

IS THE MIDDLE CLASS SLIDING AWAY FROM THE MIDDLE?

The large middle class in Britain is still feeling quite good, but nearly all economic growth has been at the top. If the middle class is going to be hit hard by the crisis, we will probably see a lurch towards conservatism, says Polly Toynbee.

By **Rachel Briggs**, Glasshouse Forum advisory board member.

Who are the British middle classes? Angus Maude summed it up nicely when he commented, “it might perhaps have been held that the middle classes were composed of all those who used napkin rings.”¹ Maude’s irreverence belies a clarity that others have struggled to find in answering this question. For the middle classes are not defined just in socio-economic terms, although it has been historically correct to assume a fair degree of correlation between income and class. Neither are they defined solely in relation to how they spend their money, where they live or their educational background, although general rules can be observed. Instead, the vital ingredients are a set of shared attitudes, values and behaviours that together encapsulate the British middle classes: aspiration, financial security and prudence, voluntarism, and a commitment to the family as the main social unit. But after the large scale process of upward social mobility that took place in the 1950s and 1960s, Britain is left with a “middle class” that incorporates around 70 per cent of the population. On this measure, just how useful is the term, especially as we try to understand how the current economic crisis will impact on them?

Guardian columnist, Polly Toynbee, has written at length about class in Britain, focusing in particular on the poorest in society. However, her latest book, *Unjust Rewards*, looks at those at the other end of the spectrum; the super rich. As someone who has chronicled the rich and the poor, I wondered what she would make of the majority in the middle and their plight as the effects of the credit crunch starts to be felt.

In your book, you say that class in Britain is just as embedded as it ever was. Does it still have the same impact on people’s lives?

“When I started out in journalism in the late 1960s, we had a society that was two-thirds manual, working class, blue collar, non-home owning. Now we have moved to a society that is two-thirds white collar, middle class, home owning and that has been a huge social change. One-third of society went on a large upward mobility curve. But this stopped at about the end of the 1970s. In the early 1980s during that terrible recession, right across Europe – but particularly badly felt in Britain and America – there was a sudden falling off where the poorest just got much poorer; the bottom third who were left behind became much worse off. The effect was that, at the end of the 1970s, only one in seven children was in a family living below the OECD poverty line, but by 1997 when Labour took power it was one in three children. Also in the mid 1980s, there was the great financial boom in which the lid was blown off the very top, helped by the huge reduction in the top rate of tax. The growth in poverty at the bottom, the explosion of wealth at the top, and a much more unjust tax system led to this big social change.”

Given the scale of the shift you describe, do you think it is still useful to talk about working, middle and upper classes? Especially when the features that characterise the so-called “working class” are worklessness and transient work, as opposed to any particular type of manual labour.

“The culture and language of class has changed, but the reality not very much. You could say we have a 70 per cent middle class society if you

¹ Quoted in *Middle Class: Their Rise and Sprawl* (2002), Simon Gunn and Rachel Bell, p. 4.

include all the home owners, although in this downturn you may find that the bottom home owners fall out again. I think it's reasonable to say you are middle class if you are a salary earning, white collar home owner. It's true that to describe the rest as working class doesn't describe them at all, but I think also that not to talk about class is to disguise what's really going on. Yes, nobody has to doff their cap to someone else, we don't have feudal lords, we don't have a sense of deference, and we don't have class warfare anymore. But it's a bit like taking you into a room full of lottery winners and saying 'here are lottery winners, look anyone can win, it could be you'. The answer is that of course it could be you, but what matters are the odds, and they are very low indeed."

But if as many as 70 per cent of Britons can now be described as "middle class", is that a useful and meaningful term?

"I think it's a useful term as they would probably self-identify as being people who had made it, who have their own home. For many, their parents could never have imagined that it would be possible to own a house that was worth £250,000. So they identify themselves upwards, but within that group there is incredible disparity. There is a myth of growth, and GDP per capita is an entirely mendacious and useless average. I think the description that we're doing so well has been very politically damaging because people can't point to the figures and they don't know where they stand on the earning spectrum, but they just know it doesn't feel that way for them. The latest Office of National Statistics (ONS) report about incomes showed that in the last 3-4 years the bottom half have had no increase at all. What's more, the bottom-third have actually fallen back in real

terms over the last five years. When you look at the bottom 80 per cent, most of them have had not very much growth. Nearly all of the growth we have seen has been in the top 20 per cent, within that nearly all of it within the top 5, and heavily distorted towards the top 2 per cent."

If the middle classes are no longer that affluent, that surely leaves us feeling somewhat disorientated. Have we lost our sense of perspective on income and class structure?

"Our political leadership has failed to give people a sense of who they are and where they belong. There is a 'Hello culture', where people see footballers and others making mega money and they look at it with either wonderment or anger. They know there are a lot of poor folk but they assume they must be slackers because they think there is full employment. And there is a very uncertain middle. If you ask people in the top echelons – which we did in our book – they haven't a clue where the middle is. There is a sense that politicians have not presented a true picture back to people so they can make sense of what is happening."

One of the most dramatic social changes of recent times has been the explosion of the super rich; a new class of people at the top of the socio-economic ladder who are self made, who have not inherited their wealth as the upper classes did. Why and how did this happen?

"The Americans started. Under the rubric of globalisation, the top swathe of executives within companies have managed to con everybody that globalisation meant that we had to keep up with the Americans in everything, including these

astronomical salaries that all the research tells us bears no relevance to performance. The system of remuneration committees actually served to inflate pay as everyone could then look at everybody else's and compare their salaries much more easily. It requires regulation to stop it."

Why do you think it is something we should be concerned about?

"Because it caused disaster; huge mergers and acquisitions, huge borrowing, anything that you could do to inflate your company's share price over a very short period of time, that's what the board told you to do, and if you did you were rewarded with a bonus. It's turned out that it was that bonus culture that led to the massive under-capitalisation and over-leveraging of borrowing that led directly to the crash. When we wrote our book, if we had said that the bonus culture would bring capitalism to its knees in a way we have never seen before, we would have been laughed out of court. But it's happened. And yet, I see no real sign of the government demanding an end to that culture, even though if they did they would get good support."

"The other reason that we should be concerned is because of the effect it has on the rest of the social fabric. We now have chief executives of quite small cities or health authorities demanding to be paid £200,000 – more than the prime minister is paid – because they are trying to keep up with what's going on outside. The same thing is happening within companies; senior managers are trying to keep up with the board, and the middle managers are trying to keep up with the senior managers, and all the time a bigger gap is emerging between the shop floor and the board. This

breeds resentment and makes for very unhappy organisations."

So, despite it becoming the main shareholder in many of these failing institutions, you do not think that the government will be brave enough to stamp out those practices?

"I think it will breathe down their necks to do things like lend more so they don't just build up the capital for shareholders and they might grumble a bit about bonuses, but it doesn't look like they will step in and do anything. They get so bamboozled by people in the city telling them what they can and cannot do, but it is all nonsense. People won't leave Britain; nearly everyone working in the financial sector in the UK is British, and not in danger of being poached as far as anyone can see."

So you don't think that the current financial crisis will create the climate, language, and political leadership you talked about that are essential in tackling the problems at both ends of the economic spectrum?

"It might do. I don't think yet that the shock has been great enough, and already within two weeks of near economic collapse the Tory papers are saying that we must be very careful that we don't over-regulate. They are all back at the same old game. In fact, I don't think anyone has changed their mind – I haven't changed mine – and I don't think any of them will either. Now is our chance, say both the left and right, to do whatever it was we wanted to do beforehand. I would like to say it's a new dawn, but I've got a bit suspicious of new dawns."

Specifically, what kind of impact do you think this economic crisis will have on the middle classes?

It is difficult to get a proper sense of how the middle classes feel and how the current economic woes will affect them. Right now, middle England is feeling good; interest rates are at an all time low which means that mortgage payments – the main outgoing for most households – have fallen dramatically, and food and fuel prices are finally coming down. This is creating a short term feel good factor for the average family. What will happen if and when the economic crisis spreads is anyone's guess. If I am right, the middle classes will be hit hard and we are likely to see a lurch towards conservatism – socially, politically and economically – as Middle England hunkers down.

What is clear is that the plight of the middle classes will have an enormous impact on the mood of the UK. With the middle classes now accounting for almost three-quarters of Brits, Charles Masterman's words of 1909 are even more relevant today: "England...is the tone and temper which the ideals and determinations of the middle class have stamped upon [it]. It is the middle class which stands for England in most modern analyses."² Whether they are a cohesive group or not, the middle classes deserve a lot more of our attention than they have commanded of late.

² Quoted in Gunn and Bell, p. 1.