

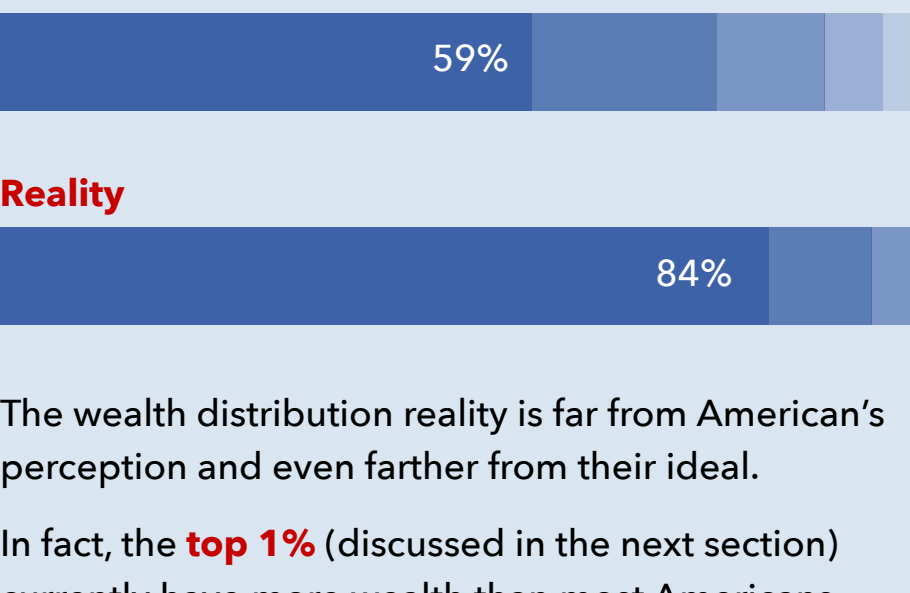
The American Dream

The **“American Dream”**: If you work hard you’ll get ahead, people value meritocracy, and the US is the land of opportunity.

This idea is quintessential to our culture, but who actually gets to live the American Dream…?

The Wealth Gap

In 2011, Michael I. Norton and Dan Ariely performed a study^[1] to compare what Americans believe the wealth distribution should be (**Ideal**), what they think it is (**Perceived**), and what it is really is (**Reality**).

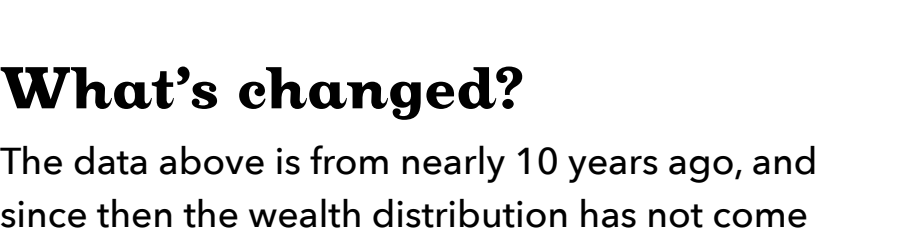


The wealth distribution reality is far from American’s perception and even farther from their ideal.

In fact, the **top 1%** (discussed in the next section) currently have more wealth than most Americans wish would be shared by the top 20%.

The Top 1%

The wealthiest **1%** of Americans have had their wealth fluctuate around roughly **1/3** of the wealth in the US for nearly 100 years.^[2]



That means that the top **1%** have more wealth than the **bottom 80% combined**.

What’s changed?

The data above is from nearly 10 years ago, and since then the wealth distribution has not come closer to the “ideal”.

In fact, times of crisis are often referred to as “Great Equalizers”, but realistically, catastrophe does not affect all equally.

The Great Recession

This 2007 financial crisis hit Americans hard for years after its start, and the recovery process severely favored the already rich.

From 2009 to 2012, the **top 1%** experienced income growth of **34.7%**, and the bottom 99% percent only saw 0.8% income growth.^[3]

That means that the majority of the population saw very little income growth while the wealth saw their income grow by **over 1/3**.

COVID-19

The COVID-19 global pandemic has brought suffering to millions of people. However, in roughly the same time period in which **30 million Americans filed for unemployment**, the top US billionaires have seen their wealth increase.^[4]



Boomers vs. Gen Z

Has the wealth distribution always looked like this?

How does experience of older generations compare to the youngest generation’s experience of the American Dream?

Boomers

Federal minimum wage in 1980^[5] ^[6]
(2020 dollars)

\$9.71

Avg total tuition, fees, room, & board of 4-yr universities 1979–80^[7]
(2018–19 constant dollars)

\$10,332

Hours needed to work at minimum wage to get a bachelors degree

1,064 hours

Paying for a bachelor’s

An attempt to “pay your way through school” in 1980 might have looked like:

\$57,563

40 hrs x 12 weeks + 20 hrs x 40 weeks =

1280 hours

Result: + **\$216** leftover to cover other coss

1st year salary with bachelor’s in 1980^[8]
(2019 dollars)

\$57,563

Gen Z

Federal minimum wage in 2020^[6]

\$7.25

Avg total tuition, fees, room, & board of 4-yr universities 2018–19^[7]

\$28,123

Hours needed to work at minimum wage to get a bachelors degree

3,879 hours

An attempt to “pay your way through school” in 2020 might look like:

\$50,944

60 hrs x 52 weeks =

3120 hours

Result: - **\$759** short of being able to cover costs

1st year salary with bachelor’s in 2019^[9]

\$50,944

American “Dream”

What does this have to do with the American Dream? Why does it matter that the top 1% have 1/3 of the national wealth?

It matters because the American people do not have equal opportunity to make it to the top.

A 2012 analysis of the Forbes 400 list concluded that **60% grew up in substantial privilege**.^[10]

Of the top 15 wealthiest Americans, **more than a quarter inherited all of their wealth**.^[10]

This issue has to potential to worsen because many of those currently in power are wealthy, which could potentially lead to self-interested motivations when pursuing legislation.

In 2009, the median net worth of American families was **\$120,000**, while that of members of Congress was **\$912,000**.^[11]

Sources

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