

1 The 9.9 Percent Is the New American Aristocracy

2 [The Atlantic](#) · by Matthew Stewart · May 18, 2018

3 1.

4 The Aristocracy Is Dead ...

5 For about a week every year in my childhood, I was a member of one of America's fading aristocracies.

6 Sometimes around Christmas, more often on the Fourth of July, my family would take up residence at one of my grandparents' country clubs in Chicago, Palm Beach, or Asheville, North Carolina.

7 The breakfast buffets were magnificent, and Grandfather was a jovial host, always ready with a familiar story, rarely missing an opportunity for gentle instruction on proper club etiquette.

8 At the age of 11 or 12, I gathered from him, between his puffs of cigar smoke, that we owed our weeks of plenty to Great-Grandfather, Colonel Robert W. Stewart, a Rough Rider with Teddy Roosevelt who made his fortune as the chairman of Standard Oil of Indiana in the 1920s.

9 I was also given to understand that, for reasons traceable to some ancient and incomprehensible dispute, the Rockefellers were the mortal enemies of our clan.

10 Only much later in life did I learn that the stories about the Colonel and his tangles with titans fell far short of the truth. ¶¶¶

11 To hear more feature stories, [see our full list](#) or [get the Audm iPhone app](#). ¶¶¶

12 At the end of each week, we would return to our place.

13 My reality was the aggressively middle-class world of 1960s and '70s U.S. military bases and the communities around them.

14 Life was good there, too, but the pizza came from a box, and it was Lucky Charms for breakfast.

15 Our glory peaked on the day my parents came home with a *new* Volkswagen camper bus.

16 As I got older, the holiday pomp of patriotic luncheons and bridge-playing rituals came to seem faintly ridiculous and even offensive, like an endless birthday party for people whose chief accomplishment in life was just showing up.

17 I belonged to a new generation that believed in getting ahead through merit, and we defined merit in a straightforward way: test scores, grades, competitive résumé-stuffing, supremacy in board games and pickup basketball, and, of course, working for our keep.

18 For me that meant taking on chores for the neighbors, punching the clock at a local fast-food restaurant, and collecting scholarships to get through college and graduate school.

19 I came into many advantages by birth, but money was not among them. ¶¶¶

20 I've joined a new aristocracy now, even if we still call ourselves meritocratic winners.

21 If you are a typical reader of *The Atlantic*, you may well be a member too.

22 (And if you're not a member, my hope is that you will find the story of this new class even more interesting—if also more alarming.)

23 To be sure, there is a lot to admire about my new group, which I'll call—for reasons you'll soon see—the 9.9 percent.

24 We've dropped the old dress codes, put our faith in facts, and are (somewhat) more varied in skin tone and ethnicity.

25 People like me, who have waning memories of life in an earlier ruling caste, are the exception, not the rule. ¶¶¶

26 By any sociological or financial measure, it's good to be us.

27 It's even better to be our kids.

28 In our health, family life, friendship networks, and level of education, not to mention money, we are crushing the competition below.

29 But we do have a blind spot, and it is located right in the center of the mirror: We seem to be the last to notice just how rapidly we've morphed, or what we've morphed into. ¶¶¶

30 The meritocratic class has mastered the old trick of consolidating wealth and passing privilege along at the expense of other people's children.

31 We are not innocent bystanders to the growing concentration of wealth in our time.

32 We are the principal accomplices in a process that is slowly strangling the economy, destabilizing American politics, and eroding democracy.

33 Our delusions of merit now prevent us from recognizing the nature of the problem that our emergence as a class represents.

34 We tend to think that the victims of our success are just the people excluded from the club.

35 But history shows quite clearly that, in the kind of game we're playing, everybody loses badly in the end.

36 **2.**

37 **The Discreet Charm of the 9.9 Percent**

38 Let's talk first about money—even if money is only one part of what makes the new aristocrats special.

39 There is a familiar story about rising inequality in the United States, and its stock characters are well known.

40 The villains are the fossil-fueled plutocrat, the Wall Street fat cat, the callow tech bro, and the rest of the so-called top 1 percent.

41 The good guys are the 99 percent, otherwise known as "the people" or "the middle class."

42 The arc of the narrative is simple: Once we were equal, but now we are divided.

43 The story has a grain of truth to it.

44 But it gets the characters and the plot wrong in basic ways. ¶¶¶

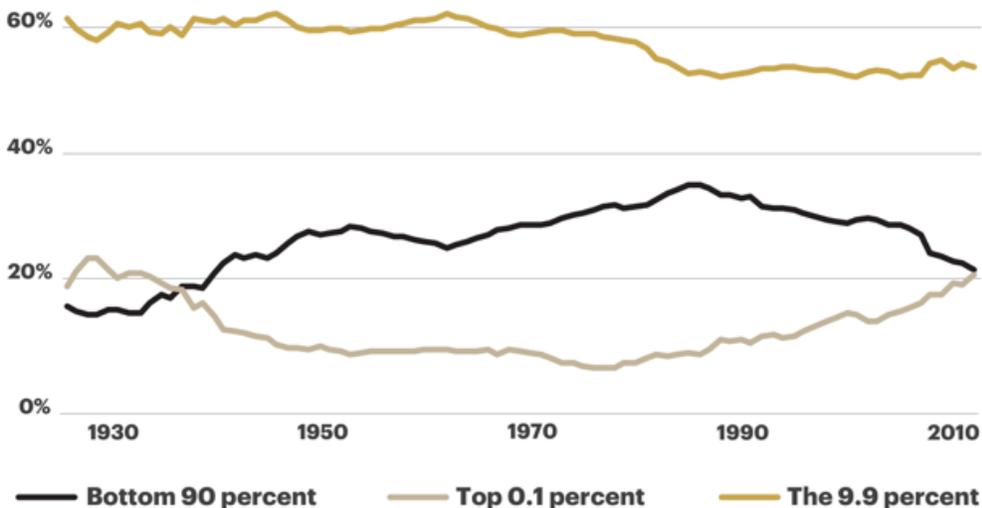
45 It is in fact the top 0.1 percent who have been the big winners in the growing concentration of wealth over the past half century.

46 According to the UC Berkeley economists Emmanuel Saez and Gabriel Zucman, [the 160,000 or so households in that group held 22 percent of America's wealth in 2012](#), up from 10 percent in 1963.

47 If you're looking for the kind of money that can buy elections, you'll find it inside the top 0.1 percent alone.

48 **A Tale of Three Classes (Figure 1):**

49 The 9.9 percent hold most of the wealth in the United States.



50
51 Every piece of the pie picked up by the 0.1 percent, in relative terms, had to come from
the people below.
52 But not everyone in the 99.9 percent gave up a slice.
53 Only those in the bottom 90 percent did.
54 At their peak, in the mid-1980s, people in this group held 35 percent of the nation's
wealth.
55 Three decades later that had fallen 12 points—exactly as much as the wealth of the 0.1
percent rose. ¶¶¶
56 In between the top 0.1 percent and the bottom 90 percent is a group that has been
doing just fine.
57 It has held on to its share of a growing pie decade after decade.
58 And as a group, it owns substantially more wealth than do the other two combined.
59 In the tale of three classes (see Figure 1), it is represented by the gold line floating high
and steady while the other two duke it out.

60 You'll find the new aristocracy there.

61 We are the 9.9 percent. ¶¶¶

62 So what kind of characters are we, the 9.9 percent?

63 We are mostly not like those flamboyant political manipulators from the 0.1 percent.

64 We're a well-behaved, flannel-suited crowd of lawyers, doctors, dentists, mid-level
investment bankers, M.B.A.s with opaque job titles, and assorted other professionals—the
kind of people you might invite to dinner.

65 In fact, we're so self-effacing, we deny our own existence.

66 We keep insisting that we're "middle class." ¶¶¶

67 As of 2016, it took \$1.2 million in net worth to make it into the 9.9 percent; \$2.4 million to
reach the group's median; and \$10 million to get into the top 0.9 percent.

68 (And if you're not there yet, relax: Our club is open to people who are on the right track

and have the right attitude.)

69 “We are the 99 percent” sounds righteous, but it’s a slogan, not an analysis.

70 The families at our end of the spectrum wouldn’t know what to do with a pitchfork. ¶¶¶

71 We are also mostly, but not entirely, white.

72 According to a Pew Research Center analysis, African Americans represent 1.9 percent of the top 10th of households in wealth; Hispanics, 2.4 percent; and all other minorities, including Asian and multiracial individuals, 8.8 percent—even though those groups together account for 35 percent of the total population. ¶¶¶

73 One of the hazards of life in the 9.9 percent is that our necks get stuck in the upward position.

74 We gaze upon the 0.1 percent with a mixture of awe, envy, and eagerness to obey.

75 As a consequence, we are missing the other big story of our time.

76 We have left the 90 percent in the dust—and we’ve been quietly tossing down roadblocks behind us to make sure that they never catch up. ¶¶¶

77 Let’s suppose that you start off right in the middle of the American wealth distribution.

78 How high would you have to jump to make it into the 9.9 percent?

79 In financial terms, the measurement is easy and the trend is unmistakable.

80 In 1963, you would have needed to multiply your wealth six times.

81 By 2016, you would have needed to leap twice as high—increasing your wealth 12-fold—to scrape into our group.

82 If you boldly aspired to reach the middle of our group rather than its lower edge, [you’d have needed to multiply your wealth by a factor of 25](#).

83 On this measure, the 2010s look much like the 1920s. ¶¶¶

84 If you are starting at the median for people of color, you’ll want to practice your financial pole-vaulting.

85 [The Institute for Policy Studies calculated](#) that, setting aside money invested in “durable goods” such as furniture and a family car, the median black family had net wealth of \$1,700 in 2013, and the median Latino family had \$2,000, compared with \$116,800 for the median white family.

86 A 2015 study in Boston found that the wealth of the median white family there was \$247,500, while the wealth of the median African American family was \$8.

87 That is not a typo.

88 That’s two grande cappuccinos.

89 That and another 300,000 cups of coffee will get you into the 9.9 percent.

90 **Video: America’s Class Problem**

91 None of this matters, you will often hear, because in the United States everyone has an opportunity to make the leap: Mobility justifies inequality.

92 As a matter of principle, this isn’t true.

93 In the United States, it also turns out not to be true as a factual matter.

94 Contrary to popular myth, economic mobility in the land of opportunity is not high, and it’s going down. ¶¶¶

95 Imagine yourself on the socioeconomic ladder with one end of a rubber band around

your ankle and the other around your parents' rung.

96 The strength of the rubber determines how hard it is for you to escape the rung on which you were born.

97 If your parents are high on the ladder, the band will pull you up should you fall; if they are low, it will drag you down when you start to rise.

98 Economists represent this concept with a number they call "intergenerational earnings elasticity," or IGE, which measures how much of a child's deviation from average income can be accounted for by the parents' income.

99 An IGE of zero means that there's no relationship at all between parents' income and that of their offspring.

100 An IGE of one says that the destiny of a child is to end up right where she came into the world. ¶¶¶

101 According to Miles Corak, an economics professor at the City University of New York, [half a century ago IGE in America was less than 0.3](#).

102 Today, it is about 0.5.

103 In America, the game is half over once you've selected your parents.

104 IGE is now higher here than in almost every other developed economy.

105 On this measure of economic mobility, the United States is more like Chile or Argentina than Japan or Germany. ¶¶¶

106 The story becomes even more disconcerting when you see just where on the ladder the tightest rubber bands are located.

107 Canada, for example, has an IGE of about half that of the U.S.

108 Yet from the middle rungs of the two countries' income ladders, offspring move up or down through the nearby deciles at the same respectable pace.

109 The difference is in what happens at the extremes.

110 In the United States, it's the children of the bottom decile and, above all, the top decile—the 9.9 percent—who settle down nearest to their starting point.

111 Here in the land of opportunity, the taller the tree, the closer the apple falls. ¶¶¶

112 All of this analysis of wealth percentiles, to be clear, provides only a rough start in understanding America's evolving class system.

113 People move in and out of wealth categories all the time without necessarily changing social class, and they may belong to a different class in their own eyes than they do in others'.

114 Yet even if the trends in the monetary statistics are imperfect illustrations of a deeper process, they are nonetheless registering something of the extraordinary transformation that's taking place in our society. ¶¶¶

115 A few years ago, Alan Krueger, an economist and a former chairman of the Obama administration's Council of Economic Advisers, [was reviewing the international mobility data](#) when he [caught a glimpse of the fundamental process underlying our present moment](#).

116 Rising immobility and rising inequality aren't like two pieces of driftwood that happen to have shown up on the beach at the same time, he noted.

117 They wash up together on every shore.

- 118 Across countries, the higher the inequality, the higher the IGE (see Figure 2).
- 119 It's as if human societies have a natural tendency to separate, and then, once the classes are far enough apart, to crystallize.
- 120 **The Great Gatsby Curve (Figure 2):** Inequality and class immobility go together.



- 121
- 122 Miles Corak
- 123 Economists are prudent creatures, and they'll look up from a graph like that and remind you that it shows only correlation, not causation.
- 124 That's a convenient hedge for those of us at the top because it keeps alive one of the founding myths of America's meritocracy: that *our* success has nothing to do with *other people's* failure.
- 125 It's a pleasant idea.
- 126 But around the world and throughout history, the wealthy have advanced the crystallization process in a straightforward way.
- 127 They have taken their money out of productive activities and put it into walls.
- 128 Throughout history, moreover, one social group above all others has assumed responsibility for maintaining and defending these walls.
- 129 Its members used to be called aristocrats.
- 130 Now we're the 9.9 percent.
- 131 The main difference is that we have figured out how to use the pretense of being part of the middle as one of our strategies for remaining on top. ¶¶¶
- 132 Krueger liked the graph shown in Figure 2 so much that he decided to give it a name: the Great Gatsby Curve.
- 133 It's a good choice, and it resonates strongly with me.
- 134 F. Scott Fitzgerald's novel about the breakdown of the American dream is set in 1922, or right around the time that my great-grandfather was secretly siphoning money from Standard Oil and putting it into a shell company in Canada.

135 It was published in 1925, just as special counsel was turning up evidence that bonds from
that company had found their way into the hands of the secretary of the interior.
136 Its author was drinking his way through the cafés of Paris just as Colonel Robert W.
Stewart was running away from subpoenas to testify before the United States Senate
about his role in the Teapot Dome scandal.
137 We are only now closing in on the peak of inequality that his generation achieved, in
1928.

138 I'm sure they thought it would go on forever, too.

139 **3.**

140 **The Origin of a Species**

141 Money can't buy you class, or so my grandmother used to say.

142 But it can buy a private detective.

143 Grandmother was a Kentucky debutante and sometime fashion model (kind of like Daisy
Buchanan in *The Great Gatsby*, weirdly enough), so she knew what to do when her eldest
son announced his intention to marry a woman from Spain.

144 A gumshoe promptly reported back that the prospective bride's family made a living
selling newspapers on the streets of Barcelona.

145 Grandmother instituted an immediate and total communications embargo.

146 In fact, my mother's family owned and operated a large paper-goods factory.

147 When children came, Grandmother at last relented.

148 Determined to do the right thing, she arranged for the new family, then on military
assignment in Hawaii, to be inscribed in the New York *Social Register*. ¶¶¶

149 Sociologists would say, in their dry language, that my grandmother was a zealous
manager of the family's social capital—and she wasn't about to let some Spanish street
urchin run away with it.

150 She did have a point, even if her facts were wrong.

151 Money may be the measure of wealth, but it is far from the only form of it.

152 Family, friends, social networks, personal health, culture, education, and even location are
all ways of being rich, too.

153 These nonfinancial forms of wealth, as it turns out, aren't simply perks of membership in
our aristocracy.

154 They define us. ¶¶¶

155 We are the people of good family, good health, good schools, good neighborhoods, and
good jobs.

156 We may want to call ourselves the "5Gs" rather than the 9.9 percent.

157 We are so far from the not-so-good people on all of these dimensions, we are beginning
to resemble a new species.

158 And, just as in Grandmother's day, the process of speciation begins with a love story—or, if
you prefer, sexual selection. ¶¶¶

159 The polite term for the process is *assortative mating*.

160 The phrase is sometimes used to suggest that this is another of the wonders of the
internet age, where popcorn at last meets butter and Yankees fan finds Yankees fan.

161 In fact, the frenzy of assortative mating today results from a truth that would have been generally acknowledged by the heroines of any Jane Austen novel: Rising inequality decreases the number of suitably wealthy mates even as it increases the reward for finding one and the penalty for failing to do so.

162 According to one study, the last time marriage partners [sorted themselves by educational status as much as they do now was in the 1920s](#). ¶¶¶

163 For most of us, the process is happily invisible.

164 You meet someone under a tree on an exclusive campus or during orientation at a high-powered professional firm, and before you know it, you're twice as rich.

165 But sometimes—Grandmother understood this well—extra measures are called for.

166 That's where our new technology puts bumbling society detectives to shame.

167 [Ivy Leaguers looking to mate with their equals](#) can apply to join a dating service called the League.

168 It's selective, naturally: Only 20 to 30 percent of New York applicants get in.

169 It's sometimes called "Tinder for the elites." ¶¶¶

170 It is misleading to think that assortative mating is symmetrical, as in city mouse marries city mouse and country mouse marries country mouse.

171 A better summary of the data would be: Rich mouse finds love, and poor mouse gets screwed.

172 It turns out—who knew?—that people who are struggling to keep it all together have a harder time hanging on to their partner.

173 According to the Harvard political scientist Robert Putnam, 60 years ago just 20 percent of children born to parents with a high-school education or less lived in a single-parent household; now that figure is nearly 70 percent.

174 Among college-educated households, by contrast, the single-parent rate remains less than 10 percent.

175 Since the 1970s, the divorce rate has declined significantly among college-educated couples, while it has risen dramatically among couples with only a high-school education—even as marriage itself has become less common.

176 The rate of single parenting is in turn the single most significant predictor of social immobility across counties, according to a study led by the Stanford economist Raj Chetty. ¶¶¶

177 None of which is to suggest that individuals are wrong to seek a suitable partner and make a beautiful family.

178 People should—and presumably always will—pursue happiness in this way.

179 It's one of the delusions of our meritocratic class, however, to assume that if our actions are individually blameless, then the sum of our actions will be good for society.

180 We may have studied Shakespeare on the way to law school, but we have little sense for the tragic possibilities of life.

181 The fact of the matter is that we have silently and collectively opted for inequality, and this is what inequality does.

182 It turns marriage into a luxury good, and a stable family life into a privilege that the moneyed elite can pass along to their children.

183 How do we think that's going to work out? ¶¶¶

184 This divergence of families by class is just one part of a process that is creating two distinct forms of life in our society.

185 Stop in at your local yoga studio or SoulCycle class, and you'll notice that the same process is now inscribing itself in our own bodies.

186 In 19th-century England, the rich really were different.

187 They didn't just have more money; they were taller—a lot taller.

188 According to a study colorfully titled "On English Pygmies and Giants," 16-year-old boys from the upper classes towered a remarkable 8.6 inches, on average, over their undernourished, lower-class countrymen.

189 We are reproducing the same kind of division via a different set of dimensions. ¶¶¶

190 Obesity, diabetes, heart disease, kidney disease, and liver disease are all [two to three times more common](#) in individuals who have a family income of less than \$35,000 than in those who have a family income greater than \$100,000.

191 Among low-educated, middle-aged whites, the death rate in the United States—alone in the developed world—increased in the first decade and a half of the 21st century.

192 Driving the trend is the rapid growth in what the [Princeton economists Anne Case and Angus Deaton call "deaths of despair"](#)—suicides and alcohol and drug-related deaths. ¶¶¶

193 The sociological data are not remotely ambiguous on any aspect of this growing divide.

194 We 9.9 percenters live in safer neighborhoods, go to better schools, have shorter commutes, receive higher-quality health care, and, when circumstances require, serve time in better prisons.

195 We also have more friends—the kind of friends who will introduce us to new clients or line up great internships for our kids. ¶¶¶

196 These special forms of wealth offer the further advantages that they are both harder to emulate and safer to brag about than high income alone.

197 Our class walks around in the jeans and T-shirts inherited from our supposedly humble beginnings.

198 We prefer to signal our status by talking about our organically nourished bodies, the awe-inspiring feats of our offspring, and the ecological correctness of our neighborhoods.

199 We have figured out how to launder our money through higher virtues. ¶¶¶

200 Most important of all, we have learned how to pass all of these advantages down to our children.

201 In America today, the single best predictor of whether an individual will get married, stay married, pursue advanced education, live in a good neighborhood, have an extensive social network, and experience good health is the performance of his or her parents on those same metrics. ¶¶¶

202 We're leaving the 90 percent and their offspring far behind in a cloud of debts and bad life choices that they somehow can't stop themselves from making.

203 We tend to overlook the fact that parenting is more expensive and motherhood more hazardous in the United States than in any other developed country, that campaigns against family planning and reproductive rights are an assault on the families of the bottom 90 percent, and that law-and-order politics serves to keep even more of them down.

204 We prefer to interpret their relative poverty as vice: *Why can't they get their act together?* ¶¶¶

205 New forms of life necessarily give rise to new and distinct forms of consciousness.

206 If you doubt this, you clearly haven't been reading the "personal and household services" ads on Monster.com.

207 At the time of this writing, the section for my town of Brookline, Massachusetts, featured one placed by a "busy professional couple" seeking a "Part Time Nanny."

208 The nanny (or manny—the ad scrupulously avoids committing to gender) is to be "bright, loving, and energetic"; "friendly, intelligent, and professional"; and "a very good communicator, both written and verbal."

209 She (on balance of probability) will "assist with the care and development" of two children and will be "responsible for all aspects of the children's needs," including bathing, dressing, feeding, and taking the young things to and from school and activities.

210 That's why a "college degree in early childhood education" is "a plus." ¶¶¶

211 In short, Nanny is to have every attribute one would want in a terrific, professional, college-educated parent.

212 Except, of course, the part about being an actual professional, college-educated parent.

213 There is no chance that Nanny will trade places with our busy 5G couple.

214 She "must know the proper etiquette in a professionally run household" and be prepared to "accommodate changing circumstances."

215 She is required to have "5+ years experience as a Nanny," which makes it unlikely that she'll have had time to get the law degree that would put her on the other side of the bargain.

216 All of Nanny's skills, education, experience, and professionalism will land her a job that is "Part Time." ¶¶¶

217 The ad is written in flawless, 21st-century business-speak, but what it is really seeking is a governess—that exquisitely contradictory figure in Victorian literature who is both indistinguishable in all outward respects from the upper class and yet emphatically not a member of it.

218 Nanny's best bet for moving up in the world is probably to follow the example of Jane Eyre and run off with the lord (or lady) of the manor. ¶¶¶

219 If you look beyond the characters in this unwritten novel about Nanny and her 5G masters, you'll see a familiar shape looming on the horizon.

220 The Gatsby Curve has managed to reproduce itself in social, physiological, and cultural capital.

221 Put more accurately: There is only one curve, but it operates through a multiplicity of forms of wealth. ¶¶¶

222 Rising inequality does not follow from a hidden law of economics, as the otherwise insightful Thomas Piketty suggested when he claimed that the historical rate of return on capital exceeds the historical rate of growth in the economy.

223 Inequality necessarily entrenches itself through other, nonfinancial, intrinsically invidious forms of wealth and power.

224 We use these other forms of capital to project our advantages into life itself.

225 We look down from our higher virtues in the same way the English upper class looked down from its taller bodies, as if the distinction between superior and inferior were an artifact of nature.

226 That's what aristocrats do.

227 **4.**

228 **The Privilege of an Education**

229 My 16-year-old daughter is sitting on a couch, talking with a stranger about her dreams for the future.

230 We're here, ominously enough, because, she says, "all my friends are doing it."

231 For a moment, I wonder whether we have unintentionally signed up for some kind of therapy.

232 The professional woman in the smart-casual suit throws me a pointed glance and says, "It's normal to be anxious at a time like this."

233 She really does see herself as a therapist of sorts.

234 But she does not yet seem to know that the source of my anxiety is the idea of shelling out for a \$12,000 "base package" of college-counseling services whose chief purpose is apparently to reduce my anxiety.

235 Determined to get something out of this trial counseling session, I push for recommendations on summer activities.

236 We leave with a tip on a 10-day "cultural tour" of France for high schoolers.

237 In the college-application business, that's what's known as an "enrichment experience."

238 When we get home, I look it up.

239 The price of enrichment: \$11,000 for the 10 days. ¶¶¶

240 That's when I hear the legend of the SAT whisperer.

241 If you happen to ride through the yellow-brown valleys of the California coast, past the designer homes that sprout wherever tech unicorns sprinkle their golden stock offerings, you might come across him.

242 His high-school classmates still remember him, almost four decades later, as one of the child wonders of the age.

243 Back then, he and his equally precocious siblings showed off their preternatural verbal and musical talents on a local television program.

244 Now his clients fly him around the state for test-prep sessions with their 16-year-olds.

245 You can hire him for \$750, plus transportation, per two-hour weekend session.

246 (There is a weekday discount.)

247 Some of his clients book him every week for a year. ¶¶¶

248 At this point, I'm wondering whether life was easier in the old days, when you could buy a spot in the elite university of your choice with cold cash.

249 Then I remind myself that Grandfather lasted only one year at Yale.

250 In those days, the Ivies kicked you out if you weren't ready for action.

251 Today, you have to self-combust in a newsworthy way before they show you the door. ¶¶¶

252 Inevitably, I begin rehearsing the speech for my daughter.

253 It's perfectly possible to lead a meaningful life without passing through a name-brand college, I'm going to say.

254 We love you for who you are.

255 We're not like those tacky strivers who want a back-windshield sticker to testify to our superior parenting skills.

256 And why would you want to be an investment banker or a corporate lawyer anyway?

257 But I refrain from giving the speech, knowing full well that it will light up her parental-bullshit detector like a pair of khakis on fire. ¶¶¶

258 the skin colors of the nation's elite student bodies are more varied now, as are their genders, but their financial bones have calcified over the past 30 years.

259 In 1985, 54 percent of students at the 250 most selective colleges came from families in the bottom three quartiles of the income distribution.

260 A similar review of the class of 2010 put that figure at just 33 percent.

261 According to a 2017 study, 38 elite colleges—among them five of the Ivies—[had more students from the top 1 percent than from the bottom 60 percent.](#)

262 In his 2014 book, *Excellent Sheep*, William Deresiewicz, a former English professor at Yale, summed up the situation nicely: "Our new multiracial, gender-neutral meritocracy has figured out a way to make itself hereditary." ¶¶¶

263 The wealthy can also draw on a variety of affirmative-action programs designed just for them.

264 As Daniel Golden points out in *The Price of Admission*, legacy-admissions policies reward those applicants with the foresight to choose parents who attended the university in question.

265 Athletic recruiting, on balance and contrary to the popular wisdom, also favors the wealthy, whose children pursue lacrosse, squash, fencing, and the other cost-intensive sports at which private schools and elite public schools excel.

266 And, at least among members of the 0.1 percent, the old-school method of simply handing over some of Daddy's cash has been making a comeback.

267 ([Witness Jared Kushner, Harvard graduate.](#)) ¶¶¶

268 The mother lode of all affirmative-action programs for the wealthy, of course, remains the private school.

269 Only 2.2 percent of the nation's students graduate from nonsectarian private high schools, and yet these graduates account for 26 percent of students at Harvard and 28 percent of students at Princeton.

270 The *other* affirmative-action programs, the kind aimed at diversifying the look of the student body, are no doubt well intended.

271 But they are to some degree merely an extension of this system of wealth preservation.

272 Their function, at least in part, is to indulge rich people in the belief that their college is open to all on the basis of merit. ¶¶¶

273 The plummeting admission rates of the very top schools nonetheless leave many of the children of the 9.9 percent facing long odds.

274 But not to worry, junior 9.9 percenters!

275 We've created a new range of elite colleges just for you.

276 Thanks to ambitious university administrators and the ever-expanding rankings machine at *U.S.*

277 *News & World Report*, 50 colleges are now as selective as Princeton was in 1980, when I applied.

278 The colleges seem to think that piling up rejections makes them special.

279 In fact, it just means that they have collectively opted to deploy their massive, tax-subsidized endowments to replicate privilege rather than fulfill their duty to produce an educated public. ¶¶¶

280 The only thing going up as fast as the rejection rates at selective colleges is the astounding price of tuition.

281 Measured relative to the national median salary, tuition and fees at top colleges more than tripled from 1963 to 2013.

282 Throw in the counselors, the whisperers, the violin lessons, the private schools, and the cost of arranging for Junior to save a village in Micronesia, and it adds up.

283 To be fair, financial aid closes the gap for many families and keeps the average cost of college from growing as fast as the sticker price.

284 But that still leaves a question: Why are the wealthy so keen to buy their way in? ¶¶¶

285 The short answer, of course, is that it's worth it. ¶¶¶

286 In the United States, the premium that college graduates earn over their non-college-educated peers in young adulthood exceeds 70 percent.

287 The return on education is 50 percent higher than what it was in 1950, and is significantly higher than the rate in every other developed country.

288 In Norway and Denmark, the college premium is less than 20 percent; in Japan, it is less than 30 percent; in France and Germany, it's about 40 percent. ¶¶¶

289 All of this comes before considering the all-consuming difference between "good" schools and the rest.

290 Ten years after starting college, according to data from the Department of Education, the top decile of earners from all schools [had a median salary of \\$68,000](#).

291 But the top decile from the 10 highest-earning colleges raked in \$220,000—make that \$250,000 for No. 1, Harvard—and the top decile at the next 30 colleges took home \$157,000.

292 (Not surprisingly, the top 10 had an average acceptance rate of 9 percent, and the next 30 were at 19 percent.) ¶¶¶

293 It is entirely possible to get a good education at the many schools that don't count as "good" in our brand-obsessed system.

294 But the "bad" ones really are bad for you.

295 For those who made the mistake of being born to the wrong parents, our society offers a kind of virtual education system.

296 It has places that look like colleges—but aren't really.

297 It has debt—and that, unfortunately, is real.

298 The people who enter into this class hologram do not collect a college premium; they wind up in something more like indentured servitude. ¶¶¶

299 So what is the real source of this premium for a "good education" that we all seem to crave? ¶¶¶

300 One of the stories we tell ourselves is that the premium is the reward for the knowledge and skills the education provides us.

301 Another, usually unfurled after a round of drinks, is that the premium is a reward for the

superior cranial endowments we possessed before setting foot on campus.

302 We are, as some sociologists have delicately put it, a “cognitive elite.” ¶¶¶

303 Behind both of these stories lies one of the founding myths of our meritocracy.

304 One way or the other, we tell ourselves, the rising education premium is a direct function of the rising value of meritorious people in a modern economy.

305 That is, not only do the meritorious get ahead, but the rewards we receive are in direct proportion to our merit. ¶¶¶

306 But the fact is that degree holders earn so much more than the rest not primarily because they are better at their job, but because they mostly take different categories of jobs.

307 Well over half of Ivy League graduates, for instance, typically go straight into one of four career tracks that are generally reserved for the well educated: finance, management consulting, medicine, or law.

308 To keep it simple, let’s just say that there are two types of occupations in the world: those whose members have collective influence in setting their own pay, and those whose members must face the music on their own.

309 It’s better to be a member of the first group.

310 Not surprisingly, that is where you will find the college crowd. ¶¶¶

311 why do America’s doctors make twice as much as those of other wealthy countries?

312 Given that the United States has placed dead last five times running in the Commonwealth Fund’s ranking of health-care systems in high-income countries, it’s hard to argue that they are twice as gifted at saving lives.

313 Dean Baker, a senior economist with the Center for Economic and Policy Research, [has a more plausible suggestion](#): “When economists like me look at medicine in America—whether we lean left or right politically—we see something that looks an awful lot like a cartel.”

314 Through their influence on the number of slots at medical schools, the availability of residencies, the licensing of foreign-trained doctors, and the role of nurse practitioners, physicians’ organizations can effectively limit the competition their own members face—and that is exactly what they do. ¶¶¶

315 Lawyers (or at least a certain elite subset of them) have apparently learned to play the same game.

316 Even after the collapse of the so-called law-school bubble, America’s lawyers are No. 1 in international salary rankings and earn more than twice as much, on average, as their wig-toting British colleagues.

317 The University of Chicago law professor Todd Henderson, writing for *Forbes* in 2016, [offered a blunt assessment](#): “The American Bar Association operates a state-approved cartel.” ¶¶¶

318 Similar occupational licensing schemes provide shelter for the meritorious in a variety of other sectors.

319 The policy researchers Brink Lindsey and Steven Teles detail the mechanisms in [The Captured Economy](#).

320 Dentists’ offices, for example, have a glass ceiling that limits what dental hygienists can do without supervision, keeping their bosses in the 9.9 percent.

321 Copyright and patent laws prop up profits and salaries in the education-heavy pharmaceutical, software, and entertainment sectors.

322 These arrangements are trifles, however, compared with what's on offer in tech and finance, two of the most powerful sectors of the economy. ¶¶¶

323 By now we're thankfully done with the tech-sector fairy tales in which whip-smart cowboys innovate the heck out of a stodgy status quo.

324 The reality is that five monster companies—you know the names—are worth about \$3.5 trillion combined, and represent more than 40 percent of the market capital on the nasdaq stock exchange.

325 Much of the rest of the technology sector consists of virtual entities waiting patiently to feed themselves to these beasts. ¶¶¶

326 Let's face it: This is Monopoly money with a smiley emoji.

327 Our society figured out some time ago how to deal with companies that attempt to corner the market on viscous substances like oil.

328 We don't yet know what to do with the monopolies that arise out of networks and scale effects in the information marketplace.

329 Until we do, the excess profits will stick to those who manage to get closest to the information honeypot.

330 You can be sure that these people will have a great deal of merit. ¶¶¶

331 The candy-hurling godfather of today's meritocratic class, of course, is the financial-services industry.

332 Americans now turn over \$1 of every \$12 in GDP to the financial sector; in the 1950s, the bankers were content to keep only \$1 out of \$40.

333 The game is more sophisticated than a two-fisted money grab, but its essence was made obvious during the 2008 financial crisis.

334 The public underwrites the risks; the financial gurus take a seat at the casino; and it's heads they win, tails we lose.

335 The financial system we now have is not a product of nature.

336 It has been engineered, over decades, by powerful bankers, for their own benefit and for that of their posterity. ¶¶¶

337 Who is not in on the game?

338 Auto workers, for example.

339 Caregivers.

340 Retail workers.

341 Furniture makers.

342 Food workers.

343 The wages of American manufacturing and service workers consistently hover in the middle of international rankings.

344 The exceptionalism of American compensation rates comes to an end in the kinds of work that do not require a college degree. ¶¶¶

345 You see, when educated people with excellent credentials band together to advance their collective interest, it's all part of serving the public good by ensuring a high quality of service, establishing fair working conditions, and giving merit its due.

346 That's why we do it through "associations," and with the assistance of fellow professionals wearing white shoes.

347 When working-class people do it—through unions—it’s a violation of the sacred principles
of the free market.

348 It’s thuggish and anti-modern.

349 Imagine if workers hired consultants and “compensation committees,” consisting of their
peers at other companies, to recommend how much they should be paid.

350 The result would be—well, we know what it would be, because that’s what CEOs do. ¶¶¶

351 It isn’t a coincidence that the education premium surged during the same years that
membership in trade unions collapsed.

352 In 1954, 28 percent of all workers were members of trade unions, but by 2017 that figure
was down to 11 percent. ¶¶¶

353 education—the thing itself, not the degree—is always good.

354 A genuine education opens minds and makes good citizens.

355 It ought to be pursued *for the sake of society*.

356 In our unbalanced system, however, education has been reduced to a private good,
justifiable only by the increments in graduates’ paychecks.

357 Instead of uniting and enriching us, it divides and impoverishes. ¶¶¶

358 Which is really just a way of saying that our worthy ideals of educational opportunity are
ultimately no match for the tidal force of the Gatsby Curve.

359 The metric that has tracked the rising college premium with the greatest precision is—
that’s right—intergenerational earnings elasticity, or IGE.

360 Across countries, the same correlation obtains: the higher the college premium, the lower
the social mobility. ¶¶¶

361 As I’m angling all the angles for my daughter’s college applications—the counselor is out,
and the SAT whisperer was never going to happen—I realize why this delusion of merit is
so hard to shake.

362 If I—I mean, she—can pull this off, well, there’s the proof that we deserve it!

363 If the system can be gamed, well then, our ability to game the system has become the
new test of merit. ¶¶¶

364 So go ahead and replace the SATs with shuffleboard on the high seas, or whatever you
want.

365 Who can doubt that we’d master that game, too?

366 How quickly would we convince ourselves of our absolute entitlement to the riches that
flow directly and tangibly from our shuffling talent?

367 How soon before we perfected the art of raising shuffleboard wizards?

368 Would any of us notice or care which way the ship was heading? ¶¶¶

369 Let’s suppose that some of us do look up.

370 We see the iceberg.

371 Will that induce us to diminish our exertions in supreme child-rearing?

372 The grim truth is that, as long as good parenting and good citizenship are in conflict,
we’re just going to pack a few more violins for the trip.

373 **5.**

374 **The Invisible Hand of Government**

375 As far as Grandfather was concerned, the assault on the productive classes began long before the New Deal.

376 It all started in 1913, with the ratification of the Sixteenth Amendment.

377 In case you've forgotten, that amendment granted the federal government the power to levy a direct personal-income tax.

378 It also happens that ratification took place just a few months after Grandfather was born, which made sense to me in a strange way.

379 By far the largest part of his lifetime income was attributable to his birth. ¶¶¶

380 Grandfather was a stockbroker for a time.

381 I eventually figured out that he mostly traded his own portfolio and bought a seat at the stock exchange for the purpose.

382 Politics was a hobby, too.

383 At one point, he announced his intention to seek the Republican nomination for lieutenant governor of Connecticut.

384 (It wasn't clear whether anybody outside the clubhouse heard him.)

385 What he really liked to do was fly.

386 The memories that mattered most to him were his years of service as a transport pilot during World War II.

387 Or the time he and Grandmother took to the Midwestern skies in a barnstorming plane.

388 My grandparents never lost faith in the limitless possibilities of a life free from government.

389 But in their last years, as the reserves passed down from the Colonel ran low, they became pretty diligent about collecting their Social Security and Medicare benefits. ¶¶¶

390 There is a page in the book of American political thought—Grandfather knew it by heart—that says we must choose between government and freedom.

391 But if you read it twice, you'll see that what it really offers is a choice between government you can see and government you can't.

392 Aristocrats always prefer the invisible kind of government.

393 It leaves them free to exercise their privileges.

394 We in the 9.9 percent have mastered the art of getting the government to work for us even while complaining loudly that it's working for those *other* people. ¶¶¶

395 Consider, for starters, the greatly exaggerated reports of our tax burdens.

396 On guest panels this past holiday season, apologists for the latest round of upwardly aimed tax cuts offered versions of Mitt Romney's claim that the 47 percent of Americans who pay no federal income tax in a typical year have "no skin in the game."

397 Baloney.

398 Sure, the federal individual-income tax, which raised \$1.6 trillion last year, remains progressive.

399 But the \$1.2 trillion raised by the payroll tax hits all workers—but not investors, such as Romney—and it hits those making lower incomes at a higher rate, thanks to a cap on the amount of income subject to the tax.

400 Then there's the \$2.3 trillion raised by state and local governments, much of it collected

through regressive sales and property taxes.

- 401 The poorest quintile of Americans [pays more than twice the rate of state taxes as the top 1 percent does](#), and about half again what the top 10 percent pays. ¶¶¶
- 402 Our false protests about paying all the taxes, however, sound like songs of innocence compared with our mastery of the art of having the taxes returned to us.
- 403 The income-tax system that so offended my grandfather has had the unintended effect of creating a highly discreet category of government expenditures.
- 404 They're called "tax breaks," but it's better to think of them as handouts that spare the government the inconvenience of collecting the money in the first place.
- 405 In theory, tax expenditures can be used to support any number of worthy social purposes, and a few of them, such as the earned income-tax credit, do actually go to those with a lower income.
- 406 But more commonly, because their value is usually a function of the amount of money individuals have in the first place, and those individuals' marginal tax rates, the benefits flow uphill. ¶¶¶
- 407 Let us count our blessings: Every year, the federal government doles out tax expenditures through deductions for retirement savings (worth \$137 billion in 2013); employer-sponsored health plans (\$250 billion); mortgage-interest payments (\$70 billion); and, sweetest of all, income from watching the value of your home, stock portfolio, and private-equity partnerships grow (\$161 billion).
- 408 In total, federal tax expenditures exceeded \$900 billion in 2013.
- 409 That's more than the cost of Medicare, more than the cost of Medicaid, more than the cost of all other federal safety-net programs put together.
- 410 And—such is the beauty of the system—51 percent of those handouts went to the top quintile of earners, and 39 percent to the top decile. ¶¶¶
- 411 The best thing about this program of reverse taxation, as far as the 9.9 percent are concerned, is that the bottom 90 percent haven't got a clue.
- 412 The working classes get riled up when they see someone at the grocery store flipping out their food stamps to buy a T-bone.
- 413 They have no idea that a nice family on the other side of town is walking away with \$100,000 for flipping their house. ¶¶¶
- 414 But wait, there's more!
- 415 Let's not forget about the kids.
- 416 If the secrets of a nation's soul may be read from its tax code, then our nation must be in love with the children of rich people.
- 417 The 2017 tax law raises the amount of money that married couples can pass along to their heirs tax-free from a very generous \$11 million to a magnificent \$22 million.
- 418 Correction: It's not merely tax-free; it's tax-subsidized.
- 419 The unrealized tax liability on the appreciation of the house you bought 40 years ago, or on the stock portfolio that has been gathering moths—all of that disappears when you pass the gains along to the kids.
- 420 Those foregone taxes cost the United States Treasury \$43 billion in 2013 alone—about three times the amount spent on the Children's Health Insurance Program. ¶¶¶
- 421 Grandfather's father, the Colonel, died in 1947, when the maximum estate-tax rate was a

now-unheard-of 77 percent.

422 When the remainder was divvied up among four siblings, Grandfather had barely enough
to pay for the Bentley and keep up with dues at the necessary clubs.

423 The government made sure that I would grow up in the middle class.

424 And for that I will always be grateful.

425 **6.**

426 **The Gilded Zip Code**

427 From my Brookline home, it's a pleasant, 10-minute walk to get a haircut.

428 Along the way, you pass immense elm trees and brochure-ready homes beaming in their
reclaimed Victorian glory.

429 Apart from a landscaper or two, you are unlikely to spot a human being in this wilderness
of oversize closets, wood-paneled living rooms, and Sub-Zero refrigerators.

430 If you do run into a neighbor, you might have a conversation like this: "Our kitchen
remodel went way over budget.

431 We had to fight just to get the tile guy to show up!"

432 "I know!

433 We ate Thai takeout for a month because the gas guy's car kept breaking down!"

434 You arrive at the Supercuts fresh from your stroll, but the nice lady who cuts your hair is
looking stressed.

435 You'll discover that she commutes an hour through jammed highways to work.

436 The gas guy does, too, and the tile guy comes in from another state.

437 None of them can afford to live around here.

438 The rent is too damn high. ¶¶¶

439 From 1980 to 2016, [home values](#) in Boston multiplied 7.6 times.

440 When you take account of inflation, they generated a return of 157 percent to their
owners.

441 San Francisco returned 162 percent in real terms over the same period; New York, 115
percent; and Los Angeles, 114 percent.

442 If you happen to live in a neighborhood like mine, you are surrounded by people who
consider themselves to be real-estate geniuses.

443 (That's one reason we can afford to make so many mistakes in the home-renovation
department.)

444 If you live in St. Louis (3 percent) or Detroit (minus 16 percent), on the other hand, you
weren't so smart.

445 In 1980, a house in St. Louis would trade for a decent studio apartment in Manhattan.

446 Today that house will buy an 80-square-foot bathroom in the Big Apple. ¶¶¶

447 The returns on (the right kind of) real estate have been so extraordinary that, according to
some economists, real estate alone may account for essentially all of the increase in
wealth concentration over the past half century.

448 It's not surprising that the values are up in the major cities: These are the gold mines of
our new economy.

449 Yet there is a paradox.

450 The rent is so high that people—notably people in the middle class—are leaving town rather than working the mines.

451 From 2000 to 2009, the San Francisco Bay Area had some of the highest salaries in the nation, and yet it lost 350,000 residents to lower-paying regions.

452 Across the United States, the journalist and economist Ryan Avent writes in [The Gated City](#), “the best opportunities are found in one place, and for some reason most Americans are opting to live in another.”

453 According to estimates from the economists Enrico Moretti and Chang-Tai Hsieh, the migration away from the productive centers of New York, San Francisco, and San Jose alone [lopped 9.7 percent off total U.S. growth from 1964 to 2009](#).

454 It is well known by now that the immediate cause of the insanity is the unimaginable pettiness of backyard politics.

455 Local zoning regulation imposes excessive restrictions on housing development and drives up prices.

456 What is less well understood is how central the process of depopulating the economic core of the nation is to the intertwined stories of rising inequality and falling social mobility. ¶¶¶

457 Real-estate inflation has brought with it a commensurate increase in economic segregation.

458 Every hill and dale in the land now has an imaginary gate, and it tells you up front exactly how much money you need to stay there overnight.

459 Educational segregation has accelerated even more.

460 In my suburb of Boston, 53 percent of adults have a graduate degree.

461 In the suburb just south, that figure is 9 percent. ¶¶¶

462 This economic and educational sorting of neighborhoods is often represented as a matter of personal preference, as in red people like to hang with red, and blue with blue.

463 In reality, it’s about the consolidation of wealth in all its forms, starting, of course, with money.

464 Gilded zip codes are located next to giant cash machines: a too-big-to-fail bank, a friendly tech monopoly, and so on.

465 Local governments, which collected a record \$523 billion in property taxes in 2016, make sure that much of the money stays close to home. ¶¶¶

466 But proximity to economic power isn’t just a means of hoarding the pennies; it’s a force of natural selection.

467 Gilded zip codes deliver higher life expectancy, more-useful social networks, and lower crime rates.

468 Lengthy commutes, by contrast, cause obesity, neck pain, stress, insomnia, loneliness, and divorce, as Annie Lowrey reported in *Slate*.

469 One study found that a commute of 45 minutes or longer by one spouse [increased the chance of divorce by 40 percent](#). ¶¶¶

470 Nowhere are the mechanics of the growing geographic divide more evident than in the system of primary and secondary education.

471 Public schools were born amid hopes of opportunity for all; the best of them have now

been effectively reprivatized to better serve the upper classes.

472 According to a widely used school-ranking service, out of more than 5,000 public elementary schools in California, the top 11 are located in Palo Alto.

473 They're free and open to the public.

474 All you have to do is move into a town where the median home value is \$3,211,100.

475 Scarsdale, New York, looks like a steal in comparison: The public high schools in that area funnel dozens of graduates to Ivy League colleges every year, and yet the median home value is a mere \$1,403,600. ¶¶¶

476 Racial segregation has declined with the rise of economic segregation.

477 We in the 9.9 percent are proud of that.

478 What better proof that we care only about merit?

479 But we don't really want too much proof.

480 Beyond a certain threshold—5 percent minority or 20 percent, it varies according to the mood of the region—neighborhoods suddenly go completely black or brown.

481 It is disturbing, but perhaps not surprising, to find that social mobility is lower in regions with high levels of racial segregation.

482 The fascinating revelation in the data, however, is that the damage isn't limited to the obvious victims.

483 [According to Raj Chetty's research team](#), "There is evidence that higher racial segregation is associated with lower social mobility for white people."

484 The relationship doesn't hold in every zone of the country, to be sure, and is undoubtedly the statistical reflection of a more complex set of social mechanisms.

485 But it points to a truth that America's 19th-century slaveholders understood very well: Dividing by color remains an effective way to keep all colors of the 90 percent in their place. ¶¶¶

486 With localized wealth comes localized political power, and not just of the kind that shows up in voting booths.

487 Which brings us back to the depopulation paradox.

488 Given the social and cultural capital that flows through wealthy neighborhoods, is it any wonder that we can defend our turf in the zoning wars?

489 We have lots of ways to make that sound public-spirited.

490 It's all about saving the local environment, preserving the historic character of the neighborhood, and avoiding overcrowding.

491 In reality, it's about hoarding power and opportunity inside the walls of our own castles.

492 This is what aristocracies do. ¶¶¶

493 Zip code is who we are.

494 It defines our style, announces our values, establishes our status, preserves our wealth, and allows us to pass it along to our children.

495 It's also slowly strangling our economy and killing our democracy.

496 It is the brick-and-mortar version of the Gatsby Curve.

497 The traditional story of economic growth in America has been one of arriving, building, inviting friends, and building some more.

498 The story we're writing looks more like one of slamming doors shut behind us and slowly suffocating under a mass of commercial-grade kitchen appliances.

499 **7.**

500 **Our Blind Spot**

501 In my family, Aunt Sarah was the true believer.

502 According to her version of reality, the family name was handed down straight from the ancient kings of Scotland.

503 Great-great-something-grandfather William Stewart, a soldier in the Continental Army, was seated at the right hand of George Washington.

504 And Sarah herself was somehow descended from "Pocahontas's sister."

505 The stories never made much sense.

506 But that didn't stop Sarah from believing in them.

507 My family had to be special for a reason. ¶¶¶

508 The 9.9 percent are different.

509 We don't delude ourselves about the ancient sources of our privilege.

510 That's because, unlike Aunt Sarah and her imaginary princesses, we've convinced ourselves that we don't have any privilege at all. ¶¶¶

511 Consider the reception that at least some members of our tribe have offered to those who have foolishly dared to draw attention to our advantages.

512 Last year, when the Brookings Institution researcher Richard V. Reeves, following up on his book *Dream Hoarders*, [told the readers of *The New York Times* to "Stop Pretending You're Not Rich,"](#) many of those readers accused him of engaging in "class warfare," of writing "a meaningless article," and of being "rife with guilt." ¶¶¶

513 In her incisive portrait of my people, *Uneasy Street*, the sociologist Rachel Sherman documents the syndrome.

514 A number among us, when reminded of our privilege, respond with a counternarrative that generally goes like this: *I was born in the street.*

515 *I earned everything all by myself.*

516 *I barely get by on my \$250,000 salary.*

517 *You should see the other parents at our kids' private school.* ¶¶¶

518 In part what we have here is a listening problem.

519 Americans have trouble telling the difference between a social critique and a personal insult.

520 Thus, a writer points to a broad social problem with complex origins, and the reader responds with, "What, you want to punish me for my success?" ¶¶¶

521 In part, too, we're seeing some garden-variety self-centeredness, enabled by the usual cognitive lapses.

522 Human beings are very good at keeping track of their own struggles; they are less likely to know that individuals on the other side of town are working two minimum-wage jobs to stay afloat, not watching *Simpsons* reruns all day.

523 Human beings have a simple explanation for their victories: *I did it.*

524 They easily forget the people who handed them the crayon and set them up for success.

525 Human beings of the 9.9 percent variety also routinely conflate the stress of status competition with the stress of survival.

526 No, failing to get your kid into Stanford is not a life-altering calamity. ¶¶¶

527 The recency of it all may likewise play a role in our failure to recognize our growing privileges.

528 It has taken less than one lifetime for the (never fully formed) meritocracy to evolve into a (fledgling) aristocracy.

529 Class accretes faster than we think.

530 It's our awareness that lags, trapping us within the assumptions into which we were born. ¶¶¶

531 And yet, even allowing for these all-too-human failures of cognition, the cries of anguish that echo across the soccer fields at the mere suggestion of unearned privilege are too persistent to ignore.

532 Fact-challenged though they may be, they speak to a certain, deeper truth about life in the 9.9 percent.

533 What they are really telling us is that being an aristocrat is not quite what it is cracked up to be. ¶¶¶

534 A strange truth about the Gatsby Curve is that even as it locks in our privileges, it doesn't seem to make things all that much easier.

535 I know it wasn't all that easy growing up in the Colonel's household, for example.

536 The story that Grandfather repeated more than any other was the one where, following some teenage misdemeanor of his, his father, the 250-pound, 6-foot-something onetime Rough Rider, smacked him so hard that he sailed clear across the room and landed flat on the floor.

537 Everything—anything—seemed to make the Colonel angry. ¶¶¶

538 Jay Gatsby might have understood.

539 Life in West Egg is never as serene as it seems.

540 The Princeton man—that idle prince of leisure who coasts from prep school to a life of ease—is an invention of our lowborn ancestors.

541 It's what they thought they saw when they were looking up.

542 West Eggers understand very well that a bad move or an unlucky break (or three or four) can lead to a steep descent.

543 We know just how expensive it is to live there, yet living off the island is unthinkable.

544 We have intuited one of the fundamental paradoxes of life on the Gatsby Curve: The greater the inequality, the less your money buys. ¶¶¶

545 We feel in our bones that class works only for itself; that every individual is dispensable; that some of us will be discarded and replaced with fresh blood.

546 This insecurity of privilege only grows as the chasm beneath the privileged class expands.

547 It is the restless engine that drives us to invest still more time and energy in the walls that will keep us safe by keeping others out. ¶¶¶

548 Here's another fact of life in West Egg: Someone is always above you.

549 In Gatsby's case, it was the old-money people of East Egg.

550 In the Colonel's case, it was John D. Rockefeller Jr. You're always trying to please them,

and they're always ready to pull the plug. ¶¶¶

551 The source of the trouble, considered more deeply, is that we have traded rights for privileges.

552 We're willing to strip everyone, including ourselves, of the universal right to a good education, adequate health care, adequate representation in the workplace, genuinely equal opportunities, because we think we can win the game.

553 But who, really, in the end, is going to win this slippery game of escalating privileges? ¶¶¶

554 Under the circumstances, delusions are understandable.

555 But that doesn't make them salutary, as Aunt Sarah discovered too late.

556 Even as the last few pennies of the Colonel's buck trickled down to my father's generation, she still had the big visions that corresponded to her version of the family mythology.

557 Convinced that she had inherited a head for business, she bet her penny on the dot-com bubble.

558 In her final working years, she donned a red-and-black uniform and served burgers at a Wendy's in the vicinity of Jacksonville, Florida.

559 **8.**

560 **The Politics of Resentment**

561 The political theology of the meritocracy has no room for resentment.

562 We are taught to run the competition of life with our eyes on the clock and not on one another, as if we were each alone.

563 If someone scores a powerboat on the Long Island waterways, so much the better for her.

564 The losers will just smile and try harder next time. ¶¶¶

565 In the real world, we humans are always looking from side to side.

566 We are intensely conscious of what other people are thinking and doing, and conscious to the point of preoccupation with what they think about us.

567 Our status is visible only through its reflection in the eyes of others. ¶¶¶

568 Perhaps the best evidence for the power of an aristocracy is to be found in the degree of resentment it provokes.

569 By that measure, the 9.9 percent are doing pretty well indeed.

570 The surest sign of an increase in resentment is a rise in political division and instability.

571 We're positively acing that test.

572 You can read all about it in the headlines of the past two years. ¶¶¶

573 The 2016 presidential election marked a decisive moment in the history of resentment in the United States.

574 In the person of Donald Trump, resentment entered the White House.

575 It rode in on the back of an alliance between a tiny subset of super-wealthy 0.1 percenters (not all of them necessarily American) and a large number of 90 percenters who stand for pretty much everything the 9.9 percent are not. ¶¶¶

576 According to exit polls by CNN and Pew, Trump won white voters by about 20 percent.

577 But these weren't just any old whites (though they were old, too).

578 The first thing to know about the substantial majority of them is that they weren't the winners in the new economy.

579 To be sure, for the most part they weren't poor either.

580 But they did have reason to feel judged by the market—and found wanting.

581 The counties that supported Hillary Clinton represented an astonishing 64 percent of the GDP, while Trump counties accounted for a mere 36 percent.

582 Aaron Terrazas, a senior economist at Zillow, [found](#) that the median home value in Clinton counties was \$250,000, while the median in Trump counties was \$154,000.

583 When you adjust for inflation, Clinton counties enjoyed real-estate price appreciation of 27 percent from January 2000 to October 2016; Trump counties got only a 6 percent bump. ¶¶¶

584 The residents of Trump country were also the losers in the war on human health.

585 According to Shannon Monnat, an associate professor of sociology at Syracuse, the Rust Belt counties that put the anti-government-health-care candidate over the top were those that [lost the most people in recent years to deaths of despair](#)—those due to alcohol, drugs, and suicide. ¶¶¶

586 To make all of America as great as Trump country, you would have to torch about a quarter of total GDP, wipe a similar proportion of the nation's housing stock into the sea, and lose a few years in life expectancy.

587 There's a reason why one of Trump's favorite words is *unfair*.

588 That's the only word resentment wants to hear. ¶¶¶

589 Even so, the distinguishing feature of Trump's (white) voters wasn't their income but their education, or lack thereof.

590 Pew's latest analysis indicates that Trump lost college-educated white voters by a humiliating 17 percent margin.

591 But he got revenge with non-college-educated whites, whom he captured by a stomping 36 percent margin.

592 According to an analysis by Nate Silver, [the 50 most educated counties in the nation surged to Clinton](#): In 2012, Obama had won them by a mere 17 percentage points; Clinton took them by 26 points.

593 The 50 least educated counties moved in the opposite direction; whereas Obama had lost them by 19 points, Clinton lost them by 31.

594 Majority-minority counties split the same way: The more educated moved toward Clinton, and the less educated toward Trump. ¶¶¶

595 The historian Richard Hofstadter drew attention to *Anti-intellectualism in American Life* in 1963; Susan Jacoby warned in 2008 about *The Age of American Unreason*; and Tom Nichols announced *The Death of Expertise* in 2017.

596 In Trump, the age of unreason has at last found its hero.

597 The "self-made man" is always the idol of those who aren't quite making it.

598 He is the sacred embodiment of the American dream, the guy who answers to nobody, the poor man's idea of a rich man.

599 It's the educated phonies this group can't stand.

600 With his utter lack of policy knowledge and belligerent commitment to maintaining his ignorance, Trump is the perfect representative for a population whose idea of good

governance is just to scramble the eggheads.

601 When reason becomes the enemy of the common man, the common man becomes the enemy of reason. ¶¶¶

602 Did I mention that the common man is white?

603 That brings us to the other side of American-style resentment.

604 You kick down, and then you close ranks around an imaginary tribe.

605 The problem, you say, is the moochers, the snakes, the handout queens; the solution is the flag and the religion of your (white) ancestors.

606 According to a survey by the political scientist Brian Schaffner, Trump crushed it among voters who “strongly disagree” that “white people have advantages because of the color of their skin,” as well as among those who “strongly agree” that “women seek to gain power over men.”

607 It’s worth adding that these responses measure not racism or sexism directly, but rather resentment.

608 They’re good for picking out the kind of people who will vehemently insist that they are the least racist or sexist person you have ever met, even as they vote for a flagrant racist and an accused sexual predator. ¶¶¶

609 No one is born resentful.

610 As mass phenomena, racism, xenophobia, anti-intellectualism, narcissism, irrationalism, and all other variants of resentment are as expensive to produce as they are deadly to democratic politics.

611 Only long hours of television programming, intelligently manipulated social-media feeds, and expensively sustained information bubbles can actualize the unhappy dispositions of humanity to the point where they may be fruitfully manipulated for political gain.

612 Racism in particular is not just a legacy of the past, as many Americans would like to believe; it also must be constantly reinvented for the present.

613 Mass incarceration, fearmongering, and segregation are not just the results of prejudice, but also the means of reproducing it. ¶¶¶

614 The raging polarization of American political life is not the consequence of bad manners or a lack of mutual understanding.

615 It is just the loud aftermath of escalating inequality.

616 It could not have happened without the 0.1 percent (or, rather, an aggressive subset of its members).

617 Wealth always preserves itself by dividing the opposition.

618 The Gatsby Curve does not merely cause barriers to be built on the ground; it mandates the construction of walls that run through other people’s minds. ¶¶¶

619 But that is not to let the 9.9 percent off the hook.

620 We may not be the ones funding the race-baiting, but we are the ones hoarding the opportunities of daily life.

621 We are the staff that runs the machine that funnels resources from the 90 percent to the 0.1 percent.

622 We’ve been happy to take our cut of the spoils.

623 We’ve looked on with smug disdain as our labors have brought forth a population prone

to resentment and ripe for manipulation.

624 We should be prepared to embrace the consequences. ¶¶¶

625 The first important thing to know about these consequences is the most obvious:
Resentment is a solution to nothing.

626 It isn't a program of reform.

627 It isn't "populism."

628 It is an affliction of democracy, not an instance of it.

629 The politics of resentment is a means of increasing inequality, not reducing it.

630 Every policy change that has waded out of the Trump administration's baffling morass of incompetence makes this clear.

631 The new tax law; the executive actions on the environment and telecommunications, and on financial-services regulation; the judicial appointments of conservative ideologues—all will have the effect of keeping the 90 percent toiling in the foothills of merit for many years to come. ¶¶¶

632 The second thing to know is that we are next in line for the chopping block.

633 As the population of the resentful expands, the circle of joy near the top gets smaller.

634 The people riding popular rage to glory eventually realize that we are less useful to them as servants of the economic machine than we are as model enemies of the people.

635 The anti-blue-state provisions of the recent tax law have miffed some members of the 9.9 percent, but they're just a taste of the bad things that happen to people like us as the politics of resentment unfolds. ¶¶¶

636 The past year provides ample confirmation of the third and most important consequence of the process: instability.

637 Unreasonable people also tend to be ungovernable.

638 I won't belabor the point.

639 Just try doing a frequency search on the phrase *constitutional crisis* over the past five years.

640 That's the thing about the Gatsby Curve.

641 You think it's locking all of your gains in place.

642 But the crystallization process actually has the effect of making the whole system more brittle.

643 If you look again at history, you can get a sense of how the process usually ends.

644 **9.**

645 **How Aristocracies Fall**

646 For months, Colonel Robert W. Stewart dodged the subpoenas.

647 He was in Mexico or South America, undertaking business negotiations so sensitive that revealing his precise location would jeopardize the national interest, or so said his lawyer.

648 Senator Thomas J. Walsh of Montana at last dragged the lawyer to the stand and presented him with clippings from the gossip columns of the Havana newspapers, complete with incriminating photographs.

649 The Colonel, always known to appreciate a good horse, was apparently quite the fixture at the Jockey Club.

650 His smile had also flashed for the cameras at an impressive round of luncheons and dinners, and an evening ball at the Havana Yacht Club. ¶¶¶

651 When the senators finally roped the Colonel in for questioning about those shell-company bonds that had spread like bedbugs through the political ecosystem, he let them know just who was in charge.

652 “I do not think that the line of interrogation by this committee is within the jurisdiction of the committee under the laws of the United States,” he declared.

653 Even so, he added, as if proffering a favor, he did not “personally receive any of these bonds.”

654 Which was not, on any ordinary construction of the English language, true. ¶¶¶

655 The twilight of the fabled Stewart dynasty was not glorious.

656 A fancy lawyer got the Colonel “aquibbled” from charges of contempt, as one journalist sneered, but Rockefeller Jr. wasn’t ready to forgive him the public-relations fiasco.

657 After an epic but futile battle for the hearts of shareholders, the Colonel hung up his spurs and retreated for life to the family compound in Nantucket. ¶¶¶

658 None of which changed the reality that the Teapot Dome scandal, with its bribes and kickbacks and sweetheart deals for rich oilmen, made plain.

659 Under the immense pressure of the Gatsby Curve, American democracy was on the ropes.

660 The people in charge were the people with the money.

661 Ultimately, what the money men of the 1920s wanted is what money men always want.

662 And their servants delivered.

663 The Calvin Coolidge administration passed a huge tax cut in 1926, making sure that everyone could go home with his winnings.

664 The rich seemed to think they had nothing else to worry about—until October 1929. ¶¶¶

665 Where were the 90 percent during these acts of plunder?

666 An appreciable number of them could be found at Ku Klux Klan rallies.

667 And as far as the most vocal (though not necessarily the largest) part of the 90 percent was concerned, America’s biggest problems were all due to the mooching hordes of immigrants.

668 You know, the immigrants whose grandchildren have come to believe that America’s biggest problems now are all due to the mooching hordes of immigrants. ¶¶¶

669 The toxic wave of wealth concentration that arose in the Gilded Age and crested in the 1920s finally crashed on the shoals of depression and war.

670 Today we like to think that the social-welfare programs that were planted by the New Deal and that blossomed in the postwar era were the principal drivers of a new equality.

671 But the truth is that those efforts belong more to the category of effects than causes.

672 Death and destruction were the real agents of change.

673 The financial collapse knocked the wealthy back several steps, and war empowered labor—above all working women. ¶¶¶

674 That gilded, roaring surge of destruction was by no means the first such destabilizing wave of inequality to sweep through American history.

675 In the first half of the 19th century, the largest single industry in the United States, measured in terms of both market capital and employment, was the enslavement (and the breeding for enslavement) of human beings.

676 Over the course of the period, the industry became concentrated to the point where fewer than 4,000 families (roughly 0.1 percent of the households in the nation) owned about a quarter of this "human capital," and another 390,000 (call it the 9.9 percent, give or take a few points) owned all of the rest. ¶¶¶

677 The slaveholding elite were vastly more educated, healthier, and had much better table manners than the overwhelming majority of their fellow white people, never mind the people they enslaved.

678 They dominated not only the government of the nation, but also its media, culture, and religion.

679 Their votaries in the pulpits and the news networks were so successful in demonstrating the sanctity and beneficence of the slave system that millions of impoverished white people with no enslaved people to call their own conceived of it as an honor to lay down their life in the system's defense. ¶¶¶

680 That wave ended with 620,000 military deaths, and a lot of property damage.

681 It did level the playing field in the American South for a time—though the process began to reverse itself all too swiftly.

682 The United States, to be clear, is hardly the most egregious offender in the annals of human inequality.

683 The European nations from which the colonists of North America emigrated had known a degree of inequality and instability that Americans would take more than a century to replicate.

684 Whether in ancient Rome or the Near East, Asia or South America, the plot remains the same.

685 In *The Great Leveler*, the historian Walter Scheidel makes a disturbingly good case that inequality has reliably ended only in catastrophic violence: wars, revolutions, the collapse of states, or plagues and other disasters.

686 It's a depressing theory.

687 Now that a third wave of American inequality appears to be cresting, how much do we want to bet that it's not true? ¶¶¶

688 The belief in our own novelty is one of the defining characteristics of our class.

689 It mostly means that we don't know our predecessors very well.

690 I had long assumed that the Colonel was descended from a long line of colonels, each passing down his immense sense of entitlement to the next.

691 Aunt Sarah's propaganda was more effective than I knew. ¶¶¶

692 Robert W. Stewart was born in 1866 on a small farm in Iowa and raised on the early mornings and long hours of what Paul Henry Giddens, a historian of Standard Oil of Indiana, politely describes as "very modest circumstances."

693 The neighbors, seeing that the rough-cut teenager had something special, pitched in to send him to tiny Coe College, in the meatpacking town of Cedar Rapids.

694 It would be hard not to believe that the urgent need to win at everything was already driving the train when the scholarship boy arrived at Yale Law School a few years later.

695 The flashbulbs at the Havana Yacht Club captured a pose that was perhaps first glimpsed

in a scratchy mirror somewhere in the silent plains of the Midwest.

696 **10.**

697 **The Choice**

698 I like to think that the ending of *The Great Gatsby* is too down-beat.

699 Even if we are doomed to row our boats ceaselessly back into the past, how do we know which part of the past that will be? ¶¶¶

700 History shows us a number of aristocracies that have made good choices.

701 The 9.9 percenters of ancient Athens held off the dead tide of the Gatsby Curve for a time, even if *democracy* wasn't quite the right word for their system of government.

702 America's first generation of revolutionaries was mostly 9.9 percenters, and yet they turned their backs on the man at the very top in order to create a government of, by, and for the people.

703 The best revolutions do not start at the bottom; they are the work of the upper-middle class. ¶¶¶

704 These exceptions are rare, to be sure, and yet they are the story of the modern world.

705 In total population, average life expectancy, material wealth, artistic expression, rates of violence, and almost every other measure that matters for the quality of human life, the modern world is a dramatically different place than anything that came before.

706 Historians offer many complicated explanations for this happy turn in human events—the steam engine, microbes, the weather—but a simple answer precedes them all: equality.

707 The history of the modern world is the unfolding of the idea at the vital center of the American Revolution. ¶¶¶

708 The defining challenge of our time is to renew the promise of American democracy by reversing the calcifying effects of accelerating inequality.

709 As long as inequality rules, reason will be absent from our politics; without reason, none of our other issues can be solved.

710 It's a world-historical problem.

711 But the solutions that have been put forward so far are, for the most part, shoebox in size. ¶¶¶

712 Well-meaning meritocrats have proposed new and better tests for admitting people into their jewel-encrusted classrooms.

713 Fine—but we aren't going to beat back the Gatsby Curve by tweaking the formulas for excluding people from fancy universities.

714 Policy wonks have taken aim at the more-egregious tax-code handouts, such as the mortgage-interest deduction and college-savings plans.

715 Good—and then what?

716 Conservatives continue to recycle the characterological solutions, like celebrating traditional marriage or bringing back that old-time religion.

717 Sure—reforging familial and community bonds is a worthy goal.

718 But talking up those virtues won't save any families from the withering pressures of a rigged economy.

719 Meanwhile, coffee-shop radicals say they want a revolution.

720 They don't seem to appreciate that the only simple solutions are the incredibly violent

and destructive ones. ¶¶¶

721 The American idea has always been a guide star, not a policy program, much less a reality.

722 The rights of human beings never have been and never could be permanently established in a handful of phrases or old declarations.

723 They are always rushing to catch up to the world that we inhabit.

724 In our world, now, we need to understand that access to the means of sustaining good health, the opportunity to learn from the wisdom accumulated in our culture, and the expectation that one may do so in a decent home and neighborhood are not privileges to be reserved for the few who have learned to game the system.

725 They are rights that follow from the same source as those that an earlier generation called life, liberty, and the pursuit of happiness. ¶¶¶

726 Yes, the kind of change that really matters is going to require action from the federal government.

727 That which creates monopoly power can also destroy it; that which allows money into politics can also take it out; that which has transferred power from labor to capital can transfer it back.

728 Change also needs to happen at the state and local levels.

729 How else are we going to open up our neighborhoods and restore the public character of education? ¶¶¶

730 It's going to take something from each of us, too, and perhaps especially from those who happen to be the momentary winners of this cycle in the game.

731 We need to peel our eyes away from the mirror of our own success and think about what we can do in our everyday lives for the people who aren't our neighbors.

732 We should be fighting for opportunities for other people's children as if the future of our own children depended on it.

733 It probably does.

734 *This article appears in the June 2018 print edition with the headline "The Birth of a New American Aristocracy."*

735 [The Atlantic](#) · by Matthew Stewart · May 18, 2018