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#03

Let's talk about the Future
of Equality

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The Human Resource Curse

Over the course of the past half-century, the United States has invented a new, unprecedented, and extreme form of economic hierarchy. I have elsewhere called this form *meritocratic inequality* – not because it is justified, but because it is tied to winning at competitions in school and at work.[1] These pages provide a brief display of meritocratic inequality's characteristic patterns and a brief description of the dynamics that drive it forward. Some may find the U.S. case intriguing in its own right. Furthermore, meritocratic inequality is spreading beyond U.S.-American borders, partly through its own powerful internal logics and partly through the global influence of U.S. institutions. Even if other societies cannot be immunized against the forces of meritocratic inequality, they might benefit from being forewarned.

* * *

In 1970, the richest 1 percent of US-American households captured roughly 10 percent of national income. By 2012, the top 1 percent's share had nearly doubled, to almost 20 percent.[2] This rise in high-end economic inequality is by now well-known – a commonplace even.

The reasons why income has become concentrated at the top are much less familiar. A prominent line of argument attributes rising high-end inequality to capital's increasing economic dominance over labor.[3] But while this trend is real, it accounts for only about a quarter of the total increase in the top 1 percent's income share.[4] The remaining three-quarters come from a different shift, within labor income, away from mid-skilled, middle-class workers and in favor of super-skilled, elite workers. This shift has transformed the finances of the richest households. In 1960, the richest 1 percent of U.S. households owed only about a third of their income to labor, while the richest 0.1 percent owed only about a sixth to labor. Today, by contrast, my own estimates conclude that the richest 1 percent and even the richest 0.1 percent of households now receive between three-quarters and two-thirds of their income not from land, machines, or other capital but in exchange for selling their labor.[5] Even narrower estimates set the labor share of top 1 percent incomes at greater than half.[6] A journalistic survey asking who makes up the top 1 percent gives these data a human face. Roughly 1 million US-Americans today work as vice-presidents or above at S&P 1500 companies, professionals in the finance sector, professionals at elite management consultancies, lawyers at elite law firms, or specialist medical doctors. Taken together, these workers, who receive extravagant wages for doing known and named jobs, comprise over half of the 1 percent.

High-end economic inequality in the United States today has reached world-historic levels – comparable, for example, to the levels seen during the imperial period in ancient Rome.[7] But contemporary economic inequality has literally unprecedented roots. The elite today owe their economic privilege not to capital inherited from previous generations but rather to labor expended by the current generation. The rich today are, mostly, not *rentiers* but rather a *superordinate working class*.

Two interlocking phenomena have driven this development. Coming to terms with rising high-end inequality depends on understanding them both.

First, no facet of consumption inequality has risen more quickly in recent years than inequality in expenditures on education.[8] Today's elite spends exceptional and unprecedented sums in educating its children, and the expenditure gap between the rich and the middle class is rising much more quickly than the gap between the middle class and the poor.[9] The differences in education spending are enormous. Outside of school, for example, the gap between what rich and poor families spend on enrichment experiences for their children – music lessons, or tutors, or sports coaching – has tripled from roughly $2,500 per child per year in 1972 to roughly $7,500 per child per year in 2005.[10] The richest parents spend much more: in New York City, private tutors for high school students can charge $600 or even $1,000 an hour.[11] And the expenditure gaps in school are larger still. The most elite private schools in the United States today spend perhaps $75,000 per student per year on educating the children who attend, 80 percent of whom come from families with annual household incomes over $200,000. Meanwhile, the average U.S. public school spends only about $15,000 per student per year.

Education works, and these massive differences in spending produce growing and now huge academic achievement gaps. The difference between the academic achievement of rich and poor students in the United States today exceeds the difference between white and Black students in 1954.[12] That was the year in which *Brown v. Board of Education*[13] – the landmark case ruling racial segregation in schools unconstitutional – was decided. Economic inequality in the U.S. now produces greater educational inequality than American apartheid did at mid-century. The biggest gaps, moreover, arise between the rich and the middle class rather than between the middle class and the poor. On the SAT test that dominates the admissions competition at U.S.-American universities, children whose parents make more than $200,000 per year now score, on average, roughly 250 points higher than children from middle class families (with annual incomes between $40,000 and $60,000); while the middle-class children score just about 125 points higher, on average, than children from families below the poverty line (annual incomes less than $20,000).[14]

Schooling builds on itself, and so these differences in childhood educational achievements snowball to produce additional, still greater differences in education during adulthood. Most notably, the student bodies of U.S.-American universities, especially elite ones, skew massively towards wealth. At the 150 or so most competitive colleges in the United States, students from the richest quarter of households outweigh students from the poorest quarter by a factor of 14 to 1. This is in a way not surprising: elite institutions have never and nowhere welcomed the poor. But the rich students also outweigh students from households in each of the two middle quarters of the income distribution by a factor of roughly 6 to 1. The rich, that is, are now squeezing not just the poor but also the middle class out of university education.[15] The skew to wealth at the very most elite universities is more dramatic still. The Ivy-plus colleges typically enroll more students from the richest 1 percent of families than from the entire bottom half, while Harvard, Princeton, Stanford, and Yale collectively enroll more students from the top 1 than from the bottom 60 percent.[16]

These patterns represent a massive, systematic inequality of investment in human capital between children born to the richest parents and children born to everyone else. A thought experiment sums them all up, to produce an overall measure of the intergenerational transmission of privilege that unequal schooling now produces. The aristocratic arrangements that dominated enduring inequality in the *ancien régime* frame the exercise. Once, aristocrats passed their privilege down to their children simply by dying, leaving bequests of land and other physical and financial capital. This makes it natural to compare the exceptional investments in human capital that the rich make today to the aristocratic inheritances that elite schooling has replaced. To make the comparison, imagine taking the difference between the resources devoted to training a typical child from a 1 percent household and a typical child from a middle class (not a poor) household and investing this sum, each year, in the S&P 500, to be given to the child as an inheritance on the death of its parents. The resulting bequest would amount to more than $15 million per child.[17] The superordinate working class that dominates income today uses this meritocratic inheritance to pass economic privilege down through its generations.

A second development complements the first. The technologies that society uses to produce goods and services – including not just obvious technologies that deploy science and engineering but also subtler technologies that deploy law, managerial techniques, and even social norms – have over the past half-century transformed to favor precisely the skills that elite education distinctively produces. Technological innovation, that is, has taken a turn that complements elite, super-skilled labor and substitutes for middle-class, mid-skilled labor. This allows the rich children who receive the extravagant investments in human capital just described, when they become adults, to monopolize the jobs whose labor incomes now dominate top incomes overall.

A transformation in the nature of work has polarized the labor market, replacing the middle-class, mid-skilled jobs that once dominated the workplace with a large mass of gloomy jobs at the bottom and a small sliver of glossy jobs at the top. Most immediately, mid-skilled jobs are simply disappearing, while super-skilled jobs are multiplying. Between 1982 and 2017, the share of jobs in the U.S. economy done by mid-skilled workers fell by nearly a quarter, while the share done by super-skilled workers grew by about a third.[18] Meanwhile, between 1940 and 2010, the average prime-aged non-self-employed working man in the bottom 60 percent of the income distribution lost a little over 8 work-hours per week, while the average work-week among the top 1 percent lengthened by nearly 7 hours.[19] These effects are greatest at the extremes of individual work-effort. As recently as 1979, a prime-aged non-self-employed working man in the lowest quintile of the hourly wage distribution was one-and-a-half times as likely as a worker in the highest wage quintile to work over 50 hours per week; by 2006, the high wage worker had become twice as likely to work long hours as the low-wage worker.[20] This represents an epochal reversal. For all of human history, the poor worked grinding hours while the rich self-consciously constituted themselves as a leisure class:[21] you could tell how poor someone was by how long they worked.[22] But today, a superordinate working class makes long hours into a symbol of education and wealth. Bluntly put, the transformation in the labor market has left mid-skilled, middle-class workers with not nearly enough to do, even as it has buried superordinate workers under an avalanche of effort.

Wage polarization has followed a similar path. In the 1960s, a cardiologist made 4 times the income of a nurse, a law firm partner made 5 times as much as a legal secretary, a CEO made 20 times as much as a production worker, and David Rockefeller, as chairman of the Chase Manhattan Bank, made 50 times a bank teller's wage. By 2020, the cardiologist would make nearly 8 times a nurse's salary and the law partner 40 times a secretary's, while a CEO now makes 300 times as much as a production worker and Jamie Dimon, who today runs JPMorgan Chase, makes over 1000 times as much as a bank teller. These examples illustrate a broad and deep trend. The college wage premium is twice as large today as it was in 1980, and the post-graduate premium, which was effectively zero at the middle of the last century, is now also large.[23]

As these data suggest, the rich young people who receive the extravagant educations described earlier come, when they grow up, to dominate the ranks of superordinate workers. In the United States today, just 1 in 75 high school dropouts, 1 in 40 workers with a high school education only, and 1 in 6 workers with a BA only will capture lifetime earnings equal to the median professional school graduate's.[24] Another survey of elite workers reports, incredibly, that nearly 50 percent of America's corporate leaders, 60 percent of its financial leaders, and 50 percent of its highest government officials attended only 12 universities.[25]

A powerful feedback loop connects meritocratic inequality's two faces. Enormous wages allow rich parents to buy extravagant educations for their children that nobody else – neither poor nor even middle-class parents – can afford. $1,000-an-hour tutors, and $75,000-per-year schools are simply out of reach for all but the richest families. At the same time, super-educated workers then bend the arc of innovation in their own image, to remake technology and work in ways that favor precisely the skills that superordinate workers exclusively possess. Elite lawyers, for example, invent the legal techniques that produce the market for corporate control, which then makes the skills of top M&A lawyers incredibly valuable; elite finance-workers create derivatives that make it possible to issue and administer home-mortgage and consumer loans without mid-skilled loan officers to evaluate whether individual loans are providently made, which makes the skills of Wall Street traders incredibly valuable; and elite executives and management consultants "re-engineer" the corporation to do without middle-management, which makes the skills of top executives incredibly valuable.[26] These examples may be multiplied, and collectively they reveal that meritocratic inequality produces a closed loop of privilege. Elite schools and jobs feed off of and flow into one another, in a manner that ensnares the rich in a vortex of effort and reward even as it excludes the rest of society from meaningful advantage.

This style of inequality is meritocratic in the sense that it is connected to individual accomplishment. But it remains profoundly wrong nevertheless. Because the rich invest so much more in educating their children than the rest can afford to do, meritocracy does not promote but rather blocks equality of opportunity. And because the skills that dominate elite work are themselves artifacts of economic inequality – valuable not intrinsically or universally but only in the shadow of extreme economic hierarchy and subordination – what is conventionally called merit is actually a sham, an ideological conceit constructed to launder an otherwise offensive allocation of advantage. Meritocracy is, by this means, revealed to be the most recent version of the iron law of oligarchy – aristocracy updated for a world in which prestige, wealth, and power derive not from land but from training and skill, from the human capital of free workers.

This account reframes meritocratic inequality to reveal that it reenacts a well-known economic paradox, only in a novel context.[27] Development economists have long puzzled over why it is that countries that are rich in natural resources – in oil, for example, or gold or diamonds – often experience less economic growth and enjoy lower wealth than countries with fewer natural resources.[28] There are many reasons why this might be so, including importantly that the resource-rich countries might draw unwelcome interest from colonial powers and suffer brutal exploitation at foreign hands. But part of the reason is internal, as natural resources distort the economies of societies that are blessed with them. Resource-rich countries naturally focus their economies around extractive industries, which exploit resource deposits through drilling, mining, and so on. These industries, in turn, concentrate wealth and power in a narrow caste of land and mineral owners, even as they also depend on a larger class of oppressed workers to do the hard and dangerous work of extracting mineral wealth.

This economic structure leads resource-rich countries to underinvest in their non-elite citizens, to ignore education, and even to suppress commerce and the professions. As a consequence, the countries fail to develop a broad or dynamic middle class. At the same time, the land-and-mineral-owning caste's demands to protect its wealth and privilege leads resource rich countries to develop undemocratic and corrupt social and political institutions. And because middle-class productivity and innovation, alongside the rule of law, drive broad economic growth, resource rich countries come over time to grow less quickly than resource poor ones. This does not always occur, but it happens often enough so that economists speak of a *resource curse*.

The feedback loops that connect elite education to elite work and drive meritocratic inequality forward are revealed, in this light, to present a new version of the resource curse. In the United States today, the cursed resource is not oil, gold, diamonds or any other form of physical capital but rather human capital – the training and skill of free workers. The exceptional training and skill of superordinate workers distorts the economy and society that relies on them. Concentrated human capital, produced by exceptional investments in training children of rich parents, induces innovations that remake the labor market to favor superordinate workers – to center the industries and jobs that employ these workers, including especially finance, law, and elite management. These industries then concentrate income, wealth, and power in a narrow caste of superordinate workers who dominate and exploit a larger mass of de-skilled workers doing gloomy jobs. The industries at the center of the contemporary U.S.-American economy, and the main source of elite income and wealth in the United States today, are in effect extractive industries, on the same basic model as oil-drilling and mineral-mining in lesser developed countries. Their novelty is that they extract wealth not from natural but from human resources – from the human capital of superordinate workers.

Finally, meritocratic inequality also condemns the United States to the economic and social pathologies associated with the resource cure. The meritocratic elite concentrates human capital – both education and work – within its own caste, much as the land-and-mineral-owning caste monopolizes economic life under more familiar varieties of the resource curse. The feedback loops between exclusive education and skill-biased innovation entrench and expand elite advantages, shrink and marginalize the middle class, and allow elite families to pass their caste-privileges down through their generations. Economic growth slows, and social and political life in the United States become increasingly corrupt.

In all these ways, meritocratic inequality casts a human resource curse.

* * *

The U.S.-American experience just rehearsed does not yet have full counterparts elsewhere in the world.[29] Most obviously, the top 1 percent of households capture a greater share of national income than in other developed countries – for example, between one-and-a-half times and twice as a great a share of national income in the U.S. as in the U.K., France, and Germany.[30] Moreover, elite private school and university endowments are much greater, fees are much higher, and student bodies skew more dramatically to wealth in the U.S. than almost anywhere else. At the same time, CEOs, bankers, lawyers, and doctors all capture substantially higher wages in the U.S. than in other countries. And rising economic inequality in countries outside of the U.S., and especially in Europe, reflects a return of a rentier class more than the rise of superordinate labor.[31] In all these ways, the U.S. remains, at present, an outlier.

On the other hand, there is no doubt that the U.S. is exporting its problems throughout the world – both through its power to insist on neo-liberal global trade and financial regimes and, perhaps more importantly, through the global influence of its corporations, banks, law firms, and universities. Roughly 1 in 6 alumni of Harvard University now live outside of the U.S., while 1 in 5 graduates of Harvard Law School and 1 in 3 students at Harvard Business school come from outside of the U.S.[32] And Harvard-style elite private education is coming to countries that have traditionally rejected private universities – for example, through the Hertie Business School and Bucerius Law School in Germany. At the same time, finance has increased its share of GDP not only in the United States, but also in the U.K, France, and Germany, and skilled finance workers are claiming rising relative wages in all four countries (although only weakly in Germany).[33] Meanwhile, even as elites flourish – the global top 1 percent's income growth nearly tripled the global average between 1988 and 2009 – the global upper-middle class (falling between roughly the 75th and the 99th percentiles of the global income distribution) experienced below-average income growth. And in mature economies, the broader middle class (falling between roughly the 50th and 80th percentiles of the mature economy distribution) again experienced lower income growth than both the group below and especially the group above it.[34] Overall, inequality in the U.K., France, and Germany today resembles, both in its scale and in its structure, the inequality that made the U.S. exceptional in the 1980s.

The United States might therefore be less an outlier and more forerunner. And the human resource curse might be about to go global.

Notes

[1] See generally Daniel Markovits, *The Meritocracy Trap* (New York: Penguin, 2019).

[2] All these data come from the World Inequality Database. See https://wid.world/country/usa/.

[3] See generally Thomas Piketty, Capital in the Twenty-First Century (Cambridge, MA: Harvard University Press, 2014).

[4] It is not easy to allocate national income between capital and labor, and the difficulty naturally produces substantial disagreement about how pronounced the shift of income away from labor and in favor of capital has actually been. But even high-end estimates find that capital's share of national income increased by between 7 and 8 percent between 1970 and 2012 See Bureau of Labor Statistics, "Estimating the U.S. Labor Share," *Monthly Labor Review*, February 2017, https://www.bls.gov/opub/mlr/2017/article/estimating-the-us-labor-share.htm. For a much lower estimate of the shift, see Robert J. Gordon and Ian Drew-Becker, "Controversies about the Rise of American Inequality: A Survey," (working paper no. 13982, National Bureau of Economic Research, 2008), https://www.nber.org/papers/w13982.pdf. Meanwhile, the richest 1 percent of Americans by wealth own about a third of the wealth, which means the richest 1 percent by income must own less than a third of the wealth. See World Inequality Database, https://wid.world/country/usa/. One-third of 8 percent is 2.4%, which is only about a quarter of the increase in the top 1 percent's share of national income. The remaining 7.5%, or three quarters of the increase, must come from some other source.

[5] See Daniel Markovits, *The Meritocracy Trap* (New York: Penguin, 2019), 92. For a more detailed account of the calculations behind this conclusion, see https://www.themeritocracytrap.com/are-the-one-percent-capitalists-or-superordinate-workers/#_ftn6.

[6] See Matthew Smith, Danny Yagan, Owen Zidar, and Eric Zwick, "Capitalists in the Twenty-First Century," *Quarterly Journal of Economics* vol. 134, no. 4 (2019): 1675-1745.

[7] See generally, Jeffrey A. Winters, *Oligarchy* (Cambridge: Cambridge University Press, 2011).

[8] See Mark Aguiar and Mark Bils, "Has Consumption Inequality Mirrored Income Inequality?," *American Economic Review* 105, no. 9 (September 2015): 2725 -56, 2746, 2753.

[9] See Daniel Markovits, *The Meritocracy Trap* (New York: Penguin, 2019), Figure 5.

[10] See Greg J. Duncan and Richard J. Murname, "Introduction: The American Dream, Then and Now," in *Whither Opportunity: Rising Inequality, Schools and Children's Life Chances of Low-Income Children*, ed. Richard Murnane and Greg Duncan (New York: Russell Sage Foundation, 2011), 11.

[11] See, e.g., Emma Jacobs, "The $600-an-Hour Private Tutor," Financial Times, December 12, 2013, www.ft.com/content/080d6cce-61aa-11e3-aa02-00144feabdc0; Caroline Moss, "Meet the Guy Who Makes $1,000 an Hour Tutoring Kids of Fortune 500 CEOs over Skype," Business Insider, August 26, 2014, www.businessinsider.com/anthony-green-tutoring-2014-8.

[12] See Sean F. Reardon, "The Widening Academic Achievement Gap Between the Rich and the Poor: New Evidence and Possible Explanations," in *Whither Opportunity? Rising Inequality and the Uncertain Life Chances of Low-Income Children*, ed. Richard Murnane and Greg Duncan (New York: Russell Sage Foundation, 2011), 99.

[13] See *Brown v. Board of Education of Topeka*, 347 U.S. 483 (1954).

[14] See Zachary Goldfarb, "These Four Charts Show the SAT Favors Rich, Educated Families," *Washington Post*, March 5, 2014, at http://www.washingtonpost.com/blogs/wonkblog/wp/2014/03/05/these-four-charts-show-how-the-sat-favors-the-rich-educated-families/ and Anthony P. Carnevale and Jeff Strohl, "How Increasing College Access Is Increasing Inequality, and What to Do about It," in *Rewarding Strivers: Helping Low-Income Students Succeed in College*, ed. Richard D. Kahlenberg (New York: The Century Foundation Press, 2010).

[15] See Anthony P. Carnevale and Jeff Strohl, "How Increasing College Access Is Increasing Inequality, and What to Do about It," in *Rewarding Strivers: Helping Low-Income Students Succeed in College*, ed. Richard D. Kahlenberg (New York: The Century Foundation Press, 2010), Figure 3.7.

[16] See Raj Chetty, John N. Friedman, Emmanuel Saez, Nichola Turner, and Danny Yagan, "Mobility Report Cards: The Role of Colleges in Intergenerational Mobility," NBER Working Paper 23618 (2017), Online Data Tables 6 and 2, https://www.nber.org/system/files/working_papers/w23618/w23618.pdf

[17] See Daniel Markovits, *The Meritocracy Trap* (New York: Penguin, 2019), Table 2.

[18] See Nir Jaimovich and Henry E. Siu, "Job Polarization and Jobless Recoveries," *The Review of Economics and Statistics*, vol. 102 no. 1 (March 2020): 129–147, Figure 3 p. 134.

[19] See Daniel Markovits, *The Meritocracy Trap* (New York: Penguin 2019), Figure 1, p. 292, using data from the Integrated Public Use Microdata Series.

[20] See Peter Kuhn and Fernando Lozano, "The Expanding Work Week? Understanding Trends in Long Work Hours among US Men, 1979-2006," *Journal of Labor Economics* vol. 26, no. 2 (2008): 311-343, 318.

[21] See generally Thorstein Veblen, *The Theory of the Leisure Class: An Economic Study of Institutions* (New York: Macmillan, 1899).

[22] This formulation borrows from Hans- Joachim Voth, "The Longest Years: New Estimates of Labor Input in England, 1760– 1830," *Journal of Economic History* vol. 61, no. 4 (2001): 1075.

[23] See, e.g., David H. Autor, "Skills, Education, and the Rise of Earnings Inequality Among the 'Other 99 Percent'," *Science* vol. 344, no. 6186 (May 2014): 843-51; Daniel Markovits, *The Meritocracy Trap* (New York: Penguin 2019), 183 and works cited there.

[24] See Daniel Markovits, *The Meritocracy Trap* (New York: Penguin 2019), Figure 9, p. 305, using data from Anthony P. Carnevale, Stephen J. Rose, and Ban Cheah, The College Payoff: *Education, Occupations, Lifetime Earnings*, Georgetown University Center on Education and the Workforce (2011).

[25] See Thomas R. Dye, *Who's Running America? The Obama Reign*, 8th ed. (New York: Routledge, 2014), 180 (48.5 percent "corporate," 60.6 percent "financial," 50 percent "government," and 66 percent "other," including media, law, civic organizations).

[26] See, e.g., Daniel Markovits, "How McKinsey Destroyed the Middle Class," *The Atlantic February* 3, 2020, https://www.theatlantic.com/ideas/archive/2020/02/how-mckinsey-destroyed-middle-class/605878/.

[27] The discussion below follows Daniel Markovits, *The Meritocracy Trap* (New York: Penguin 2019), 256-57.

[28] See, e.g., Jeffrey A. Frankel, "The Natural Resource Curse: A Survey," NBER Working Paper No. 15836 (March 2010), www.nber.org/papers/w15836.pdf; Jeffrey D. Sachs and Andrew M. Warner, "Natural Resource Abundance and Economic Growth," NBER Working Paper No. 5398 (December1995).

[29] These reflections follow Daniel Markovits, *The Meritocracy Trap* (London: Penguin, 2019), 287-291.

[30] See World Inequality Database, https://wid.world/world/#sptinc_p99p100_z/US;FR;DE;CN;ZA;GB;WO/last/eu/k/p/yearly/s/false/5.1754999999999995/30/curve/false/country.

[31] See generally Thomas Piketty, *Capital in the Twenty-First Century* (Cambridge, MA: Harvard University Press, 2014).

[32] For Harvard College, see "Harvard at a Glance," Harvard University, https://www.harvard.edu/about-harvard/harvard-glance. Harvard graduated 188 LLMs and 801 JDs in 2019. See: "At HLS Commencement, Dean Manning shares 'three simple rules,'" Harvard Law Today, May 30, 2019, https://today.law.harvard.edu/at-hls-commencement-deanmanning-shares-three-simple-rules/; "L.L.M. Class Profile," Harvard Law School, https://hls.harvard.edu/dept/graduate-program/llm-profiles/. Harvard Business School's class of 2020 MBA program enrolled about 344 international students and 586 U.S. students. See "Class of 2020 Profile," Harvard Business School admissions, https://www.hbs.edu/mba/admissions/class-profile/Pages/default.aspx.

[33] See Thomas Philippon and Ariell Reshef, "An International Look at the Growth of Modern Finance," *Journal of Economic Perspectives* vol. 27, no. 2 (Spring 2013): 81 (Figure 3), 85 (Figure 6), https://cdn.evbuc.com/eventlogos/67785745/ariellrashef.pdf; Guillame Bazot, "Financial Consumption and the Cost of Finance: Measuring Financial Efficiency in Europe (1950-2007)," *Journal of the European Economic Association* vol. 16, no. 1 (February 2018): 132-136, doi: https://doi.org/10.1093/jeea/jvx008.

[34] See Christoph Lakner and Branko Milanovic, "Global Income Distribution: From the Fall of the Berlin Wall to the Great Recession," *The World Bank Economic Review* vol. 30, no. 2 (2016): 14, https://doi.org/10.1093/wber/lhv039.

Daniel Markovits is Guido Calabresi Professor of Law at Yale Law School and Founding Director of the Center for the Study of Private Law. Markovits publishes widely and in a range of disciplines, including contract law, legal theory, moral and political philosophy, and behavioral economics. His writings have appeared in *Science, The American Economic Review,* and *The Yale Law Journal*.
His current book, *The Meritocracy Trap* (Penguin Press, 2019), develops a sustained attack on American meritocracy.
The meritocratic ideal – that people should get ahead based on their own accomplishments rather than their parents' social class – has become our age's literal common sense. Markovits argues, however, that both up and down the social ladder, meritocracy is a sham. Today, meritocracy has become exactly what it was invented to defeat – a new aristocracy, only now based on schooling rather than breeding. Upward mobility has become
a fantasy, and the embattled middle class is more likely to sink into the working poor than to rise into the professional elite.
At the same time, meritocracy ensnares even those who manage to claw their way to the top, trapping rich adults in a pitiless competition, which requires them to work with crushing intensity, exploiting their expensive educations in order to extract a return.

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