

## The Undeserving Rich

NYT: JAN. 19, 2014 [Paul Krugman](#)

1. The reality of rising American inequality is stark. Since the late 1970s real wages for the bottom half of the work force have [stagnated or fallen](#), while the incomes of the top 1 percent have [nearly quadrupled](#) (and the incomes of the top 0.1 percent have risen even more). While we can and should have a serious debate about what to do about this situation, the simple fact — American capitalism as currently constituted is undermining the foundations of middle-class society — shouldn't be up for argument.
2. But it is, of course. Partly this reflects Upton Sinclair's famous dictum: It is difficult to get a man to understand something when his salary depends on his not understanding it. But it also, I think, reflects distaste for the implications of the numbers, which seem almost like an open invitation to class warfare — or, if you prefer, a demonstration that class warfare is already underway, with the plutocrats on offense.
3. The result has been a determined campaign of statistical obfuscation. At its cruder end this campaign comes close to outright falsification; at its more sophisticated end it involves using fancy footwork to propagate what I think of as the myth of the deserving rich.
4. For an example of de facto falsification, one need look no further than a recent [column](#) by Bret Stephens of The Wall Street Journal, which first accused President Obama (wrongly) of making a factual error, then proceeded to assert that rising inequality was no big deal, because everyone has been making big gains. Why, incomes for the bottom fifth of the U.S. population have risen 186 percent since 1979!
5. If this sounds wrong to you, it should: that's a nominal number, not corrected for inflation. You can find the inflation-corrected number in the same Census Bureau table; it shows incomes for the bottom fifth actually falling. Oh, and for the record, at the time of writing this elementary error had not been corrected on The Journal's website.
6. O.K., that's what crude obfuscation looks like. What about the fancier version?
7. I've noted before that conservatives seem fixated on the notion that poverty is basically [the result of character problems](#) among the poor. This may once have had a grain of truth to it, but for the past three decades and more the main obstacle facing the poor has been the lack of jobs paying decent wages. But the myth of the undeserving poor persists, and so does a counterpart myth, that of the deserving rich.
8. The story goes like this: America's affluent are affluent because they

made the right lifestyle choices. They got themselves good educations, they got and stayed married, and so on. Basically, affluence is a reward for adhering to the Victorian virtues.

9. What's wrong with this story? Even on its own terms, it postulates opportunities that don't exist. For example, how are children of the poor, or even the working class, supposed to get a good education in an era of declining support for and sharply rising tuition at public universities? Even social indicators like family stability are, to an important extent, economic phenomena: nothing takes a toll on family values like lack of employment opportunities.
10. But the main thing about this myth is that it misidentifies the winners from growing inequality. White-collar professionals, even if married to each other, are only doing O.K. The big winners are a much smaller group. The Occupy movement popularized the concept of the "1 percent," which is a good shorthand for the rising elite, but if anything includes too many people: most of the gains of the top 1 percent have in fact gone to an even tinier elite, the top 0.1 percent.
11. And [who are these lucky few](#)? Mainly they're executives of some kind, especially, although not only, in finance. You can argue about whether these people deserve to be paid so well, but one thing is clear: They didn't get where they are simply by being prudent, clean and sober.
12. So how can the myth of the deserving rich be sustained? Mainly through a strategy of distortion by dilution. You almost never see apologists for inequality willing to talk about the 1 percent, let alone the really big winners. Instead, they talk about the top 20 percent, or at best the top 5 percent. These may sound like innocent choices, but they're not, because they involve lumping in married lawyers with the wolves of Wall Street. The DiCaprio movie of that name, by the way, is [wildly popular with finance types](#), who cheer on the title character — another clue to the realities of our new Gilded Age.
13. Again, I know that these realities make some people, not all of them hired guns for the plutocracy, uncomfortable, and they'd prefer to paint a different picture. But even if the facts have a well-known populist bias, they're still the facts — and they must be faced.