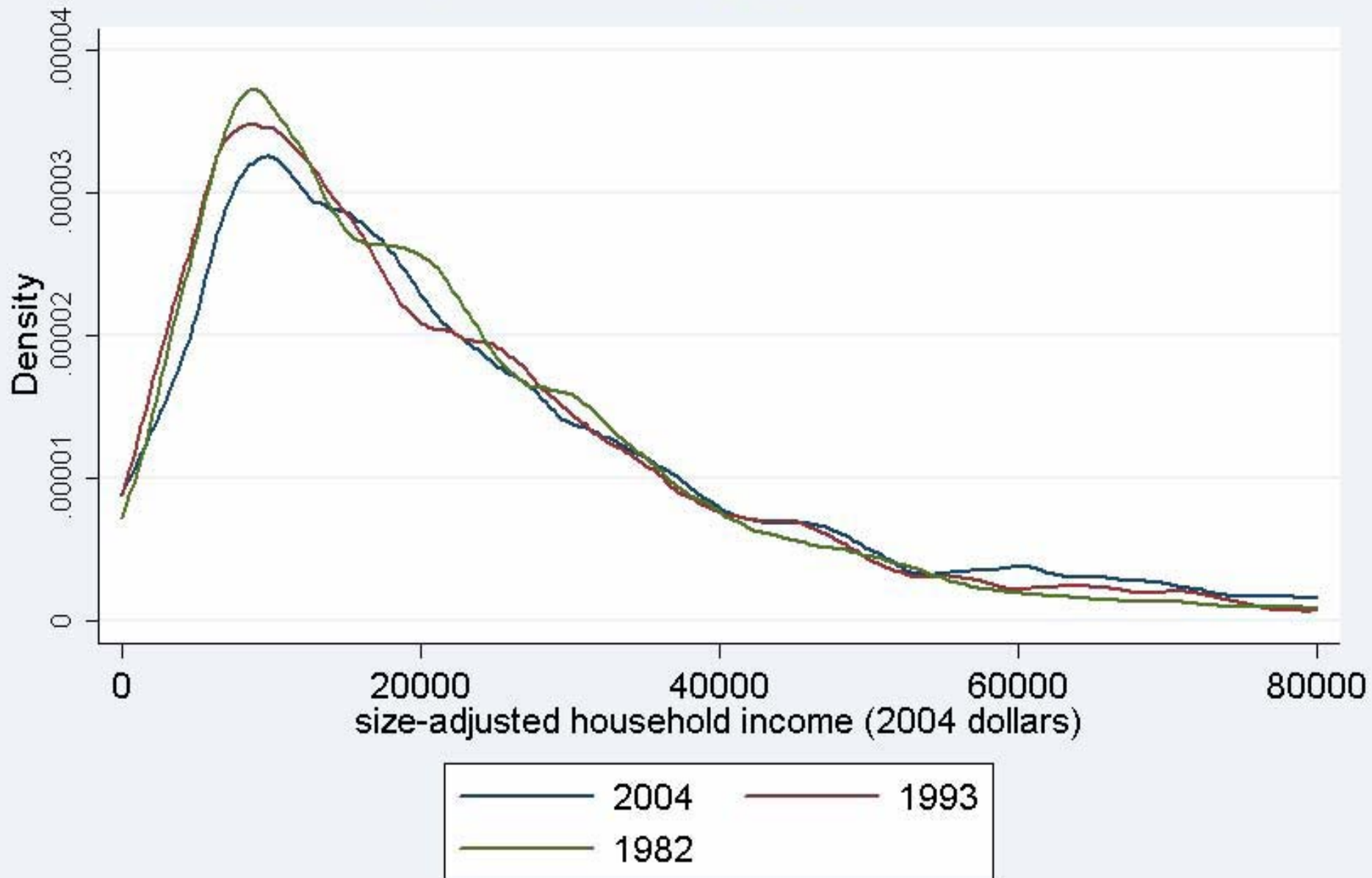
Kernel Density plots for all working age individuals



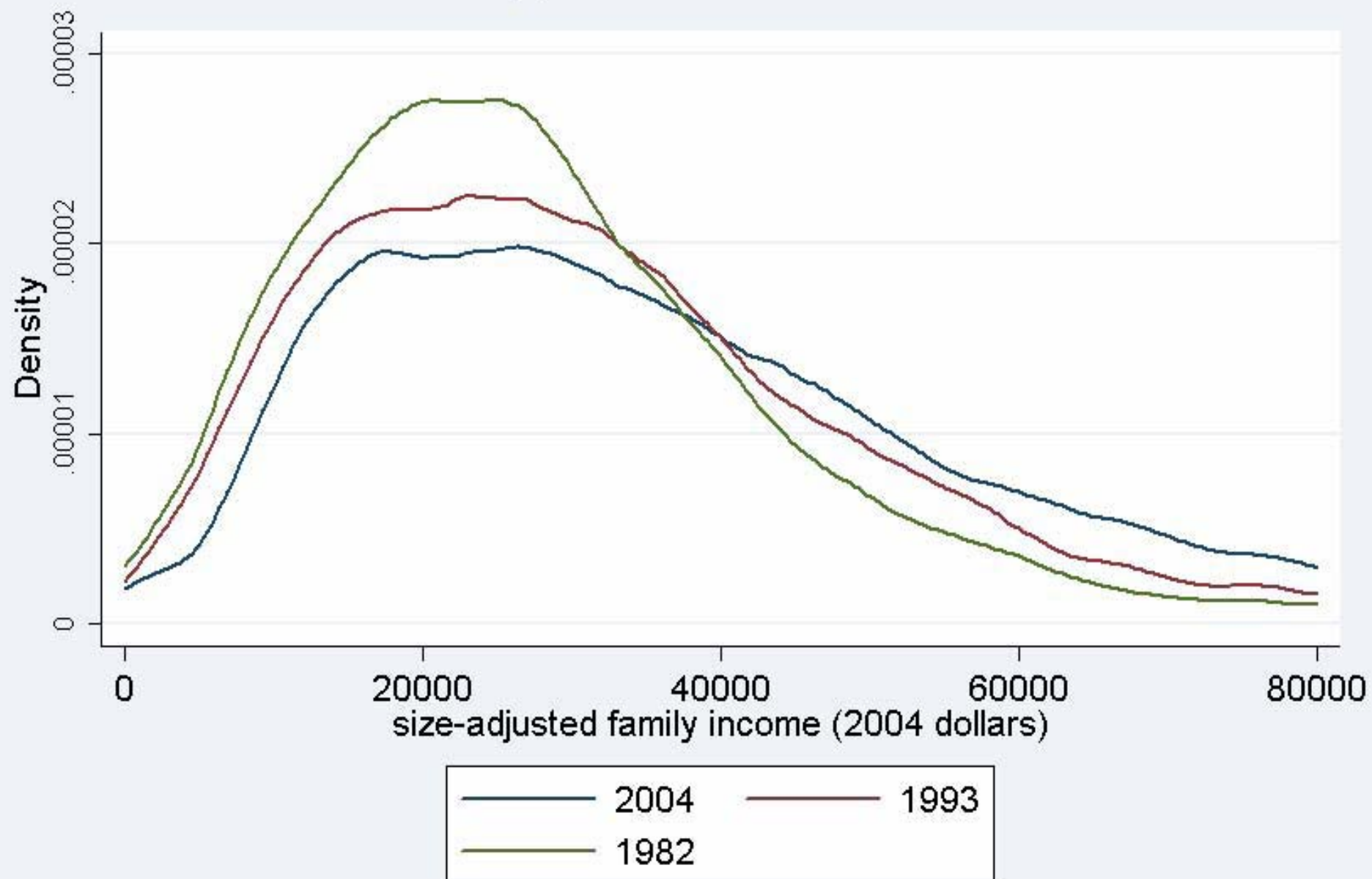
# Kernal Density Plots of Working Age Men without Work Limitations



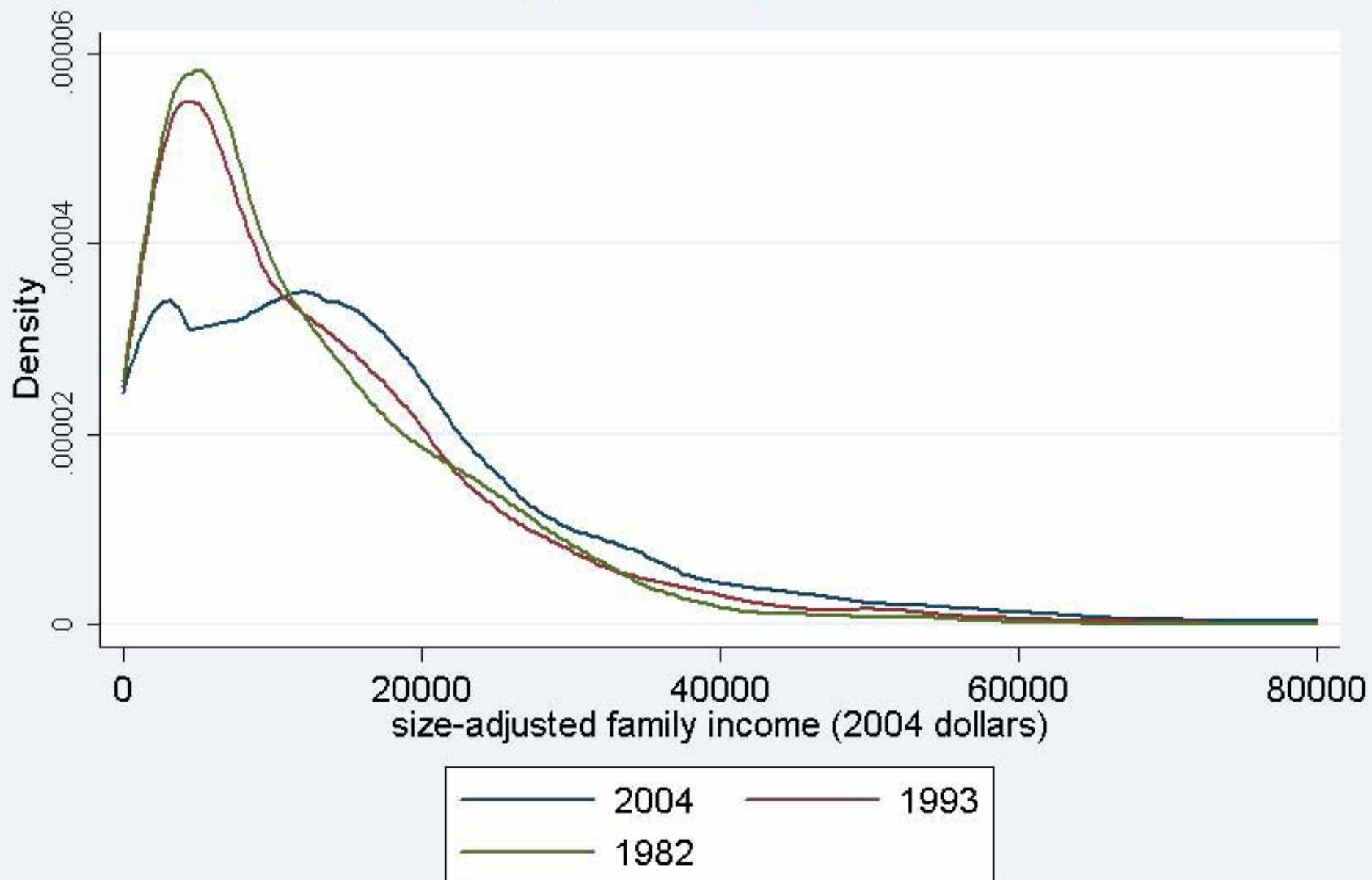
Kernel Density plots for working age men with work limitations



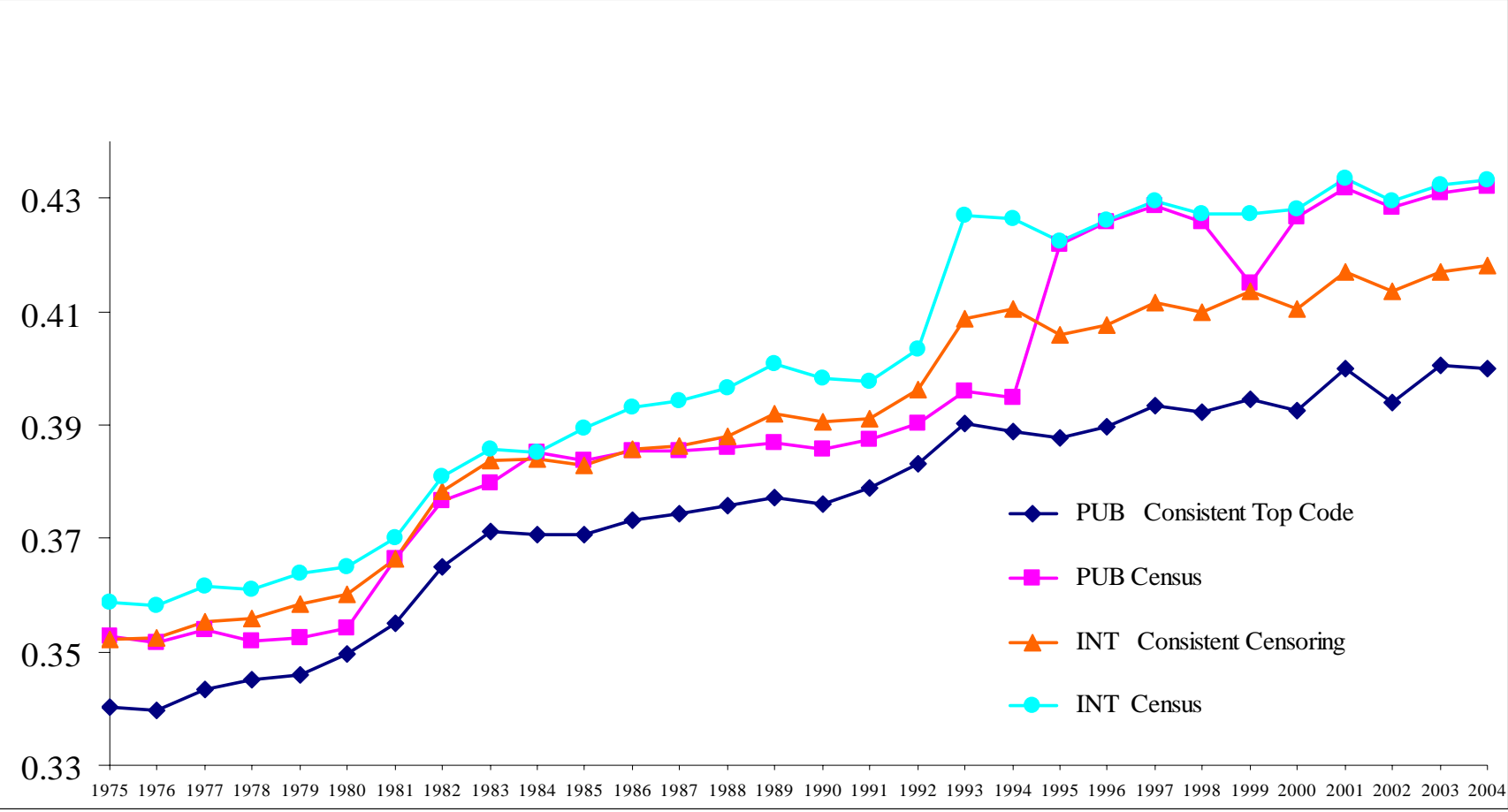
Kernel Density plots for married women with children



Kernel Density plots for single women with children



# Household Income Inequality: Gini Series, 1975-2004



Source: Consistent top-coded and Unadjusted Gini values based on the public-use and internal CPS data calculated by Richard Burkhauser, Shuaizhang Feng, and Stephen Jenkins.