

## Report calls attention to Oregon's struggling middle class

By Ed Merriman / *The Bulletin*

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High unemployment and declining wages and benefits for workers in Oregon and nationwide are taking a bite out of America's middle class, and changes in government tax and spending policies are needed to reverse that trend, according to a report released Tuesday by the Oregon Center for Public Policy and a New York-based think tank.

The report, titled "The Fraying of Oregon's Middle Class," focuses on the decline in manufacturing, the stagnation of middle class wages, loss of retirement pensions, and the rise in cost of living, including higher costs for rent or mortgage payments, health care, child care and college tuition.

Funding for the report came partly from donations from Change to Win, a political advocacy group affiliated with the Association of Unions and other supporters of New York-based Demos, a think tank that collected the national economic and demographic data used in the report. The Oregon Center for Public Policy, or OCPP, provided much of the Oregon statistics. The center is funded by donations from individuals, foundations such as the Ford Foundation, and some union groups, said Chuck Sheketoff, OCPP's founder and executive director.

Statements and data included in the report are based on government statistics, including the U.S. Census Bureau Current Population Survey, Bureau of Labor Statistics Economic News Release, and the World Bank, as well as published reports from a variety of organizations including Demos, OCPP, the Kaiser Family Foundation, the Economic Policy Institute, National Center for Public Policy and Higher Education and others, according to the report.

Oregon manufacturing jobs, which the report called a mainstay of the middle class, declined from about 23 percent of all jobs in 1979-1980 to about 13 percent in 2009-2010.

Wages of the typical Oregon worker have barely budged, with median annual earnings in 2009-10 rising \$477 from 1993-94 levels. And as a group, only those with a post-secondary degree have experienced any wage gains, according to the report.

Younger workers — ages 25 to 34 — have fared worse, the report notes, with wages since 1980 having declined for all young workers except those with a bachelor's degree or higher.

The median wage for young workers with a high school diploma has declined from about \$31,000 in 1981 to \$23,426 in 2010. For college-educated workers in that age group with a bachelor's degree, wages from 2008 to 2010 were \$40,802, up just \$628 from a median wage of \$40,174 in 1981 to 1983, according to the report.

In 2008, two in five homeowners devoted more than 30 percent of their income to housing costs, and families with median household incomes spent 29 percent of their incomes for child care costs, according to elements of the report cited Tuesday by Jason Gettel, an OCPP analyst.

Another cost pressuring the middle class is student debt. Three out of five college graduates who entered the workforce in 2009 carried a student debt that averaged \$22,417, according to the report.

"Three generations ago, America came up with its single greatest invention. It was not the Internet or the internal combustion engine or the light bulb or the solar panel. It was the vast American middle class," said Bob Herbert, a New York Times columnist and distinguished senior fellow at Demos, during Tuesday's teleconference.

Herbert said the middle class didn't just happen. It was the result of a grand bargain among government, business and ordinary workers who he said all agreed on a set of shared values that basically said we believe all Americans should have a decent life.

Herbert and other speakers representing the two nonprofit think tanks at the press conference called for changes in tax, labor and spending policies which were recommended in the report. They said the changes are needed to stop the middle class's downhill slide. Those suggestions range from raising taxes on the wealthy to prioritizing more spending on government, education and government-funded infrastructure projects that generate private-sector jobs in Oregon and at the national level.

The report said in the years following World War II the middle class was built by an abundance of wealth created by industrial growth and increasing productivity in Oregon and nationwide, coupled with union efforts and government tax and labor policies that made sure the prosperity was widely shared with workers through increased wages and benefits.

During the decades when America's middle class was growing along with the nation's growth in industrial productivity, the report said government collected far more in taxes from the wealthy and the corporate sector, and reinvested that money in government programs, education and infrastructure such as the interstate highway system, and made home ownership broadly affordable for the first time for millions.

On the business side, CEOs paid themselves an average of 25 times their average employee's wages — not 200 times more, as they do today, Herbert said.

"In one generation that grand bargain has been destroyed. The Great Recession was the latest devastating blow. America's middle class, once the envy of the world, is now on life support," Herbert said.

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