

THE PROBLEMS OF THE AMERICAN DREAM:
FALSE HOPES AND HURTFUL JUDGMENTS

Elizabeth T. Murray

TC 660H
PLAN II HONORS PROGRAM
THE UNIVERSITY OF TEXAS AT AUSTIN

May 15, 2020

Sanford Leeds
McCombs School of Business
Supervising Professor

James Galbraith, Ph.D.
LBJ School of Public Affairs
Second Reader

ABSTRACT

Author: Elizabeth Tillar Murray

Title: The Problems of the American Dream: False Hopes and Hurtful Judgements

Supervising Professor: Sanford Leeds

While the American Dream for so long has been built into the story of America, few have sought to question whether the dream is a healthy and attainable dream for our country to believe in today. The American Dream arose out of the idyllic and utopian stories of America. It quickly spread as a source of hope amidst a time of war and difficulties. The idyllic story of the dream has become more inflated and focused on monetary success ever since. My thesis aims to compare the teachings and belief of the American Dream story with facts. Statistics show at the same time as the American Dream has become more exaggerated, income mobility has decreased. My thesis explains we must strive for a more attainable dream, and we must do more to help people reach this modified dream. First, we should not teach that every person can become rich from poor. Statistics show that rag-to-riches story of rising from poor to multimillionaires are highly uncharacteristic, and these stories should not be the praised and searched for goal of the dream. Americans will continually be disappointed if this is the ultimate target, and, thus, will grow to disbelieve and resent the dream. Instead, the dream should be for all to reach a point where they can live a modest and sustainable lifestyle. Second, once we shift our focus on the American Dream, we can all play a part to help the struggling families reach this goal. While my thesis provides several recommendations for ways in which the government can help Americans be able to afford basic necessities in life, the dream is not just dependent on the government. My thesis encourages every American to help revise and implement the American Dream for all.

TABLE OF CONTENTS

ABSTRACT	2
TABLE OF CONTENTS	3
DEDICATION	4
ACKNOWLEDGEMENTS	5
CHAPTER I: INTRODUCTION	6
CHAPTER II: FICTIONAL FOUNDATIONS	11
Response to Social Darwinism and the Gilded Age	
Utopian Stories	
How-to-Succeed Literature	
CHAPTER III: PRESIDENTIAL STORIES AND THE DREAM TODAY	21
CHAPTER IV: STATISTICS	30
CHAPTER V: CASE STUDIES	47
Diedre Melson	
John Cox	
Pamela Thatcher	
CHAPTER VI: RESPONSE TO THE AMERICAN DREAM	55
CHAPTER VII: CONCLUSIONS	69
CHAPTER VIII: WORKS CITED	72
CHAPTER IX: BIOGRAPHY	87

This thesis is dedicated to the families around the United States caught up in inescapable poverty. I see your struggle and am fighting for you.

ACKNOWLEDGEMENTS

1. To my thesis supervisor, Sanford Leeds, thank you for the countless hours you spent working with me. I am grateful for your attention to even the small details, your passionate vision for this thesis, and your deep insight.
2. To my second reader, James Galbraith, whose ceaseless knowledge has opened my eyes to the hurt and struggles of America.
3. To my parents, whose encouragements and sacrifices have blessed me with a love for learning, writing, and an empathy for those struggling.
4. To my sisters, Margaret and Catherine, whose endless sacrifices and patience always keep me going. I cannot thank you enough for all you've done for me.
5. To my friends, who have encouraged me in every dream, including this one. Thank you for always listening to my struggles and helping me throughout the process.
6. To the Plan II Honors Program, thank you for teaching me to analyze critically and write effectively. I am thankful for all my peers, whose brilliant minds and creativity have pushed me in my own pursuits. I have really enjoyed the past 5 years.
7. To all of those Americans who believe in the American Dream, it is time to fight for it.

CHAPTER I: INTRODUCTION

“Harsh reality is always better than false hope.”

-Julian Fellowes

The American Dream. Most Americans are prideful when they hear these words and are reminded of the promise Americans have been told that hard work leads to success in America. The American Dream is broadly defined as the “ideal that children have a higher standard of living than their parents.”¹ However, the Dream has evolved throughout its history and held a number of definitions, which this thesis will explore. While the promise has brought encouragement and hope to some, Americans have often failed to examine the negative effects of the Dream for many. For once, the story of the American Dream must be examined in light of research and evidence for not just the lucky Americans, but for every social class in which the American Dream is supposed to represent.

The American Dream arose out of the idyllic stories told in America, which were typically made-up stories based upon little reality. The feel good, hopeful stories quickly spread and authors were rewarded for their fanciful tales. The American Dream developed from the fictional utopian stories of the country from the imaginative minds of authors such as Sir Thomas Moore, who painted America as a perfect society for all people. In the early 1900s, writers such as Horatio Alger and Theodore Dreiser spread the fame of the “rag-to-riches” stories about the

¹ Chetty, Raj, et al. "The Fading American Dream: Trends in Absolute Income Mobility Since 1940." Dec. 2016, National Bureau of Economic Research, www.nber.org/papers/w22910.pdf. Manuscript.

poor boy who climbs the path to success.² Americans were quick to grasp onto the attractive idea of the Dream and propagate the stories, which spread optimism during difficult times.

The stories of the American Dream have become more exaggerated and focused on monetary success since the twentieth century. While the stories of the 1900s originally invoked the idea as a corrective to self-interested and unbridled capitalism, the Dream has become more concentrated on monetary success. The focus on monetary gains can be seen through the story of American presidents. Americans have praised past presidents that have risen from poor families to wealthy leaders. Politicians and leaders have tried to embody and propagate the American Dream story, since Americans tend to glorify the image of the Dream. However, the reality is many presidents actually arose from wealthy upbringings, despite the tales of their American Dream stories.

The definition and stories of the American Dream must be reconciled with statistics of income mobility in the United States. A quick glance at the statistics of income mobility reveal the American Dream was never an actuality in America and has become even less of a reality throughout the past century. Nadarajan “Raj” Chetty at Stanford University performed a study on the rates of absolute income mobility, which he defines as the fraction of children earning or consuming more than their parents. The study showed the rates of absolute mobility have fallen from approximately 92 percent for children born in the 1940s to 50 percent for children born in the 1980s.³ While some of the decline in absolute income mobility is attributable to the higher rates of national income growth during the mid 1900s, Chetty argues much of the decline in

² Alger, Horatio, Jr. *Ragged Dick: Or, Street Life in New York with the Boot Blacks*. New York, Penguin Group, 2014.

³ Chetty, Raj, et al. "The Fading American Dream: Trends in Absolute Income Mobility Since 1940." Dec. 2016, National Bureau of Economic Research, www.nber.org/papers/w22910.pdf. Manuscript.

income mobility is caused by the broadening inequality in the distribution of national income. Given the poor rates of absolute income mobility, over 7.6 million Americans are considered the working poor (about 5 percent of the labor force are the working poor). The working poor is defined as someone below the poverty line who has spent at least half the year either working or looking for employment.⁴ These few statistics are only a small glimpse into a realm of research, which contradict the stories told about the American Dream.

After I discuss the statistics behind income mobility, I will share three testimonies of suffering Americans. At a hearing before the 2013 United States Senate, three citizens shared their stories of trying to chase the American Dream. The Senate chose these three to tell their stories, because they represented the typical, struggling middle class family in America. Diedre Melson, John Cox, and Pamela Thatcher gave their stories of how they attempted to achieve success but have been unable to either provide for their families or obtain a decent livelihood. For example, after obtaining a college degree and losing her job in the 2008 Financial Crisis, Pamela Thatcher testified, “We are the working poor.”⁵ These three were raised like most other Americans to believe that if they worked hard enough, they would obtain an attractive lifestyle. Unfortunately, all three failed to achieve this luring success, despite their hard work ethic.

Although statistics show the American Dream of rag-to-riches is largely unrealistic to fully achieve, I believe there are ways in which we can achieve a more modest view of the Dream. First, the government could improve and expand wage subsidies through the Earned Income Tax Credit (EITC). Secondly, the government could incentivize companies to offer

⁴ United States Department of Labor. *A Profile of the Working Poor, 2017*. U.S. Bureau of Labor Statistics, Apr. 2019. *BLS Reports*, www.bls.gov/opub/reports/working-poor/2017/home.htm.

⁵ United States, Congress, Senate, Subcommittee on Economic Policy of the Committee on Banking, Housing, and Urban Affairs. *State of the American Dream: Economic Policy and the Future of the Middle Class*.

increased on-the-job training to workers that are more vulnerable to losing jobs or being replaced. On-the-job training currently focuses on higher-paid workers at larger companies and could be directed to benefit those with lesser jobs at smaller, more vulnerable companies. Lastly, I believe there are multiple ways in which to break barriers between social groups, such as mending education to include those from disadvantaged backgrounds and increasing transportation from poorer neighborhoods to areas with more jobs. While I believe these recommendations will improve income mobility, I will show Americas must ultimately seek a more realistic and attainable view of the American Dream.

As the three testifiers exemplify, data shows hard work alone does not lead to success. This paper attempts to understand the status of the Dream and give a realistic understanding of opportunity in America. The structure of my paper is as follows:

- Chapter 1: I will provide a general overview of the American Dream and outline some of the topics this thesis will cover about the American Dream.
- Chapter 2: I will discuss the origin of the American Dream and how the idea of the American Dream first arose. More specifically, I will explain the concept of Social Darwinism and the Gilded Age in America, the spread of utopian stories, and the success of how-to-succeed genre of literature in the twentieth century. Lastly, I will describe how the Dream has become more focused on monetary success in the last century.
- Chapter 3: I will share how the American Dream has been unrealistically glorified by giving examples of the ways in which Americans discuss presidents. I will also provide some examples of how presidents try to embody the American Dream through their speeches and actions.

- Chapter 4: I will provide extensive data and research about the status of the American Dream. I will give an overview of how income mobility has changed in recent decades and discuss reasons for the decline in income mobility.
- Chapter 5: I will share the case studies of three suffering Americans: Diedre Melson, John Cox, and Pamela Thatcher. I hope their stories will shed light on some of the common problems endured by middle class Americans.
- Chapter 6: Based off of my extensive research, I offer a few ways in which I believe income mobility could be improved.
- Chapter 7: I will conclude by explaining why America needs a revised view of the American Dream. I will show that my recommendations can help improve income mobility to a certain extent. However, even these recommendations will leave America far short of achieving the current American Dream.

CHAPTER II: FICTIONAL FOUNDATIONS

“Perhaps the best way to define the American Dream is a kind of origin myth”

-Anthony Brandt [“Now and Then: The American Dream”]⁶

Introduction

The modern idea of the American Dream arose from three main genres of literature. First, from the Social Darwinism genre emerged survival of the fittest, which explains how species born with favorable traits are more likely to survive and produce successful offspring. During the Gilded Age in the nineteenth century, people started to use the Social Darwinist beliefs to justify why some Americans achieved more success and acquired more wealth than others. However, Americans wanted to be seen as a more accepting and fair society. Hence, in the 1900s the utopian genre began in America, which painted America as a place where all people can live an idyllic life. Lastly, the how-to-succeed genre of literature developed, which gave rise to the American Dream story as we know it today. The how-to-succeed genre of literature built upon the utopian idea of America, and specifically, spread the belief that hard work in America leads to monetary success for all citizens of every race and class in which one is born.

Social Darwinism and the Gilded Age

In 1859 Charles Darwin wrote his famous *On the Origin of Species*, in which he argues for the process of evolution of species through natural selection. Darwin first formulated the idea of natural selection to explain the process by which organisms change over time as a result of heritable physical or behavioral traits. Darwin suggested only species with those favorable adaptations will survive. Darwin argued species lacking the favorable traits most likely would

⁶ Brandt, Anthony. "Now And Then: The American Dream." *American Heritage*, vol. 32, no. 3, Apr.-May 1981, www.americanheritage.com/american-dream.

not survive long enough to pass down their unfavorable traits, and those with the superior traits would be the ones to prosper and survive.⁷

Herbert Spencer later applied Darwin's biological law of natural selection to the human race. In *The Age of Uncertainty – The Manners and Morals of High Capitalism* John Galbraith explains Spencer's theory was used to justify the rise of the rich. Spencer said, "I am merely carrying out the views of Mr. Darwin in their application to the human race...all being subject to the increasing difficulty of getting a living'...there is an average advance under the pressure, since 'only those who do advance under it eventually survive'; and 'these must be the select of their generation.'"⁸ Spencer's term "survival of the fittest" was used to show that those with the strongest physical traits and those with the inherent capacity to adapt became wealthy. Spencer's belief explained "the rich man was the innocent beneficiary of his own superiority."⁹ While Darwin's theory on natural selection was used to explain the evolution of animals, survival of the fittest was coined to justify the wealthy.

During a period of rapid wealth in the early 1900s, the idea of survival of the fittest quickly began to be applied to American citizens. The Gilded Age during the nineteenth century gave rise to a new wealthy class, whereby the wealthy in America were getting much richer. Survival of the fittest offered the best justification for the rapid rise of the wealthy class. Social Darwinism taught that the poor were the ones that did not have the required skills – talent,

⁷ "Natural Selection." Stanford Encyclopedia of Philosophy, 25 Sept. 2019, plato.stanford.edu/entries/natural-selection/.

⁸ Carneiro, Robert L. "Herbert Spencer's 'The Study of Sociology' and the Rise of Social Science in America." *Proceedings of the American Philosophical Society*, vol. 118, no. 6, 27 Dec. 1974, www.jstor.org/stable/986404?seq=1.

⁹ *The Age of Uncertainty Episode 2 - The Manners and Morals of High Capitalism*. Produced by John Kenneth Galbraith, 1977.

brains, or hard work – to succeed. Thus, the Social Darwinism theory opposed government handouts or safety regulations as Social Darwinists believed government actions would encourage the survival of the weak.¹⁰ However, the Social Darwinism genre was difficult to reconcile with many Christian beliefs in America. Many Christians did not want to believe that success would come to a select few based on chance, which is beyond the control of humans.

The American Dream offered an alternative to Social Darwinism that was far more uplifting and promising. The stories of the American Dream spread the idea that hard work was the key skill needed for survival. This concept is what the masses wanted to believe in the late 1800s and still want to believe today. Although the American Dream flourished in the aftermath of the Social Darwinism genre in the late 1800s, Americans had been laying the foundation for the rise of the American Dream long before.

Utopian Stories

Since the birth of America, the country has been based upon idealistic, utopian stories. Sir Thomas More, an English author, in the early 1500s wrote about a utopia, a perfect imaginary world. He used the word ‘utopia’ from the Greek word ou-topos, which means ‘noplacel’ or ‘nowhere.’ The Greek word eu-topos refers to a ‘good place.’¹¹ Hence, More used utopia as a pun to question whether a perfect place can ever exist. Amidst the chaos of European politics, More wrote about a life that was far from the difficulties of European life. In his book *Utopia*, More condemns the conspiracy of the rich and the greediness of political leaders. More’s utopia was governed entirely by reason and completely contrasted the self-interested European life of

¹⁰ William Graham Sumner, *The Challenge of Facts and Other Essays*, edited by Albert Galloway Keller (New Haven: Yale University Press, 1914).

¹¹ "Thomas More." Stanford Encyclopedia of Philosophy, 19 Mar. 2014, plato.stanford.edu/entries/thomas-more/.

the mid 1900s.¹² More's imaginary story paved the way for America to position itself as the utopian answer to the world.

In 1630 John Winthrop delivered his famous speech before he and his fellow settlers reached New England. Winthrop referred to New England as "a city upon a hill," which is derived from the parable of Salt and Light in Jesus's Sermon on the Mount. Winthrop's speech was the first of many speeches to refer to America as a "beacon of hope" for the world. In Winthrop's speech he argues "the eyes of all people are upon us."¹³ Although Winthrop did not use 'American Dream,' he described a world in which all people would have the opportunity to succeed through working hard together, helping one another, and following Biblical teachings. He said, "We must be willing to abridge ourselves of our superfluities, for the supply of other's necessities."¹⁴ Winthrop pictured a world in which all citizens could help one another obtain necessities for survival and maintain a comfortable lifestyle. Winthrop initiated the belief that America is the moral leader of the world.

Following Winthrop, Americans continued to pave the way for the term "American Dream" to come into existence. When Alexis de Tocqueville, a French politician, visited America in the 1830s he became convinced that Americans believed in "the charm of anticipated success."¹⁵ In 1854 Henry David Thoreau, an American philosopher and scientist, wrote, "If one advances confidently in the directions of his dreams, and endeavors to live the life he has

¹² "Thomas More." Stanford Encyclopedia of Philosophy, 19 Mar. 2014, plato.stanford.edu/entries/thomas-more/.

¹³ Winthrop, John. "City upon a Hill." 1630. The Gilder Lehrman Institute of American History, www.gilderlehrman.org/sites/default/files/inline-pdfs/Winthrop's%20City%20Upon%20a%20Hill.pdf. Speech.

¹⁴ Winthrop, John. "City upon a Hill." 1630. The Gilder Lehrman Institute of American History, www.gilderlehrman.org/sites/default/files/inline-pdfs/Winthrop's%20City%20Upon%20a%20Hill.pdf. Speech.

¹⁵ Tocqueville, Alexis De. Democracy in America, Volume 2. Translated by Henry Reeve, Gutenberg, 2006

imagined, he will meet with a success unexpected in common hours.”¹⁶ Americans prided themselves as standing apart from other countries and offering a chance for pioneers and immigrants to come to America to seek a quality and fair life.

Since America proudly flaunted itself as the moral leader of the world, it is no surprise that James Truslow Adams’s book *The Epic of America* became a wide success when he coined the term ‘American Dream’ during the Great Depression in 1931. When few could even afford to buy a book, *The Epic of America* became a best seller. The utopian stories painted America as a paradise, and the American Dream aligned perfectly with what Americans wanted to hear. Adams defined the American Dream as “a better, richer, and happier life for all our citizens of every rank...a new dynamic of hope of rising and growing, of hewing out for themselves a life in which they could not only succeed as men but be recognized as men, a life not only of economic prosperity but of social and self-esteem.”¹⁷ Adams clarified, however, the American Dream is not, “a dream of motor cars and high wages merely, but a dream of social order in which each man and each woman shall be able to attain to the fullest stature of which they are innately capable, and be recognized by others for what they are, regardless of the fortuitous circumstances of birth or position.”¹⁸ Adams said the American Dream is not about citizens becoming rich. Instead, the Dream is about America helping each person reach his fullest, individual potential. Adams’s definition is precisely the vision that so many utopian authors, beginning with Sir Thomas More, shared about America.

¹⁶ Thoreau, Henry David. *Walden*. CreateSpace Independent Publishing Platform, 2018.

¹⁷ Brandt, Anthony. "Now And Then: The American Dream." *American Heritage*, vol. 32, no. 3, Apr.-May 1981, www.americanheritage.com/american-dream.

¹⁸ Adams, James Truslow. *The Epic of America*. New York, Routledge, 2017.

The Dream was born out of a utopian hope for society. In 1957 the American historian Stewart Holbrook wrote *Dreamers of the American Dream*, a book about American reform movements in which he argues America is the best hope of mankind. Around the same time period, Vernon Parrington, Jr. wrote *American Dreams*, which is about nineteenth-century utopian communities and blissful life in America. Between the Civil War and World War I, over 150 utopian fiction works were published about the life of paradise in America. Archibald MacLeish, a well-known American poet, wrote a series of essays in *Life* and *The New York Times* on “The National Purpose” of America. In one of his essays in 1960 MacLeish wrote, “We not only have a national purpose, we have a national purpose of such aspiration, such potentiality, such power of hope that we refer to it – or used to – as the American Dream.”¹⁹ During a time of depression and war, Americans clung to the utopian stories, which painted a vision of possible, perfect futures for all Americans.

How-to-Succeed Literature

Fictional rag-to-riches stories arose out of the dreams of a flawless, utopian society in America. The rag-to-riches stories aligned well with the utopian stories of America. The “poor boy rises” stories painted a glimmer of hope for those struggling in the early 1900s, a time filled with depression and war.

The fictional stories of Horatio Alger, who is considered the “King of the Rag to Riches Stories,” spread rapidly in the 1800s. Nathanael West wrote about Horatio Alger, “Only fools laugh at Horatio Alger, and his poor boys who make good. The wiser man who thinks twice

¹⁹ United States, Congress. *Congressional Record*. Statement of Proceedings and Debates of the 86th Congress Second Session. Government Publishing Office, 13 June 1960, pp. 11137-2496. Library of the Ohio State University.

about that sterling author will realize that Alger is to America what Homer is to the Greeks.”²⁰

Alger published his first work *Ragged Dick* in the *Student and Schoolmate* magazine, an American illustrated children’s magazine, in 1867. The *Ragged Dick* became so popular that Alger eventually published it as his first novel. During the second half of the nineteenth century, Alger wrote over one hundred novels. Alger’s stories of rag-to-riches were part of the perfect utopian stories Americans longed to hear about in hard times.

Alger’s stories taught that poverty is little more than a temporary obstruction for those willing to work hard. His stories were the perfect hope for Americans devastated from the aftermath of the Civil War. Consistently throughout *Ragged Dick* and all of Alger’s similar novels, he spreads the idea that anyone can work hard and become rich, a “self-made man.” Dick, the main character in *Ragged Dick*, begins as a poor bootblack on the streets of New York and rises to become a prosperous business man. Since Dick works with integrity and diligence, he earns the respect of the rich people on the street. Alger’s story teaches that Dick’s energy and ambition eventually earn him prosperity and respectability.

The rag-to-riches stories of the 1800s teach that America is a fair and equitable world for all to gain wealth. The poor are not accused more often than the wealthy in Alger’s stories. For example, when the bank employee tries to make it look as though Dick had given him a fake piece of money, the rich man chooses to believe poor Dick instead of the high-profile bank employee. As was typical in rag-to-riches stories, the wealthy ensured that all were given a just trial. Furthermore, the rag-to-riches stories overemphasize the benefits of making honorable decisions. Dick earns the title “our hero” in Alger’s book for his honorable decisions. After Dick

²⁰ McGlinn, Jeanne. "Rags to Riches: The Horatio Alger Theme in Adolescent Novels About the Immigrant Experience." *Rag to Riches*, vol. 31, no. 3, Summer 2004. *Virginia Tech*, scholar.lib.vt.edu/ejournals/ALAN/v31n3/mcglinn.html.

catches a thief and hands the money back to the rightful owner, Dick is rewarded for his deed by a free week-long stay at a hotel. When Dick attends church for the first time, he happens to sit next to a wealthy girl in church and the two quickly fall in love. For the honorable choice of attending church, Dick is rewarded with a wealthy, beautiful wife. The series of events in which Dick's honor is abundantly blessed ends with Dick rescuing a child on the boat. The dad offers a large sum of money for the hero that rescues his child, which, of course, happens to be Dick. After rescuing the child, Mr. Rockwell promises Dick he will fulfill all his dreams and desires. Mr. Rockwell gifts Dick with the perfect job, an enormously high salary, and promises Dick he could advance as much as he proves he deserves. Alger's stories consistently show fair treatment and high gifts in exchange for high morals.

As with the Utopian stories of the 1900s, the rag-to-riches stories emphasize the determination to conform and belong. The lives of the rich and the poor cross often. In the stories there are no barriers between classes. The poor see the wealthy as their future selves, and the wealthy are quick to befriend the poor. In *Ragged Dick*, The Lord Mayor of London shares his story of how he rose from being a poor boy to his success as mayor. The mayor said to Dick, "A good many distinguished men have once been poor boys. There's hope for you, Dick, if you'll try."²¹ In Alger's idyllic world, the wealthy encourage the poor boy through their words, actions, and monetary support. However, Alger's fanciful world is not the world of America today. Whether Liz Murray's story of rejection in *Homeless to Harvard* or the three testimonies of American citizens I will share, countless stories discuss how successful Americans are often unwilling to help those in poverty.

²¹ Alger, Horatio, Jr. *Ragged Dick: Or, Street Life in New York with the Boot Blacks*. New York, Penguin Group, 2014.

Alger's stories began a flood of rag-to-riches stories in the early 1900s, which began to dramatize Alger's fanciful facts and to focus more on monetary success. Theodore Dreiser was one of the writers of these rag-to-riches stories in the 1900s who arrived in New York in November 1894 during the depths of the 1890s depression. Dreiser was shocked by the devastation and extreme poverty he witnessed. Dreiser wrote, "A crushing sense of incompetence and general inefficiency seemed to settle upon me, and I could not shake it off...Whenever I went out on an assignment – and I was always being sent upon those trivial, shoe wearing affairs – I carried with me this sense of my unimportance."²² In March 1895 Dreiser was so broke and miserable that he contemplated suicide. However, Dreiser's brother luckily rescued him from the greatest depths of poverty. After his rescue, Dreiser went on to write some of the most exaggerated rag-to-riches stories that completely contradicted the devastating shock he had found upon arriving in New York.

The rag-to-riches stories blossomed in the business boom of the early 1900s. During the "Roaring Twenties" from 1920 to 1929, America's total wealth doubled.²³ With the rise in wealth, the American Dream became less focused on equality for all and more concentrated on praising the wealthy. Henry Ford of the early 1900s was even rated as the third greatest man of all time.²⁴ Calvin Coolidge, president from 1923 to 1929, said, "The man who builds a factory builds a temple. The man who works there, worships there. And to each is due, not scorn and blame, but reverence and praise"²⁵ As free capitalism and business swept the nation, the

²² Dreiser, Theodore. *A Book About Myself*. Boni and Liveright, 1922 Accessed 1922.

²³ "The Roaring Twenties History." History.com, 14 Apr. 2010, www.history.com/topics/roaring-twenties/roaring-twenties-history.

²⁴ Zweinghaft, Richard L., and William Domhoff. *Diversity in the Power Elite: How it Happened, Why it Matters*.

²⁵ O'Neal, Michael J. *America in The 1920s*. Stonesong Press, 2006.

American Dream became intertwined. One biographer said the American Dream was originally about how to stop bad multimillionaires, but it became how to become one.²⁶ The American Dream moved from Adams's original use of the Dream to help one another reach their fullest potential to, instead, become a fight for wealth and the climb to the top of business.

The rag-to-riches stories were not supposed to draw upon aspects of the reality of America, but, in fact, often purposely juxtaposed reality in order to bring a more dramatic hope to the audience. One author wrote about the origin of the American Dream, "Perhaps the best way to define the American Dream is a kind of origin myth."²⁷ The current American Dream must be examined in light of evidence and statistics about the American Dream.

²⁶ Churchwell, Sarah. *Behold, America: The Entangled History of "America First" and "The American Dream."* New York, NY, Basic Books, 2018.

²⁷ Brandt, Anthony. "Now And Then: The American Dream." *American Heritage*, vol. 32, no. 3, Apr.-May 1981, www.americanheritage.com/american-dream.

CHAPTER III: PRESIDENTIAL STORIES AND THE DREAM TODAY

“At its root, the log-cabin legend expresses a basic myth about America itself: that anyone can make it here. Work hard, and you can become whatever you want.

Even president.”²⁸

- Jonath Zimmerman

The Dream Today

Originally, as explained in Chapter II, the American Dream was used as a corrective to self-interested and unbridled capitalism. Beginning with how-to-succeed literature genre in the early 1900s, the Dream has become increasingly tied to monetary success. As explained above, the American Dream has increasingly been used to praise the freedom of markets and the rise to wealth. In order to understand how the American Dream is commonly discussed and viewed today in America, I will share a few examples in which the American Dream is used in the context of U.S. presidents.

Presidential Influence

First, I will give examples of how Americans have glorified past presidents that seem to represent the American Dream story. Biographers and the American public want to believe America’s leaders are symbolic of the American Dream. Thus, Americans have weaved the story of past presidents with the actualization of the American Dream, even when this may not be the case. The truth is that past presidents with few exceptions were for the most part born into wealth and not on the road to achieving the American Dream.

²⁸ Zimmerman, Jonathan. "Myth of America's Rag - to - Riches Presidents." The Christian Science Monitor, edited by Jonathan Zimmerman, 18 July 2007, www.csmonitor.com/2007/0718/p09s01-coop.html.

Secondly, I will give examples of how presidents try to personify the American Dream image today. Given that Americans have praised past presidents for representing the American Dream story, current presidents as a result try to shape their speeches and personal stories to embody the American Dream. Presidents realize the American Dream strongly influences how Americans analyze and judge presidents. Americans want a leader that is going to uphold, revive, and encourage the American Dream. Thus, current presidents 1) show how they support the American Dream through their speeches and promises to the public, and 2) try to portray how they represent the American Dream through their personal backgrounds.

Past President Examples

WASHINGTON

George Washington. When most people reflect on the first American President, they think of a humble man from modest beginnings. Johnathan Zimmerman, a history professor at New York University, discusses how George Washington's image has become misconstrued in modern literature and says, "Biographers try to paint [Washington] as a humble yeoman farmer."²⁹ Contrary to the popular way in which we perceive him, President Washington actually grew up on a plantation with 49 slaves and more than 10,000 acres. Forbes reported that George Washington's equivalent wealth today would have made the list of top 400 richest Americans.³⁰ Washington did not rise from a poor family to a wealthy, influential leader, but, instead, was raised in a prosperous family his whole life. Given Washington's wealthy upbringing, it seems

²⁹ Zimmerman, Jonathan. "Myth of America's Rag - to - Riches Presidents." The Christian Science Monitor, edited by Jonathan Zimmerman, 18 July 2007, www.csmonitor.com/2007/0718/p09s01-coop.html.

³⁰ Zimmerman, Jonathan. "Myth of America's Rag - to - Riches Presidents." The Christian Science Monitor, edited by Jonathan Zimmerman, 18 July 2007, www.csmonitor.com/2007/0718/p09s01-coop.html.

ironic that Americans categorize Washington as a man from lower origins that worked his way to the top.

JACKSON

Andrew Jackson, who is considered America's first common-man president, by no means was deprived of opportunity in his upbringing. Jackson was fortunate enough to attend a private academy, when at the time, only the wealthier families could afford to send their children to school. (In the U.S. today, on average, only 10% of all American students have the opportunity to attend private school; 6 percent of children in households with incomes under \$50,000 attend private schools; and 26 percent of children in households with incomes of \$200,000 or more attend private school.)³¹ Students in private school typically come from wealthier families, as private schools are much more expensive and poorer families likely cannot afford to send their kids to private school. Jackson grew up on a South Carolina estate in a family that had the means to afford to send Jackson to private school, giving him a strong education and privileged childhood as solid footing to climb to the highest office in the land. Despite Jackson's wealthy upbringing and education, Americans have still chosen to highlight how his story reflects the American Dream, so much so that they still call Jackson "the champion of the common man."³²

LINCOLN

Abraham Lincoln is arguably the most well-known self-made president, but many fail to recognize his wealthy upbringing. Richard Hofstadter, an American historian and intellectual of the mid-twentieth century, found Lincoln's self-made image to be far from reality. At the time of

³¹ Kolko, Jed. "Where Private School Enrollment Is Highest and Lowest Across the U.S." *City Lab*, Bloomberg, 13 Aug. 2014, www.citylab.com/equity/2014/08/where-private-school-enrollment-is-highest-and-lowest-across-the-us/375993/.

³² "The Rise of the Common Man." U.S. History: Pre-Columbian to the New Millennium, ushistory.org, www.ushistory.org/US/24a.asp.

Lincoln's birth, his father owned two farms and 600 acres along with several town lots and livestock.³³ Lincoln then married into the Todd family, one of the wealthiest and most influential families in central Illinois.³⁴ Before his presidency, Lincoln was listed among the richest 15 percent of property owners in Kentucky.³⁵ Not surprisingly, Americans have believed that Lincoln was entirely a self-made man, even in light of current evidence that shows Lincoln did not have a rag-to-riches background. Lincoln's wealthy upbringing gave him more of an advantage than Americans choose to admit.

Recent President Examples

TRUMP

Trump fails to acknowledge his privileged, wealthy beginnings and simply claims that hard work is the key to his having achieved the American Dream. President Trump benefited enormously from the wealth of his parents who made a fortune by building and selling houses for soldiers and families returning from World War II. Although Trump has carried the wave of his father's success, Trump still uses the American Dream to advance his presidency as much as most other presidents.³⁶ In Trump's State of the Union Speech in January 2018 he said, "So to every citizen watching at home tonight – no matter where you have been, or where you've come from – this is your time. If you work hard enough, if you believe in yourself, if you believe in

³³ Zimmerman, Jonathan. "Myth of America's Rag - to - Riches Presidents." The Christian Science Monitor, edited by Jonathan Zimmerman, 18 July 2007, www.csmonitor.com/2007/0718/p09s01-coop.html.

³⁴ Winkle, Kenneth J. "Abraham Lincoln: Self-Made Man." Journal of the Abraham Lincoln Association, vol. 21, no. 2, Summer 2000, pp. 1-16, quod.lib.umich.edu/j/jala/2629860.0021.203/--abraham-lincoln-self-made-man?rgn=main;view=fulltext.

³⁵ Zimmerman, Jonathan. "Myth of America's Rag - to - Riches Presidents." The Christian Science Monitor, edited by Jonathan Zimmerman, 18 July 2007, www.csmonitor.com/2007/0718/p09s01-coop.html.

³⁶ "How Fred Trump Built Donald Trump's Financial Empire." YouTube, The New York Times, 2 Oct. 2018, www.youtube.com/watch?v=0DxJE5H0hwk.

America, then you can dream anything, you can be anything, and together, we can achieve absolutely anything.”³⁷ A documentary called *Trump: An American Dream* outlines Trump’s rise to fame and argues hard work was certainly not the main key to Trump’s success. The documentary shows Trump used his parents’ network and wealth to bolster his path to presidency. Nonetheless, Trump supports the American Dream and believes hard work will allow anyone to achieve success. As I will explain in the following chapter, statistics demonstrate that it is highly uncharacteristic for a person born into a poor family to reach the level of success of Trump’s wealth and leadership.

OBAMA

Being a truly American Dream success story, Obama is praised as proof positive that the American Dream is alive and achievable. He is one of the rare and lucky few that has made the transition from a poor, immigrant family to being a successful, wealthy leader. In his widely popular book “The Audacity of Hope: Thoughts on Reclaiming the American Dream,” Obama says his speeches before immigrant audiences follow a three-part structure: “I am your friend,” “[Fill in the home country] has been a cradle of civilization,” and “You embody the American dream.” As with this example, his speeches demonstrate Obama continually promotes the idea that minority groups represent the potential for the American Dream. (Chapter IV describes minority groups disproportionately are caught up in poverty and are unlikely to move beyond it.) Obama acts as though all have the same opportunity to reach the American Dream but neglects the many “luck” factors that enabled him to rise to the top. Obama seems to encourage the

³⁷ Trump's State of the Union: 'Never been a better time to start living the American Dream'. NBC News, 31 Jan. 2018, www.nbcnews.com/storyline/2018-state-of-the-union-address/trump-there-has-never-been-better-time-start-living-american-n842706.

American Dream as a way to build political support but fails to acknowledge how few actually better their economic situation.

Presidential Debates 2020

The current presidential debates demonstrate some of the common ways in which presidents try to embody the American Dream ideal. Candidates show their support of the American Dream through declaring their promise for the Dream in speeches and by illustrating how their personal trials exemplify the Dream. Miami Beach Mayor Phillip Levine said, “I think that when the Democratic candidates go against the American Dream and they speak against the American Dream, what they’re doing is they’re guaranteeing an election loss this November.”³⁸ As a result of how Americans have glorified leaders that represent the American Dream, politicians from wealthy upbringings seem to de-emphasize their wealthy upbringing, and politicians from poor families tend to exaggerate the struggles of their childhood and trials to presidency.

WARREN

Knowing most voters hold high the American Dream, Democratic Presidential candidate Elizabeth Warren used every opportunity to weave her rough childhood into her fight for the American Dream. Americans remember vividly her claim to American Indian ancestry and the resulting DNA test showing only a very distant connection to Native Americans, making the

³⁸ Kornbluh, Jacob. "Democratic Candidates Going Against the American Dream Will Guarantee a November Loss, Argues Bloomberg Surrogate." *Jewish Insider*, 20 Feb. 2020, [jewishinsider.com/2020/02/democratic-candidates-going-against-the-american-dream-will-guarantee-a-november-loss-argues-bloomberg-surrogate/](https://www.jewishinsider.com/2020/02/democratic-candidates-going-against-the-american-dream-will-guarantee-a-november-loss-argues-bloomberg-surrogate/).

claim ludicrous.³⁹ Warren ultimately apologized to the Native American people.⁴⁰ The rate of poverty in the Native American community remains well above the national average. Warren tried to exaggerate her personal struggles by associating herself with Native Americans, a minority group with a poverty rate hovering around 30 percent.⁴¹ In addition to the American Indian claims, Warren crafted her speeches to demonstrate how her upbringing encompasses the American Dream. One observer said, "...[Warren] rarely mentions her two decades at Harvard Law School, where she was once one of the highest-paid professors. She instead highlights her upbringing in a state known for wide expanses and oil pump jacks, saying she dreamed of becoming a schoolteacher when she lined up her 'dollies' and learned the lessons 'my momma told me.'"⁴² Warren is an example of how candidates often strive to portray their path to presidency as a rag-to-riches story and inflate their struggles of rising to the top.

BIDEN

Similar to Warren and many other candidates, Joe Biden has come under scrutiny for telling exaggerated stories in order to form his American Dream identity. Biden claims he washed school windows and helped weed the gardens to afford tuition. He talks about how he

³⁹ Peterson, Kristina, and Rebecca Ballhaus. "Warren Releases DNA Analysis Showing Evidence of Native American Heritage." *The Wall Street Journal*, 15 Oct. 2018, www.wsj.com/articles/warren-releases-dna-analysis-showing-evidence-of-native-american-heritage-1539619976?mod=searchresults&page=1&pos=12&mod=article_inline.

⁴⁰ Kaplan, Thomas. "Elizabeth Warren Apologizes at Native American Forum: 'I Have Listened and I Have Learned.'" *New York Times*, 19 Aug. 2019, www.nytimes.com/2019/08/19/us/politics/elizabeth-warren-native-american.html.

⁴¹ Jones, Janelle. "One-third of Native American and African American Children Are (Still) in Poverty." *Economic Policy Institute*, 20 Sept. 2017, www.epi.org/publication/one-third-of-native-american-and-african-american-children-are-still-in-poverty/.

⁴² Bierman, Noah. "Elizabeth Warren's Long Path From Oklahoma to Harvard." *Los Angeles Times*, 22 Sept. 2019, www.latimes.com/politics/story/2019-09-21/from-oklahoma-to-harvard-elizabeth-warren-trod-a-tricky-path.

was bullied as a young boy for his speech stutter and learned how to be tough and persevere.⁴³ Biden's whole childhood story emphasizes the importance of hard work. Biden has gone so far as to tell campaign audiences he was arrested in South Africa trying to meet Nelson Mandela, a famous South African political leader and philanthropist. At Biden's launch party in South Carolina he said, "This day 30 years ago, Nelson Mandela walked out of prison and entered into discussions about apartheid. I had the great honor of meeting him. I had the great honor of being arrested with our UN ambassador on the streets of Soweto trying to get to see him on (Robben) Island."⁴⁴ Biden told this embellished story to demonstrate how he endured trials to gain access to people of power and influence. Most of all, he aimed to show how he stands by those that help the disenfranchised minority groups and aims to help those struggling to accomplish their dreams. After several weeks of telling the story, Biden admitted the story was not true.⁴⁵ As with many other political leaders, Biden far exaggerated his story to try to express how he supports the American Dream and aims to help those that are struggling to achieve the Dream.

Since the American Dream strongly impacts the way in which presidents are viewed, political leaders carefully try to portray their personal stories of success and message to support the American Dream. However, the reality is past presidents were not often representative of the American Dream and usually were born into families with significant financial and social

⁴³ "Joe Biden Biography." Biography, 4 Mar. 2020, www.biography.com/political-figure/joe-biden.

⁴⁴ Mindock, Clark. "I Guess I Wasn't: Joe Biden Admits He Was Not Arrested Trying to Visit Nelson Mandela in Prison." Independent [New York], 28 Feb. 2020, www.independent.co.uk/news/world/americas/us-election/joe-biden-arrest-nelson-mandela-south-africa-apartheid-south-carolina-primary-a9365461.html.

⁴⁵ Kiely, Eugene. "Biden Admits He Was 'Stopped,' Not 'Arrested,' in South Africa. Fact Check, 2 Mar. 2020, www.factcheck.org/2020/03/biden-admits-he-was-stopped-not-arrested-in-south-africa/.

advantages. By examining data about the American Dream in the following chapter, the data allows us to sift through how Americans try to paint the image of political leaders embodying the American Dream. The statistics below illustrate the rise from a poor family to a national leader is rarely possible.

CHAPTER IV: STATISTICS

“The notion of ‘American exceptionalism’ is given new meaning in a second international study that also finds less – not more – mobility in the United States”

-Julia Isaacs [“International Comparisons of Economic Mobility”]

Value of Statistics

Statistics about the American Dream help provide the correct lens in which to view the American Dream. We must look at the statistics in comparison to how the American Dream is used by people throughout time in speeches and writing. The statistics reveal people’s usage and opinion of the American Dream and is often very different from what data shows about the American Dream. This chapter hopefully helps illustrate the true state of the American Dream and problems that are causing the American Dream to suffer in the United States.

Income mobility calculates how often the American Dream has become a reality. The American Dream promises a person can rise to the top regardless of the economic situation into which they were born. Thus, in order for the American Dream to exist, a child’s income should not be determined by their parent’s past income or rank. When children’s incomes and income rank are less determined by their parents’ income and income rank, a society exhibits more income mobility.⁴⁶ When a society experiences more income mobility, the American Dream is more attainable.

Below is a table that summarizes the main studies and findings I will highlight in this chapter:

⁴⁶ Chetty, Raj, et al. "The Fading American Dream: Trends in Absolute Income Mobility Since 1940." Dec. 2016, National Bureau of Economic Research, www.nber.org/papers/w22910.pdf.

Baseline Estimates of Income Mobility:

Study	Finding
Raj Chetty: absolute mobility and relative mobility	Absolute mobility – has seen a sharp decline in the last few decades. Less than half of those born in 1980 have exceeded their parent’s family income. The decline is largely due to the growing inequality in the distribution of income. Relative mobility – has remained flat for the past few decades.
Pablo Matnik: relative mobility	Relative mobility – the high amount of intergenerational elasticity (IGE) shows inequality remains strongly inherited.

Mobility is Especially Low for Minority Groups in the United States:

Brookings: comparison of minority groups within United States	Relative mobility – minority groups experience much less income mobility than Americans as a whole.
---	---

International Comparisons of Economic Mobility:

Markus Jäntti: country comparison of relative mobility	Relative mobility – inequality remains strongly inherited in the United States more so than many other countries.
Julia Isaacs: country comparison of relative mobility	Relative mobility – is weaker in the United States than in some other developed countries.

Introduction to Calculations

Income mobility is typically measured in two categories: absolute measures and relative measures. Absolute income mobility measures the fraction of children earning or consuming more than their parents.⁴⁷ In other words, absolute measures examine children’s income levels relative to their parents’ income at similar ages. On the other hand, relative measures compare

⁴⁷ Chetty, Raj, et al. "The Fading American Dream: Trends in Absolute Income Mobility Since 1940." Dec. 2016, National Bureau of Economic Research, www.nber.org/papers/w22910.pdf.

children's rankings in income distribution to their parents' rankings in income distribution during their childhood. Relative measures of income mobility calculate whether a child has a higher or lower income rank than the rank of his family in which he or she grew up. Ideally, a society with high income mobility should experience income mobility both in terms of absolute and relative measures. Hence, for the purpose of understanding the viability of the American Dream, this paper will look at income mobility in both absolute and relative measures but concentrate on studies of absolute measures.

Absolute income mobility is more valuable than relative mobility. Relative mobility is a zero-sum game, which makes it less impactful than absolute mobility. A perfectly mobile society in relative measures would say you have an equal chance of being in any income distribution, regardless of what income distribution you are born into. If one person moves up in the income distribution, another person drops in the income distribution. Absolute mobility is more beneficial because a society where all people are rising together is better than a society where some are rising and others falling. However, I will still discuss relative mobility, as relative mobility in the United States is interestingly lower than in most other developed countries. Hence, there tends to be less movement upwards and downwards between income distributions in the United States than in other countries. Also, there has been much more data performed on relative mobility than absolute mobility. Chetty's work is one of the few works that extensively discusses absolute mobility and is gathered from reliable tax data. Hence, I will focus on the work by Chetty and his team.

One must understand the causes behind mobility patterns and movements between income distributions to analyze income mobility appropriately. Jeff Larrimore, a Principal Economist at the Federal Reserve Board, and his team write about the importance of

decomposing mobility patterns. Larrimore believes data often does not look closely at how mobility is achieved. He argues most upward mobility included in data calculations is the result of marriage or new entrants into the labor market. However, Larrimore argues what data should measure is how much mobility exists from wage gains achieved from labor market advancements.⁴⁸ Although the opportunity to marry into wealth is positive for the economy as well, mobility from wage growth is the ultimate goal. The American Dream aims to allow people to rise in the ranks of income distribution through rising wages that result from hard work and increased productivity. Hence, most mobility calculations are naturally skewed to look more positive, as much of the mobility is a result of events other than progress in the labor market.

In order to understand the underlying factors contributing to mobility, this paper concentrates on data that tracks individuals and families over time. Many discussions about income mobility focus on a single year cross-section, which makes the data susceptible to big changes in mobility as a result of marriage or new entrants into the labor market. However, tracking individuals and families across time makes it possible to eliminate the big shifts as a result of marriage or new labor market entrants and to take a more holistic approach. Tax records can be used to compare trends across generations and not just a single year cross-section of time. Unfortunately, there are limited income mobility calculations that use tax records, and, hence, this paper will not exclusively focus on income mobility calculations from tax records. However,

⁴⁸ Federal Reserve Board, Divisions of Research & Statistics and Monetary Affairs. *Income and Earnings Mobility in U.S. Tax Data*. By Jeff Larrimore et al., Washington, D.C., Government Publishing Office, 30 July 2015, www.federalreserve.gov/econresdata/feds/2015/files/2015061pap.pdf.

the main calculations, particularly those of Chetty, referenced in this paper are based off of tax records.⁴⁹

Baseline Estimates of Income Mobility

CHETTY– ABSOLUTE MOBILITY

According to Nadarajan “Raj” Chetty and his team at the Department of Economics at Stanford University, absolute mobility has seen a sharp decline in the last few decades. Chetty’s work combines historical data from Census and CPS cross-sections with panel data for recent birth cohorts from pre-identified tax records to estimate rates of income mobility. Chetty explains nearly all children in the 1940 birth cohort grew up to earn more than their parents irrespective of their parents’ incomes, but today less than half of children grow up to earn more than their parents. The rates of absolute income mobility have fallen from approximately 90 percent for children born in 1940 to 50 percent for children born in the 1980s. Income mobility fell most between the 1940 and 1964 cohorts. Income mobility fell less between the 1960 and 1970 birth cohorts because of the economic boom in the 1990s.⁵⁰ Overall, every state experienced a large decline in absolute income mobility for children born in 1940 to children born in the 1980s. Some of this decline in absolute income mobility is due to the overall decline in national income growth. Since the mid 1900s experienced significant national income growth after the Great Depression, income mobility for the 1940 cohort certainly benefitted from the high national income growth rate. However, as I will explain below, a large decrease in absolute income mobility is due to the increasing inequality in the distribution of income.

⁴⁹ Chetty, Raj, et al. "The Fading American Dream: Trends in Absolute Income Mobility Since 1940." Dec. 2016, National Bureau of Economic Research, www.nber.org/papers/w22910.pdf. Manuscript.

⁵⁰ Chetty, Raj, et al. "The Fading American Dream: Trends in Absolute Income Mobility Since 1940." Dec. 2016, National Bureau of Economic Research, www.nber.org/papers/w22910.pdf. Manuscript.

CHETTY– RELATIVE MOBILITY

While relative mobility has slightly declined in recent years, relative mobility has not changed near as much as absolute mobility. Chetty's relative measures calculates the extent to which children's rank in the income distribution are correlated with their parents' rank during their childhood. If parents' rank during childhood were a perfect indicator of children's future rank, the correlation would be one. If no relationship existed and a society were perfectly mobile, the correlation would be zero. Chetty finds a correlation of 0.3 between children's and parents' rank for the 1971-1982 birth cohorts. Hence, Chetty shows parents' past ranking in the income distribution is an indicator of a child's ranking in adulthood for the 1971-1982 birth cohorts. Most other studies, such as the data developed by the Internal Revenue Service, seem to show an even higher correlation than 0.3 between parent-child rank. Nonetheless, Chetty explains the decline in absolute mobility is most concerning.

MATNIK – RELATIVE MOBILITY

Pablo Matinik, a research associate at Stanford University, along with many other researchers, believe relative mobility is more concerning than Chetty suggests. Other researchers find the correlation between parent-child rank is concerningly higher than that found by Chetty's findings. Matinik has led an extensive study on intergenerational elasticity (IGE). IGE measures the strength of the relationship between the income of parents and of their children. IGE measures the share of potential economic advantage that children receive on a scale of zero to one. An IGE of zero implies children receive no income advantage or disadvantage coming from a low- or high-income family.⁵¹ On the other hand, an IGE of one implies that all parental

⁵¹ Mitnik, Pablo A. Economic Mobility in the United States. The Pew Charitable Trusts, July 2015, www.pewtrusts.org/~media/Assets/2015/07/FSM-IRS-Report_ARTFINAL.pdf.

advantages are fully passed on to children. Past research performed prior to Matnik's study show IGE estimates ranging from as low as 0.34 to as high as 0.6. Matnik and his team using tax data calculate an average IGE of 0.5. While Chetty finds about 30 percent of parental economic advantages are passed on to children, Matnik and most other researchers believe at least half of parental economic advantages are passed on to children.

Matnik also finds an even higher amount of parental differences is inherited for the top and bottom income distributions. His data shows children born in middle to upper ends of the income distribution experience an even higher IGE than average. The IGE for those between the 50th and 90th income percentiles are 0.68 for men and 0.63 for women, which implies about two-third of parental income differences are passed on to the next generation. Since children at the top and bottom income distribution inherit a larger amount of parental differences, Matnik finds the expected income of children raised in families at the 90th income percentile is about three times the expected income of children raised at the 10th percentile. Matnik's data explains why children born into lower-income families have very different future outlooks in comparison to those children born into higher-income families. If Matnik and most other researchers are correct that over half of parental income differences are passed on to children at the top and bottom of the income distribution, this implies the United States is more immobile than Chetty assumes.⁵²

Mobility is Especially Low for Minority Groups in the United States

Studies show income mobility is especially weak for minority groups. The Social Genome Model from Brookings confirms the belief that income mobility in the United States is even lower for many minority groups. The Brookings-Urban Institute-Child Trends Social

⁵² Mitnik, Pablo A., et al. *New Estimates of Intergenerational Mobility Using Administrative Data*. 8 July 2015, www.irs.gov/pub/irs-soi/15rpintergenmobility.pdf.

Genome Model (SGM) measures the set of factors that are deemed essential to reaching the American Dream. As with the other studies discussed in this chapter, this model shows overall mobility is lower in the United States than in other countries. Brookings finds between 36 and 40 percent of those born into the bottom quintile remain there as adults, and 30 to 34 percent of those born into the top quintile stay at the top.⁵³ However, this model also goes a step further to decompose how minority groups in the United States differ in income mobility. This model proves certain groups experience much worse rates of mobility than the country's population as a whole. The data shows over half of all bottom-quintile children who are African American, whose parents did not finish high school, or who grew up with a never-married mother, remain in the bottom quintile as adults. While income mobility overall does not appear strong for those born in the lower quintiles, income mobility is especially concerning for subgroups of the population.

International Comparisons of Economic Mobility

JÄNTTI – COUNTRY COMPARISON RELATIVE MOBILITY

Matnik's data is consistent with the results found by Markus Jäntti, which show the United States ranks poorly in comparison to other countries' data on relative mobility. Data shows starting at the bottom of the earnings ladder is more of a handicap in the United States than in some other developed countries. Markus Jäntti, a Professor of Economics at the Swedish Institute for Social Research at Stockholm University in Sweden, and his team of researchers study how relative income mobility in the United States compares to Denmark, Finland, Norway, Sweden, and the United Kingdom. Jäntti finds children's earnings are much more closely tied to

⁵³ "The Social Genome Project." Brookings, Center on Children and Families, www.brookings.edu/the-social-genome-project/.

parental incomes in the United States than in Canada and much of Europe. As many other researchers have also found, Jäntti explains there is more stickiness at the top and bottom of the earnings ladder, which means starting at the bottom of the earnings ladder is more of a handicap in the United States. Jäntti finds children from the bottom fifth of families in the 1958 birth cohort had a 42 percent chance of remaining in the bottom fifth of the income distributions in the United States compared to 25 to 30 percent in other countries. When 42 percent of Americans born in the bottom quintile remain stuck there as adults, poverty is often inescapable.⁵⁴ Their research shows only 8 percent of Americans climb from the bottom to top rung in one generation, while 11-14 percent do in so in other countries.⁵⁵ Since more economic advantages are passed on to children in the United States than in most other developed countries, Jäntti explains the United States is more stifling for children born into families at the bottom of the earnings distribution.

ISAACS – COUNTRY COMPARISON RELATIVE MOBILITY

Similarly to Jäntti, Julia Isaacs also finds the United States ranks poorly in comparison to other countries on relative mobility. Isaacs, a Brookings Institution fellow and coauthor of the Pew-founded study *Gaining or Losing Ground in America*, compares income mobility in the United States to that of other countries. In Isaacs' study she finds about half of parental earnings advantages are passed onto children in the United States and United Kingdom, which mirrors the findings of Matnik and his team. Isaacs calculates if these parental earnings advantages remain the same, it would take an average of six generations for family economic advantage to disappear

⁵⁴ "Social Mobility and Inequality: Upper Bound." *The Economist*, 15 Apr. 2010. *The Economist*, www.economist.com/united-states/2010/04/15/upper-bound.

⁵⁵ Jäntti, Markus, and Stephen P. Jenkins. *Income Mobility*. IZA, Nov. 2013, ftp.iza.org/dp7730.pdf.

in the United States.⁵⁶ However, Isaacs believes research on income mobility across countries should focus on absolute mobility in order to factor in the effect of economic growth between countries. Isaacs writes, “Hence, [relative measures] research ignores the question of cross-country differences in absolute mobility, that is, the likelihood that individuals in a given country will have higher standards of living than their parents due to national rates of economic growth.”⁵⁷ Unfortunately, there is little research that compares absolute mobility across different countries. However, Chetty’s research examines how much the national income growth rate affects income mobility in the United States. Chetty’s research on the impact of the national income growth rate, which is discussed below, suggests the rate of national income growth does not significantly impact relative income mobility in the United States. Hence, Chetty’s research would imply Isaacs’ findings show income mobility remains concerningly low in the United States in comparison to other countries.

Reasons for Lack of U.S. Income Mobility

SLOWER INCOME GROWTH

Chetty found the decline in national income growth rate since the mid 1900s is not the main reason for the decline in absolute mobility. Chetty tests how the national income growth rate affects income mobility by a “higher GDP growth” scenario. The “higher GDP growth” scenario calculates a scenario in which children in the 1980 cohort experience overall national income growth rate from birth to age 30 equal to that which the 1940 cohort experienced, but national income is distributed in proportion to 2010 income percentiles. Chetty found a higher

⁵⁶ Isaacs, Julia B. "International Comparisons of Economic Mobility." *The Brookings Institution*, www.brookings.edu/wp-content/uploads/2016/07/02_economic_mobility_sawhill_ch3.pdf.

⁵⁷ Isaacs, Julia B. "International Comparisons of Economic Mobility." *The Brookings Institution*, www.brookings.edu/wp-content/uploads/2016/07/02_economic_mobility_sawhill_ch3.pdf.

national income growth rate does not significantly increase the number of children who earn more than their parents. His results showed adjusting for a lower national income growth rate for the 1980 cohort only closes 29 percent of the decline between the 1940 and 1980 cohorts. Chetty concludes the slower national income growth was not the primary reason for the decline in income mobility.

UNEQUAL DISTRIBUTION OF INCOME

Chetty estimates how income mobility would change if the 1980 cohort experienced more broadly shared economic growth. He measures the effect if national income still grew at the rate observed in recent decades, but national income was allocated across households the same as it was for 1940 birth cohorts. Chetty finds adjusting the distribution of income at the 1940 level closes 71 percent of the gap in absolute mobility between the 1940 and 1980 birth cohorts.⁵⁸ Chetty concludes it would require sustained real per-family growth greater than 5 percent per year under today's income distribution to achieve rates of absolute mobility above 80 percent. Thus, Chetty shows the lack of income mobility is largely due to the unequal distribution of national income, as opposed to the lack of national income growth. The economic growth appears to benefit a smaller group of people in the U.S. than in other countries.⁵⁹

Since much of the lack of income mobility is due to the unequal distribution of income, economic growth in the United States disproportionately benefits the wealthy and leads to lower income mobility per person in comparison to other countries. Between 1972 and 2001, the U.S. economy expanded at a rate of 2.9 percent per year, which was higher than the growth rate of

⁵⁸ Chetty, Raj, et al. "The Fading American Dream: Trends in Absolute Income Mobility Since 1940." Dec. 2016, National Bureau of Economic Research, www.nber.org/papers/w22910.pdf. Manuscript.

⁵⁹ Isaacs, Julia B. "International Comparisons of Economic Mobility." The Brookings Institution, www.brookings.edu/wp-content/uploads/2016/07/02_economic_mobility_sawhill_ch3.pdf.

most western European economies.⁶⁰ Even though the U.S. economy expanded at a higher rate, growth on a per person basis in the U.S. was not higher than that of most other western European countries. The growth rate per person for both United States and Western Europe was about 1.9 percent annually between 1973 and 2001. Below, I will explain a few reasons for the lack of income mobility in the U.S.

Reasons for Lack of Income Mobility

UNEQUAL ACCESS TO EDUCATION

The U.S. offers widely unequal access to higher education, especially for minority groups. The necessity for college education is particularly concerning for subgroups of the U.S. population that lack access to education. For example, only about 30.8 percent of black adults in the U.S. have attained a college degree, while over 47 percent of white adults have earned a college degree.⁶¹ The lack of college education automatically creates a severe disadvantage for subgroups of the population to rise to the top.

The U.S. has large gaps that exist in childhood education depending on parental education and income, which cause large disadvantages for children born into families with no education history. Timothy Smeeding, the founding director of the Luxembourg Income Study from 1983 to 2006, studies which subgroups of the U.S. population lack opportunity for income mobility. Smeeding found there is a higher than 70 percent chance that an American will not attend a four-year college if his parents do not have a college degree of their own.⁶² Smeeding's

⁶⁰ *The World Bank*. World Bank Group, 2019, data.worldbank.org/indicator/NY.GDP.MKTP.KD?most_recent_year_desc=false.

⁶¹ Nichols, Andrew Howard, and J. Oliver Schack. "Edtrust.org." Degree Attainment for Black Adults: National and State Trends, The Education Trust, 2016, edtrust.org/wp-content/uploads/2014/09/Black-Degree-Attainment_FINAL.pdf.

⁶² Smeeding, Timothy M., and Andrzej Grodner. Luxembourg Income Study. Mar. 2000

research shows the gap in fraction of children entering and graduating college by income distribution has increasingly widened.⁶³

Since success is becoming more dependent on higher education and obtaining a college degree, unequal access to education is becoming more problematic. The top income earners are increasingly those with a bachelor's degree or higher. Since employers with college degrees are offered significantly more promotions and supervisory positions, employers without college degrees lag behind.⁶⁴ A study performed by Brookings examines how the composition of the workforce changed from January 2008 to 2013. Brookings calculates millions of people without college degrees lost their jobs and never regained them during these five years. However, all of the job gains went to employees that held at least a bachelor's degree, who prior to 2008 made up less than one-third of the labor force. Furthermore, from January 2013 to December 2017, college graduates gained 71 percent (7,564,000/10,650,000 jobs) of the new jobs created.⁶⁵ In the past decade education has become remarkably more crucial for obtaining jobs.

WAGES LAG BEHIND PRODUCTIVITY FOR LOW-WAGE JOBS

Chetty's research explains why recent tremendous economic growth has not led to greater increased income mobility. Economists refer to the lack of improved income mobility with the economic growth as the productivity-pay gap. The economy has expanded, and corporate profits have increased. Nevertheless, real wages have remained flat for those without a college

⁶³ Smeeding, Timothy M., and Andrzej Grodner. Luxembourg Income Study. Mar. 2000

⁶⁴ Desmond, Matthew. "Americans Want to Believe Jobs Are the Solution to Poverty. They're Not." *The New York Times* [New York], 11 Sept. 2018, www.nytimes.com/2018/09/11/magazine/americans-jobs-poverty-homeless.html?auth=login-email&login=email.

⁶⁵ Shapiro, Robert. The New Economics of Jobs Is Bad News for Working-Class Americans-And Maybe for Trump. 16 Jan. 2018. Fixgov. Brookings, www.brookings.edu/blog/fixgov/2018/01/16/the-new-economics-of-jobs-is-bad-news-for-working-class-americans-and-maybe-for-trump/.

education. Even though worker productivity has increased by 77 percent since 1973, the hourly pay has grown by only 12 percent. The federal minimum wage has similarly failed to track productivity. A New York Time article says, “American workers are being shut out of the profits they are helping to generate...This imbalanced economy explains why America’s poverty rate has remained consistent over the past several decades, even as per capita welfare spending has increased.”⁶⁶ These findings align with Chetty’s research, which shows economic growth alone does not substantially increase income mobility.

TECHNOLOGY AND THE JOB MARKET BIFURCATION

The job market in the United States is becoming more bifurcated, and technology is continuing to displace middle class workers. A study by North Carolina State University focuses on the effects of the internet on the job market. Steve McDonald, the lead researcher and professor of sociology at North Carolina State University, believes the internet has created a sharp split between lower-skill, lower-wage jobs and higher-wage positions. McDonald finds lower-wage jobs are often advertised on large job sites, and companies receive thousands of applications for the low-wage positions. Hence, one individual job seeker, especially with little college education, is unlikely to hear back amongst the thousand of other applicants. McDonald refers to this as the ‘black hole’, where lower-skill job seekers have a hard time standing out.⁶⁷ One economist says, “...automation is changing the nature of work, flushing workers without a college degree out of productive industries, like manufacturing and high-tech services, and into

⁶⁶ Desmond, Matthew. "Americans Want to Believe Jobs Are the Solution to Poverty. They're Not." *The New York Times* [New York], 11 Sept. 2018, www.nytimes.com/2018/09/11/magazine/americans-jobs-poverty-homeless.html?auth=login-email&login=email.

⁶⁷ "Science Daily." *Internet Perpetuates Job Market Inequality*, North Carolina State University, 26 June 2019, www.sciencedaily.com/releases/2019/06/190626124950.htm.

tasks with meager wages and no prospect for advancement.”⁶⁸ Since the share of national income going into workers’ paychecks has declined over the past thirty years, economists believe the use of artificial intelligence has reduced the need for workers and has diminished the wages going to workers.⁶⁹

The percentage of low-wage jobs has increased in comparison to above average-paying jobs. Researchers at Brookings analyze the percentage and composition of low-wage jobs. They find 44 percent of all workers in the U.S. labor force have low-wage jobs, by which they mean jobs with a median hourly wage of \$10.22 and median annual earnings of \$18,000. Furthermore, a new study by the Job Quality Index shows there is a growing number of low-paying jobs relative to above average-paying jobs. The Job Quality Index measures job quality in the country by measuring desirable higher-wage/higher-hour jobs versus lower-wage/lower-hour jobs. According to the study, 63 percent of jobs created since 1990 were low-wage, low-hour jobs. As technology continues to displace middle class workers, the number of low-wage workers continues to increase.

LESS OPPORTUNITY FOR MOBILITY BETWEEN MIDDLE AND TOP DISTRIBUTION

Data shows there is less opportunity to move from the middle to the top of the earnings distribution. The Brookings analysis discussed above finds women, people of color, and those with low levels of education are the most likely to stay in low-wage jobs.⁷⁰ Michael Carr, an

⁶⁸ "Tech Is Splitting the U.S. Work Force in Two." The New York Times, 4 Feb. 2019. The New York Times, www.nytimes.com/2019/02/04/business/economy/productivity-inequality-wages.html?auth=login-email&login=email.

⁶⁹ St. Louis Fed. Nonfarm Business Sector: Labor Share. Economic Research: Federal Reserve Bank of St. Louis, fred.stlouisfed.org/series/PRS85006173.

⁷⁰ Ross, Martha, and Nicole Bateman. *Low-Wage Work Is More Pervasive than You Think, And There Aren't Enough "Good Jobs" to Go Around*. 21 Nov. 2019. *Brookings*, www.brookings.edu/blog/the-avenue/2019/11/21/low-wage-work-is-more-pervasive-than-you-think-and-there-arent-enough-good-jobs-to-go-around/.

Associate Professor of Economics at the University of Massachusetts, performs a study that uses data from the Survey of Income and Program Participation (SIPP) and links it to administrative earnings records to analyze earnings mobility between 1981 and 2008. In Carr's research he finds a decreasing likelihood of moving from the middle to the top of the earnings distribution across all subgroups. Interestingly, Carr shows the likelihood of moving from the middle to the top of the earnings distribution has declined for workers with all levels of education, but has declined the most for college-educated workers.⁷¹ Hence, while more jobs are going to college-educated workers, they are experiencing less mobility between middle to top earning jobs.

INCREASE IN INEQUALITY BETWEEN TOP AND BOTTOM

Since economic growth disproportionately benefits those at the top in the United States, the length between the rungs of the income ladder have grown farther apart. As income mobility has remained weak, inequality has increased and the spread between the top and bottom ladder in the income distribution has widened. The Congressional Budget Office (CBO) performs a study to understand the spread between the top and bottom income distributions. The CBO finds the before-tax incomes of the top 1 percent have increased nearly seven times faster than the incomes of the bottom 20 percent. Furthermore, the top 1 percent now earn 85 times as much as the bottom 20 percent.⁷² Carr's findings discussed above are also similar to the results from CBO. Carr says, "In the presence of increasing inequality, falling mobility implies that as the rungs of the ladder have moved farther apart, moving between them has become more

⁷¹ Carr, Michael D., and Emily E. Wiemers. "The Decline in Lifetime Earnings Mobility in the U.S.: Evidence from Survey-Linked Administrative Data." 7 Sept. 2016. Washington Center for Equitable Growth: Evidence for a Stronger Economy, equitablegrowth.org/working-papers/the-decline-in-lifetime-earnings-mobility-in-the-u-s-evidence-from-survey-linked-administrative-data/. Manuscript.

⁷² The Distribution of Household Income, 2016. Congressional Budget Office, 9 July 2019. Congressional Budget Office, www.cbo.gov/publication/55413. Accessed 10 Feb. 2020.

difficult.”⁷³ Since the spread between the top and bottom in the income distribution has widened, it now requires more in absolute dollar terms for an individual to move up the ranks. If the distribution in national income continues to be so uneven, it will become increasingly difficult for an American to move up ranks in the income distribution.

Higher Rates of Poverty Result from Low-Income Mobility

The decline in income mobility and the state of the American Dream results in increased poverty. The low-income mobility in the United States has led to high rates of poverty. The official poverty rate in 2018 was 11.8 percent, which means there were 38.1 million people in the United States living in poverty. The financial crisis in 2008 had damaging impacts on poverty, as 2018 was the first year the poverty rate had been lower than the poverty rate prior to 2007.⁷⁴ While much of the population living in poverty are children, 50 percent of adults living in poverty are considered the working poor. The Bureau of Labor Statistics defines “working poor” person as someone below the poverty line who spent at least half the year either working or looking for employment. In 2016 the number of working poor was 7 percent greater than the working poor population in 2007 before the economic crisis.⁷⁵ The working poor accounted for 4.9 percent of all people who were in the labor force 27 weeks or more in 2016. The high rate of those living in poverty and the working poor population illustrate how income mobility in the United States still has much room to improve.

⁷³ Carr, Michael D., and Emily E. Wiemers. "The Decline in Lifetime Earnings Mobility in the U.S.: Evidence from Survey-Linked Administrative Data." 7 Sept. 2016. Washington Center for Equitable Growth: Evidence for a Stronger Economy, equitablegrowth.org/working-papers/the-decline-in-lifetime-earnings-mobility-in-the-u-s-evidence-from-survey-linked-administrative-data/. Manuscript.

⁷⁴ Semega, Jessica, et al. Income and Poverty in the United States: 2018. United States Census Bureau, 10 Sept. 2019, www.census.gov/library/publications/2019/demo/p60-266.html.

⁷⁵ Proctor, Bernadette D., et al. Income and Poverty in the United States: 2015. United States Census Bureau, Sept. 2016

CHAPTER V: CASE STUDIES

“We dreamed that we could work hard, go to college, plan to have a family...and that is exactly not what happened. Our dream kind of went down.”

-Pamela Thatcher

Introduction

In this chapter I give examples of ordinary Americans and their attempts to reach the American Dream. I will share the stories of three Americans, who each testified before the United States Senate in 2013. The United States Senate chose to hear from these three Americans, because they are highly representative of many Americans that have struggled to hold onto life in the middle class. The United States Senate said they were chosen “not because their stories are exceptional, but precisely because the challenges and choices that they have faced in the aftermath of the recession are so typical of the challenges and choices that families face, working families face across America. Frankly, we do not hear enough from ordinary working families who, in tough times, are fighting as hard as they can to get by.”⁷⁶ I, too, hope more people will hear these stories and take notes of their experiences.

I believe the statistics in the above chapter are much more beneficial for understanding the state of the American Dream. The examples below are by no means meant to be conclusive of the American Dream as a whole. My hope is that these examples will serve to portray some of the struggles that ordinary Americans face.

⁷⁶ Washington State, SubCommittee on Economic Policy of the Committee on Banking, Housing, and Urban Affairs. State of the American Dream: Economic Policy and the Future of the Middle Class. Testimony of Diedre Melson, John Cox, Pamela Thatcher. HeinOnline, 6 June 2013, heinonline-org.ezproxy.lib.utexas.edu/HOL/Page?handle=hein.cbhear/fdsyshearnv0001&id=1&size=2&collection=congreg&index=cbhear/fdsyshearnv. 2013 Legislature.

John Cox

John Cox was raised in a modest family, which emphasized the value and promises of hard work. He said, “You know, I was raised, I always heard, you know, ‘Work hard.’ You know, ‘If you work hard, you will have no worries.’”⁷⁷ Cox was raised on a cattle ranch, where he woke up at four in the morning to go feed and take care of the cattle. He learned to do chores and perform whichever duties were necessary to care for the family. Just as much as Cox’s parents encouraged him to work hard, his parents also instilled in Cox the importance of education.

Cox was told from a young age that college education was mandatory for success. Hence, Cox worked long hours to pay for his education. By working various jobs throughout college, Cox was able to pay for college without even taking out student loans. Since Cox so strongly believed in the importance of college education, Cox was willing to accept any job in order to afford college. As an example, Cox even brushed volcanic ash out of parking lots after Mt. St. Helen’s erupted to help pay for his college.

Prior to 2008, Cox had maintained a job since he was twelve years old. Before the financial crisis in 2008, Cox had never gone longer than a week without a job. He was a reliable worker and was employed up until October 2008. Cox said he was taught, “You take care of the job and the job will take care of you.” Cox diligently worked and saved his money. As a result, he was able to invest in a house for his family, save about \$35,000 worth of cash, and acquire a 401(k). Before Cox lost his job, he was earning about \$60,000 a year as an accountant. When

⁷⁷ Washington State, SubCommittee on Economic Policy of the Committee on Banking, Housing, and Urban Affairs. State of the American Dream: Economic Policy and the Future of the Middle Class. Testimony of Diedre Melson, John Cox, Pamela Thatcher. HeinOnline, 6 June 2013, heinonline-org.ezproxy.lib.utexas.edu/HOL/Page?handle=hein.cbhear/fdsyshearnv0001&id=1&size=2&collection=congreg&index=cbhear/fdsyshearnv. 2013 Legislature.

Cox lost his job, he kept applying to new jobs. Unfortunately, Cox was unable to get a new job as quickly as he had in the past.

After months of not being able to find another job, Cox quickly ran out of his savings and was no longer able to keep up with his payments. Finally, Cox applied for unemployment insurance after a year and a half of looking for a job. Cox found employers poorly view those that have not had a job in the past 6 months. He said, “After that dreaded 6-month unemployment, employers for some reason, will not look at you. You know, they are not anxious to hire a person of my age, anyways, it seems like.” Even after five years of unemployment, Cox was still searching for jobs and applying to as many jobs as he could. He said, “I’ll scrub toilets. I’m not above any kind of work.”⁷⁸ As discussed in the chapter above, people searching for low-wage jobs often get lost in the ‘black hole.’ It appears Cox was one of these people lost in the ‘black hole.’ Cox was likely overlooked, as low-wage jobs receive so many applications from similar people.

Cox has a Down syndrome child, which made his job loss much more difficult and burdensome. In 2013, Cox’s child was 12 years old, and Wells Fargo was in the process of trying to foreclose on Cox’s house. After five years of unemployment and trying to care for his 12-year-old Down syndrome child, Cox could no longer afford his home. Sadly, Cox talked about the importance of having a decent home for his Down syndrome child but worried he would not be able to hold onto his home. Cox said the home is like a “nest egg” for his son Geral, because

⁷⁸ Bruk, Diana. "Their Family Needs Your Help To Save Their Home." *Woman's Day*, 8 Apr. 2015, www.womansday.com/life/work-money/news/a50251/this-family-needs-your-help-to-save-their-home/.

it is fenced on all sides. Cox stressed the importance of keeping his home, so he did not have to worry about Geral's safety.⁷⁹

Cox's initial job loss in 2008 was only the beginning of trials for Cox's family. The lender officially foreclosed on his home in the beginning of 2015. At the end of 2015, Cox suddenly passed away. Cox left behind his teenage son Geral, his Down syndrome child he loved so dearly.⁸⁰ Sadly, his Down syndrome child was left with no dad and no financial security, which his dad so desperately wanted to leave for his child.⁸¹

Pamela Thatcher

Pamela Thatcher is another example of an American, who endured great hardships from her family's job loss. Pamela Thatcher taught preschool for 9 years. However, when her first child was born, Pamela quit teaching preschool to be a stay-at-home mom. Her husband had a fantastic job that allowed her to make this decision. In the fall of 2011, her husband lost his job, and their family quickly ran out of their savings. When her husband lost his job in 2011, her children were one and three years old. Thatcher says their family thought they would get through the rough time while he searched for another job. Thatcher says they never imagined it would be months and months until he found a new job.

After struggling to care for their children, the Thatcher family reluctantly applied for assistance. Thatcher discusses how surprising it was to meet families in similar situations applying for help. She says, "You have no idea. You are looking around here seeing these families that have worked hard their entire lives, and they are both working mom and dad, and

⁷⁹ Wang, Amy. "Oregon Dad, Son Featured in 'American Winter' Documentary Face Foreclosure Again." Oregon Live, The Oregonian, 11 Apr. 2015, www.oregonlive.com/pacific-northwest-news/2015/04/oregon_dad_son_featured_in_ame.html.

⁸⁰ Indiegogo. [www.indiegogo.com/projects/fund-for-geral-in-memory-of-john-cox#/.](http://www.indiegogo.com/projects/fund-for-geral-in-memory-of-john-cox#/)

they have children, and they cannot survive. They are drowning.”⁸² Finally, Thatcher’s husband did get a job, but it paid only half of what he was previously earning. Even with her husband’s new job, the Thatcher family could only afford to care for their children with assistance from the government. Thatcher says they cut back on all costs and tried to save as much money as possible. However, they were left with little money because of the loss of a job for many months and the cut in pay at his new job.

Unfortunately, Thatcher’s story is far from what Pamela and her husband had imagined life would look like. She says, “Me and my husband, we had the American Dream. We dreamed that we would work hard, go to college, plan to have a family, have that white picket fence, have that job that you have had for years, retire – everything that I think all of us as children figured would happen.”⁸³ Thatcher discusses how she grew up thinking she was performing all the right steps to accomplish the American Dream. However, despite all her planning and hard work, the Thatcher family has struggled to provide for their family and maintain a decent lifestyle. The Thatcher family is not alone in the false belief that hard work is a guarantee of the American Dream.

Diedre Melson

2013 TESTIMONY

⁸² Washington State, SubCommittee on Economic Policy of the Committee on Banking, Housing, and Urban Affairs. State of the American Dream: Economic Policy and the Future of the Middle Class. Testimony of Diedre Melson, John Cox, Pamela Thatcher. HeinOnline, 6 June 2013, heinonline-org.ezproxy.lib.utexas.edu/HOL/Page?handle=hein.cbhear/fdsyshearnv0001&id=1&size=2&collection=congreg&index=cbhear/fdsyshearnv. 2013 Legislature.

⁸³ Washington State, SubCommittee on Economic Policy of the Committee on Banking, Housing, and Urban Affairs. State of the American Dream: Economic Policy and the Future of the Middle Class. Testimony of Diedre Melson, John Cox, Pamela Thatcher. HeinOnline, 6 June 2013, heinonline-org.ezproxy.lib.utexas.edu/HOL/Page?handle=hein.cbhear/fdsyshearnv0001&id=1&size=2&collection=congreg&index=cbhear/fdsyshearnv. 2013 Legislature.

Diedre Melson is an example of an ordinary American who was born into a poorer family and had to try to earn her way through college. Melson had been working since she was 13 years old to earn enough money to pay for her education. She worked her way through high school and part of college. However, she had to drop out of college because she could no longer afford the high tuition. After dropping out of college, she became a certified medical assistant, cardiac technician, and phlebotomist. She moved from Oregon to Los Angeles when she received an offer at Alpha Plasma Center, which she claims was her dream job. Shortly after moving to Los Angeles to begin work at the new company, Alpha Plasma Center was taken over by another company. With the change in ownership, many employees lost their jobs in the transition. Unfortunately, Melson was one of the many workers who lost their jobs. Since she lost her job at Alpha Plasma Center, Melson's life has been a story of constant poverty.

Melson's unemployment left her with debt, which she has struggled to erase ever since. The job market was really poor when Melson was searching for a job, which made it difficult for her to obtain a job for months. When she finally was re-employed, she had already accrued a large amount of debt. In 2013 Melson was making \$13.52 per hour, which she says is "just not a living wage."⁸⁴ In 2013, Melson had four children, who she hoped to be able to send to college. Ultimately, Melson applied for SNAP benefits to help feed her children. Unfortunately, Melson's job did not earn her enough to provide her children with an adequate lifestyle.

Melson discusses how her story has opened the door to meeting many others, who share similar stories of hardship. Melson tells the story of another single woman with many common

⁸⁴ Washington State, Subcommittee on Economic Policy of the Committee on Banking, Housing, and Urban Affairs. State of the American Dream: Economic Policy and the Future of the Middle Class. Testimony of Diedre Melson, John Cox, Pamela Thatcher. HeinOnline, 6 June 2013, heinonline-org.ezproxy.lib.utexas.edu/HOL/Page?handle=hein.cbhear/fdsyshearnv0001&id=1&size=2&collection=congreg&index=cbhear/fdsyshearnv. 2013 Legislature.

battles. The woman has to leave her 13-year-old daughter at home alone while she goes to work. As with Melson, the other single woman cannot maintain a decent lifestyle for her daughter, as she has such a low paying job. Melson concludes, “We are people who get up every day, and we try to pay our fair share and we try to pay our dues. But despite what we do, despite our efforts, we are sinking.”⁸⁵ Melson feels as though she has tried everything to work hard and earn a living for her family, but her job wage simply does not provide a sustainable living.

2020 FOLLOW UP

On March 28, 2020 I interviewed Diedre Melson to hear her story since her testimony in 2013. Sadly, the hardships Melson faced prior to 2013 were just the beginning of her hard story. Melson was laid off from another job in 2014, as the company downsized and fired approximately one-third of their work force. Since 2014 Melson has been hired and fired from several different jobs. On March 27, 2020 she was laid off from her most recent job, as a result of the coronavirus and the economic uncertainty ahead. Just days before being fired, Melson says her company praised her for her work ethic. The company told Melson she was an essential part of the team, but she was fired days later. Throughout all her jobs, Melson emphasizes her consistent effort and hard work. She discusses how she enthusiastically worked 12-14 hours per weekday. Melson praises Oregon for having a higher minimum wage but discusses how the minimum wage is still not enough to pay rent. She says, “Unemployment is low because [people like me] have six jobs.” Melson’s minimum wage jobs have not provided enough income for her

⁸⁵ Washington State, SubCommittee on Economic Policy of the Committee on Banking, Housing, and Urban Affairs. State of the American Dream: Economic Policy and the Future of the Middle Class. Testimony of Diedre Melson, John Cox, Pamela Thatcher. HeinOnline, 6 June 2013, heinonline-org.ezproxy.lib.utexas.edu/HOL/Page?handle=hein.cbhear/fdsyshearnv0001&id=1&size=2&collection=congreg&index=cbhear/fdsyshearnv. 2013 Legislature.

to save money. She still often struggles to pay rent and lives from paycheck to paycheck. After getting laid off most recently on March 27, 2020, Melson fears for her future.

The lack of a steady and suitable wage has already had devastating consequences for Melson's family. In 2017 Melson's oldest son died from an asthma attack. Only one year later Melson's daughter died of a heart attack at age 26. Melson's daughter earned \$400 over the income limit to be eligible for the Oregon health plan. Melson's daughter had hyperthyroidism. While insurance companies could not refuse to offer her insurance, insurance companies wanted to charge costly amounts for her pre-existing conditions. Melson's daughter could not afford the costly insurance and, hence, was unable to regularly visit a doctor. She went to urgent care centers days before she passed away as she complained about not feeling well. Since the urgent care centers had not regularly seen Melson's daughter and did not understand her condition, the centers misdiagnosed her condition. Melson wholeheartedly believes her inability to afford insurance resulted in her daughter's death. Melson's remaining two children are struggling to afford necessities and have been unable to afford college. Melson desperately wishes she could have earned enough money to save her children and provide them with their basic needs.

CHAPTER VI: RECOMMENDATIONS FOR THE AMERICAN DREAM

“In America, if you work hard, you will succeed. So those who do not succeed have not worked hard. It’s an idea found deep in the marrow of the nation”

- Matthew Desmond [“Now and Then: The American Dream”]

Introduction

Through understanding statistics and hearing stories of the American Dream, I have developed three main recommendations to try to increase income mobility in the United States. First, the government should revise Earned Income Tax Credit (EITC) to increase wages for low-wage workers. The minimum wage should also be increased to keep up with the increase in inflation rates. Second, companies should offer more widespread on-the-job training, as fast paced changes in technology require workers to continually upgrade their skills. Third, America must find ways to reduce segregation between social groups, especially by increasing transportation from poorer neighborhoods to areas with jobs. While these recommendations are not an exhaustive list of the ways in which the United States should work to increase income mobility, I believe these recommendations are three of the most beneficial ways in which income mobility could be improved in our country.

Increase Pay for Low-Wage Workers

Low wages have failed to rise with productivity rates and the poverty level. From 1989 to 2010, hourly productivity increased more than three times as much as wages.⁸⁶ Nonetheless,

⁸⁶ Washington State, SubCommittee on Economic Policy of the Committee on Banking, Housing, and Urban Affairs. State of the American Dream: Economic Policy and the Future of the Middle Class. Testimony of Diedre Melson, John Cox, Pamela Thatcher. HeinOnline, 6 June 2013, heinonline-org.ezproxy.lib.utexas.edu/HOL/Page?handle=hein.cbhear/fdsyshearnv0001&id=1&size=2&collection=congreg&in dex=cbhear/fdsyshearnv. 2013 Legislature.

wages declined by 30 cents, inflation adjusted, for the entire bottom 20 percent of wage earners between 1989 to 2010.⁸⁷ At the same time, the top 20 percent experienced a 30 percent increase in wages between 1989 to 2010. As discussed in Chapter IV, job market bifurcation has caused a decline in wages for low-wage jobs and an increase in wages for high-wage jobs. Furthermore, low wages have failed to keep up with the increase in the poverty level and cost of essential necessities.⁸⁸ The cost of essential necessities for the middle class, including public college, rent, utilities, and health expenditures have risen between 41 to 81 percent between 1970 and 2009. In 1975 the median income for a man with a high school degree provided for a family of four at more than twice the poverty threshold. In 2016 a comparable family cleared the poverty threshold by less than 40 percent.⁸⁹ Low wages have been pushed down because of political and economic factors, such as business opposition to raising wages, technological factors, and the weakening of unions.

⁸⁷ Washington State, Subcommittee on Economic Policy of the Committee on Banking, Housing, and Urban Affairs. State of the American Dream: Economic Policy and the Future of the Middle Class. Testimony of Diedre Melson, John Cox, Pamela Thatcher. HeinOnline, 6 June 2013, heinonline-org.ezproxy.lib.utexas.edu/HOL/Page?handle=hein.cbhear/fdsyshearnv0001&id=1&size=2&collection=congreg&index=cbhear/fdsyshearnv. 2013 Legislature.

⁸⁸ Cass, Oren, et al. "How to fix capitalism: Nine expert solutions for America's broken system." Brookings, www.brookings.edu/opinions/how-to-fix-capitalism-expert-solutions-for-americas-broken-system/?utm_campaign=Economic%20Studies&utm_source=hs_email&utm_medium=email&utm_content=74714672.

⁸⁹ Cass, Oren, et al. "How to fix capitalism: Nine expert solutions for America's broken system." Brookings, www.brookings.edu/opinions/how-to-fix-capitalism-expert-solutions-for-americas-broken-system/?utm_campaign=Economic%20Studies&utm_source=hs_email&utm_medium=email&utm_content=74714672.

Current minimum wage rates do not allow workers to adequately provide for the basic needs of their families. The annual earnings for a full-time minimum wage worker is \$15,080 at the current federal minimum wage of \$7.25. Full-time work is considered 40 hours each week, which is considered 2,080 hours per year.⁹⁰ According to the poverty thresholds performed by the U.S. Census Bureau for 2019, the poverty threshold for a family of four people is \$25,926.⁹¹ This means in order to have earnings above the poverty threshold, both parents would have to work a combined total of 3,575 hours per week ($\$25,926/\7.25) to meet the poverty threshold. Families with only a single parent have an extremely difficult time meeting the poverty threshold with the current federal minimum wage.

The erosion of the minimum wage

In inflation-adjusted terms (2018 dollars), the minimum wage peaked in 1968



Source: Bureau of Labor Statistics

THE WASHINGTON POST

⁹⁰ "What are the annual earnings for a full-time minimum wage worker?" Center for Poverty Research, University of California, Davis, poverty.ucdavis.edu/faq/what-are-annual-earnings-full-time-minimum-wage-worker.

⁹¹ "Poverty Thresholds." United States Census Bureau, www.census.gov/data/tables/time-series/demo/income-poverty/historical-poverty-thresholds.html. Chart.

The minimum wage has failed to keep up with inflation, and the real minimum wage has fallen over time. The federal minimum wage was last increased in July 2009, which is when it was set to \$7.25 an hour. The minimum wage remains nominally at the same level today in most states, but the real value has decreased by more than a dollar. The \$7.25 set in 2009 is equivalent to about \$6.19 in real terms today. The federal minimum wage has steadily declined in real terms since 1968. The minimum wage in real dollar terms peaked at \$11.39 in 1968. I have attached a graph above, which shows the decline of the minimum wage:⁹²

While some economists argue that increasing the minimum wage will not lead to enough benefits to offset the loss in jobs as a result of the increase, economists often fail to consider the ripple effect of increasing the minimum wage. Some economists argue that increasing the minimum wage would not just benefit those that are currently receiving the minimum wage, but also those that are receiving slightly above the minimum wage. While many think of low-wage workers as the only ones that would benefit from increasing the minimum wage, workers receiving slightly above the minimum wage would also largely benefit. A Hamilton Project, which is a Brookings project that performs economic analysis and partners with leading economists to suggest policy proposals according to their findings, examined the effect of increasing the minimum wage. The project shows an increase in the minimum wage could raise the wages of up to 35 million workers, which is 29.4 percent of the workforce.⁹³ The minimum

⁹² Ingraham, Christopher. "Here's how much the federal minimum wage fell this year." The Washington Post, www.washingtonpost.com/business/2018/12/26/heres-how-much-federal-minimum-wage-fell-this-year/.

⁹³ Harris, Benjamin H., and Melissa S. Kearney. "The 'Ripple Effect' of a Minimum Wage Increase on American Workers." Brookings, 10 Jan. 2014, www.brookings.edu/blog/up-front/2014/01/10/the-ripple-effect-of-a-minimum-wage-increase-on-american-workers/.

wage should be raised to keep up with inflation. This small and gradual increase in the minimum wage would have a positive effect on the economy.⁹⁴

The Earned Income Tax Credit (EITC) helps provide wage subsidies for low-wage workers but currently has many problems. The EITC issues a minimum level of income administered through the tax code. With the EITC subsidy, parents with children that receive an income lower than a certain target income for the family receive a government subsidy to close the gap between the market wage and the target. The EITC was originally implemented for two reasons: 1) to encourage the nonworking poor with children to enter the workforce, and 2) help reduce the tax burdens of working poor families with children.⁹⁵ The EITC was initially enacted in the 1970s and still faces many problems today. First, since the EITC is based off of total household income, a family receives less EITC when a spouse decides to start working. Thus, research suggests the EITC could discourage some spouses from working. Second, the EITC can cause individuals to reduce work hours. Since the EITC is based off of a person's total income, workers face an "income effect." At certain income levels, working more hours will cause them to receive less EITC. Hence, the pay from working longer hours would be less than the reduction in EITC received. Thus, the higher EITC benefits are, the more of a negative work hour effect.⁹⁶ Third, the EITC does not encourage childless individuals to enter the workforce. Lastly, approximately a quarter of all EITC payments are issued improperly. Between \$14.9 and \$17.6 billion EITC payments were issued improperly in 2017. Since the EITC is both a needs-tested

⁹⁴ Nzau, Sarah, and Richard Reeves. "Class Notes: Universal family care, minimum wage analysis, and more." Brookings, 17 July 2019, www.brookings.edu/blog/up-front/2019/07/17/class-notes-universal-family-care-minimum-wage-analysis-and-more/.

⁹⁵ The Earned Income Tax Credit: An Economic Analysis. Congressional Research Service, 13 Aug. 2018

⁹⁶ The Earned Income Tax Credit: An Economic Analysis. Congressional Research Service, 13 Aug. 2018

transfer to low-income families and a tax benefit, there are many challenges to administering the EITC.⁹⁷ The EITC needs to be revised in several aspects.

I believe the government should revise the EITC and continue to provide a form of wage subsidy. First, I believe the EITC should be based off of wage per hour, which would prevent workers from working less hours to reap higher EITC benefits. For example, say the target wage is \$15 per hour, a wage subsidy would be given in proportion to the difference between what the worker is paid and the target wage. Second, I believe the EITC should be revised such that it benefits adults with no children. Since adults with no children also need to be incentivized to work low-wage jobs, I believe the EITC should also help adults with no children to have a sustainable living. Just as the wage subsidy has done for parents with children, a wage subsidy for adults with no children would help incentivize more adults to stay in the labor market and encourage more companies to hire more low-wage workers. Third, EITC should simplify the complex rules and formulas for taxpayers. The majority of the improperly issued EITC payments are due to taxpayers incorrectly claiming children for credit. If the EITC also benefits adults with no children, there would be less fraudulent reporting.

Increasing the minimum wage to keep up with the inflation rate and enhancing wage subsidies would reduce the amount of traditional safety-net benefits that the government must pay. Melson remarks that many low-wage workers must work several jobs a week in order to provide for their family. She says low-wage workers must weigh the cost of childcare, leaving their families at home, not being able to tend to their home, and much more against the low-wage salary. By expanding EITC benefits and increasing low-wage salaries, low-wage workers would be more likely to stay in work. Encouraging low-wage workers to stay in their low-wage jobs

⁹⁷ The Earned Income Tax Credit: An Economic Analysis. Congressional Research Service, 13 Aug. 2018

hopefully eventually results in them moving up the economic escalator to a position where they no longer need wage subsidies.

Lastly, public companies should be encouraged to share more of their profits with workers at the bottom of the ladder. In order to do so, companies should be required to report the percentage of the profits that are given to frontline workers versus the executives. If companies give a higher percentage of the profits to lower-wage workers, companies should be given more favorable tax treatments.⁹⁸ Especially by providing low-wage workers more profits in the form of stocks or company ownership, workers would feel more connected to the company at the same time as receiving a higher salary.

Offer Increased On-The-Job Training

The rapid changes in technology are resulting in an increasingly rapid change of demand for workers with various technological skills. Workers must constantly upgrade their skills in order to survive in most high-tech, global economy jobs. If they do not keep up with technological shifts, workers risk being downsized, spending months unemployed, and then having to accept lower paying jobs.⁹⁹ This is exactly what happened to Melson and Cox. In Cox's testimony summarized above, he discussed the difficulty of losing a job and being unemployed for months. Cox said, "After that dreaded 6-month unemployment, employers for some reason, will not look at you. You know, they are not anxious to hire a person of my age,

⁹⁸ Cass, Oren, et al. "How to fix capitalism: Nine expert solutions for America's broken system." Brookings, www.brookings.edu/opinions/how-to-fix-capitalism-expert-solutions-for-americas-broken-system/?utm_campaign=Economic%20Studies&utm_source=hs_email&utm_medium=email&utm_content=74714672.

⁹⁹ Slemrod, Joel, and Robert E. Litan. "Expanding the Winners' Circle: A Guide for Increasing Upward Mobility." Brookings, 1 Dec. 1999, www.brookings.edu/articles/expanding-the-winners-circle-a-guide-for-increasing-upward-mobility/.

anyways, it seems like.”¹⁰⁰ After months of unemployment, Cox finally had to compromise and take a much lower paying job. Similarly, Melson has lost several jobs as a result of mergers and has been constantly forced to accept lower-paying jobs. Many people suffer from the same situation as Cox and Melson. Economists believe increasing access to on-the-job training may help prevent people from falling down the economic escalator.

Currently on-the-job training is focused on employees that are already in fairly stable job positions. Joel Slemrod, a professor of business economics and public policy at the University of Michigan, studied the impact of company-provided training. Slemrod found company-provided training currently benefits a relatively small portion of the American workforce but could potentially benefit a much larger portion of the workforce. Small and medium-sized companies tend to offer less training, since they do not have the time or resources to train workers. Slemrod found training is focused on professionals and higher-salaried employees at larger companies. Thus, current training further benefits those with the most stable jobs, but largely fails to benefit those with lower salaries at smaller companies.¹⁰¹

Altering the tax law would incentivize companies to offer more on-the-job training, which would benefit workers with more unstable jobs. Robert Shapiro, a Senior Policy Fellow at Georgetown University School of Business, suggests firms distribute the training costs more evenly amongst their workers. Companies are only allowed to deduct health care and pension

¹⁰⁰ Washington State, Subcommittee on Economic Policy of the Committee on Banking, Housing, and Urban Affairs. State of the American Dream: Economic Policy and the Future of the Middle Class. Testimony of Diedre Melson, John Cox, Pamela Thatcher. HeinOnline, 6 June 2013, heinonline-org.ezproxy.lib.utexas.edu/HOL/Page?handle=hein.cbhear/fdsyshearnv0001&id=1&size=2&collection=congreg&index=cbhear/fdsyshearnv. 2013 Legislature.

¹⁰¹ Slemrod, Joel, and Robert E. Litan. "Expanding the Winners' Circle: A Guide for Increasing Upward Mobility." Brookings, 1 Dec. 1999, www.brookings.edu/articles/expanding-the-winners-circle-a-guide-for-increasing-upward-mobility/.

costs if they meet a “non-discrimination” test, but are currently allowed to count any training expenditures as a tax deduction without a “non-discrimination test.”¹⁰² Shapiro recommends companies should be required to take non-discrimination tests in order to count training as a tax deduction. The non-discrimination test would verify that companies spend a portion of their training dollars on employees towards the bottom of the pay scale. By ensuring that more training dollars are spent on employees towards the bottom of the scale, employees that are more likely to be hurt by technological changes would have the opportunity to keep up with the technological changes. Non-discrimination tests would help bring more on-the-job training to those workers that would benefit from it the most.

Break Barrier Between Social Groups

Throughout hearing various testimonies, I found one of the most common barriers to income mobility was the separation between social groups. Liz Murray in her story *Breaking Night: A Memoir of Forgiveness, Survival, and My Journey from Homeless to Harvard* exemplifies the difficult barriers between social groups. She grew up in the hardest of circumstances. To describe just a few of her hardships: “Lizzy” was born out of wedlock, her father was in and out of jail for selling drugs, her mother was highly addicted to cocaine, her parents were high all day, her family scraped by on government assistance, and Lizzy often was starving for days. While Lizzy enjoyed her school work and went to extraordinary measures to excel at her school projects, she nonetheless dreaded going to school. She missed school constantly because she wanted to remain around people that she considered “normal” – the

¹⁰² Slemrod, Joel, and Robert E. Litan. "Expanding the Winners' Circle: A Guide for Increasing Upward Mobility." Brookings, 1 Dec. 1999, www.brookings.edu/articles/expanding-the-winners-circle-a-guide-for-increasing-upward-mobility/.

homeless people and drug addicts that she lived with.¹⁰³ Lizzy did not understand the different people she encountered at school. Throughout Lizzy's story, she refers to the barriers between "us" and "them." When asked what people could do to make a difference, Lizzy responded:

Let's say poverty bothers you and poverty is a barrier to education and you're in high school. Where do you see that show up in your high school? Do you see that there are after-school clubs that people have to pay to be a part of but some kids are excluded because they're financially poor?

Think about that. What would you like to see be different? Go to the principal. Go to someone else. Get some students organized and have it be different and, if you do that right where you are, you will create an equitable environment that is community oriented and your life will be your message. Your life will be your impact.¹⁰⁴

Lizzy talks about the difficulty of fitting in at school and being able to find a friend group. She was often bullied, and few were able to comprehend her story. Given that she felt so out of place at school, she talks about how she had little desire to attend. It was not until Lizzy found Human Preparatory Academy that she finally became committed to learning. While Lizzy was one of the extremely fortunate children to stumble upon such a school, unfortunately, there are very few schools like Humanities Preparatory Academy that focus on helping disadvantaged children.

More academies should focus on providing education that offers a welcoming alternative to traditional schools. Humanities Preparatory Academy's mission statement says, "We agree with Socrates that the 'unexamined life is not worth living,' and it is our desire to prepare

¹⁰³ Murray, Liz. *Breaking Night: A Memoir of Forgiveness, Survival, and My Journey from Homeless to Harvard*. Illustrated by Karen Minister, New York, Hyperion, 2010.

¹⁰⁴ Lanich, Carley. "Q&A: Liz Murray, PNW's next Sinai Forum guest, shares her path from 'Homeless to Harvard.'" *nwi.com, The Times*, 28 Sept. 2019, www.nwitimes.com/news/education/q-a-liz-murray-pnw-s-next-sinai-forum-guest/article_5753885e-9bf5-5cb7-9720-ac750f30062e.html.

students to live thoughtful and meaningful lives. We are committed to inspiring the love of learning in our students.”¹⁰⁵ Humanities Preparatory Academy embraced disadvantaged children’s background and struggles. Schools such as Humanities Preparatory Academy are very rare. More schools should be more accepting and inviting for children coming from low-income families.

David Laude from the University of Texas describes ways in which he tries to engage with students from poorer households and encourage them to network with students from a variety of social groups. In the article “No Left Side of the Curve” Laude discusses how he has found ways to help his students from low income families rise to the top. When Laude became senior vice provost for enrollment and graduation management, his main job was to try to raise the four-year graduation rate. However, while he was trying to increase the four-year graduation rate, he says ironically 20 percent of his students were not passing his class. He says, “Kids coming from economic disadvantage were the ones not passing. It was that simple.”¹⁰⁶ After realizing the struggle of students coming from economically disadvantaged backgrounds, Laude says he learned to be an extraordinary motivator. Each day of class he now walks down the aisle and tells his students, “I’m on your side. I’m not up there. I’m down here. I want you to know how important it is to me that you be successful.”¹⁰⁷ Since becoming more of a motivator, he says he has seen how much harder his students from economic disadvantages are willing to work.

¹⁰⁵ "What We Do." Humanities Preparatory Academy, humanitiesprep.org/what-we-do.

¹⁰⁶ Seale, Avrel. "No Left Side of the Curve." UT News [Austin], 19 Sept. 2019, news.utexas.edu/2019/09/19/no-left-side-of-the-curve/.

¹⁰⁷ Seale, Avrel. "No Left Side of the Curve." UT News [Austin], 19 Sept. 2019, news.utexas.edu/2019/09/19/no-left-side-of-the-curve/.

In 2017 the University of Texas researched some of the factors that they believed affected the success and graduation of students. In a survey they conducted, the University found a student's odds of leaving the university without a degree significantly decreased if they reported that they felt as though they belonged. Furthermore, when students responded "yes" to the question "I have a professor that knows my name," a student's odds of ending up on probation or being dismissed decreased by 15.1%.¹⁰⁸ Students from low-income families may achieve much greater success if more people embraced Laude's attitude. However, universities are not the only place in which social groups should work to be more inclusive and inviting for all.

Breaking the barriers between social groups would decrease the stigma behind receiving help. John Cox, whose story is told above, discusses how it took him a year-and-a-half to finally be willing to apply for unemployment. Cox says he felt so much shame about applying for unemployment. Similarly, Thatcher talks about the difficulty of having to apply for food stamps after going to college and losing jobs. Thatcher says, "So I just would really, really like for people to understand that people who are taking advantage of this a lot of the times are not those people that we see in the media, those greedy people who are wanting to take advantage of the system." When I asked Melson what she believes would help increase income mobility she suggested that Americans need to spend more time trying to see themselves in someone else's shoes. Melson recommends that everyone should try to hear someone else's story who is struggling with poverty and try to imagine their hardships. If more people understood the story of someone struggling with poverty, views would become more empathetic and the stigma behind receiving help would decrease.

¹⁰⁸ Alvarado, Cassandre. "Simple Things Faculty Can Do To Improve Student Success." The University of Texas System, The University of Texas at Austin, 9 July 2019, utsystem.edu/sites/academy-of-distinguished-teachers/blog/simple-things-faculty-can-do-improve-student-success-2019-07-09.

By creating more interaction between social groups, Americans would become more willing to give help. Currently, many Americans believe the jobless are lazy or haven't tried hard enough. Thomas Jefferson advocated confinement in poorhouses for "vagabonds who waste their time in idle and dissolute courses."¹⁰⁹ Bill O' Reilly said of poor people, "You gotta look people in the eye and tell 'em they're irresponsible and lazy," and then continued, "Because that's what poverty is, ladies and gentleman."¹¹⁰ In America, the unemployed are blamed. In other countries, people blame the state or hiring system for the unemployed. A New York Times article notes, "When Americans see a homeless man cocooned in blankets, we often wonder how he failed. When the French see the same man, they wonder how the state failed him."¹¹¹ In order for the poverty and jobless people in America to receive help, Americans need to meet and hear the true story of people like Cox, Thatcher, and Melson.

The government should help reduce segregation by increasing transportation from poor neighborhoods to areas with more jobs. Sean Reardon, an Endowed Professor of Poverty and Inequality in Education at Stanford University Graduate School, performed an extensive study on the relationship between income segregation and income inequality. His findings show segregation of poverty and affluence has significantly increased since 1970. He says, "The segregation of those high-income households in communities spatially far from lower-income households may reduce the likelihood that high-income residents will have social, or even

¹⁰⁹ Desmond, Matthew. "Americans Want to Believe Jobs Are the Solution to Poverty. They're Not." The New York Times [New York], 11 Sept. 2018, www.nytimes.com/2018/09/11/magazine/

¹¹⁰ Blow, Charles M. "The President, Fox News, and the Poor." The New York Times, 14 May 2015, www.nytimes.com/2015/05/14/opinion/charles-blow-the-president-fox-news-the-poor.html.

¹¹¹ Desmond, Matthew. "Americans Want to Believe Jobs Are the Solution to Poverty. They're Not." The New York Times [New York], 11 Sept. 2018, www.nytimes.com/2018/09/11/magazine/

casual, contact with lower-income residents.”¹¹² In order to increase contact between households with different income levels, poorer neighborhoods must have increased access to transportation to areas with higher job concentration. The National Household Travel Survey conducted by the Federal Highway Administration (FHWA) shows that as transportation costs continue to rise, poor households will be impacted the most with the high costs.¹¹³ Thus, it is even more important that poor households receive more transportation aid. By increasing transportation into and out of poor neighborhoods, barriers between low-income and high-income residents will be reduced.

¹¹² Reardon, Sean F., and Kendra Bischoff. "Income Inequality and Income Segregation." *American Journal of Sociology*, July 2010. Stanford University, inequality.stanford.edu/sites/default/files/Income%20Inequality%20and%20Income%20Segregation.pdf.

¹¹³ "FHWA NHTS Brief: Mobility Challenges for Households in Poverty." National Household Travel Survey, nhts.ornl.gov/briefs/PovertyBrief.pdf.

CHAPTER VI: CONCLUSION

“The Dream stretches endlessly and forward toward the horizon...it lies just out of reach, and we remain, however self-consciously at times, however ironically, a nation of dreamers.”

- Anthony Brandt [“Now and Then: The American Dream”]

As inequality widens and income mobility declines, the United States must take a closer look at the idyllic stories of the American Dream. America has been a country of idyllic stories and utopian visions from the very beginning of the nation. The fictional rag-to-riches stories arose from the dream of a flawless, utopian society. The exaggerated stories thrived in a time desperate for hope amidst the Great Depression and war in the early 1900s. The idea of the Dream has continued to flourish today, as presidents use the term to influence citizens and shape their campaign message. While Americans have glorified presidents that seem to embody the American Dream, this is often not the case. In this thesis I wanted to compare how the American Dream is often discussed by writers and leaders in comparison to the current statistics of the American Dream.

Statistics about income mobility provide a lens in which to interpret the messages we hear about the American Dream. The statistics show people’s usage and opinion of the American Dream is often very different from what data reveals. In order for the American Dream to hold true, a child’s income should not be determined by their parent’s past income or rank. However, various studies show mobility has declined and remains weak in the U.S. Income levels remains strongly based on family wealth in the United States. Less than half of those born in the 1980’s

have exceeded their parent's family income. I hope my thesis showed there is still much more work to be done to increase income mobility in the U.S., especially for minority groups.

The thesis aimed to not just display a more accurate picture of the American Dream in the U.S. but to provide some recommendations for how income mobility may be improved. Increasing minimum wage to keep up with inflation would help middle class families keep up with some of the rising costs of living. Expanding EITC wage subsidies would incentivize people to work and to encourage companies to hire minimum wage workers. Increasing on-the-job training would allow lower-wage workers to remain competitive. While these are steps the government should take to improve the lives of those suffering, we all need to help for these to serve as long-term solutions.

My thesis showed our current promise of the American Dream needs to be revised. We must pursue a revised American Dream, one that is more attainable and realistic. We must realize that the rag-to-riches stories of Horatio Alger and presidents today are highly uncharacteristic and unlikely. We should not glorify and seek the rag-to-riches story of rising from a poor child to a rich person with lavish luxuries. Instead, we should aim for all people in America to have a reasonable life of modest comfort in which all can afford basic necessities. We should strive for people like Diedre Melson, John Cox, and Pamela Thatcher to be able to obtain incomes that will provide for their basic needs. We must return to Adams's earlier reminder that the American Dream is not about being able to afford lavish luxuries but creating a world in which everyone is allowed to reach their fullest potential.

Ultimately, I hope my thesis showed how we all have a role to play in making this "modified" American Dream come to life. Whether from a poor or rich household, a large or small company, a jobless person or an executive, we all have the ability to help those that are

hurting. As David Laude suggested, we can all improve opportunities for the disadvantaged by taking every opportunity to look out for the social groups that are excluded. And as Diedre Melson recommended, every person should take the chance to understand someone's story who is suffering, and imagine themselves in his or her position. This thesis adheres to the theory that building empathy for those that are hurting and decreasing segregation between social groups remain the ultimate hope for helping the American Dream. Only by working together, can a more modest, attainable, and revised American Dream become a reality.

WORKS CITED

Adams, James Truslow. *The Epic of America*. New York, Routledge, 2017.

The Age of Uncertainty Episode 2 - The Manners and Morals of High Capitalism. Produced by John Kenneth Galbraith, 1977.

Alger, Horatio, Jr. *Ragged Dick: Or, Street Life in New York with the Boot Blacks*. New York, Penguin Group, 2014. Altschuler, Glenn C. "Donald Trump and the Upside Down American Dream a Historian Looks at the Origin of 'America First.'" *Pittsburgh Post*, 4 Nov. 2018, global-factiva-com.ezproxy.lib.utexas.edu/hp/printsavews.aspx?pp=Print&hc=Publication.

Alvarado, Cassandre. "Simple Things Faculty Can Do To Improve Student Success." *The University of Texas System*, The University of Texas at Austin, 9 July 2019, utsystem.edu/sites/academy-of-distinguished-teachers/blog/simple-things-faculty-can-do-improve-student-success-2019-07-09.

Bach, David. *The Automatic Millionaire, Expanded and Updated: A Powerful One-Step Plan to Live and Finish Rich*. 3rd ed., New York City, Penguin Random House, 2016.

Bates, Karen Grigsby. "'American Winter' Families Struggle To Survive Fall From Middle Class." *NPR*, Morning Edition, 26 Mar. 2013, www.npr.org/2013/03/26/175274579/american-winter-families-struggle-to-survive-fall-from-middle-class.

Beauchamp, Gorman. "How America Could Become Utopia." *Project Muse*, vol. 18, no. 2, 1988, pp. 273-78, muse.jhu.edu/article/681576.

- Bierman, Noah. "Elizabeth Warren's Long Path From Oklahoma to Harvard." *Los Angeles Times*, 22 Sept. 2019, www.latimes.com/politics/story/2019-09-21/from-oklahoma-to-harvard-elizabeth-warren-trod-a-tricky-path.
- Blow, Charles M. "The President, Fox News, and the Poor." *The New York Times*, 14 May 2015, www.nytimes.com/2015/05/14/opinion/charles-blow-the-president-fox-news-the-poor.html.
- Brandt, Anthony. "Now And Then: The American Dream." *American Heritage*, vol. 32, no. 3, Apr.-May 1981, www.americanheritage.com/american-dream.
- Bruk, Diana. "Their Family Needs Your Help To Save Their Home." *Woman's Day*, 8 Apr. 2015, www.womansday.com/life/work-money/news/a50251/this-family-needs-your-help-to-save-their-home/.
- . "This Family Needs Your Help To Save Their Home." *Woman's Day*, 8 Apr. 2015, www.womansday.com/life/work-money/news/a50251/this-family-needs-your-help-to-save-their-home/.
- Carneiro, Robert L. "Herbert Spencer's 'The Study of Sociology' and the Rise of Social Science in America." *Proceedings of the American Philosophical Society*, vol. 118, no. 6, 27 Dec. 1974, www.jstor.org/stable/986404?seq=1.
- Carr, Michael D., and Emily E. Wiemers. "The Decline in Lifetime Earnings Mobility in the U.S.: Evidence from Survey-Linked Administrative Data." 7 Sept. 2016. *Washington Center for Equitable Growth: Evidence for a Stronger Economy*, equitablegrowth.org/working-papers/the-decline-in-lifetime-earnings-mobility-in-the-u-s-evidence-from-survey-linked-administrative-data/. Manuscript.

Cass, Oren, et al. "How to fix capitalism: Nine expert solutions for America's broken system."

Brookings, www.brookings.edu/opinions/how-to-fix-capitalism-expert-solutions-for-americas-broken-system/?utm_campaign=Economic%20Studies&utm_source=hs_email&utm_medium=email&utm_content=74714672.

Center for Poverty Research. University of California, Davis, poverty.ucdavis.edu/faq/who-are-working-poor-america.

Chetty, Raj, et al. "The Fading American Dream: Trends in Absolute Income Mobility Since 1940." Dec. 2016, National Bureau of Economic Research, www.nber.org/papers/w22910.pdf. Manuscript.

Churchwell, Sarah. *Behold, America: The Entangled History of "America First" and "The American Dream"*. New York, NY, Basic Books, 2018.

Daly, Mary C., et al. *Disappointing Facts about the Black-White Wage Gap*. San Francisco Fed, 5 Sept. 2017. *Federal Reserve Bank of San Francisco*, www.frbsf.org/economic-research/publications/economic-letter/2017/september/disappointing-facts-about-black-white-wage-gap/.

Desmond, Matthew. "Americans Want to Believe Jobs Are the Solution to Poverty. They're Not." *The New York Times* [New York], 11 Sept. 2018, www.nytimes.com/2018/09/11/magazine/americans-jobs-poverty-homeless.html?auth=login-email&login=email.

The Distribution of Household Income, 2016. Congressional Budget Office, 9 July 2019.

Congressional Budget Office, www.cbo.gov/publication/55413. Accessed 10 Feb. 2020.

"The Dream Has Changed." *The Sunday Times* [London, England], 6 May 2018, pp. 32-33. Dow Jones Factiva, global-factiva-com.ezproxy.lib.utexas.edu/ga/default.aspx.

Dreiser, Theodore. *A Book About Myself*. Boni and Liveright, 1922 Accessed 1922.

The Earned Income Tax Credit: An Economic Analysis. Congressional Research Service, 13 Aug. 2018

Federal Reserve Board, Divisions of Research & Statistics and Monetary Affairs. *Income and Earnings Mobility in U.S. Tax Data*. By Jeff Larrimore et al., Washington, D.C., Government Publishing Office, 30 July 2015, www.federalreserve.gov/econresdata/feds/2015/files/2015061pap.pdf.

"FHWA NHTS Brief: Mobility Challenges for Households in Poverty." *National Household Travel Survey*, nhts.ornl.gov/briefs/PovertyBrief.pdf.

Frank, Thomas. *One Market Under God: Extreme Capitalism, Market Populism, and the End of Economic Democracy*. First AnchoR Books, 2001.

"Future of the Middle Class Initiative." *The Brookings Institution* [Washington, D.C.], 1 May 2019, connect.brookings.edu/class-notes-skills-for-a-changing-labor-market-intergenerational-mobility-and-more?ecid=ACsprvtHWo_c8JJ_ZMqEYtrE_hGKW0s1p5J0D_UdTYkvUvhHEe2MCUwvZDEaabdQ5eI11BmWlxI&utm_campaign=Economic%20Studies&utm_source=hs_email&utm_medium=email&utm_content=72267510.

Greenberg, David. "Richard Hofstadter's Tradition." *The Atlantic*, Nov. 1998, www.theatlantic.com/magazine/archive/1998/11/richard-hofstadters-tradition/377296/.

Harris, Benjamin H., and Melissa S. Kearney. "The 'Ripple Effect' of a Minimum Wage Increase on American Workers." *Brookings*, 10 Jan. 2014, www.brookings.edu/blog/up-front/2014/01/10/the-ripple-effect-of-a-minimum-wage-increase-on-american-workers/.

Howerth, I.W. "Natural Selection and the Survival of the Fittest." *The Scientific Monthly*, vol. 5, no. 3, Sept. 1917, pp. 253-57, www.jstor.org/stable/22572?seq=1#metadata_info_tab_contents.

"How Fred Trump Built Donald Trump's Financial Empire." *YouTube*, The New York Times, 2 Oct. 2018, www.youtube.com/watch?v=0DxJE5H0hwk.

Indiegogo. www.indiegogo.com/projects/fund-for-geral-in-memory-of-john-cox#/. This website talks about John Cox and how he died at the end of 2015.

Ingraham, Christopher. "Here's how much the federal minimum wage fell this year." *The Washington Post*, www.washingtonpost.com/business/2018/12/26/heres-how-much-federal-minimum-wage-fell-this-year/.

Intergenerational Income Mobility. Congressional Research Service, 17 Jan. 2017 \

Investopedia. www.investopedia.com/terms/a/american-dream.asp. Accessed 21 Nov. 2019.

Isaacs, Julia B. "International Comparisons of Economic Mobility." *The Brookings Institution*, www.brookings.edu/wp-content/uploads/2016/07/02_economic_mobility_sawhill_ch3.pdf.

Jacobs, Emily. "How Michael Bloomberg Made His \$65 Billion Net Worth." *New York Post*, 20 Feb. 2020, nypost.com/2020/02/20/how-michael-bloomberg-made-his-65-billion-net-worth/.

Jäntti, Markus, and Stephen P. Jenkins. *Income Mobility*. IZA, Nov. 2013, ftp.iza.org/dp7730.pdf.

"Joe Biden Biography." *Biography*, 4 Mar. 2020, www.biography.com/political-figure/joe-biden.

Jones, Janelle. "One-third of Native American and African American Children Are (Still) in Poverty." *Economic Policy Institute*, 20 Sept. 2017, www.epi.org/publication/one-third-of-native-american-and-african-american-children-are-still-in-poverty/.

Kaplan, Thomas. "Elizabeth Warren Apologizes at Native American Forum: 'I Have Listened and I Have Learned.'" *New York Times*, 19 Aug. 2019, www.nytimes.com/2019/08/19/us/politics/elizabeth-warren-native-american.html.

Karimi, Sabah. "6 Reasons the Rich Stay Rich." *Business Insider*, 8 Dec. 2016, www.businessinsider.com/reasons-the-rich-stay-rich-2016-12.

Kiely, Eugene. "Biden Admits He Was 'Stopped,' Not 'Arrested,' in South Africa." *Fact Check*, 2 Mar. 2020, www.factcheck.org/2020/03/biden-admits-he-was-stopped-not-arrested-in-south-africa/.

Koch, James V. *The Impoverishment of the American College Student*. Washington, D.C., The Brookings Institution, 2019.

Kolko, Jed. "Where Private School Enrollment Is Highest and Lowest Across the U.S." *City Lab*, Bloomberg, 13 Aug. 2014, www.citylab.com/equity/2014/08/where-private-school-enrollment-is-highest-and-lowest-across-the-us/375993/.

Kornbluh, Jacob. "Democratic Candidates Going Against the American Dream Will Guarantee a November Loss, Argues Bloomberg Surrogate." *Jewish Insider*, 20 Feb. 2020, jewishinsider.com/2020/02/democratic-candidates-going-against-the-american-dream-will-guarantee-a-november-loss-argues-bloomberg-surrogate/.

Lanich, Carley. "Q&A: Liz Murray, PNW's next Sinai Forum guest, shares her path from 'Homeless to Harvard.'" *nwi.com*, The Times, 28 Sept. 2019,

www.nwitimes.com/news/education/q-a-liz-murray-pnw-s-next-sinai-forum-guest/article_5753885e-9bf5-5cb7-9720-ac750f30062e.html.

Madsen, Richard, and William M. Sullivan, editors. *Economic Inequality and Morality: Diverse Ethical Perspectives*. Washington, D.C., The Brookings Institution, 2019. The Ethikon Series.

Manson, Darrel. "A Dangerous Idea - Social Darwinism vs. The American Dream." *ScreenFish*, 28 Sept. 2018, screenfish.net/a-dangerous-idea-social-darwinism-vs-the-american-dream/.

McBreen, Catherine, and George H. Walper, Jr. *Get Rich, Stay Rich, Pass It On: The Wealth-Accumulation Secrets of America's Richest Families*. New York, Penguin Group, 2007.

McGlinn, Jeanne. "Rags to Riches: The Horatio Alger Theme in Adolescent Novels About the Immigrant Experience." *Rag to Riches*, vol. 31, no. 3, Summer 2004. *Virginia Tech*, scholar.lib.vt.edu/ejournals/ALAN/v31n3/mcglinn.html.

McGowan, Heather E. "Can We Save The American Dream?" *Forbes* [New York], 7 Aug. 2019, www.forbes.com/sites/heathermcgowan/2019/08/07/can-we-save-the-american-dream/#500242203c89.

Mindock, Clark. "I Guess I Wasn't: Joe Biden Admits He Was Not Arrested Trying to Visit Nelson Mandela in Prison." *Independent* [New York], 28 Feb. 2020, www.independent.co.uk/news/world/americas/us-election/joe-biden-arrest-nelson-mandela-south-africa-apartheid-south-carolina-primary-a9365461.html.

Mitnik, Pablo A. *Economic Mobility in the United States*. The Pew Charitable Trusts, July 2015, www.pewtrusts.org/~media/Assets/2015/07/FSM-IRS-Report_ARTFINAL.pdf.

Mitnik, Pablo A., et al. *New Estimates of Intergenerational Mobility Using Administrative Data*.
8 July 2015, www.irs.gov/pub/irs-soi/15rpintergenmobility.pdf.

Murray, Liz. *Breaking Night: A Memoir of Forgiveness, Survival, and My Journey from Homeless to Harvard*. Illustrated by Karen Minister, New York, Hyperion, 2010.

"Natural Selection." *Stanford Encyclopedia of Philosophy*, 25 Sept. 2019,
plato.stanford.edu/entries/natural-selection/.

"New Attitudes Toward Wealth." *U.S. History: Pre-Columbian to the New Millennium*, US
History, 2019, www.ushistory.org/us/36e.asp.

Nichols, Andrew Howard, and J. Oliver Schack. "Edtrust.org." *Degree Attainment for Black Adults: National and State Trends*, The Education Trust, 2016, edtrust.org/wp-content/uploads/2014/09/Black-Degree-Attainment_FINAL.pdf.

Nzau, Sarah, and Richard Reeves. "Class Notes: Universal family care, minimum wage analysis, and more." *Brookings*, 17 July 2019, www.brookings.edu/blog/up-front/2019/07/17/class-notes-universal-family-care-minimum-wage-analysis-and-more/.

Obama, Barack. *The Audacity of Hope: Thoughts on Reclaiming the American Dream*. New York City, Crown Publishing Group, 2006.

"Obama to Business Owners: 'You Didn't Build That.'" *Fox News*, 16 July 2012,
www.foxnews.com/politics/obama-to-business-owners-you-didnt-build-that.

O'Neal, Michael J. *America in The 1920s*. Stonesong Press, 2006.

Oregon State, Committee on Banking, Housing, and Urban Affairs Subcommittee on Economic Policy. *Economic Mobility: Is the American Dream in Crisis?* Testimony of Oren M. Cass. 17 July 2019, www.banking.senate.gov/imo/media/doc/Cass%20Testimony%207-17-19.pdf. 2019 Legislative Assembly.

Peake, Makenzie, and Guillaume Vandenbroucke. "Observing the Earnings Gap through Marital Status, Race and Gender." *Federal Reserve Bank of St. Louis: Central to America's Economy*, Regional Economist, 8 May 2019, www.stlouisfed.org/publications/regional-economist/second-quarter-2019/earnings-gap-marital-status-race-gender?utm_source=RegionalEconomistList&utm_medium=email&utm_campaign=REUpdate.

Perry, Mark J. "Details in BLS report suggest that most of the gender earnings gap is explained by age, marital status, children, hours worked." *Carpe Diem*, AEIdeas, 3 Sept. 2018, www.aei.org/carpe-diem/details-in-bls-report-suggest-that-earnings-differentials-by-gender-can-be-explained-by-age-marital-status-children-hours-worked-3/.

Peterson, Kristina, and Rebecca Ballhaus. "Warren Releases DNA Analysis Showing Evidence of Native American Heritage." *The Wall Street Journal*, 15 Oct. 2018, www.wsj.com/articles/warren-releases-dna-analysis-showing-evidence-of-native-american-heritage-1539619976?mod=searchresults&page=1&pos=12&mod=article_inline.

Pondiscio, Robert. *How the Other Half Learns: Equality, Excellence, and the Battle Over School Choice*. New York City, Penguin Random House, 2019.

"Poverty Thresholds." *United States Census Bureau*, www.census.gov/data/tables/time-series/demo/income-poverty/historical-poverty-thresholds.html. Chart.

Prather, Mark. *Why the Rich Stay Rich and the Poor Stay Poor*. Edited by Courtney Prather, Independently published, 2019.

Proctor, Bernadette D., et al. *Income and Poverty in the United States: 2015*. United States Census Bureau, Sept. 2016

Reagan, Ronald. "Reagan's Farewell Address to American People ." White House, 12 Jan. 1989, Washington, D.C. . Speech.

Reardon, Sean F., and Kendra Bischoff. "Income Inequality and Income Segregation." *American Journal of Sociology*, July 2010. Stanford University, inequality.stanford.edu/sites/default/files/Income%20Inequality%20and%20Income%20Segregation.pdf.

Reeves, Richard V. *Dream hoarders: how the American upper middle class is leaving everyone else in the dust, why that is a problem, and what to do about it*. Washington D.C., Brookings Institution Press, 2017.

"The Rise of the Common Man." *U.S. History: Pre-Columbian to the New Millennium*, ushistory.org, www.ushistory.org/US/24a.asp.

"The Roaring Twenties History." *History.com*, 14 Apr. 2010, www.history.com/topics/roaring-twenties/roaring-twenties-history.

Rodgers, Daniel T. "As a City on a Hill: The Story of America's Most Famous Sermon." *The Washington Post*, 13 Nov. 2018, www.washingtonpost.com/outlook/2018/11/13/what-we-get-wrong-about-city-hill/.

Ross, Martha, and Nicole Bateman. *Low-Wage Work Is More Pervasive than You Think, And There Aren't Enough "Good Jobs" to Go Around*. 21 Nov. 2019. Brookings, www.brookings.edu/blog/the-avenue/2019/11/21/low-wage-work-is-more-pervasive-than-you-think-and-there-arent-enough-good-jobs-to-go-around/.

Rubin, Joel. "Battle in college admissions scandal: Should parents who paid the biggest bribes get the biggest punishment?" *Los Angeles Times* [Los Angeles], 10 Sept. 2019,

www.latimes.com/california/story/2019-09-09/la-college-admissions-case-sentences-how-much-parents-paid.

"Science Daily." *Internet Perpetuates Job Market Inequality*, North Carolina State University, 26 June 2019, www.sciencedaily.com/releases/2019/06/190626124950.htm.

Seale, Avrel. "No Left Side of the Curve." *UT News* [Austin], 19 Sept. 2019, news.utexas.edu/2019/09/19/no-left-side-of-the-curve/.

Semega, Jessica, et al. *Income and Poverty in the United States: 2018*. United States Census Bureau, 10 Sept. 2019, www.census.gov/library/publications/2019/demo/p60-266.html.

Shapiro, Robert. *The New Economics of Jobs Is Bad News for Working-Class Americans-And Maybe for Trump*. 16 Jan. 2018. Fixgov. *Brookings*, www.brookings.edu/blog/fixgov/2018/01/16/the-new-economics-of-jobs-is-bad-news-for-working-class-americans-and-maybe-for-trump/.

Slemrod, Joel, and Robert E. Litan. "Expanding the Winners' Circle: A Guide for Increasing Upward Mobility." *Brookings*, 1 Dec. 1999, www.brookings.edu/articles/expanding-the-winners-circle-a-guide-for-increasing-upward-mobility/.

Smeeding, Timothy M. "Multiple Barriers to Economic Opportunity for the "Truly" Disadvantaged and Vulnerable." *The Russell Sage Foundation journal of the social sciences : RSF* vol. 2,2 (2016): 98-122. doi:10.7758/RSF.2016.2.2.04

Smeeding, Timothy M., and Andrzej Grodner. *Luxembourg Income Study*. Mar. 2000

Smith, Hedrick. *Who Stole the American Dream?* New York, Random House Publishing Group, 2012.

"The Social Genome Project." *Brookings*, Center on Children and Families, www.brookings.edu/the-social-genome-project/.

"Social Mobility and Inequality: Upper Bound." *The Economist*, 15 Apr. 2010. *The Economist*,
www.economist.com/united-states/2010/04/15/upper-bound.

St. Louis Fed. *Nonfarm Business Sector: Labor Share. Economic Research: Federal Reserve Bank of St. Louis*, fred.stlouisfed.org/series/PRS85006173.

Stracqualursi, Veronica, and Sarah Mucha. "Biden Acknowledges He Wasn't Arrested in South Africa Despite Earlier Claims." *CNN Politics*, CNN, 28 Feb. 2020,
edition.cnn.com/2020/02/28/politics/joe-biden-south-africa-arrest-cnntv/index.html.

"Tech Is Splitting the U.S. Work Force in Two." *The New York Times*, 4 Feb. 2019. *The New York Times*, www.nytimes.com/2019/02/04/business/economy/productivity-inequality-wages.html?auth=login-email&login=email.

"Thomas More." *Stanford Encyclopedia of Philosophy*, 19 Mar. 2014,
plato.stanford.edu/entries/thomas-more/.

"Thomas More's Utopia 1516." *Learning English Timeline*, British Library Board ,
www.bl.uk/learning/timeline/item126618.html.

Thompson, Jason. "Mobility in the middle: Bachelor's degree selectivity and the intergenerational association in status in the United States." *Research in Social Stratification and Mobility*, vol. 60, Apr. 2019, pp. 16-28,
www.sciencedirect.com/science/article/pii/S0276562417300641.

Thoreau, Henry David. *Walden*. CreateSpace Independent Publishing Platform, 2018.

Tocqueville, Alexis De. *Democracy in America, Volume 2*. Translated by Henry Reeve, Gutenberg, 2006

Trump's State of the Union: 'Never been a better time to start living the American Dream'. NBC News, 31 Jan. 2018, www.nbcnews.com/storyline/2018-state-of-the-union-address/trump-there-has-never-been-better-time-start-living-american-n842706.

United States, Congress. *Congressional Record*. Statement of Proceedings and Debates of the 86th Congress Second Session. Government Publishing Office, 13 June 1960, pp. 11137-2496. Library of the Ohio State University.

---, ---, Senate, Subcommittee on Economic Policy of the Committee on Banking, Housing, and Urban Affairs. *State of the American Dream: Economic Policy and the Future of the Middle Class*. Testimony of Diedre Melson, John Cox, Pamela Thatcher. 6 June 2013, catalog.lib.utexas.edu/record=b8715349~S29. 130th Congress, 1st session.

United States Department of Labor. *A Profile of the Working Poor, 2017*. U.S. Bureau of Labor Statistics, Apr. 2019. *BLS Reports*, www.bls.gov/opub/reports/working-poor/2017/home.htm.

"United States: Upper bound; Social mobility; and inequality." *The Economist*, vol. 395, no. 8678, 17 Apr. 2010, pp. 29-30, search-proquest-com.ezproxy.lib.utexas.edu/docview/223974016?pq-origsite=summon.

Wang, Amy. "Oregon Dad, Son Featured in 'American Winter' Documentary Face Foreclosure Again." *Oregon Live*, *The Oregonian*, 11 Apr. 2015, www.oregonlive.com/pacific-northwest-news/2015/04/oregon_dad_son_featured_in_ame.html.

---. "Oregon dad, son featured in 'American Winter' documentary face foreclosure again." *The Oregonian/Oregon Live*, 11 Apr. 2015, www.oregonlive.com/pacific-northwest-news/2015/04/oregon_dad_son_featured_in_ame.html.

Washington, D.C. *Economic Mobility: Is the American Dream in Crisis?* Testimony of Tom Cotton, Catherine Cortez Masto, Orrin Hatch, Dr. Yuval Levin, Ramesh Ponnuru, Thea Mei Lee, Keith Miller. 17 July 2019, www.banking.senate.gov/hearings/economic-mobility-is-the-american-dream-in-crisis. 2019 Legislature.

Washington State, Subcommittee on Economic Policy of the Committee on Banking, Housing, and Urban Affairs. *State of the American Dream: Economic Policy and the Future of the Middle Class*. Testimony of Diedre Melson, John Cox, Pamela Thatcher. HeinOnline, 6 June 2013, heinonline-org.ezproxy.lib.utexas.edu/HOL/Page?handle=hein.cbhear/fdsyshearnv0001&id=1&size=2&collection=congreg&index=cbhear/fdsyshearnv. 2013 Legislature.

"What are the annual earnings for a full-time minimum wage worker?" *Center for Poverty Research*, University of California, Davis, poverty.ucdavis.edu/faq/what-are-annual-earnings-full-time-minimum-wage-worker.

"What We Do." *Humanities Preparatory Academy*, humanitiesprep.org/what-we-do.

Winkle, Kenneth J. "Abraham Lincoln: Self-Made Man." *Journal of the Abraham Lincoln Association*, vol. 21, no. 2, Summer 2000, pp. 1-16, quod.lib.umich.edu/j/jala/2629860.0021.203/--abraham-lincoln-self-made-man?rgn=main;view=fulltext.

Winthrop, John. "City upon a Hill." 1630. *The Gilder Lehrman Institute of American History*, www.gilderlehrman.org/sites/default/files/inline-pdfs/Winthrop's%20City%20upon%20a%20Hill.pdf. Speech.

The World Bank. World Bank Group, 2019, data.worldbank.org/indicator/NY.GDP.MKTP.KD?most_recent_year_desc=false.

Zimmerman, Jonathan. "Myth of America's Rag - to - Riches Presidents." *The Christian Science Monitor*, edited by Jonathan Zimmerman, 18 July 2007,
www.csmonitor.com/2007/0718/p09s01-coop.html.

Zweinghaft, Richard L., and William Domhoff. *Diversity in the Power Elite: How it Happened, Why it Matters*.

BIOGRAPHY

Elizabeth “Tillar” Murray was born in Santa Fe, New Mexico on November 18th, 1996. She was raised in Dallas, Texas and later moved to Fort Worth, Texas. After moving to Fort Worth, she began pursuing her passion for horses and rodeo. Given her desire to rodeo, she enrolled in Stanford University Online High School for all four years of high school. In the fall of 2015, she came to the University of Texas at Austin, where she majored in Finance, Business Honors, Plan II Honors, and minored in Accounting. Throughout her time at UT Austin, she continued to compete in around 90 rodeos each year and even qualified for the National Finals Rodeo in 2017. Despite her busy rodeo schedule, she still was actively involved in her sorority, Kappa Alpha Theta, and various other organization across campus. She plans to move back to Fort Worth in June 2020 to work for J.P. Morgan’s Private Bank in wealth management.