

***“Insider Trading in the American Scholastic Marketplace:  
The Social Mechanisms of Elite Reproduction”<sup>1</sup>***

**by**

**Rick Fantasia**

No matter whether it's John Kerry or George Bush who wins the election in the United States, it is certain that champagne corks will be popping all through election night in a stone mausoleum-like building on High Street in New Haven, Connecticut. Located at the center of the Yale University campus, “The Tomb,” as it is called, is the home of the Skull and Bones Society; the most exclusive of the dozen or so of Yale's secret societies. The fifteen senior undergraduate students initiated every year into the Skull and Bones Society become lifelong members of a group whose shadowy rites and mysterious incantations generate fierce loyalty among its eight-hundred living members and, since its inception 172 years ago, has served as a virtual passkey to the nation's power elite. More secular, more social, and more frivolous than, for example, Italy's Masonic order, *Propaganda Due*, the Skull and Bones Society has nevertheless operated as a virtual transmission belt to the U.S. Supreme Court, to the CIA, to the most prestigious law firms and corporate boardrooms, as well as to the very highest political offices in the land. Not only is George W. Bush a “Bonesman,” like his father, the former President George H. W. Bush, and his uncle Jonathan Bush, and his father's uncles, John Walker and George Herbert Walker III, and his grandfather, Prescott Bush; he has appointed at least five Skull and Bones members to

---

This is the unedited draft of an article that has been published in French as “*Délits d'initiés sur le marché universitaire américain: Les mécanismes de reproduction de l'élite*” in *LE MONDE DIPLOMATIQUE*, n. 608, Novembre 2004 (p.4-5).

positions within his administration.<sup>2</sup> And were Bush to lose the November election, another Yale graduate, John Kerry, happens to be a member of the Skull and Bones Society as well.

While the Skull and Bones network offers rich material from which a darkly intricate tale of conspiracy might be woven, far more interesting and important is what such private clubs and associations suggest about the everyday mechanisms of class privilege operating at the heart of the U.S. educational system. For just as Yale has its Skull and Bones, Harvard its Porcellian Club (known for cultivating the children of the old families of the American upper class); and Princeton University its Ivy Club (the most patrician of Princeton's many social "eating clubs"). Indeed, a key aspect of all of the eight elite "Ivy League" universities as well as their lesser-known institutional cousins is that they serve as vital components in a finely-tuned machinery of social selection that has helped to reproduce a rigid topography of social class, while denying its presence, never mind its pervasiveness and power.

One does well to recognize that this is so despite the fact of a significant process of democratization that occurred in the postwar period throughout American higher education that resulted in an enormous expansion of the public college and university system nationwide, making higher education available to a much larger segment of the society than before. In addition to an expansion of the public sector, there was, inevitably, a certain amount of change in the elite, private institutions as well. The "Ivy League" universities had historically operated largely as service institutions for the social upper class, by exclusively admitting the sons of America's most socially and economically prominent families, usually on the basis of simply "a wink and a handshake" (that is, on the basis of social connections alone). Once admitted, the social "blueblood" was afforded the opportunity to languish in the air of institutional venerability

---

<sup>2</sup> In 2003 Barbara, one of the daughters of the current President Bush, then a Yale senior [a student in her final year], was reportedly denied admittance into Skull and Bones, although the club has admitted women since 1991.

while cultivating strong relationships with a cohort of his peers that would carry on, through life (ie..the “Old Boy Network”).

However, through the postwar decades, under pressures placed by new government-sponsored student financial aid reforms, by the civil rights movement for blacks, and by the movement for women’s rights, the most elite private institutions were increasingly forced to make room alongside those who were just socially well placed, for those who were academically well-prepared. Thus the Ivy League universities were nudged into reforms that resulted in the use of more standardized forms of admissions criteria. Students would thereafter be admitted on the basis of a combination of factors, including the results of standardized examinations as well as on the grades achieved by students in their secondary school classes. This meant the presence of scholarship students, who appeared to become almost as common as the social blueblood on the campuses of the most elite colleges and universities, thus feeding the notion of a “meritocratic” (and thus “democratic”) system of higher education.

The ‘*meritocratic*’ logic seems self evident largely because the criteria for admission include quantitative measures that allow for a gradational ordering (grade point averages or scores on standardized examinations) thus giving a scientific patina to what is at root a social process. For as social critics have demonstrated, standardized examinations favor those with a sufficient store of the requisite cultural capital (one element of which is the highly developed level of connoisseurship required to navigate through a dizzying array of institutions to identify which institutions have the power to consecrate one as a member of the elite). Moreover, the secondary schools from which students are graded (for university admissions) are themselves steeply graded, in hierarchical order, largely according to the affluence of the geographic district in which they are located; according to whether they are public or private and according to which

private schools they are (private tends to be favored over public and certain private schools serve as direct feeding tubes into the elite ivy league universities).<sup>3</sup> University admissions staff, whether elite or not, tend to give preference in admissions to the schools that happen to be attended by the upper classes (see below). The other thing about the *meritocratic* view is that those who advance it tend to have themselves succeeded through the system, and thus have a stake in upholding its governing myths. After all, what beneficiaries of social selection would be willing to admit, even if they were capable of seeing, that they have been among those pre-selected for “work hard” of this kind, and for a lifetime of financial and occupational success?

The system of higher education in the U.S. went in two directions at once in the postwar period. It became more democratic by expanding the number of public institutions and by allowing the presence of the scholarship student to become reasonably common on the campuses of the most elite colleges and universities in the U.S. But though the conventional wisdom has viewed academic placement as a clear and obvious function of merit, and thereby of simple hard work, powerful mechanisms of social selection remain and can even be seen as central to the operating system of American higher education, even as they remain obscured by the extensive investments in public relations that colleges and universities make to represent themselves to the world as academically central and socially neutral. Though the doors of the elite institutions have opened, the closed and highly restricted world of eating clubs, exclusive fraternities, and secret societies within the Ivy League institutions have continued to serve an important social role, by performing the tasks of upper class social selection that the institutions as a whole had once been able to perform openly (prior to the postwar “democratization”). While these institutions now

---

<sup>3</sup> In the US, schools are largely funded on the basis of local property taxes (with some state and federal adjustment) and so the financial support accorded any particular school is mostly a function of the education-level and affluence of the voters in the community itself. In other words, class plays a significant role in shaping the character of schools.

draw students from a wider segment of the population than in the past, as a whole their student bodies are still overwhelmingly constituted by the social and economic elites from the U.S. and around the world. Moreover, these institutions continue to embrace and authorize the presence of exclusionary upper class social clubs, for they provide a ready pool of potentially huge donors to the endowment funds of the institutions. These associations have conserved the social world of the upper class in a kind of cultural aspic [*en confit?*], representing an unadulterated preserve of class exclusion in a system of education that was, at least nominally, based on a denial of social class.

The system of higher education in the US consists of some two thousand institutions that could be arranged in a steeply-graded hierarchy in which both the degree of academic selectivity and the social prestige of the institution tend to be strongly correlated with the age of the institution (the ivy plant takes an unusually long time to spread itself across the face of a building); the size of its financial endowment; and the social background of its student body. At the very summit are Harvard (founded 1636), Yale (founded 1701), and Princeton (founded 1746), the three most socially prestigious and academically selective universities, each of which controls a financial endowment as large as many multinational corporations (at \$22 billion, Harvard's endowment makes it the wealthiest university on the planet, while Yale and Princeton are each worth approximately one-half of that). In addition, five other private "Ivy League" universities also have multi-billion dollar endowments, as do about a dozen other of the most socially prestigious private universities in the United States.<sup>4</sup> Such vast wealth is the product of a

---

<sup>4</sup> The democratization process noted earlier should not be overstated, for the opening of the most prestigious colleges and universities to previously excluded categories of students, like Women and Blacks, has not meant that these institutions have drawn large numbers of their students from the ranks of the poor or working class. For example, one recent study of the 146 most competitive colleges and universities found that just 3% of students admitted were from families of modest social and economic backgrounds (see "Class Rules: the Fiction of Egalitarian Education" by Peter Sacks, *The Chronicle of Higher Education*, July 25, 2003: pp. B7-B10). And a study of low income recipients of the federal "Pell grant" program published in 2003, *The Journal of Blacks in Higher*

close, long term relationship between these institutions and the richest and most socially prominent families in the U.S., whose ample donations are carefully cultivated by the “development offices” that are maintained within the institutions for this purpose. This perhaps explains why 21<sup>st</sup> century academic institutions are so pleased to be able to play host to what appear to be anachronistic bastions of privilege and exclusion, for these private clubs represent perfectly ripe fruit for the university’s Development Office. The practice of donating personal funds to one’s “alma mater” is quite common in private institutions and increasingly in the public one’s as well. The offer of financial support has a particularly long history in the Ivy League where generations of the upper class have bound their legacy to institutions whose venerability and respect are assured in the society, while leaving to the current generation of students, to a large degree their social offspring, a huge inheritance of resources to use (Harvard’s endowment translates into over \$1.065 million per student; Yale’s translates into \$0.947 million, and Princeton \$1.3 million per student).

Like all private colleges and universities in the U.S., the Ivy League institutions are tax exempt, although they often pay the local municipality a voluntary contribution (in the amount of their choosing) to maintain good relations with the political leadership in the city where their campus is located. Plus, in addition to investing their endowment funds in a range of financial markets, several universities are huge real estate proprietors. For example, Harvard owns huge sections of Cambridge, Boston, and various other surrounding cities; Yale has major real estate holdings in the New Haven, Connecticut area; while Columbia University’s \$5 billion dollar

---

*Education* found that only 7.7% of Princeton undergraduate students were recipients of low-income Pell grants, while only 10% of Harvard and Yale students came from families that qualified for such grants, a situation that prompted Henry Louis Gates Jr., the Chair of Harvard’s African and African-American studies department, to remark, “The black kids who come to Harvard or Yale are middle class. Nobody else gets through.”

endowment has made the university one of New York City's largest landowners, where it owns buildings and land in a city with some of the highest property values in the world.<sup>5</sup>

Below the very top level of elite universities are several dozen private undergraduate "colleges," similarly arrayed according to a combination and rough correlation of academic selectivity, social prestige, age of institution, size of financial endowment, and the social background of the students.<sup>6</sup> The emphasis in these institutions on preparing students as thinkers through a generalized "liberal arts" education, has tended to be attractive to the children of social elites who are relatively free from parental and financial pressure to study practical fields that guarantee immediate entry into the labor market with only a four-year "bachelor's" degree. The choices that American students make about where to attend and what subjects to study are largely the products of their internalized expectations and possibilities.

At the next tier on a social continuum are the numerous public universities and colleges that exist across the U.S. These have been financed by the individual states and have commanded much less social prestige than the private universities and colleges, although the most prominent of them have acquired in scientific reputation what they lack in social terms.<sup>7</sup> Historically, their support was assured by their importance to rural states (most were founded to support agriculture

---

<sup>5</sup> In a perfect irony, a song that has been sung for generations by the fans in the stadium where Columbia University plays its football games, is entitled "Who Owns New York?" [with the following lyrics: "Oh who owns NY, Oh who owns NY, Oh who owns NY the people say.....well WE own NY...., well WE own NY...C-O-L-U-M-B-I-A !!!].

<sup>6</sup> In the U.S. the term "college" refers to an institution of higher education for undergraduate students that does not include the various "schools" (*faculté*) of advanced graduate or professional preparation (ie...doctorate, medicine, law, etc) that one finds at a university. A "university" in the United States is an institution that combines an undergraduate college along with the various graduate schools of professional preparation. Students in the U.S. must normally complete four years of college before advancing to a school of graduate professional preparation.

<sup>7</sup> While there is substantial overlap between the two, the scientific prestige of an institution would be ranked according to a somewhat different set of criteria, and certain public universities would be well represented (with UC Berkeley, U. of Wisconsin, U. of Michigan, among others, figuring prominently) as would the top ranked scientific institutes (like MIT and Cal Tech). At the same time, the wealth and social prominence of the Ivy League universities tends to be fully convertible into scientific capital (or resources), since these institutions are usually able to attract the most prominent professors and researchers, putting them in a position to win more than their share of the largest research grants.

and its mechanization during the latter half of the 19<sup>th</sup> century) and through the postwar decades their financial position was strongly assisted by the huge popularity of their football teams, which ensured a strong popular following that gave them protection in the state legislatures that controlled their budgets. More recently, many of the largest public universities in the U.S. have had to try to build their own private endowments in an attempt to soften the brutal financial blows that are coming their way under the dual pressures of privatization and regressive tax policies.

Beyond the approximately 150 institutions possessing a substantial measure of some combination of academic, scientific, and/or social distinction, is another two thousand or so institutions of higher education, both public and private. Included here are one thousand public two-year community colleges that have primarily come to serve remedial and vocational functions (compensating for the poor preparation received in so many public secondary schools, and providing specialized skills for workers in support of local and regional industry). Public community colleges also retain the shadow of an academic function as well, however, being maintained as a transmission belt along which working class students have historically been able to transfer into four-year public colleges and universities. Although less important to the operation of community colleges than it once was, the transfer function has done the most to provide higher education in the U.S. with its democratic appearance, by dressing an otherwise highly inequitable system in the symbolic imagery of “opportunity.”<sup>8</sup>

A process of social closure is thus at work at each level of the system, with social selection either retranslated as academic performance or euphemized away. Perhaps the clearest

---

<sup>8</sup> See Steven Brint and Jerome Karabel, *The Diverted Dream: Community Colleges and the Promise of Educational Opportunity in America, 1900-1985* (NY: Oxford University Press, 1989). Approximately 3 million students graduate from secondary schools every year in the U.S. and 60% apply to and enroll in some form of postsecondary education.

example of this is the preference accorded to “legacies” at the most elite private institutions.

“Legacy” is the term employed for giving preferential admissions treatment to the children and grandchildren of alumni (former graduates) of the institution. For example, according to a report in the New York Times focusing on the admissions practices of one elite, highly selective undergraduate college in New England, 45% of the “legacies” who applied were granted admission, as compared with 27% of the entering class as a whole.<sup>9</sup> Moreover, at this particular college, like all of the most elite, the children of those who contribute heavily to the endowment fund may also expect to be admitted, except perhaps in the case of a student unable to show any academic promise whatsoever.

For the children of the “merely” affluent who may lack the proper upper class family and generational pedigree, there is a problem. How can they avoid being excluded in the face of both the traditional mechanisms of social closure instituted by previous generations (and by which the upper class maintained its social cohesion), as well as in the face of stern academic requirements that not everyone is able to satisfy. To address these problems an extensive consulting industry has developed over the past decade, offering a wide range of consulting services to the children of affluent parents with professional and managerial-level occupational standing and Ivy League aspirations. The most common practice is to sell expensive individual tutoring and preparation classes for the standardized entrance examinations required by most colleges and universities, but parents are increasingly paying from between several thousand dollars to as much as \$30,000 for a much more extensive program of preparation and coaching. The Director of one such consulting agency noted that she has seen the top price for such services increase tenfold over the past decade. Her relatively small-sized company provides various services for which they charge

---

<sup>9</sup> “Of Sheepskins and Greenbacks: College-Entrance Preferences for the Well Connected Draw Fire” by Jacques Steinberg, The New York Times, February 13, 2003. p. A20.

from just under \$100 (to evaluate the grades and the exam scores of students) to \$10,000 for what they call an “Ivy Guaranteed Admissions Program” that offers a “money back guarantee” if the student is not admitted to one of several dozen of the most highly-regarded institutions (of course students are carefully screened before being permitted to purchase this service).

The children of the social upper class used to be able to count on admission to one of the Ivy League universities as a virtual birthright, treating the university experience mostly as a means of association to create bonds and strengthen networks with those of the same social milieu. In recent years there has been an increase in the pool of those who possess the financial means, but not the family ties, yet who wish to play the social game, and this has created a traffic jam at the top that the consultants are able to take advantage of. For what many of the consultants know well is that what really matters at the very top of the social pyramid has little to do with the quality of education per se, and everything to do with the lifetime social ties that are made and cemented in private institutions that ensure and represent a high degree of social closure.

For the upper class such ties well precede the university experience, having often been formed in exclusive private primary schools and during summer vacations in a handful of summer retreats along the Maine and Massachusetts coasts and, above all, in a select group of private secondary schools, called “prep schools.” Researchers have identified sixteen such schools as having been particularly notable for their service to some of America’s oldest and richest families.<sup>10</sup> Located in rural settings, mostly in New England, these schools were designed to isolate their charges from the moral pestilence and unhealthy customs thought to inhabit the

---

<sup>10</sup> Voir Caroline H. Persell et Peter W. Cookson, “Pensionnats d’élite: ethnographie d’une transmission de pouvoir” en *ACTES de la recherche en sciences sociales* 138, Juin 2001 : 56-65 ; et *Preparing for Power : America’s elite boarding schools* (NY : Basic Books, 1985). And for the classic study of upper class entry into the halls of political power in the US, read any of the many editions of William G. Domhoff’s *Who Rules America ?*

cities of the Northeast that were filling with immigrants in the 19<sup>th</sup> century. Like their British cousins these institutions sought to “toughen the stock” of the upper class through a regimen of early-rising, cold showers, rigid regulations, and hard work.

These institutions continue to thrive as socio-cultural conservatories that prepare their students for a life among the elite, inculcating and reinforcing certain ways of seeing, acting, and speaking, as well as devoting substantial resources to ensure that their students will have the very best chance to be accepted into an elite college or university. With endowments that are larger than many private colleges, and with fees that hover between \$25-30,000 per year, these schools are able to hire a huge college counseling staff to prepare elaborate dossiers and to negotiate directly with university admissions committees on behalf of their students. They are often very effective because universities are already predisposed to look very favorably on the aura surrounding the graduates of such schools, and because the school counselors have often graduated from Ivy League universities themselves, and thus are able to persuade, convincingly and in the nuanced and shared language of the upper class, why their students should be admitted. Public schools are simply unable to compete in this arena. Facing budgetary pressures almost everywhere, the average ratio of students to counselors in public secondary schools is 407:1, and the few counselors there are can only devote about half of their work load to college counseling, making it impossible to provide anywhere near the degree of personal service in the admissions process that prep schools provide.<sup>11</sup>

President George Bush attended Phillips Academy in Andover, Massachusetts as did his father the former President. And John Kerry attended the St. Paul’s School in Concord, New Hampshire. Both institutions, each with endowments of \$300 million dollars, figure prominently

---

<sup>11</sup> Figures drawn from *The State of College Admission, 2003-2004* published by the National Association for College Admission Counseling, (Alexandria, Virginia, February 2004), p.4-6.

among the most venerable private secondary schools. The point, however, is not only that the men (and women) of power are socially produced within a very narrow social stratum of U.S. society, or that that great unmentionable word, “class” is a basic operating principle of the system of American education, although these are certainly true enough. The point is also that the basic life experience of the social elite brings us face to face with a fundamental contradiction at the heart of US society more generally: namely, that the virtually uncontested market ideology that so dominates political thinking across the political spectrum, in the two major parties, and throughout the ranks of social elites generally, is fundamentally violated by the way that those same elites overwhelmingly live their lives.

Pursuing strategies of advantage may be completely understandable in a society that guarantees nothing to anyone. But the practice of “giving my child every advantage” happens to be embedded in a systematic tilting of the social game in favor of those who hold all the advantages. After all, the top ten percent of the population already owns approximately 72% of the wealth of the U.S.; and their annual income has risen nearly 90%, on average, from 1970 to 2000. Although they may parrot the language of competition, and merit, and free markets, America’s social elites go to great lengths and invest substantial sums to protect their children in a private encasement, away from the systematic brutalization underway in the public sector, and sheltered from having to associate with, or be influenced by, or ever having to compete against those from outside their social milieu. Through high institutional walls surrounding them at each stage of the life cycle, and buttressed by membership lists, “flexible” admissions criteria, and layers of exclusionary rites and practices, a reciprocally-confirming world of social associations produces an intense class-fullness in a society that imagines itself to be classless. And when we consider that these elite social institutions that tend to still attract the members of a social upper

class range over the course of an entire life (from exclusive primary schools, to prep schools, to Ivy League universities, to the private enclaves within those universities, like Skull and Bones, to the men's clubs and women's clubs that have always catered to the social upper class), we suddenly confront something utterly counterintuitive: an elaborate lifelong system of private social associations and "social protections" that constitute nothing less than a form of "cradle-to-grave" social-ism for the very elite.