

A revolt is brewing in the middle class

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PORTLAND, Oregon

Something is brewing in Portland, and it isn't coffee.

The storm gathers at a distance from the coffeehouses and art galleries and wine bars that give the place such a very good word-of-mouth. It is separate and apart from the upper-crust stores that sprout in proudly preserved urban neighborhoods, where every business seems to display a poster promoting this cause or that - an environmental rally today, a meeting to expand bicycle lanes tomorrow.

This metropolis that is so often listed among America's most livable cities is living the economic crisis of our time.

For three consecutive years median income in Portland has declined, City Commissioner Sam Adams said last week at a conference of editorial writers from around the nation. After taking a vicious hit when the tech bubble burst, jobs are back. Good wages aren't. "We are getting our butts kicked in the world economy," Adams says.

This is not Detroit or Pittsburgh or a town in the textile belt. This is the prototype of the places we were told would catch the globalization wave and ride it - not be drowned by it. The Portland area has a young, educated and agile workforce, a spectacular location with easy access to the Pacific, and economic synergy with innovative neighbors in California and Washington.

But its middle class struggles to stay in the middle.

Oregon has regained the jobs it lost during what was, for this state, a deep recession. But when the semi-conductor industry rebounded, says David Cooke, an economist with the state employment department, many new jobs went to Asia. "A lot of that production is being done in other countries where wages are much lower," he said in an interview.

The state's biggest recent job gains have come in "leisure and hospitality" - the hotels and restaurants that are notorious for low pay and often nonexistent benefits. Work is to be found in serving the well-off.

And so, in a town where local pollster Tim Hibbetts says the political spectrum usually ranges from "liberals to strong liberals to ultra-liberals to leftists," a different undercurrent is churning. "There's a lot of simmering anger out there, and it's mostly in the broad middle," he says. In his polls done in Oregon and elsewhere, about 80 percent of voters say they are worse off, or no better off, than they were a year ago. The discontent is national and chronic - and chronically ignored.

Neither political party gets it.

Before Katrina, before \$3-a-gallon gas and before the latest airline bankruptcies reminded middle-class workers that they are one corporate strategy away from losing their paycheck and their pension, the middle class was overburdened and burning out. It doesn't understand why globalization is good if it is so obviously concentrating wealth, not spreading it. It's furious that it works hard and plays by the rules, as Bill Clinton used to say, but loses anyway.

It is fed up with a political system that hasn't seen fit to even talk about this turmoil as a first step in groping toward a solution. "We are facing globalization - I don't think we have the capacity to change that," says Adams. "But what's the backup plan?"

There isn't one. That's why the primal scream that Washington does not yet hear will become deafening, and soon. It is not just Katrina and Iraq and frayed national nerves over terrorism. Any politician who believes this risks a layoff. Median household income, adjusted for inflation, has fallen for five straight years, according to an Economic Policy Institute analysis of government data.

The political moment most resembles 1992, when Ross Perot burst onto the scene, a pyrotechnic display of middle-class frustration. The upheaval continued in 1994, when voters turned the Democrats out from control of what had been their congressional kingdom.

No one can know what form the coming middle-class revolt will take. But any politician who wants to survive had better be able to answer some questions.

If we are no longer to expect employers to provide affordable health insurance or decent pensions, what is the alternative? If the unrestrained forces of globalization don't benefit - and indeed, hurt - the broad middle class, what would you do to restrain them? If education and innovation are the answers, then what are the education and innovation strategies?

Really, what's the backup plan?

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