Is the American Dream Still Possible?
By David Wallechinsky

To be “middle class” in America once meant living well and having financial security. But today that comfortable and contented lifestyle is harder to achieve and maintain. PARADE commissioned Mark Clements Research Inc. to survey Americans nationwide about their finances and outlook for the future. Contributing Editor David Wallechinsky—author of recent articles on where your tax dollars go and on pork-barrel spending—interprets the results.

The traditional American Dream is based on the belief that hardworking citizens can improve their lives, pay their monthly bills without worry, give their children a start to an even better life, and still save enough to live comfortably after they retire. But many average Americans are struggling—squeezed by rising costs, declining wages, credit-card debt and diminished benefits, with little left over to save for retirement.

Does the dream survive? Do most Americans still believe they can forge better lives for themselves? PARADE surveyed more than 2,200 Americans, of whom 84% described themselves as belonging to the middle class, regardless of where they live (living costs are higher in some regions) or the size of their household.

For this report, we focused on U.S. households earning between $30,000 and $99,000 a year. Most of those surveyed describe themselves as married and having a family. More than 64% say they are employed full-time or part-time. Most say they are in reasonably good health and have a satisfying religious or spiritual life. They own a home and at least two cars, and they are able to take vacations. By international standards, they live a life of prosperity.

Yet behind this prosperity is a growing unease. Half of the employed respondents say that they’ve experienced either increased health-care costs or a cut in health benefits over the last three years, and 39% have had cuts in their overtime, raises or bonuses. Almost two-thirds say they live from paycheck to paycheck, and 47% say that no matter how hard they work, they cannot get ahead. More than a third worry about job loss.

Richard Oden of Conyers, Ga.—married, with five children—worked in the beer industry for 23 years. Last year, he developed pneumonia and required major surgery. When he was unable to return to work by a given date, he says, his company terminated him at age 54—even though he had a perfect attendance record and no performance problems. Oden has since started his own business, a “leadership and personal development” consulting firm. His wife, Josett, works as a representative in the health-care field. “I do believe I will recover financially,” Oden says, “and that I will realize a decent retirement. But the traditional American Dream? For most Americans, it’s still a dream—a pipe dream.” Having drawn on his own retirement fund, Oden knows that saving can be a big problem. In the survey, nearly 83% say that there is not much left to save after they’ve paid their bills. Statistics from the Commerce Department bear this out: The savings rate for Americans is the lowest it has been in 73 years.

Self-reliance and sacrifice. Most of those interviewed display qualities common to American success stories: determination, flexibility, pragmatism, willingness to work hard and especially self-reliance. Almost three-quarters of the middle-class respondents surveyed say they take responsibility for their own financial destiny and believe that they will succeed or fail based on their own efforts. Still, many are downsizing their dreams.

Shelly Comer, 43, of Dos Palos, Calif., is a divorced mother of three who also takes care of a friend of her oldest child, Michelle. She is going into debt so that Michelle can go to college. Shelly has worked her whole life—as a receptionist, janitor, preschool teacher and activities director at a hospital. Recently, she became a registered nurse and now works the night shift in obstetrics at another hospital. Her annual income is $70,377. Michelle, 19, is a freshman at the University of California at Merced. She says she is concerned about the financial burden her education is placing on her family: “In order to meet our expected family contribution, my mother had to borrow the entire amount of her share.” For her part, Michelle earned six small scholarships, two of which are renewable for next year, and took out a federal loan. She also works 16 hours a week in the financial-aid office at the university. Shelly has a retirement plan through the hospital. “But I have nothing saved for me,” she says.
“I’m putting it all into the kids, so that they can succeed in school. Our parents did everything for us, and I hope to do the same for my kids. I don’t count on anyone else to help us get to where we want to go. It’s all up to me and my family. And I trust in God to help us.”

Who is responsible? One of the most intriguing results of the Parade survey is that 89% of the middle class believes that businesses have a social responsibility to their employees and to the community. Yet 81% believe that, in fact, American businesses make decisions based on what is best for their shareholders and investors, not what’s best for their employees.

Randy Omark, 55, and Cherie Morris, 58, of Stroudsburg, Pa., husband and wife, are former flight attendants for TWA. Cherie took a buyout in the late 1990s—before American Airlines bought TWA in 2001. After the acquisition, Randy was put on “furlough” (as were about 4,000 other former TWA flight attendants) and never rehired. After 26 years with the two airlines, his pension was frozen and then taken over by the government. Now he gets $324 a month in payments. Today, despite having a college education, Randy works for $9 an hour finding community jobs for mentally challenged adults. Cherie works for a greeting-card company for $7.25 an hour.

“It used to be that if you stayed with your job, you would be rewarded,” says Cherie. “Now there is no guarantee.” As for retirement, Randy says, “Eventually, we will just downsize everything, sell our house and move into a smaller one.”

Is the dream changing? Simone Luevano, 46, and Miguel Gutierrez, 44, run a garage-door installation and repair business in Albuquerque, N.M. While the business grossed $453,000 last year, they took home just $50,000 net to live on. They have a daughter—Marilyn, age 7—who is deaf in one ear and goes to a private school that costs $3600 a year. Simone says that financial stress is part of their lives: “It comes from the ‘maybe, could be, should be’ nature of our business.” When the economy is down, people don’t buy a new garage-door system. The cost of gas at the pump is a major factor, she adds: “When the price of gasoline goes down, business goes up.”

Have they prepared for retirement? Simone laughs, then replies, “The words ‘retirement’ and ‘vacation’ are not in our vocabulary. The American Dream is a bygone thing,” she adds. “It’s not the way life is anymore. I used to believe I was responsible for my own destiny. But it’s not that simple. Now it’s faith and fortitude.”

**Here’s What Americans Say**

Our survey of middle-income Americans about their financial outlooks showed both skepticism and hope. More than 52% of middle-class Americans think that they’re better off than their parents were, but...

- 56% think things will be worse for their own children or for future generations.
- Nearly 57% say they believe that the middle class in America is decreasing.
- 51% of employed members of the middle class have experienced either increased health-care costs or a cut in health benefits, and 39% have experienced cuts in overtime, raises or bonuses.
- 66% say they tend to live from paycheck to paycheck.
- 47% say that no matter how hard they work, they cannot get ahead.
- Nearly 83% say that there is not much money left to save after they have paid their bills.
- 89% of the respondents believe that businesses have a social responsibility to their employees and to the community, but...
- 81% believe that American businesses make decisions based on what is best for their shareholders and investors—not what is best for their employees.
- 74% of the middle class say they take responsibility for their own financial success or failure.
- 80% say they believe it is still possible to achieve the American Dream.