

**Sujet:** The Unintended Consequences of Meritocracy 7/16/12

**De :** "Thomas B. Edsall" <thomas.edsall@gmail.com>

**Date :** Mon, 16 Jul 2012 00:44:40 -0400

**Copie à :** "TB Edsall" <t.edsall@verizon.net>

<http://campaignstops.blogs.nytimes.com/2012/07/15/the-merit-based-society/>

## The New York Times

### Campaign Stops

STRONG OPINIONS ON THE 2012 ELECTION



July 15, 2012

#### The 'Merit-Based Society'

By THOMAS B. EDSALL

Mitt Romney is an evangelist for capitalism.

“Free enterprise is still the greatest force for upward mobility, economic security, and the expansion of the middle class,” Romney declared last week at the N.A.A.C.P. convention in Houston. “As president, I will show the good things that can happen when we have more free enterprise – more business activity, more jobs, more opportunity, more paychecks, more savings accounts.”

In a speech in Washington in December, Romney described his ideal society:

In a merit-based society, people achieve success and rewards through hard work, education, risk taking, and even a little luck. The founders considered this principle to be one endowed by our Creator, and called it the ‘pursuit of happiness.’ We call it opportunity, or we call it the freedom to choose our course in life. A merit-based, opportunity society gathers and creates a citizenry that pioneers, that invents, that builds and creates. And as these people exert the effort and take the risks inherent in invention and creation, they employ and lift the rest of us, creating prosperity for us all. The rewards they earn do not make the rest of us poorer, they make us better off.

Merit has been traditionally equated with intelligence, industriousness, educational attainment, creativity and competency. In a meritocracy, formal

qualifications provide opportunity, position is no longer ascribed by birth, and rewards flow to those who excel.

The rise of meritocratic competition as the preeminent means of social stratification in America has been hailed as a welcome advance because it replaced a society dominated by an upper class dependent on inherited wealth and status. The transition to meritocracy has, however, had unintended consequences. In the business sector, particularly, other less benign qualities emerge as essential to meritocratic success: aggressiveness, ruthlessness, dominance-seeking, victimizing behavior, acquisitiveness and the disciplined pursuit of self-interest.

Over the past two decades, newly minted corporate titans have used political power to minimize taxation on their principal sources of income, winning preferential rates on capital gains and dividends — and have nearly eliminated taxation on the intergenerational transfer of wealth, brilliantly exploiting the term “death tax.”

One industry in particular — the financial sector, led by a meritocratic elite — has used its power to gain an enormous advantage at public expense, persuading the government to dismantle much of the federal regulatory structure. The Financial Crisis Inquiry Commission, a 10-member bipartisan panel appointed in 2009 by congressional leaders of both parties, reported in January 2011 that “from 1997 to 2008, the financial sector expended \$2.7 billion in reported federal lobbying expenses; individuals and political action committees in the sector made more than \$1 billion in campaign contributions” to achieve what the commission described as “deregulation redux.”

Richard Freeman, an economist at Harvard, argued in an email to the Times that a merit based system can quickly convert into an entrenched hierarchy as a result of the accumulation of excessive wealth and income:

The greatest danger is that high inequality creates a society in which wealthy ‘crony capitalists’ dominate corporate and government policies and use their wealth to subvert market competition and to corrupt democracy in order to maintain their position atop the income hierarchy.

Campaign contributions are among the most important weapons deployed by new corporate elites. The finance industry, for example, has given more money, \$19 million, to the Romney campaign than any other sector, quadrupling its nearest competitor, real estate, which contributed 4.8 million.

At an extreme, the predatory aspect of “meritocratic” corporate competition is illustrated by the and [WorldCom](#), by the insider trading of Raj Rajaratnam and Rajat Gupta, and by the fraudulent schemes of [Allen Stanford](#) and [Bernie Madoff](#).

At a more mundane level, the use of campaign contributions by those who have become wealthy in an opportunity society can be seen in recent donations by predatory payday loan and auto-title lending companies, which are often located near military bases. Bloomberg Businessweek [reported a surge in contributions](#) from these firms to Romney’s super PAC, Restore Our Future, from mid-January through the end of February 2012. The contributions followed Romney’s denunciation on January 4th of the Consumer Financial Protection Bureau — which is preparing to regulate the payday loan industry and other “non-bank” lenders — as “perhaps the most powerful and unaccountable bureaucracy in the history of our nation.”

Businessweek wrote that from “January 13 to February 29, payday and auto-title lenders contributed \$427,500 to Restore Our Future.”

One payday loan company, Advance America, gave the super PAC \$25,000. On its web site, Advance America [outlines the terms of its loans](#) in different states. In Alabama, a \$500 loan carries an \$87.50 fee, which must be paid off at the next payday. This translates into an annual interest rate of 456.25 percent, according to the firm’s web site. In Texas, a \$500 loan carries a \$102.27 fee, or an annual interest rate of 533.30 percent.

In findings that parallel those of Harvard’s Richard Freeman, Martin Gilens, a political scientist at Princeton, [conducted a study of the relative influence of voters](#) at the top, middle and bottom of the income distribution over policy decisions made by elected officials.

Policy outcomes are more strongly related to the preferences of the well off than those of the poor or the middle class. But the extent of this “representational inequality” is staggering: when preferences of low or middle income Americans diverge from those of the affluent, there is virtually no relationship between policy outcomes and the desires of these less advantaged groups. In contrast, affluent Americans’ preferences exhibit a substantial relationship with policy outcomes whether their preferences are shared by lower income groups or not.

Campaign contributions, according to Gilens, are highly correlated with the leverage of the affluent over policy. “Most of the money donated to political

candidates, parties, and interest organizations comes from Americans at the top of the economic ladder,” he writes. “The top-heavy pattern of political donations conforms to the top-heavy nature of representational inequality.”

Not only would Romney’s [tax, regulatory and spending proposals](#) reinforce the leverage over public policy now exercised by the affluent, but he would leave untouched the post-Citizens United campaign finance regime that gives corporations, unions and billionaires unlimited opportunities to shape election outcomes.

Nor would Romney reform the Washington lobbying community that now amounts to a fourth branch of government, staffed by former Senators, Congressmen and executive branch officials, who work for clients equipped to pay fees of \$200,000 or more a year.

The overwhelming majority of the [\\$3.3 billion spent annually](#) on lobbying goes to preserve and expand the market-distorting corporate “rents” granted by Congress and the executive branch, ranging from agribusiness subsidies to an array of special breaks that allow companies like G.E. to pay [little or no federal tax](#).

Romney, a graduate of meritocratic bastions Harvard Law and Harvard Business School, has no incentive to initiate reform --he is a major beneficiary of the system as it is.

The super PACs enabled by Citizens United and related lower-court decisions are [overwhelmingly tilted in Romney’s favor](#) and supportive of the Republican Party in general: Conservative super PACs have so far spent \$125 million, while liberal groups have spent less than a third of that, \$35.2 million.

Romney’s top ten lobbyist-bundlers, in turn, have raised [a total of \\$2.6 million](#) for his campaign so far. Their clients include Barclays, which is now [in the middle of an interest rate fixing scandal](#), and Microsoft, which has been the defendant in anti-trust litigation [in the United States and in Europe](#).

The other side of the coin? Take a look at Pennsylvania, where 130,000 people, including 89,000 children, were cut from the Medicaid rolls between August 2011 and January 2012, a development that exemplifies the weak influence the poor exercise over policy. These cuts in health care, which affected both the poor and the disabled, resulted from the efforts last year of Republican Governor Tom Corbett and his welfare secretary, Gary Alexander, to “[crack down on waste, fraud, and abuse](#),” according to the Philadelphia Inquirer. Many of the cuts followed a controversial letter from the Pennsylvania Department of Public Welfare to Medicaid recipients last summer [requiring additional paperwork within 15 days](#). According to the Philadelphia Daily News, “It appeared that if the paperwork was not then received and processed in time, those enrolled were

dropped — even if the delay was the fault of D.P.W.”

As reasonable as Romney’s endorsement of a “merit-based opportunity society” may appear on the surface, what he is really calling for is a society that rewards hard-hearted, relentless competitors and disregards the losers. It is precisely this aspect of his campaign that has made him vulnerable to Democratic attacks.

Romney remains viable (trailing Obama by only 2.4 percent) against a Democratic incumbent hobbled by a stagnant economy and 8.2 percent unemployment. A Republican candidate with a more nuanced understanding of the hardships of those left behind by the meritocratic elite would arguably win in a walk.

Romney, however, is the willing prisoner of a radically evolving Republican Party, a party perhaps best described by Thomas Mann and Norman Ornstein in their recent book, “It’s Even Worse Than It Looks: How the American Constitutional System Collided With the New Politics of Extremism”:

One of the two major parties, the Republican Party, has become an insurgent outlier —ideologically extreme; contemptuous of the inherited social and economic policy regime; scornful of compromise; unpersuaded by conventional understanding of facts, evidence, and science; and dismissive of the legitimacy of its political opposition. When one party moves this far from the center of American politics, it is extremely difficult to enact policies responsive to the country’s most pressing challenges.

*Thomas B. Edsall, a professor of journalism at Columbia University, is the author of the book “The Age of Austerity: How Scarcity Will Remake American Politics,” which was published earlier this year.*

**Thomas B. Edsall**  
Joseph Pulitzer II and Edith Pulitzer Moore Professor  
Columbia Graduate School of Journalism  
2950 Broadway  
Room 803  
New York, N.Y. 10027

New York Times Online Columnist  
<http://campaignstops.blogs.nytimes.com/author/thomas-b-edsall/>  
Author: *Age of Austerity*, Doubleday  
<http://www.amazon.com/Age-Austerity-Scarcity-American-Politics/dp/0385535198>  
New Republic, Correspondent  
Twitter: **@Edsall**  
202 631 2611