Sociation Today ®

Volume 2, Number 1
Spring 2004

The Meritocracy Myth

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According to the ideology of the American Dream, America is the land of limitless opportunity in which individuals can go as far as their own merit takes them. According to this ideology, you get out of the system what you put into it. Getting ahead is ostensibly based on individual merit, which is generally viewed as a combination of factors including innate abilities, working hard, having the right attitude, and having high moral character and integrity. Americans not only tend to think that is how the system should work, but most Americans also think that is how the system does work (Huber and Form 1973, Kluegel and Smith 1986, Ladd 1994).

In our book The Meritocracy Myth (2004), we challenge the validity of these commonly held assertions, by arguing that there is a gap between how people think the system works and how the system actually does work. We refer to this gap as "the meritocracy myth," or the myth that the system distributes resources—especially wealth and income—according to the merit of individuals. We challenge this assertion in two ways. First, we suggest that while merit does indeed affect who ends up with what, the impact of merit on economic outcomes is vastly overestimated by the ideology of the American Dream. Second, we identify a variety of nonmerit factors that suppress, neutralize, or even negate the effects of merit and create barriers to individual mobility. We summarize these arguments below. First, however, we take a brief look at what is at stake. That is, what is up for grabs in the race to get ahead?

There are a variety of ways to depict America's unequal distributions of income and wealth. Income refers to how much one earns and wealth refers to how much one owns. Although Americans tend to think of income as coming from wages and salaries, there are actually two sources of income. In addition to income from wages and salaries, income also includes sources of revenue that are unrelated to jobs, such as income from capital gains, dividends, interest payments, and some forms of government aid ("welfare" including food stamps and the like). In some cases, these sources of income are related to prior but not current employment (e.g. social security payments, pensions). Wealth does not refer to a revenue stream, but to assets that one owns such as houses, cars, personal belongings, businesses, nonresidential real estate, stocks and bonds, trusts, and other financial assets. These assets can further be distinguished between those that tend to depreciate in value (e.g. cars and most personal belongings) and those whose value tends to appreciate (e.g. business, real estate, stocks, etc.). In general, the more wealth one has, the more likely that wealth derives from sources of ownership that tend to appreciate in value. Net worth refers to the difference between assets (what one owns) and liabilities (what one owes). Net worth is an accurate measure of what one is really "worth." Table 1 depicts the distributions of income and Table 2 depicts distributions of net worth.

Table 1. Share of Total Available Household Income, 2002*

Income Group	Share of Income
Top Fifth	49.7%
Second Fifth	23.3%
Third Fifth	14.8%
Fourth Fifth	8.8%
Bottom Fifth	3.5%
Total	100.0%
Top 5 Percent	21.7%

*Source: DeNavas-Walt et al. 2003. See U.S. Current Population Reports for details.

Table 2: Share of Total Available Household Net Worth, 2001*

Wealth Group	Share of Net Worth
99-100th percentile	32.7%
95-99th percentile	25.0%
90-95th percentile	12.1%
50th-90th percentile	27.1%
0-50th percentile	2.8%
Total	100.0%

*Source: Kennickell, 2003. See data from the Federal Reserve Board for details.

These tables show that the distributions of income and especially wealth are highly skewed. The top 20 percent of American households, for instance, receive a large portion of the total amount of available income (49.7%) while the lowest 20 percent of American households receive a much smaller portion of available income (3.5%). The top 5% percent of households alone receive 21.7 percent of all available income. The distribution of wealth measured by net worth is even more highly skewed. The richest 1% of households (99th-100th percentile) account for nearly a third of all available net worth while the bottom half of households (0-50th percentile) account for only 2.8% of all available net worth. In other words, the American distributions of income and wealth are "top heavy" (Wolff 2002) and represent a level of economic inequality that is the highest among industrial countries of the world.

These distributions are relevant to the myth of meritocracy in several ways. First, despite the widely held perception that America is a "middle class" society, most of the money is highly concentrated at the top of the system. Second, many of the arguments suggesting that "merit" is behind the distribution of income and wealth also make the case that merit is distributed "normally" in the population. That is, that the shape of the distribution of merit resembles a "bell curve" with small numbers of incompetent people at the lower end, most people of average abilities in the middle and small numbers of talented people at the upper end. The highly skewed distribution of economic outcomes, however, appears quite in excess of any reasonable distribution of merit. Something that is distributed "normally" cannot be the direct and proportional cause of something with such skewed distributions. There has to be more to the story than that.

On Being Made of the Right Stuff

When factors associated with individual "merit" are related to income and wealth, it turns out that these factors are often not as uniquely individual or as influential as many presume. Most experts point out, for instance, that "intelligence," as measured by IQ tests, is partially a reflection of inherent intellectual capacity and partially a reflection of environmental influences. It is the combination of capacity and experience that determines "intelligence." Even allowing for this "environmental" caveat, IQ scores only account for about 10% of the variance in income differences among individuals (Fisher et al. 1996). Since wealth is less tied to achievement than income, the amount of influence of intelligence on wealth is much less. Other purportedly innate "talents" cannot be separated from experience, since any "talent" must be displayed to be recognized and labeled as such (Chambliss 1989). There is no way to determine for certain, for instance, how many potential world-class violinists there are in the general population but who have never once picked up a violin. Such "talents" do not spontaneously erupt but must be identified and cultivated.

Applying talents is also necessary. Working hard is often seen in this context as part of the merit formula. Heads nod in acknowledgment whenever hard work is mentioned in conjunction with economic success. Rarely is this assumption questioned. But what exactly do we mean by hard work? Does it mean the number of hours expended in the effort to achieve a goal? Does it mean the amount of energy or sheer physical exertion expended in the completion of tasks? Neither of these measures of "hard" work is directly associated with economic success. In fact, those who work the most hours and expend the most effort (at least physically) are often the most poorly paid in society. By contrast, the really big money in America comes not from working at all but from owning, which requires no expenditure of effort, either physical or mental. In short, working hard is not in and of itself directly related to the amount of income and wealth that individuals have.

What about attitudes? Again, the story here is mixed. First, it is not clear which particular mix of attitudes, outlooks, or frames of mind are associated with economic success. The kind of mental outlook that would be an advantage in one field of endeavor, may be a disadvantage in another field of endeavor. A different set of "proper attitudes," for instance, may be associated with being a successful artist than being a successful accountant. Second, the direction of influence is not always clear. That is, are certain attitudes a "cause" of success or are certain attitudes the "effect" of success?

An example of the difficulty in discerning the impact and direction of these influences is reflected in the "culture of poverty" debate. According to the culture of poverty argument, people are poor because of deviant or pathological values that are then passed on from one generation to the next, creating a "vicious cycle of poverty." According to this perspective, poor people are viewed as anti-work, anti-family, anti-school, and anti-success. Recent evidence reported in this journal (Wynn, 2003) and elsewhere (Barnes, Gould ;1999, Wilson, 1996), however, indicates that poor people appear to value work, family, school, and achievement as much as other Americans. Instead of having "deviant" or "pathological" values, the evidence suggests that poor people adjust their ambitions and outlooks according to realistic assessments of their more limited life chances.

An example of such an adjustment is the supposed "present-orientation" of the poor. According to the culture of poverty theory, poor people are "present-oriented" and are unable to "defer gratification." Present orientation may encourage young adults to drop out of school to take low wage jobs instead staying in school to increase future earning potential. However, the present orientation of the poor can be an "effect" of poverty rather than a "cause." That is, if you are desperately poor, you may be forced to be present oriented. If you do not know where your next meal is coming from, you essentially have no choice but to be focused on immediate needs first and foremost. By contrast, the rich and middle class can "afford" to be more future oriented since their immediate needs are secure. Similarly, the poor may report more modest ambitions than the affluent, not because they are unmotivated, but because of a realistic assessment of limited life chances. In this sense, observed differences in outlooks between the poor and the more affluent are more likely a reflection of fundamentally different life circumstances than fundamentally different attitudes or values.

Finally, we challenge the idea that moral character and integrity are important contributors to economic success. Although "honesty may be the best policy" in terms of how one should conduct oneself in relations with others, there is little evidence that the economically successful are more honest than the less successful. The recent spate of alleged corporate ethics scandals at such corporations as Enron, WorldCom, Arthur Andersen, Adelphia, Bristol-Myers Squibb, Duke Energy, Global Crossing, Xerox as well as recent allegations of misconduct in the vast mutual funds industry reveal how corporate executives often enrich themselves through less than honest means. White-collar crime in the form of insider trading, embezzlement, tax fraud, insurance fraud and the like is hardly evidence of honesty and virtue in practice. And neither is the extensive and sometimes highly lucrative so-called "irregular" or "under the table" economy—much of it related to vice in the form of drug trafficking, gambling, pornography, loan sharking, or smuggling. Clearly, wealth alone is not a reflection of moral superiority. To get ahead in America, it no doubt helps to be bright, shrewd, to work hard, and to have the right combination of attitudes that maximize success within given fields of endeavor. Playing by the rules, however, probably works to suppress prospects for economic success since those who play by the rules are more restricted in their opportunities to attain wealth and income than those who choose to ignore the rules.

Nonmerit Barriers to Mobility

There are a variety of social forces that tend to suppress, neutralize, or even negate the effects of merit in the race to get ahead. We might collectively refer to these forces as "social gravity." These forces tend to keep people in the places they already occupy, regardless of the extent of their individual merit.

First and foremost among these nonmerit factors is the effect of inheritance, broadly defined as the effects of initial class placement at birth on future life chances. Inheritance is not just bulk estates that are transferred upon the death of parents. Inheritance refers more broadly to unequal starting points in the race to get ahead. The race to get ahead is like a relay race in which we inherit an initial starting point from parents. For a while, we run alongside our parents as the baton is passed, and then we take off on our own. In this relay race, those born into great wealth start far ahead of those born to poor parents, who have a huge deficit to overcome if they are to catch up. Indeed, of all the factors that we might consider, where we start out in life has the greatest effect on where we end up. In the race to get ahead, the effects of inheritance come first and merit second, not the other way around.

Inheritance provides numerous cumulative nonmerit advantages that are available in varying degrees to all those born into at least some relative advantage, excluding only those at the very bottom of the system. Included among these nonmerit advantages are high standards of living from birth, inter vivos gifts (gifts between the living) such as infusions of cash and property bestowed by parents on their children at critical junctures in the life course (going to college, getting married, buying a home, having children, starting a business, etc.), insulation from downward mobility (family safety nets which prevent children from skidding in times of personal crises, setbacks, or as the result of personal failures), access to educational opportunities as well as other opportunities to acquire personal merit or to have merit identified and cultivated, better health care and consequently longer and healthier lives (which increases earning power and the ability to accumulate assets during the life course).

Another advantage of inheritance is access to high-powered forms of social and cultural capital. Social capital is one's "social resources" and refers to essentially to the value of whom you know. Cultural capital is one's cultural resources and refers essentially to the social value of what you know. Everyone has friends, but those born into privilege have friends in high places with resources and power. Everyone possesses culture—bodies of knowledge and information needed to navigate through social space. Full acceptance into the highest social circles, however, requires knowledge of the ways of life of a particular group a kind of "savoir faire" that includes expected demeanor, manners, and comportment associated with the upper class. Those born into these high powered circles are trained from an early age in the cultural ways of the group, which allows them to travel comfortably in these circles and to "fit in." Outsiders who aspire to become part of these high-powered circles must learn these cultural ways of life from the outside in a more difficult and daunting task that continually carries the risk of being exposed as an imposter or pretender.

Besides the nonmerit effects of inheritance, just plain bad luck can suppress the effects of merit. Bad luck can take many forms but two very common forms of bad luck are to be laid off from a job that you are good at or to spend many years preparing for a job for which demand either never materializes or declines. In looking at jobs and job opportunities, Americans tend to focus on the "supply" side of markets for labor; that is, the pool of available people in the labor force. Much less attention is paid to the "demand" side, or the number and types of jobs available. In the race to get ahead, it is possible and all too common for meritorious individuals to be "all dressed up with no place to go." For the past twenty years, the "growth" jobs in America have disproportionately been in the low wage service sector of the economy. At the same time, more Americans are getting more education, especially higher education. Simply put, these trends are running in opposite directions: the economy is not producing as many high-powered jobs as the society is producing highly qualified people to fill them (Collins 1979, Livingstone 1998).

In addition to the number and types of jobs available, the locations of jobs both geographically and within different sectors of the economy also represent non-merit factors in the prospects for employment. For instance, a janitor who works for a large corporation New York City may get paid much more for doing essentially the same job as a janitor who works for a small family business in a small town in Mississippi. These effects are independent of the demands of the jobs or the qualifications or merit of the individuals holding them. Differences in benefits and wages between such jobs are often substantial and may mean the difference between a secure existence and poverty.

If poverty were exclusively due to individual differences, we would expect rates of poverty to be randomly distributed throughout the county. Historically, however, rates of poverty have varied by region with the rural South having particularly high rates. These differences have been reduced in recent decades as Northern and

Midwest states in the so-called "rust belt" have experienced plant closings and "deindustrialization" while Southern and Southwest states in the so-called "sun belt" have experienced greater economic diversity and development. Despite these trends, research recently reported in this journal (Wimberley and Morris, 2003) shows that rates of poverty in the United States continue to vary by region and locations within regions suggesting that geography is still a major factor in the distribution of economic opportunity.

Education is another factor widely seen as responsible for where people end up in the system. The role of education in getting ahead in America, however, is not as simple as is often assumed. On the one hand, those with more education, on average, have higher income and wealth. Education is thus often seen as the primary means of upward social mobility. In this context, education is widely perceived as a gatekeeper institution which sifts and sorts individuals according to individual merit. Grades, credits, diplomas, degrees, and certificates are clearly "earned," not purchased or appropriated. But, as much research has demonstrated, educational opportunity is not equally distributed in the population (Bowles and Gintis 1976, 2002, Bourdieu and Passeron 1990, Aschaffenburg and Maas 1997, Kozol, 1991, Sacks, 2003, Ballantine 2001). Upper class children tend to get upper class educations (e.g. at elite private prep schools and ivy league colleges), middle class children tend to get middle class educations (e.g. at public schools and public universities), and working class people tend to get working class educations (e.g. public schools and technical or community colleges), and poor people tend to get poor educations (e.g. inner city schools that have high drop out rates and usually no higher education). Educational attainment clearly depends on family economic standing and is not simply a major independent cause of it. The quality of schools and the quality of educational opportunity vary according to where one lives, and where one lives depend on familial economic resources and race. Most public schools, for instance, are supported by local property taxes. The tax base is higher in wealthy communities and proportionally lower in poorer areas. These discrepancies give rise to the perpetual parental scramble to locate in communities and neighborhoods that have reputations for "good schools," since parents want to provide every possible advantage to their children that they can afford. To the extent that parents are actually successful in passing on such advantages, educational attainment is primarily a reflection of family income. In sum, it is important to recognize that individual achievement occurs within a context of unequal educational opportunity.

Besides education, self-employment is popularly perceived as a major route to upward mobility. Opportunities to get ahead on the basis of being self-employed or striking out on one's own to start a new business, however, have sharply declined. In colonial times, about three fourths of the non-slave American population was self- employed most as small family farmers. Today, only seven percent of the labor force is self employed (U.S. Census Bureau 2002). The “family farm,” in particular, is on the brink of statistical extinction. As self-employment has declined, the size and dominance of corporations has increased. This leaves many fewer opportunities for “self-made” individuals to enter existing markets or to establish new ones. America has witnessed the sharp decline of “mom and pop” stores, restaurants, and retail shops and the concomitant rise of Wal-Marts, Holiday Inns, and McDonalds. As more Americans work for someone else in increasingly bureaucratized settings, the prospects of rapid “rags to riches” mobility decline.

In addition to the decline of self-employment, manufacturing has also experienced drastic workforce reduction as production facilities have increasingly moved to foreign countries in efforts to reduce costs of production. This is a significant trend since the United States became a world power based on its industrial strength, which supported a large and relatively prosperous working and middle class. Some service jobs, such as customer service and computer programming, are also being moved to foreign countries in increasing numbers. All of these trends are occurring quite independent of the merit of individuals but nevertheless profoundly impact the opportunities of individuals to get ahead.

The most obvious and widely recognized nonmerit barrier to achievement is discrimination. Discrimination not only suppresses merit; it is the antithesis of merit. Race and sex discrimination have been the most pervasive forms of discrimination in America. The good news is that such discrimination is declining. The bad news is that these forms of discrimination are down but not out. Besides ongoing discrimination, there are still inertial effects of past discrimination that create disadvantage in the present. The divisive debate over affirmative action in America highlights the continuing disagreements about the size and importance of these residual effects and how to best to address them.

Most Americans agree that race and sex discrimination are wrong and that a “level playing field” should be established. Indeed, it is often assumed that we would have true equality of opportunity in American if only these forms of discrimination were eliminated. This position is naïve, however, because it overlooks the effects of other nonmerit factors identified here (especially inheritance). Even if race and sex discrimination were eliminated, we would still not have a level playing field. This position also overlooks other forms of discrimination that, while less pervasive in America, nevertheless suppress or neutralize the effects of merit: discrimination on the basis of sexual orientation, religion, age, physical disability (unrelated to job performance), physical appearance, and region (discrimination against Southerners and preference for Yankees). That these forms of discrimination effect fewer people than sex and race discrimination is little comfort to those who are victimized by it. For them, the effective rate of discrimination is 100 percent.

Some of these forms of discrimination are not well-recognized or generally acknowledged. "Lookism," for instance, is a subtle form of discrimination in which attractive people get numerous nonmerit advantages over less attractive people (e.g., more attention, more help, more recognition and credit for accomplishments, more positive evaluation of performance and the like) (Etcoff 1999). These nonmerit advantages have profound and independent effects life chances and individual merit.

What Now?

In *The Meritocracy Myth*, we do not suggest that "merit" is a myth. Rather, we argue that meritocracy the idea that societal resources are distributed exclusively or primarily on the basis of individual merit is a myth. It is a myth because of the combined effects of non-merit factors such as inheritance, social and cultural advantages, unequal educational opportunity, luck and the changing structure of job opportunities, the decline of self-employment, and discrimination in all of its forms. If meritocracy is a myth, how can the system be made to operate more closely according to meritocratic principles that Americans so uniformly endorse?

We suggest four ways in which American society could be made more genuinely meritocratic.

1. First, current forms of discrimination could be reduced or eliminated.
2. Second, the wealthy could be encouraged to redistribute greater amounts of their accumulated wealth through philanthropy in ways that would provide greater opportunity for the less privileged.
3. Third, the tax system could be redesigned to be genuinely progressive in ways that would close the distance between those at the top and the bottom of the system.
4. Fourth, more government resources could be allocated to provide more equal access to critical services such as education and health care.

All of these measures would reduce the overall extent of inequality in society and at the same time allow individual merit to have a greater effect on economic outcomes. Such fundamental change in the distribution of societal resources and opportunity, however, are predicated on the assumption that these goals would be widely seen as both desirable and politically feasible.

It is generally acknowledged that a pure meritocracy is probably impossible to achieve. What is less generally acknowledged is that such a system may not be entirely desirable. The limits and dangers of a system operating purely on the basis of merit were dramatically portrayed in The Rise of the Meritocracy (1961), a novel by British sociologist Michael Young. Young envisioned a society in which those at the top of the system ruled autocratically with a sense of righteous entitlement while those at the bottom of the system were incapable of protecting themselves against the abuses leveled against them from the merit elite above. Instead of a fair and enlightened society, the meritocracy became cruel and ruthless.

One possible advantage of a nonmeritocratic society is that at any point in time there are, for whatever combination of reasons, at least some of those at the top of the system who are less capable and competent than at least some of those at the bottom. Such discrepancies should render humility for those at the top and hope and dignity for those at the bottom. But this can only happen if it is widely acknowledged that inheritance, luck, and a variety of other circumstances beyond the control of individuals are important in affecting where one ends up in the system. While meritocracy may be neither possible nor even desirable, we argue that the myth of meritocracy is itself harmful because by discounting the most important causes of inequality, it leads to unwarranted exaltation of the rich and unwarranted condemnation of the poor. We may always have the rich and poor among us, but we need neither exalt the former nor condemn the latter.

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