

THE MYTHIFICATION OF THE LOOTING ELITE

As more and more people talk about how inequality threatens our economic system and just in time for Davos, the January 22-28 edition of the the Economist had a special report on "The Global Elite." While the edition has been out there for a while, I was struck by the degree to which it seems to be an attempt to mythify the looting going on so as to claim it serves some kind of useful societal function. Here are the sections:

- The few
- More millionaires than Australians: Taking stock of the world's plutocrats
- Unloading the loaded: Catering for the whims of the rich is big business
- The rise and rise of the cognitive elite: Brains bring even larger rewards
- Not for sale: Cash seldom buys political power. What counts are ideas and the ability to inspire
- The world's water-coolers: Where the influential people meet and talk
- Crazy-talking boffins: The surest way to wield influence is to invent something useful
- The global campus: The best universities now have worldwide reach
- Tribes still matter: How

global leaders tap into diaspora networks

- Asia's new aristocrats: What Indians and Chinese make of their tycoons
- They work for us: In democracies the elite serve the masses

Of particular interest are some of the key myths propagated by this report. A central theme is that this new global elite got there not by taking from others, but by virtue of their superior intelligence.

The big change over the past century is that elites are increasingly meritocratic and global.

And they got their wealth through their own actions, through work.

How did these people grow rich? Mostly through their own efforts. Only 16% of high-net-worth individuals inherited their stash, according to Capgemini. The most common way to get rich is to start a business: nearly half (47%) of the world's wealthy people are entrepreneurs. You do not have to be a genius to build a million-dollar business, but it helps if you are intelligent and extremely hard-working.

[snip]

Another 23% of the world's millionaires got rich through paid work, estimates Capgemini.

The focus here is on people like orthodontists who have built a practice rather than finance execs who have been getting rich off the public teat. And the report provides two reasons why the super rich are good for you. One, because

they offer business opportunities, because, “when you are seriously rich it is hard to spend all your money.” And two, because they give their money away. Though, after noting that public spending still dwarfs philanthropy, the report retreats to arguing the elite are good for society just because of the contributions they make to society.

Modern philanthropists are typically self-made, so they are used to getting things done. Rather than simply handing sacks of cash to charities that already exist, they often prefer to build their own institutions, observes Paul Schervish, the director of Boston College’s Centre on Wealth and Philanthropy. The way they measure their success is not by how much they disburse but by the return they earn on their charitable investment, measured in lives saved or improved.

[snip]

By and large, global leaders change the world more by doing their day jobs than in their spare time. Even Mr Gates, who was widely reviled for his business activities, probably did more good by amassing his fortune than he is doing by giving it away. The computer revolution he helped to bring about transformed the way people handle information.

The report goes even further to explain why you shouldn’t be afraid of this purportedly self-made elite getting richer and richer. You don’t need to fear meetings like Davos and Bilderberg because, well, the world is a complicated place and rich people should be able to get together in off-the-record gatherings.

The world is a complicated place, with oceans of new information sloshing around. To run a multinational organisation, it helps if you have a

rough idea of what is going on. It also helps to be on first-name terms with other globocrats. So the cosmopolitan elite—international financiers, bureaucrats, charity bosses and thinkers—constantly meet and talk.

And no need to worry about the rich accruing undue political power. You can't buy political power, it says, and it proves it by pointing to the electoral failures of people like Steve Forbes, Ross Perot, and eMeg (while ignoring all the successes save Mike Bloomberg). Its efforts to use the Tea Party (whose ideology the Economist loves) as an example to prove the thesis is even more funny. It admits that Dick Armeys Freedom Works taught TeaPartiers how to run phone banks.

For example, an organisation called FreedomWorks, founded by Dick Armeys, a veteran Republican and former House majority leader, offers tea partiers, many of whom are new to activism, practical tips on such things as setting up phone banks.

But it leaves it at that. And while it mentions the Koch brothers' funding of Libertarian causes, it makes no mention of the ties between the Kochs and the Tea Party. Ultimately, the story it tells—as its proof that you can't buy political influence—is that the nice TeaPartiers rose from the grass roots, having spent almost no money.

Mr Santelli called for a Tea Party: an anti-tax protest like the one in Boston that heralded the American revolution. The notion caught on. Tea parties erupted everywhere, attracting millions. The Tea Party movement has a cranky fringe, but its core belief—that the government should tax and spend less—is attractive to many mainstream Americans. The tea partiers' passion

helped Republicans to capture the House of Representatives last November.

What's shaping politics, the Economist says a year after Citizens United, is not money but ideas.

The strongest force shaping politics is not blood or money but ideas.

Now, I mapped this out not because it's news (the report is over a week old) or because we haven't heard these myths before. But I find it interesting that an outlet like the Economist—with its audience of the aspiring elite—feels the need to respond to rising concerns about inequality by trying to wrap up the looters in a myth that they're the smart, self-made people who not only positively affect the world just by nature of who they are, but also bring business and philanthropy benefits.

This is the myth they're going to use to justify their pillaging of the world.