

IN 2016 I VOTED IN TWO IMPORTANT ELECTIONS. As a proud new American, I cast my ballot in the presidential election. Still a British citizen, I also mailed in my Brexit vote. Hardly a banner year for me, electorally speaking. (Parisian friends begged me not to seek French citizenship.)

A populist wave has destabilized the politics of both the United States and the United Kingdom. Middle-class and working-class voters gave the middle finger to the political elites of both countries. And now the price is being paid, largely, and tragically, by many of those voters themselves.

Donald Trump brilliantly exploited the angst of the American white middle class to secure the White House. But he has offered them precious little since. Instead, he has used his position to help corporations and the wealthiest. Trump is a plutocrat in populist clothes. The tax bill, passed in a breathless rush at the end of 2017, can be called many things: sloppy, reckless,

incoherent. But perhaps the most shocking aspect of the Tax Cuts and Jobs Act is that it offers so little to the people who sent Trump to Washington in the first place. Families in the middle fifth of the distribution (with incomes between about \$49,000 and \$86,000) will get a \$900 tax cut, somewhat less than the cost of a three-day ticket to Disneyland for a family of four. Households in the top fifth, with incomes above \$120,000, will see an average cut of \$7,640—more than enough for a week-long family ski vacation. And the very wealthiest Americans will save \$7 billion a year from the virtual abolition of the estate tax.¹

Trump has talked about a \$1 trillion infrastructure plan, a big expansion of apprenticeships, and cheaper health care plans. So far though, that is all it has been: talk. Many progressives hope that middle-class Americans will realize they have been duped and will eject Republicans from Congress, and Trump from the Presidency.

Perhaps. But I wouldn't count on it. The anger of many of the Trump (and Brexit) voters was about more than money. It was about class. Many middle-class and working-class voters, especially whites, feel left out or left behind, and are looking for people to blame. Immigrants or fellow citizens of color provided some Trump-assisted targets, with whites reacting (almost entirely incorrectly) to a sense that Americans of color were overtaking them.

Barack Obama's success, cruelly, likely added to this delusion, as he himself suggested in a postelection interview with the *New Yorker's* David Remnick. "A President who looked like me was inevitable at some point in American history," he said. "It might have been somebody named Gonzales instead of Obama, but it was coming. And I probably showed up twenty years sooner than the demographics would have anticipated.

And, in that sense, it was a little bit more surprising. The country had to do more adjusting and processing of it. It undoubtedly created more anxiety than it will twenty years from now, provoked more reactions in some portion of the population than it will twenty years from now. And that's understandable."²

President Trump tapped into this white anxiety, putting issues of race and ethnicity at the core of his campaign. Just over half (58 percent) of whites voted for him. But class counted, too. Trump secured the support of two-thirds (67 percent) of whites without a college degree, helping him to narrow wins in swing states in the Midwest.

But race is not the whole story. Many working-class and middle-class Americans also feel that the upper middle class, the professionals with six-figure incomes, college degrees, and pension funds, are leaving everyone else behind. On this count, they are absolutely correct: we are. Joan Williams diagnoses this group (she labels us the "professional-managerial elite") with a very bad case of "class cluelessness."³ Insulated from many of the risks and costs of economic change, and convinced of our merit, we have a tendency to look down our noses at the unenlightened classes below us. That "deplorables" comment from Hillary Clinton echoed so loudly around the social media chambers because it felt like an authentic expression of elite condescension. Let's be honest. It was.

At first glance, Trump's success among middle-class whites might seem surprising, given his own wealth. But his movement was about class, not money. Trump exuded and validated blue-collar culture and was loved for it. His supporters have no problem with the rich. In fact, they admire them. The enemy is upper middle-class professionals: journalists, scholars, technocrats, managers, bureaucrats, the people with letters after their names. You and me.

And here is the difficult part.

However messily it is expressed, much of the criticism of our class is true. We proclaim the “net” benefits of free trade, technological advances, and immigration, safe in the knowledge that we will be among the beneficiaries. Equipped with high levels of human capital, we can flourish in a global economy. The cities we live in are zoned to protect our wealth, but deter the unskilled from sharing in it. Professional licensing and an immigration policy tilted toward the low-skilled shield us from the intense market competition faced by those in nonprofessional occupations. We proclaim the benefits of free markets but are largely insulated from the risks they can pose. Small wonder other folks can get angry.

Americans in the top fifth of the income distribution—broadly, households with incomes above the \$121,000 mark in 2015—are separating from the rest.⁴ This separation is economic, visible in bank balances and salaries. But it can also be seen in education, family structure, health, and longevity, even in civic and community life. The economic gap is just the most vivid sign of a deepening class divide.

Inequality has become a lively political issue—indeed, the “defining challenge of our time,” according to Obama. But too often the rhetoric of inequality points to a “top 1 percent” problem, as if the “bottom” 99 percent is in a similarly dire situation. This obsession with the upper class allows the upper middle class to convince ourselves we are in the same boat as the rest of America; but it is not true.⁵

The upper middle class has been having it pretty good. It is about time those of us in the favored fifth recognized our privileged position. Some humility and generosity are required. But there is clearly some work to do in terms of raising awareness. Right now, there is something of a culture of entitlement among

America's upper middle class. Partly this is because of a natural tendency to compare ourselves to those even better off than us. This is the "we are the 99 percent" problem. But it is also because we feel entitled to our position since it results from our own merit: our education, brains, and hard work.

We use our power to secure and advance our own position. That seems natural enough. But democracies require elites to show "forbearance," according to Steven Levitsky and Daniel Ziblatt, authors of the 2018 book *How Democracies Die*.⁶

Long before the rise of Trump, there was a moment when, for me at least, the power and self-interest of the upper middle class were brightly illuminated. It came at the end of January 2015, when Barack Obama suffered an acute political embarrassment. A proposal from the budget he'd sent to Congress was dead on arrival—but it was the president himself who killed it.

The idea was sensible, simple, and progressive. Remove the tax benefits from 529 college saving plans, which disproportionately help affluent families, and use the money to help fund a broader, fairer system of tax credits. It was, in policy terms, a no-brainer. You can easily see how the professorial president would have proposed it. But he had underestimated the wrath of the American upper middle class.

As soon as the administration unveiled the plan, Democrats started to quietly mobilize against it. Representative Chris Van Hollen from Maryland (now a senator) called his colleague, House Minority Leader Nancy Pelosi. Pelosi happened to be traveling with Obama from India to Saudi Arabia on *Air Force One*. As they flew across the Arabian Sea, she persuaded the president to drop the reform. The next day, White House spokesman Eric Schultz declared that the 529 plan had become "a distraction" from the president's ambitious plans to reform college financing.

The episode was a brutal reminder that sensible policy is not always easy politics, particularly when almost every person writing about, analyzing, or commenting on a proposal is a beneficiary of the current system. Pelosi and Van Hollen both represent liberal, affluent, well-educated districts. Almost half of their constituents are in households with six-figure incomes. I should know: Van Hollen was my congressman at the time. My neighbors and I are the very people saving into our 529 plans. More than 90 percent of the tax advantage goes to families with incomes in the top quarter of the distribution.⁷

As Paul Waldman noted in the *Washington Post*, the proposal “was targeted at what may be the single most dangerous constituency to anger: the upper middle class—wealthy enough to have influence, and numerous enough to be a significant voting bloc.”⁸ Like the flash of an X-ray, the controversy revealed the most important fracture in American society: the one between the upper middle class, broadly defined as the top fifth of society, and the rest.

Veteran tax scholar Howard Gleckman noted sadly that the demise of Obama’s plan “reflected the lack of serious interest in reform by most lawmakers today.”⁹ I think it reflected something much worse. The lawmakers were fairly honestly reflecting the views of their constituents and reacting to commentary in the media. But there certainly was a lack of interest in self-reflection by the upper middle class. Those of you who don’t follow tax history closely may not recall that it was George W. Bush who, in 2001, gave us the chance to grow capital tax free in 529 plans. (When Republicans proposed it during Bill Clinton’s second term, he promptly vetoed it.) Look how a regressive, Bush-era tax cut can become so precious to the upper middle class, including its most liberal members.

Small wonder that the Republicans decided in 2017 not to

curb 529 plans, but to expand them. The Tax Cuts and Jobs Act allows funds from 529 accounts to be spent at private K–12 schools. The change, sponsored by Sen. Ted Cruz, was highly contested: in fact, Vice President Mike Pence had to break a 50:50 tie on the provision in the Senate after every Democrat and two Republicans (Susan Collins of Maine and Lisa Murkowski of Arkansas) voted against. But let me make a prediction. Affluent, liberal families will come to treasure this tax break on private education. If a Democratic president tries to take it away in 2021 or 2026, history will repeat itself.

You may have noticed that I am often using the term “we” to describe the upper middle class rather than “they.” As a Brookings senior fellow and a resident of an affluent neighborhood in Montgomery County, Maryland, just outside the District of Columbia, I am, after all, writing about my own class. This is not one of those books about inequality that is about other people—either the super-rich or the struggling poor. This is a book about me and, likely, you, too.

I am British by birth, but I have lived in the United States since 2012 and became a citizen in late 2016. (Also, I was born on the Fourth of July.) There are lots of reasons I have made America my home. But one of them is the American ideal of opportunity. I always hated the walls created by social class distinctions in the United Kingdom. The American ideal of a classless society is, to me, a deeply attractive one. It has been disheartening to learn that the class structure of my new homeland is, if anything, more rigid than the one I left behind and especially so at the top.

My argument proceeds as follows: The upper middle class is separating from the majority (chapter 2). Inequality begins in childhood (chapter 3) and endures across generations (chapter 4). This separation results from, first, the greater develop-

ment of the “merit” valued in the labor market (chapter 5) but, second, from some unfair opportunity hoarding (chapter 6). I then offer seven steps toward reducing inequality and suggest the upper middle class pays for them (chapter 7). Gaining support for the kinds of changes I propose will, however, require those in the upper middle class to acknowledge their advantages (chapter 8).

In case you don’t manage to read the whole book (for which I forgive you so long as you actually *bought* it), here’s an overview of the key points:

THE UPPER MIDDLE CLASS IS LEAVING EVERYONE ELSE IN THE DUST

The top fifth of U.S. households saw a \$4 trillion increase in pretax income in the years between 1979 and 2013.¹⁰ The combined rise for the bottom 80 percent, by comparison, was just over \$3 trillion. The gap between the bottom fifth and the middle fifth has not widened at all. In fact, there has been no increase in inequality below the eightieth percentile. All the inequality action is above that line.

Income growth has not been uniform within the top fifth, of course: a third of the income rise went to the top 1 percent alone. But that still left \$2.7 trillion for the 19 percent just beneath them. Failing to join the ranks of the plutocrats does not mean life as a pauper. It is not just the “upper class” that has been flourishing. A much broader swath of American society is doing well—and detaching themselves.

These facts can cause some discomfort. Few of us want to be associated with the hated super-rich. Very often it seems to be those quite near the top of the distribution who are most angry with those at the very top: more than a third of the demonstra-

tors on the May Day “Occupy” march in 2011 had annual earnings of more than \$100,000.¹¹ But, rather than looking up in envy and resentment, the upper middle class would do well to look at their own position compared to those falling further and further behind.

Even the most liberal pundits don’t want to make us look in the mirror. In his book *Twilight of the Elites*, the liberal broadcaster and writer Chris Hayes positions the upper middle class as losing out: “The upper middle class [are] people with graduate school degrees, homes, second homes, kids in good colleges, and six-figure incomes. This frustrated, discontented class has spent a decade with their noses pressed up against the glass, watching the winners grab more and more for themselves, seemingly at the upper middle class’s expense.”¹²

Hayes may be right about the frustration and discontent. Much of the political energy behind both the Bernie Sanders left and the Tea Party right came from the upper middle class. But Hayes is wrong to imply that the frustration is warranted, or that the very rich are gaining “at the upper middle class’s expense.” As the 2016 election helped us to see, the real class divide is not between the upper class and the upper middle class: it is between the upper middle class and everyone else.

None of this is to say we should disregard the growing inequality at the very top. There are plenty of reasons to worry about the amassing of extreme wealth and, specifically, how it is distorting the political process. But the upper middle class has outsized political power, too. An individual billionaire can have a disproportionate influence on an individual politician (in Donald Trump’s case, by becoming one). But the size and strength of the upper middle class means that it can reshape cities, dominate the education system, and transform the labor market. The upper middle class also has a huge influence on public dis-

course, counting among its members most journalists, think-tank scholars, TV editors, professors, and pundits in the land.

UPPER MIDDLE-CLASS CHILDREN ARE ADVANTAGED FROM BIRTH

Upper middle-class children have a very different upbringing than ordinary kids. In particular, they develop the skills, attributes, and credentials valued in the labor market. By the time Americans are old enough to drink, their place in the class system is clear.

Upper middle-class parents obviously have more money to spend on their children and many ways to spend it. But this is also a social fracture. A class is not only defined in dollars, but by education, attitude, and zip code; not only by its economic standard of living, but by its way of life. America, warns Robert Putnam in *Our Kids*, faces “an incipient class apartheid.”¹³

The typical child born and raised in the American upper middle class is raised in a stable home by well-educated, married parents, lives in a great neighborhood, and attends the area’s best schools. Upper middle-class children develop a wide range of skills and gain an impressive array of credentials. They lucked out right from the start.

UPPER MIDDLE-CLASS STATUS IS PASSED DOWN THE GENERATIONS

As part of the process of naturalization, I had to sign part 12, question 4 of Form N-400, which reads as follows: “Are you willing to give up any inherited title(s) or order(s) of nobility that you have in a foreign country?” (In my case, sadly, there were none to give up.)

Quite right, too. Inheriting a particular position is un-American.

My new country was founded on antihereditary principles. But while the inheritance of titles or positions remains forbidden, the persistence of class status across generations in the United States is very strong. Too strong, in fact, for a society that prides itself on social mobility.

There is a lot of concern among politicians and scholars about the lack of relative social mobility in the United States. The rates are in fact rather low, as I'll show. But what is really striking is that the greatest class persistence is at the top. Gary Solon, the godfather of mobility studies, describes U.S. mobility like this: “[Rather than] a poverty trap, there seems instead to be more stickiness at the other end: a ‘wealth trap’ if you will. There are probably more rags to riches cases than the other way around . . . there seems to be better safety nets for the offspring of the wealthy.”¹⁴

There is clear danger of a vicious cycle developing here. As inequality between the upper middle class and the rest grows, parents will become more determined to ensure their children stay near the top. We will work hard to put a “glass floor” under them, to prevent them from falling down the chutes. Inequality and immobility thus become self-reinforcing.

Downward mobility is not a wildly popular idea, to say the least. But it is a stubborn mathematical fact that, at any given time, the top fifth of the income distribution can accommodate only 20 percent of the population. Relative intergenerational mobility is necessarily a zero-sum game. For one person to move up the ladder, somebody else must move down. Sometimes that will have to be one of our own children. Otherwise the glass floor protecting affluent kids from falling also acts as a glass ceiling, blocking upward mobility for those born on a lower rung of the ladder. The problem we face is not just class separation, but class perpetuation.

There are two factors driving class perpetuation at the top: the unequal development of “market merit” and some unfair “opportunity hoarding.”

MARKET MERITOCRACY REWARDS SKILLS DEVELOPED BY THE UPPER MIDDLE CLASS

In a market economy, the people who develop the skills and attributes valued in the market will have better outcomes. That probably sounds kind of obvious. But it has important implications. It means, for example, that we can have a meritocratic market in a deeply unfair society, if “merit” is developed highly unequally and largely as a result of the lottery of birth.

Human capital has become more important in the labor market, a trend that Brink Lindsey describes as “the cephalization of economic life.”¹⁵ Education has therefore become the main mechanism for the reproduction of upper middle-class status across generations. This helps to explain the virulent reactions to the 529 reforms in 2015. By targeting a tax break for education, specifically college education, the president threatened something sacred to the upper middle-class tribe. (The Obamas included: in 2007 alone they put \$240,000 in the 529 plans for their daughters.)

Americans have historically lauded education as the great equalizer, allowing individuals to determine their own path in life regardless of background. But if this was ever true, it certainly is not today. Postsecondary education in particular has become an “inequality machine.”¹⁶ As more ordinary people have earned college degrees, upper middle-class families have simply upped the ante. Postgraduate qualifications are now the key to maintaining upper middle-class status.¹⁷ The upper middle class gains most of its status not by exploiting others but by

exploiting its own skills. But when the income gap of one generation is converted into an opportunity gap for the next, economic inequality hardens into class stratification.

Even if the motives and means adopted by the affluent are entirely noble and fair (which, as we will see, they are sometimes not), the result is the reproduction of status over time. Class rigidities of this kind may blunt market dynamism by reducing the upward flow of talent and leaving human capital underutilized among the less fortunate. Market competition is not only essential for growth and prosperity; it also provides an opportunity for meritocratic social mobility, but only if there are fair chances to acquire the kind of merit that is being rewarded. Right now we have meritocracy without mobility.

We can't say we weren't warned. *The Rise of the Meritocracy*, Michael Young's 1958 book that coined the term, describes a dystopia in which "those who are judged to have merit of a certain kind harden into a new social class without room in it for others."¹⁸

THE UPPER MIDDLE CLASS ENGAGES IN UNFAIR OPPORTUNITY HOARDING

Not all upper middle-class advantage results from an open contest. We also engage in some opportunity hoarding, accessing valuable, finite opportunities by unfair means. This amounts to rigging the market in our favor.

When we hoard opportunities, we help our own children but hurt others by reducing their chances of securing those opportunities. Every college placement or internship that goes to one of our kids because of a legacy bias or personal connection is one less available to others. We may prefer not to dwell on the unfairness here, but that's simply a moral failing on our part.

Too many upper middle-class Americans still insist that their success, or the success of their children, stems entirely from brilliance and tenacity—“born on third base, thinking they hit a triple,” in football coach Barry Switzer’s vivid phrase.

Three opportunity hoarding mechanisms stand out in particular: exclusionary zoning in residential areas; unfair mechanisms influencing college admissions, including legacy preferences; and the informal allocation of internships. Each of these tilts the playing field in favor of upper middle-class children. Brink Lindsey and Steven Teles see these as evidence of a “captured economy.”¹⁹ Reihan Salam dubs it “incumbent protection.”²⁰ I call it a glass floor, which protects the upper middle class against the risk of downward mobility.

There is one point that I probably can’t stress enough: being an opportunity hoarder is not the same thing as being a good parent. Many of the things we do for our kids—reading stories, helping with homework, providing good food, supporting their sports and extracurricular activities—will equip them to be more successful in the world and increase their chances of remaining in the upper middle class. All of this is great, indeed, laudable. Much of what the upper middle class does ought to be emulated. The problem comes when we use our power to distort competition.

Opportunity hoarding is bad for society in the same way that commercial market rigging is bad for the economy. It is good that parents want the best for their kids, just as it is good that company directors want to make profits. But companies should make their profits by competing fairly in the marketplace. That’s why we stop them from forming cartels. In just the same way, we need to stop parents from rigging the market to benefit their own kids. Right now, the markets that shape opportunity, especially in housing and education, are rigged in our favor.

**PROGRESS IS POSSIBLE BUT ONLY IF THE UPPER MIDDLE
CLASS GIVES SOME STUFF UP**

There is much that can be done to equalize chances to acquire education and skills as well as to curb opportunity hoarding. I set out seven steps to close the class gap. The first four focus on equalizing human capital development so that the distribution of “market merit” is more even. Specifically, I propose reducing unintended pregnancy rates by expanding access to better contraception; narrowing the parenting gap by investing in home visiting; paying the best teachers to work in poorer schools; and making college funding more equal (including, yes, those 529 plans). The last three proposals are specifically aimed at reducing opportunity hoarding by curbing exclusionary zoning through fairer land use regulation; widening the doors into post-secondary education (entailing the abolition of legacy admissions); and opening up internships. Here the goal is largely to reduce anticompetitive behaviors, to make the contest itself a little fairer.

This is not intended to be a comprehensive list. My goal is to show that there is much that can be done if the political will and money can be found. There will be price tags attached to some of these policies. But the upper middle class can be asked to pay, and I show that we can easily afford to.

The problem is that many of these efforts are likely to run into the solid wall of upper middle-class resistance, even those that simply require a slightly higher tax bill. A change of heart is needed: a recognition of privilege among the upper middle class. That’s one reason I have written this book, in the hope that it can help to hold up a mirror. Some of us in the upper middle class already feel a degree of cognitive dissonance about the advantages we pile up for our own kids, compared to the truncated opportunities we know exist for others. We want our

children to do well, but also want to live in a fairer society. My friend and colleague E. J. Dionne put it to me this way: “I spend my weekdays decrying the problem of inequality, but then I spend my evenings and weekends adding to it.”

After describing the theme of this book to colleagues and friends, the conversation has often taken a confessional turn. A senior executive at a charitable foundation asked me to hold off publishing until he had secured a sought-after internship for his daughter at an organization his foundation funds. (I think he was joking.) A Brookings colleague has just gotten her third child into an Ivy League college by playing the legacy card. When the daughter of a liberal columnist failed to make it into a highly selective private school, he called a well-placed friend who called a family member who happens to run the school. Then she got in. Each of these individuals is thoughtful and liberal enough to know, at some level, their actions were morally wrong. In each case, their actions conferred an unfair advantage.

If more of us start to feel Dionne’s cognitive dissonance, some political space might open up for the kind of reforms I discuss at the end of this book. These make some demands of the upper middle class, not least when it comes to paying for them. The big question is whether we are willing to make some modest sacrifices in order to expand opportunities for others or whether, deep down, we would rather pull up the ladder.

As he put the final touches to a book, the historian James Truslow Adams was pleased with his idea for the title: *The American Dream*. But his publishers told him not to be silly. Americans were a practical people. They would never buy a book about a dream. (It was published in 1931 as *The Epic of America*.) But his phrase, nonetheless, jumped off the page and

into common use. The American dream, according to Adams, is “a dream of being able to grow to the fullest development as man and woman, unhampered by the barriers which had slowly been erected in older civilizations . . . for the benefit of classes rather than for the simple human being.”²¹

The American dream is not about superwealth or celebrity. The American dream is of a decent home in a pleasant neighborhood, good schools for our kids, a steadily rising income, and enough money put aside for an enjoyable retirement. It is about sustaining a strong family and seeing your children off to a good college.

The toxic politics generated by a populist upsurge, combined with a plutocratic political right, will not simply disappear like a wave on the sand. There are deep, class-based underlying inequalities. The challenge we face is not just one of politics, or of economics, but of both: of political economy. Many of our fellow citizens see the American dream as beyond their reach; but they can see us living it. The American dream is not dead; but it is being hoarded by those of us in the upper middle class. The question is: Will we share it?