

The American Dream Is Not Dead

THE AMERICAN DREAM
IS NOT DEAD



(But Populism Could Kill It)

Michael R. Strain



TEMPLETON PRESS

Templeton Press
300 Conshohocken State Road, Suite 500
West Conshohocken, PA 19428
www.templetonpress.org

© 2020 by Michael R. Strain

All rights reserved. This book may not be reproduced, in whole or in part, including illustrations, in any form (beyond that copying permitted by Sections 107 and 108 of the U.S. Copyright Law and except by reviewers for the public press), without written permission from the publishers.

Set in Sabon LT Pro 9.9/14.4 by Gopa&Ted2, Inc.

Library of Congress Control Number: 2020930637

ISBN: 978-1-59947-557-8 (paperback: alk. paper)

ISBN: 978-1-59947-558-5 (ebook)

This paper meets the requirements of ANSI/NISO Z39.48-1992 (Permanence of Paper).

A catalogue record for this book is available from the Library of Congress.

20 21 22 23 24 10 9 8 7 6 5 4 3 2 1

Printed in the United States of America.

For William and Rose

Contents



Introduction	3
PART 1: <i>The American Dream Is Not Dead</i>	
1. Defining the Dream	9
2. Today's Message: The Dream Is Dead	11
3. We Have Real Challenges	15
4. The American Dream Is Not Dead	23
5. Today's Economy Is Delivering	27
6. Incomes Are Growing	33
7. Quality of Life Has Clearly Improved	59
8. "Hollowing Out" Won't Be the End of the Story	63
9. America Is an Upwardly Mobile Society	77
10. Advancing the Dream	101
PART 2: <i>Dissenting Points of View</i>	
11. Populism Isn't the Problem: It's a Response to Inequality by E. J. Dionne	115

12. Why Economic Trends Support Conservative Populism by Henry Olsen	125
13. A Response to E. J. Dionne and Henry Olsen	133
Acknowledgments	143
Notes	145
About the Contributors	151
About the Author	153

The American Dream Is Not Dead

Introduction



THE AMERICAN DREAM is not dead.

It is surprising that such a sentence would be so controversial. But it is. If you're looking for bipartisan consensus, start here. Leading politicians and presidential candidates from both parties have voiced agreement on these points: America is no longer an upwardly mobile society. Incomes are stagnant. Workers don't enjoy the fruits of their labor. Typical households are no better off today than they were decades ago. The game is rigged for everyone but those at the top.

It is always difficult to capture the reality of American life in short sentences. A country as large as ours, in which citizens have such varied experiences, makes generalizing difficult. But today's prevailing narrative is so stark that the task of generalizing becomes much easier. The narrative is wrong. America is upwardly mobile, particularly for those nearer the bottom of the income distribution. Incomes aren't stagnant. Workers do enjoy the fruits of their labor. The

argument that life hasn't improved for typical households in decades borders on the absurd. The game is not rigged.

The American Dream is not dead. And this short book will hopefully convince you of that.

My goal here is not to be Panglossian. I believe that if a glass is one-tenth full, it's better to describe it as nine-tenths empty. My argument is that if the American Dream were a glass, it's much closer to full than to empty.

My goal is also not to be contrarian. The United States faces serious economic challenges, including managing the effects of advancing technology, declining workforce participation rates, towns and communities that have been left behind by globalization, failing schools, tempered dynamism and energy, and relatively slow productivity growth. America faces serious social challenges as well, including decaying social capital, increasing socioeconomic fragmentation, "deaths of despair," the opioid crisis, and a very troubling increase in suicides.

But despite these very real challenges, the national conversation about the American Dream is so detached from the underlying reality that it has become incorrect. We are confusing pockets of real struggle in American life with the broader canvas of the American experience.

This confusion matters because messages matter. What people believe about their ability to improve their economic lot affects their aspirations, motivation, and effort in the labor market, which in turn affects their economic outcomes.

The message people receive today from politicians and opinion leaders is that hard work won't pay off, incomes won't grow, and they can't climb up the ladder. That message is unfair to the people who are receiving it precisely because it is wrong. The message helps to create the very problems its advocates argue exist.

This is not a call to complacency. The American Dream always needs to be renewed because every generation faces different social and economic challenges. In addition to the serious issues I mentioned above, the Dream is at immediate risk from populists on the left and the right—from their policies, from their narratives of victimhood and grievance, and from their assaults on the value of personal responsibility and the idea that people can better their outcomes.

The American people deserve better than a populist scream. They deserve policies that strengthen the Dream, advance economic opportunity, and increase economic mobility. That debate should take place in the afternoon sun, not in the darkness of midnight. It's not midnight in America. But it could be brighter still.

PART I



The American Dream Is Not Dead

CHAPTER 1

Defining the Dream



WHAT IS the American Dream? It means different things to different people, of course, and its meaning has changed over time. For many, individual liberty is essential to the American Dream. So is having a good family and a strong community. Homeownership is an important component, as is a comfortable retirement. (To illustrate the breadth and variety of its definition, consider that the *New York Times* recently asserted, “Well-manicured lawns have long been a symbol” of the American Dream.¹)

My American Enterprise Institute (AEI) colleagues Samuel Abrams, Karlyn Bowman, Eleanor O’Neil, and Ryan Streeter commissioned a survey published in February 2019 that asks about the American Dream.² Ninety-four percent of respondents reported that having a successful career was essential or important to their own view of the Dream. Eighty-eight percent reported the same about having a better quality of life than their parents.

I mention these two items because of the strong economic component at play in the American Dream. At its

was possible to achieve this kind of success, but that anyone could achieve it—the American Dream. That dream defines my family’s history, and its disappearance calls me to action today.”⁵

In the spring of 2015, Senator Elizabeth Warren and Mayor Bill de Blasio wrote, “Across generations, Americans shared the belief that hard work would bring opportunity and a better life. America wasn’t perfect, but we invested in our kids and put in place policies to build a strong middle class. We don’t do that anymore, and the result is clear: The rich get richer, while everyone else falls behind. The game is rigged, and the people who rigged it want it to stay that way.”⁶

While giving the commencement address at The King’s College in the spring of 2019, freshman U.S. senator Joshua Hawley, Republican from Missouri, told graduates that “if you don’t have family wealth, and if you don’t have a four-year degree—and that’s 70 percent of Americans. Seventy percent—the future is far less glowing. These Americans haven’t seen a real wage increase in thirty years.”⁷

This pessimistic view is pervasive, and it extends to commentators, public intellectuals, and business leaders. For example, Fox News host Tucker Carlson declared in January 2019 that “the American Dream is dying,” and referred to “the dark age that we are living through.”⁸ The economist Joseph Stiglitz, Nobel laureate and former chair of the Council of Economic Advisers, recently wrote that “the

American economy is failing its citizens.”⁹ Ray Dalio, the billionaire founder of investment firm Bridgewater Associates, wrote a long essay posted on LinkedIn in the spring of 2019, critiquing American capitalism and offering reforms. When discussing the essay on *60 Minutes*, Dalio was as blunt as these elected leaders and presidential candidates: “I think the American Dream is lost.”¹⁰

The American Dream is not lost.

