

# Unequal America

**W**HEN MAJID EZZATI thinks about declining life expectancy, he says, “I think of an epidemic like HIV, or I think of the collapse of a social system, like in the former Soviet Union.” But such a decline is happening right now in some parts of the United States.

Between 1983 and 1999, men’s life expectancy *decreased* in more than 50 U.S. counties, according to a recent study by Ezzati, associate professor of international health at the Harvard School of Public Health (HSPH), and colleagues. For women, the news was even worse: life expectancy decreased in more than 900 counties—more than a quarter of the total. This means 4 percent of American men and 19 percent of American women can expect their lives to be shorter than or, at best, the same length as those of people in their home counties two decades ago.

The United States no longer boasts anywhere near the world’s longest life expectancy. It doesn’t even make the top 40. In this and many other ways, the richest nation on earth is not the healthiest. Ezzati’s finding is unsettling on its face, but scholars find further cause for concern in the pattern of health disparities. Poor health is not distributed evenly across the population, but concentrated among the disadvantaged.

Disparities in health tend to fall along income lines everywhere: the poor generally get sicker and die sooner than the rich. But in the United States, the gap between the rich and the poor is far wider than in most other developed democracies, and it is getting wider. That is true both before and after taxes: the United States also does less than most other rich democracies to redistribute income from the rich to the poor.

Americans, on average, have a higher tolerance for income inequality than their European counterparts. American attitudes focus on equality of opportunity, while Europeans tend to see fairness in equal outcomes. Among Americans, differences of opinion about inequality can easily degenerate into partisan disputes over whether poor people deserve help and sympathy or

Causes and consequences  
of the wide—and growing—gap  
between rich and poor

By ELIZABETH GUDRAIS

should instead pull themselves up by their bootstraps. The *study* of inequality attempts to test inequality’s effects on society, and it is delivering findings that command both sides’ attention.

Ezzati’s results are one example. There is also evidence that living in a society with wide disparities—in health, in wealth, in education—is worse for *all* the society’s members, even the well off. Life-expectancy statistics hint at this. People at the top of the U.S. income spectrum “live a very long time,” says Cabot professor of public policy and epidemiology Lisa Berkman, “but people at the top in some other countries live a lot longer.”

Much is still unknown in this dynamic field, where Harvard is home to pioneers who first recognized income inequality as worthy of study and younger scholars at the forefront of its study today. The variety of disciplines featured in presentations of the University’s Multidisciplinary Program on Inequality and Social Policy—economics, sociology, political science, public policy, health, medicine, education, law, and business—highlights the field’s broad importance.

Because of the subject’s complexity and the scarcity of consistent data that would allow comparison between countries and across wide timespans, research findings are often highly specific or framed in the language of interesting coincidences, rather than as definitive conclusions. Even when discernable patterns exist, there tend to be counter-examples; for instance, the United States, with high inequality, has low life expectancy compared to Denmark and Finland, with very low inequality—but in Spain and Italy, with inequality somewhere in between, life expectancy is even longer.

But the coincidences are intriguing indeed. Research indicates that high inequality reverberates through societies on multiple levels, correlating with, if not causing, more crime, less happiness, poorer mental and physical health, less racial harmony, and less civic and political participation. Tax policy and social-welfare programs, then, take on importance far beyond determining how much income people hold onto. The level of inequality we allow represents our answer to “a very important question,” says Nancy Krieger, professor of society, human development, and health at HSPH: “What kind of society do we want to live in?”

### KEEPING UP WITH THE JONESES

THE UNITED STATES is becoming even more unequal as income becomes more concentrated among the most affluent Americans. Income inequality has been rising since the late 1970s, and now rests at a level not seen since the Gilded Age—roughly 1870 to 1900, a period in U.S. history defined by the contrast between the excesses of the super-rich and the squalor of the poor.

Early in the twentieth century, the share of total national income drawn by the top 1 percent of U.S. earners hovered around 18 percent. That share hit an all-time high in 1928—when top earners took home 21.1 percent of all income, including capital gains—then dropped steadily through the next three decades. Amid the post-World War II boom in higher education, and overall economic growth, the American middle class swelled and prospered, and the top 1 percent of earners took home less than 10 percent of all income through the 1960s and 1970s. Since then, the topmost 1 percent have seen their share rise again: it shot past 15 percent in 1996 and crested at 20.3 percent in 2006, the most recent year for which numbers are available.

To describe the distribution of income inequality in the United States, Allison professor of economics Lawrence F. Katz likes to use the analogy of an apartment building. “Over the last 25 years,” he says, “the penthouse has gotten really, really nice. All sorts of new gadgets have been put in. The units just below the penthouse have also improved a lot. The units in the middle have stayed about the same. The basement apartment used to be OK, but now it’s gotten infested with cockroaches and it’s been flooding.” (See graph, page 26.)

The argument that none of this matters as long as the overall economy is growing—that a rising tide lifts all boats, as President John F. Kennedy famously said—is the subject of vigorous academic review, with mixed results, but it may not be the most important question. Picture a buoyant luxury cruise ship surrounded by dilapidated dinghies, full of holes and on the verge of



Lawrence F. Katz

sinking. The fact that the tide has lifted them does not mean they are doing well.

This is a concept social scientists call relative deprivation. The idea is that, even when we have enough money to cover basic needs, it may harm us psychologically to see that other people have more. When British economist Peter Townsend developed his relative deprivation index in 1979, the concept was not new. Seneca wrote that to be poor in the midst of riches is the worst of poverties; Karl Marx wrote, “A house may be large or small; as long as the neighboring houses are likewise small, it satisfies all social requirement for a residence. But let there arise next to the little house a palace, and the little house shrinks to a hut.”

Investigating whether relative deprivation and the negative emotions it engenders help explain why the poor have worse health than the rich in most societies began with epidemiologist Michael Marmot’s study of British civil servants in the 1960s and 1970s. Marmot found that the lower-ranking bureaucrats had elevated levels of stress hormones compared to their high-status coworkers, even though the low-ranking workers still had job security, a living wage, decent hours, and benefits.

Others have found similar links. Examining health outcomes for identical twins raised together—pairs that shared genes and environment—Nancy Krieger found that when the twins became adults, if one was working class and the other professional, the working-class twin’s health was, on average, worse.

There is little question that it is bad for one’s health to be poor. Americans at the 95th income percentile or higher can expect to live *nine* years longer than those at the 10th percentile or lower. The poor are more likely to develop illnesses such as diabetes, hypertension, heart disease, and cancer, and there is evidence that rela-

tive deprivation and the stress it engenders are involved. When high inequality and rising top incomes shift society's accepted standards of living upward, it seems that people experience deprivation even when they have adequate food, clothing, and shelter. The official U.S. poverty rate—12.3 percent in 2006—is relatively low, but scholars agree that number is essentially meaningless.

The poverty threshold was developed in 1965 based on the cost of a grocery budget “for temporary or emergency use when funds are low,” multiplied by three. It was “arbitrary,” says Wiener professor of social policy Christopher Jencks, “but once it was adopted, it was politically impossible to change it.” That threshold has been adjusted for inflation, but does not take into account the fact that housing prices, energy prices, and certain other costs have grown faster than the consumer price index (CPI). “Going to movies, eating out at restaurants, going on occasional vacations, having Internet access and a cell phone—none of these things are in the federal poverty level,” says Ichiro Kawachi, professor of social epidemiology at HSPH and associate professor of medicine at Harvard Medical School (HMS). “What matters for functioning in society is what the average person is able to do.” During the same period, the Gallup Poll definition of the poverty line—based on asking people how much income they need not to feel deprived—has risen much more steeply than the CPI.

Kawachi, who grew up in Japan, believes a predominant consumption culture in the United States exacerbates relative deprivation. “The Japanese have a very strong culture against conspicuous displays of affluence,” he says. “When I was a child growing up in suburban Tokyo, it was very difficult to distinguish, by dress or anything else, rich kids from poor kids—whereas in America, bring it on!”

As further evidence of a correlation between inequality and consumption culture, he points to national spending on advertising as a percentage of gross domestic product (GDP). The top-ranked countries on this measure, according to United Nations (UN) data, are Colombia, Brazil, and Venezuela—countries with inequality levels among the highest in the world—but also Australia, New Zealand, the United Kingdom (U.K.), and the United States, countries with higher inequality than similarly prosperous peers.

Japan comes second only to Denmark in terms of equal-income distribution among its inhabitants, according to United Nations data. And life expectancy at birth for the Japanese is 82.3 years, compared to Americans' 77.9 years, even though per-capita GDP in the United States is about \$10,000 more than in Japan. “It's pretty clear that an egalitarian ethos runs along with the idea of having strong safety nets and protecting the health of the most vulnerable,” says Kawachi, who also directs HSPH's Center for Society and Health. “And that's reflected in national health statistics.”

The United States ranks twenty-first among the 30 nations in the Organization for Economic Cooperation and Development (OECD) in terms of life expectancy, and twenty-fifth in terms of infant mortality. Kawachi and others have found that the U.S. counties with the most income inequality stack up poorly on health measures, and as mortality rates have fallen nationwide, they have fallen most slowly in states where income inequality increased the most—a cause for concern, whatever the explanation.

### AMERICAN EXCEPTION?

ONE WIDELY USED MEASURE OF INEQUALITY is the Gini coefficient, named for Italian statistician Corrado Gini, who first articulated the concept in 1912. The coefficient measures income distribution on a scale from zero (where income is perfectly equally distributed among all members of a society) to one (where a single person possesses all the income). For the United States, the Gini coefficient has risen from .35 in 1965 to .44 today. On the per-capita GDP scale, our neighbors are Sweden, Switzerland, and the U.K.; on the Gini scale, our neighbors include Sri Lanka, Mali, and Russia. (Even with this basic measure of inequality, it is difficult to get comparable data for all countries, and some other sources find a much wider gap between the United States and Russia. For instance, the Luxembourg Income Study ranks Russia at .43 and the United States at .37, and does not even list Sri Lanka and Mali.)

The recent increase in inequality reflects a migration of money upward as salaries have ballooned at the top. In 1965, the average salary for a CEO of a major U.S. company was 25 times the salary of the average worker. Today, the average CEO's pay is more than 250 times the average worker's. At the same time, the government is doing less to redistribute income than it has at times in the past. The current top marginal tax rate—35 percent—is not the lowest it's been—there was no federal income tax at all until 1913—but it is far lower than the 91-percent tax levied on top earners from 1951 to 1963. Meanwhile, forces such as immigration and trade policy have put pressure on wages at the bottom.

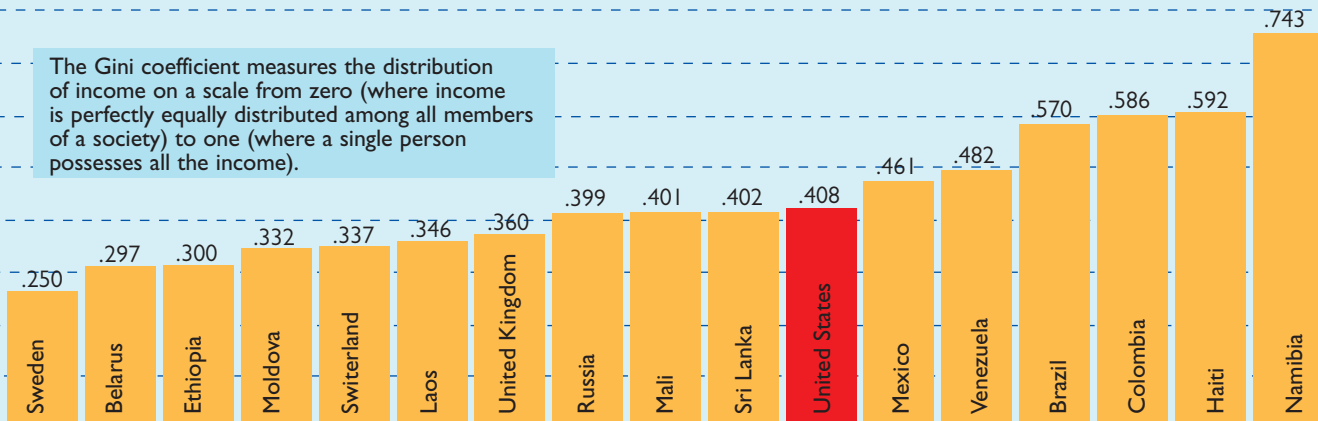
Tax policies and employer-pay practices affect income distribution directly. But what governs these pay practices, and why have American voters and politicians chosen the tax policies they have? One answer lies in Americans' unique attitudes toward inequality.

Lisa Berkman



## Quantifying Inequality

The Gini coefficient measures the distribution of income on a scale from zero (where income is perfectly equally distributed among all members of a society) to one (where a single person possesses all the income).



Source: United Nations Human Development Report, 2007/08

Asked by the International Social Survey Programme whether they agreed or disagreed with the statement that income differences in their home country are “too large,” 62 percent of Americans agreed; the median response for all 43 countries surveyed—some with a much *lower* degree of inequality—was 85 percent.

Americans and Europeans also tend to disagree about the causes of poverty. In a different survey—the World Values Survey, including 40 countries—American respondents were much more likely than European respondents (71 percent versus 40

percent) to agree with the statement that the poor could escape poverty if they worked hard enough. Conversely, 54 percent of European respondents, but only 30 percent of American respondents, agreed with the statement that luck determines income.

left-leaning groups have succeeded at writing in change. By and large, Alesina and Glaeser write, the U.S. Constitution “is still the same document approved by a minority of wealthy white men in 1776.” And the “vestiges of feudalism” in European society make leftist arguments appealing there, whereas American politicians’ rhetoric has emphasized individual agency since the time of George Washington (who wrote in 1783 that if citizens “should not be completely free and happy, the fault will be intirely their own”). The authors cite a 1980s history curriculum for public

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It makes intuitive sense that those who view poverty as a personal failing don’t feel compelled to redistribute money from the rich to the poor. Indeed, Ropes professor of political economy Alberto Alesina and Glimp professor of economics Edward L. Glaeser find a strong link between beliefs and tax policy: they find that a 10-percent increase in the share of the population that believes luck determines income is associated with a 3.5-percent increase in the share of GDP a given nation’s government spends on redistribution (see “Down and Out in Paris and Boston,” January-February 2005, page 14).

These attitudes, in turn, are rooted in U.S. history, says Christopher Jencks, whose 1973 book *Inequality* examined social mobility in the United States. Jencks has been studying inequality and social class since the 1960s, and has written dozens of journal articles, essays, and book chapters, as well as four more books, on the subject. He looks back to the Constitution’s framers, who enshrined property rights as sacred and checked the government’s ability to control the national economy. “The founding fathers didn’t want the government to do that much,” he says.

The Constitution is structured in such a way that it is harder to change than the constitutions of Europe’s welfare states, where

schools in California (“hardly the most right-wing of states,” they note) that instructed, “A course should assess the role of optimism and opportunity in a land of work: the belief that energy, initiative, and inventiveness will continue to provide a promising future.”

An alternative, and possibly complementary, explanation points to the United States’s particular place in geography and history. Jencks also finds this persuasive. “The highest levels of inequality are found in the New World and not the Old, for reasons we don’t understand,” he says (see chart above). Societies with higher inequality also tend to have higher crime rates, although it’s not clear which way the causal arrow runs, or if it exists. “These are societies built on conquest, many of them on slavery,” Jencks adds. “A lot of the inequality may just be the legacy of those things.”

Former colonies such as Haiti and Namibia inhabit the top end of the Gini scale, with coefficients of .59 and .74, respectively. But there are exceptions to the pattern: the low end of the scale includes transitional economies that are far from rich (Belarus and Moldova, with coefficients of .30 and .33), and former colonies (Ethiopia and Laos, with coefficients of .30 and .35). For all the scholarly study, consensus on whether the Gini coefficient can, in and of itself, say something good or something bad about a country is still lacking. Still, scholars are using what evidence does exist to ask, and test, whether the United States has things in common with Sri Lanka, Mali, and Russia, as it

undoubtedly does with Sweden, Switzerland, and the U.K.

The excesses of the Gilded Age led, in the decades that followed, to a backlash in the form of the minimum wage and other labor laws to protect workers, business and financial-market regulation to protect consumers, social safety-net programs—Social Security, Medicare, Medicaid—and infrastructure investment to benefit all. But as the United States moves from a period of relatively balanced income distribution back into higher in-

not necessarily the tactics that lift team performance—as opposed to, say, practicing great defense.”

This gets at the ways inequality may affect the fabric of society. Perhaps motivated by inequality and the prospect of getting ahead, Americans work longer hours than their European counterparts—about 200 more hours per year, on average, than the British, and 400 more hours per year than the Swedes. Again, there are counter-examples (the Japanese work almost as much

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equality, it remains to be seen whether these twentieth-century developments will enable the country to escape the problems that often accompany high inequality.

### LEFT OUT AT THE BOTTOM

AN ARGUMENT commonly made in inequality’s defense is that it serves to motivate. Here, Kawachi cites evidence from the sports world. A 1990 study of golfers found that they performed best in professional tournaments, where the spread in the size of the prize money is widest. Similarly, a study of professional auto racers found that performance improved as the spread in the size of the various prizes widened.

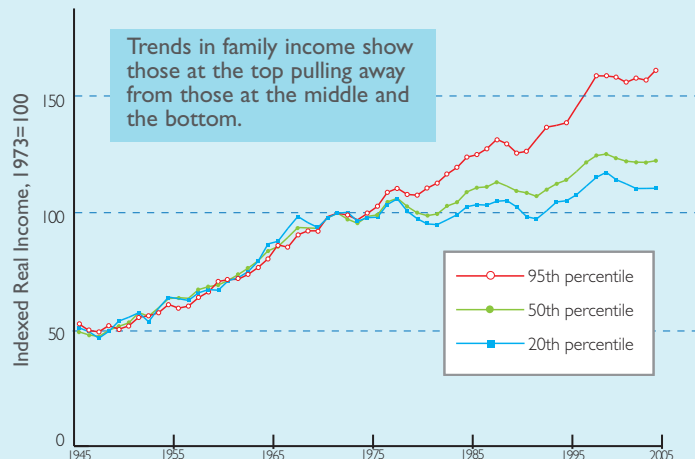
So inequality may act on the human psyche to elicit hard work and high achievement—but it also may make us more individualistic. In a study of baseball players, teams with wider pay dispersion performed more poorly—and so did individual players within those teams. “In a world in which each individual is looking out for themselves, players will tend to concentrate on improving their own performance to the exclusion of team goals, since their own performance is what matters for moving up the pay scale,” Kawachi and Bruce P. Kennedy (a former HSPH professor who passed away this year) wrote in *The Health of Nations: Why Inequality Is Harmful to Your Health*. “Concentrating on trying to hit more home runs or improving one’s own hitting average are

as Americans do, just 50 hours less a year), but in any case, time spent at work is time not spent with friends or family, and this has its own implications for health.

As an outreach worker in San Francisco in the 1970s, Lisa Berkman noticed that her clients in the North Beach and Chinatown neighborhoods—poor or working-class, but with the strong social connections typical of immigrant communities—had far better health than her clients in the gritty Tenderloin district, who were much more socially isolated and disconnected from one another. The link between social integration and mortality risk became the subject of Berkman’s dissertation at Berkeley, where she earned her Ph.D. in 1977. At the time, the idea that social ties could protect health was radical. Now it is accepted wisdom—and a factor that, Berkman believes, helps to explain the extraordinarily high life expectancy in Spain and Italy.

But the danger of disconnectedness may go beyond being less happy or even less healthy. Kawachi and Kennedy cited a wealth of evidence that increasing income inequality goes hand in hand with a decrease in “social capital,” a concept akin to community involvement that incorporates, among other things, social relationships, trust, reciprocity among friends and neighbors, and civic engagement. (Malkin professor of public policy Robert Putnam made a similar argument in his seminal 2000 book *Bowling Alone*.) Letting social capital atrophy means a less cohesive

## Growing Apart



Source: *The Race between Education and Technology*, by Lawrence F. Katz and Claudia Goldin (Harvard University Press, 2008)

populace that, at the extreme, leaves entire classes of people disadvantaged and excluded. “The big worry,” says Lawrence Katz, “is creating something like a caste society.”

As American neighborhoods have become more integrated along racial lines, they have become more *segregated* along income lines and, some research indicates, with regard to all manner of other factors, including political and religious beliefs. (*The Big Sort*, a new book by journalist Bill Bishop, examines this evidence.) What’s more, even along racial lines, American society is still far from integrated. Sociologist David R. Williams, Norman professor of public health and professor of African and African American studies, has examined racial discrimination and health in the United States and elsewhere, including South Africa, where in 1991, under apartheid, the “segregation index” was 90, meaning that 90 percent of blacks would have had to move to make the distribution even. “In the year 2000,” says Williams, “in most of America’s larger cities—New York City, Detroit, Chicago, Milwaukee—the segregation index was over 80.” Only slightly lower, that is, than under legally sanctioned apartheid.

When a society is starkly divided along racial or ethnic lines, the affluent are less likely to take care of the poor, Glaeser and Alesina have found. Internationally, welfare systems are least generous in countries that are the most ethnically heterogeneous. Those U.S. states with the largest black populations have the least generous welfare systems. And in a nationwide study of people’s preferences for redistribution, Erzo F.P. Luttmer, associate professor of public policy at the Harvard Kennedy School (HKS), found strong evidence for racial loyalty: people who lived near poor people of the same race were likely to support redistribution, and people who lived near poor people of a different race were less likely to do so. Differences in skin color seem to encourage the wealthy to view the poor as fundamentally different, serving as a visual cue against thinking, “There but for the grace of God go I.”

Alesina’s work investigates this cognitive process as an explanation for the high crime rates in less equal societies. Rather than following the common-sense explanation that the poor see what the rich have and covet it, leading to burglary and violent crime, Alesina argues that as the incomes of the rich and poor diverge, so do their interests. Members of a relatively equal society find it relatively easy to reach agreement about what the purpose and priorities of a legal system should be. But if the rich favor protecting property, while the poor care more about preventing and



FRED FIELD

Ichiro Kawachi

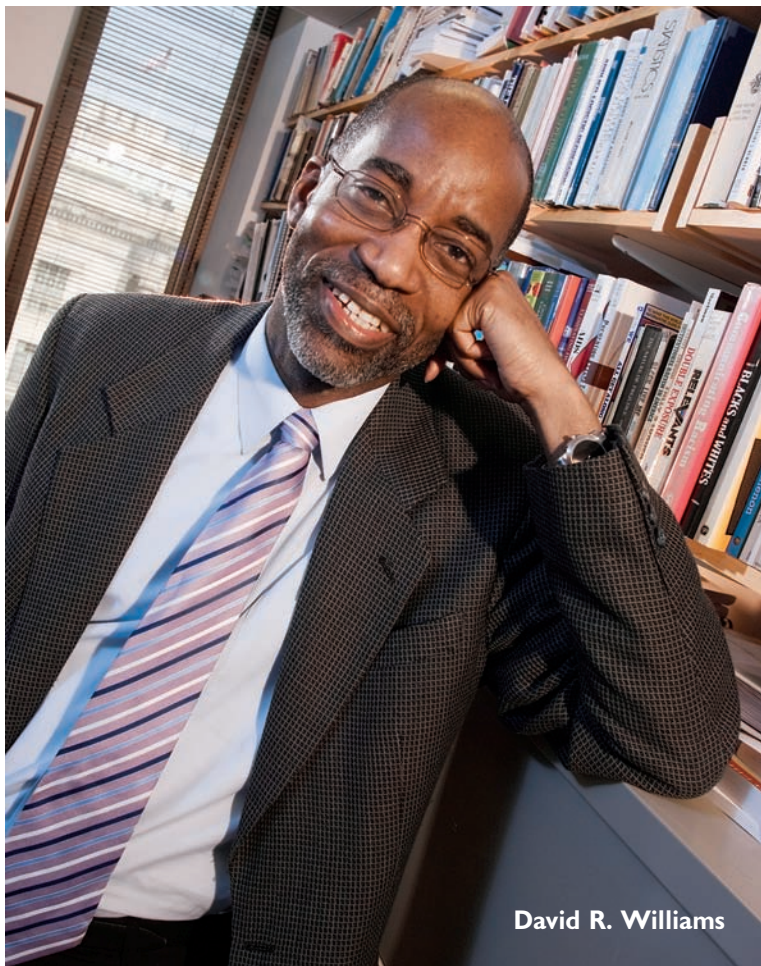
punishing interpersonal violent crime, the lack of consensus will produce a weak system that fails to meet the desires of either group. In one essay, his colleague Glaeser offers this apocalyptic prediction: “Great gaps between rich and poor may...hurt democracy and rule of law if elites prefer dictators who will protect their interests, or if the disadvantaged turn to a dictator who promises to ignore property rights.”

This doesn’t seem possible in a democracy such as the United States, where each citizen’s vote carries the same weight regardless of income (the electoral-college system notwithstanding). In fact, given the shape of the income distribution, it seems that Americans would elect leaders whose policies favor the poor and middle class. Mean household income in 2004 was \$60,528, but median household income was only \$43,389. More than half of households make less money than average, so, broadly speaking, more than half of voters should favor policies that redistribute income from the top down. Instead, though, nations—and individual states—with high inequality levels tend to favor policies that allow the affluent to hang onto their money.

Filipe R. Campante, an assistant professor of public policy at HKS and a former student of Alesina’s, thinks he’s discovered why. After investigating what drives candidates’ platforms and policy decisions, Campante has concluded that donations are at least as influential a mode of political participation as votes are.

Previous research has shown that voter turnout is low, particularly at the low end of the income spectrum, in societies with high inequality. Again, this is counterintuitive: in unequal places, poor people unhappy with government policies might be expected to turn out *en masse* to vote, but instead they stay home. Campaign contributions may provide the missing link.

Candidates, naturally, target voters with money because they



David R. Williams

JIM HARRISON

need funds for their campaigns. And since the poor gravitate toward parties that favor redistribution and the wealthy align themselves with parties that do not, campaign contributions end up benefiting primarily parties and candidates whose platforms *do not* include redistribution. By the time the election comes around, the only candidates left in the race are those who've shaped their platforms to maximize fundraising; poor voters, says Campante, have already been left out. In a study of campaign contributions in the 2000 U.S. presidential election, he found that higher income inequality at the county level was associated with fewer people contributing to campaigns, but contributing a larger amount on average—so the haves participated, and the have-nots did not.

The solution, he says, is not to scrap the system altogether in favor of full public financing, but to enact contribution limits strict enough to level the playing field. He views contributions not as bribery or buying policy, but as a legitimate form of civic engagement. “The ideal system,” he says, “would be a system where you have a really broad base of contributors that are contributing relatively small amounts...You want parties to be responsive to voters. Donations are a way in which parties are made responsive to voters.”

### BUFFERS AGAINST INEQUALITY

THE EFFECTS OF relative deprivation can come in a form more tangible than stress or low self-esteem. Krieger uses the example of a job interview. In a society where the average person has a cell phone, it can hurt one's job chances not to have one. Wearing old clothes to a job interview might be interpreted as a sign of not

taking the interview seriously, when in fact the problem is inability to afford a new outfit. Bad teeth, which require money to fix, can trigger disgust in prospective employers and even hold people back from making friends. “Your income,” Krieger says, “can decline to a point where you're no longer able to participate meaningfully in society.”

Stress can also make people behave in ways they otherwise wouldn't. David Williams believes that the “hierarchy of needs” framework helps explain why, the poorer people are, the less likely they are to take care of their health. The framework, developed in 1943 by psychologist Abraham Maslow, defines the needs that motivate human behavior and the priority people assign to those needs. Physiological needs (eating, sleeping, breathing) form the foundation; not until those needs are met can people pursue needs in the higher categories (in succession: safety, love/belonging, esteem, and self-actualization). “If people are worried about their basic needs of survival and security and food and shelter,” says Williams, “they cannot worry about the fact that a cigarette, which is providing relief from stress now, is going to cause lung cancer 20 years from now. If you can address the basic needs so people are no longer worried about them, you free them to consider those larger, higher-level needs that have long-term consequences for their well-being.”

Lisa Berkman's latest project aims to let low-wage workers focus on such higher-order needs. In a study of nursing-home employees, Berkman found that nursing assistants, janitors, and kitchen workers had far less flexibility than higher-status workers in terms of being able to leave work if a family member fell ill, and that this lack of flexibility was related to increased risk of heart disease and chronic sleep problems. Now she is following nursing homes and retail establishments to see what happens when they implement more flexible policies. If workers in high-demand, low-wage jobs can spend more time with their families and stop worrying about getting fired if they need to handle an emergency, she says, “workplace policies may have a profound effect on health.”

Improving living conditions in poor neighborhoods is another way to alleviate poverty's ill effects even in the absence of income redistribution, says Williams. The poor are more likely to smoke, to eat poorly, and to lead sedentary lives. These are personal choices—but every choice is made in context, and one's surroundings affect the choices one makes. “When people live in areas where there aren't supermarkets that sell fresh fruits and vegetables, their intake of fresh fruits and vegetables is dramatically lower,” he says. “If people live in areas where there aren't sidewalks, where there aren't safe bike paths and places to walk and playgrounds, or where the rate of crime is so high that it's not safe to go outside, then their level of exercise is much lower and their rates of obesity are higher.” Building parks and sidewalks and bringing farmers' markets to poor neighborhoods, then, makes it easier for residents to make healthy choices.

Another category of initiatives aims at improving living conditions for poor people by giving them vouchers to move to better neighborhoods, but the details are important, says Dolores Acevedo-Garcia, an HSPH associate professor of society, human development, and health. She is helping design the public-health component of one such program. Stemming from a landmark 2005 desegregation court case, it has already enabled about 1,300 former tenants of Baltimore public housing to move

to suburban communities. “What people are expecting,” she says, “is that if people move to a new neighborhood, they’re automatically going to do better. Well, in fact, a lot of this is about connecting people to resources”: for example, helping them find landlords who will rent to them—not the easiest thing in an unfamiliar neighborhood.

The aid doesn’t stop there. Many doctors in affluent communities don’t accept Medicaid; Acevedo-Garcia’s proposal would have case workers help clients find doctors who do, and in some cases persuade doctors to start. “People may be used to doing their shopping at a convenience store or a liquor store,” she says; case workers will tell them which grocery store has good produce at low prices, and where to catch the bus that will take them there. Something as simple as taking the new residents to a park can make a difference, she says: “They may not be used to the idea of exercising outside if they came from a neighborhood that was not safe.”

### UNEQUAL CHANCES

“ADULTS’ ECONOMIC STATUS is positively correlated with their parents’ economic status in every society for which we have data,” write Christopher Jencks and Laura Tach, a doctoral student in sociology and social policy, “but no democratic society is entirely comfortable with this fact.” The prospect of upward mobility forms the very bedrock of the American dream, but analyses indicate that intergenerational mobility is no higher in the

on a hill. But “if anything,” Alesina and Glaeser write, “the American poor seem to be much more ‘trapped’ than their European counterparts,” in the sense that fewer people who start life in the bottom quintile ever make it out.

This is puzzling given American society’s emphasis on fairness and openness. Lee professor of economics Claudia Goldin and Katz detect an explanation in the increasing cost of college tuition. In 1950, the average tuition price at a private college was roughly 14 percent of the U.S. median family income; public college tuition was even lower (only 4 percent). Percentages for both types of institutions fell further in the ensuing decades, bottoming out around 1980, but then rising steeply ever since. In 2005, the cost of attending the average public college was 11 percent of median family income; for private colleges, the average was 45 percent. There is financial aid, but not enough, and the system “can be harder to crack than Fort Knox,” Katz and Goldin write in their new book, *The Race between Education and Technology*.

For most of the twentieth century, the average American exceeded his parents’ education level by a significant margin: between 1900 and 1975, the average American’s educational attainment grew by 6.2 years, or about 10 months per decade. Then, between 1975 and 1990, the authors find that there was “almost no increase at all”; from 1990 to 2000, there was a gain of just six months. Although college graduation rates for women are still rising steadily, for men they have barely increased since the days of the Vietnam draft.

“If people are worried about their basic needs of survival and security and food and shelter, they cannot worry about the fact that a cigarette is going to cause lung cancer 20 years from now.”

United States than in other developed democracies. In fact, a recent Brookings Institution report cites findings that intergenerational mobility is actually significantly *higher* in Norway, Finland, and Denmark—low-inequality countries where birth should be destiny if inequality, as some argue, fuels mobility.

In the United States, the correlation between parents’ income and children’s income is higher than chance: 42 percent of children born to parents in the bottom income quintile were still in the bottom quintile as adults, and 39 percent of children born to parents in the top quintile remained in the top quintile as adults, according to the Brookings analysis. But it is difficult to see whether mobility is increasing or decreasing, because it would require comparing specific individuals’ incomes to their parents’ incomes, against the wider backdrop of income distribution across society at that time. Because data with that level of detail do not exist for earlier periods, scholars can’t say with certainty whether the results represent an increase or a decrease in mobility from other periods in American history.

Americans’ steadfast belief in mobility probably stems from increases in *absolute*, rather than relative, mobility. As the overall economy mushroomed throughout the nation’s history, the majority of people exceeded their parents’ income. Recall Katz’s apartment building analogy; rather than tenants moving from one floor to another, the entire building was shifting ever higher

At the same time, the “college wage premium” has also increased. In 1975, the average college graduate’s hourly wage was 24 percent higher than the average high-school graduate’s. By 2002, that number had risen to 43 percent. Katz and Goldin say this increase indicates higher demand for workers with college degrees, even as computers have eliminated the type of jobs a high-school-diploma recipient or mediocre college graduate would have done 25 years ago: clerical work, basic accounting, middle management. Technology has exerted downward pressure on those workers’ pay, explaining stagnating wages at the middle and bottom of the income distribution.

The United States once led the world in the rate at which its citizens finished college; it now falls in the middle of the OECD pack. It could lead again if Americans made a decision to fund higher education the way they chose to fund universal public high-school education early in the last century. “If you had made people borrow money to go to high school in the early twentieth century,” says Katz, “you wouldn’t have seen the same sort of expansion.” But as technology continues to advance, if Americans do not break down barriers to higher education, the authors foresee an even more acute shortage of highly trained workers—and, other things being equal, a further increase in inequality. ▣

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