

EPISODE 1448

[00:00:00]

FT: So Money is brought to you by CNET, the site that shows how to navigate change all around us. So Money episode 1448, the disappearing middle class with Alissa Quart, author of *Squeezed: Why Our Families Can't Afford America*.

*“**AQ:** There's a lack of solidarity across class lines. And when we can build that, we can see the sort of electoral power that can be mustered. I mean, I think that's bringing groups together, kind of not erasing the differences but showing the continuity. The continuity between somebody who has student loans for a for-profit college and someone who has student loans for graduate school, let's say.”*

[INTRO]

[00:01:20]

FT: Welcome to So Money, everybody. I'm Farnoosh Torabi. We are continuing to talk about the cost of living in America. Today, we're focusing on the middle class and why it's become a disappearing act. This is part of a series that we're doing on So Money, as well as on CNET Money. If you follow the link in our show notes, it'll take you to Priced Out, our expansive coverage of coping with the high cost of living in America. We have stories about dealing with a rising cost of prescription drugs, caring for aging relatives, having children, skyrocketing grocery prices, and much more. We're going to be adding to the series as the days go on. So make sure to bookmark that link.

Today, though, we're in conversation with Alissa Quart. She's the author of *Squeezed*, among many books. *Squeezed* is about why our families can't afford America. She's also the Executive Editor of the Economic Hardship Reporting Program. It's a nonprofit devoted to reporting on inequality. Alissa has a podcast series right now called Going for Broke. But we spend the bulk of our time talking about what has happened to the middle class, specifically the educated middle class, those of us who went to college, maybe even grad school, but struggling with

economic security. The middle class is kind of withering away, says Alissa, and becoming what she calls the middle precariat, people who may have made all the right choices but are just barely making it and are now extremely vulnerable.

She talks about how she herself experiences hardship as a freelance writer and a mother, how it impacted her family's savings, their financial outlook. She talks about the future and ideas for how this precarious situation can change with certain programs and policies. Here's Alissa Quart.

[INTERVIEW]

[00:03:05]

FT: Alissa Quart, welcome to So Money.

[00:03:08]

AQ: Great to meet you and be here.

[00:03:10]

FT: I'm really honored that you are on my show. You have written many, many books, some of them which touch on important principles, economic principles, financial principles. Today, we're going to talk about your theses around the middle class, the evolution of that term and category of people, as well as this myth and tragedy around the do-it-yourself ethos, which I know in personal finance, we can get really wrapped up in. Pull yourself up by your bootstraps. Just grit will save your life. There's a lot of theories around that you that you dispel in your next book.

But first, let's start with what's current and on your plate right now, which is a show, a public radio series called Going for Broke. I would love to give you the floor to talk a little bit about that, since that's really timely and really important.

[00:04:02]

AQ: Yeah. So Going for Broke is about how we can potentially put care into things that we don't usually think of is about care. Like the care economy tends to mean eldercare, daycare. But what if we put care into labor, into making sure that people felt cared for on the job and were allowed to actually love their work, not just as a we work euphemism but to have conditions where they enjoyed and felt value in their jobs? What would it be if we had housing for people, where they felt cared for by their nation, their society, their city? Spatial equality or spatial justice is the term that's used to describe that in the show, and we talk to people who've experienced homelessness at times.

So, yeah, it's three hours, where we're looking at all this stuff from experts and who have innovative ideas and also from people who are experts in their own lives, have lived through this, someone who has experienced homelessness and dated while homeless. He talks about this, somebody who housed a homeless couple in their home, so really human stories that make real the way people are struggling in this country.

[00:05:19]

FT: You're very interested in economic wellbeing of people. As a journalist, you've covered this as a storyteller but also telling your own story. Maybe we could start there a little bit and have you share the personal draw to this space of exploring the economic challenges that we have today and where they come from.

[00:05:39]

AQ: Yeah. So I think I'd probably start with this idea that we have with the middle class that goes back to the man in the gray flannel suit or 1950s America, of mobility, of working hard and getting what you deserve and climbing the class ladder. That's something that a lot of people believed in. Some people still do. But what I found when I was reporting my last book, *Squeezed: How Our Families Can't Afford America*, was that so many people have been left out of this equation, and they're not all the people you think. I mean, they include school teachers.

I spoke to a number of them who were driving Uber. After school and on weekends, they'd meet the parents of the kids they taught, while they were doing this second moonlighting job. Or accountants, librarians, professors who are on SNAP, who I went to the supermarket with while they were shopping, trying to eke out a meal for their child. Those are the kinds of stories that, to me, showed how a lot of mobility has been stymied in the last 40 years. I wanted to find out why and how we could help people have a different way to think about their own lives and stop blaming themselves for it.

[00:07:02]

FT: Yes. This is an economic hardship that was even true for you as a freelance writer, as a mother, and it impacted your savings, your financial outlook. How so? Maybe you could give us a little bit of an insight into your personal experience with all of this.

[00:07:17]

AQ: Yeah. So it's all a continuum, and that's true for sort of Ray Suarez, who is the host of the show, that I just worked on, who was a celebrity journalist and a great broadcaster, but then found himself unable to pay for his dental care, sort of up and down the class gradient. I would describe my husband and I, we're freelance reporters, as upper middle class, at least in terms of education and our self-conception, let's say.

But when we first had our kid 11 years ago, neither of us had health care that we didn't have to purchase. We didn't have secure jobs. We were contingent. We were going from assignment to assignment, and we suddenly realized that this was no longer going to work, this way of living. I felt the sort of precarity, which I wound up coming up with a term to describe that feeling and that condition.

I mean, I got this job, the job I have working with people who are in much harder straits than I was. But I think having that year of instability in particular really gave me a sense of what the stakes were that I feel them in my body. I feel them when I help people. I try to hook people up with funds and resources because it was something that our family had felt on a different scale than many of the people I'm working with.

[00:08:40]

FT: You call this sort of new middle class as the middle precariat. Can you define that for us?

[00:08:46]

AQ: So, yeah, the term the precariat is a combination of proletariat, that term that Karl Marx used to describe the working class, and precarious. So it's like precarious proletariat. But what I call the middle precariat is I'm trying to describe people who have capital of various kinds. They may have cultural capital. They went to college. They went to graduate school even. They might have worked in jobs for institutions people might consider even prestigious. But they're also very shaky economically. They're going from gig to gig.

One of the things that also happens with this economic shakiness is you lose the narrative of your life because you think there's a story of ascent or just a kind of orderly story, a personal story of your narrative, which was to happen to you. It gets interrupted when you no longer have work. This happened to people of my profession of journalists after 2008. But it's happened in the number of professions, a lot of different professions that thought that they were going to have security, and then people trained in them.

I mean, even technology, right? People trained in it, and then they had to retrain when they reached a certain age, and then they realized they had aged out of the market. So they're up and down the gradient. There's a lot of insecurity now around work, and middle precariat describe people towards the top of it. The gradient who, nonetheless, were having trouble finding jobs and finding that sense of calm and wellbeing and security.

[00:10:22]

FT: What do you think are some of the major reasons for why the middle class has become the sort of dwindling sector of our economy, and what are the reasons, the big reasons, the systemic issues are making it so that you have this precarious life, economically precarious life?

[00:10:42]

AQ: I think it's, obviously – Right now, it's inflation. But there's other elements too. There is the rising rents and the rising housing prices. Astronomically, in cities, there was the rise in the cost of education, doubling and tripling in 20 years, quadrupling in some cases from when I went to graduate school, and now 20 some years ago, and the cost is now probably like four times as much, and health care. So these are the big elements that make up middle precariat, that compose it.

But it's also the shrinking of professions like academic professions, things like graphic artists. There's a whole world of sort of like niche professions that are now far more kind of unstable than they were when I started out, librarians. I talk to accountants. You'd be surprised. I mean, some of it is that there's technology that has taken the place for some of these fields, and there hasn't been retraining for the professions. You have to go seek it out.

[00:11:49]

FT: Yeah. I mean, it's – Everything you're saying reminds me of when we see sort of these like surveys. They get a lot of media attention, like people making six figures living paycheck to paycheck, and there's a lot of confusion around that. Like how can that be? Well, I think you've made the case. But what do you want to remind people, as we look at – Just because you make a certain amount of money, right? It doesn't mean that you have economic security.

It sort of like goes back to the Biden student loan program, where they base the benefits partly on salary and income, and that is not a true reflection of someone's financial potential and capacity. So there is a lack of sympathy almost or empathy that is needed. I wonder like how do we flex that muscle? Because I think that's part of how we get to a solution is that we start to see these people as humans, who are really struggling not to any fault of their own and not labeling them by their income, categorizing them by income. I feel like there's something. There's like sort of a link missing there.

[00:12:52]

AQ: Yeah. I mean, I think it's because there's a natural built-in lack of solidarity in this country around money. We're told not to talk about it. People have a lot easier time talking about sex than money, and I argue things like being transparent. In *Squeezed*, I do, transparent about your income and your assets with your children and also try to explain where you're at with your – The parents in the schoolyard. If you need someone to help you pick up your kid because you can't afford a babysitter, it's good to explain why. I think there's a lot of shame around that. So that's part of it.

But then I also think there's a lack of solidarity across class lines. When we can build that, we can see this sort of electoral power that can be mustered. I mean, I think that's bringing groups together. Kind of not erasing the differences but showing the continuity between somebody who has student loans for a for-profit college and someone who has student loans for graduate school, let's say. I mean, I think that's really important.

One of the projects I did, it was a couple of years ago, was with someone named Astra Taylor, who does debt collective work on a pretty thrilling work that she's done around the student loans. I think it was part of what led to the student loan breakthrough. But we did a project on medical workers who had huge amounts of debts, like hundreds of thousands of dollars, and this was – They were now being called essential workers. These were people who probably make a fair amount. I mean, not – Some of them were respiratory therapists or health aides, but many of them were like doctors and nurses.

But if you have that much debt for your education, and you don't come from a family with resources, that is going to put you in a place that's not that different from people who are working poor because you're still trying – They are maybe trying to pay off their undergraduate, but this person is trying to pay off both their undergraduate and their medical school, right? So it shaved down whatever they would have to take home.

I thought that project – I can share it with you, and maybe you can even put it up. We had the medical workers pull up their debt numbers. It was pretty powerful, and we did a photo essay on it. Yeah.

[00:15:11]

FT: No. It's just the tragedy of you are going into a field to help people to be in service. It takes a lot of education and training. Then how do we reward these students? We saddle them with all of this debt. It just doesn't really make sense. So it begs the question, what sort of like social reforms or political reforms do you see are necessary to get us maybe back to a time when we could really have a truly robust middle class that could afford a house, could afford vacations and savings and investing?

I just read a statistic today that only less than half of Americans are investing in the stock market. So how do we get back to a place where middle class can actually build wealth?

[00:16:00]

AQ: Well, I mean, that's a complicated question. I mean, I think some of this has to do with kind of housing and having housing that's more affordable and putting rent control. Taking rent control apartments out of the hands of investors, where – I don't know if you've read about this. But in New York City, there's just thousands and thousands of apartments that are lying empty because it's forcing these landlords to rent – I forget if it's rent-controlled or rent-stabilized but probably both. Some of these apartments, they're not being let, and so these are opportunities that middle class people could be living in, right? That would be something that would be helpful. Like let's force these landlords to deoccupy, whatever the word is, their apartments and rent them out again and stop hoarding them.

I mean, I think on a – I've written a lot on something called worker coops and that sort of potential model to separate the ownership class from the worker class in this sense and that they're on the rise. There's more of them, and they exist for things like cut and sew factories and auto factories for like auto workers, repair factories, repair shops. Having the workers have a share of ownership, I think, is essential. Because one of the things that starts to happen, if we're talking about this huge differential, you have CEOs paid 399 times as much as a typical worker in 2021. You can say, "Oh, that's a distinction between so-called unskilled workers and people at the top." But I think it affects everybody to have that level of income inequality.

[00:17:55]

FT: Yeah. I've had a couple of guests on this show who, on the subject of like, say, racial inequality, right? They're not so convinced that we can level the playing field without really rethinking our political structure. That in a capitalist world, it is almost symptomatic that you're going to get to a place like this, where you have widening wealth gaps. You have injustice between certain classes. I just wonder, and this might be an existential question, but have you thought about like –

I just came back from France, and certainly they have their problems. But their education is free. Childcare is subsidized. Certainly, they have their issues, but the workers there really make sure to voice, and they go on strike quite frequently, more frequently than here. The power dynamic is very different, versus here with voters and our elected leaders. So I just wonder, politically, can we really make improvements with the current capitalist model that we have? So have you had any thoughts on this or had conversations with people on this?

[00:19:04]

AQ: No, of course. I mean, this is one of the things that I think about a lot. Obviously, I mean, I think if we're talking about things like affordable rent or health care being accessible, we had proposals for affordable health care, and they've been stymied, right? Maybe that we'll have another chance now, if we have control of the Senate for these kinds of things. Who knows?

But this is part of the inequality that we have. It's baked into our country, and a lot of it's about taxes too. So I was very thrilled to see it in Boston and Massachusetts there now. They passed the millionaire's tax just recently, but that's something that should be put in place.

In 1943, the top tax rate was 92% or something like that. There's no reason why we should be, again, exceeded by the past, which is something that wouldn't – Again, when we think about the middle class and mobility, I think it's so important. The '80s has like a 45 to 50 percent chance of exceeding their parents in terms of economic security, and someone born in the 1940s had like a 90% chance. So mobility has gone down. I mean, it's mirrored actually in the tax rate.

[00:20:34]

FT: How do you think younger generations are going to have to prepare for the future? I mean, what can they do in terms of trying to do better than their parents? That is part of the American dream, right? Or that is part of, I mean, daughter of immigrants. I mean, that was part of why they came here was to ensure that they can plant seeds for their kids to prosper and then so on and so forth. I had a lot of luck and a lot of opportunity given to me, and so I credit that. But I don't know. I have kids, and I just wonder. Any hope for them? Or how differently should they prepare for their future? I'm talking more about Gen Z, as they rise through their adult lives.

[00:21:21]

AQ: Well, you know, we have a radical influx right now. We have in a positive way. The Democratic Socialists of America have some of the greatest numbers they've had since they were founded, and we have good radical ideas like harm reduction or very kind of new sensitive ways of seeing mental health emerging and being mainstreamed. I think there are things to feel good about it, right? There's changed –

I mean, gay marriage. I know that we have a supreme court that's trying to sit back a lot of these things. But I think the attitude of the people, and we can see from Kansas, about reproductive justice, right? That there's been a social change, even in my lifetime, that I think we can feel like the world will turn back. I think tax reform is a hard one. But if you see how quickly some of these radical ideas have moved to the center, good radical ideas, again, and not like – The bad ones have too, like all right thinking. But I think we could potentially see a world in which billionaires paying their fair share in taxes would come to pass.

[00:22:41]

FT: It kind of brings us to your next book, which is this idea of not buying into this myth of do it yourself, pulling yourself up by your bootstraps. I think that the current generation, the youngest generation right now gets that. They know that things aren't just going to happen on their own, magically, when you work hard and apply yourself. Let's talk about *Bootstrapped: Liberating Ourselves from the American Dream*. What is the big message there that you want to unravel?

[00:23:08]

AQ: Well, sort of like *Squeezed*, and it's sort of like our organization, Economic Hardship Reporting Project, that I've run since for 10 years, and I used to run with Barbara Ehrenreich, who just passed away. But the thinking behind all these things is that there's a lot of shame and blame ladled at individuals, whereas many of the things that they're suffering from are structural. One of the ways to show that is by getting their voices out there, getting the voices of people who may have experienced eviction or homelessness. Get that out there into the public square.

One of my principles is also interviewing folks who've had some of these experiences and getting that into the mainstream media and sharing all these conversations out of shame and blame. The American dream, when it was kind of coined in 1931, was not actually a condemnatory dream. It was one that was more inclusive and less individualistic than the mutated version that runs through our society today. So part of my book is to reclaim it, honestly. Maybe I should have had some cheery title, some kind of more warm and fuzzy title like *Reclaiming the American Dream*.

But that's really what I'm trying to do in *Bootstrapped* because pulling ourselves up by our bootstraps, which is what it now is, that's when people now think the American dream is. We can do it. We do it on our own. It has not worked for almost anyone, and many of the people who are the icons of this, I'm thinking about the \$44 billion antihero, Elon Musk, he came from a wealthy South African family. If you look at most of these people, they had support. I mean, I think he disputed that they're emerald mines. It doesn't matter. He still came from wealth and this idea that he's a self-made man or that.

Many of these people were self-made men. Self-made people is pretty – I mean, if you look closely, which I did in *Bootstrapped*, you'll see that that's not the case. So, I mean, I look at Emerson. I look at Horatio Alger. I look at Laura Ingalls Wilder. They all had a lot of dependence and interdependence in their lives. I mean, Laura Ingalls Wilder's family, Pa – Remember Pa from *Little House on the Prairie*? He was completely dependent, the real Pa, on his neighbors. He was a terrible farmer. So I mean, just sort of almost cartoonish anecdotal level, each one of these figures of individual grit, it turns out they were part of a community that held them aloft. I

guess that's sort of what I want with all these projects. I want people to stop blaming themselves and to start seeing things clearly. I call it radical self-help.

[00:26:11]

FT: On the other side of the equation, though, Alissa, I think that for those who really buy into the theory, the thesis of like I made everything possible for myself. That's that famous like – Was it Snoop Dogg? He's like, "I like to thank myself." It's like that viral meme on Instagram. I mean, there's truth to that. But I think that people take it really personally when you say, "Well, no. You also like came from a rich family."

Or I think about when I was in high school, and I really struggled with the SATs. After I bombed it the first time, I begged my mother to send me to a tutor. She refused the first time, but she really saw how much help I needed and like put as much the pennies and dollars together to get me some help. Meanwhile, a friend down the street, her parents are donating to an Ivy League. She gets all the tutoring. She goes to a private school. Yes, she's brilliant and worked hard, and I think I said something to her that really offended her one day where I was like, "Well, things are different for you than they are for me." She's so offended. It almost broke up our friendship. We were young at the time, but she was like, "Well, I work hard, and that's it. I work for everything I get." I was like, "Well, your father's a rich guy too." I didn't say that.

But even as adults, it's hard to have these conversations with friends and others. I think that there's a defensiveness. People don't want to credit anything but their own hard work. I think that's a hurdle, I think. At the same time, we want to tell people that it's not your fault if you haven't achieved X, Y, and Z, even though you worked hard and all the things. Also, we need to give a message to those who did achieve all of those things and say, "Hey, start crediting your luck and where you came from and all the things. Like be a little bit more clear as to how you arrive to where you are because sometimes we just go from zero to success and don't give those finer details.

[00:28:01]

AQ: Yeah. I call it the art of interdependence in my book and because I think we think of dependence or even interdependence. We think of it as codependence, right? We think of it as sort of a shameful lack of resilience or something, that we need other people. But my argument is that it takes a lot of craft and skill to depend on people well. I mean, it takes a lot of craft and skill to get welfare. It takes – I mean, you have to wait in line for hours. You have to fill out tons of forms.

I mean, in our last season of our radio show, we had an episode on the administrative burden, which is the name for the kind of burden that people take on when they try to get unemployment money. The pandemic was filled with this for all of us, right? Remote schooling and unemployment money and health forms, right? There's a huge burden. I mean, the middle class version is like summer camp or whatever or scholarship for your FAFSA for your kids or for college, right.

But the working poor or the really quite poor version is to try to get Medicaid and SNAP, right? It takes craft and skill, and it takes craft and skill to get help with your business. It takes craft and skill to get help with your mental health and mental illness, right? So that's part of what I'm getting at in the book that I think we need to see dependence as being dependent in a healthy good way is very specialized.

Also, one thing, I learned this from a fellow journalist, Bob MacKinnon. He likes to have guests on his show thank the people who made them who they are. I went on his show, I don't know, a couple months ago, and I did just that, and it was a beautiful exercise. It was like a meditation or something. Like who would you like to thank and not in a gross – One of the things I hate about the academy word thanks is they're always two people's like agents, right? They're very instrumental. But this was like what is – Who is somebody that you'd like to thank for making you who you are?

I was thinking, yeah, my – I had a teacher **[inaudible 00:30:27]**, and it was the man who wrote *Angela's Ashes*, who became really famous late in life. But when he was a school teacher at Stuyvesant High School in New York, he was just a school teacher who kept telling the same stories from *Angela's Ashes* to his students and inspiring them. He wrote things on my papers

when I was 13, 14 years old, Frank McCourt, that sort of helped me become a writer. So I was like, “That person made me who I am.”

[00:31:02]

FT: Well, for me, it was definitely my English teacher, Mrs. Perchuk, whom I write read about in my forthcoming book, wow.

[00:31:08]

AQ: Oh, really? Cool.

[00:31:10]

FT: Such – I mean, I remember. I'll share this one little cute story where I was the new girl in high school, 10th grade, brand new. I didn't know anybody. I didn't know who was popular, who was on the lacrosse team, and who I should be nice to, and who I should be patient with. I remember in her English class, we were talking about a book. I don't know. I think it was like *Catcher in the Rye*, and we were having conversations about it. One of the classmates, a boy, said something that was really rude or whatever. I just said, “You're crazy.”

Then the next morning, she says, “Come to my desk, Farnoosh.” I said, “What?” She goes, “Yesterday, when you told so-and-so that he's crazy, that was brave.” I said, “What?” She was just, “Go back to your desk. That's it. That's all.” Almost like, “That's all.” She was really like aware of the risks that kids would take socially in school and would make sure you knew that when you were being brave or when you're stepping up to say something, to talk to like to challenge someone, to talk to someone, like she wanted to encourage that and she –

Because I didn't know this kid was popular. Basically, that's what I found out later, when I was like, “Oh, maybe I should have held my tongue because this could have been a social pitfall for me, but whatever.” Point is she saw things in us that we didn't recognize in ourselves, like a moment of bravery, and made sure to let us know and maybe have us figure it out for ourselves. But it stuck with me. I thought about it, and I was like, “How could I?” Now, as an adult, reflecting

on it, I'm like, "Oh, I get it." But just a small example of how a teacher can make a life's difference for you and change the lens through which you see things.

I want to end on talking about your poetry book about money called *Monetized*. Alissa, tell me, how is finance poetic?

[00:32:59]

AQ: Oh, wow. I think it's really quite beautiful in its way, and a lot of the book is sort of about monetizing. So it'd be about the role advertising plays in your self-image and slogans, and plays in women's self-image. So it's a little different than just straight up markets. But some of it is also like documentary poetry, which is this process I use, where I like report, interview people, and then turn it into poems. So it has sort of the voices of people. They're just sources or people I know speaking. Sort of I collage that together. So that's part of what *Monetized* is about. Yeah.

[00:33:49]

FT: Awesome. Well, you're so prolific, Alissa. We are so honored to have you on this show. I want to put all your links in our show notes for *Squeezed*, as well as *Bootstrapped* and your public radio series, *Going for Broke*. You are a gem, and thank you so much for spending time with us.

[00:34:07]

AQ: Oh, thank you. It's great to meet you.

[END OF INTERVIEW]

[00:34:12]

FT: Thank you so much to Alissa for joining us. Stay tuned for Friday's episode of Ask Farnoosh. You know what? I'm going to talk a little bit about the White Lotus in that episode. Make sure you are caught up on *The White Lotus*. I'm going to be talking about what I think of the ending,

what that show has been teaching me about money and class and power, so many things. Until then, I hope your day is So Money.

[END]