

# Grand Illusion: Mobility, Inequality, and the American Dream

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Not since 1964, when Barry Goldwater challenged Lyndon Johnson for the presidency, have the Republican and Democratic parties been in such fundamental disagreement on the matters of both policy and basic values. Yet the parties are in total agreement on one issue: that America is uniquely the land of opportunity, the place where people of humble origins can -- by dint of hard work, ambition, and sheer grit -- go as far as their abilities will take them.

But this cherished view of America is now a myth. The reality is in fact quite the opposite: Family origins matter more in the United States in determining where one ends up in life compared to other wealthy democratic countries.

This is a recent development. Studies of social mobility as far back as the 1950s and 1960s showed that rates of movement in the United States were generally comparable to other developed countries. This finding itself challenged the longstanding image of America as exceptionally open, but it is a far cry from today, when the United States rates at or near the bottom in comparative studies of social mobility.

To take just two examples, a study by Jo Blanden and colleagues at the London School of Economics found that a father's income was a better predictor of a son's income in the United States than in seven other countries, including Germany, Canada, and the United Kingdom. And a review article by Miles Corak at the University of Ottawa, based on 50 studies of nine countries, found the United States tied with the United Kingdom as having the least social mobility, trailing not only Norway and Denmark but France, Germany, and Canada.

To judge by the speeches at the Democratic and Republican conventions and by the party platforms, both parties are fervently committed to the American dream and to the vision of the United States as a uniquely open society. In his speech at the Republican National Convention, Florida's Senate candidate Marco Rubio declared that there "was no limit how far I could go because I was an American." Striking a similar theme in his keynote address at the Democratic National Convention, San Antonio mayor Julian Castro proclaimed that "America is a country like no other, a place where great journeys can be made in a single generation."

But the reality is that fewer such journeys take place in the United States than in other wealthy democratic countries. In a six-country study of the income of fathers and sons, children who were born into the bottom 20 percent of the income distribution had a lower chance of rising in the United States than in any of the five other countries, including the United Kingdom. Contrary to the Horatio Alger myth, the United States placed dead last in the percent who climbed from the bottom 20 percent to the top 20 percent.

Unfortunately, neither the Democrats nor the Republicans show any signs of addressing the underlying source of the problem: the extremely high levels of poverty and inequality in America. The starkly different life situations that separate rich and poor in the United States are utterly incompatible with the idea of equal opportunity that Americans, both conservative and liberal, value so highly.

While a society with high levels of inequality could in theory also be a highly fluid one, the reality is that the more egalitarian countries (for example, Sweden, Norway, Denmark, and Finland) also tend to be the societies with the highest rates of social mobility. Conversely, societies that are highly unequal (the United States and the United Kingdom come to mind) exhibit the lowest rates of social mobility. To be sure, the relationship is not perfect; Canada, for example, combines very high rates of mobility with an average level of inequality. But overall, the connection between high levels of inequality and low levels of mobility is undeniable.

But can anything be done to bring the vision of the United States as the land of opportunity -- one that is so central to America's national identity -- closer to reality?

First and foremost, the issue of poverty -- virtually invisible in the current presidential campaign, despite the fact that the United States has by far the highest poverty rate of any wealthy democratic country -- must again be placed on the national agenda, exactly half a century after Michael Harrington put poverty at center stage in his classic work, *The Other America*. Yet deep poverty remains a formidable obstacle to equality of opportunity, and it should be a national scandal that more than 46 million Americans -- including 16 million children -- remain in poverty in the world's wealthiest country.

Beneath the problem of poverty lies the broader issue of growing income inequality, now at its highest level since the 1920s. This growth in inequality is not simply the inevitable product of globalization or the increasing premium placed on skill in a post-industrial economy, for inequality has not increased nearly as much in other advanced societies subject to the same forces. Instead, the greater increase in inequality in the United States is, at least in part, a consequence of a series of political choices, including policies on taxes and deregulation, that are quite different from those adopted by other countries. If Americans really want more social mobility, they must choose policies that counteract rather than reinforce the growth of inequality.

At the same time, those committed to greater equality of opportunity also need to address disturbing trends in American education that have undermined its historic role as an engine of opportunity. Not long ago the world leader in the proportion of young people graduating from college, the United States has now fallen out of the top 10. Coinciding with this decline has been an extraordinary increase in student debt, which has passed the \$1-trillion mark and now exceeds the total credit card debt of the United States. In no other advanced country is college so expensive or so dependent on parental resources.

Yet even in a postindustrial society, not everyone will attend college. Many of our peer countries (who are also our competitors in the global economy) have assisted the large non-college-going segment of the labor force by adopting active labor market policies, including the provision of apprenticeship programs and extensive specialized training. Of 16 OECD countries, the United States places last in the percentage of the GDP expended on such training.

So the United States now finds itself at a crossroads: still fervently committed to the American dream, but unwilling to adopt policies that would promote its realization. Put simply, Republicans and Democrats alike want something they cannot have: a society of unsurpassed opportunity to rise, regardless of family background, while tolerating exceptionally high levels of poverty and inequality. Such a society does not -- and cannot -- exist. In this presidential season, it would be bracing indeed if someone would recognize this or, better still, propose a concrete program to revive the beleaguered American dream.

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