

Folks: This is a three-part article that explores the current status of the so-called U.S. “American Dream” (see the course glossary for a definition of this term); that is, the article is about, at the *sub-textual* level, class and class struggle in the U.S. today.

The New York Times

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January 4, 2012

Harder for Americans to Rise From Lower Rungs

By JASON DePARLE

WASHINGTON — Benjamin Franklin did it. Henry Ford did it. And American life is built on the faith that others can do it, too: rise from humble origins to economic heights. “Movin’ on up,” George Jefferson-style, is not only a sitcom song but a civil religion.

But many researchers have reached a conclusion that turns conventional wisdom on its head: Americans enjoy less economic mobility than their peers in Canada and much of Western Europe. The mobility gap has been widely discussed in academic circles, but a sour season of mass unemployment and street protests has moved the discussion toward center stage.

Former Senator Rick Santorum of Pennsylvania, a Republican candidate for president, warned this fall that movement “up into the middle income is actually greater, the mobility in Europe, than it is in America.” National Review, a conservative thought leader, wrote that “most Western European and English-speaking nations have higher rates of mobility.” Even Representative Paul D. Ryan, a Wisconsin Republican who argues that overall mobility remains high, recently wrote that “mobility from the very bottom up” is “where the United States lags behind.”

Liberal commentators have long emphasized class, but the attention on the right is largely new.

“It’s becoming conventional wisdom that the U.S. does not have as much mobility as most other advanced countries,” said Isabel V. Sawhill, an economist at the Brookings Institution. “I don’t think you’ll find too many people who will argue with that.”

One reason for the mobility gap may be the depth of American poverty, which leaves poor children starting especially far behind. Another may be the unusually large premiums that American employers pay for college degrees. Since children generally follow their parents’ educational trajectory, that premium increases the importance of family background and stymies people with less schooling.

At least five large studies in recent years have found the United States to be less mobile than comparable nations. A project led by Markus Jantti, an economist at a Swedish university, found that 42 percent of American men raised in the bottom fifth of incomes stay there as adults. That shows a level of persistent disadvantage much higher than in Denmark (25 percent) and Britain (30 percent) — a country famous for its class constraints.

Meanwhile, just 8 percent of American men at the bottom rose to the top fifth. That compares with 12 percent of the British and 14 percent of the Danes.

Despite frequent references to the United States as a classless society, about 62 percent of Americans (male and female) raised in the top fifth of incomes stay in the top two-fifths, according to research by the Economic Mobility Project of the Pew Charitable Trusts. Similarly, 65 percent born in the bottom fifth stay in the bottom two-fifths.

By emphasizing the influence of family background, the studies not only challenge American identity but speak to the debate about inequality. While liberals often complain that the United States has unusually large income gaps, many conservatives have argued that the system is fair because mobility is especially high, too: everyone can climb the ladder. Now the evidence suggests that America is not only less equal, but also less mobile.

John Bridgeland, a former aide to President George W. Bush who helped start Opportunity Nation, an effort to seek policy solutions, said he was “shocked” by the international comparisons. “Republicans will not feel compelled to talk about income inequality,” Mr. Bridgeland said. “But they will feel a need to talk about a lack of mobility — a lack of access to the American Dream.”

While Europe differs from the United States in culture and demographics, a more telling comparison may be with Canada, a neighbor with significant ethnic diversity. Miles Corak, an economist at the University of Ottawa, found that just 16 percent of Canadian men raised in the bottom tenth of incomes stayed there as adults, compared with 22 percent of Americans. Similarly, 26 percent of American men raised at the top tenth stayed there, but just 18 percent of Canadians.

“Family background plays more of a role in the U.S. than in most comparable countries,” Professor Corak said in an interview.

Skeptics caution that the studies measure “relative mobility” — how likely children are to move from their parents’ place in the income distribution. That is different from asking whether they have more money. Most Americans have higher incomes than their parents because the country has grown richer.

Some conservatives say this measure, called absolute mobility, is a better gauge of opportunity. A Pew study found that 81 percent of Americans have higher incomes than their parents (after accounting for family size). There is no comparable data on other countries.

Since they require two generations of data, the studies also omit immigrants, whose upward movement has long been considered an American strength. “If America is so poor in economic mobility, maybe someone should tell all these people who still want to come to the U.S.,” said Stuart M. Butler, an analyst at the Heritage Foundation.

The income compression in rival countries may also make them seem more mobile. Reihan Salam, a writer for The Daily and National Review Online, has calculated that a Danish family can move from the 10th percentile to the 90th percentile with \$45,000 of additional earnings, while an American family would need an additional \$93,000.

Even by measures of relative mobility, Middle America remains fluid. About 36 percent of Americans raised in the middle fifth move up as adults, while 23 percent stay on the same rung and 41 percent move down, according to Pew research. The “stickiness” appears at the top and bottom, as affluent families transmit their advantages and poor families stay trapped.

While Americans have boasted of casting off class since Poor Richard’s Almanac, until recently there has been little data.

Pioneering work in the early 1980s by Gary S. Becker, a Nobel laureate in economics, found only a mild relationship between fathers’ earnings and those of their sons. But when better data became available a decade later, another prominent economist, Gary Solon, found the bond twice as strong. Most researchers now estimate the “elasticity” of father-son earnings at 0.5, which means that for every 1 percent increase in a father’s income, his sons’ income can be expected to increase by about 0.5 percent.

In 2006 Professor Corak reviewed more than 50 studies of nine countries. He ranked Canada, Norway, Finland and Denmark as the most mobile, with the United States and Britain roughly tied at the other extreme. Sweden, Germany, and France were scattered across the middle.

The causes of America’s mobility problem are a topic of dispute — starting with the debates over poverty. The United States maintains a thinner safety net than other rich countries, leaving more children vulnerable to debilitating hardships.

Poor Americans are also more likely than foreign peers to grow up with single mothers. That places them at an elevated risk of experiencing poverty and related problems, a point frequently made by Mr. Santorum, who surged into contention in the Iowa caucuses. The United States also has uniquely high incarceration rates, and a longer history of racial stratification than its peers.

“The bottom fifth in the U.S. looks very different from the bottom fifth in other countries,” said Scott Winship, a researcher at the Brookings Institution, who wrote the article for National Review. “Poor Americans have to work their way up from a lower floor.”

A second distinguishing American trait is the pay tilt toward educated workers. While in theory that could help poor children rise — good learners can become high earners — more often it favors the children of the educated and affluent, who have access to better schools and arrive in them more prepared to learn.

“Upper-income families can invest more in their children’s education and they may have a better understanding of what it takes to get a good education,” said Eric Wanner, president of the Russell Sage Foundation, which gives grants to social scientists.

The United States is also less unionized than many of its peers, which may lower wages among the least skilled, and has public health problems, like obesity and diabetes, which can limit education and employment.

Perhaps another brake on American mobility is the sheer magnitude of the gaps between rich and the rest — the theme of the Occupy Wall Street protests, which emphasize the power of the privileged to protect their interests. Countries with less equality generally have less mobility.

Mr. Salam recently wrote that relative mobility “is overrated as a social policy goal” compared with raising incomes across the board. Parents naturally try to help their children, and a completely mobile society would mean complete insecurity: anyone could tumble any time.

But he finds the stagnation at the bottom alarming and warns that it will worsen. Most of the studies end with people born before 1970, while wage gaps, single motherhood and incarceration increased later. Until more recent data arrives, he said, “we don’t know the half of it.”

This article has been revised to reflect the following correction:

Correction: January 13, 2012

An article on Jan. 5 about the difficulty Americans face in rising through the economic ranks described incorrectly the concept of intergenerational income elasticity, used by economists to examine the persistence of income inequality across generations. When

economists estimate the elasticity of father-son income to be 0.5, it means that for every 1 percent increase in a father's income, his sons' income can be expected to increase by about 0.5 percent. It does not mean that if one man earns \$100,000 more than another, his sons would earn \$50,000 more on average than the sons of the poorer man.

Pew Finds States in Mideast & New England Have Better Economic Mobility than National Average; States in South Have Worse

May 9, 2012

Economic Mobility of the States, released today by Pew's Economic Mobility Project, is the first time research has identified where in the country Americans are more likely to move up or down the earnings ladder. Eight states, primarily in the Mideast and New England regions, have higher upward and lower downward mobility than the nation as a whole, while states in the South have consistently lower upward and higher downward mobility. To access an interactive tool displaying the data and for more information, please visit economicmobility.org.

"When it comes to achieving the American Dream, it matters where you live," said Erin Currier, project manager of Pew's Economic Mobility Project. "Understanding that mobility rates differ by state is the first step towards helping policy makers pinpoint what enhances their residents' mobility."

Economic Mobility of the States evaluates economic mobility in three ways, including absolute mobility – measuring residents' average earnings growth over time – as well as upward and downward relative mobility – measuring people's rank on the ladder relative to their peers. Those states that rank above the national average on at least two measures are considered "better" and those that are below on at least two are considered "worse."

Those states that have "better" mobility include:

- **Maryland, New Jersey, and New York** on all three measures investigated; **Connecticut, Massachusetts, Pennsylvania, Michigan, and Utah** on two of the three measures.

Those states that have "worse" mobility include:

- **Louisiana, Oklahoma, and South Carolina** on all three measures investigated; **Alabama, Florida, Kentucky, Mississippi, North Carolina, and Texas** on two of the three measures.

The results of the study also did not change based on whether Americans were grouped by their birth states or the states they were living in at the time of the survey. In other words, geographic mobility – whether people born in a particular state stayed there or moved elsewhere – does not drive overall state differences in economic mobility. It does matter, however, on an individual level; those who moved out of their birth states had better mobility outcomes on average than those who did not.

Background: This study investigates Americans' mobility prospects during their prime working years – the 10-year span between ages 35-39 and 45-49. The research focuses on individuals born between 1943 and 1958, with the most recent data coming from 2007. The data is drawn from the Survey of Income and Program Participation and the Social Security Administration. All of the research conducted with confidential Census Bureau data was performed by Dr. Bhashkar Mazumder, senior economist in the economic research department, with assistance from Jonathan M. V. Davis, senior associate economist, both of the Federal Reserve Bank of Chicago. Any opinions and conclusions expressed herein are those of The Pew Charitable Trusts and do not necessarily represent the views of the U.S. Census Bureau. All results have been reviewed to ensure that no confidential information is disclosed.

By forging a broad and nonpartisan agreement on the facts, figures and trends related to mobility, the Economic Mobility Project is generating an active policy debate about how best to improve economic opportunity in the United States and to ensure that the American Dream is kept alive for generations that follow. For more information, visit www.economicmobility.org.

The New York Times

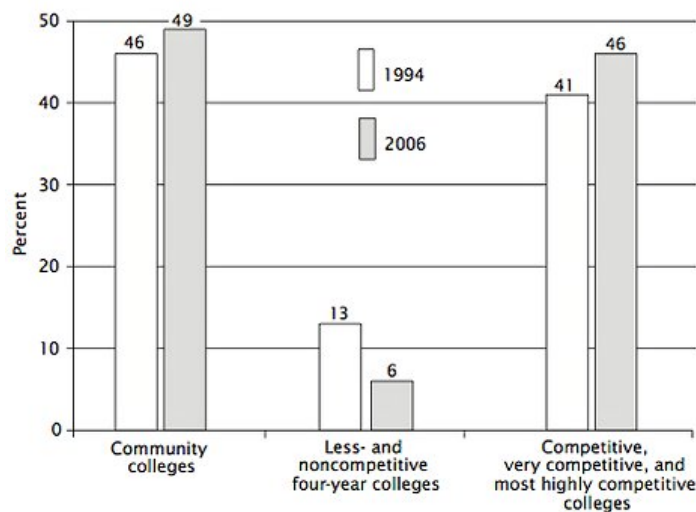
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March 12, 2012, 12:31 am

The Reproduction of Privilege

By [THOMAS B. EDSALL](#)

Instead of serving as a springboard to social mobility as it did for the first decades after World War II, college education today is reinforcing class stratification, with a huge majority of the 24 percent of Americans aged 25 to 29 currently holding a bachelor's degree coming from families with earnings above the median income.



Seventy-four percent of those now attending colleges that are [classified as "most competitive,"](#) a group that includes schools like Harvard, Emory, Stanford and Notre Dame, come from families with earnings in the top income quartile, [while only three percent come](#) from families in the bottom quartile.

Anthony Carnevale, director of the Georgetown University Center on Education and the Workforce and co-author of ["How Increasing College Access Is Increasing Inequality, and What to Do about It,"](#) puts it succinctly: "The education system is an increasingly powerful mechanism for the intergenerational reproduction of privilege."

These anti-democratic trends are driven in part by a supposedly meritocratic selection process with high school students from the upper strata of the middle class [performing better on SAT and ACT tests](#) than those from poor and working class families.

Contrary to those who say that this is the meritocracy at work, differences in scores on standardized tests do not fully explain class disparity in educational outcomes. When high-scoring students from low-income families are compared to similarly high-scoring students from upper-income families, 80 percent of the those in the top quarter of the income distribution go on to get college degrees, compared to just 44 percent of those in the bottom quarter.

Post-secondary education is not, in fact, functioning to dissolve long-standing class hierarchies. There are various ways of examining these trends, which I've outlined below. However you look at it, the cultural and political implications of the deepening of the income achievement gap are profound.

Beginning in the early 1980s, according to the Census, the college "premium" – [the difference in annual earnings](#) of a high school graduate and a college graduate – rose from 50 percent to approximately 80 percent. In 2007, workers with a high school degree made an average of \$31,286 compared to \$57,181, 82.8 percent more, for those with a bachelor's degree. A college degree does not guarantee affluence, but it puts the recipient in a far better position to achieve or maintain upper-middle-class status than those without degrees.

Higher education itself has polarized: Competitive four-year colleges, [as defined by Barron's](#), have seen enrollments rise from 41 percent of all post-secondary students to 46 percent from 1994 to 2006; 2-year community colleges at the bottom have seen their share of enrollment grow from 46 to 49 percent. In the middle ground, the percent enrolled at the less competitive four-year colleges has been cut in half, from 13 to 6 percent, according to the Carnevale study mentioned above.

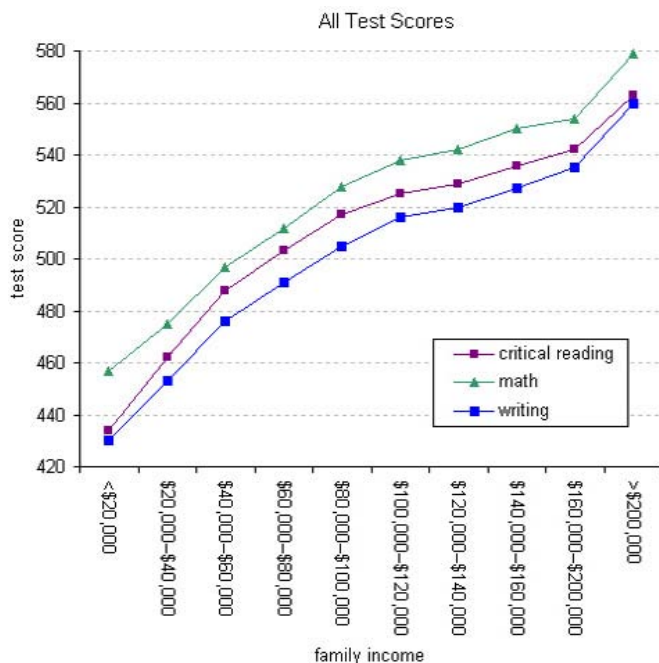
Source: National Education Longitudinal Study: Base Year through Fourth Follow-Up, 1988–2000 (Washington, D.C.: U.S. Dept. of Education, National Center for Education Statistics, 2000); The Education Longitudinal Study of 2002: Base Year through Second Follow-Up, 2002–2006 (Washington, D.C.: U.S. Department of Education, National Center for Education Statistics, 2006). Postsecondary Enrollments, by Type, 1994 and 2006

Student bodies in competitive colleges and in community colleges reflect [two very different economic worlds](#). At the 1,044 competitive colleges, 76 percent of the freshman came from families in the upper half of the income distribution. In the nation's 1,000-plus community colleges, almost 80 percent of the students came from low-income families.

“The education system is an increasingly powerful mechanism for the intergenerational reproduction of privilege.”

— [Anthony Carnevale](#)

Low income students are heavily dependent on scholarship aid to go to college, and especially dependent on grants as opposed to loans. Need-based scholarships are one way to increase low-income enrollment, but over the past three decades, the value of Pell Grants – the basic form of federal scholarship aid to poor students – has steadily declined as tuition costs have grown at a much faster rate than inflation. In 1979-80, the maximum Pell Grant covered 99 percent of the cost of a community college, 77 percent at a public four-year college and 36 percent at a private four-year college. By 2010-11, these percentages had dropped to 62, 36 and 15 percent respectively, [according to Education Week](#).



At the same time, colleges, both public and private, have shifted their own spending priorities, modestly increasing the investment in students from families in the lowest income quintile, while sharply boosting their investment in education of students from the top income quintile. The Education Trust has produced the charts [showing the shift](#) over a 12-year period, from 1995 to 2007.

SAT scores, in turn, correlate directly to students' family income. The following charts show [this linkage](#):

Source: College Board

There is a substantial body of evidence that the system is failing to reward students with high test scores who come from low-income families. In a 2005 report, [the College Board found](#) that among those scoring highest in math tests in 1992, just under three-quarters of students from families in the highest quartile went on to get bachelor's degrees by the year 2000. Among those from families in the bottom quartile, less than half that number, 29 percent, went on to get degrees.

As the value of a college degree has nearly doubled, in terms of future earnings, the percentage of low income college students actually graduating by age 24 has grown by only 2.1 points, from 6.2 percent in 1970 to 8.3 percent in 2009. Among students from families in the highest income quartile, the graduation rate by age 24 has surged by 42.2 percentage points, doubling from 40.2 percent to 82.4 percent [over the last four decades](#).

Source: Postsecondary Education Opportunity

“The income-achievement gap is now more than twice as large as the black-white achievement gap. Fifty years ago, in contrast, the black-white gap was twice as large as the income gap,” according to Sean Reardon, a professor of education and sociology at

Stanford, writing in [“The Widening Academic Achievement Gap between the Rich and the Poor: New Evidence and Possible Explanations:”](#)

At the same time that family income has become more predictive of children’s academic achievement, so have educational attainment and cognitive skills become more predictive of adults’ earnings. The combination of these trends creates a feedback mechanism that may decrease intergenerational mobility. As the children of the rich do better in school, and those who do better in school are more likely to become rich, we risk producing an even more unequal and economically polarized society.

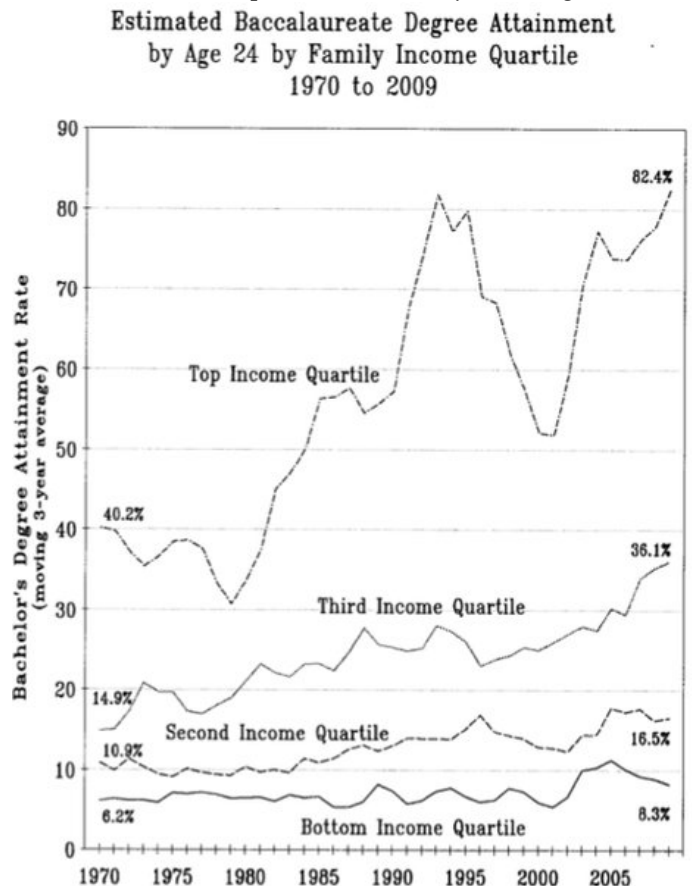
The “income achievement gap” – differences in standard test scores and grade point averages – between children from families in the top 10 percent of the income distribution and those from families in the bottom ten percent has been growing. Reardon has found that the [income achievement gap](#) between children from the highest and lowest income deciles is roughly 30 to 40 percent larger among children born in 2001 than among those born in 1976.

“The children of the rich increasingly do better in school, relative to the children of the poor — that is, they score higher on standardized tests and they graduate from college at much higher rates. This has always been true, but is much more true now than 40 years ago,” Reardon told The Times in an email. “This means that social mobility has gotten rarer – the ‘American Dream’ is increasingly difficult to attain.”

Not only does a college degree significantly boost income, it also helps protect against downward mobility. The Pew Charitable Trusts [found in a 2011 study](#) that those with just a high school degree or less are 13 percent more likely to experience significant downward mobility – seeing their income fall substantially below what their parents made – than those with college degrees.

The class-reinforcing trends of higher education pose an acute dilemma for the American political system. “The built-in tension between postsecondary selectivity and upward mobility is particularly acute in the United States. Americans rely on education as an economic arbiter more than do other modern nations,” Carnevale wrote in “How Increasing College Access Is Increasing Inequality, and What to Do About It.” “Americans always have preferred education over the welfare state as a means for balancing the equality implicit in citizenship and the inequality implicit in markets.”

Politically, the lack of access to a four-year college education is a crucial problem for one of the key battleground constituencies of 2012: whites without college degrees. Several issues that can be mined by enterprising politicians cluster around this debilitating lack of access — in fact they help cause it — including the [enormous debt loads carried by students](#) and recent graduates, as well as the emergence of for-profit colleges saddling low-income students with loans for programs they cannot complete. The data show that a disproportionately large percentage of young adults from working-class families who, according to their test scores and grade point averages, are equipped to earn a B.A., are either not going to college, or failing to finish — relegating them to a life of stagnant or declining wages. There is a reservoir of resentment over this fate waiting to be tapped by either party.



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