Sociologica

CURATED

Becoming Wealthy, Staying Wealthy: Social Acceptance of the Super Rich

EDITED BY
JOSELLE DAGNES and LUCA STORTI

Sociologica
International Journal for Sociological Debate

Becoming Wealthy, Staying Wealthy: Social Acceptance of the Super Rich

CONTENTS **ORIGINALLY PUBLISHED**

https://doi.org/10.6092/issn.1971-8853/13545
Sociologica. V.15 N.2 (2021)
ISSN 1971-8853
https://sociologica.unibo.it/

Editors' Note. Introduction to the Thematic Issue on "Becoming Wealthy, Staying Wealthy: Social Acceptance of the Super-rich"

Joselle Dagnes* Luca Storti**

Department of Cultures, Politics and Society, University of Turin (Italy)

Submitted: September 14, 2021 – Accepted: September 15, 2021 – Published: September 30, 2021

Acknowledgements

We are grateful to David Stark, Elena Esposito, and Ivana Pais for their helpful comments and suggestions.

The COVID-19 pandemic has frozen the world. Almost all aspects of our life — travel, work, leisure — have been blocked or severely slowed down, while even those who enjoyed a socio-economic position considered "safe" have had to deal with previously unimaginable difficulties.

Not everything has stood still in this year and a half, though. The pandemic has strongly boosted trends taking place in recent decades, including a growing polarization of wealth.

In the last year, the total wealth of the people who hold the largest share of the wealth available on our planet — the so-called super-rich — has more than doubled, from $5tn to $13tn. Individually, there is no shortage of incredible feats: just to mention an example, Elon Musk, the founder of Tesla, has increased his wealth sixfold (from $25bn to $150bn) since the beginning of the pandemic (Wagstyl, 2020). Far from prompting a rebalancing, the emergency seems to have consolidated some previous advantages. It also confirmed that the geography of

* joselle.dagnes@unito.it

** luca.storti@unito.it

wealth is now led by countries like China, where a new billionaire has appeared every 36 hours over the past year.

The exploits of the super-rich during the most unsettling exogenous shock since World War II raises some relevant questions. As noted by fund manager Ruchir Sharma via a column in the *Financial Times* (2021), the conjuncture between the global crisis and extreme levels of wealth polarization is by no means a coincidence. In recent months, the super-rich have not simply shown a greater degree of resilience, thanks to the wealth they hold: their pivotal position has enabled them to intercept, mainly through their investments in the financial markets, a large share of the liquidity injected by central banks to support the struggling world economy. Crisis means hardship for some and opportunity for others, as the ancient Greeks wisely recognised.

A quick glance at what happened during the pandemic is sufficient to highlight how the rise of a super-rich class brings into play inequality and economic policy choices. Far from simply a niche phenomenon to be examined with a mixture of curiosity, admiration, and envy, the rise of the super-rich is a central sociological topic and political issue, which deeply affects the well-being of everyone.

In this Thematic Issue of *Sociologica* we will explore these aspects, adopting a twofold focus: i) we will deepen the origin-of-wealth concentration in terms of business and asset ownership, and the extractive dynamics at the basis of extreme wealth; and ii) we will highlight several reproduction dynamics of wealthy people, their representation of social inequalities and social justice, and how the super-rich act — whether intentionally or not — to gain social acceptance.

The lead essay by Luca Storti and Joselle Dagnes (2021) entitled "The Super-rich: Origin, Reproduction, and Social Acceptance" gives the main theoretical insights of the Thematic Issue. After identifying several mechanisms of (re)production of great wealth, the focus is dedicated to the relationship between the phenomenon of the super-rich and socio-spatial dimensions, inasmuch as this perspective allows us to effectively illustrate some strategies through which the super-rich gain recognition and social visibility. These, on one hand, hinder a number of aspects of their lives, and on the other, help them (try to) obtain social acceptance.

Lisa Keister, Hang Young Lee, and Jill E. Yavorsky (2021) look at internal differences in the super-rich class in their article "Gender and Wealth in the Super-Rich: Asset Differences in Top Wealth Households in the United States, 1989–2019". Identifying social fissures within the super-rich is essential, as a homogeneous view of this group has often been assumed. The authors examine the interconnections between gender variables and the distribution of wealth among the super-rich in the United States. The premise of the analysis is that super-rich unmarried women, unmarried men, and married couples are likely to have different levels of net worth and distinct patterns of asset holdings that reflect gender differences in income and saving, the household division of labour, work, and demographics. The results confirm that gender is a relevant variable for understanding wealth accumulation strategies. Women are less autonomous in defining the processes that underlie the origin of big wealth. In other words, women may be dependent on others for access to the super-rich.

Dean Curran's (2021) article "Risk Mismatches and Inequalities: Oil and Gas and Elite Risk-Classes in the US and Canada" deals with a classic topic. The author claims that the different class analysis traditions — i.e., Marxist, Weberian, Bourdieusian — have a common baseline. These approaches to social inequality identify the economic dimension of inequalities as one in which a series of goods are produced. Without denying the importance of inequalities in goods, the article focuses on other processes interacting with the distribution of goods — the production and distribution of risks. By dealing with the topic of risk, Curran shows how elitarian groups, the super-rich among others, have at their origins and reproduced over time

greater possibilities than other social groups to control risks, manipulate risks to their advantage, and understand which risk configurations are worth taking on inasmuch as they promise exceptionally high returns.

The macro-dynamics underpinning the great concentration of wealth are at the core of the article by Linsey McGoey (2021), "Hiding the rentier elephant in plain sight: the epistemology of vanishing rent". The author points out that a growing number of economists suggest that we live in an era of "rentier capitalism" characterized by extractive, unearned extreme wealth. Other economists, even progressive ones, believe that the concept of rentier wealth is misleading. McGoey argues that at the base of this conceptual division, there are not only scientific disputes related to data analysis, but also dynamics concerning "ignorance pathways" emerging within modern economic thought. Some approaches tend to minimize the weight of rent, based on observational bias rather than on in-depth analysis of empirical reality. This has relevant policy and social implications. The epistemology of those who ignore rent, in fact, makes the concentration of wealth more socially acceptable since it suggests that big wealth results from an earned process and not *a priori* guaranteed privileges.

Focusing on the issue of social legitimacy of the super-rich is the paper by John Torpey, Hilke Brockmann, and Braelyn Hendricks (2021), "Excess Profits, Taxpayer-Subsidized Philanthropy, and the Coronavirus Crisis: Charitable Giving by the Tech Elite in Response to the Pandemic". The authors show that a specific subset of the super-rich, those associated with the technology sectors and the platform economy, have profited handsomely from the Covid-19 crisis and the turn to their products and services that has occurred in response. The winners among the tech elite have benefited from the pandemic without necessarily orchestrating their philanthropy in such a way as to effectively mitigate social inequalities. Thus, the authors argue that it would be necessary to reflect on specific tax reforms, particularly in the form of an "excess profits tax". This could ensure that social policies are determined according to processes of democratic decision-making rather than by way of taxpayer-subsidized charitable giving, when wealth is accumulating during a phase of great socio-economic turmoil.

Also reflecting on the social legitimation of wealth is Rachel Sherman's (2021) article "Against Accumulation: Class Traitors Challenge Wealth and Worth". Here, the author turns the analysis around. The paper investigates a specific subgroup of the super-rich who have defined themselves as the beneficiaries of illegitimate accumulation systems and have reframed their own self-interest to include racial and economic justice. The paper analyses the strategies of action carried out by this super-rich subgroup to change the system they have been benefitted from. This phenomenon is different from liberal philanthropy and fosters ambitions for radical changes. Sherman also shows the inertia to change as a result of financial institutions preserving the standard logic of wealth accumulation and the fact that wealth accumulation is embedded in social structures and common sense, all the more so within reference groups of the super-rich.

The Thematic Issue concludes with an essay by Brooke Harrington (2021), "Secrecy, Simmel and the New Sociology of Wealth", that comments on the articles and interconnects them with respect to Simmel's classical work on the secret and secret societies.

References

Curran, D. (2021). Risk Mismatches and Inequalities: Oil and Gas and Elite Risk-Classes in the US and Canada. *Sociologica*, *15*(2), 57-74. https://doi.org/10.6092/issn.1971-8853/

12395

Harrington, B. (2021). Secrecy, Simmel and the New Sociology of Wealth. *Sociologica*, *15*(2), 143-152. https://doi.org/10.6092/issn.1971-8853/13565

Keister, L., Lee, H.Y., & Yavorsky, J.E. (2021). Gender and Wealth in the Super-Rich: Asset Differences in Top Wealth Households in the United States, 1989–2019. *Sociologica*, *15*(2), 25-55. https://doi.org/10.6092/issn.1971-8853/12394

McGoey, L. (2021). Hiding the Rentier Elephant in Plain Sight: The Epistemology of Vanishing Rent. *Sociologica*, *15*(2), 75-93. https://doi.org/10.6092/issn.1971-8853/12720

Sharma, R. (2021). The Billionaire Boom: How the Super-Rich Soaked Up Covid Cash. *Financial Times*, 14 May. https://www.ft.com/content/747a76dd-f018-4d0d-a9f3-4069bf2f5a93

Sherman, R. (2021). Against Accumulation: Class Traitors Challenge Wealth and Worth. *Sociologica*, *15*(2), 117-142. https://doi.org/10.6092/issn.1971-8853/12558

Storti, L., & Dagnes, J. (2021). The Super-Rich: Origin, Reproduction, and Social Acceptance. *Sociologica*, *15*(2), 5-23. https://doi.org/10.6092/issn.1971-8853/13546

Torpey, J., Brockmann, H., & Hendricks, B. (2021). Excess Profits, Taxpayer-Subsidized Philanthropy, and the Coronavirus Crisis: Charitable Giving by the Tech Elite in Response to the Pandemic. *Sociologica*, *15*(2), 95-116. https://doi.org/10.6092/issn.1971-8853/12435

Wagstyl, S. (2020). Billionaire Fortunes Hit Record Levels in Pandemic. *Financial Times*, 7 October. https://www.ft.com/content/c4c427e5-3e81-4013-8ea3-866d20ff6f98

Joselle Dagnes – Department of Cultures, Politics and Society, University of Turin (Italy)
https://orcid.org/0000-0001-9024-5594
joselle.dagnes@unito.it; https://www.didattica-cps.unito.it/do/docenti.pl/Show?_id=jdagnes#tab-profilo
Joselle Dagnes is tenure-track Assistant Professor of Economic Sociology at the University of Turin (Italy), where she teaches Sociology of Markets. Her main research interests include financialization processes and financial markets, formal and informal regulation processes, mafia's processes of territorial expansion at both national and international level, and the foundational economy.

Luca Storti – Department of Cultures, Politics and Society, University of Turin (Italy)
https://orcid.org/0000-0002-3942-6477
luca.storti@unito.it; https://www.didattica-cps.unito.it/do/docenti.pl/Alias?luca.storti#tab-profilo
Luca Storti is an Associate Professor of Economic Sociology at the University of Turin (Italy) and Research Fellow of the Ralph Bunche Institute for International Studies in the Graduate Center at The City University of New York (USA). His main research interests and publications involve the topic of international organised crime groups at boundaries between legal and illegal markets, and the relationships between institutions and the economy.

https://doi.org/10.6092/issn.1971-8853/13546
Sociologica. V.15 N.2 (2021)
ISSN 1971-8853
https://sociologica.unibo.it/

The Super-rich: Origin, Reproduction, and Social Acceptance

Luca Storti* Joselle Dagnes**

Department of Cultures, Politics and Society, University of Turin (Italy)

Submitted: September 1, 2021 – Revised version: September 14, 2021
Accepted: September 15, 2021 – Published: September 30, 2021

Abstract

What is the sociological understanding of the super-rich? To address this question, we propose and further elaborate three interconnected lines of investigation. After highlighting some plausible criteria for identifying the super-rich, we deal first with the generative and reproductive mechanisms underpinning the huge wealth concentration emerging over the last decades. Second, we dissect the nexus between the super-rich and places, i.e., how the super-rich shape the *spaces* to implement their housing strategies, consumption patterns, and lifestyle. By doing so, we will also show how the super-rich transform *spaces* into *social arenas* in which they stand out through an original form of distinction made up of recognition and invisibility. Third, we will focus on the dynamics and the behaviours that help the super-rich gain social acceptance. This three-step analysis allows us to pinpoint in the conclusions some regressive outcomes in economic, social, and political terms fostered by the increasing concentration of private wealth.

Keywords: Super-rich; wealth concentration; social acceptance of super-rich; super-rich and social spaces.

Acknowledgements

We are grateful to David Stark, Elena Esposito, and Ivana Pais for their helpful comments and suggestions.

* luca.storti@unito.it

** joselle.dagnes@unito.it

1 Introduction

In 2020, the world experienced an economic crisis comparable to that of the Great Depression of the 1930s: global GDP contraction has been more than 5%, and per capita income in rich countries suffered the highest decrease since the early 1900s. There is, however, a novelty with respect to other big crises. Following the financial crisis of 2008, for instance, the super-rich needed several years to rebuild their wealth levels. In contrast, in 2020 the billionaires saw their assets grow by a staggering $3.9tn. The world's ten wealthiest billionaires have collectively seen their wealth increase by $540bn over this period (Oxfam, 2021). Furthermore, the multimillionaires have been increasing both in number and in owned net wealth (Wealth-X, 2021).

The current scenario has consolidated the trends of financial capitalism (Ranald, 2014): the stock market is booming, while the real economy has faced a depression (Oxfam, 2021). This discrepancy between financial circuits and production processes further benefits the small minority that already held great economic resources and worsens the material conditions of life of a vast majority of people. Big-wealth concentration drivers and macro-economic indicators tend not to be strongly and positively correlated.

In this vein, the present article and the following Thematic Issue collection deal with a specific and circumscribed topic within the investigations on wealth and on recent trends of social inequalities. Our aim is to dissect the emergence of a reinvigorated group of the super-rich. Although the super-rich constitute a residual class with regard to its number of components, the factors that determine its origin speak to general socio-economic processes; its internal structure reflects the weight of the highest value-added sectors of the economy; and its relevance in terms of power and material resources affects the political spheres, both locally and globally. The super-rich are not a bounded topic. Conversely, they are a relevant and strategic "point of view" for observing socio-economic processes that impact the whole social anatomy (Hedström, 2005).

To take this path, we conceptualize the debate on the super-rich by elaborating three lines of investigation that are relevant to frame the increasing concentration of great wealth.

The first concerns the criteria for identifying the super-rich and the mechanisms through which they have generated and consolidated their wealth over time by means of an exponential growth (Section 2).

The second concerns several aspects related to the lifestyle of the super-rich. To address this issue, we will assume the category of *space* as a perspective of analysis. *Space* will be observed with respect to the ability of the super-rich to shape and manipulate places in order to establish their social habitat. Hence, space will also be conceived as *social space*: the arena of representation and interaction between the super-rich and other social groups (Section 3).

This brings us to the third line of investigation, which concerns the dynamics through which the super-rich obtain legitimacy and social acceptance despite a macroscopic increase in social inequality, both in terms of social polarization — i.e., the growing distances that separate the upper class from the lower one — and growing poverty levels (Section 4).

In the concluding section several regressive outcomes will be presented in economic, social, and political terms related to the concentration of big wealth.

2 Big Wealth: Origins and Consolidation

A standard label for referring to the apex of social stratification is that of *top 1%*. This refers actually to the income and, therefore, to the annual income threshold beyond which one gains

access to the percentile of top-earners (Scott & Walker, 2020; Franzini et al., 2016; Sayer, 2015; Alvaredo et al., 2013).

Even though the conceptual label of *top 1%* has become recurrent in the scientific debate, for reasons of analytical consistency we prefer to refer here to the super-rich by wealth and not by income (Scheuer & Slemrod, 2020; Keister & Lee, 2017; Keister, 2014). Thus, we identify the super-rich as the "ultra-high net worth (UHNW) population — an exclusive group of wealthy individuals located across the globe, each with $30m or more in net worth" (Wealth-X, 2021, p. 6). There are roughly 300,000 individuals in this group, and the median net worth per UHNW individual is $52m. About 38% of them live in North America, nearly 30% in Asia, and just over 25% in Europe. A residual percentage is located in the Middle East, South America, and Oceania. The global UHNW population is male-dominated, with men accounting for an almost 90% share. The average age is about 63 years, with no major differences by gender. Access to this exclusive class is predominantly by inheritance for females, while males are equally either self-made or inheritors. Nonetheless, first-generation super-rich women are on the rise, given the growth of female entrepreneurship and female presence in financial markets, which are nowadays less gender-discriminating than in the past (p. 27).

If income tends to be (increasingly) unevenly distributed, wealth is even more so (Credit Suisse, 2021; Bach et al., 2020; Piketty, 2014; Keister, 2014). This is for two main reasons: i) wealth is a stock that accumulates and generates resilient inequalities from an intergenerational point of view; and ii) wealth is a strong activator of the St. Matthew effect (i.e., the rich get richer). In general, the distribution of wealth follows a power law: the overall proportion that emerges between the various tiers of the population in terms of owned wealth is also found within each tier. The same distribution pattern of wealth repeats over and over at the smaller scale. If we look at wealth distribution among the super-rich, in fact, we notice that "the billionaire class represents just 0.9% of the global UHNW population", yet it holds more than a 27% share of total UHNW wealth (Wealth-X, 2021, p. 5; see also Freund & Oliver, 2016)[1]. So the rich are getting richer, and the billionaires are now becoming multibillionaires. This trend is crystal clear if one thinks about how, in the first months of 2021, some of the most renowned billionaires have been competing for the title of the richest man in the world: Jeff Bezos had the lead, was then briefly overtaken by Elon Musk, and then climbed back to the top position. This instability in the rankings has been driven by the growth of competitors' net wealth, not a decrease or an up-down fluctuation.

This last claim calls for wide-ranging analyses of the main mechanisms in the rise of a narrow class of super-rich, thereby generating a social divide that was utterly unthinkable in the post-World War II decades of the 20th century (Cousin & Chauvin, 2021, p. 2; Piketty, 2013).

First, Piketty argued that in the financialized post-industrial economy, the rates of return on capital are higher than the growth rate (2013). This dynamic reaches paroxysmal levels for the wealthiest households. Bach et al. indeed have claimed that "high net worth causes households to earn high average returns, for instance because information quality or investment opportunities improve with wealth or households exhibit decreasing relative risk aversion" (2020, p. 2704). Hence, a general trend (i.e., rates of return on capital higher than growth rates) becomes an amplifying factor in the concentration of wealth within the upper-class.

Second, some income trends can also be identified. In recent years there has been a drastic accentuation of income differences, which has affected the most prestigious jobs. The astonish-

1. The billionaires are — by definition — a subset of the ultra-high net worth population which is made up of individuals whose net worth is at least one billion currency units in their native currency. In 2021, 2l,755 billionaires were listed with a total net wealth of $13.1 trillion (Dolan et al., 2021).

ing increase in the wage/salary level by "top workers" — CEOs first and foremost — has been the lever that has enabled the expansion and consolidation of wealth for the so-called "working rich" (Godechot, 2016; see also Anderson, 2021). However, income growth is the most relevant factor to explain the stunning rise of wealth for just a minority of the super-rich. This is not surprising. There is no complete overlap between income and wealth; as Keister noted, the two dimensions tend to be positively correlated but only weakly (2018). This lack of overlap is particularly relevant in the super-rich, as they usually hold diversified wealth components (i.e., financial assets, homes, equity). This can significantly differentiate the magnitude of wealth from the income level. Furthermore, some people inherit big wealth but have low income from current work. Therefore, we must also consider factors that — strictly speaking — are external to the labour market (Volscho & Kelly, 2012).

The third factor producing the exponential growth of big wealth concerns the tax system. In this regard, we should mention the accommodating taxation of intergenerational transmission of wealth and the overall redefinition of the tax system in a regressive sense (Scheidel, 2017; Harrington, 2012)[2]. Also, the taxes on capital income have been reduced, and there has been a "collapse of corporate taxation" (Saez & Zucman, 2019). Other measures of tax cuts have been introduced, and a certain acceptance of tax avoidance has taken hold. These processes are not univocal: in some places they occur dramatically; in other cases, they emerge in a temperate way, but there is at least a "partial convergence" across countries. A regulatory competition across countries in order to attract individual tax domiciles and corporate tax offices is also to be found (Genschel & Schwarz, 2011).

Fourth, some political rationale can be offered to explain big-wealth concentration (Keister, 2014). Such concentration is also a result of the decline of labour union power and the "specific role of financialization — the simultaneous growth of the financial services sector, an increase of nonfinancial firms in financial activity, and deregulation of financial activity" (p. 360). The financial deregulation has also led to the emergence of wealth managers responsible for increasing the fortunes of wealthy people and ensuring their intergenerational inheritance by exploiting offshore banks, trusts, shell corporations, and other financial instruments (Harrington, 2016, 2017; Curran, 2015; Krippner, 2005, 2011).

In sum, the exponential growth of the wealth of the super-rich population is a phenomenon determined by a complex web of causations. Reductionist explanations are traps that are easy to fall into. In fact, the exceptional biographies of billionaires lead to accentuating idiosyncratic factors to account for the accumulation of enormous wealth or to idealize market successes as if they were exclusively the result of the selective Darwinism of competition and a remarkable risk-taking orientation (Curran, 2021). On the contrary, the super-rich are the outcome of a process of social construction, shaped by choices concerning the allocation of economic resources. These choices selectively favoured a circumscribed part of society, supporting a transfer of global wealth towards those who already owned a large share of it.

In this section, we have accounted for the main dynamics regarding becoming super-wealthy and staying super-wealthy. We can now broaden the focus of the analysis and concentrate on the super-rich within the social fabric. With this aim, we turn to observe how the super-rich modify the social dimension of a *space* and place themselves in it (Barbera et al., 2016; Hay & Muller, 2012). This is a promising way to address the super-rich lifestyle and the externalities for the society it produces (Serafini & Smith Maguire, 2019; Sherman, 2018).

2. See also *The Tax Reform* website, by Saez and Zucman (https://taxjusticenow.org/#/).

3 The Super-Rich and the Shaping of Social Spaces

The first context suitable to analyse how the super-rich shape (*social*) *spaces* is the urban one. In the studies of urban political economy, gentrification has sparked great interest over recent decades. Gentrification is the process of changing the identity of a neighbourhood through the influx of more affluent residents and business groups (Semi, 2015; Tonkiss, 2005; Sassen, 1995; Zukin, 1989). We are facing a complex process, emerging from a particular hybridization between state and market. Powerful interest groups intentionally decide to invest money in specific areas of certain cities, thus activating significant changes in the urban landscape and the real estate market. On the other hand, the policy decision-makers support or counteract these dynamics by zoning the use of the various metropolitan areas (i.e., commercial, residential, etc.) and through differentiated investments, for example, in transport infrastructures, thereby supporting the mutual interconnections of some parts of the cities, making others peripheral.

When it comes to dealing with gentrification, one usually refers to affluent young professionals, some segments of the upper-middle class, or the so-called creative class (Florida, 2002). The super-rich are among those who participate, both as beneficiaries and activators, in some of the *most radical gentrification processes*, which make some areas of the cities inaccessible — even if territorially circumscribed — thereby changing their residential outline. Several scholars have spoken of "super-gentrification," whose primary driver is made up of the super-rich (Butler & Lees, 2006). Just as countries do, cities can compete with each other to get an increasing number of the super-rich as inhabitants. Classic pull factors are tax relief, stock exchange deregulation, good opportunities to hide one's wealth, and a welcoming approach to immigrant workers (Hay & Muller, 2012). To be clear, willingness to host is shown toward super-rich immigrants, not immigrants as such. The super-rich, for their part, become plutocratic colonizers of the cityscape by means of extreme real estate speculations (R. Atkinson, 2020a).

Some typical epiphenomena testify to when a booming attraction of the super-rich is occurring in a city. While large American cities have traditionally developed vertically, European ones have historically been horizontal. In recent decades the skyline of some large European cities has grown at an exponential rate, and it "has been bolstered by new building technologies and massive injections of overseas capital" (R. Atkinson, 2018, p. 2; see also R. Atkinson, 2015, 2020a, 2020b). This has affected some cities such as London, Paris, and — to a lesser extent — Madrid and Milan.

These cities "saw capital mobilized to provide a significant number of [super]-rich overseas buyers" (R. Atkinson, 2018, p. 2). The sudden vertical explosion of several European cities often produces a twofold consequence. First, brutal expulsions and displacement of old residents occur (Sassen, 2014; R. Atkinson, 2000). Then, residential areas for the rich and super-rich emerge. However, the latter — often and increasingly — have a *multi-local living orientation*, so that new residential areas tend to be "lifeless dwellings" populated by "necrotecture" (Atkinson, 2018). In other areas of the planet outside of Europe, where the global economy is less mitigated by institutional intervention, the dynamics of expulsions and the creation of lifeless dwellings have emerged far more brutally. We refer, for example, to the urban upheaval that has occurred in many cities in the Middle and Far-East (Hay & Beaverstock, 2016; Paris, 2016; Forrest et al., 2017).

This intricate nexus between real estate, elite practices, and urban political economies also has secondary, though no less relevant, effects. The creation of habitats suitable for the living practices of the rich and super-rich deprives many places of their atmosphere of authenticity, which arises from the unpredictable and often casual way in which different social groups col-

lide and take possession of urban spaces, filling them with symbols and social meanings (Semi, 2015; Zukin, 2010). Also, the radical changes in architectural plans, if not embedded in organic urban visions, can cause a series of aesthetic blemishes. An example occurred in the summer of 2021 at the port of Liverpool, which lost its UNESCO World Heritage status after the construction of extreme luxury housing damaged the old docks area (BBC News, 2021).

Even if the super-rich follow part-time or back-and-forth residential patterns, the exclusive urban areas devoted to hosting them must be equipped with "receptive facilities" that the super-rich are likely to use when they are present. As Smeets et al. (2019) have shown, the super-rich more than other people engage in active leisure activities (e.g., socializing, exercising, and heterogeneous hobbies; see Travers, 2019). These activities are carried out in exclusive locations with limited access due to the high prices and for symbolic reasons concerning the status-group membership. These exclusive locations — such as multipurpose sports centres, top-class restaurants, party and cocktail halls, jewellery stores, and high-fashion rooms — are also space-consuming with respect to the urban landscape. Therefore, they fuel phenomena of social segregation and make the super-rich a visible but intangible presence for the social fabric (A.B. Atkinson, 2015).

On closer inspection, several deep aspects of the super-rich lifestyle as a whole seem to combine invisibility and social recognition, thereby nurturing a particular *social distinction* (Liu & Li, 2019; Cousin, 2017; Savage et al., 2007). Invisibility stems from the spatial separation that affects the super-rich in many urban contexts. Let us remember that the super-rich often pay for receiving absolute luxury services at home such as, for example, exclusive home eating with some of the most famous chefs in the world. Consistently, many super-luxury buildings are places where the super-rich could live without ever heading out[3]. This is a hyperbolic reproposition of the gated communities' model. At the same time, the presence of the super-rich affects the urban landscape with symbols and structures signalling that they are located there. As mentioned, this aspect has culminated in, for instance, the creation in just a few years of an original skyline in several European cities.

This particular combination of *invisibility* and *social recognition* also emerges from the opulent consumption patterns of the super-rich, which do not give rise to conspicuous consumption. A hallmark of the exclusivity of consumption by the super-rich is, in fact, removing it from the view of the rest of society. A relevant area of consumption by the super-rich revealing this unique tension between invisibility and social recognition is the art market. The involvement of the super-rich in the art economy over the past two decades "has affected how the culture industry operates on a global scale" (Wakefield 2017, p. 167). First, the prices of artworks have grown. Second, the complex and conflicting relationships between public museums and private collections have increased. The omnivorous attitude of the super-rich toward the purchase of prestigious artworks undermines the chances of museums to expand their collections. Through the massive purchase of artworks, the super-rich gain recognition within narrow social circles, viz., family members and friends who can benefit from artworks in private spaces. At the same time, they can also build a social reputation by establishing private collections that a wider public can visit.

When it comes to analysing the interconnections between the super-rich and spaces, both

3. A well-known example is *432 Park Avenue*, one of the highest residential towers in the Western Hemisphere. The building contains amenities of all kinds, including a restaurant overseen by Michelin-starred chefs, luxury shops, fitness centres, a 75-foot pool, saunas, steam and massage rooms, screening rooms, billiard rooms, libraries, etc. (https://www.432parkavenue.com/). Despite expectations, however, the tower is not without its problems, as some billionaire residents recently pointed out (Chen, 2021).

in a geographical and social sense, it appears that the super-rich are increasingly involved in the construction of spaces, even outside urban environments (Hay & Muller, 2012). In this regard, recent research has identified two phenomena. The first has been consolidating over time, while the second seems to be relatively new.

The first phenomenon is about the construction of elite seaside resorts that only the super-rich can go to. An *ante litteram* case is the Costa Smeralda territorial area (Emerald Coast), in Sardinia (Italy). In the 1960s, that area of the island was wild and rural, with no infrastructure. It has been transformed into a resort area for the super-rich by a group of wealthy entrepreneurs led by Karim Aga Khan. As happened in other super-rich areas, the Costa Smeralda became synonymous with "eccentricity, ostentation and even debauchery" (Bruno & Salle, 2018, p. 441). In the Costa Smeralda case, the super-rich exerted power over shaping and constructing the space, mainly during the first stages of the project when they could purchase at relatively low cost vast, previously uncontaminated territories. In other circumstances, the intervention of the super-rich over spaces is more substantial. This happens when existing villages are deeply transformed to attract the super-rich (i.e., the Saint-Tropez Peninsula or Courchevel in France)[4]. The super-rich, in fact, are not simply "charmed by the natural beauty of the area"; local amenities should be adapted to "their taste" and preferences that are different from those of middle-class people (p. 435). Places should be made enjoyable and accessible in terms of transportation with airports, heliports, and mooring places for mega space yachts. Then, when the super-rich are in a place, they exert physical and symbolic power over the space, thus generating strong social and spatial inequalities. Based on mechanisms of ecological succession concerning the rise in prices of primary goods and leisure activities, the super-rich act as "supplanting agents" that take over the pre-existing population. Supplanting does not mean replacing. As we have seen, the super-rich tend not to become new full-time residents. In cases of mountain and maritime super-rich districts, they become at most seasonal residents.

The second phenomenon is more innovative and concerns experiences of self-segregation of the super-rich in extra-urban areas. In these circumstances, we can identify the formation of new super-rich communities located at the local level, whose origins can be traced back to several social fears that the super-rich face thanks to their privileges. The Covid-19 pandemic and the anxiety that other pandemics may recur have made it more desirable to spend time in low-density populated areas, where one can carry out working activities remotely. Moreover, climate change has made some suburban areas more pleasant than urban ones as they are better suited for weather conditions characterized by rapid and intense mutations. Some pro-active drivers leading to the formation of new localized communities of super-rich also originate from the diffusion of innovative lifestyles, in particular among the younger super-rich. Empirical studies on the beliefs and behaviours of the subset of the super-rich giving rise to this type of community would be very much beneficial.

Farrell's book on the super-rich who settled in Teton County, Wyoming (United States) moves in this direction (2020). As Farrell claims, even in the case of Teton County, contextual variables matter. The super-rich were attracted to Teton by tax incentives. Besides material and concrete reasons, the super-rich account for their decision to move to Teton as a dream of living in such a charming area of the Rocky Mountains and finding new intimate connections with places, according to the myth of "western authenticity". The relational dynamics between the rich and the autochthonous raise puzzles. As Elias has shown, any local community study should deal with tensions between established and outsider groups (1994). In Teton, however,

4. We want to thank our colleagues and friends Magda Bolzoni and Giovanni Semi of the University of Turin (Italy) for evoking the case study of Courchevel in which they have been carrying out ethnographic research.

the least common variant occurs: outsiders have more material resources and enjoy a higher social reputation than natives. Any defensive strategies of the natives in terms of stigmatization, gossip, and monopolization of power are unrealistic and have little chance of succeeding. Autochthonous people, in fact, feel threatened by a process that has made Teton one of the most unequal counties in the United States, with a high cost of living, and exposed to land-grabbing by the super-rich. The latter seek to shed their bad reputation as conquerors by helping to conserve local resources. However, this strategy can spark resentment and distrust. It is perceived as a strategy to make the super-rich acceptable. As one interviewee put it, the super-rich care more about protecting the landscape and wolves than the Latino workers (Farrell 2020; see also Bonney, 2020).

4 Building Social Acceptance

Through Farrell's book (2020), we came to touch upon how the super-rich try to modify their social reputation to appear more acceptable. The author looks at this process at the local level and within situated relational dynamics, but the topic has broader relevance.[5] The study of social acceptance strategies implemented by the super-rich is, in fact, a well-established strand of the literature. The topic has been disentangled with respect to several issues (Sherman, 2019; Serafini & Smith Maguire, 2019).

Some authors, for instance, have investigated how the super-rich use their media representation to gain acceptance and consent. The super-rich are often successful and beloved personalities in the media. In the past, media representations dealt mainly with super-rich family dynasties (e.g., Rothschild, Agnelli) and the big captains of industry (e.g., Ford, Rockefeller). The super-rich family dynasties have lost media appeal, but the media representation of the super-rich as personalities of the star-system — on par with athletes and actors — has grown in recent years. Therefore, the biographies and the undertakings of the super-rich have become a mediatic genre of storytelling. Many super-rich are active participants in the construction of their (auto)biographic representation. Through social media, many of them show glimpses into their everyday life, thereby producing a sort of self-mythization.

The media self-mythization of the super-rich presents several recurring elements (Kets de Vries, 2021). First is the willingness to share private fragilities (i.e., illness or personality disorders), described as an opportunity for redemption. This helps the super-rich demonstrate a gentle form of charisma. Second is the ostentation of having often found themselves, at least once in life, in a position of social marginality. This specific aspect is often represented as the origin of an attitude of breaking established economic routines. Third is, the fact that they like making heretical life choices, similar to retreatism, *sensu* Merton (1968). Elon Musk, for example, recently sold his properties in San Francisco to move into a modest prefabricated rental house.

Needless to say, these media self-mythizations deliver a sugarcoated version of billionaires' life-course. This is typical for the media logic, so we should not be surprised. Media must be enjoyed with a degree of "suspension of disbelief", in the words of Coleridge[6]. More relevant is to

5. The "problem" of the social acceptance of the super-rich has arisen in 2011 following the economic and financial crisis. The *Occupy Wall Street* protest movement, with its slogan "We are the 99%", aimed to question the legitimacy of an extreme polarization of income and wealth for the benefit of a very small number of individuals. Despite an initial success and spread to several countries, this critique of the super-rich seems to have left few traces in the current public debate.

6. Samuel Coleridge introduced the term in *Biographia Literaria* (2014[1817], Chapter XIV).

stress that self-mythologizing narratives have helped some super-rich become familiar to a general audience. This has granted social respect towards the super-rich and somewhat weakened the critical orientation for the increasing concentration of wealth. Finally, stories mainly underlying the unique aspects of individual biographies have made great wealth more acceptable (if wealth concentration exclusively depends on individual exceptionalities and not on exogenous benefits, one is inclined to approve it). This has restricted public debate on the role that public resources have played in the success of the super-rich (Mazzucato, 2013).

Another way the super-rich gain social acceptance is through philanthropic activities (McGoey, 2015). It is not of interest here to drill into the individual motivations for private giving. In other words, we will not scrutinize whether the super-rich are driven by altruistic reasons or whether they intentionally use philanthropy as a tool to perpetuate their power (Sklair & Glucksberg, 2021). We will try to pinpoint some consequences of philanthropy occurring regardless the intentionality of the actors.

The new philanthropism is the successful rebranding of an old idea that has "attracted considerable media attention" (McGoey & Thiel, 2018, p. 115) in recent years. Several famous billionaires worldwide have carried out philanthropic activities worth billions of dollars, i.e., Warren Buffet, Bill Gates, Mark Zuckerberg, Pierre Omidyar. Around philanthropy, a field of actors institutionalizes itself (Powell & DiMaggio, 1991). This field comprises major financiers and supporters, huge organizations of foundations, and the agencies that evaluate the cultural and social impacts of philanthropic activities. Suffice it to mention the Carnegie Medal of Philanthropy that is awarded to philanthropists who reflect the values of Andrew Carnegie and his philosophy of giving. Philanthropic activities can have huge impacts; however, much has been written about the pitfalls that arise from addressing social issues through private capital rather than politics. The issues' priority happens to be defined more by the preferences of the super-rich than by the choices of democratic institutions. In other words, "big philanthropy is often an exercise of power, the conversion of private assets into public influence" (Reich, 2018, p. 1).

Other aspects are even more relevant for our analytical purposes. Beyond the dark sides of philanthropy as such, it is interesting to recall here the main mechanism through which philanthropy has become a factor sustaining the social acceptance of the super-rich (Sklair & Glucksberg, 2021; McGoey, 2012). In this respect, this mechanism relates to the idea that enlightened self-interest produces positive externalities for the public good (McGoey & Thiel, 2018, p. 116). As a result, it is taken for granted that the huge concentration of private wealth has positive effects for society as whole. In fact, it is assumed that big wealth provides the resources to address enormously costly issues that politics cannot handle because it is short of resources. We must only hope that the super-rich keep reproducing themselves over time, and have them follow the model of Frederick II of Swabia, thus becoming patrons of science, arts, and social welfare. This reasoning has some weaknesses, however. Are we actually dealing with independent variables? Big and concentrated private wealth in the face of few public resources is not a separate phenomenon. In the first section of this article, we looked at the interdependencies between these variables. The concentration of wealth is (also) the result of a tax regime that has shifted resources to the super-rich, thus reducing public budgets (Saez & Zucman, 2019). Therefore, one of the main ideas supporting the social acceptance of the super-rich is paradoxical. The belief has spread that the concentration of wealth, by allowing philanthropy, is an effective way to confront social inequalities. However, those inequalities are the downside of the political and economic processes that have ensured the exponential growth in the concentration of wealth. As McGoey (2021a) stated, the super-rich legitimize themselves as

solvers of problems of which they are one of the causes.

5 The Good Health of the Super-Rich, the Ills of Democracy and the Economy

In this article, we have identified some criteria for circumscribing the super-rich and the mechanisms underpinning the emergence, consolidation, and exponential increase of their wealth. We then observed how the super-rich concretely shape *spaces*. By doing so, we have also reconstructed how the super-rich transform *spaces* into *social arenas* in which they stand out through an original form of distinction made up of visibility and recognition, on the one hand, and invisibility, on the other. These last aspects are relational in character, that is, they imply exchanges and conflicts between the super-rich and other social groups in terms of control of resources within localized settings. This allowed us also to reflect on the issue of social acceptance of the super-rich.

We can now raise a few puzzles, that cannot be solved here. Yet we can start to better identify them. They will then re-emerge throughout the entire Thematic Issue to which this article serves as an introduction.

First, there is a need to dissect the *cleavages* internal to the super-rich. There are many unifying aspects within the super-rich, but also relevant endogenous differences that have so far received little attention (Keister et al., 2021; Torpey et al., 2021). These include factors such as age, gender, race, economic sectors, and values orientation, viz., the degree to which the super-rich adopt self-absolving and legitimizing behaviours or, conversely, criticize the process underlying wealth accumulation (Sherman, 2021). Other factors that can make a difference for the trajectories of the super-rich relate to contextual variables, at both the local and national levels. More attention to this aspect would be beneficial (Cousin et al., 2018). Delving into the internal differences within the super-rich would complement studies dedicated to the super-rich as a relatively uniform transnational elite (Brockmann et al., 2021; Cousin et al., 2018; Barbera et al., 2016; Mizruchi, 2016; Khan, 2016).

Second, deepening the relationship between the super-rich and power can help us understand their ability to exert social influence. With this aim, it might be useful to assume a relational perspective in order to observe how the super-rich are embedded in complex and heterophile social networks with ganglia throughout different social spheres. Such networks can help the super-rich interfere with political decision-making to obtain favourable legislation (Tobias Neely, 2018; Keister, 2014; Gilens, 2012; Page et al., 2013). We need more empirical investigation reconstructing the effects of these interconnections.

Keeping our focus on the social legitimacy of the super-rich, in 2011 Colin Crouch published a successful book with an evocative title: *The Strange Non-Death of Neoliberalism*. The premise of Crouch's (2011) analysis was that the financial crisis seemed to present a fundamental challenge to neoliberalism, the basis of the political orthodoxy of advanced economies in recent decades. Crouch argues that neoliberalism would have survived this challenge, though. The reason is that neoliberalism appears to take care of the free market, while in practice, it is concerned with domination over the public life of giant corporations. Hence, in the name of neoliberalism, a concentration of power groups perpetuating its existence strengthens. Ten years later, we can say that Crouch was right.

Crouch's pattern of analysis can be applied, *mutatis mutandis*, to the super-rich. The explicit or discrete power that the super-rich have over public life is at the origin of their *strange non-death*. To put it in a less radical way, the domination that the super-rich have over public life is one of the factors that tone down a radical critique of wealth accumulation, even in the

presence of exponential growth of inequalities. This paradox is as surprising as the one Crouch dealt with. The loss of collective capacity to stand up for social equality is striking (Streeck, 2016), all the more so in relation to Europe. Social inequalities have become a secondary topic in the public debate, at least since the 1990s (Franzini, 2010). Poverty and the need to support those who fall into unemployment unexpectedly are still relevant, but they are more circumscribed topics than that of social inequality as such. Reflecting on social inequalities requires thinking of the social distance between classes and the social classes' internal structure. In other words, social inequality requires thinking about the overall shape of society, not just the tail end of the income distribution. Topics of this kind have lost their centrality, which is surprising because public opinion in European countries was inclined to think in terms of social classes (Franzini, 2010). This inclination came from the tradition of socialist and social-democratic parties. The sanctification of the super-rich (McGoey & Thiel, 2018), and the intangibility of the processes of wealth accumulation have benefited from the changes mentioned above that occurred in the public and political debate.

Following Crouch's reasoning, neoliberalism has made it a given that the concentration of wealth is not an issue in itself and is a precondition for there to be a trickle down of resources.

Whether we like trickle-down economics or not, the originating factors of wealth accumulation and its social and economic outcomes still need to be investigated. The precepts of trickle-down economics are not enough to handle such a complex matter. Therefore, comparative-historical analyses are much needed to grasp whether a new phenomenon in terms of wealth accumulation is occurring or "whether we are transitioning from an exceptional period of post-war redistribution to a more 'normal' state of wealth concentration" (Hamnett, 2019, p. 1210; Forrest et al., 2017; Milanovic, 2010).

While reconstructing a history of wealth gaps in the United States in the 20th century, Krugman (2007) showed that the gap between rich and poor diminished in mid-century — he refers to this age as the "Great Compression" — then expanded again, starting in the 1980s, to levels higher than those in the 1920s. This divergence emerged as a result of technological and trade changes, but Krugman argued that government policies (i.e., attacks on the welfare state, and tax reforms favouring great wealth) have played a greater role both in reducing the gap from the 1930s through 1970s, and in deepening it from the 1980s through the present.

If this is so, the current divergence in wealth distribution seems to be part of a structural trend that has been reduced only in a circumscribed historical phase. This poses a challenge for the years ahead. In fact, the age of the "Great Compression", as Krugman called it, has also produced in the Western world a high average level of well-being, a substantial increase in life expectancy, emancipation from oppressive lifestyles, a strengthening of the democratic assets, and a reasonable stability of the economy. If the "domino" of restricted inequalities fails, the other dominoes tend to collapse as well. Thus, the concentration of wealth can be conceived as one side of an N-faceted prism, whose other faces are, among others, the loss of social well-being, difficulties for democratic institutions, the emergence of *The Great Gatsby Curve* (i.e., the collapse of social mobility in the face of structured inequalities; Kruger, 2012), and the presence of an unstable economy. And it has now been demonstrated that there are reverse-causation relationships among these dimensions. It is a matter of fact that wealth inequalities have been exacerbated by a tumultuous economy and short-sighted politics. At the same time, wealth inequalities generate economic problems on their own if they go beyond a certain threshold, first and foremost, because of the collapse of domestic demand.

Therefore, it is necessary to reflect on the need to redistribute wealth and to improve the sustainability of capitalism (Milanovic, 2019), by introducing a higher levy for the super-rich,

with the understanding that changes are needed that affect the progressivity of the entire tax system (Saez & Zucman, 2021; Scheuer & Slemrod, 2020; Gamage, 2019; Zucman, 2015).

At this juncture, we return once again to the origin of wealth. In the old industrial age, the wealth-creating investments, that is, investments introducing new goods and services or new ways to produce established goods, were more significant than nowadays. In contrast, in the current scenario, the process of wealth extraction, or rent economy, has assumed a greater weight (Askenazy, 2021; McGoey, 2021b; Standing, 2021; Christophers, 2020; Sadowski, 2020; Harrington, 2017). The wealth-extracting investments are, for example, "financial gains from any kind of lending, renting, ownership and trading of financial assets" (Sayer, 2020, p. 4; Demir, 2007) that do not contribute to any (new and concrete) wealth-creating. Given a gargantuan concentration of wealth taking place mainly through rent dynamics and extraction of value, the matters about economic — and not just social — sustainability are unavoidable. Policies requiring the super-rich to redistribute a substantial share of their wealth are therefore socially fair and economically necessary. This is a challenge that we will continue to discuss in the forthcoming years.

References

Alvaredo, F., Atkinson, A.B., Piketty, T., & Saez, E. (2013). The Top 1 Percent in International and Historical Perspective. *Journal of Economic Perspectives*, *27*(3), 3–20. https://doi.org/10.1257/jep.27.3.3

Anderson, S. (2021). How CEOs Pumped Up Their Pandemic Paychecks. *Newsweek*, 26 May. https://www.newsweek.com/how-ceos-pumped-their-pandemic-paychecks-opinion-1594725

Askenazy, P. (2021). *Share the Wealth: How to End Rentier Capitalism*. London & New York: Verso.

Atkinson, A.B. (2015). *Inequality*. Cambridge: Harvard University Press. https://doi.org/10.4159/9780674287013

Atkinson, R. (2000). The Hidden Costs of Gentrification: Displacement in Central London. *Journal of Housing and Built Environment*, *15*(4), 307–326. https://doi.org/10.1023/A:1010128901782

Atkinson, R. (2015). The Super-Rich in London: They Live amongst Us, but You Won't Run into Them (If They Can Help It). *LSE British Politics and Policy*, 25 August. https://blogs.lse.ac.uk/politicsandpolicy/a-seamless-floating-space-mobility-the-super-rich-and-london/

Atkinson, R. (2018). Necrotecture: Lifeless Dwellings and London's Super-Rich. *International Journal of Urban and Research*, *43*(1), 2–13. https://doi.org/10.1111/1468-2427.12707

Atkinson, R. (2020a). *Alpha City. How London Was Captured by the Super-Rich*. London & New York: Verso.

Atkinson, R. (2020b). London: Life Support System of the Super-Rich. *Verso Books Blog*, 18 June. https://www.versobooks.com/blogs/4740-london-life-support-system-of-the-super-rich

Bach, L., Calvet, L.E., & Sodini, P. (2020). Rich Pickings? Risk, Return, and Skill in Household Wealth. *American Economic Review*, *110*(9), 2703–2747. https://doi.org/10.1257/aer.20170666

Bagnasco, A. (2016). *La questione del ceto medio. Un racconto del cambiamento sociale*. Bologna: Il Mulino.

Barbera, F., Dagnes, J., & Salento, A. (2016). Investigating Élites. Relationships, Spaces, Rituals. An Introduction. *Sociologica*, *10*(2), 1–10. https://doi.org/10.2383/85288

BBC News. (2021). Liverpool Stripped of Unesco World Heritage Status. 21 July. https://www.bbc.com/news/uk-england-merseyside-57879475

Bonney, E. (2020). Book Review: Billionaire Wilderness: The Ultra-Wealthy and the Remaking of the American West by Justin Farrell. *LSE Phelan US Centre*, 16 August. https://blogs.lse.ac.uk/usappblog/2020/08/16/book-review-billionaire-wilderness-the-ultra-wealthy-and-the-remaking-of-the-american-west-by-justin-farrell/

Brockmann, H., Drews, W., & Torpey, J. (2021). A Class for Itself? On the Worldviews of the New Tech Elite. *PLoS ONE*, *16*(1), e0244071. https://doi.org/10.1371/journal.pone.024407

Bruno, I., & Salle, G. (2018). "Before Long There Will Be Nothing but Billionaires!" The Power of Elites over Space on the Saint-Tropez Peninsula. *Socio-Economic Review*, *16*(2), 435–458. https://doi.org/10.1093/ser/mwy016

Butler, T., & Lees, L. (2006). Super-Gentrification in Barnsbury, London: Globalization and Gentrifying Global Elites at the Neighbourhood Level. *Transactions of the Institute of British Geographers*, *31*(4), 467–487. https://doi.org/10.1111/j.1475-5661.2006.00220.x

Chen, S. (2021). The Downside to Life in a Supertall Tower: Leaks, Creaks, Breaks. *The New York Times*, 4 May. https://www.nytimes.com/2021/02/03/realestate/luxury-high-rise-432-park.html

Christophers, B. (2020). *Rentier Capitalism: Who Owns the Economy, and Who Pays for It?* London & New York: Verso.

Coleridge, S.T. (2014). *Biographia Literaria*. Edinburgh: Edinburgh University Press. (Original work published 1817)

Cousin, B., Chauvin, S. (2021). Is There a Global Super Bourgeoisie? *Sociology Compass*, *15*(6), e12883. https://doi.org/10.1111/soc4.12883

Cousin, B., & Chauvin, S. (2017). Old Money, Networks and Distinction: The Social and Service Clubs of Milan's Upper Classes. In R. Forrest, S.Y. Koh, & B. Wissink (Eds.), *Cities and the Super-Rich. Real Estate, Elite Practices and Urban Political Economies* (pp. 147–165). New York: Palgrave Macmillan. https://doi.org/10.1057/978-1-137-54834-4_8

Cousin, B., Khan, S., & Mears, A. (2018). Theoretical and Methodological Pathways for Research on Elites. *Socio-Economic Review*, *16*(2), 225–249. https://doi.org/10.1093/ser/mwy019

Crédit Suisse (2021). *Global Wealth Report 2021*. Credit Suisse Research Institute. https://www.credit-suisse.com/media/assets/corporate/docs/about-us/research/publications/global-wealth-report-2021-en.pdf

Crouch, C. (2011). *The Strange Non-Death of Neo-Liberalism*. Cambridge: Polity Press.

Curran, D. (2015). Risk Illusion and Organized Irresponsibility in Contemporary Finance: Rethinking Class and Risk Society. *Economy and Society*, *44*(3), 392–417. https://doi.org/10.1080/03085147.2015.1044850

Curran, D. (2021). Risk Mismatches and Inequalities: Oil and Gas and Elite Risk-Classes in the US and Canada. *Sociologica*, *15*(2), 57-74. https://doi.org/10.6092/issn.1971-8853/12395

Dagnes, J., Filandri, M., & Storti, L. (2018). Social Class and Wealth Inequality in Italy over 20 Years, 1993–2014. *Journal of Modern Italian Studies*, *23*(2), 176–198. https://doi.org/10.1080/1354571X.2018.1427945

Demir, F. (2007). The Rise of Rentier Capitalism and the Financialization of Real Sectors in Developing Countries. *Review of Radical Political Economics*, *39*(3), 351–359. https://doi.org/10.1177/0486613407305283

Dolan, K.A, Wang, J., & Peterson-Withorn, C. (Eds.). (2021). Forbes World's Billionaires List. The Richest in 2021. https://www.forbes.com/billionaires/

Farrel, J. (2021). *Billionaire Wilderness: The Ultra-Wealthy and the Remaking of the American West*. Princeton: Princeton University Press.

Florida, R. (2002). *The Rise of the Creative Class: And How It's Transforming Work, Leisure, Community and Everyday Life*. New York: Perseus Book Group.

Forrest, R., Koh, S.Y., & Wissink, B. (Eds.) (2017). *Cities and the Super- Rich: Real Estate, Elite Practices, and Urban Political Economies*. New York: Palgrave.

Franzini, M. (2010). *Ricchi e poveri. L'Italia e le disuguaglianze (in)accettabili*. Milano: Egea.

Franzini, M., Granaglia, E., & Raitano, M. (2016). *Extreme Inequalities in Contemporary Capitalism. Should We Be Concerned about the Rich?*. New York: Springer.

Freund, C., & Oliver, S. (2016). The Origins of the Superrich: The Billionaire Characteristics Database. *Peterson Institute for International Economics Working Paper*, *16*(1). http://dx.doi.org/10.2139/ssrn.2731353

Gamage, D. (2019). Five Key Research Findings On Wealth Taxation for the Super Rich. *Unpublished Paper*, 1–20. http://dx.doi.org/10.2139/ssrn.3427827

Genschel, P., & Schwarz, P. (2011). Tax Competition: A Literature Review. *Socio-Economic Review*, *9*(2), 339–370. https://doi.org/10.1093/ser/mwr004

Gilens, M. (2012). *Affluence and Influence*. Princeton: Princeton University Press.

Godechot, O. (2016). *Wages, Bonuses and Appropriation of Profit in the Financial Industry: The Working Rich*. London & New York: Routledge.

Hamnett, C. (2019). Ray Forrest, Sin Yee Koh and Bart Wissink (eds.) 2017: Cities and the Super-Rich: Real Estate, Elite Practices, and Urban Political Economies. New York: Palgrave. *International Journal of Urban and Regional Research*, *43*(6), 1209–1210. https://doi.org/10.1111/1468-2427.12861

Harrington, B. (2012). From Trustees to Wealth Managers. In G. Erreygers & J. Cunliffe (Eds.), *Inherited Wealth, Justice and Equality*, (pp. 190–209). London & New York: Routledge.

Harrington, B. (2016). *Capital without Borders. Wealth Managers and the One Percent*. Cambridge: Harvard University Press.

Harrington, B. (2017). Trusts and Financialization. *Socio-Economic Review*, *15*(1), 31–63. https://doi.org/10.1093/ser/mww014

Hay, I., & Muller, S. (2012). "That Tiny, Stratospheric Apex That Owns Most of the World". Exploring Geographies of the Super-Rich. *Geographical Research*, *50*(1), 75–88. https://doi.org/10.1111/j.1745-5871.2011.00739.x

Hedström, P. (2005). *Dissecting the Social: On the Principles of Analytical Sociology*. Cambridge: Cambridge University Press.

International Monetary Fund (2021). *World Economic Outlook*. https://www.imf.org/en/Publications/WEO/Issues/2021/07/27/world-economic-outlook-update-july-2021

Keister, L.A. (2014). The One Percent. *Annual Review of Sociology*, *40*, 347–367. https://doi.org/10.1146/annurev-soc-070513-075314

Keister, L.A. (2018). Income and Wealth Are Not Highly Correlated: Here Is Why and What It Means. *Work in Progress*, 29 October. http://www.wipsociology.org/2018/10/29/income-and-wealth-are-not-highly-correlated-here-is-why-and-what-it-means/

Keister, L.A., & Lee, H.Y. (2017). The Double One Percent: Identifying an Elite and a Super-Elite Using the Joint Distribution of Income and Net Worth. *Research in Social Stratification and Mobility*, *50*, 1–12. https://doi.org/10.1016/j.rssm.2017.03.004

Keister, L., Yavorsky, J., & Lee, H.Y (2021). Gender and Wealth in the Super Rich: Asset Differences in Top Wealth Households in the United States, 1989–2019. *Sociologica*, *15*(2), 25-55. https://doi.org/10.6092/issn.1971-8853/12394

Kets de Vries, M.F.R. (2021). Do you Really Want to Become a Billionaire? A Look Inside the Inner Theatre of the Super-rich. *INSEAD Working Paper No. 2021/30/EFE*. http://dx.doi.org/10.2139/ssrn.3855321

Khan, S. (2016). The Many Futures of Élites Research. A Comment on the Symposium. *Sociologica*, *10*(2), 1–11. https://doi.org/10.2383/85294

Krippner, G. (2005). The Financialization of the American Economy. *Socio-Economic Review*, *3*(2), 173–208. https://doi.org/10.1093/SER/mwi008

Krippner, G. (2011). *Capitalizing on Crisis: The Political Origins of the Rise of Finance*. Cambridge: Harvard University Press.

Krueger, A. (2012). The Rise and Consequences of Inequality. *Presentation made to the Center for American Progress*, January 12th.

Krugman, P. (2007). *The Conscience of a Liberal*. New York: W.W. Norton.

Liu, T., & Li, M. (2020). Leisure & Travel as Class Signifier: Distinction Practices of China's New Rich. *Tourism Management Perspectives*, *33*, 100627. https://doi.org/10.1016/j.tmp.2019.100627

Mazzucato, M. (2013). *The Entrepreneurial State: Debunking Public vs. Private Sector Myths*. London: Anthem Press.

McGoey, L. (2012). Philanthrocapitalism and Its Critics. *Poetics*, *40*(2), 185–199. https://doi.org/10.1016/j.poetic.2012.02.006

McGoey, L. (2015). *No Such Thing as a Free Gift: The Gates Foundation and the Price of Philanthropy*. London & New York: Verso.

McGoey, L. (2021a). Why Billionaires Like Bill Gates Can't Fix the Problems They Helped Create. *The New York Times*, 25 May. https://www.nytimes.com/2021/05/25/opinion/bill-melinda-gates-foundation.html

McGoey, L. (2021b). Hiding the Rentier Elephant in Plain Sight: The Epistemology of Vanishing Rent. *Sociologica*, *15*(2), 75-93. https://doi.org/10.6092/issn.1971-8853/12720

McGoey, L., & Thiel, D. (2018). Charismatic Violence and the Sanctification of the Super-Rich. *Economy and Society*, *47*(1), 111–134. https://doi.org/10.1080/03085147.2018.1448543

Merton, R.K. (1968). *Social Theory and Social Structure*. New York: Simon & Schuster.

Milanovic, B. (2010). *The Haves and the Have-Nots: A Brief and Idiosyncratic History of Global Inequality*. New York: Basic Books.

Milanovic, B. (2019). *Capitalism, Alone: The Future of the System That Rules the World*. Cambridge: Harvard University Press.

Mizruchi, M.S. (2016). The Resurgence of Élite Research: Promise and Prospects. A Comment on the Symposium. *Sociologica*, *10*(2), 1-10. https://doi.org/10.2383/85293

Oxfam (2021). *The Inequality Virus. Bringing Together a World Torn Apart by Coronavirus Through a Fair, Just and Sustainable Economy*. https://oxfamilibrary.openrepository.com/bitstream/handle/10546/621149/bp-the-inequality-virus-250121-en.pdf

Page, B., Bartels, L., & Seawright, J. (2013). Democracy and the Policy Preferences of Wealthy Americans. *Perspectives on Politics*, *11*(1), 51–73. https://doi.org/10.1017/S153759271200360X

Piketty, T. (2013). *Le capital au XXIe siècle*. Le Seuil: Paris.

Powell, W.W., & DiMaggio, P.J. (Eds.). (1991). *The New Institutionalism in Organizational Analysis*. Chicago: University of Chicago Press.

Ranald, M. (2014). Financial Capitalism. In L. Neal & J. Williamson (Eds.), *The Cambridge History of Capitalism. Volume II: The Spread of Capitalism: From 1848 to the Present*, (pp. 230–263). Cambridge: Cambridge University Press.

Reich, R. (2018). *Just Giving: Why Philanthropy Is Failing Democracy and How It Can Do Better*. Princeton: Princeton University Press.

Sadowski, J. (2020). The Internet of Landlords: Digital Platforms and New Mechanisms of Rentier Capitalism. *Antipode*, *52*(2), 562–580. https://doi.org/10.1111/anti.12595

Saez, E., & Zucman, G. (2019). *The Triumph of Injustice. How the Rich Dodge Taxes and How to Make them Pay*. New York: W.W. Norton & Company.

Saez, E., & Zucman, G. (2021). *How to Get $1 Trillion from 1000 Billionaires: Tax their Gains Now*. Berkeley: University of California.

Sassen, S. (1995). The State and the Global City: Notes towards a Conception of Place-Centered Governance. *Competition & Change*, *1*(1), 31–50. https://doi.org/10.1177/102452949500100103

Sassen, S. (2014). *Expulsions*. Cambridge: Harvard University Press.

Savage, M., Warde, A., & Devine, F. (2007). Comment on John Goldthorpe/3. *Sociologica*, *1*(2), 1–7. https://doi.org/10.2383/24758

Sayer, A. (2015). *Why We Can't Afford the Rich*. Bristol: Policy Press.

Sayer, A. (2020). Rentiership, Improperty and Moral Economy. *Environment and Planning A: Economy and Space*, 1–14. https://doi.org/10.1177/0308518X20908287

Scheidel, W. (2017). *The Great Leveler: Violence and the Global History of Inequality from the Stone Age to the Present*. Oxford: Oxford University Press.

Scheuer, F., & Slemrod, J. (2020). Taxation and the Superrich. *Annual Review of Economy*, *12*, 189–211. https://doi.org/10.1146/annurev-economics-081919-115106

Scott, P., & Walker, J.T. (2020). The Comfortable, the Rich, and the Super-Rich. What Really Happened to Top British Incomes during the First Half of the Twentieth Century? *The Journal of Economic History*, *80*(1), 40–68. https://doi.org/10.1017/S0022050719000767

Semi, G. (2015). *Gentrification. Tutte le città come Disneyland?*. Bologna: Il Mulino.

Serafini, P., & Smith Maguire, J. (2019). Questioning the Super-Rich. Representations, Structures, Experiences. *Cultural Politics*, *15*(1), 1–14. https://doi.org/10.1215/17432197-7289444

Sherman, R. (2018). "A Very Expensive Ordinary Life": Consumption, Symbolic Boundaries and Moral Legitimacy among New York Elites. *Socio-Economic Review*, *16*(2), 411–433. https://doi.org/10.1093/ser/mwy011

Sherman, R. (2019). *Uneasy Street. The Anxieties of Affluence*. Princeton, NJ: Princeton University Press.

Sherman, R. (2021). *Against Accumulation: Class Traitors Challenge Wealth and Worth*. *Sociologica*, *15*(2), 117-142. https://doi.org/10.6092/issn.1971-8853/12558

Sklair, J., & Glucksberg, L. (2021). Philanthrocapitalism as Wealth Management Strategy: Philanthropy, Inheritance and Succession Planning among the Global Elite. *The Sociological Review*, *69*(2), 314–329. https://doi.org/10.1177/0038026120963479

Skopek, N. (2015). *Wealth as a Distinct Dimension of Social Inequality*, (Vol. 14). Bamberg: University of Bamberg Press.

Smeets, P., Whillans, A., Bekkers, R., & Norton, M.I. (2020). Time Use and Happiness of Millionaires: Evidence from the Netherlands. *Social Psychological and Personality Science*, *11*(3), 295–307. https://doi.org/10.1177/1948550619854751

Standing, G. (2021). *The Corruption of Capitalism: Why Rentiers Thrive and Work does not Pay*. London: Biteback.

Streeck, W. (2016). *How Will Capitalism End? Essays on a Failing System*. London & New York: Verso.

Tobias Neely, M. (2018). Fit to Be King: How Patrimonialism on Wall Street Leads to Inequality. *Socio-Economic Review*, *16*(2), 365–385. https://doi.org/10.1093/ser/mwx058

Tonkiss, F. (2005). *Space, the City and Social Theory: Social Relations and Urban forms*. Cambridge: Polity Press.

Torpey, J., Brockmann, H., & Hendricks, B. (2021). Excess Profits, Taxpayer-Subsidized Philanthropy, and the Coronavirus Crisis: Charitable Giving by the Tech Elite in Response to the Pandemic. *Sociologica*, *15*(2), https://doi.org/10.6092/issn.1971-8853/12435

Travers, M. (2019). How Do the Very Wealthy Choose to Spend Their Time?. *Forbes*, 13 July. https://www.forbes.com/sites/traversmark/2019/07/13/how-do-the-very-wealthy-choose-to-spend-their-time/?sh=1ada91de2ca1

Trigilia, C. (Eds.) (2020). *Capitalismi e democrazie. Si possono conciliare crescita e uguaglianza?*. Bologna: Il Mulino.

Volscho, T.W., & Kelly, N.J. (2012). The Rise of the Super-Rich: Power Resources, Taxes Financial Markets, and the Dynamics of the Top 1 Percent, 1949 to 2008. *American Sociological Review*, *77*(5), 679–699. https://doi.org/10.1177/0003122412458508

Wakefield, S. (2017). Arts and the Super-Rich: Emerging Relations in the Gulf and the East. In R. Forrest, S.Y. Koh, & B. Wissink (Eds.), *Cities and the Super-Rich. Real Estate, Elite Practices and Urban Political Economies* (pp. 167–185). New York: Palgrave Macmillan.

Wealth-X (2021). *World Ultra Wealth Report 2021*. https://go.wealthx.com/world-ultra-wealth-report-2021

Zucman, G. (2015). *The Hidden Wealth of Nations. The Scourge of Tax Havens*. Chicago: The University of Chicago Press.

Zukin, S. (1989). *Loft Living: Culture and Capital in Urban Change*. New Brunswick: Rutgers University Press.

Zukin, S. (2000). *Naked City: The Death and Life of Authentic Urban Places*. Oxford: Oxford University Press.

Luca Storti – Department of Cultures, Politics and Society, University of Turin (Italy)
https://orcid.org/0000-0002-3942-6477
luca.storti@unito.it; https://www.didattica-cps.unito.it/do/docenti.pl/Alias?luca.storti#tab-profilo
Luca Storti is an Associate Professor of Economic Sociology at the University of Turin (Italy) and Research Fellow of the Ralph Bunche Institute for International Studies in the Graduate Center at The City University of New York (USA). His main research interests and publications involve the topic of international organised crime groups at boundaries between legal and illegal markets, and the relationships between institutions and the economy.

Joselle Dagnes – Department of Cultures, Politics and Society, University of Turin (Italy)
https://orcid.org/0000-0001-9024-5594
joselle.dagnes@unito.it; https://www.didattica-cps.unito.it/do/docenti.pl/Show?_id=jdagnes#tab-profilo
Joselle Dagnes is tenure-track Assistant Professor of Economic Sociology at the University of Turin (Italy), where she teaches Sociology of Markets. Her main research interests include financialization processes and financial markets, formal and informal regulation processes, mafia's processes of territorial expansion at both national and international level, and the foundational economy.

https://doi.org/10.6092/issn.1971-8853/12394
Sociologica. V.15 N.2 (2021)
ISSN 1971-8853
https://sociologica.unibo.it/

Gender and Wealth in the Super Rich: Asset Differences in Top Wealth Households in the United States, 1989–2019

Lisa A. Keister* [a, b] Hang Young Lee [c] Jill E. Yavorsky [d]

[a] Department of Sociology, Duke University (USA)
[b] Sanford School of Public Policy, Duke University (USA)
[c] School of Social Sciences, Macquarie University (Australia)
[d] Department of Sociology and Organizational Science, University of North Carolina at Charlotte (USA)

Submitted: February 9, 2021 – Revised version: August 13, 2021
Accepted: September 1, 2021 – Published: September 30, 2021

Abstract

Wealth inequality is extreme and growing in the United States, and researchers have begun to explore the factors that are associated with membership in the top one percent of net worth owners. We contribute to this important literature by examining the association between gender and net worth in the U.S. super-rich. We propose that unmarried women, unmarried men, and married couples in the one percent are likely to have different levels of net worth and distinct patterns of asset holdings that reflect gender differences in income and saving, the household division of labor, work, and demographics. We use data from the 1989–2019 U.S. Survey of Consumer Finances (SCF), a unique data set that contains a high-income, high-wealth sample designed to accurately represent wealthy households. We find modest differences in total net worth among unmarried women, unmarried men, and married couples with unmarried women owning slightly less net worth than either unmarried men or married couples. We also find that unmarried women hold a lower percentage of their net worth in business assets and a higher percentage of their assets as trust accounts compared to unmarried men and married couples. Our findings contribute to the literature that explores the wealth of the super-rich and highlight the role that gender plays in these families. Our results also build on research on the role that business assets and trusts play in wealthy families and suggest that women may be dependent on others for access to the super-rich.

Keywords: Gender and wealth; super-rich; top wealth households.

Acknowledgements

We are grateful to Brooke Harrington for excellent comments on this work.

* lkeister@duke.edu

The United States is one of the most unequal countries in the world, and the super rich have flourished for decades while inequality has grown (Balestra, 2018; Keister & Lee, 2017; Killewald et al., 2017; Bhutta et al., 2020). Attention to the super rich is increasingly on those at the top of the *wealth* distribution — rather than the *income* distribution — because wealth inequality is so extreme. In 2019, the top one percent by wealth owned nearly 40% of net worth (assets less debts) while the lower 80% of households owned only 13% of net worth (authors' estimates shown in Figure 1). By contrast, the top one percent by income received 19% of total income in 2019, and the lower 80% of income earners received 40%. Figure 1 also shows that the top one percent of wealth owners are notably wealthier than others in the top 10% of households, who are arguably privileged as well, and that these levels of inequality have been fairly constant for decades. Differences between the super rich and other classes are so stark that many worry the elite now constitute a separate, extremely powerful segment of society that disproportionately influences economic, political, and social conditions (Bartels, 2008; Freeland, 2012; Khan, 2012; Volscho & Kelly, 2012). Researchers have begun to document the factors that contribute to membership in top income positions and to the growth in top incomes over time (DiPrete et al., 2010; Piketty, 2013; Yavorsky et al., 2019; Zweigenhaft & Domhoff, 2014). There is also evidence that some assets — such as business assets (Keister et al., 2021) and trusts (Harrington, 2017) — are central to the wealth accumulation strategies of super rich households. Despite these advances, however, we are only beginning to understand who top wealth owners are and the nature of their financial resources.

Gender is likely to be an important factor that helps explain who has access to top wealth positions. In particular, there are likely to be differences in the wealth of unmarried women, unmarried men, and married couples in the super rich that reflect gendered pathways to high wealth and that shed light on whether women have made progress relative to men on wealth accumulation, a key component of financial well-being. On one hand, women's education levels and incomes have grown in recent decades; women save more than men when they have comparable incomes (Stanley, 2005). Women also tend to outlive men (Crimmins & Zhang, 2019; Duffin, 2020). These factors may help some unmarried women grow their assets relative to other men and for married women, contribute more to household wealth. On the other hand, large gender disparities remain in work and family. There are still pronounced gender gaps in wages and salaries (Dinovitzer et al., 2009; Raley et al., 2006; Schwartz, 2010), particularly at the top of the income distribution (Cotter et al., 2001; England et al., 2020; Rivera & Tilcsik, 2016; Yavorsky et al., 2019); among entrepreneurs, men continue to have greater access than women to financial capital to start and grow their businesses (Cantwell, 2014; Renzulli et al., 2000; Yang & Aldrich, 2014), and married couples, especially super-rich couples, often prioritize men's work and have a traditional division of labor (Yang & Aldrich, 2014; Yavorsky et al., 2020), suggesting that two adults will not necessarily double the household's wealth. These patterns suggest that women and men are likely to have different paths to top wealth positions, and that these paths will result in notably different wealth portfolios for those who reach the top. Previous research hints at these possibilities (Edlund & Kopczuk, 2009; Rosenfeld, 1998), and a growing body of historic evidence suggests that financial instruments such as trusts may contribute to the concentration of wealth in the hands of particular families (Harrington, 2017). However, scholars are only beginning to understand the processes that lead to gender differences in the wealth of the super rich.

We fill this gap by exploring gender differences in the wealth levels and wealth portfolios of the super rich, defined as the top one percent of U.S. wealth holders. We compare unmarried women, unmarried men, and married couples to provide a comprehensive view of members of

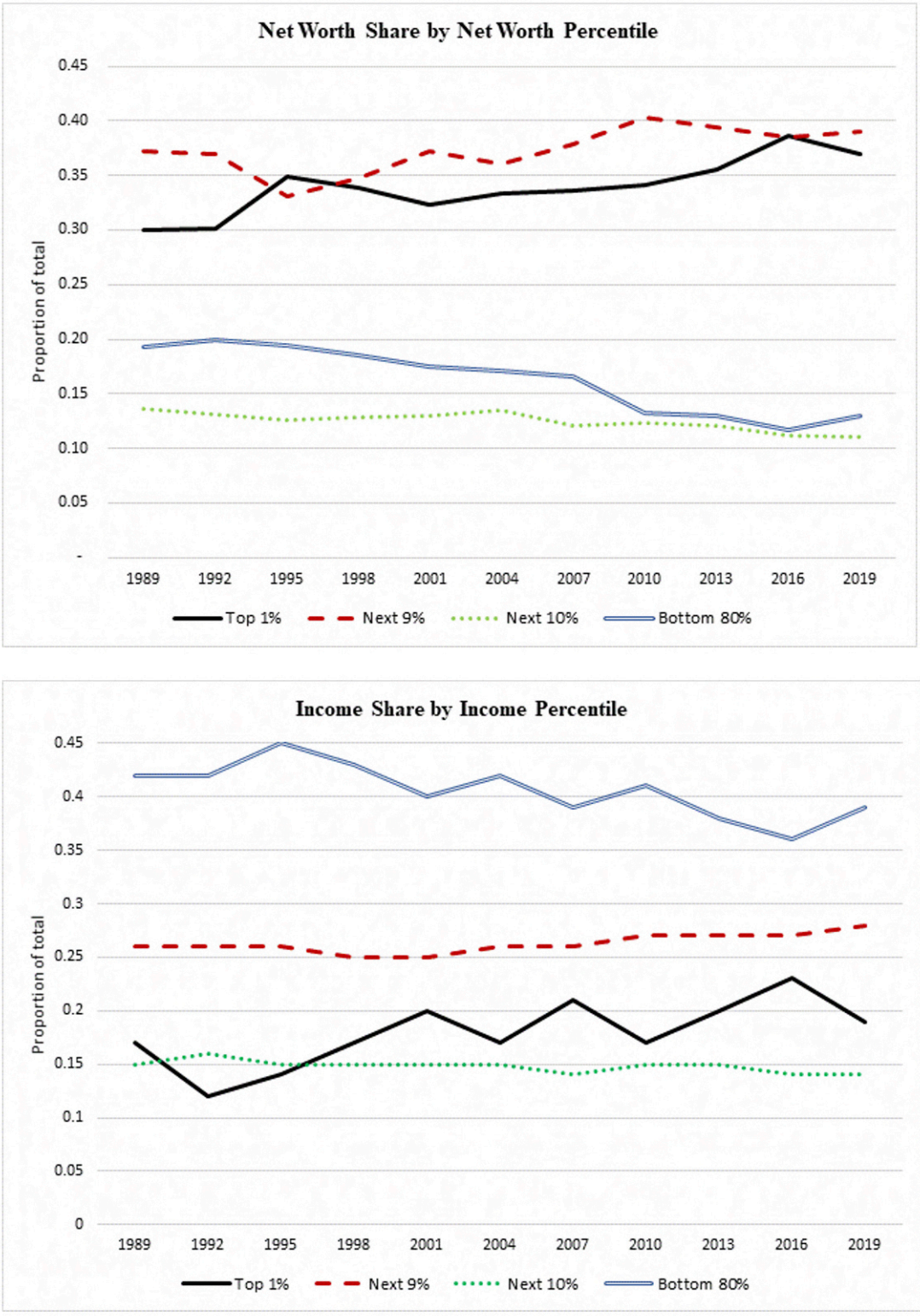

Figure 1: Net Worth and Income Inequality in the U.S., 1989–2019

the one percent while avoiding the challenges associated with studying gender and wealth that result from joint asset ownership by married couples. We have two primary objectives. First, we study the association between gender and overall net worth for those in the top one percent in order to understand whether unmarried women, unmarried men, and married couples differ in the level of wealth they hold even in the super rich. Second, we explore the wealth portfolios of the super rich, with a focus on the role that business assets and trusts play in the total assets of unmarried women, unmarried men, and married couples. That is, we study the percent of total household assets held as a) business assets and as b) trust accounts for unmarried women, unmarried men, and married couples, to provide insight into the paths these super-rich households took to the top. We focus on these assets because they are commonly held by super-rich households, but owning these assets imply different routes to the top: business assets are more likely to be self-made, whereas trusts are more likely to be inherited (Edlund & Kopczuk, 2009; Hansen, 2014; Harrison, 2017).[1] We use data from the 1989–2019 U.S. Federal Reserve Board's Survey of Consumer Finances (SCF), a unique data set that contains both a representative national probability sample and a high-income, high-wealth sample designed to accurately represent wealthy households. Our findings underscore the important role that gender plays in access to top wealth positions and suggest that women are more likely to be super rich through others' accomplishments than their own. These findings also speak to whether women have made progress on financial and work terms relative to men, an issue that continues to be controversial in the gender literature (England et al., 2016; Stone, 2007; Yavorsky, 2019).

1 Gender and Wealth

Research interest in the super rich has grown dramatically recently as it becomes clear that these elite households own vast resources and control important political, economic, and social institutions that affect all households (Kelly & Volscho, 2014; Khan, 2012; Rivera & Tilcsik, 2016; Volscho & Kelly, 2012). Wealth is a particularly important part of the conversation because assets provide additional security beyond the benefits of income (e.g., a buffer against financial emergencies) and because wealth can create more wealth and be passed to future generations creating family dynasties. Despite growing research interest in top wealth holders, most work on the super rich has been gender-blind or at least gender-neutral. The gender-neutral approach in studies of high-wealth households, in part, reflects conceptual and analytic challenges in studying gender and wealth when most married couples hold assets jointly. Couples tend to merge their financial assets, including checking and savings accounts, the most common financial vehicle owned by households. Similarly, the majority of American couples buy a house at some point, and they tend to buy that residence jointly. Couples also tend to hold other assets together, including business assets, vacation homes, and the like. Retirement accounts (including Individual Retirement Accounts and pooled investments that accrue through employers) and cash accounts (e.g., checking accounts, savings accounts, Certificates of Deposit) are exceptions and can be owned separately by members of a couple. Importantly, however, most couples treat even separate bank accounts as joint property and pool resources held in these accounts to save for shared goals and to pay for consumption needs (Hamplova & Bour-

1. Self-made is a relative term. It is important to acknowledge that class is reproductive. Typically, people from advantaged backgrounds are more easily able and likely to gain particular forms of human capital and employment skills and experience that enable them to secure high incomes and build wealth (Friedman & Laurison, 2020; Hansen, 2014; Khan, 2011).

dais, 2009). The reality of shared property ownership becomes clear in the event of a divorce: when a couple divorces, the courts treat property, including wealth, as joint property; indeed, there is explicit recognition that the principles of shared assets and joint contribution promote "gender equality and purposefully equalizes the treatment of market and home labor" (Kelly, 2004, p. 208).

Previous research acknowledges the challenges associated with studying gender and wealth and offers some ideas about how to isolate and understand the role that gender plays in asset ownership and accumulation. One strategy is to focus on the assets women can own individually such as retirement accounts (Chang, 2010; Edlund & Kopczuk, 2009); this approach provides some insight into women's wealth holdings, but it ignores the notion of joint ownership and treats assets as if they are not shared. This approach also leaves open questions about assets that tend to be owned jointly (e.g., the home) unless those assets are divided — for empirical purposes — between spouses. Again, however, this approach ignores the reality that most couples treat assets as shared property. An alternative conceptual and analytic strategy — the strategy we use in this paper — is to acknowledge that couples own property together, to avoid trying to attribute ownership to individuals, and to focus empirically on three groups: unmarried women, unmarried men, and married couples (Chang, 2010; Yamokoski & Keister, 2006). We opt to use this strategy because it allows us to isolate gender for unmarried people and to compare the unmarried to couples, who tend to operate financially as a unit that contains, in the case of different-sex couples (our focus) both a man and a woman.

2 The Wealth of Super-Rich Women, Men, and Couples

Four interrelated processes are likely to create differences in the wealth of unmarried women, unmarried men, and married couples in the super rich. *First, women earn less income than men overall; yet women have higher saving rates than men that may equalize wealth holdings for high-wealth unmarried people.* Women's education levels, labor force participation, representation in leadership positions in organizations, and other measures of advancement have all increased in recent decades (Blau & Kahn, 2017; Schwartz, 2010). Despite these gains, however, there are still significant gender gaps in income across the income distribution (Blau & Kahn, 2017; Dinovitzer et al., 2009; Raley et al., 2006; Schwartz, 2010). Gender differences in income are particularly pronounced among those with the highest salaries, reflecting women's underrepresentation in highly-compensated occupations (Dinovitzer et al., 2009; Neely, 2018; Rivera & Tilcsik, 2016). Moreover, there are more women than ever in top leadership positions today, but women are still underrepresented in these positions as well, and these differences intensify over the lifecycle (Warner et al., 2018). As a result, women's income is sufficient to put only 1 in 20 households in the one percent by income (Yavorsky et al., 2019). Higher education — particularly having a professional degree — increases women's incomes (England, 2010; Hout, 2012) and their odds of being in the one percent by income based on their own careers (Yavorsky et al., 2019). Importantly, however, income and net worth are correlated at only about .50 suggesting that saving from current income can overcome even sizable income gaps (Keister & Lee 2017; Keister, 2018), and high-income, high-wealth women spend less and save more from current income than men (Stanley, 2005). Women are more likely to save for known expenses, to shop at discount stores, and to otherwise find ways to be frugal than their male counterparts, even when they have sufficient income to meet their basic needs (Stanley, 2005). Together, these income and saving differences may equalize wealth ownership for wealthy unmarried women and men.

Second, high-wealth married couples tend to prioritize men's careers; as a result, having two adults in a household does not necessarily double the household's wealth holdings. The majority of couples now have two incomes, and educational and income homogamy have increased dramatically. Yet couples still prioritize men's careers over women's, at least partly because men have more leadership opportunities and are more likely than their wives to have opportunities to take jobs with very high incomes (Blau & Devaro, 2007; Cooke et al., 2009; Weeden et al., 2016). This tendency is particularly pronounced once a couple has children (England, 2011; England et al., 2016; Stone, 2007). When income gaps emerge in couples, women — including successful, ambitious women — may reduce their paid work (Sayer et al., 2009; Stone, 2007; Yavorsky et al., 2020). Public policies and gender norms reinforce that prioritizing men's careers is ideal and that women are better at domestic work and childrearing and men are better at paid work (Thébaud, 2010; Thébaud & Halcomb, 2019). Related norms encourage women to use their household division of labor to signal social status: for high-income, high-wealth couples, a traditional division of labor may be seen as a luxury and a measure of prestige (Tichenor, 2005; Yavorsky et al., 2020). These processes work together to lead super-rich couples to opt for a traditional male breadwinner-female homemaker/caregiver arrangement much more frequently than other couples (Yavorsky et al., 2020). Accordingly, such patterns might lead to important differences in asset ownership that create and maintain wealth differences among unmarried women, unmarried men, and married couples.

Third, women take fewer investing risks than men, and women start businesses and invest in other business assets at lower rates than men. Importantly, men make the majority of investing decisions in married couples, which may lead high-wealth married couples to invest more like high-wealth unmarried men than unmarried women (Cantwell, 2014; Sherman, 2017) Women are starting businesses at unprecedented rates today, but they still start businesses at lower rates than men and persist in those new ventures for shorter stretches than their male counterparts. These patterns stem, in part, from the challenges women face in the entrepreneurship space. Specifically, women, compared to men, face greater barriers securing financial capital to start their businesses, and once they have started businesses, raising enough capital to grow a business past its nascent stages (Cantwell, 2014; Renzulli et al., 2000; Yang & Aldrich, 2014). The latter may limit the size of a woman's business, the income it generates, and the assets that can be sold over time (National Women's Business Council, 2012; Saurav et al., 2013; Warner, 2014). Moreover, because of women's disproportionate family responsibilities (Yavorsky et al., 2015), many women start businesses to create greater work-family flexibility, in contrast to men who are more likely to start a business to advance their careers (Jennings & Brush, 2013). Such patterns may translate into different strategies for building the business and its associated assets. Entrepreneurship — and its resources and benefits — are often passed intergenerationally (Aldrich et al., 1998), suggesting that gender differences in one generation's entrepreneurship may exacerbate gender differences in the next. Importantly, business start-up is a common path to the one percent (Edlund & Kopczuk, 2009; Keister, 2014; Keister & Lee, 2014; Yavorsky et al., 2019) and business assets are a critical part of the wealth portfolio of those in the one percent (Keister, 2014; Piketty, 2013; Saez, 2013). In married couples, men tend to have more influence over investing decisions than their wives (Chang, 2010; Sherman, 2017; Stanley, 2001 & 2005). It follows that there will be differences in investing strategies between unmarried women and unmarried men, but the wealth portfolios of unmarried men will resemble those of married couples more than those of unmarried women.

Fourth, women live longer than men. This simple demographic fact implies that women are more likely to be widows and to live longer than men as widows with ownership of formerly —

and potentially high-value — marital assets. Life expectancy has increased dramatically since the start of the twentieth century for both genders, but the increase has been more pronounced for women than for men. In 2020, women's life expectancy is 81 years, whereas men's life expectancy is 76 years (Crimmins & Zhang, 2019; Duffin, 2020). This may seem like a small difference, but the disparity is large enough that women will spend notably more years as retirees and as widows. It follows that whereas men are more likely to have resources from current income and business start-up to save and build assets, women may potentially rely more heavily on transfers from their families of origin (inter- or intra-generational transfers) or their spouses who have preceded them in death. Consistent with this, previous research has assumed that women are more likely to inherit than to build their own wealth, due to a variety of barriers in the workplace, occupational segregation, and unequal divisions of labor in the home. This work finds, for example, that the percent of women in top wealth households followed an inverted U-shaped curve, peaking in the late 1960s because self-made wealth became more common in the late 1960s (Edlund & Kopczuk, 2009). This is also consistent with research that shows that women's main route to the one percent is through their husband's income — and most likely work-related financial benefits (Yavorsky et al., 2019).

3 Hypotheses

Together, these patterns suggest that women and men are likely to have different paths to top wealth positions, and that these paths will result in notably different wealth levels and wealth portfolios for those who reach the top. Several hypotheses follow. First, because men tend to have higher incomes than women and married couples prioritize men's careers, unmarried men and married couples are likely to be able to save and accumulate more assets than unmarried women. However, because women have high savings rates and because a traditional division of labor limits the total income and savings of married couples, the differences in saving among unmarried women, unmarried men, and couples are likely to be modest. That is, among those in the top one percent of wealth owners, we expect that:

Hypothesis 1. There are modest differences in total net worth among unmarried women, unmarried men, and married couples with unmarried women owning slightly less net worth than either unmarried men or married couples.

There are also likely to be differences in the assets held by high-wealth women, men, and married couples. Business assets are a critical component of the assets of most wealthy families (Keister et al., 2021). Because men take more investing risk than women and invest more in other business assets (Yilmazer & Lyons, 2010), unmarried men are likely to have more of their assets in business forms of wealth. In addition, because men tend to make more financial decisions in married couples (Carman & Hung, 2017), married couples are likely to have risk preferences and investing strategies that resemble those of unmarried men more than they resemble those of unmarried women. Moreover, among recently widowed or divorced men and women (who we categorize as unmarried), women may be more disadvantaged in asset management after a marriage ends or their spouse passes away. Recent research suggests that individuals less involved in major financial decisions before a marriage ends or their spouse passes away may have less knowledge or skills to manage or maintain business assets acquired during the marriage (Xu, 2019). Because women are rarely the primary breadwinner in these super-rich couples (Yavorsky et al., 2019) and thus less likely to be responsible for asset management before divorce or widowhood, their business assets may take a greater hit after they lose a partner (and their financial know-how) than men in similar situations. As a result, the

wealth portfolios of unmarried men are more likely to resemble those of married couples than unmarried women. That is, among those in the top one percent of wealth owners, it is likely that:

Hypothesis 2A: Unmarried women hold a lower percentage of their assets as business assets than married couples.

Hypothesis 2B: Unmarried men hold a similar percentage of their assets in business assets as married couples.

In addition, it is likely that super-rich women own a higher percentage of total assets as trust accounts than business assets. Trust accounts are financial instruments used to hold assets transferred from one party to another for the benefit of the recipient. The nature, function, and sociological meaning of trusts has been explored in detail elsewhere (see, for example, Harrington 2017). Trusts are commonly used to transfer assets from parents or grandparents to children and grandchildren. Trusts are also used to transfer joint marital assets from the couple to a surviving spouse in the event that one member of the couple dies. A slightly less common use of trusts is a domestic asset protection trust that transfers marital assets to one spouse — usually the wife — in the event of a divorce, an acknowledgement that women often fair worse than men financially in a divorce because couples prioritize men's careers. In each case, the advantage of the trust is that financial assets are transferred according to the wishes of the owner and allow the recipient to avoid resolving questions about the ownership of the assets in court (probate).

A growing body of research shows that trusts have been central to both macro- and microeconomic processes. Their role in macro processes is evident in how they facilitated the financialization of the U.S. and global economies (Harrington, 2012 & 2017; Krippner, 2005 & 2011). Trusts are a financial instrument that originated in Medieval England (Harrington, 2012 & 2017) and that have survived, in part, because of their elasticity (Maitland, 1936) and their role in allowing individuals and corporations to create one form of wealth from a previous form (Harrington, 2017; Krippner, 2011). Trusts facilitated financialization by encouraging profit maximization and capital mobility (Krippner, 2005) and by allowing economic actors to move wealth across international borders with little friction (Beaverstock et al., 2013). At the micro (or family) level, trusts have played an important role in wealthy families by allowing them to protect their assets from financial crises and to grow even during times of economic contraction (Harrington, 2012 &2017). More important for our purposes, trusts have also enabled wealthy families to retain their assets across generations (Harrington, 2017) by allowing wealthy men to take care of their widows and daughters (who could not otherwise inherit property) after the men died (Francis, 1791; Harrington, 2017; Maitland, 1936).

These historic patterns combined with contemporary gendered patterns of work, income, investing, and life expectancy differentials suggest that there are likely to be gender differences in the ownership of trusts. Never married women and never married men provide a simple example of likely gender differences in the ownership of trusts. Because men tend to have higher incomes and to invest in high-risk assets and business ventures at higher rates than women, a higher proportion of unmarried women may have reached top wealth positions because they inherited wealth via trusts rather than accumulating wealth through their own businesses or careers. This is consistent with research that shows that women are more likely to be in top income positions as a result of their husband's work-related characteristics than as a result of their own (Yavorsky et al., 2019).

Changes in marital status are also likely to affect the types of financial assets that men and women own. For instance, widows are likely to have received a significant portion of their

assets from former marital property, and many of these assets are likely to be transferred in trust accounts particularly for the very wealthy. Similarly, divorced women are also more likely than divorced men to have received former marital assets in the form of trusts. Moreover, trusts are managed by trustees who are legally required to act in the best interest of the recipient, and widows or divorced women often appoint financial professionals as trustees and outsource the asset management to them. Consequently, holding trusts can be an effective way to preserve wealth for many widows or divorced women who might not have developed asset management skills during marriage. For this reason, it is also likely that widows or divorced women liquidate inherited assets which were not already intended to become trusts at the death of a spouse or at divorce and convert the proceeds to additional trusts. By contrast, marital status changes are less likely to affect men's asset portfolios given that men are likely to continue active participation in asset management following the death of a spouse or a divorce and, thus, less likely to keep funds in trusts. It follows that, for those in the top one percent of wealth owners:

Hypothesis 3A: Unmarried women hold a higher percentage of their assets in trust funds than married couples.

Hypothesis 3B: Unmarried men hold a similar percentage of their assets in trust funds as married couples.

4 Methods

4.1 Data

We explore these ideas empirically using data from the pooled 1989 to 2019 Survey of Consumer Finances (SCF). The SCF is a repeated cross-sectional survey conducted every three years by the U.S. Federal Reserve Board and is widely considered to be the best source of data on high-income, high-wealth households in the U.S. The SCF uses a dual-frame sample design to provide financial and work profiles of American households (Bhutta et al., 2020). The first sample is a standard multistage area probability sample that provides coverage of work and financial patterns for typical U.S. households. The second sample is a high-income, high-wealth sample selected from confidential Individual Research Tax data files from the Statistics of Income (SOI) Division of the Internal Revenue Service. Other survey data sets that contain information on income and wealth (e.g., Panel Study of Income Dynamics, Survey of Income and Program Participation, National Longitudinal Survey of Youth 1979, and Current Population Survey) do not include sufficient numbers of high-income, high-wealth households to analyze. The high-income, high-wealth SCF sample ensures that we have adequate coverage of our target households and that their unique financial and work behaviors, demographics (e.g., race/ethnicity, education levels), and family characteristics (e.g., number and age of children) are accurately represented. The SCF imputes missing values and stores these values as five successive replicates for each household (Kennickell, 2009 & 2011). Following standard procedure for handling multiply-imputed datasets (Rubin, 2004) and the U.S. Federal Reserve Board's recommendation, we use survey weights to adjust descriptive statistics and Rubin's Rule to correct standard errors in our models. Our final sample consists of 267,765 cases, which represents 53,553 households across 30 years.

4.2 Measurement

We use three dependent variables. The first dependent variable is a measure of total household net worth in 2019 dollars (all previous years are converted to 2019 dollars by the Federal Reserve

Board). Net worth is the standard indicator of wealth and is measured as total household assets less total debts. Assets include the value of financial and non-financial assets. Financial assets are all monetary assets including stocks, bonds, mutual funds, retirement accounts, checking and savings accounts, certificates of deposit liabilities owed to the household, and other non-tangible assets. Non-financial assets include the primary residence, other real estate, business assets, vehicles, and other tangible assets. Debts include liabilities on real estate, other secured debt, and unsecured debt.

The second and third dependent variables are measures of the percent of total assets held as business assets and trusts, respectively. These two variables indicate the relative portion of business assets and trusts in the household's total assets, allowing us to compare portfolio composition across households.

Our primary independent variables indicate whether the household is in the top one percent by total net worth, where the top one percent is defined by survey year. The second independent variable is a categorical variable showing gender-marital structure of households. We divide households into three groups: households headed by unmarried women, households headed by unmarried men, and households headed by married couples. Unmarried people include those who are never married, divorced or separated, or widowed. Married couples include those who are legally married or living together. We use married couples as our reference category.

We control for other behaviors and characteristics that are correlated with wealth ownership. We include indicators of the age, education level, race, and employment status of the household head. **Age** is measured in years. **Education** is a three-category variable indicating the highest level of education completed: less than a bachelor's degree (reference), a bachelor's degree, or an advanced degree. We use a four-category variable to measure **race/ethnicity**: non-Hispanic white (reference), non-Hispanic black, Hispanic, and other race/ethnicity. **Employment status** is a four-category variable indicating working for someone else, self-employed, retired and not working. In addition, we use two variables to provide initial evidence regarding the mechanisms that underlie our multivariate results. First, we include a variable that measures whether the household **saves for known expenses**. We construct this variable using an SCF survey question that asks whether the household saves for expenses that it anticipates incurring in coming months. We code the variable as a dichotomous indicator that the household saves or not. Second, we include a variable that measures the respondent's self-reported willingness to take **investment risk**. This variable is also a dichotomous indicator that we construct using an SCF survey question regarding the household's approach to investment.

4.3 Analytic Strategy

Because our dependent variables are continuous, we use ordinary least squares regressions for our analyses. We report regression results in Tables 3 and 4. Table 3 contains two models. In the first model, we control only for membership in a top wealth category; in the second model, we include our other control variables. Table 4 includes models of the percent of total assets held as business assets (models 1–3) and trusts (models 4–6). Models 1 and 4 include measures that a respondent is a member of the one percent by wealth regardless of marital status and gender, with all other households (remaining 99%) as the reference category. Models 2 and 5 include measures that the respondent is an unmarried man or unmarried woman with married couples as the reference category. Models 3 and 6 include interactions between marital status/gender and being in the top one percent by wealth. Together these models allow us to

compare the wealth holdings of all top wealth owners across our three marital/gender groups. In addition to our primary regression analyses, we include additional analyses in Appendix Table A that separates unmarried respondents by marital status including those who are widowed, separated/divorced, and never married.

Table 1. Descriptive Statistics.[2]

	Top 1 %			Remaining 99 %		
	Unmarried Women	**Unmarried Men**	**Married Couples**	**Unmarried Women**	**Unmarried Men**	**Married Couples**
Net worth ($)						
Mean	17,143,486	17,410,832	19,717,613	184,634	245,384	492,063
Median	11,469,280	11,469,659	12,868,832	41,309	49,650	169,002
SD	22,317,835	36,407,884	32,504,817	497,565	701,763	998,212
Income ($)						
Mean	725,332	1,326,427	1,343,204	39,334	55,449	107,130
Median	366,432	451,528	647,523	29,062	37,670	76,951
SD	1,577,711	4,116,509	3,288,033	46,559	100,705	139,320
Marital Status (%)						
Married /Living with partner	0.0	0.0	100.0	0.0	0.0	100.0
Separated / Divorced	28.3	49.7	0.0	40.4	38.6	0.0
Widowed	58.6	22.8	0.0	29.1	13.1	0.0
Never married	13.0	27.6	0.0	30.5	48.2	0.0
Age (%)	66.5	59.1	59.3	53.3	47.2	48.8
< 35	4.9	7.2	1.1	20.7	30.4	21.9
35 – 44	3.7	8.8	9.0	16.1	18.3	22.4
45- 54	14.7	22.5	24.4	15.9	17.1	20.7
55 – 64	23.8	21.1	33.4	15.5	14.4	16.2
65 – 74	16.5	22.6	23.1	14.5	10.3	11.5
>= 75	36.3	17.9	9.1	17.4	9.5	7.4
Education (%)						
Less than Bachelor's degree	33.2	28.1	19.2	77.2	71.1	67.6
Bachelor's degree	36.9	34.7	35.7	14.7	19.1	19.3
Advanced degree	29.9	37.1	45.2	8.2	9.8	13.2
Race (%)						
White	95.3	88.9	93.3	65.1	71.8	76.6
Black	0.7	5.0	0.9	23.8	15.5	8.6
Hispanic	0.7	0.5	1.6	7.9	8.2	10.1
Other	3.3	5.7	4.3	3.2	4.5	4.6
Employment (%)						
Work for someone else	18.5	17.7	24.5	50.3	55.8	62.9
Self-employed	29.6	51.8	55.1	4.9	11.1	13.0
Retired	46.7	28.2	19.8	36.0	26.1	20.4
Not working	5.3	2.4	0.7	8.9	7.1	3.7

Table 1 includes descriptive statistics for all variables included in our models, broken down by gender, marital status, and membership in the top one percent by wealth (versus those in the remaining 99% of households). Consistent with previous research, our descriptive results show that the net worth of those in the top one percent far outpaces the remaining 99% (Keister, 2014; Killewald et al., 2017; Piketty, 2013). The table shows, for example, that in the pooled SCF, mean net worth for all groups in the top one percent exceeds $17 million, but the mean for those in the remaining 99% is less than $500,000. There are also notable differences between mean and median net worth for all groups included in this table, underscoring the skew in the wealth distribution even when the top one percent of households is isolated. For instance, the difference between the mean net worth ($19.7 million) and the median net worth ($12.9 million) for couples in the top one percent is about $7 million, or 14 times the mean net worth for couples in the remaining 99%. Consistent with other research on top wealth ownership, this table shows that those in the top one percent by net worth are older and more likely to have advanced degrees than other households. The top one percent is also more likely to be white (compared to black, Hispanic, or other race) and to be self-employed. The table also highlights age, education, race, and employment differences among unmarried women, unmarried men, and married couples suggesting that these variables will be important controls for our multivariate models.

5 Results

Most important for our purposes, Table 1 shows that, consistent with Hypothesis 1, there are only modest differences in the mean and median net worth for unmarried women, unmarried men, and married couples in the one percent. Unmarried women have the lower mean ($17.14 million) net worth compared to unmarried men ($17.41 million) and married couples ($19.72 million). However, the difference between the mean for unmarried women and unmarried men in the one percent is not statistically significant. Moreover, the median net worth for unmarried women and unmarried men in the one percent is nearly identical ($11.47 million). These descriptive statistics indicate that married couples in the one percent have slightly more net worth than unmarried women and men, a pattern that is evident in both the mean and median net worth values but that is only modestly significant. Consistent with previous research on income differences in the one percent (Yavorsky et al., 2019; Yavorsky et al., 2020), Table 1 shows that unmarried men have higher mean and median income than unmarried women, slightly lower median income than married couples, and equivalent mean income to married couples. These patterns are consistent with unmarried men in the one percent having high variance in their incomes (Table 1) and being the dominant breadwinner in households in the one percent (Yavorsky et al., 2019; Yavorsky et al., 2020). Indeed, the standard deviation associated with both net worth and income for those in the one percent is higher for unmarried men than for either couples or unmarried women, which suggests that unmarried men's net worth is more dispersed over a wider set of values than the other groups.

2. Notes: Data are from the Survey of Consumer Finances (SCF), pooled over 1989–2019. Income refers to total household income. For married couples, the indicators for age, education level, race, and employment status reflect that of the household head.

Table 2. Wealth Portfolios of the Super-Rich[3]

	Top 1 %			Remaining 99%		
	Unmarried Women	Unmarried Men	Married Couples	Unmarried Women	Unmarried Men	Married Couples
Financial assets (% of gross assets)	55.9	42.5	39.8	37.7	39.8	37.6
Trusts	15.6	4.3	3.5	2.5	1.6	1.1
Transaction accounts [a]	5.0	4.8	3.9	6.0	6.3	5.0
Bonds	4.5	3.2	3.2	1.1	0.8	0.8
Stocks	14.6	13.2	10.3	3.9	5.4	4.4
Pooled investment funds [b]	11.2	7.8	9.4	5.0	5.5	4.6
Retirement accounts [c]	2.7	5.2	6.6	11.2	14.2	16.9
Nonfinancial assets (% of gross assets)	44.1	57.5	60.2	62.3	60.2	62.4
Business equity	21.0	35.3	37.8	4.3	11.3	10.6
Primary residence	10.0	6.6	8.8	44.5	33.7	36.7
Other real estate	11.9	13.7	11.9	8.6	9.6	10.0
Saving and risk taking (%)						
Saving for known expenses [d]	38.7	30.1	43.6	20.4	24.4	29.4
Willing to take investment risk	22.4	37.1	41.8	12.1	24.6	20.4

Our descriptive results also provide initial support for our remaining hypotheses. Table 2 shows how the percent of gross assets held as financial assets and non-financial assets varies by gender, marital status, and position in the wealth distribution (top one percent versus other households). Those in the one percent of wealth holders have more financial assets, including business assets and trusts, than those in the remaining 99%. More relevant to our study, this table shows that there are notable differences in the wealth portfolios of unmarried women, unmarried men, and married couples. In particular, Table 2 shows that, consistent with Hypothesis 2A, among households in the top one percent, unmarried women (21.0%) hold a lower percentage of their net worth as business assets compared to married couples (37.8%), but unmarried men (35.3%) and married couples have relatively similar portions of the assets in business-related wealth, consistent with Hypothesis 2B. Table 2 also shows that among households in the top one percent, unmarried women (15.6%) hold a higher percentage of their net worth in trust funds, compared with married couples (3.5%; Hypothesis 3A), whereas unmarried men (4.3%) and married couples hold relatively similar portions of their portfolios in trust funds. Table 2 shows that there are other differences in the wealth portfolios of women, men, and married couples: for instance, unmarried women (14.6%) in the one percent have more of their assets held as stocks than unmarried men (13.2%) or married couples (10.3%). However, this difference is marginal given the more extreme differences across these groups in the owner-

3. Notes: Data are from the Survey of Consumer Finances (SCF), pooled over 1989–2019.
a. Transaction accounts include checking/savings accounts and Certificates of Deposit.
b. Pooled investment funds exclude money market mutual funds but include stock mutual funds, tax-free bond mutual funds, bond mutual funds, and other funds such as hedge funds.
c. Retirement accounts include Individual Retirement Accounts (IRA)s and Keogh accounts.
d. This variable is available from the 1995 SCF surveys forward. Thus, estimates are from the Survey of Consumer Finances (SCF), pooled over 1995–2019.

ship of trust accounts and business assets. Again, although these descriptive estimates provide initial support for our expectations, the values shown in Table 2 are preliminary and do not control for other behaviors and processes that are associated with wealth ownership and the allocation of assets across financial instruments.

Additional descriptive evidence included in Table 2 underscores differences in saving and investment risk for unmarried women, unmarried men, and married couples. Households in the one percent save for known expenses and take more investment risk than households in the remaining 99%. More important for our purposes, these descriptive statistics also show that there are meaningful differences in both measures among households in the one percent. In particular, among those in the one percent, unmarried women (38.7%) are more likely than unmarried men (30.1%) to save for known expenses and have more similar rates to married couples (43.6%). By contrast, unmarried men in the one percent (37.1%) are more willing than unmarried women in the one percent (22.4%) to take investment risk and have more similar rates to married couples (41.8%). In both cases (saving for known expenses and willingness to take investment risk), married couples have higher rates than unmarried men and women. Our data do not allow us to explore in greater depth the meaning of the high rates of both measures (saving and willingness to take investment risk) in married couples relative to unmarried persons, although this pattern suggests a financial advantage of marriage. Future research might usefully disentangle this pattern. Additionally, the fact that unmarried men are more similar to married couples in their likelihood to take investment risks is consistent with our suggestion that married couples are likely to have risk preferences and investing strategies that resemble those of unmarried men more than they resemble those of unmarried women.

Table 3. Gender Differences in Net Worth among the Super-Rich[4]

	Model 1	**Model 2**
Groups (ref = Top 1% married couples)		
Top 1% unmarried women	-27.047*	-26.380*
	(12.674)	(12.729)
Top 1% unmarried men	-21.065	-20.183
	(11.570)	(11.592)
Remaining 99%	-196.626***	-191.833***
	(3.617)	(3.625)
Controls		
Age of head of HH		.126***
		(.003)
Education (ref = Less than bachelor's degree)		
Bachelor's degree		3.527***
		(.140)
Graduate degree		6.768***
		(.230)
Race/Ethnicity (ref = White)		
Black		-2.393***
		(.066)
Hispanic		-1.722***
		(.084)

	Model 1	**Model 2**
Other		-.607*
		(.258)
Not in labour force (ref = Currently working)		-2.053***
		(.124)
Constant	198.463***	187.706***
	(3.618)	(3.638)
N	53,553	53,553

Our multivariate models build on the descriptive statistics and provide additional evidence that there are differences among unmarried women, unmarried men, and married couples in total net worth. Table 3 includes two ordinary least squares models using total household net worth as the dependent variable. Total household net worth is divided by $1,000,000 for clarity. Model 1 includes only our measures of joint gender-marriage-wealth status (i.e., it omits all control variables). Model 2 introduces controls for age, education, race, and employment status. Both models show that there are modest differences in total net worth when unmarried women, unmarried men, and married couples are compared. That is, the coefficient for top one percent unmarried women shows that the net worth of top one percent unmarried women is significantly less than the net worth of top one percent married couples (reference). The coefficient for top one percent unmarried men shows that the net worth of top one percent unmarried men is less than that of top one percent married couples, but the difference is not statistically significant. Moreover, the coefficient for unmarried men in the one percent is greater than the coefficient for unmarried women in the one percent (i.e., it is less negative), indicating that among those in the top one percent, the net worth of unmarried men and married couples is more similar than the net worth of unmarried women and married couples.

4. Note: Data are from the Survey of Consumer Finances (SCF), pooled over 1989–2019. The dependent variable is net worth divided by $1,000,000. Survey year dummy variables are included in models but are excluded from the table to conserve space.
*p < .05; **p < .01; ***p < .001 (two-tailed test)

https://doi.org/10.6092/issn.1971-8853/12394

Table 4. Gender Differences in Business Assets and Trusts among the Super-Rich[5]

	% of Business assets			% of Trusts		
	Model 1	**Model 2**	**Model 3**	**Model 4**	**Model 5**	**Model 6**
Top 1% wealth	25.809***		26.167***	2.950***		2.444***
	(.869)		(.937)	(.387)		(.321)
Gender Groups (ref = Married couples)						
Unmarried women		-2.718***	-2.415***		.253***	.262***
		(.116)	(.116)		(.064)	(.064)
Unmarried men		-.680***	-.483*		.090	.096
		(.189)	(.189)		(.066)	(.066)
Interactions						
Top 1% wealth × Unmarried women			-9.505*			10.296**
			(3.993)			(3.195)
Top 1% wealth × Unmarried men			-4.684			1.301
			(3.101)			(1.946)
Controls						
Age	.038***	.052***	.041***	.006***	.008***	.006***
	(.004)	(.004)	(.004)	(.002)	(.002)	(.002)
Education (ref = Less than BA)						
Bachelor's degree	.447**	.774***	.374*	.384***	.440***	.392***
	(.167)	(.168)	(.166)	(.074)	(.074)	(.074)
Graduate degree	.424*	1.059***	.258	.459***	.573***	.482***
	(.199)	(.200)	(.200)	(.074)	(.075)	(.074)
Race/Ethnicity (Ref. = White)						
Black	-1.947***	-1.503***	-1.412***	-.352***	-.427***	-.410***
	(.139)	(.139)	(.139)	(.043)	(.050)	(.049)
Hispanic	-1.884***	-1.965***	-1.876***	-.297***	-.306***	-.296***
	(.182)	(.183)	(.183)	(.035)	(.035)	(.035)

https://doi.org/10.6092/issn.1971-8853/12394

	% of Business assets			% of Trusts		
Other	-.272	-.403	-.296	-.273**	-.282**	-.270*
	(.317)	(.318)	(.317)	(.106)	(.105)	(.106)
Not in labour force (ref = currently working)	-4.167***	-4.027***	-3.825***	.301***	.235***	.257***
	(.140)	(.138)	(.139)	(.065)	(.064)	(.064)
Constant	3.712***	3.958***	4.178***	-.007	-.102	-.065
	(.428)	(.438)	(.433)	(.153)	(.155)	(.155)
N	53,553	53,553	53,553	53,553	53,553	53,553

5. Note: Data are from the Survey of Consumer Finances (SCF), pooled over 1989–2019. Survey year dummy variables are included in models but are excluded from the table to conserve space.
*p < .05; **p < .01; ***p < .001 (two-tailed test)

We also find significant gender differences in the ownership of business assets and trusts in the super rich. Table 4 includes six models using the percent of total assets held as business assets (models 1–3) and the percent of total assets held as trusts (models 4–6). Models 1 and 4 include only an indicator that the responding household is in the top one percent by net worth (reference is all other households) and control variables for age, education, race/ethnicity, and labor force participation. Models 2 and 5 include measures that the responding household is an unmarried woman or an unmarried man in the top one percent (reference is married couples), and models 3 and 6 include interactions between being in the top one percent by wealth and being an unmarried woman or an unmarried man.

Our findings show that there are substantial differences in the percentage of assets held as business assets for those in the one percent (Model 3 of Table 4). The interaction term between top 1% wealth and unmarried women is -9.505, meaning that unmarried women in the one percent hold a lower percentage of their assets as business assets than married couples in the one percent (Hypothesis 2A). This finding is consistent with literature that finds men invest more in business assets than women (Yilmazer & Lyons, 2010). Previous research did not focus exclusively on the super rich, but it is logical that these patterns would be heightened in the top one percent given that business assets are much more common in the portfolios of those in the one percent (Table 2) and that men tend to make more financial decisions in married couples (Carman & Hung, 2017). In supplementary analyses, we break down our unmarried groups further into widowed, divorced/separated, and never married women and men (see Appendix Table A). The findings in these additional analyses help explain the main patterns displayed in Table 4. For example, we find that separate/divorced and widowed appear to be driving the finding that unmarried women hold a lower percentage of business assets. Among recently widowed or divorced men and women (respondents who are included as unmarried in our main analyses), women may face greater difficulties in managing their assets when a marriage ends or their spouse passes away and/or their net worth may decline because they were less involved in these financial decisions when they were married (Xu, 2019). In the case of divorce, it may be the case that the dissolution of marriage spurs the separation of business assets between the former spouses, reducing the net worth of both parties.

Similarly, because men tend to be the primary breadwinners in super-rich couples and tend to play a more significant role in financial management in these couples, we anticipated that unmarried men in the one percent would hold a similar percentage of their assets as business assets as married couples (hypothesis 2B). As anticipated, the interaction term between top 1% wealth and unmarried men (-4.684) is not statistically significant, supporting hypothesis 2B. Note that when we examine the more discrete categories of unmarried men, we find an exception with separated/divorced men. As shown in Appendix Table A, separation or divorce appears to hurt men's business assets too (see the negative and significant interaction coefficient for top 1% wealth and separated/divorced men), like it does for women.

Our results also show that there are notable differences in the percentage of assets held as trusts for those in the one percent (Model 6 of Table 4). As the interaction term between top 1% wealth and unmarried women (10.296) shows, unmarried women in the one percent hold a higher percentage of their assets as trusts than married couples in the one percent (Hypothesis 3A). Some of this effect likely reflects changes in financial assets that occur following a change in marital status. For example, in our additional analyses, we find that the interaction between top one percent wealth and divorced/separated women is significant and positive. Thus, it appears that divorced/separated women may liquidate inherited assets and move the funds to trust accounts. Finally, results also provide evidence consistent with our expectation

that, among those in the one percent, unmarried men hold a similar percentage of their assets in trust funds as married couples (Hypothesis 3B). The interaction between top one wealth and unmarried men is positive but is not statistically significant. Again, because men's financial decision making and investment strategies are likely to dominate those of married couples in the super rich, we anticipated that unmarried men and married couples in the one percent would have similar percentages of their assets held as trusts.

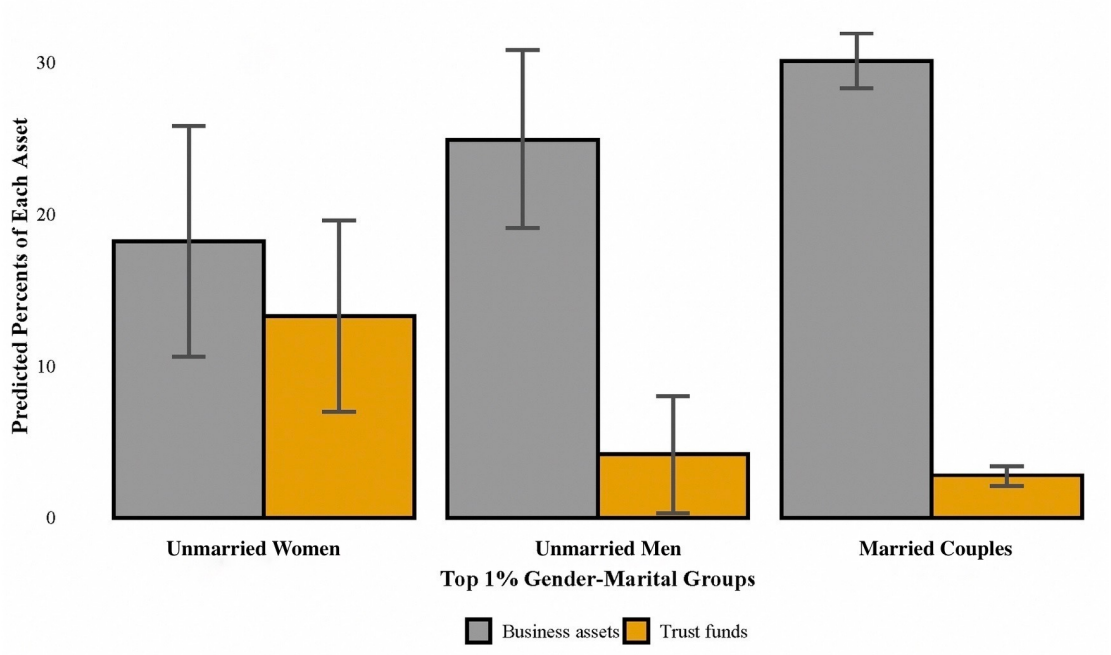

Figure 2: Predicted Probabilities: Percent of Total Assets Held as Business Assets Versus Trusts

Figure 2 uses predicted percentages for business assets and trusts to illustrate differences in the portfolios of unmarried women, unmarried men, and married couples in the one percent. Using Models 3 and 6 from Table 4, we calculated the predicted percentages for every observation in the sample by manipulating the values corresponding to the three super-rich groups (unmarried women, unmarried men, married couples in the one percent) while retaining original values for other covariates. The calculated predicted percentages were then averaged across all observations. We also added 95% confidence intervals for the predicted percentages to Figure 2. The figure illustrates that the significant differences in the portfolios of the three super-rich groups are consistent even after controlling for relevant covariates. Unmarried women in the one percent have a lower percentage of business assets but a higher percentage of trusts than married couples in the one percent. By contrast, unmarried men in the one percent have a similar percentage of those assets as married couples in the one percent.

Exploratory analyses showed that the patterns we describe here are largely consistent over time. That is, there have been few changes in these patterns in recent decades. We do not include interactions between year and our key test variables because the results of these exploratory models indicated that our findings have been relatively unchanged in the years covered by the SCF. Future research might usefully explore these patterns in more detail and might examine why there has been little change. Indeed, the lack of change is important for understanding women's position in the stratification system and the gender revolution; future re-

search might extend these findings to address such issues.

6 Discussion and Conclusion

This article studied the super rich by exploring gender differences in the wealth levels and the portfolio composition of the top one percent of U.S. wealth holders. We proposed that gender and gendered family dynamics are likely to lead to differences in net worth and asset ownership when unmarried women, unmarried men, and married couples in the one percent are compared. By looking at these three groups, we were able to compare respondents by gender and treated married couples as joint owners of shared marital property, a challenge that has stalled previous research on gender and wealth. We focused on three outcomes: total net worth, the percent of assets held as business assets, and the percent of assets held in trusts. Together these measures allowed us to provide a glimpse into the overall wealth of households and to explore differences in the prevalence of two key assets owned by the super rich. Our results were consistent with our expectations regarding overall wealth owned by the one percent: we found that there were modest differences in net worth among unmarried women, unmarried men, and married couples in the one percent; we also found that unmarried women in the one percent own slightly less net worth than either unmarried men or married couples in the one percent. We also found empirical support for our expectations regarding the prevalence of business assets and trusts in the wealth portfolios of the super rich. That is, we found that among those in the one percent, unmarried women hold a lower percentage of their total assets in business assets compared to married couples; we also found that unmarried men in the one percent hold a similar percent of their assets in business assets as married couples in the one percent. Finally, our results provided evidence for our expectation that among those in the one percent, unmarried women hold a higher percentage of their assets in trust funds than married couples, while unmarried men hold a similar percentage of their assets in trusts.

These findings provide a glimpse into the processes that give people access to the highest financial positions in the United States. It has been clear from other research that the super rich have many more business assets than other households (Benton et al., 2017; Keister, 2014; Nau, 2013); anecdotal evidence and evidence from lists of the super rich (e.g., the Forbes 400) also suggest that business assets are more common among those at the top of the wealth distribution (Edlund & Kopczuk, 2009; Kroll, 2018; Freeland, 2012). However, previous research has not isolated the super rich and explicitly examined the proportion of their assets that are held as business assets. Our estimates fill this gap and, in doing so, show clearly that business ownership and investment in business assets is a key pathway to top wealth positions. Moreover, we find that the ownership of business assets is a more important correlate of membership in the one percent for unmarried men and married couples than for unmarried women. Trust funds are another important financial instrument for the very wealthy (Harrington, 2017; Khan, 2011; Lerner et al., 1996). Our work builds on this research and suggests there are important gender differences in the way trusts are held by the one percent. Unfortunately, we cannot say with any additional certainty that the unmarried women in our sample received their trusts from their deceased husbands, following a divorce, or from their wealthy parents or grandparents. Our data do not include additional information about the source of the trust fund; our data are also cross sectional, making it impossible to study whether the same respondent had no trust accounts in one year and, for example, added a trust fund to their assets following the death of a spouse. Finally, our research cannot address whether historic patterns in the use of trusts underlies the relationships we find here. Future research could explore these issues.

Our findings also provide a unique approach to understanding the status of women at the very top and may contribute to research that studies whether women's position has improved over time at various economic distributions. The literature on gender and work and financial behavior has been slightly controversial. Women's positions have, indeed, improved in some important respects: education levels, incomes, entrepreneurship, and representation in top leadership positions have all increased for women in recent decades. Yet pronounced gender disparities remain (Cotter et al., 2001; England et al., 2020; Rivera & Tilcsik, 2016; Yavorsky et al., 2019). Among the one percent, it has become clear that women's incomes are rarely sufficient to push a household into the one percent by income (Yavorsky et al., 2019) and that super-rich couples prioritize men's careers and contributions to the household by having a traditional division of labor (Yang & Aldrich, 2014; Yavorsky et al., 2020). Our work builds on this scholarship by showing that women in the one percent of the wealth distribution are more likely to be in these super-rich positions as a result of someone else's work- or business- related contributions than their own. Our findings also build on the growing body of sociological research on trust accounts (Harrington, 2017) to show that super-rich unmarried women are more likely to have trusts than unmarried men or married couples, and super-rich unmarried women are less likely to have business assets (assets that are likely to have been self-made) than unmarried men or married couples. Of course, class advantage facilitates business start-up and the acquisition of business assets, and not all trusts reflect passive wealth transfers. However, our findings are suggestive of a gender pattern that is consistent with the assumptions of prior research (Edlund & Kopczuk, 2009; Rosenfeld, 1998) and that suggests that women may be dependent on others for access to the super rich.

These gendered patterns are very likely reinforced by rising inequality trends — where the super rich have continued to move further and further away in terms of financial resources from the average American or those in other rich positions (in the 80^{th}–89^{th} percentile or 90^{th} to 99^{th} percentile) (Balestra, 2018; Keister & Lee, 2017; Killewald et al., 2017; Bhutta et al., 2020). Whereas women have made progress entering professional jobs, like medicine and law, they still remain rare among the highest paying specialties within these fields or top entrepreneur positions (Warner et al., 2018; England et al., 2020). As the super rich pull away from the bottom 99%, driven by (predominately white) men's financial resources, the progress other historically marginalized groups (women and people of color) have made cannot compete or keep pace with the amount of resources it takes to be in top 1%. Given that economic, political and social power typically accompanies top 1% positions, particularly for breadwinners, it is critical to better understand this elite group and how people access it.

Our research highlights the different wealth portfolios of the super rich, based on different marital statuses and gender. To be clear, we are not arguing that unmarried (or married) women in the super rich are disenfranchised but rather highlighting how larger patterns of gender and class influence the make-up of the top one percent, with broader implications for who controls the majority of wealth in the U.S and in what form. We also acknowledge that there are important ways in which this work could be extended. For example, future research could usefully explore whether there are differences across households in the top 20% of wealth holders, comparing those who are in the top one percent to other high-wealth households who are not quite wealthy enough to be in the top one percent. It is likely that gender patterns of wealth ownership differ even within the top 20 percent in ways that could usefully inform understanding of inequality and gender patterns of wealth ownership. For instance, wealthy couples who are just below the one percent are typically younger than those at the very top. Exploring how their wealth ownership differs from that of couples in the one percent could be suggestive of age and

cohort differences and could inform understanding of mobility over the life course across the wealth distribution.

Future research might also explore how gender interacts with other variables that are important to understanding inequality, including labor market status and education to produce patterns of wealth ownership. For example, educational attainment has increased for women (England et al., 2020), and women are now more likely than ever before to have leadership positions, including in large corporations (Warner et al., 2018). It follows that patterns of wealth might vary for women based on their human capital. Women's changing position relative to their spouses is another key dimension on which gender patterns of wealth ownership might vary. In this spirit, future research might also explore whether educational, age, and labor force homogamy intervene between gender and wealth ownership. Each of these ideas could be accomplished with the SCF data we use in this paper. Beyond these ideas, future research might also explore the role of social capital — or social relations — in mediating the gender-wealth relationship. In other words, there is some potential that the social capital that women and men develop during college and graduate school and in the workplace differ. To the extent to which wealth accumulation (e.g., business ownership) is more likely and successful with the right social capital, there may be differences in our findings. Unfortunately, the SCF does not include data on social capital, but today's network data collection and analysis methods would make answering questions of this sort feasible.

It is also important to mention that the super-rich hold enough political power to influence measures of wealth taxation. Indeed, there are tax incentives for elite families to use trusts to reduce wealth when both spouses are alive and after the death of one spouse. These measures could potentially affect the distribution of wealth within the household in ways that are reflected in the use of trust accounts. Although the SCF does not contain sufficient data to explore this possibility, future research might use other data sources to explore the use of various wealth reducing trust accounts in shaping elite wealth. An even more ambitious research agenda might also explore the extent to which elites manage to influence public policies regarding trusts and related issues such as estate tax levels in ways that directly benefit their personal net worth and gendered patterns of wealth ownership.

References

Aldrich, H.E., Renzulli, L.A., & Langton, N. (1998). Passing on Privilege: Resources Provided by Self-Employed Parents to Their Self-Employed Children. *Research in Social Stratification and Mobility*, *16*, 291–317.

Balestra, C. (2018). *Inequalities in Household Wealth across OECD Countries: Evidence from the OECD Wealth Distribution Database* (OECD Working Paper No. 88). Organization for Economic Co-operation and Development. https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=SDD/DOC(2018)1&docLanguage=En

Bartels, L.M. (2008). *Unequal Democracy: The Political Economy of the New Gilded Age.* Princeton: Princeton University Press.

Beaverstock, J., Hall, S., & Wainwright, T. (2013). Servicing the Super-Rich: New Financial Elites and the Rise of the Private Wealth Management Retail Ecology. *Regional Studies*, *47*, 843—849.

Benton, R., Keister, L.A., & Lee, H.Y. (2017). Real Estate Holdings among the Super Rich. In R. Forrest, B. Wissink, & S.Y. Koh (Eds.), *Cities and the Super Rich: Real Estate, Elite Practices, and Urban Political Economies* (pp. 41–62). New York: Palgrave MacMillan.

Bhutta, N., Bricker, J., Chang, A.C., Dettling, L.J., Goodman, S., Hsu, J.W., Moore, K.B., Reber, S., Henriques Volz, A., Windle, R.A., Bi, K., Blair, J., Hewitt, J., & Ruh, D. (2020). Changes in U.S. Family Finances from 2016 to 2019: Evidence from the Survey of Consumer Finances. *Federal Reserve Bulletin*, *106*(5), 1–42.

Blau, F.D., & Devaro, J. (2007). New Evidence on Gender Differences in Promotion Rates: An Empirical Analysis of a Sample of New Hires. *Industrial Relations*, *46*(3), 511–550. https://doi.org/10.1111/j.1468-232X.2007.00479.x

Blau, F.D., & Kahn, L.M. (2017). The Gender Wage Gap: Extent, Trends, and Explanations. *Journal of Economic Literature*, *55*(3), 789–865. https://doi.org/10.1257/jel.20160995

Cantwell, M. (2014). *21st Century Barriers to Women's Entrepreneurship: Majority Report of the U.S. Senate Committee on Small Business and Entrepreneurship*. U.S. Senate on Small Business and Entrepreneurship. https://www.sbc.senate.gov/public/_cache/files/3/f/3f954386-f16b-48d2-86ad-698a75e33cc4/F74C2CA266014842F8A3D86C3AB619BA.21st-century-barriers-to-women-s-entrepreneurship-revised-ed.-v.1.pdf

Carman, K.G., & Hung, A. (2017). *Household Retirement Savings: The Location of Savings between Spouses* (RAND Working Paper Series WR-1166). RAND Corporation. https://ssrn.com/abstract=2910773.

Chang, M. (2010). *Shortchanged: Why Women Have Less Wealth and What Can Be Done About It*. New York: Oxford University Press.

Cooke, T.J., Boyle, P., Couch, K., & Feijten, P. (2009). A Longitudinal Analysis of Family Migration and the Gender Gap in Earnings in the United States and Great Britain. *Demography*, *46*(1), 147–167. https://doi.org/10.1353/dem.0.0036

Cotter, D.A., Hermsen, J.M., Ovadia, S., & Vanneman, R. (2001). The Glass Ceiling Effect. *Social Forces*, *80*(2), 655–681. https://doi.org/10.1353/sof.2001.0091

Crimmins, E.M., & Zhang, Y.S. (2019). Aging Populations, Mortality, and Life Expectancy. *Annual Review of Sociology*, *45*: 69–89. https://doi.org/10.1146/annurev-soc-073117-041351

Dinovitzer, R., Reichman, N., & Sterling, J.S. (2009). The Differential Valuation of Women's Work: A New Look at the Gender Gap in Lawyers' Incomes. *Social Forces*, *88*(2), 819–864. https://doi.org/10.1353/sof.0.0260

DiPrete, T.A., Eirich, G.M., & Pittinsky, M. (2010). Compensation Benchmarking, Leapfrogs, and the Surge in Executive Pay. *American Journal of Sociology*, *115*(6), 1671–1712. https://doi.org/10.1086/652297

Duffin, E. (2020). Life Expectancy in North America, 2020. *Statista*. https://www.statista.com/statistics/274513/life-expectancy-in-north-america/

Edlund, L., & Kopczuk, W. (2009). Women, Wealth, and Mobility. *American Economic Review*, *99*(1), 146–78. https://doi.org/10.1257/aer.99.1.146

England, P. (2010). The Gender Revolution: Uneven and Stalled. *Gender & Society*, *24*(2), 149–166. https://doi.org/10.1177/0891243210361475

England, P. (2011). Reassessing the Uneven Gender Revolution and Its Slowdown. *Gender & Society*, *25*(1), 113–123. https://doi.org/10.1177/0891243210391461

England, P., Bearak, J., Budig, M.J., & Hodges, M.J. (2016). Do Highly Paid, Highly Skilled Women Experience the Largest Motherhood Penalty?. *American Sociological Review*, *81*(6), 1161–1189. https://doi.org/10.1177/0003122416673598

England, P., Levine, A., & Mishel, E. (2020). Progress toward Gender Equality in the United States Has Slowed or Stalled. *Proceedings of the National Academy of Sciences of the United States of America*, *117*(13), 6990–6997. https://doi.org/10.1073/pnas.2003878117

Kroll, L. (2018). Forbes 2018 Billionaires List: Meet the Richest People on the Planet. *Forbes*, 6 March. https://www.forbes.com/sites/luisakroll/2018/03/06/forbes-billionaires-2018-meet-the-richest-people-on-the-planet/?sh=52607c26523d

Freeland, C. (2012). *Plutocrats: The Rise of the New Global Super-Rich and the Fall of Everyone Else.* New York: Penguin.

Gunderson, J. (1998). Women and Inheritance in America: Virginia and New York as a Case Study: 1700–1860. In T.K. Miller & S.J. McNamee (Eds.), *Inheritance and Wealth in America* (pp. 91–118). New York: Plenum Press.

Hamplova, D., & Le Bourdais, C. (2009). One Pot or Two Pot Strategies? Income Pooling in Married and Unmarried Households in Comparative Perspective. *Journal of Comparative Family Studies*, *40*(3), 355–385. https://doi.org/10.3138/jcfs.40.3.355

Hansen, M.N. (2014). Self-Made Wealth or Family Wealth? Changes in Intergenerational Wealth Mobility. *Social Forces*, *93*(2), 457–481. https://doi.org/10.1093/sf/sou078

Harrington, B. (2012). From Trustees to Wealth Managers. In G. Erreygers & J. Cunliffe (Eds.), *Inherited Wealth, Justice, and Equality* (pp. 190–209). London & New York: Routledge.

Harrington, B. (2016). *Capital without Borders: Wealth Management and the One Percent*. Cambridge, MA: Harvard University Press.

Harrington, B. (2017). Trusts and Financialization. *Socio-Economic Review*. *15*(1), 31—63. https://doi.org/10.1093/ser/mww014

Hout, M. (2012). Social and Economic Returns to College Education in the United States. *Annual Review of Sociology*, *38*: 379–400. https://doi.org/10.1146/annurev.soc.012809.102503

Jennings, J.E., & Brush, C.G. (2013). Research on Women Entrepreneurs: Challenges to (and from) the Broader Entrepreneurship Literature?. *Academy of Management Annals*, *7*(1), 663–715. https://doi.org/10.1080/19416520.2013.782190

Keister, L.A. (2014). The One Percent. *The Annual Review of Sociology*, *40*: 347–367. https://doi.org/10.1146/annurev-soc-070513-075314

Keister, L.A. (2018). Income and Wealth Are Not Highly Correlated: Here Is Why and What It Means. *Work in Progress: Sociology on the economy, work and inequality*, 29 October. http://www.wipsociology.org/author/lisa-a-keister/

Keister, L.A., & Lee, H.Y. (2014). The One Percent: Top Incomes and Wealth in Sociological Research. *Social Currents*, *1*(1), 13–24. https://doi.org/10.1177/2329496513510900

Keister, L.A., & Lee, H.Y. (2017). The Double One Percent: Identifying an Elite and a Super-Elite Using the Joint Distribution of Income and Net Worth. *Research in Social Stratification and Mobility*, *50*: 1–12. https://doi.org/10.1016/j.rssm.2017.03.004

Keister, L.A., Li, M., & Lee, H.Y. (2021). Do You Need Business Assets to be Rich? *Socius*. https://doi.org/10.1177/23780231211031684

Kelly, A.B. (2004). Rehabilitating Partnership Marriage as a Theory of Wealth Distribution at Divorce: In Recognition of a Shared Life. *Wisconsin Women's Law Journal*, *19*: 141–209.

Kelly, N.J., & Volscho, T.W. (2014). The Politics of Oligarchy: Taxation, Financial Regulation, Power Resources, and the Super-Rich in the United States, 1918–2012. *SSRN*. https://doi.org/10.2139/ssrn.2444375

Kennickell, A.B. (2009). *Getting to the Top: Reaching Wealthy Respondents in the SCF* (Federal Reserve Board Report). *Federal Reserve Board*. https://www.federalreserve.gov/econresdata/scf/files/asa200911.pdf

Kennickell, A.B. (2011). *Look Again: Editing and Imputation of SCF Panel Data* (Federal Reserve Board Report). *Federal Reserve Board*. https://www.federalreserve.gov/econresdata/scf/files/ASA2011.1.pdf

Khan, S.R. (2011). *Privilege: The Making of an Adolescent Elite at St. Paul's School*. Princeton: Princeton University Press.

Khan, S.R. (2012). The Sociology of Elites. *Annual Review of Sociology*, *38*(1), 361–377. https://doi.org/10.1146/annurev-soc-071811-145542

Killewald, A., Pfeffer, F.T., & Schachner, J.N. (2017). Wealth Inequality and Accumulation. *Annual Review of Sociology*, *43*: 379–404. https://doi.org/10.1146/annurev-soc-060116-053331

Krippner, G. (2005). The Financialization of the American Economy. *Socio-Economic Review*, *3*(2), 173—208.

Krippner, G. (2011). *Capitalizing on Crisis: The Political Origins of the Rise of Finance*. Cambridge, MA, Harvard University Press.

Langbein, J. (1995). The Contractarian Basis of the Law of Trusts. *Yale Law Journal*, *105*, 625–675.

Lerner, R., Nagai, A.K., & Rothman, S. (1996). *American Elites*. New Haven: Yale University Press.

Maitland, F. (1936). Trusts and Corporations. In H. Hazeltine, G. Lapsley & P. Winfield (Eds.), *Selected Essays*. Cambridge, UK: Cambridge University Press.

Maume, D.J. (1999). Glass Ceilings and Glass Escalators: Occupational Segregation and Race and Sex Differences in Managerial Promotions. *Work and Occupations*, *26*, 483–509.

National Women's Business Council. (2012). Fact Sheet: Gender Differences in U.S. Business. *National Women's Business Council*. https://www.nwbc.gov/2015/08/25/fact-sheet-gender-differences-in-us-businesses/

Nau, M. (2013). Economic Elites, Investments, and Income Inequality. *Social Forces*, *92*(2), 437–461. https://doi.org/10.1093/sf/sot102

Neely, M.T. (2018). Fit to Be King: How Patrimonialism on Wall Street Leads to Inequality. *Socio-Economic Review*, *16*(1), 365–385. https://doi.org/10.1093/ser/mwx058

Piketty, T. (2013). *Capital in the Twenty-First Century.* Cambridge: Harvard University Press.

Raley, S.B., Mattingly, M.J., & Bianchi, S.M. (2006). How Dual Are Dual-Income Couples? Documenting Change from 1970 to 2001. *Journal of Marriage and Family*, *68*(1), 11–28. https://doi.org/10.1111/j.1741-3737.2006.00230.x

Renzulli, L.A., Aldrich, H., & Moody, J. (2000). Family Matters: Gender, Networks, and Entrepreneurial Outcomes. *Social Forces*, *79*(2), 523–546. https://doi.org/10.2307/2675508

Rivera, L.A., & Tilcsik, A. (2016). Class Advantage, Commitment Penalty: The Gendered Effect of Social Class Signals in an Elite Labor Market. *American Sociological Review*, *81*(6), 1097–1131. https://doi.org/10.1177/0003122416668154

Rosenfeld, J.P. (1998). Women and Inheritance in America: Virginia and New York as a Case Study, 1700–1860. In J. Robert, K. Miller, & S.J. McNamee *Inheritance and Wealth in America* (pp. 173–192). New York: Plenum Press.

Rubin, D.B. (2004). *Multiple Imputation for Nonresponse in Surveys*. New York: Wiley.

Saez, E. (2013). *Striking It Richer: The Evolution of Top Incomes in the United States* (UC Berkeley Working Paper). University of California Berkeley. https://eml.berkeley.edu/~saez/saez-UStopincomes-2012.pdf

Sanders, F. (1791). *An Essay on the Nature and Laws of Uses and Trusts, Including a Treatise on Conveyances at Common Law and Those Deriving Their Effect from the Statute of Uses*. E. & R. Brooke: London.

Saurav, P., Goltz, S., & Buche, M. (2013). Influences of Gendered Institutions on Women's Entry into Entrepreneurship. *International Journal of Entrepeneurial Behavior & Research*, *19*(5), 478–502. https://doi.org/10.1108/IJEBR-09-2011-0115

Sayer, L.C., England, P., Bittman, M., & Bianchi, S.M. (2009). How Long Is the Second (Plus First) Shift? Gender Differences in Paid, Unpaid, and Total Work Time in Australia and the United States. *Journal of Comparative Family Studies*, *40*(4), 523–545. https://doi.org/10.3138/jcfs.40.4.523

Schwartz, C.R. (2010). Earnings Inequality and the Changing Association between Spouses' Earnings. *American Journal of Sociology*, *115*(5), 1524–1557. https://doi.org/10.1086/651373

Sherman, R. (2017). *Uneasy Street: The Anxieties of Affluence.* Princeton: Princeton University Press.

Stanley, T.J. (2001). *The Millionaire Mind*. Kansas City: Andrews McMeel.

Stanley, T.J. (2005). *The Millionaire Woman Next Door*. Kansas City: Andrews McMeel.

Stone, P. (2007). *Opting Out?: Why Women Really Quit Careers and Head Home*. Berkeley: University of California Press.

Thebaud, S. (2010). Masculinity, Bargaining, and Breadwinning: Understanding Men's Housework in the Cultural Context of Paid Work. *Gender & Society*, *24*(3), 330–354. https://doi.org/10.1177/0891243210369105

Thébaud, S., & Halcomb, L. (2019). One Step Forward? Advances and Setbacks on the Path toward Gender Equality in Families and Work. *Sociology Compass*, *13*(6), e12700. https://doi.org/10.1111/soc4.12700

Tichenor, V. (2005). Maintaining Men's Dominance: Negotiating Identity and Power When She Earns More. *Sex Roles*, *53*(3), 191–205. https://doi.org/10.1007/s11199-005-5678-2

Volscho, T.W., & Kelly, N.J. (2012). The Rise of the Super-Rich: Power Resources, Taxes, Financial Markets, and the Dynamics of the Top 1 Percent, 1949 to 2008. *American Sociological Review*, *77*(5), 679–699. https://doi.org/10.1177/0003122412458508

Warner, J. (2014). Fact Sheet: The Women's Leadership Gap. *Center for American Progress*, 7 March. https://Www.Americanprogress.Org/Issues/Women/Report/2014/03/07/85457/Fact-Sheet-the-Womensleadership-Gap/

Warner, J., Ellmann, N., & Boesch, D. (2018). Fact Sheet: The Women's Leadership Gap. *Center for American Progress*, 20 November. https://www.americanprogress.org/issues/women/reports/2018/11/20/461273/womens-leadership-gap-2/

Weeden, K.A., Cha, Y.J., & Bucca, M. (2016). Long Work Hours, Part-Time Work, and Trends in the Gender Gap in Pay, the Motherhood Wage Penalty, and the Fatherhood Wage Premium. *The Russell Sage Journal of the Social Sciences*, *2*(4), 71–102. https://doi.org/10.7758/rsf.2016.2.4.03

Xu, C. (2019). *How Financial Decision-Making Changes When a Marriage Ends: Evidence from the 1992–2016 Health and Retirement Study*. [Doctoral dissertation, University of Missouri]. https://mospace.umsystem.edu/xmlui/bitstream/handle/10355/79575/XuChen.pdf?sequence=1&isAllowed=y

Yamokoski, A., & Keister, L.A. (2006). The Wealth of Single Women: Marital Status and Parenthood in the Asset Accumulation of Young Baby Boomers in the United States. *Feminist Economics*, *12*(1-2), 167–194. https://doi.org/10.1080/13545700500508478

Yang, T., & Aldrich, H. (2014). Who's the Boss? Explaining Gender Inequality in Entrepreneurial Teams. *American Sociological Review*, *79*(2), 303–327. https://doi.org/10.1177/0003122414524207

Yavorsky, J.E. (2019). Uneven Patterns of Inequality: An Audit Analysis of Hiring-Related Practices by Gendered and Classed Contexts. *Social Forces*, *98*(2), 461–492. https://doi.org/10.1093/sf/soy123.

Yavorsky, J.E., Keister, L.A., Qian, Y., & Nau, M. (2019). Women in the One Percent: Gender Dynamics in Top Income Positions. *American Sociological Review*, *84*(1), 54–81. https://doi.org/10.1177/0003122418820702

Yavorsky, J.E., Keister, L.A., & Qian, Y. (2020). Gender in the One Percent. *Contexts*, *19*(1), 12–17. https://doi.org/10.1177/1536504220902196

Yavorsky, J.E., Keister, L.A., Qian, Y., & Thebaud, S. (2020). Separate Spheres in the New Gilded Age: Mapping the Gender Division of Labor by Income and Wealth. Unpublished.

Yilmazer, T., & Lyons, A.C. (2010). Marriage and the Allocation of Assets in Women's Defined Contribution Plans. *Journal of Family and Economic Issues*, *31*(2), 121–137. https://doi.org/10.1007/s10834-010-9191-6

Zweigenhaft, R.L., & Domhoff, G.W. (2014). *The New CEOs: Women, African American, Latino, and Asian American Leaders of Fortune 500 Companies.* Lanham: Rowman and Littlefield.

Appendix

https://doi.org/10.6092/issn.1971-8853/12394

Table A. Gender Differences in Business Assets and Trusts among the Super-Rich, Detailed Marital Status[6]

	% Business assets			% Trusts		
	Model 1	**Model 2**	**Model 3**	**Model 4**	**Model 5**	**Model 6**
Top 1% wealth	25.809***		26.176***	2.950***		2.450***
	(.869)		(.937)	(.387)		(.321)
Gender Groups (ref = Married Couples)						
Widowed women		-2.839***	-2.517***		.083	.099
		(.145)	(.145)		(.080)	(.080)
Separated/Divorced women		-2.616***	-2.180***		.559***	.567***
		(.170)	(.170)		(.142)	(.142)
Never married women		-2.659***	-2.488***		.215*	.214*
		(.162)	(.161)		(.098)	(.097)
Widowed men		-.285	-.113		-.002	.021
		(.289)	(.290)		(.083)	(.083)
Separated/Divorced men		-1.437***	-1.001*		-.073	-.085
		(.397)	(.399)		(.176)	(.175)
Never married men		-.791**	-.646*		.209	.206
		(.264)	(.263)		(.112)	(.111)
Interactions						
Top 1% wealth × Widowed women			-10.086*			9.245
			(4.697)			(5.732)
Top 1% wealth × Separated/Divorced women			-13.101**			8.558**
			(4.339)			(3.064)
Top 1% wealth × Never married women			7.687			19.699
			(15.823)			(15.826)
Top 1% wealth × Widowed men			-.224			-1.282
			(4.046)			(1.097)
Top 1% wealth × Separated/Divorced men			-15.351***			3.900
			(3.959)			(4.639)
Top 1% wealth × Never married men			-3.689			3.866
			(7.140)			(5.197)

https://doi.org/10.6092/issn.1971-8853/12394

	% Business assets			% Trusts		
Controls						
Age of head of HH	.038***	.052***	.039***	.006***	.007**	.005**
	(.004)	(.005)	(.004)	(.002)	(.002)	(.002)
Education (ref = Less than bachelor's degree)						
Bachelor's degree	.447**	.779***	.388*	.384***	.444***	.396***
	(.167)	(.168)	(.167)	(.074)	(.074)	(.075)
Graduate degree	.424*	1.063***	.271	.459***	.583***	.493***
	(.199)	(.201)	(.201)	(.074)	(.075)	(.074)
Race/Ethnicity (ref = White)						
African american	-1.947***	-1.505***	-1.402***	-.352***	-.417***	-.399***
	(.139)	(.140)	(.140)	(.043)	(.049)	(.049)
Hispanic	-1.884***	-1.966***	-1.876***	-.297***	-.301***	-.290***
	(.182)	(.183)	(.182)	(.035)	(.035)	(.035)
Other	-.272	-.393	-.287	-.273**	-.290**	-.278**
	(.317)	(.318)	(.317)	(.106)	(.105)	(.106)
Not in labour force (ref = Currently working)	-4.167***	-4.018***	-3.813***	.301***	.210**	.234***
	(.140)	(.138)	(.139)	(.065)	(.064)	(.064)
Constant	3.712***	3.943***	4.227***	-.007	-.066	-.028
	(.428)	(.447)	(.441)	(.153)	(.161)	(.161)
n	53,553	53,553	53,553	53,553	53,553	53,553

6. Note: Data are from the Survey of Consumer Finances (SCF), pooled over 1989–2019. Survey year dummy variables are included in models but are excluded from the table to conserve space.
*p < .05; **p < .01; ***p < .001 (two-tailed test)

Lisa A. Keister – Department of Sociology, Duke University (USA); Sanford School of Public Policy, Duke University (USA)
https://orcid.org/0000-0003-3662-8564
lkeister@duke.edu; http://www.WealthInequality.org
Lisa Keister is Professor of Sociology and Public Policy at Duke University (USA). She is also an affiliate of the Duke Network Analysis Center, the Duke University Population Research Initiative, and the information initiative at Duke (iiD). Keister conducts work on various aspects of wealth ownership and inequality. She studies the factors that give people access to top wealth positions, the consequences of having limited wealth, and the processes by which wealth becomes unequally distributed. She also does work on corporate strategy including in China and has recently been working on disease transmission through economically-constrained networks.

Hang Young Lee – School of Social Sciences, Macquarie University (Australia)
https://orcid.org/0000-0002-6718-0611
https://researchers.mq.edu.au/en/persons/hangyoung-lee
Hang Young Lee is a Lecturer of Sociology at Macquarie University (Australia). His research focus is centered around the top one percent of income and wealth distributions. Specifically, he is interested in illuminating the process of social mobility into top income and wealth positions.

Jill E. Yavorsky – Department of Sociology and Organizational Science, University of North Carolina at Charlotte (USA)
https://orcid.org/0000-0002-8480-5871
https://www.jillyavorsky.com
Jill E. Yavorsky is an Assistant Professor of Sociology and faculty member of the Organizational Science doctoral program at University of North Carolina at Charlotte (USA). She received her PhD from The Ohio State University (USA) in sociology. Her research focuses on US labor market patterns by gender, workplace inequality and discrimination. Additionally, she studies family and work dynamics among couples. Her research has been published in top-tier social science journals including *American Sociological Review*, *Social Forces*, and *Journal of Marriage and Family*.

Sociologica. V.15 N.2 (2021)
ISSN 1971-8853
https://sociologica.unibo.it/

Risk Mismatches and Inequalities: Oil and Gas and Elite Risk-Classes in the U.S. and Canada

Dean Curran*

Department of Sociology, University of Calgary (Canada)

Submitted: February 9, 2021 – Revised version: July 19, 2021
Accepted: September 1, 2021 – Published: September 30, 2021

Abstract

There has been a recent renewal of approaches to the study of class and inequality, including Bourdieusian class analysis, the new economics of inequality, and Marxist class approaches. Despite the importance of these approaches, they have a common baseline that this paper problematises. This baseline is that these approaches to inequality identify the economic dimension of inequalities as one in which a series of *goods* are produced, and then different individuals or groups are able to employ certain types of powers to disproportionately appropriate or accumulate these goods. Without denying the importance of inequalities in *goods*, this paper focuses on another set of processes that are interacting with the process of the distribution of goods — the *production and distribution of risks*. This paper employs the concept *risk-class* to analyse how inequalities are emerging from systematic *mismatches* between a group's share of the benefits from the production of risk and their share in the damages from the distribution of these risks. Bringing together an analysis of the oil and gas industry with recent discussions of inequalities emerging from financial risk, this paper identifies *risk-class-elites* whose advantageous risk positions are secured at the cost of intensified risks for the already least advantaged.

Keywords: Class inequalities; elite risk-classes; oil and gas; risk-class; risk mismatches.

Acknowledgements

I would like to thank Joselle Dagnes, Luca Storti and the anonymous reviewers for their helpful comments on this article. I would like to thank the Social Sciences and Humanities Research Council of Canada [grant number 403-2018-0263] for funding part of this research.

* dcurran@ucalgary.ca

Driven by recent increases in inequality, especially at the top, there has been a recent renewal of approaches to the study of class and inequality, including the rise of Bourdieusian class analysis (Savage et al., 2013, 2015); the development of the new economics of inequality (Piketty & Saez, 2003; Atkinson et al., 2011; Piketty, 2014), as well as the continued strength of Marxist class analysis (Wright, 2005; Lapavitsas, 2009, 2013). These literatures share three key characteristics. First, they are all *systematic* and *explanatory* analyses; second, they focus on inequalities in the distribution of *goods*[1]; and, third, the production or distribution of *risks* is not a key analytical object within their analyses. This paper aims to develop an approach to class and inequality that builds on the important strengths of existing class and inequality approaches — their systematic and explanatory quality and their attention to the impact of inequalities in goods — while also redressing the lack of systematic attention to the impacts of contemporary risks. From the 2008 financial crisis to the oncoming, series of environmental crises, socially produced risks are in many ways fundamental to people's social power and life chances in contemporary societies (Beck, 1999; Schlosberg, 2007; Walby, 2015); as such it is necessary to integrate the systemic impacts of risk into studies of inequality.

The key analytical move in pursuing this task of meeting contemporary studies of inequality with the systemic impacts of risk is the introduction of *risk-class* (Beck, 2013, 2016; Christophers, 2015; Dorn, 2016; Tyfield, 2018). To further advance the study of risk-class, the focus of this paper will be on systematic *mismatches* between the benefits and costs of risks between groups. Recent research has demonstrated how senior employees in financial institutions have been able to benefit from systematic mismatches from the production of risk in the lead-up to the 2008 financial crisis, while minimizing their damages from the crisis. Senior finance employees were able to engage in risk mismatches by benefitting from the amplification of financial risk whether or not the risks they generated were realised in significant losses for the ultimate asset holder (Curran, 2015). These processes of risk mismatches contribute to a larger literature on finance and inequality (Kaplan & Rauh, 2010; Lapavitsas, 2013; Tomaskovic-Devey & Lin, 2013); yet given the preponderance of discussion of top incomes focused on finance, it is possible to interpret this development as primarily about something special about *finance*, rather than about *flows of risk* more generally. Yet, without denying the specificities of finance, this paper argues that some of the central risk and inequality processes that occurred in the lead-up to and aftermath of the crisis are not limited to the financial industry, but rather can be seen to be occurring in other spheres of life as well. This paper argues that similar systematic processes of risk mismatches have occurred in the differences between the distribution of benefits and costs from production in the oil and gas industry in ways that are importantly similar to those that occurred in finance.[2]

This is where risk-class analysis offers a potential analytical advance — providing a means to investigate whether existing analyses of finance and inequality, while important, are in some ways excessively specific and hence unable to identify emerging amalgams of wealth production and risk that are restructuring contemporary power relations. Despite the claim that analyses focusing on financialisation and risk are unnecessarily limited in scope, this is not an attempt to displace class as goods by risk-class analysis (or even to displace the financialisation literature per se), but rather to develop potentially complementary relations to identify systematic processes that are illuminated by viewing contemporary economy through the register of *risk as an object*

1. "Goods" can be broadly understood as various goods and services, both public and private, that are produced and distributed and the economic resources that can aid in their acquisition.

2. The analytical framework here thus can more closely link the concerns of critical studies of finance (see Engelen et al., 2011) with green political economy (see Barry, 2016).

of production and distribution with highly unequal systematic impacts.

Whether we are seeing the emergence of an *elite risk-class* that can systematically benefit from the production of risk, while being able to minimise their exposure to the damages from these risks — thus massively benefitting from the risk cycle as a whole — is a question that has been broached in analyses of finance (Curran, 2015); yet for these to be *risk* processes rather than merely *risk-in-finance* processes it is necessary to extend the scope of analysis. Showing how systematic risk mismatches are occurring and that they are making an important contribution to contemporary inequalities not only has the potential to contribute to debates over inequality — it also raises the question of whether debates over how to regulate finance need to be extended much more broadly to include other industries that have the power to produce massive social damage and intensify inequalities through risk mismatch processes.

This paper proceeds in three steps. First, risk-class analysis and the concepts of risk mismatches and elite risk-classes are introduced and briefly situated in the existing literature. Second the paper shows that significant mismatches have emerged from the production and distribution of risk in the oil and gas industry. Last, the paper concludes by briefly querying whether this analysis of risk mismatches can provide the basis of a different critique of contemporary inequalities than existing critiques.

1 Risk-Class and Systematic Risk Mismatches

The concept "risk-class" emerged from a debate with Ulrich Beck (2013; see also Curran, 2013). Previous critiques of Beck's account of risk and class had argued that he was wrong to reject class analysis and *therefore*, despite, perhaps, its other potential strengths, the risk society approach was not useful for understanding contemporary class or inequalities (Scott, 2000; Mythen, 2005; Atkinson, 2010). Curran (2013), on the other hand, agreed with Beck's critics that he had missed the continued importance of class in contemporary society, but then asserted that Beck's critics had missed the way in which, even from within the risk society perspective, the rejection of class was based on idiosyncratic cases of risk and that in fact suitably restructured, an *uneven risk society* perspective could play a key role in illuminating existing inequalities. Risk-class analysis thus builds on Beck's prescient idea, which he unfortunately did not further develop, that "Risks like wealth are the object of distributions, and both constitute positions — *risk positions* and *class positions* respectively" (Beck, 1992, p. 26, emphases added).[3]

As with any concept, if it is to hang on the world in some significant way, there are preconditions. In this case, the concept "risk position" is an abstraction that aims to integrate the multitude of socially produced risks into a systemic social position of disadvantage or advantage — despite lacking the commensurability of economic 'goods' and exchange value/willingness to pay for goods that is provided by the *goods* that are usually the object of class analysis. Yet irrespective of this limitation in terms of measurement and precision, the abstraction involved in "risk position" can be valuable insofar as it enables us to address the systematicity of the production and distribution of risk in modern societies. In this vein, "risk-class" identifies the intersection of class and risk — how they shape each other without either being reducible to each other (Curran, 2018b).

3. Beck's (2013) lack of theoretical or empirical development of this concept was primarily due to his catastrophic interpretation of risk society, in which he considered that if these risks were not stopped, risk differentials would lose their importance.

This paper focuses on *mismatches* between the benefits and damages from the production and distribution of risks for different groups. Most of the work on risk mismatches has so far been completed on finance. The research in finance has shown how systematic relations of organized irresponsibility have been shown to play a key role in enabling mismatches between the benefit and distribution of risk (Curran, 2015). Organized irresponsibility may be glossed as a social relation in which agents, through the interaction of their acts with others' actions, collectively create risks for which they are able to avoid being held individually responsible. Organized irresponsibility tends to occur in contexts where risks can be generated in complex ways that avoid legal responsibility (Giddens, 1999). In many cases an individualistic approach to law that focuses on definite individual harms, while neglecting how complex causal relations of harm, creates the opportunity for organized irresponsibility (Curran, 2018). As Beck (1995) has previously argued: "[W]hat good is a legal system that prosecutes technically manageable small risks, but legalizes large-scale hazards on the strength of its authority, foisting them on everyone, including even those multitudes who resist them?". (p. 69)

Nevertheless, organized irresponsibility generally involves not only relations of harm for industries to acquire the "social license" to systematically produce harm. As with finance and the oil & gas industry, it is cases where the production of risk is intricately interconnected with the *production of goods* that relations of organized irresponsibility are allowed to proliferate. Prior to the 2008 financial crisis, finance was viewed as a massive engine of prosperity for many economies across the world (Engelen et al., 2011). Likewise, the oil & gas industry has generated massive levels of wealth. Yet, in the case of finance, both the benefits and the damages from the production of risk and the distribution of risk are highly uneven (Curran, 2015). As shown below, this is also true of the oil & gas industry.

Insofar as the distribution of gains and damages from socially produced risks is neither random nor equal, but rather systematically shaped by existing social powers, then it is possible to conclude that there is the existence of different "risk-classes". The primary target of analysis of risk-class analysis as of yet, has been at the respective ends of distribution — in particular the elite and most disadvantaged in terms of facing the positional or relational distribution of environmental risks and the disproportionate distribution of benefit and cost from the production of financial risk for differently situated groups. This paper though aims to advance this literature by providing a more general framework to show that the types of mismatches of benefit and cost from risk in finance is also occurring in other areas of life and hence it may be possible to increasingly talk in more general terms of *risk-class-elites*.

In terms of theorizing elites, this paper follows Khan (2012) in identifying elites as groups of individuals who exercise disproportionate control over keys social resources. Building on classic analyses of elites in terms of power wielded (see Mills, 1956), risk-class elite analysis identifies power processes that both enable the appropriation of goods *and* the ability to avoid the socially produced risks which continue to accumulate as the cost of unending growth.

The cut-off between genuine elite risk-classes and the more general advantaged risk-classes is very difficult to identify at this point. Nevertheless, as a starting point the paper orients the analysis of elites to the intersection of those who systematically benefit from risk mismatches with more conventional accounts of economic advantage associated with the new economics of inequality, such as the top 5%, 1%, 0.1%, and 0.01% of the population (Piketty, 2014). At this stage though, it is not possible to provide an operationalisation of the different risk-classes or to provide different risk-class categories of the type provided by Savage et al. (2013, 2015) in their

seven class system,[4] In response to this potential limitation, it can be said that while evidence does need to be provided for new theorisations, insofar as data is not collected in a way that is oriented to new theoretical problematics there are limits to the potential empirical detail that can be provided for new theoretical approaches. Yet, insofar as evidence can be provided for the existence and importance of these risk mismatch processes, then an important advance can be made which can be further supplemented with more detailed empirical studies in the future.[5] The following section builds on this analysis of risk-class and risks mismatches to show that they are playing an important role in inequalities being generated from the oil and gas industry.

2 The Oil and Gas Industry, Environmental Risk, and Systematic Risk Mismatches

Unlike contemporary finance, which is sometimes explicitly described as a primarily unproductive activity that does not benefit the vast majority of individuals in society (Lapavitsas, 2013), the case of fossil fuel extraction and elites is more complicated. There are clear benefits throughout society in the extraction, refinement, and utilisation of fossil fuels in supporting existing quality of life. Yet, alongside its benefits, fossil fuel extraction is also playing a key role in production of climate change, with massive negative externalities from the industry that are not being adequately internalised (Royal Society, 2009; Organisation for Economic Co-operation and Development [OECD], 2013, 2018; Van Dender, 2017).

Yet, even if it is the case that different stakeholders other than elites benefit from the production of environmental risk associated with fossil fuels this does not preclude the use of risk-class analysis. It is not a precondition of this analysis that only some benefit from the processes that produce the risk; rather the key focus here is the *mismatch* between the *proportion of benefit* from the production of risk and the *proportion of the distribution of risks* for different groups. Insofar as some groups gain a larger share of the benefits of oil and gas production than their share of the risks from this process, then they can be said to benefit from an *advantageous risk mismatch*. Insofar as some groups receive a disproportionately larger share of the risks than the benefits from the production of oil and gas production, then they can be said to suffer from a *disadvantageous risk mismatch*. Consequently, risk-class analysis can investigate not only excessive levels of production of environmental risk, but also the balance or disproportionationality involved in the differentials between benefits and damages from the risks associated with fossil fuels (among other pollutants) for different groups.

The relationship between finance and top incomes has been widely discussed (Kaplan & Rauh, 2010; Crotty, 2010; Philippon & Reshef, 2012; Lin & Tomaskovic-Devey, 2013). Moreover, risk-class analysis has already identified systematic mismatches between the distribution of benefits and costs of risk in the lead-up and after-math of the financial crisis between elites in finance and the least advantaged in the UK and US. There have also been some important treatments that discuss environment and inequality (Roberts & Parks, 2007) and there has been some evidence provided regarding the role of oil production in rising top incomes (Galbraith, 2012, pp. 136–139; Lemieux & Riddell, 2015, pp. 37, 39, 43); yet the two discussions on finance and oil and gas have not yet been brought together in a systematic manner. There are however, as argued below, powerful affinities between finance and oil and gas in how key

4. See Adkins et al. (2021) for a cutting edge analysis of contemporary configurations of class, which also does not provide a list of clearly-defined classes.

5. On this point, see Habermas (1975 [1973]).

segments of contemporary elites have engaged in intensive and systematic risk production as the means of acquiring their riches, while using the power from this risk production to minimise their exposure to the risks they contributed to producing. Oil and gas has always been an industry that offered the possibility of great wealth while also generating environmental problems (Yergin, 2008). Nevertheless, the increasing importance of climate change, alongside the growing importance of more intensively polluting unconventional forms of resource extraction, and the continued escalation of wealth emerging from the industry (Klare, 2013; Adkin, 2016) suggests that investigating risk-class inequalities emerging from the oil and gas industry is as urgent as investigating the risk-class inequalities and financialisation of advanced economies around the world.

The following analysis focuses in particular on the benefits of the production of oil and gas in the United States and Canada to serve as a means of identifying the workings of risk mismatch processes that can arise more generally in contemporary capitalism, while also contributing to further characterizing the political economy of risk-class in Anglo-American capitalism. While the scope of this analysis is necessarily limited, the US and Canada are not idiosyncratic cases; they are amongst the world's largest oil producers (being first (US) and sixth (Canada) in 2016, first (US) and fifth (Canada) in 2017, and first (US) and fourth (Canada) in 2018 (British Petroleum [BP], 2019, p. 16). Additionally, both of them have been at the forefront of unconventional oil production, which tends to greatly intensify the environmental risk produced from oil extraction (Bridge & Le Billon, 2017, p. 13). Moreover, of the top ten producers in 2015 and 2016 they are the only two countries that are democratic, liberal capitalist countries with diversified economies, while the others (Saudi Arabia, Russia, China, Iraq, Iran, UAE, Kuwait, Venezuela; see Bridge & Le Billon, 2017), are all, except for China, in many ways petro-states, where establishing the centrality of oil production to inequalities would be easier to demonstrate. As such, bringing these risk mismatch processes into the centre of financialised, Anglo-American capitalism can provide a powerful case for justifying the importance of the risk prism for understanding contemporary political economy and inequalities.

2.1 Benefits from Production of Risk in Oil and Gas

Oil and gas has played a key role in top incomes in the US for quite some time, even if incomes emerging from finance[6] have exceeded it in recent years (Volscho & Kelly, 2012, p. 684). Oil and gas extraction has commonly been one of highest paid sectors of the economy. In 2010–2016 in the US, it was the employment sector with the second highest average pay after "securities, commodity contracts, and investments" ($224,618), with an average pay of $164,811 in 2016.[7] In the US between 1998–2016 oil and gas extraction had one of the highest increases in average income (120 per cent in nominal terms). Increases in oil and gas extraction over this period of time even outpaced increases in pay in employment in securities, commodity contracts, and investments, despite the fact that 2014–2016 saw again strong growth in finance, alongside more challenging years in the oil and gas industry (BEA, 2017).[8]

6. Specifically from FIRE (finance, insurance, and real estate).

7. All discussion of pay in the US is in USD, and all discussion of pay in Canada is in CAD.

8. The dataset ran from 1998–2016. A new dataset was released in 2019, but this dataset only runs from 2011–2018, thus making it inadequate to measure these longer changes. Likewise, before 1998, the classifications of incomes were different, thus making it more difficult to compare across datasets. Nevertheless, these results are not specifically dependent on the choice of the beginning year — even between 2002–2014 the results are the same — increases in oil and gas extraction outpace increases in pay in the securities industry (and in fact

The oil and gas sector has also played a massive role in the rise of top incomes and increasing inequalities in Canada, a result which likewise has been manifested in many other developing countries in even more extreme ways (see Buccellato & Mickiewitz, 2009; Osuoka & Zalik, 2016). Between 1991 and 2011 in Canada, there was an enormous increase in the portion of workers in the top 1 per cent incomes in Canada employed in "mining, quarry and oil and gas", almost trebling, from 2.5 per cent to 7.1 per cent (Lemieux & Riddell, 2015, p. 37). This increase is even more startling when it is taken into consideration that mining, quarry and oil and gas had only 1.1 per cent of employment in Canada, an overrepresentation ratio of 6.45 times what would be expected if each sector was equal in pay (Lemieux & Riddell, 2015, pp. 37, 39, author calculations).[9] Employment in mining, quarry, oil and gas likewise enjoyed the highest overall pay levels, with average pay of $79,406 in 2010 far exceeding average pay in finance and insurance of $58,510 and average pay in other areas of employment such as manufacturing ($42,701) (Lemieux & Riddell, 2015, pp. 37, 39; all of these figures in 2000 CAD dollars). This classification of top pay in oil and gas though significantly underrepresents high pay specifically in the oil and gas industry. A more specialised study of top incomes found that in 2010 "Oil and gas extraction" jobs earned an average of just under $200,000 per year, which was almost quadruple the average income of $51,000, while the next (mining) was significantly less than this (just over $120,000) (Tombe, 2015, p. 11; all CAD 2010 dollars).

Even within the top incomes itself, mining, oil and gas have a long footprint, with executives (senior management) in this industry who were in the top 1 per cent being paid an average of $639,084 in 2010, which was significantly higher than senior managers in other industries who were in the top 1 per cent of total incomes, including finance and insurance ($411,622). While more disclosure is needed on the distribution of pay within the industry in a way that is similar to disclosure of high pay in finance since the crisis (see New York State Comptroller, 2013), it is clear that the benefits to employees in the oil industry in terms of pay have been extremely high and that they are distributed to only a small portion of the population. Even in Canada, in which its political economy has been increasingly influenced by oil extraction, only 1.1 per cent of the population works in oil and gas, mining and quarry (Lemieux & Riddell, 2015, pp. 37, 39).

Yet, it might be queried, do employees in the oil and gas industry benefit from the production of risk in the same way that senior employees in finance do? As Haldane et al. (2010) show, in finance, senior employees benefit from the production of risk through a process of "risk illusion". Risk illusion occurs in finance when a financial transaction that primarily involves the production of additional risk is presented as if it is primarily the production of economic value. For Haldane et al. (2010) the lead-up to the financial crisis was rife with risk illusion, which was used to justify massive bonuses for senior finance employees, despite their relatively small production of genuine economic value.

Additionally, it might be objected that high returns in oil are fundamentally shaped by the cartelisation of oil supply, in particular through OPEC. As Yergin (2008) shows so convincingly, since the late nineteenth century, if oil supply levels on the market are not controlled, by either government, international organisations, or oligopolistic market structures, then oil

all other industries) (BEA, 2017). While 2016–2018 have been more difficult years, pay is still extremely high in the oil and gas industry (BEA, 2019). Moreover, it should be noted *that the market risk they are bearing is not the environmental risks that they produce, but rather general economic risk which all firms and workers face*.

9. Employment in mining, quarry and oil and gas only increased from 1.0 per cent to 1.1 per cent in share of employment during this period of time, so despite the massive boom, this did not result in significant increases in employment levels.

supply fluctuations constantly threaten the profitability of the oil industry. Yet, while limiting competition plays a key role in high pay in the industry, another key factor is that only a small part of what the oil industry is producing is being commodified. While the specific product that they provide to others is priced at the maximum price the market will bear, the impacts of the massive carbon emissions produced through these processes have not been paid for. In a different form of "risk illusion", while the oil and gas industry produces a massive amount of environmental risk and massive profits and wealth, only the latter has an institutionalised reality — the risk produced is neglected when it comes to the construction of the circuits of power in society via purchasing power.

While carbon taxes can in part rectify these externalities, their current levels are too low to adequately charge for the risk produced (see also Organisation for Economic Co-operation and Development [OECD], 2013, 2018; Van Dender, 2017) and even if they were raised now, they would not redress the decades of benefits based on systematic risk production. Oil companies, especially in the US and Canada, have seen since the second half of 2014, alongside very strong growth in oil production,[10] significant challenges as a combination of higher costs and lower prices due to how increased production, has squeezed profits (Globe & Mail, 2019; NASDAQ, 2019). Moreover, the potential for more robust climate change legislation and 'stranded assets' does create potential future business risks for these companies. The inability of oil companies to collectively limit supply levels so as to raise prices and the risk of stranded assets could potentially shift so that points of risk mismatches move away from oil and gas; however insofar as these costs are not adequately internalised, societies around the world continue to be vulnerable to the type of risk mismatches that the fossil fuel industry has benefitted from for decades.

In terms of another key dimension of the distribution of benefits, the *consumption* of fossil fuels plays a key role. There has been recent research that has shown in a very significant way the vast international differences between wealthy and poor nations in terms of carbon emissions (Roberts & Parks, 2007). As Bridge & Le Billon (2017, p. 19) show, while in the US on average 24 barrels of oil are consumed per 1000 people per day, in Bangladesh 0.7 is consumed. Put in other terms, while the US consumes 20 per cent of world oil production, they only have 4.4 per cent of the world's population — an overrepresentation ratio of over 4.5 to 1 — which is made up for by the rest of the world (see Bridge & Le Billon, 2017, p. 19; see also British Petroleum [BP], 2017, p. 15).

Most statistics of unequal oil consumption focus on the international dimension and while it is important, the intention of this paper, in analysing risk-*classes* is not merely to remain at the level of the nation-state, but rather to explore the highly differential benefits of groups within and between nation-states.[11] While the development of disaggregated accounts of how different economic groups' consumption within countries contribute to carbon emissions is still in the emergent stage, recent research in this vein suggests that it is particularly important to be

10. From 2013–2018 the US saw a 52% increase in oil production, while Canada saw a 30% increase. Recent trends are even stronger. Both countries saw very strong annual growth in oil production from 2017–2018, with the US showing a 16.6% annual increase, while Canada showed an 8.5% increase (British Petroleum [BP], 2019, p. 16).

11. This is not to say that how states differentially benefit from the production and distribution of oil and the risks emerging from its consumption is not important (Bridge & Le Billon, 2017, p. 33). Still, given that the primary benefits of oil production and use emerge from their production going on within the country (i.e. through royalties, taxes, potential economic multipliers) and consumption within the country (taxes on its use), it does not defeat the mismatch analysis that some groups that are producing and consuming greater levels of oil are benefitting from the production of oil, while also being able to use this wealth to minimise their risks (see below).

attuned to carbon emissions from elites, rather than simply average national consumption. As Chancel & Piketty (2015, p. 35) show, consistent with recent trends in inequality, while inequalities between nations is declining (primarily because of China's rise), inequalities *within* nations is actually increasing. While data on the exact levels of CO_2 emissions caused by *consumption* are more difficult to estimate than those from production — largely due to greater policy and academic attention on production (Chancel & Piketty, 205, p. 28), attention to consumption differentials between economic groups identifies even more startling inequalities. The world average annual per capita tonnes of CO^2 emitted per person's consumption was 6.2 in 2013, while Western Europeans were double this at 13.1 $_tCO_{2e}$ per annum. Per capita consumption in Canada and the US was even higher, averaging 22.5 $_t$CO^2e~ per annum (Chancel & Piketty, 2015, p. 28). These are startling differences, effectively allowing those in the US and Canada to occupy 3.6 times more of the current carbon space of the world than the average (which is made even worse by the fact that this trajectory is completely unsustainable) and 11.8 times more carbon space than per capita use in Africa (Chancel and Piketty, 2015: 28). These average numbers of North America though hide massive inequalities *within* these wealthy economies. Despite an already extremely high average of 22.5 $_tCO_{2e}$ per annum, Piketty and Chancel (2015: 29) estimate that top 1 per cent in the US (constituting 3.16 million people) annually consume on average 318.3 $_tCO_{2e}$, while in Canada, which is also one of the top emitters per capita, the top 1 per cent consume 203.9 $_tCO_{2e}$, which is respectively 51 and 33 times the world average and 244 and 156 times current estimates of sustainable levels of carbon emissions.[12] These are stunning differentials, which suggest that while the nation prism has an important role to play, attention to a risk-producing elite *within* nations requires further analytical and empirical attention.

Again, one possibility is to dismiss the risk register and focus on industry-specific characteristics — which admittedly has its virtues in terms of providing additional specificities. Yet a barrel of oil is never simply a generic barrel of oil in terms of its environmental impact and risk redistributive impacts. The rise of unconventional oil extraction methods have led to a further fusion of science and industry in the oil and gas industry, increasing the need for research and development and highly educated and remunerated employees. However, unconventional oil is often the type of oil that generates significantly greater environmental impacts (Bridge & Le Billon, 2017, pp. 14–17). As one recent study of the life-cycle environmental impacts of different oil wells showed, in terms of environmental risks a barrel of oil is not equal to any other barrel of oil. For example, bitumen extraction and refinement processes associated with unconventional oil extraction in the Alberta oil sands is associated with significantly (40 per cent or even more) higher carbon emissions per barrel of oil than the average oil well and up to 70 per cent higher than some of the lowest emission oil wells (Brant et al., 2015, p. 36).[13] As such, attention to the flows of risk and benefits across social-economic life can provide insights that solely industry specific or class-as-goods analyses do not yield.

12. Their estimates suggest that the top 1 per cent in the US consume approximately 3536 times as much carbon emissions annually as the bottom global emitters — which they identify as the bottom ten per cent in Honduras (Chancel & Piketty, 2015, p. 29) and 2122 times more carbon emissions than previous estimates of emissions of the poorest 7 per cent of the population in India (Parikh et al., 2009 in Chancel & Piketty, 2015, p. 29). The top 1 per cent in both the US and Canada are estimated to be amongst the top 5 groups in the world for carbon emissions through their consumption.

13. In this vein, it has been recently noted, that with the rise of "extreme oil", in the Alberta oil sands it now takes one barrel's of oil worth of energy to produce three barrels of oil, while 30 years ago one barrel's of oil of energy would have produced 100 barrels of oil (Kopecky, 2012; see also Klare, 2013).

2.2 Costs of the Production of Risks

While many industries generate pollution in producing their products, the oil and gas sector, alongside with the coal industry, clearly occupies a position of, at the minimum, *primus inter pares*. Fossil fuel extraction and use is the disproportionately dominant process contributing to one of, if not the, greatest problem of our age, climate change. As suggested above, those working in the industry have disproportionately benefitted from these processes, with recent increases in average pay well in excess of average pay across the American and Canadian economies (oil executives have likewise benefitted, often in more extreme manners, in areas with a weaker rule of law, such as Russia and West Africa; see Buccellato & Mickiewitz, 2009; Osuoka & Zalik, 2016).

As discussed above, the benefits of fossil fuel extraction in the US and Canadian context are clear and while more could be done to identify in particular the distribution of the benefits from the production of oil and gas, these benefits can be expressed in standard economic inequality measures. The costs though, in particular climate change, push existing systematic metrics of inequality outside of their primary area of focus on income and wealth figures, which do have the virtue of being relatively easily converted into interpersonally comparable measures due to their measurement in money. In terms of the costs of excessive oil and gas production it is more complicated to generate such measures. Many of the impacts — including increases in food insecurity, potential for displacement, political risks, potential for disasters, and floods and fires (Stern, 2007; Urry, 2011)[14] — are not easily converted into interpersonally comparable numbers. This is a challenge to risk-class as an operationalisable research programme, yet given the importance of excessive risk production and massive risk transfers, this should not be considered as an insuperable impediment. Risk-class analysis aims to trace systematic flows of benefits and risks, even if not easily monetised or quantified. Following Amartya Sen's example in highlighting the importance of capabilities, despite the challenges in measuring them (Sen, 1993, 1999), modifying our methods to measure what is most important is preferable to modifying what we measure so as to fit our methods.

As emphasised above, simply receiving a disproportionate share of the benefits of the production of risk is not sufficient in itself to occupy an elite risk-class position. If one is particularly exposed to a high share of both the benefits *and* the costs of the risks then one is not overall better off from processes of excessive risk production; however, as with finance, elites in oil and gas are particularly well positioned to minimise their exposure to these risks, while continuing to receive the disproportionate share of the benefits.

As has already been widely emphasised, it is the most disadvantaged within global and local societies that will bear the brunt of climate change (Roberts & Parks, 2007; Beck, 2010; Chancel & Piketty, 2015; Wolf, 2017). Yet, it is not just absolute levels of wealth that matter, but rather one's *position* of economic resources *vis-à-vis* others that is fundamental to being distributed or avoiding the distribution of risks from climate change. In particular, higher rel-

14. The damages from the consumption of fossil fuels in terms of climate change are the primary focus of this article though there are growing concerns regarding other damages from oil extraction, especially from unconventional, shale gas oil or bitumen sands, which require greater use of chemicals and threats to the local environment (Bridge & Le Billon, 2017, p. 15). While a possible objection is that these local damages minimise the risk mismatch, in which high paid employees are also exposed to environmental damages, the reality is different due to the fact that most high paid executives work and live in the cities where head offices are located (Dallas, Houston, Calgary, London) not on-site in the oil sands or shale gas sites. In one case where within city oil drilling in one of the cities containing many head offices was proposed, the north-west of Calgary in 2012, there was significant local opposition, which prevented the drilling from occurring (see VanderKlippe, 2012).

ative levels of income and wealth enable the already advantaged to occupy *private escape routes* from risks such as spatial vulnerability, food insecurity, and to exhibit higher levels of *ex post* resiliency through the monopolisation of scarce social goods that are provided through market provision (Curran, 2013). The specific nature of the risks from climate change are diverse and important, ranging from the threats to food insecurity from the growing likelihood of a catastrophic failure in specific basic crops to the intensification of droughts and flooding in vulnerable areas in Asia (McKie, 2017; Peel, 2017). As they currently exist in the *space of risks*, it cannot be known which will actually be realised, but what is strongly supported in the existing literature is that it is the least advantaged, not those who enjoyed the vast majority of the benefits from the processes that produce climate change, that will be disproportionately damaged by whichever risks are actualised (see Roberts & Parks, 2007).

Likewise, as institutionalised in the legal entity of the corporation and its principle of limited liability (Djelic & Bothello, 2013), future legal liability for the massive damages being wreaked by oil companies will not lie with the senior executives who have massively benefitted from the production of these risks. Insofar as the financial crisis provides a model of how legal responsibilities for systemic risk are distributed, then highly reckless behaviour that however did not break specific legal rules in place at the time, is treated very leniently. And when financial compensation is required, financial liability is imposed on current shareholders rather than on those who directly engaged in the activity and benefitted from it. The ability to collectively produce risks but avoid individual responsibility for the cumulative effects of a multitude of individual actions, *organized irresponsibility*, is a key social power — and fundamental to how corporations are managed by the law, thus further reducing the likelihood that those who benefitted most from these risk processes will also be disproportionately exposed to the risks they aided in creating.

2.3 Mismatch

While the benefits from the production of oil and gas in contexts of risk illusion enable significant benefits to an extremely highly paid group, not only will they not receive a disproportionately high level of the damages — the pay they receive from the production of risks will actually enable them to be last in line to receive these risks through their ability to monopolise socially scarce private escape routes from risk. Consequently, the *mismatch* between their share of risk and of the benefits creates the potential for a particularly *vicious feedback cycle* in which advantaged risk-classes disproportionately benefit from the production of risks and *then use this wealth gained from the production of risk* to minimise their exposure to the risks that they played a key role in generating. By occupying these scarce private escape routes from these risks, it thus enables them, without necessarily having to intend to, to then *dump* or *transfer* these risks onto other less disadvantaged groups. Even when the die is rolled the wrong way for elites, as when the flooding of the Bow River damaged the homes of some of the wealthiest in Calgary (alongside others who were distinctly less advantaged), they have the resources to handle skyrocketing rents and housing costs due to the shortage of homes from the flood in a way that the less advantaged do not.[15] While an analysis of finance and oil and gas extraction solely in

15. Between 2012, the year before the flood and 2014, the year after flood, Calgary had by far the highest increase in rents of the highest rental costs amongst major cities in the country, with their average rent costs shifting from third to first highest rental costs between 2012 and 2014 (Canada Mortgage and Housing Corporation [CHMC], 2017). While there are other factors involved in this shift, including the lack of rent controls in Alberta, the destruction of significant numbers of affordable housing and extremely low vacancy rates following

class terms could describe this process as one of mutual, though unequal, benefit from the additional production of wealth associated with the production of more *goods*, it is the prism of risk-class alongside the class prism, that can illuminate the dysfunctional nature of this cycle. It is not merely unequal benefit between lower and upper class, but a *mismatch* between disproportionate benefit and the limitation of damages for the elite, and the inverse for the already disadvantaged. This cycle in turn makes the already least advantaged worse off, while the elite can disproportionately benefit from the process as a whole again and again in ever new cycles.

3 Conclusion

There is substantial evidence that there are systematic risk mismatches emerging from the production of wealth and risk in oil and gas and finance and that these mismatches are playing an important role in intensifying inequalities through their unequal distribution of benefits and intensification of risk of the already least advantaged. Bringing this evidence regarding the risk mismatches from oil and gas into conversation with the existing literature on the inequalities emerging from financial risk and the crisis (Green & Lavery, 2015; Sayer, 2015) suggests that contemporary societies may be increasingly facing a *risk and inequality* problem more generally, not just the separate problems of uneven financialisation and excessive climate risk. In the US, the two highest paid income classifications continue to be oil and gas and the securities industry (BEA, 2019). In the UK, leading up to the 2008 financial crisis, two-thirds to three-quarters of the significant increase in the top 1 per cent share was driven by one industry — finance (Bell & Van Reenen, 2014). In Canada, pay in the oil and gas industry is by far the highest, just short of 4 times average income (Tombe, 2015).

It should be noted that the specific articulations of different risk-classes will be impacted by the particular political economy within a country — while oil and gas is more dominant in Canada, in the UK, finance is triumphant. Nevertheless, there is significant evidence to suggest that, between self-enrichment and social risk production in finance and oil and gas we have seen something similar to the emergence of *risk-class-elites*. This is particularly the case if we are willing to rethink inequalities in a systemic way that is more oriented to risk and to shifts in the role that commodities play in achieving functionings such as security and how relatively greater levels of economic resources can allow the elite to avoid key risks. Admittedly, the rigour and operationalisability of existing approaches to class and inequality are superior to risk-class analysis, though given the theory-laden and theory-leading nature of data collection this may change with time. However, irrespective of this question, given the complexity of interactions of social and economic power and inequalities there is no need to view class and risk-class analysis as competitors for a single account of structural sources of stratification.[16]

In terms of the value relevance of inequalities, this attunement to risk mismatches provides a basis for a particularly cutting critique in terms of the relational nature of advantage and the dysfunctional logics that are producing these inequalities. In particular, it provides a basis to question the power of existing elites and the bases of their power in production of risk-for-others. Rent approaches that focus on the transfer or appropriation of benefits from one group for an advantaged group are undoubtedly important (see Lapavitsas, 2013; Tomaskovic-Devey

the flood played a key role in rent increases, which weighed most heavily on the already most disadvantaged (Hjalte, 2014).

16. Risk-class analysis, like class analysis, also intersects with other inequalities, such as racial and gender inequalities (see Curran, 2018b).

& Lin, 2013). Despite the importance of these approaches though, they focus on *transfers* of goods from one group to another. Yet, taking risks themselves as an analytical object of production of distribution can bring out of the subterranean depths the extent to which the advantages of contemporary elite are constituted not just from transfers of goods, such as surplus extraction or the re-distribution between factors of production, but through processes of risk production-for-others and the securing of socially scarce protections from these risks.[17]

With risk-class analysis the distributional paradigm and basis for judging the legitimacy of these relationships shifts from the accumulation and transfer of goods to a paradigm in which some groups create significant damages for others through the process of extracting benefit and avoiding damages. Despite the importance of the renewal of class analysis approaches discussed above, these studies of class inequality continue to be mainly separated from the study of justice and the identification of the illegitimate dynamics of these widening inequalities. Bringing risk-class analysis together with class analysis may then not only aid in identifying new explanations for structural inequality, but also help to bring normative studies of inequalities more closely into confrontation with analytical and empirical studies of these inequalities. As such, bridging these different threads of research can aid in developing a more powerful critique of inequalities emerging from configurations of wealth and risk in contemporary capitalism in an age where the uneven systematic production and distribution of risks is increasingly as important in shaping lives around the world as is the uneven production and distribution of goods.

References

Adkin, L.E. (2016). Ecology and Governance in a First World Petro-State. In L.E. Adkin (Ed.), *First World Petro-Politics: The Political Ecology and Governance of Alberta* (pp. 3–50). Toronto: University of Toronto. https://doi.org/10.3138/9781442699410-006

Adkins, L., Cooper, M., & Konings, M. (2021). Class in the 21st Century: Asset Inflation and the New Logic of Inequality. *Environment and Planning A: Economy and Space*, *53*(3), 548–72. https://doi.org/10.1177/0308518X19873673

Atkinson, A.B., Piketty, T., & Saez, E. (2011). Top Incomes in the Long Run of History. *Journal of Economic Literature*, *49*(1), 3–71. https://doi.org/10.1257/jel.49.1.3

Atkinson, W. (2010). *Class, Individualization and Late Modernity: In Search of the Reflexive Worker*. Basingstoke: Palgrave MacMillan. https://doi.org/10.1057/9780230290655

Barry, J. (2016). Green Political Economy: Beyond Orthodox Undifferentiated Economic Growth as a Permanent Feature of the Economy. In T. Gabrielson, C. Hall, J.M. Meyer, & D. Schlosberg (Eds), *The Oxford Handbook of Environmental Political Theory* (pp. 304–17). Oxford: Oxford University Press. https://doi.org/10.1093/oxfordhb/9780199685271.013.30

17. There are important affinities of risk-class' focus on financial and environmental risk with Harvey's (2003) account of "accumulation of dispossession" and Sassen's (2014) "expulsions". Despite the insights of these accounts, the dispossession and expulsion metaphors focus on the loss of goods by some in processes that benefit others. Risk-class analysis views these processes as being clearer if viewed in terms of both the systematic *production of goods* and the systematic *production of risks* and the interaction of these two processes.

Bureau of Economic Affairs [BEA] (2017). Table 6.6D. Wages and Salaries per Full-Time Equivalent Employee by Industry. *Bureau of Economic Affairs*, 3 August. https://www.bea.gov/

Bureau of Economic Affairs [BEA] (2019). Table 6.6D. Wages and Salaries Per Full-Time Equivalent Employee by Industry *Bureau of Economic Affairs*, 30 July. https://www.bea.gov/

Beck, U. (1992). *Risk Society: Towards a New Modernity*. London: Sage.

Beck, U. (1995) *Ecological Politics in an Age of Risk*. Cambridge: Polity.

Beck, U. (1999). *World Risk Society*. Malden: Polity.

Beck, U. (2010). Remapping Social Inequalities in an Age of Climate Change. *Global Networks*, *10*(2), 165–81. https://doi.org/10.1111/j.1471-0374.2010.00281.x

Beck, U. (2013). Why "Class" Is Too Soft a Category to Capture the Explosiveness of Social Inequality at the Beginning of the 21st Century. *British Journal of Sociology*, *64*(1), 63–74. https://doi.org/10.1111/1468-4446.12005

Beck, U. (2016). *The Metamorphosis of the World*. Cambridge: Polity.

Bell, B., & Van Reenen, J. (2014). Bankers and Their Bonuses. *The Economic Journal*, *124*(574), F1-F22. https://doi.org/10.1111/ecoj.12101

Brant, G., Brandt, A., Bergerson, J., & Koomey, J. (2015) *Know Your Oil: Creating a Global Climate Index*. Washington: Caregie for International Peace.

Bridge, G., & Le Billon, P. (2017) *Oil*. Cambridge: Polity.

British Petroleum [BP] (2017) *BP Statistical Review of World Energy, 66th Edition*. London: British Petroleum.

British Petroleum [BP] (2019) *BP Statistical Review of World Energy, 68th Edition*. London: British Petroleum.

Buccellato, T., & Mickiewitz, T. (2009). Oil and Gas: A Blessing for the Few. Hydrocarbons and Inequality within Regions in Russia. *Europe-Asia Studies*, *61*(3): 385–407. https://doi.org/10.1080/09668130902753275

Canada Mortgage and Housing Corporation [CHMC] (2017). Average Rent for Two-Bedroom Apartments, Canada, Provinces and Metropolitan Areas, 1992—2016 ($). *Canada Mortgage and Housing Corporation - SCHL*, 19 November. https://www.cmhc-schl.gc.ca/en/hoficlincl/homain/stda/data/data_004.cfm

Chancel, L., & Piketty, T. (2015). Carbon and Inequality: From Kyoto to Paris: Trends in the Global Inequality of Carbon Emissions (1998–2013) and Prospects for an Equitable Adaptation Fund (Paris School of Economics Working Paper No. November 2015). *Paris School of Economics*. http://piketty.pse.ens.fr/files/ChancelPiketty2015.pdf

Christophers, B. (2015). Value Models: Finance, Risk, and Political Economy. *Finance and Society*, *1*(2), 1–22. https://doi.org/10.2218/finsoc.v1i2.1381

Crotty, J. (2010). The Bonus-Driven "Rainmaker" Financial Firm: How These Firms Enrich Top Employees, Destroy Shareholder Value and Create Systemic Financial Instability (Political Economy Research Institute, University of Massachusetts at Amherst, Working Papers wp209_revised3). *Political Economy Research Institute, University of Massachusetts at Amherst*. https://ideas.repec.org/p/uma/periwp/wp209_revised3.html

Curran, D. (2013). Risk Society and the Distribution of Bads: Theorizing Class in the Risk Society. *British Journal of Sociology*, *64*(1), 44–62. https://doi.org/10.1111/1468-4446.12004

Djelic, M.L., & Bothello, J. (2013). Limited Liability and Its Moral Hazard Implications: The Systemic Inscription of Instability in Contemporary Capitalism. *Theory and Society*, *42*(6), 589–615. https://doi.org/10.1007/s11186-013-9206-z

Dorn, N. (2016). Where There's Muck, There's Brass – and Class: Financial Market Regulation and Public Policy. In G.A. Antonopoulos (Ed.), *Illegal Entrepreneurship, Organized Crime and Social Control. Essays in Honor of Professor Dick Hobbs* (pp. 311–30). Berlin/Heidelberg: Springer. https://doi.org/10.1007/978-3-319-31608-6_17

Engelen, E., Ertürk, I., Froud, J., Johal, S., Leaver, S., Moran, M., Nilsson, A., & Williams, K. (2011). *After the Great Complacence: Financial Crisis and the Politics of Reform*. Oxford: Oxford University Press. https://doi.org/10.1093/acprof:oso/9780199589081.001.0001

Galbraith, J. (2012). *Inequality and Instability: A Study of the World Economy Just Before the Great Crisis*. Oxford: Oxford University Press. https://doi.org/10.1093/acprof:osobl/9780199855650.001.0001

Giddens, A. (1999). Risk and Responsibility. *The Modern Law Review*, *62*(1), 1–10. https://doi.org/10.1111/1468-2230.00188

Globe and Mail, The (2019). TSX Oil and Gas EW Index: TXOE. *The Globe and Mail*, 16 September. https://www.theglobeandmail.com/investing/markets/indices/TXOE/

Green, J., & Lavery, S. (2015). The Regressive Recovery: Distribution Inequality and State Power in Britain's Post-Crisis Political Economy. *New Political Economy*, *6*(20): 894–923. https://doi.org/10.1080/13563467.2015.1041478

Habermas, J. (1975). *Legitimation Crisis* (T. McCarthy, Trans.). New York: Beacon. (Original work published 1973)

Haldane, A., Brennan, S., & Madouros, V. (2010). What Is the Contribution of the Financial Sector: Miracle or Mirage?. In A. Turner, A. Haldane, P. Woolley, S. Wadhwani, C. Goodhart, A. Smithers, A. Large, J. Kay, M. Wolf, P. Boone, S. Johnson, R. Layard (Eds). *The Future of Finance: The LSE Report* (pp. 87–120). London School of Economics and Political Science. http://innovbfa.viabloga.com/files/LSE___the_future_of_finance___aug_2010.pdf

Harvey, D. (2003). *The New Imperialism*. New York: Oxford University Press. https://doi.org/10.1093/oso/9780199264315.001.0001

Hjalte, L. (2014). Calgary Real Estate Market Recovering after Last Year's Flood. *Calgary Herald*, 20 June. http://calgaryherald.com/news/local-news/calgary-real-estate-market-recovering-after-last-years-flood

Kaplan, S.N., & Rauh, J. (2010). Wall Street and Main Street: What Contributes to the Rise in the Highest Incomes?. *Review of Financial Studies*, *23*(3): 1004–50. https://doi.org/10.1093/rfs/hhp006

Khan, S. (2013). The Sociology of Elites. *Annual Review of Sociology*, *38*: 361–77. https://doi.org/10.1146/annurev-soc-071811-145542

Klare, M.T. (2013). The Third Carbon Age: Don't for a Second Imagine We're Heading for an Era of Renewable Energy. *The Nation*, 8 August. https://www.thenation.com/article/third-carbon-age/

Kopecky, A. (2012). The Age of Extreme Oil: 'This Used to Be a Forest?'. *The Globe and Mail*, 19 May. http://www.theglobeandmail.com/news/national/the-age-of-extreme-oil-this-used-to-be-a-forest/article4186854/?page=all

Lapavitsas, C. (2009). Financialized Capitalism: Crisis and Financial Expropriation. *Historical Materialism*, *17*(2), 114–48. https://doi.org/10.1163/156920609X436153

Lapavitsas, C. (2013). *Profiting without Producing: How Finance Exploits Us All*. London: Verso.

Lemieux, T., & Riddell, W.C. (2015). Top Incomes in Canada: Evidence from the Census (NBER Working Paper Series No. 21347). *National Bureau of Economic Research*. https://doi.org/10.3386/w21347

Lin, K.H., & Tomaskovic-Devey, D. (2013). Financialization and U.S. Income Inequality, 1970–2008. *American Journal of Sociology*, *118*(5), 1284–329. https://doi.org/10.1086/669499

McKie, R. (2017). Maize, Rice, Wheat: Alarm at Rising Climate to Vital Crops. *The Guardian*, 15 July. https://www.theguardian.com/environment/2017/jul/15/climate-change-food-famine-study

Mills, C.W. (1956). *The Power Elite*. Oxford: Oxford University Press.

Mythen, G. (2005). From Goods to Bads? Revisiting the Political Economy of Risk. *Sociological Research Online*, *10*(3), 191–203. https://doi.org/10.5153/sro.1140

NASDAQ (2019). Dow Jones U.S. Oil & Gas Index: DIG. https://www.nasdaq.com/market-activity/funds-and-etfs/dig

New York State Comptroller. (2013). Average Salaries in New York City: Securities Industry vs. All Other Private Sector Industries. *New York State Comptroller*, 19 February. http://www.osc.state.ny.us/press/releases/oct13/avg_salaries_nyc.pdf

Organisation for Economic Co-operation and Development [OECD] (2013). Price the Carbon. *OECD Observer*, *297*. http://oecdobserver.org/news/fullstory.php/aid/4260/Price_the_carbon.html

Organisation for Economic Co-operation and Development [OECD] (2018). *Effective Carbon Rates 2018: Pricing Carbon Emissions Through Taxes and Emissions Trading*. Paris: OECD Publishing. https://doi.org/10.1787/9789264305304-en

Osuoka, I.A., & Zalik, A. (2016). No Change There! Wealth and Oil. In I. Hay & J.V. Beaverstock (Eds.), *International Handbook on Wealth and the Super-Rich* (pp. 442-62). Cheltenham: Elgar. https://doi.org/10.4337/9781783474042.00031

Peel, M. (2017). Asia Faces 'Intense Impact' of Warming. *Financial Times*, 14 July, p. 6.

Philippon, T., & Reshef, A. (2012). Wages and Human Capital in the U.S. Financial Industry: 1909–2006. *Quarterly Journal of Economics*, *127*(4): 1551–609. https://doi.org/10.1093/qje/qjs030

Piketty, T. (2014). *Capital in the Twenty-First Century*. Cambridge: Harvard University Press. https://doi.org/10.4159/9780674369542

Piketty, T., & Saez, E. (2003). Income Inequality in the United States, 1913–1998. *Quarterly Journal of Economics*, *118*(1), 1–39. https://doi.org/10.1162/00335530360535135

Roberts, J.T., & Parks, B.C. (2007). *A Climate of Injustice: Global Inequality, North-South Politics, and Climate Policy*. Cambridge: MIT Press.

Royal Society, The (2009). Towards a Low Carbon Future (The Royal Society Scientific Discussion Meeting RS1447I). *The Royal Society*. https://royalsociety.org/~/media/Royal_Society_Content/policy/publications/2009/7865.pdf

Sassen, S. (2014). *Expulsions: Brutality and Complexity in the Global Economy*. Cambridge: Harvard University Press. https://doi.org/10.4159/9780674369818

Savage, M. (2015). *Social Class in the 21st Century*. London: Pelican.

Savage, M., Devine, F., Cunningham, N., Taylor, M., Li, Y., Hjellbrekke, J., Le Roux, B., Friedman, S., & Miles, A. (2013). A New Model of Social Class? Findings from the BBC's Great British Class. *Sociology 47*(2): 219–50. https://doi.org/10.1177/0038038513481128

Sayer, A. (2015). *Why We Can't Afford the Rich*. Bristol: Policy. https://doi.org/10.2307/j.ctt1t89fd6

Schlosberg, D. (2007). *Defining Environmental Justice*. Oxford: Oxford University Press. https://doi.org/10.1093/acprof:oso/9780199286294.001.0001

Scott, A. (2000). Risk Society or Angst Society? Two Views of Risk, Consciousness and Community. In B. Adam, U. Beck, & J. van Loon (Eds.) *The Risk Society and Beyond: Critical Issues for Social Theory*. London: Sage. http://dx.doi.org/10.4135/9781446219539.n1

Sen, A. (1993). Capability and Well-Being. In M. Nussbaum & A. Sen (Eds.), *The Quality of Life*. Oxford: Clarendon. https://doi.org/10.1093/0198287976.003.0003

Sen, A. (1999). *Development as Freedom*. New York: Oxford University Press.

Stern, N. (2007). *The Economics of Climate Change: The Stern Review*. Cambridge: Cambridge University Press. https://doi.org/10.1017/CBO9780511817434

Tomaskovic-Devey, T., & Lin, K.H. (2013). Financialization: Causes, Inequality Consequences, and Policy Implications. *North Carolina Banking Institute*, *18*(1), 167–94.

Tombe, T. (2015). Better Off Dead: "Value Added" in Economic Policy Debates. *University of Calgary, School of Public Policy Research Papers*, *8*(9), 1–24.

Tyfield, D. (2018). *Liberalism 2.0 and the Rise of China: Global Crisis, Innovation and Urban Mobility*. London: Routledge. https://doi.org/10.4324/9781315735917

Urry, J. (2011) *Climate Change and Society*. Cambridge: Polity.

Van Dender, K. (2017). Carbon Prices Are Still Far Too Low to Prevent Climate Change. *OECD Insights*, 13 November. http://oecdinsights.org/2017/11/13/carbon-prices-are-still-far-too-low-to-prevent-climate-change/

VanderKlippe, N. (2012). Calgarians Near Urban Oil Well Say 'Not in My Backyard'. *The Globe and Mail*, 27 June. https://beta.theglobeandmail.com/news/politics/calgarians-near-urban-oil-well-say-not-in-my-backyard/article4375710/?ref=http://www.theglobeandmail.com&

Volscho, T.W., & Kelly, N.J. (2012). The Rise of the Super-Rich: Power Resources, Taxes, Financial Markets, and the Dynamics of the Top 1 Percent, 1949 to 2008. *American Sociological Review*, *77*(5): 679-699. https://doi.org/10.1177/0003122412458508

Walby, S. (2015). *Crisis*. Cambridge: Polity.

Wolf, M. (2017). Climate Change Puts Poorest Nations at Risk. *Financial Times*, 18 October. https://www.ft.com/content/f350020e-b206-11e7-a398-73d59db9e399

Wright, E.O. (2005). Foundations of a Neo-Marxist Class Analysis. In E.O. Wright (Ed.), *Approaches to Class Analysis* (pp. 4–30). Cambridge: Cambridge University Press. https://doi.org/10.1017/CBO9780511488900.002

Yergin, D. (2008). *The Prize: The Epic Quest for Oil, Money and Power*. New York: Free Press.

Dean Curran – Department of Sociology, University of Calgary (Canada)
https://orcid.org/0000-0002-8771-1141
dcurran@ucalgary.ca
Dean Curran is an Associate Professor of Sociology at the University of Calgary (Canada). He has previous degrees in Economics, the Philosophy of the Social Sciences, and a PhD in Sociology. His research areas include social theory, risk, economic sociology, and inequality and he has publications in the *British Journal of Sociology*, *Economy and Society*, *Antipode*, *Theory, Culture, and Society*, *Urban Studies*, *European Journal of Social Theory* and a 2016 book with Palgrave Macmillan, *Risk, Power and Inequality in the 21st Century*.

https://doi.org/10.6092/issn.1971-8853/12720
Sociologica. V.15 N.2 (2021)
ISSN 1971-8853
https://sociologica.unibo.it/

Hiding the Rentier Elephant in Plain Sight: The Epistemology of Vanishing Rent

Linsey McGoey*

Department of Sociology, University of Essex (United Kingdom)

Submitted: April 12, 2021 – Revised version: August 19, 2021
Accepted: September 1, 2021 – Published: September 30, 2021

Abstract

Economic rent is defined as excessive financial returns made possible by control or monopoly over a particular market. A minority of economists suggest that we live in an era of "rentier capitalism" characterized by exploitative extreme wealth. Their arguments are framed in new and powerful ways, but their focus has a long heritage, flowing back to classical economists such as Adam Smith who criticized the wealthy for reaping "where they never sowed." While interest in rentierism is growing, other economists, including on the left, disagree that rentier gains underpin most extreme fortunes today. I introduce the concept of "ignorance pathways" to raise new points about the perceptual divide between those who "see" rent and those who do not. Mapping different ignorance pathways within modern economic thought, I theorize the reasons for why rentier returns remain "unseen". Terminology is policy: it is harder to make a policy case for redistributing rentier returns when the contentious object of scrutiny — in this case "rent" — is believed to be something that does not exist.

Keywords: Rentier Capitalism; Economic Inequality; Exploitation; Ignorance Studies; Billionaires.

Acknowledgements

I am grateful to anonymous reviewers and especially to D.T. Cochrane for careful reading and helpful suggestions. Any errors are my own.

* lmcgoey@essex.ac.uk

1 Introduction

> I don't see anyone on the [Forbes 400] list whose ancestors bought a great parcel of land in 1780 and have been accumulating family wealth by collecting rents ever since. (Bill Gates, 2014)

> I don't look at the world today and see that the commanding heights of capitalist power are occupied by rentiers or passive rent extractors. (J.W. Mason, 2021a)

You have probably heard of the first person quoted above: Bill Gates doesn't need an introduction. The second quote is from an economist known in academic circles, but less so outside of them. J.W. Mason is a left-wing economist who works at City University of New York, and who has a popular blog breaking down some of his important work in macroeconomics. He supports valuable socialist causes, contributing articles to the left-wing US magazine *Jacobin* with headings such as "Why college should be free;" "Why rent control works," and "Karl Marx and the corporation." But when it comes to a topic that preoccupied classical economists in the eighteenth and nineteenth century — the question of how much wealth is "productively" earned, versus how much accrued from rentier gains — Mason's position aligns closely with that of Bill Gates. As the quotes above indicate, they agree that "rent" is not a major source of wealth concentration today. Other people disagree with them.

Albeit with nuanced differences among their arguments, a growing number of scholars insist that rentier gains do underpin the fortune of billionaires like Gates (Christophers, 2020; Hudson, 2011 & 2014; Piketty, 2014; Mazzucato, 2018). My aim is not to establish who is "right". Indeed, one of my arguments is that definitive, incontestable answers on either side might be impossible, because categories such as "rentier extraction" and "unearned wealth" are descriptive, mutable classifications, rendered more "real" as a result of legal, political, and disciplinary shifts that have made rentiers more apparent in some sectors and eras than in others. Like children riding on a carousel, the visibility of rents dip in and out of sight depending on statistical measurements and disciplinary axioms that make the problem more apparent at different times.

This article tracks the phenomenon of disappearing and reappearing rent over a 200-year period. This historical scope is useful for a few reasons. First, it helps to correct a tendency in some recent studies in economic sociology to make untenable assumptions about the nineteenth century, including the claim that what distinguishes neoliberalism is the active use of the state to subsidize and steer market activities. Such analyses neglect the fact that western governments were also interventionist in the nineteenth century, a period wrongly seen as a time when the market was more "disembedded" than it really was (Stahl, 2019; Watson, 2018; McGoey, 2019). Second, the scope illuminates a historical shift central to understanding why "rentier" wealth ceased to be a primary focus of neoclassical economists over the twentieth century: the marginal turn in theories of economic value and economic productivity which entrenched new understandings of income distribution.

Studies have shown how the marginal turn led to a major paradigm shift in the twentieth century onwards: labour theories of value subscribed to by classical economists such as Smith, Ricardo and Marx were replaced, in mainstream economic theory, by "subjective" theories of income distribution influenced by John Bates Clark and other marginalist thinkers. This shift occurred despite even right-leaning economists such as Frank Knight and Joseph Schumpeter perceiving severe problems with Clark's formulation, namely that it side-lines the role of both luck and the law in benefiting some individuals and groups over others (McGoey, 2017;

Schumpeter, 1972[1954]). The marginalist turn's implications when it comes to labour theories of value have been noted across the social sciences (Mazzucato, 2018), but more attention is needed to how changing understanding of economic value relate to disciplinary and public perceptions of the existence of economic rent.

I argue that despite recent interest in rentierism from heterodox and mainstream economists, these studies are the exception. The common tendency today is to restrict rent to financial rents. This cleanses fortunes made through, for example, retail sales at companies such as Amazon of the type of moral disrepute that earlier classical economists associated with land monopolies and usury. Other studies have called attention to the political economic origins of rentier power today (Arboleda & Purcell, 2021; Birch, 2019; Birch & Cochrane, 2021; Christophers, 2020), as well as moral implications of the rise of rentiers who "extract" rather than adding value to society (Mazzucato, 2018; Sayer, 2014, 2020). But this previous work does not focus on the epistemological points that I raise.

The structure is as follows. First, I survey recent work on "rentier capitalism" from Christophers and others who argue that rentier extraction is a real but underexamined reality of capitalist exchange today. Then I examine the opposite view from economists on both the right and left who suggest that "rentierism" is rarer than scholars such as Christophers claim, providing context to Mason's comment in the epigraph above, where he —- much like Bill Gates —- suggests that rentier gains are *not* a central feature of the "commanding heights" of wealth accumulation today. My last section introduces the concept of "ignorance pathways", defined as socio-historical mappings of how a phenomenon came to be imperceptible or ignorable in the present, to theorize the origins and social implications of this perceptual divide.

2 Seeing Rent

In economics teaching and mainstream research, economic rents are broadly defined as an excess of payment to the owner of a factor of production above the cost needed to bring that factor into use of production. This definition, while succinct at first glance, raises key deeper questions that lie at the heart of ongoing social sciences debates over the pervasiveness of rentier gains. Different elements make rent a nebulous phenomenon: including 1) determining what is an "excessive" payment, and 2) extricating and delineating which political resources are most instrumental, including patents and other political entitlements, in enabling exclusive ownership of an asset. Bringing these political elements into clearer focus has been a key goal of recent work of rentierism from political economists who have added nuance to the general definition above. Christophers, for example, defines rent as: "income derived from the ownership, possession or control of scarce assets under conditions of limited or no competition" (Christophers, 2020, p. xxiv; Standing, 2016, offers a similar definition).

Christophers emphasizes that "like all important economic concepts, 'rent' is blurred at the margins. There is no cut-and-dried distinctions" (2020, p. xxv). This blurriness has led different economists to emphasize different conceptions of rent in different periods. Keynes, for example, treats rent as a mostly financial phenomenon, primarily derived from financial speculation in global markets. This treatment led him to suggest in his *General Theory of Employment, Interest and Money* (1935) that the state could and should take stronger control of different types of private financing (Watkins, 2010; McGoey, 2018). He thought a state-led system could battle problems such as usury, leading eventually to the "euthanasia of the rentier, and, consequently, the euthanasia of the cumulative oppressive power of the capitalist to exploit the scarcity-value of capital" (Keynes, 2017[1935], p. 326). As Pettifor (2008) points

out, Keynes was critical of financial rentierism because, much like the problem of land rents and absentee landlord entitlements that worried classical economists, it "rewards no genuine sacrifice, any more than does the rent of land".

Keynes's phrase "scarcity-value" is the key for understanding a major shift that took place in attitudes to rent over the nineteenth century and into the early decades of the twentieth century. Classical economists treated rent as chiefly linked to land rents, and thus generated when the fixed supply of land conferred advantages on owners regardless of any effort by the owner. Dictionaries and encyclopaedia definitions are a useful resource for understanding classical treatments of rent because they offer a "consensus" understanding of mainstream attitudes in different eras. The current online Britannica entry for "rent", for example, written by Boulding et al. (1998), explains that for classical economists such as Smith "rent was the income derived from the ownership of land and other natural resources in fixed supply."[1]

Smith's analysis is introduced in Volume 1 of *Wealth of Nations* (1997[1776]), where he offers an influential perspective on land fertility and its effect on the supply and demand of agricultural produce. Smith recognized that demand for agricultural produce led owners to exploit as much land as possible, cultivating even the most unpromising, least fertile land when the expense of doing so was at least marginally covered by the prices that any produce could command on the market. When it came to weaker land, the profit might be negligible: the price might barely offset the expense and effort of having to coax out sellable produce from comparatively arid, fruitless soil. But that price then conferred additional benefits for owner when it came to their *most* fertile land, because the price differential there was much more advantageous for them. The price achieved from weak land reflected "zero rent", whereas, at the other extreme, the most fertile land commanded the same price for a greater abundance of produce, leading to higher rewards for owners — a "free gift of nature" despite no extra effort on their part (Boulding et al., 1998). Later, this "free gift" of nature would come to be known in economics as "natural capital", defined as "natural resources capable of producing a surplus stock or profit without direct human intervention" — although without recent scholars of natural capital necessarily tracing their definition to Smith's earlier understanding of rent (Wolloch, 2020; see also Battistoni, 2017).

The Britannica entry on "rent" is, understandably, a clinical, dispassionate assessment of consensus views on rent in "classical" and "modern" economic thought. But the inclusion of the phrase "free gift" is open to misinterpretation because it implies that classical economists were neutral or even approving of the use of nature's "gifts" for personal gain. But the opposite is true. Smith censured landowners in *Wealth of Nations*, writing that as "soon as the land of any country has all become private property, the landlords, like all other men, love to reap where they never sowed, and demand a rent even for its natural produce" (1997[1776], p. 47). Smith recognized, as did his contemporaries, including James Maitland, the eighth Earl of Lauderdale (1759–1839), a distinction between private profits and public wealth that later Marxist thinkers dubbed the "Lauderdale Paradox", derived from Maitland's book, *An Inquiry into the Nature and Origin of Public Wealth and into the Means and Causes of its Increase* (1804), where Maitland argued that an increase of private fortunes tends to decrease the wealth available to the general public (Clark & Foster, 2010). A similar concern underpins Piketty's $r > g$ formula, which he uses to show that private returns to capital in most advanced

1. The Britannica entry on "rent" is attributed to four authors — K. Boulding, P. Kleinsorge, O. Schmitt and J. Pen, and with every refreshing of the webpage, different names appear to the reader as "first" author. I have used "Boulding" in the in-text citation because he is the first author alphabetically. Last accessed April 2021.

economics today are growing at much higher rates than overall national wealth, worsening inequality (Piketty, 2014).

Smith and his immediate successors did not treat the wealth of nations as a "full-sum" game, where private wealth for some inevitably enriches a wider polity. Ironically, pithy extracts about the invisible hand are cherry-picked from *Wealth of Nations* today to insist that Smith *did* see an intrinsic connection between private fortunes and public wealth, but any close reading of *Wealth of Nations* leads to a far more nuanced conclusion (Norman, 2018; McGoey, 2019). Smith was critical of usury, calling for ceilings on interest rates and government regulation of extortionate lending, suggesting that he had a prescient, earlier awareness of the problem of financial rentierism. But he largely focused on land rent, as opposed to later thinkers such as Keynes who emphasized unearned gains from financial speculation.

In light of this historical shift, scholars such as Dirk Bezemer and Michael Hudson (2016) suggest that a key goal of economics should be "capturing the specific forms that 'unproductive' revenues take in a particular era" (p. 752). Following the classical focus on land rents, mid-twentieth century scholars like Keynes tended to emphasize rents from stock market speculation, while for Bezemer and Hudson, a key source of rentier wealth today is mortgage and other types of household debt, something that has skyrocketed in the past half-century. This approach to rent — which treats understanding of different types of rent in a sort of evolutionary way, with earlier classical attitudes to land rent seen as gradually expanding to include other types of "unearned" income — has some explanatory advantages, discussed below. But it also has epistemological limitations, discussed in my final section.

The main analytical advantage is that it underscores a key historical shift, which was the realization that rents could be generated not simply from resources that were physically scarce, like land, but also from resources that are *made* scarce to benefit private interests, including through different types of intellectual property protection and other government licenses, a problem that Henry George perceived with railroad contracts in the nineteenth century. This led "institutional schools" of economic theory and policy-making, strongly influenced by Georgian thought, to propose policies intended to curb rentier gains through different forms of anti-trust laws, nationalization, and by taxing rents from "unearned" income such as capital gains more severely than other forms of income (McGoey, 2017; Mazzucato, 2018).

For Keynes, the "artificial" quality of this type of "scarcity-value", the fact that legal and political conventions alone — rather than physical limits like land availability — made it possible for rentiers to monopolize even something that had no fixed limits on it struck him as an even more pernicious type of unearned gain than land rents. The illusory nature of financial rents, the fact that they are generated from the 'cumulative oppressive power of the capitalist' rather than a physical limit like land scarcity, made him confident that financial rents were likely to be better curbed by governmental intervention in the future — a view that was bolstered by successful efforts over the early twentieth century across western advanced industrial nations to tame rentier power through various taxation and policy measures. In the UK, from the 1940s to 1970s, as Christophers (2020) writes, "both financial and landed-property interests — the dominant rentiers of the past — were effectively shackled" (p. 4). The "big 5" banks were tightly regulated by the state, which dictated liquidity requirements and lending prioritizes, and many companies came under public ownership, a pattern reversed in the 1980s (Millward, 1997).

In the US, marginal tax rates exceeded 70 percent on the top earners, a policy deliberately imposed, as two leading economists of income inequality describe, to "constrain the immoderate, and especially unmerited, accumulation of riches" (Saez & Zucman, 2019). Today, although there are growing proposals are growing increase taxes on the wealthy, endorsed most

recently by the IMF (Inman, 2021), there hasn't been, until very recently, nearly the same public condemnation of rentier gains that prevailed in the early to mid-twentieth century. The very idea of "unmerited" accumulation of wealth is far less common today than in the nineteenth century, when "unearned" gains from both inherited wealth and gains from stock speculation were widely held in disrepute, leading industrial magnates like Andrew Carnegie to lie about having engaged in stock speculation, routinely denying having made money from the stock market when really he had (Nasaw, 2006).

A curious transformation has taken place: rather than the rentier being euthanized, it is the belief that rentiers *exist* that has disappeared, obliterated from mainstream economic theory — extinguished as a core, central focus of analysis despite financial rents growing on a scale that would have astonished Keynes.

Only a minority of economists in mainstream and heterodox traditions focus on the problem of rentier wealth. One of them is Mariana Mazzucato who argues that the wealthy are often rewarded not for genuine value-creation but rather from extracting wealth from the public. The way that "value" is taught in mainstream economics programmes and understood by policy-makers helps to enable "value-extracting activities to masquerade as value-creating activities" (Mazzucato, 2018, p. xviii).

Hudson makes a similar point, detailing shifts in economic theory that have led "unearned income" — a key concept in the nineteenth and early twentieth century — to disappear from economic thought, leading to destructive economic activity being accepted as "value-creation" because it contributes to measurements of GDP and making nations appear wealthier even when wealth is concentrated in fewer hands. Hudson sees the finance sector as acting like a parasite on the "real" economy, with managers "squeezing out higher profits by downsizing and outsourcing labor[...] In due course, the threat of bankruptcy is used to wipe out or renegotiate pension plans, and to shift losses onto consumers and labor" (Bezemer & Hudson, 2016, p. 747; see also Hudson, 2014 and Baker et al., 2018).

Renewed interest in rentier gains has grown in tandem with recognition that income inequality is worsening in nearly every nation globally (OECD, 2012). Books like Piketty's *Capital* (2014) and Christophers' *Rentier Capitalism* (2020) have placed inequality and the rents that exacerbate it "squarely in the spotlight" (Christophers, 2020, p. xix). Piketty's book is not primarily focused on rentier wealth, but it helps to unbury the obscured role that rents play in the economy by showing, much as the Lauderdale Paradox suggests, that private wealth often drains rather than increases public wealth. It was not an entirely new argument, but rather reinforced the message of earlier data he and colleagues had collected for decades (c.f. Piketty & Saez, 2003). Scholars such as Lisa Keister have also raised similar concerns (Keister, 2005; Hacker & Pierson, 2010). But Piketty's book was a catalyst sparking wider interest in what Keynes described as the "outstanding faults of the economic society in which we live[...] its failure to provide for full employment and its arbitrary and inequitable distribution of wealth and incomes" (2017[1935], p. 323).

Piketty's (2014) book compelled even the largest winners in today's economy to acknowledge that inequality is a problem, including Bill Gates. But there's a key difference: Gates does not concede that inequality is driven by rentier, exploitative gains. The remark from Gates that I quote at the outset of this article comes from his review of Piketty's book, where he agrees with Piketty on some points, but also criticizes what he calls "important flaws" — namely, Piketty's emphasis on rentier gains. Gates writes:

> Contrary to Piketty's rentier hypothesis, I don't see anyone on the list whose ancestors bought a great parcel of land in 1780 and have been accumulating family

> wealth by collecting rents ever since. In America, that old money is long gone — through instability, inflation, taxes, philanthropy, and spending (Gates, 2014).

Gates's argument is questionable on two fronts. Firstly, he underestimates the role the inherited wealth and other intergenerational transfer play in wealth concentration in the US economy today, accounting for estimated 35 to 45 percent of all wealth in the nation, sharply reinforcing racial and class-based forms of disadvantage (Feiveson & Sabelhaus, 2018; Pfeffer & Killewald, 2018; Sawhill & Rodrigue, 2015).[2] Secondly, even if he *did* acknowledge the major role that inheritance plays in wealth divides today, his view would still be a narrow understanding of rent, because his definition is limited to inheritance from "old money", rather than rentier gains from patent protections, for example.

It's not surprising that Gates would insist that most wealth today is not "rentier" in the sense of being unearned wealth. His stance is characteristic of the mega-rich, reflecting a long-standing tendency in different eras to insist that one's accumulation is more ethical than earlier generations, such as Carnegie's tendency to lie about having made money from stock speculation at a time when doing so was viewed disapprovingly by wider society, or John D. Rockefeller Sr's insistence that his wealth "was a gift from God" while shielding himself from evidence of worker exploitation at his mining camps. When called to testify before the Walsh Committee on Industrial Relations held over 1913–1915, Rockefeller Sr said that the best way to support workers was through "fair wages", but when asked by the Committee chair, Frank Walsh, whether he was aware of his workmen's complaints of working in dehumanizing, underpaid conditions, Rockefeller Sr replied, "No sir. That would not come to me. That would be a matter of detail that would come to the proper officials" (Walsh Commission, 2017[1916], p. 8303; see also Arnove & Pinede, 2007).

Rockefeller's son also testified. When questioned about the Ludlow Massacre of 1914, where dozens of people died at the Rockefeller-owned Colorado Fuel and Iron Company, including women and 11 children, Rockefeller Jr, like his father, professed to have no knowledge of draconian, harsh management commands that gave rise to a strike, angering Walsh who exclaimed: "Is it a part of your plan not to learn or to even hear of these conditions?" (New York Times, 1915). Both father and son insisted that wages and working conditions were "fair" and morally defensible, while insulating themselves from any evidence otherwise — a recurring pattern in modern industrial relations (McGoey, 2019).

Similarly today, when Gates insists, wrongly, that "old money" plays no significant role in today's economy, or when he restricts the definition of rent to land rents from inherited estates, it's not a surprising stance given that his own fortune grew from advantageous patent protections and financial speculation that created artificial scarcity for wider society while his own fortune mushroomed.

What is more surprising is agreement from the political left, leading to an unusual and little-discussed epistemic alliance that requires more analytical attention. When left-wing economists agree that many large fortunes today are not rentier in nature, it helps to legitimates the *absence* of rentierism as an "objective" reality, rather than a self-invested perspective. In epistemological terms, it confers an "ignorance alibi" on billionaire beneficiaries, helping them to insist that a phenomenon does not exist, rather than being simply imperceptible by those who have an incentive not to see it (McGoey, 2012 & 2019).

My final section explores the historical origins and the social implications of the see-sawing visibility of rentier gains. Building on work by Hudson, Mazzucato and others, I explore the

2. Thanks to DT Cochrane for a helpful suggestion here and additional reference suggestions.

relationship between the marginalist turn in the late nineteenth century and the "vanishing" of rent today. But I also highlight limitations in recent work on rentierism that scholars like Mason have seized upon, leading to an impasse in understandings of rent that has important but neglected epistemological and social implications.

3 The Rentier Carousel and Its Social Implications

What powers the rentier carousel, bringing different conceptions of rent into sight in different periods? The answer is perceptions of economic value, and specifically shifting understandings of value over the modern period. Classical political economists such as Smith, Ricardo and Marx largely subscribed to a labour theory of value. Although Ricardo and Marx reached starkly different normative conclusions, a starting point of labour theories was Smith's argument that a commodity's price reflected a combination of three "component parts": wage, rent, and profit. As Vianello describes, Smith describes the components as "the three original sources [...] of all exchangeable value" (Smith, 1997[1776], Vol. 1, quoted in Vianello, 1990, p. 233).

Smith (1997[1776]) writes in Vol. 1 that "the natural price itself varies with the natural rate of each of its component parts, of wages, profit and rent" (quoted in Vianello, 1990, p. 233). This wording is sometimes misperceived as evidence that Smith belief that a commodity's exchange value reflected a legitimate, "natural" rightful distribution to each component part. But in reality, his *Wealth of Nations* extensively criticizes the efforts of merchant and landowner classes to gouge the proportion received as profit or rent at the expense of returns to labourers, encapsulated by Smith's famous remark that "Masters are always and everywhere in a sort of tacit, but constant and uniform combination, not to raise the wages of labour." Smith also perceived an important point that I return to below: that the law plays a strong role in advantaging wealthier classes. He made an insightful point, for example, about what would later come to be called bargaining power, pointing out that the law unfairly favoured the owners of capital over workers when it came to "combining" (forming in early versions of unions). As he put it, there are "no acts of parliament against combining [with other merchants] to lower the price of work; but many against combining to raise it" (Smith 1997[1776], p. 65).

At the turn of the twentieth-century, theories of economic value shifted away from the classical approach. The preoccupation with how laws and acts of parliament affect the distribution of income was side-lined by the "marginal turn" which reduced Smith's stylized conception of three central economic orders (landowners, merchants and labourers) to two general factors of production: capital and labour, as well as a novel understanding of income distribution which suggested that, in situations of "perfect competition", the factors of production receive a distribution of income that is proportionate to the economic value they have contributed to the production process.

Where did the shift come from? A number of late nineteenth century economists pioneered the rise of the marginalist turn in economic thought, including Alfred Marshall and Léon Walras. But as Schumpeter, Stigler and Knight separately pointed out, the economist most responsible for new attitudes to the "natural law" of income distribution was John Bates Clark, an American economist whose influential book, *The Distribution of Wealth* (1899), developed a powerful defence of industrialist capital-owners at a time when bloody struggles over income distribution were being waged in the factories and mine camps owned by Rockefeller, Carnegie and other robber barons (Schumpeter, 1972[1954]; Stigler, 1980).

In an influential passage in *The Distribution of Wealth*, Clark (2012[1899]) suggests that the

> distribution of the income of society is controlled by a natural law, and [...] where natural laws have their ways, the share of income that attaches to any productive function is gauged by the actual product of it. In other words, free competition tends to give to labor what labor creates, to capital what capital creates. (p. 3)

Ever since his theory emerged, economists on the left and the right have raised concerns about its scientific legitimacy. Clark himself was clear that it was an idealized theory, reflecting a stylized picture of income distribution that rarely applies in practice because the "frictions" of imbalanced, real-life markets perverted any natural "law" from holding true (Morgan, 1993; Stabile, 1995). Frank Knight was concerned about the "law" from a right-wing perspective because Knight feared that it would enable labourers to use union power to flaunt disproportionate wage gains as legitimately earned (McGoey, 2017). But regardless of persistent criticism of Clark's "law" (Schumpeter, 1972[1954], for example, used scare quotes when he wrote about it — to stress that it wasn't really a law), variations of Clark's formulation took hold in mainstream economic theory, entrenching the spurious belief that one's income "naturally" reflects the economic contribution made by the recipient. The notion of "excessive" income is drained of the moral censure that Smith once attached to the wealthy reaping "where they never sowed." Today, near-identical wording to the exact phrasing that Clark used to describe the "natural" law of income distribution is repeated bestselling macroeconomic undergraduate textbooks — while Clark's stipulations about market imperfections that prevent his theory from holding in practice are either accidentally or deliberately ignored. Gregory Mankiw, for example, a long-standing Republican advisor, Harvard economist, and author of the bestselling textbook *Macroeconomics* (2013b), describes income distribution this way in his textbook: "If all firms in the economy are competitive and profit maximizing, then each factor of production is paid its marginal contribution to the production process" (p. 55).

In a different text, Mankiw acknowledges that in the real world there *are* times when the income distribution does not fairly reflect value contributions, such as when "a person's high income results from political rent-seeking rather than producing a valuable product." But he also adds a caveat, claiming that in capitalist nations such as the United States this type of rentier gains are generally rare: "My own reading of the evidence is that most of the very wealthy got that way by making substantial economic contributions, not by gaming the system or taking advantage of some market failure or the political process" (Mankiw, 2013a, p. 30; see also McGoey, 2017).

This is a questionable point. Against Mankiw's claim that rentier returns are rare in advanced capitalist economies, scholars such as Hacker and Pierson (2010) have carried out detailed empirical studies of legislative changes that have compounded returns to capital at labour's expense. Across most OECD countries, labour's share of national income fell considerably over the past three decades, a problem also growing more severe in emerging major economies such as China (Burger, 2015; OECD, 2012). Today, as executive pay skyrockets, more economists have begun to resuscitate mid-century concerns about the legitimacy of standards economic theories of income distribution, reiterating concerns from 1950s and 1960s, when economists such as Joan Robinson saw marginal productivity as a brazen tool of elite power, furnishing spurious legitimacy upon excessive rewards to capital owners. "The dominance in neo-classical economic teaching of the concept of a production function," she wrote, "has been a powerful tool of miseducation" (Robinson 1953, p. 81).

Mazzucato has made the same point, pointing out that reasoning behind neoclassical income distribution theories

> is circular, a closed loop. Incomes are justified by the production of something that is of value. But how do we measure value? By whether it earns income. You earn income because you are productive and you are productive because you earn income. So with a wave of a wand, the concept of unearned income vanishes (Mazzucato, 2018, p. 12).

The marginal turn has made it easier for economics as a discipline to side-line questions of law and power in favour of idealized models of markets "as if" they were competitive (Moseley, 2012). As Katharina Pistor writes, over the twentieth century, capital accumulation owed "as much to the state and its laws as its predecessors, only that this nexus is now denied" (2020, p. 170). Contra the arguments of Mankiw, even mainstream economists such as Dani Rodrik — who accepts marginal productivity as a useful starting point — admit that it may have thwarted more study of the role of political power, including political and legal factors such as bargaining power and democratic rights, in increasing returns to labour or capital (Chu, 2016; Rodrik, 1999). In a similar vein, Robert Solow (2017) has pointed out that it is difficult to know precisely *how* disproportionate returns to capital are in today's advanced economies, or just how big a role that lobbying and other types of rent-seeking play in wealth gains, because there is "no direct measurement of rent in this sense".

In short, it's *not* that economists don't realize that marginal productivity theory is deeply flawed — they do. The interesting question isn't why its flaws aren't more obvious, but why it remains entrenched despite its flaws being *so* obvious. Many scholars within heterodox and mainstream believe, as the economist Chris Dillow puts it, that "marginal product theory doesn't make much sense as an explanation of wage levels" (Dillow, 2017). But Dillow's call to "abandon it as mental model in favour of bargaining models" remains a minority view. In epistemological terms, the theory's lack of realism immunizes it from being conclusively disproven. Take Mankiw's wording quoted above: "*If* all firms in the economy are competitive and profit maximizing, *then* each factor of production is paid its marginal contribution" (emphases added).

The "if" in this sentence is an epistemological ace up the sleeve allowing the theory's proponents to forever trump detractors by saying the theory *might* be hypothetically true if other usefully ambiguous criteria like sufficient "competitiveness" are satisfied. The inherent elasticity of the axiom militates against its own undermining. Meanwhile, returns to capital continue to flow upwards while wages for the vast majority of workers stagnate or decline in real terms — and not just *any* returns. According to standard economic theory, this upwards deluge is "earned" wealth rather than "rentier" in nature. Why? Because standard economic theory says so.

Critics of the "standard" position see the tautology at play, recognizing that if rent is unseen in standard models, the problem might be attributable not to the inexistence of rent, but to the narrowness of models for detecting it. As Christophers (2020) puts it, rentierism today is a "much more important phenomenon to contemporary capitalism than Marx or Keynes could ever have imagined, and than mainstream economics allows" (p. xxvii).

And yet, even valuable work from Christopher and others has its limits, because it doesn't address a key epistemological conundrum: *why* is "rent" less visible today than in Keynes's time? Or Robinson's? Or Marx's? Take Mazzucato's statement above, that "with a wave of a wand, the concept of unearned income vanishes." It's a little misleading, skirting the question of who gets to wave the wand, painting political struggles as inevitable or arbitrary rather than traceable to different social causes and incentives.

In contrast, I suggest that if most economists today across the political spectrum choose not to or are simply unable to "see" or model rentierism, then their myopia has a social history. In earlier work (McGoey, 2019), I introduced the notion of "ignorance pathways" as a conceptual device for charting the reasons why different societal absences are produced and maintained. Building on my earlier analyses of the social and economic uses of ignorance (McGoey 2007; 2012 & 2017; see also Bacevic, 2020; Best, 2021; Gross & McGoey, 2015; Svetlova, 2021), the concept has the following meaning: if something is unknown or ignorable, what historical "pathways" made it that way? "Ignorance pathways", in short, can be defined as social or historical explanations for how and why different phenomena come to be imperceptible in the present. In this case, the absence that needs explaining is the relative invisibility of theories of rent at the heart of the economics mainstream. Why and how did "rent" disappear? My final section engages this question.

4 Ignorance Pathways and the Sources of Rentier Myopia

It is useful to think of "unknowns" less like an empty hole, and more like a river, where the unseen is not inexistent, but rather imperceptible as a result of the rushing current, fed by multiple tributaries. To identify different "ignorance pathways" is to follow a river's many tributaries, while acknowledging that not all pathways or causes of the unknown can be typically unearthed in a singular analysis. Below, I introduce two, interrelated pathways that I suggest help to provide an analytical framework for understanding the epistemological vanishing of "rent". It's not an exhaustive analysis. Other sources of rentier myopia, including shifts in national accounting techniques, are also relevant (Hudson, 2014). But conceptually, I suggest the following framework offers at least a partial explanation for the disciplinary "vanishing" of rent. I label the two ignorance pathways "periodization myopia" and "sectoral myopia".

"Periodization myopia" can be defined as the tendency for blindspots to emerge as a result of the effort to differentiate between different historical eras in a way that creates politically expedient "useful unknowns" for different groups. When it comes to the perceptibility of rentierism, this problem is visible in the tendency to treat "rent" in an evolutionary way, gradually enlarging from a focus on land rents, to encompass also speculative financial rents, to mortgage and other debt rents in the present period — an approach that is analytically accurate in ways, but also has epistemological disadvantages. The main problem is it implies that land rents alone were the chief and even the exclusive focus on scholars like Smith, deflecting attention to Smith's criticism of usury and different types of monopoly trade privileges, like exclusive operating charters to the East India Company. Smith's condemnation of financial entitlements not simply economic but also moral and democratic in nature: he saw it as a duty of the sovereign to ensure that governmental protections did not fair particular groups discriminately, but rather increased the wealth shared by a larger polity (see in particular Smith, 1997[1776], Book 4; McGoey, 2019).

An evolutionary focus has fostered the mistaken impression that the primary concern of classical economists lay in the *type* of rent (e.g. land-based), rather than the *principle* behind it: the problem of unfair advantage and disproportionate gain at the expense of less powerful groups, entrenched through tiered, unfair systems of law.

This might seem like a minor problem. Economics has obviously progressed considerably since Smith's time — why does it matter that his work is routinely misrecognized? But the sidelining of Smith's insistence on the importance of government protections such as usury laws has secondary efforts — the river of unknowns grows wider — when this displacement con-

tributes to wider ignorance surrounding the classical economists' understanding of the relationship between governments and markets. Take Pistor (2020), who does make good points, cited above, about how twentieth-century economic theory obscures the "nexus" between law and capital accumulation, but who also makes erroneous claims about early classical economists, such as her statement that the

> classic economists were caught in a yesteryear's world in which value was thought to be derived from the use-value of material things, or their substance, while ignoring the actual operation of markets and businesses as well as the law. (p. 168)

This is simply not true. Smith and his peers were preoccupied by the relationship between law and capital, they saw it as key to understanding the distribution of income. Pistor is hardly alone in her mistaken understanding of classical economic thought; Stiglitz (2008) offers a similar caricature of Smith in seeking to distinguish his own work on information asymmetry in markets.

For Smith, the law was an *intra-economic* force, not *extra-economic*. His analysis was not divergent from Pistor as she implies, but rather a precursor in the same vein. While their failure to see Smith's emphasis on the law as *intra-economic* might seem trivial, I argue that the cumulative weight of this type of "periodization myopia" creates durable "useful unknowns" for other groups. For example, it eases the ability of economists in the tradition of Gordon Tullock, George Stigler, or Anne Krueger to attribute rent-seeking to extra-economic "distortions" like regulatory capture, best remedied through minimizing regulations, while side-lining both classical and contemporary perspectives on the value and necessity of governmental regulations such as usury laws (Weingast, 2017; Hudson, 2014). It makes it easier to treat the law like a hat that economists can take on and off when they want to, rather than a limb.

Although they do not use the term "periodization myopia", left-leaning critics of recent scholarship on rentier wealth have identified similar problems when it comes to historical, evolutionary efforts to differentiate between industrial and post-industrial periods. I explained earlier where the excerpt from Gates at the beginning of this article comes from, but not yet the Mason quote. It comes from a conference debate between Mason and the economist Michael Hudson held in January 2021 and later uploaded to YouTube. Hudson has long been an astute, early observer of the growth of rentier capitalism over recent decades. During their debate, Mason agrees with some of Hudson's points, acknowledging that finance has grown significantly relative to other sectors in the past 40 years, thus compounding financial rents. But he also, much like scholars in the "Capital is Power" (CASP) tradition, offers some important criticisms of Hudson's distinction between finance and the "real" economy (see also Cochrane, 2011 & 2020). Mason points out that the bifurcation between "finance" and the "real" economy risks legitimating and naturalizing exploitative aspects in non-financial sectors by making finance the bogeyman of "bad" capitalism. As Mason sees it, Hudson attributes predatory and exploitative aspects to finance in a way that makes it seem as if the "objectionable features of capitalism stem from it not being capitalist enough" (Mason, 2021b). A separate criticism from Mason is by emphasizing the power of finance today, Hudson marginalizes the centrality of finance to the rise of industrial capitalism over the eighteenth and nineteenth centuries.

These are good points. But at the same time, in challenging Hudson's views on the novelty and spread of "rentier capitalism" in the current era, Mason's own criticism reflects a different type of blindspot — something that I term "sectoral myopia". Mason opens himself up to the same criticism that he makes of Hudson: he risks implying the "productive" aspects of the

economy are less exploitative than finance when Mason upholds "productive" activities such as retail sales as being less rentier in nature than financial extraction.

The problem of "sectoral myopia" is visible in the delineation that Mason makes between passive rentiers and productive capitalists. "Looking at the Forbes 400 list of richest Americans," Mason (2021b) writes in a recent working paper,

> it is striking how rare generalized financial wealth is, as opposed to claims on particular firms. Jeff Bezos (#1), Bill Gates (#2) and Mark Zuckerberg (#3) all gained their wealth through control over newly created production processes, not via financial claims on existing ones [...] This runs against the idea of dominance by rentiers or passive rent-extractors.

It is a statement that is similar to Gates's (2014) remark: "I don't see anyone on the [Forbes 400] list whose ancestors bought a great parcel of land in 1780 and have been accumulating family wealth by collecting rents ever since".

An article by Julio Huato (2016), an economist also based like Mason at CUNY, makes a similar point, claiming that any reading of the Forbes wealth list show "that true 'masters of the universe' are not the Blankfein, Dimon, Lewis, and Cohn types. No, in fact, the true 'masters of the universe' are the Gates, Slim, Ellison, and Walton types". Like Mason, Huato makes an important point about finance, which is that it should not be upheld as uniquely parasitical when, as Huato puts it, all "capital is parasitic, whether involved in productive pursuits or not." And yet Huato and Mason both object to using a term like rentier to describe predation *within* the so-called "productive" economy, limiting their definition of rentierism to passive financial rentiers.

It is a curious position. While it may be true that the primary source of the fortunes or retail and software giants such as Walton and Gates are not ultimately rooted in finance, this still begs this question: does that mean it's not rentier wealth? The answer depends on how rentiers are defined and classified. Are rentiers merely finance-based? If so, then what about rentier returns from property rights, both IP and land-based? Or from government procurement contracts, as Christophers's work (2020) has detailed? Mason and Huato both conflate rentierism with finance and then uphold the wealth of "non-financial" elites at the top of wealth rankings to suggest that rentierism is less pronounced than other economists insist that it is. But their non-perception of "rentier" wealth *within* the fortune of Gates, Bezos or Carlos Slim reflects a type of blind-spot itself: sectoral myopia stemming from the demarcation of "finance" versus "non-financial" wealth.

To summarize, just as "periodization myopia" leads to blindspots, what I term "sectoral myopia" also obscures recognition of the pervasiveness of rent from state-sanctioned monopolistic manufacturing and service exchanges today —- but through a different pathway. That "pathway" is the problem of categorical distinctions between the finance realm and manufacturing and service sectors. Ironically, the same economists who aptly call attention to the limits of such categorical distinctions in Hudson's work don't necessarily see how the very same categorical silos lead to overly narrow, billionaire-serving portraits of who counts as a "rentier". Their work contributes to the "disappearance" of rent just as the marginal turn in value theory did over a century ago, but the erasure has different disciplinary origins, reflecting less the legacy of John Bates Clark than that of Keynes, who perhaps did more than any other modern economist to narrow perceptions of rentier gains to financial rents.

5 Conclusion

By detailing unintentional but clear parallels in the thought of heterodox *critics* of capitalism and *proponents* of capitalism, this article deepens understandings of rent, as well as contributes new insight to sociological studies of "epistemic communities" or "thought collectives", in Ludwig Fleck's sense. Most recent studies of economic thought collectives, while highly valuable, have tended to focus on *witting* communities of actors who purposefully come together to actively, if discreetly, transform ideological agendas (c.f. Mirowski & Plehwe, 2009). There are notable exceptions such as Hirschman and Popp Berman's work on "cognitive infrastructures" in economics, which shows how economic reasoning can affect policies both consciously and indirectly when the epistemic authority of economists is privileged over other professional groups (Hirschman & Popp Berman, 2014; see also Mkandawire, 2014). But arguably, there remains a general presumption that the most influential shifts in consciousness tend to result from purposeful action and alliance-building, diverting attention from the *unintentional* legitimacy that unwitting expert actors confer on other parties, forged in this case when academic insistence about the negligible importance of rentier returns in today's economy helps to validate billionaire self-interests.

What I term "sectoral myopia" can unwittingly make Bezos or Gates' fortune seem more "earned" than, say, a hedge funder, helping to cement a powerful, even if spurious, moral hierarchy when it comes to perceptions of extreme wealth. This myopia is not an ineffectual absence or a mere gap in knowledge. Rather it is a type of productive, complicit "useful unknown" (McGoey, 2019), conferring legitimacy on Gates when he claims that he can't "see" rentiers at the top of wealth rankings. It is a type of erasure that strips economic theory of a language for identifying excessive rentier returns from IP protections on software and pharmaceuticals even as these types of rents grow. The larger the rentier elephant becomes, the harder it becomes to acknowledge or describe it.

Terminological battles have pernicious policy implications. It is more difficult to tax, reclaim, and redistribute rentier returns when the contentious "object" of scrutiny — in this case rentier returns — is upheld as being something that does not exist. For the rentier to actually wane in power today, what might need to first be "euthanized" is the narrow equivalence of rentierism with finance. Until that perceptual shift takes place, an unwitting "epistemic alliance" between uber-capitalists and their staunchest critics is likely to persist, enabling today's wealthiest rentiers to convincingly deny that they deserve such a label. The rentier fades from view while the rentier carousel spins faster than ever.

References

Arboleda, M., & Purcell , T. (2021). The Turbulent Circulation of Rent: Towards a Political Economy of Property and Ownership in Supply Chain Capitalism. *Antipode*. Advance online publication. https://doi.org/10.1111/anti.12737

Arnove, R., & Pinede, N. (2007). Revisting the 'Big Three' Foundations. *Critical Sociology*, *33*, 389–435. https://doi.org/10.1163/156916307X188960

Bacevic, J. (2020). Unthinking Knowledge Production: From Post-Covid to Post-Carbon Futures. *Globalizations*. Advance online publication. https://doi.org/10.1080/14747731.2020.1807855

Baker, A., Epstein, G., & Montecino, J. (2018). The UK Finance Curse? Costs and Processes (SPERI Working Paper). Sheffield Political Economy Research Institute. http://speri.dept.shef.ac.uk/wp-content/uploads/2019/01/SPERI-The-UKs-Finance-Curse-Costs-and-Processes.pdf

Battistoni, A. (2017). Bringing in the Work of Nature: From Natural Capital to Hybrid Labor. *Political Theory,*, *45*(1), 5–31. https://doi.org/10.1177/0090591716638389

Best, J. (2021). Varieties of Ignorance in Neoliberal Policy: Or the Possibilities and Perils of Wishful Economic Thinking. *Review of International Political Economy*. Advance online publication. https://doi.org/10.1080/09692290.2021.1888144

Bezemer, D., & Hudson, M. (2016). Finance Is Not the Economy: Reviving the Conceptual Distinction. *Journal of Economic Issues*, *50*(3), 745–768. https://doi.org/10.1080/00213624.2016.1210384

Birch, K. (2019). Technoscience Rent: Toward a Theory of Rentiership for Technoscientific Capitalism, *Science, Technology, & Human Values 45*(1), 3–33. https://doi.org/10.1177/0162243919829567

Birch, K., & Cochrane, D.T. (2021). Big Tech: Four Emerging Forms of Digital Rentiership. *Science as Culture*. Advance online publication. https://doi.org/10.1080/09505431.2021.1932794

Boulding, K., Kleinsorge, P., Schmitt O., & Pen J. (1998). Rent. *Encyclopaedia Britannica Online*. https://www.britannica.com/topic/rent-economics/additional-info#contributors

Burger, P. (2015). Wages, Productivity and Labour's Declining Income Share in Post-Apartheid South Africa. *South African Journal of Economics*, *83*(2): 159–173. https://doi.org/10.1111/saje.12092

Christophers, B. (2020). *Rentier Capitalism: Who Owns the Economy and Who Pays for It?*. London: Verso.

Clark, B., & Foster, J.B. (2010). Marx's Ecology in the 21^st Century. *World Review of Political Economy*, *1*(1), 142–156.

Clark, J.B. (2012). *The Distribution of Wealth: A Theory of Wages, Interest and Profits*. Memphis, TN: General Books. (Original work published 1899)

Cochrane, D.T. (2011). Castioradis, Veblen and the 'Power Theory of Capital'. In I.S. Straume & J.F. Humphreys (Eds.), *Depoliticization: The Imaginary of Global Capitalism* (pp. 89–123). Copenhagen: Aarhus University Press.

Cochrane, D.T. (2020). Disobedient Things: The Deepwater Horizon Oil Spill and Accounting for Disaster. *Valuation Studies*, *7*(1), 3–32.

Chu, B. (2016). Think the Market Is Always 'Right' When It Comes to Top Pay? Think Again. *Independent*, 10 January. https://www.independent.co.uk/voices/think-market-always-right-when-it-comes-top-pay-think-again-a6804951.html

Dillow, C. (2017). Against Marginal Product. *Stumbling and Mumbling*, 16 April. https://stumblingandmumbling.typepad.com/stumbling_and_mumbling/2017/04/against-marginal-product.html

Feiveson, L., & Sabelhaus, J. (2018). How Does Intergenerational Wealth Transmission Affect Wealth Concentration? *FEDS Notes*, 1 June. https://www.federalreserve.gov/econres/notes/feds-notes/how-does-intergenerational-wealth-transmission-affect-wealth-concentration-20180601.htm

Gates, B. (2014). Why Inequality Matters. My Thoughts on Thomas Piketty's "Capital in the Twenty-First Century". *GatesNotes. The Blog of Bill Gates*, 13 October. https://www.gatesnotes.com/books/why-inequality-matters-capital-in-21st-century-review

Gross, M., & McGoey, L. (Eds.) (2015). *Routledge International Handbook of Ignorance Studies*. London: Routledge.

Keynes, J.M. (2017). *The General Theory of Employment, Interest and Money*. Hertfordshire: Wordsworth Editions. (Original work published 1936)

Hacker, J., & Pierson, P. (2010). Winner-Take-All Politics: Public Policy, Political Organization, and the Precipitous Rise of Top Incomes in the United States. *Politics & Society*, *38*(2), 152–204. https://doi.org/10.1177/0032329210365042

Hirschman, D., & Popp Berman, E. (2014). Do Economists Make Policies? On the Political Effects of Economics. *Socio-Economic Review*, *12*(4), 779–811. https://doi.org/10.1093/ser/mwu017

Huato, J. (2016). On Financialization: The Nature of the Vampire Squid. *Medium*, 4 December. https://juliohuato.medium.com/on-financialization-the-nature-of-the-vampire-squid-ecc9453b3138

Hudson, M. (2011). Simon Patten on Public Infrastructure and Economic Rent Capture. *American Journal of Economics and Sociology*, *70*(4), 873–903. https://doi.org/10.1111/j.1536-7150.2011.00797.x

Hudson, M. (2014). Piketty vs. the Classical Economic Reformers. *Real-World Economic Review*, *69*, 122–130.

Inman, P. (2021). IMF Calls for Tax Hikes on Wealthy to Reduce Income Gap. *The Guardian*, 1 April. https://www.theguardian.com/business/2021/apr/01/imf-tax-wealthy-reduce-income-gap-inequality-covid-crisis

Keister, L. (2005). *Getting Rich: America's New Rich and How They Got that Way*. Cambridge: Cambridge University Press.

Mason, J.W. [Union for Radical Political Economics (URPE)]. (2021a). URPE @ ASSA 2021 S01846 23rd Annual David Gordon Memorial Lecture [Video]. YouTube, 11 March. https://www.youtube.com/watch?v=CZeoga_K65c&t=699s

Mason, J.W. (2021b). Has Finance Destroyed Capitalism?. *jwmason.org*, 23 January. https://jwmason.org/slackwire/has-finance-capitalism-destroyed-industrial-capitalism/

Mazzucato, M. (2018). *The Value of Everything: Making and Taking in the Global Economy*. London: Penguin.

McGoey, L. (2007). On the will to ignorance in bureaucracy. *Economy & Society*, *36*(2), 212–235.

McGoey, L. (2012). The Logic of Strategic Ignorance. *The British Journal of Sociology*, *63*(3), 533–576. https://doi.org/10.1111/j.1468-4446.2012.01424.x

McGoey, L. (2017). The Elusive Rentier Rich: Piketty's Data Battles and the Power of Absent Evidence. *Science, Technology, & Human Values*, *42*(2), 257–279. https://doi.org/10.1177/0162243916682598

McGoey, L. (2018). Bataille and the Sociology of Abundance: Reassessing Gifts, Debt and Economic Excess. *Theory, Culture and Society*, *35*(4-5), 69–91. https://doi.org/10.1177/0263276416637905

McGoey, L. (2019). *The Unknowers: How Strategic Ignorance Rules the World*. London: Zed Bloomsbury.

Millward, R. (1997). The 1940s Nationalizations in Britain: Means to an End or the Means of Production. *Economic History Review*, *50*(2), 209–234. https://doi.org/10.1111/1468-0289.00052

Mirowski, P., & Plehwe, D. (Eds.) (2009). *The Road from Mont Pelerin: The Making of a Neoliberal Thought Collective*. Cambridge: Harvard University Press.

Mkandawire, T. (2014). The Spread of Economic Doctrines and Policymaking in Postcolonial Africa. *African Studies Review*, *57*(1): 171–198. https://doi.org/10.1017/asr.2014.12

Morgan, M. (1993). Competing Notions of "Competition" in Late Nineteenthcentury American Economics. *History of Political Economy*, *25*(4), 563–604. https://doi.org/10.1215/00182702-25-4-563

Moseley, F. (2012). Mankiw's Attempted Resurrection of Marginal Productivity Theory. *Real-World Economics Review*, *61*, 115–124.

Nasaw, D. (2006). *Andrew Carnegie*. New York: Penguin.

New York Times. (1915). Rockefeller Says He Tries to Be Fair. 21 May. https://www.nytimes.com/1915/05/21/archives/rockefeller-says-he-tries-to-be-fair-john-d-jr-tells-industrial.html

OECD (2012). OECD Employment Outlook 2012. Paris: OECD Publishing. https://doi.org/10.1787/empl_outlook-2012-en

Pettifor, A. (2008). Interest Rates, Keynes and the Longevity of the Rentier. *annpettifor.com*, 24 September. http://www.annpettifor.com/2008/09/interest-rates-keynes-and-the-longevity-of-the-rentier/

Pfeffer, F., & Killewald, A. (2018). Generations of Advantage. Multigenerational Correlations in Family Wealth. *Social Forces*, *96*(4), 1411–1442. https://doi.org/10.1093/sf/sox086

Piketty, T., & Saez, E. (2003). Income Inequality in the United States, 1913–1998. *The Quarterly Journal of Economics*, *118*(February), 1–39. https://doi.org/10.1162/00335530360535135

Piketty, T. (2014). *Capital in the Twenty-first Century*. Cambridge: Harvard University Press.

Pistor, K. (2020). The Value of Law. *Theory & Society*, *49*(2), 165–186. https://doi.org/10.1007/s11186-020-09388-z

Robinson, J. (1953). The Production Function and the Theory of Capital. *Review of Economic Studies*, *21*(2), 81–106. https://doi.org/10.2307/2296002

Rodrik, D. (1999). Democracies Pay Higher Wages. *The Quarterly Journal of Economics*, *114*(3), 707–738. https://doi.org/10.1162/003355399556115

Saez, E., & Zucman, G. (2019). Alexandria Ocasio-Cortez's Tax Hike Idea Is Not About Soaking the Rich. *The New York Times*, 22 January. https://www.nytimes.com/2019/01/22/opinion/ocasio-cortez-taxes.html

Sawhill, I., & Rodrigue, E. (2015). Wealth, Inheritance and Social Mobility. *Brookings*, 30 January. https://www.brookings.edu/blog/social-mobility-memos/2015/01/30/wealth-inheritance-and-social-mobility/

Sayer, A. (2014). *Why We Can't Afford the Rich*. Bristol: Policy Press.

Sayer, A. (2020). Rentiership, Improperty and Moral Economy. *Environment and Planning A: Economy and Space*. Advance online publication. https://doi.org/10.1177/0308518X20908287

Schumpeter, J. (1972). *History of Economic Analysis*. Trowbridge: Redwood Press. (Original work published 1954)

Smith, A. (1997). *An Inquiry into the Nature and Causes of the Wealth of Nations*. Oxford: Oxford University Press. (Original work published 1776)

Solow, R. (2017). The Future of Work: Why Wages Aren't Keeping Up. *Pacific Standard*, June 14. https://psmag.com/economics/the-future-of-work-why-wages-arent-keeping-up

Stabile, G. (1995). Henry George's Influence on John Bates Clark. *The American Journal of Economics and Sociology*. *54*(3), 373–82. https://doi.org/10.1111/j.1536-7150.1995.tb03443.x

Stahl, R.M. (2019). Economic Liberalism and the State: Dismantling the Myth of Naïve Laissez-Faire. *New Political Economy*, *24*(4), 473–486. https://doi.org/10.1080/13563467.2018.1458086

Standing, G. (2016). *The Corruption of Capitalism: Why Rentiers Thrive and Work Doesn't Pay*. London: Biteback.

Stigler, G. (1980). Economics or Ethics?. In S.M. McMurrin (Ed.), *The Tanner Lectures on Human Values, Vol. 2*. Salt Lake City: University of Utah Press.

Stiglitz, J. (2008). Economic Foundations of Intellectual Property Rights. *Duke Law Journal*, *57*, 1693–1724.

Svetlova, E. (2021). On the relevance of Knight, Keynes and Shackle for unawareness research. *Cambridge Journal of Economics*, beab033. https://doi.org/10.1093/cje/beab033

Vianello, F. (1990). Labour Theory of Value. In J. Eatwell, M. Milgate, & P. Newman (Eds.), *Marxian Economics* (pp. 233–246). London: Palgrave Macmillan.

Walsh Commission (2017). *Report of Commission on Industrial Relations*. London: Forgotten Books. (Original work published 1916)

Watkins, J. (2010). Rescuing the Rentier — Neoliberalism, Social Imbalance, and the Current Economic Crisis: A Synthesis of Keynes, Galbraith, and Minsky. *Journal of Economic Issues, 44*(2), 471–478. https://doi.org/10.2753/JEI0021-3624440219

Watson, M. (2018). *The Market*. Newcastle: Agenda Books.

Weingast, B.R. (2017). Adam Smith's Constitutional Theory. *SSRN*, 14 February. http://dx.doi.org/10.2139/ssrn.2890639

Wolloch, N. (2020). Adam Smith and the Concept of Natural Capital. *Ecosystem Services*, *43*, 101097. https://doi.org/10.1016/j.ecoser.2020.101097

Linsey McGoey – Department of Sociology, University of Essex (United Kingdom)
https://orcid.org/0000-0002-4404-2574
lmcgoey@essex.ac.uk; https://www.essex.ac.uk/people/mcgoe74808/linsey-mcgoey
Linsey McGoey is Professor of Sociology at the University of Essex and Director of the Centre for Research in Economic Sociology and Innovation (CRESI). She works on epistemology, ignorance, political economy and economic justice. Her books include *No Such Thing as a Free Gift* (Verso) and *The Unknowers: How Strategic Ignorance Rules the World* (Zed Bloomsbury).

Sociologica. V.15 N.2 (2021)
ISSN 1971-8853
https://sociologica.unibo.it/

Excess Profits, Taxpayer-Subsidized Philanthropy, and the Coronavirus Crisis: Charitable Giving of the Tech Elite in Response to the Pandemic

John Torpey[*] [a] Hilke Brockmann [b] Braelyn Hendricks [a]

[a] PhD Program in Sociology, Graduate Center, City University of New York (CUNY) (United States)
[b] School of Humanities and Social Sciences, Jacobs University, Bremen (Germany)

Submitted: February 19, 2021 – Revised version: July 19, 2021
Accepted: September 1, 2021 – Published: September 30, 2021

Abstract

This paper addresses how the tech elite has benefited financially from the Coronavirus crisis, as well as how they have sought to give back some of their gains in order to help the broader population. We have gathered data on the stock prices, corporate revenues, and profits of the Big Tech firms and on the incomes and wealth of the tech elite, and we compare these winnings with their philanthropic giving during the pandemic year of 2020. We note that tax policies undergird both the explosion of tech profits and the growth of philanthropic giving in response to the crisis. We find that the winners among the tech elite have benefited dramatically from the pandemic without necessarily donating large amounts of money relative to their wealth. We argue that tax reforms are necessary to ensure that more of the social product comes under the democratic control of the public treasury.

Keywords: Coronavirus pandemic; tech elite; inequality; philanthropy; tax reform.

Acknowledgements

The Ralph Bunche Institute for International Studies; Project Title: "Excess Profits, Taxpayer-Subsidized Philanthropy, and the Coronavirus Crisis", Years: 2019–2021.

* jtorpey@gc.cuny.edu

1 Introduction

On December 31, 2019, the government in Wuhan, China, confirmed the treatment of dozens of people who had been infected with a new and unfamiliar respiratory virus. Eleven days later, the first patient died. In the meantime, the Covid-19 virus has spread across the entire globe and, as of May 20, 2021, had infected over 168 million people and killed more than 3.4 million (Worldometers, 2021). "We are all in this together" was a widespread response to the onset of the global Covid-19 pandemic, as the virus seemed to endanger the health of all equally. From the UN to members of the British royal family to locked-down next-door neighbors and stressed-out health care workers, all of whom were at risk of illness and death from this novel pathogen, the pandemic appeared at first to be a "great leveler" (Scheidel, 2018). But as the months have passed, it has become clearer that the economic and health damage from the virus has mostly affected those who are forced to work (or not to work) in the "touch economy," who tend to be less educated and less well-paid than those in the virtual or remote economy. Moreover, the coronavirus pandemic has not only exposed existing inequalities; it has accelerated the already widening gap between the digital haves and have-nots around the world (e.g., Beaunoyer et al., 2020; Stiglitz, 2020; van Deursen, 2020).

As hardship hit substantial segments of populations around the world, however, many philanthropic givers responded with intensified concern about the financial and economic challenges facing the less well-off. For example, in Europe, while public welfare services were overextended in the face of sharply rising case numbers and economic shutdowns, celebrities such as tennis players Roger Federer and Novak Djokovic, TV entertainer Michelle Hunziker, and the Duke and Duchess of Cambridge donated, collected, and distributed money for family, medical, and mental support (Conway et al., 2020). The US Council on Foundations (2020), an umbrella organization for philanthropies, issued a "Call to Action" pledging signatories to "contribute to community-based emergency response funds and other efforts to address the health and economic impact on those most affected by this pandemic." Under the circumstances, the better-off had more money to donate to philanthropic causes. Having always had greater disposable wealth, they were, in turn, the major source of the decline in consumer spending in the early months of the pandemic. This decline in spending disproportionately hit low-income workers in high-income ZIP codes because the well-heeled stopped spending as they previously had, especially "on services that require[d] in-person interactions" (Chetty et al., 2020, p. 2). In other words, it was non-essential businesses in the entertainment, restaurant, leisure, travel, hospitality, and related sectors that were hardest hit by the pandemic. One commentator has thus aptly characterized the condition of the economy caused by the pandemic as an "affluence recession" (Ehrenfreund, 2020).

The economic inequalities generated or exacerbated by the Covid crisis invite the question whether rich and liberal societies need to renew the social contract between the pandemic's winners and losers. In this study, we address this question by focusing primarily on the winners and their behavior, while also indicating who has been most economically vulnerable to the vicissitudes of the pandemic. We focus specifically on "Big Tech" because the companies grouped under that rubric have increasingly come to dominate the economic landscape, even though there are also many non-tech billionaires that one might examine as well. Our findings suggest that the overwhelming majority of the tech elite gained wealth during the pandemic in 2020. Billionaires in other sectors, such as retail, casinos, and real estate, lost money, probably due to pandemic-related restrictions and preferences for social distancing. A few outliers in the technology industry did lose net worth. For example, Laurene Powell Jobs, whose fortune

comes from Apple and Disney, experienced a dip in assets as a result of philanthropic endeavors through her Emerson Collective, acquisitions of multiple magazines and sports teams, and political and social welfare spending. Powell Jobs is an extremely private person with a distaste for wealth accumulation, so it isn't surprising that her net worth would decline (Gelles, 2020). For the most part, however, technology billionaires are still the winners of the 2020 pandemic, with rising market valuations.

We seek here to systematically capture the extent to which digital giants in Silicon Valley, Seattle, and elsewhere have profited from the Covid crisis, and to provide a sense of the experience faced by those hardest-hit by the economic fall-out from the pandemic. We then seek to determine whether the winners have felt obliged to give back any of their gains, and whether their taxpayer-subsidized charitable donations have had a significant impact on the suffering caused by the coronavirus. Finally, following previous work in this vein by Marr (2015) and Ghiridharadas (2018), we discuss alternatives to tax-subsidized private giving that might offer a more democratic alternative to the current philanthropic approaches to distributing the excess profits generated by the pandemic.

2 Data and Methods

The global adoption of digital information and communication technologies (ICTs) over the past few decades has created and concentrated enormous wealth in the hands of a small number of entrepreneurs. Still, precise quantification of this wealth is not easily achieved. Data on individual wealth and tax-exempt charities are not readily available. Income surveys do not cover the super-rich, governments do not provide tax data on this disaggregated level, and, although the philanthropic activities of the extremely wealthy are often publicized, burnishing the public image of the donors and companies involved, there is no comprehensive database for this information. Accordingly, in order to conduct this study, we needed to make use of multiple data sources: rankings, official and non-governmental statistics, and special survey information.[1]

To track the wealth of the richest tech entrepreneurs, we used the Forbes Real-Time Billionaires List (2020). As of June 16, 2020, we identified 262 billionaires whose fortunes were made in the tech sector. Sixty of the companies they founded and/or owned are listed on NASDAQ or the New York Stock Exchange. We track the stock market profits and losses of those enterprises during the pandemic. We use the R package quantmod to scrape data from Yahoo!Finance. Market capitalization of these firms is calculated by summing the product of volume and closing-day prices on December 1, 2019.

This list of the wealthiest people in tech was also used to assess their philanthropic generosity. The Forbes Billionaire Tracker amalgamates anecdotal data about Covid-19-related donations (Cuccinello, 2020). We linked this list to a database called "Foundation Maps: Philanthropy's response to coronavirus (COVID-19)" from the nonprofit organization Candid.org. The organization was formed in 2019 from a merger of the two organizations GuideStar, the "largest source of information on U.S. nonprofit organizations," and The Foundation Center, the "largest source of information about philanthropy globally" (Candid, 2020). The database included 32 Americans from among the 262 tech billionaires on the Forbes 400 list whom we had previously identified. We downloaded this data on January 11, 2021.

1. Our approach is not unlike that used in the World Inequality Database (2021), which also makes use of varied sources of data.

We sought more detailed information from other sources as well. While information about philanthropic contributions was readily available for some of the people we have identified as members of the tech elite, for others there was often little or no data. For example, some Americans like Sergey Brin and Larry Page are well known for not making their donations public (i.e., they donate anonymously). In other cases, philanthropic donations were reported towards the beginning of the pandemic but not subsequently updated.

We analyze this data as a series of case studies and focus primarily on the largest enterprises (Google, Apple, Facebook, Amazon, Microsoft, collectively known as GAFAM). Given their huge size and market dominance, they provide prominent examples reflecting the general flow of philanthropic funds among the tech elite.

General statistics on disaster giving, and survey data on charitable giving during the Covid-19 pandemic, complement our database. To describe the situation of people who lost their source of income during the pandemic, meanwhile, we turn to official unemployment statistics from the Bureau of Labor Statistics.

3 Winners and Losers

3.1 Excess Profits

Lockdowns, school closures, and business shutdowns imposed by governments during the pandemic forced people around the world into sudden, involuntary, and extended isolation. Public health officials urged people to "social distance" — that is, to maintain roughly six feet of space between themselves and others — in order to slow the spread of the virus and to "flatten the curve" of hospitalizations and deaths. While some objected that the virus was not a serious cause for concern (or, indeed, was a "hoax"), others believed that interaction with strangers could result in infection and thus voluntarily distanced themselves from them out of fear of contagion. The concern with distancing put a premium on technologies that allowed people to work, communicate, and shop at a remove from others whose infection status was unknown, not least because a substantial proportion (some 40%) of those infected were asymptomatic.

The result was a massive increase in the use of such platforms as Microsoft Teams, Amazon, and Zoom (the one non-member of the GAFAM, it was initially overwhelmed by the demand for its services). The substantial uptick in use of these risk-mitigating digital technologies led to enormous increases in their creators' revenues and in the wealth of their stockholders. As a result of the surge in demand for products and services that can be consumed at a distance, according to the Economist (2020c), "the MSCI index of world stock markets rose by 11%" during 2020 and the "market value of the five biggest Silicon Valley firms has risen by 46% in 2020, to reach $7.2trn" (The Economist, 2020a). In August 2020, Apple became the first tech company to surpass the $2 trillion threshold (The Economist, 2020a). Figure 1 shows the enormous increase in wealth of the five GAFAM firms. The red bar in the graph marks the first announcement of a safe and effective vaccine on November 9, 2020.

During this period of extraordinary profitability for large tech companies, the "combined wealth of the world's ten richest people grew by 57%, to $1.14 trn" (The Economist, 2020b). Amazon founder Jeff Bezos alone added some $74 billion to his fortune between March and December 2020. The period witnessed an enormous growth in wealth for the super-rich in general.

Figure 2 displays the global share prices of 60 tech firms of the richest US-based tech billionaires during the Covid-19 pandemic. As of the end of 2020, these firms have increased in

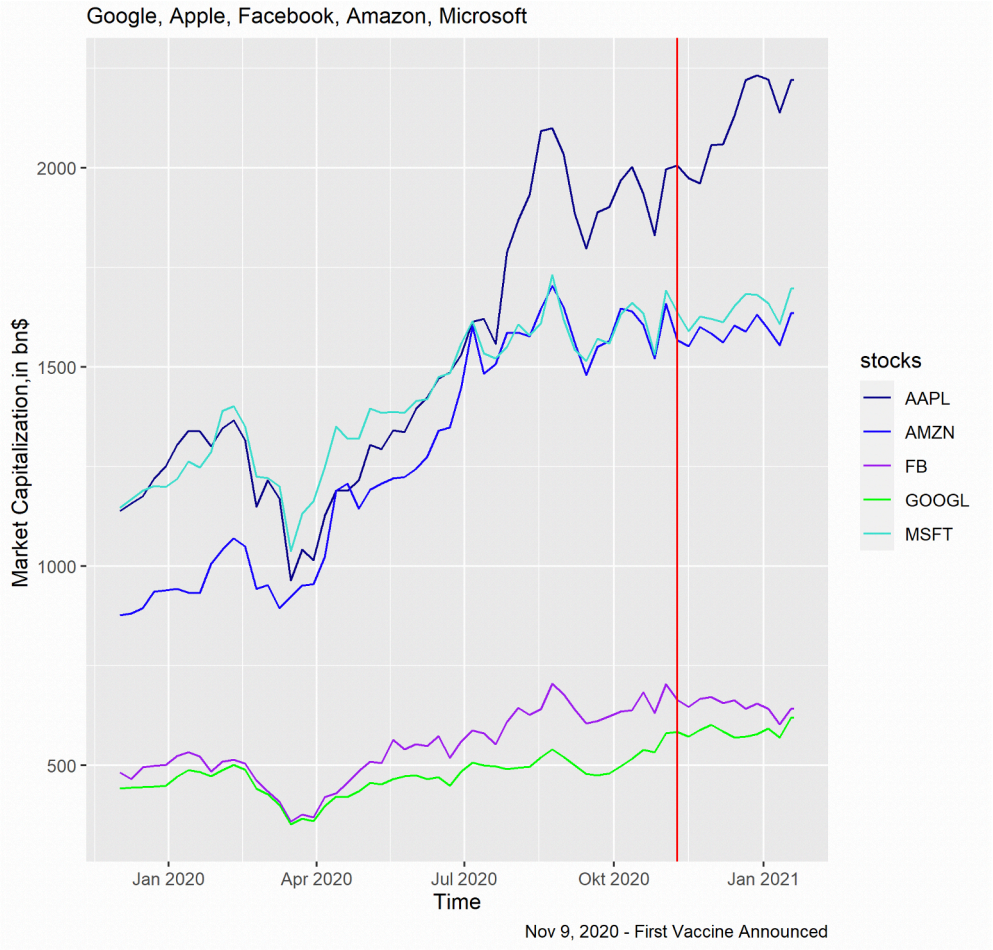

Figure 1: The Wealth of GAFAM
Note: The data refer to Yahoo!Finance. Market capitalization is the multiplication of stock price and shares outstanding. We used closing prices and shares outstanding on December 1, 2020.

value substantially (68%) as a result of the crisis. In contrast, the S&P 500 as a whole increased "only" 19% between December 2019 and December 2020.

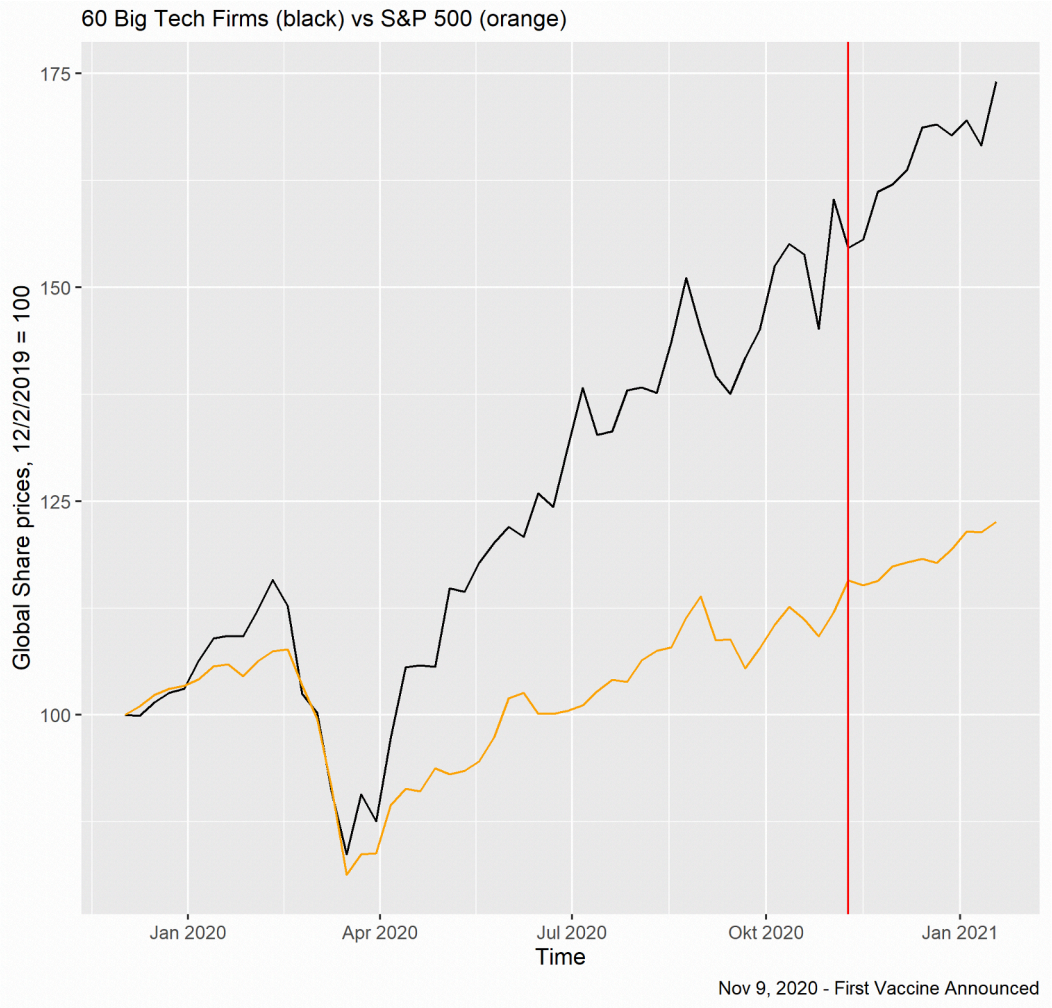

Figure 2: Tech Stock Prices during COVID-19 Pandemic

The tech giants also reported strong sales and profits during the first months of the pandemic. Amazon reported record revenues of $96.2 billion in the third quarter of 2020, and profits nearly tripled to $6.3 billion (Mattioli, 2020). Still, not everything can be purchased online. With the previously noted drop-off in consumer spending by the better-heeled, savings rates in the United States soared, although these rates are unequally distributed across the population. The rate of saving rose among the top quartile of the American population, but declined among those in the lowest quartile of the income distribution (Gailey, 2021; U.S. Bureau of Economic Analysis, 2021).

These gains by the tech companies are viewed by many as "excess profits," which can be defined as profits "created unexpectedly by events over which the beneficiary had no control" (Magalhães & Christians, 2020, pp. 9–10). In fairness. one might add here that business owners generally have little control over anything beyond their own behavior, rendering questionable the notion of "excess profits." Still, one might properly regard these profits as "excess" in the same sense in which deaths in the coronavirus crisis are best measured not in terms of very

uncertain causal attributions to the virus but rather in terms of the number of deaths above the average of a series of immediately preceding years (see Torpey, 2020). In other words, one might try to calculate how much above some recent annual average the profits of these companies turned out to be during the pandemic year of 2020 and define these as "excess profits."

3.2 Those Who Have Suffered Economically from the Pandemic

In contrast to the enormous gains that have landed in the laps of the creators and purveyors of digital technologies, those in the lower rungs of the social structure have taken harsh blows to their well-being as a result of the Covid pandemic. Low-paid workers have been the most negatively affected by the pandemic in economic terms. As "frontline" workers, they put their health at risk to provide irreplaceable services in such fields as health care, food production and processing, delivery services, retail sales, and maintenance.[2] Wages in these sectors are often low (ILO-OECD, 2020), with the result that those facing the greatest risks of infection also tend to earn the smallest incomes. Surveys conducted by the Federal Reserve show that 63% of workers with at least a bachelor's degree have been able to work entirely from home, in contrast to just 20% of those with a high school degree or less (Board of Governors of the Federal Reserve, 2020). Similar findings have been observed in other countries as well (see Foucault & Galasso, 2020).

But many in the touch economy didn't find themselves endangered by interacting with clients and customers; instead, they simply lost their jobs. As employment in non-essential businesses fell off a cliff, unemployment rates skyrocketed. According to the United States Bureau of Labor Statistics, in January 2020 unemployment rates in the United States were at 3.5% (leading many to believe that, had Covid not intervened, US president Donald Trump would have skated to victory in the November 2020 election). By March, however, COVID-19 had become an urgent concern in the United States, and governments, especially in hard-hit New York City and its environs, sought to "flatten the curve" of infections so that their medical systems would not be overwhelmed by Covid-sufferers. By April 2020, the national unemployment rate had risen to 14.8%, and some 20 million people had lost their jobs. With the onset of summer, however, the unemployment rate declined slowly but steadily until it reached 6.7% in December 2020 — still almost twice the level before the beginning of the pandemic, but not nearly as dire as had been the case in its early dark days (Figure 3; Bureau of Labor Statistics, 2020).

A further breakdown of the data by industry sectors reveals that from December 2019 to December 2020, unemployment rose most sharply in mining, quarrying, and oil (from 3.8% to 13.1%), leisure and hospitality (5% to 16.7%), and transportation and utilities (2.6% to 8.4%). The least affected workers were those who produced durable goods (2.5% to 3.5%), government workers (1.8% to 3.2%), manufacturing (2.7% to 4.3%), education and health services (2.4% to 4.1%), and financial activities (2.3% to 3.1%) (Bureau of Labor Statistics, 2021).

Nor was it only in the United States that the employment situation went downhill quickly at first; the plunge took place in developed and developing countries around the world. The sudden drop in employment and working hours during the first quarter of 2020, amounting in Mexico and Italy to nearly 40%, hit low-wage workers, young and temporary employees, and those employed in the informal economy particularly hard (ILO-OECD, 2020). The United

2. "Frontline" workers should be distinguished from "essential" workers, a much broader and almost infinitely more flexible category encompassing physicians, truck drivers, professional wrestlers, software engineers, and White House press secretaries (see Lakoff, 2020).

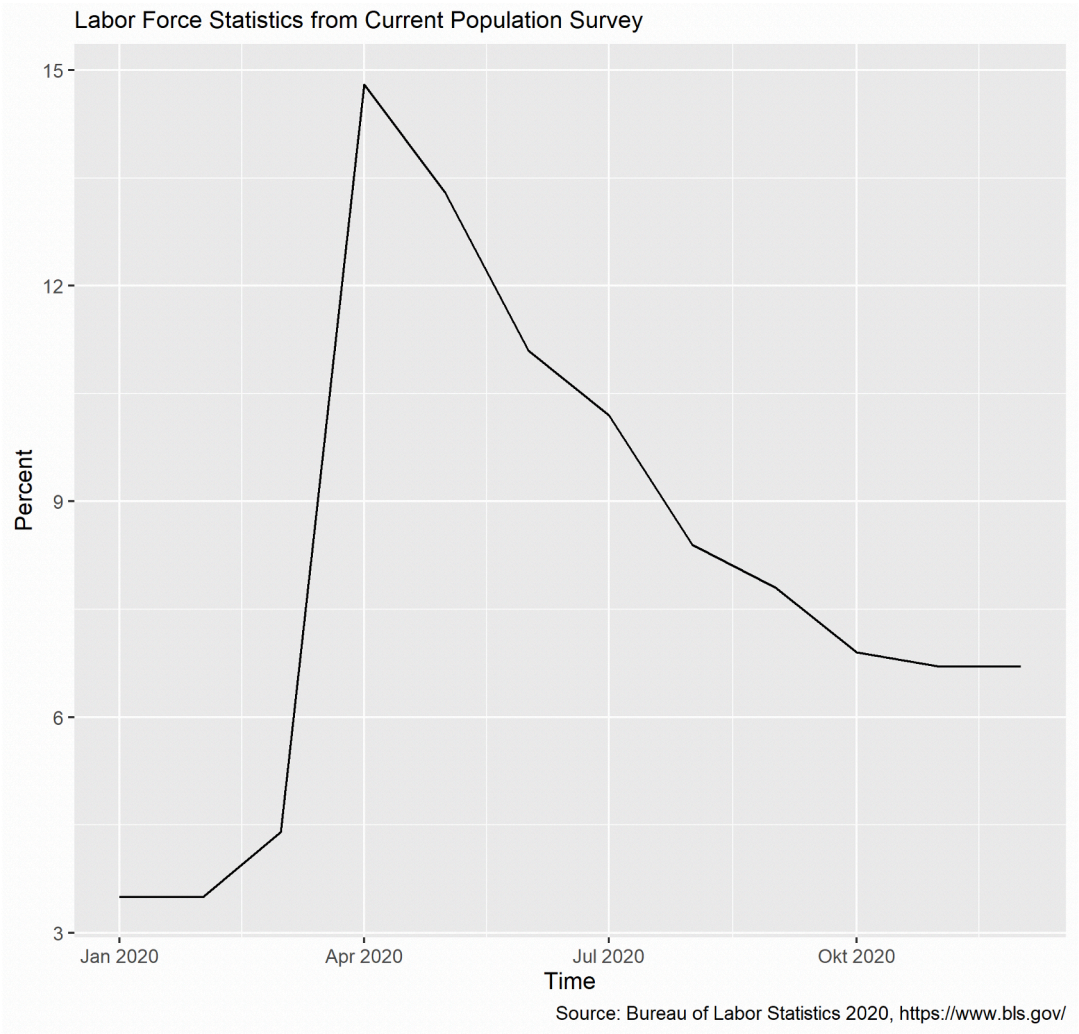

Figure 3: US Unemployment during the COVID-19 Pandemic

Nations calculated that the pandemic could push over 200 million people into extreme poverty by 2030 (UN, 2020), even as the revenues of firms using internet technologies or providing remote solutions such as delivery services soared (Abay et al., 2020).

4 Covid-Related Disaster Philanthropy

How have the tech elite responded to these extraordinary developments and the disproportionate suffering of the least-paid and most vulnerable workers? The Center for Disaster Philanthropy (CDP) has collaborated with the philanthropy-tracking website Candid to measure philanthropic giving during the COVID-19 pandemic (Center for Disaster Philanthropy, 2021). In late August 2020, Candid posted statistics on COVID-related giving from the first half of 2020. It found that, between January and June 2020, $11.9 billion had reportedly been donated to help relieve the consequences of the pandemic. The nearly $12 billion donated for COVID-19 purposes dwarfed the next largest amount ever given for disaster relief, namely the $342 million donated in the first six months after Hurricane Harvey hit the southern United States in 2017, wreaking havoc over a large swath of the South. As of January 28th, 2021, CDP and Candid calculated a combined total of $21.9 billion in COVID-19 pandemic-relief contributions (Center for Disaster Philanthropy, 2021). Candid.org attributes $11.9 billion of these pandemic relief donations to philanthropists from the United States, and of that total $8.7 billion was donated by the tech elite. The 2020 coronavirus pandemic, in other words, has already attracted vastly more private charitable giving from corporations, foundations, and individuals than any other single disaster in recent history (Moore & Colar, 2020).

The picture in regard to foundations is perhaps unsurprising. The Bill and Melinda Gates Foundation was the most generous independent foundation in 2020. According to Gates Foundation CEO Mark Suzman, as of December 9, 2020, the organization had donated a total of $1.75 billion in response to the pandemic. The Foundation committed $250 million for the delivery and distribution of vaccines and drugs for the treatment of COVID-19; the majority of the other $1.5 billion went towards the development of such medications, as well as toward the distribution of medical equipment such as ventilators (Suzman, 2020). Furthermore, the Gates Foundation's efforts are accompanied by the founding, in cooperation with The Wellcome Trust and Mastercard, of the COVID-19 research company Therapeutics Accelerator. Bill Gates has been very active in the whole process, often contributing his own writing and speaking widely on the issues. In September 2020, Gates penned a three-part plan to eliminate COVID-19 (Gates, 2020).

While the Gates Foundation has been one of the most active in donating to efforts to address the COVID-19 pandemic, the charitable organizations of other tech billionaires have contributed as well. The Chan-Zuckerberg Initiative (CZI), not strictly speaking a charitable foundation, is one. Its mission statement says modestly that it is committed to "supporting the science and technology that will make it possible to cure, prevent, or manage all diseases by the end of this century"; in keeping with this mission, the CZI website now has a section specifically concerning CZI's COVID-19 response (see https://chanzuckerberg.com/covid-19/). Yet little information about donation amounts is supplied (Chan Zuckerberg Initiative, 2020). In March 2020, CZI awarded a $25 million donation to the Therapeutics Accelerator, the aforementioned entity created by the Gates Foundation, Wellcome Trust, and Mastercard. The Candid Foundation Maps Database records a total of $43.9 million in grants from the CZI as of January 29, 2021, through 24 individual awards. The CZI website has reported donations of $1.5 million to local institutions, including the California Immigrant Resilience Fund and $13.6

million to the Bay Area Pandemic Consortium in collaboration with the Chan-Zuckerberg Biohub in response to the coronavirus pandemic (Candid Foundation Maps Database).

Finally, individuals among the tech elite have made large donations as well. Jack Dorsey of Twitter famously gave $1 billion of his personal wealth early on in the pandemic (Moore & Colar, 2020), one of the first among his peers to contribute to COVID-19 relief in such large-dollar terms. Dorsey gave the $1 billion to a fund he created called Start Small LLC. The funds will go at first toward COVID-19-related causes and gradually transition to focusing on girls' health and education as well as on universal basic income (Dorsey, 2020). But one of the largest donors to pandemic relief efforts — perhaps the largest on an individual basis — has been MacKenzie Scott, the ex-wife of Amazon CEO Jeff Bezos and the wealthiest woman in the world. On December 15, 2020, Scott announced that she had donated over $4.1 billion to COVID-related causes (Scott, 2020).[3] As a signatory of the Giving Pledge, which commits signatories to giving away half of their wealth during their lifetimes or upon their deaths, her Covid-related philanthropy will help her meet that goal.

MacKenzie Scott's former spouse, Jeff Bezos, one of the two or three wealthiest persons in the world, has only announced one relatively small pandemic-related donation of $100 million to the anti-hunger organization Feeding America (Liao, 2020). Bezos does not typically talk about his donations, however, so it is uncertain whether he has donated more. It seems likely that he has, however; in February 2020, for example, he created the Bezos Earth Fund, for which he promised to distribute $10 billion in the fight against climate change. The first $791 million of the fund was granted to 16 organizations in November 2020 (Calma, 2020).

Ultimately, however, records concerning those from the tech world who donated as individuals are hard to come by, as most funding appears to have come from companies or charitable foundations (or their comparable vehicles, such as CZI). As the billionaire for whom each foundation is named may not be heavily involved in the decision making processes, it is hard to say whether the choices made by these entities represent the specific preferences and goals of the billionaire in question. As noted previously, Jack Dorsey, CEO of Twitter and Square, is one of the few active tech CEOs who has made donations in his own name.

While some members of the tech elite have thus donated substantial sums, either individually or through their charitable vehicles, to ameliorate the suffering caused by the coronavirus pandemic, their relative generosity remains rather small compared to the excess profits the tech industry has earned in 2020. Take the case of MacKenzie Scott: her $4.1 billion in pandemic-related donations are only a fraction of her latest capital gains. After her divorce in 2019, it was reported that Scott had received $36 billion in Amazon stock and funds from her husband. The separation gave her a 4% stake in Amazon. At that time, 1 share of Amazon was worth about $2000. As of September 2020, the value of a share had risen to around $3500. Despite selling a portion of her stock during that time, then, Scott's fortune rose to $67.4 billion, almost doubling her net worth at the time of the divorce in 2019 (Hinchliffe, 2020). Scott thus confronts a problem that is widespread among the extremely rich: she may be finding it difficult to give her money away fast enough to reduce her total wealth (on this point, see Reich, 2018).

More generally, taxpayer-subsidized philanthropy suffers from a variety of shortcomings as a way to address social problems. First, it is able to marshal only a tiny fraction of the funds that the government can muster to address the needs of the population. For example, the US government spent at least $3 trillion to fight the pandemic in 2020, and the American

3. In June 2020, unrelated to Covid relief, Scott had also given $1.7 billion to a number of HBCUs (Historically Black Colleges and Universities) and to LGBTQ organizations (Cramer, 2020).

Rescue Plan (https://www.whitehouse.gov/american-rescue-plan/) announced by the Biden administration immediately after he took office in 2021 mandates spending another $1.9 trillion to provide further economic relief to the American population, with still more to come in the American Families Plan (https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/28/fact-sheet-the-american-families-plan/). Second, philanthropic funds are allocated in an uncoordinated, often earmarked, and thus highly inefficient manner as compared to the government's ability to shift deployment to more advantageous purposes. Third and perhaps most important, the decisions about what to do with the funds generated by philanthropy are made in a highly undemocratic fashion, mobilized according to the idiosyncratic if well-meaning preferences of the wealthy people who donate them. Taxation is arguably a better way to achieve the goals of philanthropy.

5 Taxes and Philanthropy in the U.S. and Beyond

5.1 Taxpayer-Subsidized Philanthropy

But why give away your money in the first place? Charity is indubitably a virtue; there is no reason to disparage the generosity of individuals who seek to make the world a better place with their giving. Philanthropy can be found in all societies, but it is central to the Anglo-Saxon model of civil society in which private actors and private organizations keep state power in check (Carnie, 2017, p. 105). For example, it is a remarkable fact that the Bill and Melinda Gates Foundation has over the past several years given roughly the same amount of money to the World Health Organization as the United States Government itself — in some years in the $600 million range (McPhillips, 2020). The Gates Foundation has thus contributed enormously to medical and health care efforts for people around the world. The Foundation is heavily engaged in coronavirus-related efforts as well, as we have seen — to the point that their activities are the focus of conspiracy theories involving Bill Gates' alleged secret desire to use the coronavirus crisis to control the world.

As it currently exists in the United States and, increasingly, in other rich countries, however, there are reasons other than magnanimity to give philanthropically: namely, because doing so is taxpayer-subsidized. That is, philanthropic giving provides the giver with a reduction in his or her taxable income or wealth. Across Europe, governments have cut back on social services and programs since the 1980s and legislated for tax-exempted giving-schemes and philanthropic activities. "European philanthropy is as diverse as European societies" (European Foundation Centre [EFC], 2021), but all governments have turned to tax changes that promote more private giving in the non-profit sector (Carnie, 2017, p. 89). Under these arrangements, the country forgoes the tax revenues that would otherwise flow into the treasury simply because certain taxpayers choose to direct some of their income to endeavors defined by the government as worthy of support. These may be the World Health Organization, the Society for the Prevention of Cruelty to Animals, or any one of thousands of tax-exempt organizations thought by the government to be devoted to the public good.

This designation excludes most overtly political contributions, however. In England, Greenpeace "is not allowed to register as a charity because of its political campaigning activity." Thus, the organization circumvented the loss of tax-privileges by establishing the Greenpeace Environmental Trust as a separate charity which engages in research and other non-political activities (Carnie 2017, p. 91). In the US, many so-called 501(c)(3) organizations (a reference to the relevant section of the tax code) are thinly disguised political lobbying efforts that only

barely avoid being categorized as non-charitable endeavors. Charitable giving on this relatively small, individual scale amounted in 2019 to some $310 billion, according to the annual accounting provided by *Giving USA 2020* (Giving USA, 2020). Of course, charitable giving on a larger scale also brings in considerable amounts of money, and a variety of mechanisms and schemes can be used to reduce the donor's taxes.

In addition to the charitable giving of individuals, the wealthy often create private foundations as vehicles for their philanthropic activities. Since even before their inception, these private foundations have received considerable scrutiny because of the peculiarities of their terms of existence. The legal basis for today's private philanthropic foundations in the US goes back to the pre-World War I era, when robber baron John D. Rockefeller sought to endow a foundation with some of his profits from Standard Oil and other businesses. The Rockefeller Foundation became a reality in 1913, the same year the United States adopted a federal income tax, but it was a matter of intense controversy at the time. In 1910, when Rockefeller first sought a federal charter for his foundation, Congress turned him down. A few years later, a federal Commission on Industrial Relations urged that the foundation be shut down entirely and its assets distributed to the unemployed, "since presumably the reason it had all that surplus money was that the Rockefellers had been too cheap in paying their workers" (MacFarquhar, 2015). In view of the decades-long disparity in the distribution of the national product (https://www.nytimes.com/interactive/2017/08/07/opinion/leonhardt-income-inequality.html), in which the richest in the US have taken the largest share of income, one might imagine that there may be a similar connection between Amazon's pay and benefits practices and the size of Jeff Bezos's fortune (Corkery & Weise, 2021).

The chastising recommended by the Commission on Industrial Relations did not happen, of course. Instead, private charitable foundations went on to be a major player in the American institutional landscape, with such venerable names from the first Gilded Age as Rockefeller, Ford, and Carnegie, and now with those of the current plutocratic era such as Gates, Schmidt, and Benioff. (As noted previously, the Chan-Zuckerberg Initiative is not a private foundation, but a limited liability company, allowing it to give donations to political causes and invest in for-profit businesses; it is a leading example of so-called "philanthrocapitalism.") In 2017, for the first time, the total assets of private foundations in the United States exceeded $1 trillion (DiMento, 2019). Needless to say, this is a substantial sum of money, especially given the lack of public accountability such entities enjoy.

In his recent study of American philanthropy, Stanford scholar Rob Reich (2018) concluded that private foundations were the most undemocratic entities in the democratic institutional landscape in the sense that they were created to achieve their founders' personal aims in perpetuity, with little chance that those aims could be revised. They are zombie organizations, in other words, although those who actually guide them may take them in directions unimagined by their founders and to such an extent that the founders' descendants may wash their hands of them, having lost control over their direction and come to regard them as just what they are — largely unaccountable organizations (Macfarquhar, 2015). An infamous example of the perverse outcomes that may ensue from this zombie quality is the mid-1980s lawsuit of the San Francisco Foundation against the Buck Trust. The Trust consisted of some stock left by a childless widow, Beryl H. Buck, to assist the poor of Marin County, California. Over time, however, Marin had become one of the wealthiest counties in the United States and the trust's assets had grown from $10 million at the time of Buck's death to some $600 million, with an annual yield of $30 million. In response to this anomalous state of affairs, a number of Bay Area charities sought to break the will of Ms. Buck, arguing that the poor of other Bay Area

counties would be the losers if the terms of the will were not abrogated. The lawsuit failed (see N.A., 1986).

5.2 Taxation and the Tech Plutocracy

Tax policies determine who contributes how much to the activities of government (some of which, of course, involve redistribution of those same funds to the less wealthy). The tech boom occurred historically in tandem with a decline in tax rates on the wealthy that had been raised significantly during the post-World War II era. In the 1950s and early 1960s, top marginal income tax rates — the amount deducted by the government for each additional dollar above a certain threshold — reached as high as 90% in the US, although those rates affected only very few people. Meanwhile, effective corporate tax rates, which affected most holders of shares in corporations, were around 50% in those years (Saez & Zucman, 2019, pp. 43–44). In the meantime, corporate taxes have been reduced to 21% and top marginal rates for individuals have been reduced to 37% as a result of the Trump tax reform of 2017 (Biden seeks to raise them again). While these rates on wealthier people declined in previous decades, by contrast, taxes on workers have become much more regressive because so-called payroll taxes — Social Security and Medicare — are flat rates that weigh heavily on ordinary workers, whose median wages have stagnated for more than a generation (Saez & Zucman, 2019).

Outside the US, in Europe and in other affluent countries, globalization (Genschel & Schwarz, 2011), an emerging knowledge economy, and the diffusion of neoliberal ideas (Swank, 2016) have also shaped tax policies, and lowered the tax burden on the incomes, capital, and assets of the rich (Hope & Limberg, 2021).

On the basis of extensive analysis of tax data from a number of countries over an extended period of time, Thomas Piketty (2017) has found that the economies in the rich world are reverting to pre-World War I patterns of inequality, as returns to capital have come consistently to outpace those to labor. In the United States, the labor share of national income has been declining, according to McKinsey (2019), since the mid-1960s, but especially sharply since the turn of the millennium. Despite growing equality across countries — largely due to economic growth in China and India — inequality *within* countries has tended to grow in recent decades (Milanovic, 2016). The political consequences of these developments have been seemingly unavoidable; the wealthy increasingly control the political agenda. Indeed, Martin Gilens (2015) has found that the concerns of the middle and lower classes are only taken into account by politicians if and when those concerns overlap with those of the wealthy. The terms "plutocracy" and "oligarchy" have once again come to be applied to American society, and can hardly be unrelated to the turbulent politics we have witnessed in the recent past.

In a recent study of American life from the Gilded Age to our time, Robert Putnam (2020, pp. 54–61) has shown that tax progressivity in the United States rose gradually from the early twentieth century, when personal income taxes were first instituted on the federal level, continued to rise through the Second World War, remained relatively high until the 1970s, and then gradually declined over subsequent decades. The claim that higher personal and corporate tax rates undermine economic growth have a difficult time making sense of this period; the post-World War II period was one of steady, widely distributed growth that fuelled the creation of a broad, prosperous middle class in the United States. The early postwar period also bore witness to a major expansion of public higher education — partially on the strength of the GI Bill of Rights and urgently advanced after the Sputnik launch by the Soviet Union in 1958

— that helped seed the creation of a variety of "knowledge industries" that would in time become the core of a new "knowledge society." In 1973, the sociologist Daniel Bell published his path-breaking study, *The Coming of Post-Industrial Society*, which presciently documented the growing displacement of manufacturing by the manipulation and transmission of information in American society.

Despite the important government role in creating the knowledge society" and its institutional and research infrastructure (Mazzucato, 2015), by the 1980s the "Reagan revolution" took hold and disparaged the role of government while privileging market forces as the solution of most problems. As Reagan famously put it in his 1981 inaugural address, "government is not the solution; government is the problem." The critique of government as a stifling force was advanced by "neoconservatives" who attacked the material foundation of government — namely, taxes. Grover Norquist, a prominent conservative activist, summed up the new anti-government animus with the comment, "I don't want to abolish government. I simply want to reduce it to the size where I can drag it into the bathroom and drown it in the bathtub." Norquist was the founder of Americans for Tax Reform, an organization that urges Republican political candidates to sign a pledge promising to oppose all tax increases. George W. Bush (the elder), a Yankee patrician and moderate Republican, would thus feel compelled to tell his 1988 presidential campaign audiences, "Read my lips: no new taxes," as this stricture had become a central plank in the Republican Party program. It would remain so even as Donald Trump dismantled other shibboleths of traditional Republicanism such as free trade, support for low-wage immigration, and fiscal conservatism (at least when Democrats held the Oval Office).

Yet the government, with its deep pockets and ability to stay the course for the long haul, had been largely responsible for funding the creation of the new knowledge industries, at the heart of which lay the superconductor and the personal computer. These were the essential technologies that fueled the shift from manufacturing to the manipulation and analysis of symbols. Eventually, when the coronavirus pandemic struck in early 2020, it would be possible for millions of people to use these technologies to continue working and socializing from a safe (known, paradoxically, as "social") distance. And their use of these technologies would, with lower corporate and personal income taxes, both make their creators phenomenally wealthy and put them in a position to behave philanthropically on a very large scale if they so choose.

Against this background, it should be noted that popular support for increased taxation of the wealthy is well-documented. Even the American Enterprise Institute concedes that "a majority of the public supports higher taxes on the very rich, including a wealth tax" and "have long favored raising taxes on those with high incomes," even if they "generally don't object to the existence of the very rich" (Bowman, 2020, p. 1933). Raising taxes on the wealthy has proven difficult, however, other than in times when the wealthy are seen as not contributing their fair share, particularly in terms of military service; only then has the political will been summoned to take them on successfully (Scheve & Stasavage, 2016). Of course, given the plethora of wartime language that has been invoked to characterize aspects of the pandemic and the inclination to see it through a wartime lens, one might argue that this is indeed precisely such a situation. As we have shown above, the wealthy have been disproportionately advantaged by the pandemic both economically and in health terms, while "frontline" workers have borne the lion's share of the risks despite generally low pay for what they do. Meanwhile, many in the "touch economy" have simply been deprived of a living and their temporary unemployment has grown increasingly long-term. The philanthropic giving of the rich may be well-meant, but it cannot begin to compare with the resources and capacities of the government to address dis-

tress and suffering. But the government's efforts need to be funded, and ideally not by deficit spending. Taxation of the wealthy is thus a key element of an equitable economic recovery. As Collins (2021) puts it, "Tax reform that ensures the wealthy pay their fair share [...] would transform a good chunk of those huge billionaire gains into public revenue to help heal a hurting nation."

6 Discussion

As we have seen, the tech elite and other extremely wealthy people have reaped enormous rewards from the pandemic. According to research by the Institute for Policy Studies, "The collective wealth of all [660 or so] U.S. billionaires has increased over $1.1 trillion since mid-March 2020, a nearly 40% leap" during the first 10 months of the Covid crisis (Collins, 2021). Under the circumstances, these profits might reasonably be regarded as "excess profits." The tech elite have also donated substantial sums of money in response to the pandemic, even if the amounts given do not begin to dent the wealth of the people in question.

Yet private philanthropy, particularly in the midst of a disaster and however generous and well-meant, is simply no match for the state's capacity to plan, orchestrate, and invest in a country's sustainable future. The Coronavirus Aid, Relief, and Economic Security (CARES) Act, the first major American government financial response to the coronavirus crisis and signed into law already in late March 2020, amounted to nearly $2.2 trillion of economic support for the American population. The measure has been widely regarded as an unusually rapid and successful response to the economic crisis that helped millions of struggling individuals and families, even by some who have not typically been kind to Trump-era economic policy (see Krugman, 2020). Toward the end of the year, Congress passed another economic recovery bill worth more than $900 billion and including support for small businesses, stimulus checks to individuals, expanded unemployment benefits, recovery rebates, funding for schools, transportation spending, money for COVID testing and vaccines, and other spending and tax cuts (Wall Street Journal, 2020). Finally, as previously noted, newly installed President Joe Biden has pushed through another economic rescue bill of $1.9 trillion to finance a broad range of programs designed to deal with the coronavirus pandemic and to assist people harmed by its economic consequences.

As an approach to addressing social problems, philanthropy is by comparison a highly undemocratic process, subsidized by taxpayers, and commonly leveraged as an image-making tool for billionaires. The wealthy make personal decisions, not publicly deliberated ones, regarding how much and where to allocate their charitable giving. However thoughtfully approached, these methods are unorganized and undemocratic. Where a government agency would make a concentrated effort towards specific endeavors seeking to ensure they succeed, a handful of billionaires making random and sporadic decisions does not generate the same prospects of success. Private philanthropy typically forces recipients to undertake endeavors that appeal to the preferences of powerful private actors rather than to the democratically determined needs of the country. Even well-meaning megadonors such as Bill Gates or MacKenzie Scott make individualized choices without any necessary public consultation. They donate large amounts of money to their desired beneficiaries, but if the decisions of the grantee are out of tune with the preferences of the donor, substantial amounts of funding for an organization could be lost (sometimes referred to as the "Gates effect"; see Parry et al., 2013). Philanthropists have no obligation to see a project through to its completion, and many donations are one-time affairs that may chiefly serve to enhance the donor's reputation in the public eye. Also, the rapid rise

of celebrity philanthropy since the 1990s and its social media presence demonstrates that social giving can hardly be disentangled from self-serving status aspirations, economic interests, and self-promotion (Jeffreys & Allatson, 2015). But the concentration of power, attention and money in the hands of a few famous winners, instantaneous sharing, and cross-merchandising via Facebook, Twitter, Instagram, and other social platforms undermine altruistic intentions.

Finally, it is unlikely that the concerns of the wealthy line up with the most urgent needs of the Western societies hard-hit by the coronavirus. Disruptive change and short-term, limited engagements are insufficient guarantees for common goods like public health, economic, or social stability. The magnitude of the pandemic has plunged the neoliberal state and market ideology into uncertainty; collective action and new forms of redistribution are called for. An "excess profits tax" could, for example, collect excess profits from tech and other industries and redistribute them to businesses that policymakers forced to shut down during the pandemic (Magalhães & Christians, 2020). After all, a tax on the excess profits amassed by the 660 or so billionaires in the United States at present could cover the entire cost of Biden's $1.9 trillion coronavirus rescue package without making them any "worse off" than they had been before the pandemic hit in early 2020 (Collins, 2021). Like the idea of excess profits itself, an "excess profits tax" could be tied to specific economic conditions that depart dramatically from a previous five- or ten-year period; it need not be instituted once and for all time.

More fundamentally, recent research has found little evidence to support the notion that tax cuts for the rich enhance economic growth; instead, it appears only to strengthen economic inequality in the US and in other rich countries (Hope & Limberg, 2020). Hence the post-pandemic state will have to tax wealth and large incomes more heavily to use the funds to rebuild trustworthy public institutions. Tax reforms are best if they make people happy (Brockmann et al., 2016). Empirical research can show how that might be possible. Pure altruism and the "warm glow" of giving are enjoyable (Harbaugh et al., 2007). So why shouldn't the wealthiest enjoy contributing the most to having a "civilized society" — the reason we pay taxes at all, as U. S. Supreme Court Justice Oliver Wendell Holmes, Jr. once put it?

References

Abay, K.A., Tafere, K., & Woldemichael, A. (2020). Winners and Losers from COVID-19: Global Evidence from Google Search (World Bank Policy Research Working Paper No. 9268). World Bank. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3617347

Beaunoyer, E., Dupéré, S., & Guitton, M.J. (2020). COVID-19 and digital Inequalities: Reciprocal Impacts and Mitigation Strategies. *Computers in Human Behavior,* 111, 106424. https://doi.org/10.1016/j.chb.2020.106424

Bell, D. (1973). *The Coming of Post-Industrial Society*. New York: Basic Books.

Board of Governors of the Federal Reserve. (2020). Report on the Economic Well-Being of U.S. Households in 2019. https://www.federalreserve.gov/publications/2020-economic-well-being-of-us-households-in-2019-financial-repercussions-from-covid-19.htm

Bowman, K. (2020). Public Opinion on Wealth Taxes and the Wealthy. *Tax Notes Federal*. https://www.aei.org/wp-content/uploads/2020/06/Bowman-On-the-Margin-March-23-2020.pdf?x88519

Brockmann, H., Genschel, P., & Seelkopf, L. (2016). Happy Taxation: Increasing Tax Compliance through Positive Rewards? *Journal of Public Policy*, *36*(3), 381–406.

Bureau of Labor Statistics. (2020). Labor Force Statistics from the Current Population Survey, 2020. 10 January. http://data.bls.gov

Bureau of Labor Statistics (2021). Unemployed Persons by Industry and Class of Worker, not seasonally adjusted. 8 January. https://www.bls.gov/news.release/empsit.t14.htm

Calma, J. (2020). Jeff Bezos Announces First Beneficiaries of His $10 Billion Climate Fund. *The Verge*, 16 November. https://www.theverge.com/2020/11/16/21569902/jeff-bezos-first-recipients-10-billion-climate-change-fund

Candid. (n.d.). Foundation Maps [Database]: Philanthropy's response to coronavirus (COVID-19). https://maps.foundationcenter.org

Carnie, C. (2017). *How Philanthropy Is Changing in Europe*. Bristol: Polity.

Center for Disaster Philanthropy. (2021). COVID-19 Coronavirus. 1 February. https://disasterphilanthropy.org/disaster/2019-ncov-coronavirus/

Chan Zuckerberg Initiative. (2020). How CZI Is Responding to COVID-19. https://chanzuckerberg.com/covid-19/

Chetty, R., Friedman, J. N., Hendren, N., Stepner, M., & Opportunity Insights Team. (2020). The Economic Impacts of COVID-19: Evidence from a New Public Database Built Using Private Sector Data. https://opportunityinsights.org/wp-content/uploads/2020/06/tracker-summary.pdf

Collins, C. (2021). Updates: Billionaire Wealth, U.S. Job Losses, and Pandemic Profiteers. *Institute for Policy Studies*, 26 January. https://inequality.org/great-divide/updates-billionaire-pandemic/

Conway, M., Hadem, K., & Probst, N. (2020). Reimagining European Philanthropy (McKinsey & Company Report). McKinsey & Company. https://www.mckinsey.com/industries/public-and-social-sector/our-insights/reimagining-european-philanthropy

Corkery, M., & Weise, K. (2021). Amazon Union Drive Takes Hold in Unlikely Place. *The New York Times.*, 25 January. https://www.nytimes.com/2021/01/25/business/amazon-union-alabama.html

Council on Foundations. (2020). A Call to Action: Philanthropy's Commitment During Covid-19. https://www.cof.org/news/call-action-philanthropys-commitment-during-covid-19

Cramer, M. (2020). Mackenzie Scott Gives $1.7 Billion to Historically Black Colleges and Other Groups. *The New York Times*, 29 July. https://www.nytimes.com/2020/07/29/us/mackenzie-scott-billion-fortune-bezos.htmlfouc

Cuccinello, H.C. (2020). Billionaire Tracker: Actions the World's Wealthiest Are Taking in Response to the Coronavirus Pandemic. *Forbes*, 17 March. https://www.forbes.com/sites/hayleycuccinello/2020/03/17/billionaire-tracker-covid-19/

DiMento, M. (2019). Foundation Assets Top $1 Trillion, But Signs Point to Slump. *Chronicle of Philanthropy*, 19 August https://www.philanthropy.com/article/foundation-assets-top-1-trillion-but-signs-point-to-slump/?cid=gen_sign_in

Dorsey, J. [@jack]. (2020). I'm moving $1B of my Square equity (~28% of my wealth) to #startsmall LLC to fund global COVID-19 relief. After we disarm this pandemic, the focus will shift to girl's health and education, and UBI. It will operate transparently, all flows tracked here: [Document Attached]. [Tweet]. *Twitter*. https://twitter.com/jack/status/1247616214769086465

Economist, The. (2020a). America and Europe Clamp Down on Big Tech. *The Economist*, 19 December. https://www.economist.com/leaders/2020/12/19/america-and-europe-clamp-down-on-big-tech

Economist, The. (2020b). The World This Year. *The Economist*, 19 December. https://www.economist.com/the-world-this-week/2020/12/19/the-world-this-year

Economist, The. (2020c). The Year When Everything Changed. *The Economist*, 19 December. https://www.economist.com/leaders/2020/12/19/the-year-when-everything-changed

Ehrenfreund, M. (2020). The World's First Affluence Recession. *Foreign Policy*, 27 November. https://foreignpolicy.com/2020/11/27/world-first-affluence-recession-covid-pandemic-poverty-economic-impact/

European Foundation Centre (EFC). (2021). Legal environment for philanthropy in Europe. *Philanthropy Advocacy*, 22 May. https://www.philanthropyadvocacy.eu/legal-environment-for-philanthropy-in-europe/

Forbes Real-Time Billionaire List. (2020). Forbes Real-Time Billionaire List. 16 June. https://www.forbes.com/real-time-billionaires/#4973e543d788

Foucault, M., & Galasso, V. (2020). Working After COVID-19: Cross-Country Evidence from Real-Time Survey Data. *Sciences Po CEVIPOF Note*. https://spire.sciencespo.fr/hdl:/2441/5cmk499mce8lvosviojdisodla/resources/note9-foucault-galasso-.pdf

Gailey, A. (2021). The Pandemic Has Resulted in Record U.S. Savings Rates, but Only for Some. *NextAdvisor*, 27 January. https://time.com/nextadvisor/banking/savings/us-saving-rate-soaring/

Gates, B. (2020). A Three-Part Plan to Eliminate COVID-19. *Bill & Melinda Gates Foundation*, 29 September. https://ww2.gatesfoundation.org/ideas/articles/coronavirus-vaccine-strategy-bill-gates

Gelles, D. (2020). Laurene Powell Jobs Is Putting Her Own Dent in the Universe. *The New York Times*, 27 February. https://www.nytimes.com/2020/02/27/business/laurene-powell-jobs-corner-office.html

Genschel, P., & Schwarz, P. (2011). Tax Competition: A Literature Review. *Socio-Economic Review*, *9*(2): 229–270. https://doi.org/10.1093/ser/mwr004

Ghiridharadas, A. (2018). *Winners Take All: The Elite Charade of Changing the World*. New York: Knopf.

Gilens, M. (2015). Descriptive Representation, Money and Political Inequality in the United States. *Swiss Political Science Review*, *21*(2): 222–228.

Giving USA. (2020). Giving USA 2020: Charitable Giving Showed Solid Growth, Climbing to $449.64 Billion in 2019, One of the Highest Years for Giving on Record. https://givingusa.org/giving-usa-2020-charitable-giving-showed-solid-growth-climbing-to-449-64-billion-in-2019-one-of-the-highest-years-for-giving-on-record/

Harbaugh, W.T., Mayr, U., & Burghart, D.R. (2007). Neural Responses to Taxation and Voluntary Giving Reveal Motives for Charitable Donations. *Science*, *316*(5831), 1622–1625.

Hinchliffe, E. (2020). MacKenzie Scott Is Now the Wealthiest Woman in the World. *Fortune*, 2 September. https://fortune.com/2020/09/02/mackenzie-scott-bezos-net-worth-richest-woman-in-world-wealthiest-women-amazon-stock-jeff-bezos-billions/

Hope, D., & Limberg, J. (2020). The Economic Consequences of Major Tax Cuts for the Rich (LSE International Inequality Institute Working Paper No. 55). LSE International Inequality Institute. https://eprints.lse.ac.uk/107919/1/Hope_economic_consequences_of_major_tax_cuts_published.pdf

Hope, D., & Limberg, J. (2021). The Knowledge Economy and Taxes on the Rich. *Journal of European Public Policy*. Advance online publication.

ILO-OECD (2020). The Impact of the Covid-19 Pandemic on Jobs and Incomes in G20 Economies. 19 August. https://www.ilo.org/global/docs/WCMS_753607/lang--en/index.htm

Jeffreys, E., & Allatson, P. (Eds.). (2015). *Celebrity Philanthropy*. Chicago: University of Chicago Press.

Krugman, P. (2020). We Should Help Workers, Not Kill Them. *The New York Times*, 18 May. https://www.nytimes.com/2020/05/18/opinion/coronavirus-unemployment.html

Lakoff, A. (2020). 'The Supply Chain Must Continue': Becoming Essential in the Pandemic Emergency. *Items (Social Science Research Council)*, 5 November. https://items.ssrc.org/covid-19-and-the-social-sciences/disaster-studies/the-supply-chain-must-continue-becoming-essential-in-the-pandemic-emergency/

Liao, S. (2020). Jeff Bezos Is Donating $100 Million to American Food Banks. *CNN Business*, 3 April. https://www.cnn.com/2020/04/03/tech/jeff-bezos-food-bank-donation-coronavirus/index.html

MacFarquhar, L. (2015). The Ford Foundation's Quest to Fix the World. *The New Yorker*, 28 December. https://www.newyorker.com/magazine/2016/01/04/what-money-can-buy-profiles-larissa-macfarquhar

Magalhães, T.D., & Christians, A. (2020). Rethinking Tax for the Digital Economy After Covid. *Harvard Business Law Review*, *11*, 1–25.

Mattioli, D. (2020). Big Tech Companies Reap Gains as Covid-19 Fuels Shift in Demand. *Wall Street Journal*, 29 October. https://www.wsj.com/articles/amazon-sales-surge-amid-pandemic-driven-online-shopping-11604003107

Mazzucato, M. (2015). *The Entrepreneurial State: Debunking Public vs. Private Sector Myths* (revised edition). New York: Public Affairs.

McGoey, L. 2015. *No Such Thing as a Free Gift: The Gates Foundation and the Price of Philanthropy*. New York: Verso.

McKinsey Global Institute. (2019). A New Look at the Declining Labor Share of Income in the United States (Discussion paper). McKinsey Global Institute. https://www.mckinsey.com/featured-insights/employment-and-growth/a-new-look-at-the-declining-labor-share-of-income-in-the-united-states#:~:text=Labor's%20share%20of%20national%20income,emerging%20economies%20since%20the%201980s

McPhillips, D. (2020). Gates Foundation Donations to WHO Nearly Match Those from US Government. *U.S. News*, 29 May. https://www.usnews.com/news/articles/2020-05-29/gates-foundation-donations-to-who-nearly-match-those-from-us-government

Milanovic, B. (2016). *Global Inequality: A New Approach for the Age of Globalization*. Cambridge: Belknap/Harvard University Press.

Moore, K., & A. Colar. (2020). Record-Breaking Covid-19 Philanthropy Topped Giving for Other Disasters but Overlooked Those Most Affected by Pandemic. *Candid*, 26 August. https://candid.org/about/press-room/releases/record-breaking-covid-19-philanthropy-topped-giving-for-other-disasters-but-overlooked-those-most-affected-by-pandemic

N.A. (1986). Wealth California County to Retain Trust Fund Sought For Poor. *The New York Times*, 26 July https://www.nytimes.com/1986/07/26/us/wealthy-claifornia-county-to-retain-trust-fund-sought-for-poor.html

Parry, M., K. Field, & B. Supiano. (2013). The Gates Effect. *Chronicle of Higher Education*, 4 July. https://www.chronicle.com/article/the-gates-effect/?cid2=gen_login_refresh&cid=gen_sign_in

Piketty, T. (2017). *Capital in the Twenty-First Century* (A. Goldhammer, Trans.). Cambridge: Harvard University Press.

Putnam, R.D., & Garrett, S.R. (2020). The Upswing: How America Came Together a Century Ago and How We Can Do It Again. New York: Simon & Schuster.

Reich, R. (2018). *Just Giving: Why Philanthropy Is Failing Democracy and How It Can Do Better*. Princeton: Princeton University Press.

Saez, E., & Zucman, G. (2019). *The Triumph of Injustice: How the Rich Dodge Taxes and How to Make Them Pay*. New York: Norton.

Scheidel, W. (2018). *The Great Leveler: Violence and the History of Inequality from the Stone Age to the Twenty-First Century*. Princeton: Princeton University Press.

Scheve, K., & Stasavage, D. (2016). *Taxing the Rich: A History of Fiscal Fairness in the United States and Europe*. Princeton: Princeton University Press.

Scott, M. (2020). 384 Ways to Help. *Medium*, 15 December. https://mackenzie-scott.medium.com/384-ways-to-help-45dob9ac6ad8

Stiglitz, J. (2020). Conquering the Great Divide (IMF Finance & Development, Fall issue). International Monetary Fund. https://www.imf.org/external/pubs/ft/fandd/2020/09/COVID19-and-global-inequality-joseph-stiglitz.htm

Suzman, M. (2020). Why We're Giving $250 Million More to Fight COVID-19. *Bill & Melinda Gates Foundation*, 9 December https://ww2.gatesfoundation.org/ideas/articles/coronavirus-funding-additional-250-million-suzman.

Swank, D. (2016). Taxing Choices: International Competition, Domestic Institutions and the Transformation of the Corporate Tax Policy. *Journal of European Public Policy*, *23*(4), 571–603.

Torpey, J. (2020). What Is the True Death Toll of Covid?. *Forbes*, 15 October. https://www.forbes.com/sites/johntorpey/2020/10/15/what-is-the-true-death-toll-of-covid/?sh=4e7f32e3f6b7

United Nations Development Programme (UNDP). (2020). Impact of COVID-19 on the Sustainable Development Goals. *Global SDG Integration*. https://sdgintegration.undp.org/accelerating-development-progressduring-covid-19

U.S. Bureau of Economic Analysis. (2021). Personal Saving Rate [PSAVERT]. *FRED Economic Data*, 8 January. https://fred.stlouisfed.org/series/PSAVERT

van Deursen, A.J. (2020). Digital Inequality During a Pandemic: Quantitative Study of Differences in Covid-19 – Related Internet Uses and Outcomes among the General Population. *Journal of Medical Internet Research*, *22*(8), e20073. https://doi.org/10.2196/20073

Wall Street Journal, The. (2020). What's in the $900 Billion Covid-19 Relief Bill?. *The Wall Street Journal*, 27 December. https://www.wsj.com/articles/what-is-in-the-900-billion-covid-19-aid-bill-11608557531

Worldometers. (2021). Worldometers. https://www.worldometers.info/coronavirus/?utm_campaign=homeAdvegas1

World Inequality Database. (2021). Methodology. https://wid.world/methodology

John Torpey – PhD Program in Sociology, Graduate Center, City University of New York (CUNY) (United States)
jtorpey@gc.cuny.edu
John Torpey is Presidential Professor of Sociology and History and Director of the Ralph Bunche Institute for International Studies at the Graduate Center, City University of New York. He is the author of numerous articles and books, including *The Invention of the Passport: Surveillance, Citizenship, and the State*, 2nd (Cambridge University Press, 2019 [2000]).

Hilke Brockmann – School of Humanities and Social Sciences, Jacobs University, Bremen (Germany)
https://orcid.org/0000-0002-9551-8333
Hilke Brockmann is Professor of Sociology at Jacobs University in Bremen, Germany. Her research focuses on demographic dynamics, subjective well-being, and social inequality. She is chair of a program on Data Science for Society & Business and has published, amongst other works, in *European Sociological Review*, *Frontiers of Human Dynamics*, *Journal of Happiness Studies*, *Journal of Marriage and the Family*, *PLOS one*, and *Social Science & Medicine*.

Braelyn Hendricks – PhD Program in Sociology, Graduate Center, City University of New York (CUNY) (United States)
Braelyn Hendricks is a Sociology PhD student at the Graduate Center, City University of New York (CUNY) and a Research Assistant at the Ralph Bunche Institute for International Studies. She has earned a certificate in Interactive Technology and Pedagogy. Braelyn studies sociological topics pertaining to science, inequalities, wealth, art, and online communities. She also develops courses and teaches Science, Technology, and Identity as well as Digital Sociology at City College, CUNY.

Symposium: Becoming Wealthy, Staying Wealthy
Social Acceptance of the Super-rich – *peer-reviewed*
https://doi.org/10.6092/issn.1971-8853/12558

Sociologica. V.15 N.2 (2021)
ISSN 1971-8853
https://sociologica.unibo.it/

Against Accumulation: Class Traitors Challenge Wealth and Worth

Rachel Sherman*

Department of Sociology, The New School, New York (United States)

Submitted: March 17, 2021 – Revised version: July 19, 2021
Accepted: September 1, 2021 – Published: September 30, 2021

Abstract

Rich people are generally represented, both by academics and in popular culture, as desiring always to maximize and legitimate their wealth and social advantages. But some wealthy and class-privileged people have defined themselves as the beneficiaries of illegitimate systems of accumulation, and have reframed their own self-interest to include racial and economic justice. Participating in a range of organizations, they have begun to talk more openly about their wealth and class power and to take action to change the systems that have enabled their wealth, through policy advocacy, moving money to grassroots movements and solidarity economies, and shifting public narratives. But making these changes is harder than we might imagine. Drawing primarily on 90 interviews with people in the field, this paper addresses the affective, cultural, and strategic dimensions of working against accumulation and toward redistribution. I argue that these actions challenge deeply entrenched cultural common sense about accumulation, as both an indicator of good personhood and a goal of financial activity. This common sense is not only a characteristic of individuals but is also rooted in interpersonal relationships and financial institutions.

Keywords: class; culture; accumulation; elites; worth.

Acknowledgements

This publication was made possible (in part) by a grant from Carnegie Corporation of New York. The statements made and views expressed are solely the responsibility of the author. The author is also grateful for research support from the New School. The author is grateful to Miriam Ticktin and to the editors and reviewers for their incisive and helpful comments, and to Guillermina Altomonte and Anna Thieser for invaluable research assistance.

* shermanr@newschool.edu

1 Introduction

Rich people are generally represented, both by academics and in popular culture, as desiring always to maximize and legitimate their wealth and social advantages. But research on their own understandings of themselves and their privilege has long been scarce. Classic research on the WASP upper class in the U.S. identified a sense of self-satisfaction and even superiority in this group (e.g., Ostrander, 1984). More recent qualitative research has found ambivalence among wealthy people about their class position in the context of increasing inequality and stigmas attaching to wealth. This work has delineated a set of affective and behavioral criteria that such elites use to frame themselves as good, deserving people (Sherman, 2017; see also Farrell, 2020; Gaztambide-Fernández, 2009; Howard & Gaztambide-Fernández, 2013; Kantola & Kuusela, 2018; Khan, 2011; Kuusela, 2018).

But some wealthy and class-privileged people have rejected these individual "good rich person" narratives of justification, instead defining themselves as the beneficiaries of illegitimate and harmful social systems. Primarily but not exclusively inheritors of wealth, they have reframed their own self-interest to include greater economic equality, typically tied to racial, gender, and climate justice. Such "class traitors," as some call themselves, have begun to talk more openly about their wealth and class power and to take action to change the systems that advantage them, often in concert with grassroots social movements. Unlike liberal philanthrocapitalists such as Bill Gates or Mark Zuckerberg, these wealthy people want to change systems oriented toward the accumulation of enormous resources by the few to the exclusion of the vast majority. They are analogous to (and often identify as) white anti-racists who recognize how they benefit from systematic white supremacy, and work to dismantle it. They pursue redistribution of both money and power in a variety of ways, including policy activism around taxation, moving resources to the grassroots, and/or challenging silences around money and narratives of class entitlement through various kinds of communications and organizing. Some people affiliated with these organizations have given away very significant proportions of their assets (see Collins, 2016; Mogil & Slepian, 1992).

Minorities of wealthy people have long supported progressive and revolutionary causes in the U.S. and elsewhere, from the abolition of slavery to the overthrow of capitalism (see, e.g., Dreier & Collins, 2012). The contemporary field I am studying emerged in the early 1970s, when young white people from wealthy families, shaped by the politics of the 1960s (and in some cases by their own relatively progressive families and family foundations), came together to begin addressing how they could use their wealth and class power to support radical change. They founded over a dozen local grassroots-oriented community foundations and the national-level Funding Exchange, as well as other institutions of social justice philanthropy and social justice investing. These institutions and others continued to be active and grow in the subsequent decades (see Lurie, 2016; Odendahl, 1990; Ostrander, 1995; Rabinowitz, 1990; Silver, 2007; Wernick, 2009). The field has been expanding in the last few years. In the wake of the emergence of Occupy Wall Street in 2011, the Movement for Black Lives in 2014, and the election of Donald Trump to the presidency in 2016, as well as the general prominence of growing economic inequality, new organizations of wealthy progressives have been founded and existing organizations have grown significantly. A wave of media attention has followed (Alexander, 2020; Altman, 2020; Altmann, 2020; Beery, 2020; Kolhatkar, 2020; Quart, 2017; Vanamee, 2019).

Progressives from across the class spectrum contest inequality and advocate redistribution, of course. But looking at wealthy people in particular who do this is important for at least two

reasons. First, the wealthy have disproportionate cultural and political power as well as economic power. If their interpretations of their own interests and obligations shift in a more redistributive direction, it will mean not only moving their own money, but moving culture and policy as well. Second, while non-wealthy people stand to gain materially from redistribution, wealthy people have something to lose. That is, redistribution will take both money and power away from them, which has traditionally been understood as against their self-interest. "Class traitors," in contrast, challenge such interpretations, seeing such redistribution as benefiting themselves as well as others. Investigating how they advance this view and take redistributive action, as well as the obstacles they face in doing so, illuminates the cultural, institutional, and affective structures that hold inequality in place, as well as possible measures to transform these structures.

Drawing on 90 interviews and occasional participant observation, in this paper I explore these efforts and the cultural and identity dimensions of pushing for this kind of social change. I show that class traitors critique the ideology of meritocracy and reframe unlimited accumulation as illegitimate. In order to make the systemic change they believe is needed, my respondents advocate for tax and other policy changes; direct resources to grassroots movement groups through social justice philanthropy and investing; and generally work to shift narratives of entitlement in wealthy communities. But taking these redistributive actions is not as easy as we might imagine, as these actors face resistance from family, friends and financial professionals. I argue that this is not because these individuals are greedy and unfeeling (though some may be), but because the imperative of accumulation organizes good personhood among the wealthy, which is itself also embedded in close interpersonal relationships and in the institutions and infrastructures of financial management.

2 Wealth, Privilege, and the Self

How do the wealthy make sense of their social and economic advantages? Research on the quasi-aristocratic, old money American upper class in the 1970s and 1980s represented its members as comfortable with their own entitlement. In Susan Ostrander's 1984 study of the women of this class, for example, most respondents expressed a "general sense of being better than other people" (Ostrander, 1984, p. 35; see also Baltzell, 1987; Brooks, 2001). More recent research has emphasized a turn to legitimating discourses of meritocracy; wealthy people are now prone to justify their wealth with reference to their own hard work and intelligence (Khan, 2011; Ho, 2009). As Khan (2011; 2012) demonstrates, this change parallels a shift in the composition of the economic elite, which has become more diverse in terms of class of origin, source of wealth (inheritance or salary), and to some extent religion, ethnicity, and race.

My recent research has shown that wealthy New York parents invoke discourses of deserving based on hard work but also on other factors: disciplined and reasonable consumption, a propensity to "give back," a private "awareness" of privilege coupled with a public silence about it, a refusal to understand themselves as better or more deserving than others and a practice of treating everyone with respect, and the commitment to raise their children with these values. These criteria fall under the umbrella of not being "entitled." My respondents alluded to them (explicitly and implicitly) to describe good wealthy personhood, a set of individual characteristics that cast them as morally worthy of material privilege (see also Gaztambide-Fernández, 2009; Howard & Gaztambide-Fernández, 2013). Such people often compare themselves to those with more as a way of minimizing their privilege, and talk about themselves as "normal." Justin Farrell (2020) also finds some of these patterns among the Wyoming wealthy he studied,

who express anxiety about stigmas attaching to wealth, stress their own hard work, and present themselves as down-to-earth. (For research on elite self-understandings outside the U.S., see, e.g., Hecht, 2017; Kantola & Kuusela, 2018; Kuusela, 2018; Ramos-Zayas, 2020; Schimpfossl, 2018.)

These invocations of individual-level good personhood are part of the way that some people reconcile the discomfort they feel with having so many resources in a country and world marked by enormous inequality; if they inhabit their wealth well as individuals, they become morally worthy (Sherman, 2017). However, some wealthy people understand their own social advantages differently: as the product of a morally unjust set of structural arrangements. In this interpretation, individuals' lack of affective and behavioral "entitlement" is not enough to legitimate their material entitlement. Such people locate moral worth not in manifesting individual good wealthy personhood, but rather in changing the system that has produced their wealth.

In many ways such "class traitors" (Dreier & Collins, 2012) are analogous to white antiracists who recognize and work against white supremacy and structural racism, in groups such as Showing Up for Racial Justice (SURJ). (Sometimes these antiracists are called "race traitors," although this term has a complicated recent history — e.g., Segrest, 1994; Ignatiev & Garvey, 1996; Preston & Chadderton, 2012.) While it is easier to hide class than race (Scully et al., 2018), people with both kinds of privilege who are cultivating "traitorous identities" (Harding, 1991, cited in Matthews, 2013) face similar issues as individual beneficiaries of unequal systems.

One set of issues has to do with the identity dimensions of both benefiting from and trying to change unequal structures. As others have pointed out, organizing and consciousness-raising among privileged people differs from such work among marginalized communities. In the latter, the idea is to build power, whereas with the former, the goal is to redistribute it (Scully et al., 2018; Wernick, 2012). Individuals engaged in trying to redistribute power have to face patterns of ingrained superiority of which they may be unaware, as well as confront guilt, shame, and other challenging feelings that having disproportionate power can engender (O'Brien, 2001; Wernick, 2012). This type of change requires "work on the self," which Sally Matthews, drawing on the work of other thinkers as well, sees as "immersing oneself in struggles of the oppressed" as well as interrogating one's own perspectives and motivations and "living as a problem" (Matthews, 2013, p. 33). One danger of work on the self is that it never goes beyond the self — that is, individuals can become lost in these feelings and/or practices of naming and exploring privilege while not taking structurally meaningful action. Scully et al. (2018) offer the somewhat broader concept of "privilege work" to connect processes they see as enabling such redistributive action. These include "discovering privilege," "wrestling with emotions" (principally guilt and shame), "partnering with the underprivileged," "going public," and, finally, "getting to work on structural inequality." (pp. 1089–1090.)

The question of "getting to work" raises questions about *how* people who benefit from unjust systems can change them, including whether it is possible or desirable to renounce privilege at the individual level and whether it is more effective to use one's privilege to pursue structural change (Matthews, 2013). Much of the limited literature on class traitors has focused on the strategies of and dynamics in organizations working to make such changes, and how they confront these tensions: in social justice philanthropy (Ostrander, 1995; Silver, 1998, 2007), tax policy and corporate critique (Rothenberg & Scully, 2007; Scully et al., 2018), and organizing young wealthy people (Wernick, 2009, 2012, 2016).

This literature importantly looks at how individuals who recognize their implication in

unequal systems try to make systemic change and some of the dilemmas surrounding that work. But deciding to do this work is not the end of the story, as class traitors enter an unfavorable environment for moving money and using their influence in new ways. This paper explores the challenges they face, which means looking at the meanings of money and how it is closely tied not only to ideas about the self, but also to important personal relationships and financial infrastructures. In this sense I follow the "relational work" frame of Viviana Zelizer (2012) and others (see Healy, 2013). But rather than focus, as these scholars do, on commodification and exchange, I look primarily at the meanings of accumulation and their connection to ideas about good personhood.

3 Data and Methods

There is no obvious definition of who "counts" as a wealthy person working toward systemic change, largely because definitions of "wealth," "systemic change," and even "working toward" are themselves unstable. I define appropriate subjects as participants in organizations that frame themselves as composed of wealthy and class-privileged people seeking systemic economic redistribution. I sampled respondents initially through organizations they are or have been involved with, and then through snowball sampling from there.[1] These organizations and individuals address root causes of inequality by pursuing policy initiatives, moving resources to grassroots social movements, challenging narratives and silences that legitimate class privilege, and/or organizing other wealthy people.

I have interviewed 90 people associated with these efforts.[2] Seventy of them identify as wealthy or class-privileged, while the others are primarily non-wealthy staff in organizations in the field. Here I focus on the wealthy respondents. Most of the 70 wealthy people in the sample are white, although a few of the younger ones are not; those are mainly East or South Asian, almost all children of immigrants. Thirty-nine use "she" (or in a few cases, "she/they") pronouns, 27 use "he" (or, in one case, "he/they") pronouns, and 4 use exclusively "they" pronouns. All these respondents are college-educated,[3] most at elite universities, and about half hold or are working toward advanced degrees. They range in age from 19 to 81, though about half are between 27 and 35. Those who are not in school or retired mostly work in non-profits, philanthropy, education, the arts, and technology, often supplementing their paid income with investment income. Most live in New York, Northern and Southern California, Boston, Seattle, North Carolina, and DC, although many grew up in the Midwest and South as well.

The most important organizational source of interviewees is Resource Generation (RG), composed of wealthy and class-privileged (top 10%) people under 35 years old. Founded in the late 1990s, RG offers political education on racial capitalism, resources for personal identity work, and support for members to move into redistributive activism (see Wernick, 2009, 2012, 2016). It is now a rapidly-growing national organization with (as of 2021) over 1000 members in 17 chapters, about 20 paid staff (not all of whom are wealthy), and an active network of unpaid member leaders. With Resource Generation's support, I began interviewing former and current staff, members, and participants in programming; ultimately nearly half my respon-

1. Three interviewees contacted me to volunteer to be interviewed when they became aware of this research through my writing or public speaking. Three others were interviewed for my last book (Sherman, 2017) but ultimately were not included in the core sample of that project because they did not have children.

2. They are identified by pseudonyms here.

3. One woman in her seventies never completed college.

dents are associated with this group (though many are also associated with other organizations in the field).

Leaders of the Patriotic Millionaires and Responsible Wealth, groups of self-identified wealthy people primarily seeking higher taxes on the rich, also helped me recruit members to talk with. Snowballing through respondents' networks, I went on to interview participants in a wide variety of organizations in the field, including the Solidaire Network, Threshold Foundation, Haymarket People's Fund, North Star Fund, and others. These include people involved in the early years of the field as described above.

The people older than 35 in the sample mostly control assets between two and $50 million, up to $450 million (the median is $22 million); most have wealth above $10 million. A few control assets under $1 million, mostly because they have given away substantial portions of their wealth. About half of the 36 respondents 35 and under have personal or family wealth of over $10 million. The approximate median of what they currently control is $1.25 million (the average about $2m). Some young people expect inheritances in the tens of millions of dollars but control very little of this money now. Many do not even know how much their parents control or what they might inherit. And a few control and/or expect to inherit less than $500,000, yet still identify as class-privileged.[4]

The wealth among my respondents across the board mainly comes from inheritance, but it is not necessarily "old money." Among people under 40 it has often been accumulated by their own parents in finance, tech, or commercial real estate, exemplifying the shift in upper class composition mentioned above. A minority of my respondents, including several of the older ones and a few of the younger ones, have accumulated wealth themselves (or have the skills to do so in the future), mainly through working or investing in the technology sector. As their accounts will show, however, the capacity to accumulate wealth often depends on some degree of previous class privilege, so the distinction between "earned" and "inherited" wealth is less clear than we might imagine.

Although describing the paths these respondents have taken to these actions is beyond the scope of this paper, it is notable that most of them have participated in social movements organized around issues other than class. Many of the older inheritors were involved in the movements of the 1960s and 1970s, including the civil rights and women's movements. Many younger participants came of age at the time of the Trayvon Martin and Michael Brown killings and the emergence of the Movement for Black Lives, and were initially involved in racial justice activism. Many of the younger generation and some of the older people also identify as LGBTQ and have participated in queer activism. Some of those aged 35–45 were involved in the anti-globalization movements of the late 1990s and/or in Occupy Wall Street, which was based in class analysis; but most came to class-specific work from other movements (see also Ostrander, 1995; Wernick, 2012). These experiences and their current movement participation have greatly shaped their political views and the interpretations I describe below. They do not describe being motivated by religious commitments or moralities, although some Jewish respondents connect to historical struggles for Jewish liberation.

Although interviewing is my central methodology, I have conducted ethnography in these spaces as well. I attended RG's four-day annual conference, Making Money Make Change, in 2018 in Minnesota and in 2019 in upstate New York. This meant participating in intensive workshops (on such themes as alternative investing and social justice philanthropy), plenaries

4. While such respondents could call themselves "upper-middle class" (as many in their economic position would) they have chosen to recognize their place in the top 10% as advantaged. Oscar, in his late thirties, described this tendency as a "bullshit dodge" of people who wanted to deny their class privilege.

(on, e.g., the racial wealth divide and partnering with social movements), and, in 2019, in a small cross-class group composed of staff and presenters. I also had extensive informal conversations with many of the 100 or so people in attendance each year (and recruited some of my interviewees among them). My access to RG and my participation in these spaces was enabled by my willingness to identify as a class-privileged person with similar political views.

In addition, I have been a participant observer at a number of events offered by other organizations, including three one-day or half-day Tax the Rich conferences in 2019, one of which was preceded by an event that covered social justice philanthropy since the 1970s, a "giving plan" workshop in 2020, and a five-day training in 2020 that connects philanthropists to grassroots leaders and philosophies. I have attended or watched recordings of numerous webinars sponsored by Resource Generation, North Star Fund, Patriotic Millionaires, and other similar groups on giving, investing, electoral work, and related issues. I have also reviewed, and my research assistant has coded, most of the 43 issues of *More Than Money*, a magazine published from 1993–2006 addressing many of the central issues wealthy progressives and radicals, especially inheritors, face (https://www.morethanmoney.org/).

As previous research has suggested, taking redistributive action aimed at changing systems depends on working through issues of selfhood. While other analyses tend to emphasize individual perspectives and feelings as the primary obstacles to this work, my research tells a more complicated story. I show that redistributive action is embedded in personal relationships and institutions, which themselves depend on the notion that accumulation is the basis for good personhood. In what follows, I first explore the systemic critiques that people in this field put forth, particularly of the idea that individuals can and do advance on a level playing field, and their more egalitarian and community-oriented alternative visions. I then demonstrate how moving to take redistributive actions illuminates and challenge hegemonic common sense about entitlement, good personhood, and accumulation — common sense that itself stabilizes and legitimates inequality.

4 Critiquing Systems of Accumulation

Meritocratic ideology justifies accumulation as long as it happens through hard work on a level playing field, and many rich people interpret their own wealth as fitting this description. But class traitors don't believe that this level playing field exists. They interpret their own economic success, or that of their family members who accumulated wealth, as the result of particular advantages they already had, decrying what one RG staff member called the "lie of meritocracy." Both inheritors and "earners" in my sample offered this analysis.

Those who had grown up with wealth told stories of advantages such as high-quality education, often private, beginning in early childhood, which often included music or art lessons and study abroad. They described traveling internationally, playing sports (including expensive sports such as skiing, tennis, and golf), and going to summer camp. Many mentioned their debt-free educations and their ability to accept professionally advantageous unpaid internships; they talked about benefiting from high-quality health care, expensive housing, and elite networks that give them access to jobs and other benefits.

Many recognized that these privileges are often deeply embodied and thus impossible to give away or give up. Paul was a white person who had inherited about $3.5 million. Alluding to both cultural and bodily capital, he explained that he could not give away his class privilege,

> because no matter how much money I give away, I have a private school education

> and [an elite college] education, and no debt. And you know, I have Invisaligned teeth, and confidence from my social skills that I built through unpaid internships and blah blah blah. So that's, like, upbringing that I can't make not happen.

The Resource Generation "Class-Privilege X-Ray" clearly illustrates this view (see Figure 1).

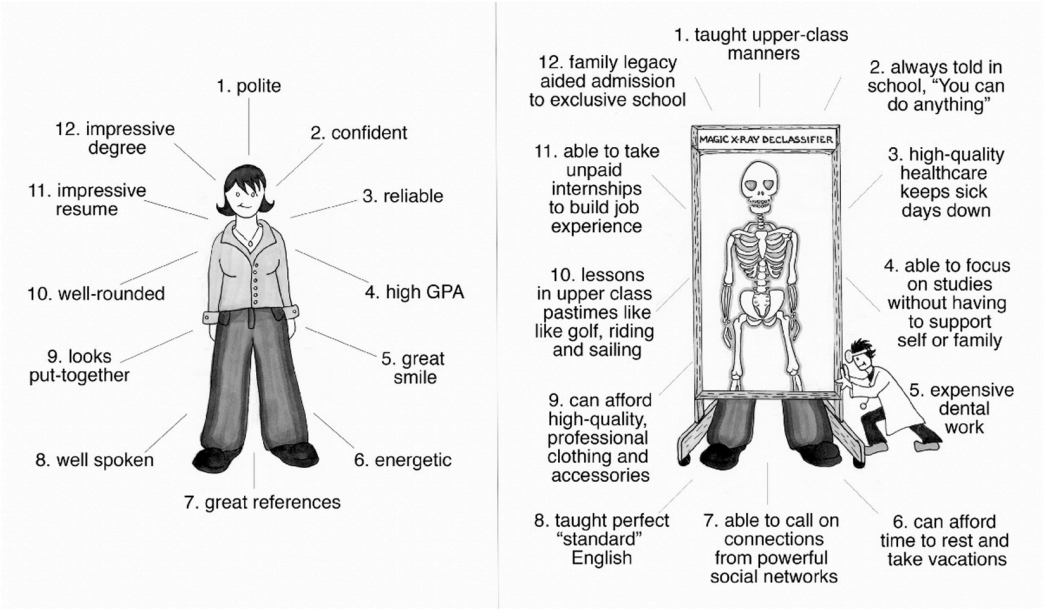

Figure 1: Resource Generation Class Privilege X-Ray (Pittelman & RG, 2005)

Looking farther back into the past, white inheritors recognized race advantages that had enabled family accumulation. Fiona, an alternative financial advisor in her 40s, described the institutional barriers to accumulating wealth for African Americans:

> So you can look at it and just say, like, wait a second, what were my grandparents doing when your grandparents were slaves? Mine were founding a [business] in [the Midwest], and that would create the base of the wealth in my family. And the women in my mom's family were going to college, and your family are coming out of slavery and trying to find their kids, and then under Jim Crow. [...] And wait a second, the legacy not just of slavery but of Jim Crow is that you've had one hand tied behind your back.

Younger people I interviewed did not even see their paid work as especially worthy, tending to interpret their access to high-paying jobs that permit accumulation as an indicator of privilege, not of merit. As Laurie, a white RG member in her mid-20s who worked in a nonprofit, said,

> I think the money that I have earned and saved, I don't really think of as, like, more virtuous money that I deserve. [...] I feel like my ability to save money is based on my circumstance, the fact that I don't have student loans. So it feels like my ability to save money and have a high-earning job is inherited.

This critique destabilizes the moral superiority of wealth that one has accumulated rather than inherited. These respondents even challenge the language of "earning." In 2019, RG officially stopped using the word "earned" to describe wealth obtained through paid work, because of the close association between "earned" and "deserved." RG also disrupts the link between *wealth* and worth (and the tendency to euphemize wealth) by using the phrase "high net wealth" instead of "high net worth."

Young people of color with access to wealth might understand themselves differently because of race-based discrimination they and their families and communities have faced. Also, because they are much less likely to have generational wealth, their families' wealth has usually been accumulated by their parents. Yet they did not frame themselves as especially "deserving." Lina was an Ivy League college student from an Indian immigrant professional family with some inherited wealth; she had tech skills that would prove very lucrative in the labor market. She told me, "I think we are not here entirely due to merit. I haven't earned — I don't think all of my success can be attributed to me." She gave examples such as her early access to computers and books, "my parents' class, my parents' education level, my mother's excellent English," going to a good public school because her parents could afford to live in an expensive home in the right district, and even her parents' influence in shaping her "personality traits [...] that people say are like, praiseworthy," such as her ability to advocate for herself (echoing Lareau, 2011).

Other RG constituents of South or East Asian descent similarly talked about resisting the "model minority myth," the idea that the achievement of some immigrants indicates that the playing field is level. One Taiwanese-American member leader said she "refused to be used" for the narrative that " 'Oh, if [her] family made it, we don't need affirmative action, or we don't need reparations.' " Similar critiques of this narrative as it applies to people of color in general appear in RG's book *Between the Silver Spoon and the Struggle* (Lewis & RG, 2013). As one RG staff member who identifies as a person of color said, organizing wealthy young people of color means "pointing out that we can hold dual truths of our families working hard and facing oppression, while simultaneously benefiting from a system that is exploiting and oppressing other people."

People who have accumulated wealth on their own could also have framed themselves as more "deserving," especially when they came from poor or working-class backgrounds. But my respondents in this category, principally older white men, rejected the "self-made myth" (Miller & Lapham, 2012), recognizing race, gender, and other structural advantages that had helped them get ahead, as well as family arrangements and connections. George, a white man in his 70s who had accumulated over $50 million working in tech companies, said of his upbringing that "I can make it sound like rags to riches," because his father had not gone to college and the family did not have any wealth. But, he recounted (unprompted), "I realize now more that I had a privileged upbringing," which included having two parents at home and a college-educated mother. He also mentioned "three things I identified recently that immediately put me on the top tier: I was born in the United States, I don't have to learn a new language or move anywhere. White and male. And that set me off with very few barriers."

These men — most of whom were in their 70s — also recognized the benefits they had obtained from government programs. Many of them mentioned the GI Bill, the public education system they had grown up with, including higher education, and government investment in technology and infrastructure as having supported their advancement and their businesses. Clarence, a white man who was raised poor and accumulated $150 million, said "I was a beneficiary of a more fair society. I wouldn't be where I am at today if I didn't have the opportunities presented by a fairer society." Hank is a white man in his 70s; his parents were factory workers

in the South, but Hank was able to become wealthy in banking. He said,

> I worked hard in school, I did have good grades and all that, but also just everything around us, the roads, the infrastructure, the availability of good public schools at that point in time, not so good today [...] We just had a lot of help from what you might loosely call the government, or loosely call the collective sharing that we all have.

The idea of this "collective sharing" also extended to a refusal to interpret financial success as individual success. I told Gene, a white business owner in his 70s who had not grown up with wealth, that I was surprised he didn't see his own success as entirely deserved, because he could be seen as a product of the American Dream. He responded,

> I guess I don't have as much belief that it's all has to do with me. I don't take that much credit. You know? Maybe it's because I've always played team sports and I realize, for me to be successful, this guy's gotta do his job, and that guy's gotta do his job. And that's the case in every business. It's the case in, as far as I'm concerned, in every endeavor. You never do it alone. And because you're in the right place at the right time, you might be able to capitalize on the fact that you know something somebody else doesn't, and you get an advantage, or you're a little quicker at it. But still, you need them. I mean I need these people out here [his employees] to do their jobs.

Like Gene, many people I spoke to simply did not believe that any person or any wealth was "self-made," because they saw that many people contribute to processes of accumulation, even if they do not appropriate the profits. This discourse undermines the dominant individualist rhetoric that justifies unequal accumulation by the few.

5 Alternative Visions

Along with these systemic critiques, my respondents articulate a new idea of "self-interest" as tied to redistribution rather than continued accumulation. A few people offered a "pitchforks" narrative, associated with venture capitalist Nick Hanauer, who has espoused the view that "the pitchforks are coming" if inequality is not reduced (Hanauer, 2014). Some of the organizational rhetoric of the Patriotic Millionaires also echoes this view; that is, that the masses will eventually attack the super-wealthy, and therefore it is in the wealthy's own interest to minimize inequality through paying higher taxes (see, e.g., Kolhatkar, 2020).

But most of my respondents, including members of the Patriotic Millionaires, did not see their self-interest as defensive in this way but rather expressed an affirmative belief that living in a better world for all would benefit them individually. Rosie was a white woman in her early 30s with access to over $15 million. She told me, "I think that it's essential as someone who has a lot of privilege to understand that your own life will be better when the world is more just." She said, "I think that like the way that systems of oppression degrade people, like, degrades everyone. Right? When you're not valuing everyone's humanity in a dignified way, you're not valuing your own."

Others emphasized the isolation associated with having wealth, which arises both because rich people pay others to do things that once would have been done by friends, family, or neighbors, and due to the fear of risk and insecurity that leads to ever-greater levels of "hoarding,"

in their words (see Cooper, 2014). They saw the prospect of living in a more interdependent world as more rewarding and ultimately safer than hoarding to mitigate risk. Alice, a Taiwanese-American from an immigrant family, had realized that money does not prevent bad things from happening. She said,

> instead, [being] invested in collective good, so we can all have the basics that we need and a little more, actually makes everyone more secure and fulfilled and joyful, rather than us hiding behind our mountains of money. [...] No one's dream world is "I'm alone, with all of my money."

Others felt that more equality would assuage the discomfort they felt being wealthy in an unequal world. Some talked about the possibility of, in the words of one RG webinar participant, "letting go of the guilt and the shame that we feel when we have so much while others are struggling." Some mentioned not wanting to be faced with the suffering of others in public spaces — as an argument not for removing them from such spaces, but for preventing their suffering to begin with.

But how should people and organizations try to make the systemic change they believe is necessary? Class traitors offer different ideas about how best to do this, which are linked to differences in their analysis and alternative visions. Some people in the sample, primarily (but not exclusively) the older white men who had not started out with class privilege, were not critical of capitalism in general. Rather, they lamented the vast accumulation by those at the very top and the immensely skewed opportunities of those who start out with more. Gene, for example, described himself proudly as a capitalist, but he also believed that workers produce wealth. Having read Piketty (2014), he was convinced that the system was tilted toward holders of capital, and that higher taxes on the rich were necessary to redistribute the rewards downward. This critique is more about *disproportionate* accumulation rather than what some of the more radical respondents might call extractive, racialized capitalism as a whole.

These respondents typically believed in changing policy in order to slow unequal distribution (through raising wages and capping executive pay) and promote redistribution (through higher taxes on the wealthy). This stance identifies the state as the central redistributive actor. Organizations composed of rich people themselves doing this work primarily include the Patriotic Millionaires (Kolhatkar, 2020; Pearl, 2018) and Responsible Wealth (Rothenberg & Scully, 2007), which use their financial influence to lobby elected officials and intervene in public debate, using a counterintuitive "tax us more" framing. Specific goals of these organizations and/or their members include raising income taxes on the highest-paid, increasing the estate tax, eliminating the carried interest loophole, establishing a transaction tax, and pursuing some kind of wealth tax. These groups also advocate higher minimum wages for workers, increased democratic participation, and corporate responsibility.

At the other end of the spectrum is the belief that racial capitalism is unjust, unsustainable, and unreformable, some version of which was articulated by nearly all of the younger and many of the older wealthy respondents. They saw capitalist accumulation as bad for people and the planet and as unavoidably resting on exploitation, and some avowed that that "all wealth is stolen." Many believe that the wealth to which they have access was accumulated through morally indefensible means, including enslaving people and appropriating their labor, the genocide and dispossession of indigenous communities, and the devastation of the planet through the extraction of fossil fuels.

People closer to this view tend to favor moving both money and decision-making power to grassroots organizations and movements. While they usually agree with the goal of taxing the

rich, they try not to center top-down approaches or leveraging their own power, focusing on the grassroots as the source of social change. Some are more suspicious of the state as the central redistributive actor, since they tend to share a critique of mass incarceration, police violence, and militarism; this is especially true of younger people in the sample, who have only known the stingy state of the post-Reagan years rather than the state support the older accumulators remember. They espouse an alternative society where everyone "has what they need to thrive," as many say, often alluding to housing, health care, education, and climate health. They rarely articulate a practical agenda for achieving this ambitious and radical vision, partly because it is challenging to conceptualize, and partly because many believe that part of redistributing power is to avoid prescribing solutions.

People more aligned with this perspective (again, the majority of my respondents, though not necessarily in its most radical form) primarily work toward systemic change through social justice philanthropy. Dating back to the 1970s (see Lurie, 2016; Odendahl, 1990; Ostrander, 1995; Rabinowitz, 1990; Wernick, 2009), social justice philanthropy is very different from conventional philanthropy, which tends to reproduce existing power relations (for these critiques, see Giridharadas, 2018; Kohl-Arenas, 2016; McGoey, 2016; Odendahl, 1990; Reich, 2018; Ostrander, 1995, 2007; Scully et al., 2018; Villanueva, 2018). Social justice philanthropy advocates ceding control of philanthropic monies to organizations that address root causes of systemic inequalities, usually at the grassroots level. They favor following the leadership of those most affected by whatever the issue is, prioritizing organizations that are Black-, Latinx- or indigenous-led. These funders minimize reporting and evaluation requirements and avoid imposing donor agendas on organizations' work as an explicit or implicit requirement for funding. This approach advocates reconceiving people and groups traditionally understood as "donor" and "recipient" to build more authentic ties that unsettle the hierarchies that have often marked these relationships (but see Silver, 1997 and King & Osayande, 2007 for critical views of the reproduction of power in this field). Inheritors often favor a reparations approach to repairing the harm they believe their families have perpetrated.

Social justice philanthropy also often includes a push to give away higher amounts than are typically understood as "reasonable." The Resource Generation Redistribution Guidelines, for example, advocate that adherents give away *at a minimum* everything they accumulate through investments, and encourages them to give away large percentages of their "inherited wealth and/or excess income" (https://resourcegeneration.org/redistribution-guidelines/).

A second (and usually secondary, though it is increasing in prominence) area for many of these critics of contemporary capitalism is *social justice investing*. In the late 1960s, spurred partly by people involved in early social justice philanthropy, the field of what ultimately became "socially responsible investing" (SRI) emerged. SRI has become fairly conventional in today's investment landscape, and many portfolios are screened for, e.g., gun, cigarette, or alcohol companies or for diversity in firm governance. But more progressive firms have expanded SRI models using broader screens, sometimes developed in conjunction with social movement organizations. Some investors are directing resources to the grassroots through more radical forms of investing, typically outside the stock market, through firms such as the recently-established Chordata Capital. This approach promotes investment in low-return or no-return community loan funds or solidarity economy efforts such as worker cooperatives, which are seen as the seeds of an alternative economy, often using a "Just Transition" framework.

These top-down and bottom-up approaches are not necessarily mutually exclusive. As noted, those advocating a more grassroots approach typically also support more equitable tax and wage policies. And while these people are usually more concerned with *redistributing*

power, they recognize the importance of leveraging their *own* networks to support movement groups. For example, Resource Generation members have recently their networks to participate in the "Hate is Not Charitable" campaign, which is pressuring Fidelity and other financial institutions to prohibit the philanthropic donor-advised funds they house to donate to hate groups. In this kind of organizing, activists do leverage their class power to gain access to spaces, institutions, and networks where they can influence outcomes.

Furthermore, both organizations and people working primarily on policy and those working in social justice philanthropy and investing are engaged in a variety of actions to *change culture around money and wealth*. Such actions include breaking cultural silence about wealth, promoting alternative public narratives of entitlement and self-interest, creating communities to address personal issues of identity and relationships, offering political education, and organizing other wealthy people to move money in new ways. The Patriotic Millionaires and Responsible Wealth not only lobby for higher taxes on the wealthy but also encourage their members to speak publicly about their opposition to policies that increase their wealth. Resource Generation and other organizations create spaces for wealthy people to talk about the issues they face in redistributing money and support them to encourage others in their families and peer groups to do so.

It is hard to know how some people come to espouse system-critical interpretations and redistributive actions while others (even, for example, their siblings) do not. Many participants developed their systemic critiques in college and/or in social movements, as noted, and nearly all have participated in various forms of politics, typically grassroots movements. The class-traitorous organizations in which they currently participate also offer a wide range of interpretive resources through political education, including texts (e.g. Lewis & Resource Generation, 2013; Miller & Lapham, 2012; Pearl, 2018; Pittelman & Resource Generation, 2005), as well as networks and spaces for developing relationships both within and across class, and with movement actors (O'Brien, 2001; Ostrander, 1995; Scully et al., 2018; Wernick, 2009, 2012, 2016). It is thus critical to understand their actions as embedded in and dependent upon organizational participation, although exploring that aspect in depth is beyond the scope of this paper.

6 Challenging Common Sense about Accumulation and Worth

It may seem that once class traitors have developed a systemic critique and have understood these redistributive possibilities, however imperfect, it should be easy to move money. But it is not, especially for those who are shifting large amounts to more radical recipients, either through philanthropy or investing, for several reasons. First, because the "merit" in meritocracy is normative, people who have developed a critique of meritocracy have to work through feelings of guilt and shame (Scully et al., 2018; Wernick, 2009). As Rebecca, a 23-year-old inheritor whose money came from a family business, said,

> The guilt comes from knowing that other people are working [to make money for me], but also just the feeling of having gotten something without having done anything to deserve it except being born is just an icky feeling. And then there's the knowledge of the systems that back it and how incredibly wrong they are, and that my wealth and comfort financially is a direct result of racism and colonialism and lots of other isms.

These feelings are more common among inheritors, who have not, in Rebecca's words, "done anything to deserve it."

Many respondents talked about developing, over time and through organizational participation, a structural analysis that frees them from these feelings and directs them toward taking action. Terry, a mixed-race 28-year-old with family wealth, talked about how developing such an analysis mitigated feelings of guilt and shame, saying,

> I think I have felt guilt. I feel it less now. Because I'm more like, well, it's given circumstances. This is the body, these are the given circumstances I was born into, so there's like no point in continuing to feel guilty about that, it's just facts, and how do you move from there.

As these people detach their structural position from their self-worth, they typically redefine their moral obligation as moving money. As Lina said, "it's my job to leverage this privilege to reduce uneven privilege in the future, going forward."

This is the "privilege work" (Scully et al., 2018) and "work on the self" (Matthews, 2013) described by other analysts (see also Wernick, 2009). But rather than see "work on the self" as *preceding* taking action, my respondents describe a more iterative process, in which organizational and network support helps them move money in various ways, which then lead to further "work on the self" and further action. (Indeed it may not be useful to separate "self-work" from "action"; they are simply two types of activity.)

In any case, when respondents begin to try to move money in new ways or organize others to do so, they face cultural and institutional obstacles beyond their own feelings. What other scholars have not theorized is the ways in which moving money is difficult because it is "relational work" (Zelizer, 2012): embedded in a welter of personal and institutional relationships that incline toward hoarding. These relationships are themselves anchored in an understanding of good personhood as specifically tied to accumulation. Iconic negative images of accumulators abound in our culture; they are usually greedy, stingy, single men, from Ebenezer Scrooge to the Simpsons' Mr. Burns. But when accumulation is done on behalf of one's family, and includes hard work, disciplined consumption and some measure of charity — that is, it exemplifies the Protestant Ethic — it becomes a moral duty. Therefore, when class traitors critique the conditions under which wealth is accumulated and to try to interrupt its accumulation, they also challenge notions of good personhood, good parenthood, and good manhood.

6.1 Good Personhood and Accumulation in Families

Being a good person with wealth often means simply never talking about it, especially outside one's family. As noted, many wealthy families do not talk even internally about money. Many younger people I spoke with had no idea how much money their families controlled, or even in some cases how much they themselves technically controlled or would inherit. Some described inheriting hundreds of thousands or even millions of dollars without any preparation from families, or suddenly finding out that they had surprise bank accounts or enormous tax bills. Yet they often lacked the knowledge necessary to understand their own assets.

However, taking control of money and acknowledging privilege both require breaking silence about having money in general and talking about how much one has. As one participant in an RG webinar said, "Making a commitment to wealth redistribution often means going against societal or family norms, which are very much about keeping everything private." Michelle, a white woman in her late 20s who worked in the tech sector, told me, "You can't break down the wealth inequality without talking about numbers." RG, for example, creates

spaces for participants to actually share the numbers that many have never spoken aloud before, which most describe as a transformative experience.

Once they do begin talking about it, many of my respondents described facing resistance from others that felt motivated by the attachment of meritocratic interpretations to accumulation. Adult children of wealth accumulators described their parents as defensive when confronted with their own structural advantages and critiques of the system, because accumulators think of themselves as having worked hard and therefore deserving what they have. For men especially, to be a successful person is to accumulate. Constance is a very progressive inheritor in her 40s, from a family worth billions. She told me that even though her father shared her concern for social justice, equity, and the environment, "My dad still feels like the making of money is a symbol of correct and successful action. It is the prize for goodness, really." It does not matter at all to anyone's standard of living in this family whether this accumulation occurs; it is entirely a manifestation of moral worth. As I have argued previously (Sherman, 2017), inheritors (especially men) often feel a drive to show they are capable of "earning" money even when they do not "need" it.

Frances, a white woman in her 60s whose inherited wealth of several million dollars came from a family business linked to finance, told me the business, run by her brother, had collapsed in the Great Recession. When she referred to this in a family meeting as "the chickens coming home to roost," she recounted,

> It hurt his feelings so badly. And I said, this is not a personal statement. [...] I'm not saying you've done a bad job [...] I'm saying there is extreme income inequality in this country and we have benefited from it since the '80s at least, and you all have worked really hard to make that true, and that we get slapped down [by the crisis], it's like, okay. That wasn't the way he felt about it. It was a hard interaction. Interestingly, he was crying and I wasn't. I was just feeling — I wasn't really feeling defensive. I was just feeling clear. I'm sorry this hurt you. I'm sorry this statement hurt you. But it's really not about you. It's about us and where we sit in this world.

Frances's brother understands her critique of their family's wealth accumulation as implicating his own good personhood, although she does not intend it that way.

Being successful (perhaps also especially for men) also means being smart (Ho, 2009; Khan, 2011), and the measure of intelligence is monetary return. Evelyn, a progressive financial advisor with inherited wealth from the garment industry, told me about having been at a financial planning conference where

> there was this real strong attitude in the plenaries and all the speeches that if you weren't making a market-rate return having the impact that you wanted to have, then you are like, dumb. Which I feel is kind of an Achilles' heel for rich people who are maybe already insecure about the choices that they're making around it, and then all these people on stage being like, "You're dumb if you can't handle making this math work or solving this puzzle."

Notably, Evelyn refers to a belief that one can *both* make a positive impact through investing *and* receive a market-rate return — so giving up a return *in favor of* having some kind of impact is idiotic.

Good personhood is also attached to *control* of the money. Wealthy white elites are no longer told explicitly that they are better than other people, but they still receive the message

that they are smarter, more expert, and more capable than people without elite educations, even if those people are running the organizations they donate money to or invest in. It is counterintuitive, for them, to contribute to organizations without requiring evidence of outcomes and assuming explicitly or implicitly that recipients should defer to donors. The notion that wealthy people are especially well equipped to make decisions about how to use money to improve social life underlies resistance to taxation as well, because it allows the wealthy to say they would rather choose where their money goes than have the (less competent, if presumably more democratic) state do it.

Parents — both men and women — are socialized to believe that accumulating more is always the best way to be a parent, because it means shielding children from risk (see Sherman, 2017; Cooper, 2014). Desirable parenting therefore involves discouraging or even prohibiting adult children from *giving away too much*. Paula was a progressive educator and activist in her 60s who had been tangentially connected to early social justice philanthropy, and had inherited some wealth. She surprised me by reacting strongly against her daughter's recent desire to give away her own inheritance of several hundred thousand dollars, even though she shares her daughter's politics. She said,

> I mean, what is going to be happening in the future? The world is going to be a disaster. And I just — the idea of my kids not having any resources to deal with it. I mean, you just see the horrible things that are happening to people who have no money. Now, I don't like that the world is like that, and it's not like I want them to amass large sums of money. I just want them to have enough that, you know, if — if they are really in need they're not going to go hungry or — maybe it's irrational.

As we discussed this logic, eventually she said, "Yeah, you know what, if she wants to give it away I guess it's fine. I haven't really—just my instinctive reaction was, don't do that." Parents' fear for their kids' safety and security grows, of course, in the U.S. context of very limited state support.

Being a responsible parent also means raising children who have a "work ethic" (Sherman, 2017), usually meaning that they work for pay even if they don't have to. Veronica said her parents feared that if they allowed her to control her own funds, she and her husband would become "trust fund babies," lacking the values of "hard work" and "achievement orientation." Paul had inherited about $3.5 million from his mother's side of the family, and he was living on it to pursue his passion of political work. He had recently argued with his father, who had said, "I feel like if you didn't have this inheritance, you would be homeless." Part of this fear, in Paul's view, was

> his internalizing being a good father means that "my children have earned income" and that kind of stuff. So then I got him to see, like, "Don't do that, that's not on you, that's on me."... I think he gets it now, "Oh, [Paul's] fine. Like, it turns out he can be a millionaire from inheritance and not a failure."

This stance also contributes to parental silence about money; some of my respondents said their parents were afraid that if the respondents knew how much they would inherit, they would not develop a work ethic and would be "spoiled" (see also Sherman, 2017).

Accumulation is also central to guarding the family interests beyond the next generation, into the imagined future of their descendants. Inheritors are taught that they have a moral obligation to increase wealth, and certainly never to spend or give away principal. This "stewarding" of wealth into the future is a key component of good wealthy personhood. As Constance said,

> That's the other inherited wealth thing, right? It's like, we're stewards of this wealth, we can't give it away because the grandparents made it, and the great grandkids need it, and so God forbid you would fuck it up and give it away or invest it weirdly. And so you end up so conservative because you don't feel a sense of ownership and agency.

Alice said, "Somehow there's this measurement of success, like if we preserve the wealth we're somehow successful or good people, and I know that's stupid and doesn't make any sense, but it's still internalized in a part of me."

Kenneth was a 40-year-old white man, married with children, whose wealth came from his family. His personal assets had recently reached "nine figures" ($100,000,000) when I interviewed him in late 2019. He was involved with progressive organizations, but his politics were less radical than those of most other inheritors I interviewed. Despite his monumental wealth, he still felt pressure to accumulate. He had worked for pay when younger, and had been involved as an investor in a couple of small businesses, but he did not currently have a paying job. He felt a bit guilty that he was not employed in finance, where he could be making even more to add to the "family nut," but he was not interested in that kind of work. He felt like he compensated for it by keeping his consumption down, saying. "I don't spend profligately. You know, I live well within my means, which are substantial, but I am saving money every year." For him it was virtuous to "save" money even if he was not "earning" it (see Sherman, 2017).

Kenneth cared about all kinds of social ills, especially climate change. He told me he had given away $1 million in 2019 — 10% of his income (from investments). But he could not figure out how to move more significant amounts in a way that justified what he saw as the risk of not stewarding it for his children and future generations (echoing the dictum Constance described to not "fuck it up and give it away or invest it weirdly"). He told me, "I mean fundamentally, I don't really believe the principal is mine. [...] The principal has been accrued by my family. Right? And it's for the use of my family, and for unborn generations of my family." He felt that keeping millions in the family would have a substantial impact on future generations, whereas if he gave it away it could

> get totally squandered in sensitivity training, or like, some sort of political movement that fizzles out or, I don't know. It's like, how can I ensure that spending it and not keeping it is going to have the same ROI [return on investment].

Of funding climate change activism, he said: "If I knew of a leverage point [...] or if I could put $30 million or something and I knew it would end up with a technology that recycled plastic better, I would go and do that." The same was true about other kinds of philanthropic or political donations — there was no guaranteed return. "I guess if it were easy to find that sort of stuff, I would be more willing to part with my great-great-grandchildren's money." The allusion to "return" creates an equivalence between a financial return (accumulation) and a benefit to the world, but when that benefit cannot be quantified or guaranteed it seems too risky — both to Kenneth's imaginary descendants, and to his sense of himself as a morally worthy steward of wealth.

Julia was a 30-year-old white woman and active RG member who expected to inherit at least $50 million of the $150 million-plus that her father had accumulated. She articulated a different philosophy of "investment," suggesting that

> giving away money is investing in the world we want to live in [...] What's that money going to do if we have a climate crisis and we're like, living in a

> post-apocalyptic world? Nothing. But what could it do now to stop that from happening, or stop people from dying?

Although she was hoping to have children, Julia saw herself primarily as responsible to a larger community, not to her own future biological family. Adam, a man in his 60s who had given away half his $500,000 inheritance in the 1980s, said, "even though giving away $250,000 out of $500,000 was a lot of my money, it was a small investment to make in contributing to a more secure world for everyone." And most believe that this investment will also protect them individually. As one non-wealthy RG staff member said, "When I give monthly to indigenous climate work and black justice work, that is part of my retirement plan."

6.2 Institutions of Accumulation

The accumulation imperative not only organizes good personhood for individuals; it is also embedded in a variety of institutions and practices of money management. First, it is reproduced by financial advisors, who wield an enormous amount of power over individuals' and families' financial decisions, often because inheritors lack knowledge about money management (frequently due to family silences). For these advisors, succeeding in their work means maximizing their clients' wealth. This outcome is part of their legal obligation to their clients and usually boosts their own compensation, typically based on a percentage of the clients' assets. So they have incentives to invest in the highest-return vehicles, as well as prevent their clients from spending or giving away too much money. As Fiona, a progressive financial advisor (and self-identified wealthy person) told me, "I've never seen a traditional financial advisor be like, 'Save less! Give more to your community!' "

Conventional accounting also assumes the goal is accumulation. Avoiding taxes is also part of what it means to be "smart." Accountants for the wealthy use all possible legal loopholes to maximize assets and minimize taxes. Katherine, a white woman of 30 with an expected total inheritance of two to three million dollars, said of a conversation with her family accountant, "it blew my mind that his job every day is just to help wealthy people pay fewer taxes." These strategies encourage intergenerational transfers of wealth through setting up trusts, maximizing tax-free annual gifting to family members, and paying for grandchildren's private school or other family costs. Charitable giving is also oriented to maximize tax deductions.

The common sense in the fields of both investment and philanthropy is that they never overlap: giving should never get in the way of accumulating. Even *philanthropic foundations* typically pursue continued accumulation via investments to make minimal giving possible while maintaining the foundation itself. Both pursuing lower-return investments and giving away principal challenge this logic, for foundations and for individuals.

People trying to move money in new ways often face resistance from advisors following the logic of maximizing accumulation. Warren, a white man in his late 50s with over $20 million from a family business, told me,

> Right, you go to your investment advisor and say, "Oh I want to put [money] in this fund for, you know, black farmers in the south," and they look at you like you're insane, you know? What, you want a 4% return on your money with high risk? Are you crazy?

Paul said his financial advisors had told him that at his current rate of spending (which was fairly minimal, and included giving away $8000 per month), that he was going to "go broke" in

his 40s or 50s. He did not feel as daunted by that as he thought they thought he should, saying, "I'm just not scared of having only $3 million by the time I'm like, 35 or whatever it is [...] A lot of people have negative wealth, and they manage to make do somehow. I'll figure it out with $3.5 million."

Parents of the younger people in the sample often drew on a logic similar to that of financial professionals. Laurie described "the old white man's orientation towards financial planning," by which she meant the idea that

> you've got to save this much for retirement, this is the way you've got to do it, don't spend money on the avocado toast, like, how dare you, you've got to invest it in these things. And I get all of that from [her father]. I feel how easy it is to get sucked into that, and I can also see their fear of me not saving up for my future.

Lina told me, of her parents,

> I remember when I first talked to them about feeling like it would be immoral for me to like, earn hundreds of thousands of dollars of money and keep all of it, my mother looked very seriously at me and she said, "You know [your father] and I are worried about retirement, right?" And I remember being like, "Do you actually believe that your retirement is insecure?"

Lina could not accept her mother's narrative that she and her professional husband, who had some family resources as well, would really be worried about not having enough.

These accounts show that parents and professionals assume that risk is inevitable and that individual accumulation is the way to mitigate it. Risk does exist, of course, especially in the U.S., where state-sponsored universal social welfare is essentially nonexistent. But after a certain point, continuing to accumulate becomes irrational. Constance said of her family, "They're still investing to make money, and I'm kind of like, why are you trying to make more money? I can't even relate to that. I'm like, desperately trying to give it away." She spoke of having to "socialize" her perspective, "especially with my dad, who I think is still attached to a certain stewardship model that's to me irrational at this point [...] because of the scale of the wealth." Fiona described trying to help her clients figure out how much they actually need, now and in the future, so they can give away the rest rather than just continue mindlessly to assume more is always better.

So, it is not as simple as simply directing one's advisors to change their practices, because doing so means mobilizing both knowledge and authority these wealthy people may not have, and they will often get pushback from their advisors. And people who want to invest money in untraditional ways or give away large amounts of it, especially principal, often do not have advisors who know how to or want to help them do that. Making unconventional investments is logistically tricky and time-consuming because of the due diligence required; investing in stocks or large mutual funds is much easier. Alternative investment advisors I interviewed who are trying to encourage their clients to invest in low- or no-return solidarity economy vehicles were also struggling to figure out how they could be compensated appropriately, since garnering a percentage of their clients' dwindling assets did not make sense. They also mentioned that for many investors, alternative investments are only a side project involving relatively small amounts, which makes it even more labor intensive per dollar invested.

Also in terms of financial infrastructures, many wealthy families pool their resources and much of their philanthropy, often using paid staff in "family offices" to administer these. This

approach increases returns but diminishes individuals' control over assets. Kenneth told me that he and his family did not "have as much individual control of the whole thing. You know, based on the structure of the way our investments work. Which tend to be pooled with other people. Ultimately, in order to get the access that we do, you know, it's sort of a choice to get into this thing. And I'm also the most junior partner in my family, as far as that voice." When Kenneth refers to "the access," he means access to investments with high minimums, which allow for greater accumulation. He had "asked repeatedly" for his family's money managers to consider investing in low-income housing or other socially productive efforts, to no avail. He thought this stance could shift, but only after some of his older relatives passed away.

Family businesses are also oriented to maximizing profit and increasing shareholder value. Rebecca's personal wealth of over $6 million came from a transnational family business worth hundreds of millions. She and others in her generation (she was 23) had begun asking about the company's practices in terms of wages and working conditions worldwide, corporate philanthropy, diversity, and so on. But the board and executives, she said, "are brought up in a culture of 'make money and the shareholders will be happy.' " When the group pressed executives to increase corporate philanthropy, she said, "they were like, 'This is a business. It has to make money.' "

Family concerns about "stewarding" wealth come together with financial vehicles especially in the form of trusts. Trusts themselves are, in a sense, not-trusts or dis-trusts, because they allow wealthy people to control the actions of their descendants from beyond the grave. Some trusts provide only for the lifestyles of beneficiaries — that is, they can spend on themselves, but they cannot give the money away. These vehicles are often built to produce income over generations, rather than to allow inheritors to gain access to principal. Trust creators assume that no one would want to give away large proportions of the wealth, and that no inheritor would prefer that their own children *not* inherit. Generation-skipping trusts ensure that grandchildren, for example, will inherit regardless of their own parents' wishes. Some people and families have so many trusts that have different rules and regulations that just *comprehending* them takes an enormous amount of effort, let alone actually moving the money. And one rationale for not giving away more of the trusts is that it would go against the intentions of, and therefore be disrespectful to, the original "wealth creator" — another legitimating appellation often contested by organizations in the field (see Miller & Lapham, 2012; Pearl, 2018).

Many people I spoke to described wrangling with their parents in order to get them to release more money to their control, especially to give away (see also Moss, 2021). I have heard stories of parents who are happy to release funds to their kids to buy an extravagant home, for example, but refuse to allow them to give away the same amount of money. Ray had tried to get their mother to stop being a co-signer on their trust fund worth several hundred thousand dollars, but "She really was not okay with that. I think my argumentation was, 'I'm almost thirty, I should be able to do this,' and she was like 'You're only thirty! You're gonna fuck it all up!' "

These conflicts, tied as they are to close personal relationships, can become destructive. Sara, a 33-year-old, white graduate student whose father's work indirectly supported an industry she was critical of for political reasons, said:

> The last five years have been, like, pretty contentious. I feel we're a little bit coming out of it now, and my parents more recently have been like, You have deeply hurt us in your, like, rage, raging against us, and you have made, like, specifically my dad feel bad about his job. He's very attached to wanting to feel like a good person, and then I've been like with [the movement protesting his work] and all this other

> stuff. I've been like, this is so fucked up, you're part of the problem, fuck off. I mean, more nuanced than that, but — and so there's a pretty significant wound there.

However, many of the people I have interviewed describe working through these conflicts and helping their parents understand alternatives to accumulation. Sara herself told me that she had realized "it makes more sense to focus my efforts on trying to get them to radicalize their philanthropy than it does to rage against them." Terry told me:

> When I started getting more specific and articulate with myself around the money stuff, it upped the stakes for deepening my commitment to my relationship to my family, because... I can unlock literal material resources if I continue to work more on how I unlock my personal shit around relating to my family... there's a real material thing that you could unlock if you commit to loving your parents more, basically, having more compassion.

Terry described their relationship with their mother as having improved significantly, and now the two were talking about moving Terry's assets to more progressive managers.

> And my mom said, "It's really brilliant how you're thinking about money." And she has never in, in my memory of 28 years of being my parent, complimented me on something that I really cared about that I was being honest about. So that's like pretty badass.

Several people I have interviewed have brought their family member — usually their mothers — into the organizations they are involved in.

Some recounted that the way that they had gotten their parents to begin to trust them around money issues was to prove themselves to be "adulting," in the words of a Resource Generation staff member. They assuaged parental fears by holding a job, developing a budget, and/or showing that they understood how investing and philanthropy worked. Nick was a 30-year old white inheritor who had recently taken over managing his family's significant charitable giving, moving it in a more intentional and progressive direction. He said it was

> really important for me to have legitimacy in my family. I don't know that we would be doing these things that I'm advocating for if I didn't have the experiences I had in terms of like, a law school education and fluency in you know, corporate-speak and finance-speak, because that's also allowed me to like, make arguments to my dad or speak up at the family meeting when the financial advisor says something that's misleading.

There is an irony here, in that these young people are being asked to show fluency within exactly the system that they deplore — that is, the mark of adulting is to replicate the financial common sense that they are challenging in other parts of their lives.

7 Conclusion

It is often suggested that wealthy people who feel that their wealth has been unfairly accumulated should "just give it all away," and that failure to do so means they are not really serious

about the critique. But this position is ill-conceived, for two sets of reasons. The first has to do with effectiveness: the assumption that giving money away can change systemic social arrangements simply does not make sense, particularly as it is clearly established that charitable giving often reproduces unequal structures. There is no theory of social change here. Furthermore, why it would be especially desirable to give it *all* away is unclear, since "all" is relative only to what the individual has, and thus such a move would serve only to make that person poor. This demand is tied to a moral vision based on individual sacrifice rather than to effective strategy.

Second, and more germane to this paper, the exhortation to "just give it all away" also assumes that redistributing money is easy. But, as I have shown, resisting accumulation and working toward systemic redistribution go deeply against the grain of what wealthy people — and even non-wealthy people, often — are taught about money, security, community, and moral worth. As they challenge the current allocation of economic resources, these class traitors are upending dominant narratives of who deserves what and why, what self-interest means, and how much we need in order to feel secure, in the context of a stingy state.

Their experience shows how closely linked individual selfhood is to keeping unequal structures in place, and, by the same token, how much individual identities need to shift for systems to change. But this is not an exclusively individual process, since these class traitors are themselves embedded in relationships, communities, and institutions. Once people decide to break silence and move money, they come face to face with accumulation as the basis for good personhood. Questioning common sense about what should happen with money can mean jeopardizing their relationships with their parents or grandparents or their siblings or other extended family. It means swimming upstream against the advice they are getting from supposed financial experts, and being told that they are taking unsustainable risks for themselves, their children, and future generations.

These findings are important for several reasons. First, this paper contributes to the revitalized field of elite studies. It joins other recent research in complicating our understanding of elites, showing that they are not always motivated only to reproduce or increase their own wealth, status, and power. Second, the difficulty these class traitors have in redistributing in system-changing ways expands our understanding of the cultural meanings of money, showing how accumulation as well as exchange is closely tied to individual understandings of moral worth. Finally, this analysis is helpful in exploring the ways in which social movements struggle to establish counterhegemonic understandings of social relations. The institutionalized cultural common sense that these class traitors confront shows that not only is the personal political — that is, "personal" issues have "political" causes — but also that the political is personal, in that the obstacles to systemic change are located in our identities, intimate relationships, and understandings of self and other.

References

Alexander, S. (2020). The Millionaires Who Actually Want to Pay More in Taxes. *Bloomberg*, 17 January. https://www.bloomberg.com/news/features/2020-01-17/the-millionaires-who-actually-want-to-pay-more-in-taxes

Altman, A. (2020). The Millennials Who Want to Get Rid of Their Class Privilege. *The Washington Post*, 2 March. https://www.washingtonpost.com/magazine/2020/03/02/their-families-built-fortunes-these-millennials-are-trying-figure-out-how-undo-their-class-privilege/

Altmann, J. (2020). Reckoning with Wealth. *Princeton Alumni Weekly*, 4 March. https://paw.princeton.edu/article/reckoning-wealth

Baltzell, E.D. (1987). *The Protestant Establishment: Aristocracy & Caste in America*. London: Yale University Press.

Beery, Z. (2020). The Rich Kids Who Want to Tear Down Capitalism. *The New York Times*, 27 November. https://www.nytimes.com/2020/11/27/style/trust-fund-activism-resouce-generation.html

Brooks, D. (2000). *Bobos in Paradise: The New Upper Class and How They Got There*. New York: Simon & Schuster.

Collins, C. (2016). *Born on Third Base*. Chelsea: Chelsea Green Publishing.

Cooper, M. (2014). *Cut Adrift: Families in Insecure Times*. Berkeley: University of California Press.

Dreier, P., & Collins, C. (2012). Traitors to Their Class. *New Labor Forum*, *21*(1), 86–91. https://doi.org/10.4179/NLF.211.0000014

Farrell, J. (2020). *Billionaire Wilderness: The Ultra-Wealthy and the Remaking of the American West*. Princeton: University Press.

Gaztambide-Fernández, R.A. (2009). *The Best of the Best: Becoming Elite at an American Boarding School*. Cambridge: Harvard University Press.

Gaztambide-Fernández, R.A., & Howard, A. (2013). Social Justice, Deferred Complicity, and the Moral Plight of the Wealthy. *Democracy and Education*, *21*(1), 7.

Giridharadas, A. (2018). *Winners Take All: The Elite Charade of Changing the World*. New York: Knopf.

Hanauer, N. (2014). The Pitchforks are Coming for Us. *Politico*, July/August 2014. https://www.politico.com/magazine/story/2014/06/the-pitchforks-are-coming-for-us-plutocrats-108014/

Harding, S. (1991). *Whose Science? Whose Knowledge? Thinking from Women's Lives*. New York: Cornell University Press.

Healy, K. (2013). *Dealing with Awkward Relations*. Unpublished manuscript. https://kieranhealy.org/files/papers/awkward-relations.pdf

Hecht, K. (2017). A Relational Analysis of Top Incomes and Wealth: Economic Evaluation, Relative (Dis)advantage and the Service to Capital (LSE International Inequalities Institute Working Paper No. 11). London School of Economics and Political Science, International Inequalities Institute. https://www.lse.ac.uk/International-Inequalities/Assets/Documents/Working-Papers/Katharina-Hecht-A-Relational-Analysis-of-Top-Incomes-and-Wealth.pdf

Ho, K. (2009). *Liquidated: An Ethnography of Wall Street*. Durham: Duke University Press.

Ignatiev, N., & Garvey, J., eds. (1996). *Race Traitor*. Oxfordshire: Routledge.

Kantola, A., & Kuusela, H. (2018). Wealth Elite Moralities: Wealthy Entrepreneurs' Moral Boundaries. *Sociology*, *53*(2), 368–384. https://doi.org/10.1177/0038038518768175

Khan, S. (2011). *Privilege*. Princeton: University Press.

Khan, S. (2012). The Sociology of Elites. *Annual Review of Sociology*, *38*, 361–377. https://doi.org/10.1146/annurev-soc-071811-145542

King, T.L., & Osayande, E. (2017). The Filth on Philanthropy: Progressive Philanthropy's Agenda to Misdirect Social Justice Movements. In INCITE! Women of Color Against Violence, *The Revolution Will Not Be Funded* (pp. 79–90). Durham: Duke University Press.

Kohl-Arenas, E. (2016). *The Self-Help Myth: How Philanthropy Fails to Alleviate Poverty*. Oakland: University of California Press.

Kolhatkar, S. (2020). Embarrassment of Riches. *The New Yorker*, 6 January. https://www.newyorker.com/magazine/2020/01/06/the-ultra-wealthy-who-argue-that-they-should-be-paying-higher-taxes

Kuusela, H. (2018). Learning to Own: Cross-Generational Meanings of Wealth and Class-Making in Wealthy Finnish Families. *The Sociological Review*, *66*(6), 1161–1176. https://doi.org/10.1177%2F0038026118777698

Lareau, A. (2011). *Unequal Childhoods*. Oakland: University of California Press.

Lewis, N., & RG (2013). *Between a Silver Spoon and the Struggle: Reflections on the Intersection of Racism and Class Privilege*. CreateSpace Independent Publishing Platform.

Lurie, T. (2016). Change Not Charity: The Story of the Funding Exchange. A Pioneer in Social Justice Philanthropy. *Funding Exchange*. https://fundingexchangehistory.files.wordpress.com/2017/05/funding_exchange_history_spring_2017.pdf

Matthews, S. (2013). Reflections on the Appropriate Use of Unjustly Conferred Privilege. *Theoria*, *60*(2), 23–41. https://doi.org/10.3167/th.2013.6013502

McGoey, L. (2016). *No Such Thing as a Free Gift: The Gates Foundation and the Price of Philanthropy*. London: Verso.

Miller, B., & Lapham, M. (2012). *The Self-Made Myth: And the Truth about How Government Helps Individuals and Businesses Succeed*. Oakland: Berrett-Koehler Publishers.

Mogil, C., & Slepian, A. (Eds.). (1992). *We Gave Away a Fortune*. Gabriola: New Society Publishers.

Moss, D. (2021). My Kids Refused Their Inheritance. Here's How We're Giving It All Away. *Huffington Post*, 20 February. https://www.huffpost.com/entry/covid-19-black-lives-matter-inheritance_n_602ad161c5b6f88289fdbd92

O'Brien, E. (2001). *Whites Confront Racism: Antiracists and Their Paths to Action*. Washington, D.C.: Rowman & Littlefield.

Odendahl, T. (1990). *Charity Begins at Home: Generosity and Self-interest among The Philanthropic Elite*. New York: Basic Books.

Ostrander, S. (1984). *Women of the Upper Class*. Philadelphia: Temple University Press.

Ostrander, S. (1995). *Money for Change*. Philadelphia: Temple University Press.

Ostrander, S. (2007). The Growth of Donor Control: Revisiting the Social Relations of Philanthropy. *Nonprofit and Voluntary Sector Quarterly*, *36*(2), 356–372. https://doi.org/10.1177/0899764007300386

Pearl, M. (2018). *How to Think Like a Patriotic Millionaire*. Washington, D.C.:Strong Arm Press.

Piketty, T. (2014). *Capital in the 21^st Century*. Cambridge: Harvard University Press.

Pittelman, K., & Resource Generation. (2005). *Classified: How to Stop Hiding Your Privilege and Use It for Social Change*. New York: Soft Skull Press.

Preston, J., & Chadderton, C. (2012). Rediscovering 'Race Traitor': Towards a Critical Race Theory Informed Public Pedagogy. *Race Ethnicity and Education*, *15*(1), 85–100. https://doi.org/10.1080/13613324.2012.638866

Quart, A. (2017). Meet the New Class Traitors Who Are Coming Out as Rich. *The Guardian*, 27 June. https://www.theguardian.com/us-news/2017/oct/16/coming-out-as-wealthy-inequality-progressives

Rabinowitz, A. (1990). *Social Change Philanthropy in America*. Westport: Quorum Books.

Ramos-Zayas, A. (2020). *Parenting Empires: Class, Whiteness, and the Moral Economy of Privilege in Latin America*. Durham: Duke University Press.

Reich, R. (2018). *Just Giving*. Palo Alto: Stanford University Press.

Rothenberg, S., & Scully, M. (2007). Rolls Royce Radicals. *Stanford Social Innovation Review*, *5*(1), 57.

Schimpfossl, E. (2018). *Rich Russians*. Oxford: University Press.

Scully, M., Rothenberg, S., Beaton, E., & Tang, Z. (2018). Mobilizing the Wealthy: Doing "Privilege Work" and Challenging the Roots of Inequality. *Business & Society*. *57*(6), 1075–1113. https://doi.org/10.1177/0007650317698941

Segrest, M. (1994). *Memoir of a Race Traitor.* New York: The New Press.

Sherman, R. (2017). *Uneasy Street: The Anxieties of Affluence.* Princeton: Princeton University Press.

Silver, I. (1997). Constructing "Social Change" through Philanthropy: Boundary Framing and the Articulation of Vocabularies of Motives for Social Movement Participation. *Sociological Inquiry*, *67*(4), 488-503. https://doi.org/10.1111/j.1475-682X.1997.tb00449.x

Silver, I. (1998). Buying an Activist Identity: Reproducing Class through Social Movement Philanthropy. *Sociological Perspectives*, *41*(2), 303–321. https://doi.org/10.2307/1389479

Silver, I. (2007). Disentangling Class from Philanthropy: The Double-Edged Sword of Alternative Giving. *Critical Sociology*, *33*(3), 537–549. https://doi.org/10.1163%2F156916307X189013

Vanamee, N. (2019). Meet the Rich Kids Who Want to Give Away All Their Money. *Town & Country*, 27 September. https://www.townandcountrymag.com/society/money-and-power/a29008841/rich-kids-revolution-resource-generation/

Villanueva, E. (2018). *Decolonizing Wealth*. New York: Penguin Random House.

Wernick, L.J. (2009). *How Young Progressives with Wealth Are Leveraging Their Power and Privilege to Support Social Justice: A Case Study of Social Justice Philanthropy and Young Donor Organizing*. [Doctoral dissertation, University of Michigan].

Wernick, L.J. (2012). Leveraging Privilege: Organizing Young People with Wealth to Support Social Justice. *Social Service Review*, *86*(2), 323–345. https://doi.org/10.1086/666874

Wernick, L.J. (2016). Critical Consciousness Development Impact on Social Justice Movement Giving among Wealthy Activists. *Social Work Research*, *40*(3), 159–169. https://doi.org/10.1093/swr/svw012

Zelizer, V. (2012). How I Became a Relational Economic Sociologist and What Does That Mean?. *Politics & Society*, *40*(2), 145–174. https://doi.org/10.1177/0032329212441591

Rachel Sherman – Department of Sociology, The New School, New York (United States)
shermanr@newschool.edu; https://www.newschool.edu/nssr/faculty/rachel-sherman/
Rachel Sherman is Professor of Sociology at the New School. She conducts research and teaches in the areas of social class, social inequalities, work, culture, social movements, and qualitative methods. She is especially interested in cultural legitimations of, and challenges to, class inequality. She is the author of *Class Acts: Service and Inequality in Luxury Hotels* (California, 2007) and *Uneasy Street: The Anxieties of Affluence* (Princeton, 2017). The research reported here is part of a book in progress titled *Class Traitors*.

Sociologica. V.15 N.2 (2021)
ISSN 1971-8853
https://sociologica.unibo.it/

Secrecy, Simmel and the New Sociology of Wealth

Brooke Harrington*

Department of Sociology, Dartmouth College (United States)

Submitted: September 15, 2021 – Accepted: September 17, 2021 – Published: September 30, 2021

Abstract

What relevance does an early twentieth century thinker like Simmel have for the contemporary sociology of wealth? This paper suggests that Simmel's classic work on the secret and secret societies is embedded but largely unacknowledged in twenty-first century wealth research. Thus, the purpose of this discussion is to make these contributions more visible and sketch their implications for new directions in the field.

Keywords: Wealth; Secrecy; Inequality; Mobility.

Acknowledgements

The author wishes to thank Professor Shamus Khan for pointing out the relevance of Simmel's work on the secret to her research on offshore and private wealth management.

* Brooke.Harrington@dartmouth.edu

1 Introduction

Recent years have witnessed a renaissance in the sociology of wealth, after decades of more concentrated scholarly attention to poverty (Spilerman, 2000; Harrington, 2016). The resurgence of interest in the upper reaches of the socio-economic spectrum have been driven in part by the exponential growth of wealth inequality, making the subject all but unavoidable (Zucman, 2015). The task for sociologists is to explain how such significant changes have occurred in patterns of resource distribution (Clignet, 1992). Research on financialization has provided one robust stream of responses to that question (Krippner, 2005 & 2011; Arrighi, 1994). This paper will suggest that Simmel's classic work on the secret and secret societies (1906) offers another important line of response, albeit one whose significance has been less appreciated in recent years.

As the work of Veblen (1899[1994]) and Weber (1925[1968]) made clear, wealth is not just an economic construct but a phenomenon of culture, family and politics (Mears, 2020; Harrington & Strike, 2018; Beckert, 2007; Marcus & Hall, 1992). Thus, to do insightful research on the most privileged segment of stratification regimes, sociologists need concepts that can span all of those realms. Simmel's work on the secret provides those concepts. In his analysis, secrecy is both a style of relating characteristic of elites — as exemplified by secret societies like Skull and Bones or the Bohemian Grove (Wehr, 1994; Zweigenhaft, 1992) — and a practical means of protecting material assets and interests from scrutiny or seizure. At the group level, secrecy binds families and elites, while at the social structural level, it reproduces inequalities that affect many more. This includes phenomena of intense contemporary concern, such as the corrosive effects of elite secrecy on democracy and the rule of law.

More broadly, Simmel argued, secrets are a "universal social form" (1906, p. 463) rather than intrinsically positive or negative for society. This suggests a need to revisit his classic article and its significance for contemporary research. The following section will briefly review the ways in which Simmel's ideas about the secret remain relevant to the twenty-first century sociology of wealth and wealth's impact on the global political economy. The paper will conclude by pointing to avenues for future research.

2 Wealth and the Secret

Secrets create and maintain inequality. This applies not just in the realm of knowledge, but to the great fortunes flourishing within societies that style themselves as meritocratic democracies (Wexler, 1987). In such contexts, wealth represents a threatening "clash of value spheres" (Weber, 1925[1968]; Beckert, 2007). To counter this threat, Simmel observed, wealth requires secrecy in two ways.

Culturally, secrets convey core values associated with wealth, such as "superiority" and what Simmel called "the aristocracy-building motive" (1906, p. 486). These create a connective tissue of norms and beliefs binding the wealthy into collectives within the social structure, by family and class. In a Durkheimian sense (1912[1965]), elites ritually re-enact these values in exclusionary settings ranging from club VIP rooms (Mears, 2020) to the secret societies for privileged university students (Zweigenhaft, 1992) and right-wing partisans (Wehr, 1994). It is worth noting in this context the revealing double usage of the term "privileged": it not only describes the exceptional qualities of elite lifestyle, but also a set of conditions applied to information, defining it as "top secret".

This ties into the second part of Simmel's observations about the *necessity* for secrets to surround wealth in meritocratic, democratic societies. In such environments, economic inequality on the vast scale we observe in the twenty-first century can only persist by withholding or limiting public information about wealth and the wealthy. Secrets and secrecy protect wealth and its owners from unwanted scrutiny, which might lead to demands for accountability and redistribution. Secrets are a "means under whose protection *promotion of the material interests* of the community is attempted [...] often with the direct view to assurance of keeping certain subjects from general knowledge" (1906, pp. 476–477, emphasis added). As this passage suggests, secrets don't just protect power in the abstract, but literally preserve wealth, in a very concrete sense.

This is the political economy of secrecy; it goes hand in hand with the cultural aspect of the phenomenon. Both consolidate control through concealment, building economic capital on the one hand, and social capital on the other. Through this dual action, secrets establish power bases for splinter groups who don't wish to be subject to the rule of law — particularly in any sense that might limit their accumulation of assets. In this respect, Simmel explicitly linked the English Lords and nobility to bandit gangs, such as the Assassins and other "predatory [...] criminal societies" (1906, p. 492).

The connection Simmel theorized between criminality and aristocracy was illustrated vividly in recent years by a series of data leaks from offshore financial centers — also known as "secrecy jurisdictions" (Shaxson, 2011). The Panama Papers of 2016, followed by the Paradise Papers of 2017, exposed tens of millions of confidential client files from the Panamanian law firm Mossack Fonseca and the Bermuda-based firm Appleby's. Among the many literal aristocrats named in the leaks were the Queen of England, British Baron Michael Ashcroft, the former Queen of Jordan (Shane et al., 2017), the then-king of Saudi Arabia, and at least 72 other members of Middle Eastern royal families (Munzinger & Obermaier, 2017). In addition to maintaining significant portions of their wealth offshore, virtually all of them shrouded their growing fortunes in an extra layer of concealment by placing their assets in trust funds: the most secrecy-preserving structures for holding wealth offshore (Harrington, 2016). Unlike corporations or foundations, trusts are almost never registered publicly; even in the rare cases that trusts' existence can be established, both their assets and beneficiaries remain confidential (Harrington, 2017a).

These structures provide a way for elites to dodge laws, or break them outright, with impunity. For example, Baron Ashcroft was accused of using his offshore trusts to engage in tax evasion, and the Queen of England was able to avoid US$15 million in UK taxes through one offshore trust fund alone (Goodkind, 2017). Though most Middle Eastern royals faced no taxation, they used offshore to avoid other laws to which their own people were subject, like forced inheritance rules; others were dodging creditors and legal judgements (Patrick, 2017; Harrington, 2016). Yet despite the terabytes of data documenting these illegal or questionably legal activities, prosecutions have been exceedingly rare. Those exposed in the Panama Papers and Paradise Papers leaks may have been embarrassed, and a few paid fines, but only a handful ever faced legal consequences, leading to a grand total of five criminal convictions — but only of commoners (Tokar, 2020; Alecci, 2018).

Offshore, in other words, permits the continued existence of a *noblesse* without the *oblige* (Harrington, 2020). All the measures put in place after the Enlightenment to facilitate democracy and meritocracy — such as progressive taxation and the elimination of inheritance rules like entail and primogeniture (Clignet, 1992) — can be avoided offshore. It represents the kind of parallel world that Simmel envisioned in the first years of the twentieth century: an environ-

ment of radical freedom through invisibility. Secretive elites, Simmel wrote, "hold themselves outside of the commands and prohibitions of the greater area [...] In exercise of this freedom a territory is occupied to which the norms of the surrounding society do not apply. The nature of the secret society as such is autonomy. It is, however, of a sort which approaches anarchy" (1906, p. 482). Or, as the novelist G.K. Chesterton observed more pithily a few years later, "aristocrats were always anarchists" (1909[2011], p. 104). This impulse has allowed elite wealth to grow, not just to their own personal advantage, but in a way that distorts and threatens democracy and the rule of law worldwide (Harrington, 2019 & 2016).

Remarkably in an age of mass surveillance, secrecy remains just as important to elite wealth and domination as it did when Simmel was writing more than a century ago. Indeed, privacy is becoming a luxury good: while members of the *haute bourgeoisie* retreat inside doorman-guarded buildings, or in detached single family homes within gated communities, the *truly* rich live on private islands, with full-time staff to ensure that their names never appear on the Forbes Rich List or in other media (Kolhatkar, 2006; Demick, 1990). No wonder that one wealth management firm adopted as its motto the phrase "I want to be invisible" (Leigh et al., 2012). Indeed, this could be the motto of the entire range of professional services for the ultra-rich: several of the wealth managers I interviewed described clients so paranoid about their whereabouts being discovered that they would only appear for meetings in disguise, or had some teeth removed so that the fillings could not be used to track their movements (Harrington, 2016).

The object of this strategic obscurity is preservation of wealth through the avoidance of accountability: if assets' ownership cannot be definitively linked to a particular individual in a specific place, those assets cannot be taxed, nor can they be attached for any debts or fines (Harrington, 2017a). Under these conditions — when one doesn't have to pay bills or taxes — it's easy to get and stay rich. More problematically, this elite asset protection strategy creates "non-locatable structures of domination" (Maurer, 1995, p. 117), which tend toward oligarchy. Secrecy that conceals both wealth and its true ownership not only confers power without accountability, but militates against the transparency and truthfulness that Simmel identified as necessary to the functioning of capitalism and democracy. "That enlightenment which aims at elimination of the element of deception from social life is," Simmel wrote, "always of a democratic character" (1906, p. 447). Secrets — particularly when they become a way of life that defines the elite, as in the offshore world — imperils both democratic governance and the trust on which credit economies and capitalism in general depend (Greenspan, 1999).

3 "Big Wealth". Becoming Wealthy, Staying Wealthy: Social Acceptance of the Super-rich

The continuing relevance of Simmel's work to the sociological study of wealth is suggested not only by evidence from the world of offshore finance, but by the papers in this issue of *Sociologica*. While none of them cite Simmel, many core themes from his analysis are present in the texts. Secrets and secrecy are "red threads" linking all of the papers.

For example, a shared theme of the Sherman (2021) and McGoey (2021) papers is the secret of how little wealth is actually earned, creating a serious problem of legitimacy for elites in meritocratic democracies. In Sherman's paper, high-net-worth parents handle this problem by concealing the family wealth from their children, in hopes that the latter will "develop a work ethic" and thus become deserving of the fortune they will inherit. In McGoey's article, the

problem is addressed by mainstream economists — the chief "scientific" sources of capitalism's legitimacy (Hart, 1990) — who simply "obliterated" the figure of the casino-style speculator, known formally as the "rentier", from their theories. Out of sight, out of mind.

The papers by Curran (2021) and by Keister and colleagues (2021) are linked by the ways that wealth conceals negative externalities — obscuring undesirable social consequences of elite activity and their true sources. In an echo of the techniques of "strategic ambiguity" used by the wealthy in offshore financial centers, Curran shows that the ultra-rich build their fortunes by taking reckless investment risks, pocketing any gains, then offloading costs onto the public using complex schemes "that avoid legal responsibility." The secrecy surrounding these practices permits the ultra-rich to legitimize themselves as "wealth creators", thereby enabling their "value-extracting activities to masquerade as value-creating activities" (Mazzucato, 2018, p. xviii). In the paper by Keister, Lee, and Yavorsky (2021), the problem is gender inequality, hidden in the ways that women benefit from trust funds. Surprisingly, they find that such structures may reproduce the financial dependence of women on men: by examining the distribution and asset content of such funds, they show that even economically privileged women cannot typically enter the ranks of the very rich except through heterosexual marriages. Like other forms of ascriptive inequality, as opposed to achieved differentials, this finding poses a legitimacy challenge to the notion of meritocracy on which democracies — and the bureaucracies which sustain them — depend (Perrow, 1986).

Finally, Torpey, Brockmann and Hendricks (2021) address the secrecy surrounding philanthropy by high-tech billionaires like Jeff Bezos, founder of amazon.com, and Sergey Brin, one of the creators of the Google search engine. The papers suggest that their refusal to disclose how much they give away, or to whom, may not be a sign of modesty but rather of caution about the preservation of their wealth and privilege. Philanthropy creates vulnerability for elites, because it is one of their few points of direct contact with civil society; among other things, it imposes unavoidable public reporting requirements that create permeability in the "shield of privacy" that ordinarily protects their fortunes (Marcus and Hall 1992). Bezos and Brin may have learned to keep their philanthropic profiles low and their mouths shut after what happened to their fellow billionaire Ingvar Kamprad — founder of IKEA — and his "charitable foundation." As a 2006 exposé by the *Economist* revealed (see also Wilson, 2014), Kamprad's vaunted charity only donated about US$2 million annually, from assets of more than $36 *billion*. In reality, this stingy 'philanthropy' served as a flimsy fig leaf concealing an entirely uncharitable effort to preserve the family fortune: as the *Economist* noted, the foundation "handsomely rewards the founding Kamprad family and makes IKEA immune to a takeover."

The only way to avoid such humiliating public scrutiny, which threatens the legitimacy of the wealthy elite within democratic regimes, is to keep mum. Particularly because, as Torpey and colleagues point out, Bezos and Brin have a powerful incentive to conceal the sources of the fortunes that fuel their "charity": systematic underpayment of workers, violations of labor laws, and failure to pay their fair share of taxes. Bezos, for instance, has paid US federal income tax at an effective rate of less than one percent in recent years, sometimes paying zero and receiving a credit from the public purse instead (Frankel & MacMillan, 2021). Brin has avoided income tax, and kept his real earnings secret, by taking a salary of just US$1 per year while simultaneously accumulating tens of billions in wealth through stock options and deferred compensation schemes — a strategy that has become a status symbol among "an exclusive club of top executives" who take pride in growing "filthy rich" at taxpayer expense (Gaither, 2006). Because such schemes are opaque to the public, the true costs of elite philanthropy are actually borne by taxpayers, without their knowledge or consent. Charles Rossotti, the former

Commissioner of the US Internal Revenue Service, estimated that tax avoidance by the wealthiest Americans imposed an effective surtax of 15% on honest taxpayers (Smith, 2004). Thus, far from being praiseworthy, billionaire philanthropy is — as Torpey and colleagues put it — "highly undemocratic." But by virtue of being cloaked in complexity and secrecy, it goes largely unchallenged.

4 Looking Forward

Since most of the papers assembled for this special issue involve American subjects, it is fitting to close with an observation by American essayist and novelist Joan Didion. "The secret point of money and power in America," Didion writes, "is neither the things that money can buy nor power for power's sake [...] but absolute personal freedom, mobility, privacy" (1968, p. 67). This creates a methodological challenge for sociologists: how should we study an elite that is not only secretive, but in motion — whether on the party circuit (Mears 2020) or in flight from tax authorities and creditors (Harrington, 2016)? Dozens of articles have been devoted to this problem (Harrington, 2017b; Conte & O'Neil, 2007; Marcus, 1995), but less attention has been paid to a more difficult question: *what* should researchers be asking when we know so little? Giving outside inquiry little to work with is an intended consequence of elite secrecy.

In addition to the new research directions that the authors in this volume suggest, I would like to propose further inquiry into a topic that lies just outside the scope of their work: the *international hyper-mobility* of many contemporary elites. We need to know more on this topic, because it seems to have wrought profound change both on wealth and the means of shrouding it in secrecy. What makes the aristocrats and the wealthy of the twenty-first century so different from the privileged few Simmel wrote about in "The Sociology of Secrecy and Secret Societies" is their detachment from the constraints of the nation-state. Future research should examine how that affects their ability to consolidate not just wealth, but the anti-democratic power and control Simmel warned about in his observations on elite autonomy.

The philanthropists, trust fund beneficiaries, rentiers, reckless risk-takers and even the royalty of today are markedly different from those of 1906; this is due primarily to the possibilities for mobility offered them by globalization and financialization (Harrington, 2017a). For one thing, their wealth now is largely held in securities — making them far easier to move and hide than the landed fortunes of old. Moreover, the elites themselves can move with ease, due not only to the advent of jet travel but to the readiness of dozens of countries worldwide to offer them concealment and protection (Harrington, 2016). This is how Spain's former King Juan Carlos dodged responsibility for millions in tax fraud: rather than face investigation in his home country for his illegal use of secret Swiss accounts, the King, his bodyguards and his fortune simply relocated to Abu Dhabi (Wyatt, 2020).

This kind of mobility, far from being widely accessible, is almost exclusively available to the ultra-rich, as the refugee crisis of the past ten years has illustrated. Many countries roll out the red carpet for elites who refuse to pay their taxes or debts, enabling them to acquire new citizenships with ease while continuing to grow their fortunes (Surak, 2021). Meanwhile, these same countries shut their borders to people fleeing for their lives from chemical weapons and civil war, leaving them to drown or freeze (Dearden, 2017). The extreme political and economic stratification this uneven mobility has produced globally appears unsustainable, at least for countries that hope to retain some form of democracy and capitalism (Piketty, 2015). Further study is therefore urgently needed on this as yet under-researched dimension of con-

temporary wealth, both to advance scholarly knowledge and to inform policy making through timely and relevant public sociology.

References

Alecci, S. (2018). Former Pakistan PM Sharif Sentenced to 10 Years over Panama Papers. *International Consortium of Investigative Journalists*, 6 July. https://www.icij.org/investigations/panama-papers/former-pakistan-pm-sharif-sentenced-to-10-years-over-panama-papers/

Arrighi, G. (1994). *The Long Twentieth Century*. London: Verso.

Beckert, J. (2007). The *Longue Durée* of Inheritance Law: Discourses and Institutional Development in France, Germany and the United States since 1800. *Archives of European Sociology*, *48*(1), 79–120. https://doi.org/10.1017/S0003975607000306

Chesterton, G.K. (1909/2011). *The Man Who Was Thursday: A Nightmare*. Eastford, CT: Martino.

Clignet, R. (1992). *Death, Deeds and Descendants*. New York: Aldine de Gruyter.

Conte, J., O'Neil, M. (2007). Studying Power: Qualitative Methods and the Global Elite. *Qualitative Research*, *7*(1), 63–82. https://doi.org/10.1177/1468794107071421

Curran, D. (2021). Risk Mismatches and Inequalities: Oil and Gas and Elite Risk-Classes in the US and Canada. *Sociologica*, *15*(2), 57-74. https://doi.org/10.6092/issn.1971-8853/12395

Dearden, L. (2017). Refugee Crisis: More than 200 Migrants Drown and Freeze to Death as First Fortnight of 2017 Sets New Record. *Independent*, 17 January. https://www.independent.co.uk/news/world/europe/refugee-crisis-latest-drowning-freezing-snow-mediterranean-hypothermia-greece-bulgaria-deaths-toll-un-iom-drowning-libya-italy-a7532091.html

Demick, B. (1990). The 400 Richest: Many Folks Try to Stay Off List. *Philadelphia Inquirer*, 7 October. https://www.forbes.com/forbes-400/

Didion, J. (1968). *Slouching Towards Bethlehem*. New York: Farrar, Strauss & Giroux.

Durkheim, É. (1912/1965). *The Elementary Forms of the Religious Life*. New York: Free Press.

The Economist. (2006). Flat-Pack Accounting. 11 May. https://www.economist.com/business/2006/05/11/flat-pack-accounting

Frankel, T., MacMillan, D. (2021). IRS Records Show Wealthiest Americans, Including Bezos and Musk, Paid Little in Income Taxes, Report Says. *Washington Post*, 8 June. https://www.washingtonpost.com/business/2021/06/08/wealthy-irs-taxes/

Gaither, C. (2006). Salary of 4 Cents Has Status. *Baltimore Sun*, 3 May. https://www.baltimoresun.com/news/bs-xpm-2006-05-03-0605030050-story.html

Goodkind, N. (2017). Queen Elizabeth Stashed Millions in Offshore Tax Havens: Paradise Papers. *Newsweek*, 6 November. https://www.newsweek.com/queen-elizabeth-paradise-papers-labour-party-royal-family-702649

Greenspan, A. (1999). The Value of Values. *Harvard Magazine*, July-August. https://www.harvardmagazine.com/sites/default/files/html/1999/07/jhj.alan.html

Harrington, B. (2016). *Capital without Borders: Wealth Managers and the One Percent*. Cambridge: Harvard University Press.

Harrington, B. (2017a). Trusts and Financialization. *Socio-Economic Review*, *15*(1), 31–63. https://doi.org/10.1093/ser/mww014

Harrington, B. (2017b). Studying Elite Professionals in Transnational Settings. In L. Seabrooke & L. Folke Henriksen (Eds.), *Professional Networks in Transnational Governance* (pp. 39–49). Cambridge, UK: Cambridge University Press.

Harrington, B. (2019). Aristocrats Are Anarchists: Why the Wealthy Back Trump and Brexit. *The Guardian*, 7 February. https://www.theguardian.com/us-news/2019/feb/07/why-the-wealthy-back-trump-and-brexit

Harrington, B. (2020). Trump's Very Ordinary Indifference to the Common Good. *The Atlantic*, 10 October. https://www.theatlantic.com/ideas/archive/2020/10/trumps-very-ordinary-indifference-to-the-common-good/616675/

Harrington, B., Strike, V. (2018). Between Kinship and Commerce: Fiduciaries and the Institutional Logics of Family Firms. *Family Business Review*, *31*(4), 417–440. https://doi.org/10.1177/0894486518780868

Hart, K. (1990). The Idea of Economy: Six Modern Dissenters. In R. Friedland & A.F. Robertson (Eds.), *Beyond the Marketplace*, (pp. 137–161). New York: Aldine de Gruyter.

Keister, L., Yavorsky, J., & Lee, H.Y (2021). Gender and Wealth in the Super Rich: Asset Differences in Top Wealth Households in the United States, 1989–2019. *Sociologica*, *15*(2), 25-55. https://doi.org/10.6092/issn.1971-8853/12394

Krippner, G.R. (2005). The Financialization of the American Economy. *Socio-Economic Review*, *3*(2), 173–208. https://doi.org/10.1093/SER/mwi008

Krippner, G.R. (2011). *Capitalizing on Crisis: The Political Origins of the Rise of Finance*. Cambridge, MA: Harvard University Press.

Kolhatkar, S. (2006). Inside the Billionaire Service Industry. *The Atlantic*, 1 September. https://www.theatlantic.com/magazine/archive/2006/09/inside-the-billionaire-service-industry/305117/

Leigh, D., Frayman, H., & Ball, J. (2012). Offshore Secrets: British Virgin Islands, Land of Sand, Sea and Secrecy. *The Guardian*, 25 November. https://www.theguardian.com/uk/2012/nov/25/offshore-secrets-british-virgin-islands

Marcus, G. (1995). Ethnography In/Of the World System: The Emergence of Multi-Sited Ethnography. *Annual Review of Anthropology*, *24*, 95–117. https://doi.org/10.1146/annurev.an.24.100195.000523

Marcus, G., Hall, P. (1992). *Lives in Trust: The Fortunes of Dynastic Families in Late Twentieth-Century America*. Boulder, CO: Westview Press.

Maurer, B. (1995). Complex Subjects: Offshore Finance, Complexity Theory, and the Dispersion of the Modern. *Socialist Review*, *25*(3–4), 113–145. Retrieved from: https://escholarship.org/uc/item/3pr7f1d4

Mazzucato, M. (2018). *The Value of Everything: Making and Taking in the Global Economy*. New York: Public Affairs.

McGoey, L. (2021). Hiding the Rentier Elephant in Plain Sight: The Epistemology of Vanishing Rent. *Sociologica*, *15*(2), 75-93. https://doi.org/10.6092/issn.1971-8853/12720

Mears, A. (2020). *Very Important People*. Princeton, NJ: Princeton University Press.

Munzinger, H., Obermaier, F. (2017). The Kings of the Offshore Business. *Süddeutsche Zeitung*. https://panamapapers.sueddeutsche.de/articles/573b17ac5632a39742ed3a14/

Patrick, M. (2017). Jet-Set Debt Collectors Join a Lucrative Game: Hunting the Superrich. *Wall Street Journal*, 7 November. http://www.wsj.com/articles/jet-set-debt-collectors-join-a-high-stakes-game-hunting-the-superrich-1510070473

Perrow, C. (1986). *Complex Organizations: A Critical Essay*, 3rd Ed. New York: McGraw-Hill.

Piketty, T. (2015). Foreword. In G. Zucman (Ed.), *The Hidden Wealth of Nations*, (pp. vii–xii). Chicago: University of Chicago Press.

Shane, S., Woodman, S., & Forsythe, M. (2017). How Business Titans, Pop Stars and Royals Hide Their Wealth. *New York Times*, 7 November. https://www.nytimes.com/2017/11/07/world/offshore-tax-havens.html

Shaxson, N. (2011). *Treasure Islands: Tax Havens and the Men Who Stole the World*. London: Random House.

Sherman, R. (2021). *Against Accumulation: Class Traitors Challenge Wealth and Worth*. *Sociologica*, *15*(2), 117-142. https://doi.org/10.6092/issn.1971-8853/12558

Simmel, G. (1906). The Sociology of Secrecy and Secret Societies. *American Journal of Sociology*, *11*(4), 441–498. http://www.jstor.org/stable/2762562

Smith, H. (2004). *Tax Me If You Can*. Transcript of *Frontline* documentary film. http://www.pbs.org/wgbh/pages/frontline/shows/tax/etc/script.html

Spilerman, S. (2000). Wealth and Stratification Processes. *Annual Review of Sociology*, *26*, 497–524. https://doi.org/10.1146/annurev.soc.26.1.497

Surak, K. (2021). Millionaire Mobility and the Sale of Citizenship. *Journal of Ethnic and Migration Studies*, *47*(1), 166–189. https://doi.org/10.1080/1369183X.2020.1758554

Tokar, D. (2020). Panama Papers Case to Net First US Conviction. *Wall Street Journal*, 7 February. https://www.wsj.com/articles/panama-papers-case-to-net-first-u-s-conviction-11581110011

Torpey, J., Brockmann, H., & Hendricks, B. (2021). Excess Profits, Taxpayer-Subsidized Philanthropy, and the Coronavirus Crisis: Charitable Giving by the Tech Elite in Response to the Pandemic. *Sociologica*, *15*(2), 95-116. https://doi.org/10.6092/issn.1971-8853/12435

Veblen, T. (1899/1994). *The Theory of the Leisure Class*. New York: Penguin.

Weber, M. (1925/1968). *Economy and Society*, Vol 1. New York: Bedminster Press.

Wehr, K. (1994). The Power Elite at the Bohemian Grove: Has Anything Changed in the 1990s? *Critical Sociology*, *20*(2), 121–124. https://doi.org/10.1177/089692059402000205

Wexler, M. (1987). Conjectures on the Dynamics of Secrecy and the Secrets Business. *Journal of Business Ethics*, *6*, 469–480. https://doi.org/10.1007/BF00383289

Wilson, M. (2014). IKEA is a Nonprofit, and Yes, That's Every Bit as Fishy as It Sounds. *Fast Company*, 15 September. https://www.fastcompany.com/3035734/ikea-is-a-nonprofit-and-yes-thats-every-bit-as-fishy-as-it-sounds

Wyatt, T. (2020). Former Spanish King Juan Carlos Who Fled Corruption Allegations "Staying in Luxury Hotel in Abu Dhabi". *Independent*, 7 August. https://www.independent.co.uk/news/world/europe/juan-carlos-king-spain-exile-abu-dhabi-luxury-hotel-a9659926.html

Zucman, G. (2015). *The Hidden Wealth of Nations: The Scourge of Tax Havens*. Chicago: University of Chicago Press.

Zweigenhaft, R. (1992). The Application of Cultural and Social Capital: A Study of the 25th Year Reunion Entries of Prep School and Public School Graduates of Yale College. *Higher Education*, *23*, 311–320. https://doi.org/10.1007/BF00145019

Brooke Harrington – Department of Sociology, Dartmouth College (United States)
https://orcid.org/0000-0002-5741-6846
Brooke.Harrington@dartmouth.edu; http://www.brookeharrington.com/
Brooke Harrington is Professor of Sociology at Dartmouth College in the United States. Her research examines the social underpinnings of finance, focusing on the professionals who manage the offshore financial system. Her book on global wealth management and offshore banking — titled *Capital without Borders: Wealth Managers and the One Percent* — was published in September 2016 by Harvard University Press and became a best-seller, as well as winning an "Outstanding Book Award" from the American Sociological Association's Inequality, Poverty and Mobility section. *Capital without Borders* has been translated into Japanese, Danish, Korean and Russian.