



For many families, gap's getting wider PERCENT CHANGE IN FAMILY INCOME SHARE: 2005 RELATIVE TO 1953 page 2

Middle class is falling behind

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American society, she added, has not adjusted to the "new normal" of Mom and Dad both in the work force as well as other countries.

We are, for example, one of four countries in the world with no federally mandated paid maternity leave. The others are Liberia, Papua New Guinea and Swaziland.

"We are far behind in child care, preschool and federally mandated sick leave and vacation," Lewis said. "Other countries provide universal health coverage so parents can care for children and themselves."

She sees the idea of a social contract between employer and employees as fading.

"People who entered the system when it worked a certain way," she said, referring to baby boomers and other older Americans, "they had expectations of what retirement would be, what the rules would be, and the rules changed.

"They entered under one set of rules and are facing retirement with different rules."

She thinks the idea of expecting everyday people to manage their own retirement savings "is crazy. Like most of us are not good at fixing our own plumbing or fixing our cars, we're also not that great at investing. It's not in the skill set. Putting that on people near retirement is not in the best interest."

And the fact that about 1 percent of Americans control one-third percent of the wealth puts us in special company. Among countries in the Organization for Economic Cooperation and Development, we are more unequal than all the others except Mexico and Turkey.

A 20-year study released this week by the OECD concluded that inequality is growing among the world's richest countries, and especially in the U.S. The specter of a long-term global economic crisis makes prospects more grim.

"What will happen if the next decade is not one of world growth but of world recession?" asked British economist Anthony Atkinson. "If a rising tide didn't lift all boats, how will they be affected by an ebbing tide?"

"The middle class is shrinking," is Lewis' message. "Wages in the middle class have fallen, wages at the top have skyrocketed.

"The top earners are peeling away and leaving the rest behind."

Howard Owen: 540/374-5539
Email: howen@freelancestar.com

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TOP 5 PERCENT

Share of income has gone up significantly for the top 5 percent of U.S. households.

BIG DROP FOR MOST

Share of income has gone down for 80 percent of U.S. households.

35%

30%

25%

20%

15%

10%

5%

0%

-5%

-10%

-15%

-20%

-25%

-30%

-14.9

-23.2

-15

-4.2

--Author's calculations, based on data from the U.S. Census Bureau

POOREST 20%

20%--40%

40%--60%

60%--80%

family income share

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