

CHASING THE SAME DREAM, CLIMBING DIFFERENT LADDERS:

ECONOMIC MOBILITY IN THE UNITED STATES AND CANADA

The United States and Canada have a great deal in common, with histories and cultures shaped by newcomers seeking opportunities and better lives. Yet there are very important differences in social and economic trends on either side of the 49th parallel. In particular, previous analyses of economic mobility in the United States and other industrialized nations reveal that the United States has less, not more, mobility than its northern neighbor. That is, one's family economic background is more likely to influence one's economic outcomes in the United States than in Canada.

Chasing the Same Dream presents a comparable analysis of economic mobility over a generation, using the best available administrative data from both countries.¹ Additionally, it evaluates nationally representative polls conducted in both countries, commissioned by the Pew Economic Mobility Project, to explore whether the differential rates of mobility in the U.S. and Canada reflect differences in public opinion, values, or underlying societal goals.ⁱⁱ The report finds the following:

The United States has less economic mobility than Canada as revealed by comparable estimates of earnings mobility across the generations.

- American sons of top-earning fathers are more likely to remain in the top tenth of earners as adults than are Canadian sons (26 percent vs. 18 percent).
- American sons of low-earning fathers are more likely to remain in the bottom tenth of earners as adults than are Canadian sons (22 percent vs. 16 percent).
- American sons of fathers in the bottom third of the earnings distribution are less likely to make it to the top half as adults than are sons of low-earning Canadian fathers.
 - For example, among sons of fathers in the bottom decile, 30 percent of American sons versus 38 percent of Canadian sons make it to the top half.

Americans and Canadians share similar definitions of the American Dream and “Canadian Dream.”

- Both Americans and Canadians most strongly associate the “American Dream” or the Canadian “good life” with individual freedom and being financially secure.

Americans are more likely than Canadians to think that their children will have a higher standard of living than they have.

- Sixty-two percent of American parents think their children will have higher living standards than they have, compared to just 47 percent of Canadian parents.

Both Americans and Canadians feel strongly that individual characteristics outweigh external factors in determining economic mobility.

- The most common factors that both populations indicated were essential or very important to experiencing economic mobility refer to personal attributes, including a strong work ethic, ambition, and a good education.
- External factors that are not in an individual’s control, like the economy and family background, were ranked as less important.

Americans and Canadians have similar attitudes toward equality of outcomes and equality of opportunities as public policy priorities.

- Seventy-one percent of Americans and 68 percent of Canadians said that it was more important to ensure that everyone has a fair chance of improving their economic standing, while only 21 and 26 percent, respectively, said it was more important to reduce inequality.
- Exactly the same majority of respondents in the two countries—53 percent—suggested that the difficulty in moving upward for those born at the bottom was a major problem. A much smaller proportion—17 percent in the United States and 12 percent in Canada—suggested that the persistence in status of those born to the top was a major problem.

Americans are less likely than Canadians to believe that parents' economic resources affect children's opportunities.

- While economic mobility is more tied to parental income in the United States than in Canada, Americans are less likely than Canadians to think that their financial success is linked to their parents' income.
 - Only 42 percent of Americans believe that chances for financial success are related to parental income, compared to 57 percent of Canadians.

Americans are less likely to view current government policies as helpful in promoting upward economic mobility. At the same time, Americans are more likely to suggest the government enact a range of policies to promote economic mobility.

- Forty-six percent of Canadians feel that government does more to help than to hurt its citizens' economic mobility, compared to 36 percent of Americans, while 46 percent of Americans feel government does more to hurt economic mobility versus 39 percent of Canadians.
- However, when presented with a range of policies the government could take to improve economic mobility, Americans are more likely than their Canadian counterparts to say that various policy options could be "very effective" in promoting economic mobility.
 - In both countries, the top three policy choices that respondents thought would be very effective were "keeping jobs in America/Canada," "making college more affordable," and "reducing crime."

The differences in attitudes toward specific government interventions may reflect differences in satisfaction with what each of the governments are doing, rather than different values underlying the legitimacy of government involvement. For example, two-thirds of Americans suggest that a reduction in health care costs would be very effective at promoting economic mobility, while only one-third of Canadians feel the same way.

ⁱ American fathers' earnings were measured from 1970 to 1985. Their sons' earnings were measured from 1995 to 1998, when they were age 27 to 35. Canadian fathers' earnings were measured from 1978 to 1982. Their sons' earnings were measured from 1993 to 1995, when they were 27 to 32 years old.

ⁱⁱ The surveys were conducted in the U.S. in January and February 2009 and in Canada in August and September 2009.