

Review: The Rich In Public Opinion By Rainer Zitelmann

TOM BURROUGHES, GROUP EDITOR
August 24, 2020

This news service reviews a chunky new study of how people in the US, Germany, the UK, France and other places view the wealthy and what those attitudes suggest for the future. It also has lessons for those advising HNW and ultra-HNW individuals.

In this day and age when sensitivities and prejudices are regular front-page news shaping our politics, unjust views about the “rich” and the wider issue of “classism” don’t appear to garner much attention. A new study of how wealthy people are viewed, however, deserves a wider audience, not least from wealth managers.

Germany-based academic and businessman, Dr Rainer Zitelmann has a new book, *The Rich In Public Opinion*, published by the CATO Institute. An outspoken defender of free enterprise, Dr Zitelmann puts aside rhetoric to analyze, in considerable detail, how people view those they consider to be rich. Running to 463 pages, this book, with its charts and detailed footnotes, packs a scholarly punch. Dr Zitelmann commissioned his own research, and draws on a wide range of other research findings to uncover attitudes. He looks at Germany, the US, the UK and France in particular, and probes attitudes toward wealth by the mainstream media, social media, and film and television. There is also a particularly detailed analysis of the “Panama Papers” and “Paradise Papers” coverage of a few years ago, revealing how journalists often skated over the fact that the data “leaked” from various offshore law firms had in fact been stolen. Dr Zitelmann restrains his views, but the reader never entirely forgets his distaste for these episodes and the conduct by part of the media.

What emerges from his book overall is that advocates for free enterprise have a lot of work to do. The book notes, for example, that a significant chunk of the surveyed population subscribe to an envy-driven “zero-sum” view of the world (my loss is your gain, and vice versa). Even among those who aren’t envious and take a more benevolent view of how economies work, may have ambivalent views about “the rich”. This goes far beyond a simplistic “Left” or “Right” political chart. One telling fact is that most of those who distrust and disapprove of the rich, base their attitudes without even knowing a millionaire. Lack of familiarity makes it easier for people to view “the rich” as an alien species. And such a lack of contact makes it easier to scapegoat groups such as “bankers” and “speculators”, possibly leading to demands for confiscatory taxes and worse.

The author goes into considerable detail outlining the status of “prejudice research” – a hot topic right now for obvious reasons – and seeks to explain why people who are envious of the wealthy, for example, assume that the latter group are cold, mean, aggressive and lack empathy. One factor – which might make people of certain views uncomfortable – is that by diminishing the moral stature of a rich person, the envier can feel better about himself or herself, rather than asking the hard question of why they aren’t as successful in life. Dislike of the rich, and adherence to certain political and cultural attitudes, in Dr Zitelmann’s formulation, is a coping or compensation strategy.

Here is a telling paragraph: *“The assertion that one is morally superior is, of course, impossible to objectively prove. And at the same time, the psychological compensation function of such claims is clear: claiming that the rich have worse family lives, are morally inferior, or generally do not have healthy interpersonal relationships allows one to compensate for an inferiority complex and place oneself above those with higher social status.”* (Page 100.)

All these insights are valuable, and to the mind of this reviewer, accurate. What perhaps is also necessary, however, is to understand a bit more about why hostility to “the rich” is at such elevated levels, beyond the psychological reasons that the study unearths. For example, surely one major causal factor in recent years was taxpayer bailout

of banks. However simplistic and false the “evil banker” narrative may be, the sight of famous institutions being rescued with huge sums of public money stirred anger that was not about envy or zero-sum thinking, but quite the opposite. It might have been politically and economically impossible to allow certain institutions to go bust, but the bailouts were very easily portrayed as “one rule for the rich, another for everyone else”. Quantitative easing has also inflated certain assets and hit others, magnifying inequality. Zoning laws and other forces have squeezed the availability of residential accommodation. It is hard for young adults to take a confident view of future wealth if they still have to live in Mom’s basement.

The author touches on why the zero-sum fallacy is widely ingrained (it goes back to human pre-history when people lived in small tribes); it might be useful in future to understand more deeply why fallacious attitudes about business and wealth are so persistent. Some of this might be a pure echo-chamber effect – if a person dislikes wealthy people, in today’s climate they are not going to get much pushback from their peers. We are more tribal in our thinking than we would like to admit, and it takes a lot of self-discipline to curb such biases. (The insights of behavioral finance are useful here.) In future, other researchers should get an idea of what pupils in school learn about business, if at all. Weak or non-existent financial literacy is a major problem – and that surely might explain, in part, why attitudes about “the rich” are what they are.

Humans learn many of their ideas not through abstract treatises, but through stories, whether in print or on the screen. And it seems that this is an area where defenders of open, free enterprise models should concentrate more effort in the future. The stories of great entrepreneurs and inventors can still seize attention if told entertainingly enough.

The *Rich In Public Opinion* is an eye-opening study that hopefully will stimulate more debate and more research in future.

(To view a couple of recent articles here by Dr Zitelmann, see [here](#) and [here](#).)