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## Downsized But Not Out

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A magical glow arises from the land. "Our economy is evolving," Labor Secretary Elaine Chao told CNN in September. "It's transitioning to a knowledge-based economy." Many liberals are dazzled by the light, imagining a new era in which poverty is curable by education and the highly educated know no limits. Those who go to college and work hard are set for life, while the clueless and the unprepared drift down into the working poor. Message to Americans in a competitive, globalized world: Sink or swim. It's up to you.

But wasted knowledge piles up all around us, along with the blighted lives of people who made "all the right choices," got their degrees and have either lost or never found their footing. There's the Atlanta-based IT marketing expert who has alternated between professional jobs and janitorial work, the laid-off chemical engineer who's spent time in shelters, the 50-ish Minneapolis cab driver who offers his business card along with the receipt, because he still harbors some dim hope of returning to a job as a media executive.

It's a largely hidden problem, this quiet erosion of the middle class. While the chronically poor have been highlighted by the living-wage movement, downwardly mobile members of the middle class get short shrift, even from people of conscience. True, the college educated are a relative elite, constituting 28 percent of the population and earning, on average, a lifetime total of \$1 million more than those who lack a degree. But the middle class has been roiled in recent years by what the economists call "income volatility," or sudden changes in fortune, usually caused by layoffs. The discarded shrink off in shame--after all, they must have done something wrong--and vanish from the unemployment statistics by going to Circuit City or Starbucks and taking whatever job they can get. To acknowledge their existence would be to admit that the "knowledge economy" is a delusion and to raise a rude finger in the face of the American dream.

For many, the trouble begins at commencement. Two-thirds of college graduates have borrowed heavily to pay for school, putting them nearly \$20,000 in the red, on average. At current interest rates of 6.8 percent for federal student loans, that amounts to a \$219

monthly payment for the next ten years. And those trying to buy more security with an advanced degree accumulate a combined student loan debt averaging a crippling \$45,900. Once established in a professional-level job, many college graduates are finding their salaries inadequate to the rising costs of healthcare, housing and energy, especially as benefits shrink: 21 percent of college graduates now have no health insurance, up from 17 percent five years ago. And in a corporate culture bent on cost cutting, few are ever really "established." Layoffs--*a k a* downsizings, right-sizings, smart-sizings and riffings--can strike at any time, as 14,000 white-collar Ford workers just discovered. Those who "land" again earn on average 17 percent less than they would have made had they not been laid off. Then once you hit 50, you're officially over the hill and unlikely to find re-employment at a middle-class level. As one middle-aged white-collar worker reported, "You know what they call a 50-year-old person in a large corporation? Fat!"

As Louis Uchitelle emphasizes in his recent book *The Disposable American*, this chipping away at the middle class carries a high cost in emotional, as well as financial, pain. The wife of a working teacher describes her family as "scared, desperate, depressed and isolated" because of their financial challenges. A victim of layoffs writes:

100 resumes sent in the last 6 months. No job. Have actually been unemployed for two years. Moved to new state to start over, about to roll over a cliff. To add to my woes I now doubt my ability to hold a job should I ever get one. I feel like I'm eroding. Once I was extremely adept, flexible, pro-active, etc., etc. Now I feel like sludge.

This is the new world of the middle class--haunted by debt, stalked by layoffs, pinched by vanishing pensions and health benefits, and forced into ever more contingent forms of work as "real" jobs give way to benefit-free contract work. Far from being on an elite perch in the "knowledge economy," the middle class hovers just inches above the working poor. Since the average household today has negative savings, meaning positive debt, a sudden job loss for whatever reason can dislodge a family overnight. The downward spiral is accelerated by companies' strange aversion to hiring the unemployed, who have unsightly "gaps" in their résumés. The jobless find themselves stigmatized by their condition, although they did nothing to incur it, as illustrated by the management consultant who advises corporate recruiters to avoid job fairs: "Who goes to job fairs? People without jobs! All you get are worthless résumés and lots of germs."

In fall 2005 a small group of us--writers, activists and union organizers--began to envision a national membership-based organization for college-educated workers. We got seed money from the Service Employees International Union, but we weren't building a union or even a part of one. Union membership is based on occupation and workplace, while we wanted an organization that could embrace people through bouts of unemployment and even changes of occupation--from marketer to janitor, for example. One model was the AARP, which offers services and advocacy to millions without regard to occupational status, only we aimed to be noisier and more grassroots. We spent much of this year recruiting organizers around the country and in September launched United Professionals--America's first broad-based organization for the white-collar unemployed, underemployed and anxiously employed.

What we do will depend in part on the priorities of our growing membership. But our agenda so far includes:

§ □ Real networking and community building. UP encourages people to get together (on the Net or in person), discuss local issues and share stories and tips. This function is particularly important because of the shame our culture attaches to unemployment and underemployment. People need to see that they are not alone in their predicament and did nothing to bring it on themselves.

§ □ Advocacy on national issues. The obvious ones are for universal (as opposed to employer-based) health insurance, a solid unemployment insurance system (unlike the current one, which covers only about a third of laid-off people), ways of tackling the individual and family debt crisis (fairness in lending, college loan reform) and, of course, a living wage in whatever job you happen to have.

§ □ Services. We are working with other groups, such as the National Employment Lawyers Association ([nela.org](http://nela.org)) and the Freelancers' Union ([freelancersunion.org](http://freelancersunion.org)), to be able to offer free legal advice and, eventually, affordable health insurance to our members.

We see UP as part of the broader movement for economic justice in America and a vital partner to ongoing crusades for a living wage and adequate benefits for the working poor. By focusing on the troubled middle class, we help make the point that poverty, far from being a matter of "bad choices" or character flaws, can happen to any of us. But the educated middle class has a special role to play: It's the core of any modern society, something the chronically poor can aspire to become part of. Without a viable middle class, we become a society ever more divided between the gated communities, on the one hand, and the trailer parks and tenements, on the other.

You are invited to go to <http://www.unitedprofessionals.org> and join us. The dues are low--a dime a day or \$36.50 a year--and the time investment as big or small as you have to offer. Right now, we need not only your dues but your skills--legal, organizational, Internet, writing, marketing, public speaking. If you're tired of watching your debts rise and your benefits and opportunities dwindle, join us in building UP and fighting back.