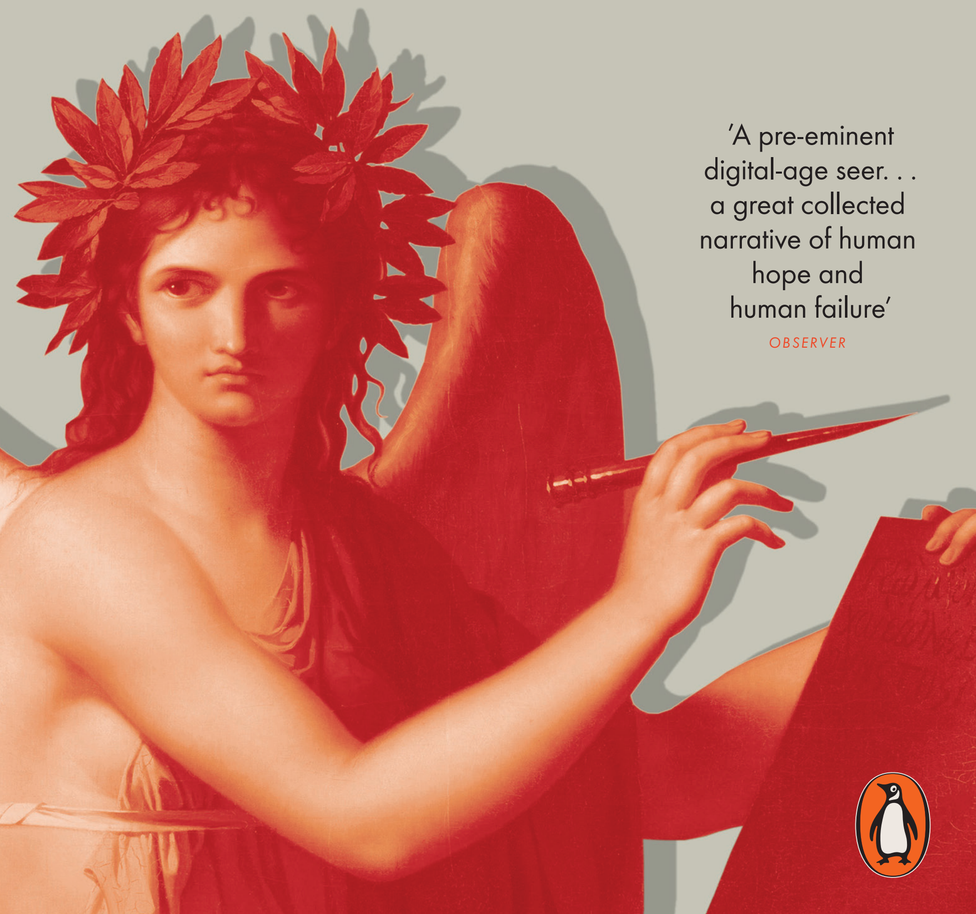
PETER TURCHIN

END TIMES

Elites, Counter-Elites and the Path of Political Disintegration



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‘A pioneering social scientist examines the roots of social problems and sees dark days looming . . . a well-informed, disturbing assessment of where we are now’ *Kirkus Reviews*

ABOUT THE AUTHOR

Peter Turchin is Project Leader at the Complexity Science Hub in Vienna, Research Associate at University of Oxford, and Emeritus Professor at the University of Connecticut. Trained as a theoretical biologist, he is now working in the field of historical social science that he and his colleagues call Cliodynamics. Currently his main research effort is directed at coordinating CrisisDB, a massive historical database of societies sliding into a crisis – and then emerging from it. His books include *Ultrasociety* and *Ages of Discord*.

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PREFACE

History is not "just one damn thing after another,"[1] British historian Arnold Toynbee once quipped in response to a critic. For a long time, Toynbee's opinion was in the minority. Historians and philosophers, including famous ones like Karl Popper, vehemently insisted that a science of history was impossible. Our societies are too complex, humans are too mercurial, scientific progress cannot be predicted, and culture is too variable in space and time. Kosovo is completely different from Vietnam, and antebellum America can tell us nothing about the America of the 2020s. This has been, and still largely is, the majority view. I hope that this book will convince you that this view is wrong. A science of history is not only possible but also useful: it helps us anticipate how the collective choices we make in the present can bring us a better future.

I began my academic career in the 1980s as an ecologist; I made my living studying the population dynamics of beetles, butterflies, mice, and deer. This was the time when animal ecology was revolutionized by the rapid growth in the processing power of computers. I had never been allergic to mathematics, so I embraced the turn of the field to complexity science, which mixes computer modeling with Big Data analytics to answer such questions as, for example, why many animal populations go through boom-and-bust cycles. By the late 1990s, however, I felt we'd answered most of the interesting questions I'd entered the field to work on. With some trepidation, I began to consider how the same complexity-science approach could be brought to the study of human societies, both in the past and today. A quarter of a century later, my colleagues in this endeavor and I have built out a flourishing field known as cliodynamics (from *Clio*, the name of the Greek mythological muse of history, and *dynamics*, the science of change). We discovered that there are important recurring patterns, which can be observed throughout the sweep of human history over the past ten thousand years. Remarkably, despite the myriad of differences, complex human societies, at base and on some abstract level, are organized according to the same general principles. For skeptics and those simply curious, I have included a more detailed general account of cliodynamics in an appendix at the end of this book.

From the beginning, my colleagues and I in this new field focused on cycles of political integration and disintegration, particularly on state formation and state collapse. This is the area where our field's findings are arguably the most robust—and arguably the most disturbing. It became clear to us through quantitative historical analysis that complex societies everywhere are affected by recurrent and, to a certain degree, predictable waves of political instability, brought about by the same basic set of forces, operating across the thousands of years of human history. It dawned on me some years ago that, assuming the pattern held, we were heading into the teeth of another storm. In 2010, the scientific journal *Nature* asked specialists from different fields to look ten years into the future, and I made this case in clear terms, positing that judging from the pattern of US history, we were due for another sharp instability spike by the early 2020s. Sadly, nothing about my model has been disproved in the intervening years. The book you're reading is my best effort to explain this model in accessible, which is to say nonmathematical, terms. It builds on an enormous amount of important work in a variety of different fields; I make no claims of radical originality. What I will say is that we should all take heart from the fact that societies have arrived at this same crossroads before, and though sometimes (even most of the time) the road has led to great loss of life and societal breakdown, sometimes it has led to a far happier resolution for most people involved.

What, then, is this model? To put it somewhat wonkily, when a state, such as the United States, has stagnating or declining real wages (wages in inflation-adjusted dollars), a growing gap between rich and poor, overproduction of young graduates with advanced degrees, declining public trust, and exploding public debt, these seemingly disparate social indicators are actually related to each other dynamically. Historically, such developments have served as leading indicators of looming political instability. In the United States, all of these factors started to take an ominous turn in the 1970s. The data pointed to the years around 2020 when the confluence of these trends was expected to trigger a spike in political instability. And here we are.

Certainly, there's little doubt that America is in crisis, though we fall out bitterly with each other when it comes to the explanation. Some people blame racists, white supremacists, and the rest of the "deplorables" who voted for Trump. Others blame antifa, the deep state, and "libtards." The truly paranoid fringes imagine that the agents of Communist China have penetrated the American government at all levels or, alternatively, see the invisible hand of Vladimir Putin jerking Trump's puppet strings. In the meantime, the deeper causes of our age of discord remain too little understood.

There are indeed "hidden forces" pushing America to the brink of civil war—and possibly beyond. But the truth lies not in conspiracies plotted by shadowy domestic groups or foreign agents. The explanation is both simpler and more complex. It is simpler because we don't need to build elaborate theoretical constructs that "connect the dots" and impute sinister motives to actors. In fact, the information we need to understand our predicament is openly available and not in dispute.

The bulk of what we need to know has nothing to do with the shenanigans of evil or corrupt individuals. Instead, we need to look to the widely agreed-upon Big Data about wages, taxes, gross domestic products, and sociological surveys churned out by government agencies and organizations like Gallup. These data feed into statistical analyses published by social scientists in academic journals. And herein lies the reason why the explanation that this book offers is also more complex. Not to put too fine a point on it, but we need complexity science to make sense of all the data and analyses.

Pundits and politicians often invoke "lessons of history." The problem is that the historical record is rich, and each pundit can easily find cases in it to support whichever side of a policy debate they favor. Clearly, inference from such "cherry-picked" examples is not the way to go.

Cliodynamics is different. It uses the methods of data science, treating the historical record, compiled by generations of historians, as Big Data. It employs mathematical models to trace the intricate web of interactions between the different "moving parts" of the complex social systems that are our societies. Most importantly, cliodynamics uses the scientific method, in which alternative theories are subject to empirical tests with data.

So what does cliodynamics tell us about our current time of troubles? It turns out that ever since the first complex societies organized as states appeared—roughly five thousand years ago—no matter how successful they might be for a while, eventually they all run into problems. All complex societies go through cycles of alternating stretches of internal peace and harmony periodically interrupted by outbreaks of internal warfare and discord.

My narrative is an effort to explain how impersonal social forces push societies to the brink of collapse and beyond. I will look across human history for examples, but my primary goal is to speak to how we have slid into our current age of discord, with the United States as my empirical focus. Because the crisis has deep historical roots, we'll need to travel back in time to the New Deal era, when an unwritten social contract became part of American political culture. This informal and implicit contract balanced the interests of workers, businesses, and the state in a way similar to the more formal, explicit tripartite agreements in Nordic countries. For two human generations, this implicit pact delivered unprecedented growth of broadly based well-being in America. At the same time, the "Great Compression" dramatically reduced economic inequality. Many people were left out of this implicit pact—Black Americans, in particular, a fact I will address in some detail. But overall, for roughly fifty years the interests of workers and the interests of owners were kept in balance in this country, such that overall income inequality remained remarkably low.

This social contract began to break down in the late 1970s. As a consequence, typical workers' wages, which had previously increased in tandem with overall economic growth, started to lag behind. Worse, real wages stagnated and at times even decreased. The result was a decline in many aspects of quality of life for most of the American population. The most striking trend was the stagnation and even decline of the average life expectancy (which started well before the COVID-19 pandemic). While the wages and incomes of workers stagnated, the fruits of economic growth were reaped by the elites. A perverse "wealth pump" came into being, taking from the poor and giving to the rich. The Great Compression reversed itself. In many ways, the past forty years resemble what happened in the United States between 1870 and 1900. If the postwar period was a true golden age of broadly based prosperity, after 1980 we indeed entered the "Second Gilded Age."

As our model predicts, the extra wealth flowing to the elites (to the proverbial "1 percent," but even more so to the top 0.01 percent) eventually created trouble for the wealth holders (and power holders) themselves. The social pyramid has grown top-heavy. We now have too many "elite aspirants" competing for a fixed number of positions in the upper echelons of politics and business. In our model, such conditions have a name: elite overproduction. Together with popular immiseration, elite overproduction, and the intraelite conflicts that it has engendered, has gradually undermined our civic cohesiveness, the sense of national cooperation without which states quickly rot from within. Growing social fragility has manifested itself in collapsing levels of trust in state institutions and unraveling social norms governing public discourse—and the functioning of democratic institutions.

This is, of course, a bare-bones summary. The meat of the book will unpack these ideas, relate them to the statistical trends for key economic and social indicators, and trace some archetypal human stories of people buffeted by these social forces. Although my focus here is primarily on America and Americans, the book will make forays into other parts of the world and into previous historical eras. Again, our crisis in America is not without precedent; we are in a position to learn from our past.

Ultimately, the central question of the book is about social power.

PREFACE

Who rules? How do ruling elites maintain their dominant position within society? Who are the challengers of the status quo, and what is the role of elite overproduction in generating such challengers? And why do ruling classes, both historically and today, sometimes suddenly lose their grip on power and get overthrown? Let us begin to answer these vital questions.

Part I

THE CLIODYNAMICS OF POWER

CHAPTER 1

ELITES, ELITE OVERPRODUCTION, AND THE ROAD TO CRISIS

Who Are the Elites? Sources of Social Power

Who are the elites? You, reader, are you "elite"? If I were a betting man, I'd predict that 99 percent of my readers would answer "no!" So let's define what I mean by "elites." In sociology, elites are not those who are somehow better than the rest. They are not necessarily those who are more hardworking, or more intelligent, or more talented. They are simply those who have more social power—the ability to influence other people. A more descriptive term for elites is "power holders."

Because power is such an important part of the story to come, we will return to it in later chapters, where I discuss how sociologists define power and power holders in different societies, past and present. But for now, let's take a shortcut. In America, power is closely correlated with wealth. As a result, it is relatively straightforward to figure out who belongs to different ranks of power holders. (A more sophisticated answer to the question of who rules will have to wait until chapter 5.)

If you are an American and your net worth is in the $1–$2 million range, for example, then you are roughly in the top 10 percent, which puts you in the lower ranks of American elites.[1] Most people in this category are not particularly powerful in the sense of having a lot of other people to order around. But a few million dollars in wealth (and higher incomes that are typically associated with it) gives ten-percenters a lot of control—power—over their own lives. They can turn down jobs that are unpleasant, or don't pay enough, or are located in regions they don't care to move to. Or they can choose to retire from the rat race. They typically own houses and send their children to good colleges, and sudden medical emergencies will not wipe them out. They have certainly escaped "precarity."

The correlation between wealth and real power starts to become tighter for those whose net worth is counted in tens or, better, hundreds of millions. People in this class include owners of businesses and CEOs of large corporations, who wield their power over hundreds or thousands of employees. Many powerful politicians are also in this range. (There are about fifty members of Congress whose net worth is greater than $10 million.) The correlation between wealth and political power is not perfect. Nine American presidents didn't even make it into the $1 million or above territory (in today's dollars), including Harry Truman, Woodrow Wilson, and Abraham Lincoln. But more than half of them had enough wealth to put them into what today would be the top 1 percent.[2] And before 1850, all American presidents were one-percenters (at the least).

Another point to keep in mind is that poor people who become power holders in America don't stay poor for long. Bill Clinton grew up in a poor Arkansas family with an alcoholic and abusive stepfather, but now his wealth is estimated to be at least $120 million.[3] The close correlation between wealth and political power in America arises partly because many a politician, poor at the start of their career, joins the ranks of the wealthy after leaving public office. But an equally important reason is that people who are already very wealthy are much more likely to seek and gain public office than the rest of us. Think of the Roosevelt and Kennedy clans, Ross Perot, Michael Bloomberg, and—yes—Trump.

Still, the correlation between wealth and power, even in America, is not perfect. So let's talk about other sources of power. The hardest—and crudest—form of social power is coercion: force, or a threat of force. Americans specializing in coercion, such as army generals and police officers, are generally thoroughly subordinated to other forms of power. Exceptions, such as J. Edgar Hoover, who was the first and most powerful FBI director, are rare.

The second kind of power is wealth (or accumulated material resources, more generally). Wealthy people can hire people to do what they want (within limits).

The third and more subtle kind of power is bureaucratic or administrative. Modern human beings belong to a variety of organizations. We have a variety of "bosses" whose orders we generally follow. There is an element of coercion to these relationships, of course, because not following orders may get you fired, fined, or arrested. But most of the time we follow orders simply because of the power of social norms. The bosses at various levels of organizations all wield different amounts of power, which tends to increase the larger their organizations and the higher their positions within them.

The fourth and "softest" kind of power is ideological—the power of persuasion. Soft power, or persuasion, is an extremely potent force that can sway multitudes. It includes the realm of thought influencers, such as famous "public intellectuals," columnists at major newspapers, and, more recently, social media figures with millions of followers.

As we can see, this simple question—who are the elites?—doesn't have a simple answer. Human societies are complex systems, and trying to characterize the flows of social power within them by way of an overly simplistic scheme would be counterproductive. My job is to make my theory as simple as possible, but not simpler.[4]

The Game of Aspirant Chairs

Once we start thinking about so-called elite behavior, we encounter several layers of complexity. First, in terms of wealth, there is no hard boundary between the elites and non-elites. Ten-percenters (roughly, millionaires in today's dollars) have a lot of power over their own lives. One-percenters (roughly, decamillionaires) have a lot of power over other people's lives. Centimillionaires and billionaires wield even more power. But there are no sharp boundaries between one-percenters and ten-percenters—the distribution of incomes is a smooth curve. And there is no huge difference in social attitudes between the one-percenters and ten-percenters, or between the ten-percenters, the top income decile, and the next decile. In chapter 3, we will see that another way of distinguishing social classes, in terms of the more educated (those with a four-year college degree) and the less educated (those without one), is much more salient if we want to understand the diversity of life trajectories and social attitudes.[5]

Second, different elites tend to specialize in different kinds of social power: generals, admirals, and police chiefs mete out coercion; CEOs and wealth holders wield economic power; senators and secretaries of federal departments manage administrative power; and TV anchors and influential podcasters deal in persuasion. Each kind of influence has its own power hierarchy. This is most clearly seen in military chains of command, but softer kinds of power also have their pecking orders.

The third layer of complexity arises when we ask, how are elites made? In order to understand elite overproduction, we need to understand social reproduction of the elites—what happens with them over time.

Let's distinguish between people already in elite positions—established elites—and those who want to get into such positions—elite aspirants. Elite aspirants come in a variety of shapes and forms, depending on the kind of power they want and what level they aspire to. For example, most lieutenants want to become majors, and most majors want to become one-star generals, and one-star generals aim for additional stars to their insignia. Similarly, decamillionaires want to become centimillionaires, and those who have already made their first $100 million aim to get into the billionaire class.

Although not everybody has ambition to acquire more power, there are always more aspirants than power positions. Inevitably, there are those who try but fail to obtain a power position—frustrated elite aspirants. Elite overproduction develops when the demand for power positions by elite aspirants massively exceeds their supply. Let's focus for now on the nexus between wealth and politics and see how elite overproduction can develop in this sphere.

Starting in the 1980s, the number of superrich in America—those worth at least $10 million, or decamillionaires—started to grow rapidly.[6] In 1983, there were only 66,000 such households, and by 2019 (the last year for which data are available), their number increased more than tenfold to 693,000. This was not a result of dollar inflation; we adjusted the threshold to determine who is in this class (using constant 1995 dollars). During this period, the overall number of households grew by 53 percent, so in proportionate terms, decamillionaires swelled from 0.08 to 0.54 percent of the total population.

A similar upsurge in the fortunes of the wealthy also happened lower on the food chain. If the numbers of decamillionaires grew tenfold, the number of households worth $5 million or more increased sevenfold, and the number of mere millionaires expanded fourfold. Overall, the larger the level of the fortunes we look at, the more growth they have seen over the past forty years.

On the surface of it, an increase in the number of wealthy people doesn't sound like such a bad thing. Isn't it part of the American dream to get rich? But there are two downsides to this good news. First, the ballooning of the superwealthy class did not happen in isolation from the fortunes of the rest of the population. While the numbers of super-rich have multiplied, the income and wealth of the typical American family have actually declined. (The more precise term for "typical" wealth is "the median," which divides the wealth distribution into equal halves; the economic decline of American workers will be a major topic in chapter 3.) This divergence between the financial well-being of common Americans and the wealthy elite is what drove the rapid increase in economic inequality, which has been much discussed in recent years.

The second problem is much subtler and less widely understood.[7] When the social pyramid becomes top-heavy, this has dire consequences for the stability of our societies.

To understand why, consider a game. In the musical *Evita*, a group of Argentinian military officers plays a game of musical chairs. It goes like this. The music starts playing, and officers walk around a set of chairs. When the music stops, each must find a chair to sit on. However, there are more players than chairs, so one unlucky officer fails to occupy a chair and is eliminated. Then a chair is removed, and another round is played. At the end, there is one winner. In *Evita*, the winner is

Colonel Juan Perón, who later in the musical (as in real life) becomes president of Argentina and founder of the Peronist Party.

In the elite aspirant game, or the aspirant game, for short, instead of reducing the number of chairs each round, we increase the number of players. The game starts just as musical chairs, with ten chairs representing power positions (such as political offices). In the first round, eleven players (elite aspirants) play to get a chair. Ten become established elites, and the loser is a frustrated aspirant. In the following rounds, we increase the number of players, eventually doubling, then tripling, them (while keeping the same ten chairs). The number of winners stays the same, but the number of frustrated aspirants increases from the initial one to ten, then twenty. As the game progresses, just imagine the growing degree of chaos and conflict. (I would not suggest playing this game at a child's birthday party.) There is also a curious amplification effect: as we increase the number of aspirants by a factor of two, then three, the number of frustrated aspirants balloons tenfold, then twentyfold. (This is a generic feature of elite overproduction games.)

In game theory, a branch of mathematics that studies strategic interactions, the players must devise winning strategies within the given rules. But in real life, people bend rules all the time. Inevitably, as the number of aspirants per power position grows, some will decide to stretch the rules. For example, you can slow down by a chair or even stop and wait right next to it for the music to stop, while shoving away other contenders. Congratulations, you have just become a counter-elite—someone who is willing to break the rules to get ahead in the game. Unfortunately, others quickly catch on, and each chair soon acquires a jostling crowd, and before long you have the recipe for a free-for-all fistfight. This turns out to be a good model for understanding the consequences of elite overproduction in real life.

In real life, as we saw, over the past forty years the number of wealth holders at various levels has increased fourfold, sevenfold, or even tenfold. Only a small proportion of them decide to spend a chunk of their fortune to run for political office. For example, they might aspire for a seat in the House of Representatives or the Senate. They might enter a race for state governor. The ultimate prize is, of course, the presidency. The number of these power positions has stayed the same over the past decades, but the number of aspirants for them has increased together with the overall number of wealth holders. Because of the amplification effect, the number of frustrated aspirants exploded even faster than the already impressive expansion in the number of wealth holders.

This conclusion is not just an abstract model. We can now make sense of several trends in the elections for public office in the United States, which have been documented by the Center for Responsive Politics.[8] One is that the number of self-funded candidates started increasing during the 1990s. In the congressional elections of 2000 (adding the House and the Senate seats), there were nineteen candidates who individually spent $1 million or more of their own money on their campaigns. In the next election round, there were twenty-two such wealthy aspirants for a seat in Congress. Twenty years later, their number had roughly doubled, with forty-one and thirty-six candidates individually spending $1 million or more in 2018 and 2020.

An even better metric for following the effect of overproduction of wealth holders on elections is the cost of running a successful campaign. After all, not all politically ambitious rich people run for office themselves. Many instead choose to fund professional politicians who can advance their policy agendas in Washington. According to the data collected by the Center for Responsive Politics, the average spending of the House winner increased from $400K in 1990 to $2.35 million in 2020, while the same statistic for the Senate started at $3.9 million (in 1990) and grew to $27 million in the last electoral round.

Over the past forty years, we've been playing the elite overproduction game once every two years. As the number of players grows, the chance of rules breaking down goes up. Is it any wonder that the rules of the game—social norms and institutions governing democratic elections—have been unraveling in real life?

But elite overproduction is only half of the story. The expansion of the wealth-holder class did not happen in isolation from the rest of society. It's time to bring the second factor into our model for the stability of our societies: popular immiseration.

Popular Immiseration

Our society collectively produces a lot of products and services, and economists have learned a great deal about how to estimate this total, the gross domestic product (GDP). Yes, there are still some pesky issues. (How should we include housework? What about criminal activities?) But to a very good degree of approximation, we can use the GDP statistics, as published by government agencies, to get an idea of the total amount of wealth generated in any particular country every year.

This total usually increases with time, thanks to economic growth, but is nevertheless finite. Thus, how it is divided up between different kinds of consumers becomes a very interesting question. In our theory, we represent the structure of society as consisting of three main parts: the state, the elites, and everyone else. This is a model that greatly simplifies the glorious complexity of our modern societies (and we saw that defining who the elites are is not straightforward). But as we'll see, it maps onto reality to an extent that is empirically meaningful and informative.

At whose expense did the wealth held by the elites swell in recent years? Wealth is accumulated income; in order for it to grow, it has to be fed by directing a portion of GDP to the elites. The proportion of GDP consumed by the government has not changed much over the past four decades.[9] The main loser has been the common American.

For two generations after the 1930s, real wages of American workers experienced steady growth, achieving a broad-based prosperity for America that was unprecedented in human history. But during the 1970s, real wages stopped growing. While the overall economy continued to grow, the share of economic growth going to average workers began to shrink. We can index the operation of this wealth pump by tracing the dynamics of relative wages—typical wages (for example, for unskilled workers or for manufacturing workers—it doesn't matter as long as we use the same group) divided by GDP per capita. Before the 1960s, the relative wage increased robustly, but after that decade it began declining, and by 2010 it had nearly halved.[10] This trend reversal in the share of economic growth going to workers also resulted in the change of the fortunes of the wealthy. It's the Matthew Effect: if you take from the poor and give to the rich, then the rich will get richer while the poor get poorer.

When America entered an era of wage stagnation and decline, it affected not only the economic measures of well-being but also biological and social ones. I'll talk more about it in chapter 3, but for now it is sufficient to note that life expectancies of large swaths of the American population started to decline years before the COVID-19 pandemic. "Deaths of despair" from suicide, alcoholism, and drug overdoses spiked among the noncollege-educated from 2000 to 2016, while remaining at the same, much lower level among those with at least a college degree.[11] This is what popular immiseration looks like.

And popular immiseration breeds discontent, which eventually turns to anger. Popular discontent coupled with a large pool of elite aspirants makes for a very combustible combination, as we have experienced in America since 2016.

Trump: An Unlikely President

Donald Trump was an unlikely president. He was the only US president to arrive in office without any history of previous public service of any kind.[12] In 2014, nobody, including perhaps even Trump himself, could imagine that he would become the ruler of the mightiest nation on earth. His dizzying ascent to the pinnacle of global power was so astonishing that half of the American population and the majority of the American ruling elites were convinced that he didn't win the presidency legitimately. Many chose to believe a conspiracy theory positing that the election of Donald Trump was the result of Russian machinations. To this day, pundits and columnists continue arguing about how and why Trump happened.

Our human brains are wired in such a way that we see "agency" behind any development, especially one that affects us in a strong way.[13] It is difficult for us to grasp that many consequential events happen not because they have been engineered by shadowy plotters but because they were driven by impersonal social forces. But to understand the ascent of Trump—and more broadly, why America is in crisis—we need not a conspiracy theory but a scientific theory.

To understand why Donald Trump became the forty-fifth president of the United States, we should also pay less attention to his personal qualities and maneuvers and more to the deep social forces that propelled him to the top. Trump was like a small boat caught on the crest of a mighty tidal wave. The two most important social forces that gave us the Trump presidency—and pushed America to the brink of state breakdown—are elite overproduction and popular immiseration.

It seems strange to speak of Donald Trump as an elite aspirant. After all, he was born rich and inherited (or was given by his father) hundreds of millions of dollars.[14] But he perfectly fits the definition I gave above. Trump is one among that rapidly expanding cohort of the superwealthy who aspire to political office. Although he was already quite rich (certainly a centimillionaire, perhaps a billionaire, as he claims) and famous, he wanted more.

Trump was not the first superrich person with no previous political experience to run for the US presidency. Steve Forbes (fortune estimated at $400 million) ran as a candidate in the Republican primaries in 1996 and 2000, but he didn't get very far. Billionaire Ross Perot ran as an independent in 1992 and 1996, receiving nearly 20 percent of the popular vote in his first run. Why was Trump successful when Forbes and Perot failed?

My answer has two parts. First, by 2016 popular immiseration had become much worse than in 1992, and Trump cleverly and ruthlessly exploited this social force in his presidential bid. In the end, a large proportion of Americans who felt left behind voted for an unlikely candidate—a billionaire. For many of them, this was not so much an endorsement of Trump as an expression of their discontent, shading into rage, against the ruling class. We'll talk more about the sources and consequences of popular discontent in chapter 3.

Second, by 2016, the elite overproduction game had reached a bifurcation point where the rules of conduct in political campaigns had been tossed to the wind. The 2016 Republican Party presidential primaries had the largest number of major candidates in history to that point. A total of seventeen contestants entered the race.[15] Members of the stunned American public became involuntary viewers in a bizarre spectacle of an elite aspirant game reaching its logical culmination. The candidates competed in saying the most outlandish things and tossing out wild quotes in order to win press attention and stay in the race, while "serious" candidates declined in the polls and were eliminated.[16]

In the end, there is no question that Trump piloted his boat better than his competitors (and he had other significant crew members, such as the self-proclaimed revolutionary strategist Steve Bannon). Nevertheless, it would be a mistake to give him (or Bannon) too much credit for succeeding where other billionaire aspirants before him failed. What gave him the presidency was a combination of conflict among the elites and Trump's ability to channel a strain of popular discontent that was more widespread and virulent than many people understood, or wanted to understand.

Our current predicament is not unique—this is one of the central themes of the book. Let's travel back in time to look at another elite aspirant whose life trajectory illustrates the operation of the twin forces of instability: elite overproduction and popular immiseration.

Lincoln: Another Unlikely President

Abraham Lincoln, the sixteenth president of the United States, is one of the most revered figures in American history. The statue of Lincoln, larger than life, sits serenely in his monument at the end of the Mall in Washington, DC. Yet the actual life of Lincoln was anything but serene. He lost many more elections than he won, had a nervous breakdown, and at one point in his life decided to give up his political career.

Of course, he won his most consequential election, the one in 1860. But during his presidency, he was abused from all sides. The historian Stephen Oates dryly notes:

> Northern Democrats castigated him as an abolitionist dictator, abolitionists as a dim-witted product of a slave state, and all manner of Republicans as an incompetent charlatan. In truth, Lincoln may have been one of the two or three most unpopular living Presidents in American history.[17]

Lincoln was another unlikely president whose rise to power was propelled by the twin social forces of elite overproduction and popular immiseration. Before the Civil War, the United States was ruled by an elite of aristocratic Southern slaveholders allied with Northeastern patricians—merchants, bankers, and lawyers.[18] The economic basis of this alliance was the agricultural commodities grown on Southern plantations with slave labor, first and foremost cotton. Trade in cotton was the most important business of New York's merchant elites, who exported Southern-grown commodities and imported European-manufactured goods. Another segment of the elites (especially in Massachusetts) used Southern cotton to produce textiles. This coalition, and especially its Southern slaveholding component, dominated the politics of antebellum America. The votes of Southern white men had a greater weight due to the infamous three-fifths compromise of 1787, which counted three-fifths of the slave population in apportioning representatives and presidential electors (without, of course, letting slaves vote). The Southern elites also controlled half of the Senate, although the free population of the North was almost twice that of the South. Two-thirds of the wealthiest people in the US lived in the South—4,500 out of 7,000 Americans with wealth greater than $100K (more than $2 million in today's dollars[19]). Wealthy aristocrats had the resources and leisure to pursue elected offices and careers in government, and to influence elections, and there were simply more of them in the South than in the North. Southern elites also controlled the top government offices; most presidents and vice presidents, cabinet ministers, top government officials, senators, and chief justices came from the South.

Lincoln, on the other hand, came from a very humble background. He was a self-educated lawyer and started his career as a politician in Illinois (at the time, a state on the country's northwestern frontier), far from the centers of power in Virginia and the Eastern Seaboard. He was very different from the wealthy aristocrats who dominated the early Republic. Lincoln's presidential ambitions were not taken seriously until very late in the game. In fact, he was better known for his prior failures than for his successes. How was this self-taught lawyer from the boondocks propelled to the presidency?

The America of the 1850s and the America of 2020, despite being very different countries, share a number of striking similarities. Between the 1820s and 1860s, the relative wage, the share of economic output paid out as worker wages, declined by nearly 50 percent—just as it did in the past five decades.[20] The effect on the well-being of common Americans was devastating. This trend is best captured by the biological measures of quality of life. Average life expectancy at age ten decreased by eight years! And the heights of native-born Americans, who in the eighteenth century were the tallest people on earth, started shrinking. Immiseration breeds discontent, and the signs of it were all over. One clear sign of building social pressures was the incidence of urban riots. Between 1820 and 1825, when times were good, there was only one lethal urban riot (that is, a violent riot in which at least one person was killed). But in the five years before the Civil War, 1855–1860, American cities were convulsed by no fewer than thirty-eight lethal riots. An additional sign of growing popular discontent was the rise of populist parties, such as the anti-immigration Know-Nothing Party.

Another related factor in Lincoln's rise, and the Civil War that his election triggered, was elite overproduction. After 1820, most of the gains from the growing economy went not to the workers but to the elites; elite numbers and wealth ballooned. Between 1800 and 1850, the number of millionaires (billionaires in today's dollars) increased from half a dozen to about one hundred. Of course, the country's population also grew (from five to twenty-three million), but the number of millionaires per one million of the population during this period quadrupled.[21] The size of the top fortune in 1790 was $1 million (held by Elias Derby) and increased to $3 million (held by William Bingham) by 1803. And then it went up as though there were no limit: $6 million (held by Stephen Girard) in 1830, $20 million (held by John J. Astor) in 1848, and $40 million (held by Cornelius Vanderbilt) in 1868.[22] A host of other statistics looking at different strata of the wealthy all show the same trend: as the poor were getting poorer, the rich were getting richer.

The new wealth was materially due to mining, railroads, and steel production rather than cotton and overseas trade. The new millionaires chafed under the rule of the Southern aristocracy, as their economic interests diverged from the established elites. The new elites, who made their money in manufacturing, favored high tariffs to protect budding American industries and state support for "internal improvements" (turnpike, canal, and railroad construction). The established elites, who grew and exported cotton, and imported manufactured goods from overseas, naturally favored low tariffs. They also were against using state funds for internal improvements, because they shipped their products by river and sea to the world markets. The new economic elites favored domestic industrialization, import substitution, and the export of agricultural commodities, such as wheat, produced by free labor. These businessmen began to argue that the stranglehold of the Southern slaveholders over the federal government prevented necessary reforms in the banking and transportation systems and thus threatened their own economic well-being.

Furthermore, the dramatic expansion of the elite numbers destroyed the equilibrium between the demand and supply of government posts. Some wealth holders ran for office themselves, while others threw their resources behind rival politicians. Additionally, the sons of merchant families often chose to go into professions—the law profession, in particular. Obtaining legal training was, and still is, the chief route to political office in the United States. Becoming a lawyer in that period was relatively easy because one didn't need a degree from a law school. The surging numbers of lawyers, including Lincoln, generated an increasing number of aspirants for political positions. At the same time, the supply of political offices stagnated. For example, the number of US representatives between 1789 and 1835 increased from 65 to 242 but thereafter stagnated.[23] As the number of elite aspirants exploded, competition for political power intensified.

Those were cruder times, and intraelite conflict took very violent forms. In Congress, incidences of violence and threatened violence increased, reaching a peak during the 1850s. The brutal caning that Representative Preston Brooks of South Carolina gave to Senator Charles Sumner of Massachusetts on the Senate floor in 1856 is the best-known episode of such violence, but it was not the only one. In 1842, after Representative Thomas Arnold of Tennessee "reprimanded a pro-slavery member of his own party, two Southern Democrats stalked toward him, at least one of whom was armed with a bowie knife—a 6- to 12-inch blade often worn strapped to the back. Calling Arnold a 'damned coward,' his angry colleagues threatened to cut his throat 'from ear to ear.'"[24] During a debate in 1850, Senator Henry Foote of Mississippi pulled a pistol on Senator Thomas Hart Benton of Missouri. In another bitter debate, a New York congressman inadvertently dropped a pistol—it fell out of his pocket—and almost precipitated a general shootout on the floor of Congress.[25] Lincoln was a part of this rough-and-tumble politics, especially in his early career. He often verbally abused his opponents and several times came near to blows with them, once nearly fighting in a duel.

Differences over economic policy and the competition for office generated powerful incentives to break the Southern domination of the federal government. History textbooks tell us that the American Civil War was fought over slavery, but this is not the whole story. A better way to characterize this conflict is to say that it was fought over "slavocracy." Indeed, although by 1860 the majority of Northerners felt that slavery was morally wrong, only a tiny minority, the Northern abolitionists, felt strongly enough to make this issue central to their political program. In the South, the "peculiar institution" was so lucrative for the great majority of white people (since most either owned slaves or aspired to own them) that they felt compelled to defend it. Most Northern white people were clearly not sufficiently motivated by the plight of enslaved Black people to fight and die over it. However, as slavery provided the economic basis for Southern dominance, a political attack on the slaveholders could be strengthened by an ideological attack on slavery. The majority of Northerners railed against the "slave power"—the wealthy and aristocratic Southerners—and their domination of national politics. Lincoln's political program reflected these sentiments. Initially, he did not intend to abolish slavery in the South, but he was strongly opposed to the extension of slavery (and the power of slavocracy) to new states.

The rest is history. The collapse of the Second Party System resulted in a fragmented political landscape during the 1850s. Four major candidates competed in the 1860 presidential elections. Lincoln got less than 40 percent of the vote but won in the Electoral College. The South seceded, triggering the American Civil War. The victory of the North in the war resulted in the overthrow of the antebellum ruling class and its replacement by the new economic elite that has dominated the American state since then. (We will discuss this at length in chapter 5.)

There are many similarities between the age of discord that we are living through now and the one that ended with the Civil War 160 years ago. Pundits today often comment that it feels like we are reliving the 1850s. And, indeed, even though antebellum America and the US today are two very different countries, they share many similarities. Let's now look at yet another elite aspirant who also lived in turbulent times and was propelled to the pinnacle of power. This time, we shift from the Western Hemisphere to China.

Hong: An Unlikely Emperor

Two hundred years ago, China's economy was by far the mightiest in the world, accounting for nearly one-third of the global GDP.[26] Today, China's GDP, figured in PPP (purchasing power parity) terms, is again the largest, beating that of the next largest national GDP (USA) by about 20 percent. Between these two periods of prosperity, however, China experienced a century from hell, or the Century of Humiliation, as the Chinese today refer to it. After 1820, China's total GDP began to shrink, and by 1870 it was less than half that of Western Europe. The country experienced a seemingly unending run of famines, rebellions, and humiliating defeats by external enemies. The worst catastrophe was the Taiping Rebellion (1850–1864), which has the sad distinction of being the bloodiest civil war in human history. How did China become the "Sick Man of East Asia," and what accounts for its miraculous recovery in the past fifty years?

Between 1644 and 1912, China was ruled by the Qing dynasty. Although this dynasty was established through conquest by Manchuria (which before the Qing was not part of China), the Manchu rapidly adopted the traditional Chinese forms of governance. In particular, the Qing Empire was ruled by a class of scholar-administrators, who could advance up the ranks only after successfully passing a series of increasingly difficult examinations. The majority of the population, more than 90 percent, was peasants. The remainder was a mixed bag of artisans, merchants, and soldiers. But the mandarins—the credentialed class—ruled all. Even the top command levels of Qing armies were usually occupied by scholar-bureaucrats, not warriors.

The first half of the dynasty was a period of robust economic growth and cultural brilliance. Improved agricultural techniques and broad adoption of new crops, such as corn and sweet potatoes, increased production of food. Early industrialization also helped to fuel robust population growth. But population growth did not stop, even after the beneficial effects of these innovations had been exhausted. By 1850, the Chinese population was four times greater than at the beginning of the Qing dynasty. The arable land per peasant shrank nearly threefold, real wages declined, and average heights (a reliable measure of biological well-being) decreased. The early Qing period had no massive famines; the last one, in 1630–1631 in northwest China, hit at the end of the previous dynasty, Ming, and contributed to its collapse. The next massive famine arrived in 1810 and was followed by a string of others: 1846–1849, 1850–1873, 1876–1879 (this one killing between nine and thirteen million people), 1896–1897, and 1911 (triggering the rev-