

POTTSTOWN CITIZENS FOR Enlightened LEADERSHIP

Middle class shrinking

The stock market hit record highs last week, which is great news for Americans who own stocks. According to a recent survey by the Federal Reserve, that's about half of us.

Considering Pottstown's low median income, it's doubtful many of us townies are stockholders.

Middle class prosperity boomed from the end of World War II through the 1970s. Household income doubled between 1950 and 1970 after accounting for inflation.

Since then, however, incomes have grown much more slowly, except for the rich.

A major reason for the decline of the middle class, and the rise of the elite class, is tax policy.

Starting with the Reagan administration in the 1980s, the top income tax rate has been halved to 37 percent, and the wealthy can treat much of their income as capital gains, with a top tax rate of 15 percent.

The federal minimum wage of \$7.25 hasn't been raised in a decade. That's a poverty-level income.

The decline of the middle class in Pottstown was hastened by the loss of manufacturing jobs beginning in the 1970s. A major factor in job loss was automation, which hit manufacturing employees particularly hard.

For example, Pottstown's Bethlehem Steel fabricating plant was the No. 1 source of good-paying jobs in the borough until 1975, when it closed with the loss of 1,000 jobs.

In 1960, the steel industry produced 99 million tons of steel with 577,000 workers. By 1990, it took only 208,000 workers to produce that same 99 million tons. The reason? Automation.

The loss of manufacturing jobs also meant a decline in union membership, from 20 percent of all wage workers in 1980 to less than 11 percent today.

But public sector unions are stronger than ever. One reason Pottstown School District and

Borough taxes keep rising every year is high wages and benefits. Government employees are among the 14 percent of all workers

whose pension plans still have guaranteed benefits, for example.

But the biggest reason for the decline of middle class residents in Pottstown is — they moved away!

The rise of the car culture enabled the middle class to segregate themselves in their own suburban communities in the townships. Low taxes, more space, no poor people.



Commentary by
Thomas Hylton

| 2018 | Median household income | Households in poverty |
|-------------------|-------------------------|-----------------------|
| Pottstown | \$49,377 | 19% |
| Montgomery County | \$88,166 | 6% |
| Pennsylvania | \$60,905 | 12.5% |



MIDDLE CLASS SHRINKS — The percentage of people in middle income families nationally has steadily declined over the last 50 years. The extremes of wealth and poverty have increased. The pandemic is likely to further diminish the size of the middle class.