

“The myth of income mobility has always exceeded the reality.”

## Upward Mobility Is Becoming a Myth in America

*Paul Krugman*

*The American dream of advancing one’s status in life through hard work and determination is a central part of American culture and class definitions. Paul Krugman argues in the following viewpoint, however, that this dream of moving up through the classes has become a myth, and rates of upward mobility have become increasingly stagnant since the end of the twentieth century. Krugman places the brunt of the blame for this stagnation on members of the upper class, who he claims have advocated for public policy that helps to stabilize their positions of wealth and limits the number of people who can challenge their dominance. Krugman is a professor of economics at Princeton University and a columnist for the New York Times.*

Paul Krugman, “The Death of Horatio Alger,” *The Nation*, vol. 278, January 5, 2004, pp. 16–17. Copyright © 2004 by The Nation Magazine/The Nation Company, Inc. Reproduced by permission.

As you read, consider the following questions:

1. According to the estimates of Thomas Piketty and Emmanuel Saez cited by Krugman, how have the incomes of American taxpayers in the four mentioned income levels changed from 1973 to 2000?
2. Krugman states that upward mobility was a reality during what period of American history?
3. What does Krugman believe the wealthiest Americans are doing to ensure that they retain their fortunes and limit the upward mobility of others?

The other day I found myself reading a leftist rag that made outrageous claims about America. It said that we are becoming a society in which the poor tend to stay poor, no matter how hard they work; in which sons are much more likely to inherit the socioeconomic status of their fathers than they were a generation ago.

The name of the leftist rag? *BusinessWeek*, which published an article titled “Waking Up from the American Dream.” The article summarizes recent research showing that social mobility in the United States (which was never as high as legend had it) has declined considerably over the past few decades. If you put that research together with other research that shows a drastic increase in income and wealth inequality, you reach an uncomfortable conclusion: America looks more and more like a class-ridden society.

And guess what? Our political leaders are doing everything they can to fortify class inequality, while denouncing anyone who complains—or even points out what is happening—as a practitioner of “class warfare.”

## A Return to the Gilded Age

Let’s talk first about the facts on income distribution. Thirty years ago we were a relatively middle-class nation. It had not always been thus: Gilded Age America [in the late nineteenth