What Ever Happened to Upward Mobility?

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America's story, our national mythology, is built on the idea of being an opportunity society. From the tales of Horatio Alger to the real lives of Henry Ford and Mark Zuckerberg, we have defined our country as a place where everyone, if he or she works hard enough, can get ahead. As Alexis de

Horatio Alger (1836-1919): author of over thirty juvenile novels and many other literary works with titles like Rags and Dick or, Street Life in New York

Henry Ford (1863-1947): American industrialist and founder of the motor company that bears his name; Ford was the first to support the use of the assembly line as part of the mass production of consumer goods at lower prices.

Mark Zuckerberg (1984-): one of the creators of Facebook and its current chief executive.
Lesley Perez, 24, is a New York City kindergarten teacher and earns just $23,000 a year. To save money, she lives with her parents. She is $35,000 in debt from college loans.
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Tocqueville argued more than 150 years ago, it's this dream that enables Americans to tolerate much social inequality—this coming from a French aristocrat—in exchange for what we perceive as great dynamism and opportunity in our society. Modern surveys confirm what Tocqueville sensed back then: Americans care much more about being able to move up the socioeconomic ladder than where we stand on it. We may be poor today, but as long as there's a chance that we can be rich tomorrow, things are O.K.

But does America still work like that? The suspicion that the answer is no inspires not only the Occupy Wall Street (OWS) protests that have spread across the nation but also a movement as seemingly divergent as the Tea Party. While OWS may focus its anger on rapacious bankers and the Tea Party on spendthrift politicians, both would probably agree that there's a cabal of entitled elites on Wall Street and in Washington who have somehow loaded the dice and made it impossible for average people to get ahead. The American Dream, like the rest of our economy, has become bifurcated.

Certainly the numbers support the idea that for most people, it's harder to get ahead than it's ever been in the postwar era. Inequality in the U.S., always high compared with that in other developed countries, is rising. The 1% decried by OWS takes home 21% of the country's income and accounts for 35% of its wealth.
Wages, which have stagnated in real terms since the 1970s, have been falling for much of the past year, in part because of pervasively high unemployment. For the first time in 20 years, the percentage of the population employed in the U.S. is lower than in the U.K., Germany and the Netherlands. “We like to think of America as the workingest nation on earth. But that’s no longer the case,” says Ron Haskins, a co-director, along with Isabel Sawhill, of the Brookings Institution’s Center on Children and Families.

Nor are we the world’s greatest opportunity society. The Pew Charitable Trusts’ Economic Mobility Project has found that if you were born in 1970 in the bottom one-fifth of the socioeconomic spectrum in the U.S., you had only about a 17% chance of making it into the upper two-fifths. That’s not good by international standards. A spate of new reports from groups such as Brookings, Pew and the Organization for Economic Co-operation and Development show...
that it's easier to climb the socioeconomic ladder in many parts of Europe than it is in the U.S. It's hard to imagine a bigger hit to the American Dream than that: you'd have an easier time getting a leg up in many parts of sclerotic, debt-ridden, class-riven old Europe than you would in the U.S.A. "The simple truth," says Sawhill, "is that we have a belief system about ourselves that no longer aligns with the facts."

The obvious question is, What happened? The answers, like social mobility itself, are nuanced and complex. You can argue about what kind of mobility really matters. Many conservatives, for example, would be inclined to focus on absolute mobility, which means the extent to which people are better off than their parents were at the same age. That's a measure that focuses mostly on how much economic growth has occurred, and by that measure, the U.S. does fine. Two-thirds of 40-year-old Americans live in households with larger incomes, adjusted for inflation, than their parents had at the same age (though the gains are smaller than they were in the previous generation).

But just as we don't feel grateful to have indoor plumbing or multichannel digital cable television, we don't necessarily feel grateful that we earn more than our parents did. That's because we don't peg ourselves to our parents; we peg ourselves to the Joneses. Behavioral economics tells us that our sense of well-being is tied not to the past but to how we are doing compared with our peers. Relative mobility matters. By that standard, we aren't doing very well at all. Having the right parents increases your chances of ending up middle to upper middle class by a factor of three or four. It's very different in many other countries, including Canada, Australia, the Nordic nations — and, to a lesser extent, Germany and France. While 42% of American men with fathers in the bottom fifth of the earning curve remain there, only a quarter of Danes and Swedes and only 30% of Britons do.

Yet it's important to understand that when you compare Europe and America, you are comparing very different societies. High-growth Nordic nations with good social safety nets, which have the greatest leads in social mobility over the U.S., are small and homogeneous. On average, only about 7% of their populations are ethnic minorities (who are often poorer and thus less mobile than the overall population), compared with 28% in the U.S. Even bigger nations like Germany don't have to deal with populations as socially and economically diverse as America's.

Still, Europe does more to encourage equality. That's a key point because high inequality — meaning a large gap between the richest and poorest in society — has a strong correlation to lower mobility. As Sawhill puts it: "When the rungs on the ladder are farther apart, it's harder to climb up them." Indeed, in order to understand why social mobility in the U.S. is falling, we need to understand the differences between the U.S. and other countries.
creation was in more geographically protected categories like retail and health care (another reason wages are shrinking, since many of the fastest-growing jobs in the U.S., like home health care aide and sales clerk, are low-paying).

That so many of the jobs we now create are low end underscores a growing debate over technology and its role in increasing or decreasing opportunity. Many of the jobs that have disappeared from the U.S. economy have done so not only because they were outsourced but also because they are now done by computers or robots. Advocates of technology-driven economic growth, like the McKinsey Global Institute, would argue that the creative destruction wrought by such innovations creates more and better jobs in the future; microchip making employs just 0.6% of the U.S. workforce, but chips make all sorts of businesses more efficient so they can develop new products and services. The problem is that those jobs tend to be skewed toward the very top (software engineer) or the bottom (sales clerk). The jobs in the middle have disappeared. According to the New America Foundation, a public-policy think tank, the share of middle-income jobs in the U.S. fell from 52% in 1980 to 42% in 2010.

While there’s no doubt that so far, technology has been a net plus in terms of the number of jobs in our economy, a growing group of experts believe that link is being broken. Two economists at MIT, Erik Brynjolfsson and Andrew McAfee, have just published an influential book titled Race against the Machine, looking at how computers are increasingly able to perform tasks better than humans do, from driving (Google software recently took a self-driving Prius on a 1,000-mile trip) to sophisticated pattern recognition to writing creative essays and composing award-winning music. The result, they say, is that technology may soon be a net job destroyer.

The best hope in fighting the machines is to improve education, the factor that is more closely correlated with upward mobility than any other. Research has shown that as long as educational achievement keeps up with technological gains, more jobs are created. But in the late 1970s, that link was broken in the U.S. as educational gains slowed. That’s likely an important reason that Europeans have passed the U.S. in various measures of mobility. They’ve been exposed to the same Malthusian forces of globalization, but they’ve been better at using public money to buffer them. By funding postsecondary education and keeping public primary and secondary schools as good as if not better than private ones, Europeans have made sure that the best and brightest can rise.

There are many other lessons to be learned from the most mobile nations. Funding universal health care without tying it to jobs can increase labor flexibility and reduce the chance that people will fall into poverty because of medical emergencies—a common occurrence in the U.S., where such medical crises are a big reason a third of the population cycles in and out of poverty every year. Focusing more on less-expensive preventive care (including family planning, since high teen birthrates correlate with lack of mobility) rather than on expensive procedures can increase the general health levels in a society, which is also correlated to mobility.

Europe’s higher spending on social safety nets has certainly bolstered the middle and working classes. (Indeed, you could argue that some of America’s great
social programs, including Social Security and Medicaid, enabled us to become a middle-class nation.) Countries like Germany and Denmark that have invested in youth-employment programs and technical schools where young people can learn a high-paying trade have done well, which is not surprising given that in many studies, including the Opportunity Nation index, there's a high correlation between the number of teenagers who are not in school or not working and lowered mobility.

Of course, the debt crisis in Europe and the protests over austerity cuts in places like Athens and London make it clear that the traditional European welfare systems are undergoing very profound changes that may reduce mobility throughout the continent. But there is still opportunity in efficiency. Germans, for example, made a command decision after the financial downturn in 2008 not to let unemployment rise because it would ultimately be more expensive to put people back to work than to pay to keep them in their jobs. The government subsidized companies to keep workers (as many as 1.4 million in 2009) on the payroll, even part time. Once the economy began to pick up, companies were ready to capitalize on it quickly. Unemployment is now 6%—lower than before the recession—and growth has stayed relatively high.

The Nordic nations, too, have figured out clever ways to combine strong economic growth with a decent amount of security. As in Germany, labor and corporate relations are collaborative rather than contentious. Union reps often sit on company boards, which makes it easier to curb excessive executive pay and negotiate compromises over working hours. Worker retraining is a high priority. Danish adults spend a lot of time in on-the-job training. That's one reason they enjoy high real wages and relatively low unemployment.

The final lesson that might be learned is in tax policy. The more-mobile European nations have fewer corporate loopholes, more redistribution to the poor and middle class via consumption taxes—and far less complication. France's tax code, for example, is 12% as long as the U.S.'s. Tax levels are also higher, something that the enlightened rich in the U.S. are very publicly advocating.

No wonder. A large body of academic research shows that inequality and lack of social mobility hurt not just those at the bottom; they hurt everyone. Unequal societies have lower levels of trust, higher levels of anxiety and more illness. They have arguably less stable economies: International Monetary Fund research shows that countries like the U.S. and the U.K. are more prone to boom-and-bust cycles. And they are ultimately at risk for social instability.

That's the inflection point. That's where we are at right now. The mythology of the American Dream has made it difficult to start a serious conversation about how to create more opportunity in our society, since many of us still believe that our mobility is the result of our elbow grease and nothing more.
But there is a growing truth, seen in the numbers and in the protests that are spreading across our nation, that this isn't so. We can no longer blame the individual. We have to acknowledge that climbing the ladder often means getting some support and a boost.

RESPOND

1. Clearly, Foroohar assumes that the situation Americans find themselves in is a complex one that is best understood by thinking historically and thinking comparatively, that is, by comparing the United States to other countries around the world. What does each perspective contribute to her causal argument? To your understanding of issues of inequality in the United States?

2. Among the things that Foroohar does well as a writer is give her readers background information in places where they might need it, whether in terms of definitions or short descriptions that give readers a context for interpreting claims she is making. In what specific ways does she define or describe each of the following terms or things?
   - absolute mobility (paragraph 5)
   - relative mobility (paragraph 6)
   - Opportunity Nation (paragraph 10)
   - McKinsey Global Institute (paragraph 13)
   - New America Foundation (paragraph 13)

Why is this information useful and perhaps even necessary?

3. Another skill Foroohar has mastered is the ability to move between levels of generality within a paragraph. Thus, most paragraphs begin with a generalization or topic sentence and then become more specific before moving on to make a point in support of her argument. Analyze paragraphs 8 and 17 in this regard, explaining what Foroohar does to move from more general to more specific. In other words, how does she use specific forms of evidence to shift from general claims to more specific support for that claim? Choose a third paragraph you find interesting, and comment on it from this perspective.

4. Frequently in college writing, students are called upon to summarize a complex argument like Foroohar’s in some detail. As noted in question 1, Foroohar is offering a causal argument. Analyze and then summarize her argument in three to five paragraphs (much as you might do on an essay exam), being sure to present your summary in terms of the appropriate kind of causal argument described in Chapter 11 of the section “Understanding Causal Arguments.”