The American Dream
Fraying of the Folklore

Economic Inequality
Causes, Consequences & Solutions

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University of California, Berkeley

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“I have spent my life measuring the distance between America and the American Dream”

~Bruce Springsteen
TENET #1

Horatio Alger
“Rags to Riches”

- Crux of the American Dream
- Equal opportunity
- Pull yourself up by your boot straps
- Hard work ensures economic security
- Middle class and beyond is attainable & sustainable

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Intergenerational Mobility

More mobility  less mobility

Denmark
Norway
Finland
Canada
Australia
Sweden
Germany
Spain
France
United States
Italy
United Kingdom

Source: Coark 2006. Allegretto Cal Teach-in Inequality April 4, 2012
TENET #2

- You get what you deserve
- Hard work is rewarded
- No issue: class, race, gender
- Equal opportunity for all
**Education and Income**

- **Low Income**
  - Low Score: 3.0%
  - Middle Score: 8.0%
  - High Score: 29.0%

- **High Income**
  - Low Score: 30.0%
  - Middle Score: 21.0%
  - High Score: 74.0%

Workers not getting their share

Productivity
Average hourly compensation
Average hourly wage

Source: EPI stateofworkingamerica.com

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Tenet #3

- Deterministic
- Religion
- Patriotism

Free Market
Astonishing picture of income growth

(Growth in real post-tax income from 1979 to 2007)

Source: CBO 2011.
CAs widening wedge of wage inequality

Source: EPIs analysis of CPS data, pre-tax wages for California, 1979-2010.
Tenet #4

Gov’t is not the solution

- Gov’t is the enemy
- Doubling down on more of the same
- Plutocracy
Vicious cycle makes it clear the ‘free market’ isn’t free

Wealth

Policies

Political access

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Falling top-marginal tax rates

Source: Citizens for Tax Justice.

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Work Vs. a call to your broker
(this isn’t a natural result of the ‘free market’)

Top Capital Gains Tax Rates

Source: Citizens for Tax Justice.
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The only deficit that matters...JOBS

Source: Sylvia Allegretto's analysis of Current Employment Statistics data.
“The reason they call it the American Dream is because you have to be asleep to believe it.”

~George Carlin