

## Introduction

For that is what America is all about. It is the uncrossed desert and the unclimbed ridge. It is the star that is not reached and the harvest that is sleeping in the unplowed ground.

—Lyndon B. Johnson, *from his Presidential Inaugural Address,*  
*January 20, 1965*

Many things come to mind when asked to describe the essence of America—its energy and innovation; the various freedoms that Americans enjoy; the racial and ethnic mix of its people. But perhaps fundamental to the essence of America has been the concept of the American Dream. It has captured the imagination of people from all walks of life and represents the heart and soul of the country.

The American Dream has served as a road map for the way we often envision the course of our lives. The rules of the game are well-known, as is the bargain that is struck. For those willing to work hard and take advantage of their opportunities, there is the expectation of a prosperous and fulfilling life. The United States has long been epitomized as a land of equal opportunity, where hard work and skill can result in personal success and fulfillment, regardless of one's station in life. While the specifics of each dream vary from person to person, the overall vitality of the American Dream has been fundamental to the nation's identity.

It can be found throughout our culture and history. It lies at the heart of Ben Franklin's common wisdom chronicled in *Poor Richard's Almanack*, in the words of Emma Lazarus etched onto the Statue of Liberty, the poetry of Carl Sandburg, or the soaring oratory of Dr. Martin Luther King, Jr. It can be heard in the music of Aaron Copland or jazz innovator Charlie Parker. And it can be seen across skylines from Manhattan to Chicago to San Francisco.

Yet it can also be found in the most humble of places. It lies in the hopes of a single mother struggling on a minimum wage job to build a better life for

herself and her children. It rests upon the unwavering belief of a teenager living on some forgotten back road that one day he or she will find fortune and fame. And it is present in the efforts and sacrifices of a first generation American family to see their kids through college.

In many respects, the American Dream has been deeply rooted in the concept of a journey—the journey to a new country, the journey across generations, and of course, the journey within one’s life. It is about motion and progress, it is about optimism, and it is about finding success and fulfillment along the way.

And yet the conditions under which Americans have pursued this Dream have been fraught with risk and economic uncertainty. The settlers of the eighteenth, nineteenth, and twentieth centuries took enormous risks coming to the new world, often arriving with little more than the clothes on their backs. Once here, there was not much in the way of government help or financial assistance (with the exception of available land). Self-reliance, rugged individualism, and determination were seen as the keys to prosperity. And yet, in spite of the risks and struggles, the American Dream has been, and continues to be, a guiding force reflecting the manner in which we see our lives unfolding.

Turn on the television, listen to the radio, surf the Internet, or pick up a magazine while waiting in an airport, and the images of the American Dream are ever present. From the solidly middle class couple engaged in their careers and lifestyle, to the rags to riches superstar making millions of dollars each year, the American Dream is portrayed as attainable, as long as we commit ourselves to hard work and perseverance in striving toward our goals.

In his immensely popular history of America entitled *The Epic of America*, published in 1931, James Truslow Adams was the first to coin the term “the American Dream.” He noted its centrality to the national identity, and wrote that it,

...has lured tens of millions of all nations to our shores in the past century. [But it] has not been a dream of merely material plenty, though that has doubtless counted heavily. It has been much more than that. It has been a dream of being able to grow to fullest development as man and woman, unhampered by the barriers which had slowly been erected in older civilizations, unrepressed by social orders which had developed for the benefit of classes rather than for the simple human being of any and every class. And that dream has been realized more fully in actual life here than anywhere else, though very imperfectly even among ourselves. (1931: 405)

The American Dream has ultimately been about the manner in which our lives unfold and the ability of the individual, no matter where he or she comes from, to exert considerable control and freedom over how that process occurs.<sup>1</sup> In a sense, it is about being able to live out our individual biographies to their fullest extent.

Take the quintessential American Dream of rising from rags to riches. During the latter part of the nineteenth century, Horatio Alger wrote dozens of stories about young street urchins who were able to lift themselves out of impoverished urban conditions through their hard work and moral strength, eventually finding wealth and acclaim in their lives. The popularity of these stories was enormous throughout the late nineteenth and early twentieth centuries, and this particular pattern of success has remained in our national consciousness ever since.

Or take the image of the American Dream that developed after World War II—that of achieving a comfortable middle class standard of living. This dream included a well-paying and stable job, a house in the suburbs, a family with two or three children, a new car in the garage, and a two-week summer vacation. Such images were broadcast weekly into America's living rooms through radio and television programs such as *Father Knows Best*, *The Adventures of Ozzie and Harriet*, and *Leave it to Beaver*. The prosperous middle class lifestyle portrayed in these popular shows was seen as attainable for the majority of Americans.

Today, the American Dream continues to place a heavy emphasis upon economic prosperity and financial security, along with other ambitions as well—finding and pursuing a rewarding career, leading a healthy and personally fulfilling life, and being able to retire in comfort. But regardless of the time or place, America has always been about the hope and promise of a good life. Of course, the American Dream has never guaranteed that hard work will ensure economic and personal success, but it has been strongly suggested. From our earliest days to the present, millions have arrived on these shores seeking to improve their lives. America has long symbolized the land of opportunity, where skill and hard work are viewed as paths to personal success and economic well-being. While the specifics of each dream may vary from person to person, the overall vitality of the American Dream has been fundamental to the nation's identity.<sup>2</sup>

And yet some have wondered to what extent the Dream is simply that, a dream rather than reality. One could argue that America's part of the bargain has never been fully upheld. Millions of Americans have been excluded throughout our history from meaningful participation in the American Dream. In particular, race, class, and gender have loomed large in terms of who has had greater or lesser access to viable opportunities. This side of America is represented by ongoing poverty, racism, sexism, and economic retrenchment. It can be found in the legacy of slavery, broken treaties, Jim Crow, glass ceilings, and lingering patterns of residential and educational segregation.

Yet even for those not facing the constraints of race, class, and gender, working hard and having determination do not necessarily provide the ticket for success. Many Americans today are working harder and for longer hours, only to find themselves falling further behind. Mounting evidence indicates that

this economic insecurity has been on the rise, with growing numbers of middle and working class Americans struggling to get by. In fact, we would argue that approximately four-fifths of the US population is at a significant risk of economic vulnerability at some point in their lifetime.<sup>3</sup>

On the other hand, those at the top of the income distribution have experienced dramatic gains during the past decades. These discrepancies in economic well-being have begun to shake the overall confidence level in the American Dream. The noted economist Paul Samuelson, writing in the first edition of his popular introductory economics textbook in 1948, pointed out that if we made “an income pyramid out of a child’s play blocks with each layer portraying \$1,000 of income, the peak would be somewhat higher than the Eiffel Tower, but almost all of us would be within a yard of the ground” (1948: 63). By the time of Samuelson’s 2001 edition of the textbook, most Americans would be within two or three yards of the ground, but the Eiffel Tower would now have to be replaced with Mount Everest in order to represent the top of the income distribution (Samuelson and Nordhaus, 2001: 386).

Over the past four decades, the magnitude of both income and wealth inequality in the United States has been rising to levels not seen since those of the Gilded Age during the latter part of the nineteenth century. Recall that this was the period when the great mansions of the Vanderbilts, Astors, Rockfellers, and Carnegies were built on Fifth Avenue in New York City (along with their palatial summer residences in Newport, Rhode Island). At the same time, 11 million of the 12 million US families in 1890 earned less than \$1,200 annually, with an average income of \$380.

Today, we are seeing similar levels of income and wealth concentration. For relatively few Americans, things have never been better economically. Their wealth holdings and incomes have gone through the roof. Americans who find themselves in the top 10 percent of the income distribution, particularly those in the top 1 percent, have seen their incomes soar over the last few decades.

At the same time, a growing number of families are being squeezed economically, with many struggling to stay afloat. For example, the median earnings of men working full-time in 1973, adjusted for inflation, were \$51,670. By 2012, their median earnings stood at \$49,398 (US Census Bureau, 2013a). In other words, the typical male worker in the United States has actually lost ground over the past four decades in terms of his wages, in spite of the fact that output per employed worker grew 58 percent over this same period.

If one divides the income distribution of the United States into fifths, the only group that has increased its overall piece of the total income pie over the past 40 years has been the top 20 percent of the income distribution. Those in the bottom 80 percent of the distribution have actually seen their overall piece of the pie shrink.

Or take what has happened to the distance between the average CEO’s salary and the average worker’s salary. In 1980, the average CEO of a major

corporation earned 42 times that of the average worker's pay. Today the figure stands at well over 400 times. Adding insult to injury, from the 1980s onward, an increasing number of companies have demanded concessions from their workers, including pay cuts and the elimination of various benefits.

Patterns of wealth accumulation are even more skewed. The top 1 percent of the US population currently own 42.9 percent of the financial wealth in the country (stock, bonds, savings, etc.), while the bottom 60 percent of Americans are in possession of less than 1 percent of the country's financial wealth (and if we focus on the bottom 40 percent, this group of Americans actually has negative financial wealth; Wolff, 2010). An example of such wealth concentration can be found in the fact that in 2010, the six heirs to the Walmart fortune were worth as much as the bottom 41.5 percent of US households combined. According to Josh Bivens at the Economic Policy Institute, the Walton heirs held \$89.5 billion in assets, which represented the net worth of the bottom 48.8 million American households.

These economic trends might be compared to what has happened in the airline industry. As anyone who has flown recently is well aware, the experience of traveling in coach has deteriorated dramatically. The *New York Times* puts it this way,

Over the past few years...flying in coach has become an increasingly miserable experience. Leg room is practically nonexistent. Passengers are more tightly packed together. Hot meals have been eliminated. Ditto pillows and blankets. And the next time that guy in front of you leans his seat back directly into your face, few of your fellow passengers are likely to blame you if you feel a brief, murderous urge to strike back. (November 25, 2007)

At the same time, first class passengers flying international have been reaching new levels of luxury. Four course meals created by celebrity chefs, choice of premium wines, or "180-degree lie-flat" seats on international flights that include a large flat screen monitor, audiovisual on demand, and noise-canceling headphones have all become the norm for the select few able to fly first class. For those in first class, life is good and getting better, while for the majority in coach, things have deteriorated over time. So it would seem for America as a whole.

The United States currently leads the developed world in the extent of its income inequality, the depth of its poverty, and the concentration of its wealth. In short, we are rapidly becoming a society of haves and have nots, with the haves becoming fewer and wealthier, and the have nots becoming more numerous and more vulnerable.

This vulnerability can be seen in a number of places. Job security has weakened, the social safety net has been shredded, benefits on the job have been

harder to come by, savings and retirement funds have eroded. All of these trends have placed more Americans in an economically vulnerable position when shocks in income occur. And income shocks have been increasing over the past 30 years.

The political scientist Jacob Hacker (2006) found that income volatility in the 1990s was significantly greater than it was in the 1970s, with much of this volatility being downward mobility. At the same time, more Americans are at personal risk when such changes in income occur. As Hacker writes, “in area after area, there’s evidence of a vast shift in the economic security of most Americans—a massive transfer of financial risk from corporations and the government onto families and individuals” (2004: 14). Likewise, Peter Gosselin (2008) notes that the volatility and swings of income have increased dramatically over the past 30 years. Americans are increasingly on their own with respect to their financial protection and well-being. This has become painfully apparent in light of the significant numbers of American jobs that have been downsized and outsourced.

As a result, a vast number of American lives are marked by ongoing economic turmoil and strife. This is reflected in an increasing uneasiness about the ability to achieve the American Dream. For example, a national survey was conducted several years ago by the Brookings Institution (2008). One of the questions posed was, “Do you think it is becoming harder or easier these days to achieve the American Dream, or is it about the same?” Three-quarters of Americans felt that the American Dream was becoming harder to achieve. Furthermore, 69 percent felt that the American Dream would be harder for the next generation to achieve compared to the current generation, while only 15 percent of respondents felt that the next generation would be economically better off than today’s generation. Similar results were obtained in a 2013 *Washington Post* poll that asked if it was more difficult to get ahead financially today than in the past (Washington Post-Miller Center, 2013). For the vast majority of Americans, there is a sense that attaining the American Dream is becoming more difficult.

In addition, a number of recent books have appeared with titles such as *American Dream Dying* (McClelland and Tobin, 2010), *Who Stole the American Dream?* (Smith, 2012), or *The Betrayal of the American Dream* (Barlett and Steele, 2012). Many of these books discuss the economic and political conditions that have led to the deterioration of the middle class and their ability to achieve the Dream over the past 30 years.

Yet is it time to write off the American Dream? This book takes a somewhat different approach from these previous works. Rather than simply reviewing the political and economic changes of the past 40 years, we first examine what Americans truly mean when they refer to the American Dream. As we shall see, it is a somewhat different concept from the manner in which it is often depicted. Second, we explore the viability of various pathways to the American Dream. In order to do so, we make use of a unique life course methodology that we have pioneered in our earlier work. This research reveals a number of

surprising and unexpected patterns. And finally, we attempt to provide a somewhat different lens through which to interpret and assess the current and future status of the American Dream.

### Searching for the American Dream

With this background in mind, we set about to search for the American Dream and to understand the dynamics that shape our fortunes in these challenging times. But where to look and who to ask? How might one check the pulse of the American Dream? We decided that the best approach was multidimensional.

To begin, we felt it essential to talk to a wide range of Americans about their experiences, ideas, and lives. Ideally, these interviews would be able to provide a rich context in which to understand the paths that people take in their pursuit of the American Dream, and what happens to them along the way. Second, we felt it important to empirically assess the overall strength of the American Dream in a clear and innovative way, and one that would represent the country as a whole. And finally, we wanted to incorporate some of the seminal research and thinking on this topic.

Forming the backbone of the book is a series of interviews we conducted in and around a sizable metropolitan area located in the United States. The region is largely reflective of the demographic and economic makeup of the country as a whole. In addition, the area reflects much of the economic turmoil and change that has been occurring in the country over the past 40 years. As such, we felt that it was a particularly appropriate site to measure the pulse of the American Dream. The interviews occurred from September 2010 through July 2011 with a total of 75 people.

Our conversations across this window of time took place with a wide range of individuals pursuing many different pathways in their lives. The intent was to talk to a group of Americans who would represent a diversity of experiences and attitudes. This resulted in a kaleidoscope of American stories—from a factory worker, to a federal judge, to a waitress, to a former CEO of a Fortune 500 corporation, to a world class jazz musician, to a stay-at-home mom, to a US ambassador, to a hog farmer. The range of experiences was simply remarkable. For example, on one afternoon we interviewed an investment and tax lawyer who was advising a handful of families with asset holdings of up to \$3 billion. The following week we talked to a woman facing home foreclosure with no savings in the bank and a total of \$40 left in her checking account.

The interviews took place in various locations. Many were conducted in individuals' homes or places of work, but others occurred in restaurants, meeting rooms, coffee shops, bars, and the like. A variety of topics were touched upon, including what it was like growing up, work history, current finances, and thoughts about the American Dream and the country as a whole. In a handful

of cases we followed up with individuals to gather additional information that we felt was important but that had not been covered in the original interview.

Although a standard set of questions was asked of all participants, the interviews themselves were very open-ended and much along the lines of a guided conversation. Studs Terkel, the writer and oral historian, once noted that a good interview is like good jazz—while there are basic themes to play, one should also improvise and riff on those themes as well. We strived for such a groove with our interviewees. In nearly all cases, the rapport and quality of exchanges was excellent. There were moments of high drama, low valleys, hilarious anecdotes, heartfelt emotion, and genuine respect. Such is what life is about.

In addition, for virtually all individuals interviewed, questions were asked pertaining to the particulars of that individual's life. Consequently, each interview was tailored to the specific person, depending on their life circumstances. The interviews averaged between two and four hours in length and were audio recorded and transcribed. All names have been changed, as well as specific identifying information. A typical transcription might run 40 pages, single-spaced. Needless to say, the volume of data we acquired through interviewing was extensive and detailed.

An additional qualitative source of information provided a compliment to the in-depth interviews (although it is used much less extensively in the book than the interviews). We conducted a series of nine focus groups in 2008. Individuals were brought together in groups of approximately eight to twelve and were asked a series of questions dealing with economic hardship, prosperity, and the American Dream in their communities and in their lives. This allowed for a freewheeling discussion within each group regarding these topics.

The focus group approach captured a somewhat different dynamic from that of the interviews. By bringing different people together for a discussion, we were able to tap into the concept of group dynamics with respect to seeking opinions and attitudes regarding the American Dream. In addition, some of the issues and questions that were developed and used for the interview project came out of the focus group discussions. Similar to the interviews, the focus groups were audio recorded and transcribed, resulting in a sizable amount of information. The names and specific identifying information of the focus group participants have all been changed.

A third very different methodological approach was one that we use to measure the longitudinal dynamics of the American Dream. We sought to understand how likely, how severe, and how often Americans encounter economic risks, challenges, and rewards across their lifetimes. We would argue that an important piece of assessing the viability of the American Dream is looking at what happens economically to individuals and families over time.

In order to measure this, one would ideally want to follow the same Americans for 30, 40, or even 50 years. We would also want to have access to a large and representative sample in order to be able to confidently generalize



to the American population as a whole. And we would need an analytical approach that allows us to maximize the data itself. As might be expected, such requirements are not easy to come by.

Fortunately, there is a source of data that meets many of these prerequisites. It is known as the Panel Study of Income Dynamics (PSID) data, and it represents the longest running longitudinal data set in the United States—indeed, in the world. The origins of this remarkable study began in the mid 1960s. At that time, the Johnson administration sought to track individuals and households in order to gauge the success of the newly instituted War on Poverty initiatives. And so, in 1968, the study began by interviewing approximately 5,000 US households, containing roughly 18,000 individuals. The focus of the study, as the name implies, has been on understanding the dynamics of income. However, it is also a rich source of information regarding other aspects of economic and social well-being, including employment, wealth and assets, health status, family composition, and many other topics.

Since 1968, the same individuals have been interviewed annually (biennially after 1997), including children and adults who eventually break off from their original households to form new households (for example, children leaving home, or adults following a separation or divorce). Those who have dropped out of the study are replaced by individuals with similar characteristics. Thus, the PSID is designed so that in any given year the sample is representative of the entire nonimmigrant US population. Our analysis includes information from 1968 to 2009, spanning 42 years of data.

The methodology we use relies heavily upon what is known as a life table approach. The life table allows one to look over long periods of time and assess the patterns, dynamics, and determinants of various events. In our case, we are interested in a handful of key events that are critical to economic well-being, such as the likelihood of job stability, avoiding poverty, or the accumulation of wealth. By using a life table approach in conjunction with the longitudinal nature of the PSID, we are able to estimate the occurrence and patterns of these key events as they take place within the context of the American life course. Equally important, this strategy allows us to look at how these patterns vary by certain attributes, such as class or race. Our approach therefore seeks to understand and assess the strength of the American Dream through a longitudinal measuring of economic risks and rewards across a lifetime.

Finally, an additional approach to assessing the pulse of the American Dream was to utilize the vast amount of data and information that has already appeared in various reports, articles, and books. This includes information from the US Census Bureau, the Bureau of Labor Statistics, the Pew Research Center, and other sources that allow us to describe various dynamics and trends over time. This information is interspersed throughout the chapters. It provides a wider context in which to place the findings from our qualitative and quantitative analyses.

Taken together, we believe the sources of information used in this book convey a powerful narrative regarding Americans and their search for the American Dream. By weaving the approaches together, we hope to create a vibrant tapestry upon which to tell our story (for greater detail about the sources of data in the book, see Appendix A).

### **Telling the Story**

The book itself is divided into three sections. Part I begins our narrative by discussing what the American Dream represents to individuals and the importance that they attach to it. We explore three basic themes. Chapter 2 describes the emphasis that individuals place upon having the freedom to pursue their life goals and aspirations as they define them. Chapter 3 looks at the importance placed upon economic security as central to the American Dream, along with the understanding that hard work should lead to economic well-being. Finally, the elements of hope, optimism, and personal progress are explored in Chapter 4 as a third key component of the American Dream.

In Part II we shift gears and examine the pathways and realities of the socioeconomic landscapes that lead individuals to varying levels of success or failure in pursuing their dreams. In Chapter 5 we look at the opportunity structure and how it has changed over the last four decades. Chapter 6 explores the extent of upward mobility in America and the importance that motivation, hard work, and merit play in climbing the ladder of success. Chapter 7 looks at where one falls within the opportunity structure and, as a result, the advantages or disadvantages that tend to accumulate over time, leading to greater or lesser success later in life. Finally, Chapter 8 looks at the impact that sheer twists of fate play in altering people's lives.

In Part III we assess the overall implications of our findings. Chapter 9 pulls together the key themes and patterns that have arisen out of the interviews and data, while Chapter 10 provides a provocative thought experiment regarding the future direction of the American Dream.

Fundamental to our telling of the story is the question, "To what extent are we able to shape our lives and well-being with our own hands?" Americans have long prided themselves on being able to create their own destinies. The promise of America has been the belief that through hard work and effort, everyone can rise from whatever circumstances life has thrown them to achieve success.<sup>4</sup> And yet we are also cognizant of the many forces that exert considerable influence over how our lives unfold. Ultimately, we seek to understand the fortunes of Americans as they travel across the life course, and to use this understanding to reflect back upon the meaning of America as well as the ways in which we can more fully live up to its ideals and promises. The voice that is used throughout the book is that of the first author.

In my earlier book, *One Nation, Underprivileged*, I mentioned briefly the background behind what has become one of our unofficial national anthems, “This Land Is Your Land” by Woody Guthrie. On one level, the song is about freedom and opportunity, key components of the American Dream. It is about traveling upon a ribbon of highway, with a golden valley below and an endless skyway above. As Guthrie wrote, this vision belongs to us all.

Yet the song is also about the inequality and struggles of everyday Americans. Two of the rarely sung verses discuss the disparities in America. Guthrie sings about watching a scene unfold in the shadows of a church one sunny morning. He notices a number of ordinary folks lined up next to a relief office, clearly hungry and in need of help. Given their level of destitution he stops and wonders if “this land was made for you and me.”

And yet a final verse, also rarely sung, rings out:

Nobody living, can ever stop me,  
As I go walking that freedom highway.  
Nobody living can ever make me turn back,  
This land was made for you and me.

And so here we have, in one of our unofficial anthems, the themes of freedom and opportunity, struggles and inequality, and determination and redemption. Indeed, as Guthrie notes, “This land was made for you and me.” As we shall see, these are issues and topics that we will be touching upon throughout the book.<sup>5</sup>

In the earlier mentioned work by James Truslow Adams, *The Epic of America*, Adams noted that “the American dream of a better, richer, and happier life for all our citizens of every rank” was the “greatest contribution we have made to the thought and welfare of the world” (1931: viii). Yet he also had a word of caution as he was finishing his book during the depths of the Great Depression in the spring of 1931,

That dream or hope has been present from the start. Ever since we became an independent nation, each generation has seen an uprising of ordinary Americans to save that dream from the forces which appeared to be overwhelming and dispelling it. Possibly the greatest of these struggles lies just ahead of us at this present time. (1931: viii)

And so it is for us as well. Perhaps more than at any time in our past, there are serious questions regarding the American Dream and its applicability to everyday women and men. As we turn to the pages and chapters ahead, we will examine the American Dream in today’s world, the dynamics and patterns of achieving that dream, and the meaning and significance that these patterns have for individuals and the country as a whole.