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# It's A Small World After All... At The Top: The View From Davos

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# It's A Small World After All ...At The Top

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## The View From Davos

**By Katherine Fawcett**  
**Supervised by Vijay Prashad**  
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**ABSTRACT:** This paper provides an intersectional portrait of the most powerful and influential group in the world: the global power elite, symbolized by the Davos man. An examination of this emerging class and its national and denationalized components includes analyses of the global economic and political system, concepts of the American power elite, hierarchal institutions of power, and the potential for elite gender parity.



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## INTRODUCTION

After a long, \$10,000 flight with Emirates to Zurich in your First Class private suite and the complimentary ride to Davos, Switzerland in the back of a Mercedes, you finally get to stretch your legs as you walk through the fresh mountain air into your hotel. Substituting your Prada dress shoes for snow boots, you trek into more modest accommodations than usual, a suite at the Steigenberger Grandhotel Belvédère. The roster of A-list suite neighbors, however, is less than modest. Pop stars, royalty, billionaires, religious figures, headlining CEOs, and prime ministers are all a mere golf chip away. There are quite a few discussions you would like to have; the best ones will likely transpire in one of these rooms. Your gratis ski passes may have to go unused. You look at your itinerary. A welcome reception with Professor Klaus Schwab, a debate hosted by *Time* Magazine on the “new economic reality,” another by major broadcaster China Central Television, a briefing by famed orchestral conductor Itay Talgam, addresses by the Indonesian President Susilo Yudhoyono and British Prime Minister David Cameron, a talk by inspirational and limbless preacher Nick Vujicic, a “conversation” with Bill Clinton, group discussions with Harvard leaders, and more sessions than you can attend. But you know these are not why you come. Other than hopes of running into Angelina Jolie, you come to the World Economic Forum meeting for the highbrow hallway interactions, the informal meetings, the private dinner parties (especially the one hosted by PepsiCo), and the evening events held by Goldman Sachs, Infosys, Google, and other competitively swanky companies. It doesn't matter where you come from (geographically speaking), but it matters where you are going. You are a Davos man.

In an increasingly globalized world where markets defy borders and where goods and communication move more than ever, cross-border connections are deepening. Trade liberalization and internationalization are growing phenomena, facilitated not only by

governments but also through organizations and forces that operate outside the realm of national boundaries. Multinational corporations, free-trade zones, international organizations such as the World Bank and the International Monetary Fund, international finance agents, and other global actors drive the economic, political, and social conditions of each nation (Beneria 8).

Political and economic changes are rooted in the social and cultural changes reflected by real-life women and men. When one percent of those men and women possess forty percent of the global wealth, their patterns and trends are significant subjects of study (“Billion-Dollar Babies”). A new brand of elite has developed, emerging as an increasingly denationalized, individualized, and competitive group with shifted values and attitudes. This global and influential group, symbolized as the Davos man, includes “businessmen, bankers, officials, and intellectuals who hold university degrees, work with words and numbers, speak some English and share beliefs in individualism, market economics and democracy” (Beneria 9). The Davos man’s influence on government, economy, and military is immense, to the point where he comprises a global “superclass” as author David Rothkopf terms it, a new brand of international ruling class and power elite. The movement from the national stage to the international means removal from the national electorate system, and thus the escalation of a “bell jar” effect, where leadership figures have more in common with their international peers than their fellow citizens of a different class. The (oft indirect) decision makers are culturally, socially, and economically removed from the majority, but may demonstrate a usually academic interest in topics like poverty and development.

The superclass convenes at global events such as the Trilateral Commission, the Bilderberg meetings, the Bohemian Grove seminars, or the World Economic Forum that meets in Davos, Switzerland, this paper’s namesake (“Billion-Dollar Babies”). The reviews of the Davos man are mixed, often linked with shifting attitudes towards neoliberalism and globalization. The

extent of his influence is indefinite. This paper seeks to delve into the development, characteristics, and impact of the Davos man, while considering related international phenomena. The conditions of the twenty-first century have given rise to the creation of a transnational elite, as represented by the Davos man, whose ideology and identity are becoming superficially engendered and challenged and serve as indices for the modern world.

This paper will examine the nature of the Davos man, his theoretical and historical background, and the makeup of his global presence and its evolution. It will analyze the gender aspect of the global “economic man” and how it has changed since the term was used by Adam Smith as women become increasingly participatory figures in the capitalist world. As the World Economic Forum quota boosts female attendees in Davos, what is the effect, and is there a corresponding change in the composition of the global elite? As the number of participating women rises at this symbolic meeting, is it simply representing a sexed change rather than a gendered change? Is the concept of a “Davos woman” even viable? In analyzing the Davos man and the various paths to such a role, this paper will investigate the possibility and prospects women have in following them. Such an examination will shine light on the shifting topography of the global elite, its projections, challenges, opposition, and implications, the last focus of the paper.

## CHAPTER 1. Defining Davos

*“The proprietor of stock [as opposed to land] is not necessarily attached to any particular country” (qtd. in Huntington, “Dead Souls” 7.)*

--Adam Smith, *The Wealth of Nations* (1776)

Decades before political scientist Samuel Huntington coined the term “Davos man” in 2004, a new breed of elite was developing and operating at higher global and financial levels than ever before. A Carnegie Endowment for International Peace scholar and regular Davos attendee himself, David Rothkopf considers this group significant and cohesive enough to comprise its own class, which he names the “superclass”. He goes far enough to name some names (which he insists are immaterial as they are soon made obsolete) and compile a list of the over six thousand individuals that he deems bear enough global clout and influence to be ranked at the top of the international pecking order. Despite the numerous challenges of building such a list and its transient nature, its patterns and demographics can be telling enough to outweigh the potential imperfections. He has approximately identified a group from around the world of the highest ranking figures in the biggest companies, banks, and investment firms, and the most influential leaders in politics, governments, military organizations, media, religions, NGOs, and illicit organizations (Rothkopf 289). With each member advancing his or her own interests and bearing influence over millions of lives all over the world, they belong to a powerful class (Rothkopf 289). Thus the organizations and meetings that join them together and provide a sort of “social glue” become topics of hot debate and suspicion.

Bilderberg, Carlos Slim’s Fathers and Sons retreats, the Joint Annual Meeting of the IMF and the World Bank, and the aforementioned examples of other meeting places also serve as

venues for networking, cutting across bureaucracy, schmoozing, and sharing views among the superclass. However, the World Economic Forum's annual meeting in Davos is easily the most prominent and established organization for such assembly, and hence the most representative. Forum founder Klaus Schwab himself determines the select invitees, who number around 2,500. He asserts that while it is an increasingly volatile and rapidly changing position, a Davos elite always fulfills the two criteria that he or she must "have influence on others" and "command a powerful institution or organization" (Rothkopf 271). In the absence of a world government, Davos is oft seen as a symbol of the world's elite convening to fill that void and direct the global market to the detriment of the world's workers (Rothkopf 266). Others view it as a big headed parade with meaningless discussion and few results beyond incensing the nationalists, antiglobalists, and conspiracy theorists. Bloomberg Businessweek columnist Bruce Nussbaum may be among them in stating, "Davos Man has nothing left to say," in response to the 2011 meeting (Nussbaum). Still yet, there are those who view the forum as a constructive attempt to increase awareness of the world's pressing issues among those with means to resolve them. While its relevancy, fairness, and value are contested, in any case, it is a platform for dialogue and a link for major representatives in arenas that extend beyond those of the traditional elite, including "politics, culture, religion, media, and civil society" (Rothkopf 267).

### *A Brief History of the World Economic Forum*

A brief history of the World Economic Forum and the events it has fomented echoes changes in the world at large and the place the global elite hold in it. As 2011 marks the 41st year of the World Economic Forum, much has changed since its inception as a group of

European business leaders meeting in Davos with the intent of catching up to American management practices (“History”). Before the organization’s inception in 1971, the deterioration of embedded liberalism in the 1960s, evidenced by a global “stagflation” of rising unemployment and inflation, created domestic and international economic policy concerns for European business (Harvey, “A Brief History” 12). In 1971, the end of the Bretton Woods system of fixed exchange rates back by gold reserves, precipitated by the U.S.’s decision to abandon the gold standard, created an insecure system where the U.S. dollar became the sole backing of currencies for the 44 allied nation members (Harvey, “A Brief History” 12).

In the following chasm of a guiding economic political theory, Western reactionary movements became polarized between “social democracy and central planning on the one hand... and the interests of all those concerned with liberating corporate and business power and re-establishing market freedoms on the other” (Harvey, “A Brief History” 13). The interests of the latter group, promoted by swift mobilization efforts, clearly won out. Under the title of the European Management Forum, the non-profit organization’s annual meetings soon extended to economic and social issues, and political leaders, but remained closed to the ideas of the corporatist thinkers, and socialist and communist parties in Europe (“History”). By 1987, the year of finance’s “Black Friday” when stock markets across the globe crashed, the organization expanded its focus to resolving international conflicts, then under the name of the World Economic Forum, WEF (“History”).

According to the WEF’s site, the annual meetings have spurred economic reform policies in China, the 1988 signing of the Davos Declaration by Greece and Turkey preventing their war, the first ministerial-level meetings between North and South Korea, a symbolic joint appearance of Nelson Mandela and the South African President F. W. de Klerk, and other such milestones of

international cooperation (“History”). For better or worse, the meeting indubitably builds bridges between frighteningly elite entities. This past meeting in January witnessed signatures for two joint ventures between gas and oil companies: the Rosneft-ExxonMobil partnership for “pioneering” offshore oil industry in the Black Sea, and the Rosneft-BP project on the development of the essentially untouched Russian continental shelf in the Arctic (“Russia and Exxon Mobile”). Klaus Schwab revels in these tangible and purpose oriented outcomes of the organization he chairs, as they defy accusations that the forum has no real policy implications. He also emphasizes the relative expansion of stakeholders and the number of public-private partnership initiatives to reflect an understanding of the “epochal transformation” occurring in the world (Rothkopf 271). The WEF established a Centre for Public-Private Partnerships to interconnect local companies, NGOs, and governments, as best demonstrated by its global health initiative (“History”). Decades of expanding its activities, membership, and focus have left the WEF with some legitimized results and at least a continued impetus to concretely prove its relevance.

### *WEF Membership*

The WEF still faces much criticism beyond that of its substance, not least of which surrounds its members. The WEF has created a system of membership that consists of “the 1,000 leading companies of the world,” global enterprises with more than five billion dollars in turnover (“Strategic Partners”). Membership does not come cheap, or without attached corporate interests. A ticket to join the other Davos “fat cats in the snow,” as fellow feline Bono so popularly phrased it, costs around \$30,000 at the lowest estimate (Rothkopf 272). The thirty top

sponsors face additional fees around \$300,000 a year, while another hundred pay around \$150,000 a year, affording them more sway over the foundation's initiatives (Rothkopf 272).

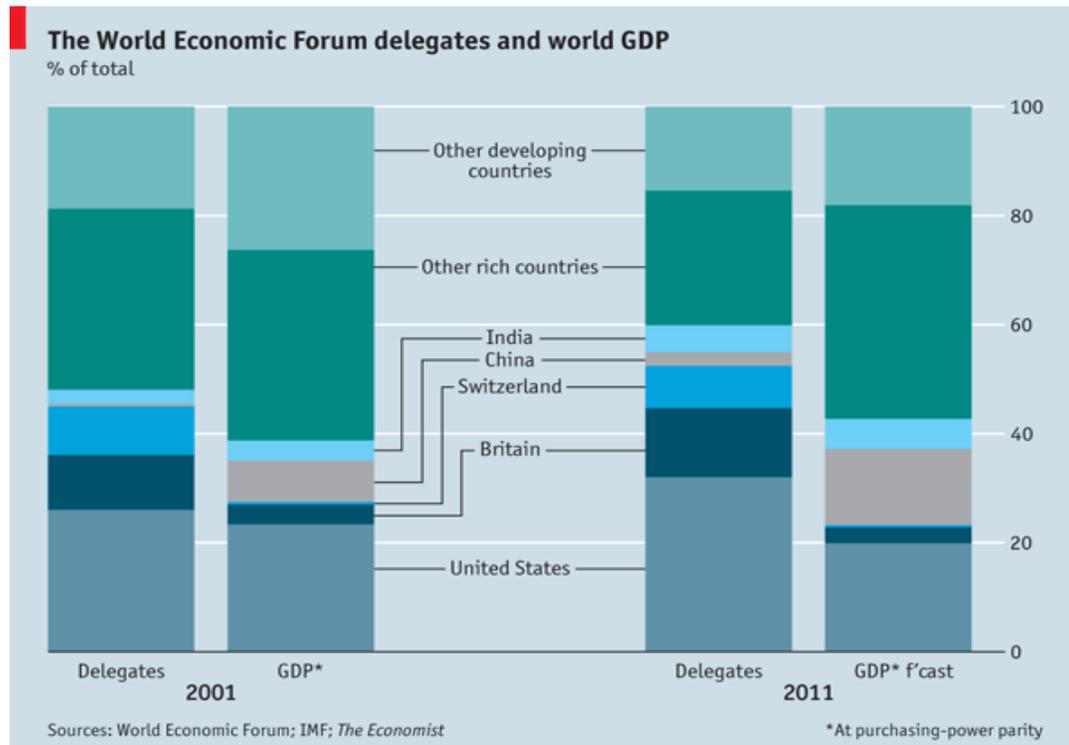
A breakdown of the industries willing to pay the approximate \$270,000 annually, as of 2005, for an Industry Partner membership may indicate those corporate interests more represented in the WEF's agendas (Pigman 23). In 2011, of the 377 Industry Partners belonging to the twenty listed groups organized by industry on the WEF site, three industry groups have almost twice as many members (or more) than any other: Banking and Capital Markets (41 members); Institutional Investors, Sovereign Funds, Family Offices (51 members); and the largest group with 55 members, Private Investors (Private Equity, Hedge Fund and Venture Capital) ("Strategic Partners"). The three Industry Partner groups with the smallest membership, in fact, the three without any members, are: Automotive (which may be misleading as Travel and Transportation belong to other groups); Global Health and Healthcare; and Media, Entertainment and Information (however, Information Technology ranks fourth for largest group, with 26 members). Providing more funding and playing a larger role than the forum's "1000 Member companies," the Industry Partners lack any global health or healthcare representation, while well over a third belongs to banking and investing.

Evidently, the main sponsors are not completely diversified and despite declared efforts, neither are the forum's Davos attendees. The wealthy and educated white male of European descent continues to epitomize the Davos man, while "women, Asians, Africans, and others from the developing world continue to be underrepresented" (Rothkopf 267). Klaus Schwab, however, boasts the integration of "additional groups," such as NGOs (which have been critiqued for their dearth of expertise in economics) and religious leaders who now number around thirty attendees each year (Rothkopf 270). While there has been an inevitable expansion pertaining to the

professional arenas from which the leaders hail (largely indicative of contemporaneous zeitgeists and occupational transformations), such diversity is not equally reflected in terms of funding and sponsorship, as discussed earlier.

Complete geographical representation is still lacking, even though the numbers of Indian and Chinese delegates are on the rise since recent years. Attendees are known to consider themselves “global citizens,” but that does not dismiss the significance of their de jure national citizenships. Figure 1 compares the Davos attendees’ nationalities as defined by place of work with the nations’ shares of global GDP in 2001 and 2011. To some extent, the chart reveals how the WEF demographically portrays the world. It is fair to ask: does the meeting reflect the reality of elites in their nationalities? Considering the organization’s Eurocentric origins, it is not surprising that Britain, Switzerland, and the United States are disproportionately favored as delegates, together comprising around half, compared to their contributions to world GDP, collectively less than a quarter. “Other rich countries” have witnessed a relative decrease in WEF representation, both as a percentage of all WEF delegates and in relation to their share of world GDP, which has increased. Developing countries, excluding India and China, have seen a decrease in representation at Davos as a percentage of all delegates since 2001, but now more closely correspond to their economic presence in terms of contribution to world GDP. Over the course of 41 years, the annual meeting has grown in size. Accordingly, while a nation’s representation may have decreased as a percentage of world representation in some cases, the nation’s aggregate number of delegates may have increased.

Figure 1. The WEF delegates and world GDP (“Who’s Who at Davos”)



Source: [http://www.economist.com/blogs/dailychart/2011/01/world\\_economic\\_forum](http://www.economist.com/blogs/dailychart/2011/01/world_economic_forum)

### *“Global Citizens”: Denationalization of the Elite*

As various sectors of the population, as identified by professional field, gender, and nationality, fall short of equal representation at the WEF annual summit, it becomes necessary to investigate the common characteristics of those who are there. What makes a Davos man? Dissecting the national representation at Davos is de rigeur for a complete and palpable analysis, but of equal importance is the denationalized representation at Davos. In 1776, Adam Smith’s observation in that proprietors of stock operate can operate beyond national boundaries proved especially prescient. The global elite culture is said to be homogenized as a result of globalization, removed from the culture of locality and deterritorialized. The frequently used

term “homogenized” is a marked one, employed liberally in reference to the elite. What it could be labeling may be a belonging to a specific culture that is more reliant on lifestyle than nation. Granting themselves “global citizenship,” members operate under the idea of global economic interconnectedness and integration where there is unification around a common elite (Falk 44). Richard Falk’s chapter on “The Making of a Global Citizenship” describes his acquaintance with a self-proclaimed global citizen, fittingly on a plane:

What he meant, it turned out, was that his friends, his social network, his travels were all global; that he slept in the same kind of hotels whether he was in Tokyo or London or New York; that he talked English everywhere; that there was a global culture of experience, symbols, infrastructure, food, and music that constituted his way of life... His sense of being global partly expressed a loss of cultural specificity” (43).

The “loss of cultural specificity” described by Falk may disregard the formation and existence of an elite culture. The global elite represent a demographic segmentation along economic, social, gendered, and political lines, or other divisions, rather than national ones. Those are all factors that characterize the elite and help form a common lifestyle and identity. Benedict Anderson’s belief that nations are imagined communities can be extended to the concept of an international elite identity. However, its imagined and arbitrary quality does not mean that its effects are any less real. The idea of a global lifestyle and shared experiences lacking local, ethnic distinction is not divergent from a cosmopolitan standard of living, or cultural hegemony. Especially in cities, the upper class can emulate lifestyles more similar to those of an equivalent class in a cosmopolitan area in a different country, or even continent, than to the lower class citizens who geographically live next to them. The originator of the term

“Davos man,” Samuel Huntington asserts that the central distinction between the public and elites is nationalism versus cosmopolitanism (“Dead Souls” 5). He describes cosmopolitanism as an “attempt to reduce or to eliminate the social, political and cultural differences between America and other societies” (Huntington, “Dead Souls” 16).

The idea that Western taste is linked with a higher social class and modernization, apparent in class-conscious communities around the world, perhaps suggests that the “denationalized” culture may still favor certain countries. People are able to project a certain socio-economic class through their purchases, outward dress, and life style in general, and a tendency towards the West in those categories often indicates a higher status on the socio-economic scale. The attribute of “having a language” (one that is usually English and sometimes French or another colonizing language) is a form of cultural capital, social distinction, and evidence of a certain amount of education (de Koning 59). In cosmopolitan Cairo, “having” English usually indicates that the individual attended a private language school, was born into a “better” family, and has a likelihood of working in the upper segments of the labor market (de Koning 60). Huntington describes the “globalizing elites” as living in a supranational “sociocultural bubble” where the standard language is “global speak,” a social science version of English (“Who Are We” 267). In an environment where class-based privilege and the benefits associated with it are often indicated through global (read American) commodities and a level of savoir faire in Western culture, a professed expertise in those things is almost strategic for the elite. From this, a global elite culture is somewhat fostered through linguistic hegemony, popular culture, and commodities as indication of a flattering modern identity. Commodities are a physical manifestation of economic status and cultural preference, and indicators of cosmopolitan style.

Global citizenship, especially as portrayed in the media and by Falk, has a stake in consumerism that acts as “an homogenizing supermarket for those with those with the purchasing power” (Falk 50). Huntington asserts that as the global market replaces the national community, the global consumer supplants the national citizen (“Dead Souls” 8). It is considered democratic in that those with a high enough willingness to pay are included, minimizing the dividers of religion, race, and politics. In fact, much of the triumphalist discourse surrounding the Davos man pivots on the insignificance of conflict-ridden factors like religion that are historically linked with nationalism, as other values like democracy and entrepreneurialism draw the limelight. Thomas Frank captures this in his concept of “market populism” which supposes that the free market is a more democratic organization than any form of democratically elected governments (xiv). An opponent to this line of thought, he portrays market populism as an ostensibly populist, but actually elitist mechanism at the nucleus of the new American consensus. From the heights of Davos, “the shrine of globalization,” the privatization, deregulation, and trade liberalization in line with market populism appear especially appealing and outwardly egalitarian as they reflect the alleged will of the markets rather than the finance ministers and corporate executives whom they recompense. In reality, the performance and existence of the markets is the product of macroeconomic policies, which are socially constructed and protected rather than naturally occurring (Danner and Young 86). Functioning under the imperatives of global business and devoid of the confines of discrimination or borders, market populism propagates social equality while empowering the dictatorial hierarchies of corporations and transforming their leaders into a class “of one of the wealthiest elites of all time” (Frank xiv).

In the fallout of the Great Recession, however, blind reliance on the effectiveness of the free market and its populism (not excluding Chicago School's efficient market hypothesis<sup>1</sup>) as a global economic system came into debate. Globalization, "the economic ideology of Davos Man" based on efficient market theory, according to Businessweek columnist Bruce Nussbaum, has left many disadvantaged and the Davos man at the top one percent of society reaping in the profits from global banks and corporations. Of further concern is where the accountability falls when there is no strong transnational agenda in which the "global citizen" must participate. Alongside Nussbaum, the director of the financial crisis documentary *Inside Job*, Charles Ferguson, indicates that it falls to the nation-state and the local taxpayer to save the failed banks and businesses driven into collapse by Davos man. "Superclass" members become a social force with increasingly fewer connections to their native populace, but increasingly greater influence on the political and economic systems of the world, rather than acting merely within their electorate boundaries. Concern lies in the presence of civic responsibility and whether it is transferred to the global level. As Ferguson identifies a new influx of risky and unethical members to the elite class, concern of civic responsibility at the national level also exists, but the potential for exploitation outside that realm is even greater.

Differences in philosophy towards the meaning of national identity that occur between the elite and general citizenry beget differences in national interests and policy priorities (Huntington, "Dead Souls" 5). Elites are more involved in the globalizing processes and that is often where their interests and identities lie, at a deeper transnational level than non-elites (Huntington, "Dead Souls" 6). As a result, national policy often veers from public interest and

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<sup>1</sup> The efficient market hypothesis that emerged from University of Chicago's finance department holds that the stock market is the most efficient and rational mechanism as stock prices inherently reflect all available information (Nocera). Many scholars and market professionals attribute the recent financial crisis to financial leaders' strict adherence to the efficient market hypothesis, which led them to underestimate the dangers of the asset bubble's burst (Nocera).

towards the views of the elite. Huntington depicts the divergence in interests between the American public and elites as attributable to the elite's inclination towards participating in the global economy over the physical and societal securities that are the concern of the public, a phenomenon surely not limited to the United States ("Dead Souls" 5). While the American public's concerns involve a certain sustainability of the "existing patterns of language, culture, association, religion and national identity," the elites are more focused on "supporting international trade and migration, strengthening international institutions, promoting American values abroad, and encouraging minority identities and cultures at home" (Huntington, "Dead Souls" 5).

The economic transnationalism that is at the core of the global elite seems on a warpath to erode national boundaries and preserve national governments only to the extent that they facilitate its own operations. While this idea is fundamentally dualistic, rising corporate power has co-opted the state into a role of assistant to interstate competition and its favorable terms for corporate leadership. Such conditions call for global capital and minimal trade barriers between states, but nationally fixed labor and state legislation preserving property rights. Consequently, leaders in policy and major institutions have become decreasingly representative of the nationally fixed labor, the American people, who are increasingly withdrawn from the political system. American elites have a significantly greater tendency towards liberalism, irreligiosity, and cosmopolitanism, ideologies that link to a greater focus on globalization and transnational issues, than the general American public.

For decades, major foreign policy leaders have disproportionately favored an active U.S. role in the world, U.S. military force to defend other countries, action in international crises without allies' support, economic globalization, the reduction or elimination of tariffs, and

immigration (Huntington, “Dead Souls” 13). A 1998 poll revealed differences ranging from 22 to 42% in the views of the public and those of a representative group of foreign policy leaders on 34 major issues (Huntington, “Dead Souls” 13). Some studies signify that changes in public opinion have resulted in a declining level of corresponding changes in public policy since the 1970s. Governmental policy has been increasingly less responsive to public opinion. Predictably, the late twentieth century was witness to a reduction in government trust and political participation, and a rise in alternative policymaking initiatives in America (Huntington, “Dead Souls” 14). Even with 100 million fewer Americans in 1960 than in 2000, more people watched the October presidential debates in 1960 than in 2000, evidence to the erosion of representative democracy and trust in governing leaders as the nation’s elites are increasingly divorced from their country (Huntington, “Dead Souls” 14).

*Davos Man: Filling the International Void?*

Evidently, these globally-focused elites have created a widening chasm between their interests and those of the national citizenry, whom they are often meant to represent. But do they serve a more purposeful role outside the national realm? The superclass has thrived on capitalizing on the empty spaces between nations, but few have asked whether their presence in many of these spaces is better than none at all. In the absence of a world government, the transnational elite are often at the fore of the initiatives, corporations, and meetings filling this void. Events like the World Economic Forum act as symbols of the virtual political network of the global leadership. They are “informal mechanisms of power” on an international level (Rothkopf 265). Control over the global market bears strong influence in many ways, both

positive and negative, and connections among the global leadership class can also yield an array of results. In one contemporary intellectual line of thought regarding transnationalism, that of the moralist approach, international law, institutions, and cultures occupy a higher moral ground than those on the national level as they belong to the “worldwide community of human beings” according to University of Chicago’s Martha Nussbaum (qtd. in Huntington, “Dead Souls” 9). While the moralists reject the processes of national order in the face of international sovereignty, they advocate nationally led participation in international tribunals, such as the UN General Assembly or the International Criminal Court (Huntington, “Dead Souls” 9). Little is said in regards to the international institutions and processes not installed by national governments or democratically based which may arise through media, religion, markets, or other means, and be controlled by the transnational elite.

Richard Falk claims there is an idealistic component of the elite dedicated to transnational activism through rationalist strategy that has emerged since the 1980s (42). Transnationally raising a political consciousness on issues ranging from the environment to women’s movements, political and professional networks have evolved to the point where they surpass government initiatives in some cases (Falk 47). Amnesty International, a nongovernmental global movement campaigning for human rights in over 150 countries, is one such example where stakeholders rather than governments are directing the action (“Who We Are”). Rothkopf also touches on a subset of activism and philanthropy in the superclass, perhaps not unlike that of robber baron Andrew Carnegie, that he labels “enlightened globalization” (281). Another label he uses, “conspicuous conscious,” reveals the theme of image control among the elite, using philanthropy to mollify a backlash or establish a legacy (Rothkopf 17).

Whether this activism mitigates the other actions of the superclass is dubious, but the fact

that some of these programs are forming government-size commitments to global issues speaks to their position in transnational governance. One such elite-driven organization, the Clinton Global Initiative, is lauded by New York Times columnist Thomas Friedman for engaging its elite network to raise billions for world problems and step in as a global social safety-net while concurrently at the UN General Assembly “Hugo Chávez was accusing the president [Bush] of being the devil and Ahmadinejad was promoting his idea that the Holocaust was a myth” (qtd. in Rothkopf 282). The WEF itself generates over \$85 million a year in tax-free revenue, which is incidentally the same amount the World Bank will loan to Mozambique’s 2011 budget (“WB Supports Mozambique”). The WEF, Clinton Global Initiative, and other projects of the superclass have an enormous potential for transnational activism in lieu of an efficient global authority. At the WEF annual meetings, social issues are sprinkled into the program in between the more highly attended business and economic discussions. Whether or not their presence is simply meant to challenge the protestors and “defuse criticism”, attention to such issues could influence agenda-setters like Bill Clinton and Bill Gates, Bills with bills to give (Rothkopf 276).

Intensified globalization has exacerbated the issue of global problems and the weakness of global institutions. Government regulation, passed and enforced at a national level, is the typical solution to free rider problems. Transnational issues such as environmental degradation and resource sustainability that extend beyond national borders have proved especially difficult to resolve as state actors act according to self-interest. A stiff free-market proponent and author of *The World is Flat*, Thomas Friedman believes that the need for national sovereignty will always trump an official global governance, and that in its place, transnationally operating NGOs and global coalitions will fill the gaps in particular issues (Rothkopf 177). For Friedman, NGOs and multinational corporations are simply global competitors in a “flat” world of equal

commercial opportunity. He also describes an emerging nexus between major multinational corporations (including Wal-Mart, Nike, and McDonald's) and NGOs through supply chain negotiations (Rothkopf 177).

NGOs garner more of the public's trust than governments and businesses, and have an estimated worldwide turnover above one trillion dollars a year, demonstrating their growing influence. (Rothkopf 177). The rise of NGOs and similar operations to fill the international void left by governments is seen as both commendable and flawed. Owing to their often undemocratic, elitist, and unaccountable nature, NGOs can pose as "Trojan Horses for neoliberalism," in the words of social theorist David Harvey ("A Brief History" 177). Issues abound with accountability as such organizations are influenced by their voluntary funding, making them more vulnerable to the whims of superclass members. Such public-private collaboration has become a large factor of the international order, as part of the management of running counterfeit trade, containing the threat of weapons of mass destruction, distributing medicine, and other numerous cross-border activities that have moved beyond individual nations' jurisdictions (Rothkopf 178).

In contrast to such public-private collaboration, Rothkopf also describes the informal evolution of public-public institutions to fill the weaknesses global governance. This includes networks of political leadership members, whether trade ministers or senior military officers, connecting from different countries in the same informal ways as typified by members of the superclass (Rothkopf 179). For example, NATO and joint military-to-military initiatives have enabled members to develop relationships with their foreign professional counterparts and eliminate the bureaucracy (Rothkopf 179). Other informal meetings such as those of the heads of states within the G7 and G8 precipitate influential coordination in global policy. Derivatives of

such groupings, other clusters of political leaders have formed, including the G20, the G77, the Association of Southeast Asian Nations (ASEAN), Mercosur, the Organization of African States, and the Non-Aligned Movement (Rothkopf 181). The WEF meetings similarly bond the political superclass in light of varying objectives and clout. Illustrating the social effect, former Singaporean ambassador to the UN Kishore Mahbubani claims that the golf games of regularly meeting ASEAN country leaders have kept Southeast Asia from going to war (Rothkopf 182). These caucuses that unite powerful leaders and countries informally and institutionally determine much of the public feature of globalization. Joined with financial and business leaders from the private sector, their collaboration presides over far-reaching decision making.

The failures of national government in the global arena and the absence of a world order have opened many opportunities for members of the superclass to mobilize and forge their own outlook for globalization. The rising NGOs, global initiatives, and informal political groups to join countries were born from the same conditions that developed the WEF and Davos man. In the void left by the failure of governments to act, the Davos man has succeeded with relatively loosely regulated international finance, transnational business operations, and even illegal global trade. One of the more dangerous international voids has allowed a burgeoning arms industry with intertwining networks of legal arms trade and black-market trade (Rothkopf 220). The death toll of military conflicts by small arms, somewhere between sixty thousand and ninety thousand a year, falls on the world's poorest citizens, far away from the interests of policy and business leaders (Rothkopf 220). Yet this is also a realm where global actors, especially the shadow elite of arms producers, are profiting and gaining power. For better and for worse, the transnational elite have expanded operations and filled international gaps apace of burgeoning globalization, perhaps "only following the economic incentives that government policy laid out for them" as

per Peter J. Wallison explaining the financial crises. But what if it is these elite that laid out the policy for government?

## CHAPTER 2. A Transnational Extension of Mill's Framework of the U.S. Power Elite

*“Power is not of a man. Wealth does not center in the person of the wealthy. Celebrity is not inherent in any personality. To be celebrated, to be wealthy, to have power requires access to major institution” (“C. Wright Mills”).*

--C. Wright Mills

In his oft-cited 1956 book “The Power Elite,” sociologist Charles Wright Mills explores the characteristics and domains of power of the leadership of the upper class in America. He concludes that the institutionally based power elite, joined by their common experience, interests, and outlook, dominated the U.S. since World War II (Domhoff, *The Power Elite* xv). George William Domhoff expands and updates Mills’ theories of a dominating American political and economic elite class in his 1990 book, *The Power Elite and the State*, and more recent publications. The existing theories of the power elite are conceptually restricted to a specific national boundary, that of the U.S., and do not fully take into consideration the effects of globalization and its epochal transformation. In the twenty-first century, lack of such factors renders the analysis of the professional elite obsolete in certain respects. However, the theory of the power elite is well developed and offers keen insight into the structures, backgrounds, and characteristics of the modern transnational elite. With a large portion of the transnational elite possessing American passports, trends within the American power elite are indicative of the global reality. It is only through examination of the social formation and organizational structure of the American power elite that one can understand the similarities and differences in the new denationalized and globalized superclass. This chapter will attempt to use Mills’ and Domhoff’s framework of the power elite in America to analyze the superclass and extend it to the transnational realm.

*Further Defining the Transnational Elite as a Basis for Comparison*

Before expanding the existing framework of the power elite, one must understand the group to which it is being extended. Herein lie the difficulties of the analysis: there are inconsistencies and ambiguity in defining the parameters of the transnational elite, and a deficiency in any explanation of the metrics used. Elitism is a tiered phenomenon; within the top one percent of the economic elite (about 40 million quasi-millionaires), there are 95,000 individuals with financial assets over \$30 million (Rothkopf 38). The top one percent of that smaller group comprises the world's roughly 1,000 billionaires (Rothkopf 38). "Davos man" is an ambiguous term often used at varying specificities. Depending on the author, it may refer to those who attend the WEF summit in Davos, Switzerland, or more generally to the class that the attendees represent. The definition of this class is even less precise. Listings such as TIME magazine's 100 most influential people tend to be based more on current celebrity and recent media coverage than veritable power. For example, TIME's 2011 list includes tennis player Kim Clijsters, twenty-three-year-old actress Blake Lively (of the TV series *Gossip Girl*), and Prince William and Kate Middleton (included as one entity) (Stengel). Rothkopf provides the most concrete delineation of the class he terms the "superclass," for which he has gathered (in an unclear manner<sup>2</sup>) an unpublished list of over six thousand members from across the globe.

Noting the imperfections in taking a superclass census, Rothkopf composes a group of:

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<sup>2</sup> Rothkopf's metrics for determining the superclass include: "the top officials of the 120 or so governments that have the ability or any proven inclination to meaningfully impact through design or through calamity on major populations beyond their borders;" leaders of the most powerful militaries; and "the key executives from the 2000 biggest corporations, from the 100 richest financial institutions, and from the 500 or so largest global investment firms" (39). He adds an indiscriminate number of leaders of major NGOs, international institutions, religions, terrorist groups, crime, and the blogosphere. Equally vague, he appends globally influential "leading thinkers, scientists, academics, and artists" (39). Regardless of wealth, Rothkopf limits his list to those who regularly implement their international power (40).

...leaders of the biggest companies, the biggest banks and investment firms, governments and political parties, military organizations, media organizations, religious groups, NGOs, as well as members of the shadow elites, those whose influence stems from illicit or unconventional means, from terrorists to the most important bloggers (289).

While the specific names are ephemeral, the advantage of a list is the demographic data that can be drawn from it and the fact that it provides a fairly lucid classification and focus. Rothkopf sees the WEF meeting in Davos as the largest gathering of superclass members, but does not see everyone at Davos as a superclass member. Depicting a portion of the few thousand Davos attendees as relatively insignificant people, has-been power players, and wildcards that came in with the luggage, Rothkopf estimates between five hundred and one thousand are true members of the global superclass (275). In the media, however, the term “Davos man” is often used to imply a larger group like that of Rothkopf’s superclass.

Huntington coined the term “Davos man” to describe a much more inclusive group of “economic transnationals” at the core of the emerging global “superclass” with “little need for national loyalty” (“Dead Souls” 8). There is reason for confusion when he uses the term “superclass” to imply a drastically larger group than the superclass of Rothkopf. He set their number as large as twenty million in the year 2000, of whom eight million were American. These numbers place a little under three percent of Americans in the superclass. While forty percent of the world’s transnational elites were American, according to Huntington, less than four percent of Americans were transnational elites (“Dead Souls” 8). Huntington predicted the number of transnational elites to double by 2010. He later expanded this group to include not only global citizens but also elites intent on imposing their global agenda.

While Huntington's class is significantly larger, Falk does not specify which class, or any specific size. Falk divides the global citizenry into five overlapping categories, including an elite global business people that share interests and experiences, but lack any global civic sense of responsibility (43). In addition to the man or woman of transnational affairs, Falk characterizes other categories with more grassroots activism: the global reformers, managers of environmental and economic global order, regional political consciousness, and transnational activists (45). These categories are not mutually exclusive or free from the connections of geography, and each includes elite members. Though frequently used in academia, and even recently by President Obama, the "global citizenship" is a purely theoretical concept that remains undefined. Consequently, scholars, journalists, and even Davos attendees use these varying terms and concepts interchangeably with different implications.

At the national level, Mills studied thousands of American leaders and their social backgrounds, education, and careers (Domhoff, *The Power Elite* xv). Half a century since his findings, one would expect the size of the American power elite to only grow. For clarity purposes, I will use Rothkopf's concept of the transnational elite as a basis of comparison with the power elite. Rothkopf acknowledges that the role of the U.S. power elite in the years following World War II is analogous to the role of the superclass in the hierarchy of a twenty-first century globalized world (9).

### *The Power Elite of Mills and Domhoff*

Mills' definition of the power elite, "the managerial reorganization of the propertied classes into the more or less unified stratum of the corporate rich," distinguishes the elite from

the ruling class, which is based on birthright and social relations (147). The superclass too is defined by overt authority and influence within major institutions, which may include or have disproportional links with the ruling class. Domhoff elucidates the distinction between the ruling class and the power elite; The power elite comprises the leaders of the upper class and their organizations' top-tier employees, who control the organizations that manifest class rule, as opposed to directly ruling (*The Power Elite* 17). This jives well with the transnational elite, whose identity is largely professionally and institutionally defined, but also often correlated with social or ruling status. Huntington similarly asserts that it is through a variety of institutions, organizations, and networks, albeit transnational ones, that the global elite is formed. He also claims that involvement in these activities, such as the WEF, is part of achieving a national elite status (Huntington, "Dead Souls" 8).

This opens another gray area of the transnational extension. When certain nations wield vast international clout culturally, politically, and militarily, their elite members likely wield international clout. Whatever the administration, the president of the U.S. will be an obvious member of the global elite. The lines from nationalistic identity to transnational are often blurred. When one third of the world's billionaires are American, there is a distinct possibility of a hegemonic American culture linked with the global one ("The World's Billionaires"). The makeup of the global elite is without a doubt disproportionately Western. According to Rothkopf, one of the key elements uniting the superclass in their power over world affairs is geography. This matter relates to the overlapping spheres of Americanization and globalization. The connection between the American elite culture and a cosmopolitan one is such that using the U.S. as the example of a national elite to be globally extended is a natural choice.

Are the American power elite substantially different from the global superclass? The denationalization of the global elite is a key feature, but is it mutually exclusive from patriotism and is it self-defined? These are some of the questions that need to be addressed in the evaluation of a global class. Regarding America's relation to the rest of the world, the Universalist line of thought dictates that other societies' values are basically the same as or should be the ones espoused by America, which becomes a supranational empire (Huntington, "Dead Souls" 16). However, Huntington asserts that this concept is not a reality in the twenty-first century because of the presence of other power states in addition to the U.S. superpower ("Dead Souls" 16). For Huntington, cosmopolitanism and imperialism serve as social, political, and cultural buffers between America and other societies, but he does not ascribe a dominant nationality to those concepts ("Dead Souls" 16). The intersection between denationalization and nationalism is especially noteworthy in the U.S. as Americans have top rankings for patriotism and identification with their country while their elites are increasingly denationalizing, identifying themselves as global citizens. It seems that patriotism is sustained so long as it is economically advantageous.

Central to the discussions of the power elite and transnational superclass, the concept of power is another nebulous area. Rothkopf opens his book with the pithy statement, "This is a book about power," before expounding that through wealth, position, force, and access, the emerging global elite class has the highest concentration of it (xix). It is one of the first issues Domhoff tackles in "The Power Elite and The State," as his analysis addresses the power of social classes, economic and state institutions, and political groups (*The Power Elite* xiii). A topic rarely directly broached in the social sciences, power is marked by revealing those who benefit, sit atop the occupational ladder, shape the political agenda, and are the major decision-

makers (Domhoff, *The Power Elite* xiii). This definition easily extends to the international arena, as the Schwab-picked Davos attendees demonstrate these qualities at an international level.

Domhoff finds that philosopher Bertrand Russell's definition of power, "the production of intended effects," has stood the test of time since 1938 (*The Power Elite* xiv). Russell does not make the assumption of a given social and economic structure that dictates power, which he emphasizes is a concept that "has many forms, such as wealth, armaments, civil authority, influence on opinion" (qtd. in Domhoff, *The Power Elite* xiv). So too transnational elites gain their membership through the billionaire's club, arms trade and military control, public positions, and sheer influence, and are more than mere cogs in the existing capitalist system.

For both the power elite of Domhoff and Mills and today's global power elite, there are interlocking venues of power, which raise claims of homogenization in both cases. As can be seen in the superclass, Mills' well-networked elites were often part of a revolving door between government and business, occupying top responsibility roles across sectors. The occurrence of regulatory capture and apotheosis is nothing new; individuals find many incentives to move from regulating a specific field to working in the business of it, especially when the pay divide between public and private sector is sizeable and growing. Domhoff chalks up the coalition between business and state elites to uncertainty in organizations (*The Power Elite* 20).

Governmental policy constitutes a major "uncertainty" for corporations, who seek to reduce this by placing those "similar" to themselves in governmental positions (Domhoff, *The Power Elite* 20). It behooves them to elect political members with similar interests and common values.

Another way to reduce uncertainty is to hire former government officials with insight into current and upcoming policies and social connections to the government. On the other side of the short fence, government organizations also seek corporate liaisons to "stabilize their environment"

(Domhoff, *The Power Elite* 20). A classic example of this “two-way street” for the elite is the military-industrial complex, which Rothkopf illustrates can be writ large for the global era. The difference between such an integrated power structure for the American power elite and for the superclass is that for the latter, the corporations become multinational and the number of government entities increases.

The theory of uncertainty in organizations is also used to explain the tendency towards conformity and common traits within the elite, which by and large applies to the superclass. In an organization, positions involving the allocation of resources, uncertainty about future arising choices, and contacts outside the organization require fewer organizational constraints to work effectively, considering the nature of the position (Domhoff, *The Power Elite* 20). Such conditions are typical of major decision-making positions in an organization. In order for the top leaders of the organization to compensate for the greater uncertainty in the employee’s discretionary behavior, they seek out people who have internalized (or at least show willingness to promote) the same values as their own. This leads to similarities in dress, mannerisms, educational background, and personal interests. The professional pressure to “show exterior evidence of more profound underlying similarities to the top leaders” is nationally and globally manifest through the game of golf, for example, the aforementioned activity alleged to have prevented war between Asian countries (Domhoff, *The Power Elite* 21). “Exterior evidence” is most easily displayed through dress, which for the Davos attendees includes a uniform outlined by Rothkopf: “a dark coat, a well-tailored suit or blazer, and slacks” (10).

While Mark Zuckerberg likely will not be seen in a business suit, even he complies with an implicit IT dress code. The emerging IT and Web elites do have differences from the standard elite (e.g. younger average age), but they still have certain political aptitudes, and traditional

financial and networking ties. The idea of a uniform, whether a hoody in the computer lab, a suit to an interview or Dress Blues in the Navy, reveals tacit signaling at all levels of society.

Although a uniform may be nuanced, it is one of the more easily adopted mores. While some are born into a cultural set, there are also those who adapt into it, and those who “fake it to make it.” Along this spectrum of exterior values, the more one can demonstrate that the class values are internalized (if not conditioned since birth), the more likely he or she will be accepted into that class. As a black woman from a modest background, Condoleezza Rice had to adapt her habits and viewpoints to rise into the political elite as U.S. Secretary of State, on their terms. With a leg up from elite universities and networking (her undergraduate professor and mentor was Madeleine Albright’s father), and a switch in affiliation to the Republican Party, she assumed typical elite venues for ascendancy. The stigma of the nouveau riche and their alleged failure to adopt the subtleties of the upper class culture is evidence of the closed and intricate nature of class values and exterior evidence of it. While the superclass is more geographically and ethnically varied than the power elite, there is still a level of homogeneity in psychological traits, social background, values, and gender. According to Rothkopf, as far as a tendency towards risk, acumen, leadership, narcissism and obsessive and unempathetic personalities, the new global elites demonstrate many traits of the elites of the past (295).

### *Mills’ Major Circles of Power*

In examining the power elite of Mills and the more updated American power elite of Domhoff, still comprised largely of privileged, white, male, heterosexual Christians<sup>3</sup>, one can

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<sup>3</sup> Domhoff’s correlation between the American power elite and Christianity may indicate more of a cultural association to the religion, tied to the largely Protestant history of the country, rather than a strictly behaviorally

draw comparisons to the emerging global elite class, better understand its social and power structures, and determine its new features (Zweigenhaft and Domhoff viii). Mills' analysis construes the elite as belonging to the top command posts in three major institutions of American society: the executive branch of the federal government, business, and the military. Domhoff and Zweigenhaft follow Mills' framework, studying the leaders and CEOs of the banks and corporations ranked largest by *Fortune* magazine's annual rankings, the presidential cabinet appointees as part of the "political directorate," and the same two highest positions in the military, the generals and admirals (5). As a sort of control group, they also conduct similar background studies on senators and Supreme Court appointments in order to consider differences in members of the electoral system and accord Congress and the Supreme Court a higher standing in the power structure (5). Even with the American public's increasing alienation from politics, Domhoff and Zweigenhaft find greater diversity and differences in occupational and income backgrounds in the elected officials than in the power elite, coinciding with the idea of a homogenous elite class in some respects (1).

Mills describes an overlap in the dominating groups in the "circles" of politics, business, and the military, insofar that they together create a small homogenized group whose combined decisions dictate decided national events (18). Developing the concept of the global power elite along Mills' three societal hierarchies requires flexibility in methodology. Rather than analyzing key cabinet members and presidential advisors, one needs to look beyond a single administration and regard the highest political leaders across the globe in terms of international clout. Instead of analyzing high ranking officers in a single national military, one needs to consider international military action and joint ventures, and the main people who determine them. The owners and

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based association. This is an interesting note to compare with Huntington's observation of the irreligiosity of the transnational elites in the US.

directors of major corporations can only be considered members of the global superclass if their actions have an impact that touches society around the globe.

### **Military:**

Military leaders maintain a role in exercising international power, but their cut of the power pie has lessened since World War II. Rothkopf claims that the relative decline is attributable to the high cost of modern warfare, and the rise of other forms of elites, from financial to “shadow” (xiv). However, with world military spending around one trillion dollars, military elites still bear substantial influence (Shah). National militaries, especially the U.S.’s, can still alter the lives of millions, if not billions, with their actions. Leaders of their joint coalitions then wield even more power, depending on the combination of member countries. International military organizations include the Collective Security Treaty Organization, North Atlantic Treaty Organization, Organization for Security and Cooperation in Europe, South Atlantic Peace and Cooperation Zone, and the Warsaw Pact. Those who direct such organizations are or were high officials in their national militaries.

Then there is the sub-organ of the UN Security Council, the Military Staff Committee. The fifteen members of the UN Security Council, including permanent members China, France, Russia, the U.S., and the U.K. (all nuclear powers with veto rights), have the power to authorize military action towards the maintenance of international peace and security. Interestingly, those five permanent members of the UN Security Council are five of the ten largest arms exporting countries in the world (Shah). The permanency of the five members and their individual ability to strike down any proposal create issues with promoting national rather than international

interests. Correspondingly, representatives to the Security Council from those five countries with veto power hold significantly more sway in global military action. The main military component contribution to the UN is a peacekeeping force, which is commanded by a force commander (“UN Military Roles”). Commanders of a UN force hold the rank of Major-general or Lieutenant-general and generally have between thirty and forty years of experience (“UN Military Roles”). These force commanders are UN staff members and active duty members in their national armed forces who retain national command over their own troops (“UN Military Roles”). Due to the maintenance of national military structures and the dominance of certain national armed forces, members of the military global elite likely closely resemble those of Mills’ American power elite, despite relatively less power and a more complicated and integrated global structure.

While national militaries may join forces for international missions, they are part of the prevention of a world government, as they are geared to defend their nation-state’s sovereignty. They often stand where international institutions are weak; the UN, for example is regularly criticized for its weakening credibility, relevance, and effectiveness. The UN itself acknowledges that, “military capability, particularly in specialized capacities such as communications, aviation, engineering, and medical and logistic support, is often difficult for the UN to obtain” (“UN Military Roles”). In terms of global military elites, geography and nationality matter.

Of the approximately 200 armies in the world, the U.S. military is irrefutably the most powerful, owing to its size, space, resources, and technology that lead it to be the only army currently capable of waging modern global warfare (Rothkopf 38). Rothkopf asserts that “there are fewer than twenty [armies] with any kind of missile capability, only nine with nuclear weapons capability, only six armies with roughly 500,000 or more troops, only three air forces

with more than one thousand planes” (38). With an annual defense expenditure larger than the rest of the world’s defense budgets combined (over \$630 billion in 2007), more than 10,000 nuclear warheads, and over 2.5 million military personnel, the U.S. stands out as a military superpower (Rothkopf 41). As commander in chief, President Obama holds the ultimate command and control over this superpower. However, with the waning viability of the power of force, the U.S. military finds itself with unparalleled war and technology capabilities, including thermonuclear arsenal, but failed missions in Iraq and Afghanistan (Rothkopf 86). Rothkopf considers the recent predominance of such conflicts of asymmetry to be the biggest structural change of the global military-industrial superclass (195).

Rothkopf cites the consolidation of the U.S. defense industry since the mid-1990s to be another significant change (205). The long-standing relationship between the government defense leadership and the leadership in defense contracting creates a situation where the current, unprecedented rate of merging suppliers and contracting firms leads to an even higher concentration of military power. According to Rothkopf, over 50 major American defense suppliers have consolidated into five or six firms in less than a decade, which means that the military-industrial superclass has also consolidated (205). Venues including the Munich Conference on Security Policy, Shangri-La Dialogue, and the WEF have only augmented the level of international networking among the military-industrial elite. A tightened international network of the industry’s leaders with an increasingly global orientation has led to increased international arms collaboration with foreign governments and firms overseas, including more information and weapons trading, joint ventures, and mergers (Rothkopf 207). For the top contractors and arms manufacturers, whose leadership positions and networks are highly correlated to those of secretaries of defense, war is very profitable. In their influential opinion,

the bigger the better, especially when it comes to weapons systems. The military-industrial superclass of “military professionals, civilian policy makers, arms manufacturers, and defense contractors” is maintaining their national connections and expanding globally (Rothkopf 208).

### **Business:**

Business is another of Mills’ institutional circles of power where the U.S. is at the fore globally. In relation to his other two circles of power, it is itself at the fore (apt terminology considering its relationship with golf). With the boom of finance and other sectors, and their greater independence from national restrictions, business is the dominant circle of power, overshadowing the military and political structures. Like Mills’ other social institutions, it too has been subjected to elements of change and internal shifts of power. As the aforementioned grouping of WEF strategic partners implies, some sectors have prospered more than others. The leading managers and entrepreneurs in hedge funds, technology, and private equity investment are the crux of today’s global elite businessmen (Rothkopf 144).

The reformation of the elite in the U.S. favored financiers, corporate CEOs, and those leading new sectors in computing and information technologies (e.g. Bill Gates), media (e.g. Rupert Murdoch), and retailing (e.g. the Walton family) (Harvey, “A Brief History” 31). The changes in other nations’ elite classes had different focuses in some cases. Britain’s class power has lessened the significance of aristocratic power and supported a new class of entrepreneurs and nouveaux riches (Harvey, “A Brief History” 31). In some South Asian countries, economic power related to trading and cornering markets converged among a small group of ethnic-minority Chinese (Harvey, “A Brief History” 31). The collapse of the USSR paved the way for

the Seven Oligarchs in Russia. While the national elite have changed in various ways from country to country, their contribution to the highest global elite still demonstrates broad patterns. National elites do not bear the same global influence from country to country. The CEO of the largest U.S. fast food franchise, McDonald's, has a heavier weight on the global scale than the CEO of Zimbabwe's largest fast food franchise, the Google Search of which tellingly yields results related to McDonald's. General changes in the American elite and other core nations' elites are fairly illustrative of the global power elite at large.

According to Rothkopf in 2008, half of the top twenty-two companies in the world were led by Americans (143). By 2010, that changed to less than a third (exactly one third when considering the top thirty corporations), using information from Fortune's 2010 rankings of the world's largest corporations<sup>4</sup> ("Global 500"). For a country whose citizens represent five percent of the earth's population, that still reveals a high concentration of corporate power (Rothkopf 143). In fact, with a 2010 GDP of \$14.62 trillion, the U.S. accounts for close to a quarter of the gross world product (GWP), \$62.27 trillion ("World Fact Book"). But Fortune's annual standings show that even within a few years, the composition and origin of the leading companies and their CEOs may change. In 2010, Japanese and Chinese CEOs were heading half of the ten largest companies, the other half being transatlantic ("Global 500"). With a Swedish CEO, French company Carrefour, at number 22 on the list, demonstrates another telling point: the top companies are not the only ones shifting in nationality; their employees are shifting nationality too. Rothkopf's ten biggest corporations<sup>5</sup> had approximately 60% of their employees employed outside the company's country of origin in 2006 (120). They also saw around that same percent of their revenue come from operations outside that country (Rothkopf 120). In

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<sup>4</sup> See Appendix B.

<sup>5</sup> Wal-Mart, ExxonMobil, Shell, BP, General Motors, Chevron, DaimlerChrysler, Toyota, Ford, ConocoPhillips.

contrast to the labor they hire, corporate leaders are pro-internationalist, abandoning nationalism in pursuit of capital gains and cheap labor. This attitude creates competition among nations, especially the nation of origin, for corporations' investment. As the role of the state shifts to serve the upper class and accumulators of capital, so does its power shift to corporations and Wall Street.

Andrew Liveris, CEO and Chairman of The Dow Chemical Company, is on the executive committee of the Business Roundtable, a politically conservative association of CEOs in major American companies that together comprise nearly a third of the total value of the U.S. stock market (Liveris). Liveris' language regarding the state's role in policy is standard of the corporate elite's pro-business and pro-deregulation stance: "Regulations are beneficial only when they're clear, consistent and wise. And, in large part, the U.S. regulatory regime is so complex and inconsistent that regulations hinder American manufacturers without helping anyone in particular." Following the Bush era and the Great Recession, public outcry and interest groups in America have pushed several new regulatory requirements and proposals, which members of the Business Roundtable view as a "troublesome" and "unprecedented avalanche" of requirements threatening "job creating businesses" (Liveris).

Founded on the belief that "businesses should play an active role in the formation of public policy," the Business Roundtable pinpoints the following regulations as threats to their potential revenues (and consequently to all those poor, marginalized Americans that may one day finally see the trickled down money): Greenhouse Gas Emissions Regulations, Ozone National Ambient Air Quality Standards (NAAQS), and Air Transport Rule (Liveris). The Business Roundtable also proposes reductions in "unfair" foreign barriers to U.S. exports, and closed gaps in "investment protection and international tax treatment" ("The Language of Trade"). Such

appropriate policies will purportedly allow America to simultaneously “win the race” for exports and jobs and “bring the benefits of trade and investment to the world’s poor,” in perfectly self-seeking munificence (“The Language of Trade”).

The area between private entities and state politics is very gray, especially when regarding political parties (especially the Republican party) or the Business Roundtable. It becomes very clear that capital power equates to political power, and thus can transcend national boundaries. The organizations of businesses with the backing of their tremendous resources, manage to infiltrate major social institutions, including “universities, schools, the media, publishing, the courts”, and alter the perception of the corporation (Harvey, “A Brief History” 43). The ebbs and flows of the power of money create the ability for giving with conditions. The power of private entities has overcome that of the state in many cases.

The tendency towards monopolies, to the detriment of the consumer or often even the producer, is indicative of a state failure to intervene. In fact, the state often intervenes on behalf of major corporations, as indicated by the Clinton administration’s overruling of attempted regulation of derivatives (or as Warren Buffet once called them, “weapons of mass destruction”) (*Inside Job*). Industries are ruled by few giant transnational corporations, which, as seen in the defense industry, are increasingly consolidated and centralized. A prime example of corporate-pushed deregulation and consolidation, the 1999 reversal of the Glass-Steagall act in the U.S. removed the requirement to separate commercial banking from investment banking and securities firms, which has led to banks becoming bigger, more concentrated and more powerful than ever before (*Inside Job*). The values of the market that sustain neoliberal theory are not always upheld. The neoliberal free market and market populism do not equal competition and

fairness as the system is plagued with monopolization, centralization, conflicts of interest, and internationalization of corporate and financial power (Harvey, “A Brief History” 203).

Unfair market conditions, exacerbated by uneven development across nations, joined with a lack of social protections, have led to an increase of inequality between classes and among the states (Harvey, “A Brief History” 203). While this phenomenon occurs within states, it is also more largely reflected internationally between states. Class contradictions within states manifest themselves outside of those intangibly constructed barriers. According to social theorist David Harvey, the largest class discrepancy is between the agrarian sector of the third world countries and the local bourgeois collaborators of these countries allying with the new global elite (“A Brief History” 203). National policies managing the distribution of wealth increasingly reflect the interests of the global corporate elite. Alongside vast reductions in corporate taxes, the tax rate for the highest bracket in the U.S. has approximately halved since 1970, while the tax rate for the lowest has remained relatively stagnant (Harvey, “A Brief History” 26). According to *Inside Job’s* Charles Ferguson, savings from the Bush tax cuts of 2001 and 2003 went predominantly to the top one percent of Americans (*Inside Job*). Addressing Chile’s enormous inequality across the population, the country’s business elite recently prescribed belief in the markets, patience, and low taxes for those creating jobs (Rothkopf 58). Inequality, also evident in the mounting compensation gap between workers and CEOs, has also surged in Eastern Europe, Mexico, China, former Soviet bloc countries to the countries’ highest levels (Harvey, “A Brief History” 17). The corporate elite are capturing a significantly larger share of national income worldwide.

Rising inequality, and the consequent rising economic power of the elite, is an effect of elite-backed policies of trade liberalization, which in turn increases interstate privatization. Since

Mills' writings, there has been a strong trend in privatization of public assets with the backing of the state, in the name of efficiency and profitability. This is tied to the rise of "accumulation through encroachment," a feature of the capitalist world that sets itself upon the periphery states. In this context, multinational corporations can thrive off the trend of "'disinvestment' of State sector equity and 'privatization' of State sector assets, invariably at 'throwaway' prices" (Patnaik 2). Indian Marxist economist Prabhat Patnaik believes that privatization and the institutionalized corporate power alter the terms of trade against the peasantry and third world primary commodity producers who become easy prey for expropriation (Patnaik 3). The lack of global cohesiveness for effective environmental regulations often means that privatization across states further impairs the third world rural sector through the overexploitation of its resources, such as deforestation (Harvey, "A Brief History" 174). The goal of private entities is a maximized profit; this does not naturally align with all the goals of a state (for example private entities do not strive for full employment in a state, clean air or human rights).

Beyond privatization, the emergence and explosion of the financial community have irrevocably shaped the face of business. At the head of the globalization process, finance has also grown to enormous success operating in uncharted international territories. Financialization serves as a neoliberal structure that fosters an elite class of rising CEOs and leaders in finance, insurance, real estate, and new growing sectors including Information Technology. Finance capital has come to dominate over other forms of capital, a fact that attests to the clout of its structures, motivations, and societal and political influences. The capitalist focus on production has shifted to stock values, whose fluctuations and perception motivate businesses to increase posted profits. This all too easily comes at the expense of worker payroll cuts, furthering the trend of inequality. In transnational corporations where the labor may be in periphery states, this

can mean regional inequality among states. The blending of financial services with the functions of larger corporations is a trend well-suited for centralization of capital power and establishment of class power (Harvey, “A Brief History” 157). There is similarly a shift from the traditional separation of ownership and management of corporations, to the fusion of the two, achieved through payment in stock options (signifying ownership) to CEOs.

An engine for capital accumulation and select individual wealth, international finance acts as a driving force behind deflation and accumulation by dispossession. Financial mechanisms used to shift capital and power include securities, derivatives, and leverage, the betting off of currencies. Financialization provides a solution for overaccumulation with the creation of credit (another solution being the creation of desire for the consumer). Where expanded reproduction provided a solution for overaccumulation, mostly through state and government organized projects (e.g. the construction of bridges or highways), this long-term method was poorly received by neoliberal countries preferring short-term contracts and large profit margins for the elite (Harvey, “The ‘New’ Imperialism” 64).

The centralization of financialization’s power allows for an almost predatory control over entire state economies, and an ability to invoke financial crises (Harvey, “A Brief History” 189). The recent global financial crisis, which Ferguson blames on the finance industry, lost tens of trillions of dollars and doubled the U.S. debt (*Inside Job*). The tendency to peg currencies, which effectively ruined the Russian Ruble and precipitated the 1997 Asian financial crisis and contagion, is a distinctive feature of the global impact of financialization (Patnaik 6). The privatization, state deregulations, financialization, and political actions promoted by the corporate elite are highly correlated with “soaring and uncontrollable internal budgetary deficits, a balance of payments crisis, rapid currency depreciation, unstable valuations of internal assets

(for example in property and financial markets), rising inflation, rising unemployment with falling wages, and capital flight” (Harvey, “A Brief History” 189). Such conditions typify financial crises across the globe from the 1980s through to the 1990s and even today (Harvey, “A Brief History” 94).

The finance community’s predisposition to minimal regulation (it will shell out billions towards lobbying to prevent reform), the fact that it is led by one small group, and the lack of a counterweight set it up to realize the conditions it finds attractive. For their numerical representation, the financial elite have a disproportionate role in determining the market. Their agenda resonates with international leaders and political decision-makers, to the point where U.S. economic decisions must be made in conjunction with finance (Rothkopf 151). U.S. Secretary of the Treasury, Timothy Geithner acknowledged that significant collaboration with the leaders of the world financial community is necessary to manage markets today, whether working with currencies, credit or derivatives (Rothkopf 174). When a dozen firms account for the preponderance of the market activity, the New York Fed listens to them. The Fed in turn manages relations with other central banks and the international financial community (Rothkopf 174). Even after the global financial crisis and public outcry, the leaders in finance who would largely be responsible for the crisis’ conditions maintain their elite membership. Some of them now sit as Obama’s senior economic advisors, maintaining the status quo. Despite the hyped campaigning and public discourse, Obama’s 2010 financial regulations were weak and reflected little reform (*Inside Job*).

The role of the state in redistribution, deregulatory incentives for privatization, and the drive for capital accumulation help create market-driven financialization and spectacular remuneration for its corporations’ leaders, intensifying the reconstitution of a global elite. The

size of corporate involvement economically and socially rivals that of states (and often their interests) to the point where states are compelled to collaborate. Mills' grouping of "The Corporate Rich" functions at the international stage with greater national and international power than ever before. However, "The Corporate Rich," with the finance community at the utmost echelons, have evolved to reflect the emergence and growth of transnational capital, new sectors, increased privatization, and the backing of states.

**Government:**

Mills far from predicted an equilibrium of power between elites and the masses, the management of which belongs to the government and systems of law (Rothkopf 144). Mills was witness to the formation of the League of Nations, the International Labor Organization (ILO), the Geneva Conventions, the World Health Organization (WHO), the General Agreement on Tariffs and Trade (GATT), the International Monetary Fund (IMF), and the World Bank (WB), forms of public international law which have all since evolved, expanded, and grown in use. However, as seen with the U.N., these organizations and agreements are plagued with issues of membership, relevance, accountability, enforcement, and undemocratic processes. Not one truly represents an overarching sovereign able to ensure compliance. Continued violations of international law by powerful states can effectively alter customary practices and the law itself. Regarding the recent global financial crisis, the IMF repeatedly warned the U.S. of an impending crisis, but was unable to get the U.S. to react, which highlights the futility of the international organization in exercising control over a dominant state (*Inside Job*).

Rothkopf describes the tension between internationalism and nationalism as a defining issue for the global political superclass, as national political institutions fail to provide a unified legal framework, but provide the track to success for political elites (159). It becomes obvious that the political elite of powerful states are by and large the global political elite. According to Rothkopf, domination in top U.S. policy jobs comes with ties to the foreign policy elites of governments around the world (149). Political elites tend to work the domestic system to achieve political power, but then reach the top to “discover” that the domestic issues around which their election and ascendancy were based are not the most vital ones they face. The majority of the largest issues, rather than gay marriage or health care insurance, are internationally based or focused (Rothkopf 160). For G8 members, foreign political success is hardly a prerequisite for executive positions in policy. According to Rothkopf, four of the five American presidents elected before Obama had minimal international policy experience, a point for which Obama has also been criticized (148). The highest in the political superclass operate in a more national system than other superclass members, but still depend on foreign power centers (Rothkopf 189). State borders still largely define elite politicians, despite their increased global connections.

As discussed in the last section, the roles of state governments have come to be more defined by their ability to create ideal conditions for business, rather than for individuals. Since Mills’ work, the political elite are more molded by capitalist efforts, and state policy is ruled by possessive individualism, where the individual comes to encompass corporations. The state’s role in the advancement of trade liberalization, privatization, and “accumulation through encroachment” lies in its jurisdiction over legality, the establishment of policy, and even the notion of nationalism. The rules for capital accumulation and their global application come to take precedence over the sovereignty of the states that are responsible for the enforcement of

these rules (Harvey, “A Brief History” 180). The ability to do business in a country is more important than the corruption or oppressive governments in it.

The stability of the whole capitalist system rests on the state’s ability to control inflation and the integrity of its money, thus the social interests of the state become subordinate to the needs of private entities. The “deflation and ‘sound finance’” that are the “baggage of capitalism,” in the words of Prabhat Patnaik, become the state’s issues (Patnaik 5). The state’s deflationary policies effectively lower the aggregate demand in the world economy, leading to a global centralization of capital (Patnaik 2). This centralization of capital favors the upper class, and disfavors the peasantry and third world states that often produce raw materials (Patnaik 2). Deflationary policies, including cuts in the government expenditure like those currently seen in Greece, lead to the privatization and commoditization of public goods and utilities (including water, healthcare, and education).

The object of the neoliberal state is to create and preserve an institutional framework appropriate for private property rights (which are mostly abstract and applied to the benefit of corporations), free markets, and free trade (Harvey, “A Brief History” 2). Led by the decisions of the political elite, the state now wages a war against inflation, rather than exploitation, corruption, or gaps in the social safety net. The state serves to further and promote the agenda of its corporate elite, thus it follows and promotes their interests, which are not limited to within their state. Another function of the state is the restriction of the power of trade unions and working-class institutions to allow for a “flexible” labor market that becomes commoditized (Harvey, “A Brief History” 168). The pacification and reduced empowerment of the class of laborers represents the victory of capital over labor, a victory for the superclass (Harvey, “A Brief History” 168). Privatization and withdrawal from expenditures in social provisions further undermine the

lower classes. State policies and tax code revisions effectively redistribute wealth to benefit the upper classes, the victors in the capitalist rat race. The social opposition that then arises from the inequalities embedded in accumulation by dispossession, especially in the third world, necessitates another state task, that of repression and social control, usually in conjunction with the military circle (Harvey, “A Brief History” 165). The revolving door, economic incentives, financialization, and networking of the elite encourage state officials not only to yield to privatization, but also to facilitate its progress through marginalization, deregulation, repression and redistribution, all processes benefiting the superclass.

The path to international political leadership is usually paved with money, through under the table payments from businesses or individuals, the purchasing of media coverage, funds to lobbyists, or the financing of campaigns, all of which co-opt allegiance to voters (Rothkopf 83). In America’s system of campaign finance, probable presidential candidates have to raise over 100 million dollars, which is about 25 times more expensive than a few decades ago (Rothkopf 154). Donations to public officials are not without return, as is evident in Rothkopf’s list of the benefits and incentives:

Access to senior officials, positions on presidential councils, top appointments for friends who share their views, seats on trade missions, interventions by U.S. officials to tailor elements of global regulations and tariff structures to the needs of specific industries whether through the WTO, via bilateral agreements, or through other channels, efforts to enforce intellectual property concerns and, from time to time, efforts to help play down conflicts that might threaten corporate interests (154).

Such an exchange system conflates democracy and free markets. Those with more control over the movement of money have more of a vote. Former chief economist of the World Bank, Joseph Stiglitz makes the statement, “Wall Street votes as much as the people of the country,” as the liberalization of capital and its free movement in and out of countries give its elite more voting power, undermining democracy (Rothkopf 128). An interstate bidding war of policies results from the ease of shifting capital, labor supply chains, and corporate headquarters across borders.

Voting power towards political office and specific policies is a direct form of power. It is through political institutions that resources are allocated, agendas set, laws and regulations created, and key ideas institutionalized (Rothkopf 85). A state’s power is positively correlated to the power of its political institutions, and thus the few individuals at the top of them. The U.S. is in a leading political condition where its hegemony is linked with global economic stability. The dearth of controls and imperial power to check it places Congress members, the President, and Cabinet members in immediate positions of international power. Supranational coalitions of weaker states do bear some potential to present challenges to American interests. Initiatives to bind blocs of states to a supranational law above the laws of nation states include: the political federation of the East African Community, the nascent Union of South American Nations, the European Union, and the Andean Community of Nations. However, such coalitions have yet to present a true challenge to American hegemony.

#### *Other Elements of the Global Power Elite*

The characters of Mills’ chapters, “The Celebrities,” “The Very Rich,” “The Warlords,” “The Military Ascendancy,” “The Chief Executives,” “The Corporate Rich,” and “The Political

Directorate,” still exist on a global level, and exhibit the same tendency to crossover and network. As much as the elite have evolved and been reconstituted at the global level, there remain prominent patterns and elements. Rothkopf identifies key elements of success that those individuals with unequal power over world affairs exhibit: geography, pedigree, networking and luck. Other factors typifying (but not defining) a global power elite include wealth (billionaire status especially), European or North American roots, and baby boomer status (Rothkopf 291).

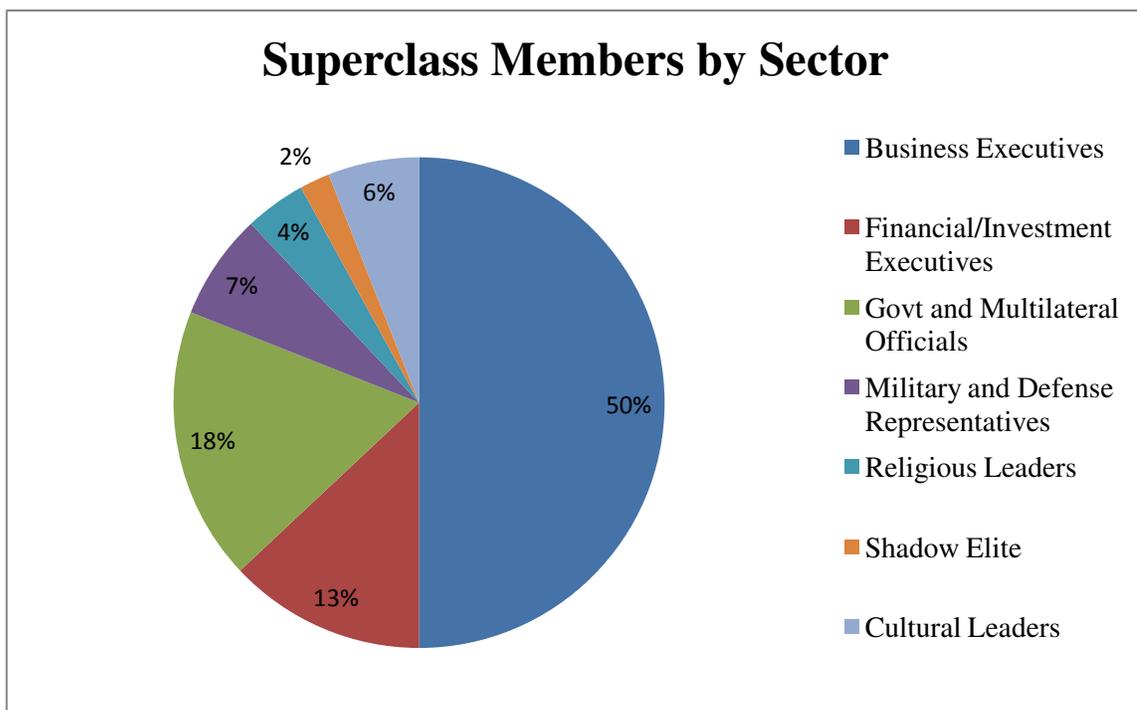
Rothkopf estimates around 60% of the superclass to be millionaires, which is indicative of the connection between money and power (292). The evolving list of billionaires (now at a record 1,210 billionaires) reveals demographic changes in the world’s largest accumulators of wealth (“The World’s Billionaires”). Forbes’ 2011 list shows twice as many Chinese billionaires as the previous year, and more billionaires in Moscow than any other city (“The World’s Billionaires”). While Americans are still the most common kind of billionaire, their piece of the pie has dropped about 25% in a decade as developing countries add to the list (“The World’s Billionaires”). Rothkopf cites the U.S. as home to the largest number of superclass members, having supersized their superclass to 17% (290). Although there are 195 countries in the world, only ten provide 57% of the superclass<sup>6</sup> (Rothkopf 290).

Below, Figure 2. illustrates Rothkopf’s breakdown of the superclass by sector (291). Business and finance dominate the superclass, with 63% considered top members of the business, financial, and investment community (Rothkopf 291). While the pie chart makes room for new elite clusters, such as the shadow elite, it does not reveal the changing demographics within sectors.

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<sup>6</sup> The U.S., China, Britain, India, Brazil, Russia, Germany, Japan, Mexico, and France.

Figure 2. Superclass Members by Sector



### Education:

In 2007, Bush responded to the issue of rising inequality for the first time with: "The reason is clear: We have an economy that increasingly rewards education and skills because of that education" (Abramowitz and Montgomery). This may be true, but it does not necessarily exempt the state or make the process less elitist. The path towards entry into the superclass begins early, and most children are left behind. Education, whether at the secondary, undergraduate, or graduate level of study, combines pedigree and networking- two of Rothkopf's key elements of success. Education is an example of the early-on networking that helps foster social circles and connections. The more elite connections one can forge, the higher the likelihood of elite status. In line with his theories towards the denationalized American elite,

Huntington notes that a higher level of education (or income) corresponds to a more conditional allegiance to a national community (“Dead Souls” 8). Huntington sees study abroad in foreign universities, time working abroad, and involvement with global-reaching organizations as characteristic of members of the “seceding elite” (“Dead Souls” 8). As the majority of study abroad programs are situated in urban areas, subsequent exposure to a cosmopolitan lifestyle and the accrual of cosmopolitan perspectives are not surprising.

U.S. military training programs are also opening up to international students, having already produced 200 years of American military elites in some cases (Rothkopf 197). Select American military programs carry enormous prestige abroad, furthering foreigners’ desire to create ties with them (Rothkopf 199). American undergraduate institutions such as the U.S. Military Academy at West Point and the U.S. Air Force, alongside graduate or professional programs at National War College, the National Defense University, the Army War College, and the Naval War College, have historical roles as training grounds for the top cadres in their services and senior government (Rothkopf 197). Four of the last five U.S. Pacific Command (PACOM) commanders, along with a number of other professional naval officers, call the U.S. Naval Academy at Annapolis their Alma Mater (Rothkopf 197). Former president of Costa Rica and former CEO of the WEF alongside Schwab, José María Figueres, graduated from West Point (Rothkopf 198). Such training programs serve to promote U.S. views among future leaders, create a global network sympathetic to U.S. foreign policy, spread American military methods, and even support U.S. weapons sales (Rothkopf 198).

Traditional, big name universities also graduate or employ leaders in top foreign policy and national security positions, finance, and business, providing them with more elite connections (Rothkopf 149). An Ivy League name tag is one way of validating an individual’s

competence and ambition. It can also demonstrate legacy, a form of pedigree. Outside the U.S., Oxford, Cambridge, L'École Polytechnique, the Indian Institute of Technology, the University of Tokyo, and other prestigious names mark graduates for success and set them on a path of networking (Rothkopf 126). Using a sample size of 300 superclass members across sectors and countries, Rothkopf determines that attending an elite university is an important criterion for superclass membership (291). Rothkopf finds that almost 30% of his sample attended one of twenty elite universities, foremost Stanford, Harvard, and the University of Chicago (291). By and large, the superclass has much more education than the public, with more than five times the likelihood of a postgraduate degree compared to an average American (Rothkopf 291). In stark contrast to the nearly 50% of superclass members holding postgraduate degrees, only 0.06% of Ethiopians go to college (Rothkopf 309). Especially in the developing world, those who attend university tend not to be the poor. Educational inequalities are highly linked with class inequalities, an idea that ties into the discourse of Pierre Bourdieu and Jean Claude Passeron who claim that a function of education is to “maintain class divisions through processes of socialization and selection” (qtd. in Keaton 96).

Even in the U.S., where universities claim to be “need blind” and education represents the grand social equalizer, the economic and social backgrounds of elite schools’ students are not representative of the country. In 2011, the Chronicle of Higher Education published data on the percentage of students receiving Pell Grants at the 50 wealthiest American institutions in 2008-9 (Leonhardt). Part of the U.S.’s largest financial-aid program (which the U.S. House recently voted to cut by \$5.7 billion) Pell Grant recipients come from the bottom half of the nation’s income distribution (Leonhardt). According to the Chronicle’s data, only 6.5% of Harvard students received the Pell Grant, which is to say, only 6.5% came from America’s bottom

economic half (Leonhardt). If Harvard were to reflect the same economic distribution as the U.S. in its student body, one would expect around half the students to be Pell Recipients. Harvard graduates go on to earn the fourth highest mid-career median salary of graduates from the nation's top colleges, according to a 2010 report from PayScale (Toscano). A large public school, UCLA had the highest proportion of Pell Grant recipients, at 30.7% of the students (Leonhardt). Generally more diverse, economically and otherwise, public universities' tuition is rising while funding is lower (*Inside Job*). Students from low-income families receive no additional consideration for admission for the same achievements as an economically privileged student, despite the obvious advantages.

While heralded as equal-opportunity, talent-seeking playing field levelers, universities are still businesses. They benefit from full tuition payments, and wealthy and prominent alumni. The academic system, which can be considered a transnational institution to some extent, also reflects state and corporate funding. There is a reason that General Motors has its name on multiple elite Business school auditoriums, and that academics tend to prove in their research what they are indirectly funded to discover. Leading professors in economics usually do not make most their money from teaching, but also work outside the school in finance and business positions. It comes as no surprise that they then tend to teach or publish papers on certain lines of thought that align with corporate and financial interests, without communicating their outside connections. Thus those fortunate enough to attend elite universities are often educated by individuals with potential conflicts of interest and narrowed perspectives. If the U.S., with the largest number of high-quality colleges, reveals an uneven distribution of higher education across economic classes, the students in Ethiopia are enormously disadvantaged by their geographical location. Rothkopf claims that the modern global elite are more mobile and open

than past elites, owing in part to the opening of established paths to the top such as education (309). But this opening is still a comparative one that is really just slightly ajar.

### CHAPTER 3. Is Davos Woman Possible?

*“Davos Woman is worldly, wealthy and influential, too. But mostly, she is scarce.”*

--Katrin Bennhold

The previous chapters have provided an intersectional portrait of the new class of transnational elites. In light of the changing landscape of the twentieth and twenty-first centuries and analyses of the American power elite, the current global elite demonstrates a degree of variation from elites of the past. However, they still maintain many of the traits, behaviors, institutional hierarchies, power structures, and social features of the national elites of yesteryear. To a certain extent, mobility and diversity in the power elite have increased, but barriers to entry and homogeneity persevere. Zweigenhaft and Domhoff find the American power elite to be considerably diverse compared with its state in the 1950s, but still dominated by “white, Christian males, most of whom are still from the upper third of the social ladder” (7). In the international arena, typical minorities in America by race or religion have greater standing elsewhere, but the subjugation of women is more or less universal. Diversity in terms of sexuality for American and global power elites is essentially nonexistent. This chapter will focus on gender diversity in the global power elite, what it looks like, and what it means. The extension of Mills’ framework towards an analysis of women in the global power elite is still helpful for exacting trends and points of tension.

*Elite Women by the Numbers*

Especially at the elite level it becomes clear: men have more power than women. Rothkopf places women at only 6.3% of the superclass, despite the fact that they represent 51% world's inhabitants, a majority (290). Women became the majority of the American workforce in 2010, making such discrepancies even more stark (Rosin). To say that women are underrepresented at the top levels is an understatement. The imbalance in the economic and professional realities between men and women is a global phenomenon, exacerbated where economic and professional clout is highest.

### **Business:**

Women comprise less than three percent of hedge executives in the U.S. (Rushe). Falk's global citizen as a "man of international affairs" shows similar numbers at the global level: 98% of those engaged in global capital and financial operations are men (43). Such numbers make the terms "man of international affairs" and "Davos man" empirically appropriate. Women fair the same in Fortune Global 500 companies, making up fewer than three percent of the CEOs ("Quota Imposed"). Women find less representation in major multinational corporations, whose positions tend to come with more prestige, but also pay less to women (Dresser). Fortune 500 companies with more female board members report a 50% better return on equity than those with fewer or no women on their boards, but still jobs at the top of the pyramid remain elusive to women. The women who have marched up the ranks to lead a prominent company gain almost celebrity status, and tend to be paid higher for it, but they are rare exceptions. Women average fewer than ten percent of company board directors, and even then they are often merely tokens

(Bacani). Gender inequality in business at all levels reflects differences in salaries, participation levels, and access to high-skilled employment.

### **Military:**

When Mills wrote of “the men of violence: the United States warlords” there was no need to speak of women. Zweigenhaft and Domhoff describe a situation where women could only be promoted to general officer grade in the army and air force after 1967, and had to wait for legislation to pass navy and Marines promotions a decade later (70). America’s 1973 shift to an all-volunteer military, rather than using conscription, did lead to increased numbers of women on active duty, from 1.9% of the total force in 1972 to 15% in 2003 (Zweigenhaft and Domhoff 70). Recent decades have witnessed a growing number of women in the U.S. military, including at the rank of general officer, but none at the very highest military ranks (Zweigenhaft and Domhoff 70). A recent and unprecedented move, American Air Force Major General Margaret Woodward ran the opening eleven days of the air war against Libya in March of 2011 (Stengel). While she marks progress, she claims that as a child adults told her women could not fly for the U.S. military (Stengel). Gender inequality is especially persistent in Mills’ circle of the military elite as high level promotions often depend on combat experience and other biases against women. The military represents such a male-dominated field that the addition of women has not ostensibly changed the culture, a point highlighted after the Abu Ghraib prison scandal in which American female soldiers and generals were involved (Zweigenhaft and Domhoff 71). Commentator Barbara Ehrenreich underlines the futility in assuming organizational changes as a

result of female leadership: “Women do not change institutions simply just by assimilating into them,” a point that rings true across sectors (Zweigenhaft and Domhoff 72).

### **Government:**

At the highest level of government, nineteen of the world’s presidents or prime ministers are currently women, a low number for female heads of state considering the world’s 195 countries (“Quota Imposed”). Gaining more representation the lower down the professional ladder they go, women make up fifteen percent of the world’s ministers and parliamentarians (“Quota Imposed”). Stereotyped for their role in fostering community, women represent only eighteen percent of peace negotiators (Bacani). Overall, women lack representation in decision-making structures and their political power suffers for it. However, Zweigenhaft and Domhoff predict the political circle to be the main avenue of power where women will advance (80).

Women are entering the workforce at higher levels in each of these sectors, but they are stalling when it comes to achieving upper management positions and equal pay. On average, women earn 15.6% less than men (Bacani). The WEF’s Global Gender Gap Report from 2010 rates 134 countries on their division of resources across genders. Gender inequality is measured in four areas: economic participation and opportunity, education attainment, health and survival, and political empowerment (Dresser). The Report shows that women and men’s health and education gaps are closing, closed 96% and 93%, respectively (Dresser). This indicates that the

other two indexes, political empowerment and economic participation and opportunity, as demonstrated in government and business, are lagging causes of inequality.

Corporate structure, childcare infrastructure and long-held cultural stereotypes and gender roles contribute to the enduring gender disparity, but the structure of power also has a large role. The path to superclass membership is built on exclusivity, but it is even more closed off to women. At the elite level, the very institutions and hierarchies that serve to preserve traditional elite power, act against women who have essentially no independent place in the elite of the past. Atlantic Magazine's "The End of Men" article tells of women overtaking men in the workforce, albeit generally at lower levels (Rosin). Judging from the current data, the end of men in the global power elite is nowhere in sight. Women clearly are continuing to enter the workforce and the ranks of entrepreneurs and professionals, but the rules of business show little corresponding change.

### *Davos Gender Quota*

Zweigenhaft and Domhoff describe embarrassment from the lack of diversity as a motivating factor leading the internationally oriented American elites to accept a degree of diversity, as they compete internationally for loyalty (10). For the sake of appealing to investors and the public, retaining employees, and appearing socially progressive, many public and private entities have been spurred to promote their inclusion of women. Perhaps following suit, French President Sarkozy's decision to appoint a half female cabinet shows a similar cognizance of image and the media in modern politics (Rothkopf 159). Initiatives to improve social image for practical reasons are nothing new for businesses, government entities, or the WEF. For the first

time, the WEF imposed a gender quota on its 100 Strategic Partners for its 2011 annual meeting (“Quota Imposed”). These top firms were required to include at least one female among their five delegates to the meeting in January, in hopes of raising the number of female participants up a few points to twenty percent (“Quota Imposed”). The quota has not increased overall female attendance (sixteen percent in 2011) because the quota applies only to the spaces reserved for the Strategic Partners, who more than doubled their numbers of women sent (Bennhold). The WEF spends a lot of time projecting concern for the gender gap, despite the fact that its own managing board is without a female presence, and that its twelve senior directors includes only two women (“Quota Imposed”). Of the 171 sessions at the 2011 WEF annual meeting, two focused on gender issues. Only a few additional sessions included gender in the debate. One of those two sessions, “How to Close the Gender Gap,” had an ironic key point: “Quotas only address symptoms and are being implemented as a last resort” (Rushe).

Often hailed as affirmative action for women or state-sponsored feminism, quotas have been legally introduced in some countries. In 2006, Norway stipulated that the boards of publicly traded companies must be at least forty percent women (Traufetter). With Nordic countries filling the top four WEF Global Gender Gap 2010 rankings and with Norway placed in second, the country has been lauded for leading the way in action against gender inequality (Dresser). German columnist Gerald Traufetter points out that while the quota led the number of female board members of publicly traded companies to increase over twenty percent in just two years, it yielded no change in the composition of CEOs for those companies in the same years. Traufetter also noted that Norway is still not unlike other countries in that the majority of women still work in the public sector, as teachers, nurses or kindergarten teachers, and that the corporate glass ceiling still exists. Facing the arguments of a “female management style” seen in WEF articles,

feminist literature, and the media, corporate CEO surveys reveal that women's effect on the working style on boards has been minimal (Traufetter). Whether this is attributable to the nature of the position or attempts to fit into the male mold, it is difficult to tell. As the ratio of their paid labor time to domestic work increases, perhaps women are increasingly adopting the masculine norms and traits of the "economic man" (Benería 73).

The criticism surrounding quotas for corporate boards or WEF delegates is generally that such practices merely reflect perfunctory or symbolic gestures as an act of tokenism rather than an act addressing the causes. The WEF sessions surrounding gender issues themselves seem token. The conversation occurring in the few gender-themed sessions is not present in the rest of the discussions at the WEF. If "gender" or "women" are not in the session title, the topics are absent from the discussion. The domestic and global policy priorities for the U.S. in 2011 covered in "The Priorities for the U.S. Economy" certainly do not broach the gender gap. Many of the WEF sessions feature topics of current media interest (e.g. Haiti), but while they perhaps generate awareness, they are not the discussions at the crux of the summit with lasting attention. Still, the Davos discussions presented by the WEF surrounding the gender gap provide room for analysis.

A WEF session discussing action towards gender parity in the workplace, "The Gender Agenda: Putting Parity into Practice" promotes the idea of executives harnessing technology to "create more flexible working environments" that encourage a greater work-life balance as a solution to the upper level gender imbalance. The claim is also made that as the Western corporate cultures evolves, "the rest of the world... will have to reform as well" ("The Gender Agenda"). The overwhelmingly Eurocentric panel relies on corporate leadership to effect changes that, while promoting employee work-life balance, do not help their bottom line.

Promoting a work-life balance for employees may improve their happiness, but it stands in opposition to the standard of long hours and competition at major corporations, which in obvious ways benefits the business and its executives. Reliance on an elite corporate figure to go against his or her own economic incentives to create social benefits for employees is not a productive or viable discourse. Superclass members did not achieve their status by doing favors without returns, which the session fails to convincingly identify. Arguments of corporate image, recruitment/retention, etc. might have more bearing than platitudes such as “gender parity is good business” and “women comprise one-half of human capital” (“The Gender Agenda”). Additionally, expectations of foreign corporate leaders, likely competitors, are unfounded and unrealistic. Imposed national regulations through vague “progressive policy” hazard the possibility of losing the corporation’s national allegiance to countries where labor will opt out of a flexible work-life balance for the sake of gender parity.

A second key point presented in “The Gender Agenda” session to encourage gender parity frames equality as strategic: “When at least one-half of all customers are women, corporate leadership that reflects the composition of the general public will have an easier time connecting with their clients.” An argument of more diverse perspectives for better strategic decision-making is logical, but unlikely to reach the level of global elites, who arrived there through their homogeneity and identity politics in many senses. Corporate leadership’s main concern is not to individually connect with the general public on a personal level. They would not be in the position they are if they simply wanted to reflect the composition of the general public. Such a line of reasoning would call for corporate leadership to have less education and be significantly younger. Expecting executives to take measures to avoid “in-group thinking” and promote the questioning of conventional wisdom is contrary to the system in which the

superclass arose. The actions called upon in the WEF session do not correspond to the elite's modus operandi or the theory of uncertainty that underlies common traits and conformity among leadership positions.

This session reflects the kind of discourse on upper level gender parity imparted at Davos, where wives and dates of the attendees are most of the women there. As unproductive as it may be, such a session had to happen, as a token of the WEF's social progressiveness and relevance. Tokenism, according to Zweigenhaft and Domhoff, does have benefits for organizations as it restores public confidence in the system and its fairness (7). Companies (and the WEF) may benefit from appearing diverse (in members and topics). Zweigenhaft and Domhoff argue that women in higher management and on boards provide "a valuable buffer between the men who control the corporation and the corporation's labor force (and the general public)" (58). Women can serve as liaisons with their group, women, and other marginalized agents and institutions. An incentive for corporations to include women in higher management and on their boards is the legitimating function their presence there serves (Zweigenhaft and Domhoff 7). While this may facilitate the inclusion of women into management, they tend to be channeled away from positions in top management and into "soft" areas including labor relations and public relations (Zweigenhaft and Domhoff 58). This role of women as tokens, ambassadors, and buffers has often benefited the elite more than women (Zweigenhaft and Domhoff 245).

### *Cultural Overcompensation*

A WEF survey last year found that employees around the globe considered "patriarchal corporate culture" to be the biggest barrier to female leadership (Rushe). In the male-centered

cultures of the military, business, and politics, women have to be more exemplary of the culture so as to blend in and ease the “uncertainty”, which undermines the idea of diversity. One Davos panel, “Women with a Business Impact,” boldly asserts that “women have to outperform men to be successful; they must over-achieve to succeed.” A female gender is essentially a superclass handicap. A woman must overcome this difference from the elite norm by exhibiting other aspects of her background, practices, and perspectives that align with the elite. The drive towards assimilation and conformity in the global power elite leads women to prove their elitism through membership in the upper economic and social classes, family connections, volunteerism, academics, networking, and other social mechanisms. According to Zweigenhaft and Domhoff, “The newcomers to the power elite have found ways to signal that they are willing to join the game as it has always been played, assuring the old guard that they will call for not more than relatively minor adjustments” (7). Thus the new element in the elite class of gender is still transcended by conventional shared values and interests, and an appropriate level of assimilation to male culture.

**Education:**

In line with the need for compensation for having a female sex in traditionally and culturally male-run institutions, higher education is a common way to gain advantage. Higher education for women and their academic success has boomed in recent decades to the point where women now graduate from college in far higher numbers than men in the U.S. Women are thriving at the secondary level too, with 72% of all high school valedictorians in 2009 belonging to fairer sex. In “The End of Men,” Hanna Rosin describes a situation where elite American

colleges have a level of affirmative action for men in their efforts to maintain a gender equal student body. Rosin cites a 2003 study of selective liberal arts schools by economist Sandy Baum and Eban Goodstein, whose findings show that a male gender raises college acceptance rates 6.5 to 9 percentage points. Women are clearly capitalizing on the relative accessibility of education. Many cite higher education as a way for women to close the gender gap. In gender progressive Finland, women have a higher enrollment rate in secondary and tertiary education than men, but they still earn eighteen percent less on average (Rushe). Three separate studies presented by Zweigenhaft and Domhoff concluded that women on American corporate boards were better educated than their male counterparts (52).

Not only the degree, but the educational institution matter. The top tier schools for law, business, public policy, and international relations attended by men in the elite class also filter many of the women joining them (Zweigenhaft and Domhoff 7). While elite business graduate schools tend to graduate a far higher number of men, they provide the same opportunity of institutionalized relationships and networks for women. However, while the doors seem open, social processes are still occurring that channel women away from elite educational paths, often through self-selection. One only needs to consider at the numbers of men with Art History, Education, or French majors, and the percentage of women with degrees in Computer Science, Economics, or Political Science to see that gender segregation exists in academia. Differences in degree specialization for men feed into professions that are traditionally reserved for men, such as politics and science.

*Cultural Legacy of Stereotypes and Traditional Roles*

Gender stereotypes and cultural bases attributing strengths, weakness, goals, and qualities to the sexes continue to persist. Many of the arguments for gender parity hinge on assumed gender traits. While much of behavior and personality are innate, even more is believed to be formed by one's circumstances and ambient environment through operant conditioning and other stimuli. As the cultural landscape changes for both sexes in terms of societal roles and professionalism, cultural norms regarding male and female characteristics so too evolve. As gender identities are slowly reconstituted, "women's ways of seeing and doing" become variable (Benería 73). From women's increasing level of engagement in the capitalist and professional markets, Benería derives the question, "Are women becoming more individualistic, selfish and less nurturing?" (73). The French Minister of Finance, Christine Lagarde, maintains that rich and successful women, especially mothers, stay more connected to the real world because they still must juggle work and home life to a larger extent (Bennhold). More often than upper-level professional men, upper-level professional women tend to bear the greater responsibility for children, grocery shopping, and interactions with nannies, teachers, parents, and housekeepers, keeping them in touch with society and farther from entitlement (Bennhold).

Rothkopf lists the psychological traits characteristic of the global power elite. Whether these are traits suited to the nature of their positions (and paths to them), or predominantly male traits is unclear. This becomes a question of nature versus nurture and attribution. The fact that people with power tend to take risks and come to depend on the endorphins associated with their high-stakes positions may not be dependent on gender (Rothkopf 294). Women in similar positions may also come to exhibit riskier behavior. A similar line of thinking is demonstrated in a study finding increasing numbers of women displaying extreme or violent aggression in the workplace, which suggests that the position affects individual behavior for women and men

(Rosin). Thus, when a Davos session produces an assessment such as this: “women in leadership positions help mitigate risk (women tend to be more risk averse) and serve as an important counterbalance in the world and workplace,” its certainty should be questioned (“Women with a Business Impact”). Changes based on such statements can create unfair expectations for women’s roles and performance. The confidence to approach risk and make high-stakes decisions in uncharted territory is a key aspect of leadership.

Another common selling point for corporate women is the assumption that women will offer a compassionate value system, one even used by Schwab, who proclaimed an imperative for “a true gender equality revolution” (Dresser). In light of the current recession, qualities such as women’s lack of “group think” and their mental diversity are emphasized. A panel on “How to Close the Gender Gap” underscores women’s ability to complement the management of men: “There is a history of women being whistle-blowers and being less inclined to coercive group thinking, also known as “group think.” Women have also been sold as being more self-critical, a trait supposedly suggesting resistance to the “theatre of leadership involved in running a company or government” (“The Gender Agenda”). Research proving women to be less inclined to corruption and these other points seem like short term benefits simply listed to start the ball rolling on gender parity. Such research reflects women in a specific corporate setting and social zeitgeist, rather than evolving ones.

The current zeitgeist is definitely a male-oriented one, which seems to not only hold back women, but leads them to hold themselves back. One statistic reported at the WEF session “The Gender Agenda,” revealed that “49% of men said they would start a company, versus only 29% of women,” according to a Facebook poll. Similarly, in an online undergraduate student survey conducted by Dartmouth Alumni Magazine, twelve percent less women than men considered

themselves in the intellectual “top tier” compared to their fellow students (“The Millennial Mindset” 26). Confidence, one of the key ingredients to professional success, seems comparatively lacking for the female half. Longtime Davos attendee and French finance minister, Christine Lagarde, also admits to faltering confidence in the midst of “male-dominated chemistry” at venues like the WEF meeting: “You know you’re competent, you’ve looked at your files, but somehow you feel inhibited” (Bennhold). Woman also must balance the task of appearing a certain level of competitive and tough, but also maintaining a careful amount of femininity, attractiveness, and care (Zweigenhaft and Domhoff).

Personal conversations at a Trinity College Alumnae Networking event for women confirmed the masculine culture of professional institutions as several women voiced difficulty in managing traditional female and household roles with moving up the professional ladder. Two female CEOs admitted to making many family sacrifices in order to further their careers. While this may be typical of either gender, it is a decision that is highly stigmatized for women. One CEO professed the importance of adapting to the male social scene, or at least showing up even if the only woman present. When the culture at the top corporate and financial positions is known to include strip clubs, cocaine, and prostitution all covered by the corporate black card, it becomes even harder to tread the gender tightrope (*Inside Job*). The elite institutions are no longer exclusively male enclaves as Mills saw, but they’re not wide open for women either. The imbalances in the global power structure result in a protracted movement towards change.

## CONCLUSION

Despite proclaims of increased diversity, innovation, meritocracy, inclusivity, and freedom, a small group of individuals continue to guard a monopoly on capital, ideas, and power. The neoliberal key words of entrepreneurship and innovation have been advanced in the neoliberal era, however their application is often to serve a less inspiring ends. These words are applied less to the people and more to a global thinking of power relations and a capitalist agenda. Operating in both national and transnational realms and capitalizing on the international voids between national nodes, the global power elite walk the line of denationalization and national structures of power, wherever it best benefits them. They hail from across the globe, but are still weighted towards a Western geographical background. Trends in the demographic and geographic shifts of the elite foretell power changes in the international playing field. American hegemony is still reflected in both the global environment and the elite class, but other actors are gaining authority and coming into play.

These actors may include rising countries such as China, the emergence of the shadow elite who “don’t need to go to Davos,” and anti-Davos elites such as Iran’s Ahmadinejad or Venezuela’s Chavez and his “Bolivarian Consensus” (Rothkopf 187). Rothkopf cites the emerging world, especially Asia, to hold the fastest-growing groups (291). Predictions of a superpower rivalry between the U.S. and China suggest a future G2 arrangement of power, while others still predict a G-Zero rearrangement for geopolitical equilibrium (Dowell 48). Established and emerging nuclear powers, France, the U.K. and Russia in the former category, and India, Pakistan, Israel, and Iran in the latter, also wield (or soon will) the power of force, projecting significant roles for their elites (Dowell 48). While coordination is usually fragmented and ad hoc, strengthened alliances between states with supranational law also affect the balance of

power, setting up leaders of E.U. for influential positions. The reality of global interdependency and gaps illuminate the absence of a centralized agency or authority and power of those of attempting to fill it (Dowell 54). The antiglobalist response and growing list of successful grassroots movements, often fueled by commonplace technologies, also present potential for viable opposition and change.

Members of the global power elite are in many ways removed from the lifestyles, ideologies, and realities of the general population, yet they are the ones shaping its world. When only one of every seventeen superclass members is female, the stagnation towards gender parity at all classes is not surprising. It is also not surprising that as their consolidation in power and international influence increases, the terms of trade and economics have increasingly profited them. The members of the elite change, but the culture largely remains the same. Despite our love for rags-to-riches stories, they are not as common as the media portrays, and high social origins are the most important factor in making elites present and past (Zweigenhaft and Domhoff 7).

The WEF report on its 2011 annual meeting paints an uncertain portrait of the realities of the modern world:

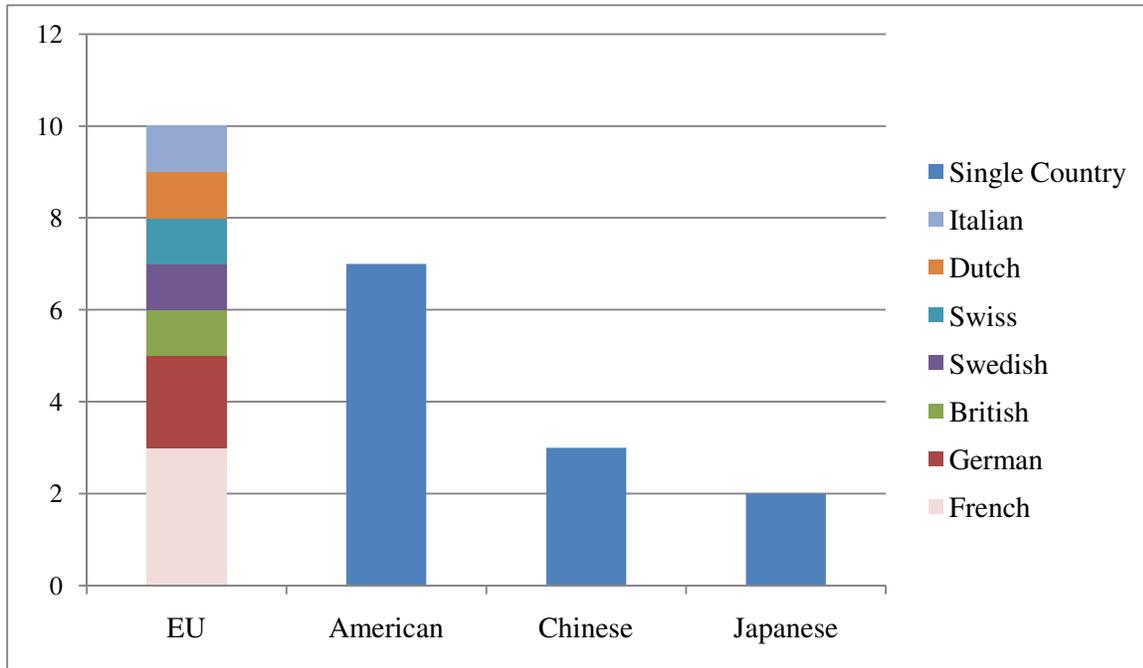
Globalization, shifting demographics, rapidly accelerating technological change, increased connectivity, economic uncertainty, a growing multiplicity of actors and shifting power structures combine to make operating in this world unprecedentedly complex and challenging for corporations, institutions and countries alike (Dowell 27).

Despite all the shifts, accelerations, changes, risks, and complexities of the global condition, one thing that is sure to remain is the presence of a global power elite. Denationalized as they are,

their pledge of allegiance might be: To the re-private, for which it expands, 195 nations under a nondenominational being, indivisible markets, with trade liberty and just his for all (or at least one in a million).

**APPENDIX A**

Figure 3. CEOs of 22 Largest Companies by Nationality



Collected from Fortune's 2010 rankings of the World's Largest Companies ("Global 500").

**APPENDIX B****World's 22 Largest Companies 2010 and Their CEOs' Nationalities:**

1. Wal-mart\*
2. Dutch Royal Shell (Swiss)
3. Exxon Mobil\*
4. BP (British)
5. Toyota Motor (Japanese)
6. Japan Post Holdings (Japanese)
7. Sinopec (Chinese)
8. State Grid (Chinese)
9. AXA (French)
10. China National Petroleum (Chinese)
11. Chevron\*
12. ING Group (Netherlands)
13. General Electric\*
14. Total (French)
15. Bank of America\*
16. Volkswagen (German)
17. ConocoPhillips\*
18. BNP Paribas (French)
19. Assicurazioni Generali (Italian)
20. Allianz (German)
21. AT&T\*
22. Carrefour (Swedish)

\* Indicates American CEO

Collected from Fortune's 2010 rankings of the World's Largest Companies ("Global 500").

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