# **DISCUSSION BOARD # 1**

**Reaction Paper**

**The American Dream**

## **Unit 1 Overview**

As you consider the concepts that we have dealt with in this first unit, implicit in these free market ideas is the conclusion that markets measure scarcity and allocate scarce resources through the pricing mechanism. In addition, consumers dictate to markets what and how much to produce and income and wealth is determined by individual productivity/ingenuity. Adam Smith saw competition as the “invisible hand” that would keep the playing field level for everyone. It was believed, at least in the beginning of a market economy, that these mechanisms—over time--will always maintain a stable, growing, full employment economy. It also assumes that you don’t tamper with free markets and that the proper incentive is present to reward all who are providing resources, i.e., capital, labor or entrepreneurs.

Historically, we have seen an evolution of economic and political thought as we have dealt with the many changes and challenges that have occurred. These challenges have prompted a closer examination of our basic assumptions about our market economy. Our founding fathers saw government as having a very limited role—maintain an army and a navy to protect our shores and a political/legal system to make and enforce laws and to settle disputes. This would seem to support the argument today that government should be much smaller and that the private sector always has the better answer.

The reality is that our economic/political system today has evolved and changed as result of the many historical events has occurred. Our reaction to these events have suggested that, although a market economy has worked very well for us, there may be a few inherent problems that do not have a built-in answer.

The Sherman Anti-Trust act of 1890 marks the first of these worries. Given the growth and power of certain industries (such as Standard Oil of New Jersey) we saw markets being dominated by one firm (monopoly) or a small number of firms (oligopoly). Conclusion: it is hard to have a market economy without competition. The question, of course, is how to deal with this kind of economic/market power. The approach that was used in the late19th century was to turn the Federal government was the only entity that had enough power to break up these giant trusts and return to a competitive market. The legislation did just that, although it took nearly two decades.

By the late 1800s and early 1900s we were seeing an additional problem…the exploitation of labor. Working conditions, especially in industries such as mining and heavy manufacturing, was extremely difficult. Low pay, long hours, the danger to workers and the impact on their overall health was increasingly an issue. To deal with this problem, we again turned to government to pass laws that would mitigate some of these problems. Whether this was consistent with a market economy is still being debated.

The 1930s presented the most difficult economic challenge that we have ever faced. It meant that we had to re-examine another fundamental belief about our free market system, i.e. the belief that it will always return to a stable and full-employment state because of certain built-in market devices. As we waited from 1928 to 1932 for this to take place our economy literally imploded. GDP dropped by almost 50% and employment was at least 25%. Given this kind of crisis, we turned again to government.

## **Rugged Individualism and the American Dream**

President Herbert Hoover is credited with the term “rugged individualism” and felt that it described a spirit and energy that was unique to the United States. It was a belief in individual initiative, personal freedom and responsibility which he felt was at the heart of our system. It also suggested that everyone had equal opportunity for personal success if they were willing to work hard. The general belief was that government had no role or responsibility in this process.

Here is an excerpt from his last speech before he was elected President in 1928:

…And what has been the result of the American system?  Our country has become the land of opportunity to those born without inheritance, not merely because of the wealth of its resources and industry but because of this freedom of initiative and enterprise.  Russia has natural resources equal to ours.... But she has not had the blessings of one hundred and fifty years of our form of government and our social system.

:…By adherence to the principles of decentralized self-government, ordered liberty, equal opportunity, and freedom to the individual, our American experiment in human welfare has yielded a degree of well-being unparalleled in the world.  It has come nearer to the abolition of poverty, to the abolition of fear of want, than humanity has ever reached before.  Progress of the past seven years is proof of it....

The greatness of America has grown out of a political and social system and a method of [a lack of governmental] control of economic forces distinctly its own ­ our American system ­ which has carried this great experiment in human welfare farther than ever before in history.... And I again repeat that the departure from our American system... will jeopardize the very liberty and freedom of our people, and will destroy equality of opportunity not only to ourselves, but to our children....”

When financial markets virtually collapsed in 1929 and 1930 these words did not sound quite the same.

Another important term was coined during this same prolonged period of economic, political and social turmoil. Historian James Truslow Adams wrote of “the American dream” in his 1931 book, The Epic of America. He could not have anticipated the impact of this phrase would have and how it would endure. Although the phrase was similar to Hoover’s “rugged individualism” idea the “American Dream” described a belief that related more to our personalized expectations of opportunity and success. Although we have come to associate this phrase more with money and possessions, Adams defined this phrase quite differently. Here is the original quote from the [Library of Congress](http://memory.loc.gov/ammem/ndlpedu/lessons/97/dream/thedream.html):

**“It is not a dream of motor cars and high wages merely, but a dream of social order in which each man and each woman shall be able to attain to the fullest stature of which they are innately capable, and be recognized by others for what they are, regardless of the fortuitous circumstances of birth or position.”**

Apparently, Adams originally intended "the American dream" to describe equality across all classes of people. The phrase has changed somewhat over the years and would probably be defined by most today in purely economic terms—opportunity, a good job, advancement, security, a home and car, etc. Although difficult to define, and even more difficult to measure, the “American dream” has become an important part of our culture.

Although most of our problems during the middle and latter part of the 20th century were not as severe as the 1930s, we continue to struggle with economic instability and the inevitable consequences that it brings. For most of our history, however, there has been one constant in all of this change—the belief that everyone in this country should have the opportunity for a better life and that hard work was the key to success. For many generations this perception and hope brought many people to our shores from throughout the world

The role of government in all of this has been vigorously debated for most of our history. In Unit 2 we will discuss the economic functions of government in much more detail and also examine the impact of public policy and taxation on this issue.

In this first discussion board I am asking you to focus more on the individual. As citizens, what do we have a right to expect—if anything? Is the American Dream still a reality **for all or is it only a reality for some**?

## **Grading Guidelines**

Discussion Board # 1-- After viewing the video and related material, I am asking you to respond to several questions. These are the guidelines that I will follow in grading your paper: **See Discussion Information on Blackboard**.

These same guidelines will be used on all of the discussion board (reaction paper) assignments.

**Important**--your paper (question responses) should be posted at **least 3 days** before the closing date for the assignment so that discussion can take place--this is why it is called a **discussion board.** You may use any source that you would like to support your view. Remember, I am asking your opinion about these questions but I want to know the facts that you are using to support those opinions. It is okay to change your opinion about things—it is not okay to change the facts.

One last point—and I feel strongly about this—**everyone is entitled to their opinion** and has a right to be heard. I will not tolerate any behavior (emails) that is not respectful to everyone in the class. We seem to going through a very strange period in this country where we have some who think that anyone who does not share their opinion has to be “shouted down.” A college classroom (even on-line) should be a place where ideas can be openly discussed and challenged. No one has a monopoly on truth. You will find me fairly flexible on most things but not on the right to be heard and respected.

I have attached the URL for the PBS video on this topic as well as some additional sources. You are invited and encouraged to review other sources on this topic. Please review all of these before you begin and use them to support your own conclusions.

## **Questions: Answer fully and in detail.**

1. **How would you define the American Dream? How important is money as a measure of success?**
2. **Is this idea unique to the USA? Is there a Canadian, British or Scandinavian dream? Was it originally intended to be unique to the USA?**
3. **As individuals, do we have a right to expect certain things to be provided by the system, such as health care, education, minimum level of subsistence, food/ shelter, etc.?**
4. **Is the American dream still a possibility for those who are new to this country?**
5. **Is it still realistic to think about becoming wealthy in this country?**
6. **How would you answer critics who say that the “American Dream” has become the “American Daydream” with hopes of a lottery win or TV show fame rather than hard work?**
7. **What role—if any—should government assume in keeping the dream alive?**
8. **The American Dream is almost impossible to separate from our work ethic…should we pay more attention to the non-work part of our lives? The Europeans say that we live to work and they work to live. Who comes closer to the ideal?**
9. **Are you happier if you are wealthier?**

**This video is a bit dated but still provides wonderful insight into the development of the American Dream—especially after the Coronavirus and the unrest that has swept most of the country.**

**The video may require some time to buffer but there is also a written transcript below the viewing window.**

## **Video:**

<http://billmoyers.com/segment/angela-glover-blackwell-on-the-american-dream/#.UEo1tzoYfLw.email>

## **Articles:**

[Is the American dream really dead? (brookings.edu)](https://www.brookings.edu/articles/is-the-american-dream-really-dead/)

<https://www.aei.org/economics/american-dream-mobility-opportunity-or-redistribution/>

<https://www.theguardian.com/inequality/2017/jun/20/is-the-american-dream-really-dead>

Happiness and the Dream

<https://www.washingtonpost.com/nation/2019/03/21/americans-are-unhappiest-theyve-ever-been-un-report-finds-an-epidemic-addictions-could-be-blame/?noredirect=on&utm_term=.83e54f2d8045>