The Mobility Myth
By James Surowiecki

Since at least the days of Horatio Alger, a cornerstone of American thinking has been the hope of social mobility—the idea that, as Lawrence Samuel put it in a history of the American dream, anyone can, "through dedication and with a can-do spirit, climb the ladder of success." In recent years, though, plenty of Americans have come to believe that, as President Obama said in his State of the Union address, "upward mobility has stalled." So it was a surprise recently when a team of economists from Harvard and Berkeley released a comprehensive study showing that mobility in the U.S. hasn't fallen over the past twenty years at all. "Like many people, we thought mobility would have declined," Raj Chetty, one of the researchers on the project, told me. "But what we found was that kids born in the early nineteen-nineties had the same chances of climbing up the income ladder as kids born in the seventies." Even more striking, when the researchers looked at studies tracking economic mobility going back to the fifties, they concluded that it had remained relatively stable over the entire second half of the twentieth century.

That sounds like good news, but there's a catch: there wasn't that much mobility to begin with. According to Chetty, "Social mobility is low and has been for at least thirty or forty years." This is most obvious when you look at the prospects of the poor. Seventy per cent of people born into the bottom quintile of income distribution never make it into the middle class, and fewer than ten per cent get into the top quintile. Forty per cent are still poor as adults. What the political scientist Michael Harrington wrote back in 1962 is still true: most people who are poor are poor because "they made the mistake of being born to the wrong parents." The middle class isn't all that mobile, either: only twenty per cent of people born into the middle quintile ever make it into the top one. And although we think of U.S. society as archetypally open, mobility here is lower than in most European countries.

This wasn't always the case. As the economist Joseph P. Ferrie has shown, in the late nineteenth century U.S. society was far more mobile than Great Britain's—a child in the U.S. was much more likely to move into a higher-class profession than that of his father—and much more mobile than it became later. It was possible for Andrew Carnegie to start as a bobbin boy in a cotton factory at a dollar-twenty a week and end up one of the world's richest men. This legacy left a deep imprint on American culture. The sociologist Werner Sombart noted in 1906 that the average American worker felt he had a good chance of rising out of his class. That feeling has persisted: Americans are less concerned than Europeans about inequality and more confident that society is meritocratic. The problem is that, over time, the American dream has become increasingly untethered from American reality.

Both political parties say that they want to change this. And Chetty and his colleagues have shown in another study that some places in the U.S., like Salt Lake City and San Jose, have mobility rates as high as anywhere else in the developed world. There are also places in the U.S., like Mississippi, where mobility is lower than anywhere else in the developed world. So if you could figure out exactly what Salt Lake City is doing right, and apply that lesson elsewhere, you might be able to get people movin' on up again.

Increasing economic opportunity is a noble goal, and worth investing in. But we shouldn't delude ourselves into thinking that more social mobility will cure what ails the U.S. economy. For a start, even societies that are held to have "high" mobility aren't all *that* mobile. In San Jose, just thirteen per cent of people in the bottom quintile make it to the top. Sweden has one of the highest rates of social mobility in the world, but a 2012 study found that the top of the income spectrum is dominated by people whose parents were rich. A new book, "The Son Also Rises," by the economic historian Gregory Clark, suggests that dramatic social mobility has always been the exception rather than the rule. Clark examines a host of societies over the past seven hundred years and finds that the makeup of a given country's economic élite has remained surprisingly stable.

More important, in any capitalist society most people are bound to be part of the middle and working classes; public policy should focus on raising their standard of living, instead of raising their chances of getting rich. What made the U.S. economy so remarkable for most of the twentieth century was the fact that, even if working people never moved into a different class, over time they saw their standard of living rise sharply. Between the late nineteen-forties and the early nineteen-seventies, median household income in the U.S. doubled. That's what has really changed in the past forty years. The economy is growing more slowly than it did in the postwar era, and average workers' share of the pie has been shrinking. It's no surprise that people in Washington prefer to talk about mobility rather than about this basic reality. Raising living standards for ordinary workers is hard: you need to either get wages growing or talk about things that scare politicians, like "redistribution" and "taxes." But making it easier for some Americans to move up the economic ladder is no great triumph if most can barely hold on. ♦

James Surowiecki is the author of "The Wisdom of Crowds" and writes about economics, business, and finance for the magazine.