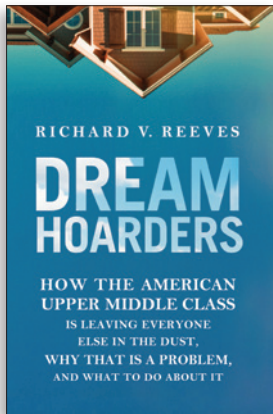


Pulling Up the Ladder



DREAM HOARDERS: HOW THE AMERICAN UPPER MIDDLE CLASS IS LEAVING EVERYONE ELSE IN THE DUST, WHY THAT IS A PROBLEM, AND WHAT TO DO ABOUT IT

BY RICHARD V. REEVES
WASHINGTON, D.C.: BROOKINGS
INSTITUTION PRESS, 2017, 156 PAGES

REVIEWED BY DAVID A. PRICE

The problem with inequality in America doesn't lie with the top 1 percent of earners, once the target of the Occupy Wall Street movement and still widely considered synonymous with economic stratification. The problem, rather, is with the upper middle class, the top 20 percent, corresponding to a household income of around \$112,000 and above. It is largely an educated professional class — one that is keeping the bottom 80 percent down with a variety of subtle barriers.

That is the claim of Brookings Institution scholar Richard Reeves in *Dream Hoarders*. Reeves, who moved to the United States from Britain in 2012, holds that “the class structure of my new homeland is, if anything, more rigid than the one I left behind and especially so at the top.”

The argument of Reeves' book, since retold in numerous news stories, is that the upper middle class is guilty of “opportunity hoarding”: rigging the system in favor of its children by creating unfair advantages for them in the pursuit of places in superior schools and colleges and, ultimately, in access to jobs. One such practice that he highlights is erecting financial barriers to “good” neighborhoods, both through the mortgage interest deduction (which favors higher-income households) and through exclusionary zoning policies that choke off the supply of new housing. Because access to public primary and secondary schools is tied to the child's place of residence, Reeves contends, with the highest-performing schools located in more costly neighborhoods, these barriers amount to school barriers as well.

At the college level, Reeves inveighs against preferences for legacy applicants. He cites evidence that acceptance rates for children of alumni at some elite schools are between two and three times the overall acceptance rate, though he concedes the real extent of the preference may be smaller (since children of elite-school parents might tend to be better prepared to start with). But whatever the size of the preference, he views it as symbolically offensive at the least.

Reeves is also critical of cronyism in internship hiring and the widespread use of unpaid interns, both of which operate in favor of students from the connected upper middle class and upper class — at a time when internships are increasingly a gateway to employment.

On its face, the idea that opportunity hoarding is a major factor in today's rising inequality sounds plausible. But is it accurate?

With regard to elite college admissions, Reeves has understated his case, if anything. Sociologists Thomas Espenshade of Princeton University and Alexandria Walton Radford of RTI International documented in their 2009 book *No Longer Separate, Not Yet Equal* that elite institutions place substantial weight on a student's involvement in a high number of community service organizations or projects, a criterion that obviously favors students who don't need to work for money. As for work itself, they found that elite schools tend to view part-time jobs negatively and also disfavor “career-oriented” activities such as 4-H clubs or Junior ROTC — again, operating against middle-class and lower-class students.

At the same time, the focus on access to college — one that Reeves shares with many policymakers — may be in need of rethinking. At the root of this emphasis is a simple idea, namely, that sending more students to college will spread the wage gains from college more broadly. That's true up to a point; the wage premium for a four-year degree is high. But that return depends on finishing the degree (and, of course, on the field of study) — and not all potential students have the skills they would need to finish. Those who drop out or fail can end up with the worst of both worlds: low earnings and high debt. Simply expanding access to college — without addressing factors such as high school curriculum, teaching, and classroom discipline issues that may affect the quality of students' preparation — could lead to more indebted lower-class and middle-class students without a long-term benefit to mobility or equality. The most effective policy levers in these areas, moreover, are probably more complex than just spending more money or moving students around.

In addition, *Dream Hoarders* would have benefited from a discussion of the course of American income inequality over time. Wage inequality has followed a U-shape pattern: from its heights in the early 20th century to a period of broader middle-class prosperity from the 1940s to the mid-1970s (a period that economists have called the “Great Compression”) and then its rebound since. But alleged causes like local school assignments and legacy preferences long predate modern inequality trends. While this, by itself, doesn't prove they're immaterial, it does argue in favor of looking more closely at forces that have changed on a broadly similar timeline to wage inequality — for instance, changes in technology and in trade policy.

Still, Reeves' book is carefully researched and provocatively written and has stimulated a valuable discussion of an American dream, seeing one's children do better. **EF**