SAVING HORATIO ALGER - Equality, Opportunity, and the American Dream

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On a warm spring evening in Washington, D.C., a fleet of limousines and town cars delivered hundreds of guests, bedecked in black tie and long gowns, to a gala celebration of the American Dream: the annual awards night for the Horatio Alger Association of Distinguished Americans.

Twelve new members (11 men, one woman) were honored for having risen from childhood poverty to positions as captains of commerce or celebrated public servants. Colin Powell, a 1991 award recipient, was among those in the audience. The new members’ speeches were brief, striking a balance between pride and humility, and all hewing to the rags-to-riches theme: “Who would have thought that I, from a farm in Minnesota/small town in Kansas/Little Rock, raised in an orphanage/with no indoor plumbing/working multiple jobs at 16, would end up running a $6 billion firm/a U.S. ambassador/employing 10,000 people. Only in America!”

The climax of the evening came with the arrival on stage of more than 100 students from poor and troubled backgrounds to whom the Society had awarded college scholarships, an annual rite that over the years has
distributed more than $100 million to deserving young people. Tom Selleck read to the 2014 scholars an inspirational passage of poetry from Carol Sapin Gold ("The person who risks nothing does nothing, has nothing and is nothing …") and the Tenors sang "Forever Young" as a giant American flag was slowly unfurled from the ceiling. The ceremony had the feel of an act of worship and thanksgiving before the altar of the society’s namesake. It was a genuinely moving experience, even for me—and I’m a Brit.

Vivid stories of those who overcome the obstacles of poverty to achieve success are all the more impressive because they are so much the exceptions to the rule. Contrary to the Horatio Alger myth, social mobility rates in the United States are lower than in most of Europe. There are forces at work in America now—forces related not just to income and wealth but also to family structure and education—that put the country at risk of creating an ossified, self-perpetuating class structure, with disastrous implications for opportunity and, by extension, for the very idea of America.

Many countries support the idea of meritocracy, but only in America is equality of opportunity a virtual national religion, reconciling individual liberty—the freedom to get ahead and “make something of yourself”—with societal equality. It is a philosophy of egalitarian individualism. The measure of American equality is not the income gap between the poor and the rich, but the chance to trade places.

In his second inaugural address in 2013, Barack Obama declared: “We are true to our creed when a little girl born into the bleakest poverty knows that she has the same chance to succeed as anybody else, because she is an American; she is free, and she is equal, not just in the eyes of God but also in our own.”

President Obama was not saying that every little girl does have that chance, but that she should. The moral claim that each individual has the right to succeed is implicit in our “creed”, the Declaration of Independence, when it proclaims “All men are created equal”. In his first draft of that historic
document, Thomas Jefferson was more expansive, writing that all were created “equal and independent.” Although the word was edited out, the sentiment was not.

The Declaration was a statement about the relationship between the United States and Great Britain, but it was also a statement about Americans themselves. The United States was to be a self-made nation comprised of self-made men. Alexis de Tocqueville—the first of many clever Frenchmen to wow the American reading classes—suffused his *Democracy in America* with admiration of the young nation’s “manly and legitimate passion for equality”, while Abraham Lincoln extolled his countrymen’s “genius for independence.”

There is a simple formula here—equality plus independence adds up to the promise of upward mobility—which creates an appealing image: the nation’s social, political, and economic landscape as a vast, level playing field upon which all individuals can exercise their freedom to succeed. Hence the toddlers who show up at daycare centers in T-shirts emblazoned “Future President.” Hence Americans’ culture of competitiveness, their obsession with sports, their frequent and all-purpose references to “the rules of the game” and to “fairness.” Hence the patriotism-tinged pride of the successful, exulting not only in their own grit and prowess, but also in the meritocratic system that gave them scope and opportunity.

**Alger vs. Bellamy**

Alger-style upward mobility has always contained at least an element of myth, of course, and the mythmaker himself, Horatio Alger, would almost certainly not have won an award from the society named after him. Alger was born in 1832 into the modest, comfortable home of his Unitarian minister father in Chelsea, Massachusetts, and died in the modest, comfortable home of his sister, 20 miles away in South Natick. Although he enjoyed considerable success with some of his children’s books, for the most part he made a barely adequate living from writing, and had to supplement
his income with tutoring. Alger’s own life, then, neither started in rags nor ended in riches.

But it is the stories he wrote that matter, and these ultimately sold hundreds of millions of copies around the world, the largest number by far in his own country, precisely because they so vividly embodied the national creed. A century after his death in 1899, he still ranked as the fifth best-selling author in U.S. history.

Alger’s most famous book, *Ragged Dick—Or, Street Life in New York With the Boot-Blacks*, was published in 1868. Its shoeshine boy hero is befriended by Mr. Whitney, a kindly patron who utters the magic words: “In this free country poverty in early life is no bar to a man’s advancement. ... Save your money, my lad, buy books, and determine to be somebody,” thus inspiring Dick to behave in a manner that ultimately results in his becoming Richard Hunter, Esq., a prosperous merchant. All Alger’s books have similar themes—boys of good moral character who work hard and do right, find a patron willing to help them (there is always an element of luck in the tales), and eventually escape their poverty-stricken origins.

Alger’s ideal has faced critics from the very beginning. In 1875 Mark Twain published “The Story of the Good Little Boy,” a short but withering parody of *Ragged Dick*. Twain’s hero, Jacob Blivens, embodies all the fabled Horatio Alger virtues: “he always obeyed his parents ... he always learned his book, and never was late at Sabbath-school.” But Blivens comes to a tragic end in an explosion at an iron foundry. “Thus perished the good little boy who did the best he could,” concluded Twain, his sarcasm squarely aimed at Alger, “but didn’t come out according to the books. Every boy who ever did as he did prospered except him. His case is truly remarkable.”

In 1888, Alger’s fellow Massachusetts writer Edward Bellamy mounted a more serious challenge to the bootstraps ideal in his bestselling novel *Looking Backward: 2000-1887*—a trick title, since Bellamy was describing a possible future. The novel’s Rip Van Winkle-ish narrator is looking back
on the 20th century from the vantage of the year 2000, after the United States has made a peaceful transition to a centrally planned, socialist society. Income is divided equally among citizens by means of what Bellamy called “credit cards,” each with the same value and limit.

The book was a sensation. In 1900, two years after Bellamy’s death and 12 years after the book’s publication, it was still number three on the charts, trailing only Ben-Hur and Uncle Tom’s Cabin. Yet, unlike Alger’s, Bellamy’s name and work have long since passed out of national consciousness.

Bellamy was by far the better writer, but his political philosophy was alien to the American spirit. He envisioned a socialist utopia marked by perfect egalitarianism. Not surprisingly, his book was a runaway success in Europe. Alger, by contrast, had a philosophy closer to classical liberalism, and would have wanted each and every citizen in the year 2000 to have the combination of freedom, independence, and opportunity to qualify for a very different sort of credit card—the platinum and black ones issued by American Express.

“Go West, Young Man“

Though Horatio Alger’s own life did not follow the rags-to-riches script, it was almost certainly during his lifetime that his storylines came closest to mirroring real life for many. In the 19th century, the United States pulled immigrants in, pushed its borders out, and allowed men with sharp elbows and big ambitions to make fortunes, vast and fast.

Opportunities to move up in what was still the New World were greater, perhaps, than in any other society at any other period in history. The robber barons—Andrew Mellon, John D. Rockefeller, Henry Clay Frick, Cornelius Vanderbilt, and Andrew Carnegie—were all men who made the most of the
unregulated, booming economy to amass huge wealth, having started with little more than their wits.

Two factors, already embedded deep in the nation’s psyche, were driving upward mobility: schooling and moving. From its very beginnings the U.S. was unsurpassed among nations in its zeal for education. Steeped in the values of the Scottish Enlightenment, the Founders were passionately committed to schooling, one of the great engines of social and economic advancement. Jefferson was so proud of his brainchild, the University of Virginia, that he instructed that his role as “Father” of that institution be inscribed on his tombstone as one of his signal accomplishments—along with “Author of the Declaration of American Independence.” As early as 1850, two-thirds of American children between five and 14 were in school (two-thirds of white children, it should be said), while back in England and Wales the proportion was only half. Higher education was slower to develop—in 1860 there were just 381 colleges in the United States—but with the advent of land-grant colleges, the U.S. quickly overtook the U.K. on this front, too. There are now over 7,000 post-secondary institutions in the United States.

Americans’ upward mobility was due also to their being, literally, a people on the move. In just a single decade, the 1870s, half of all white American men under the age of 30 moved from one county to another. A quarter moved to a different state. Obeying Horace Greeley’s injunction to “Go West, young man”, ambitious and entrepreneurial citizens were in perpetual motion, usually to find work or claim some land to farm. The easy availability of land in the ever-expanding nation—its size had increased more than four fold since its founding—was key to its being “the land of opportunity,” offering millions of settlers the chance to acquire at least some wealth in the form of property.

The upwardly mobile tycoons had of course amassed riches vastly greater in scale, but their money was so new that it had not yet begun to accumulate over successive generations. While wealth inequality remained well below
European levels, income inequality was rising rapidly. This distinction between income and wealth, all too often lost in debate, is important. Income is a “flow” of money, typically from wages; while wealth is a “stock” of money, in property, shares, or other assets. While they obviously overlap, inequalities in income and wealth inequality are not the same thing.

In the first half of the 20th century, after the closing of the frontier, the rapid growth of the nation slowed, with the result that both income and wealth gaps widened to European proportions, and the engines of upward mobility stalled. With the Great Depression, Steinbeck’s *The Grapes of Wrath* supplanted Alger’s *Ragged Dick* as the emblematic story of the times.

America's decisive role in World War II and its subsequent emergence as a superpower gave rise to the Great Prosperity: a new surge of economic energy alongside sizeable government investments in infrastructure, the military, science, and Social Security, and a recommitment to education, not least through the G.I. Bill. Between 1950 and the mid-1970s, as the U.S. economy grew by an average of 4 percent a year, the economic expansion drove wages and employment up, and income and wealth gaps narrowed. High taxes—high by historical standards, anyway—were levied on those with the biggest incomes and greatest wealth, and the government provided more services and cash assistance to the poor as part of Lyndon Johnson's vision for the “Great Society.” Upward mobility may not have improved; but since standards of living were rising at about the same rate across the income distribution, most people were much better off than their parents had been, even if they remained on the same rung of the income ladder.

From the mid-1970s on, however, the mass prosperity machine began to grind to a halt; productivity stagnated and growth slowed as global competition intensified. Inequality trends returned to their pre-war trajectory, with those on the top rungs climbing ever further upward, helped along by Ronald Reagan’s tax cuts, while those at the bottom and in the middle lagged behind. George H.W. Bush broke his “no new taxes pledge, but did nothing to alter the growing fissure between the rich and the rest.
Bill Clinton’s electoral success presaged a period of strong economic growth and some restoration of the fortunes of the middle class. But U.S. politics soon veered to the right. With the election of George W. Bush as president and the emergence of a new strand of populism culminating in the muscular Tea Party movement, the rightward drift continued, and the carefully tied knots of financial regulation were quietly loosened, one by one. Mobility rates remained flat.

The election of Barack Obama fleetingly signaled a new, more optimistic mood, the promise of a more generous, post-partisan politics, and a renewed commitment to the upward mobility Americans believe in so fervently. Here was a president whose election seemed a testament to America’s progress, and whose personal story proved, so it seemed, that the Horatio Alger story could be rewritten for a multi-racial nation. The uplift was short-lived. Today, the nation is limping away from the economic car-crash of 2008. Politics remains deeply partisan. And yes, mobility rates are still flat.

Alger on the Ropes

Lack of upward mobility is souring the national mood. As horizons shrink, anger rises. The political right has done a better job, so far, of converting frustration into political gain, by successfully—if implausibly—laying the blame for many of America’s woes at the door of “Big Government.” Much of the political energy on the left has been directed against the highest earners—the top 1 percent of the income distribution. But while Occupy Wall Street generated plenty of headlines, it has produced precious few votes, and only a trivial change in the tax system: since 2013, married couples making more than $450,000 a year have had to pay just an extra nickel of tax on each dollar above that level.

The problem is not that the United States is failing to live up to European egalitarian principles, which use income as a measure of equality. It is that America is failing to live up to American egalitarian principles, measured by
the promise of equal opportunity for all, the idea that every child born into poverty can rise to the top.

Take one standard indicator of mobility: the likelihood that children will, as adults, ascend to a higher rung on the income ladder than their parents. In a completely mobile, fluid society, a child raised on the bottom rung of the income ladder (usually defined as the bottom fifth of the distribution) would theoretically have as good a chance as any of making it to the top, and no greater risk of remaining trapped at the bottom. But the U.S. suffers from a high degree of intergenerational "stickiness" at the bottom of the income distribution. Children born on the bottom rung have a four in 10 chance of remaining stuck there in adulthood (between 36 percent and 43 percent, depending on the dataset), and a very slim chance (between 4 percent and 10 percent) of making it to the top.

It is not just the fact of being born poor that heightens the risk of staying poor, but poverty’s baleful accompaniments—in particular inadequate education and family instability. A child raised by a poor, unmarried mother has a 50 percent risk of remaining stuck on the bottom rung of the ladder, and just a 5 percent chance of making it to the top. Even crueler odds (54 percent and 1 percent respectively) face those who fail to complete high school.

U.S. upward mobility performance looks bad by international standards, too. In fact, the “American Dream” looks to be in better shape north of the border, in Canada. Why? Explanations include wider differences in school quality within the United States, higher rates of teen pregnancy, and a bigger gap in college graduation rates by family background.

But there is another factor, too: racism, past and present. There are stark differences in mobility rates for different racial groups, especially between Caucasians and African-Americans. Half the black children growing up on the bottom rung remain stuck there as adults (51 percent), compared to just one in four whites (23 percent).
The stain of racism is a stark, depressing reminder of how far short of its founding ideals the nation still falls. Even with the legal scaffolding of American racism dismantled—and even with an African-American in the White House—black children live in the poorest neighborhoods and attend the worst schools; they have the lowest chance of graduating college, and the highest risk of incarceration.

The race gap is only the most vivid sign that birth is all too often destiny in America. While Americans have always been historically more tolerant of income inequality than their European cousins, this was generally true either because the average standard of living was rising across the board (the “rising tide floats all boats” consolation), or because there was lots of movement up and down the income ladder (the “Horatio Alger” ideal), or both. But the U.S. now faces a threefold threat: stagnant growth in standard of living, a big gap between the rich and the rest, and low rates of upward mobility.

For the first time ever, most parents in the U.S. think their children will be worse off than themselves, according to polling by the Pew Foundation. Two-thirds of Americans think the gap between the rich and the rest of society has grown in the last decade, and the same proportion believe government should do more to close this gap (although there are sharp differences of opinion between Democratic and Republican voters on this score). Faith in the Horatio Alger ideal remains, but has been shaken. Sixty percent of American adults still think “most people who want to get ahead can make it if they are willing to work hard,” down from 68 percent in 1994.

Optimism about American opportunity may fade further as meritocracy comes under pressure from two sides: a growing economic divide between earned income and inherited wealth; and a growing social divide, marked by differences in family structure, education, and community.

**Warning: Wealth Gaps Ahead**

http://www.brookings.edu/research/essays/2014/saving-horatio-alger-print
From the banners of the short-lived Occupy movement to the data tables of countless economic studies, the message is clear: America’s rich are not just getting richer, they are getting much richer. This holds true for both income and—more troubling for opportunity—wealth.

First, income: the gap between those at the very top and the rest is widening. Not because ordinary Americans are getting poorer—although some of the wilder rhetoric on the political left would have us believe so. But if government taxes and payments are taken into account, incomes have actually been rising at the bottom and in the middle of the U.S. income distribution—they’ve just been rising much more slowly than at the top, in stark contrast to the “all-boats-rising” postwar years. Real incomes for the top 1 percent of households have tripled since 1979, compared to a rise of 50 percent for the bottom fifth and just 36 percent for those in the middle.

The United States is hardly alone in this respect. Similar patterns can be seen in virtually every advanced economy. The U.S. nonetheless has higher levels of income inequality than most comparable nations. Until recently, the gap between rich and poor has been widely accepted on the grounds that it is bridgeable (“Ragged Dick did it, so can I”). But at a certain point, the widening income gap may in and of itself make upward mobility harder. As Isabel Sawhill suggests, it may simply be harder to climb a ladder when the rungs are farther apart. It’s also true that money can be converted into experiences and advantages—like education, medical care, a healthy diet, and the time and energy that parents have to devote to their children—that further widen the mobility gap between the haves and the have-nots.

While income disparities grab most of the attention & headlines, the gap that matters even more for mobility may turn out to be the one in wealth—and not just any wealth, but inherited wealth. Wealth gaps are already very much higher than income gaps. The top 1 percent takes twice as large a share of the national wealth as of national income. The danger is that these wealth gaps will get even larger in the years ahead.
Enter, 180 years after Tocqueville, another Frenchman to hold up a mirror to America: Thomas Piketty. What he shows us in his widely acclaimed *Capital in the Twenty-First Century* is not as flattering as *Democracy in America*. The U.S. edition of his book might as well be titled *Inequality in America*. Although the problem Piketty describes is global, it is a particular threat to America’s egalitarian individualist ethos. Piketty is primarily concerned not with levels of inequality, but with “a radically new structure of inequality,” one based on wealth from inheritance. If this is allowed to continue, he says, the result will be a “patrimonial society”, in which wealth is passed on in ways that perpetuate the status quo over multiple generations. In short, most of the rich will consist not of those who pulled themselves up by their bootstraps but of those born into sky-high prosperity, who will have advantages allowing them to multiply their wealth, which, when passed down to their children, will continue to multiply, and so on—and on, and on.

Meanwhile, the bulk of the population, having little or no wealth, will have ever fewer chances to climb the ladder. Dependent on income, often from jobs that are transient, they are likely to spend most or all of what they earn, because there’s not much of it to begin with and they need it to provide for day-to-day life. On best estimates, wages for full-time workers at the exact mid-point of the earnings distribution rose by around 9 percent between 1979 and 2007, just before the Great Recession hit. Not nothing; but not so good, either, given that the economy as a whole doubled in size over the same period. Partly this is because those at the top are getting a bigger slice of the wage pie; but it is also because a larger share of the nation’s economic output is going to capital, rather than to wages, in the first place. In 2000, the share of national income flowing to workers (to be precise, “nonfarm business income”) was 63 percent; as of last year, that figure had fallen to 57 percent. That may not sound like a lot, but in historical terms, it represents a huge drop, equivalent to around $750 billion in “lost” wages. The two factors propping up household income for average Americans during these decades of slow wage growth have been working mothers, whose numbers...
have exploded, and help from Uncle Sam—yes, “Big Government”!—in the shape of tax credits and tax cuts.

The economy is going to grow, that’s certain. Even the cautious Congressional Budget Office thinks the U.S. economy will be a third bigger by 2024. The question is how far that will translate into bigger wage packets—and for whom. “Economic growth,” writes liberal economist Jared Bernstein, “has become a spectator sport for too many poor and middle-class households.”

Many nations are seeing the connection between growth and wages loosen, especially for those around the middle of the income distribution. But it is particularly troubling here, because the idea of working for a living occupies such a central place in the ideology of Americanism. Alger’s heroes don’t win the lottery: they work. Moreover, if wealth inequality grows unchecked, as Piketty predicts, and wages remain relatively stagnant, it is hard to see how anything approaching equality of opportunity can be achieved.

And there is a second serious threat to meritocracy: the growing class divisions that affect family, education, and community.

**Class: The Great Divide**

The American ideal of equality is based on the notion of equal moral worth, of an essential *sameness* among people (we are all *semblables*, in Tocqueville’s terms). The ideal retains some force, which is why aspiring politicians are so often obliged to adopt an “everyman” persona, stressing their similarity to ordinary Americans in terms of leisure pursuits, dress, and vocabulary. It is of course an exercise in false nostalgia to imagine that once upon a time everybody ate the same food, drank the same drinks, learned the same things in school, and raised their kids the same way. But differences seem greater today, and not just in terms of how people make their living, but how they live.
There is now, for example, no such thing as “The American Family.” The 1950s sitcom model of family life, as embodied in *Leave it to Beaver*, was always a semi-fiction; but it had a cultural pre-eminence that has now been entirely lost, giving way to a much more complicated kaleidoscope of family structures, including single parents, same-sex couples, childless (or “childfree”) couples, and cohabitating parents. With these changes, particularly the increase in single parenthood, has come a new problem: patterns of family formation are diverging along the same lines as income and education, accentuating inequality of opportunity. Isabel Sawhill has identified the source of the problem, noting in her forthcoming book, *Generation Unbound: Drifting into Sex and Parenthood without Marriage*, that “family formation is a new fault line in the American class structure.”

The proportion of children being raised by a single parent has more than doubled in the last four decades, and most of the growth rate is among those who are poorer and less educated. Unintended pregnancy rates are high. More parents have multiple relationships while raising their children, a trend the sociologist Andrew Cherlin describes as a “Marriage-go-Round.”

These differences in family formation patterns are reinforced by “assortative mating,” a stunningly unromantic term for the natural tendency of people to form relationships and have children with people like themselves. College grads marry college grads—and now there are of course many more female college grads around to marry. Online dating has just added algorithms to the process.

All this matters because family structure impacts on social mobility. Even the finest public school system in the world would be unable to compensate children for what Nobel laureate James Heckman calls the “biggest market failure of all”—choosing the wrong parents. Parents with college degrees have fewer children, later in life, and after marriage. And they are high-investment parents, spending generous amounts of time, energy, and money on their offspring. Class gaps in terms of parenting are not new, of course, but they are widening. In the 1970s, there were no serious differences in the
amount of time spent with children by parents of differing education levels. Now there are significant disparities, which have come to be widely recognized thanks in large measure to the work of Robert Putnam (of *Bowling Alone* fame). There is also a gap in terms of how this time is spent—and it turns out that “quality” of time matters as well as quantity. Conversation is one example: children in the poorest families hear, on average, only 600 words per hour; those from the most affluent and highly educated families hear over 2,000 words per hour. By the age of 4, the total gap in words heard is estimated to be 30 million.

Bill Clinton frequently pointed out that parents raise children, not governments. But given that, as his wife Hillary Clinton correctly added, “it takes a village,” one might reasonably hope that once children enter school they will find something approximating a level playing field. This certainly looks to be a shared political goal. As George W. Bush, President Clinton’s successor, said in 2001, when launching the education reform initiative, No Child Left Behind: America’s “greatest challenge” (this was before 9/11) was to ensure that “every single child, regardless of where they live, how they’re raised, the income level of their family” would get a “a first-class education.”

But after decades of rhetoric and reform, the American education system is failing as an engine of social mobility. The poorest children (black and white alike) receive the worst public education. Achievement gaps between poor and affluent children tend to widen, rather than narrow, during the K-12 years.

Beyond the front porch and the school gates lies the community, which can also make or break life chances. The “social capital” generated by the networks and norms of community life can be crucial for upward mobility, especially for those from troubled homes: the coach who builds confidence, the neighbor who helps with a college application, the preacher who hears about a job opening, the family friend who keeps a struggling student from falling behind. But here, too, the gaps are widening. Community activism—
volunteering, sports, neighbor support networks, church-going, and so on—is weak, and probably weakening, in less affluent neighborhoods.

These disadvantages typically compound each other, with low-income households, unstable families, and struggling parents living in the most hollowed-out communities, containing the worst schools, with the fewest social and institutional supports for those in need. So the barriers to upward mobility get even higher, along with the risks of getting stuck at the bottom of the ladder.

At a time when the United States is falling so far short of its own egalitarian ideal of Alger-style meritocracy, current economic and social trends are likely to make things worse. Piketty’s predictions, like all predictions, are far from proven; indeed, there are serious doubts about some of his assumptions. But if he turns out to be even fractionally right, we are in trouble. So, what is to be done? It hardly needs saying that there is no quick and easy fix. But there is also no excuse for sitting on our hands while the idea of opportunity becomes close to a cruel joke for so many. Opportunity is a public good, as well as a private one.

The good news is that U.S. politicians are waking up to the dangers of a divided nation. The bad news is that there is almost no consensus on which divides matter. Democrats emphasize inequalities in material dimensions, especially money; Republicans focus on class gaps in family, schooling, and community. Of course both are right. Cash gaps and class gaps both matter, and any political agenda that addresses only one side of the equality equation is destined to fail.

If we start with the money gap, Piketty’s proposed remedy, logically enough, is to levy heavier taxes on capital gains and wealth. This has been dismissed as a utopian, even un-American idea. Even now, when the desire to tax the rich could be expected to be at its zenith, Americans remain unenthusiastic redistributors. Indeed, an aversion to taxing inheritance is one of the few issues on which there is frequent bipartisan agreement. To Obama’s credit,
he has tried to reverse the tide. To no avail. Even blue states like Maryland are reining back their estate taxes.

But this could change. There is actually a fairly deep anti-wealth seam in the American ideology of egalitarian individualism, as Piketty himself notes. Jefferson and Thomas Paine favored high taxes on estates to prevent the recreation of an aristocracy. Even Andrew Carnegie, who loathed taxes in general, was a fan of the ones on inheritance: “I say the community fails in its duty, and our legislators fail in their duty, if they do not exact a tremendous share…” of the “enormous sum” bequeathed by the wealthy to their heirs. To this day, many wealthy Americans—Warren Buffett perhaps the most prominent and outspoken among them—continue to speak up against the unfairness of the tax system, and some, like Buffet and Bill Gates, have pledged to give away much of their fortunes rather than pass it on to their children.

Wealth inequality is a direct threat to a society that aspires to be ordered by merit and marked by social mobility. So proposals to tax the wealthy and use the revenues to fund opportunity-enhancing strategies are far from “un-American.” They are, in fact, quintessentially American. If the estate tax were returned to the level of the President George H.W. Bush years, for example, it would raise an additional $300 billion to $400 billion over the next decade—twice as much as we need to fund universal pre-K.

There is a long way to go to persuade the American public of this, of course, but it is conceivable that with the right public framing, and consistent political pressure, opinion on wealth taxes could shift. The new investment income tax on couples with joint incomes of over $250,000 to fund Obama's Affordable Care Act provides a glimmer of hope that capital gains taxes are not completely off the table.

The social divide must also be addressed—with money, more creative thinking about how to help people acquire the skills they need, and institutional and financial support for those falling behind. Tackling the
parenting gap, for example by expanding home visiting programs, ought to be a bipartisan cause. Likewise, action to even up quality in K-12 schools, with a concerted attack on “exclusionary zoning laws” that secure the borders of school catchment areas for the benefit of the affluent, more choice in schools for children of the lowest-income parents, and big financial incentives to attract the best teachers to the toughest schools.

**Reviving the American Dream**

On the political left, there are plenty of people who think it is time to consign Horatio Alger to the dustbin of history. For them, the Alger myth is little more than a cultural conjuring trick, providing an illusion of opportunity to distract the masses from gross inequalities of income and wealth. It can also act as a convenient untruth for the elite, who can rest assured of their intrinsic superiority: “Born on third base … thinking they hit a triple,” in football coach Barry Switzer’s vivid phrase.

But abandoning Alger—giving up on the American Dream—is not an option. While Bellamy and Piketty provide rich seams of ideas to mine, there is no prospect of a Euro-egalitarian turn in American politics. The American body politic would simply reject a graft of European-style social democracy. It’s pointless for progressives to get frustrated about this. Attachment to the ideal of equal opportunity is not a blind spot in the vision of voters. Americans do have strong egalitarian instincts, but they go hand-in-hand with a fierce commitment to individualism. The ideal of merit-fueled mobility is a fixed feature of American politics and ideology. It comes, almost literally, with the territory. Even if it were possible to retire the Alger myth, it would be a mistake. The national commitment to the principles of natural equality, opportunity, and upward mobility is an American strength. Only a politics that goes with this American grain stands any chance of creating a more equal nation.
On that spring evening in the nation’s capital, the crowd had gathered not to bury Alger, but to praise him. It is now time to pay him more than lip service. Equal opportunity must and will remain the quintessential American ideal. The challenge is to live up to it.

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