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Wealth Concentration and Elite Power in American History: From Natural Aristocracy to Corporate Oligarchy

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ABSTRACT

The U.S. Constitution explicitly forbids titles of nobility, representing a clear ideological break from European aristocracy. Nevertheless, the country has always had privileged classes with significant power and influence over government policy. Several authors also refer to these as ruling classes, indicating the often-blurred lines between economic and industrial wealth and government influence. This is especially relevant today as a relative handful of powerful economic elites use various opinion-shaping apparatuses, money, and social position to influence the landscape of American politics, thereby inviting the epithet “oligarchy”. This article uses evidence-based historical narrative to survey important periods in American history of business and industrialist influence: the Gilded Age, the Robber Baron era, the present-day Tech Oligarchy. It discusses a pattern whereby these periods coincide with a marked income and wealth inequality which, during subsequent periods of “corrective” policies, is attenuated. The article examines the circumstances supporting the existence of entrenched privileged classes—a strong “government-industrialist complex” marked by lax business regulations and favorable tax policies—arguing that the present manifestation is distinguished by a constitutional crisis that represents a qualitative break from the past.

La Costituzione degli Stati Uniti proibisce esplicitamente i titoli di nobiltà, rappresentando una netta rottura ideologica rispetto all'aristocrazia europea. Tuttavia, il paese ha sempre avuto classi privilegiate con un notevole potere e influenza sulle politiche governative. Numerosi autori le definiscono anche classi dominanti, indicando le linee spesso sfumate tra ricchezza economica e industriale e influenza governativa. Ciò è particolarmente rilevante oggi, poiché una manciata relativamente ridotta di potenti élite economiche utilizza vari apparati di formazione dell'opinione pubblica, denaro e posizione sociale per influenzare il panorama della politica americana, invitando così l'epiteto di “oligarchia”. Questo articolo utilizza una narrazione storica basata su prove per analizzare periodi significativi della storia americana dell'influenza industriale e imprenditoriale — the *Gilded Age*, the era of the *Robber Barons*, e la *Tech Oligarchy* di oggi — esaminando un modello in cui questi periodi coincidono con una marcata disuguaglianza di reddito e ricchezza che poi diminuisce durante i successivi periodi di politiche “correttive”. Verranno esaminate le circostanze che sostengono l'esistenza di classi privilegiate radicate — un forte “complesso governativo-industriale” caratterizzato da regolamentazioni aziendali lassiste e

politiche fiscali favorevoli — e si sosterrà che la manifestazione presente si distingue per una crisi costituzionale che rappresenta una rottura qualitativa rispetto al passato.

Keywords: Gilded Age, Robber Barons, natural aristocracy, Social Darwinism, Mudsill Theory speech, the New Deal, the Liberal Consensus, Gini index, financialization, regulatory oversight, Citizens United, gerrymandering, voting rights, checks and balances, economic elites

1 – Introduction

Although overthrowing the British monarchy was not on the minds of the hastily formed militias at the battles of Lexington and Concord in April of 1775, by the time the Declaration of Independence was promulgated on July 4, 1776, it was a clearly stated objective. The Declaration proclaimed “[t]hat these United Colonies are, and of Right ought to be Free and Independent States; that they are Absolved from all Allegiance to the British Crown”. Thirteen years later, in 1789, Section 9 of Article 1 of the Constitution stated that “No Title of Nobility shall be granted by the United States”.

Nevertheless, privileged groups have existed throughout U.S. history. This article will look at specific periods of great wealth concentration and income inequality and the economic and political circumstances characterizing them, in particular the often-symbiotic relationship between big business and government. It will conclude by arguing that modern-day income and wealth inequality is more firmly rooted today than in previous eras because of the weakening of democratic institutions in the country.

2 — The Natural Aristocracy

In 1813, twenty-five years after the Declaration, Thomas Jefferson wrote to John Adams that there was a “natural aristocracy” in the country that had a right to rule on the grounds of its “talents and virtues”, and not because of wealth or inherited status. Although the second paragraph of the Declaration states that it was *self-evident* that “all men are created equal”, it was equally self-evident that the Founding Fathers, even though they were intent on casting off the yolk of monarchy, had no intention of entrusting government to the popular passions of common folk, which they feared could lead to a tyranny of the majority, dangerous political factions, and partisan excesses. To ensure this did not happen, they created the convoluted electoral college system while also limiting the right to vote to white male landowners (Wilentz, 2019; Ponzini, 2025).

The idea that a selected few — an elite class — should guide the less talented, and perhaps less virtuous, has been a recurring theme throughout the Republic’s history. Senator James Henry Hammond of South Carolina had a more social class and racist theory of elitism. In his well-known “Mudsill Theory” speech in 1858 he crudely expressed the social class theory of the Southern enslavers. Hammond believed that “in all social systems there must be a class to do the menial duties, to perform the drudgery of life”. All that was needed in this case was a “low order of intellect and...little skill”. Without this class you “would not have that other class which leads progress, civilization, and refinement. It constitutes the very mud-sill [the lowest supporting sill, or timber, in a building] of society” (Teaching American History, n.d.). Hammond referenced, out of context, Cicero’s phrase *lex naturae est* (it is the law of nature) to arbitrarily include slaves as the perpetual “lowest sill” of society. Ironically, this idea is

something that even Jefferson—who enslaved over 600 African Americans in his lifetime—was not able to rise above.

Associating natural law with an elite class in society can also be found in the rise of the Robber Barons (a phrase coming from the 19th-century German term “Raubritter”: medieval nobles along the Rhine River who built fortresses to control trade routes, extorting tolls, sometimes illegally and violently, from travelers and ships passing through their territory) at the end of the 19th century. However, whereas the Founding Fathers spoke of “talents and virtues” that distinguished the ruling class and James Henry Hammond embodied a “social class” theory of society, the Robber Barons believed that “the fit, the most powerful were those who had gained the ability to accumulate wealth, and that the weak were lazy, stupid” (ArcGIS StoryMaps, n.d.). The Robber Barons were a powerful industrialist oligarchy that included John D. Rockefeller, Andrew Carnegie, Cornelius Vanderbilt, Jay Gould, and James Fisk. They embodied the idea of *Social Darwinism*, the survival of the fittest—first used by Herbert Spencer in 1864—to justify the injustices and harsh treatment they inflicted on workers. Social Darwinism did not refer to biological factors but to the idea that certain elements of society possessed traits better suited to “surviving” the competition and thus to gaining a position of social and economic predominance (ArcGIS StoryMaps, n.d.). However, they often used unethical business practices—for example, price fixing and other monopolistic behavior, labor exploitation—to become “fit”.

Rockefeller himself stated that “the growth of a large business is merely the survival of the fittest”, uniquely adopting the metaphor of the American Beauty rose, whose “splendor and fragrance...bring cheer to its beholder only by sacrificing the early buds which grow up around it”. He did not see this as an “evil tendency in business” but “merely the working-out of a law of nature and a law of God” (“Young Rockefeller, 1902”). Unlike Jefferson, who believed “virtue” was one of the characteristics of a natural aristocracy, the 19th century *captains of industry* saw no clear connection between being virtuous and being “more socially fit”, relying instead on a vague reference to a God-given, natural law.

There was a Jekyll-and-Hyde quality in the significant philanthropic actions of these individuals, in particular regarding education and science. Rockefeller donated 10% of all his paychecks, \$550 million, to charity and supported “biomedical research, public sanitation, medical training, and educational opportunities for disadvantaged minorities”; Andrew Carnegie gave over \$350 million to charity, including over \$56 million to build 2,509 public libraries around the world; railroad tycoon James J. Hill supported free education on crop diversification and provided “free seed grain, cattle, and wood to local communities” (Kenton, 2025). A cynical interpretation would explain this contradiction as “conscience money”, while a more forgiving one would see this as a reminder that deep flaws and generous behavior can coexist in human nature.

3 — The Robber Barons

The Gilded Age excesses underwent a *correction* during the Progressive Era—from the 1890s to around 1920, the year the 19th Amendment granted women the right to vote—which saw a government-oriented approach to the social welfare of workers. However, a decided return to a business-centered capitalist mentality began with the election of Warren G. Harding, a Republican, as president in 1920—the first of three Republicans to hold the office during that decade—with 60.3% of the votes to the Democrats 34.1%. President Calvin Coolidge, who

succeeded Harding, famously said in a 1927 speech: "The business of America is business", and *The Wall Street Journal* wrote: "Never before, here or anywhere else has a government been so completely fused with business" (Stoller, 2019).

Americans experienced "war fatigue" after the First World War and a fear of radicalism sparked by the Bolshevik Revolution. They desired normalcy and participation in an economic prosperity that would be open to everyone, one which would best be served by a deregulated economy. The general thinking could be summarized as follows: "After twenty years of absurd reform and fights over "progressivism", first from the odious egomaniac Teddy Roosevelt, and then the catastrophic Woodrow Wilson, the people had come to their senses and returned power to society's natural rulers" (Stoller, 2019).

The formula applied by the powerful Secretary of the Treasury (1921-1932) was a reduction in taxes on the wealthy and government and financial deregulation. Mellon was so powerful—before his corruption and venality forced him to resign under threat of impeachment—that Senator George Norris said at the time that "three presidents served under him" (Stoller, 2019). When the policies he helped advance led to systemic inequality and economic downturn, he blamed "lazy Americans and greedy constituencies". His famous advice to President Herbert Hoover was to "liquidate labor, liquidate stocks, liquidate the farmers, liquidate real estate. [This] will purge the rottenness out of the system. High costs of living and high living will come down. People will work harder, live a more moral life. Values will be adjusted, and enterprising people will pick up the wrecks from less competent people" (Richardson, H.C., 2025). Mellon did not believe in social welfare and government help for struggling individuals, though he was not averse to helping struggling businesses and banks.

Jefferson's merit-and-virtue-based natural aristocracy had morphed first into an antebellum 'artificial' one based on racial and class superiority, followed by the Social Darwinism of the Gilded Age. After the Progressive Era interregnum, the business-industrial environment of the 1920s combined early neoliberal laissez-faire tendencies with a quasi-sociological outlook that anticipated later cultural deficiency theories. "*Cultural deficiency* refers to a theoretical argument that the cultural attributes or practices often associated with historically disenfranchised racial/ethnic groups (specifically, blacks and Latinos) have prevented them from assimilating and attaining social mobility within U.S. society." Some examples of cultural deficiencies are: "limited outlooks and attitudes toward the future, a failure to internalize the work ethic, instant gratification behavior, a lack of parent involvement in schools, low intellectual abilities, an emphasis on masculinity and honor, and an aversion to honest work" (Fergus, 2026).

"An insidious form of corporatism was gaining power over not only America's industrial sinews but the heart of the people" (Stoller, 2019). "Instead of being feared for his power, the businessman would now be embraced and respected by both government leaders and ordinary people for his management skills, his wisdom, and most of all his ability to make astounding quantities of money" ("*The Business of America*," 2026). The engine for progress in general welfare would be the elite industrial class since the "underclass" tended toward laziness and moral weakness—echoes of arguments advanced by right-wing sociologists like Charles Murray a half century later. The Roaring Twenties would see a deepening class divide between the haves and the have nots: by the end of the decade, the top 1% of earners held roughly 20% of all income while the top 0.1% possessed around 25% of all wealth (see Figure 1) (Bambra, 2024; Zucman, 2019).

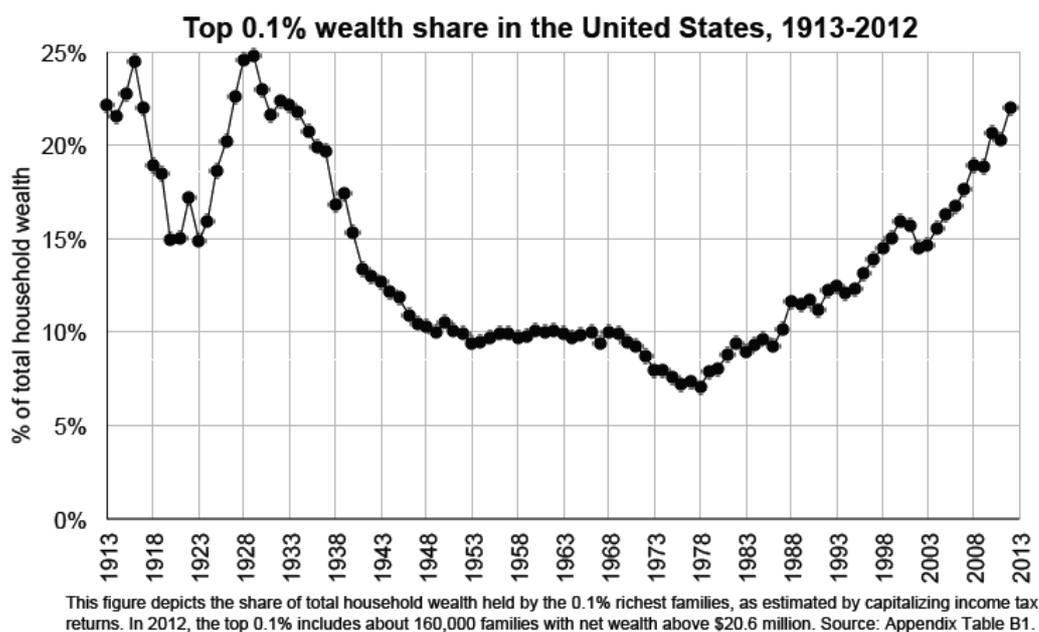


Fig. 1 – Income Share of Top 1% in the U.S., 1913–2012 (Source: Saez & Zucman (2014, p.3))

The glamorous lifestyle of the decade, experienced even by the general population, belied the growing disparities in wealth and income and the structural economic difficulties. While the latter were simmering beneath the surface and would erupt in 1929, the economic data suggested a flourishing economy, fueled by new technology and investment capital fed by a generalized stock market craze. From 1922 to 1927, the economy grew by 7%, one of the largest increases for a five-year period. Every leading economic indicator also grew during that period along with income levels (workers in 1929 earned 26% more than they did in 1919), business growth, construction, and stock market activity. Production rose sharply over the decade (by 64%) and there was little unemployment among workers (2%) (“The Business of America,” 2026). Despite the growing income and wealth inequality, most of the population felt more well-off and with more money to spend. In fact, traditional ideas about savings had changed, which helps explain the popularity of investing in stocks.

Accompanying this newfound prosperity was a social and cultural transformation. Americans “flocked to commercial amusements (movies, sporting events, amusement parks) and absorbed mass culture in their homes, through the radio and commercial recordings” (Murphy, 2018). The popularity of jazz—the decade is often referred to as the Jazz Age—symbolized the change in mood from immediately after World War I. Nevertheless, the ‘20s were difficult for sectors such as farming, due to falling crop prices, mining, labor unions, black Americans, and immigrants, among others (BBC, n.d.).

4 — From FDR to the Early 1970s: the “Liberal Consensus”

Franklin Delano Roosevelt took office in 1932 after Herbert Hoover’s failed attempts to deal with the Great Depression. FDR’s progressive New Deal policies were followed by 35 years or so of relative consensus (Viala-Gaudefroy, 2018)—including Dwight D. Eisenhower’s presidency (1952-1960)—regarding governmental social welfare policies and structural reforms,

such as banking and industrial regulation, farm price supports, and infrastructure building, a noticeable contrast with the government's priorities in the 1920s. This period has often been referred to as one of "shared prosperity". From the end of the Second World War until the early 1970s, incomes grew rapidly at about the same rate "up and down the income ladder, roughly doubling in inflation-adjusted terms between the late 1940s and early 1970s" (Sherman et al., 2024).

Figure 2 below shows that after peaking in 1928, income shares of the top 1 and 0.5 percent of households fell throughout the 1930s and 1940s and then remained relatively flat over the 1950s, 1960s, and early 1970s.

Figure 3 shows a uniform upward trend in real family income for three percentile ranges from 1947 to the early 1970s, before a widening gap that has continued to the present. Figure 4 shows the extent of the gap in average income after transfers and taxes for four percentiles after 1980. The only significant interruption to this upward trend since 1980 was during the dot-com crisis in the early 2000s and the Global Financial Crisis in 2008.

The Gini index is another measure of income inequality. Also known as the index of income concentration, it "ranges from 0.0, when every family (household) has the same income, to 1.0, when one family (household) has all the income. It is, therefore, one way to measure how far a given income distribution is from equality" (Sherman *et al.* 2024). The index showed "a decline in family income *inequality* of 7.4 percent from 1947 to 1968". However, as Figure 1 shows, wealth inequality began a general upward trend in the early 1970s that has continued to the present, along the way reaching and passing its 1947 level in 1982 (Weinberg, 1996).

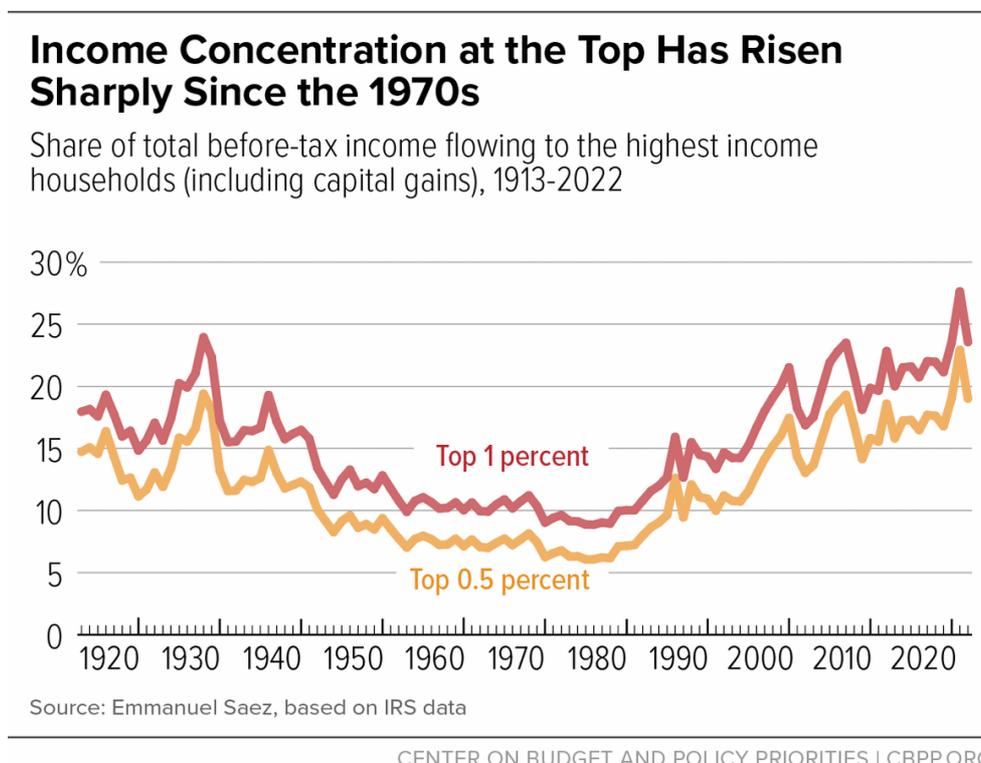


Fig. 2 – Income Concentration for the Highest Income Households
(Source: Sherman et al., 2024, Figure 1)

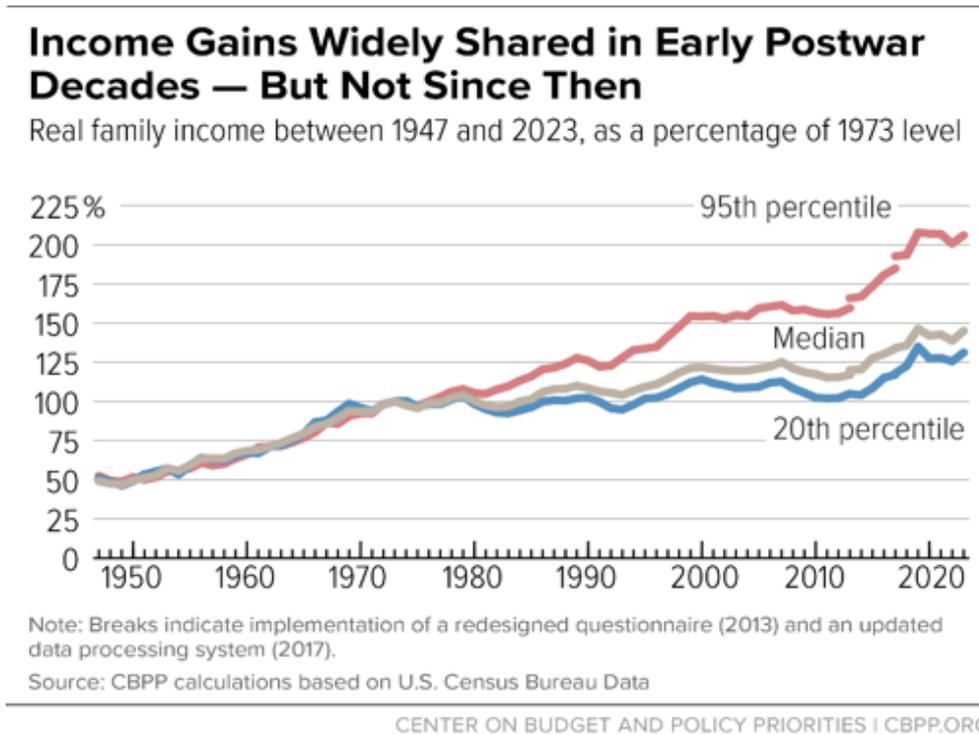


Fig. 3 – Income Gains in Early Postwar Decades (Source: Sherman et al., 2024, Figure 4)

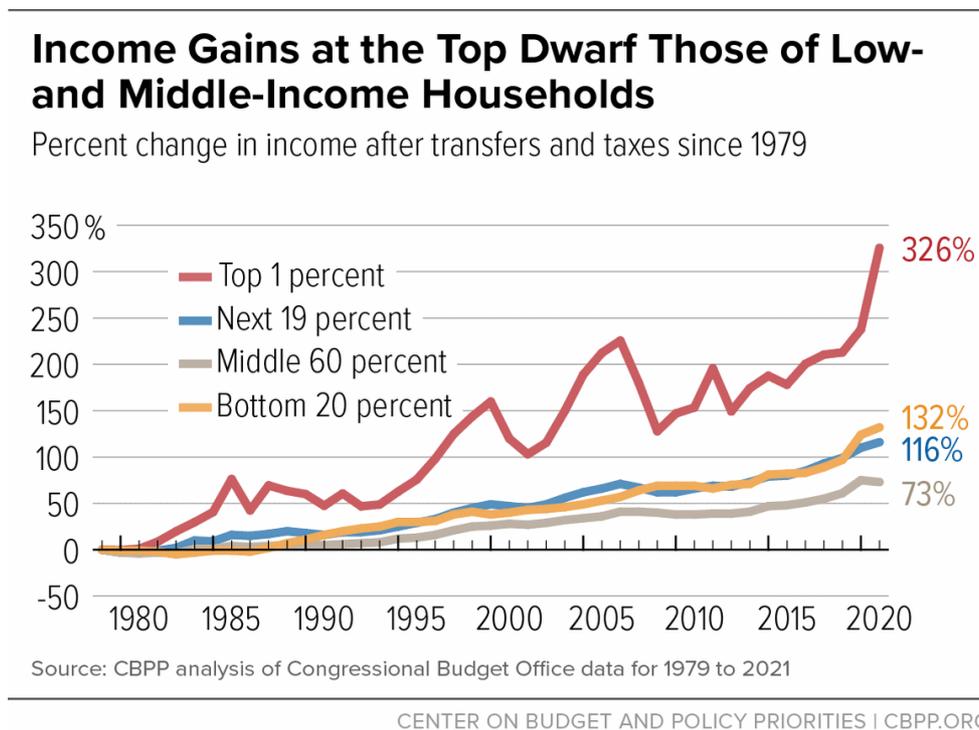


Fig. 4 – Income Gains Across Various Percentiles (Source: Sherman et al., 2024, Figure 3)

The economic prosperity and reduction in income inequality from the New Deal era to the 1970s had a stable foundation in the principle that government should provide for the economic and social stability of Americans, regulate business, create a social safety net, build infrastructure, and protect civil rights (Richardson, November 2025). Three important factors

contributed to the reversal in tendencies beginning in the early 1970s: the oil price shock in 1973, a “ballooning” trade deficit, and stagflation, an economic mix with significant effects on the three leading economic indicators. From 1968 to 1975, GDP rose by only 1.9% annually compared to a rate of 4.3% from 1938 to 1968. Unemployment hit 9% in May 1975 and peaked at 10.8% in December 1982, levels that would not be approached again until October 2009 (10%) and April 2020 (14.8%), during COVID (U.S. Bureau of Labor Statistics, n.d.). And inflation rates hit 11% in 1974 and 13.5% in 1980 (World Bank, n.d.). This economic scenario helped produce a bipartisan deregulatory consensus that would continue through the 1980s and represent a significant factor in the upward trend in income inequality.

5 — Economic and Political Factors in Rising Inequality After 1980

There have been no New Deal-style progressive policies post-1980 to reverse, or at least contain, the trend toward greater income inequality. Authors have focused on the economic factors—in a context of a growing globalized economy—and political forces to explain the rising trends in inequality in the U.S. and the world. Given the scope of the present article, I will only briefly touch on the former. Emmanuel Saez, an economist at the University of California Berkeley, indicates the importance of regulatory and tax policies on income inequality (Kaiser, 2010). Figure 5 (see link in bibliography for the interactive version of the chart) shows that from 1951 to 1963 the top tax bracket in the U.S. was 91%, superseded only by the U.K. Subsequently it hovered around 70% until 1982 (during Ronald Reagan’s presidency), after which it fell sharply to 50%, bottoming out at 28% in 1989 (George H. W. Bush’s presidency). After Bush, the top rate would rise to 35-40%, and today it stands at 37%, in line with the decline of progressivity that began under Reagan.

Top marginal income tax rate, 1900 to 2017

Top marginal tax rate of the income tax (i.e. the maximum rate of taxation applied to the highest part of income)

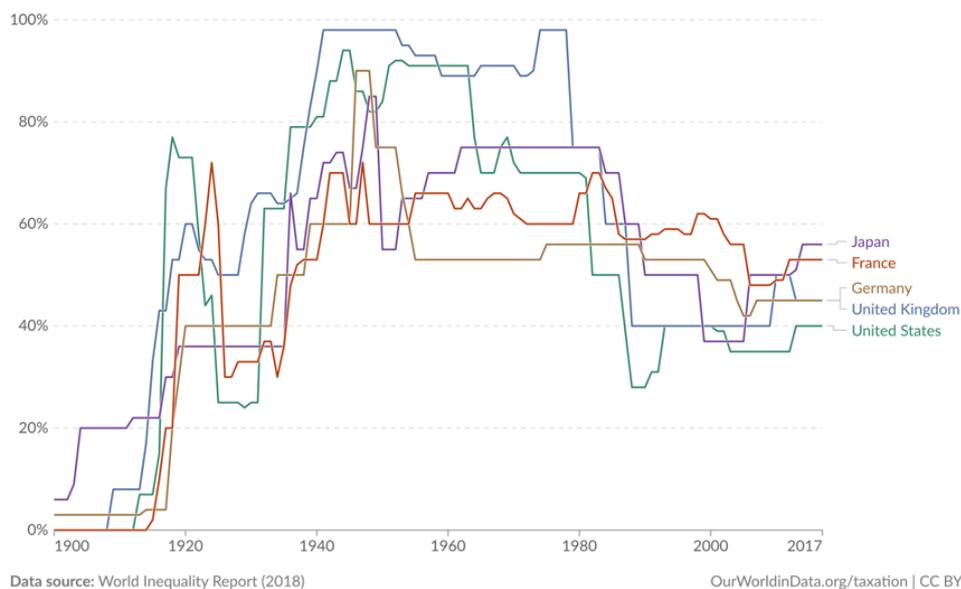


Fig. 5 – Top Marginal Income Tax Rates: A Historical Cross-Country Comparison

Regarding regulatory policies, the OECD Product Market Regulation indicators—a cross-country regulatory index measuring barriers to competition and market entry—show a U.S.

economy-wide PMR decline from ~1.50 in 1998 to ~1.05 in 2013, reflecting lower entry barriers and broader deregulation across sectors (OECD, PMR Database, 2013 update). While 2013 is the most recent year for the OECD series, the sector-specific OECD PMR data, which runs up to the present, can serve as a proxy to indicate a continuation in the overall deregulation trend (OECD, February 2026).

In addition to the effect of tax and regulatory policies on inequality, a broader set of socio-economic influences are often mentioned. Technological change and the “explosion of personal computing and the Internet”, with vast amounts of information capable of being instantaneously transmitted across the world, make it possible for companies to shift jobs to lower-cost areas of the world, leading to a marked decline in demand for unskilled labor and thus a widening gap in income inequality and wealth (Kaiser, 2010). In their study on “routine-biased technological change”, Autor, Levy, & Murnane state “computerization is associated with declining relative industry demand for routine manual and cognitive tasks and increased relative demand for non-routine cognitive tasks”. According to the authors, these task shifts “explain thirty to forty percent of the observed relative demand shift favoring college vs non-college labor during 1970 to 1998” (Autor, Levy, and Murnane, 2003).

The growth in globalization and offshoring have also affected the local labor market and thus the country’s wealth gap. Referencing China specifically, Autor, Dorn and Hanson argue that “rising imports cause higher unemployment, lower labor force participation, and reduced wages in local labor markets that house import-competing manufacturing industries”, accounting for one-fourth of the overall decline in U.S. manufacturing employment (Autor et al., 2013). Other factors of note are the progressive weakening of labor unions, the easing of bank oversight, and the lack of regulation in the financial sector, including emerging asset classes like cryptocurrency and stablecoin instruments, which still do not have a clear regulatory framework. According to the Bureau of Labor Statistics, union membership has been steadily in decline since 1983, even in industry sectors with traditionally strong union membership (Figure 6) (U.S. Bureau of Labor Statistics 2025).

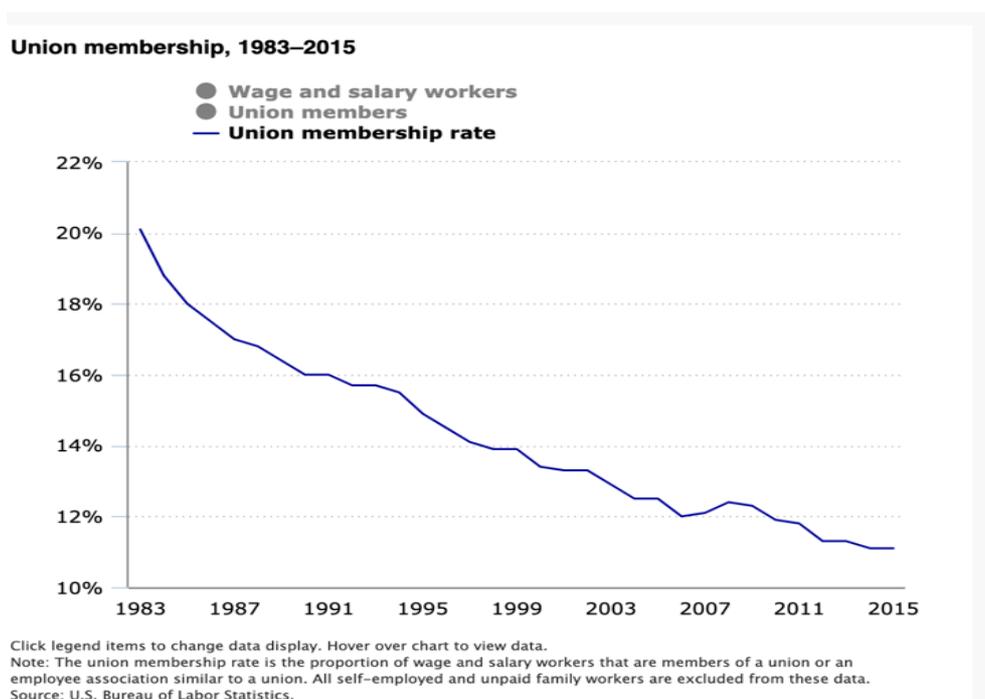


Fig. 6 – Union Membership

Regarding bank oversight, the Fed's top banking regulator, Michelle Bowman, is facing criticism for her attempts at restructuring the sector for fears her efforts may weaken the financial system. She stated in a November 2025 memo that she wants "to prioritise attention on a firm's "material financial risks," rather than focusing too much on processes and documentation that do not pose significant risks to a firm's safety and soundness". Fed Governor Michael Barr (a Biden appointee, as opposed to Bowman, who was appointed by Donald Trump) stressed the need for "clear guardrails, underpinned by effective banking supervision" and the need to "prevent a build-up of excessive risk". Critics are also worried about Bowman's desire to reduce supervision staff by roughly 30 % (The Business Times, 2025).

The Financial Times also reported in February that Bowman is set to loosen capital requirements for banks to allow them to increase home lending. This decision "represents the clearest sign of how the central bank plans to loosen its earlier proposals for implementing the internationally agreed Basel capital rules to make them more friendly to Wall Street lenders" (England & Platt, 2026).

6 — The Financialization of the U.S. Economy

Michelle Bowman's agenda represents a continuation of the *financialization* of the economy that began in the 1980s. This term has been defined as "the growing scale and profitability of the financial sector relative to the rest of the economy, and the shrinking regulation of its rules and returns", the benefits from which "flow almost exclusively to high earners", with clear implications for income and wealth inequality. It is estimated that this expansion is responsible for about half of the decline in labor's share of national income since the 1970s (Gordon, 2014).

Gordon discusses several ways in which financialization and inequality are linked. First, incomes are diverted from labor (wages, salaries) to capital. Increased employment in finance has been accompanied by a widening gap in compensation for financial professionals compared to most other professions. In addition to skewing incomes, financialization takes productive resources, skilled workers, and economic growth potential away from the rest of the economy. Rather than encouraging growth, the financial sector can impede it by shifting capital toward more speculative activities with consequences for wealth inequality. In this instance, the financial sector is engaged in restructuring the economy to the benefit of "one set of stakeholders (managers, shareholders, private equity) at the expense of others (workers and their communities)...[abrogating] collective bargaining agreements, wage concessions, the dissolution of pension funds, layoffs, and even bankruptcy". As a result, the financial becomes "truly detached from the rest of the economy, less interested in providing it liquidity or credit than in stripping it of its assets".

A major consequence from this predominance of the financial sector can be seen in the "trajectories of manufacturing and finance across the modern era". Manufacturing—a labor-intensive sector that produces real goods and a source of decent paying jobs and productivity growth—has suffered compared with the finance sector, which is capital-intensive with uncertain effects on employment and economic growth (Gordon, 2014). One study indicates that "each 1% increases in financialization correlates with 0.49%-0.81% more inequality", 0.12%-0.2% slower GDP growth per 1% increase, and an increase of 0.34% to 0.74% in unemployment (Assa, 2012).

Gordon also notes the negative affect of financial growth and deregulation on the indebtedness of households, thereby reinforcing underlying inequality. The increase in house-

hold debt since the mid-1970s means, in effect, that the top earners now pay workers not in wages—which have generally fallen (see Figure 7)—but by lending them money to “make up the shortfall”. Many Americans trying to maintain their living standards became easy loan-recipient targets. The expansion in new financial instruments together with lax regulatory oversight for consumer and mortgage lending facilitated predatory lending practices—for example, high-interest credit cards and subprime mortgages—as lenders looked for more borrowers. Inequality is heightened by the unsustainability of debt taken on by many Americans and becomes tragic when the speculative bubble bursts as it did in 2007 (Gordon, 2014).

Another side of inequality is the phenomenon of private gains and socialized risks: while the top-income percentiles are also affected in times of crisis, they are also recipients of bailouts and various forms of government assistance not available to the lower-income groups. Such policies create what is known as a “moral hazard”: companies taking excessive risks because they are shielded from the full consequences of this behavior. From this perspective, some companies are “too big to fail” (Investopedia, n.d.; The Editors of Encyclopaedia Britannica, n.d.)

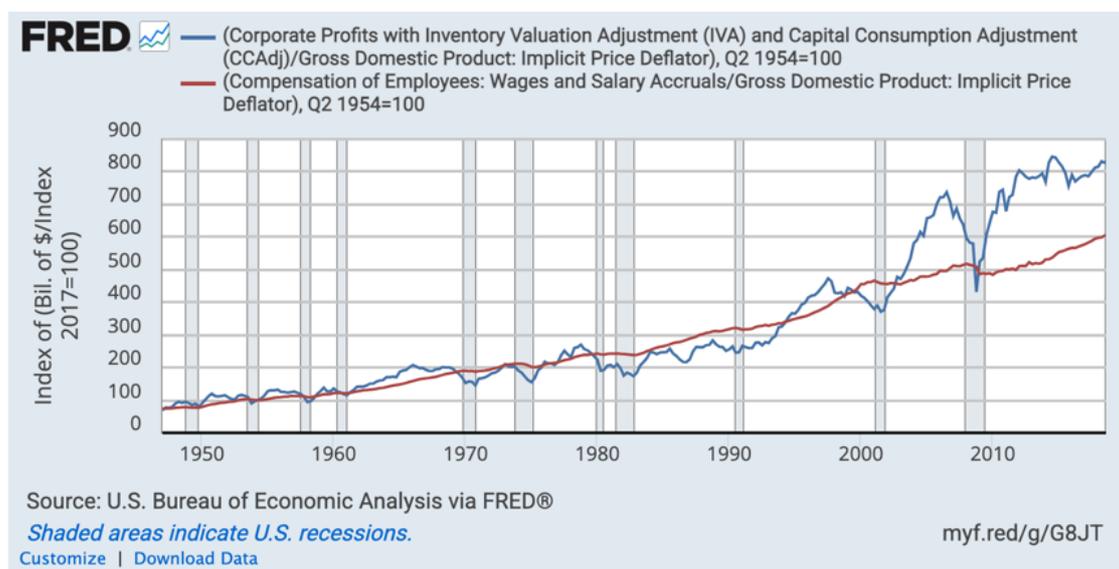


Fig. 7 – Wages Compared with Corporate Profits Since 1950

7 — The Roaring Twenties Redux?

The 1920s and the present era show interesting economic and social parallels. Both periods are characterized by high levels of income and wealth inequality: estimates for the 1920s show a Gini coefficient of 0.4 (the World Bank considers 40% the threshold for a high level of inequality). Today, with more reliable and standardized data sources, the index stands at 49%. Seen from another angle, from 1920 to 1928 the share of income of the top 5 percent rose from 24% to 34%, while from 1983 to 2007 it rose from 22% to 34% (Gordon, 2014).

During both periods, tax policies were highly favorable to the wealthy and thus an important contributing factor to inequality. Figure 5 showed how taxes for the wealthy fell drastically after 1980. In the 1920s the powerful Treasury Secretary, Andrew Mellon, used the Bureau of Internal Revenue to change how tax liabilities during World War I were calculated,

thus providing billions in tax refunds to corporations. These accounting changes had a profound effect since the income tax system had only first appeared in 1913. Between 1916 and 2021, the number of income taxes returns filed skyrocketed from 450,000 to 8 million. In his 1924 best-selling book *Taxation*, Mellon stated that anything that taxed the wealthy was full of “menace for the future...[and that] our civilization is based on accumulated capital (Stoller, 2019). And like today, there was also a lack of regulation for the financial sector in the 1920s, which allowed banks to carelessly loan money to businesses which they later could not repay; weak trade unions; and protective tariffs (the Smoot-Hawley Tariff Act of 1930) (BBC, n.d.).

8 — The Power Grab of Contemporary Oligarchy in the U.S.

This article has surveyed the various manifestations of the privileged class (the oligarchy) in the U.S. throughout its history and its association with trends in income and wealth inequality. For the first 150 years or so the justification for privilege was supported by differing views of society: the natural aristocracy of talent and virtue in the days of the Founding Fathers, the social class theory — whose chief exponent was Senator James H. Hammond — around the middle of the 19th century, and Social Darwinism in the era of the Robber Barons. We have also seen that periods of great income inequality have been “corrected” at times: during the Progressive Era at the turn of the 20th century and for a lengthy period beginning with FDR and the New Deal.

The 1980s represented the start of another period of concentrated wealth for the highest-income groups that today is often compared to the 1920s. Several political factors at play raise serious concerns about the entrenchment of what many critics see as an “oligarchy”. Foremost among these is the spike in billionaire political spending — in particular from super PACs — that occurred after the 2010 Supreme Court ruling in the *Citizens United* case. Figure 8 shows the spike in spending that occurred after that ruling. One study estimates that 70% of billionaire spending in the 2024 election cycle went to Republicans and 23% to Democrats (Americans for Tax Fairness, 2025). While in theory such spending is permitted only for nominally independent organizations, in practice Super PACs (political action committees) coordinate closely with candidates and parties.

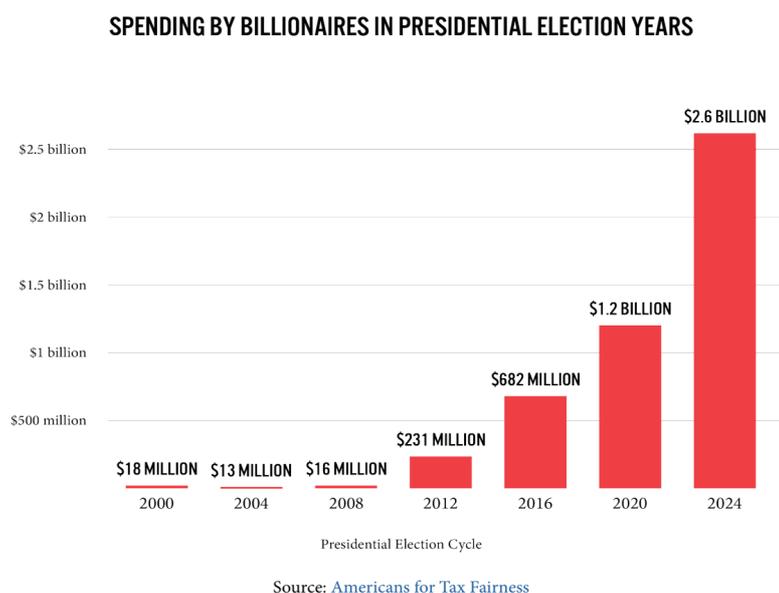


Fig. 8 – Spending by Billionaires in Presidential Election Years
(Source: Americans for Tax Fairness (2025))

Compounding the problem of billionaire influence in politics is the present constitutional crisis in the country, above all regarding gerrymandering and voter rights. Redrawing electoral districts and attempting to make it harder for Black Americans (who typically vote Democratic) to vote—for example, through unnecessarily strict voter ID requirements—effectively favor minority rule (which benefits Republicans) while giving billionaire donors a greater bang for their political buck. Two examples illustrate the distortion caused by gerrymandering: although Democrats won over 46% of the overall vote in North Carolina in the 2024 elections for the House of Representatives, “due to partisan redistricting this translated into only 29% of the state’s congressional seats” (Ponzini, November 2025). And “in the seven most competitive U.S. Senate races, billionaires provided an astounding \$1.14 billion of outside spending. Of those funds, 80% supported the Republican nominees while just 20% backed Democrats” (Americans for Tax Fairness, 2025).

The electoral college system—where the president is elected indirectly by the electoral college—is another constitutional factor that can effectively shift political power at the national level from the majority to the minority of voters. In this century alone, two presidents have been elected while losing the popular vote: George W. Bush in 2000 and Donald Trump in 2016.

Another significant, though less quantifiable, constitutional issue is the failure of the checks and balances system along with the related overreliance on Executive Orders to carry out policy (thereby bypassing Congress). This system was created by the Founding Fathers to provide constitutional guardrails and protect the country from autocratic rule. Today the Congressional branch seems to be more of a silent partner in the governing of the country, as it has abandoned its constitutional duties, above all in terms of the oversight of the Executive branch and its policy responsibilities—for example, over tariffs, the declaration of war, and appropriations. And the third branch of government, the Supreme Court, has become less a protector against constitutional abuse and more a partisan political body, with its decisions consistently breaking along a 6–3 line, with the six conservative justices on one side and the three liberal justices on the other.

Some studies have even examined whether the Court has engaged in “judicial law-making” and thus overstepped its constitutional bounds. (Makhambetsaliyev et al., 2024).

Nobel-Prize-winning economist Paul Krugman has recently stated that “[the] power grab [by America’s oligarchs] is arguably *the* most important fact about contemporary U.S. politics” (Krugman, February 2026). Given the age-old connection between money and political power, Krugman is not surprised by the increased concentration at the top translating into increased political power. However, the increase in oligarchic power after 2010 exceeds even his expectations (Krugman, February 2026).

Figure 9 below shows the wealth of those at the very top since 1850. It is interesting again to compare the present situation with that spanning the Gilded Age and the Robber Baron era. While a strictly visual view of the graph would seem to indicate a much greater concentration of wealth of the super-rich today, it is also necessary to consider the number of households in this category: the 19 wealthiest households today own the equivalent of 10% of the country’s national income, while in 1913 only four households held 4%.

Krugman cites the entry of “centibillionaires—men whose net worth exceeds \$100 billion” into global social media and news media as examples of increased political influence of the super-rich. Elon Musk paid \$44 billion to purchase Twitter. Jeff Bezos owns the prestigious Washington Post, whose editorial policy he has moved decidedly to the right while also downsizing and risking bankrupting the company. And David Ellison and his billionaire father

Jack have control over Paramount Skydance and its subsidiary CBS News (and are set to buy CNN), a once well-respected and liberal-leaning news organization that has taken a notable conservative tone with Bari Weiss as its new editor-in-chief (Krugman, February 2026).

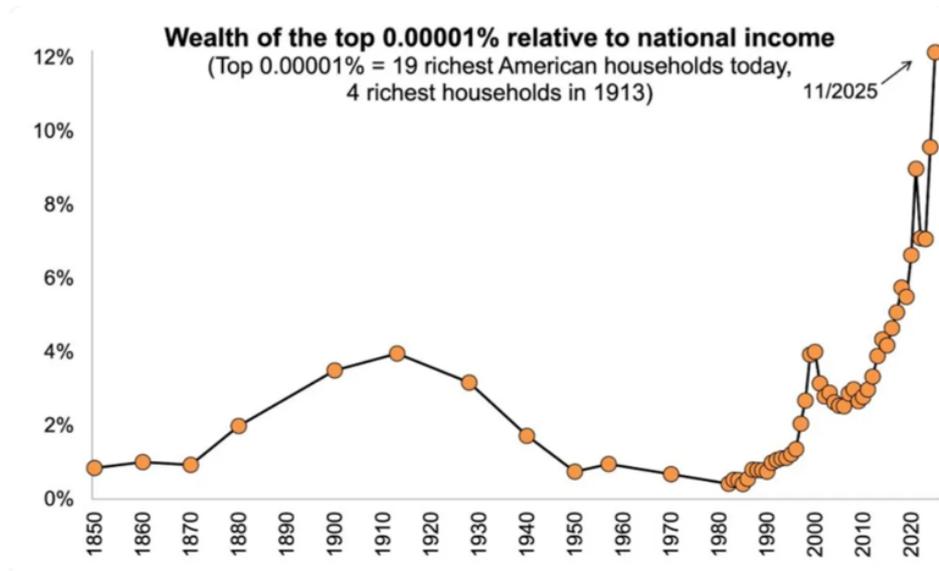


Fig. 9 – Wealth Relative to National Income at the Very Top
 (Source: Zucman, as cited in Krugman, January 2026)

However, the interplay between extreme wealth and political influence is not merely a question of campaign contributions and control of global media platforms. Oligarchs can influence policy through “extra-electoral” connections with influential think tanks and advocacy groups such as the Heritage Foundation and its Project 2025 initiative, the Federalist Society, the Rockbridge Network—co-founded by J.D. Vance and publisher Chris Buskirk and including tech gurus Peter Thiel and David Sachs—and Elon Musk’s America Pact. In this way, big money interests are able to leverage their influence by using their wealth to change the ground rules of government to further increase their personal enrichment and power (Krugman, February 2026), as part of a perverse feedback loop.

In *Testing Theories of American Politics: Elites, Interest Groups, and Average Citizens*, Martin Gilens and Benjamin Page examine four families of theories to see who really governs and rules in America. They consider the following sets of actors: average citizens, economic elites, and mass-based or business-oriented organized interest groups. They found that the two groups with the most influence over government policy are the “economic elites and organized groups representing business interests”, while the average citizen and mass-based interest groups have very little influence.

In his book *Who Rules America Now*, G. William Domhoff argues that, contrary to the pluralistic view of power in America, an upper class does indeed exist “that is a ruling class by virtue of its dominant role in the economy and government”. Class rule occurs through a variety of organizations and institutions—e.g., foundations, think tanks, special-interest lobbies—which “are financed by those members of the upper class who have the interest and ability to involve themselves in protecting and enhancing the privileged social position of their class”. Domhoff refers to the leaders of this class as the *power elite* (Domhoff, 1986).

8 — Conclusion

Plutocratic tendencies and a (at times) too-cozy of a relationship between economic elites/big corporations and government is a major topic of current debate in the U.S. Although this nexus has existed in the past, its underlying features today are a cause of general concern. In Mark Twain's and C.D. Warner's *The Gilded Age: A Tale of Today*, Twain said: "History never repeats itself, but the Kaleidoscopic combinations of the pictured present often seem to be constructed out of the broken fragments of antique legends" (Twain and Warner, 1873). And historian Heather Cox Richardson, in noting similarities between recent statements by White House Deputy Chief of Staff Stephen Miller and southern Senator James H. Hammond's antebellum underclass view of America, wrote: "History is doing that rhyming thing again" (Richardson, 2026). History never exactly repeats itself, but it does provide examples of a dominant business elite facilitating the rise of authoritarian governments to serve their interests and weaken democratic institutions: for example, 1930s Nazi Germany and 1920s Fascist Italy. In referencing his "new deal" at the 1932 Democratic National Convention, FDR spoke of a "more equitable opportunity to share in the distribution of national wealth" and the need to "constitute ourselves prophets of a new order of competence and of courage". He recognized the critical watershed moment at that time, and his words are worth remembering today at another such moment: "This is more than a political campaign; it is a call to arms. Give me your help, not to win votes alone, but to win in this crusade to restore America to its own people" (The New York Times, July 3, 1932).

Future research could attempt to examine the common circumstances behind periods of extreme concentrations of wealth and the growth of an oligarchy; the changing characteristics of this class—the interplay of economic and financial factors, social prestige, its high-tech/cryptocurrency features, etc.—the avenues through which this class seeks to gain greater influence (specific-issue interest groups, think tanks, advocacy groups); and contributing indirect factors such as voter disinterest, campaign finance, and voting laws.

The pace of change today can be dizzying and problematic for those wishing to examine the relationships between the extreme concentration of wealth and the symbiosis between government and big business interests from an interdisciplinary perspective. But it can also offer fertile ground for academic analysis.

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