

I. A Definition for the American Dream

Prior to the 1950s and the rise of suburbia, the first definition of the “American dream” in any written form surfaces in 1935. The concept of the American dream has deep roots in the cultural foundation of United States. First recorded in 1935, the American dream is defined by James Truslow Adams in his book *The Epic of America*:

...that dream of a land in which life should be better and richer and fuller for everyone, with opportunity for each according to ability or achievement. It is a difficult dream for the European upper classes to interpret adequately, and too many of us ourselves have grown weary and mistrustful of it. It is not a dream of motor cars and high wages merely, but a dream of social order in which each man and each woman shall be able to attain to the fullest stature of which they are innately capable, and be recognized by others for what they are, regardless of the fortuitous circumstances of birth or position. (214-215)

Truslow (1935) addresses the fact that the American dream isn't about being at the top of the social pyramid, but rather achieving collective prosperity as a society. In the case of Ford, his failed dreams of his rubber plantation exhibit that clearly. When it comes to *The Great Gatsby* and Jay Gatsby, the signs are even more obvious in his possessions. In the 1920s, a life of luxury was Gatsby's goal as well as many other Americans, mainly because of what possibilities there were at the time. But by the 1950s because of the rise of suburbia, the American dream was sealed as one that shifted from lavish living to a more conservative family life in the suburbs (Library of Congress 2015).

Materialism still held truth in the 1950s, but much less than it had in the roaring 1920s in America. After the Great Depression and even during, many individuals failed to have the capacity or the money to be individuals in their possessions. Many families were piling their cupboards high with canned goods instead of stocking their garages and houses full of exotic furniture and treasures. Moving through the 1930s and the 1940s, times for American families were changing and became less economically worrisome. Wartimes

produced more structured day-to-day lives, as many women went to work in the factories and rationing became a commonality in order to support the troops abroad. Americans didn't desire to stand out; they wanted to stand together in the face of World War II. Fast forward to the 1950s, conformity became a very popular idea. Americans all aspired the same dreams: cookie cutter families, suburban life, and traditional home life. The shift in desire came from the generation who grew up in the Great Depression because instead of wanting the lavish life that people like Gatsby lived, they longed to have enough to sustain their family. In many ways, it can be argued that suburbia was a means of living sustainably and not outside of one's economic means ("The Culture of the 1950s" 2015).

Suburbia overtook the idea of luxury as Americans only wanted to have a "normal" life and to give their kids exactly what every other child was able to receive. Despite the general idea of crowding to the suburbs, it was only in the arts and literature that rebels rose out to communicate to the public. Post-World War II America was economically sound. Families experienced a period of stability that was long overdue following the Great Depression and the decades previously. From the 1950s onward, the baby boomer generation would help America produce a previously unseen economic relationship between intergenerational earnings elasticity and inequality. Alan Krueger would be the first to coin this phenomenon "The Great Gatsby Curve".

II. Krueger's Great Gatsby Curve

Alan Krueger first introduced "the Great Gatsby Curve" in a speech delivered on January 12th 2012. The idea behind this economic curve is based on the relationship between intergenerational earnings elasticity and inequality (Krueger 2012). The United States, due to the sheer amount of wealth accumulated in the upper class, finds itself with a

very large gap between the richest and the poorest populations. The poorer fall even further, while the richest people grow even wealthier, amassing more wealth in their bank accounts. Specifically in the U.S., there is a relationship of education and wealth (Jerrim et. al 2015). As one of the only countries in the world to have high costs for post-secondary education, families and individuals within the cycle of poverty find themselves unable to climb out of a struggle they most likely have been in for generations.

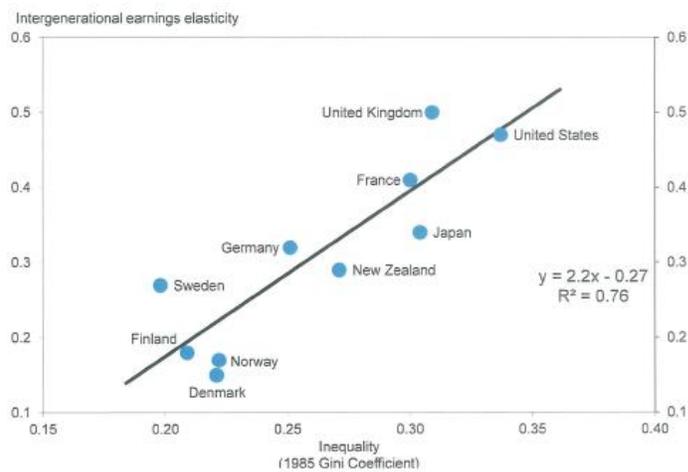
The reason for the name “Great Gatsby Curve” comes from the parallel drawn by Krueger to F. Scott Fitzgerald’s novel. Jay Gatsby is the model for America’s ranking within this study. Americans experience higher inequality but a fair amount of mobility if one chooses to pursue the possibility, such as individuals like Henry Ford or Jay Gatsby. Not everyone can accomplish the miraculous feat, but according to Krueger’s study, there is more possibility in America to rise to the top of the social ladder than in other nations.

Many individuals in the decades following the Great Depression found themselves benefitting from the rise of suburbia and the wartime economies Americans endured, specifically the baby boomers. From the 1980s till now, the disparity in income and social class in the U.S. and around the world has shifted. America’s income disparity is on such a wide spectrum now that America’s wealthiest 20% claim more than 85% of America’s total wealth (Collins and Hoxie 2015). Many factors account for this dramatic spectrum, but most importantly it has to be recognized that America’s capitalist economy gives opportunity to people to pursue this “American dream” so many strive for throughout their lives. As illustrated, only so many are able to achieve this vision.

The difference in the data from America to other countries lies in the amount of financial or institutional freedoms Americans have. Many European countries have

universal healthcare, low education costs, and some even have higher taxes than the wealthiest Americans pay (Krueger 2012). While some statistical evidence shows that these countries experience less inequality and less mobility, this only shows there are less risks in their perspective economies and more stability.

Figure 7: “The Great Gatsby Curve”
Higher income inequality associated with lower intergenerational mobility



Source: Corak (2011), OECD, CEA estimates

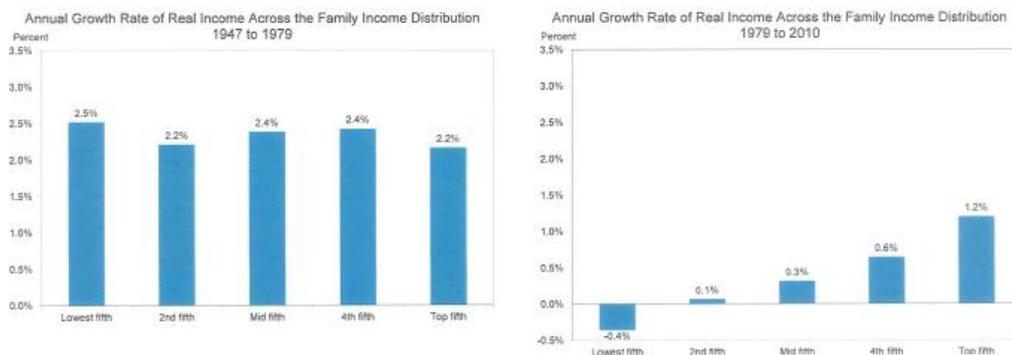
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As seen above in the graph, the Great Gatsby curve charts where countries fall on this spectrum of intergenerational mobility and higher income inequality. The United States has a high amount of inequality, as mentioned before, and the middle class is shrinking which leads to a shrinking economy (Krueger 2012). Alan Krueger (2012) studied different aspects of the economic growth, including across different decades of American history (Sakamoto 198-200). Alan Krueger separated the American population

¹ Photo retrieved from: <http://blogs.reuters.com/great-debate/2012/01/13/a-shrinking-middle-class-means-a-shrinking-economy/>

into fifths by income level. Up until the 1970s, all of the American population grew at relatively the same rate (Krueger 2012). Following the 1970s only the top income levels grew, while the lowest income level fell even further into poverty (Krueger 2012).

Figure 1: Growing Together, Growing Apart
Income Growth by Quintile, Various Periods



Source: Census Bureau

2

Some of the other issues that Krueger looked into were regarding employment and household incomes, but the sole theme that he kept returning to was the idea that if the middle class dies, so does the economy. With such a large gap between the poorest and the wealthiest in America, those in more of a financial struggle will find themselves in what is called the cycle of poverty. The cycle of poverty has mostly been broken through access to education and access to institutions that are vital to breaking the pattern. As stated earlier, a nation such as the United States with very expensive higher education has only further put them at a disadvantage because without access to knowledge, how can families and individuals strive for better when nearly every job or company requires a college degree?

² Photo retrieved from: <http://blogs.reuters.com/great-debate/2012/01/13/a-shrinking-middle-class-means-a-shrinking-economy/>

III. The Cycle of Poverty

What should be understood first and foremost about the cycle of poverty is not that it is purely financial, but most psychologically harmful to the individual. An article in the journal *Science* discuss the “science of inequality” and elaborate more on the fact that poverty may be visible financially, but mentally strains. Hoshaufner of MIT’s Poverty Action Lab (Leber 2014) states that stress makes people more likely to think short term, which puts them more at risk than they usually are. Investments such as education, health care, and others—because of the short-term mindset many individuals in poverty take to their lives—are risky and not one some are willing to make, but they are more often than not the investments that should be taken (Reuters 2012, Leber 2014, Lefgren et. Al. 2015). For America luckily with promises of federal aid for college, some impoverished families now have the ability to send their kids off to school and worry later about debt. While this is not something they are usually willing to do, it makes the risk in the short term less stressful and more probable for their children to possibly overcome their backgrounds.

Ruby K. Payne (2005) wrote “A Framework for Understanding Poverty” in which she distinguishes between situational poverty and generational poverty. Situational poverty differs from that of generational because sudden events or disasters can cause a family or individual to suddenly be impoverished, whereas generational is traced throughout a family and can be rooted back to relatives (Payne 2005). Either way, the generational poverty is the highlight of the population that is being discussed with the Great Gatsby Curve, because unlike those in situational poverty, the generational poverty population do have ways of breaking out of the cycle, but with the capitalist structure of

our economy and how wealth is becoming stratified in the nation, there is less of a chance to come out of this poverty, even when one does find the proper resources to do so.

Even though there is so much discussion about how the cycle of poverty is nearly unbreakable, there are a few rare examples of what happens when one does end up breaking the cycle. Gatsby and Ford broke the cycle, only one of them with some college experience (not even a degree) under their belt to accomplish what they aspired. In consideration for the historical differences between the roaring twenties and present day America, men like Gatsby and Ford hardly needed a college degree to attain their dreams. For their time period, all they needed was faith in a potentially brighter, plentiful future, getting in touch with the right people and having the right tools to succeed in their industries. The events in Fordlandia and *The Great Gatsby* are timeless examples of the “rags to riches” archetype, and a symbol of just what is possible if one person believes in the opportunities in front of them, not the past that lies behind them.

No matter how corrupt or fatigued the idea of the American dream becomes over the course of our history as a country, one truth still stands: Americans have the freedom to make something out of nothing for themselves. It doesn't take individuals like Ford or Gatsby to tell Americans otherwise either, or even the scary statistics about the cycle of poverty. In a study conducted at St. Martin's University by Robert Hauhart and Jeff Birkenstein (2013), American college students were surveyed on what they thought the American dream was. The answers ranged anywhere from the traditional American dream of being able to achieve the “rags to riches” story, to the new twenty-first century idea of “globalism” (Hauhart and Birkenstein 2013). Even though the study concludes there's less

of a chance to achieve the dreams of the “globalist” generation that is rising to adulthood, America can work towards another goal.

As a nation, we all can agree that the cycle of poverty can be lessened until it becomes an uncommon occurrence. The key to lessening the effects of the cycle of poverty is through education, an amenity that all Americans should be able to pursue. No matter how broad the dreams of my generation are, in most cases education is the first step toward reaching our goals and paving a brighter path for the future. Living a life of luxury and financial success defined the American dream for Ford and Gatsby’s era. The 1950s brought about ideology of the middle class and the inclusion of the car in the American dream. While the American dream may not be so rigidly defined as it has been in the past, it remains a touchstone for American identity.

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