

How the American Dream Works

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[Image Gallery: The American Flag](#) What's the definition of the American dream? See more [pictures of the American flag](#).
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It's safe to say that just about every American has at least heard of the American dream. For years, politicians have lauded it in speeches, or warned it would be in grave danger, if their political opponent was elected. Popular songwriters, from Neil Diamond to Tanya Tucker, have celebrated the pursuit of it. Hundreds of books include the words "American Dream" in their titles; some are guidebooks on how to reach it, like Suze Orman's 2011 tome "The Money Class: Learn to Achieve Your New American Dream." There may be no greater compliment to pay an American citizen than to say he or she has lived out the American dream.

Considering the fact that Americans are so enamored with the American dream, it's all the more strange that no one has been able to agree what it means. To some, it's the faith that anyone who lives in this country -- even a penniless [immigrant](#), slum dweller or child of a hardscrabble farmer -- has the potential to prosper and become wealthy. To others, it's the belief that everyone in America has the opportunity to pursue his or her great passion. To others, such as folksinger/activist Woody Guthrie -- whose most famous composition, "This Land is Your Land," is sung today by schoolchildren across the nation -- and [civil rights](#) leader Martin Luther King, the American Dream means that every citizen of the land is guaranteed equality, freedom and the right to be heard.

But not everybody thinks the American dream is a positive thing. Some say it's degenerated into a compulsion to amass possessions and property, and is leading the nation to ruin. For example, Harvard University business professor John A. Quelch writes that our political leaders are guilty of "defining the American Dream in material terms, in encouraging Americans to live beyond their means in its pursuit, and then putting in place policies that enable them to do so" [source: [Quelch](#)]. Other opponents, noting that ethnic and economic inequality persists in America, dismiss the American dream as nothing more than a cruel myth. Comedian, author and social critic George Carlin once famously wisecracked: "It's called the American dream because you have to be asleep to believe it" [source: [Carlin](#)].

Whatever you think of the dream, you're probably wondering where it came from. Find out about the origins of the American dream on the next page.

The Origins of the American Dream

Historian James Truslow Adams often receives credit for first popularizing the idea of the American dream. In his 1931 book "The Epic of America," Adams described "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" [source: [Adams](#)].

But the concept of the American dream, as Adams defined it, actually existed long before him. In 1630, John Winthrop gave his "city upon a hill" sermon to his fellow Puritan colonists as they sailed to Massachusetts in 1630. Although Winthrop never used the word "dream," he eloquently detailed his vision of a society in which everyone would have a chance to prosper, as long as they all worked together and followed Biblical teachings [source: [Winthrop](#)]. Gradually, that dream of opportunity evolved in colonists' minds into a God-given right. In the Declaration of Independence in 1776, Thomas Jefferson asserted that everyone in America -- at least, those who weren't enslaved by the colonists -- was entitled to "life, liberty and pursuit of happiness" [source: [Jefferson](#)].

As America evolved and grew throughout the 19th century, so did the notion that America was different from other countries: It was a land of unparalleled opportunity, where anything could be achieved if a person dared to dream big enough. Alexis de Tocqueville, a Frenchman who visited the new nation in the 1830s, called this belief "the charm of anticipated success" [source: [Cullen](#)]. American transcendentalist philosopher Henry David Thoreau, in his 1854 book "Walden," articulated it this way: "If one advances confidently in the direction of his dreams, and endeavors to live the life he has imagined, he will meet with a success unexpected in common hours" [source: [Thoreau](#)].

The words "American dream" gradually began to appear in [newspaper](#) articles and books in the mid- to late-1800s, often in reference to hardy pioneers who headed westward to seek fortune, or to European [immigrants](#) who arrived in U.S. ports in search of better jobs and homes. By the early 20th century, it was a euphemism for upward economic mobility -- the prototypical American rags-to-riches dream. In Sherwood Anderson's 1916 novel "Windy McPherson's Son," for example, the author described his protagonist as "an American multi-millionaire, a man in the midst of his money-making, one who had realised the American Dream" [source: [Anderson](#)].

How did Americans' vision of prosperity further evolve in the 20th century?

The Evolution of the American Dream



President Franklin D. Roosevelt holds the Declaration of War against Japan after the bombing of Pearl Harbor, circa 1941.
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By the time James Truslow Adams wrote his history of the United States in 1931 -- a book he had to be talked out of calling "The American Dream" -- he and many others believed the dream was in serious danger. A land that had once been viewed as the land of opportunity was now mired in the Great Depression. The Depression had destroyed the fortunes of legions of self-made millionaires and cost Americans of humbler means their homes and jobs, forcing them to live in hobo camps and beg for spare change on street corners. Few believed President Herbert Hoover's words that "prosperity was just around the corner" [source: [Hartman](#)].

Hoover's successor, Franklin D. Roosevelt, however, launched an array of social programs to help the impoverished, and had better luck convincing Americans to believe they could improve their lots in life. In a January 1941 speech to Congress, Roosevelt articulated his own vision of a new, government-assisted American dream. This "dream" included full employment, government help for the elderly and those unable to work, and "enjoyment of the fruits of scientific progress in a wider and constantly rising standard of living" [source: [Roosevelt](#)].

That vision of boundless prosperity started to look real again after the end of World War II. Thanks to an economy primed by massive amounts of military spending, the victorious United States emerged as the wealthiest, most powerful -- and arguably, most envied -- society on the planet. In the 1950s, Americans, who made up just six percent of the world's [population](#), produced and consumed one-third of its goods and services. Factories busily churned out products to meet the needs of an exploding population, wages rose, and increasingly affluent workers and their growing families moved into spacious new houses in the suburbs [source: [Schultz](#)].

Many Americans in this new middle class embraced a belief in seemingly perpetual upward mobility. They believed that if they worked hard enough, life would continue to get better and better for them and for their offspring. To be sure, some social critics saw that dream as overly materialistic, spiritually empty, intellectually stifling and destructive. Others pointed out the fact that America wasn't necessarily a land of opportunity for everyone, particularly those who belonged to racial and ethnic minorities. We'll discuss these doubts further on the next page.

Race Relations and the American Dream

While many Americans reveled in post-World War II prosperity as the fulfillment of the American dream, others weren't so upbeat. Sloan Wilson's 1955 novel "The Man in the Gray Flannel Suit," which was subsequently made into a movie starring Gregory Peck, depicted an emotionally scarred, combat veteran-turned-businessman who worked himself into a state of despair to support his family's suburban lifestyle [source: [Wilson](#)].

But other writers angrily defended their middle-class aspirations. "Obviously, we can't pick up and leave the suburbs -- even if we wanted to, which most of us don't," wrote [newspaper](#) columnist Ruth Millett in 1960. "What's the use of trying to make us feel guilty about following the American dream of trying to give our children what parents naturally want for their children -- a little bit easier life than they had, better educational opportunities, and a little more protection than they had during their growing years?" [source: [Millett](#)].

But soon enough, the suburbanites' [Baby Boom](#) offspring were questioning the [dream](#) their parents had embraced. At the same time, black Americans who'd long been denied the same rights and opportunities that white Americans took for granted, increasingly demanded their fair share. In a 1964 speech entitled "The American Dream," [civil rights](#) leader Dr. Martin Luther King, Jr., told an audience at New Jersey's Drew University that America was "a dream yet unfulfilled" because of racial discrimination, poverty and violence. He said that instead of amassing more wealth, Americans' dreams should be to make Thomas Jefferson's statement that "all men are equal" into a reality by giving equal rights to minorities, rebuilding decaying inner cities, and working to eradicate hunger in poorer nations [source: [King](#)].

In the 1970s, with the U.S. economy stalling, inflation on the rise and the nation torn by both racial strife and an angry divide over the Vietnam War, King's call for Americans to reconsider their ambitions seemed prescient. In 1974, French historian Ingrid Carlander garnered U.S. newspaper headlines by publishing a book called "Les Americaines" in which she audaciously proclaimed that the American dream was dead [source: [Freudenheim](#)]. By the decade's end, Americans mired in long lines for gasoline, worrying about how to keep up with the mortgages on their suburban dream homes probably wondered if she was right. That fear and disenchantment led the American dream to morph yet again, as we'll discuss on the next page.

Will the American Dream survive in the 21st century?



President Ronald Reagan addresses the nation from the White House Oval Office.
DIANA WALKER/[GETTY IMAGES](#)

In 1980, Americans' concern about the dream's decline helped elect a [U.S. President](#), Ronald Reagan, who promised to restore it. Reagan himself was an embodiment of the dream; the son of a humble farm family in Illinois, he'd risen to become a Hollywood movie star, a spokesman for General Electric and California governor. Reagan proclaimed that America was still a place where "everyone can rise as high and far as his ability will take him" [source: [PBS](#)].

Reagan's formula for restoring the American dream was to cut [taxes](#), which he argued would stimulate economic growth. He also aimed to reduce government social programs, which he believed discouraged self-reliance. The economy eventually did revive, and growing prosperity helped Reagan easily win reelection in 1984. But critics also pointed to ballooning government deficits, and questioned whether cutting taxes really would revive the dream for most Americans, or only for the privileged few [source: [PBS](#)].

Congressional Budget Office data supports their case. Between 1979 and 2005, the income of the bottom 99 percent of U.S. households grew 21 percent after taxes, a rate of less than one percent a year, not enough to keep up with inflation. But during that same period, the after-tax income of the richest one percent of Americans grew by 225 percent. In 1979, the richest one percent made eight times as much as the typical middle-class family. In 2005, the richest made 21 times as much as the middle-class [source: [Bernstein](#)].

Nevertheless, the debate about how to revive the American dream has continued. Conservatives call for cutting taxes, while liberals argue for raising taxes on the wealthy to pay for programs to help lift up the rest.

Meanwhile, a third group argues that the pain needs to be spread evenly, and that Americans need to rethink what the American dream really means. In a 2008 essay, Harvard professor John Quelch admonishes that "too many Americans have been expressing the Dream through the acquisition of stuff." He urges them to see the dream as the freedom to pursue one's career ambitions, to educate our children, and most importantly, to be good citizens in our communities. That, in a sense, is a return to James Truslow Adams' 1931 definition of the American Dream as "a social order in which each man and each woman shall be able to attain the fullest stature to which they are innately capable, and be recognized by others for what they are, regardless of the fortuitous circumstances of birth or position" [source: [Quelch](#)].

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