

Financial stupidocracy

(and other psychopathies)

Giancarlo Livraghi – January 2012

Since the invention of money (probably five thousand years ago – or maybe much earlier, depending on what we mean by “money”) plutocracy has been despised as a “sin”. More relevantly, identified as a contagious disease.

Throughout history, “moral” condemnation of “the rich” is often hypocritical. Many self-appointed critics of other people’s wealth don’t even bother to hide the fact that they own, or control, even larger financial resources and all sorts of expensive privileges.

Envy is unhealthy, depressing and misleading. Personally, I have never been worried about anyone being very rich. It depends on how they earn their money and what they do with it.

These comments don’t intend to get into the complex and endless debate about money being a resource or a damnation. Let’s assume, if only for the sake of this analysis, that there is nothing wrong with money as such. It’s a tool – useful or harmful, honest or unfair, depending on how it’s used.

But there are standards of “distribution” that help an economy to be healthy and society to be balanced – or heading for disaster – depending on how many people share which benefits. Including, but not only, money.

If too few own too much, and too many not enough, the entire system isn’t only unfair. It also doesn’t work – and tends to go from bad to worse.

This is stupidocracy. It isn’t new. But there are clear, alarming indications that it’s awfully powerful right now, on a worldwide scale. And growing.

A widespread notion at his time is that “one percent of the people own 99 percent of the money”. Of course the accuracy of any such statistics is questionable, but it’s worrying enough even if we simply state it as “too many own too much” (and, of course, conversely “too many are too poor”). But what makes it even worse is a definition of “who” are the new rich and powerful.

There are many sources that could be usefully quoted on this sort of problems (though practically none offering viable solutions). But it so happens that a good summary is provided by two different and apparently unrelated reports in the same issue of *The Economist* – January 21, 2012.

In *Income inequality – who are the 1%?* several academic studies are reported by *The Economist* indicating that a growing proportion of the “richest one percent” consists of finance traders. economist.com/node/21543178

The Economist

January 21 – 2012

The Economist explains that «investment bankers, corporate lawyers, hedge-fund and private-equity managers have displaced corporate executives at the top of the income ladder». According to a recent OECD report «although the 1% have been gaining share in most countries, the trend began sooner, and has gone further, in America». But «even more of the top 1% work in finance in Britain». It's no coincidence that these are the two places where stock trading deregulation, and wild financial gambling, started thirty years ago.

This particular breed of “new rich” have «high levels of educational attainment» and «increasingly marry people like themselves». Also «kinship plays a big part» – they are often training their children to follow in their steps. And they are «getting more interested in politics».

We know from other sources that they are shrewd and selfish, ruthless and mentally disturbed – identified by relevant studies as «incurable psychopaths who have a genetically-inherited biochemical condition that prevents them from feeling normal human empathy».

(This is explained in *Is it a mental disease?* pages 8-9 of
Once upon a time there was the market gandalf.it/stupid/market.pdf).
(And also in *Of mice and men* gandalf.it/offline/rats.pdf).

In simple words, we are witnessing the development of a hereditary “caste” of pathologically inhuman dynasties making much more money than anyone else while producing nothing, other than harm – and now also overtly seeking political power.

If they were allowed to continue, and to gain even more power, their global dominance would be much more mischievous than the proverbial “robber barons” in the Middle Ages and in early stock trading trickeries that can be dated back to the eighteenth century.

They have already caused a distressing amount of damage, though it has not yet led to an irreversible worldwide catastrophe. We still have a chance to stop them, or at least reduce their influence. But time is getting short.

Tax investigators should look more carefully into their income. And it would make sense if they were more aggressively incriminated for fraud.

But we could even let them keep their money (a lot of it, anyhow, is hidden in tax havens). The really urgent need is to stop them stealing everyone else's money – even worse, undermining the wellbeing of people and civil societies worldwide. Including many countries not directly involved in the financial rat-race, but suffering from its hideous “side effects”.

The other comments by *The Economist*, that can help to understand another kind of increasing stupidocracy, are in the January 21 2012 cover story – a 14-page “special report” on *The rise of state capitalism* that *«will cause increasing problems»*. economist.com/node/21543160

It’s happening in several different places and in remarkably different ways, but all heading in the same direction. Increasing wealth in “developing countries” is, of course, good news. But the problem is that too much of it is in the hands of selfish oligarchies, heartless bureaucracies and cruel élites, with deeply rooted corruption and warped political power.

They appear “successful”, because many of those economies are growing. But they are unhealthy. Too much power (and wealth) concentrated in too few selfish hands isn’t only unfair, it also doesn’t work.

The Economist explains. *«State capitalism’s biggest failure is to do with liberty. By turning companies into organs of the government, state capitalism simultaneously concentrates power and corrupts it. It introduces commercial criteria into political decisions and political decisions into commercial ones. And it removes an essential layer of scrutiny from central government»*.

Corrupt “state capitalism” in emerging economic powers and financial trickery in traditionally “rich” countries are fighting among themselves and against each other. On both sides, they are cheating with rigged cards and twisted information in their striving for power to “command and conquer”. But they don’t understand that they are awkwardly and mindlessly converging toward the same shipwreck.

The power addicts in all environments can (and should) be identified as ravaging “sharks”, more precisely dangerous psychopaths – to be removed from the control room as soon and as quietly as possible. This could be quite easy, with a healthy dose of common sense. Unfortunately what we are witnessing is an alarming multiplication of fearsome conflicts, including physical violence with awfully large numbers of people being killed in brutal armed repression or dramatically confused uprisings. Not all these tragedies are always caused by financial mismanagement, but anyhow powermongering psychopaths are actively involved (and also violent maniacs).

From the point of view of the tiny minorities playing the power game, this warped maneuvering may appear smart – while its worst effects are brushed off as “collateral damage”. But what really matters is the 99 (or more) percent of humanity that is suffering the awful consequences. In the most relevant perspective, it’s enormously stupid.

And this is why it’s correct to call it stupidocracy.