

A New
Contract
with the Middle Class

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A New Contract with the Middle Class

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Introduction

The U.S. is a middle-class nation. Since our nation's founding, the American Dream has always been based on an implicit understanding – a contract if you will – between individuals willing to work and contribute, and a society willing to support those in need and to break down the barriers in front of them.



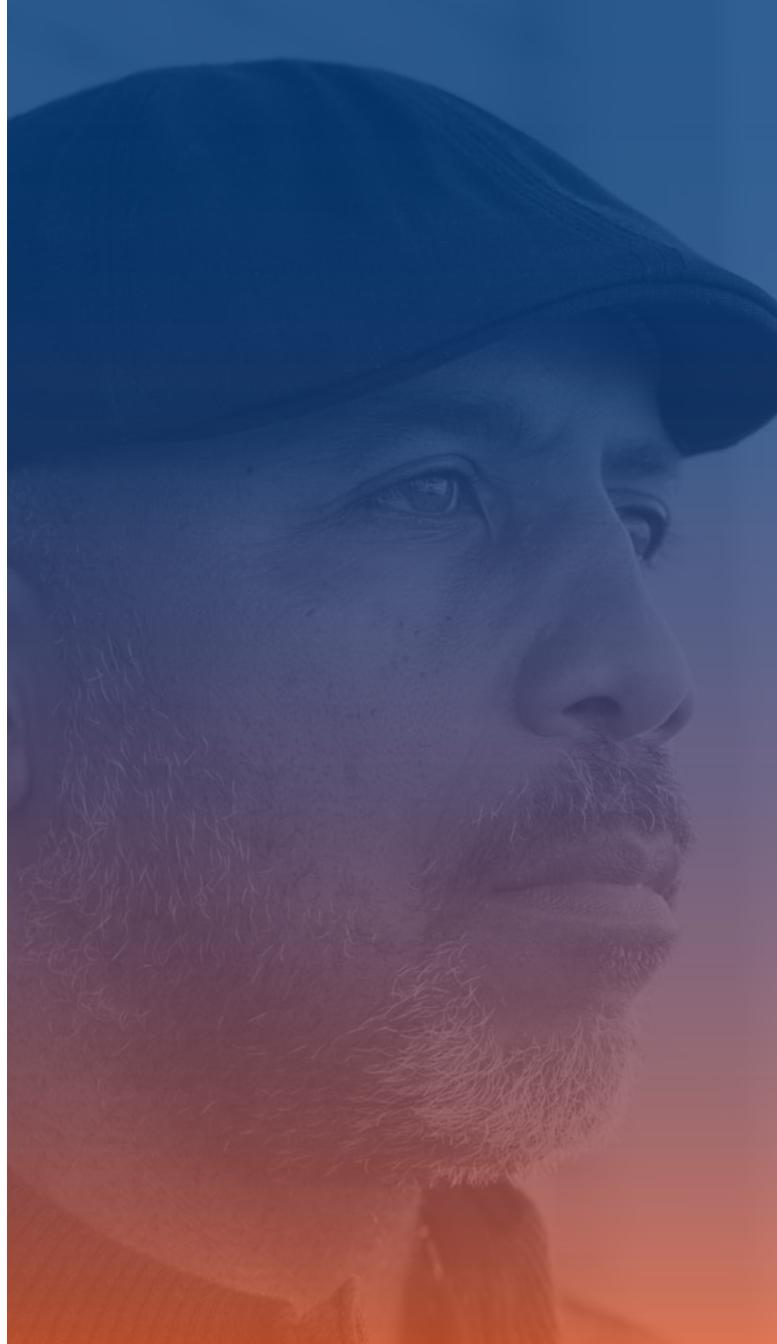


An aristocratic leisure class and a welfare-dependent underclass are equally unappealing to most Americans. This is why [most people say they belong to the middle class](#). It is also why [paid work is seen as so important](#). Americans – above all the newest among us, immigrants – want a society where everybody has the chance to “make something of themselves.”

Today, this contract is collapsing. [Middle class families are working harder, with too little to show for it](#). [Confidence in the prospects for the next generation is low](#). Trust in our [institutions](#), and [even in each other](#), is declining. The gaps between us are widening. Populism, fueled in part by middle class discontent, is [rising](#).

The COVID-19 pandemic has been like the flash of an X-ray, [exposing the deep fractures in our society](#) – not least by race, but also by social class and economic status. Well-educated professionals, secure in their jobs and safe in their homes, have been observers of the devastation all around them. Meanwhile, the fragile finances, poor health and precarious employment of middle-class Americans, including many essential workers, [have been laid bare](#).

A new contract with the middle class must be faithful to the spirit of our history but oriented





towards the challenges of today's economy and society. It should ask more of government as well as of Americans. A better future for the middle class is no longer just an important aspiration. It is an existential necessity.

Partnership, prevention, pluralism

Note that the new contract is *with* the middle class, not *for* the middle class. Middle class Americans are not inert vessels, waiting to be filled up with good things by a benign state. They want agency over their own lives. The first principle underpinning this contract, then, is partnership. College should be free (for at least two years), but only for those who undertake a year of national service: Scholarships for Service. Incomes should be higher, especially for those who are working. Health care should be better, but we each need to take more responsibility for our health, too. More time should be available to parents, but we should be willing to work until later ages.

The second principle is prevention. Too often public policy is focused on dealing with the costs and consequences of earlier failures – providing ambulances at the bottom of a cliff, rather than building fences at the top. It's far better to act early. This means investing in health rather than health care, for example by improving nutrition

or social services. It means universal access to reproductive health, especially the most effective forms of contraception, in order to give every child a strong start, ideally with two committed parents. It means providing childcare and working arrangements to prevent parents and (especially) mothers from losing ground in the labor market.

The third principle is pluralism. America is a large, varied, changing society. Individuals and communities differ, often greatly, in terms of what they want from life. This kaleidoscopic diversity is one of our greatest strengths. As far as possible, policy should embrace and even encourage a plurality of opinions, approaches, and goals. One size rarely fits all. National service ought to be a universal norm – but its form and organization will vary greatly. Our democratic processes should be inclusive of a wide range of voices – for example through “Citizen’s Juries” to guide policy. Families can come in all shapes and sizes and should be entitled to equal treatment. The ability to respect others, across lines of class, race, and politics, is a necessary skill in a diverse republic.

Who is middle class?

The central goal of our Future of the Middle Class Initiative at Brookings is to “improve the quality of



life of America's middle class." Some definitions are needed here. Who is middle class? As we've already said, most Americans define themselves that way. But we define the middle class as those in the middle 60% of the household income distribution – not poor, but not prosperous either. The average middle-class household has about [\\$70,000 in income after taxes and transfers](#). To be middle class, a household of three would have an income between [\\$40,000 and \\$154,000](#).

Many of the policies we argue for here will help a broader swath of American society – but the overall package is designed to help the middle class the most. We were particularly concerned not to promote policies that could worsen the position of those in the bottom fifth of the distribution. The goal was to help the middle class without hurting the poor. We also focus largely on working-age adults. This should not be read as a lack of concern for either children or older people. In both cases there is an urgent need for policy reforms. But since most children are raised by working-age adults, and almost all retirees are former workers, the working-age years are the critical ones in terms of family life and preparing for retirement.

One final matter of definition needs to be addressed. The term "middle class" (or "working class," for that matter) is often used as a [racially-](#)

[coded, exclusionary term, with an implicit prefix: white](#). This is ethically wrong and empirically false. The middle class, by our definition, is diverse: 59 percent white, 12 percent Black, 18 percent Hispanic, and 6 percent Asian. Within a few decades, whites will make up the [minority of middle-class families](#). It is especially important to acknowledge, then, that middle-class Americans of color face additional challenges in the achievement of many of the goals set out here.

Foundations of a good life

What makes for a "good quality of life?" Since everyone is different, there is no single formula for a good life – that's the beauty of pluralism. But it seems clear, not least from the extensive research that has been conducted on self-evaluated well-being, that there are five core ingredients for a good quality of life that are held in common:

- **Money.** A decent, steady flow of income helps families pay their bills and go about their daily lives. Some money put aside – wealth – can help them out in tough times, allow for some investments in their children's future, and [provide some peace of mind](#). [Over the last few decades, middle class incomes, after taxes and benefits, have grown half as](#)



Foundations



OF A GOOD LIFE

Money

Health

Time

Respect

Relationships



[fast as for both the rich and poor.](#)

- **Time.** We need time for well-being, for rest, for relationships, and for the pursuit of our personal passions and interests. That is why people who spend their money in ways that [save time](#) [are typically happier than those who spend it on goods](#). Since 1975 middle class couples have increased their joint working hours by two and half months.
- **Relationships.** Having good relationships is, for most people, the most important ingredient of a good quality of life. As Martin Seligman, professor of psychology at the University of Pennsylvania puts it, "[while relationships are not everything, they are almost everything.](#)" But family instability is rising, and community ties are weakening.
- **Health.** The 2020 pandemic has been a vivid and even brutal reminder that health is an essential ingredient of a good quality of life. Good physical and mental health has been shown repeatedly to be [closely associated with measures of subjective well-being](#). The U.S. has some [concerning trends](#) regarding the mental health of its citizens.
- **Respect.** Evidence suggests that being treated with respect [matters for](#)

[our well-being](#). Respect is owed not just to people with whom we have a personal relationship, but to all those we encounter, and indeed to the members of our community more broadly. A lack of respect has led to polarization and discrimination – which have become embedded in institutions and systems.

The importance of these five dimensions was underlined and brought to life by middle-class Americans themselves, in our American Middle Class Hopes and Anxieties Study – a series of focus groups and individual interviews undertaken by our team in 2019 and 2020 in five locations across the United States: Las Vegas, NV; Wichita, KS; Houston, TX; Prince George's County, MD; and Central Pennsylvania. We have included some quotes from participants in this contract. The full results of this work will be available in forthcoming papers.

New policies, new contract

A good life cannot be delivered, neatly packaged, by the government. The quality of our lives is to a large extent in our own hands – and most of us like it that way. The actions of individuals, communities, and institutions are, in many cases, much more important than public policy. This is a feature of liberal societies, rather than a fault.



But it is also nigh impossible to create a good life in a hostile, dog-eat-dog society. [Capitalism is the right way to organize an economy, but not a good way to organize a society.](#) All that said, there are also many goals that can and should be pursued through state action. Our view is that in recent years, too little has been asked of government, not too much.

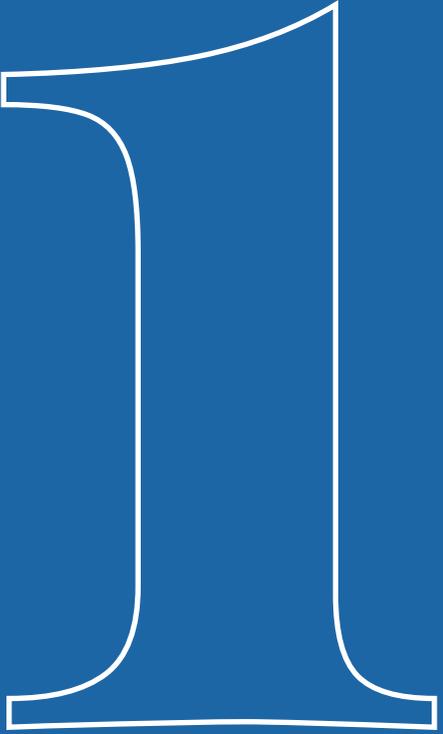
Some signature policies included in our proposed new contract with the middle class are:

- Eliminating income tax for most middle-class families to reward work and reduce inequality
- Scholarships for Service: tuition-free college for national service volunteers to raise skills and strengthen civic society
- Twenty days of guaranteed paid leave per year for all workers to lessen the time squeeze
- Universal access to effective, no-cost family planning to strengthen families
- A national tax on sugary drinks to prevent obesity and improve health

In addition, we support a higher minimum wage, more profit sharing, aligning school hours to working hours, fair scheduling protection, more

assistance for nonprofits and local governments, high schoolers attending the naturalization ceremonies of immigrants, Citizens Juries to inform policymaking, a lifelong learning account, universal free school lunches, and free effective therapy for all. Our aim in these pages is to argue for and briefly sketch these and other ideas, not to provide all the policy details; we have provided many references for those who wish to learn more. It is also worth noting that while our goal here was not to reduce the budget deficit, we have been careful not to add to it, either.

As scholars who have worked for a long time on issues of class and inequality, we admit to being worried about the state of our nation. But we are optimistic, too. Perhaps this seems Panglossian given the circumstances in which we write. The brokenness of our society is more visible than ever. But so too, we believe, are the prospects for serious reform. The case for a new contract with the middle class has never been stronger. For once it is not hyperbole to ask: If not now, when?

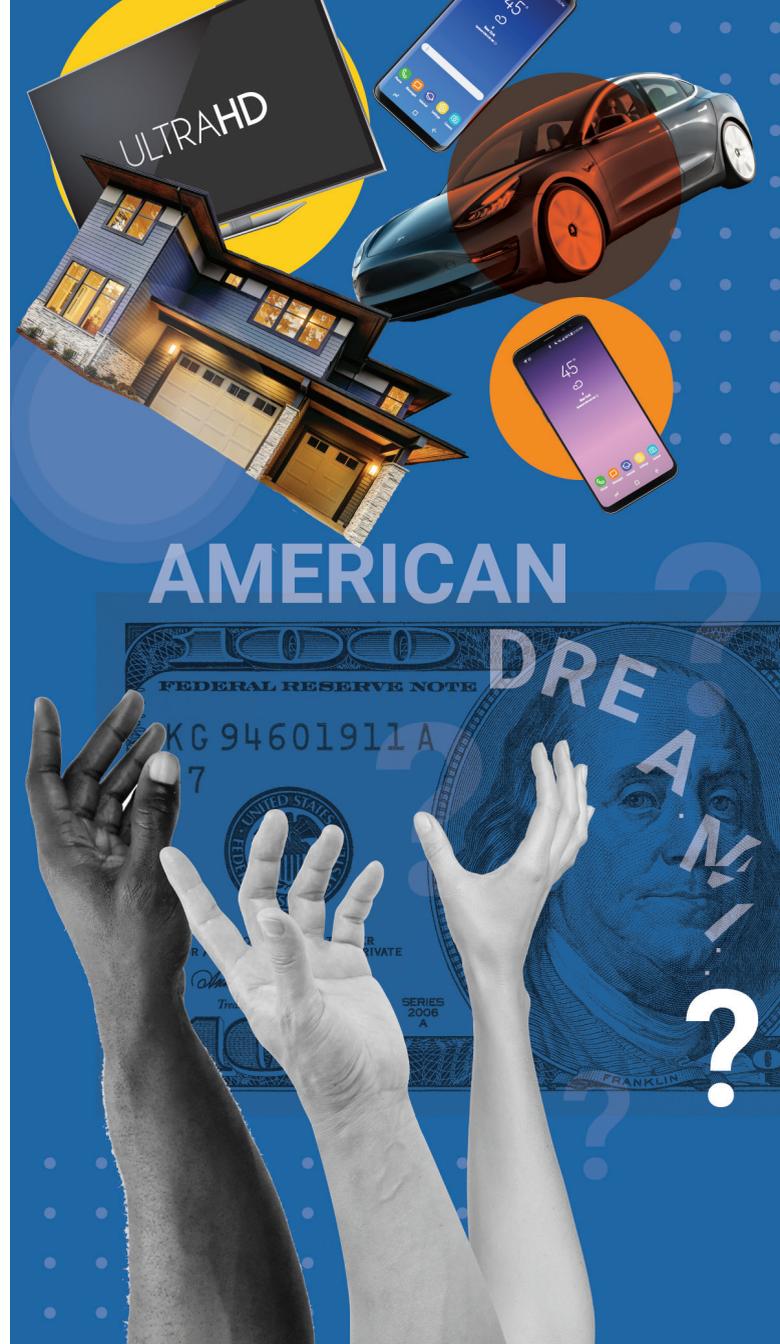


Money

Money

Money matters. It can't buy you love, but it can buy you food and shelter and clothes and entertainment and health care. Quality of life is not simply a product of quantity of money; but it is foolish to deny there is a connection.

A strong middle class, then, is one that is prospering economically. As nations grow richer, those riches should be broadly shared. This is the financial clause of the contract with the middle class. It is not being honored. American middle-class families both need — and deserve — more money.



01 Middle Class Income Falling Behind

Average cumulative growth in income after transfers and taxes



Source: Authors' calculations. CBO Distribution of Household Income. Data for all households shown here; trends are broadly similar for working-age households.



02 Sluggish wage growth in the middle

Middle class falling behind

The middle class has experienced much slower income growth than both the affluent (who have seen [rising wages](#)) and the poor (who have been helped by an [expanded safety net](#)). The household incomes in the middle 60 percent of the distribution have [grown only about half as fast](#) as those in the bottom and top 20 percent, once taxes and transfers are taken into account (Figure 1).

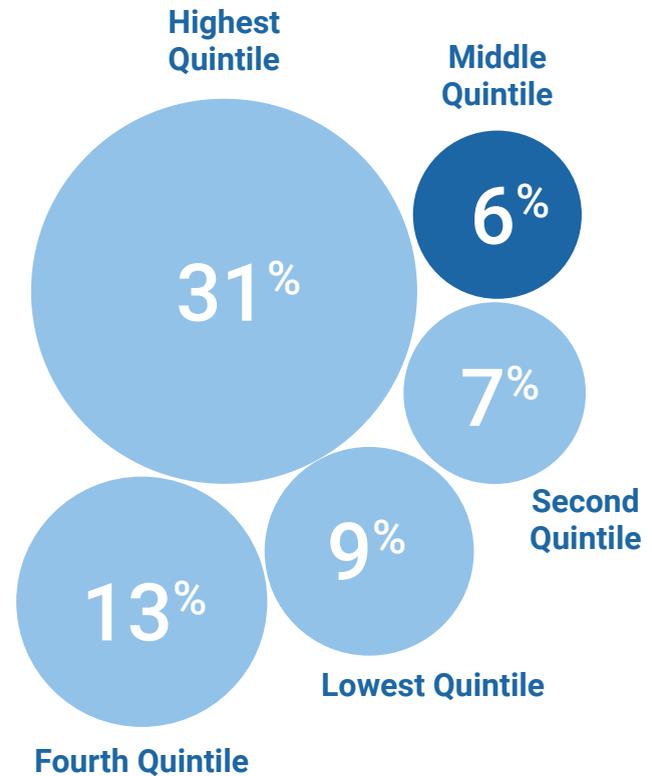
When money is tight, it is harder to build wealth. The median middle-class family has [\\$4,000 in liquid wealth](#) and [\\$87,000 of total wealth](#), compared to \$31,000 and \$807,000 for top-quintile families. Wealth inequity is growing even faster [than income](#).

So what has gone wrong? Why have middle-class incomes grown so slowly?

Slow wage growth

Wages are the [main source of income for middle-class families](#) – more so than for the affluent, who get some of their income from capital, or for the poor, who receive a much higher share of their income from government transfers. But wage growth in the middle and bottom of the earnings distribution has been sluggish in recent decades (Figure 2).

Percent change 1979-2019



Source: Authors' analysis of CPS ORG data retrieved from CEPR.
Note: Percent change from 1979-2019 in median wage for each wage quintile. Restricted to workers ages 25-54; adjusted to 2019 dollars using CPI-U-RS



Even as wages picked up among the poor and the well-off in the recovery from the Great Recession, [growth rates were much lower for middle-class workers](#) – and that was before COVID-19 [cratered the economy](#). Importantly, the modest income growth of middle-class families is almost entirely due to [the rise of working hours and especially the wages of women](#). This is one reason we argue so strongly, especially in the next chapter, that family policy and economic policy must now go hand in hand. And because the number of middle-class families that can add another earner is [now decreasing](#), this route to higher income is closing fast.

The brute fact is that the transmission mechanism between economic growth and wage growth is breaking down. For decades, the U.S. labor market has failed to deliver enough money to middle-class households. Why? Why, for so many middle-class Americans has “economic growth become a spectator sport?” as the economist Jared Bernstein [memorably put it](#).

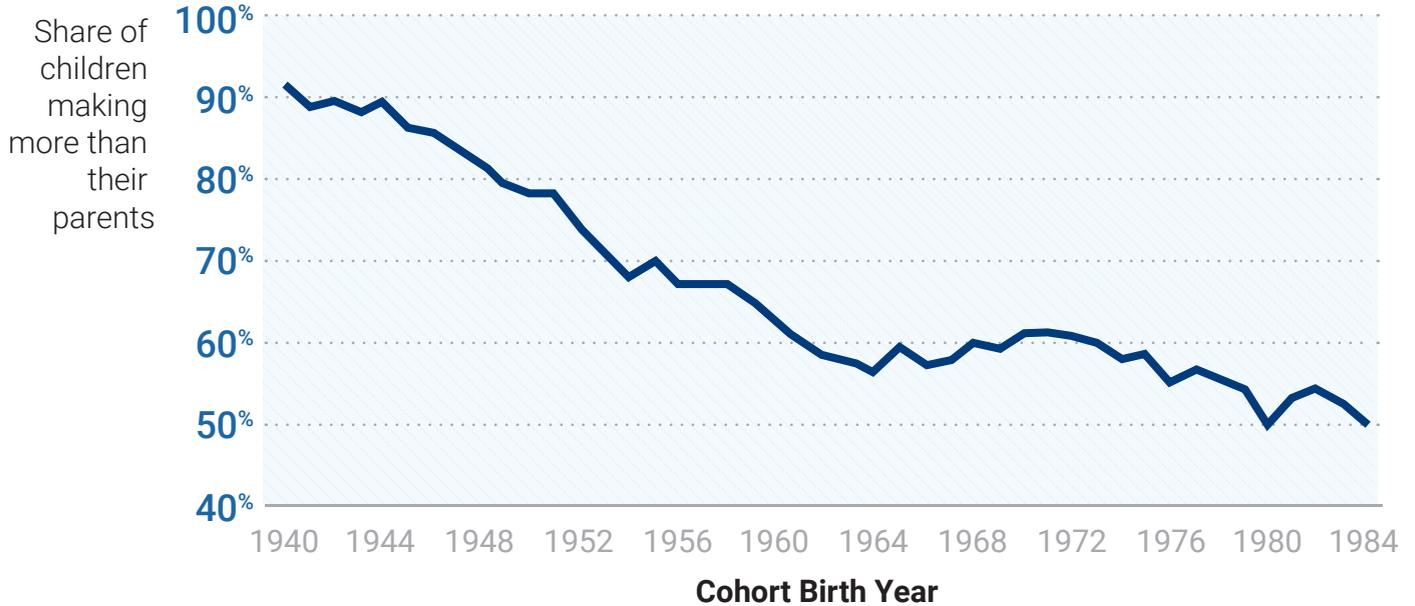
The one-word answer from economists used to be “productivity.” The more workers can produce, the more they’ll get paid. Getting higher wages, then, means raising productivity by increasing skills. This is all true as far as it goes. And it is a good reason to invest heavily in education, as we’ll argue below. But it doesn’t go far enough.

The big story here is not just productivity. It is power.

As Michael Strain, director of economic policy studies at the American Enterprise Institute, [writes](#), “it is most useful to think of wages as being determined by a combination of competitive market forces, bargaining power, and institutions.” That is right, but we haven’t focused enough on the power side of the equation. [Economic power has become more concentrated and worker power has diminished](#). Workers are getting a smaller share of economic output, down to [58 percent from 66 percent in 1960](#). [Just one-in-20 workers](#) in the U.S. private sector are members of a union, down from its high of [over one third in the 1950s](#).

Many other factors are also impacting power, wages, and work, including [automation, especially AI; trade flows](#), particularly from China; greater concentration of economic activity in [fewer firms](#); and the [geographical clustering](#) of good jobs in certain urban areas, combined with [declining worker mobility](#). But the shift in the power dynamics in the economy, above all from labor to capital, is the [main reason](#) for the sluggish growth in the paychecks of middle-class workers.

03 The Fading American Dream



Source: Chetty, R. et al. (2017), "The fading American dream: Trends in absolute income mobility since 1940"

**You got to
put in more
work to be
able to take
care of your
family.**

**Father
Prince George's
County, MD**

Money

Middle-class prosperity must be based primarily on rewarding work. Americans value work [far more](#) than people in many other countries. Work is, of course, a means to an end – more income. But it is more than that. It is also a source of identity, self-respect, connection to others and sense of purpose. It is also essential to a well-functioning society. The pandemic revealed how much we depend on the workers who produce our food, deliver packages, care for the elderly, and clean our schools, offices, and hospitals.

Less upward mobility

Part of the American contract is that each generation will rise on the shoulders of the one before. But this promise is not being fulfilled. [Nine-in-ten Americans born in 1940 ended up richer than their parents; for those born in the 1980's, the number is 50 percent.](#) About a third of the mobility drop can be explained by slower growth, but [the rest is the result of rising inequality.](#) People have noticed. Only about [one in three U.S. citizens](#) believe today's children will be better off than their parents (and this was before COVID-19).

Mobility during the working years has dropped, too. The chances of a middle-class earner (in deciles four through seven of the distribution) moving up to the top fifth of the earnings ladder,



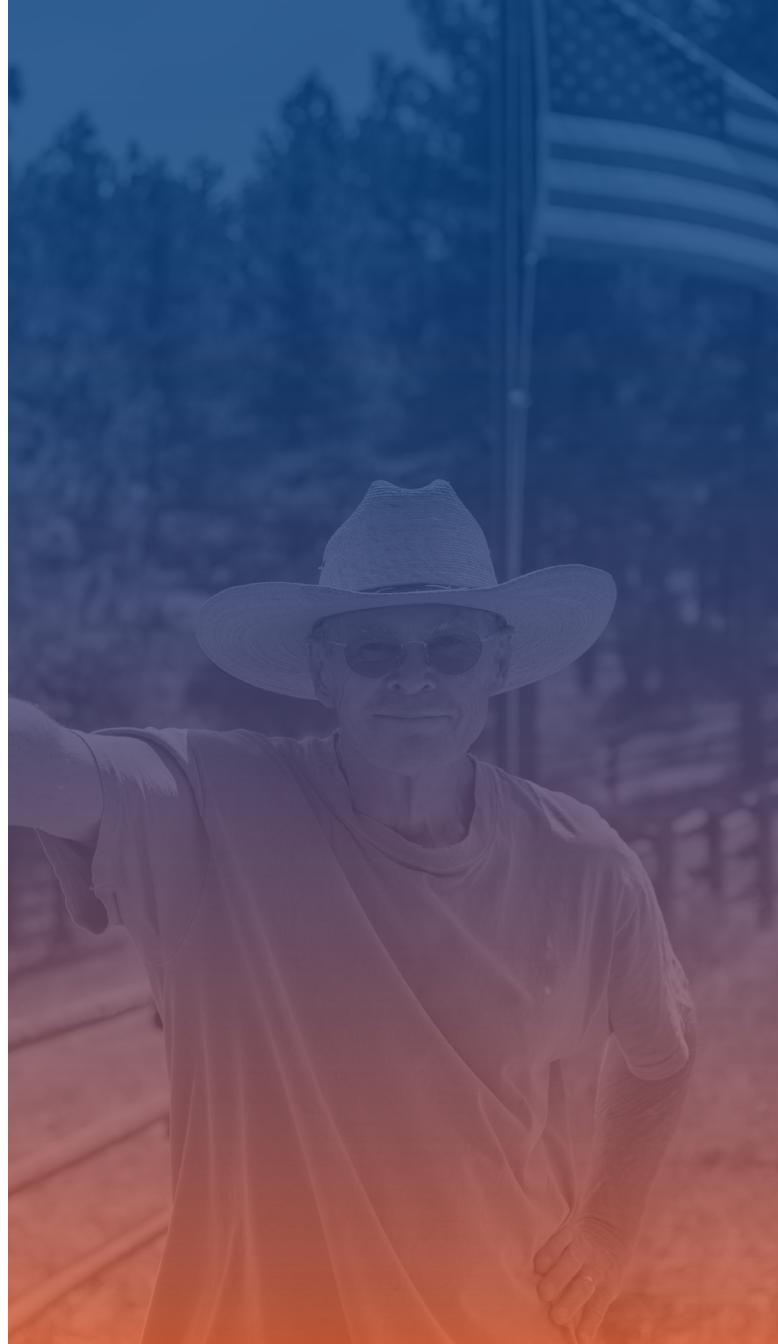
over a 15-year period, has [dropped by 20 percent since the early 1980s](#).

So: in recent decades, the American middle class has experienced slow income growth, near-stagnant wage increases, and declining odds of upward mobility. Inequality is not a feeling; it is a fact. To help repair the economic contract with the middle class, we propose two major reforms: eliminating income tax for most of the middle class and providing two years of free public college.

Cut income tax for middle class

Given the economic trends described above, the middle class deserves a tax cut. We propose eliminating income tax by raising the standard deduction for most middle-class families — specifically, any married couple making less than \$100,000 a year or any single person making less than \$50,000. This is an average tax cut of around \$1,600 for middle-class families. It would also mean that for most Americans, “April 15 would be just another spring day,” as Columbia law professor, [Michael Graetz](#) puts it.

To be clear, this is not because we think taxes are a bad thing. Quite the opposite. Taxes are good. They provide the resources for public goods to help those most in need and to invest





in the future. Income tax accounts for [about half of federal revenue](#). But some taxes are better than others. The burden should be shared fairly, and beneficial behaviors rewarded. A tax on the highest income earners is appropriate because money is increasingly concentrated at the top. Taxing capital, consumption, and carbon is appropriate if the goals are to reward work, promote saving, and protect the environment. Drawing on the work of our Brookings colleagues, especially William Gale and Adele Morris, we propose new or higher taxes on:

- **Capital.** [Capital is lightly taxed in the U.S.](#) compared to earned income. This is backward. Instead of hitting work, we should aim to tax wealth. Unfortunately, direct wealth taxes are tough to administer; it is far simpler to [eliminate step-up basis at death](#) and [expand the estate tax](#). These two measures would [raise around](#) \$135 billion a year. We also favor [raising the corporate tax to 25 percent, expensing investment \(to encourage growth\) and eliminating corporate interest deductions \(to put debt and equity financing on a level playing field\)](#).
- **Consumption.** We support a value-added tax (VAT) of 10 percent, about [half the](#)

I'm hoping that now that my youngest is in first grade, I can start getting more work and have more financial stability.

Man
Lebanon, PA

[average rate](#) in other OECD nations. With a rebate, a VAT would be mildly progressive and still raise around [\\$240 billion a year](#).

- **Carbon.** The U.S. response to the climate crisis was weak before 2016; since then, at least at the federal level, it has been nonexistent. The obvious policy move here is a carbon tax, which would marshal market incentives to environmental ends. A [carbon tax](#) starting at \$25 a ton could raise around \$110 billion a year and cut emissions to about a quarter below 2005 levels.

We also propose eliminating many tax deductions — including those for mortgage interest and state and local taxes (SALT), which are [highly regressive](#). They make the whole system unnecessarily complicated, too - and therefore onerous and time consuming for individuals. A much higher standard deduction would make most of these tax preferences moot for the middle class, who will almost always be better off taking the standard deduction; which makes the case for eliminating them entirely even stronger. The [deduction for business pass-through income](#) should also be eliminated. Not only is it [highly regressive](#), but it creates opportunities for [tax avoidance](#).

The tax proposals in this chapter are designed not simply to be self-financing (revenue neutral) but to provide [sufficient additional revenue](#) to pay for other items in this contract. While the deficit is too big, reducing it needs to [wait until the economy is in much stronger shape](#).

In short, we are proposing that the U.S. tax code be reformed and re-founded on clear principles of fiscal prudence and fairness, with the goal of rewarding work and improving the environment, but also meeting the specific needs of the middle class. In addition, a new pro-work contract with the middle class should include the following:

- A [\\$12 per hour federal minimum wage floor](#), but with higher rates in many areas
- [Worker tax credits](#) for the bottom half of wage earners, administered through an offset to their payroll taxes
- [Tax incentives](#) for corporations to train their workers and share profits broadly
- [Labor law reform and workers' councils](#) to strengthen employee engagement and bargaining power
- Adequate [fiscal](#) and [monetary](#) stimulus to create and maintain full employment



Scholarships for Service

The idea of making college free has an immediate appeal. Middle-class families know their children will need more than a high school education to flourish, but they worry about debt. Critics of free college proposals (including ourselves) point out that since students from affluent families attend the most expensive colleges, progressive-sounding free college proposals often turn out to be [regressive in practice](#).

This argument could be made — and in fact was made, a century ago — against the idea of providing free high school. At some point, Americans decided that a high school education ought to be provided as a public good. In the first half of the 20th century, the average American could [ascend to the middle class on a high school diploma alone](#), and our education system reflected this reality by making K-12 free. Another criticism is that [completion is now a bigger concern than enrollment](#); this is true, but there are [effective programs](#) that provide the support students need to earn a degree or a certificate, which should be expanded.

In today's economy, a high school diploma is not enough. Post-secondary education or training is now the [gateway to the American Dream](#). We

need a free public K-14 education system. But in the spirit of partnership that underpins this contract, free college or vocational training ought to be conditional on time in the military or civic volunteering: Scholarships for Service.

Specifically, we propose that anybody completing a year of full-time national service, either military or civilian, as described in Chapter 3, would be entitled to two years of tuition-free education at any public higher education institution in their home state, including technical and vocational colleges, or at a government-subsidized apprenticeship with an employer. We believe that national service and post-secondary learning should be the norm for every young American. By combining the responsibility to serve with the right to higher education, we hope to encourage both.

What would free college or training cost, under our scholarships-for-service plan? It would depend on how many people took up the offer, which colleges they then attended, how many years they attended, and in which states they attended. But for illustration, let's assume that a third of young Americans perform a year of service and then complete two years of post-secondary training or education. The cost of the free college element would be around \$20 billion a year — a much-needed investment in both



the social capital of our nation, and the human capital of its future citizens.

Renewing the economic contract

It hardly needs saying that there are many other reforms that could put more money on the table of middle-class families. These include help with childcare costs (which we address in the next chapter), [stronger retirement options](#), and [affordable health insurance](#); although as we argue in Chapter 4, the focus needs to be more on health than on health care.

Much of our own work and that of our colleagues at Brookings has been on finding ways to improve the lives of all Americans, including those who are poor. Nothing in this document should be read as diminishing the importance of that task. But the economic position of the middle class, especially in such a rich nation as ours, is sufficiently troubling to require bold strokes, like those offered here, to help. A prosperous middle class provides the foundation stone for a strong society and a healthy democracy.

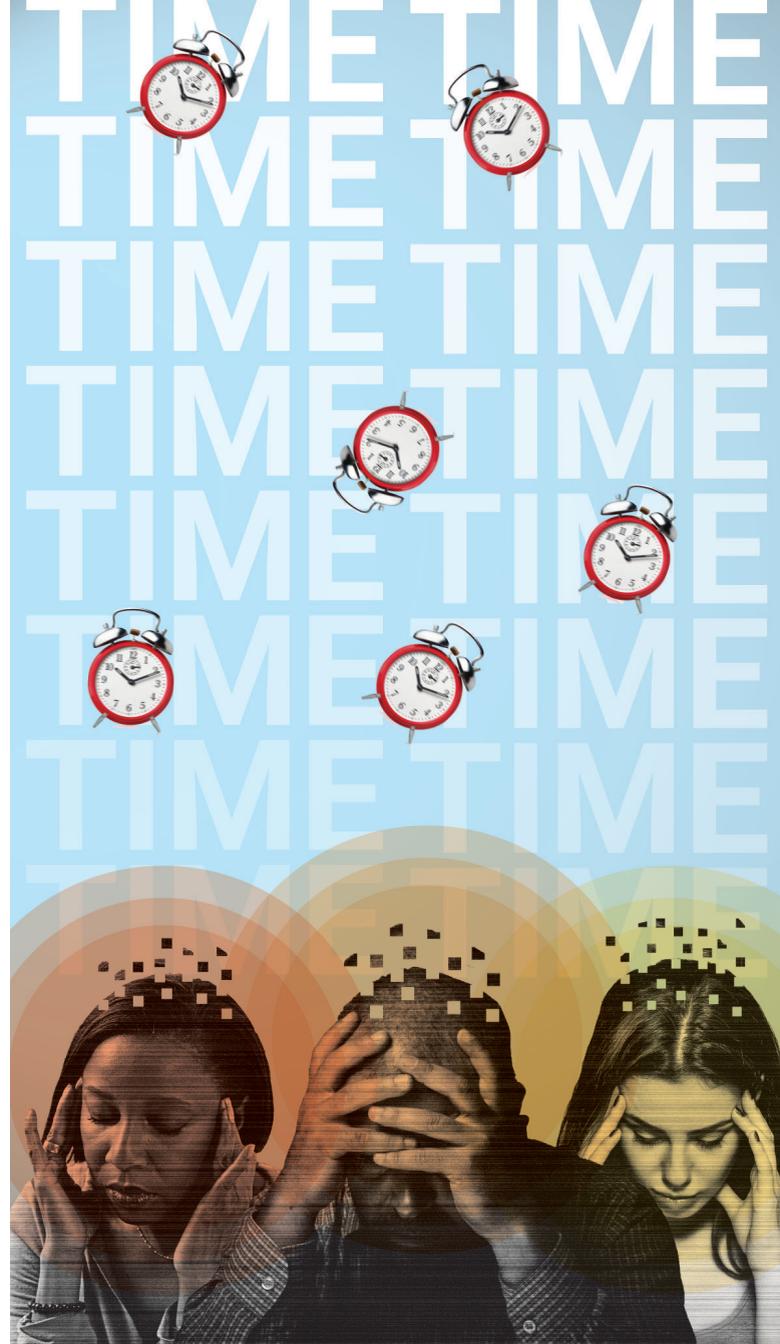
2

Time

Time

Middle-class incomes have risen painfully slowly in recent decades, as we showed in the last chapter. The modest improvements that have occurred largely result from an increase in the employment and earnings of women. That, in turn, has created what we call “a time squeeze.” Americans are working more than adults in other advanced countries, often face unpredictable work schedules, must cope with school hours that are badly aligned with working hours, and get little help with caring for children or the elderly. Half of all American adults say they do not have enough time to do what they want with their days.

Incomes can grow; time cannot.





Of course, everybody is different. Some people love their work and have no desire for more leisure. Others dislike what they do and would prefer not to work at all. Probably most of us are somewhere in between these two extremes. So personal choice is important. As we argued above, work is also highly valued in American culture and many people with good jobs work long hours out of choice. That is a fact that we celebrate. The idea of a “leisure society” is distinctly [unappealing](#) – and frankly un-American.

But it is also the case that current norms around the definition of “full-time” work are outdated. They do not provide people with much choice or flexibility. And well-being seems to be [higher](#) in countries where people work a little less. Helping middle-class families have more time for themselves and their families is therefore an important goal for public policy.

The time squeeze

In 1930, [John Maynard Keynes predicted](#) that within a century, economic growth would cut the typical work week to 15 hours. This has not happened – especially in the U.S. The average middle-class married couple with children now works a combined [3,446 hours per year](#). This is 600 hours – or a day and a half per week – more than in 1975. This reflects the increase

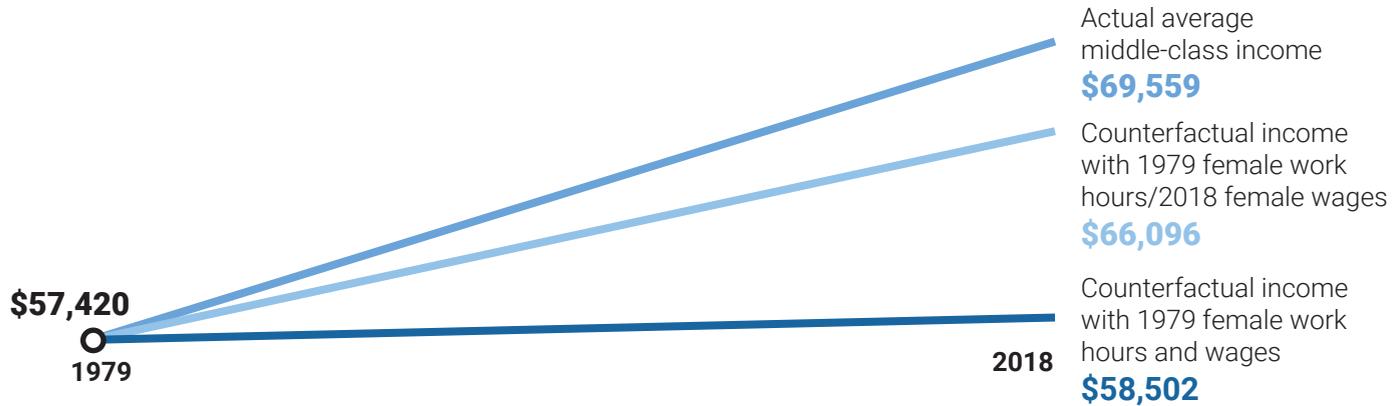
in women’s employment, which has been economically essential to middle-class families. In fact, if women’s employment and especially wage levels had not increased, middle-class households would have experienced virtually no income growth at all (Figure 4).

Although female employment has been [hit hardest by COVID-19](#), women still [hold half of all payroll jobs](#) in the economy. [Over 40 percent](#) of mothers are the sole or primary breadwinner; most couples (70 percent) are now dual earners. The result is greater time pressure on families. “The shift from American Wife to Family (co-) Breadwinner has left a gap at home,” [writes the economist Heather Boushey](#). “Who’s caring for the children and teaching them all they need to know? Who’s tending to an aging family member who needs some extra care?”

The U.S. now stands out among similar nations in terms of more working hours. The average American worker now spends [200 to 400 more hours](#) at work over the course of the year than the average worker in most European countries – the equivalent of an extra 4 to 8 hours per week (Figure 5).

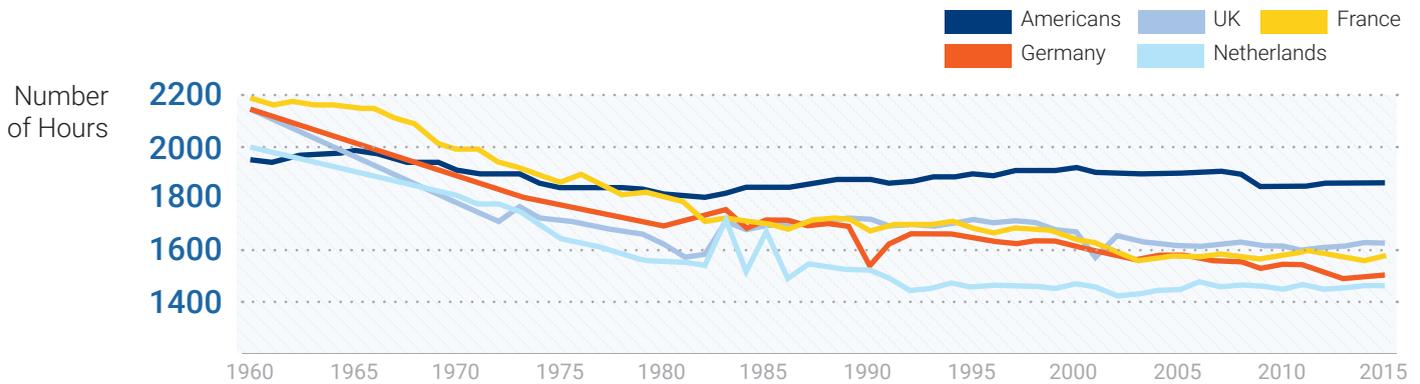
Why do Americans work so many more hours each year than Europeans? Most of the gap

04 The Growth in Middle-Class Incomes is Due to Women's Earnings



Source: Authors' calculations. Annual Social and Economic Supplement of the Current Population Survey (downloaded from IPUMS)
Note: Adapted from Sawhill, I. and Guyot, K. (2020), "The Middle Class Time Squeeze" Washington, DC: Brookings Institution.

05 Americans Work Longer Hours Than Europeans



Sources: Huberman, M. and Minns, C. (2007), "The Times They Are Not Changin': Days and Hours of Work in Old and New Worlds, 1870–2000." OECD Social Policy Division. (2020) "PF2.3: Additional Leave Entitlements for Working Parents."
Bick, A. et al. (2019), "Hours Worked in Europe and the United States: New Data, New Answers."
Note: Adapted from Sawhill, I. and Guyot, K. (2020), "The Middle Class Time Squeeze" Washington, DC: Brookings Institution.



results from differences in the number of weeks worked per year, rather than the length of the work week. This in turn reflects differences in legal rights to leave and holidays. The fact that the U.S. has no mandated leave at all (beyond some holidays) is the primary source of the gap; Germany provides [twice as much time off](#) as the U.S. (Figure 6). Policy matters.

The distribution of work across the lifecycle is important, too. Longer periods of education and retirement have caused a [decline](#) in employment rates in the early and later years of adult life. Even as lifespans have increased, paid work has become more concentrated in the middle years of adulthood – which are also the years when most people are raising children. We have some groups, then, who are experiencing a time squeeze and others a time surplus. Mothers face particularly acute time pressure. Working time could be allocated more fairly and efficiently across the life cycle, as well as between families with children and those without, and between men and women.

To help middle-class Americans have more time, and to ease the time squeeze, we propose a legal right to a minimum of 20 days leave each year; mid-career “sabbaticals” for retraining or care work; and aligning school schedules with jobs.

Twenty days of paid leave

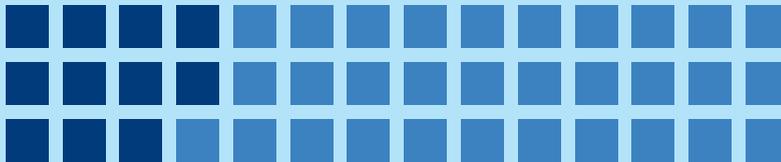
One way to reduce working time is to require all employers to provide a certain amount of paid personal time off for all employees. The U.S., as we have seen, is the only advanced country that does not do this. The reasons for taking leave vary enormously – for illness, vacation, the birth of a baby, to care for an elder. We therefore propose a broad rather than categorical entitlement, to 20 days per year of paid leave. This is less than many other countries but would at least establish a minimum floor. [Some employers](#) already provide this much paid leave in one form or another. But many do not – especially for their low-wage workers. In the wake of the COVID-19 pandemic, the need for such leave should be obvious. Part of the new contract with the middle class should be: if you are sick, you must stay home. But we will pay you to do so.

Mid-career sabbaticals

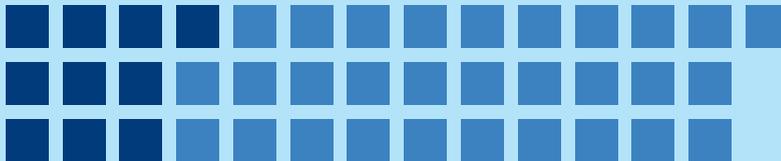
One role of social insurance is to distribute income across our lifetimes. Most obviously, taxes paid while we are earning help to fund our pension and health care in retirement. But social insurance is also about the distribution of time, and is increasingly out of kilter with modern needs. The rise of dual-earning couples

06 Americans Get Fewer Days Off

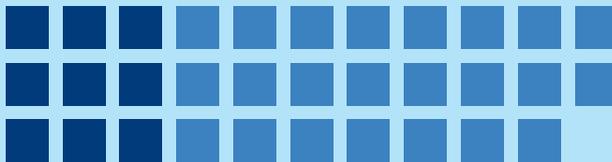
Germany



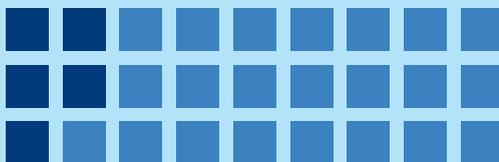
France



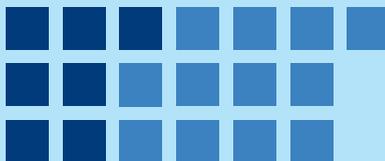
UK



Netherlands



USA



Days off

Public Holiday	Annual Leave
11	31
10	30
9	23
5	22
7	12

**I work the
first shift. My
wife works
the third
shift... We
barely see
each other.**

**Factory Worker
& Father
Lebanon, PA**

and increasing life expectancy causes a time imbalance; workers face considerable mid-life time pressure, but have greater disposable time in later life.

We therefore propose a new social insurance benefit to cover mid-career time off for care work, or retraining. [Specifically, this would mean:](#)

- Two new accounts within the existing Social Security system: one for lifelong learning and one for paid family leave.
- The lifelong learning account could be used for living expenses as well as tuition for an approved program of education or training to upgrade skills, in order to relocate to a new area, or to start a new business.
- The paid leave account could be used for family care, including the birth of a child, an extended illness, or for the care of a relative. It would be linked to wages (up to a certain limit) and cover up to 12 weeks of leave. It could be used in combination with the 20 days of general paid leave.

Schooldays matching workdays

The middle class is not just working long hours; many also face unpredictable schedules set



by employers, little or no flexibility about when they must be at work, inadequate child care, and school schedules that are [poorly aligned with existing work hours](#). While the most common work schedule is 9 a.m. to 5 p.m., the most common school schedule is 8 a.m. to 3 p.m. The misalignment of school schedules costs the U.S. more than [\\$50 billion](#) a year as parents are forced to reduce their work hours or stay home.

The average start time for middle and high schools is [around 8 a.m.](#) We propose that the standard school day be shifted later to better align with most job schedules, and that after-school care be made universally available. A later start time would also [be good for students](#), especially those in high school. Specifically:

- After-school care would be universally available to students at public elementary and middle schools, enabling most parents to pick their children up from school around 5:30 or 6 in the evening.
- The federal or state government would provide grants to local education agencies that agreed to change their hours and provide an extended school day or school year.





- Participation in the extended hours would be optional for students and their families.
- To contain costs, families would pay on a sliding fee scale.
- School districts could decide how to use the additional hours, whether for [additional instructional time](#) or for extracurricular activities.
- For younger children, universal pre-k programs and subsidized child care should play a similar role. State pre-k programs have expanded in recent decades, especially for four-year-olds, but many states limit access to poor children, or do not serve three-year-olds. The evidence on whether such programs improve later school performance is [mixed](#), but there is no doubt that they play an important role in easing the time squeeze for middle-class families.
- To fill remaining child care gaps, and provide flexibility, we also recommend making the existing child care tax credit both more generous and completely refundable.

There are many other policies that ought to be pursued to ease the time squeeze, including [giving workers more control over their hours](#). Workers who are subject to unpredictable schedules experience more material hardship, less financial security, and score lower on measures of well-being, such as happiness and sleep quality, while experiencing [more psychological distress](#). Jobs used to help organize time: now, with the rise of just-in-time scheduling and zero-hours contracts, they often “[disorganize](#)” time as Mark Fabian, an economist at the University of Cambridge, puts it.

There is also significant scope for more remote working, as the COVID-19 pandemic has vividly demonstrated. As we write, half of America’s workers are [working from home](#) – a tenfold increase on the usual number. The benefits are significant. In our interviews with middle-class families, the value of remote work, especially for balancing work and parenting, is clear. In addition, commuting is one of the most [disliked activities](#) that people perform on a daily basis. The average two-way commute takes about an hour out of a worker’s day, and has been [increasing since 1980](#). Although commuting often [provides access to cheaper housing](#), better education, and other amenities, it is associated with [higher levels of fatigue and stress](#) and greater [absenteeism](#).

I never have
enough
time... I feel
like there
needs to be
three of me.

**Working
Mother of Four**
Wichita, KS

Time

It is also [bad for the environment](#). Once the pandemic recedes, these lessons must not be lost. We recommend more experimentation by businesses and other organizations, with careful evaluation of the costs and benefits.

Time ≠ money

Too many middle-class Americans face a stark choice between a money squeeze and a time squeeze. More time at work means more stress at home, poorer mental health, and less civic engagement. Thoughtful policy can help to restore some balance.

To be clear: a reduction in working time could result in slightly lower levels of economic activity. But if growth was all that mattered, we should all be working 80 hours a week. Families need income, but they also need time. More time should mean less stress, better health, and more time for our relationships – which we turn to next.



Relationships

Relationships

Humans are relational beings.
None of us are born alone.
Only a few of us will die alone –
although one of the tragedies of
COVID-19 has been the number
of people who have died without
loved ones at their bedside.
From birth to death, we are
shaped and defined by the
people around us.





The most important relationships, the strongest ties, typically occur within families. But other relationships, such as close friendships count for a great deal, too. Finally, there are weaker ties to neighbors, coworkers, and the larger community – what some call “[social capital](#).” All of these influence not only the quality of life of individuals, but the flourishing of society as a whole.

The crucial importance of relationships has been highlighted by the COVID-19 pandemic. Social distancing has been a sharp reminder of the value of personal interactions. At the same time, the necessary public health measures have required us to take responsibility not only for our own health, but for the health of others.

But COVID-19 aside, there are some troubling longer-term trends on the relationship front. Family instability is rising, and social trust is declining. Both require action.

Better relationships = better lives

The value of relationships may seem obvious. But it is important to be clear why they matter so much in order to create the right conditions for them to flourish. Strong family relationships provide a foundation for individual development, [especially for children](#). This is why parenting is so important. But

even as adults we continue to learn from one another. Relationships also provide support of all kinds – emotional, practical, and financial. Without this social support, few of us can thrive. That’s why [social isolation kills](#) – as much as smoking, obesity, or high blood pressure – and why strong families and good friends are so precious to us. Last but not least, relationships with a broader group of people, in our community or even our nation, cultivate a sense of belonging. Relationships across lines of difference – for example of race, class or religion – promote and sustain pluralism.

It is important here not to succumb to nostalgia. There is a tendency towards “[bring backery](#)” among some social commentators, based on a faulty presumption of a previous golden age. Families may once have been larger and more stable, but [domestic violence](#), [child abuse](#), [gender inequality](#), and the [stigma](#) attached to the unmarried and to [same-sex couples](#) were far greater. Divorce as an exit from bad marriages, for example, has been a [step forward](#), leading to fewer suicides among women and less domestic abuse. Perhaps neighborhood-centered communities were once more cohesive, but those neighborhoods were [even more segregated](#) along racial lines than they are today.

We're made
of love, we
accept love,
we give
love, we
want love.

**Mother
Wichita, KS**

Relationships

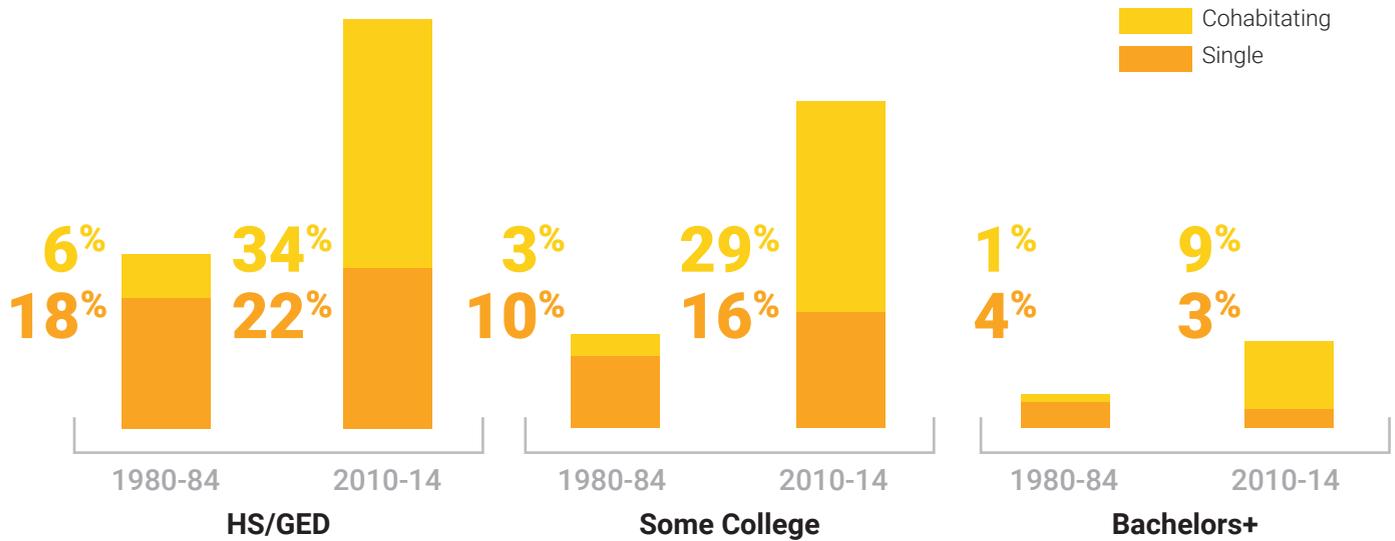
The state of our relationships

The relational health of the American middle class is not as good as it ought to be, given our resources as a nation. Family life is under more stress, as we have described in the previous two chapters. After trending downwards for the last few decades, marriage rates in the middle class have stabilized, although at a [lower level than for the affluent](#). More children are being [born outside marriage – mostly to cohabiting couples, rather than to single parents](#). Parents-to-be are now [three times more likely](#) to cohabit after getting pregnant for the first time than to get married, entering what some scholars call “shot-gun cohabitations.” [These trends](#), often associated with poor families, can be seen [in the middle class too](#) (Figure 7).

Healthy, stable relationships are good for adults – but are especially good for children. Investment of time and energy by parents strongly [impacts child well-being and development](#). Family stability – [with few or no changes in parents’ residential and romantic partnerships](#) – is associated with better educational and [social outcomes for children](#) – especially [boys](#). A stable family environment for raising children, typically with two committed parents, is an ideal shared by [most Americans](#).

07

Children Are Increasingly Likely to be Born to Cohabiting Mothers



Source: Wu, H. (2017), "Trends in Births to Single and Cohabiting Mothers, 1980-2014." National Center for Family & Marriage Research.



A stable family life is much easier to create when parents have adequate economic resources, job security, and enough time (and control over their time) to spend on their children and partners. It's also critical that they are able to choose when and with whom to have children. Parents who [intended to have a child together](#), at the time [they wanted](#), and who have attained some measure of [economic security](#), are much more likely to stay together. Currently, one-in-three births in the U.S. are [unintended](#); among unmarried women under the age of 30, most births – [60 percent](#) – are unintended. Young adults who [“drift” into parenthood](#), rather than planning their families are much more likely to experience significant [instability in their relationships](#).

The goal for public policy, then, should be to help people [construct the foundations upon which a stable family life can be built](#). That means wider opportunities to acquire skills and education, greater economic security and higher incomes (see Chapter 1), a reduction in the time pressures on parents (see Chapter 2), and broader access to effective reproductive health care (which we turn to below).

What about friendship? We all know how important friends can be, often acting as part of a [“chosen family”](#). Friends provide support, advice, and a listening ear; they are the people

**I think
friends or
relationships
are one of the
most crucial
parts in
living.**

**Divorced Father
Las Vegas, NV**

Relationships

we trust and confide in, for whom we have affection, and from whom that trust and affection is reciprocated. Although there have been media reports of rising rates of loneliness or social isolation, those reports have not held up to [scrutiny](#). Social isolation remains [relatively rare](#), affecting fewer than one in twenty American adults. But isolation is [more common](#) among older adults, men, and people living in poorer neighborhoods with little social infrastructure. It seems to be [less common](#) among those with dogs (cats, however, appear to make no difference!). New data suggest that social distancing efforts related to COVID-19 have led to a rise in [feelings of loneliness](#).

Another frequent concern is the increased use of social media, especially among the young. The fear is that this replaces more meaningful, in-person ties; people may have hundreds if not thousands of “friends” on Facebook but may still feel isolated or lonely. However, the [jury](#) is [out](#) on the longer-term effects of social media on social networks. Much depends on how, and how much, it is used. We are, however, concerned with the way social media is contributing to polarization and disrespect, and we turn to that in Chapter 5.

More than one in four households [now contain just one person](#). Solo living has [risen dramatically](#) as the population has [aged, marriage has](#)



[declined](#), and affluence has enabled people to buy more privacy or autonomy. Living alone does not necessarily signal a lack of relationships, however, especially close friends. As Eric Klinenberg, a sociology professor at New York University, [puts it](#): “journalists, scholars, and health care providers often conflate living alone, feeling lonely, and being isolated.” People [report](#) that their friends and neighbors are available to help them in times of need. Overall, the news here is mixed. Friendships, so critical to well-being, show no signs of being on the wane overall – but more people appear to be at risk of loneliness, [especially as they age](#).

When it comes to broader community relationships, however, the picture is bleaker. There has been a corrosive decline in social trust, and increased tribalism of various kinds. Our social capital has been depleted.

[Social capital](#) comprises relationships not with intimate others, but with a larger group. Those relationships can have intrinsic value, creating a sense of belonging or of being connected to others. But they can also have value for the larger society by creating the kind of trust and reciprocal norms that, for example, lead people to look after each other’s children, wait patiently in line to buy a ticket, help someone find a job, or deal with an emergency such as COVID-19.

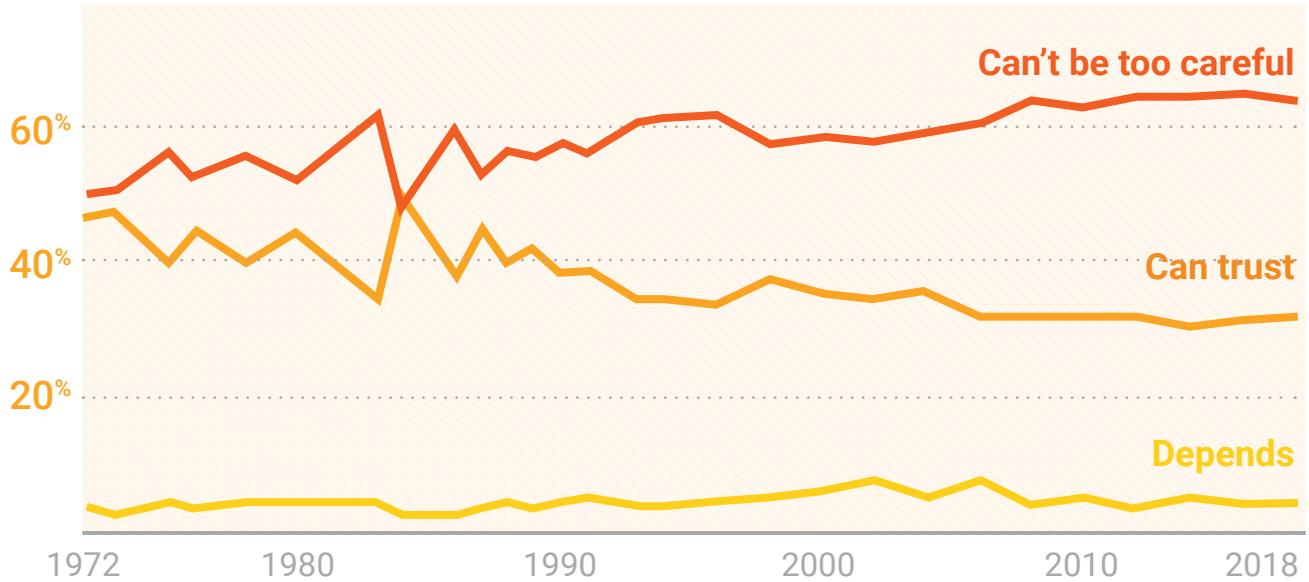
They make guidelines about wearing face masks effective even when no one is jailed for failure to comply. For these kinds of reasons, [empirical studies suggest](#) that these group ties and the social trust they engender can lead to higher growth rates, better health outcomes, and more stable democracies.

The bad news is that social capital appears to have declined in America. The broadest and most widely used measure of [trust](#) in other people – asking “Generally speaking, would you say that most people can be trusted or that you can’t be too careful in dealing with people?” – has dropped markedly in the U.S. since the early 1970s (Figure 8).

This erosion of trust in others has been accompanied by [declines in participation](#) in a range of organizations, from churches to unions, which has been only partially offset by rising interest in more personally-oriented activities such as professional associations and hobbies.

The broad question on trust refers to “most people,” intentionally a broad group. A higher proportion of Americans – about half – say they trust [most or all of their neighbors](#). There is an important distinction here between what Harvard political scientist [Robert Putnam labels](#) “bonding” social capital (i.e. ties to people who are like you

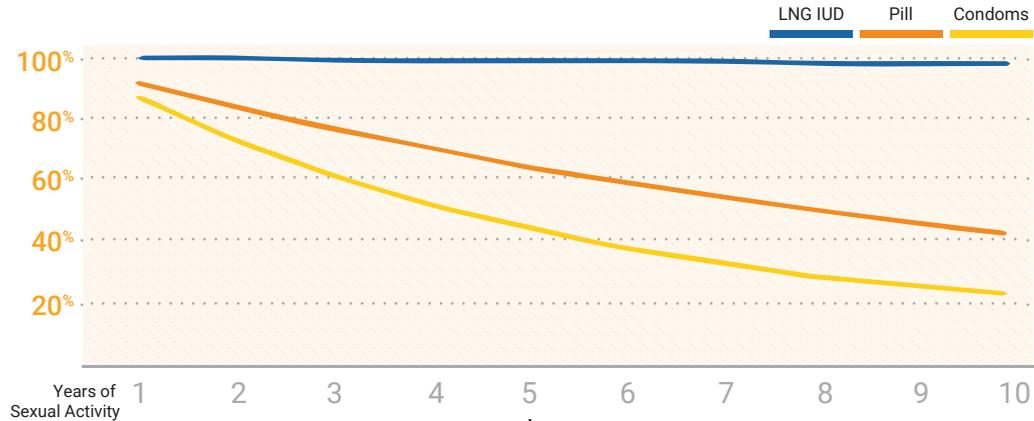
08 The Loss of Trust



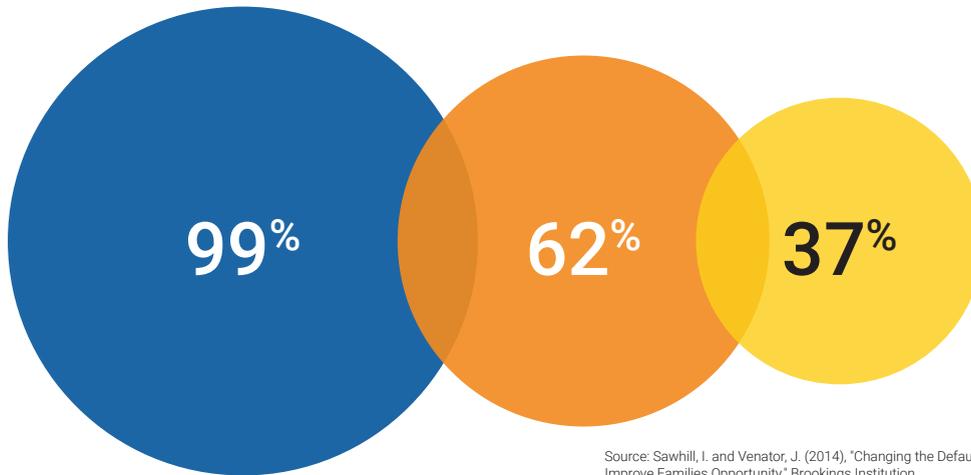
Source: Authors' calculations. General Social Survey.

09

Better Contraception, Fewer Unplanned Pregnancies



Five-Year Effectiveness Rates



Source: Sawhill, I. and Venator, J. (2014), "Changing the Default to Improve Families Opportunity," Brookings Institution.



in some important way) and “bridging” social capital (i.e. ties to people who are unlike you in some important way). High levels of bonding within homogenous groups may create more division in the broader society.

Under certain conditions, greater diversity can result in people [separating from each other](#), rather than moving closer together - in tribalism, rather than pluralism. As Putnam [puts it](#), “diversity, at least in the short-run, seems to bring out the turtle in all of us.” The permanent challenge of diverse societies is then to facilitate more integration – more “bridging” – to counteract the risks of tribalism. Two bright spots here are the growing acceptance of [diversity](#) and the [increase in mixed-race marriages](#).

The key to a better future is, as Putnam [argues](#), the redefinition of social identities: “identity itself is socially constructed and can be socially de-constructed and re-constructed.” This can be facilitated by building empathy and respect between groups, such as between those who are born in the U.S. and immigrants, or different racial groups – but also by making other identities more salient (see Chapter 5 on this, too).

In free societies, governments do not create relationships, a fact for which we should all be thankful. We each choose the social webs in

which we lead our lives. But policy can act to create the conditions within which relationships can form and grow. We propose two main ways to promote good relationships of very different kinds: better family planning, and universal national service.

Family planning = family stability

As we argued above, family stability matters – especially when it comes to raising children. If the old norm was children within marriage, the new norm ought to be [children brought into the world intentionally](#). The good news is that supporting parents to plan their families is easier today than at any time in history thanks to the availability of safe, long-acting forms of contraception, such as intrauterine devices (IUDs). Since they are much more effective than other forms of contraception (Figure 9), their use [dramatically reduces](#) unplanned pregnancies as well as abortions.

States that have [trained providers](#) in the use of IUDs or other long-acting contraceptive methods – or made them available for free with good patient-oriented counselling – have experienced [marked declines in unplanned pregnancies and abortions](#).

A \$1 billion investment in the most effective long-acting forms of contraception would produce an estimated \$3.2 billion to \$6.4 billion in increased



earnings for children whose birth was timed to [align with their own parents' preferences](#). The lives of families and children could be greatly improved if more women were aware of their family planning options, were not deterred by the higher cost of the most effective forms, and had access to providers trained in the newer, more effective methods. Of course, ensuring access to health care providers in general is an important goal (see next Chapter 4), but specific proposals for increasing access to reproductive care relate to:

- **Awareness.** A new question should appear on medical intake forms, asking women of childbearing age if they wish to get pregnant or not. This [“one key question”](#) should catalyze a discussion of (or referral to) contraceptive services if a woman does not want to get pregnant, or to pre-pregnancy health advice if she does. Other ways to improve awareness include [social marketing campaigns](#) and [better sex education in schools](#).
- **Cost.** Contraception should be readily available at no cost to the user, as envisioned in the Affordable Care Act. The initial cost of the most effective forms of contraception, such as the IUD, is high – but much lower than the costs of an unplanned birth.

- **Provider training.** Medical schools and non-profits such as [Upstream](#), should be funded to train health providers, especially those in public health clinics. This additional training has been shown, for example in Delaware, to increase [the use of effective forms of contraception](#), and reduce unplanned pregnancies and abortions dramatically.

Universal national service

How do we create more social capital, restore trust in others, broaden social identities, and build bridges between different groups? There are a number of ideas worth pursuing [here](#), including [universal national service](#), enhanced [tax incentives](#) for charitable giving to support voluntary associations, and encouraging local leadership and initiative through more revenue sharing with states and cities.

Of these three, we set most store by [universal national service](#). Asking all young people to provide a year or two of service to their country – either military or civilian – would provide them with valuable experience, and help communities deal with challenges such as natural disasters, tutoring kids, or cleaning up the environment. It would also expose people from different backgrounds to one another, reducing tribalism



and social divides across race, class, and geography. The integrative power of service is hard to overstate. When we form closer relationships with people who are different from us, our attitudes typically alter for the better.

This is why it is so important that service volunteers are representative of the nation as a whole. Contrary to the common saying, familiarity does not breed contempt; it builds respect. Serving in the military, belonging to a megachurch, or marrying into a different group have all served to break down barriers. The average American soldier, for example, has [closer inter-racial friendships](#) than the average American civilian of the same age and social class. Service engenders pluralism.

We want a society where the question “Where did you do your service?” is as commonplace as “Where did you go to school?”, a society where service is the cultural norm. As things stand, there are [three times](#) as many young Americans wanting to engage in civilian service as there are places available through existing programs. As we write, a [renewed legislative effort](#) is underway to expand service opportunities. We strongly support widening opportunities to serve, with the goal of making one or two years of service the expected norm for every American. Specifically, we propose:

- Creating at least 1.65 million new one-year civilian service opportunities at a cost of around \$40 billion and expanding further over time.
- Building on the success of AmeriCorps and similar programs, ensuring that national service is available through a variety of suitably accredited schemes.
- Supporting civilian roles more generously than currently, for example through a higher stipend, in order to widen access. Service opportunities must be made more inclusive before they are expanded.
- Instituting Scholarships for Service: undertaking service will qualify volunteers for free public college (see Chapter 1). One year of service would mean two years of tuition-free education.
- Expanding service beyond young people: it should be available to, for example, older Americans, former prisoners, displaced workers, and veterans, with training provided to the volunteers, similar to the National Guard.
- Combining national service with an [“American Exchange”](#) program, with families from across the country opening



their homes to service volunteers. This would reduce costs and build still more bridging social capital.

A relational Republic

A good life is made through the relationships that we experience directly, as well as through our relationships to our community as a whole. Public policy necessarily has a limited role to play here. But it can surely help to create the conditions – such as family stability, stronger civic institutions and opportunities to serve alongside each other that can enable stronger and more diverse relationships to flourish.

4

Health

Health

In Spring 2020, COVID-19 changed the world. Within a matter of weeks, hundreds of thousands of lives had been lost. The economies of most major countries were stalled. In normal times, health is a slow-burning issue. As individuals, many of us will have an acute health crisis, but these take place at different times, spread out across the population. But COVID-19 has been a shock to the whole system. In the U.S., the pandemic has also highlighted the poor health of many of our citizens, rendering them more vulnerable to the virus, as well as revealing deep divides by race, geography, and class. It has served as a sharp reminder that our health cannot be separated from the rest of our lives.



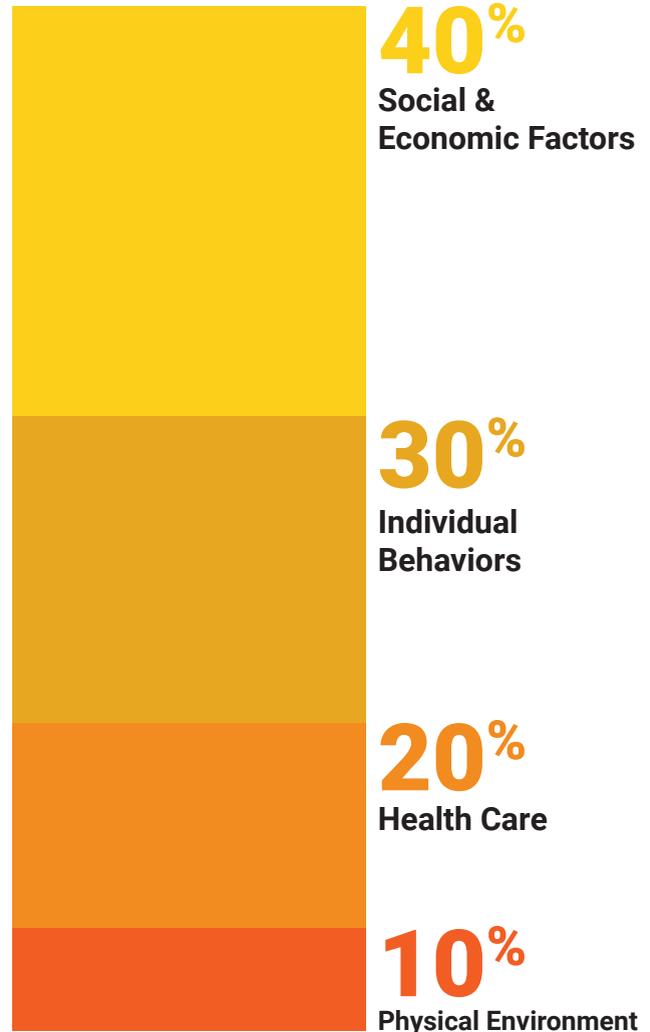


It is common, including in policy circles, to treat health and health care almost as synonyms. It hardly needs saying that the U.S. health care system is in [urgent need of reform](#), especially in order to bring down costs. But in the heated debates about health care it is too often forgotten that the state of our health is intimately connected to our economic resources and opportunities, the structural inequalities we face, the [relationships we form](#), and the respect we are paid. In fact, social, individual and economic factors impact health three times [as much as health care does](#) (Figure 10). In that sense, every page of this contract is about health; but in this chapter we address the challenge more directly.

Health matters

Few of us doubt the importance of our health, so it is little surprise that Americans report much higher levels of overall life satisfaction and greater optimism when they [consider themselves to be in good health](#). Life just goes better with a [healthy body and mind](#). Importantly, there is a particularly strong connection (in both directions) between [self-assessed wellbeing and chronic ill health](#). As well as being valuable in its own right, good health facilitates learning, employment, and social relationships. In this sense [health is](#)

10 Determinants of Health



Source: Hood, C. M., Gennuso, K. P., Swain, G. R., and Catlin, B. B. (2016). "County Health Rankings: Relationships Between Determinant Factors and Health Outcomes."
Note: County Health Rankings. Rankings Methods. (2015). Not available for Alaska or Hawaii



[another form of “human capital,”](#) investing in good health pays off in other areas of life too.

Unhealthy, before COVID-19

The COVID-19 pandemic hit the U.S. harder than most other nations for many reasons, not least because of the [vacillating and inconsistent response of the Trump Administration](#), an absence of preparedness, and a [weak public health infrastructure](#). But the pandemic has also served to highlight the general state of America’s health when the virus hit our shores – especially in terms of pre-existing conditions, or “co-morbidities” that are associated with poorer outcomes.

Comprehensive studies conducted by large teams of NIH experts show that [the U.S. lags other wealthy nations, especially in terms of chronic disability and morbidity](#). Diet-related risks now account for more deaths than any other factor. [The U.S. has dropped from 18th to 27th place among 34 OECD nations](#) on the key aggregate metric of age-standardized death rate. A good yardstick of overall progress in terms of health is life expectancy, which has risen considerably in recent decades in most countries in the world. But the U.S. has seen slower increases than comparable countries (Figure 12). Perhaps most worrying, life expectancy in the U.S. is [now trending](#)

[downwards](#), a break with both the historical trend and with other countries.

The poor health of the U.S., by comparison to other similar nations, is even more striking given health care spending. Seventeen percent of U.S. GDP went towards health care in 2017, compared to an average of 10 percent in comparable nations. This illustrates not only the cost and inefficiency of the U.S. health care system, but also the important distinction between health and health care.

The worsening position of the U.S. in terms of life expectancy is largely the [result of rising death rates among adults between the age of 25 and 64](#). There has been a [sharp increase](#) in “deaths of despair,” especially related to drug overdoses, alcohol-related diseases, and suicide. Since the turn of the century, deaths caused by drug overdoses, for example, [rose over three-fold](#) (from 6.1 deaths/100,000 to 21.7 deaths/100,000).

Mental health trends in the U.S. are deeply troubling. Suicide rates are at their [highest level in half a century, with sharp rises among middle-aged whites in particular](#). Mental health conditions now [account for 35 percent of claims for Supplemental Security Income or Disability Insurance](#). Americans facing economic

11 Both Physical & Mental Health Are Getting Worse Over Time

1999-2002

Deaths of Despair
age-adjusted

23 DEATHS
per 100,000

Prevalence of Diabetes
age-adjusted prevalence

6 PERCENT

2013-2016

Deaths of Despair
age-adjusted

37 DEATHS
per 100,000

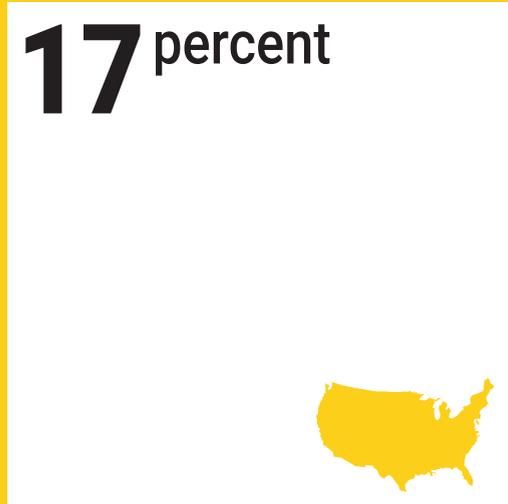
Prevalence of Diabetes
age-adjusted prevalence

9 PERCENT

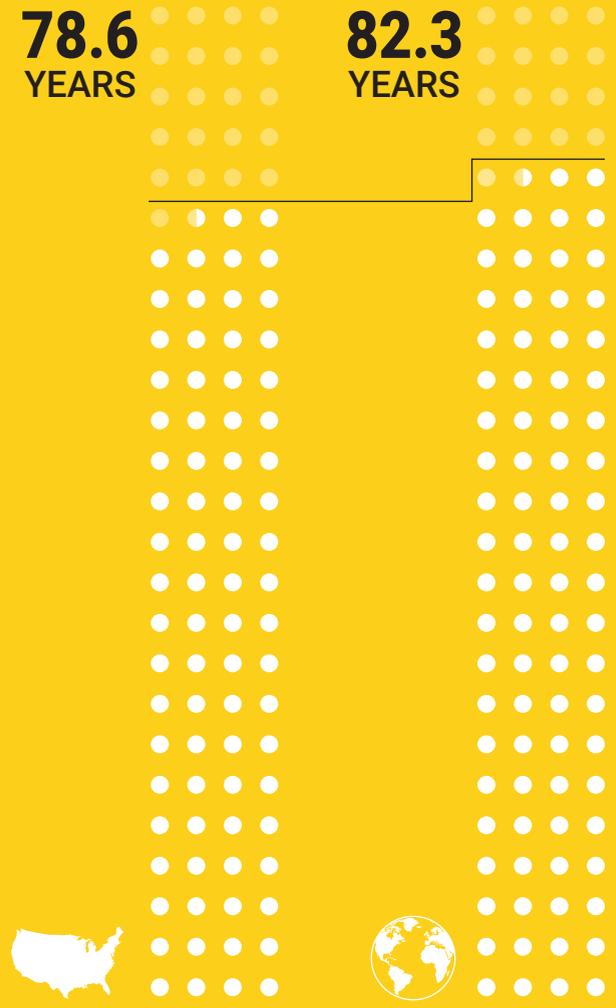
Source: U.S. Congress, Joint Economic Committee, Social Capital Project. (2019). "Long-Term Trends in Death & Despair"; CDC National Diabetes Statistics Report. (2020). Appendix Table 2. Trends in age-adjusted prevalence of diagnosed, undiagnosed, and total diabetes among adults aged 18 years or older, United States, 1999–2016.*

12 Lower Life Expectancy in the USA Despite Higher Spending

Health Spending, 2017
as a share of GDP



Life Expectancy, 2017



Note: The comparison countries include Australia, Austria, Belgium, Canada, France, Germany, Japan, Netherlands, Sweden, Switzerland, and the United Kingdom.



insecurity, and/or racial discrimination are at particularly high risk. Poverty and racism are risk factors in terms of mental health – another reminder that social and [political determinants of health](#) matter.

Our physical health is worsening on many fronts, too. [Two in five Americans are now obese](#), and obesity is associated with many chronic health conditions, including, [according to the CDC](#), “diabetes, hypertension, high cholesterol, cardiovascular disease, stroke, arthritis, and certain cancers.” [One in ten Americans already have diabetes](#). That number [could rise to 1 in 3 by 2050 if current trends continue](#).

These health issues are not unique to those at the bottom of the income distribution – they impact the middle class as well. Obesity rates among adults, for example, are similar for people in households at all [income levels up to around the \\$100,000 mark](#). Childhood obesity rates are falling in well-educated and more affluent households, but [continuing to rise for others](#). There are [also worrying signs of a stronger link in health status between parents and their children](#).

In short, the big problem we face is a rise in chronic health problems – both physical and mental – among very large swaths of the population which are corrosive to the quality of

life of the American middle class. [The treatment of chronic disease, impacting 60 percent of the population, now accounts for at least two-thirds of health care spending](#). Our hope is that the 2020 pandemic acts as an alarm call to address these deeper health concerns.

Broken systems, bad policy

The policy debate about health in the U.S. is unbalanced in three major ways:

- Health often takes second place to health care, even though [health is influenced far more by social factors than medical ones](#). It is clear that what scholars label [“social determinants of health](#) – economic resources and opportunities, education and skills, [communities and neighborhoods and housing and the built environment](#) – deeply influence health.
- Mental health is treated separately – and less effectively – than physical health. This is despite the fact that mental health conditions afflict around [one in five adults](#), and account for a [significant proportion of the “disease burden”](#) in the U.S. State of mind often matters as much as the state of our bodies.

- Chronic health conditions are often neglected by comparison to acute health problems, which are often more salient and take the form of an emergency or crisis. But in terms of quality of life, [both acute and long-term health problems are damaging](#).

These are systemic problems, requiring systemic solutions. It is often [cheaper](#), and always better, to prevent ill-health through social spending than to treat it medically later. A radical rebalancing of government spending is needed, from health care to social support, [especially to known “upstream” factors impacting health, such as housing, poverty, and education](#). Likewise, a reinvention of mental health care, and full integration into the health care system as a whole is needed. Last but not least, the rise in diet-driven chronic disease calls for nothing less than fixing our [entire, broken food system](#) – from agricultural subsidies (especially for high-fructose corn syrup), official dietary guidelines, advertising, [school lunches](#), and budget choices. As Tufts nutritionist [Dariush Mozaffarian bluntly puts it](#), “Currently, junk foods are effectively subsidized by billions of dollars of health care spending, while the true economic value of nutritious foods is not fully recognized.”

There are, then, many policy changes that are needed. Here we highlight two in particular, each

of which should be seen as illustrative of the kind of reforms that would result from a genuine, system-wide effort to improve America’s health:

- Universal access to effective therapy
- A national tax on sugar-sweetened drinks

Therapy for all

In 1953, a new bell was rung. Forged in metal from chains used to restrain people suffering from mental illness, the inscription on the [Mental Health Bell reads](#):

Cast from shackles which bound them, this bell shall ring out hope for the mentally ill and victory over mental illness.

Seven decades later, huge progress has been made in the treatment of mental illness – and in the treatment of those who suffer. But they still carry a social stigma, even among those who should know better. To put this in personal terms, it is much more likely that either of the two of us will tell you about our own or our families’ broken bones than about struggles with depression and anxiety. Creating a culture where mental illness is recognized and not stigmatized is a task for all of us, in all our relationships.

I've got to
keep my
health...so
I can make
sure I'm there
for my son.

Young Mother
Wichita, KS

Health

But there are some much-needed changes on the policy front, too, especially in terms of screening, mental health parity with physical health, and provision of quality therapy to all.

Mental health problems typically present early in life; [three quarters of lifetime mental health conditions begin by the age of 24](#). But an average of 11 years elapses between the onset of symptoms and diagnosis. Early detection allows for early and more effective treatment. Screening for depression and substance use disorder has received the necessary, and legally binding, approval from the [U.S. Preventive Services Task Force](#) and is formally covered under Medicaid and the Affordable Care Act. But too often it is not provided. Mental health screenings ought now to be universal in [schools](#) and colleges, as well as in all clinical settings, including those serving [pregnant women and new mothers](#).

Laws are in place to enforce parity [between mental and physical health care](#), but the necessary practices are often lacking – in part because the legal framework has significant gaps. A good place to start would be the implementation of the recommendations of the [Mental Health and Substance Use Disorder Parity Task Force in 2016](#), especially leveling the field in terms of pre-authorization requirements, introducing parity “templates” for insurance



companies, and allowing civil financial penalties for parity violations. All employer plans should also be [legally required to cover mental health conditions](#).

A simple, single step towards better mental health would be the provision of universal, effective therapy without cost. Cognitive behavioral therapy (CBT) provides an obvious example. CBT is a “problem-focused, empirically based psychotherapy that teaches patients to detect and modify thought patterns and change behavior to [reduce distress and promote well-being](#).” It has been proven to be [highly effective and relatively inexpensive](#). This means that overall, the [benefits of universal provision of CBT will outweigh the costs](#), by preventing later worsening of mental health conditions (saving bigger medical bills), supporting employment (and therefore increasing tax revenues), and reducing disability claims (and therefore reducing benefit spending). That is why the U.K. has introduced [free access to therapy, without referral](#), through its National Health Service. It is also why the U.S. Army is providing psychological support to soldiers to promote “mental fitness.” [As Brigadier General Rhonda Cornum, director of the Comprehensive Soldier Fitness program, put it](#), “We need to attend to psychological fitness the same way we do physical performance.” This

is true for everybody. Universal coverage would also send a signal that mental health problems of one kind or another are the norm rather than the exception, potentially helping to reduce stigma.

In the U.S., providing universal free access to therapy will be more complicated than in the U.K. but is still achievable through improvements such as:

- Providing universal access to CBT in all public schools and colleges, as well as for those performing civilian or military service.
- Ensuring that [Medicare, Medicaid](#) and the [Affordable Care Act](#) (as well as a [new public option](#)) provide for first-dollar coverage of CBT for all.
- Making permanent more [flexible rules on teletherapy introduced during the COVID-19 pandemic](#).
- Increasing supply of providers: the [U.S. needs thousands of extra psychologists and licensed therapists](#).
- Expanding Community Health Centers, who can provide high-quality mental health support in a primary care setting, [especially to traditionally under-served groups](#).

**I want to
talk about
mental
health...
the mind
and body
are one.**

**Retired Nurse
Wichita, KS**

CBT is relatively cheap, it works, and [saves money in the long run](#). Most importantly, it improves quality of life. Of course, there are other forms of therapy that are equally if not more effective for some conditions – [Medication-Assisted Treatment \(MAT\) for substance abuse disorders](#), for instance – which should also be available to all at no cost. We have argued here in particular for CBT because of the strong evidence for [broad effectiveness and low cost](#). But it should be seen as an example of the kind of reforms necessary to elevate mental health care more broadly.

Tax sugary drinks

There are many reasons why the physical health of our nation is deteriorating. But two stand out: diet and nutrition. We are eating and drinking our way to diabetes, heart disease and, all too often, an early grave. Over the long term, nothing could improve Americans' physical health [more than improving diet and nutrition](#) – and especially, reducing sugar consumption.

Many would argue that what individuals choose to put into their own bodies is a matter of personal choice. As good liberals (in the proper sense of the term), we agree. But that does not mean public policy has no role to play in encouraging healthier choices, not least by



using taxes to raise (or lower) prices. Few now object to the idea of taxes on [alcohol](#) or [tobacco](#), for instance – and they work, in terms of moderating consumption.

The political argument is made more complex by the steep class gradient and wide race gaps in the consumption of sugary drinks and snacks, and in rates of certain chronic conditions such as diabetes, obesity, and heart conditions. In Ward 8 of Washington DC, the poorest in the city and predominantly Black, the rate of [Type 2 diabetes is 15 percent](#); in Ward 3, the richest and whitest, the rate is 2 percent.

Even citing these shocking statistics can provoke a fear that we are about to start “blaming the victim,” rather than the structural conditions influencing health more broadly. But the opposite is true. The blame here lies not with individuals. It lies with a broken food system. The scarcity of affordable nutritious food for many families, a lack of time to prepare meals, the predatory marketing of corporations – [these are all structural barriers to better health](#).

The evidence for the impact of sugary foods and drinks on health is now clear. For every one to two daily servings of soda consumed, the [lifetime risk of developing diabetes increases by 30 percent](#). A third of the added sugar in the

American diet (for [children](#) and [adults](#)) comes in the form of sugar-sweetened beverages. Sugar-sweetened beverages [contribute directly to unhealthy weight gain](#).

Many cities have introduced a tax on soda; some, like Chicago, have then repealed them. One problem is that consumers very often simply drive to the neighboring county. Soda sales in the city of Philadelphia fell by 51 percent after the introduction of a 1.5 cents per ounce tax – but [sales in nearby areas increased by 43 percent](#).

The solution is to follow Mexico’s lead and enact a [national tax on sweetened drinks](#), at a rate high enough to deliver real health benefits. Previous legislative efforts led by [Congresswoman Rosa DeLauro have failed](#). “It’s an idea that we should be exploring,” [said Barack Obama](#) in 2009, before quickly shelving the idea. But COVID-19 has turned a harsh light on the implications of poor metabolic health for quality of life, and for the risk of death. There is a case in theory for a graduated tax on damaging ingredients, especially sugar and starch in all processed foods and drinks. But in practice, it is easier to tax the [main delivery mechanism \(in the U.S.\): sweetened beverages](#). In terms of design, the best approach is to tax sugar and corn syrup content, rather than just the volume of the drink itself. A tiered tax, with the highest rate (2 cents an ounce), levied on drinks

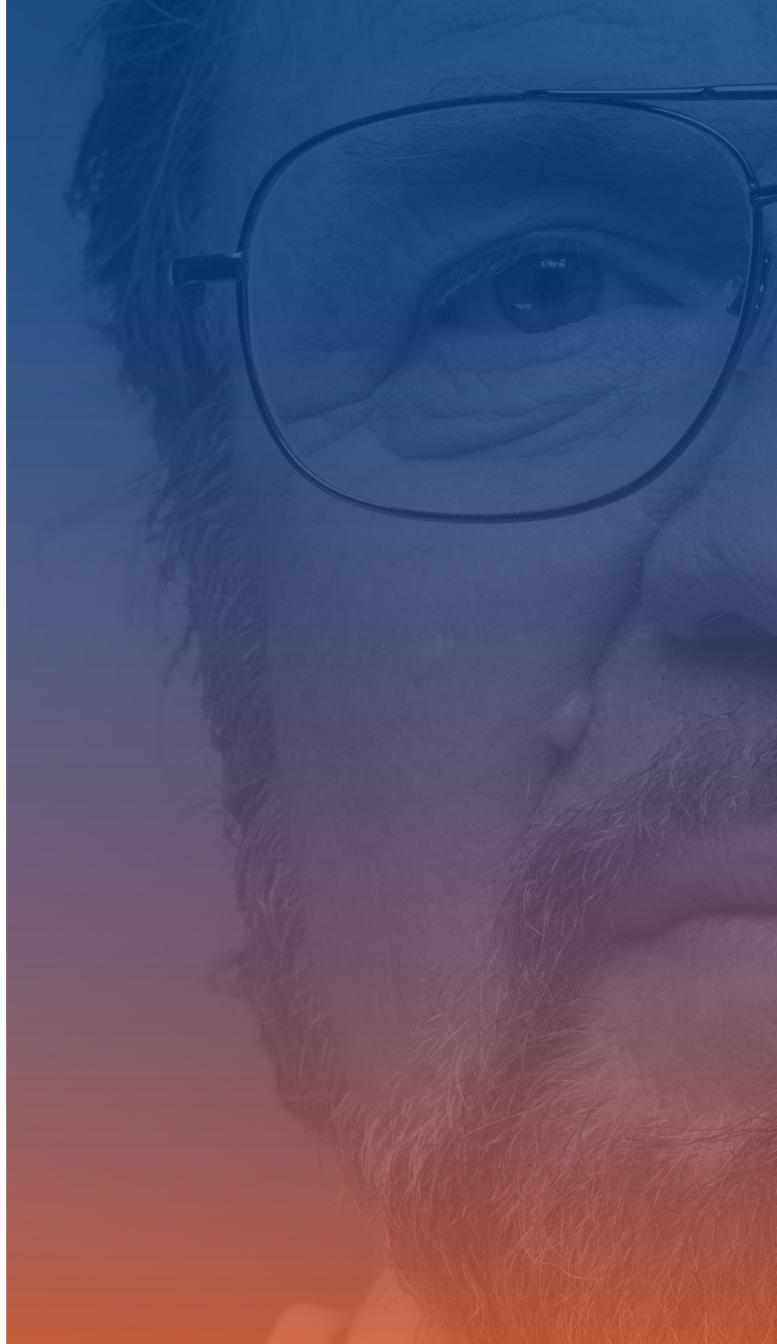


with the highest sugar content (20 grams per 8-ounce serving), as proposed by the [American Heart Association](#), would be especially effective.

Over a lifetime, on reasonable assumptions, this tax would [save half a million lives and cut health care costs by \\$100 billion](#). A tax of this kind would also raise around \$5 billion a year, [according to the Congressional Budget Office](#). This additional revenue should be earmarked for preventive measures proven to reduce health disparities.

Such a tax looks initially “regressive” in pure economic terms, since lower-income families spend more on sugary drinks. But considering welfare more broadly it is either neutral or slightly progressive, since the biggest health benefits are also experienced among the less affluent. The health benefits also differ by race. The tax would [reduce cardiovascular disease rates \(per million\) for Black and Hispanic Americans by 15,000, compared to 9,000 for whites](#).

As a nation we should also adopt Boston’s approach to school meals, making them [free to all students regardless of income](#), and cooking [real food in actual kitchens](#), rather than reheating processed food shipped by food conglomerates. This could [dramatically improve health outcomes](#). We also need better research on the impact of



nutrition on chronic health conditions: a good start would be the establishment of a [National Institute of Nutrition at the National Institutes of Health](#).

A health reset

It hardly needs to be said that much more than these two headline measures – big though they are – is needed to improve the health, and therefore quality of life, of the American middle class. We also support, for example, universal access to reproductive health care (see Chapter 3); universal rights to time off work with pay (see Chapter 2); expansion of subsidies for [individuals buying health insurance](#); stronger action to [tackle the opioid epidemic](#); bearing down on [health care costs](#); and [automatic enrollment into a health plan](#), as our colleague Christen Linke Young has proposed.

Above all, and as we have argued throughout this contract, policy needs to shift in the direction of prevention rather than cure. Too many of our citizens have suffered or died in the COVID-19 pandemic, especially Black Americans, who as Dayna Bowen Matthew, Dean of the Law school at George Washington University puts it, already “[live sicker and die quicker](#).” A strong middle class is one that is healthy both in mind and body. In 2020, America’s failings on this front are more vivid than ever. It’s time for a reset.



Respect

Respect

“Don’t look the white folks in the eye.”

This was the advice given to 14 year-old Emmett Till by his mother, before he traveled from Chicago to Mississippi in the summer of 1955. Emmett did more than this, rising to a dare from his friends to flirt with a white woman. A few days later he was brutally beaten and murdered. At Emmett’s funeral his corpse was shown as it had been found, at his mother’s insistence. The image of Emmett’s mutilated body generated national outrage and helped spark the civil rights movement. A similar moment may be occurring as we write, with national, and even global, protests at the killing of George Floyd in Minneapolis.

**DON'T LOOK
THE WHITE
FOLKS IN
THE EYE**





To look another person in the eye is an assertion of civic and moral equality. Members of an “inferior” race, class, or gender are supposed to lower their eyes in deference. When we lack respect for someone, we “look down” on them. A true republic of equals is one where every individual “can speak their minds, walk tall among their fellows, and look each other squarely in the eye,” as Princeton philosopher [Philip Pettit writes](#) (channeling John Milton): “They can command respect from those with whom they deal.”

As we’ve argued throughout this volume, the quality of life of the middle class should be measured not only in dollars and hours and life expectancy, but in terms of personal relationships and health. But respect matters too. Respect is demonstrated in the way we treat each other in daily life, and in the way we think about each other as members of our shared community.

Why respect matters

How does respect influence our quality of life?

First, the degree to which we feel respected in our interpersonal interactions matters.

[Disrespect between spouses](#) is the strongest predictor of divorce (rolling your eyes is, not coincidentally, [one of the best physical](#)

**The more
respect you
show yourself,
the more
people are
going to
respect who
you are.**

**Man
Prince George’s
County, MD**



[indicators](#)). But the way we treat every single person we encounter matters, especially as those interactions accumulate over the course of a day. As we argued above, quality of life is a relational good, and good relationships are founded on mutual respect.

Second, being treated with respect is a sign that we belong in a community or society, and a sense of belonging matters. Humans are naturally group-oriented creatures, and one of the challenges of large, dense, diverse modern societies is creating solidarity among strangers. Respect is a signal of mutual membership of society. To “diss” someone is to socially wound them.

Third, respect provides an important foundation for equal treatment. Discrimination should be seen as the ultimate form of disrespect. Interpersonal racism, for example, is disrespect of perhaps the deepest kind. [Studies have shown](#) that police officers treat Black and Hispanic people with less respect in routine traffic stops and that [white people are largely exempt](#) from this type of police scrutiny. A lack of respect across lines of difference – whether by race, age, class, religion, sex or geography – fatally undermines pluralism and equality. Sexual harassment can be seen in a similar frame, indicative not only of unequal power relations, but of a lack of respect.

Snobbery too is a form of disrespect. If some of our fellow citizens are described as “white trash” or “deplorables,” “clinging to their guns and bibles,” they may not be wrong to feel disrespected. To be clear, we are not saying that these expressions of disrespect are of the same order, especially regarding the treatment of Black Americans. Our point is simply that disrespect can cut across many different lines.

Fourth, respect is the basis for relational equality – of equal standing – and provides the moral basis for other kinds of equality, including legal rights and material resources. Systems of social insurance rely on a collective sense of citizenship - of what we owe each other - which in turn rests on holding each other in equal respect. [A lack of respect for another group can lead to a lack of support for policies](#) that provide them with assistance or opportunity, [such as welfare policy](#). Inequalities then deepen, leading to more segregation, which further undermines empathy and respect.

Fifth, self-respect is important to individual flourishing. Of course, it is easier to respect yourself if others respect you (one reason discrimination can lead to such suffering). But respect from the outside alone is not enough. Agency, responsibility and autonomy all depend on respect for oneself. If you prefer the

WHY /RESPECT/ MATTERS

1 *Being respected in our everyday interactions matters to our quality of life.*

2 *Being treated with respect is a sign that we belong in a community or society.*

3 *Respect provides an important foundation for equal treatment.*

4 *Respect is the basis for relational equality.*

5 *Self-respect is important to individual flourishing.*



language of psychology, we could use terms here like self-efficacy and self-esteem. But the point would be the same. [John Rawls argued for self-respect](#) as a “primary good” because “without [self-respect] nothing may seem worth doing, or if some things have value for us, we lack the will to strive for them.”

It hardly needs to be said that measuring respect is hard, and formulating policies to create respect harder still. But neither of these facts diminish the importance of respect.

A Republic of Respect?

What can we say about the state of respect in America today, especially regarding the middle class? The picture looks mixed. Good news first. Nine of out ten U.S. citizens [reported in 2018](#) that they were “treated with respect all day yesterday.” A similar proportion, including those in the middle class, said they were “[treated with respect at work](#).” This may help to explain why unemployment is so corrosive for wellbeing, especially over an extended period. Two in five people out of work for more than 6 months [report a loss of self-respect](#). This is a reminder that work is much more than just an economic activity.

But it is also true that about [half of Black workers](#) say they have been treated unfairly at work

because of their race, and [four in ten working women](#) report feeling discriminated against because of their gender. Many Americans of color, particularly Hispanic people, as well as those without a college degree, report that they feel “[unfairly judged because of the language they use to express themselves](#).” The education gap on this question is widest for white people, where those without a college degree are 11 percentage points more likely to report feeling judged for their language (34 percent) than their peers with a college degree (23 percent). This is one of many areas where class and race intersect; well-educated Americans need to be careful not to look down on their fellow citizens.

President Trump has accelerated the trend towards a lack of respect in public discourse. Most Americans (85 percent) say that [political debate in the U.S. has become less respectful](#) in the last several years. Polarization is no longer just a problem in Congress, but in our communities. More than half of those Americans identifying as Democrats or Republicans now have “[very unfavorable](#)” views of those who support the other party. Opponents have become enemies.

There is [a nasty feedback loop](#) at work here between voters and politicians. [According to Pew](#), “while most Democrats (78 percent) say



it is very important for Republican elected officials to treat Democratic officials with respect, only about half (47 percent) say it is very important for officials from their party to treat Republican politicians with respect.” A similar hypocrisy can be seen among Republican voters. Hopes that the COVID-19 pandemic would heal the nation’s divides were quickly dashed. Attitudes towards the [implications of the virus](#) as well as discussions over appropriate policy responses and the President’s handling of the crisis all broke along [sharply partisan lines](#).

Respect is not usually seen as a goal for public policy. But we think it should be. Of course, we don’t mean we should try to find empirical measures of respect that can be included in the regression tables of evaluation studies. We mean policy should be developed in ways that, other things equal, will signal, generate and encourage more respect.

Our most powerful respect-building policy is national service, as described in Chapter 3. Spending time with people different from ourselves, especially if engaged in collective tasks, is [proven to reduce prejudice](#) and open minds. It builds social capital – and it builds respect. Other pro-respect policies fall under four headings: education, leadership, politics, and the

making of policy itself. We describe each area briefly and offer a specific idea for each.

Learn respect

Respect is a skill as well as a virtue. We all have to learn the challenging civic arts of empathy and restraint. Crucially, we must learn how to distinguish between ideas and identities. We should normally be able to disagree with someone’s ideas without impugning their identity; and someone can disagree with our ideas in the same spirit. This capacity is vital for maintaining respect in the context of fierce disagreement – both of which are essential for democracy. It is in this spirit that Robert Litan argues that high school debate [can save America](#) by teaching how to “back up arguments with evidence (not fake news!)...speak persuasively in a civil fashion; and, perhaps most importantly, being able to argue both sides of most any issue or subject.” Initiatives like the intercollegiate Ethics Bowl, which promotes team-based deliberations, should similarly be encouraged.

Social media provides an important platform for interaction, and learning how to operate respectfully in these environments is important. Digital disrespect is a new challenge – and one that can only be solved through applying the right norms or “rules of the road” in these

Life is about
respect.
And you
have to
give it to
receive it.

Woman
Las Vegas, NV

Respect

environments. As UNC sociologist [Zeynep Tufekci correctly points out](#), “creating a knowledgeable public requires at least some workable signals that distinguish truth from falsehood [but]...today’s engagement algorithms... espouse no ideals about a healthy public sphere.” A number of measures could help:

- Teaching middle and high school students how to consume and use social media, drawing on new curricula, such as those designed by [Project Zero at the Harvard School of Education](#).
- Social media platforms being much [more diligent in verifying the identities](#) of their users. Facebook has [already announced it will require identity verification from accounts with “high reach.”](#) It should verify identities for all accounts.
- Improving regulation and fact-checking on the part of the major tech platforms, in order to dilute the impact of “fake news.” [Moves in this direction](#), including signing up to [third-party fact-checking services](#), are welcome, but should be accelerated.

Another specific proposal to build respect among the young is for school boards to [require](#)



[every American student to attend a citizenship ceremony before graduating from high school.](#)

These ceremonies are deeply and colorfully patriotic. They are a reminder of the values that make our nation so special; one reason the [federal judiciary encourages involvement from schools.](#) Many ceremonies would need to be moved to larger venues, as some already have, perhaps to the auditorium of the high school itself, or to a local theater or other civic space. They could become community events, rather than just family ones. Perhaps high schoolers could also take the same citizenship test as new Americans before graduating.

The goal here is to improve the way that Americans view immigrants – who have historically been the source of the next middle class.

Model respect

Respect is shown in very direct and personal ways. But it is also modeled for us – or not – by public figures. As noted above, most Americans see our political discourse deteriorating into disrespect. Rather than debating ideas, politics too often consists of demeaning individuals. The danger is that this trickles down into general attitudes.

Both political ethos and electoral procedures matter here. We need politicians, teachers, and preachers who embody and express the value of respect – and institutional norms that support respectful exchange. To be clear, we are not arguing for a conformist politeness. Disagreements will often be uncomfortable. The point is simply that all of us, and above all those in positions of authority or high visibility, or both, must have the discipline and skills to disagree with each other without disparaging each other.

Organizations like [Braver Angels](#) (formerly Better Angels) are working to overcome partisanship and polarization at the grass-roots level by convening “Red/Blue Workshops” for a day, with the goal of learning how to “disagree respectfully.” This is valuable work. But the long-run goal must be to make this part of the way we live, worship, and work alongside each other.

Build respect

But procedures, systems and rules matter, too. In a democracy where each citizen is held in equal respect, their votes should count equally, too. Right now, the U.S. political system is unbalanced and unfair; we are not a very representative democracy. And it only gets worse – by 2040, for example, it is likely that [30 percent of Americans will choose 70 percent of U.S. Senators.](#)



A series of reforms could improve our democratic process, including: introducing a [proportional voting system such as ranked-choice](#); [reducing gerrymandering](#); [reforming the electoral college to align results with the popular vote](#) (perhaps through an interstate compact); granting [Statehood to the District of Columbia](#) (ending what [Alice Rivlin called “an anomaly and an anachronism”](#)); and, most urgently of all, [curbing voter suppression](#).

Show respect

Policies and programs can enhance or erode respect in their substance, the manner of their delivery, and the political messaging around them. MIT political scientist Andrea Campbell refers to these as [“policy feedback effects.”](#) Free school meals or welfare payments can be delivered in ways that are stigmatizing, or not, for example. The physical environment of welfare or unemployment offices, as well as the tone of interactions with officials, can send a signal of respect to those who walk through the door -- or not. The [success of educational programs for adolescents relies to some extent](#) on whether participants are treated with respect, and as having personal agency and status.

Even the way in which policy is made in the first place can also be more or less respectful, especially towards those who are the intended

beneficiaries. Policies are typically devised in government departments, universities, and think-tanks, by professionals armed with data, skills and studies. But including the expertise and voices of citizens – [of “public judgment” to use Daniel Yankelovich’s term](#) - is important too.

It ought to become the norm to convene [“Citizens Juries”](#) to work on policy development. Here is how such juries can work:

- Just like legal juries, [they are made up of randomly selected members of the public; ranging in size from 12 to 24 jurors.](#)
- Over the course of a few days, supported by appropriate experts and provided with high-quality information, the [Citizens Jury works on a policy issue, dilemma, or decision, before providing their advice.](#)
- To work well, they need to be genuinely representative of the community (not of vested interests) and they need to engage in well-moderated, inclusive conversations.
- Payments and protections of employment currently applied to legal jury service should be extended to Citizens Juries too. (Note that these are state-level laws.)



In scholarly circles, Citizens Juries are seen as an example of [“participatory action research.”](#) To us they are a tangible expression of partnership between state and citizen, and of democratic respect. To date, they have been the result of largely voluntary and philanthropic efforts, and patchy in terms of quality. We believe that Citizen’s Juries should be seen as an important part of the standard policymaking process

Renewing Respect

We believe that certain public policies, including those outlined here, can help to create and sustain respect. But we are under no illusions. As a general matter, respect does not result from good technocratic policymaking, or the correct pedagogy. It is an issue of culture, norms and leadership.

We also want to highlight the important distinctions between respect for others and resignation or inaction in the face of injustice, and to warn against [the use of narrow ideals of “respectability” against particular groups.](#) Protest, dissent and righteous anger can all be expressions of respect. By kneeling for the national anthem to protest the racist treatment of Black Americans, Colin Kaepernick was not showing disrespect for his country. He was showing deep respect for the values of his

country – and asking us to live up to them. In a similar way, we must not conflate the idea of “being respectable” with submission or deference – very often it means precisely the opposite.

Respect is expressed and created in the way our leaders treat each other, especially their opponents, and in the language and tone they use about people, especially those who are different from them. But respect won’t just trickle down from the top. It is created and expressed in the way we treat each other [“in the thick of daily life.”](#) Respect is one of the foundational values of the American middle class – and it needs renewal. We need a society where every one of us is willing and able to look each other squarely in the eye.

America can only be as strong as the American middle class. We believe that the new contract we have described here, based on the core principles of partnership, prevention and

pluralism, holds out the promise of a better future for the middle class – and so for the nation.

Let us know what you think.



References

Full citations available online at

www.brookings.edu/middle-class-contract-references

FUTURE *—of the—* MIDDLE CLASS

“ *The brokenness of our society is more visible than ever. But so too, we believe, are the prospects for serious reform. The case for a new contract with the middle class has never been stronger. For once it is not hyperbole to ask: If not now, when?* ”

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