THE MAN IN THE MIDDLE

Tom Shapiro's research is changing the way we look at the middle class—and policymakers are starting to pay attention. \\ By Max Pearlstein '01

Tom Shapiro is frustrated. "This is the season of pandering," he says as we talk politics inside his third-floor office at the Heller School for Social Policy and Management. "The conversation that we hear every four years out of Democrats and Republicans is not very useful dialogue. None of the claims we hear from politicians is ever explained."

Looking out of his office window, Shapiro can see clear across the university's evolving campus, past the rising skeletons of the new Carl J. Shapiro Science Center and Ridgewood Residence Halls, beyond the boundaries of Brandeis. It's a fitting vantage point for someone who views his role as director of the Institute on Assets and Social Policy as essentially bridging the gap between the academic and the policy worlds.

This afternoon, Shapiro is hoping his pioneering research on America's middle class will bring some accountability to the presidential race. "They say whatever they think voters want to hear," he tells me, referring to the generalized claims about the middle class in daily stump speeches. "We hear that the middle class is doing better, or that the middle class is doing worse; well, it has to be one or the other—now we have the objective data."

Mapping out the middle class

Those data, collected in a series of collaborative reports released by Shapiro's team at Heller and the New York nonpartisan research and advocacy organization Demos, assess middle-class security based on five core economic factors: assets, educational achievement, housing costs, budget, and health care. By plotting where a specific household ranked in each of the categories, the researchers were able to define it as financially "secure," "borderline," or "at risk." When the original report was released in November 2007, it offered some startling figures. "By a Thread: The New Experience of the Middle Class" found that less than one-third of middle-class households were financially secure, and more than half of the middle class had no net financial assets.

"In America, we have been concerned, to some degree, about poverty," Shapiro says. "We think it might be the case that what we have previously characterized as the conditions of poverty are going up the economic ladder and seeping into the middle class."

Adjusting for family size, Shapiro and his colleagues have qualified the middle class as households with income ranging from $40,000, or twice the official poverty level, up to $140,000.

He is quick to point out that the majority of African-American and Latino households that fall into this range are concentrated at the lower level of the spectrum. In fact, "Economic (In)Security," a follow-up report in early 2008 that focused specifically on the minority population, found that three out of four African-American and four out of five Latino households were at risk of falling out of the middle class completely.

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"There is a huge difference in the financial assets between African-American and Latino households on one side and white households on the other," Shapiro says. "By comparison, the average African-American family has a dime in wealth for every dollar that the average white family has."

He attributes this wealth gap to the historical legacy of race in the United States and the way many American institutions continue to operate today. "For example, take identical houses with the same exact square footage and the same number of blades of grass. If one of the houses is located in a community that's less than 75 percent white, it's probably going to be valued about $300,000 less than the same house in a community that's 90 percent white. Realtors say 'location, location, location.' If you deconstruct it, what they mean is the characteristics of the location."

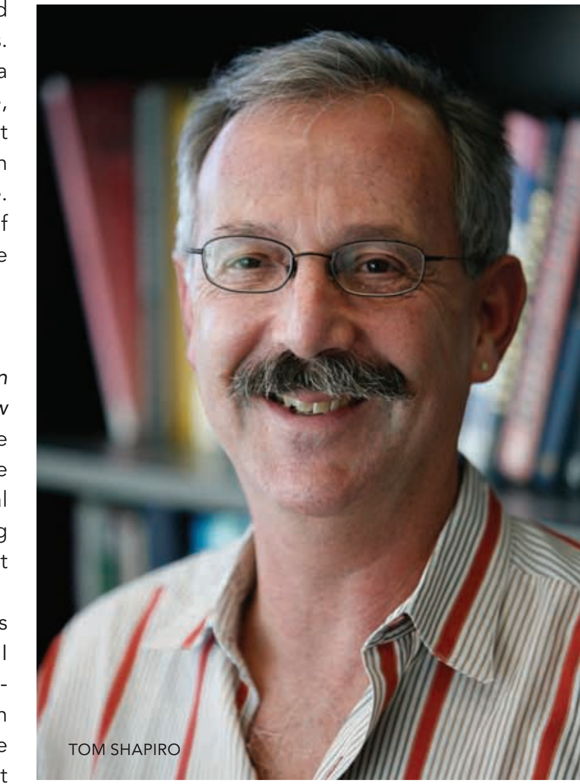
Shaping a passion for social justice

Shapiro, who wrote the book *The Hidden Cost of Being African-American: How Wealth Perpetuates Inequality,* has become a nationally recognized expert on the economics of race. His passion for social justice was ignited while he was growing up in Southern California during the height of the civil rights movement.

"The 1965 Watts rebellion or riot was something I observed closely," he says. "I especially remember listening to a police-band radio and being shocked as an eighteen-year-old at the racist language and feeling expressed by law enforcement officers during this conflagration."

While Shapiro left behind the civil unrest in his home state later that year to attend the University of Wisconsin, his desire to better understand issues of inequality remained, eventually becoming the nucleus of his scholarly research and paving the way for his current focus on the increased economic demands placed on the middle class.

"We want to get a handle on what it means when American families are being asked to pay more for their health care," Shapiro says, "whereas previously their employers did this to a much greater degree and a much deeper degree. So what does this transformation mean for families? And our hypothesis has been that families aren't taking this money out of their paychecks, because their paychecks, as we know, barely cover their living expenses. They're taking it out of their financial assets. They're going into debt."



TOM SHAPIRO

Bridging the gap

Now that the Institute on Assets and Social Policy reports have defined the problem, Shapiro has been busy spreading the message of middle-class insecurity to the policymakers in Washington, D.C. He presented the findings from "By a Thread" to a congressional panel, and former U.S. secretary of Housing and Urban Development Henry Cisneros has praised the project. Due to all the attention, Shapiro is optimistic that the next presidential administration will work on crafting a solution. "I think the more we understand what's going on, the better our chance is of doing something about it," he says. "Then the question becomes matching a remedy to what you see in the research, and I think we've gotten a lot better with that."

When I ask him how much longer he'll be putting the information out there, into the world on the other side of his office window, Shapiro smiles and says, "It's so much fun. I'll never slow down."