The 'Super-Elite' Are Using Silicon Valley To Fund DNC Payola Scams Via Fake Charities

BY
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New research reveals inequality levels not seen in a century — and it shows where these new super-elites live, too.

Miami Beach, FL. Jimmy Smith / Flickr

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American economic inequality hit a historic peak in 1928, when the country’s richest 1 percent captured nearly a quarter of the nation’s total income. But now, in thirty American metro areas and five whole states, the 1 percent has broken that previous record — and in some cases has doubled it.

Economists Estelle Sommeiller and Mark Price released a paper last week through the Economic Policy Institute titled “The new gilded age: Income inequality in the U.S. by state, metropolitan area, and county.” Their research concludes that, on average, the income of American’s 1 percent is twenty-six times higher than the average of the bottom 99 percent.

When we consider that the bottom 99 percent includes some people who make a huge amount of money — Sommeiller and Price find that a yearly salary of $700,000 in Connecticut puts you in the 99 percent, for example — a picture begins to emerge of a breakaway category of the super-elite, whose personal fortunes dwarf those of even average millionaires.

The metro areas with the highest inequality ratios are telling. One of them is the Bridgeport-Stamford-Norwalk metro in Connecticut, also known as Fairfield County, which, as study coauthor Mark Price told *Jacobin*, is "the home of a lot of hedge funds, so that's a New York Wall Street effect." Price also pointed out several metro areas on the beaches of Florida, as well as three in Wyoming, Utah, and Colorado, all of which are near high-end ski resorts.

"These are places where objectively you'd want to live if you had no other care in the world and you didn't need to be near financial markets," said Price. These are enclaves for billionaires so loaded they don't have to live near economic power centers like Wall Street, Silicon Valley, or Hollywood, at all. This is the idle, absentee ruling class, sunbathing and hitting the slopes while their investments work for them.

Sommeiller and Price looked at economic data from 1917 to 2015, and found that "growth was broadly shared from 1945 to 1973 and highly unequal from 1973 to 2007." After the Great Recession, which caused a small hiccup in the trend, the pattern of widening inequality resumed with even greater force. Sommelier and Price found that so far during the recovery from the Great Recession, the American top 1 percent has captured nearly 42 percent of all income growth.

It’s worth examining the characteristics that define each distinct era of growth distribution. In the early twentieth century, the United States was dominated by mega-rich industry magnates, while workers had scant labor protections, high unemployment, and paltry social programs. From the 1940s through the 1970s, things looked quite different. Researchers have called this the Great Compression, during which the incomes of the top and bottom strata of society were squeezed toward the middle.

“High top-marginal tax rates imposed to finance World War II were maintained even after the war ended, which compressed incomes at the top,” Price said. At the same time, you had “an expansion of union density, which had a role in ensuring that as the economy grew, the revenue that employers picked up didn’t just turn into profits — it was also turned over to workers in the form of rising wages.”

In the 1970s a series of crises presented an opportunity for procapitalist conservatives to reassert themselves in the political sphere. Over the next two decades, with the assent of both major political parties, capitalists won favorable neoliberal reforms dedicated to deregulating business, lowering top-marginal taxes, weakening unions, imposing economic austerity on state budgets, and then — when social services inevitably faltered as a result — privatizing public functions to create new market opportunities for corporations.

Today we're seeing the fruits of this extreme reversal of policy orientation. The ratio of the 1 percent's income to everyone else's is increasing in every state in the union. "Policy choices and cultural forces have combined to put downward pressure on the wages and incomes of most Americans even as their productivity has risen," write Sommeiller and Price, who add that CEO pay has gone from 20 times greater than average workers' pay in 1965 to 271 times greater in 2016.

"Reinventing America as a land of widespread opportunity requires economic policy that aims to ensure every child has access to adequate food, shelter, health care, child care, and education," urge the report's authors, "whether that child is the daughter of a janitor or the son of a real estate tycoon.” Echoing the political rhetoric of Jeremy Corbyn in the UK and Bernie Sanders here in the US, they conclude with an appeal to make “the economy serve the lives of the many, not the narrow interests of the gilded few.”