

## MIDDLE CLASS ECONOMICS: RESTORING THE AMERICAN DREAM IN A CORPORATE AGE

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### Master thesis

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### Abstract

The Financial Crisis of 2008 and the ensuing recession created much ambivalence about free market economics as a viable way to achieve sustainable economic growth in the United States. Despite a robust recovery the downward trend of the American middle class has persisted. In 2015 The Obama Administration launched Middle Class Economics (MCE) as a new set of economic policies that seek to arrest the negative developments and restore America as a middle class society. In parallel to MCE the Obama Administration is championing an ambitious set of free trade agreements that seeks to include substantial parts of Asia and the EU in a trading regime centered on the U.S. The Trans Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) are touted as a managed form of economic globalization that is more dynamic and socially friendly than the current arrangements, and which will benefit the working- and middle class in America. This thesis looks at the discursive foundations for these policy initiatives, and sees this in connection to a broader shift in economic thinking away from free market economics, in order to evaluate if we are witnessing a substantive shift in economic thinking away from pure market governance towards a more active state that seeks to relieve social hardships through economic policy. For this purpose a combination of discourse analysis DA on textual data from The White House, structural analysis of economic institutions, and cultural IPE theory is used. This thesis suggests that while we are seeing a broadening of the economic debate in the U.S to include more non-market elements, these elements are overshadowed by geopolitical strategic concerns, represented by the FTAs. Although we are seeing a shift to an economic debate that is concerned with the social effects of free market economics, these concerns are only recognized insofar as they affect economic performance. Thus we are not seeing a democratization of economic policy, but rather a comeback of the state in economic governance as a more hands-on economic partner in supporting a type of economic globalization that is articulated and driven by major corporations. In turn a new type of middle class citizen is created that will fit into this new competitive environment.



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But President Donald Trump's economy hasn't yet restored the middle class to where it once was. Of course, by most popular measures, the U.S. economy is doing incredibly well. From record low unemployment across all demographics to a record high stock market and rising wages, Americans are definitely better off than they were four years ago. But in other important areas, quality of life for the middle class as a whole remains tenuous. Those negative trends are the three big pillars of the American middle class: housing, health care and education. Today, about half of the so-called "middle class" can't afford any of those. In fact, 40 percent of American adults do not have an extra \$400 in the bank to cover even a minimal unexpected expense. The American middle class—at certain times the envy of the world and, at other times, the object of its derision—is losing ground financially to upper-income families, according to a report from the nonpartisan Pew Research Center. The total population of the middle class in the U.S. has remained fairly stable since 2010 (51% of American adults lived in middle-class households in 2019, which is the same as 2011). This is because a relative decrease in the incomes of lower- and middle-income families in the U.S. may result in a decline in overall consumption in the country, and this has been shown to increase the level of borrowing (and debt) and decrease investments in education.