

## ***Why most say the American dream is out of reach***

*By AIMEE PICCHI MONEYWATCH June 4, 2014, 12:12 PM*

While the last recession officially ended in June 2009, that may come as a surprise to many Americans, who increasingly feel that the American Dream is out of reach.

Almost 6 out of 10 respondents in a CNNMoney Poll said they believe the American dream -- however they wish to define it -- is no longer achievable.

While the American dream may mean different things to different people -- higher wages than their parents, or homeownership, or a healthy bank balance -- the survey is reflecting the lingering impact of the recession: Lagging wages, a tough job market, and greater income inequality. From 2000 to 2013, hourly wages for most Americans either fell or flatlined, according to a today from the liberal-leaning Economic Policy Institute.

"The purchasing power of wages has gone down," Elise Gould, director of health policy research at the EPI and an author of the report, told CBS MoneyWatch. "They've grown slower than inflation," which has caused "terrible stagnation over the last decade."

While the overall economy has grown since the end of the recession, most Americans aren't capturing their share of those gains. In fact, real wages fell for the entire bottom 90 percent of the wage distribution from 2009 through 2013, according to the EPI study, called "Raising America's Pay." The worst-off groups were those at the bottom of the wage distribution, with those in the 20th percentile witnessing their hourly wages slip by 6.4 percent.

But the recession exacerbated a trend that had started decades ago, Gould notes. That's a long-term trend of hourly wages failing to keep pace with productivity. In other words, even though American workers have become more productive since the 1970s, their pay hasn't increased at a commensurate pace.

"Between 1979 and 2013, productivity grew 64.9 percent, while hourly compensation of production and nonsupervisory workers, who comprise 80 percent of the private-sector workforce, grew just 8.2 percent," the report found. "Productivity thus grew eight times faster than typical worker compensation."

College-educated workers aren't immune from lagging wages, either, Gould noted. The study found that entry-level hourly wages fell on average for both male and female college grads since 2000.

"There's a misconception that college wages must have really risen since the college premium has gone up," she noted. "That's not really true; what's

happened is the wages of high-school graduates have really fallen, and particularly recently."

For an eye-opening demonstration of how wages have failed to keep pace, the EPI has created a widget that asks you to plug in your current income. It then spits out what if wages had kept pace with productivity over the past 30 years. The median American household income of \$53,000 translates to \$77,000, according to the EPI widget.

Of course, some workers have benefited in the five years since the recession ended: The top American earners. The highest earning 1 percent of Americans captured 95 percent of the income gains in the first three years after the recession ended, economists Thomas Piketty and Emmanuel Saez reported last year.

Even at the top, incomes are seeing wide disparities, with the EPI finding that the wage gap between the top 1 percent and those in the 90th to 95th percentiles rose faster than any other wage gaps it examined. Because the top 1 percent of earners is dominated by CEOs and executives in the financial sector, the deregulation of the financial industry and corporate governance issues may explain those gains, the paper found.

While the stock market has reached new highs this year, that's also not benefiting all workers, given that only about half of Americans own shares in publicly traded companies.

So what's the solution? Policy changes such as strengthening workers' rights and tweaking the tax and transfer system are among the tools that can be used to bring wage growth back to American workers, Gould notes.

"We should definitely use all of the levers we can," she said.

# The American Dream Still Can Happen

Ed Feulner / @EdFeulner / February 16, 2014 / [Leave a comment](#)

One of the most important principles underlying the American dream is upward mobility — the ability to move up the income ladder. The freedom to build a better life for yourself and your family fuels the dreams not only of immigrants who came here to live, but of those born here as well.

To hear some politicians tell the tale, though, its day has come and gone. According to them, upward mobility may have helped your parents and your grandparents, but it likely won't help you. The dream is over.

“We've seen diminished levels of upward mobility in recent years,” President Obama said in a recent speech.

A major new study by Harvard economist Raj Chetty, however, shows things haven't changed all that much. “Children entering the labor market today have the same chances of moving up in the income distribution relative to their parents as children born in the 1970s,” it finds.

That doesn't mean politicians can't improve people's chances of rising. It's just that the best way they can do so is by getting out of the way.

After all, upward mobility has been working for a long time without any help from the federal government. In 1860, Abraham Lincoln made the classic argument for it:

“I don't believe in a law to prevent a man from getting rich; it would do more harm than good. So while we do not propose any war on capital, we do wish to allow the humblest man an equal chance to get rich with everybody else.

“I want every man to have the chance in which he can better his condition — when he may look forward and hope to be a hired laborer this year and the next, work for himself afterward, and finally to hire men to work for him! That is the true system.”

Lincoln's “true system” continues to generate opportunity and upward mobility today. Entrepreneurs and small-business owners are creating new success stories all the time.

Their faith in this “true system” causes most Americans to think of themselves as middle class. In one Pew survey, 50 percent of Americans called themselves middle class, while a mere 8 percent considered themselves lower class.

Those confident Americans are correct, since even if they're not exactly middle class this year, they have the opportunity to be — and they may well reach their goal in a year or two.

According to an old rhyme: “Money is a matter of functions four, a medium, a measure, a standard, a store.” That is, money serves as a medium of exchange (a way of avoiding the inconveniences of bartering), a unit of account (a way of tracking profits and losses), a standard of deferred payment (a way of settling debts), and a store of value (a way of saving that inflation erodes).

Americans use money to help create, produce and deliver products and services that people want, need and will pay for. No other nation can boast an Eli Whitney, a Robert Fulton, a Thomas Edison and a Steve Jobs. Here, practical treatment is rewarded with financial gain.

Bill Gates became the richest man in America by creating Microsoft, and we've all benefited from his work. Microsoft created an operating system that made it simple to share information.

The chapters of most books are drafted in Microsoft Word and shared over and over again by authors and editors long before you read them. Imagine if they had to convert from one word-processing program to another to edit each draft, or retype each version completely by hand.

This standardization has also created untold thousands of jobs. If you're proficient in the Windows suite of programs, you can work in virtually any office without needing to spend days learning how the computer system works.

We can thank upward mobility for this and many other smaller blessings. If politicians want to rekindle the American dream, they don't need a new government program. They just need to step back — and let the “true system” work like it has for decades.

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## *The American Dream*

### The Great Debate

Read the article that has been assigned to you. Answer the following questions on your own paper. Don't forget your MLA Heading.

1. Provide your article's definition of the American Dream. Does the author's definition concur with your own definition of the American Dream? Why or why not?
2. According to your article, is the American Dream alive and well today?
  - a. If so, who or what does your author credit with its success?
  - b. If not, who or what does your author credit with its demise?
    - i. Answer this question with a general paraphrase.
3. Look at the evidence that your author uses to support his or her claims about the American Dream.
  - a. Write down one statistic or fact used to support his/her claims.
  - b. Who is cited for providing this information?
  - c. What does this evidence prove about the American Dream?
4. Do you mostly agree or disagree with the author? Explain.

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