

The Trouble With Class-Interest Populism

by Stephen Rose

It is an article of faith among many liberal Democratic partisans that a significant percentage of people who vote for Republicans are willfully voting against their own class interests. They are being suckered, the argument goes, by the Republicans' disingenuous appeals on issues of cultural morality and by simplistic calls for a less meddlesome government.

How else are we to explain the "Reagan Democrat" phenomenon that has flummoxed the Democratic Party for two and a half decades now? Author Thomas Frank popularized this argument in his bestselling 2004 book, *What's the Matter With Kansas?* He starkly portrayed much of the country as being in the grip of "madness and delusion," sketching a twisted political landscape:

"... of sturdy blue-collar patriots reciting the Pledge while they strangle their own life chances; of small farmers proudly voting themselves off the land; of devoted family men carefully seeing to it that their children will never be able to afford college or proper health care; of working-class guys in Midwestern cities cheering as they deliver up a landslide for a candidate whose policies will end their way of life."¹

At first, the syllogism at the heart of this argument seems to make a certain amount of sense: The Republican Party has traditionally been the party of capital and the Democratic Party has traditionally been the party of workers. Most people are workers. Therefore, the majority of voters should be Democrats.

Indeed, proponents of class-interest populism argue this amounts to a potentially decisive political advantage that Democrats are blithely ignoring on the misinformed advice of out-of-touch, inside-the-Beltway political consultants who encourage candidates to grovel cravenly for campaign cash from moneyed special interests. Moreover, say the populists, in the absence of a compelling economic message from Democrats, a biased news media is failing to report the true, nefarious impact of Republican policies.

The core argument in the liberal case for class-interest populism is deeply flawed in at

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“One person with a belief is a social power equal to ninety-nine who have only interests.”

—John Stuart Mill

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least two important respects. First, it has been well established in studies of voting behavior that people no longer choose candidates primarily on the basis of “pocketbook” issues, as they did when the New Deal coalition dominated national politics. Instead, now that the old working class has been subsumed into a broader middle class, voters tend to balance personal experience (such as the party identification of family and friends), a sense of self-interest (however defined), and a concern for society as a whole. Second, even if people did vote primarily on pocketbook issues, the group that could reasonably be categorized as having a clear, class-based interest in voting for Democratic policies would comprise less than one-quarter of the population. Authors like Thomas Frank have not noticed this because they tend to rely on isolated examples of workers’ economic misfortunes—*anecdotes*—rather than a serious analysis of actual economic and demographic data.²

To be sure, middle-income voters have a legitimate beef with Republican economic policies. The Bush tax cuts have been loaded in favor of the wealthy, shifting the relative tax burden to the broad, working

middle class. Over the last six years, wealthy Americans also have reaped a disproportionate share of the economy’s growth, while earnings for individuals in the middle have stagnated. Inflation is under control, but soaring health care premiums, out-of-pocket health costs, and rising college tuitions are eating up an increasing share of consumers’ disposable income. As companies react to fierce global competition by shedding health and pension costs, there has been a very real shift of economic risk to working Americans.

Democrats, of course, must speak to these worries. But they must recognize that today’s working Americans have a very different economic outlook than the blue-collar workers of yesteryear. Their outlook is more aspirational and less infused with class grievance or resentment. In the post-industrial economy, the great question is how government can equip workers with new tools for economic success, not how government can insulate them from the rigors of competition or restrain business power.

Yet, class-interest populists cling to an outdated concept of workers’ interests—a holdover from the New Deal-to-Great Society

era, when a large blue-collar class was fighting for a fair share of the industrial economy's rewards. Today, most people work in offices or high-end service jobs and they believe their economic interests are more closely aligned with the companies they work for.³

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Moreover, it is an occupational hazard of those with big hearts to overestimate the share of the population living in economic distress. That is easy to do with yearly income data because annual figures can be deceptive. Graduate students are likely to report very low incomes for a few years while they are in school, for example. But they should not be categorized with those in true economic distress, because their condition is only temporary. Workers who are not in school have fluctuating incomes, as well. It makes much more sense, therefore, to look at people's average earnings over a longer period, like 15 years. Analyzed that way, the data show that about 23 percent of the population can be categorized as having a direct personal interest in supporting the social safety net programs that most of the public strongly associates with the Democratic Party—programs that help people living in poverty or just a few rungs above it.⁴

Democrats may protest the suggestion that they only stand for social safety net programs for the poor; they may rightly argue that their whole social and economic platform is to the benefit of most Americans. But the hard truth is that most Americans simply don't perceive themselves to have class interests that strongly align them with one party or the other.⁵ That is, they don't believe that the direct, pocketbook benefits of either party's

policies are so overwhelming as to outweigh all other political considerations.

On a wide range of other issues, Democratic policies have unquestionably had a direct impact on workers' lives—the 40-hour week, overtime pay, and sick leave, to name a few—but most of those policies have long since become widely accepted. They go largely unchallenged even in Republican administrations, so the Democratic Party reaps little benefit for having championed them in the first place, even though it is still perceived to be the party of business regulation. The same is true for America's flagship retirement security programs, Social Security and Medicare. Both were originally Democratic policies, but like workplace standards, they have become such an integral part of the American social contract that voters do not definitively credit one political party for managing them better than the other. For example, even in the spring of 2005—when President Bush was energetically campaigning for a Social Security reform plan that the public overwhelmingly opposed—pollsters typically only found a 10 percent to 12 percent advantage for Democrats over Republicans on the generic question, “Who do you trust more to handle the issue of Social Security?” And that Democratic advantage never rose from a plurality to a clear majority, because a significant percentage of those polled invariably said they did not trust either party.⁶

To prove the fallacy of arguments like Thomas Frank's definitively, however, we must first establish a valid definition of class interests, and then use that definition to calculate a realistic estimate of the number of people for whom Democratic policies provide direct, unquestionable benefits.

Defining Class Interests

The vast majority of Americans consider themselves to be part of the middle class, with some adding the adjective “upper” or

“lower.” That includes a huge swath of the population—from people living just over the poverty line, to people with household incomes over \$150,000⁷—so it is obviously unreasonable to argue that the entire self-described middle class should perceive a clear class interest in voting Democratic. On the other hand, any class-interest definition of the voter group that clearly benefits from Democratic social policies should not be limited to people earning minimum wage, or people with household incomes below the poverty line.⁸ After all, the official poverty line—\$16,000 for a family of three—is widely considered to be ridiculously low; polls show that a majority of Americans think it takes an income of at least \$25,000 to \$35,000 to barely scrape by.⁹

So where, exactly, is the income level below which people should have a fundamental class interest in supporting Democratic policies? For starters, such a line can only exist if two things are true: First, the group’s common economic interests must indeed be “fundamental.” (The intellectual history of economic determinism is flawed, but it begins with the reasonable premise that economic policies are important, especially for people living hand-to-mouth. For them, policies that provide basic necessities like food and housing clearly serve fundamental interests.) Second, the group must benefit from a specific set of policies in a way that is obvious—because when the group shares fundamental interests, a majority will act on those shared interests in some minimal way, such as consistently voting for the political party that has earned the best reputation for championing its causes.¹⁰

In the Democratic Party’s case, the economic policies it is best known for tend to fall into two categories: *social safety net policies* that provide food, shelter, financial assistance, and services (especially medical services) for low-income people; and *policies that place public limits on private*

business power—changing terms of interaction between workers and their employers (by regulating safety standards, for example, or requiring medical leave benefits), and constraining activities that may be harmful to society (such as emitting harmful pollutants into the environment). A realistic estimate of the number of people with a direct class interest in Democratic policies should therefore focus on those two fronts.

Estimating the Number of People With Fundamental Class Interests In Voting Democratic

Beneficiaries of Safety Net Programs

Other than Social Security and Medicare, most social safety net programs are triggered by some bad event, such as the loss of a job, an illness, or a death in the family. Benefits are typically means tested to provide assistance to people with household incomes up to 185 percent of the poverty line.¹¹ For a family of three, that is slightly below \$30,000. (Assuming the family’s prime earner brings in \$25,000 of that total, his or her hourly wage would be approximately \$12—two and half times the minimum wage.)

Among the direct beneficiaries of these social safety net programs, there are of course regular and periodic users. In a 15-year analysis of household income data, regular users will have average incomes below \$30,000. Periodic users will have average incomes of \$40,000, or thereabouts, because in a 15-year period people usually experience several years during which their incomes are 25 percent below and 25 percent above their longer-term averages. Those with a 15-year average household income of \$40,000 will thus typically experience some period during which their

incomes dip to the \$30,000 range, making them eligible for public assistance.

Obviously, some people with 15-year average incomes above \$40,000 may also experience an odd year in which they utilize a safety net program. But the vast majority of usage is concentrated in those with long-run average incomes below \$40,000 a year.¹²

Other than the regular and periodic users of public assistance who constitute the programs' direct beneficiaries, there may also be a "spill-over" effect in which people with higher incomes perceive indirect benefits from the programs. For example, a family with a household income greater than \$40,000 may have one family member who would be positively effected by an increase in the minimum wage. Families with incomes in the \$40,000 to \$60,000 range may also view safety net programs like an insurance policy—especially if they experience the

trauma of a severe illness, the loss of a job, or a demotion that puts the family

closer to the eligibility line for public assistance.¹³

But there is no empirical evidence that clearly illustrates how—or even if—such a spill-over effect changes people's political preferences.

In any case, most researchers accept that long-term average income data are better indicators of individuals' standards of living than single-year data, which do not take fluctuating circumstances into account.

The 15-year analysis presented in Table 1 thus provides a sound basis for estimating the size of the population that should theoretically be aligned with the Democratic Party based only on standards of living (assuming for a moment that standard of living is the most important indicator of political preference).

Table 1
15-year Average Family Incomes,
1983-1998

(Adults 26-59 Years Old)

Incomes (2005 Dollars)	Total	Men	Women
\$30,000 or less	11	8	14
\$30,000 to \$40,000	12	11	13
\$40,000 to \$60,000	16	15	17
\$60,000 to \$85,000	30	33	28
\$85,000 or higher	30	33	28

Data Source: Panel Study on Income Dynamics (PSID)

The data, which come from the Panel Study on Income Dynamics (PSID),¹⁴ show that 23 percent of prime-age adults (26- to 59-year-olds) have 15-year average incomes of \$40,000 or less, making them likely beneficiaries of the social safety net programs that the public closely associates with the Democratic Party.

By contrast, if this analysis was based on the Current Population Survey data from a single year, and if it included the entire population rather than just prime-age adults—both common practices—it would show that almost 40 percent of adults have incomes under \$40,000.

This is a critical difference in political terms. One analysis lends credence to arguments for class-interest populism, and the other analysis undermines those arguments.

Beneficiaries of Strict Business Regulations

Estimating the number of people who should theoretically have a direct personal interest in supporting social safety net programs is easier than estimating the number of people who might be especially inclined to support regulations that curb corporate power. Clearly, though, an analysis of

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workers' interests must begin with an accurate, up-to-date breakdown of the U.S. workforce.

A popular perception of today's service economy is that the jobs it creates in greatest abundance are low-paying fast food and retail jobs. That is a distortion of the truth, however. The bigger stories in recent decades have been the growth of high-skill service and administrative jobs—and, more generally, the rising levels of education among most U.S. workers.

To illustrate the job trends in today's service economy, it is useful to divide employment figures into five groups of functional activities,¹⁵ as follows:

1. *Factory work*: manual jobs in factories, construction, utilities, transportation, and wholesale trade (not including front-office administration);
2. *Farming and extractive work*: primary production activities in agriculture, mining, and lumber industries;
3. *Low-skill service work*: personal and food services, and retail jobs;
4. *High-skill service work*: nonadministrative jobs in health care, education, and the arts; and
5. *Office work*: public and private administrative jobs, sales representative jobs (not sales clerks), and jobs in finance, insurance, and related business services.

The most striking thing in this breakdown of the workforce is the growth of high-skilled service and office jobs relative to low-skilled service and sales jobs. (See Table 2.)

As a share of all jobs in the economy, low-skilled service and sales jobs have actually declined a bit in the last 40 years. Meanwhile, the shares of high-skilled service jobs and office jobs have increased substantially. The office sector grew by nearly 11 percent from 34.3 percent to 45.1 percent of all workers.¹⁶ The other large increase was employment in high-skill service activities, which increased by 6.1 percent.

Table 2
Prime-age Employment by Type of Work
1959-2003

Sector	1959	2004	Change
Office Admin/Business Services	34.3	45.1	10.8
High-Skill Services	9.7	15.8	6.1
Low-Skill Sales/Service	17.7	14.7	(3.0)
Farm/Extractive Production	5.8	1.9	(3.9)
Factory and Related Production	32.5	22.5	(10.0)

Sources: 1960 Census, 2004 Current Population Survey

This trend has also coincided with an equally striking trend in the educational attainment of most U.S. workers: A few decades ago, factory workers, craftspeople, police officers, and workers in related fields did not necessarily need a high-school diploma; now, these workers are expected to have at least finished high school, and preferably a few years of college. Similarly, before 1970, insurance agents and low- to mid-level managers did not necessarily need bachelor's degrees; today, workers in the same fields have typically finished college, and have often had some postgraduate education, too.

To help illustrate this second trend, it is useful to break down employment figures into three groups of occupations, based on the typical educational attainment and average earnings of workers in those fields, as follows:¹⁷

1. *Elite Jobs*: high-paying managerial and professional positions that typically require at least a four-year degree, often an advanced degree; average pay in 2004 was \$78,600 for men and \$44,700 for women;¹⁸
2. *Good Jobs*: middle-class occupations that typically require some college education; these workers include supervisors, craftspeople, technicians, clerical workers, police, and firefighters;

average pay in 2004 was \$43,200 for men and \$28,600 for women;¹⁹ and

3. *Less-Skilled Jobs*: working-class occupations that typically do not require any post-secondary education; these workers include lower-paid machinery operators, salesclerks, service workers, and farm and nonfarm laborers; average pay in 2004 was \$29,300 for men and \$17,600 for women.²⁰

The striking thing here is that there has been a large increase in the share of elite jobs, with most of the offsetting loss coming from the share of less-skilled jobs. The share of “good jobs” declined only moderately. (See Table 3.)

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It may seem counterintuitive that the modern U.S. economy can function with so much administrative and service-oriented “over-head” activity. This is partly the consequence of steadily increasing productivity: fewer workers are required to produce our food and other consumer goods. And despite overwrought stories about downsizing and outsourcing, most college graduates today become part of the middle layers of corporate hierarchies—or they work for business service

companies that have corporations as their clients. These are the workers who fill downtown and highway-side office parks during the day and return to suburban homes at night—and it is they who increasingly symbolize the U.S. economy.

Categorizing employment data into functional areas, as in Table 2, shows that just 18 percent of male workers and 3 percent of female workers are part of the traditional “industrial proletariat”—i.e., manual workers in manufacturing companies. Even using a broader measure that includes skilled and unskilled blue-collar workers in transportation, utilities, wholesale, and manufacturing, the new industrial proletariat only includes 34 percent of male workers and 10 percent of female workers. In comparison, about 35 percent of men—and approximately the same percentage of women—have high-skilled managerial and professional jobs, primarily service and office jobs.

It is also true that 80 percent of U.S. workers are neither self-employed nor in management-level jobs, so they do not fully control their working conditions. On at least one level, then, they should theoretically be receptive to policies designed to provide extra workplace protections. Nonetheless, sociologists Jeff Manza and Clem Brooks have examined voters’ political affiliations on the basis of their professions, and found that upper-tier office workers showed a consistent preference for Republicans over Democrats in presidential elections from 1952 through 1992.²¹

The broad political trend appears to be that as the economy shifts from manual jobs to office and high-skill service jobs, the majority of workers are less likely to feel like victims of the economy and more likely to feel like beneficiaries of it. Instead of demanding specific workplace protections from government, they tend to put their faith in private-sector economic growth.

Table 3
Prime-age Employment by Quality of Job, 1959-2003

Quality of Job	1959	2004	Change
Elite Jobs	20.0	35.7	15.7
Good Jobs	41.8	38.9	(2.9)
Less-Skilled Jobs	38.2	25.4	(12.8)

Sources: 1960 Census, 2004 Current Population Survey

In 2002, Democratic pollster Mark Penn analyzed a block of voters he called “office park dads”—suburban men between the ages of 25 and 64, typically office workers.²² In Penn’s analysis, those voters gave congressional Democrats an 8 percent advantage over congressional Republicans on the populist theme of “making corporate executives play by the rules.” (This was in the same period that executives at Enron, WorldCom, and other high-profile companies were beginning to face intense public scrutiny because of corporate malfeasance.) But that Democratic advantage was more than outweighed by a 17-point Republican advantage on the issue of “getting the economy growing again.” Penn concluded that office park dads, as a group, are “entrepreneurially minded and oriented to economic opportunity.” As long as the economy is growing, they are presumably comfortable acting as free agents, looking out for their own interests.

Conclusion

A rigorous analysis of income and employment data clearly undermines the liberal argument that a majority of Americans should rightfully be aligned with the Democratic Party based on their economic interests. In fact, the group that could be categorized as having the strongest class-based interest in voting for Democratic policies comprises less than one-quarter of the population.

Once casual assumptions about people’s economic and political interests are dropped, another series of propositions also lose much of their cogency:

- ❑ People only vote for the other party because they are ill-informed;
- ❑ Politicians are willing to lose votes just to satisfy their donors; and
- ❑ Political consultants have blinded Democratic candidates to the obvious appeal of class-interest populism.

Abandoning these premises would actually be very good for Democrats, since they make the party vulnerable to charges of elitism. Moreover, easy answers afforded by an outdated view of a blue-collar world inhibit Democrats from developing imaginative new policies that might actually help the party build a new majority coalition.

This analysis is not meant to suggest that Democrats should abandon the interests of people in economic distress. On the contrary, the Democratic Party should continue to advance its proud tradition of expanding economic opportunity for everyone in society. Nor does it mean that Democrats should stop arguing in the coming election that the Bush administration’s economic policies have been stacked in favor of the wealthy at a time when the incomes of wealthy households are already rising substantially faster than the incomes of everyone else. What it does mean is that Democrats should modernize their policy agenda and political message based on a sound understanding of American society as it really is. The party must speak to the plain realities of middle-class aspiration in the 21st century.

The author wishes to acknowledge the comments of many people who have read drafts of this paper. The process started in July 2005, when an early draft appeared on Ruy Teixeira’s “Emerging Democratic Majority” weblog.²³ David Fasenfest and Christina Cerna offered detailed comments at various stages, and Rob Atkinson, Will Marshall, and Randolph Court added important material and editorial changes to this version. As always, the final responsibility lies with the author.

Endnotes

¹ Frank, Thomas, *What's the Matter with Kansas: How Conservatives Won the Heart of America*, Henry Holt and Company, 2004. Also see Reich, Robert, *Reason: Why Liberals Will Win the Battle for America*, Alfred Knopf, 2004; Lakoff, George, *Don't Think of an Elephant! Know Your Values and Frame the Debate*, Chelsea Green Publishing Company, 2004.

² Stonecash, Jeffrey, "Scaring the Democrats: What's the Matter with Thomas Frank's Arguments," *The Forum*, Vol. 3, 2005, Article 4, <http://www.bepress.com/forum/vol3/iss3/art4>. Stonecash shows how Frank used isolated cases to show that low-income voters have been crucial to the Republicans in Kansas, when in fact it is high-income areas that have provided the bulk of Republican victories in state legislative races.

³ Manza, Jeff and Clem Brooks, *Social Cleavages and Political Change: Voter Alignments and U.S. Party Coalitions*, Oxford University Press, 1999. In their own research, they do not find a declining significance of class on voting behavior, but their approach is based on relative, not absolute, differences. Therefore, as the whole electorate moves right, working class voters (narrowly defined) do so as well, but still vote more for Democrats relative to other classes.

⁴ By wide margins, the public associates the Democratic Party with social safety net programs for the truly needy. For example, in a February 2002 poll conducted for the Ripon Society by the Winston Group, a Republican polling firm, 63 percent of respondents associated the Democratic Party with the value of "ensuring that the truly needy are cared for—that we have a strong safety net for adequate food and housing." Just 22 percent of respondents associated that value with the Republican Party.

⁵ An October 14-15, 2003, Fox News/Opinion Dynamics poll asked, "Who do you think makes the most sense when talking about the economy—Democrats or Republicans?" Thirty-six percent of respondents picked Democrats, 33 percent picked Republicans, 15 percent said neither, 6 percent said both, and 10 percent were not sure. The divide among partisans was dramatic, though. Seventy-two percent of Democrats said Democrats make the most sense, and 70 percent of Republicans said Republicans make the most sense. Independents were evenly divided: 22 percent picked Democrats, 21 percent picked Republicans, 33 percent said neither, 10 percent said both, and 14 percent were not sure. The most recent Fox News/Opinion Dynamics poll, conducted February 7-8, 2006, asked which party would "do a better job" on the economy. Forty-five percent of respondents said Democrats, 36 percent said Republicans, 8 percent voluntarily said they would be the same, and 11 percent didn't know.

⁶ An Associated Press/IPSOS Public Affairs poll conducted May 2-4, 2005, asked, "Who do you trust more to handle the issue of Social Security?" Forty-eight percent of respondents picked Democrats, 36 percent picked Republicans, 15 percent voluntarily expressed a lack of confidence in either party, and 1 percent were not sure. A CNN/Gallup/USA Today poll conducted April 29 thru May 1, 2005, asked, "Who do you trust more to deal with the issue of Social Security retirement benefits—the Democratic Party or the Republican Party?" Forty-six percent of respondents picked the Democratic Party, 36 percent picked the Republican Party, 12 percent voluntarily expressed a lack of confidence in either party, 3 percent voluntarily expressed equal confidence in both parties, and 3 percent said they had no opinion. The same poll was conducted again June 24-26, 2005. This time, 47 percent picked the Democratic Party, 34 percent picked the Republican Party, 13 percent voluntarily said neither, 3 percent voluntarily said both, and 3 percent were not sure. A year earlier, during the 2004 presidential election, an NBC News/Wall Street Journal poll asked, "If Social Security needs to be reformed, which party do you think would do a better job?" A plurality (35 percent) picked the Democratic Party. But more respondents (41 percent) either said they thought both parties would do about the same job, or neither party would do a good job (26 percent, and 15 percent, respectively).

⁷ There is no accepted definition of what constitutes the boundaries of the middle class. The best single graphic presentation of the American income distribution is my graphical analysis, a new edition is due out next spring. (Rose, Stephen, J., *Social Stratification in the U.S.*, The New Press, 2000.)

⁸ Poverty data can be presented in different ways—to show the share of the population living below the poverty line at any one time, or the share living permanently below the poverty line, or the share that has ever experienced a "spell of poverty." For example, in a recent single year, nearly 12 percent of Americans had incomes below the poverty line, while over the previous 10 years the share of people with average incomes below the poverty line was half that size. Looking at the data another way, less than 3 percent of Americans had incomes below the poverty line for 10 straight years, while in the same period slightly over 25 percent of Americans reported incomes below the poverty line at least one year.

⁹ Bernstein, Jared, Chauna Brocht and Maggie Spade-Aguilar, *How Much is Enough*, Economic Policy Institute, 2000, <http://www.epinet.org/books/HowMuchIsEnoughFINAL.pdf>.

¹⁰ There is vast literature on this subject; the journal *American Politics Research* is devoted to scholarly research about voting behavior and theories. One review of the literature and approach to voting based on “low-information rationality” is Popkin, Samuel *The Reasoning Voter: Communication and Persuasion in Presidential Campaigns*, The University of Chicago Press, 1991. See also, Manza and Brooks, *op cit*.

¹¹ Individuals can receive payments from the Earned Income Tax Credit on incomes above this level. However, this credit is only available to families with two or more children, and the payments are quite modest when incomes are above \$30,000.

¹² For data on how people use benefits periodically, see Rose, Stephen J., *Long-Term Eligibility for the Earned Income Tax Credit*, National Commission for Employment Policy, 1995.

¹³ For data on how often demotions occur—that is, cases in which workers lose a job and have to take a lower-paying one—see Rose, Stephen, “Declining Family Incomes in the 1980s: New Evidence from Longitudinal Data,” *Challenge*, Nov-December, 1993, pgs. 29-36 and Rose, Stephen, “On Shaky Ground: Rising Fears about Incomes and Earnings,” National Commission for Employment Policy, 1994.

¹⁴ The Panel Study on Income Dynamics (PSID) is the longest and most comprehensive longitudinal data panel. In order to avoid low incomes at the beginning and end of careers, the analysis is limited to only prime-age adults (not younger than 26 years or older than 59 years at any time during this period). For a discussion of the methodology used in constructing the numbers in this study see Rose, Stephen and Heidi Hartmann, *Still a Man’s Labor Market: The Long-Term Gender Gap*, Institute for Women’s Policy Research, 2004. Several points, however, should be noted: First, the super-rich do not affect these data because of the maximum family income in any year is limited to \$200,000 in inflation-adjusted dollars. Second, since each individual household arrangement changes from year to year due to factors such as divorce, marriage, births, and children moving out, all yearly income levels are adjusted to a three-person household equivalent income. Third, this data set undercounts Hispanics. In research on wages using the PSID, the differences between PSID and other data sources (which do not have this Hispanic undercount) is small. Perhaps the shares of people at the bottom reported here should be increased by a couple of percentage points to adjust for the undercounting of Hispanics.

¹⁵ For a full definition of each of the sectors, see Carnevale, Anthony and Stephen Rose, *Education for What? The New Office Economy*, Educational Testing Service, 1998.

¹⁶ Because the pay of office workers is significantly above average, workers in this sector now receive slightly more than one-half of all pay in the economy.

¹⁷ The official government occupational codes seem to be hierarchical, but there are several important anomalies that need to be corrected if we are going to group occupations more consistently. For example, managers in retail outlets (including fast food restaurants) were reclassified as supervisors; stock brokers, real estate and insurance agents, and company-to-company sales representatives were separated from sales clerks and put with other professionals; and security guards were separated from police and put with other low-skill service workers.

¹⁸ Job titles in this group include: business managers, stock brokers, real estate and insurance agents, company sales representatives, accountants, doctors, lawyers, teachers, social workers, architects, engineers, system analysts, economists, biologists, and registered nurses.

¹⁹ Job titles in this group include: supervisors (including managers at fast-food restaurants), carpenters, electricians, machinists, medical technicians, police officers, firefighters, secretaries, dental technicians, and licensed practical nurses.

²⁰ Job titles in this group include: laborers, factory operatives, sales workers, personal and health care service workers, longshoremen, truck drivers, and farm hands.

²¹ Manza and Brooks, *op cit*.

²² Penn, Mark J., “...But Only With the Right Agenda,” *Blueprint* magazine, September/October 2002. <http://www.dlc.org>.

²³ Teixeira, Ruy, “Economic Interests and the Democratic Party,” *The Emerging Democratic Majority*, July 1, 2005, <http://www.emergingdemocraticmajorityweblog.com/donkeyrising/archives/001229.php>.

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