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Upward mobility

Salt Lake the best of a bad lot

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The bad news is, people born poor in Salt Lake City have only an 11 percent chance of earning their way into the top fifth of income-earners

The worse news is, that's the good news.

Here in the United States of America, the Land of Opportunity, where all it takes to make it are your own grit, determination and hard work, the fact is that people from every income bracket find that their positions are what is called "sticky." That means that people who are born poor tend to stay poor, and people who are born rich tend to remain rich.

It has, of course, ever been thus. But a new national survey of income data builds on what was already known from a previous Utah-based study: When it comes to upward mobility, Salt Lake City is the best of a bad lot.

The data indicate that only a little more than one in 10 of the Salt Lakers born to a family making less than \$25,000 a year will be making more than \$100,000 annually by age 45. But the study of big cities notes that the fractional hope of such success found here is actually at the top of the heap.

Salt Lake came in first among the nation's 50 largest cities. We are slightly better than cities in Northern California and the Pacific Northwest, and well ahead of such metropolises as Atlanta and Memphis, cities where upward mobility is statistically more Third World than Sun Belt.

Likely reasons for the differential are many. They include Salt Lake's systems of public and higher education, which are both seen as good and, in the case of post-high school, relatively affordable. Salt Lakers also are more likely to come from intact families, be comparatively healthy and have access to public services such as public transit.

That last stands out, as Salt Lake's own Utah Transit Authority is roundly criticized for its high costs and diminished bus service. But the study shows that a lack of accessible and affordable mass transit is a big part of what keeps economic mobility down in seemingly booming places such as Atlanta. Something to be kept in mind as UTA goes for an expected sales tax hike in the not-too-distant future.

Something else that cannot be forgotten is that even the seemingly marginal success of Salt Lake City as a platform for upward mobility is threatened by the national economic downturn, the increasing ethnic diversity of its population — which tends to clog the old boy network as a way up — and a state government that sees little need to step up to the kind of educational, health care and other support system challenges the community faces.

This is a case where we may have to run as fast as we can just to stay in place.

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It's Now the Canadian Dream

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Nicholas Kristof

It was in 1931 that the historian James Truslow Adams coined the phrase “the American dream.”

The American dream is not just a yearning for affluence, Adams said, but also for the chance to overcome barriers and social class, to become the best that we can be. Adams acknowledged that the United States didn't fully live up to that ideal, but he argued that America came closer than anywhere else.

Adams was right at the time, and for decades. When my father, an eastern European refugee, reached France after World War II, he was determined to continue to the United States because it was less class bound, more meritocratic and offered more opportunity.

Yet today the American dream has derailed, partly because of growing inequality. Or maybe the American dream has just swapped citizenship, for now it is more likely to be found in Canada or Europe — and a central issue in this year's political campaigns should be how to repatriate it.

A report last month in *The Times* by David Leonhardt and Kevin Quealy noted that the American middle class is no longer the richest in the world, with Canada apparently pulling ahead in median after-tax income. Other countries in Europe are poised to overtake us as well.

In fact, the discrepancy is arguably even greater. Canadians receive essentially free health care, while Americans pay for part of their health care costs with after-tax dollars. Meanwhile, the American worker toils, on average, 4.6 percent more hours than a Canadian worker, 21 percent more hours than a French worker and an astonishing 28 percent more hours than a German worker, according to data from the Organization for Economic

Cooperation and Development.

Canadians and Europeans also live longer, on average, than Americans do. Their children are less likely to die than ours. American women are twice as likely to die as a result of pregnancy or childbirth as Canadian women. And, while our universities are still the best in the world, children in other industrialized countries, on average, get a better education than ours. Most sobering of all: A recent O.E.C.D. report found that for people aged 16 to 24, Americans ranked last among rich countries in numeracy and technological proficiency.

Economic mobility is tricky to measure, but several studies show that a child born in the bottom 20 percent economically is less likely to rise to the top in America than in Europe. A Danish child is twice as likely to rise as an American child.

When our futures are determined to a significant extent at birth, we've reverted to the feudalism that our ancestors fled.

"Equality of opportunity — the 'American dream' — has always been a cherished American ideal," Joseph Stiglitz, the Nobel-winning economist at Columbia University, noted in a recent speech. "But data now show that this is a myth: America has become the advanced country not only with the highest level of inequality, but one of those with the least equality of opportunity."

Consider that the American economy has, over all, grown more quickly than France's. But so much of the growth has gone to the top 1 percent that the bottom 99 percent of French people have done better than the bottom 99 percent of Americans.

Three data points:

- The top 1 percent in America now own assets worth more than those held by the entire bottom 90 percent.
- The six Walmart heirs are worth as much as the bottom 41 percent of American households put together.
- The top six hedge fund managers and traders averaged more than \$2 billion each in earnings last year, partly because of the egregious "carried interest" tax break. President Obama has been unable to get financing for universal prekindergarten; this year's proposed federal budget for pre-K for all, so important to our nation's future, would be a bit more than a single month's earnings for those six tycoons.

Inequality has become a hot topic, propelling Bill de Blasio to become mayor of New York City, turning Senator Elizabeth Warren into a star, and elevating the economist Thomas Piketty into such a demigod that my teenage daughter asked me the other day for his 696-page tome. All this growing awareness is a hopeful sign, because there are policy steps that we could take that would create opportunity and dampen inequality.

We could stop subsidizing private jets and too-big-to-fail banks, and direct those funds to early education programs that help break the cycle of poverty. We can invest less in prisons and more in schools.

We can impose a financial transactions tax and use the proceeds to broaden jobs programs like the earned-income tax credit and career academies. And, as Alan S. Blinder of Princeton University has outlined, we can give companies tax credits for creating new jobs.

It's time to bring the American dream home from exile.

I invite you to join me on Facebook and Google+, watch my YouTube videos and follow me on Twitter.

A version of this op-ed appears in print on May 15, 2014, on page A29 of the New York edition with the headline: It's Now the Canadian Dream.

Price tag for the American dream: \$130K a year

WHAT IT COSTS TO LIVE THE AMERICAN DREAM

Estimated annual cost for the average family of four:

Sources: Federal Reserve Bank of St. Louis; HSH Associates; U.S. Dept. of Agriculture; AAA; Mint.com/pureenergies.com; finance.yahoo.com; wsj.com; Bureau of Labor Statistics; Milliman Medical Index; American Express; Citizens for Tax Justice; FinAid; Internal Revenue Service; U.S. Census Bureau and USA TODAY
Bob Laird and Frank Pompa, USA TODAY

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(Photo: Image Source Pink Getty Images/Image Source)

No idea is more central to Americans' outlook than the American dream — the belief that with hard work and the freedom to pursue your destiny you can achieve success and provide better opportunities for your children.

Historian John Truslow Adams, who coined the term, called it "the greatest contribution we have made to the thought and welfare of the world." It has inspired millions of people from every corner of the globe to come here in search of liberty and opportunity. But the financial crisis, housing bust and Great Recession have caused more of us to worry that the American dream is out of reach.

For the vast majority of Americans, there is a sense that achieving the American dream is becoming more difficult," wrote Mark Robert Rank, Thomas A. Hirschl and Kirk A. Foster in a new book,

Chasing the American Dream.

Starbucks CEO Howard Schultz, in announcing a new policy to provide employees with a college education, declared: "In the last few years, we have seen the fracturing of the American dream."

In fact, three-quarters of Americans polled by the Brookings Institution in 2008 said the dream was harder to attain.

They're right to worry. An analysis by USA TODAY shows that living the American dream would cost the average family of four about \$130,000 a year. Only 16 million U.S. households — around 1 in 8 — earned that much in 2013, according to the U.S. Census Bureau.

In an interview, co-author Thomas Hirschl, a professor at Cornell University, stressed that for the dozens of people they surveyed and interviewed, the American dream was not about becoming one of the 1%.

"It's not about getting rich and making a lot of money. It's about security," he said. It's also as much about hope for the next generation as it is about the success of this one. "They want to feel that their children are going to have a better life than they do," said Hirschl.

In their book, the authors write that besides economic security, the American dream includes "finding and pursuing a rewarding career, leading a healthy and personally fulfilling life, and being able to retire in comfort."

With that in mind, USA TODAY added up the estimated costs of living the American dream:

- Home ownership is central to the American dream. So, we took the median price of a new home (\$275,000), subtracted a 10% down payment, then projected the annual cost of a 30-year mortgage at 4% interest. We also added annual maintenance costs of 1% of the purchase price. Total: \$17,062 a year.

- We used the U.S. Department of Agriculture's April 2014 figure of \$12,659 for a moderate-cost grocery plan for a family of four.

- In May, AAA estimated it would cost \$11,039 a year to own one four-wheel-drive sport-utility vehicle.

- The Milliman Medical Index pegged annual health insurance premiums and out-of-pocket medical expenses at \$9,144. • We used various estimates for the costs of restaurants and entertainment; one family summer vacation; clothing; utilities; cable or satellite; Internet and cellphone; and miscellaneous expenses (see table).

- Total federal, state, and local taxes were pegged at 30% for households at this income level, based on a model developed for Citizens for Tax Justice.

- USA TODAY calculated current educational expenses for two children at \$4,000 a year and college savings (all of it pretax, we assumed) at \$2,500 per year per child, based on various rules of thumb.

•Finally, the maximum annual pretax contribution to a retirement plan for people under 50 is \$17,500. That's slightly less than 15% of this American dream household's annual earnings, in line with financial planners' recommendations.

Total: \$130,357.

It sounds like a lot — and it is in a country where the median household income is about \$51,000. Add one more child and another vehicle and you could easily reach \$150,000

There are big regional variations, too. It costs a lot less to live the American dream in, say, Indianapolis or Tulsa than it does in metro areas like New York and San Francisco, where housing prices and taxes are sky high.

And many people achieve the dream on much less. Some immigrants, for example, have extended families and other support systems to help bear the burden.

Nonetheless, it's clear that though the American dream is still alive, fewer and fewer of us can afford to live it.

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