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## **Average Americans Naively Identify with Rich People**

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I was 12 when I learned the facts of life: My family wasn't rich. Until then, I thought we were. After all, we always had fresh fruit to eat, my standard for economic well being at the time.

In fact, my father's wages as a firefighter qualified me for a college scholarship from Lyndon Johnson's War on Poverty. That government handout helped me move up a few rungs on the economic ladder.

But I'm still a long way from rich. What's more, since I don't play the lottery or invest in risky stocks, I have no expectation of EVER being wealthy.

The difference between me and many other middle-class Americans is ... I know it.

For years, I've been trying to figure out why so many people seem to identify with those who make 10, 20, even 100 times more than they ever will - while dumping on those only slightly less successful than they are.

Apparently, I'm in a distinct minority: Lots of Americans believe they will be rich someday. Professors Michael J. Graetz and Ian Shapiro note that many Americans overestimate their wealth relative to others, as well as their prospects.

Graetz and Shapiro's book, "Death by a Thousand Cuts," tries to answer the question of how a majority of Americans came to hate the estate tax, which was paid by the heirs of only 1 percent of the people who died in 2004.

Language - renaming it the "death tax" - played a big role, as did the idea that the tax is unfair double taxation. But opponents of the estate tax also appear to have taken advantage of some Americans' mistaken belief that the tax would affect their families.

Right now, only heirs to estates of \$1.5 million or more pay any estate tax at all. If that cap were raised to \$3.5 million, the revenue could cover half the eventual shortfall for Social Security.

Why would so many Americans believe they would be rich enough to worry about this tax?

Maybe they're living in a dreamworld: the American Dreamworld.

As cited in a research paper by economists Roland Benabou and Jean Tirole, Americans already believe it's easier to go from "rags to riches" in America than it really is: Economic mobility from one generation to another - the kind I experienced - is not much different here these days than in many countries in Europe. But in America, we believe in it more than Europeans do, and overlook a lot of evidence to the contrary.

Many more Americans than Europeans, it appears, subscribe to the idea that people get what they deserve. This has upsides - Americans work harder and are more optimistic than Europeans. But many Americans also believe that if they don't "make it," it's their own fault.

They're less likely to see the very real barriers to moving up that exist. Maybe they're unable to see that they aren't doing as well as they think, that there are limits to how far they can climb.

It may also lead them to not recognize or "forget" the help they've gotten, from good schools, government programs or middle-class tax breaks - and to resent aid for those who are struggling.

A survey of world values found that only 29 percent of Americans believe that the poor are trapped in their circumstances - only 30 percent said it was luck and not education or effort that makes the difference in economic success.

By contrast, 60 percent of Europeans think the poor are trapped and 54 percent think that luck is a big factor. It follows that 60 percent of Americans think the poor "are lazy or lack willpower," compared to 26 percent of Europeans.

No wonder Americans are less likely than Europeans to favor government supports, the so-called "welfare state." No wonder they often don't see, or vote, their "self-interest" - they don't see where they really are on the economic ladder.

Don't get me wrong: The American Dream is a powerful motivator. But now and then we could use a wake-up call to that other reality.