The American Dream: Dead, Alive, or on Hold?

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What is the true state of the so-called "American Dream" today? Is it still around, waiting to be achieved by those who work hard enough, or is it effectively dead, killed off by the Great Recession and the economic hardships that many Americans have come to face? Statistics reveal alarming facts, including trillions of dollars lost in the stock market (Paradis, 2009). While these losses, combined with admittedly high unemployment in the past few years, have contributed to seemingly dismal prospects for prosperity in the United States, I believe that the ideals and values of the American Dream are still very much alive. In fact, the original term "American Dream" was coined during the Great Depression by James Truslow Adams, who wrote that the American dream "is that dream of a land in which life should be better and richer and fuller for everyone, with opportunity for each according to ability and achievement, regardless of social class or circumstances of birth" (1931). I would redefine the American Dream today as the potential to work for an honest, secure way of life and save for the future. Many liberal economists and activists say that the American Dream is dead, but I say that it's more alive and important than ever—and that it is the key to climbing out of the Great Recession, overcoming inequality, and achieving true prosperity.

Despite the harshness of the Great Recession, a 2009 *New York Times* survey found that 72 percent of Americans still believed it was possible to start poor, work hard, and become rich in America (Seelye, 2009). In the same survey, Americans were also asked questions about what they believed constituted being "successful," with the majority naming things such as a steady job, financial security for the future, being able to retire without struggling, and having a secure place of residence. Less common were responses about owning a home or car and being able to buy other expensive goods, implying a subtle shift from the American Dream of the past to a more modest one today. In many ways, the American Dream of today is a trimmed down version of its former self. The real sign of success in our society used to be owning expensive items, namely cars and homes, and acquiring more material wealth. Living the American Dream meant going from dirt poor to filthy rich and becoming more than you could have ever imagined. Today, most people do not strive for a rags-to-riches transition, and instead prefer a stable, middle-class lifestyle, one in which they can focus on saving money for the future and having secure employment. For example, more and more people now rent their homes instead of buying; a recent study showed a decrease in home ownership from 69% in 2005 to about 66.5% in 2010, and an increase in renter households of 1.1 million (Hoak, 2011). Americans are scrutinizing their spending habits more intensely, as shown in a survey completed in 2009 showing that approximately two-thirds of Americans have permanently changed their spending habits as a result of the Great Recession and that one-fourth hope to save more money for the future (Frietchen, 2009).

Looking at the fragile economy today, it is tempting to focus on the unevenness of the recovery: the stock market has made impressive rebounds in recent months, but the unemployment rate remains high. Thanks to bailouts for large corporations and stimulus measures intended to generate growth, economic activity seems to be on its way towards pre-recession levels, but the economy remains fragile. Weak national real estate markets, sluggish job growth, and the slow recovery of liquid assets lost during the recession are obstacles to a full recovery.

To many, the most worrisome problem is inequality: that wealth is concentrated into the hands of a rich minority. One economist, Robert Reich, even says that “As long as income and wealth keep concentrating at the top, and the great divide between America’s have-mores and have-lesses continues to widen, the Great Recession won’t end, at least not in the real economy” (Reich, 2009). The essence of Reich’s argument is that Wall Street will effectively deter any meaningful recovery on Main Street. Another economist, Paul Krugman, holds a similar position, writing that “The lion’s share of economic growth in America over the past thirty years has gone to a small, wealthy minority,” and that “the lack of clear economic progress for lower and middle income families is in itself an important reason to seek a more equal distribution of income” (2007). Krugman believes that the American Dream is no longer possible for most Americans, and that the government should enact policies to close the income gap.

We may have genuine inequality issues and a sizable divide between the rich and poor, and we might have an economy that is recovering too slowly for public interest. The American Dream, however, is based on perception, on the way someone *imagines* how to be successful. How can anyone claim that because there are more poor people than rich, or more power and wealth concentrated at the top, that the entire premise of the American Dream is dead? In fact, the safeguards of the welfare system, including the minimum wage and unemployment benefits, were long ago put in place to protect the poorest Americans. During the Great Recession, the federal government decided that raising the minimum wage would stimulate worker productivity and help close the income gap. In reality, however, it has done little to make the poor richer. In fact, raising the minimum wage, which makes labor more expensive, could force companies to cut back and hire fewer workers.

With a different approach to fixing the economy, some economists and politicians argue that supporting the richest sectors of the American economy will bring economic stability and a full recovery. They claim that a sizable income gap does not necessarily prevent individuals in the lower and middle classes from achieving the American Dream. I agree: government funding for Wall Street and struggling businesses makes the economy healthier. I believe that we should keep in mind the ways in which large businesses and financial institutions enable many others to attain economic stability and security. For example, providing money to businesses may encourage them to hire more people, thereby increasing job opportunities. Just last year, President Obama presented a proposal, later passed by Congress, establishing a $33 billion tax credit to provide incentives for businesses to hire more workers and increase existing wages

(Gomstyn, 2010). Increased support for Wall Street could in this way make the overall economy healthier so that everyone has increased opportunities.

Some, however, argue that raising taxes on the rich and on America's wealthy businesses is an effective means of closing the income gap. For *New York Times* columnist Bob Herbert, our economic problems are the result of bad policy decisions that have led to the rapid migration of American jobs overseas, the degradation of the American education system, and continuous costly wars. His primary point in a recent *New York Times* column was that America "does not have the common sense to raise taxes," his solution to solving inequality issues and achieving greater economic security (2010). Robert Reich and Paul Krugman concur with Herbert's analysis and recommend raising taxes (Krugman, 2007). My question for Herbert is, "Given the Great Recession and the tough economic climate that we continue to live in, would raising taxes still be the prudent thing to do?"Maybe Herbert believes that higher taxes for the rich would help solve the issue of inequality, but in reality, it would not help people achieve the American Dream at all. According to writer Dana Golden (2009), the more wealth the rich accumulate, the more they will spend it, thereby stimulating the economy. She also points out that the creation of wealth and its subsequent use is one way jobs are created, even in difficult economic times. Taxing the rich only decreases their spending potential and thus their ability to stimulate the economy.

In contrast to Herbert's bleak view, economist Cal Thomas responds to arguments about inequality issues by arguing that "The rules for achieving the American Dream may no longer be taught and supported by culture, but that doesn't mean that they don't work" (2010). Indeed, the media inundate us with countless images and stories of struggling workers and the growing ranks of the poor while suggesting that the American Dream is simply beyond the grasp of the vast majority of Americans. Thomas's response is that only because of "unrestrained liberalism" are the true means of realizing the American Dream being more and more eroded in our society. Despite the recent recession, Thomas and others like him have faith that as long as people believe they have a chance of becoming better off than they are today, then the American Dream is intact. Instead of trying to interfere with the enterprise that creates jobs and growth, we should rely on the values of the American Dream: that anybody can climb out of hardship and achieve success. Only then will the American Dream remain alive for future generations.

Just last year, a newspaper editor in Atlanta stated that, "the Great Recession didn't kill the American Dream. But the promise of a good life in exchange for hard, honest work has been bruised and frayed for millions of middle class Americans" (Chapman, 2010). The idea of the American Dream has in fact suffered in recent years, although it is my belief that this is not new. As a nation, we have dealt with economic downturns in the past, and the American Dream has faced trials and tests before. The economic panics of the late 1970s and after the 9/11 terrorist attacks are both prime examples. Even since the height of the

Great Recession, however, we have adapted the values contained within the American Dream to meet new challenges. Of course, some will be quick to say that these changes have only come about as a result of the greed and corruption of the rich and powerful. Like laissez-faire economists and Wall Street supporters, however, I believe that it is necessary and imperative to continue supporting the business mechanisms that sustain our economy. The American Dream will continue to exist as part of the American psyche, not artificially stimulated by government regulations to change income distribution. If the Great Recession has taught us anything, it is that planning for the future by saving more and enacting policies that sustain economic growth are what will keep the American Dream alive.

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