



THAT'S ALL I CAN STANDS – I CAN'T STANDS NO MORE! – An Incredible Example of a Poor “Expert Analysis”

Stephen L. Bakke – January 15, 2012

Like Popeye the Sailor often tried to say, “there’s a limit to how much of this I can take, and I have reached that limit!” If he’d had any hair he would have been pulling it out like I’m about to do! This is me – sort of!



I recently read a column at a website that is supposed to be giving financial insight and advice to its readers. That implies to me that the site gives balanced assessment to the readers without any agenda or intended partisan reaction by the reader. And any of its offerings shouldn’t be shallow and hollow in their content! Ever hear of [CNNMoney.com](#)? It describes itself as “A Service of CNN, Fortune and Money.” The article in question was authored by Tami Luhby and titled “Nearly One-Third of Middle Class Suffer Downward Mobility.” The article defines “middle class” as “those between the 30th and 70th income percentile. That sounds reasonable. I’ve seen other measures slightly wider and some slightly narrower, but I like this definition.

I will dispense with the detailed and nuanced measurements of income and various technical graphs which usually accompany this discussion. I will only introduce some facts to remember and then address some of this article’s “expert” remarks and related implications.

Facts, rules and assumptions:

- Middle class is defined as those households between the 30th and 70th income percentile.
- The size of the “middle class” remains unchanged under this, and similar, definitions.
- Recent decades have seen ALL income classes improve their economic status when measured against purchasing power and lifestyle. Some reports imply differently, but they are looking at a certain small percentage of individuals who have indeed gained more than others. (I dealt with the details of this in recent reports.)
- This size of the pie isn’t “fixed” – it has been expanding dramatically in recent decades – and it’s the size of the “slice of the pie” that counts for any class.
- The membership in specific economic classes is not static – in the past or the present. That means true class mobility exists.

Remember that in any analysis, different points of view, context of any premise, and mitigating features should be shown. If your intention is politically neutral, your presentation will include all of these characteristics and will promote people reaching independent conclusions. This article does no such thing! It is hollow and shallow to the max!

Point: Nearly one-third of the middle class suffers from downward mobility. **Counterpoint:** Tell me, is this new? It is not! There has always been significant movement between economic classes (refer to my recent reports on this topic). And if one-third moves out of the middle class, doesn't that naturally imply that an equal number of households move up into the middle class. I thought mobility is something no longer possible. This statement argues my point very effectively.

Point: Also, about one-third of Americans raised in middle class families dropped out as adults – and this occurred even before the recent recession hit. **Counterpoint:** Is this a new phenomenon? It is not! As I have demonstrated in prior reports, all income classes have significantly improved their “plight” over recent decades. It is also a demonstrable fact that young persons, having left the “nest,” often spend time in a lesser economic condition than when they were supported by their parents. Their former family often had “two incomes” and now they are a single income household to begin with. What is so strange about this statistic? Would we want it to be any differently? Don't we want our youth to earn their economic status? Mature/older adults have more income and/or wealth than the younger generation – that's a proven fact which is not new!

Point: Downward mobility has been more severe in the recent 3+ year recession. **Counterpoint:** Researchers say there's reason to believe this is the case. I can't argue with that. But it hasn't been proven at this point as far as I can find. But doesn't this mean upward mobility into the middle class has gone up as well?

Point: Those who are divorced, widowed or separated are more likely to fall out of the middle class, particularly if they are women. **Counterpoint:** Do tell! Once again, this is a phenomenon that goes back many years. Going from two incomes to one does reduce the household income. What else would one expect! There's no way to prevent this phenomenon other than outlawing separations, divorces, and death!

Point: Americans who don't attend college are more likely to slip out of the middle class. **Counterpoint:** I know a solution for that – it's called training and education! How is this surprising? Should one be ensured of economic status once achieved? If that were the case, what would happen to upward mobility? It would disappear! Remember that upward mobility is a worthy goal. This point argues my position very well.

Point: One's foothold on the middle class is more secure for white men than for black men. **Counterpoint:** This is a valid concern. That's why we need to look at the reasons for it, and not just bemoan the facts while providing no real solutions.

Point: Things have gotten worse in the last 3+ years. **Counterpoint:** I agree that this points to an issue that must be identified and dealt with. But, on the other side of the argument, if downward mobility has increased, doesn't that also mean (by this author's own definition of “middle class”)

that upward mobility has correspondingly increased? Let's look at these success stories and explain why they were the ones to move up! And deal with the facts, not the neurotic reactions!

Point: Unemployment has devastated the ranks of the middle class. **Counterpoint:** There is no question that the middle class has been hit hard by the recent recession. Their percentage of wealth or earning power "lost" is exceeded only by the upper class and lower classes. This is not good – for sure! Let's do the smart things to fix it (subject of future reports). Spreading a mentality of desperation will serve no purpose. There are things that can be done, and they don't include adding more and more "millstones" around our necks (also the subject of a prior report).

Point: A big part of the middle class loss of wealth is from reduced home values. **Counterpoint:** True! Profound disclosure, don't you think?! But what is the direction of a solution?

Point: Recovering from a huge drop in income is not easy (referring to a Pew report). **Counterpoint:** Brilliant! But please don't consider our circumstance as desperate. The stats they are looking at are from the the '90s – and I doubt if this logical conclusion has changed over time. What's the point of making that declaration?

Point: Entering one's career in a "down economy" has lifelong ramifications. **Counterpoint:** How can you argue with that? Haven't we been through this before? And remember the "middle class" will always be those households "between the 30th and 70th income percentile."

There are real economic issues facing the United States. There are very real unemployment problems which are not being dealt with effectively. And the housing/mortgage crisis has not been permitted to reach its inevitable conclusion. The burden of satisfying certain "voter constituents" has prevented Obama's administration from making real progress in dealing with this negative economic environment. Pointing at irrelevant "reasons" and encouraging persistent "woe is me," class envy handwringing, serves absolutely no productive purpose!.



Help me put a quick end to all of this



And they get paid for writing this stuff!

Good grief!