

THE AMERICAN DREAM: IN THE AGE OF
DIMINISHED EXPECTATIONS

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ABSTRACT

In 1931 James Truslow Adams coined the phrase “the American Dream” in his historical account of the United States in *The Epic of America*. Over generations, this premise has shaped the belief that all members of society, regardless of social class, should have an equal opportunity at achieving economic success and upward social mobility. The American Dream in and of itself symbolizes the idea of personal freedom, but this freedom only exists to the extent that we have actual opportunity. According to Jennifer Hochschild and Nathan Scovronick, in their book *The American Dream and the Public Schools*, our nation’s education system has become a barrier to the American Dream, where underfunded schools systems prevent students from obtaining the opportunities afforded to students in more affluent schools.

Furthermore, this thesis assesses how our dependence on education, consumerism and economic stagnation, has created a sense of diminished economic expectations for middle and working class families. In order to fix these issues that plague our nation this thesis will propose solutions toward the root causes of our economic downturn, through formal education reform and labor reform. This is followed by a look at the importance of the American Dream and why opportunity is so essential to the survival of our country.

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CHAPTER ONE

AMERICAN DREAM—A SHORT HISTORY

“The American Dream” a phrase immediately recognizable in the minds of all American men and women, natural-born and foreign-born alike, is a myth that has endured since the beginnings of our country’s foundation. This idea has continued as a collective memory of American values that has evolved over countless decades of cultural and historical diversity. This ethos rooted in liberalism pushes every American, regardless of race, creed or color, to aspire to a more enjoyable life filled with the fruits of their hard work. The lofty promises of the American Dream have led most to believe that this can be achieved through owning a nice home, getting a good education, or moving up in social status. In recollecting of the numerous stories of everyday men and women who have moved from “rags to riches” and vice versa, one is forced to recognize that the American Dream is open-ended and can either represent an alluring reality or a demoralizing pipe dream. Regardless of its interpretation, “The American Dream” conceptualizes an idea that has been present in various forms long before the phrase was coined in 1931 by James Truslow Adams, in his book, *The Epic of America*.

Commitment to this dream has pushed the common man to unimaginable feats in industry, science, social activism, and political reform. Regardless of one’s social class, the American Dream was never intended to be a zero sum solution; the end goal has always been to end up with more than what one started with, provided that there is

opportunity to pursue individual passions.¹ Its presence has spanned centuries, from the Founding Fathers' belief that all men are "endowed by their Creator with certain inalienable Rights" including "Life, Liberty and the pursuit of Happiness" to the invocation of a dream by Martin Luther King, that every citizen of this land is guaranteed equality, freedom and the right to be heard as granted by the Constitution. The following chapter attempts to provide historical foundations of the idea of the American Dream, its creation and evolution, as it has progressed into the twentieth century. James Truslow Adam's, *The Epic of America*, and Jim Cullen's, *The American Dream: A Short History of an Idea that Shaped a Nation*, will be used in conjunction with secondary texts to construct a cohesive narrative of how the idea of the American Dream, intertwined with key events in the course of our history, has collectively shaped our nation.

Genesis of the American Dream

In the midst of the fifteenth century, the Old World was filled with energetic and restless peoples who had often fought amongst themselves for political and economic advantages.² This heightened need for self-advancement gave rise to an era of vast sea explorations in search of new openings for trade and to navigate new ways to reach the profitable Orient, from which the Ottoman Turks had blocked all overland routes.³ This fierce competition which also included maritime explorations by the Spaniards, led to the

¹ Jim Cullen, *The American Dream: A Short History of an Idea that Shaped a Nation* (Oxford, England: Oxford University Press, 2003), 159.

² James Adams, *The Epic of America* (Boston: Little, Brown, and Co., 1931), 17.

³ *Ibid.*, 17.

discovery of lands unseen by all of the Old World. With sheer luck, Spain, in whose employ Christopher Columbus sailed, obtained marvelous wealth—gold and silver—and hence an important source of power, which utterly strained the balance among European nations.⁴ Disgruntled and envious, England did not sit quietly and thus rushed to claim a piece of the New World.

England's stakes in North America, the central focus of this segment, illuminates man's ambition to seek self-betterment in various forms throughout history. To the common man the New World was seen as a land free of the authoritarianism that dominated the Old World, and symbolized an unconstrained chance at a presumably improved new life. "America came to symbolize man's last and best chance for renewal and rebirth, thus the American was christened, the new man."⁵ The immeasurable potential of the New World was unquestionably powerful, often dominant in the minds of those who took part in the great migration, but mixed with this was also the need for a better and freer life, a life in which a man could think as he wished and develop as he willed.⁶ This sheer hope envisioned in the New World was an inkling embedded in the minds of man; this hope will remain a prominent characteristic of the dream that was to come.

⁴ Ibid., 18.

⁵ The term "new man" is a phrase taken from J. Hector St. John De Crevecoeur, Letter III in which he states, "What then is the American, this new man?...He is an American, who, leaving behind him all his ancient prejudices and manners, receives new ones from the new mode of life he has embraced, the new government he obeys, and the new rank he holds. He has become an American by being received in the broad lap of our great Alma Mater. Here individuals of all races are melted into a new race of man, whose labors and posterity will one day cause great changes in the world. Americans are the western pilgrims."

⁶ Adams, *The Epic of America*, 21.

The failures of early attempts at colonization were commonplace in the first half of the seventeenth century. Of all expedition attempts to reach America, the first permanent colony of Jamestown Virginia, founded in 1607, managed to survive the struggles of hardship and sickness to plant England's stake in the race for new resources. "[Correspondingly,] far to the north a little band of English "Pilgrims," who for their religion's sake had been living self-exiled in Holland for some years, arrived by the Mayflower, settled themselves on the inhospitable shore of Plymouth, and with rugged devotion successfully grafted another bud of the English nation on the continent."⁷ Present in both beginnings, one can see that the idea of a land filled with political freedoms and unrestrained by hierarchical and aristocratic society attracted many immigrants who believed that the ceiling for individual aspirations was deemed limitless for those willing to work with optimism. This vision of rugged individualism and belief in hard work was heavily demanded throughout the colonies and became a fixed piece of the common mindset which drove the New World of the seventeenth century. As Jim Cullen indicates, "the scarcity of men who would work for wages tended to raise the relative position of the worker and with free land easily obtainable, a man could simply apply for his own bit of land, clear it of trees, build a house with the help of his neighbors, and become the lord of his own life."⁸ With this opportunity the seeds of social mobility were placed in the hands of all men who set foot in the New World; the right of an individual man to etch his own path gave birth to a dream unperceived in the Old World, one that would endure the test of time.

⁷ Ibid., 19.

⁸ Ibid., 27.

Puritan Beginnings

Not to discredit the importance of Jamestown in the uprising of American identity, the focus of this segment will explore the early development of Puritan identity and their progression of values and beliefs towards the life of common man due to the presence of several themes that have shaped and live infinitely in American Dream of the twenty-first century. Cullen writes, “the New World was filled with a specific division of Puritans who descended from the Calvinist branch of Protestantism, which meant that they were predestinations: they believed individuals’ fates were sealed from the moment they were born, and there was absolutely nothing they could do to affect their ultimate salvation or damnation.”⁹ The Puritans who took root in the New World were open to the vision that humanity could be reformed in a way that would display God’s work in man; this faith in reform became the central legacy of American Protestantism in the New World and the foundation of the American Dream.¹⁰ Most notably, some of the most important reforms in American life derived from conceptions of community and morality central to the Puritan worldview.¹¹

Massachusetts Bay Colony founder John Winthrop explained in 1645 that the Puritans yearned for the dream of “true freedom which is maintained and exercised in a way of subjection to authority, a willing surrender to the will of the Lord, and a choice to

⁹ Cullen, *The American Dream: A Short History of an Idea that Shaped a Nation*, 18.

¹⁰ *Ibid.*, 15.

¹¹ *Ibid.*, 34.

defer to Godly clerical and civil authorities that ruled in His name.”¹² This is further buttressed by the confession of Winthrop that addresses the notion that God delineates the social positions of man. During a sermon aboard one of the passing ships to the New World, he stated, “God Almighty is his holy and wise providence hath so disposed the condition of mankind, as in all times some must be rich, some poor, some high and eminent in power and duty, others mean and in subjection and that God ordered these differences for the preservation and good of the whole.”¹³ This vivid use of realism in the sermon delivered by Winthrop can be viewed as an early example of social stratification that prevailed throughout the colony and presumed that the common man’s opportunity at social mobility may not produce the same result or wealth as his more fortunate fellow colonialists.

Cullen firmly believes that the Puritans of New England personified the bulk of changes that would form the New World in both the nineteenth and twentieth century respectively. Democracy in Puritan life embraced certain social, economic and cultural conditions that supported the free and equal exercise of political self-determination and crude bipartisanship, which allowed the voice of common man to be heard when issues arose which affected his life. “The most important manifestation of this embryonic democratic impulse was the Mayflower Compact, a document binding the Pilgrims to

¹² Ibid., 21.

¹³ Ibid., 23. Excerpt taken from “A Model of Christian Charity” written on board the *Arbella*, 1630. The precise content is not certain (it was not published in his lifetime), the sermon captures both the world the Puritans sought and the world they inhabited.

frame and obey just and equal laws that they signed even before they landed.”¹⁴ Thus as the idea of democracy was beginning to be cultivated, members of the colony openhandedly took advantage of free enterprise and the endless resources of the New World. In time the Puritans began to spread across Massachusetts as their economic success increased, consequently it became more tempting to venture off in search of individual lots to produce goods and establish a home.¹⁵ “The lust for land, fear of contagious disease, and presumably a desire to be free from the burden of community, prompted their dispersal upon the frontiers.”¹⁶

Division in Puritan identity was the result of a societal atmosphere that encouraged open-mindedness, for better or for worse. “Despite an usual degree of social homogeneity, Puritans were unable to create a harmonious community in their new home, succumbing to all too human foibles as well as highly specific, even technical, intellectual disagreements.”¹⁷ Throughout the seventeenth century, this structured ideology was challenged by numerous dissenting factions, evidenced particularly in the Antinomian crisis of the mid 1630’s as Cullen writes:

Taken to its logical conclusions, however, Antinomianism had deeply subversive implications for Massachusetts. It would only be a matter of time before an individual’s beliefs would lead to the rejection of all outside authority, since just about any law, sacred or secular, could be perceived as trampling on a personal conscience. Any form of collective

¹⁴ Ibid., 22.

¹⁵ Ibid., 25.

¹⁶ Ibid., 25.

¹⁷ Ibid., 28.

governance would be impossible. What to some might seem like an American Dream of religious freedom was to others a nightmarish prescription for anarchy.¹⁸

As decades passed mainstream Puritan identity persevered and flourished in the New World as they presided over a stronger local and international economy due to the steady arrival of disaffected English settlers throughout the 1630s.¹⁹ “Between the end of the Pequot War in 1638 and the beginning of King Philip’s War in 1665, there were almost four decades of relatively peaceful coexistence between the Puritans and Indians, where many of those who survived the initial adversity built houses, founded churches, started schools, and lived to see their children have children.”²⁰

Predominantly in the timeframe approaching the mid-1700s, Puritans were faced with a sense of unrealized dreams and sought to rededicate themselves to the original ideas of their founders.²¹ As Cullen writes, “As late as the 1740s, amid the swirling eddies of religious revivals known as the First Great Awakening, ministers sought to shape, channel, and temper newer, more works-based tendencies of American Protestantism by calling on the faithful to embrace a tough-minded, but psychologically satisfying, pursuit of spiritual rigor.”²² In time as Puritanism declined in influence, it was this personality of Puritan ideology that has survived even when most of its founding

¹⁸ Ibid., 27.

¹⁹ Ibid., 28.

²⁰ Ibid., 29.

²¹ Ibid., 30.

²² Ibid., 30.

ideas faded throughout the centuries. An emphasis on maintaining health, achieving wealth and seeking wisdom had grown beyond an instrument of salvation into commonplace goals of the American identity.²³ “This emphasis for self-improvement, cut loose from its original Calvinist moorings, remains a recognizable trait in the American character and is considered an indispensable means for the achievement of any American Dream.”²⁴

The Dream of Independence

The desire for America’s independence from Great Britain was a dream conceived as a result of the economic difficulties produced by heavy taxation upon the colonies following the Seven Years’ War of 1755-63. “In 1764, Parliament placed a series of taxes on commodities and began enforcing old taxes, like a 1733 duty on molasses that had been honored more in the breach than the observance.”²⁵ Adding to this, the Stamp Act in 1765 and Townshend Acts of 1767 affected every colony alike, though not to an equal extent financially.²⁶ Parliament’s decision to pass on to the Colonies responsibility to pay for mountainous debts of war was viewed as an infringement on personal liberty. Each of these acts was seen as imposing a form of slavery upon the colonists, and questions arose as to whether there should be taxation without American representation in Parliament.

²³ Ibid., 30.

²⁴ Ibid., 31.

²⁵ Ibid., 42.

²⁶ Adams, *The Epic of America*, 59, 60.

However, initially such ideas were merely debated throughout the Colonies, which still lacked a sense of unity to act. Patrick Henry adamantly proclaimed that the mother country was bent on bringing her colonies to a condition of “slavery, poverty and misery,” and on causing their utter ruin, and dinned into the ears of the people the words “slavery and tyranny” until they assumed a reality from mere reiteration.²⁷ His strong words coupled with the publication of Thomas Paine’s *Common Sense* in January 1776, are credited with leading thought to “seriously consider anything like a rejection of history as a guide and simply agree to [dispel British autocracy in order] to prevent the Colonies freedom from being lost.”²⁸ Specifically, the plain language that Paine used in his renowned pamphlet captured the attention of the common man and convinced him that the pursuit of liberalism in an individual’s life could not remain free under current British rule. Thomas Paine begins by deducing the importance of democracy:

Absolute governments (though the disgrace of human nature) have this advantage with them, that they are simple; if the people suffer, they know the head from which their suffering springs, know likewise the remedy, and are not bewildered by a variety of causes and cures. But the constitution of England is so exceedingly complex, that the nation may suffer for years together without being able to discover in which part the fault lies, some will say in one and some in another, and every political physician will advise a different medicine. I know it is difficult to get over local or long standing prejudices, yet if we will suffer ourselves to examine the component parts of the English constitution, we shall find them to be the base remains of two ancient tyrannies, compounded with some new republican materials. First. — The remains of monarchical tyranny in the person of the king. Secondly. — The remains of aristocratical tyranny in the persons of the peers. Thirdly. — The new republican materials, in the persons of the commons, on whose virtue depends the freedom of England. The two first, by being hereditary, are independent of the people; wherefore in a constitutional sense they

²⁷ Ibid., 63.

²⁸ Cullen, *The American Dream: A Short History of an Idea that Shaped a Nation*, 44.

contribute nothing towards the freedom of the state. To say that the constitution of England is a union of three powers reciprocally checking each other, is farcical, either the words have no meaning, or they are flat contradictions. To say that the commons is a check upon the king, presupposes two things. First. — That the king is not to be trusted without being looked after, or in other words, that a thirst for absolute power is the natural disease of monarchy. Secondly. — That the commons, by being appointed for that purpose, are either wiser or more worthy of confidence than the crown. But as the same constitution which gives the commons a power to check the king by withholding the supplies, gives afterwards the king a power to check the commons, by empowering him to reject their other bills; it again supposes that the king is wiser than those whom it has already supposed to be wiser than him. A mere absurdity!²⁹

The influence of public opinion through propaganda and the cunningness of activists Thomas Paine, Patrick Henry, Thomas Jefferson and John Adams, crystallized the political philosophy, and incited the masses to claim their freedom. This freedom that the Founding Fathers sought subsequently was their own sense of social liberalism. As rebellion became a reality “the establishment of government by free consent of all had become imbedded in the mind of the average man, as an essential part of the American Dream.”³⁰ The colonies soon began to appear united in their common dream of independence. In the summer of 1776, the Second Continental Congress stood before Richard Henry Lee of Virginia as he presented a passionate resolution that mirrored a resounding sentiment felt around the colonies: “Resolved, That these United Colonies are, and of right ought to be free and independent States, that they are absolved from all allegiance to the British Crown, and that all political connection between them and the

²⁹ Thomas Paine and Phillip Parker, *Common Sense: Of The Origin and Design Of Government in General, With Concise Remarks On The English Constitution* (San Diego: Icon Group International, 2005), 8, 9.

³⁰ Adams, *The Epic of America*, 63.

State of Great Britain is, and out to be, totally dissolved.”³¹ It was this very resolution that was adopted by Congress and drafted into a declaration of grievances and an argument for independence from British rule.

Throughout the Declaration of Independence Thomas Jefferson outlines the promise of American potential for freedom in a deistic sense: “We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain inalienable Rights, that among these are Life, Liberty, and the pursuit of Happiness.” Herein lay the genesis of the American Dream, which seems to guarantee that man is granted by God the right to think freely and follow his own pursuits without obstruction. However as a realist, Thomas Jefferson recognized that what was guaranteed was not happiness itself but its pursuit. The living dream that is the Declaration couples life and liberty with happiness against the notion of materialism seemingly because pursuing physical possessions are momentary and do not support the true definition of freedom and opportunity to better one’s character. In recollection of Massachusetts Bay Colony founder John Winthrop’s sermon delineating the social positions of man, it can be assumed that man over time has come to grips with the sense that even though there is no guarantee that the happiness pursued individually will be achieved, individual opportunity must be protected as a matter of principle.

Following the American Revolutionary War, “Britain acknowledged the United States to be a free, sovereign and independent nation, and that the British Crown and all

³¹ National Archives Education Staff, “Lee Resolution (1776)”, National Archives, <http://www.ourdocuments.gov/doc.php?doc=1> (accessed March 11, 2013).

heirs and successors relinquish claims to the Government, property, and territorial rights of the same, and every part thereof.”³² With this earned freedom, America stood as a country joyous in their liberation. Nonetheless, it was an internally divided nation that had yet to learn how to walk on its own accord. As Truslow writes, “[t]here was no government organization or policy, no officeholders, no outlined duties, no department, no precedents, no money on hand; fact being, there was merely a piece of paper called the Constitution, a divided people, huge debts, a worthless currency, and George Washington to give stability to it all, if possible.”³³ George Washington purposefully sought the assistance of Thomas Jefferson as Secretary of States, and Alexander Hamilton as Secretary of Treasury. Truslow believes that it was in fact Jefferson who was essential to perpetuating the notion of the American Dream as a pursuit of the common man. He writes, “For Jefferson was an idealist, he had complete faith in the ordinary citizen and believed in government performing the minimum of functions, decentralization and reliance upon the farmers of America.”³⁴

Hamilton on the other hand, was a realist in politics. He believed in a strongly centralized government, deriving its main support from a moneyed class.³⁵ Hamilton recognized that America needed a solidified structure and good credit, which was vital to its survival and future success. Thus he paid off the federal debts and foreign debts and greatly depreciated domestic debts at par. In addition, to assume state debts, he strongly

³² Cullen, *The American Dream: A Short History of an Idea that Shaped a Nation*, 54.

³³ Adams, *The Epic of America*, 85.

³⁴ *Ibid.*, 85.

³⁵ *Ibid.*

advocated for the creation of a national bank and protective tariffs to help the north and south develop industries and financial institutions.³⁶ Truslow notes that Hamilton's influence in creating special privileges for certain classes, in building up a moneyed class whose interests would be distinct from those in the agricultural and laboring ones, assuredly did not derive from the intentions of Declaration of Independence.³⁷ Nonetheless, Hamilton's policies and vision was essential to the growth of America as the powerful industrial nation that it is today.

Furthermore, Jefferson believed the common American could prosper if left free to acquire and own property, have access to free markets, and purchase the goods he desired. In his view, a great self-governing democracy could not survive the rise of the urban wage-earning proletariat.³⁸ He realized that economic democracy was being strangled by the power of manufacturing giants who were accumulating wealth through the exploitation of the poor. This shared vision of Jefferson and the debtors of all classes, especially the men of the frontier, who wanted as little interference from government—believed that the American Dream was antagonized by Alexander Hamilton who, in their opinion, was threatening to develop repressive policies that heavily favored his privileged moneyed man and speculators in securities.³⁹ His fight for cherishing the opportunity of the common man, and his disagreement with Hamilton, indicates his belief and fear that importance of materialism in Hamilton's moneyed class lacked morality, which could

³⁶ Ibid., 86.

³⁷ Ibid., 87.

³⁸ Ibid., 137.

³⁹ Ibid., 87.

destroy the hope of the American dream for the average hard working citizen, who was the backbone of American identity.

The Dream of the Frontier

The American frontier provided an essential new piece of the American Dream. These unfitted lands allowed for the creation of a new democracy which became a way of life for the poor of the east, with widespread freedoms and independence for those who migrated west.⁴⁰ In turn, successive generations moved further inland in search of more democracy and freedom from the constraints of industrial life in the East. The molding of the vast and unique American identity was beginning to occur as the civilizations of the north and south began to explore a new region filled with the hope for better lands and unimagined wealth. “In 1788 nearly a thousand boats, containing over 18,000 men, women, and children, carried settlers down the Ohio and other settlers were also pouring through passes over the mountains in the South, and by 1790 there were at least 170,000 inhabitants in the Western country.”⁴¹ The migration to the frontier followed in waves as more and more realized the dream of new opportunity past the Mississippi Valley, Truslow writes:

Under the new Land Law of 1800, settlers could buy smaller pieces of land, at fifty cents down payment, and the remaining balance of a dollar and a half an acre spread out over four years. Although the hunters and Indian traders had always dashed ahead of the actual settlement in the wilderness, the earlier frontiers had been made up of permanent home

⁴⁰ Ray Billington, *American's Frontier Heritage* (New York: Holt, Rinehart and Winston, 1966), 117, 158.

⁴¹ Adams, *The Epic of America*, 87, 88.

builders. Gradually, however, the more characteristic triple advance of civilization began. First went the adventurers, a motley crew of hunters, traders, ne'er-do-wells, restless and discontented spirits, men, also, fired with the spirit of adventure in the untried and unknown. As others of a somewhat more substantial sort followed, the first would feel cramped, sell out their scantily cleared fields, and move on. Behind the second line of advance was a third, whose members came in great numbers, brought social organization of schools and newspapers, and churches, built towns and pushed ahead of them the second line of those who had got used to semi-wilderness conditions, as those in turn, had pushed ahead of *them* the first lines who felt cramped with neighbors a dozen miles away.⁴²

The West came to represent not only a new narrative of conquest, but also one of survival, persistence, and the merging of peoples and cultures that gave birth to and nurtured life in America.⁴³ However, American nationalism needed support and unity through an interconnection of markets without which the West was crippled. “The great debtors of the southern plantations and small debtors of the western clearings were equally distrustful of the rising financial powers of the North for they had seen Northern speculators rake in almost all the profit derived by Hamiltonian policies of redemption and assumption.”⁴⁴ To combat the growing sectionalism in the country, Henry Clay, developed the “American System” which proposed a protective tariff that would greatly increase American manufacturers, and provide money for roads, canals, and other improvements.⁴⁵

⁴² Ibid., 94, 96.

⁴³ Robert Hine and John Faragher, *The American West: A New Interpretive History* (New Haven: Yale University Press, 2000), 10.

⁴⁴ Adams, *The Epic of America*, 104.

⁴⁵ Ibid., 130.

With the rise of the Erie Canal in July of 1817 and the Cumberland Road by 1820, East-manufactured goods poured westward; western farm products poured eastward and even western lumber could now be shipped profitably.⁴⁶ Both ends, especially importers saw an increase in profits and the opportunity to reach new heights among the social ladder. The creation of roads, canals, internal improvements of all sorts, was essential to the development of all divisions of the United States. This new economy based on the transportation of goods and expansion of regional markets amassed fortunes for men who initially began with relatively low economic status. The significance of the term “rags to riches” became evident when men such as Girard of Philadelphia and Astor of New York in the first decade of the century became America’s first millionaires with influence and power greater than the federal government.⁴⁷

Economic Change in the North and South

In the early period of the nineteenth century America was indeed the land of dreams for the immigrants, where the poor of Europe were granted more freedom and independence than had been experienced in their past lives. All who came to the shores of America, had come to find security and self-expression which was a far cry from the depression and bottomless poverty of the Old World from which they came. As Truslow outlines their plight he states:

From the first census in 1790 to 1825, the inward flow of foreigners averaged only about 8,000 a year at all ports, and these were easily

⁴⁶ Ibid., 124, 126.

⁴⁷ Ibid., 101.

absorbed. From 1825, however, the numbers increased annually almost without a break, from 10,000 in that year to nearly 300,000 in 1849, most of them coming into Northern ports. From about 1830 the employer of labor found himself in possession of about 50,000 possible new hands a year. After another decade this had risen to over 100,000, and when the famine in Ireland had done its worst, immigration jumped to between 250,000 and 300,000 annually. At the end of the period, the abortive revolutionary movements on the continent sent a good many educated Germans to us, but for the most part immigrants were extremely poor and ignorant. They had fled from unbearable poverty at home, and had expended everything they had merely to get here. To them America was a land of promise, the one hope left in the world.⁴⁸

Of these numbers, immigrants filled the least desirable manual jobs of canal digging and railroad construction. This particular work ethic on behalf of the immigrants was seen as uncanny; native born Americans looked down upon them and the modest jobs they took. “The despised foreigner in the North fed the same superiority-complex tendency in the development of our psychology as did the negro slave in the South, yet there was one difference, the negro slave was property and had to be taken care of, compared to the immigrant was exploited in the workplace as the population grew.”⁴⁹ However, the immigrants maintained great perseverance and were unfazed by the low standards of living that they were accustomed to. The Germans mostly went west and prospered; meanwhile the Irish poor rose in the economic scale and became foreman, police, politicians, and in a few years many of each succeeding wave of immigrants climbed to a level of influence and economic standards undreamed of in the old country.⁵⁰

⁴⁸ Ibid., 139.

⁴⁹ Ibid., 140, 141.

⁵⁰ Ibid., 143.

During the seventeenth century there were no structural class distinctions and upward mobility seemed open to everyone, with or without education, with the exception of the American Negro. After the Presidential election of Andrew Jackson, whose parents were immigrants, every boy was being told he might grow up to become the President of the United States, if he worked hard enough.⁵¹ The *New York Sun* in 1838, reported that the ethos of the American Dream had spread to all young, it read:

‘Try,’ is the first word, the meaning of which is thoroughly mastered. Boys are men before they are loosed from their leading strings. They are educated in the belief that every man must be the architect of his own fortune... Dreams of ambition or of wealth, never the arm which drives the hoop-the foot which gives the ball its impetus. Toys are stock in trade. Barter is fallen into by instinct, as a young duck takes to water. There is scarcely a lad of any spirit who does nor, from the time he can connect the most simple ideas, picture to himself some rapid road to wealth-indefinite and obscure, it is true. But he reads the history of Girard, and of others who have amassed wealth. He sees the termini of the race-poverty at one end-affluence at the other, and jumps the intermediate yeas. He fancies that the course of amassing will be as easy as imagination. He dreams of dashing into a fortune by some lucky speculation. Contentment with competence he learns to regard as a slothful vice. To become rich, and of course, respected, influential, great, powerful, is his darling object.⁵²

The foundation of the dream of upward mobility was a belief that one could realize the fruits of their aspirations through applied intelligence and effort.⁵³ America became a society without social barriers, as all cultural groups invested in the virtue of hard work and search of fortune. As a resurgent nation, American gave rise to better standards of living and incomes, and brought around various types of social movements which

⁵¹ Ibid., 143.

⁵² Ibid., 145.

⁵³ Cullen, *The American Dream: A Short History of an Idea that Shaped a Nation*, 159.

included women's rights and free education for the very young.⁵⁴ The American system of education is indeed one of the engines of the practical workings of the American Dream; its tangible value was viewed as the most important tool to improve one's self. From the 1830s on, the present system of free education in the lower grades was established and the number of colleges multiplied.⁵⁵ The rapid accumulation of new wealth had raised some men from humble beginnings to a wealthier social status in both the North and the South. Nevertheless, as men of prominence continued to exploit the labor class through wages and slavery, a sense of distrust developed between the Northern businessman and the Southern planter who each represented two entirely different forms of economic organization.

Cullen reports on the grievances of Southern planters as follows: "To have these Yankees, who drove their wage slaves twelve and fourteen hours a day in badly ventilated mills for a few cents' pay, and who never assumed the slightest responsibility for them when sick, old, or out of work, tell the Southerner that *his* form of slavery only was immoral, and thus assume airs of superiority, was galling."⁵⁶ Tensions arose with the growth of the North; the South feeling their economy threatened, opposed the tariff and threatened secession from the Union. The decision of the South to secede from the Union was motivated by the thought that an American Dream based on a particular way of life, a freedom, was being eroded by growing Northern power, and the only way to preserve

⁵⁴ Adams, *The Epic of America*, 152.

⁵⁵ *Ibid.*, 152.

⁵⁶ *Ibid.*, 156.

that way of life was to pull out while there was still at a chance to do so.⁵⁷ The issue of slavery was not solely the concern of the wellbeing of the Negro. “[I]t was a question of interpretation of the fundamental compact between the states, a question of whether, one section of the country could be made tributary to another; whether property guaranteed by the Constitution was safe or not if the North objected to an economic system which was different from its own.”⁵⁸

Essentially, the dream of upward mobility, particularly in the South was inherently flawed because its application diminished the opportunity of the common white man’s ability to achieve the American Dream. It inadvertently narrowed the prospects of men without the ever-greater amounts of capital needed to invest in the practice of slavery.⁵⁹ The common man, in Lincoln’s eyes could not better their condition in life under a system of slave labor. Lincoln states, “I am in favor this not merely (I say it here as I have elsewhere) for our own people who are born amongst us, but as an outlet for free white people everywhere, the world over-in which Hans and Baptiste and Patrick, and all other men from all the world, may find new homes and better their conditions in life.”⁶⁰ For much of American history then, upward mobility was understood, even

⁵⁷ Cullen, *The American Dream: A Short History of an Idea that Shaped a Nation*, 39.

⁵⁸ Adams, *The Epic of America*, 158.

⁵⁹ Cullen, *The American Dream: A Short History of an Idea that Shaped a Nation*, 84.

⁶⁰ *Ibid.*, 85.

defined, by a visible alternative to immobility of the disadvantaged; Lincoln saw this as a denial of the inalienable rights prescribed in Declaration of Independence.⁶¹

Lincoln's political life used the abolition of slavery and the Union as tools to save what he saw was the most cherished possession of all citizens, the American Dream. Moral implications aside, Lincoln believed that to deny liberty to all men, the principle on which America was founded, was to nurture the seeds of despotism which lay dormant in a slave society. His decision to enact the Emancipation Proclamation during the Civil War, which freed slaves in the rebel states, was a movement that led to the eventual dissolution of the institution of slavery in America. As the Union claimed victory, the period following the Civil War marked an age of Reconstruction in the south and cohesion which were integral parts of the agenda to save the Union. Lincoln saw fit to enact the Fourteenth Amendment which granted that "no state shall ... deny to any person within its jurisdiction the equal protection of the laws" as a means to keep the opportunity of the American Dream open to the common man while establishing African Americans as citizens of the United States.⁶² Although discrimination remained rampant throughout society, this very act gave African Americans a stake in their freedom to achieve the dream of equality so strongly sought after by all.

⁶¹ Ibid., 61.

⁶² Ibid., 105.

A New Era of Hope in the 20th century

At the turn of the 20th century America pushed for new freedoms unseen before. The American Dream was evolving and the entire world gazed in admiration. Of the immigrants who arrived after the year 1886, the Statue of Liberty was their first glimpse of America, which symbolized hope and a new chance at life. Particularly, the Slavs, Poles, Hungarians, Greeks, Italians, Russians, Lithuanians, Jews who migrated after 1890 were largely illiterate (roughly 35 percent), which made it extremely difficult for them to assimilate to mainstream social life and institutions.⁶³ However, the more “alien” immigration of the “new” European races rose rapidly to 6.2 million in the decade 1900-1910, and the influence on our national life was profoundly felt.⁶⁴

Not all immigrants of this decade came with the intent of staying permanently, building homes, or raising their standard of living. In many instances, their goal was simply to save up enough money in order to raise their social status in their native land. These unskilled workers from various parts of Europe found low wage jobs working in mill towns and industrial cities under the condition that this was only a temporary means to an end. Their lack of desire to assimilate and learn English made them gravitate toward co-ethnics and similar social groups for mutual support. This gave rise to the great urban slums and the great industrial employers who cared only for cheap and manageable labor.⁶⁵ Conversely, like all generations that came before, this new population of laborers

⁶³ Adams, *The Epic of America*, 245.

⁶⁴ *Ibid.*, 245.

⁶⁵ *Ibid.*, 247.

grew tired of their position and sought to demand their opportunity in achieving the American Dream.

Within the years following the 1890s, a Progressive era had taken shape and brought social reforms in areas such as public education, transportation, local government, housing and industry. Suburban lifestyle flourished given the new forms of transportation available. “The steam-engine railroad made it possible to transport people beyond city limits relatively efficiently and once that began to happen, increasing numbers of the well-to-do began to leave the central cities.”⁶⁶ An emphasis on home ownership soon began to take shape and became an integral part of every family throughout American society as a whole. “One study of Detroit, showed that in 1900, 55 percent of Germans, 46 percent of Irish, and 44 percent of Poles owned their own homes—figures that would have been virtually implausible in Europe at the time, particularly in Ireland and Poland, whose residents were often virtual prisoners of foreign powers.”⁶⁷ While African Americans tended to encounter discrimination that dampened their own aspirations for home ownership and Jews’ religious practices tended toward group cohesion, all other ethnic groups were migrating to suburbia in the early decades of the twentieth century.⁶⁸

Increased efficiency and productivity in American industries led to the production of cheaper houses and adequate wages to purchase them. With the modernization of

⁶⁶ Cullen, *The American Dream: A Short History of an Idea that Shaped a Nation*, 147.

⁶⁷ *Ibid.*, 148.

⁶⁸ *Ibid.*, 148, 149.

transportation infrastructure, more land was brought within the purview of a metropolitan area, increasing housing within a commutes distance.⁶⁹ By 1900 the development of the assembly line technique of mass production by Henry Ford revolutionized the industry of that generation. Although Ford did not invent the automobile, he developed and manufactured the first automobile that many middle class Americans could afford to buy.⁷⁰ Soon car ownership like home-ownership began to point to one distinctively American trait, materialism as a marker of the American Dream.⁷¹ As a result of the automobile, the middle class of American began to feel a sense of upward economic mobility given that families could now work farther from home and enjoy the appeals of both the countryside and the city. America was once again a prosperous nation, and the opportunity for a better life seemed endless.

Diminished Dreams

As previously acknowledged, historian James Truslow Adams created the expression “American Dream” during his 1931 historical account of America in the *Epic of America*, he writes:

But there has been also the *American dream*, that dream of a land in which life should be better and richer and fuller for every man, with opportunity for each according to his ability or achievement. It is a difficult dream for the European upper classes to interpret adequately, and too many of us ourselves have grown weary and mistrustful of it. It 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

⁶⁹ Ibid., 149.

⁷⁰ Ibid., 150.

⁷¹ Ibid., 149.

which they are innately capable, and be recognized by others for what they are, regardless of the fortuitous circumstances of birth or position.⁷²

In this vivid chronological account of United States history, Truslow engages with the determination of man to seek self-improvement. He, as Jefferson did, realized that the Dream had nothing to do with materialism and was simply a concept that the privileged class could not comprehend. In an era surrounded by economic failures, Truslow himself saw in the 1930s a reappearance of the sense that the American Dream was on the verge of being lost. The destructive economic ramifications of the Great Depression left numerous self-made millionaires in the same impoverished conditions from which they began. As families went without income and starved, a common thought spread throughout the nation that the American Dream appeared to be no more.

Yet amid these troubling times, President Franklin Roosevelt attempted to revitalize this dream through an array of social programs and reestablished the dream of upward mobility in America. Families in the Depression era who lacked money and other resources, turned to these social programs that provided the wherewithal needed to increase social mobility among Americans. Roosevelt encouraged the American people that there were four freedoms that were the birthright of every American: freedom of speech, freedom of worship, freedom from want, and freedom from fear.⁷³ It was these very freedoms that led Roosevelt to “envision a new, government-assisted American Dream, which included full employment, government help for the elderly and those

⁷² Adams, *The Epic of America*, 317.

⁷³ Cullen, *The American Dream: A Short History of an Idea that Shaped a Nation*, 57.

unable to work, and enjoyment of the fruits of scientific progress in a wider and constantly rising standard of living.”⁷⁴ Roosevelt’s dream led to the salvation of social mobility, but as a result, the social structure of the middle class family was significantly altered. “The Great Depression eroded the centrality of the man’s role as the family breadwinner and combined with the military crisis of the 1940s, gave women has a new sense of participation in the public workplace, which carried until present day despite the reigning domestic ideology of the era.”⁷⁵

The injection of government capital into the economy after World War II revitalized hopes in the American Dream once more. The 1950s marked a period in which unemployment rates dropped tremendously in order to meet the demands of a rising economy. This heightened need for workers drove wages up and the average family was able to achieve upward social mobility. Like many of the viewers of the immensely popular television series “I Love Lucy,” the reflection of social mobility for the average American worker was advertised as the common American Dream. Television shows of this era catered to working and middle class viewers with storylines about ethnic families which were easily relatable. In both its content and the way it was watched, television soon became the quintessential mass medium of suburbia.⁷⁶

The economic prosperity that a majority of Americans enjoyed in the post-World War II era, by-passed certain minorities, particularly African Americans, who still faced a

⁷⁴ Ibid., 57, 58.

⁷⁵ Ibid., 154.

⁷⁶ Ibid.

wall of social barriers preventing them from obtaining the opportunity of achieving their own American Dream. The 1950s was marked by economic, social and political inequalities that led to an outcry for equality by the minority communities affected. Dr. Martin Luther King's dream of equality was rooted deeply in the intentions of Declaration of Independence and colored with his anger toward the diminished dreams of minorities. His irritation at white hypocrisy is apparent in "Remaining Awake Through a Great Revolution," his final Sunday morning sermon. In it, King adamantly proclaims his disgust with the false pieties of the American Dream of Upward Mobility as he states:⁷⁷

In 1863 the Negro was told he was free as a result of the Emancipation Proclamation being signed by Abraham Lincoln. . . . It simply said "You're free," and left him there penniless, illiterate, not knowing what to do. And the irony of it all is that at the same time the nation failed to do anything for the black man—through [the Homestead Act] it was giving away millions of acres of land in the West and Midwest—which meant that it was willing to undergird its white peasants with an economic floor. But not only did it give the land, it build land-grant colleges to teach them how to farm. Not only that, it provided county agents to further their expertise in farming: not only that, as the years unfolded it provided low interest rates so that they could mechanize their farms. And to this day thousands of these very persons are receiving millions of dollars in federal subsidies not to farm. And these are so often the very people who tell Negroes that they must lift themselves up by their bootstraps. It's all right to tell a man a man to lift himself up by his bootstraps, but it is a cruel jest to tell a bootless man that he ought to lift himself up by his own bootstraps.⁷⁸

The growth of the civil rights movement of the 1950s and 60s made its most significant headway by calling mass attention to the widening gap between the cherished ideals of the equality and the appalling realities of American life experienced by African

⁷⁷ Ibid., 128.

⁷⁸ Ibid.

Americans.⁷⁹ Dr. King was often critical of the notion of America as the land of opportunity for all and termed the country a “dream unfulfilled” mainly due to the presence of racial discrimination, poverty and violence inflicted toward the minority communities.⁸⁰ His reference throughout his speeches to Jefferson's belief that "all men are equal" acknowledges that King believed that the American Dream could not continue to survive in a land of oppression. To King and the world, America as a country appeared hypocritical, as it has been throughout periods in history, but the influence of mass media and television made the plight of African Americans a problem that could no longer be ignored. Thus the government was forced to enact laws that assured the equality of Jefferson’s inalienable rights to all citizens of America through the Civil Rights Act of 1964.

The 1970-90s, marked a period of smaller opportunities and economic difficulties within America as inflation increased throughout the country. The changing social and economic conditions of these decades brought about yet another period of diminished expectations as millions of baby boomers witnessed the effects of wage stagnation particularly among middle class families. The American Dream was affected by the growing income inequality in the country due to its inadvertent effect of decreasing economic mobility across generations. An economic study conducted by the Economic Policy Institute on the subject of increased inequality reported that in 1979, “the post-tax income of the top one percent was eight times higher than that of middle-income families

⁷⁹ Ibid., 56.

⁸⁰ Ibid., 126.

and 23 times higher than the lowest fifth.”⁸¹ This combined with economic recession pretentiously hurt the middle class as families continually saw a decrease in income over the next decade.

As wealth concentrated among the privileged, the common working class that Thomas Jefferson saw as the backbone of the American Dream was losing out. In the era of diminished dreams Americans faced reduced earnings and chronic job insecurity. The suburban middle class in the 1980s and early 1990s no longer enjoyed an abundance of opportunity nor capital which enabled successive generations to achieve a life better than their parents. The reoccurring declining fortunes of the middle class show that the American Dream has become a fragile myth that has been weakened through materialism and greed. Opportunity, a right that the Declaration sought to protect was no longer free and available to all who dreamed the American Dream.

⁸¹ Jared Bernstein, “Updated CBO Data Reveal Unprecedented Increase in Inequality,” Economic Policy Institute, <http://www.epi.org/publication/ib239/> (accessed January 20, 2013).

CHAPTER TWO

CONSUMERISM IN THE TWENTY-FIRST CENTURY—A MANIFESTATION OF THE AMERICAN DREAM

The pursuit of material wellbeing has become a desirable aspiration of all social classes. In the twenty-first century, materialism has led countless Americans toward a lifestyle that is enamored with conspicuous consumption and the obsession of socially visible consumer goods. These new social markers are now used to indicate a particular person's living standards, wealth and happiness. This chapter seeks to explain the pervasiveness of consumerism and how our drive for consumption has ultimately resulted in the idea that happiness is determined by what you possess and what you can buy. Moreover, this chapter will show that this shift toward material based consumerism is the result of several cultural changes throughout the twentieth century leading into the twenty-first century.

In the concluding years of the twentieth century rapid increases in educational investments lifted the U.S. work force to new heights, consequently leading the world in education, productivity, and consumption.¹ In addition, the rise of new technological advancements and expanding domestic markets presented economic opportunities that Americans wildly embraced. This resulted in a steady rise of living standards, upward intergenerational mobility, and a prosperous middle class. Initially what began as pragmatic spending habits in the twentieth century was transformed by a drastic change

¹ Michael Greenstone and Adam Looney, "Trends: Reduced Earnings for Men in America - The Hamilton Project." The Milken Institute Review, www.hamiltonproject.org/files/downloads_and_links/07_milken_greenstone_looney.pdf (accessed February 11, 2013), 10.

in the definition of necessity of goods and services around the home and family life—which were rapidly evolving as well. “Post-World War II American culture equated the good consumer with the good citizen, and consumers were constantly devoted to more, newer, and better consumer goods.”² With the massive growths in suburban populations as seen throughout the 1970-90s, families clung to consumer products that made life appear more modern and convenient. Given the level of sustainable wages of the late twentieth century, families of all income brackets rushed to purchase microwaves, lawnmowers, refrigerators and, most importantly, televisions which provided an effective medium for advertisers to reach into American homes; thus creating desires for other goods. With “the good life” within the economic reach of mainstream society, working-class families could finally realize the upward social mobility they dreamed of.³

In modern America, consumerism has encouraged people to seek happiness through a continuous growth of their material standard of living which has resulted in a growth of status consumption and want-creation.⁴ Consumerism has shaped the country into “a society in which many people formulate their goals in life partly through

² Michael Busch, “Adam Smith and Consumerism’s Role in Happiness: Modern Society Reexamined” *Major Themes in Economics*, 69 (Spring 2008), <http://www3.interscience.wiley.com/cgi-bin/fulltext/119936565/PDFSTART> (Accessed 9 February 2013).

³ The term “good life” is a phrase taken from Jim Cohen in *American Dream : A Short History of an Idea That Shaped a Nation*, The foundation of this dream, upward mobility, was a belief that one could realize the fruits of one’s aspirations through applied intelligence and effort. This dream represents a belief that fervent desire for mortal goals such as wealth, fame, looks, or health becomes so ardent as to assume a kind of religiosity.

⁴ Busch, “Adam Smith and Consumerism’s Role in Happiness: Modern Society Reexamined,” 65. Created wants do not arise spontaneously from individual preferences but from advertising and salesmanship.

acquiring goods that they clearly do not need for subsistence or for traditional display.”⁵

Americans have become “enmeshed in the process of acquisition, shopping, and take some of their identity from a procession of new items that they buy and exhibit.”⁶

Television, a centerpiece of every American life, generates a considerable increase in the pervasiveness of consumer advertising. Likewise, the internet has brought retail activity into the home and expanded the hours that purchases can be made, thus making shopping highly convenient; “goods’ quality, prices, and availability can be instantly compared, and purchases can be made impulsively and instantaneously.”⁷ As many advertisers try to link goods to self-improvement and family well-being, consumers are compelled to methodically purchase these products in order to satisfy their want for self-indulgence.

“Most consumer goods are not satisfying a basic physical demand but are instead satisfying desires [; resultantly] [w]hen [people] satisf[y] [their] physical needs, the psychologically grounded desires take over [and a]s soon as one psychological desire is satisfied, the consumer [moves] on to the next.”⁸

The current value system of American society determines social status through economic privilege and the perception that happiness can be achieved through accumulating material wealth. Ted Ownby’s *American Dreams in Mississippi: Consumers, Poverty, & Culture, 1830-1998* details this process through a specific social

⁵ Peter Stearns, *Consumerism in World History the Global Transformation of Desire* (New York: Routledge, 2001), 1.

⁶ *Ibid.*, 1.

⁷ Monica Corcoran, Internet Shopping Under the Influence, CHI. TRIB., Apr. 22, 2008, at C1 (discussing the phenomenon of consumers’ impulse shopping on-line while inebriated).

⁸ Busch, “Adam Smith and Consumerism’s Role in Happiness: Modern Society Reexamined,” 66.

history that examines consumer behavior based on four powerful dreams. This segment will use these dreams of consumerism as underlying themes that clarify the status and complications of the American Dream in the twenty-first century. Ted Ownby's details his four dreams of consumerism as he writes:

The Dream of Abundance. The dream that America can be a place without poverty and hunger has been a recurring theme in American history. From early dreams of America as a material paradise to comparative writing from Tocqueville to Werner Sombart, to famous words by Franklin Roosevelt to the scholarly work of David Potter and countless others, the notion of Americans as People of Plenty has worked as a source of identity and usually optimism.[...] *The Dream of a Democracy of Goods.* Emerging in the nineteenth century was the dream that goods could allow people to cut across traditional lines of status by allowing everyone who could afford it to have similar goods, or at least to share the experience of shopping. The dream of a democracy of goods began most clearly in cities and towns among a growing antebellum middle class, but it fully emerged later in the nineteenth century among an urban working class whose members shopped in department stores and aspired to changing identities available through consumer goods. [...] *The Dream of Freedom of Choice.* Americans have come, at different times and places, to place great emphasis on shopping. Many take pleasure in the process of selecting goods as part of the meaning of freedom. Whether they are fascinated with the stores themselves or shop in catalogs that encourage people to imagine how goods will help them become new people. The process of selecting goods allows shoppers a pleasure in redefining themselves. [...] *The Dream of Novelty.* For individual consumers, the dream involves a romantic, necessarily unquenchable thirst for the new experiences promised not simply by consumer goods but by the novelty of progressing from one product to the next. As Colin Campbell has argued, attaching personal fulfillment to the next product one can buy, and then the next, places consumers in the position of the nineteenth-century romantic, dreaming of "something evermore about to be." At its logical extreme, this dream demands constant change and creates hope that today will always be better than yesterday and that tomorrow will be even better.⁹

⁹ Ted Ownby. *American Dreams in Mississippi Consumers, Poverty & Culture, 1830-1998* (Chapel Hill: University of North Carolina Press, 1999), 1.

American opportunity is unique given that a majority of common material goods are available to all socioeconomic classes. The current standard of living found in America, in comparison to the rest of the world, is extremely high given the factors of income, quality of employment, class disparity and poverty rate. A large percentage of citizens possess the purchasing power to obtain far more than the basic necessities of life. Given the large quantities of affordable goods and services available through the consumer-based markets, the appeal of living the “good life” in America has led to the need for excess and abundance. From a realist perspective of Ownby’s “Dream of Abundance” there is a consensus that a most Americans are simply working just to make ends meet. However, an examination of their consumer spending habits and material possessions commonly reveals that they spend high percentages of their income on status goods such as brand-name clothing, the “right” kind of car, and other convenient items. The consumer now lives in a culture in which the need for materialism forces him or her to go to great lengths to maintain the means to consume whether it be working countless hours, greedily pursuing capitalist ventures, and most conspicuously, maximizing credit-card debts.

According to the U.S. Bureau of Labor Statistics Consumer Expenditures Study of 2011, the average annual expenditures per consumer unit rose 3.3 percent in 2011.¹⁰ “This rise in spending in 2011 barely outpaced the 3.2 percent increase in prices for goods and services from 2010 to 2011.”¹¹ This was the first yearly increase in spending

¹⁰ U.S. Department of Labor. “CONSUMER EXPENDITURES--2011.” U.S. Bureau of Labor Statistics. <http://www.bls.gov/news.release/cesan.nr0.htm> (accessed February 10, 2013).

¹¹ Ibid.

since the 1.7 percent rise from 2007-2008, as expenditures had declined in both 2009 and 2010 as a result of the lingering effects of the 2007-2009 economic recession.¹²

The following table outlines the average annual expenditures of all consumers from the given period of 2009-2011:

Table A. Average annual expenditures and characteristics of all consumer units and percent changes, 2009-2011

Item	2009	2010	2011	Percent change	
				2009-2010	2010-2011
Number of consumer units (000's)	120,847	121,107	122,287		
Average age of reference person	49.4	49.4	49.7		
Average number in consumer unit:					
Persons	2.5	2.5	2.5		
Earners	1.3	1.3	1.3		
Vehicles	2.0	1.9	1.9		
Percent homeowner	66	66	65		
Income before taxes	\$62,857	\$62,481	\$63,685	-0.6	1.9
Average annual expenditures	49,067	48,109	49,705	-2.0	3.3
Food	6,372	6,129	6,458	-3.8	5.4
At home	3,753	3,624	3,838	-3.4	5.9
Away from home	2,619	2,505	2,620	-4.4	4.6
Housing	16,895	16,557	16,803	-2.0	1.5
Apparel and services	1,725	1,700	1,740	-1.4	2.4
Transportation	7,658	7,677	8,293	0.2	8.0
Health care	3,126	3,157	3,313	1.0	4.9
Entertainment	2,693	2,504	2,572	-7.0	2.7
Cash contributions	1,723	1,633	1,721	-5.2	5.4
Personal insurance and pensions	5,471	5,373	5,424	-1.8	0.9
All other expenditures	3,404	3,379	3,381	-0.7	0.1

¹ Consumer units include families, single persons living alone or sharing a household with others but who are financially independent, or two or more persons living together who share expenses.

Illustration 1: Average Annual Expenditures and Characteristics of all Consumer Units and Percent Changes, 2009-2011¹³

¹² Ibid.

¹³ U.S. Department of Labor. "CONSUMER EXPENDITURES--2011." The Consumer Expenditure Survey (CE) utilizes a representative sample to measure the buying habits of Americans. Only

With each year the demand and consumption for goods continue to rise, despite a rapid escalation in cost per consumer in sectors such as health care and transportation.

According to an analysis of the effects of over-consumption by Clive Hamilton in *Affluenza: When Too Much is Never Enough*, “[i]n 2000, approximately half of Americans believed they could not afford everything they needed; the results were not bunched at the lowest income quintile however, as 33% of people in the highest income quintile said they could not afford all their needs.”¹⁴ The similarities of both quintiles “suggest large variances in the definition of needs among consumers, both over time and in a given society.”¹⁵ Standard economic theory would suggest that people are simply rationally maximizing their utility with goods that they feel are more necessities rather than desires.¹⁶ This need for excessive spending in America is compounded by consumption as a status symbol: American society measures its members’ merit primarily by their economic status.¹⁷

While consumers clamor over new products there is no realization that Ownby’s “Dream of Novelty,” a thirst for new experiences, actually fuels their own dissatisfaction. For example, foreign car producer BMW allows consumers to live out the fantasy of

a small percentage of the US population was surveyed, and therefore the data is subject to sampling errors. Non-sampling errors include, but are not limited to, respondents who are either unwilling or unable to provide accurate answers, mistakes made in collecting or recording obtained data, and estimation of missing data.

¹⁴ Busch, “Adam Smith and Consumerism’s Role in Happiness: Modern Society Reexamined,” 67.

¹⁵ *Ibid.*, 67.

¹⁶ *Ibid.*, 66.

¹⁷ *Ibid.*, 67.

driving a car that characterizes success and privilege, regardless of the consumer's actual lifestyle away from the car. BMW along with other auto production companies produce new car models every year that appear better and more advanced than the previous models. While each individual car provides momentary satisfaction, the goal of consumerism is to keep the consumer wanting to purchase more goods in order to self-identify with the American Dream that is forever evolving.¹⁸ “[In fact], GM, along with many other manufacturers, encourage planned obsolescence, the practice of designing goods to encourage frequent replacements[;] this practice is especially prevalent in the clothing industry, where a shift in fashion can make an entire wardrobe of clothing functionally worthless to trend-conscious consumers.”¹⁹

The problem with consumerism is that it makes the pursuit of happiness more difficult. Producers of these products use advertising and salesmanship to inspire new consumer desires that the producers will in turn satisfy with new products that contribute little to the increased utility or satisfaction of the consumer in the long run.²⁰ In addition, not all consumption is visible to others. However, in order to serve as an effective status symbol, consumption must be noticed by other members of society.²¹ For an individual to gain status, they must focus a higher percentage of their consumption on status goods or increase their level of income relative to others.²² “Since the incentives hold for every

¹⁸ Ibid., 69.

¹⁹ Ibid., 70.

²⁰ Ibid., 66, 67.

²¹ Ibid., 68.

²² Ibid.

member of society, in the long-run, if they all pursue higher status, none of them will gain despite a much higher level of status consumption in the society.”²³

Ownby’s “Dream of a Democracy of Goods” and “Freedom of Choice” challenge the aristocratic norms found outside of America, whereby only the affluent or well-connected are granted the opportunity to achieve a lifestyle filled with luxury, opulence and freedom of choice. American consumers benefit from an abundance of high-end goods through relatively cheap manufacturing in foreign lands. These goods allow consumers to redefine themselves because they can sensibly relate to the use of a product by their favorite artist, actor or athlete. This sense of celebrity emulation, which is heavily influenced through social media, nurtures the idea that individuals can achieve success and fortune through mimicking the lifestyles they see in advertisements. Consumer culture combined with mass media allows celebrities to determine what we should wear, buy, and participate in, which supports the argument that American identity is truly defined by what someone else owns.

Financing the American Dream of Consumerism

American consumerism is carelessly focused on the short-term personal utility of material possessions without the consideration of future effects on societal wealth distribution and macro financial health. Even so, consumption and consumer prices continue to increase as advertisements have turned credit cards and high interest loans into viable options for many families seeking stability or high standards of living.

²³ Ibid.

Mainstream credit card companies have epitomized the glamour of consumer credit and the idea that the American Dream can be purchased with the swipe of a card. MasterCard in particular endorses the following slogan that illustrates credit cards as a path to social mobility, it states, “There are some things money can't buy. For everything else, there's MasterCard.” This belief supported by abusive lending practices, has brought credit card debt to astounding figures in recent years. “By 2001, despite unprecedentedly high incomes, over half of all Americans had almost no savings and a third lived paycheck to paycheck, often in considerable consumer debt.”²⁴

The tendency to use consumer credit without caution through “consumer loan agencies, installment finance companies, and service creditors has resulted in various estimates among which the choice is not of the best but rather of the one which is least worse.”²⁵ The complications of “This debt [issue] severely compromises entry into the middle class through the purchase of an asset—primarily a home first—as so many Americans have in previous generations, as more and more resources are diverted to high-interest credit card payments.”²⁶ High credit card debt also endangers middle class families who have already attained the American Dream, in situations where debt can harm future investments and other various economic opportunities. While credit cards have always charged relatively high interest rates, the twenty-first century has seen the

²⁴ Peter Stearns, *Consumerism in World History the Global Transformation of Desire*, 142.

²⁵ Ray Westerfield, “Effects of Consumer Credit on the Business Cycle,” *JSTOR* 196 (1938): 99-110, <http://www.jstor.org/stable/1021705> (accessed February 12, 2013).

²⁶ Tamara Draut and Javier Silva, “Demos: Borrowing to Make Ends Meet: The Growth of Credit Card Debt in the 90s,” 7. (2003), <http://caseyfoundation.org/upload/publicationfiles/fe3679k534.pdf>.

emergence of escalating fees and penalty charges that increase debts over a relatively short period of time.

Families with credit card debt are often thought to be “shortsighted or ill-disciplined [and] guilty of living beyond their means but while materialistic pressures or desires are part of the story, major trends in wages, housing costs and health care costs strongly suggest that structural economic factors helped fuel this debt cycle.”²⁷ Credit card debt is often dismissed as the result of irresponsible consumption, but an examination of broad structural and economic trends during the 2000s—including stagnant or declining real wages, job displacement, and rising health care and housing costs—ascertains that many Americans are using credit cards as a way to fill a growing gap between household earnings and the costs of essential goods and services.²⁸ “Credit cards further undermine [individual] willpower and before the deregulation of credit-card interest rates in 1978, only wealthier consumers qualified for a credit cards[;]now the credit-card industry solicit[es] consumers in high school, offering credit often at very high interest rate without requiring financial qualifications or providing guidance in how the cards should be used.”²⁹

In recent years credit cards have become an equivalent of cash. According to a 2008 Survey of Consumer Payment Choice, the average credit card used possessed 3.5

²⁷ Ibid., 12.

²⁸ Ibid., 9.

²⁹ Amy Novotney, “What's Behind American Consumerism?.” *Monitor on Psychology* 39, no. 7 (2008): 40, <http://www.apa.org/monitor/2008/07-08/consumerism.aspx> (accessed February 11, 2013).

credit cards.³⁰ In 2008, 609.8 million credit cards were held by U.S. consumers.³¹

According to a statistical study by Federal Reserve on consumer credit in 2008,

Americans carried \$943.5 billion in revolving credit card debt:³²

[B]etween 1989 and 2001: Credit card debt among very low-income families grew by an astonishing 184 percent. But middle-class families were also hit hard—their credit card debt rose by 75 percent. Very low-income families are most likely to be in credit card debt: 67 percent of cardholding families with incomes below \$10,000 are affected. Moderate-income families are not far behind: 62 percent of families earning between \$25,000 and \$50,000 suffer from credit card debt.³³

Angela K. Littwin's *Beyond Usury: A study of credit card use and preference among low-income consumers* describes several reasons why the need and appeal of consumer credit is so powerful. First, credit cards provide a fast, easy, stigma-free way of obtaining funds which can be applied to almost any financial emergency, especially in circumstances where acute material crisis and financial catastrophes are unpredictable.³⁴ Credit cards have an ease-of-use advantage over government programs and charities which have strict requirements for proof of need; "families must provide extensive

³⁰ Kevin Foster, Erik Meijer, Scott Schuh and Michael Zabek (2009), "The 2008 Survey of Consumer Payment Choice," Public Policy Discussion Paper, No. 09-10, Federal Reserve Bank of Boston, 9.

³¹ *Ibid.*, 56.

³² Federal Reserve, "Statistical Release on Consumer Credit" (June 6, 2008), <http://federalreserve.gov/releases/g19/20080606/>.

³³ Draut and Silva, "Demos: Borrowing to Make Ends Meet: The Growth of Credit Card Debt in the 90s", 10.

³⁴ Angela Littwin, "Beyond Usury: A Study of Credit Card Use and Preference Among Low-Income Consumers," 5, *Texas Law Review*, Forthcoming. Available at SSRN: <http://ssrn.com/abstract=968330>, The study consists of detailed interviews with fifty low-income women. To qualify as "low income," participants had to reside either in public housing projects or housing subsidized through the Section 8 voucher program.

documentation to demonstrate an emergency, and there is a large chance of denial even for qualified families.”³⁵ Secondly, credit cards have an inherent lack of stigma at the moment of borrowing; government benefit programs and simply seeking help from friends and family can be highly stigmatizing and occasionally shaming.³⁶ Thirdly, a common advantage of credit card use is its versatility. “Some needs which may seem urgent to [a] family – such as car repairs – can fall outside the scope of all agency services, [thus consumer credit represents a] rare [option] that disperses funds which allow families to address crises before they reach emergency level.”³⁷

These various advantages represent a serious dilemma facing middle and lower class families who are struggling to manage various consumer habits. In Angela K. Littwin’s consumer study, one participant explains the common view of average consumers in regards to the necessity of credit cards in everyday life as follows: “you can’t just take credit away from poor people[, s]ometimes it’s the only way they can get Christmas for their kids.”³⁸ Another participant is noted as saying, “I mean, when you rent a car, that’s the first thing they ask you, do you have a credit card? . . . When you reserve a motel, they want a credit card. And when you go to the video store, for God’s sake, they want a credit card.”³⁹ This culture that embraces dependence on consumer credit causes consumers to “underestimate their future borrowing when they apply for a

³⁵ Ibid., 7.

³⁶ Ibid., 8.

³⁷ Ibid., 9.

³⁸ Ibid., 12.

³⁹ Ibid.

credit card, because at that time, both borrowing money on the credit card and repaying that money appear close together in the relatively distant future.”⁴⁰

The sheer volume of new debt is leaving consumers overall with persistently high debt payments consuming a massive percentage of their livable income.⁴¹ Lower-income homeowners are also exposed to predatory mortgage lenders, who offer easy but expensive funds to purchase homes, pay property taxes, make home repairs, and pay other household expenses.⁴² These negative drivers of consumption and the capitalist markets supporting them create a condition in which high levels of consumer debt is needed to sustain and support the growth and transformation of the American Dream.

In the past decade the American financial system has transformed simple consumer credit transactions into massive profit gains, all without substantive regulation, public scrutiny over these predatory methods. “Even households with low incomes, few assets, or blemished credit histories can now finance homes, cars, education, and other consumer goods through specialized lending programs, such as subprime or no-down-payment loans.”⁴³ Lured by the account of a life enhanced by abundance and fueled by readily available credit, consumers have come to believe that high consumption lifestyles are sustainable even if their income does not account for it. This belief masks the truth

⁴⁰ Ibid., 15.

⁴¹ Susan Burhouse, Federal Deposit Insurance Corporation, Evaluating the Consumer Lending Revolution (Sept. 23, 2003), <http://www.fdic.gov/bank/analytical/fyi/2003/091703fyi.html>

⁴² Center for Responsible Lending, “A Snapshot of the Subprime Market,” Nov. 27, 2007, <http://www.responsiblelending.org/issues/mortgage/quick-references/a-snapshot-of-the-subprime.html>; Mortgage Bankers Association, <http://www.mbaa.org> (last visited Feb. 13, 2013).

⁴³ Burhouse, Federal Deposit Insurance Corporation, Evaluating the Consumer Lending Revolution

that the luxurious cars of Audi, designer clothes of Gucci, and the electronics flashily displayed at h.h.gregg are beyond the reach of the vast majority of consumers.

Nevertheless as consumers deal with a decline in real wages coupled with the high prevalence of part-time employment and layoffs, the dependence in this wealth-draining form of short-term credit will remain prevalent.

CHAPTER THREE

FORMAL EDUCATION AND DIMINISHED OPPORTUNITY

Formal education is utilized throughout life as a tool that maximizes our human potential and social position. Similar to consumerism and materialism, formal education is another social market of the American Dream that can be used to confer success and status. The importance of formal education within our society has grown in the current Information Age, largely the result of a shift towards a knowledge-based economy centered around specialist work skills that cannot be taught informally. Formal education has been considered historically as the great equalizer. It has offered people of all backgrounds the prospect of equal opportunity, if not equal outcomes.¹ However, this view has been challenged by some critics who argue that modern formal education has become a system of allocation that confers success on some and failure upon others.²

American public schools have emphasized the importance of providing unique and individualized opportunities for all citizens seeking to establish a career or pursue a trade. In the twenty-first century it is commonly understood that unless we have successfully passed through this system, we are essentially denied access to a whole world of advantages, wealth, and opportunities—no matter what we actually know or how hard we are prepared to work. In order to achieve this success each student must have an adequate amount of resources and funding to aid in their learning. In spite of this,

¹ Michael Greenstone, Max Harris, Karen Li, Adam Looney, and Jeremy Patashnik, *The Hamilton Project: A Dozen Economic Facts About K-12 Education* (Brookings Institute, September 2012), 1.

² John Meyer, “The Effects of Education as An Institution,” *American Journal of Sociology* 83, no.1 (July 1977): 55.

owing to funding inequalities among schools, particularly in school districts serving students with the greatest needs, the lack of access to quality education has resulted in diminished post educational opportunity for many, thus making their American Dream unachievable. Accordingly, this chapter will address the role of education and its shift toward an increasingly selective system that controls access to opportunity. This chapter will further explore the inequalities in public school funding, with a particular focus on disadvantaged social groups. The analysis will show that the students' social class and the inequalities in our public school funding significantly determine the length of schooling for individual students as well as their post-educational success and potential income.

The Role of Public Schools

Public education provides a foundation of common proficiency in areas such as language, mathematics and social sciences. Through the development of creativity, innovation and team work, schools serve as organized networks of socializing experiences that prepare individuals to engage in society; they contain a network of rules which create public classifications of persons and knowledge.³ Schools inherently are intended to benefit each person—as Benjamin Franklin put it, to provide “wisdom, riches, and strength, virtue and piety, welfare and happiness”—as well as to foster the “cultivation and improvement of a country.”⁴ Schools are in a sense, a tool which prepares people to be citizens capable of engaging the world around them. “Schools

³ Ibid., 55.

⁴ Jennifer Hochschild and Nathan Scovronick, *The American Dream and the Public Schools* (New York: Oxford University Press, 2003), 11.

provide experiences which instill knowledge, skills, attitudes, and values in their students[;] these students then have a revised and expanded set of personal qualities enabling them to demand more from, and achieve more in, the role structure of modern society.”⁵

Public education reduces disadvantage and democratizes opportunity. Therefore adequate education is vital for democracy to work because without it citizens would not be able to understand and resolve the issues concerning their everyday lives. Education allows all citizens an opportunity at the pursuit of happiness. To guarantee this opportunity, school systems must impart a universal education which provides the means for pursuing success, and protection for virtually all kinds of aspirations and ambitions, regardless of how many people endorse them.⁶ First, educators must find ways to provide students with a sturdy foundation of knowledge and practical skills that will allow students to become economically self-sufficient. Secondly, school systems must develop a diverse core curriculum that will allow all students to interact, learn from, and respect the differences between various cultures and varying views of core democratic values such as pursuit of happiness, justice and equality. Thirdly, “school [systems] should help to offset the unfair disadvantages caused by disability, and should provide at least equal treatment to those with other difficulties such as those occasioned by poverty, English [speaking deficiencies], or membership in a disfavored racial group.”⁷

⁵ Meyer, “The Effects of Education as an Institution,” 56, 57.

⁶ Hochschild and Scovronick, *The American Dream and the Public School System*, 10.

⁷ *Ibid.*, 14.

The importance of these values is longstanding and clearly evident in the vision of our founding fathers. As an advocate for formal education, Thomas Jefferson realized that a democratic society can only survive if its citizenry has the ability to make informed decisions. As a result, Jefferson offered six objectives of primary education that included goals as follows:

[...] instruct the mass of our citizens in these, their rights, interests, and duties, as men and citizens.” The first three objectives identify types of individual success: “to give to every citizen the information he needs for the transaction of his own business”; “to enable him to calculate for himself, and “to improve, by reading, his morals and faculties.” To focus on participation in the public arena: “to understand his duties to his neighbors and country, and to discharge with competence the functions confided to him by either”; and “to observe with intelligence and faithfulness all the social relations under which he shall be placed.” The final one combines both goals: “to know his rights; to exercise with order and justice those he retains; to choose with discretion the fiduciary of those he delegates; and to notice their conduct with diligence, with candor, and judgment.⁸

Jefferson used these principles to create an elaborate system of public elementary and secondary education for all white male children of Virginia which was publicly subsidized for those who could not afford it.⁹ Current forms of education address these goals, but from a nondiscriminatory prospective, in attempts to provide opportunity regardless of race or social positions. Formal education teaches these values because they maintain social cohesion. In order to maintain social integration and acceptance, individuals must learn to respect differing and competing ideas. For these very reasons,

⁸ Ibid., 17.

⁹ Ibid.

equal opportunity for all members of society, particularly in education, has become the most important American social policy of the twenty-first century.

Funding Inequalities

“Public education uses more resources and involves more people than any other government program for social welfare [;] it is the main activity of local governments and the largest single expenditure of all state governments.”¹⁰ Public school funding in the United States is a combination of federal, state, and local sources, but nearly half of those funds come from local property taxes; this funding structure generates gross inequities between wealthy and impoverished communities. Such differences exist among states and even among schools within specific districts. To the surprise of none, say Bruce Baker and Sean Corcoran, “state school finance systems can and do fall short of satisfying two basic principles: equitable and adequate funding[;] in some cases, states continue to allocate substantial general and other aid to districts that would seem to have less need for that aid.”¹¹ They add:

If a district receives more in state aid, then that district can provide the same level of service while raising less in local revenue or can provide a higher level of service while raising the same in local revenue. State “equalization aid” is generally distributed so as to permit lower-fiscal-capacity school districts to have comparable total revenue with a tax effort that is fair or comparable to the tax effort of higher-fiscal-capacity districts. In many states, however, it remains the case that poorer, lower-fiscal-capacity districts continue to levy much higher nominal tax rates

¹⁰ Ibid., 9.

¹¹ Bruce Baker and Sean Corcoran, “The Stealth Inequities of School Funding: How State and Local School Finance Systems Perpetuate Inequitable Student Spending” (Center for American Progress, September 2012), 23.

than do higher-fiscal-capacity districts, while still having lower total revenue per pupil. At the same time in these states, particularly affluent local public school districts can still raise far more than they would need to operate their school systems with much lower than average local property tax rates.¹²

In school districts with the lowest property values, property owners bear a heavier burden than those in wealthier communities. Taxable property wealth is inversely related to poverty rate, meaning that higher-poverty districts are able to raise less in property taxes than low-poverty districts for the same level of tax effort. Such inequalities should translate to greater state aid, but in reality this aid is not nearly sufficient enough to compensate for initial disparities in local resources.¹³ Hochschild and Scovronick add:

School district boundaries help to provide additional advantage when they follow neighborhood lines that separate wealthy children from those who are poor and often nonwhite; school financing schemes have this effect when they are based on local property value and thereby create or maintain a privileged competitive position for wealthier children at the expense of others.¹⁴

Many families select home locations based on particular school districting, which can have a negative effect on the groupings of property values within a school district and even further stratify existing school district revenues from local property taxes. As a result, these schooling inequalities deepen the inequalities of wealth among families in

¹² Ibid., 27.

¹³ Ibid., 85.

¹⁴ Hochschild and Scovronick, *The American Dream and the Public School System*, 13.

the following generation; this paradox significantly slows intergenerational mobility especially for poor families.¹⁵

Among the nation's school districts, annual funding per student can range from less than \$4,000 to more than \$15,000, and although the “typical” school district with 1,000 or more students receives roughly \$5,000 per year for each student, affluent districts may receive \$10,000 per student or more.¹⁶ This substantial different in funding can vary from state to state and create massive inequalities in the availability of resources and quality of teachers that each student receives. A student’s educational outcome depends heavily on the state in which they are educated in, given the following comparative statistics:

Children in Massachusetts, like those in Iowa, New Jersey, or North Dakota, have more than a fifty percent likelihood of enrolling in college by age nineteen, but children in Florida, Arizona, Alaska, and Nevada have less than a thirty percent chance. The discrepancy in college attendance by state is even greater for children of low-income families. In 1998-1999, schools in Massachusetts spend an average of \$8,750 per student, schools in New Jersey over \$10,700. But schools in California spend only \$6,500 per student, and those in Utah just under \$4,500. Fewer than three percent of students in Iowa, North Dakota, and Wisconsin drop out of school; more than seven percent do in Louisiana, Arizona, Georgia, New Mexico, and Nevada. Overall, in fact, at least thirty percent of the variations in students’ achievement is related to the state in which they live.¹⁷

¹⁵ Ibid., 23.

¹⁶ Bruce J. Biddle and David C. Berliner, “A Research Synthesis / Unequal School Funding in the United States,” *Educational Leadership* 59, no.8 (May 2002): 48-59.

¹⁷ Hochschild and Scovronick, *The American Dream and the Public School System*, 22.

Particularly in economically depressed inner-cities, public schools play a vital role in supporting low-income families in the form of social welfare. “For many poor children, schools provide a source of stability that is often lacking in other parts of their lives, and while many urban public schools are plagued by the threat of violence and intimidation, most are far safer than the communities in which they are located.”¹⁸

Districts with high populations of poor students, often minority or non-English speaking, have lower average test scores and higher dropout rates compared to more advantaged districts. Overall, low-income and minority students fare the worst in regards to drop out rates. “A student within the age range of sixteen to twenty-four years old who comes from the lowest quartile of family income is about seven times more likely to have dropped out of high school than his/her counterpart who comes from the highest quartile.”¹⁹ These dropouts suffer from lower incomes and severely lost opportunities; over the course of his or her lifetime, a high school dropout earns, on average, about \$260,000 less than a high school graduate.²⁰

Better-funded school districts can attract teachers with higher levels of education, more experience, and higher scores on competency tests; these teachers, in turn, seem to generate better achievement scores among students.²¹ These financially privileged

¹⁸ Ibid., 6.

¹⁹ U.S. Department of Education, National Center for Education Statistics, “Digest of Education Statistics 2009” (NCES 2010-013) (Washington, DC: U.S. Government Printing Office, 2010).

²⁰ Cecilia Rouse, *Labor Market Consequences of an Inadequate Education* (New Jersey: Princeton University and NBER, October 24-25 2005): 2, 3.

²¹ Biddle and Berliner, “A Research Synthesis/Unequal School Funding in the United States,” 48-59.

districts are able to reduce class sizes, which seem to help generate better achievement among students as well. Moreover, evidence indicates that smaller class sizes in the early grades generate both immediate and long-term advantages in student outcomes and that these effects are greater for minority or impoverished students.²² Given these advantages, these districts are far less likely to see the issues facing less fortunate districts which suffer from a higher rate of teachers who lack specific experience related to their field of teaching and teachers who are more likely to leave before the end of the school year.²³ Both of these issues result in the increase of administrative and behavioral turmoil and a higher level of disruption, violence and anxiety about safety.²⁴

In 2006 the Education Trust issued a release entitled “Missing the Mark: States’ Teacher Equity Plans Fall Short” which found that most states fail to even properly analyze data that would determine whether poor and minority children get a higher number of inexperienced teachers.²⁵ An evaluation of the teacher quality provisions of the No Child Left Behind Act, commissioned by the U.S. Department of Education, found that teachers who were not highly qualified were three times more likely to be found in schools with high minority populations and poor districts.²⁶ These factors are critical because the impact of high-quality teaching is crucial in instilling social skills and

²² Ibid., 48-59.

²³ Hochschild and Scovronick, *The American Dream and the Public School System*, 25.

²⁴ Ibid., 25.

²⁵ Paul Barton and Richard Coley, “Parsing the Achievement Gap II” (Princeton, New Jersey: Education Testing Service, April 2009): 11.

²⁶ Ibid., 11.

fostering self-confidence. According to a study conducted on teacher value, it was estimated that on average students in a class with a teacher of high qualifications for just one year experienced a net present value of their lifetime earnings increase by nearly \$6,400 dollars and a 1.7 percent increase in their likeliness to attend college.²⁷

Often a lack of economic success can be the result of a failure to complete college or even high school, which in turn stems from academic and behavioral struggles during grade school; in fact, there is a large health and skills gap between poor children and their affluent peers even before they enter school.²⁸ “Public education [generally provides] opportunities for all students to take a first step onto the ladder of economic opportunity [b]ut some students arrive at school less prepared and fall farther behind [...], resulting in a society where opportunities are not equally shared and the full potential of the labor force is not realized.”²⁹ Children with higher levels of school readiness at age five are generally more successful in grade school, are less likely to drop out of high school, and earn more as adults.³⁰ By entering school with a higher readiness, the chances of a person reaching middle class status by age forty increases drastically.³¹ Factors such as these

²⁷ Michael Greenstone, Max Harris, Karen Li, Adam Looney, and Jeremy Patashnik, *The Hamilton Project: A Dozen Economic Facts About K-12 Education* (Brookings Institute, September 2012) 13.

²⁸ Julia Isaacs, *The Social Genome Project: Starting School at a Disadvantage: The School Readiness of Poor Children* (Brookings Institute, March 2012):2.

²⁹ Greenstone, Harris, Li, Looney, and Patashnik, *The Hamilton Project: A Dozen Economic Facts About K-12 Education*, 10.

³⁰ Isaacs, *The Social Genome Project: Starting School at a Disadvantage: The School Readiness of Poor Children*, 2.

³¹ *Ibid.*

illustrate that students who fall into these underfunded school districts are not receiving a basic level of education needed to function as a self-sufficient adult in a democratic society. “If investments in children are increasingly unequal, then equality of opportunity—the promise of the American Dream—is threatened.”³²

Separation and Inclusion

Collective goals for education are best achieved when students are educated as a whole regardless of differences in ethnicity, class, gender, ability or disability.³³ This is the general idea behind the traditional American “common school” and the main reason why students are generally assigned to public schools based on where they live rather than their individual backgrounds.³⁴ “However some [advocates] who place priority on individual goals of schooling seek separate instruction for particular kinds of students—especially children with physical, mental, or emotional disabilities, children who are not fluent in English, or children with very high or very low perceived academic abilities.”³⁵ The separation of these various groups is based on the fear that attending to the particular needs of a select group may compromise the learning of another. For these specific reasons schools often do separate students with special needs and language deficiencies, along with ability grouping and career tracks.

³² Greenstone, Harris, Li, Looney, and Patashnik, *The Hamilton Project: A Dozen Economic Facts About K-12 Education*, 12.

³³ Hochschild and Scovronick, *The American Dream and the Public School System*, 134.

³⁴ *Ibid.*, 134. A common school was a free public school in the United States in the nineteenth century. In the early twentieth century, schools generally became more regional (as opposed to local), and control of schools moved away from elected school boards, and towards professional control.

³⁵ *Ibid.*

Such separation among groups of students conflicts with the goals of the American Dream in public schooling because it creates barriers among students and labels them accordingly. Separation fundamentally reduces diversity in the classroom and makes learning respect and effective interaction with other groups more difficult.³⁶ “Separate education also too easily turns into second-class education for some, as it did in the case of racial segregation and generally results in unequal opportunity since it reduces the chances for individual students to achieve their dreams.”³⁷ Furthermore, special education costs more than double the cost of regular education and now is approaching figures over forty billion dollars a year which accounted for up to forty percent of recent increases in educational funding.³⁸ Even given the integration of the IDEA (Individuals with Disabilities Education Act)—an act that assists states and local schools in educating children with disabilities—advocates have realized numerous flaws in funding qualification standards. There has been an increased tendency of schools who over identify too many children as needing special education. “Over-identification may happen because schools in some cases have an incentive to over identify failing students who then become exempt from tests used to measure the school’s academic progress; when that happens, these students can be safely ignored by teachers struggling to meet

³⁶ Ibid., 136.

³⁷ Ibid.

³⁸ Ibid., 137.

their testing goals.”³⁹ This practice undermines a student’s resolve to obtain needed services and effective education.

In regard to language barriers, school systems have struggled to adequately provide resources for students who lack proper English speaking abilities. Roughly five million children in public schools have English speaking deficiencies; this represents nine percent of all students and an increase of almost 300 percent since the mid-1980s.⁴⁰ Many states have developed bilingual educational programs but these are often short-term and not comprehensive. Non-English speakers who make up a small percentage of a certain district may often receive no bilingual services at all. In addition most districts find it difficult or even impossible to find bilingual or ESL (English as second language) teachers in general.⁴¹ Students in bilingual programs are negatively impacted by overidentification, stigmatization and adjustment issues; “they are too often victims of poor teaching, in part because there are simply not enough well-trained teachers and high-quality classrooms to make the pursuit of excellent bilingual education a realistic goal in the foreseeable future.”⁴² As a result, most students who face a language barrier will remain in overcrowded classrooms with teachers who are inexperienced in their

³⁹ Ibid., 140.

⁴⁰ Ibid.

⁴¹ Ibid., 152.

⁴² Ibid., 158.

particular language and in the specialized techniques needed to reproduce the successes of effective bilingual classrooms.⁴³

Public school systems can and do provide alternative educational pathways for those whose capability is not adequately served by traditional high school curriculum. Particularly in high school, “students can be placed in a college-preparatory track, a general track, or a vocational track in which students combine academic courses with hands-on classes designed to enable them to move into a craft job or service job right after high school.”⁴⁴ These tracks produce different results that greatly affect a student’s real world opportunity upon graduation:

The general track is often more a residual category than a real program or curriculum: it involves academic courses that are not intended to prepare students for college and courses in “life skills” or “general knowledge” that are not focused in preparing students for a career.[...] Almost three times as many students from high-income as from low-income families are enrolled in college preparatory tracks. Although achievement and ability—typically measured by test scores, prior placement, and teachers’ judgments—almost show up in careful studies as the chief determinants of student placement, class-based factors usually come in second. And since poor children consistently learn in the worst conditions and receive the worst teaching, prior to measuring achievement itself probably partly reflects class and racial bias. It is clear that ability grouping has discriminatory elements that, in direct violation of the tenets of the American Dream, keep schools from helping all students to pursue individual success; it is clear, as well, that it reduces diversity in the classroom and makes training for democratic citizenship less effective.⁴⁵

⁴³ Ibid., 158.

⁴⁴ Ibid., 160.

⁴⁵ Ibid., 160-162.

Educational attainment is a powerful intervening variable in the stratification process due to its ability to set social class positions across the generations.⁴⁶ Inevitably, this educational stratification throughout schooling replicates social stratification experienced after graduation. Of the several arenas where the stratification process takes place—in the family, the peer group, the school, the labor market—the school is most accessible to the demands of public accountability and influence.⁴⁷ American public schools have become significant instruments in the blocking of economic mobility and in the intensification of class distinctions for students who underachieve and are not equipped with the resources to help them reach their full potential.⁴⁸

Diminished Opportunities

Opportunity cannot be afforded to all without providing more educational resources to some students so that all may succeed regardless of initial talent or family resources.⁴⁹ However, this utilitarian perspective of education has been neglected particularly in schools containing high populations of poor and minority students. “Formal education, consequently, reflects the norms and values of the ruling groups and has essentially the function of confirming and stabilizing existing class differences.”⁵⁰ This creates serious barriers for disadvantaged students who fall victim to these

⁴⁶ Robert Hauser, “Educational Stratification in the United States,” *Sociological Inquiry* 40 (Spring):111.

⁴⁷ *Ibid.*, 103.

⁴⁸ *Ibid.*

⁴⁹ Hochschild and Scovronick, *The American Dream and the Public School System*, 12.

⁵⁰ John Neelsen, “Education and Social Mobility,” *Chicago Journals* 19, no.1 (Feb 1975): 143.

inequities. These students are often excluded from quality facilities, high-quality teachers and benefits that students in middle-class districts are more likely to enjoy.⁵¹ Schools in low socioeconomic communities suffer from high levels of unemployment and out-migration of the best qualified teachers; each of these issues work negatively against students already suffering from diminished dreams and expectations.

An individual's educational attainment is highly connected to potential income and on average high school graduates earn substantially more than less-educated Americans. "Over the past forty years incomes for graduates have gone up by more than one-third, while incomes for those with only a high school diploma have stagnated; Americans who do not complete high school today actually earn less than similar Americans did in 1970."⁵² Less-educated Americans begin their careers earning a fraction of what high school graduates make, and face a very difficult time breaking into the higher tiers of the earnings distribution.⁵³ In the current global economy, having at least a high school diploma is a critical step for avoiding poverty, and a college degree is a prerequisite to obtaining a well-paying job. The costs of dropping out of high school today have substantially risen over time, thus making it nearly impossible to earn an adequate income.

⁵¹ Hochschild and Scovronick, *The American Dream and the Public School System*, 26.

⁵² Greenstone, Harris, Li, Looney, and Patashnik, *The Hamilton Project: A Dozen Economic Facts About K-12 Education*, 1.

⁵³ *Ibid.*, 5.

The education one receives significantly establishes long term economic worth, social class, and standard of living. Although schools may teach people useful skills and values, “they certainly allocate people to positions of higher social status, and this affects the anticipations and socialization of the students (and nonstudents) as well as the experience and later socialization of the graduates (and nongraduates).”⁵⁴ The inequality gap between highly educated and less-educated Americans is growing. In 2009 almost half of those who could work but lacked a high school diploma were unemployed.⁵⁵ The lack of good-paying jobs extends the challenges facing less-educated Americans, contributing to increased crime rates and a higher percentage of able adults receiving disability, welfare, and other transfers—creating a broader cost burden to society as well.⁵⁶ “These trends are unsettling in their own right but can also undermine our country’s future: high rates of inequality can cause people to lose faith in the shared American [Dream], making it difficult for policymakers to pursue the pro-growth strategies that allow living standards to rise over the long run.”⁵⁷

⁵⁴ Meyer, “The Effects of education as an Institution,” 74.

⁵⁵ Greenstone, Harris, Li, Looney, and Patashnik, *The Hamilton Project: A Dozen Economic Facts About K-12 Education*, 6.

⁵⁶ *Ibid.*, 6.

⁵⁷ *Ibid.*, 1.

CHAPTER FOUR

DIMINISHED EXPECTATIONS

Former Cabinet Secretary to President Lyndon Johnson, John Gardner, once said, “Civilizations die of disenchantment. If enough people doubt their society, the whole venture falls apart. We must never let anger, fashionable cynicism, or political partisanship blur our vision on that point. We must not despair of the Republic.”¹ The warning implicit in John Gardner’s words speaks to the importance of American morale. His words capture the challenges and disconnect of America—that this country must remain a land of opportunity for all and that hope for those born without privilege must be protected. In order for the American Dream to function as a shared purpose, it must be believable to all members of society that social mobility is achievable; otherwise our disenchantment will eventually lead to our collapse as a prosperous nation.

History has proven that every society has faced certain challenges that have undermined their ability to survive. These challenges—although different in nature—led to a common fate that faced many civilizations and governments—implosion. This is evident in the fragmentation and civil wars of ancient Egypt to the economic collapse of the Soviet Union. In modern America we face a unique challenge from within, a “schism in the body social” and a “schism in the soul.”² Today we stand as two different

¹ Hedrick Smith, *Who Stole the American Dream?* (New York: Random House Inc, 2012), prologue.

² *Ibid.*, xii. Both phrases represent an internal division that undermines America’s unity at the core of society. Smith uses these terms to explain how the city-states of ancient Greece fell into fierce

Americas, the “haves” and the “have-nots”—divided by power, money, and ideology.³ This divide, aggravated by inequality, has created tensions throughout our society and conflicts between America’s economic classes.

Many fear the United States is on a downward slide. People do not feel that they have control of their lives, and a sense of hopelessness has placed the American Dream in serious jeopardy. The current lack of social mobility throughout the middle class has stolen the American Dream from many who have worked diligently to obtain it. There is a belief that the American Dream has become a fallacy, as a majority of Americans are disillusioned by what they observe around them, that hard work does not necessarily beget social status and a better life. To understand this shift in the middle class psyche, this chapter will tap into the research of Hendrick Smith in *Who Stole the American Dream?*, and Donald Barlett and James Steele’s, in *The Betrayal of the American Dream*, along with secondary sources, to argue that diminished expectations are a result of income inequality, debt, and a weakened educational outlook. Furthermore, this chapter will explain the shifts in corporate profit structures that have diminished the American worker wages to benefit company profitability.

In the United States, wealth is highly concentrated in the hands of a few. The gross inequalities of income and wealth in America have clearly formed an economic divide between the one percent and the 99 percent. From 2002 to 2007 America’s

competition among themselves over trade and spiraled into decline. Smith believes that the division of wealth in America could very well lead to its ultimate demise.

³ Ibid., xii.

wealthy—the top one percent (3 million people)—grossed two-thirds of the nation’s entire economic gains, while the other 99 percent were left with one-third of the remainder to divide among 310 million people.⁴ A large part of these inequalities can be explained by the structure of U.S. tax code. Through the manipulation of our tax code—specifically the slashing of pre-1970 tax rates—a majority of the wealthy actually pay a lower tax rate than most citizens of the middle class.⁵ Our current tax code allows numerous breaks and loopholes that give an unfair advantage to the rich, as seen in carried interest profits and other investment incomes. On the impact of the capital gains widening disparities, Hendrick Smith further argues:

[The capital gains tax rate in 1978 of forty-eight percent currently stands at fifteen percent [...]. Capital gains go primarily to the people at the top of the economic pyramid. The top 0.1 percent—about 315,000 people out of 315 million Americans—garner roughly half of all capital gains in the United States. Among the ultra-rich, the Forbes 400, the richest four hundred people in the country, capital gains account for sixty percent of their income. The fifteen percent capital gains tax means that the monumental investment gains of the wealthy are now taxed at lower rates than the W-2 withholding rate for many salaried middle-class professionals and middle managers, whose tax rates run up to thirty-five percent. Hedge fund managers, who make hundreds of millions of dollars per year, are also taxed at that same low fifteen percent rate, well below the rate paid by their secretaries, chauffeurs, or butlers.[...] To make matters worse, ordinary employees typically pay a higher payroll tax rate—7.65 percent to finance Social Security and Medicare—than corporate CEOs and super-rich investors. Their investment gains are not subject to the payroll tax, and their pay over \$106,800 is also exempt. As a result, the super-rich pay as little as one to two percent of their earned income in payroll taxes, far below the 7.65 percent rate of middle-class Americans.⁶

⁴ Ibid., xv.

⁵ Ibid., 106.

⁶ Ibid., 106,107.

The U.S. tax code is where economics and politics interconnect most powerfully; the continuing trend of tax cutting since the 1970s has fundamentally widened America's wealth divide.⁷

Wedge Economics: The Wedge between Productivity and Wages

“From 1973 to 2011, the productivity of the U.S. workforce rose 80.1 percent, but the wages of the average worker rose only 4.2 percent, and hourly compensation—wages plus benefits—rose only 10 percent.”⁸ Given adjustments for inflation, hourly wages for the average worker have remained essentially flat.⁹ Hendrick Smith clarifies that these wealth inequalities stem from a cultural shift that has developed throughout our modern economic history. Smith believes that there are two trends that are responsible for today's hyperconcentration of wealth; the collective decisions over time by America's corporate power elite to take a larger share of business earnings for themselves and the increasingly pro-rich and the pro-business policy tilt in Washington since the late 1970s.¹⁰ Donald Barlett and James Steele share the view that for decades “Washington and Wall Street have been systematically rewriting the rules of our economy through putting in place policies that have steadily dismantled the foundation of the American middle class.”¹¹

⁷ Ibid., 106.

⁸ Ibid., 73.

⁹ Ibid., 73.

¹⁰ Ibid., 106.

¹¹ Donald Barlett and James Steele, *The Betrayal of the American Dream* (New York: Public Affairs, 2012), 5.

Barlett and Steele note that these two entities are responsible for:

[The creation of] a tax system that is heavily weighted against the middle class. Deregulat[ing] sectors of the economy and in so killed jobs and lower[ing] wages for employees across entire industries such as airlines and trucking. Ignit[ing] a wildly speculative run-up in the mortgage-backed securities of little value that imploded in the 2008-2009 recession. Encourag[ing] corporations to transfer jobs abroad and eliminate jobs in this country to bolster the value of stock. Increas[ing] dividends, and boost executive compensation. Enabl[ing] companies to eliminate positions and replace permanent employees with contract workers at lower pay and with no benefits. Allowed multinational corporations to shelter profits overseas and avoid paying taxes on earnings that could be used to help stimulate jobs at home. Forc[ing] eleven million people with mortgages that exceed the value of their homes to make monthly payments to the banks that caused the housing collapse—a debt they will never pay off. [And r]efus[ing] to support the growth of new industries that could generate jobs for the future.¹²

Both works agree that before the 1970s, everyone share in increasing American prosperity and national economic growth. However, over the past 30 years leading into the twenty-first century, America's corporate plutocracy largely abandoned the longstanding practices of stewardship, loyalty or patriotism. The new economy of the 1990s and present 2000s was fixated on maximizing profit margins, at all costs. The focus of corporations began to center around short term gains through creating and increasing shareholder value. As a consequence, middle-income Americans fell victim to the sharp shifts in the ethos of U.S. business leaders who exploited them and characterized them as expendable.¹³

¹² Ibid., 7.

¹³ Smith, *Who Stole the American Dream?*, 62.

Subsequently, instead of investment and innovation, many of America's corporations reaped the benefits of the corporate formula of cut-cut-cut—cut costs, cut plants, and cut jobs.¹⁴ Over the past decade, corporations have imported cheap foreign labor to replace millions of Americans throughout an increasingly vast range of occupations. These same conglomerates have moved offshore many of the nation's once-unionized, blue-collar and white-collar jobs that middle-class Americans highly depended upon. Smith believes that throughout the mid-90's, the enduring social contract that had linked labor and management in an equal share of economic and productivity gains was breached as he elaborates:

They had torn up the old social contract embodied in the Treaty of Detroit between GM and the United Auto Workers. They had turned their backs on the Great Compression concept of shared prosperity, on the idea of the virtuous circle of growth. Instead, New Economy CEOs were guided by the cold calculus of corporate downsizing and offshoring, a calculus that is guided by one yardstick—short-term profits.¹⁵

As *Newsweek's* business columnist Allan Sloan commented in early 1996, “[o]nce upon a time, it was a mark of shame to fire your workers en masse, [i]t meant you had messed up your business[; t]oday, the more people a company fires, the more Wall Street loves it, and the higher its stock price goes.”¹⁶ In the present day it is commonly understood that structural layoffs are becoming routine in our economy. More than 59,000 factories and production facilities have been shut down all across America over

¹⁴ Ibid., 48.

¹⁵ Ibid., 62.

¹⁶ Ibid., 57.

the last decade, and employment in the core manufacturing sector fell from 17.1 million to 11.8 million from 2001 to 2011, taking a devastating toll for what historically had been the best sector for steady, middle-class jobs.¹⁷ According to a survey conducted by the American Management Association, from 2001 to 2003, roughly 5.4 million people were thrown out of work, due to job cuts and reasons unrelated to job performance.¹⁸ The same survey was carried out a year later, in 2004, and found that of those laid-off workers, many had failed to find new jobs, and for those who did, pay was substantially decreased.¹⁹

Roughly twenty-nine million Americans are either unemployed, involuntarily working part-time or dropping out of the labor market due to diminished hopes.²⁰ This significant job loss has led to a chronic drop in income and economic security as Americans compete with cheap foreign labor and increased technological productivity. Given China's steep upward leap in high technology and skill-intensive jobs, virtually no job is safe from offshoring.²¹ With China and India educating more engineers and computer scientists than the United States, even higher levels of education can no longer provide job protection.²² According to Hackett Group, a strategic consulting firm, "companies are clearly accelerating the pace of their globalization efforts, particularly in

¹⁷ Ibid., 78.

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Ibid., 79.

²¹ Ibid., 272, 273.

²² Ibid., 273.

finance and IT, while at the same time implementing hiring freezes and/or staff cuts for their other back-office staff positions.”²³

Businesses contend that these cuts are solely the result of increasing global competition and technological advancement.²⁴ On the contrary, in all the advanced countries of Europe and Asia—the ones whose economies were most affected by globalization and new technology—wealth distribution is substantially more equitable than in America.²⁵ Therefore these globalization and technological trends are not a reasonable justification for the wealth gap in America. As Barlett and Steele dispute, these massive job losses are a result of America’s blind adherence to unrestricted free trade.²⁶ U.S. policy has failed to make the transition of globalization and technological advancement less traumatic for existing workforces and compel other nations to open their markets to U.S. exports to offset the mainland losses.²⁷ Barlett and Steele write:

Here there is little or no attempt to promote fair trade. There are no safeguards for domestic workers or industries. There is no attempt to balance exports or imports, hence our mammoth trade deficit. U.S. trade policy has essentially been hijacked by multinational corporations, which have found it in their best interest to ship work abroad and then bring products made offshore back to the United States while paying the lowest possible tariff. This wide open policy has enriched the biggest

²³ Ibid., 288.

²⁴ Ibid.

²⁵ Ibid., 61, 62.

²⁶ Donald Barlett and James Steele, *The Betrayal of the American Dream*, 231.

²⁷ Ibid., 230, 231, 232.

corporations, but it has been catastrophic for many U.S. industries at home and for millions of workers.²⁸

Benefits Reduction

Corporate America has shifted a major portion of the cost for health and pension benefits onto individual employees. The rise of health insurance premiums has forced employees to bear a heavier percentage their medical costs. In 2005 only eighteen percent of workers were getting full health benefits paid by their employers; thirty-seven percent received partial coverage, and the additional forty-five percent got no employer support.²⁹ Many of the companies that struggled during the Great Recession used corporate restructuring under Chapter eleven of the bankruptcy code to rid themselves of many of their benefit obligations to employees.³⁰ While some companies have needed to make this change in order to survive, a majority have simply added the cost savings to their profit margin.³¹ Many companies have also shut down their pension plans or frozen them and chosen to opt for 401(k) retirement plans.³² The switch from pension plans to 401(k)'s has been extremely beneficial to corporate earnings. According to pension's expert Brooks Hamilton, under 401(k) plans companies cut their payroll costs down from six or seven percent to only two or three percent on matching contributions.³³ By mid-2000s,

²⁸ Ibid., 231.

²⁹ Smith, *Who Stole the American Dream?*, 85.

³⁰ Ibid., 85.

³¹ Ibid., 85.

³² Ibid., 85.

³³ Ibid., 87.

employees were collectively paying fifty-one percent of their retirement costs without any offsetting of the real increase in the typical worker's pay.³⁴

Evidently 401(k)'s benefits pale in comparison to traditional pension plans for several reasons. In order for employees to successfully gain from 401(k) plans, especially during the present economy downturn, one must be familiar with the risks associated with financial markets that accompany 401(k) investments; most average Americans have no general knowledge of this. Secondly, employees often find themselves facing several common disadvantages which include: having no 401(k) plan in their work, and if they did, failure to sign up, giving low contributions, leakage through cashing out 401(k)'s after a job change, and by using the funds as a rainy day safeguard.³⁵ Employees are simply not investing enough to even receive proper returns largely because they have no knowledge of how much they will need upon retirement.

On the other hand, even with employees who save conscientiously, false expectations are still present; the large sums taken out of 401(k) plans by the financial industries that manage them significantly lower returns on investment.³⁶ The mutual funds and banks that manage these accounts attach fees and transition costs which run at an average of two percent a year, subtracting that from the average five percent gain leaves individual investors with a net gain of three percent.³⁷ This translates to a 100

³⁴ Ibid., 88.

³⁵ Ibid., 180.

³⁶ Ibid., 182.

³⁷ Ibid., 183.

percent of the capital and risk on behalf of the investors, but a meager forty-six percent of the return.³⁸ This risk can prove costly for employees especially during periods of economic recession. A prime example of this risk is the fact that “during the market collapse of 2008-2009, 401(k) plan holders lost an estimated \$2.8 trillion in savings—roughly thirty percent of their assets.”³⁹ The hard truth that most Americans now face is that the amount of savings needed to retire will require a much more aggressive savings approach than virtually any 401(k) plan envisions for employees below executive levels.⁴⁰

Middle Class Debt and Low Mobility

Many of the new jobs created post recession are at the bottom of the wage scale, and as many unemployed workers found out, unemployment checks are not sufficient to cover all living costs. Therefore, in order to offset these expenses, many struggling families have resorted to using credit lines. Indeed, consumer debt levels have risen to unprecedented heights, contributing to the higher prevalence of bankruptcy among middle class families. Debt management has become an integral part of middle class existence. To complicate matter further, lenders have pushed for policies to tighten bankruptcy qualifications. As a result, the 2005 Bankruptcy Abuse Prevention and Consumer Protection Act, temporarily halted bankruptcy approvals, through higher legal

³⁸ Ibid.

³⁹ Ibid., 181.

⁴⁰ Ibid., 185.

and financial bankruptcy requirements.⁴¹ Inadvertently, this law “functioned like a barricade, blocking out hundreds of thousands of struggling families indiscriminately” according to University of Illinois bankruptcy professor Robert Lawless.⁴² However, given the 2008 financial crisis and in the wake of massive unemployment, bankruptcy rose to post 2005 numbers, “indicating that financial distress among the middle class was more acute than five years earlier.”⁴³

In 2010, the Census Bureau reported that another 2.6 million Americans slipped below the official poverty line, bringing the total poor to 46.2 million people—the highest amount in fifty-two years.⁴⁴ The income stratification has enormously slowed intergenerational mobility, as social scientist Julia Isaacs and economist Isabel Sawhill assert, “children born to parents in the bottom quintile have a severe handicap and the highest likelihood of being at the bottom themselves.”⁴⁵ The lack of social mobility felt throughout the middle and working class has had serious ramifications for our economic growth. Total indebtedness across our economy has risen significantly in the past thirty years further strangling America’s foundation—the middle class. Given the inflation, increasing number of Americans are being forced to squeeze more and more out of their income, despite the fact that income levels have been stagnating. The living standards of middle-class Americans have fallen behind those in many countries in Europe:

⁴¹ Ibid., 96.

⁴² Ibid.

⁴³ Ibid., 95.

⁴⁴ Ibid., 70.

⁴⁵ Ibid., 71.

“Americans worked longer hours, often for lower pay and benefits, and made up the difference with the highest ratio of two-income households of any advanced economy.”⁴⁶

This prolonged economic stranglehold on a large segment of the middle class has severely impacted their quality of life and outlook for the future. According to a 2007 study on the American Dream by Metropolitan Life Insurance Company:

[M]ore than a three to one margin (sixty-five to nineteen percent), Americans believed things had gotten less secure in the last decade[;] two-thirds stated that they had not achieved the American Dream of home ownership and solid economic life. Roughly half of those over forty said they never expected to achieve it. [This] was before the economic collapse of 2008.⁴⁷

In 2009, as the recession hit bottom, Metlife conducted another poll which found that] “only one-third of Americans believed they were living the American Dream. [In addition,] half of that group, especially people in their mid-fifties and older, were worried that the dream was going to slip through their fingers and that they would be unable to sustain the good life in the years ahead.”⁴⁸ The most pressing concern is the diminished economic security of middle-class families; most Americans do not believe they will have enough savings to support the education of their children or plan retirement in the near future.

⁴⁶ Ibid., 73.

⁴⁷ Ibid., 90.

⁴⁸ Ibid.

The Tradeoffs of Higher Education

Americans realize that in order to achieve social mobility and to secure their long-term economic security, it is important to obtaining a college degree. On average, young adults with bachelor's degrees fare much better than those without. However, the value of college education has become a subject of heated debate because of the financial burden it places on middle and working class families. In the recent decade degrees typically have not generated as much of a gain as most would imagine. A record number of students are leaving college with a substantial debt burden. This rapid rise in the cost of higher education is increasingly lowering the potential return on investment for post-secondary education.

According to the U.S. Department of Education, from 1999 to 2011, the cost of college education rose 511 percent.⁴⁹ A study conducted by the Economic Policy Institute found that the entry-level hourly earnings of college graduates today are lower than a decade ago: \$21.77 in 2010 compared with \$22.75 in 2000.⁵⁰ Larry Mishel, director of the pro-labor Economic Policy Institute in Washington D.C., claims that wages of both college and high school graduates have essentially stagnated for the past ten years.⁵¹ Given the rise of college costs and resultant indebtedness, graduates face a much more difficult time establishing themselves and pursuing the American Dreams of home ownership, auto purchases, and other consumptions that strengthen economic growth.

⁴⁹ Donald Barlett and James Steele, *The Betrayal of the American Dream*, 127.

⁵⁰ *Ibid.*, 125.

⁵¹ Smith, *Who Stole the American Dream?*, 105.

Total outstanding student debt in the United States is currently higher than credit card debt. Astonishingly on the average, college graduates have 24,000 dollars in student loans.⁵² Even for advanced professional degrees some student have a debt load approaching 150,000 dollars and greater. The quadrupling of average college tuition and the cost of room and board from the late 1970s to the early 2000s have put teenage children of average middle-class families at a large disadvantage compared to children of wealthy and affluent families in their ability to pay for a college education.⁵³

Citing statistics released by the Department of Education, Tamar Lewin argues that the percentage of borrowers who defaulted on federal education loans within the first three years of payments rose to an average of 13.4 percent last year — 22.7 percent for those who attended for-profit colleges.⁵⁴ With tuition rising steadily and family incomes falling, the number of borrowers with federally guaranteed student loans has increased. These statistics conclude that higher education has essentially become a debt sentence for middle and working class citizens. Combined with a weakened job outlook, many middle-class families are struggling to stay afloat due to the inability to clear student loan debt through bankruptcy.

A study on recent college graduates conducted by the John J. Heldrich Center for Workforce Development found that most college graduates are unsure about their ability

⁵² Donald Barlett and James Steele, *The Betrayal of the American Dream*, 125.

⁵³ Smith, *Who Stole the American Dream ?*, 72.

⁵⁴ Tamar Lewin, “Education Department Report Shows More Borrowers Defaulting on Student Loans,” *The New York Times*, September 28, 2012.

to move up. Only one-fifth of students polled believed that their generation will be more successful than the one that came before them.⁵⁵ This study found that four in ten college graduates are currently working in jobs that do not require a four-year college degree and that many graduates took jobs outside of the field they studied in college.⁵⁶ Of the students polled the study also concluded:

Although most graduates did find employment, many had to make sacrifices in order to do so. [...] 24% of graduates had to accept earning a lot less than they had expected in order to get this job. Likewise, a quarter had to work below their education level and another quarter had to accept a job outside their field in order to gain employment. In addition, some had to accept working less favorable hours (16%), move[d] to another community (13%), t[ook] a job without health care benefits (13%), or accept a temporary job (6%).⁵⁷

As a nation, we have been through the worst decade in seventy years, with fewer jobs at the end of 2011 than ten years earlier and with the income of the typical middle-class family ending up lower than in the late 1990s.⁵⁸ One major reason for the low mobility observed in the United States is that education is no longer the great social leveler as seen in the twentieth century. According to Larry Mishel, director of the pro-labor Economic Policy institute in Washington D.C., “this decade has presented the

⁵⁵ Charley Stone, Carl Horn and Cliff Zukin, *Chasing the American Dream: Recent College Graduates and the Great Recession* (John J. Heldrich Center for Workforce Development at the Edward J. Bloustein School of Planning and Public Policy at Rutgers, The State University of New Jersey, May, 2012): 24. This report describes the findings of a nationally representative sample of 444 recent college graduates from the class of 2006 through 2011.

⁵⁶ *Ibid.*, 7.

⁵⁷ *Ibid.*, 8.

⁵⁸ Smith, *Who Stole the American Dream ?*, 69.

lowest demand for college graduates in the whole postwar era.”⁵⁹ The burden of student loans is seen to impact negatively on the lifestyle decisions made by young college graduates and this situation will likely continue as long as college costs rise exponentially.

⁵⁹ Ibid., 105, 106.

CHAPTER FIVE

CONCLUSION

This thesis set out to shed light on the American Dream in the current age of diminished economic expectations. This thesis found that education plays an important role in social mobility and that the stratification of society is a result of our formal education system. Through this study I was able to assess how our shortcomings in formal education, consumer based debt, and economic stagnation, has resulted in diminished economic expectations and continued disbelief in the American Dream. In addition, it was revealed that the demoralization of middle and working class Americans has essentially weakened the United States image as the land of opportunity. This final chapter and thesis conclusion will address how the American Dream has changed over time as well as looking forward on what should be done to cure the American educational system and restore the “virtuous cycle of growth” in our economy; higher wages which influences a rising consumer demand which will result in higher output. This will be followed by a brief reflection on the importance of the American Dream and why it is so essential to the survival of our country.

The American Dream still exists in the minds of all American men and women, natural-born and foreign-born alike. This ethos is found nowhere else on the face of the earth and is unique to every individual who passionately seeks it. This collective idea continues to inspire countless generations to strive for self-betterment and the opportunity to live a good life filled with the riches of our labor. It is the freedom to live in pursuit of happiness, in all aspects of life—materially, spiritually, vocationally, and educationally.

This idea that an individual or their family can rise from humble beginnings into one of America's affluent in one or two generations, is the reason why people believe that the American Dream is possible. Throughout American history, this nation's great experience in individual liberty and free enterprise has attracted many immigrants of modern day and centuries before, who have come from the four corners of the world and risked everything at a chance to reach our shores and start anew.

From the beginnings of America, the strongest piece of our moral character has been our hard work ethic as a country; driven by the belief that each generation could improve its standard of living relative to the previous. America was founded on the premise that we all should have an equal right to pursue our dreams without unjust impediments. History has shown that given opportunity, America can and will prosper. Throughout the twentieth century America led the world in all areas of invention, science and industry, precisely because the common man was given the opportunity to create and transform dreams into reality. However, as I have witnessed firsthand, the twenty-first century has weakened this premise and denied opportunity to many Americans who have yet to achieve the economic mobility that their hard work warrants. Through the diminished hopes of the middle and working class, and the visible signs of economic stagnation, the basic idea of the American Dream appears distrustful.

In a society that has been deeply impacted by the Great Recession—where home prices have fallen and job gains have remained relatively weak—the collective view of realizing a prosperous American Dream is no longer a shared vision of all citizens. America is on the brink of becoming a nation in decline—“economically stagnant and permanently debt-bound, heavily regulated and bureaucratic, less self-governing and less free.”¹ The plight of our society is that we have been sliding into an economic and political oligarchy, where a self-reinforcing process is at work.² According to Hedrick Smith, author of *Who Stole the American Dream?*, the wealthy and the corporate elite have used their vast financial resources to buy political influence and then leverage that added political power to obtain further policies that exponentially multiply the economic returns of America’s financial elite at the expense of average Americans.³

For three decades we have pushed for laissez-faire economics of lower taxes, less regulation, and faith in the market to readjust the economy—and as a consequence we have witnessed the income inequality and economic collapse that it has created.⁴ Over the past decade, consumer spending and indebtedness have provided the central source of fuel for the country's economic growth: as a collective resource, consumers have been the exploited by the providers of goods, services, and credit.⁵ According to Angela Littwin’s study on credit card use, there is

¹ Stuart M. Butler, Alison Fraser and William Beach “The Heritage Plan to Fix the Debt, Cut Spending, and Restore Prosperity” (The Heritage Foundation, *May 10, 2011*): 1.

² *Ibid.*, 152.

³ *Ibid.*

⁴ *Ibid.*, 380.

⁵ Lois Lupica “The Consumer Debt Crisis and the Reinforcement of Class Position.” *Loyola University Chicago Law Journal* 40 (2009): 609, 610.

indeed a problem of over-consumption, one of borrowers whose short-term spending exceeds that which they themselves would prefer in the long run.⁶ This debt crisis, highly concentrated in the middle class, is the result of an even larger issue at hand; stagnant incomes relative to inflation over the past decade. Moreover, globalization and technological advancement, have worked hand in hand, in the removal of low skilled and high skilled sector jobs that will never return, meanwhile driving down the wages of countless American jobs that have remained. Many Americans now work longer hours and or take on second jobs, all in order to live a sustainable life.

The twenty-first century has created a different view of what the American Dream symbolizes. Not only are traditional symbols of the Dream no longer prevalent, but the collective nature of the earlier American Dream of the nineteenth century and early twentieth century, seems to have diminished. As our labor force continues to reduce health and retirement support, all the while influencing substantially low wages, Americans remain demoralized and left to fend for themselves.

The American Dream displayed through popular media, “a house in the suburbs, 2.5 kids, and a dog” is eroding. There is a sense that the middle class has essentially little power or impact on policy, which in turn has caused a majority of them to give up on government and the idea of democracy.⁷ Many of America’s middle class now struggle to find financial security. It is now more difficult to for many average Americans to achieve or maintain middle class status given

⁶ Littwin, Angela. “Beyond Usury: A Study of Credit Card Use and Preference Among Low-Income Consumers.” *Texas Law Review* n.a. (2008): 1-58, <http://ssrn.com/abstract=968330> (accessed March 19, 2013).

⁷ Butler, Fraser and Beach, “The Heritage Plan to Fix the Debt, Cut Spending, and Restore Prosperity,” 1.

the continuing rising costs of basic necessities such as health care, food, housing, and post-secondary education. For these reasons, the normalcy of life in the middle and working classes has come undone, and so has our hopefulness; not only our belief that the future is full of boundless opportunity, but our faith that America will eventually become the prosperous nation it once was.

Reestablishing Education: K-12

As a society we have given formal education the central responsibility to make the American Dream work; to provide the structure and tools that all citizens need to pursue their dreams and maintain democracy.⁸ We have also long embraced the vision for public education that was expressed in the writings of Thomas Jefferson and Benjamin Franklin. This vision has stressed the need for a public school system that produces the informed citizenry needed for democracy, embraces the welfare of all children throughout our country, upholds the ideal of equal opportunity, and stresses the conviction that public education can and should provide a level playing field.⁹ As mentioned in chapter three, the funding of public schools through local property taxes creates a system of inequality where students from low-socioeconomic status homes are highly placed in underfunded schools that cannot grant equal opportunity afforded to more affluent school districts. In light of this issue, the following recommendations seek to create different uses for current school funding and additional resources, which can potentially promote equal opportunity for all.

⁸ Ibid., 78.

⁹ Biddle, Bruce, and David Berliner, "Unequal School Funding in the United States," *Education Leadership* 59, no. 8 (2002): 48-59.

Adequate funding can mean the difference in improved teaching, smaller class sizes, and programs that develop skills that are necessary to venture into college or the work force. Providing students with sufficient resources allows them to potentially obtain higher scores on standardized tests and college entrance exams, which increases their opportunity to obtain middle class status post-graduation. Thus in following the guidelines proposed by the Scott Foundation of Public Education, school systems should seek to impose the following regulations and policy changes.

1. Each student who is currently a grade level or more behind in reading and or suffers from English speaking deficiencies should immediately be given a Personal Opportunity Plan that gives the student access to additional academic, social and health supports necessary to bring the student to grade level proficiency within a twelve to twenty-four month period.¹⁰
2. Every public school should have an opportunity audit to determine if it has the adequate supports that are needed to offer each student a fair and substantive opportunity to learn, through access to high-quality early childhood education, highly prepared and effective teachers, college preparatory curricula, and policies and practices that encourage student development and achievement.¹¹
3. School systems should set a minimum level for the percentage of teachers with less than three years of teaching experience in underfunded districts and that percentage should be no lower than the average percentage with less than three years of experience in the top five highest performing districts of the state.¹²
4. Each state should also work with local districts to reverse the salary gap recently identified by the U. S. Department of Education between teachers in high and low poverty schools.¹³

¹⁰ Michael Holzman “A Rotting Apple: Education Redlining in New York City.” Scott Foundation of Public Education. schottfoundation.org/drupal/docs/redlining-full-report.pdf (accessed March 19, 2013):19.

¹¹ Ibid.

¹² Ibid.

¹³ Ibid.

These steps can effectively increase college attainment and create a more utilitarian based educational system that prepares individuals to strengthen our democracy and labor force. By allowing all students to maximize their potential, these overall gains will benefit the economy through reduced dropout rates and unemployment.

Higher Education Reform

The nexus between educational attainment, career choices and income differentials indicates that formal education is a necessary qualification for upward social mobility.¹⁴ Americans today realize that throughout our high-tech and knowledge based economy, a college education has replaced the high school diploma as the entryway to the middle class. Given this necessity, many Americans continue to pursue post-secondary education despite the rising tuition rates of colleges and universities. A study conducted by the Heritage Foundation, a research think tank based in Washington D.C., found that “the price of college tuition and fees grew [at] more than four times the growth rate of inflation [...] and almost twice the cost of medical care.”¹⁵ Coupled with the increased amounts of federal aid through subsidized and unsubsidized loans, students are essentially borrowing amounts that they will not be able to afford in the long run. This substantial financial burden has made it extremely difficult for middle and low-income students to attend schools that they are otherwise academically qualified for and establish themselves financially post-graduation.

¹⁴ John Neelson, “Education and Social Mobility,” *Chicago Journals* 19, no. 1 (1975): 129-143, <http://www.jstor.org/stable/1187731> (accessed March 20, 2013):131.

¹⁵ Dan Lipps, “Ways to make Higher Education more Affordable,” (Washington D.C.: Heritage Foundation, January 2010) http://thf_media.s3.amazonaws.com/2010/pdf/wm_2785.pdf.

In order to encourage the reduction of tuition for traditional four year colleges, states with multiple colleges can expand course offerings throughout the state through online learning or even offer content online for free.¹⁶ States could also expand credit-by-examination options at its state universities.¹⁷ Over time, low-cost online education could drastically increase the level of access to higher education and save middle and working class Americans substantial amounts of potential debt. Daniel de Vise of *The Washington Post* reports that accreditors, whose academic reviews are key to a school's survival, could require colleges to publish proof of student learning as a condition for accreditation.¹⁸ This would provide accountability and an incentive for college's to ensure that students are learning the necessary skills needed to effectively compete in a globalized economy. De Vise points out that the system of merit aid needs to be revamped, he states:

Thirty years ago, merit aid was the rare scholarship to the extraordinary student, the vestige of an era when smart people might not go to college without a cash incentive. Today, many upper-income families enter the college search with an expectation of merit aid. They shop for colleges as they would for cars, weighing offers from rival schools, haggling with admissions officers, effectively auctioning off a star student to the highest bidder. [...] Merit dollars are spent, by and large, on students who would go to college, anyway. A middle-class student denied merit aid by a \$50,000-a-year college might not be able to afford that college. [...] Merit aid favors the wealthy: Children from affluent families tend to have greater "merit," in the form of higher grades and test scores. Less-selective colleges leverage merit dollars to attract tuition-paying students and fill seats. More-selective schools offer merit aid to lure top students who raise the schools' academic standing. Winners of the bidding wars lose tuition money that might otherwise be spent on teaching or on students with need. Merit discounts inflate the tuition charged to those who pay full price.

¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ Daniel de Vise, "Eight Ways to get Higher Education into shape," *The Washington Post*, February 20, 2011

Affording post-secondary education for top-tier private and public institutions has become a barrier for many middle and working class students. The merit-aid bidding wars of these institutions inadvertently leaves out students with actual need.

Traditional four year colleges should consider reducing the length of undergraduate study. As Margaret Drugovich, president of Hartwick College in New York believes “education should never be a one-size-fits-all enterprise.”¹⁹ The potential savings of shaving off a year of schooling could substantially decrease the average debt load per student. The University of Massachusetts Amherst became a high-profile exemplar of the trend in 2011, offering three-year degrees in economics, music and sociology.²⁰ It's tailored to students who have Advanced Placement credits and are willing to take summer school; the potential savings: at least \$15,000 in tuition, fees and living expenses.²¹

Labor Fairness

Concurrently, “employers have tended to raise their demands on minimum qualifications for all occupational categories, including unskilled jobs.”²² Therefore, it is essential that employers also share in the responsibility of delivering the necessary skills to workers through programs that can more effectively address the skills gap found in America. Businesses could invest in think tanks to work with high schools and local employers to blend academic

¹⁹ Ibid.

²⁰ Ibid.

²¹ Ibid.

²² Neelson, *Education and Social Mobility*, 137.

instruction with workplace experience; this could have a substantial impact on tightening this divide.²³ As a condition, employers must seek to reestablish fair and competitive wages that match the educational attainment of employees. Businesses must reestablish “the virtuous circle of growth:” well-paid workers generating consumer demand that in turn promotes business expansion and hiring.²⁴ This would result in the increased spending power of average Americans, who are among Americans most powerful drivers of consumption.

Business models of more traditional CEO’s such as Bob Galvin, who ran Motorola from 1959 to 1990, proves that upholding and investing in employee’s increases economic growth. Galvin’s philosophy was that the best way to achieve efficiency and market dominance was through the relentless pursuit of high quality—better products, well trained employees with benefits, and low turnover.²⁵ In spirit of this philosophy, Costco has been a prime example of confirming that this business model can work even throughout this tough economy climate:

Costco has maintained health coverage for roughly 85 percent of its employees, while keeping wages steady and avoiding large layoffs. “We try to provide a very comprehensive health-care plan for our employees. Costs keep escalating, but we think that’s an obligation on our part,” explained Costco CEO Jim Sinegal. “We’re trying to build a company that’s going to be here for 50 and 60 years from now. We owe that to the communities where we do business. We owe that to our employees, that they can count on us for security. We have 140,000 employees and families...who count on us. [...] Costco is known for a high retention rate among its employees, while Wal-Mart has a reputation for high employee turnover. At Wal-Mart, CEO packages have run as high as \$20 million in recent years, whereas Costco’s Sinegal consistently took a pay package of about \$2.2 million. As *The Wall Street Journal* put it, Sinegal close being kind to his own workers over making Wall Street happy. In recent years, Morningstar, the

²³ Ibid., 16.

²⁴ Hendrick Smith, “When Capitalists Cared,” *The New York Times*, September 2, 2012.

²⁵ Hendrick Smith, *Who Stole the American Dream?* (New York: Random House, 2012), 48.

investment rating service, reports that Costco has outperformed Wal-Mart and other retailers.²⁶

To embrace our current knowledge-based economy, we must implement social policies which focus on investing in America's most important source of human capital—the middle class. Undoubtedly, average citizens will not have enough spending power to regenerate “the virtuous cycle” in the economy unless a much larger share of America's national income is shared with average Americans.²⁷ Hendrick Smith believes that it is time for America's business elites to step beyond political rhetoric about protecting wealthy “job creators” and grasp Henry Ford's insight: Give the middle class a better share of the nation's economic gains, and the economy will grow faster; as our history has proven time and time again.²⁸

A Reflection on the Importance of Opportunity

In recollection, amid the turbulent times of 1931, James Truslow Adams coined the “American Dream.” Given the effects of the Great Depression at the time, America seemed to have lost all sense of hope. Yet the vision of Adams, unachievable to many at the time, emphasizes the egalitarian hopes of our nation. Through every defining moment in our country's history there has always been a spirit of progress and of possibility. The pursuit of self-betterment and improving one's social position has always stemmed from hardships surrounding each generation of Americans. The pursuit of opportunity has survived every challenge that America has faced, from John Winthrop's Puritans of New England, to the civil rights of

²⁶ Ibid., 86.

²⁷ Ibid, 423.

²⁸ Smith, *When Capitalists Cared*.

American Americans during the 1960's, and now the middle class of America in the twenty-first century.

We are at a defining moment in our history. In Arnold Toynbee's analysis of the rise and fall of human civilizations, we Americans fall among those, like ancient Egypt and Rome, whose most dangerous challenges come from within—from the rifts and schisms that we have allowed to develop within our economy.²⁹ We could have protected our country better through different strategies and policies that minimalized our economic erosion, our glaring wealth inequalities, and the weakening of our industrial strength; but we chose the latter.³⁰ We chose to pursue laissez-faire policies that encouraged individualism and greed, and in doing so, we have stretched our social fabric to damaging lengths.

As Smith states, "We cannot allow the slow, poisonous polarization and disintegration of our great democracy to continue."³¹ America used to be a country where unjust laws and inequality were passionately stricken down for moral reasons; America was a land that waged war against poverty through effective social reforms and fought to increase the standard of living for all. The social conditions from which we all benefit requires the cooperative efforts of all social classes. In promoting the common good, all members of society can have access to opportunity and pursue the American Dream once more. Our democracy is only sustainable if its citizenry has a voice; otherwise as history has shown, our great civilization will eventually fail. If America is losing the very promises it was founded upon—pursuit of happiness, opportunity,

²⁹ Smith, *Who Stole the American Dream ?*, 377.

³⁰ *Ibid.*, 377.

³¹ *Ibid.*, 426.

social mobility—then its competitive advantage as a symbol of hope and opportunity will cease to exist for all.

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