

AMERICA'S NEW ARISTOCRACY

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WHEN the candidates for the Republican presidential nomination line up on stage for their first debate in August, there may be three contenders whose fathers also ran for president. Whoever wins may face the wife of a former president next year. It is odd that a country founded on the principle of hostility to inherited status should be so tolerant of dynasties. Because America never had kings or lords, it sometimes seems less inclined to worry about signs that its elite is calcifying.

Thomas Jefferson drew a distinction between a natural aristocracy of the virtuous and talented, which was a blessing to a nation, and an artificial aristocracy founded on wealth and birth, which would slowly strangle it. Jefferson himself was a hybrid of these two types – a brilliant lawyer who inherited 11,000 acres and 135 slaves from his father-in-law – but the distinction proved durable. When the robber barons accumulated fortunes that made European princes envious, the combination of their own philanthropy, their children's extravagance and federal trust-busting meant that Americans never discovered what it would be like to live in a country where the elite could reliably reproduce themselves.

Now they are beginning to find out, (see [article](#)), because today's rich increasingly pass on to their children an asset that cannot be frittered away in a few nights at a casino. It is far more useful than wealth, and invulnerable to inheritance tax. It is brains.

Matches made in New Haven

Intellectual capital drives the knowledge economy, so those who have lots of it get a fat slice of the pie. And it is increasingly heritable. Far more than in previous generations, clever, successful men marry clever, successful women. Such "assortative mating" increases inequality by 25%, by one estimate, since two-degree households typically enjoy two large incomes. Power couples conceive bright children and bring them up in stable homes – only 9% of college-educated mothers who give birth each year are unmarried, compared with 61% of high-school dropouts. They stimulate them relentlessly: children of professionals hear 32m more words by the age of four than those of parents on welfare. They move to pricey neighbourhoods with good schools, spend a packet on flute lessons and pull strings to get junior into a top-notch college.

The universities that mould the American elite seek out talented recruits from all backgrounds, and clever poor children who make it to the Ivy League may have their fees waived entirely. But middle-class students have to rack up huge debts to attend college, especially if they want a post-graduate degree, which many desirable jobs now require. The link between parental income and a child's academic success has grown stronger, as clever people become richer and splash out on their daughter's Mandarin tutor, and education matters more than it used to, because the demand for brainpower has soared. A young college graduate earns 63% more than a high-school graduate if both work full-time – and the high-school graduate is much less likely to work at all. For those at the top of the pile, moving straight from the best universities into the best jobs, the potential rewards are greater than they have ever been.

None of this is peculiar to America, but the trend is most visible there. This is partly because the gap between rich and poor is bigger than anywhere else in the rich world – a problem Barack Obama alluded to repeatedly in his state-of-the-union address on January 20th (see article). It is also because its education system favours the well-off more than anywhere else in the rich world. Thanks to hyperlocal funding, America is one of only three advanced countries where the government spends more on schools in rich areas than in poor ones. Its university fees have risen 17 times as fast as median incomes since 1980, partly to pay for pointless bureaucracy and flashy buildings. And many universities offer “legacy” preferences, favouring the children of alumni in admissions.

Nurseries, not tumbrils

The solution is not to discourage rich people from investing in their children, but to do a lot more to help clever kids who failed to pick posh parents. The moment to start is in early childhood, when the brain is most malleable and the right kind of stimulation has the largest effect. There is no substitute for parents who talk and read to their babies, but good nurseries can help, especially for the most struggling families; and America scores poorly by international standards (see article). Improving early child care in the poorest American neighbourhoods yields returns of ten to one or more; few other government investments pay off so handsomely.

Many schools are in the grip of one of the most anti-meritocratic forces in America: the teachers’ unions, which resist any hint that good teaching should be rewarded or bad teachers fired. To fix this, and the scandal of inequitable funding, the system should become both more and less local. Per-pupil funding should be set at the state level and tilted to favour the poor. Dollars should follow pupils, through a big expansion of voucher schemes or charter schools. In this way, good schools that attract more pupils will grow; bad ones will close or be taken over. Unions and their Democratic Party allies will howl, but experiments in cities such as battered New Orleans have shown that school choice works.

Finally, America’s universities need an injection of meritocracy. Only a handful, such as Caltech, admit applicants solely on academic merit. All should. And colleges should make more effort to offer value for money. With cheaper online courses gaining momentum, traditional institutions must cut costs or perish. The state can help by demanding more transparency from universities about the return that graduates earn on their degrees.

Loosening the link between birth and success would make America richer – far too much talent is currently wasted. It might also make the nation more cohesive. If Americans suspect that the game is rigged, they may be tempted to vote for demagogues of the right or left – especially if the grown-up alternative is another Clinton or yet another Bush.