

Is This What We Really Want?

by Will Marrè



If America has a central idea, a core ideology, it is built on the American Dream. Our country was established to escape from Europe's bloated aristocracy and to form an optimistic meritocracy. The dream was to establish a place where individuals through their own hard work, great ideas and initiative can literally boot strap themselves from the bottom rung of society to the top in a single lifetime.

How well America has delivered on the American Dream has been a story of ups and downs over the last 200 years. Throughout our nation's history we have struggled with racism, sexism and classism. The first 100 years we suffered with slavery, the second hundred years from slavery's effects. We are still working on equal economic rights for women and opportunities for the poor. But in spite of our errors and mis-steps, America has always been the world's greatest hope. A

magnet for immigrants and refugees to come and test their metal.

The idea, the American Dream, isn't solely related to a rising from rags to riches story but also embodies the triumph of virtue. The message is with self discipline, honesty and compassion all things good are possible. Or are they?

The American Dream is based on America's promise of having the right balance between equality and opportunity. But for the last 25 years we seem to have gone backwards on our ideal. The evidence is substantial. Not since the age of the robber barons beginning in the 1880's, when the first results of the industrial revolution seemed to create a wealthy, eastern aristocracy of the Rockefellers, Vanderbilt's and Carnegies and their oh-so-close friends has the country locked out those at the bottom of the economic barrel and sustained those at the top.

According to research recently reported in the Economist Magazine, the top 1% of Americans hold 33% of all net worth. That means roughly 3 million people hold 1/3 of all our nation's assets. We haven't seen asset disparity like that since before the Great Depression.

Over the last 25 years, income of the top 1/5th of our nation grew by 75%. While the income of the bottom 1/5th grew only by 6%. The real purchasing power of the current national minimum wage is nearly 25% lower than the minimum wage of 1979 which was a whopping \$1.90.

30 years ago, the top 100 Chief Executives made 40 times the pay of their average worker. Today, they make 1000 times the pay. Do they do 1000 times the work? European and Japanese CEO's still make 40 times their employers average wage. What's wrong with them?

Lately, we have been very good at creating millionaires. There are over 8 million of them in the U.S. today. Most of their wealth comes from real estate. Somehow our system has created such a burst of real estate values that although many parents are rich, our children cannot afford their first houses.

The Economist cites two major factors that are contributing with America's class system. First is the end of the great, stable corporation. From World War II to 1980, large corporations took pride in adding employees. Middle management which enabled corporations to run in that era also created a ladder for people who came in at the bottom to rise through the ranks. But, since 1979, 54 million people have been laid off from major corporations. There is no more middle management. There are no ranks to rise from. The ladder has had its rungs sawed off. If you don't have something of high value to contribute immediately, you are unlikely to be hired at all. Starting at the bottom is not only dumb; it is simply a dead end. The way to get ahead in corporate America is to change jobs often. Don't worry about being loyal. Manage your career and use the system against itself to maximize yourself. That's the world we've created.

The second factor is even more concerning. Education used to be the great equalizer. As long as every child in America had access to a good education, there was a chance for meritocracy to work. But look what's happening.

The income gap between a college graduate and a high school graduate is already two times. That is, a college graduate will earn twice as much as a high school graduate over their lifetime. And this gap is growing. So first the answer is to go to college, right?

Well, easier said than done. Of the 146 major colleges, 75% of their student body's come from the top 25% of America's most well-off families. The average family income of a Harvard undergraduate is over \$150,000. In an Ivy League school, 10-15% of their student body is made up of sons and daughters of alumni. They simply get special access to America's best universities because of who they are, rather than what they've achieved.

The idea of free education is gone. Current tax policies have put the squeeze on states so that virtually every state college and university tuition has soared. The average increase in tuition since 1990 is over 40%.

The answer our policy makers tell us is tuition financing. But Pell Grants, the money economically disadvantaged students have been significantly cut. While the student loans to the upper middle class is growing, people at the lower ends of the economic food chain are the ones least comfortable going into debt. They have the least optimism about their earning power after college so they don't even get to the on-ramp to the American Dream.

And is debt really a good answer to rising tuition costs? 52% of college graduates last year owed between \$10,000 and \$40,000 in student loans and nearly \$3000 on the four credit cards they carry.

These are not graduate students with professional degrees in accounting, law or medicine, these are bachelor students with degrees in English, philosophy and sociology, or no completed degrees at all.

Is this a good idea? Why are we creating a new generation of children that enter the world with a \$300-500 dollar a month payment just to give them an education that may lead to nowhere in a world of offshore jobs and continuous business disruptions.

College used to be a time where young people could explore their interests and figure out the careers they would be most suited for. Today, it simply is too expensive to use college for that purpose. Students have to make every credit count. Perhaps more students ought to explore technical educations which prepare them for site-specific skilled jobs like high tech auto technicians which can earn them a middle class income far more efficiently than students “drifting” thru college.

But let’s face it, the people in charge of the education industry don’t know what the best careers of the future are. They simply can’t. The world is changing too fast. Instead they say, “sign the loan document and climb aboard.” They are great getting America’s children in debt.

Last year 100,000 people under 25 declared bankruptcy.

The results of all this is the increasing fading of the American Dream for those who need it the most.

Of course, we are all delighted by stories of immigrants who grab an opportunity and strike gold. We love to hear of children of the hard working poor who become engineers or doctors. That still happens. But the fact that these stories are remarkable reminds us that they are rare. The Economist reports that we have constructed a system where people in the top 20% of the economy are five times more likely to have their children remain in that zone than people from the lower 20% climb the ladder of success. We seem to have created a world where people with economic resources, good contacts and a great education can prosper, but people who are only honest and hard working are fighting for their lives to stay where they are.

There is a restless feeling in the nation. A feeling that the choices that we have made over the last 25 years and the priorities that we have established has actually eroded the opportunity for people who needed it most.

But all of us will pay. Increasingly we live in a divided world. It’s a world with lots of friction points. And friction is expensive to lubricate.

If something doesn’t change, we will create a society that seems to be characterized by white, well educated aristocrats, Hispanic service workers and black athletes and entertainers.

Of course, that is overly simplistic, but also forces us to ask the question, “Is this the best we can do?” “Is this the world we really want?” ■

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