

How Inflation Is Affecting Middle-Class Families in the U.S. and U.K

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Inflation which refers to the overall increase in the prices over time undermines the purchasing power of money and can severely change the household budgets. In case of middle-class families in the United States and the United Kingdom, the pressures of inflation in the recent past have resulted in the fact that their basic needs, food, house, energy, transport, and others, are becoming much more expensive but their incomes are not keeping up. The outcome is a so-called middle-class squeeze where it becomes more and more challenging to sustain stable standard of living (Wikipedia, n.d.).

Inflation in the United States has hit the middle-class households the most through the increase in the price of groceries, energy, housing, and healthcare. One of the analyses argues that inflation affects middle-class households more severely as they tend to have fixed or low-adjusting incomes, lower levels of savings, and fewer safety nets than wealthier households (Shakhan and Wilkerson, 2024). Price increases in foods are the only factor that has caused many families to tighten their grocery belts, either consuming cheaper foods or reducing on non-essential goods. Increased energy and fuel prices, and house prices, whether it is higher rent rates or mortgage rates have decreased the disposable income, and the margin to save, or even create an emergency (Shakhan and Wilkerson, 2024).

In the same way, inflation has put a continuous pressure on middle-income families in the United Kingdom. A high inflation rate of 11.1 in the year 2021 and 2022 in the U.K. became the highest in four decades and has led to a huge rise in the cost of living (Francis-Devine, 2025). Prices were still cumulatively higher even after headline inflation had reached target in 2024, with many households permanently experiencing a change in the bottom end of their bilge. In 2023, statistics of the U.K. revealed that the average weekly household spending increased in a nominal fashion, yet the inflation-adjusted expenditure in the real-

term sharply declined by nearly 4% (Office for National Statistics, 2024). There was a great reaction in sleep deprivation and change of food also to cheaper ones and lowering the amount of energy used or delaying the discretionary spending of families.

A further blowback of this squeeze of middle-class households destroys long-term financial stability and savings. The increase of cost of living in the two countries does not improve the saving, investment or retirement capabilities of families. A complicated problem in the U.S is the increasing healthcare and education expenses-costs that often exceed the increase in wages of the middle earners (Shakhan and Wilkerson, 2024). In the U.K., high housing and energy prices coupled with frozen real wages are likely to plunge many households worse off in the next few years, although small nominal incomes will grow (Corlett, 2025).

Moreover, middle-class families that are having difficulties supporting their lifestyles (particularly due to lack of high assets or wealth to cushion the impact) are disproportionately impacted by inflation. Studies indicate that inflation has been very severe among the middle-income group in the fifth quintile when the inflationary effects are caused by widespread changes in prices of consumers as opposed to specific shocks (Wolff, 2025).

Overall, to the middle-class families in the U.S. and U.K., inflation has weakened purchasing power, constrained finances, decreased real income and had increased pressures on the prices of housing, food, energy, healthcare and education. The accumulative effect poses a threat to the financial security, savings of individuals in the long run and the capability to subsist a stable standard of living.

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