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Opinion

The Paradox of the New Elite

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IT'S a puzzle: one dispossessed group after another — blacks, women, Hispanics and gays — has been gradually accepted in the United States, granted equal rights and brought into the mainstream.

At the same time, in economic terms, the United States has gone from being a comparatively egalitarian society to one of the most unequal democracies in the world.

The two shifts are each huge and hugely important: one shows a steady march toward democratic inclusion, the other toward a tolerance of economic stratification that would have been unthinkable a generation ago.

The United States prides itself on the belief that “anyone can be president,” and what better example than Barack Obama, son of a black Kenyan immigrant and a white American mother — neither of them rich.

And yet more than half the presidents over the past 110 years attended Harvard, Yale or Princeton and graduates of Harvard and Yale have had a lock on the White House for the last 23 years, across four presidencies. Thus we have become both more inclusive and more elitist.

It's a surprising contradiction. Is the confluence of these two movements a mere historical accident? Or are the two trends related?

Other nations seem to face the same challenge: either inclusive, or economically just. Europe has maintained much more economic equality but is struggling greatly with inclusiveness and discrimination, and is far less open to minorities than is the United States.

European countries have done a better job of protecting workers' salaries and rights but have been reluctant to extend the benefits of their generous welfare state to new immigrants who look and act differently from them. Could America's lost enthusiasm for income redistribution and progressive taxation be in part a reaction to sharing resources with traditionally excluded groups?

"I do think there is a trade-off between inclusion and equality," said Gary Becker, a professor of economics at the University of Chicago and a Nobel laureate. "I think if you are a German worker you are better off than your American equivalent, but if you are an immigrant, you are better off in the U.S."

PROFESSOR Becker, a celebrated free-market conservative, wrote his Ph.D. dissertation (and first book, "The Economics of Discrimination") to demonstrate that racial discrimination was economically inefficient. American business leaders seem to have learned that there is no money to be made in exclusion: bringing in each new group has simply created new consumers to court. If you can capture nearly three-quarters of the economy's growth — as the top 1 percent did between 2002 and 2006 — it may not be worth worrying about gay marriage or skin color.

"I think we have become more meritocratic — educational attainment has become increasingly predictive of economic success," Professor Becker said. But with educational attainment going increasingly to the children of the affluent and educated, we appear to be developing a self-perpetuating elite that reaps a greater and greater share of financial rewards. It is a hard-working elite, and more diverse than the old white male Anglo-Saxon establishment — but nonetheless claims a larger share of the national income than was the case 50 years ago, when blacks, Jews and women were largely shut out of powerful institutions.

Inequality and inclusion are both as American as apple pie, says Jerome Karabel, a professor of sociology at the University of California, Berkeley, and author of "The Chosen," about the history of admission to Harvard, Yale and Princeton. "I don't think any advanced democracy is as obsessed with equality of opportunity or as relatively unconcerned with equality of condition," he says. "As long as everyone has a chance to compete, we shouldn't worry about equality. Equality of condition is seen as undesirable, even un-American."

The long history of racial discrimination represented an embarrassing contradiction — and a serious threat — to our national story of equal opportunity. With Jim Crow laws firmly in place it was hard to seriously argue that everyone had an equal chance. Civil rights leaders like the Rev. Dr. Martin Luther King Jr. were able to use this tradition to draw support to their causes. "Given our culture of equality of opportunity, these kinds of

rights-based arguments are almost impossible to refute,” Professor Karabel said. “Even in today’s conservative political climate, opponents of gay rights are losing ground.”

The removal of traditional barriers opened up the American system. In 1951 blacks made up less than 1 percent of the students at America’s Ivy League colleges. Today they make up about 8 percent. At the same time, America’s elite universities are increasingly the provinces of the well-to-do. “Looking at the data, you see that the freshman class of our top colleges are more and more made up of the children of upper- and upper-middle-class families,” said Thomas J. Espenshade of Princeton, a sociologist.

Even the minority students are more affluent, he noted; many of them are of mixed race, or the children of immigrants or those who benefited from affirmative action.

Shamus Khan, a sociologist at Columbia and the author of “Privilege,” a book about St. Paul’s, the prep school, agreed that there had been a change in the composition of the elite. “Who is at elite schools seems to have shifted,” he said. “But the elite seem to have a firmer and firmer hold on our nation’s wealth and power.”

Still the relatively painless movement toward greater diversity should not be dismissed as mere window dressing.

“After the immigration reform of 1965, this country went from being the United States of Europe to being the United States of the World. All with virtually no violence and comparatively little trauma,” Professor Karabel said. This is no small thing, particularly when you compare it to the trauma experienced by many European societies in absorbing much lower percentages of foreign-born citizens, few of whom have penetrated their countries’ elites.

Moreover, [inequality](#) has grown partly for reasons that have little or nothing to do with inclusion. Almost all advanced industrial societies — even Sweden — have become more unequal. But the United States has become considerably more unequal. In Europe, the rights of labor have remained more central, while the United States has seen the rise of identity politics.

“There is much less class-based organization in the U.S.,” said Professor Karabel. “Race, gender and sexual orientation became the salient cleavages of American political life. And if you look at it — blacks, Hispanics and women have gained somewhat relative to the population as a whole, but labor as a category has lost ground. The groups that mobilized — blacks, Hispanics, women — made gains. But white male workers, who demobilized politically, lost ground.”

One of the groups to become mobilized in response to the protest movements of the 1960s and early 1970s was the rich. Think tanks dedicated to defending the free-enterprise system — such as the Cato Institute and the Heritage Foundation — were born in this period. And it is not an accident that the right-wing advocate Glenn Beck held a [national rally](#) on the anniversary of King’s “I Have a Dream” speech in front of the

Lincoln Memorial. Republicans now defend tax cuts for the richest 2 percent using arguments and language from the civil rights movements: insisting that excluding the richest earners is unfair.

Removing the most blatant forms of discrimination, ironically, made it easier to justify keeping whatever rewards you could obtain through the new, supposedly more meritocratic system. “Greater inclusiveness was a precondition for greater economic stratification,” said Professor Karabel. “It strengthened the system, reinvigorated its ideology — it is much easier to defend gains that appear to be earned through merit. In a meritocracy, inequality becomes much more acceptable.”

THE term “meritocracy” — now almost universally used as a term of praise — was actually coined as a pejorative term, appearing for the first time in 1958, in the title of a satirical dystopian novel, “The Rise of the Meritocracy,” by the British Labour Party leader Michael Young. He warned against the creation of a new technocratic elite in which the selection of the few would lead to the abandonment of the many, a new elite whose privileges were even more crushing and fiercely defended because they appeared to be entirely [merited](#).

Of the European countries, Britain’s politics of inequality and inclusion most resemble those of the United States. Even as inequality has grown considerably, the British sense of economic class has diminished. As recently as 1988, some 67 percent of British citizens proudly identified themselves as working class. Now only 24 percent do. Almost everybody below the Queen and above the poverty line considers himself or herself “[middle class](#).”

Germany still has robust protections for its workers and one of the healthiest economies in Europe. Children at age 10 are placed on different tracks, some leading to university and others to vocational school — a closing off of opportunity that Americans would find intolerable. But it is uncontroversial because those attending vocational school often earn as much as those who attend university.

In France, it is illegal for the government to collect information on people on the basis of race. And yet millions of immigrants — and the children and grandchildren of immigrants — fester in slums.

In the United States, the stratification of wealth followed several decades where economic equality was strong. The stock market crash of 1929 and the Great Depression that followed underscored the excesses of the roaring ’20s and ushered in an era in which the political climate favored labor unions, progressive taxation and social programs aimed at reducing poverty.

From the 1930s to the 1960s, the income of the less affluent Americans grew more quickly than that of their wealthier neighbors, and the richest 1 percent saw its share of the national income shrink to 8.9 percent in the mid-1970s, from 23.9 percent in 1928. That share is now back up to more than 20 percent, its level before the Depression.

Inequality has traditionally been acceptable to Americans if accompanied by mobility. But most recent studies of economic mobility indicate that it is getting even harder for people to jump from one economic class to another in the United States, [harder to join the elite](#). While Americans are used to considering equal opportunity and equality of condition as separate issues, they may need to reconsider. In an era in which money translates into political power, there is a growing feeling, on both left and right, that special interests have their way in Washington. There is growing anger, from the Tea Party to Occupy Wall Street, that the current system is stacked against ordinary citizens. Suddenly, as in the 1930s, the issue of economic equality is back in play.