An Exceptional Dream: Aspiration as a Determinant of Self-Reported Happiness in the US

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Abstract

Though income inequality in the US has increased dramatically since the 1970s, empirical evidence has by and large failed to show a corresponding decline in Americans' overall happiness levels. A possible explanation for this somewhat counterintuitive phenomenon is Americans' belief that they live in a meritocratic, upwardly mobile society, broadly known as "American Exceptionalism," which mitigates the negative effects of inequality. However, this hypothesis is rarely analyzed statistically. The present study uses ordered logistic regression of individual-level data from the 2010 United States General Social Survey to examine the linkage between respondents' perception of upward mobility and belief in hard work as a path to success and self-reported happiness level. Results indicate that these factors are more important than objective measures of socioeconomic status in determining overall happiness. These findings provide evidence that the aspirational aspects of American Exceptionalism are salient components of individual well-being.

An Exceptional Dream:

Aspiration as a Determinant of Happiness in the US

I. Introduction

Income inequality in the United States has been on the rise since the 1970s. This trend is widely acknowledged; its potential implications, on the other hand, have incited much deliberation. Some call for government action in order to "narrow the gap" between the wealthiest and the poorest Americans. Others caution against unfairly penalizing Americans who have toiled to reach high income levels. According to the first group, higher income inequality portends the death of equal opportunity and must be remedied; "it's harder to climb a ladder when the rungs are farther apart" (Noah, 2012). According to the second, redistributive income policies would undermine the unique meritocratic character of the US; "unequal results [must be accepted] as an inevitable part of the pursuit of happiness" (Azerrad & Hederman, 2012). Thus, it is the notion of socioeconomic mobility, often known as the "American Dream," that lies at the heart of the debate. Despite differing views on the consequences of rising income inequality, both sides would agree that belief in the achievability of this dream represents a salient component of Americans' overall well-being.

Americans' belief in the equality of opportunity and the fluidity of class structures may explain patterns observed in the actual data on income inequality and overall happiness levels in the US. Although many empirical studies of US data have found a negative relationship such that higher inequality is related to lower levels of reported happiness, the statistical correlation is weak and often insignificant (Alesina, Di Tella, & MacCulloch, 2004, p. 2011). By contrast, the data for Europe shows a stronger and more statistically significant linkage between the two variables (Alesina et al., 2004, p. 2034). One explanation for this regional divergence is that

Americans perceive more opportunities for socioeconomic mobility than Europeans. Low-income Americans, for instance, are perhaps less bothered by inequalities in the income distribution than their European counterparts because they see themselves as having a greater chance of moving to a higher level of society in the future. This lends support to the concept of "American Exceptionalism," or the notion that the US is distinct from its developed world peers in large part due to its citizens' perception that they can attain the American Dream (Ferrie, 2005). Within the theoretical framework of American Exceptionalism, not only is belief in the American Dream important for determining overall happiness levels in the US, but it is also *more important* than hard measures of income or status.

The present study seeks to examine the empirical evidence (if any) behind this theory. Using data from the 2010 United States General Social Survey, I create a model that relates Americans' perception of mobility and equal opportunity to their overall happiness level. My research is organized in the following manner: Section II briefly outlines the history of American Exceptionalism and justifies the scope of my study. Section III reviews prior research on the topic. Section IV lists the study's hypotheses and describes the dataset and method of analysis. Section V discusses main findings, including descriptive statistics and exploratory data analysis, and proposes a statistical model. Section VI concludes by discussing limitations and summarizing implications.

II. Historical Context and Scope of the Study

American Exceptionalism: A Brief History

Schafer (2001) defines American Exceptionalism as "the notion that the United States was born in, and continues to embody, qualitative differences from other nations" (p. 446). John

Winthrop, governor of the Massachusetts Bay Colony, declared in the 1630s that "we [the settlers] shall be a city upon a hill," distinguished from "Old World" Europe by cultural identity in addition to geographic location (Shafer, 1999, p. 447). French aristocrat Alexis de Tocqueville further articulated this idea in his observations about American society nearly two decades later: "The position of the Americans is … quite exceptional … no democratic people will ever be placed in a similar one" (De Tocqueville, 2003, p. 518). Writing for a predominately European audience, Tocqueville highlighted in particular the mutability of social status in America, which stood in vivid contrast against the rigidity of class structures on the continent (Ferrie, 2005, p. 1).

The high degree of socioeconomic mobility envisioned at the inception of American society and experienced during its formative years thus became an integral part of the American identity. In an analysis of longitudinal data dating back to the nineteenth century, economic historian Joseph Ferrie (2005) found that the United States did in fact experience considerable levels of mobility, which persisted from the 1850s "at least through the 1920s" (p. 20). However, these measures have since been in decline (Ferrie, 2005, p. 20). In fact, evidence suggests that Europe has experienced more mobility than the US during recent years, leading to ironical remarks that perhaps those seeking the American Dream should consider living abroad (Helliwell, Layard, & Sachs, 2012, p. 71; "If Americans want to live the American dream... they should go to Denmark," n.d.). Data showing low socioeconomic mobility within the US is without a doubt disconcerting, especially since upward mobility is such a vital facet of the American Dream.

Scope of the Present Study

Nevertheless, this study does not focus on Americans' *actual* experience with socioeconomic mobility, but rather on their *perception* of the potential for upward mobility and their *belief* that they are living in a meritocratic society. My justification for this is twofold:

1. The definition and measurement of socioeconomic mobility is complex and often a major point of contention.

For example, upward mobility is obviously different from downward mobility. Though Tocqueville marveled at the general fluidity of US class relations, essentially praising both types of mobility, many researchers and policymakers today only cite the first, because it measures being "better off" – moving up versus down the ladder of socioeconomic status (Ferrie, 2005, p. 1; Winship, 2011). Others, however, cite both measures, either separately analyzing them as "good" and "bad," respectively, or combining them to form a broad mobility measure (for an example of the former, see Pew Center on the States, 2012; for the latter, see Alesina et al., 2004). Indeed, Alesina et al.'s (2004) study provided a nuanced analysis of the differing effects of income inequality on poor versus wealthy Americans (p. 2011). Because only the latter were negatively affected by higher inequality, the researchers argued that "Americans believe that their society is mobile so the poor feel that they can move up and the rich fear falling behind" (Alesina et al., 2004, p. 2011).

Furthermore, there is a distinction between absolute and relative mobility. Absolute mobility is generally defined as the change in an individual's socioeconomic status over time, whereas relative mobility is the change in her status *relative to a peer group* (Pew Center on the States, 2012, p. 4). For instance, an individual may move up the ladder in *absolute* terms over time, but if this is the case for everybody else in society, her *relative* rank on the ladder does not change. Which measure is "better" for overall welfare is largely a matter of opinion.

Definitional issues notwithstanding, there is no broad consensus on the best way to measure socioeconomic mobility. Unsurprisingly, different measures yield different, often contradictory, conclusions. One measure uses intergenerational earnings elasticity, or the extent to which an individual's income is related to parental income (Fischer, 2009, p. 7). No correlation between the two variables would imply complete mobility, whereas a one-to-one relationship would imply complete immobility (Fischer, 2009, p. 7). A related measure assesses whether an individual's earnings is higher or lower than his parents' earnings when they were the same age (Winship, 2011). In either case, this type of large-scale longitudinal data is extremely limited. Indeed, father-son earnings comparisons are only available for 12 of the 30 OECD countries, not to mention the rest of the world (Fischer, 2009, p. 7). Moreover, the results of studies using such measures are often not robust to alternate data specifications (Winship, 2012).

Another measure of mobility uses *intra*generational earnings mobility, or individuals' earning mobility over the course of their own lives. Unlike the previous measure, which compares socioeconomic status across generations, a measure of intragenerational mobility compares individuals to themselves at an earlier point in time. Because it necessitates a dataset that tracks *the same subset* of individuals over a long period of time, this measure is rarely attained. To-date, there has been only one major such study examining the US, conducted by the Pew Economic Mobility Project (Pew Center on the States, 2012). Pew used earnings data to assign several mobility "scores" – absolute, relative, upward, and downward – to 42 states (including DC). However, happiness data is measured at the individual level, and regressing it on state-level mobility is problematic from a congruity and consistency standpoint.

2. The aforementioned issues notwithstanding, the very nature of American Exceptionalism implies a set of values held by the American people, even if these values do not correspond to actual experiences.

Clearly, an operational definition of socioeconomic mobility has yet to be established. What is more, all of the measures of mobility described above are income-based, telling only part of the story behind *socio*economic mobility. More importantly, American Exceptionalism refers to a value system inherent in American society and is thus subjective by nature. Those who sardonically compare America's mobility to that of Denmark, for instance, disregard the fact that the two countries have fundamentally different cultural experiences and identities.[1] After all, it was Americans' *perception* of mobility that distinguished them from Europeans in Alesina et al.'s estimation (Alesina et al., 2004). In other words, American Exceptionalism is as much, if not more, about the overall belief in the American Dream as it is about past experience with attaining said dream.[2] In brief, even if there did exist commonly accepted "actual" mobility measures, there would still be ample justification for research on perceived mobility.

Moreover, inter- and intra- generational mobility measures overlook the notion of future mobility. As an extreme example, an individual may not have experienced upward mobility as compared to her parents, or even in her own lifetime, but her future mobility prospects, or those of her children, may still be high. There is no exact measure of this, and one could certainly argue that past mobility would provide a solid indicator of future mobility prospects. Still, this may not always be the case. Furthermore, American Exceptionalism, as defined in the previous

[1] For a cross-country comparison that does take into account countries' history and culture, refer to Pew's "Chasing the Same Dream, Climbing Different Ladders," a examination of the US and Canada (Corak, 2010).

subsection, is precisely the notion that "in the US, history is not always destiny" (Ferrie, 2005, p. 1). Omitting the aspirational aspect of mobility would be akin to neglecting this crucial point.

In summary, the lack of an agreed-upon operational definition for socioeconomic mobility, coupled with the subjective nature of American Exceptionalism, motivated my decision to use *perceived* mobility as one of the main independent variables in my analysis. Also, due to the nature of the dataset, the study examines only perceptions of *upward* mobility.

It is worth noting here that the "best" measure of overall well-being, the dependent variable in my analysis, is by no means self-evident. Indeed, happiness is difficult to conceptualize, and "happiness data" – usually, the answers to some variation of the question, "Are you happy?" – is certainly not lacking in its drawbacks and limitations. Nevertheless, several studies have shown that happiness data pass "validation tests" in that responses are correlated with more "objective" measures of positive affect or mood, such as physical reactions or facial expressions (Alesina et al., 2004, p. 2015). Additionally, lower levels of reported happiness are often significant predictors of negative health outcomes (Helliwell et al., 2012, p. 18). A detailed overview of the pros and cons of happiness research is documented in Stevenson and Wolfers (2008); the case for using such data in empirical analyses can be found in Section 2.2 of Alesina et al. (2004) and (for a more vehement defense) in Part I, Chapter 2 of the UN-commissioned World Happiness Report (Helliwell et al., 2012). Still, in Section V, I show one potential drawback to having only three categories for happiness in the GSS, via the discussion of the interaction term in the final model.

Therefore, the scope of my study is limited to individuals' *perception* of upward mobility prospects, their *belief* that they are living in a meritocratic society, and their *self-reported* happiness levels, as measured by their responses to questions in the 2010 General Social Survey.

III. Prior Research

Research on the relationship between happiness and mobility is rare, both for the US and internationally. Alesina et al.'s (2004) oft cited study of the US and Europe focused mainly on various aspects of the interplay between happiness and income inequality. Though the researchers posited a relationship between Americans' attitudes about mobility and overall happiness levels, they did not empirically measure the link between the two. Guven and Sorensen (2007) used data from the 2010 United States General Social Survey to further evaluate Alesina et al.'s claim. However, their analysis covered respondents' perceptions of their own relative income and social class, not respondents' perceptions of mobility (Guven & Sorensen, 2007, pp. 12–13).

Thus far, the most complete empirical study of the issue is a 2009 analysis conducted by the OECD and financed by the EU Commission, which examined the welfare effects of actual and perceived mobility for 30 OECD nations (Fischer, 2009). The author found a positive correlation between both measures of mobility and overall happiness level and provided supporting evidence for Alesina et al.'s (2004) theory that higher perceived social mobility mitigates the negative welfare effects of higher income inequality (Fischer, 2009, p. 44).

Although the OECD study represents fundamental research into this rarely investigated topic, it contains many of the data issues outlined in the previous section. For example, the study used intergenerational earnings elasticity as its main measure of mobility (Fischer, 2009, p. 8). However, data limitations necessitated the use of intergenerational transmission of education, based on PISA 2003 student performance data in Mathematics and the information on family background, as an alternative measure for several nations (Fischer, 2009, p. 8). Though this was

a creative solution to the lack of available information on intergenerational earnings, it is not clear that mobility in education attainment is generalizeable to socioeconomic mobility as a whole. As for perceived mobility, the study used information from the World Values Survey – namely, respondents' answers to questions related to their "belief that it is possible to escape from poverty, and that poverty is caused by laziness and lack of will, as opposed to bad luck," to construct a measure of mobility perception for 30,000 individuals in the subsample of OECD countries (Fischer, 2009, p. 9). However, because perceived mobility varied at the individual level, whereas actual mobility varied at the country level, many of the statistical models in the paper used aggregates of the former mapped to the latter (Fischer, 2009, p. 10). As mentioned in the previous section, this combination of individual and country level data has the potential to present significant consistency issues.

It is thus my intention to contribute to the limited research on the topic of happiness and perceived mobility, in an attempt to evaluate Alesina et al.'s (2004) initial ideas. By analyzing information from the 2010 United States General Social Survey, I avoided many of the consistency issues in the OECD study because I compared individual-level data on my dependent variable with individual-level data on my independent variables, both from the same source. Furthermore, I was able to examine in depth other covariates of happiness, which I have included in my model as controls.

IV. Hypotheses, Dataset & Variables, and Empirical Methodology

In the vein of previous researchers, I present the theory that Americans' belief in the possibility of upward mobility and the existence of meritocracy is a stronger measure of overall happiness than their actual financial or social standing.

Hypotheses

1. The ideal of American Exceptionalism, measured by Americans' degree of perceived upward socioeconomic mobility and degree of belief in hard work as the path to success, was expected to exhibit positive associations with self-reported overall happiness level. I test the extent to which these associations are robust to the inclusion of several control variables.
2. On average, feelings of upward socioeconomic mobility were expected to have a stronger relationship than socioeconomic status as predictors of Americans' self-reported overall happiness level.

Dataset & Variables

This study uses data from the 2010 United States General Social Survey (GSS), conducted by the National Opinion Research Center at the University of Chicago (NORC). Established in 1972, the GSS is a nationally representative survey that seeks to monitor "social change and the growing complexity of American society" by asking respondents a mixture of "demographic, behavioral, and attitudinal questions" (NORC, n.d.). It has been administered every year from 1972 to 1994, and every other year since; thus, the most recent data is from 2010. Specifically, I use the 2010 merged data file, which contains all cases and variables asked in 2010 under the auspices of the GSS. It combines cross-sectional data of respondents newly interviewed in 2010 with panel data from respondents originally interviewed in 2008 and 2006 and re-interviewed in 2010. Table 1 shows the number of cases in each of the three subsets, which shall henceforth be referred to as sample types.

Table 1

SAMPTYPE	Description	Number of cases	Previous release
2010	Cross-section cases newly interviewed in 2010	2,044	GSS Cumulative Data, 1972-2010
2008	Panel cases originally interviewed in 2008	1,581	None
2006	Panel cases originally interviewed in 2006	1,276	GSS 2006 Sample Panel Wave 3
Total		4,901	

Source: NORC, Release Notes for the GSS 2010 Merged Data

Dependent Variable

Overall happiness was measured using responses to the question, "Taken all together, how would you say things are these days – would you say that you are very happy, pretty happy, or not too happy?" The three categories were reordered to reflect increasing happiness.

Main Independent Variables

American Exceptionalism

The GSS contains three questions related to perceived socioeconomic mobility. The first measures respondents' perception of their own standard of living as compared with their parents' standard of living at their age. I present this as the degree of respondents' perceived past mobility – the upward (or downward) mobility they have already experienced. The five categories were reordered to reflect an increasing scale from "much worse" to "much better." The second measures respondents' level of agreement with the statement, "The way things are in America, people like me and my family have a good chance of improving our standard of living." I present this as the degree of respondents' perceived future mobility prospects. The five categories were reordered to reflect an increasing scale from "strongly disagree" to "strongly agree." The third measures respondents' perception of their children's standard of living as

compared with their own. The 328 individuals who responded they did not have children were excluded, and the variable was reordered to reflect an increasing scale from "much worse" to "much better."

In addition to mobility measures, the GSS contains a variable measuring respondents' opinion about the role hard work plays, as opposed to luck or help from others, in getting ahead in life. I present this as the degree of respondents' belief in a meritocratic system, which is consistent with the ideals of the American Dream and the broader framework of American Exceptionalism. The variable was reordered to reflect increasing degree of belief in meritocracy.

Financial / Social Standing

Typically, income is used as the "objective" measure of socioeconomic status. However, income-related questions on surveys are often rife with non-response issues. The GSS is no exception, with only about 59% of respondents who answered when asked about their annual income. For this reason, I use the GSS's Socio-Economic Index (SEI) scores, which are defined for each respondent, as an alternative measure of socioeconomic standing. This measure, originally developed by sociologist Otis Duncan, is a scale ranging from 1 to 100. It is known as a combination of educational, occupational, and income prestige and has been used in a wide range of empirical research, including in Guven and Sorensen's (2007) study on relative income and happiness (p. 12).

Control Variables

In order to isolate the predictive power of the main independent variables, I include several known correlates of happiness as control variables in my final model. In particular, I include respondents' marital status, degree of healthfulness, degree of belief in a higher power,

level of trust in people, and level of trust in a broad range of institutions (measured with a scale variable consisting of indicators of confidence in various institutions). The variables were recoded such that there were expected to have positive relationships with overall happiness level. For instance, a higher degree of healthfulness was expected to be correlated with a higher level of happiness. Obviously, the control variables included are by no means an exhaustive list of determinants of happiness; this issue will be discussed in Section VI.

Empirical Methodology

I use an ordered logistic probability model to estimate respondents' overall happiness levels as a function of the main independent variables and the control variables. This model provides coefficient estimates for each predictor variable, which indicate the on average change in the log of the odds (ordered logit) of being in higher category of the dependent variable, for a one-unit increase in the predictor variable, with all the other variables held constant. For ease of interpretation, I present the regression in terms of proportional odds ratios. This exponentiates the ordered logit coefficients to obtain the on average change in the odds of a being in higher category of the dependent variable, for a one-unit increase in the predictor variable, *ceteris paribus*.

Multicollinearity issues preclude the inclusion of all three questions relating to mobility into the statistical model. Because the concept of American Exceptionalism is in principle aspirational – that is, it espouses the belief that things will get better *in the future* – I include only the answers to the second question, related to future mobility, in my analysis. This is an important decision that is consistent with the scope of the study as defined in Section II: with

regard to mobility, I examine only respondents' perception of upward mobility *prospects*.[3] Nevertheless, I conduct exploratory analyses of all three variables in the subsequent section, in order to shed light on Americans' perception of mobility as a whole.

V. Main Findings and Discussion

Descriptive Statistics

Table 2 in the Appendix presents summary statistics of the variables described in the previous section. Because of missing values, the number of observations is different depending on the variable. The final model I present contains 1,465 observations. Descriptive statistics including only these observations do not yield significantly different results than descriptive statistics of the complete dataset.

On average, respondents reported happiness levels at 2.1, slightly higher than "pretty happy." With only three categories, it is perhaps unsurprising that they default to the mean. They are rather positive about past mobility and future mobility prospects, at means of 3.7 and 3.4, respectively. They are even more positive about their children's mobility prospects; the corresponding variable has a mean of 4.6 out of 5. This could be an indicator that respondents on average believe in upward intergenerational mobility prospects, which is consistent with the "American Dream" ideal of a better life for the next generation. All three of these "mobility" variables are skewed to the left, shown by their negative skewness values. As for belief in meritocracy, respondents on average lean toward believing that hard work is the key ingredient for success, as opposed to luck or help.

Exploratory Data Analysis

[3] Technically, respondents' view of their children's mobility prospects fits into this category as well, but the fact that not all respondents have children limits the available information for this variable.

Cross-tabulation analysis of each of the independent variables representing either perceptions of mobility with happiness or belief in meritocracy with happiness illustrate at least a bivariate relationship between each variable and happiness.

These bivariate relationships appear most strongly with measures of perceived past mobility and meritocracy; these are shown via categorical plots in Appendix Figure 1. For ease of interpretation, I have excluded the "pretty happy" responses. The left graph shows that among respondents who believe they have a better standard of living as compared to their parents, more report "very happy" on average. The opposite is true for respondents who believe they are much worse or somewhat worse; here, the dominant category is "not happy." The right graph shows that among respondents who believe hard work is the key to get ahead, more report being "very happy" on average. The opposite is true for respondents who believe in luck or help; here, the dominant category is "not happy." Note that these graphs do not take into account any control variables.

The Proposed Statistical Model & Results

This study proposes an ordered logistic regression model with overall happiness level as the dependent variable, perceived future mobility prospects and degree of belief in meritocracy as measures of American Exceptionalism, SEI scores as a measure of socioeconomic standing, and several individual characteristics as control variables. Additionally, it includes a term representing the interaction between perceived future mobility prospects and whether or not the respondent was married at the time of the survey. Regression results for this model are presented in Appendix Table 3. The predictor variables in this model are all significant at the 90% and 95% confidence levels except for SEI index and belief in a higher power. The estimated β-coefficients (odds ratios) can be interpreted as follows: On average, a unit increase in the

predictor variable is associated with a $1 - \beta$ percentage increase in the odds of being in a higher category of happiness as opposed to being in the lower categories, *ceteris paribus*.

The exception is the coefficient on future mobility and on the interaction term. Although only statistically significant at the 90% confidence level, the coefficient on this term is interesting because it indicates a lowered odds, on average, of being in a higher income category for married respondents who believe in future mobility than for unmarried respondents who believe in future mobility, *ceteris paribus*. On average, for unmarried respondents, a move up in perceived future standard of living is associated with an increase in the odds of being a higher happiness category by 42%, controlling for the other variables in the model.

To get the corresponding figure for unmarried respondents, I observe that the estimated β-coefficient on the interaction is 0.834. This is the ratio of the two odds ratios of married over unmarried: $\beta_{futurexmarried} = \frac{OR_{married}}{OR_{unmarried}}$

Since I know the odds ratio for unmarried respondents is 1.42, I multiply 0.834*1.42 = 1.18, which is the odds ratio for married respondents. On average, for unmarried respondents, a move up in perceived future standard of living is associated with an increase in the odds of being a higher happiness category by only 18%, controlling for the other variables in the model. This is much lower than for married respondents.

In short, being married reduces the positive "effect" of perceived future mobility on happiness. This is surprising since the dummy variable has an extremely high coefficient of 6.27 (no respondents have a 0 value for future mobility as the variable is coded starting from 1, so this number is just a theoretical baseline). Perhaps respondents who strongly believe their standard of living will improve are also less likely to be married, on average. A bivariate regression of these two variables roughly indicate some sort of inverse relation between the two. A more

likely explanation is that married respondents have already reached a "threshold" of happiness, past which they cannot really increase. This is the inherent problem with measures such as the 3-point scale for happiness.

The interaction is illustrated graphically in Appendix Figure 2; the "slope" for respondents who are not married is steeper than for respondents who are married, holding the other variables constant.

Other aspects of the final model, along with various intermediate models (the full results of which are available upon request), yield several interesting results:

Respondents' perception of future upward mobility and belief in the existence of meritocracy in America are both positively related to reported level of happiness.

For example, an increase in level of belief in a meritocratic system is on average associated with a 23% increase in the odds of being at a higher happiness level, *ceteris paribus*. The partial relationship between happiness level and perception of future mobility and happiness level and belief in meritocracy is quite strong and robust to several different model specifications, including the addition of other control variables such as respondents' gender and number of children. That is, neither the magnitude nor the statistical significance of their association with happiness change very much no matter which controls I add and remove. This indicates their high predictive power, even while accounting for other factors related to happiness.

The association between these two indicators and happiness is more robust than the association between the measure of socioeconomic status (SEI score) and happiness.

In intermediate models, I have found that SEI score is highly correlated with happiness at first glance, but that this correlation diminishes in magnitude and in statistical significance

with the addition of control variables. Indeed, the coefficient on SEI score in the model presented indicates a non-significant increase of 0.34% in the odds of being at a higher happiness level, on average, for a one unit increase in SEI score, *ceteris paribus*. Models using other measures of income than SEI score, such as real income and real family income, do not yield more significant p-values.

In summary, these results lend support to the idea that in the US, it is social and economic mobility rather than current socioeconomic status that "matters" in terms of welfare. Indeed, it is telling that the initial correlation between income and happiness diminish in significance with the addition of controls, while the correlations between measures of mobility/meritocracy perception and happiness do not. The study thus provides evidence for both hypotheses as outlined in Section IV. For Americans, the salient factor determining overall happiness is not one's current socioeconomic standing, but rather whether one believes this socioeconomic standing can improve with hard work.

VI. Conclusion

Limitations

As a first foray into an oft-discussed but rarely researched topic, my study has several limitations that warrant further research:

First, there are some drawbacks to the statistical model presented. For instance, two of the control variables in the model, respondents' degree of belief in a higher power and degree of trust in people, violate the Brant test for parallel regression. This is unfortunate since the ordered logistic model assumes that the shape of each logistic curve is equivalent or proportional, thus allowing for the cumulative probabilities approach in the model. Nonetheless, it should be noted

that the variables of interest in this study are those that measure respondents' perception of upward mobility prospects, belief in a meritocratic system, and socioeconomic status. A generalized logistic model using the Gamma approach (the results of which are available upon request) yields similar results for these variables. Thus, I present the ordered logit regression results and estimated coefficients for ease of interpretation. Another drawback to the model is that several predictor variables are not included in the final model due to insignificance. The main purpose of my study is to compare the predictive power of measures of mobility and the perceived American Dream with the predictive power of measures of financial situation, not to create an exhaustive list of all of determinants of happiness (indeed, it would be difficult to do so in any type of study). For this reason, I am not overly concerned if I do not account for all of the other factors that may be related with happiness, as long as they do not confound the factors – namely belief in future mobility and meritocracy – that I am trying to test. Indeed, as mentioned above, these two factors are rather robust to the inclusion and exclusion of different controls. Still, future study should more closely examine other covariates.

Second, many observations were lost because certain questions were not asked in each of the three sample types. For example, I originally wanted to include into my model the variable *incgap*, which indicates respondents' feelings about income inequality. However, the question was only asked of respondents from the 2008 panel sample. Future research could focus on this sample and study in detail inequality versus happiness.

Third, more nuanced approaches could more directly examine whether mobility prospects are perceived to be higher among the poor / lower socioeconomic classes than the rich / higher socioeconomic classes. This is Alesina et al.'s (2004) full hypothesis as described in Section II, and it would be interesting to see whether data can support it.

Fourth, it is not possible to make conclusions regarding causation. Because I analyze a snapshot of the GSS in 2010, I do not capture time trends. I also cannot rule out the individual heterogeneity issue; people who are happier or report higher levels of mobility may be different from people who are not. It is difficult, however, to find sufficient panel data to conduct longitudinal analyses.

Implications

Unsurprisingly, the results indicate that being happy is associated with a variety of factors in a myriad of complex ways. Clearly, there are several different models one could fit or imagine in the attempt to explain such a nebulous concept. However, my study is oriented toward exploring one particular aspect of happiness by using one particular dataset.

In debates about America's future prosperity, policymakers are fond of using a ladder analogy, with the rungs representing socioeconomic status. The results of this study suggest that Americans care more about their perceived propensity to move up the ladder than their current position on the ladder itself. Consequently, American Exceptionalism must be understood as a separate concept from income inequality, though the two are not unrelated. In other words, even if rising income inequality results in the rungs of the ladder diverging on the high and low ends, people may still *believe* in the possibility of an upward climb. It is important to recognize, however, this study does not in any way diminish the potential dangers of rising income inequality, nor does it make light of the fact that indicators of actual mobility have been in decline in recent decades. It merely reveals a different aspect of the debate, presenting evidence that American Exceptionalism is still relevant in understanding the nation's overall welfare. Nevertheless, if the American Dream is in fact becoming increasingly unattainable, perceptions will soon catch up to reality. After all, exceptionalism is not a synonym for ignorance, and

people can only believe in pipe dreams for so long.

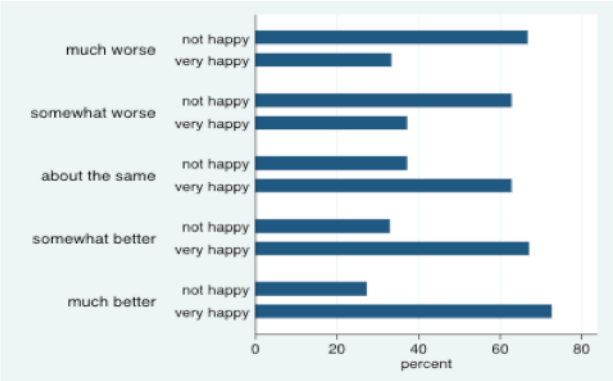
Appendix

Table 2: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max	Skewness	Kurtosis
Dependent Variable:							
happiness	4886	2.113795	0.6374094	1	3	-0.1017853	2.42068
Main Independent Variables:							
American Exceptionalism							
past mobility	3242	3.696175	1.139422	1	5	-0.5354664	2.42393
future mobility	3259	3.396747	1.087064	1	5	-0.4533258	2.249815
children's mobility	2861	4.556798	1.206628	2	6	-0.4491703	2.184613
meritocracy	3207	2.564702	0.6831736	1	3	-1.273313	3.250879
Socioeconomic Standing							
sei	4593	49.87146	19.32421	17.1	97.2	0.4526247	1.944803
Control Variables:							
married (0=no; 1=yes)	4897	0.4711048	0.4992153	0	1	0.1157745	1.013404
healthfulness	3222	2.924271	0.8297335	1	4	-0.4352996	2.647767
belief in higher power	4853	5.059139	1.435909	1	6	-1.402376	3.723905
trust in people	3674	1.779804	0.95057	1	3	0.4509998	1.259442
confidence in institutions	3273	0.0001179	0.5239546	-1.49375	1.702673	0.2340314	3.220113

Figure 1: Categorical Plots of Bivariate Analyses (a: Happiness vs. Past Mobility and b: Happiness vs. Belief in Meritocracy)

a: Standard of Life Compared to Parents (Past Mobility)



b: Opinion of How People Get Ahead (Belief in Meritocracy)

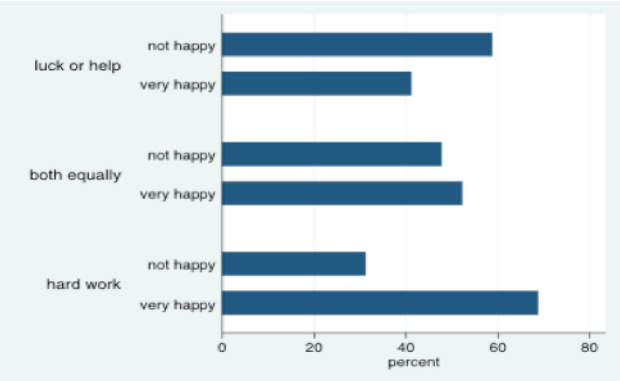
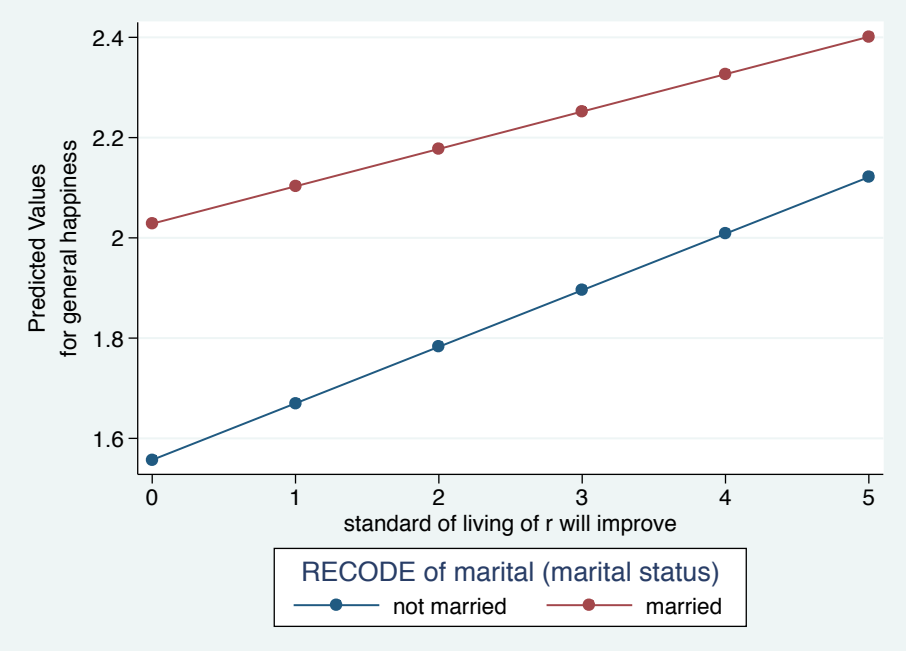


Table 3: Results from the Ordered Logistic Regression Model

Dependent Variable: happiness			
	Ordered Logit		
	Odds Ratio	SE	p
Main Independent Variables:			
American Exceptionalism			
future mobility	1.420012	0.1051437	0.000
meritocracy	1.232945	0.0960723	0.007
Socioeconomic Standing			
sei	1.0034	0.0028232	0.228
Control Variables:			
married (0=no; 1=yes)	6.269202	2.268443	0.000
healthfulness	1.820445	0.1236389	0.000
belief in higher power	1.04529	0.0398705	0.246
trust in people	1.321415	0.075619	0.000
confidence in institutions	1.4578	0.1596497	0.001
Interaction Term:			
future mobility x married	0.8344492	0.0830212	0.069

Figure 2: the "slope" for respondents who are "not married" is steeper than for respondents who are "married," *ceteris paribus*



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