

DEMOCRATIC CLUB OF WILLOW VALLEY

NEWSLETTER

January 2026

Paid for by Democratic Club of Willow Valley

Treasurer, Steve Wright

Editor Ross Fairweather (rossfair63@gmail.com)



Addressing the Issues

IN THIS ISSUE

Political News:

What Democrats Must Pledge to America	02
\$140,000 the New Poverty Line	05
Part 1: My Life Is a Lie	11
10 Crucial Things You Can Do in 2026	29

Club/Local News:

Coming Events	36
---------------	----

The first three articles address affordability.

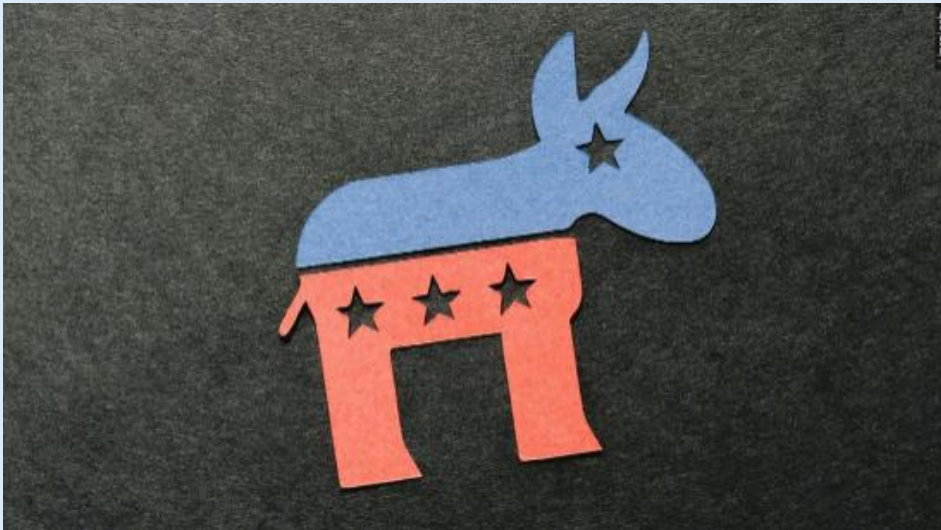
What Democrats Must Pledge to America

What Democrats Must Pledge to America

Ten ways to make America more affordable

Robert Reich

Dec. 5, 2025



Friends,

Trump's economy is truly sh*tty for most Americans. Every time Trump or his lapdogs in Congress tell voters that the economy is terrific, they seem more out of touch.

A significant number of Democrats have won elections over the last 10 months — mayoral, gubernatorial, and special elections — by stressing *affordability*.

Democrats can show America that they can be better trusted than Republicans to bring prices down and real wages up by promising 10 things.

The Democrats' Pledge to Make America Affordable Again

- 1. We'll eliminate Trump's across-the-board tariffs.** They're import taxes that are raising the prices of just about everything American consumers buy. We'll eliminate them where their costs to consumers are far higher than any potential benefits in the form of new jobs.

Cont'd next page

What Democrats Must Pledge (cont'd)

- 2. We'll bust up monopolies.** Another major source of high prices is monopolies — especially in high tech, health care, food, and finance. We'll vigorously enforce antitrust (anti-monopoly) laws so that corporations don't have the power to raise prices. We'll bust up giant corporations. We'll bar large firms from merging or acquiring other firms.
- 3. We'll fight for stronger unions.** Workers need more bargaining power to get higher wages. Part of the answer is stronger unions. Democrats will make it easier for them to start or join them.
- 4. We'll raise the national minimum wage to \$20 an hour.** No one who works full-time should be in poverty. And we'll raise it even higher for employees of big corporations that pay their top executives more than 200 times the typical worker.
- 5. We'll make housing more affordable.** We'll stop private equity firms from buying up large tracts of housing and colluding on prices. We'll get rid of zoning laws that keep housing prices high. And we'll raise taxes on big corporations that drive up housing prices where they're headquartered or have major facilities and use the funds for more affordable housing there.
- 6. We'll cut health care costs by making Medicare available to everyone.** Giving everyone the option of buying into Medicare would bring health care costs down because it's cheaper and more efficient than private for-profit health insurance.
- 7. We'll get working families help with child care and elder care.** Both are essential for working families who must now pay out large portions of their incomes to provide care for family members.
- 8. We'll give working families paid family leave.** Twelve weeks of unpaid leave has proven useful but not adequate. Every other advanced country provides paid leave; the richest country in the world should too.
- 9. We'll provide a universal basic income if adequate-paying jobs are unavailable.** Face it: Artificial Intelligence will permanently replace many jobs. No family should be left in the cold. The universal basic income won't be so high as to make families comfortable, but it will be enough to keep them out of poverty.

Cont'd next page

What Democrats Must Pledge (cont'd)

10. We'll raise taxes on the wealthiest to pay for this. Since Reagan, the rich have paid far lower taxes while accumulating a near-record portion of total income and wealth. It's only fair that they pay more so that the rest of America can afford what Americans need. We'll raise the top marginal tax rate to 70 percent — what it was before Reagan. We'll also impose a 0.5 percent tax on wealth in excess of \$100 million. We'll also eliminate the cap on income subject to Social Security taxes, require that the ultra-rich pay annual capital gains taxes on unrealized income, and eliminate the stepped-up basis at death.

These 10 steps are crucial for making America affordable again. We pledge to back every one of them.



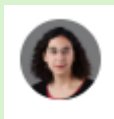
\$140,000 the new poverty line

An investor called \$140,000 the new poverty line. Experts disagreed but said he had a point.

The Washington Post
Democracy Dies in Darkness

Michael Green's tally of the costs of raising a family in the U.S. today is going viral, even if economists scoff at his math.

November 29, 2025

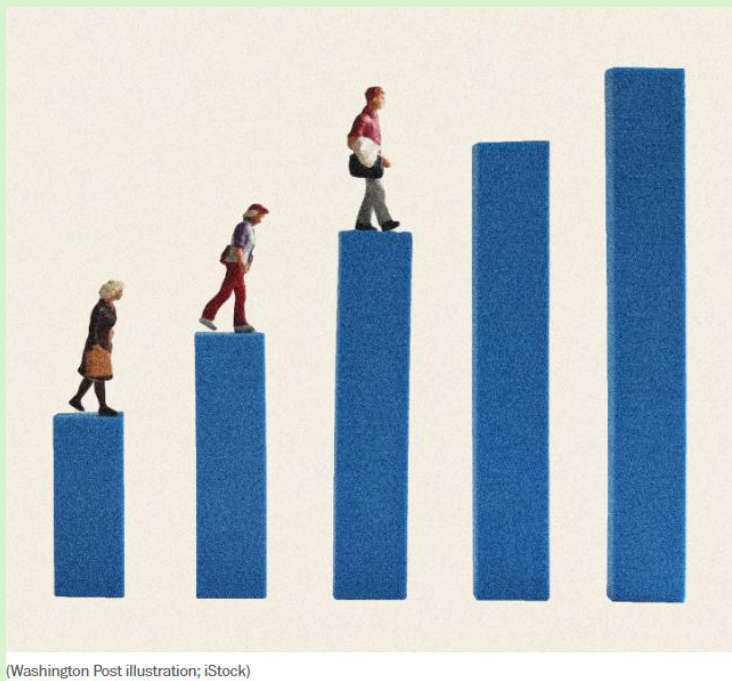


By Julie
Zauzmer Weil

Michael W. Green did some math recently. For a family of four to afford housing, health care, child care and

other necessities, he calculated that they would need at least \$136,500 a year.

The U.S. poverty line, the number that the Department of Health and Human Services says is necessary to keep a family out of poverty, is [\\$32,150](#) for a family of four. Green says it should be more than four times that — a figure that would mean the majority of American households are living “in poverty,” by his metric.



Cont'd next page

\$140,000 the new poverty line (cont'd)

His idea, which he published in [an essay](#) on Substack this week, has made waves among economists and activists, with some praising Green's approach to assessing the real cost of living, and others finding his claim that a six-figure income could be considered poverty wages to be ludicrous.

Green's new fans are effusive: "The [most](#) important thing most of us will read all year." "The [best](#) read of the year." "Can't [unsee](#) what you learned."

So are his detractors: "It's completely disconnected from reality," American Enterprise Institute economist Kevin Corinth said. "It's laughable to put a poverty line far above the median income in the United States."

The [median household income](#) was \$83,730 last year. For families with two or more children, the median income was \$109,300, according to census data. Incomes vary greatly by state, but Green's \$136,500 budget — which he said is based on the cost of living in the middle-class suburb of Caldwell, New Jersey — is above the median for a four-person household in 37 states.

Some experts who said Green was mistaken to suggest that Americans are in a state of true poverty if they don't make six figures still agreed that the questions he raised — about the level of income a family needs to feel secure in modern-day America — were good ones.

Green works on Wall Street as portfolio manager for a half-billion-dollar fund. Most of the readers of his Substack were fellow wealthy finance professionals before his post about the \$140,000 poverty line went viral.

He said in an interview that he started calculating the cost of raising a family when thinking about the challenges faced by his three children, who are all working adults in their 20s, and their generational peers.

"This is unfortunately very much the lived experience for people who are trapped in that valley of death," Green said, the term he applied for when people earn too much to qualify for benefits like food stamps and Medicaid, but too little in his view to afford necessities. He sees that "valley" as being inhabited by people earning between about \$40,000 and \$100,000, or even more in high-cost areas, he said.

Cont'd next page

\$140,000 the new poverty line (cont'd)

“This is unfortunately very much the lived experience for people who are trapped in that valley of death,” Green said, the term he applied for when people earn too much to qualify for benefits like food stamps and Medicaid, but too little in his view to afford necessities. He sees that “valley” as being inhabited by people earning between about \$40,000 and \$100,000, or even more in high-cost areas, he said.

“They are not making enough to really cover the cost of full participation in the economy. An increasing fraction of people are choosing not to get married,” he said. “We’re seeing household formation pushed later and later and later. ... It’s telling you the cost of having a traditional [two-parent, two-child] family: That choice is being opted out.”

Green wrote that he “felt sick” when he recently learned how HHS calculates the poverty line: three times the cost of food for a family in 1963, adjusted for inflation every year.

“He is echoing some things that poverty scholars have talked about for quite a while — the official poverty measure being antiquated,” said Christopher Wimer, co-director of Columbia University’s Center on Poverty and Social Policy. “Food in budgets has become a much smaller piece. Housing has gotten much more expensive.”

An HHS spokesman did not respond to inquiries from The Washington Post. By the official measure, 10 percent of Americans were impoverished last year.

The Census Bureau’s [Supplemental Poverty Measure](#) takes into account the costs of clothing, housing, utilities and internet as well. Unlike the official poverty line, the SPM varies based on families’ circumstances — adding government benefits that they receive on top of their income, and subtracting costs they must pay for health care and child care. The threshold came out to an average of just over \$39,000 for most two-parent, two-child households last year.

Green added up elements of what he views as essential household expenses today and got a far higher number.

Cont’d next page

\$140,000 the new poverty line (cont'd)

Micheal Green's estimate of necessary expenses

Child care	\$ 32,7773
Housing	\$ 23,267
Food	\$ 14,717
Transportation	\$ 14,828
Health care	\$ 10,567
Other essentials	\$ 21,857
Taxes	\$ 18,500
Gross Income	\$136,509

Source: [Michael Green](#)

JULIE ZAUZMER WEIL / THE WASHINGTON POST

Wimer pointed out that others have tried to make budgets like Green's before. The Massachusetts Institute of Technology's state-by-state [Living Wage Calculator](#) says that in Maryland, for instance, two working adults with two children need an income of \$129,572 to afford food, child care, housing, transportation and other expenses. The left-leaning Economic Policy Institute says that for a "[modest but adequate standard of living](#)," a family needs \$139,524 to pay for housing, child care, health care, food and transportation in the D.C. metro area, or a little over \$100,000 in Birmingham, Alabama, or Cleveland, or \$84,019 in El Paso.

"They're useful, but they are, to my mind, distinct from a poverty measure," Wimer said. "A poverty measure is really about deprivation and the likelihood of suffering. ... A lot of people up and down the economic spectrum are struggling with affordability issues. [But] how many people have incomes below this real deprivation or suffering threshold, that has declined over time."

The share of Americans in poverty, by the official definition, has hovered between 10 and 15 percent every year for almost half a century. Wimer's center analyzed historical data to suggest that if the Supplemental Poverty Measure had existed, it would have shown a downward trajectory as government benefits made people better off over time: from more than 1 in 4 Americans in poverty in 1967 to about 1 in 10 now.

Cont'd next page

\$140,000 the new poverty line (cont'd)

Megan Curran, his co-director, said that different measures “try to get at the nuances of people living in different states of economic instability.” But she noted that even by the official poverty threshold, 35 million Americans live in poverty. The Census Bureau says about 1 in 4 Black children and Native American children and 1 in 5 Hispanic children meet the official definition of living in poverty.

Some of [Green's critics](#) pointed out that he used the average cost of the items in his basket, including housing, health care and child care. People in poverty may be seeking out the cheapest version; a family doesn't need to afford the average to avoid being impoverished.

Critics also noted that day care is the costliest item in Green's imagined budget, at \$32,773 for two children. But child care, a huge expense for families with young children, isn't part of many households' budgets at all [after their children's earliest years](#).

“He's picking some things that have gotten more expensive over time like housing, like health care. He's not including things that have gotten cheaper over time like clothing. That's one thing he's doing wrong,” said [Scott Winship](#), director of the American Enterprise Institute's Center on Opportunity and Social Mobility. “The fact of the matter is that incomes are higher than they have ever been, essentially. ... We are buying different things and in a lot of cases we're buying nicer and better things. The idea that it's become harder to afford a middle-class lifestyle, there's just no good evidence.”

In [inflation-adjusted dollars](#), the real median household income in the U.S. climbed sharply from 2014 to 2019, before falling during the pandemic and then the inflation spike of 2022 before starting to rise again. Last year, it surpassed 2019, hitting an all-time high.

But Green believes incomes have failed to keep up with modern-day high costs. Today's houses have indoor plumbing and air conditioning, and today's cars are safer — but they cost more, and those expensive updates are the only houses and cars on the market. Families have no choice but to spend the money for the available shelter and transportation.

Cont'd next page

\$140,000 the new poverty line (cont'd)

To that, George Mason University economist Alex Tabarrok said Green's provocative statement that a number upward of \$100,000 can be considered a poverty line mistakes what poverty means.

"He takes the poverty measure — and then turns it around and turns it into a middle-class measure," Tabarrok said. "What do you need to be comfortable or thriving or middle class? Then, of course, you get a much bigger number. But to think that we today are living in some hellish landscape compared to our parents and even our grandparents is just a complete distortion of reality."

In his essay, Green discussed not only the costs of raising a family but also the frustrations of people who are struggling but earn too much to qualify for government benefits that they would receive if their income were lower.

Green's post didn't venture much into solutions, though he labeled the essay "Part 1," promising more to come. In an interview, he suggested a few policy fixes, including expanding the earned income tax credit — which currently offers benefits to a married couple with two children who earn [up to \\$64,430](#) — to redistribute money to households with children higher up the income scale. To make housing more affordable, he favors stripping away government regulations that block construction.

"We need to make hard choices and refocus our public sector on making life easier, rather than throwing up barriers," he said.

Do you have an article you'd like to nominate for submission to this newsletter?

Send your suggestion (with a link) to Ross Fairweather at rossfair63@gmail.com

Part 1: My Life Is a Lie

Part 1: My Life Is a Lie

How a Broken Benchmark Quietly Broke America



[MICHAEL W. GREEN](#)

NOV 23, 2025

We're going to largely skip markets again, because the sweater is rapidly unraveling in other areas as I pull on threads. Suffice it to say that the market is LARGELY unfolding as I had expected — credit stress is rising, particularly in the tech sector. Many are now pointing to the rising CDS for Oracle as the deterioration in “AI” balance sheets accelerates. CDS was also JUST introduced for META — it traded at 56, slightly worse than the aggregate IG CDS at 54.5 (itself up from 46 since I began discussing this topic):



Correlations are spiking as MOST stocks move in the same direction each day even as megacap tech continues to define the market aggregates:

Cont'd next page

My Life Is a Lie (cont'd)

My colleague Ryan Goodman, Professor of Law at NYU School of Law and the founding co-editor-in-chief of [Just Security](#), an online forum focused on U.S. national security law and policy, will join us Sunday morning at 10:00 a.m. EST for an in-depth Substack live discussion of the issues raised here. Mark your calendars now and make sure you have the Substack App downloaded so you can join us for cutting edge legal analysis on this most important of issues. Ryan has been [tracking](#) these strikes and their legal implications since they first began. After the story broke in the Washington Post, he [tweeted](#), “Textbook war crime/extrajudicial killing.”

Earlier this month, The Guardian [reported](#) that Britain had stopped sharing intelligence on Caribbean drug running with the United States “amid concerns information supplied may be used to engage in lethal military strikes by American forces.” They specified that the cooperation was “paused shortly after the US began a campaign of lethal strikes in September,” but there was no explicit mention of the order Hegseth issued as the cause.

Friday evening at 5:42 p.m., Hegseth [tweeted](#):

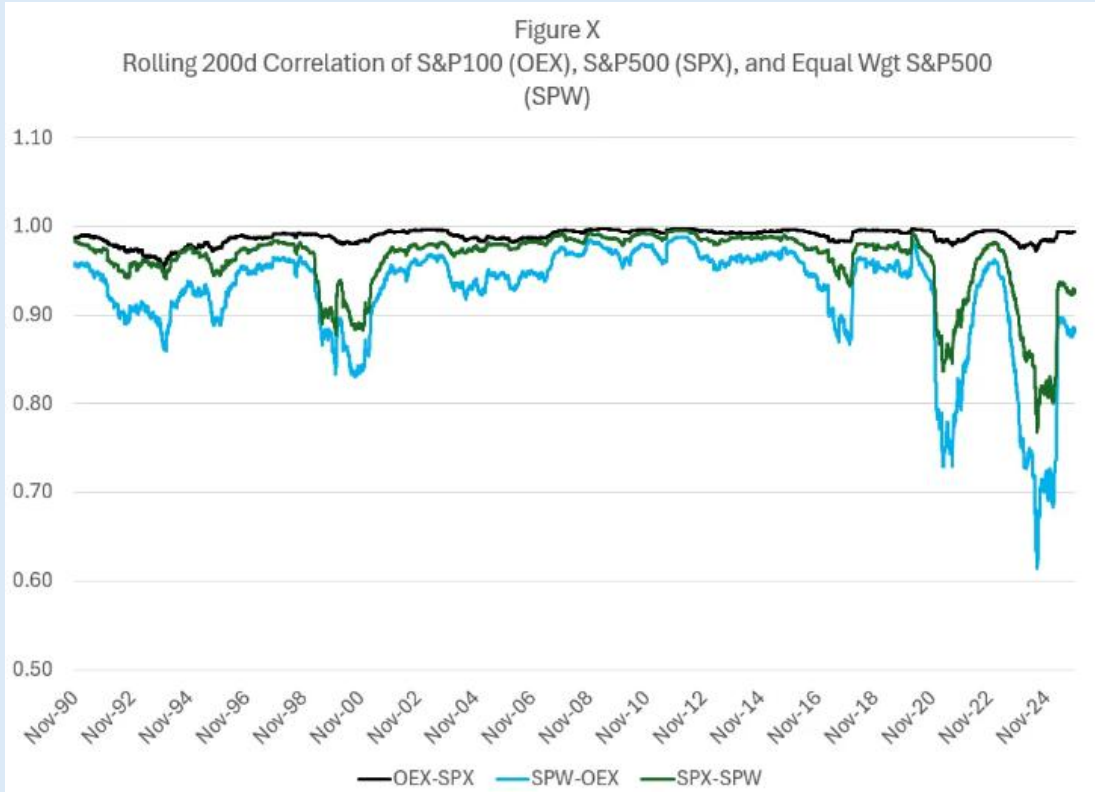
“As usual, the fake news is delivering more fabricated, inflammatory, and derogatory reporting to discredit our incredible warriors fighting to protect the homeland.

As we’ve said from the beginning, and in every statement, these highly effective strikes are specifically intended to be ‘lethal, kinetic strikes.’ The declared intent is to stop lethal drugs, destroy narco-boats, and kill the narco-terrorists who are poisoning the American people. Every trafficker we kill is affiliated with a Designated Terrorist Organization.

The Biden administration preferred the kid gloves approach, allowing millions of people — including dangerous cartels and unvetted Afghans — to flood our communities with drugs and violence. The Trump administration has sealed the border and gone on offense against narco-terrorists. Biden coddled terrorists, we kill them.

Cont’d next page

My Life Is a Lie (cont'd)



Market pricing of correlation is beginning to pick up... remember this is the “real” fear index and the moving averages are trending upwards:



Cont'd next page

My Life Is a Lie (cont'd)

And, as I predicted, inflation concerns, notably absent from any market-based indication, are again freezing the Fed. The pilots are frozen, understanding that they are in Zugzwang — every choice has unfavorable options.

And so now, let's tug on that loose thread... I'm sure many of my left-leaning readers will say, "This is obvious, we have been talking about it for YEARS!" Yes, many of you have; but you were using language of emotion ("Pay a living wage!") rather than showing the math. My bad for not paying closer attention; your bad for not showing your work or coming up with workable solutions. Let's rectify it rather than cast blame.

How a Broken Benchmark Quietly Broke America

I have spent my career distrusting the obvious.

Markets, liquidity, factor models—none of these ever felt self-evident to me. Markets are mechanisms of price clearing. Mechanisms have parameters. Parameters distort outcomes. This is the lens through which I learned to see everything: find the parameter, find the distortion, find the opportunity.

But there was one number I had somehow never interrogated. One number that I simply accepted, the way a child accepts gravity.

The poverty line.

I don't know why. It seemed apolitical, an actuarial fact calculated by serious people in government offices. A line someone else drew decades ago that we use to define who is "poor," who is "middle class," and who deserves help. It was infrastructure—invisible, unquestioned, foundational.

This week, while trying to understand why the American middle class feels poorer each year despite healthy GDP growth and low unemployment, I came across a sentence buried in a research paper:

"The U.S. poverty line is calculated as three times the cost of a minimum food diet in 1963, adjusted for inflation."

I read it again. Three times the minimum food budget.

I felt sick.

Cont'd next page

My Life Is a Lie (cont'd)

The Measurement Failure

The formula was developed by Mollie Orshansky, an economist at the Social Security Administration. In 1963, she observed that families spent roughly one-third of their income on groceries. Since pricing data was hard to come by for many items, e.g. housing, if you could calculate a minimum adequate food budget at the grocery store, you could multiply by three and establish a poverty line.

Orshansky was careful about what she was measuring. In her January 1965 article, she presented the poverty thresholds as a measure of income *inadequacy*, not income adequacy—"if it is not possible to state unequivocally 'how much is enough,' it should be possible to assert with confidence how much, on average, is too little."

She was drawing a floor. A line below which families were clearly in crisis.

For 1963, that floor made sense. Housing was relatively cheap. A family could rent a decent apartment or buy a home on a single income, as we've discussed. Healthcare was provided by employers and cost relatively little (Blue Cross coverage averaged \$10/month). Childcare didn't really exist as a market—mothers stayed home, family helped, or neighbors (who likely had someone home) watched each other's kids. Cars were affordable, if prone to breakdowns. With few luxury frills, the neighborhood kids in vo-tech could fix most problems when they did. College tuition could be covered with a summer job. Retirement meant a pension income, not a pile of 401(k) assets you had to fund yourself.

Orshansky's food-times-three formula was crude, but as a **crisis** threshold—a measure of "too little"—it roughly corresponded to reality. A family spending one-third of its income on food would spend the other two-thirds on everything else, and those proportions more or less worked. Below that line, you were in genuine crisis. Above it, you had a fighting chance.

But everything changed between 1963 and 2024.

Housing costs exploded. Healthcare became the largest household expense for many families. Employer coverage shrank while deductibles grew. Childcare became a market, and that market became ruinously expensive. College went from affordable to

Cont'd next page

My Life Is a Lie (cont'd)

crippling. Transportation costs rose as cities sprawled and public transit withered under government neglect.

The labor model shifted. A second income became mandatory to maintain the standard of living that one income formerly provided. But a second income meant childcare became mandatory, which meant two cars became mandatory. Or maybe you'd simply be "asking for a lot generationally speaking" because living near your parents helps to defray those childcare costs.

The composition of household spending transformed completely. In 2024, food-at-home is no longer 33% of household spending. For most families, it's 5 to 7 percent.

Housing now consumes 35 to 45 percent. Healthcare takes 15 to 25 percent. Childcare, for families with young children, can eat 20 to 40 percent.

If you keep Orshansky's logic—if you maintain her principle that poverty could be defined by the inverse of food's budget share—but update the food share to reflect today's reality, the multiplier is no longer three.

It becomes sixteen.

Which means if you measured income inadequacy today the way Orshansky measured it in 1963, the threshold for a family of four wouldn't be \$31,200.

It would be somewhere between \$130,000 and \$150,000.

And remember: Orshansky was only trying to define "too little." She was identifying crisis, not sufficiency. If the crisis threshold—the floor below which families cannot function—is honestly updated to current spending patterns, it lands at \$140,000.

What does that tell you about the \$31,200 line we still use?

It tells you we are measuring starvation.

"An imbalance between rich and poor is the oldest and most fatal ailment of all republics." — Plutarch

Cont'd next page

My Life Is a Lie (cont'd)

The Real Math of Survival

The official poverty line for a family of four in 2024 is \$31,200. The median household income is roughly \$80,000. We have been told, implicitly, that a family earning \$80,000 is doing fine—safely above poverty, solidly middle class, perhaps comfortable.

But if Orshansky's crisis threshold were calculated today using her own methodology, that \$80,000 family would be living in deep poverty.

I wanted to see what would happen if I ignored the official stats and simply calculated the cost of existing. I built a Basic Needs budget for a family of four (two earners, two kids). No vacations, no Netflix, no luxury. Just the "Participation Tickets" required to hold a job and raise kids in 2024.

Using conservative, national-average data:

Childcare: \$32,773

Housing: \$23,267

Food: \$14,717

Transportation: \$14,828

Healthcare: \$10,567

Other essentials: \$21,857

Required net income: \$118,009

Add federal, state, and FICA taxes of roughly \$18,500, and you arrive at a required gross income of \$136,500.

This is Orshansky's "too little" threshold, updated honestly. This is the floor.

The single largest line item isn't housing. It's childcare: \$32,773.

This is the trap. To reach the median household income of \$80,000, most families require two earners. But the moment you add the second earner to chase that income, you trigger the childcare expense.

If one parent stays home, the income drops to \$40,000 or \$50,000—well below what's needed to survive. If both parents work to hit \$100,000, they hand over \$32,000 to a daycare center.

Cont'd next page

My Life Is a Lie (cont'd)

The second earner isn't working for a vacation or a boat. The second earner is working to pay the stranger watching their children so they can go to work and clear \$1-2K extra a month. It's a closed loop.

Critics will immediately argue that I'm cherry-picking expensive cities. They will say \$136,500 is a number for San Francisco or Manhattan, not "Real America."

So let's look at "Real America."

The model above allocates \$23,267 per year for housing. That breaks down to \$1,938 per month. This is the number that serious economists use to tell you that you're doing fine.

In my last piece, [Are You An American?](#), I analyzed a modest "starter home" which turned out to be in Caldwell, New Jersey—the kind of place a Teamster could afford in 1955. I went to Zillow to see what it costs to live in that same town if you don't have a down payment and are forced to rent.

There are exactly seven 2-bedroom+ units available in the entire town. The cheapest one rents for \$2,715 per month.

That's a \$777 monthly gap between the model and reality. That's \$9,300 a year in post-tax money. To cover that gap, you need to earn an additional \$12,000 to \$13,000 in gross salary.

Add federal, state, and FICA taxes of roughly \$18,500, and you arrive at a required gross income of \$136,500.

This is Orshansky's "too little" threshold, updated honestly. This is the floor.

The single largest line item isn't housing. It's childcare: \$32,773.

This is the trap. To reach the median household income of \$80,000, most families require two earners. But the moment you add the second earner to chase that income, you trigger the childcare expense.

If one parent stays home, the income drops to \$40,000 or \$50,000—well below what's needed to survive. If both parents work to hit \$100,000, they hand over \$32,000 to a daycare center.

Cont'd next page

My Life Is a Lie (cont'd)

So when I say the real poverty line is \$140,000, I'm being conservative. I'm using optimistic, national-average housing assumptions. If we plug in the actual cost of living in the zip codes where the jobs are—where rent is \$2,700, not \$1,900—the threshold pushes past \$160,000.

The market isn't just expensive; it's broken. Seven units available in a town of thousands? That isn't a market. That's a shortage masquerading as an auction.

And that \$2,715 rent check buys you zero equity. In the 1950s, the monthly housing cost was a forced savings account that built generational wealth. Today, it's a subscription fee for a roof. You are paying a premium to stand still.

Economists will look at my \$140,000 figure and scream about “hedonic adjustments.” Heck, I will scream at you about them. They are valid attempts to measure the improvement in quality that we honestly value.

I will tell you that comparing 1955 to 2024 is unfair because cars today have airbags, homes have air conditioning, and phones are supercomputers. I will argue that because the quality of the good improved, the real price dropped.

And I would be making a category error. We are not calculating the price of luxury. We are calculating the price of participation.

To function in 1955 society—to have a job, call a doctor, and be a citizen—you needed a telephone line. That “Participation Ticket” cost \$5 a month.

Adjusted for standard inflation, that \$5 should be \$58 today.

But you cannot run a household in 2024 on a \$58 landline. To function today—to factor authenticate your bank account, to answer work emails, to check your child's school portal (which is now digital-only)—you need a smartphone plan and home broadband.

The cost of that “Participation Ticket” for a family of four is not \$58. It's \$200 a month.

The economists say, “But look at the computing power you get!”

I say, “Look at the computing power I **need!**”

Cont'd next page

My Life Is a Lie (cont'd)

The utility I'm buying is "connection to the economy." The price of that utility didn't just keep pace with inflation; it tripled relative to it.

I ran this "Participation Audit" across the entire 1955 budget. I didn't ask "is the car better?" I asked "what does it cost to get to work?"

Healthcare: In 1955, Blue Cross family coverage was roughly \$10/month (\$115 in today's dollars). Today, the average family premium is over \$1,600/month. That's 14x inflation.

Taxes (FICA): In 1955, the Social Security tax was 2.0% on the first \$4,200 of income. The maximum annual contribution was \$84. Adjusted for inflation, that's about \$960 a year. Today, a family earning the median \$80,000 pays over \$6,100. That's 6x inflation.

Childcare: In 1955, this cost was zero because the economy supported a single-earner model. Today, it's \$32,000. That's an infinite increase in the cost of participation.

The only thing that actually tracked official CPI was... food. Everything else—the inescapable fees required to hold a job, stay healthy, and raise children—inflated at multiples of the official rate when considered on a participation basis. YES, these goods and services are BETTER. I would not trade my 65" 4K TV mounted flat on the wall for a 25" CRT dominating my living room; but I don't have a choice, either.

Once I established that \$136,500 is the real break-even point, I ran the numbers on what happens to a family climbing the ladder toward that number.

What I found explains the "vibes" of the economy better than any CPI print.

Our entire safety net is designed to catch people at the very bottom, but it sets a trap for anyone trying to climb out. As income rises from \$40,000 to \$100,000, benefits disappear faster than wages increase.

I call this The Valley of Death.

Cont'd next page

My Life Is a Lie (cont'd)

Let's look at the transition for a family in New Jersey:

1. The View from \$35,000 (The "Official" Poor)

At this income, the family is struggling, but the state provides a floor. They qualify for Medicaid (free healthcare). They receive SNAP (food stamps). They receive heavy childcare subsidies. Their deficits are real, but capped.

2. The Cliff at \$45,000 (The Healthcare Trap)

The family earns a \$10,000 raise. Good news? No. At this level, the parents lose Medicaid eligibility. Suddenly, they must pay premiums and deductibles.

Income Gain: +\$10,000

Expense Increase: +\$10,567

Net Result: They are poorer than before. The effective tax on this mobility is over 100%.

3. The Cliff at \$65,000 (The Childcare Trap)

This is the breaker. The family works harder. They get promoted to \$65,000. They are now solidly "Working Class."

But at roughly this level, childcare subsidies vanish. They must now pay the full market rate for daycare.

Income Gain: +\$20,000 (from \$45k)

Expense Increase: +\$28,000 (jumping from co-pays to full tuition)

Net Result: Total collapse.

When you run the net-income numbers, a family earning \$100,000 is effectively in a worse monthly financial position than a family earning \$40,000.

At \$40,000, you are drowning, but the state gives you a life vest. At \$100,000, you are drowning, but the state says you are a "high earner" and ties an anchor to your ankle called "Market Price."

Cont'd next page

My Life Is a Lie (cont'd)

In option terms, the government has sold a call option to the poor, but they've rigged the gamma. As you move "closer to the money (self sufficiency), the delta collapses. For every dollar of effort you put in, the system confiscates 70 to 100 cents.

No rational trader would take that trade. Yet we wonder why labor force participation lags. It's not a mystery. It's math.

The Physics of Ruin: The Phase Change

The most dangerous lie of modern economics is "Mean Reversion." Economists assume that if a family falls into debt or bankruptcy, they can simply save their way back to the average.

They are confusing Volatility with Ruin.

Falling below the line isn't like cooling water; it's like freezing it. It is a Phase Change.

When a family hits the barrier—eviction, bankruptcy, or default—they don't just have "less money." They become Economically Inert.

They are barred from the credit system (often for 7–10 years).

They are barred from the prime rental market (landlord screens).

They are barred from employment in sensitive sectors.

In physics, it takes massive "Latent Heat" to turn ice back into water. In economics, the energy required to reverse a bankruptcy is exponentially higher than the energy required to pay a bill.

The \$140,000 line matters because it is the buffer against this Phase Change. If you are earning \$80,000 with \$79,000 in fixed costs, you are not stable. You are super-cooled water. One shock—a transmission failure, a broken arm—and you freeze instantly.

The Lockdown Arbitrage: Proof of Concept

If you need proof that the cost of participating, the cost of **working**, is the primary driver of this fragility, look at the Covid lockdowns.

In April 2020, the US personal savings rate hit a historic 33%. Economists attributed this to stimulus checks. But the math tells a different story. Cont'd next page

My Life Is a Lie (cont'd)

During lockdown, the “Valley of Death” was temporarily filled.

Childcare (\$32k): Suspended. Kids were home.

Commuting (\$15k): Suspended.

Work Lunches/Clothes (\$5k): Suspended.

For a median family, the “Cost of Participation” in the economy is roughly \$50,000 a year. When the economy stopped, that tax was repealed. Families earning \$80,000 suddenly felt rich—not because they earned more, but because the leak in the bucket was plugged. For many, income actually rose thanks to the \$600/week unemployment boost. But even for those whose income stayed flat, they felt rich because many costs were avoided.

When the world reopened, the costs returned, but now inflated by 20%. The rage we feel today is the hangover from that brief moment where the American Option was momentarily back in the money. Those with formal training in economics have dismissed these concerns, by and large. “Inflation” is the rate of change in the price level; these poor, deluded souls were outraged at the price LEVEL. Tut, tut... can't have deflation now, can we? We promise you will like THAT even less.

But the price level does mean something, too. If you are below the ACTUAL poverty line, you are suffering constant deprivation; and a higher price level means you get even less in aggregate.

The Politics of Drowning

*You load sixteen tons, what do you get?
Another day older and deeper in debt
Saint Peter, don't you call me, 'cause I can't go
I owe my soul to the company store — Merle Travis, 1946*

This mathematical valley explains the rage we see in the American electorate, specifically the animosity the “working poor” (the middle class) feel toward the “actual poor” and immigrants.

Cont'd next page

My Life Is a Lie (cont'd)

Economists and politicians look at this anger and call it racism, or lack of empathy. They are missing the mechanism.

Altruism is a function of surplus. It is easy to be charitable when you have excess capacity. It is impossible to be charitable when you are fighting for the last bruised banana.

The family earning \$65,000—the family that just lost their subsidies and is paying \$32,000 for daycare and \$12,000 for healthcare deductibles—is hyper-aware of the family earning \$30,000 and getting subsidized food, rent, childcare, and healthcare.

They see the neighbor at the grocery store using an EBT card while they put items back on the shelf. They see the immigrant family receiving emergency housing support while they face eviction.

They are not seeing “poverty.” They are seeing people getting for free the exact things that they are working 60 hours a week to barely afford. And even worse, even if THEY don’t see these things first hand... they are being shown them:



Cont'd next page

My Life Is a Lie (cont'd)

The anger isn't about the goods. It's about the breach of contract. The American Deal was that Effort ~ Security. Effort brought your Hope strike closer. But because the real poverty line is \$140,000, effort no longer yields security or progress; it brings risk, exhaustion, and debt.

When you are drowning, and you see the lifeguard throw a life vest to the person treading water next to you—a person who isn't swimming as hard as you are—you don't feel happiness for them. You feel a homicidal rage at the lifeguard.

We have created a system where the only way to survive is to be destitute enough to qualify for aid, or rich enough to ignore the cost. Everyone in the middle is being cannibalized. The rich know this... and they are increasingly opting out of the shared spaces:

The Optical Illusion of Prosperity

If you need visual proof of this benchmark error, look at the charts that economists love to share on social media to prove that “vibes” are wrong and the economy is great.

You've likely seen this chart. It shows that the American middle class is shrinking not because people are getting poorer, but because they're “moving up” into the \$150,000+ bracket.

The economists look at this and cheer. “Look!” they say. “In 1967, only 5% of families made over \$150,000 (adjusted for inflation). Now, 34% do! We are a nation of rising aristocrats.”

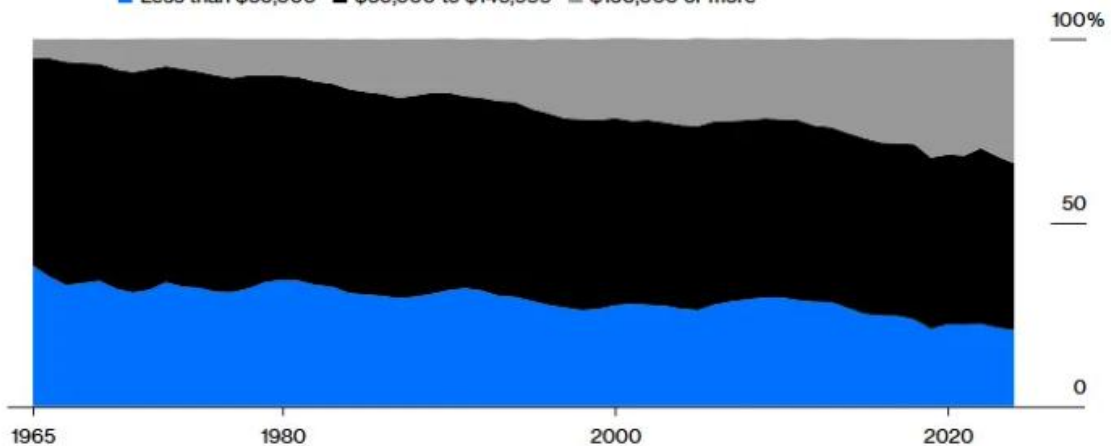
Cont'd next page

My Life Is a Lie (cont'd)

Growing Wealth — and Inequality

The percentage of US households with a total income greater than \$150,000 has increased as the middle class has been shrinking

■ Less than \$50,000 ■ \$50,000 to \$149,999 ■ \$150,000 or more



Source: US Census Bureau
Note: In 2024 dollars.

But look at that chart through the lens of the real poverty line.

If the cost of basic self-sufficiency for a family of four—housing, childcare, healthcare, transportation—is \$140,000, then that top light-blue tier isn't "Upper Class."

It's the Survival Line.

This chart doesn't show that 34% of Americans are rich. It shows that only 34% of Americans have managed to escape deprivation. It shows that the "Middle Class" (the dark blue section between \$50,000 and \$150,000)—roughly 45% of the country—is actually the Working Poor. These are the families earning enough to lose their benefits but not enough to pay for childcare and rent. They are the ones trapped in the Valley of Death.

Cont'd next page

My Life Is a Lie (cont'd)

But the commentary tells us something different:

“Americans earned more for several reasons. The first is that neoliberal economic policies worked as intended. In the last 50 years, there have been big increases in productivity, solid GDP growth and, since the 1980s, low and predictable inflation. All this helped make most Americans richer.”

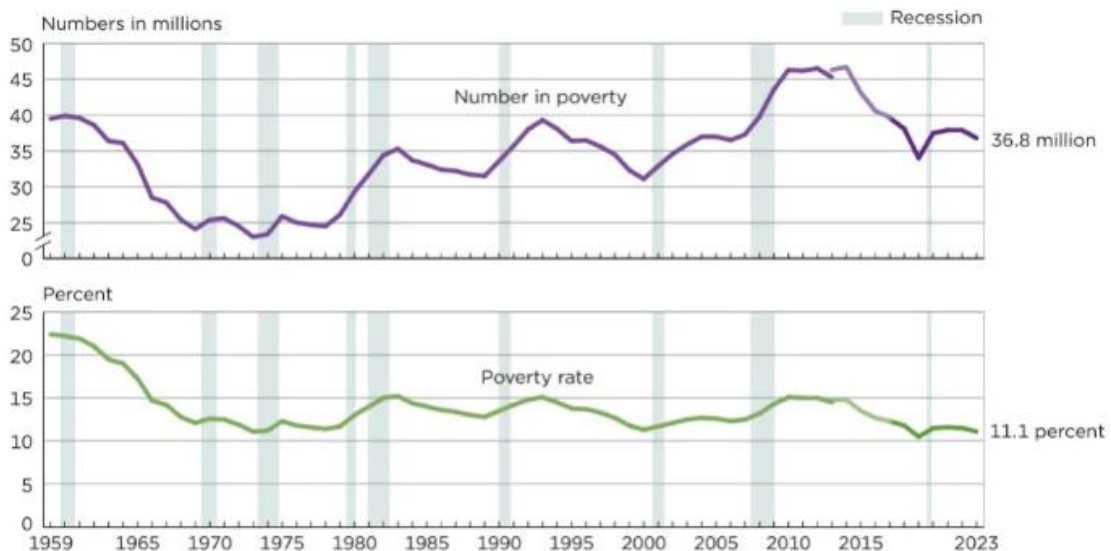
“neoliberal economic policies worked as intended” — read that again. With POSIWID (the purpose of a system is what it does) in mind.

The chart isn't measuring prosperity. It's measuring inflation in the non-discretionary basket. It tells us that to live a 1967 middle-class life in 2024, you need a “wealthy” income.

And then there's this chart, the shield used by every defender of the status quo:

Poverty has collapsed to 11%. The policies worked as intended!

Figure 1.
Number in Poverty and Poverty Rate Using the Official Poverty Measure: 1959 to 2023



Note: Population as of March of the following year. The data for 2017 and beyond reflect the implementation of an updated processing system. The data for 2013 and beyond reflect the implementation of the redesigned income questions. Refer to Table A-3 for historical footnotes. The data points are placed at the midpoints of the respective years. Information on recessions is available in Appendix C. Information on confidentiality protection, sampling error, nonsampling error, and definitions is available at <https://www2.census.gov/programs-surveys/cps/techdocs/cpsmar24.pdf>.
Source: U.S. Census Bureau, Current Population Survey, 1960 to 2024 Annual Social and Economic Supplements (CPS ASEC).

Cont'd next page

My Life Is a Lie (cont'd)

But remember Mollie Orshansky. This chart is measuring the percentage of Americans who cannot afford a minimum food diet multiplied by three.

It's not measuring who can afford rent (which is up 4x relative to wages). It's not measuring who can afford childcare (which is up infinite percent). It's measuring starvation.

Of course the line is going down. We are an agricultural superpower who opened our markets to even cheaper foreign food. Shrimp from Vietnam, tilapia from... don't ask. Food is cheap. But life is expensive.

When you see these charts, don't let them gaslight you. They are using broken rulers to measure a broken house. The top chart proves that you need \$150,000 to make it. The bottom chart proves they refuse to admit it.

The Lie

So that's the trap. The real poverty line—the threshold where a family can afford housing, healthcare, childcare, and transportation without relying on means-tested benefits—isn't \$31,200.

It's ~\$140,000.

Most of my readers will have cleared this threshold. My parents never really did, but I was born lucky — brains, beauty (in the eye of the beholder admittedly), height (it really does help), parents that encouraged and sacrificed for education (even as the stress of those sacrifices eventually drove my mother clinically insane), and an American citizenship. But most of my readers are now seeing this trap for their children.

And the system is designed to prevent them from escaping. Every dollar you earn climbing from \$40,000 to \$100,000 triggers benefit losses that exceed your income gains. You are literally poorer for working harder.

The economists will tell you this is fine because you're building wealth. Your 401(k) is growing. Your home equity is rising. You're richer than you feel.

Next week, I'll show you why that's wrong. And THEN we can start the discussion of how to rebuild. Because we can.

The wealth you're counting on—the retirement accounts, the home equity, the "nest egg" that's supposed to make this all worthwhile—is just as fake as the poverty line. But the humans behind that wealth are real. And they are amazing.

10 Crucial Things You Can Do

10 Crucial Things You Can Do in 2026

Your activism will be even more important this year

ROBERT REICH



Friends,

Trump 2.0's second year may be even worse than the first. That's because Trump, his sycophants, and the billionaires behind him know that with the coming midterm elections, 2026 could be their last unconstrained chance to suppress democracy and siphon off America's wealth for themselves.

So, what can you do? Here are the 10 most important actions you can take in 2026:

1. Protect vulnerable immigrant communities.

This is an urgent moral call to action. As Trump's ICE accelerates its brutal roundups, detentions, and deportations, many hardworking and longstanding members of our communities and their families are endangered and understandably frightened.

Cont'd next page

10 Crucial Things You Can Do (cont'd)

ICE is arresting immigrants at or near schools, places of worship, health care sites, shelters, and relief centers — thereby deterring families from sending their kids to school or getting help they need, and threatening the health and well-being of entire communities.

What can you do? Join with others in a voluntary effort to alert vulnerable people in your community to where ICE is. Check in with local and state officials to see what they are doing to protect vulnerable families in your community. Join others to keep ICE away from hospitals, schools, courts, and shelters.

Meanwhile, order these red cards from Immigrant Legal Resource Center and make them available in and around your community: [Red Cards | Tarjetas Rojas | Immigrant Legal Resource Center | ILRC](#). You might also find these of use: [Immigration Preparedness Toolkit | Immigrant Legal Resource Center | ILRC](#).

2. Protect LGBTQ+ members of your community.

Trump continues to make life far more difficult for lesbian, gay, bisexual, transgender, queer, and other people through executive orders, changes in laws, alterations in civil rights laws, changes in how such laws are enforced, and encouragement of bigotry and hate.

Work with others in being vigilant against prejudice and bigotry, wherever it might break out. When you see or hear it, call it out. Join with others to stop it. If you trust your local city officials, get them involved. If you trust your local police, alert them as well.

3. Demand that your Democratic and Independent senators block Trump nominations, require quorum calls, object to unanimous consent, and keep the public aware of the terrible things Trump and his regime are doing. Urge your Democratic and Independent House members to be loud and vocal, to cause good trouble, and to vote against all Republican initiatives.

Cont'd next page

10 Crucial Things You Can Do (cont'd)

Tiny Republican margins in both chambers give Democrats and Independents enormous power, if they stick together. Make sure your Democratic and Independent members of Congress know you're counting on them to do so. **[The phone number of the Capitol switchboard operator is (202) 224-3121.]**

4. In November's midterms, help Democrats and Independents take back control of Congress.

This is crucial. Compliant, corrupt, and cowardly Republicans in the House and Senate have enabled Trump and the people around him — Stephen Miller, Russell Vought, RFK Jr., Pete Hegseth, Kristi Noem, and JD Vance — to harm tens of millions of people. It's vitally important that they're booted out when the midterms are held in November and that they become the minority starting in January 2027.

Watch for open seats or retirements in close districts, using sites like [GovTrack.us](https://www.govtrack.us) and [Cook Political Report](https://www.cookpolitical.com).

A good canvassing app for organizing is [Reach.vote](https://reach.vote) (also see [here](#)), providing means for letting supporters engage their personal networks via text/calls from their phones.

To connect with your local Indivisible group, start by visiting the [Indivisible website](https://www.indivisible.org) to use their group map and find chapters in your congressional district, then find local events and actions on [Mobilize](https://www.mobilize.com).

5. Make the upcoming 250th Anniversary of America about our duties to the Constitution and the world rather than loyalty to Trump or nativist bullshit.

Trump and his sycophants want to make the 250th about loyalty to Trump and to white Christian nationalism.

Don't let them. Say it loudly and clearly: America's challenge *isn't* that we're losing our whiteness or dominant religion or that too many foreigners are coming here. Our real challenge is preserving the ideals of democracy, the rule of law, equal justice, voting rights and civil rights, and social justice.

Cont'd next page

10 Crucial Things You Can Do (cont'd)

The 250th will be an opportunity for us to emphasize that “patriotism” has little to do with flag salutes or national anthems; it’s about what we owe one another: taking a fair share of the burdens of keeping the nation going. Paying taxes rather than lobbying for lower taxes, refraining from large political contributions that corrupt democracy, blowing the whistle on abuses of power, volunteering time and energy to improving our communities and rebuilding our democracy.

6. Join with others to take progressive initiatives in your community and state.

Local and state governments retain significant power. Join groups that are moving your city or state forward on climate change, human rights, voting rights, and counteracting the power of large corporations, in contrast to regressive moves at the federal level.

Lobby, instigate, organize, and fundraise for progressive legislators. Support progressive leaders. Again, Indivisible is a good source of information; you can find your nearest Indivisible group [here](#).

7. Demonstrate against Trump’s tyranny.

The two No Kings protests in 2025 were important — revealing the depth and breadth of the resistance across America, reassuring millions of Americans that they aren’t alone and aren’t crazy, encouraging millions more to join the resistance.

More than 7 million of us marched in the second No Kings protest on October 18. It was enough to rattle Trump (who posted an AI-generated cartoon of himself defecating on the marchers). And it put us within reach of the [3.5 percent](#) of a population researchers have found to be a precursor for overthrowing a tyrant.

This year, help make our protests even larger and their effects even greater.

8. Organize or participate in boycotts of companies that are enabling the Trump regime and/or treating their workers like sh*t.

Cont’d next page

10 Crucial Things You Can Do (cont'd)

Never underestimate the effectiveness of consumer boycotts. Corporations invest heavily in their brand names and the goodwill associated with them. Loud, boisterous, attention-getting boycotts can harm brand names and reduce the prices of corporations' shares of stock.

What to boycott? Start with Elon Musk's X, Tesla, and Starlink internet service. Also: Amazon, Walmart, Starbucks, and any companies that advertise on X or Fox News.

Support unions by joining picket lines, encouraging employees to organize in places you patronize, and boycotting anti-worker firms. Encourage union pension funds to divest stock in corporations that are enabling or encouraging the regime (especially Tesla, SpaceX, Palantir, Meta, and Amazon).

[Here's](#) a good source.

9. To the extent you are able, fund groups that are litigating against Trump.

In 2025, the district courts and courts of appeals held the line against many Trump initiatives. In 2026, they're likely to be even more important. (You can track the federal cases against the Trump regime [here](#).)

The best groups spearheading federal litigation deserve your support. They include these:

[American Civil Liberties Union](#) has brought numerous civil liberties cases against the Trump regime, including those related to public health and immigration policies.

[Earthjustice](#) has filed several lawsuits over environmental regulations and funding freezes.

[Citizens for Responsibility and Ethics](#) has been in the forefront of lawsuits against Trump for conflicts of interest, corruption, and ethical violations.

[Natural Resources Defense Council](#) has used litigation against Trump's regressive climate policies.

[Democracy Forward](#) has mounted important legal challenges against Trump's trampling of voting rights and the Constitution.

Cont'd next page

10 Crucial Things You Can Do (cont'd)

[Legal Defense Fund](#) and [Lambda Legal](#) have filed lawsuits challenging Trump's executive orders seeking to eliminate diversity, equity, and inclusion policies.

[Public Citizen](#) and [Common Cause](#) have challenged actions related to Trump's moves against voting rights and equal opportunity.

10. Spread the truth.

Get news through reliable sources, and spread it. If you hear anyone repeating lies and Trump propaganda, including local media, contradict them with the truth.

Here are some of the sources I currently rely on for the truth: [Democracy Now](#), [Business Insider](#), [The New Yorker](#), [The American Prospect](#), [The Atlantic](#), [Americans for Tax Fairness](#), [Economic Policy Institute](#), [Center on Budget and Policy Priorities](#), [The Guardian](#), [ProPublica](#), [Labor Notes](#), [The Lever](#), [Popular Information](#), [Heather Cox Richardson](#), [The Bulwark](#), [More Perfect Union](#), [Matt Stoller](#), and [Mehdi Hasan](#).

And, of course, [this Substack](#).

In addition to these 10 actions, please ALSO be sure to:

— Take care of yourself and your loved ones.

Don't become so obsessed by what Trump and his sycophants are doing that you neglect your own well-being. It's important that you take time for yourself, read a good book, or watch an absorbing TV series. See friends. Meditate. Take long walks. Find something to laugh at every day.

And hold your loved ones tight.

We will get through this, and we will prevail. But it will require confidence, courage, and tenacity. We need to stay healthy for this fight. We need to be fortified by those we care about. And we need to be there for those we love.

— Keep the faith.

Cont'd next page

10 Crucial Things You Can Do (cont'd)

Do not give up on America. Do not fall into the traps of cynicism and defeatism.

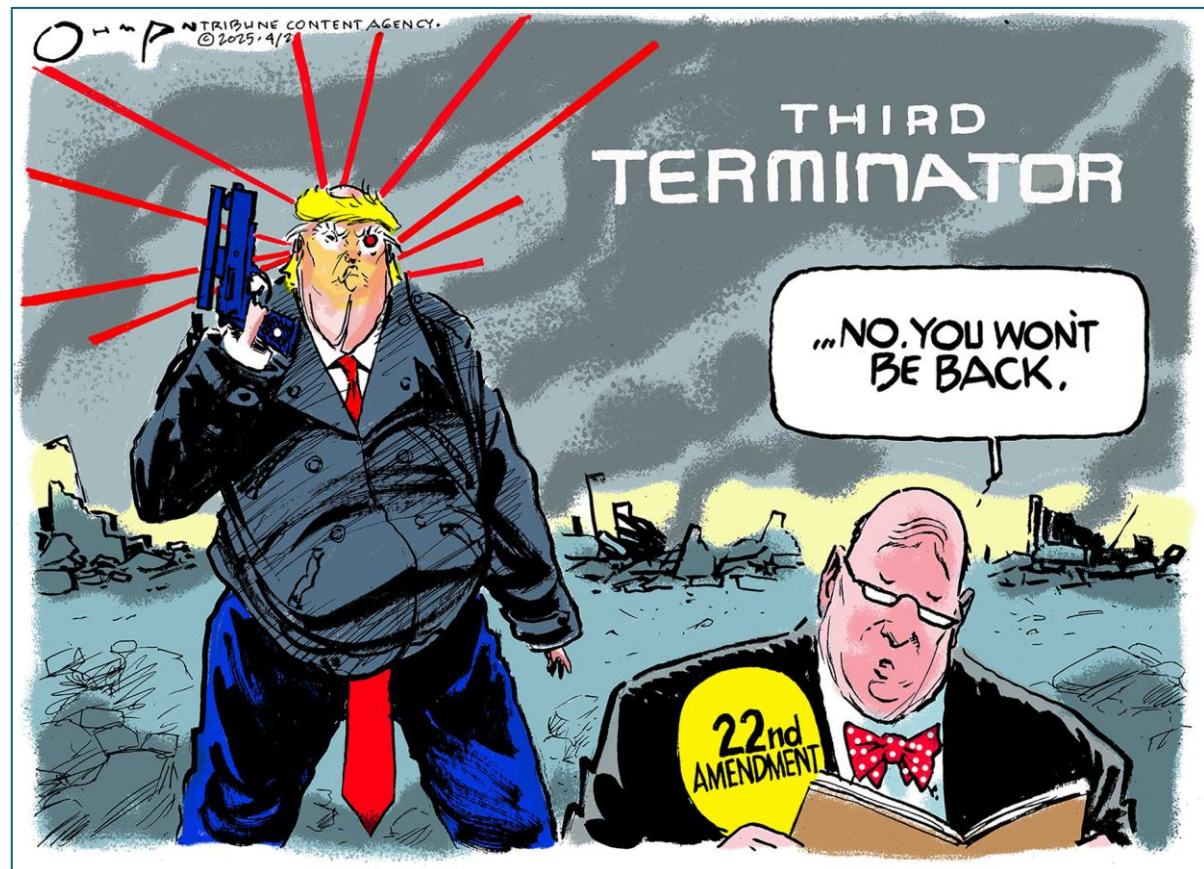
Remember, Trump won the popular vote by only 1.5 points, and even then it was a scant plurality rather than a majority. By any historical measure, this was a squeaker.

America has deep problems, to be sure. Which is why we can't give up on it — or give up the fights for social justice, equal political rights, equal opportunity, democracy, and the rule of law.

The forces of repression and neofascism would like nothing better than for us to give up. Then they'd win it all. We cannot allow them to.

We will never give up — not in 2026. Not in 2027 or 2028. Not ever.

We are winning. We will prevail.



Coming Events

Understanding Our Democracy

Tues., Jan. 20, 2026 10:00 – 11:30 AM

“Understanding and Responding to Misinformation and Disinformation”.

Cultural Ctr
Education Rm

Join Dr. Peggy Schooling for a 90-minute interactive session examining how misinformation and disinformation shape public understanding and civic life. Drawing on insights from Barbara McQuade’s *Attack from Within*, resources from the League of Women Voters, and leading nonpartisan research organizations, the session explores how today’s information environment has evolved and why falsehoods can spread so effectively. Participants will analyze real examples, consider how cognitive habits influence what we believe, and discuss practical strategies for evaluating information.

Tues., Feb. 3, 2026 1:00 – 2:30 AM

“League of Women Voters”

Cultural Ctr
Education Rm

Dr. Schooling will be returning on Tuesday Feb 3rd at 1pm for another Understanding Our Democracy forum. Here she will be talking about the League of Women Voters. In addition to her professional work, Dr, Schooling serves as Secretary of the League of Women Voters of Lancaster County, where she focuses on youth engagement and voter education. Dr. Schooling brings to this presentation a long-standing commitment to informed citizenship and a belief in the power of communities to strengthen democratic dialogue.

Dems Club General Meeting

Cultural Ctr
Education Rm

Tues., Jan. 27, 2025 1:00 – 2:00 PM

Review of 2025 and Our Plans for 2026