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Katharina Schramm – Beyond Influence:  
Rethinking Elites in the Brave New World

## BEYOND INFLUENCE: RETHINKING ELITES IN THE BRAVE NEW WORLD

Katharina Schramm is placed third in this year's St. Gallen Wings of Excellence Award. She studies at the University of St. Gallen and will attend the 45<sup>th</sup> St. Gallen Symposium as a Leader of Tomorrow.

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Katharina holds a Bachelor's degree in business administration from the University of Mannheim and is currently a master student at the University of St. Gallen where she studies accounting & finance and CEMS Master in international management. During her studies, she completed exchange semesters at HEC Paris and ESADE Business School in Barcelona. After obtaining the German *Abitur*, she undertook a two-year professional training in banking and is a certified banker since 2010. Following this, she has gained professional experience in risk advisory, as a tutor for financial mathematics and quantitative methods and as a research assistant for internal audit at the University of St. Gallen. Her interests include corporate governance, business ethics, art and psychology.

Aldous Huxley was fascinated with elites. In his novel, *Brave New World* (1931), he creates a society of Alphas ruling over Betas, Deltas, Gammas and Epsilons in a caste system state order. The rules of society are simple. 1. Stability is valued over anything else – particularly anything that could engender fractures to the citizens' superficial sense of happiness. 2. The state religion is Fordism, modelled after the principles of Henry Ford: History is bunk, what counts is efficiency. 3. Truth and science are replaced by Soma, a drug for emotional emergencies to alleviate feelings like guilt and shame. 4. No guilt – no responsibility.

Some would say "perfect system, isn't it?" and others that it is a grim foreshadowing of the zeitgeist of the 21<sup>st</sup> century. And maybe in some ways today is even worse. In stark contrast we have no Soma to create stability and forget what is going on. 39 million people have died from AIDS, 65 million girls are out of

school, 87% of global fish species are overexploited and the geopolitical conflict between Russia and the Ukraine is still simmering. Britain is the fifth richest country in the world, yet one out of four British children grows up in poverty, not even to speak of the situation in developing countries. Terrorist attacks in Paris reignite the religious debate and management of big data is tied to both great fear and great expectation. In a few years, there will be more bits of data in the digital cosmos than stars in the actual universe.

Beyond doubt, the challenges have shifted, but the general idea of what role elites assume in light of such developments might still hold. Against this background, we must ask if the characteristics depicted by Huxley are a reflection of this idea today.

THE OPTIMUM POPULATION IS MODELLED ON THE ICEBERG.

Oxford dictionary defines elite in two ways. First, as a select group that is superior in terms of ability or qualities to the rest of a group or society, second as a group or class of people seen as having the most power and influence in a society, especially on account of wealth and privilege. Yet, the second definition seems to be dominant. Reuters forecasts that by the end of 2016, the wealthiest 1% will own more than the rest of the world population. Why is that the case?

In his book *Twilight of the Elites: America after Meritocracy*, Christopher Hayes argues that the mechanisms of meritocracy are critically disrupted by income inequality and mobility gaps. First, inherent income inequality fosters that the rich will always be endowed with superior access to education and financial viability. As a result, they can leverage upon existing privileges and further

substantiate income imbalances. Second, differences in mobility manifest unequal networking opportunities and access to scattered resources, whereby mobility is again shackled to wealth. So, in essence, society's elite grounds on wealth and intelligence, both of which are beyond anyone's control at birth. The American Dream a fallacy? Some would say "yes".

#### GOD IN THE SAFE AND FORD ON THE SHELVES

Concentration of power among elites is favourable if elites act as dutiful agents for society as their principal. Conversely, social theorist Robert Michels sensitises about oligarchic structures, alerting that "the leaders, who were at first no more than the executive organs of the collective, will soon emancipate themselves from the mass and become independent of its control." In market economies, regulators put a halt to the blossoming of such scenarios and the call for governance let supervisory committees and internal auditors sprout in the organisational landscape. In a societal or political context, however, regulating oligarchic power is challenging not only from an administrative point of view; in the way stands also the idealistic belief that elites use their ability to do good, not bad. This assumption is fundamentally flawed.

We like to think of Nelson Mandela or Martin Luther King but forget that in different times, societies saw elites in Hitler, Zedong and Hussein. Clearly, this unearths not only an uncongenial tendency to switch off our memory and to black out jeopardies in hindsight; it also sheds light upon how we send misguided signals to subsequent generations that favour non-consequentialism and power abuse by minorities.

#### CONSIDER THE HORSE, SAID THE CONTROLLER. THEY CONSIDERED IT.

Small groups of people with similar characteristics come along with the risk of weak ideological diversity. They are less likely to stir the internal friction necessary for development and reinvention. Adoration and fascination with elite authorities add fuel to the flame, with the result that messages can effortlessly infiltrate value systems and anchor into pathologies – mental shortcuts so to say. By human nature, we are inclined to accept such pathologies because they avail of what Huxley emphasises – stability and a sense of peace – in sad exchange for the eradication of accountability. Thus, we cowardly turn to our personal Soma in order not to use our minds, not to "Sapere Aude" as Immanuel Kant postulated 230 years ago. Notwithstanding, the lack of criticality was not the sole reason why elites failed in the past, other causes lay in the lack of accountability and in the absence of ethics, yet another in the inability of elites to effectively use the potential they possess.

#### I AM, AND I WISH I WERE NOT.

Somewhere in wonderland it seems, we fell down a rabbit hole and landed in no man's land – a place where we are no longer proudly small, we are terrified by it. It dawns on us that we are burdened rather than empowered by the myriad of opportunities with the result that we do not know how to use them. Instead, we are lost and hunch under the expectation to change the world. In this context, former Yale professor William Deresiewicz takes turns on the education system and diagnoses that universities manufacture "young people who are smart and talented and driven, yes, but also anxious, timid, and lost, with little intellectual curiosity and a stunted sense of purpose: trapped in a bubble of

privilege, heading meekly in the same direction, great at what they are doing but with no idea why they are doing it". Not totally beside the point, considering few have a sense of direction but many a college education worth debt. No wonder the term elite sounds an alarm to so many Millennials.

#### ALONE IN THE SKELETON WORLD OF ROCKS AND MOONLIGHT

Alphas of generation Y have 263 contacts on LinkedIn but we are more alone than any generation before us. We compete from afar from hotspots in Moscow, New York and Seoul instead of cooperate, and we shatter from personal dilemmas instead of flock together on superordinate missions. It is, as *Time* magazine points out, generation "me, me, me". However, this ailing mentality is not new and has silently befallen us over the past decades.

In January 1986, when NASA launched space shuttle *Challenger*, which disintegrated shortly after lift-off, engineer Roger Boisjoly knew. He warned executives that temperatures were too low for the shuttle's gas sealing rings, only to be discarded and ordered to "put on the management hat". Later, when he blew the whistle, he was let go with his concerns unheard, his authority undermined. As an engineer, was he not credible enough in the managerial arena?

Astoundingly, management elites have taken over a dominant role in the globalised economy over the past decades. Though this is beyond question favourable in many regards, it also adds that isolation and competition take the place of enrichment and mutual empowerment. And while in the 20<sup>th</sup> century there were Marie Curie, John F. Kennedy and Neil Armstrong, the hero of generation Y lies somewhere between Gates, Murdoch and Zuckerberg. As the relevance of corporate elites grew, results

sometimes came to overshadow the deeper cause and, all too often, our moral compass points towards money. Critically said, we crave myopic success and showers of narcissistic applause. More rocks, less moonlight.

#### TOWARDS A NEW GLOBAL ELITE

The above snapshot calls for action. But how should elites emerge and transform in the 21<sup>st</sup> century then? Huxley provides a solution when a character rebels and claims love, truth and accountability. In reality though, accomplishing these things is – well, slightly – more intricate. They require a far stretch in mentality which acknowledges that we stand hips in water, calling for a paradigm shift if we want a remote chance to tackle the challenges flooding in.

First, as elites are by conventional definition endowed with either extraordinary wealth, intelligence or both – how can folks in such privileged conditions become sensitive to famine, melting poles and illiteracy? Or empathetic to havoc, destruction and death in Libya, Syria and Israel? In spite of densifying curricula, the initial spark must be provided by universities, incorporating current issues in lesson plans, course offerings and extracurricular initiatives. Hult Prize is a way-paving example in this context, inciting business students out of their comfort zone to come up with entrepreneurial concepts for social issues in developing countries.

Second, we need to drive forward the establishment of networks at universities and platforms like the World Economic Forum on the global parquet floor. Against this background, we must permeate the assumption that some elites are superior and bridge the gap between politics, businesses and science. Only together, leaders are put in a position of 360° insight and empowerment for the assessment, prioritisation and alignment

of resources, and for consensus on the scope and timeframe for action.

Third, as corporate elites will always hold a particular disposition for impact, instruments for transparency and alignment become indispensable. TATA is the first company to implement an international XBRL-based taxonomy for integrated reporting. How about we aim at 70% of listed companies to join this or a similar taxonomy, preferably by 2020?

Lastly, we need to make a U-turn towards the first definition of elite and expand the term to vision, courage and wider talent, otherwise we fall victim to the complacency to delegate responsibility to others. After all, it is all too easy to yell “elite failure” – an expression blatantly overused. We must increasingly reckon that we do not live in a caste system of Alphas, Betas and Gammas, and that in our society, principals can become agents. Sophie Scholl was neither rich nor powerful, nor was Steve Jobs when he started out. The difference was that they considered themselves chosen and had an impact on the right of their own actions in the face of adversity. So did 2014 Nobel Peace Prize laureate Malala Yousafzai in her fight for girls’ education in Pakistan or Chinese actress Yao Chen who took to the Chinese micro-blogging equivalent of Twitter to campaign against the toxic byproducts of the country’s rising economy. They made it on *Time*’s most influential list and show us how to do it. They lead by example and teach how to harvest the benefits of technology to make their voices heard.

In this regard, it seems like today’s elite has already made strides to overcome the confines of the traditional definition. As we become more entrepreneurial, global and cosmopolitan in thinking rather than aristocratic by heritage, we dare more into the realm of firms like Google, Tesla, Amazon and Apple. Now, it is up to us to balloon this new creative mindset into a

wider horizon with sustainable velocity. In fact, let us dream a bit. Ok – let us dream big. Maybe it is too inconvenient to break with the conventional. Maybe it is a castle in the air. And maybe it is both fantastically bold and incredibly foolish. Maybe. But maybe we also need to stop suffering from the Not-In-My-Backyard-Syndrome and take action. Neither will the rainforest be unrazed nor will the African continent be seamlessly equipped with digital technology by tomorrow, but current developments dart a shy glance at the potential that leaders of tomorrow can materialise over time. They can morph into an impartial alliance that establishes a sense of urgency and a guiding coalition for action. Not undirected action though, but action that follows a recalibrated moral compass according to an unspoken ethics charter, that pursues unprecedented agendas and whose incentive becomes at least in part untied from money.

The new world unlocks opportunity only for the bravest. To succeed, they will need to be resilient and become assertive. They can try and they can fail, but if they fail they must try again. Ultimately, elite is a term, responsibility a choice.

*“But God doesn’t change.’ Men do, though.’ ‘What difference does that make?’ ‘All the difference in the world.”*

– Aldous Huxley, *Brave New World*

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