

Our Invisible Rich by Paul Krugman

1. Half a century ago, a classic essay in The New Yorker titled "[Our Invisible Poor](#)" took on the then-prevalent myth that America was an affluent society with only a few "pockets of poverty." For many, the facts about poverty came as a revelation, and Dwight Macdonald's article arguably did more than any other piece of advocacy to prepare the ground for Lyndon Johnson's War on Poverty.
2. I don't think the poor are invisible today, even though you sometimes hear assertions that they aren't really living in poverty — hey, some of them [have Xboxes](#)! Instead, these days it's the rich who are invisible.
3. But wait — isn't half our TV programming devoted to breathless portrayal of the real or imagined lifestyles of the rich and fatuous? Yes, but that's celebrity culture, and it doesn't mean that the public has a good sense either of who the rich are or of how much money they make. In fact, most Americans have no idea just how unequal our society has become.
4. The latest piece of evidence to that effect is a survey asking people in various countries how much they thought top executives of major companies make relative to unskilled workers. In the United States [the median respondent](#) believed that chief executives make about 30 times as much as their employees, which was roughly true in the 1960s — but since then the gap has soared, so that today chief executives earn something like 300 times as much as ordinary workers.
5. So Americans have no idea how much the Masters of the Universe are paid, a finding very much in line with evidence that Americans vastly [underestimate](#) the concentration of wealth at the top.
6. Is this just a reflection of the innumeracy of hoi polloi? No — the supposedly well informed often seem comparably out of touch. Until the Occupy movement turned the "1 percent" into a catchphrase, it was all too common to hear prominent [pundits and politicians](#) speak about inequality as if it were mainly about college graduates versus the less educated, or the top fifth of the population versus the bottom 80 percent.
7. And even the 1 percent is too broad a category; the really big gains have gone to an even tinier elite. For example, recent estimates indicate not only that the wealth of the top percent has surged relative to everyone else — rising from 25 percent of total wealth in 1973 to 40 percent now — but that the great bulk of that rise has taken place among the top 0.1 percent, the richest one-thousandth of Americans.
8. So how can people be unaware of this development, or at least unaware of its scale? The main answer, I'd suggest, is that the truly rich are so

removed from ordinary people's lives that we never see what they have. We may notice, and feel aggrieved about, college kids driving luxury cars; but we don't see private equity managers commuting by helicopter to their immense mansions in the Hamptons. The commanding heights of our economy are invisible because they're lost in the clouds.

9. The exceptions are celebrities, who live their lives in public. And defenses of extreme inequality almost always invoke the examples of [movie and sports stars](#). But celebrities make up only a tiny fraction of the wealthy, and even the biggest stars earn far less than the financial barons who really dominate the upper strata. For example, according to Forbes, Robert Downey Jr. is the highest-paid actor in America, [making \\$75 million](#) last year. According to the same publication, in 2013 the top 25 [hedge fund managers](#) took home, on average, almost a billion dollars each.
10. Does the invisibility of the very rich matter? Politically, it matters a lot. Pundits sometimes wonder why American voters don't care more about inequality; part of the answer is that they don't realize how extreme it is. And defenders of the superrich take advantage of that ignorance. When the Heritage Foundation tells us that the top 10 percent of filers are cruelly burdened, because they pay [68 percent of income taxes](#), it's hoping that you won't notice that word "income" — other taxes, such as the payroll tax, are far less progressive. But it's also hoping you don't know that the top 10 percent [receive](#) almost half of all income and own 75 percent of the nation's wealth, which makes their burden seem a lot less disproportionate.
11. Most Americans say, if asked, that inequality is too high and something should be done about it — there is overwhelming support for higher minimum wages, and a [majority favors](#) higher taxes at the top. But at least so far confronting extreme inequality hasn't been an election-winning issue. Maybe that would be true even if Americans knew the facts about our new Gilded Age. But we don't know that. Today's political balance rests on a foundation of ignorance, in which the public has no idea what our society is really like.

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