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Investigating the world's rich and powerful: Education, cognitive ability, and sex differences

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ABSTRACT

To investigate who becomes a member of the global elite, three groups were examined: the world's billionaires (N = 1426), most powerful people (N = 231) according to *Forbes* magazine, and World Economic Forum (Davos) attendees (N = 2624). All groups were highly educated and cognitively able: roughly 34% of billionaires, 31% of self-made billionaires, 71% of powerful males, 58% of powerful females, and 55% of Davos participants attended elite schools worldwide. Among billionaires and Davos attendees, many majored in business and STEM. In the U.S., top 1% ability individuals were highly overrepresented: 45 times (base rate expectations) among billionaires, 56 times among powerful females, 85 times among powerful males, and 64 times among Davos participants. Many powerful people and Davos attendees resided in the U.S. Education and ability level differences were found across countries and sectors in which billionaires and Davos attendees resided. Even within the top 0.0000001% of wealth, higher education and ability were associated with higher net worth, even within self-made and non-self-made billionaires, but not within China and Russia. Females were underrepresented among all groups, especially among self-made billionaires. These global elites were largely drawn from the academically gifted, with many likely in the top 1% of ability. The clustering of brains, wealth, and power may have important implications.

1. Introduction

At any given time, society holds a fascination with people who possess wealth or influence. Therefore, it is natural to wonder what personal traits and other factors might be necessary to attain such positions. Although many interlocking individual and societal factors are likely involved, factors that might play a role are the education and cognitive ability level of the individual. One way to empirically investigate this issue is to directly examine three groups of global elites—billionaires, the most powerful people according to *Forbes* magazine, and the rich and powerful people who attend the World Economic Forum in Davos—and retrospectively assess to what degree they were educated and cognitively able (Cox, 1926; Simonton, 2009).

Murray (2008, p. 107) stated that the United States (U.S.) elite "are drawn overwhelmingly from the academically gifted," essentially those with high cognitive ability. Wai (2013) empirically examined this hypothesis looking at groups of the U.S. elite including senators, House members, federal judges, Fortune 500 CEOs, and billionaires finding the U.S. elite are drawn largely from the cognitive elite. U.S. individuals in the top 1% of ability were highly overrepresented among 2012 billionaires and CEOs, at 45 and 39 times base rate expectations, respectively. Higher education and ability were linked with higher wealth within U.S. billionaires, CEOs, and the top 1% of ability. This added to the large research base connecting cognitive ability with educational and occupational success (Kuncel, Hezlett, & Ones, 2004; Nyborg & Jensen, 2001; Schmidt & Hunter, 2004; Wai, in press), including the accumulation of wealth (Kaplan & Raugh, 2013; Rindermann & Thompson, 2011; Wai,

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Lubinski, & Benbow, 2005). Murray (2008, pp. 107–108) noted other groups of U.S. elites that were not investigated in the prior study (Wai, 2013), including: "journalists in the leading print media" and "the most influential faculty in the nation's elite universities." This paper attempts to replicate and expand the findings from Wai (2013) on the U.S. elite, determines whether findings can be extended to the global elite, and explores potential implications.

In order to examine whether the world's rich and powerful are drawn from the academically gifted, we need samples that would allow a retrospective examination of their education and ability level.

2. Samples

2.1. World's billionaires

Data on the 1426 (M = 1289, F = 137; age range = 29 to 98, average ≈ 63) 2013 world's billionaires were taken from *Forbes* magazine's database (The World's Billionaires, 2013) (http://www.forbes.com/billionaires/). Name, country, college or university, graduate school, major, sector in which wealth was obtained, net worth, age, sex, self-made status, relationship status, and number of children were collected. Internet searches were systematically conducted to verify and update information from the *Forbes* database.

2.2. World's most powerful people

Data on the world's most powerful people (N = 231) were drawn from three databases compiled by *Forbes*. The first two were the 2012 and 2013) World's Most Powerful People lists (http://www.forbes.com/powerful-people/) and the third was the 2013 World's Most Powerful Women list (http://www.forbes.com/power-women/). Most powerful men lists for 2012 and 2013 were created by removing women from the most powerful people lists (original N = 71 in 2012 and 74 in 2013). This resulted in three lists including 66 men in 2012 (Age range = 29 to 88, average ≈ 61), 65 men in 2013 (Age range = 29 to 99, average ≈ 61), and 100 women (Age range = 27 to 87, average ≈ 55). The most powerful people list methodology included four factors: the number of people the person employed or managed, the amount of financial resources they controlled, their number of spheres of influence, and how actively they used their power (see Ewalt, 2012 for more detail). The most powerful women list methodology included similar assessments in the areas of money, media presence, and impact (see Howard, 2013 for more detail). For men the list included billionaires, heads of state, CEOs, financiers, philanthropists, and entrepreneurs. For women the list included billionaires, heads of state, CEOs, entertainment and fashion moguls, media executives, nonprofit heads, politicians, and those in technology. Name, country, college or university, graduate school, age, sex, relationship status, and number of children were collected. Internet searches were systematically conducted to verify and update information from the *Forbes* databases.

2.3. World Economic Forum (Davos) participants

Data on the 2624 (M = 2212, F = 412; average age F ≈ 49, M ≈ 52, average ≈ 51.5, Arnett & Chalibi, 2014) people who attended Davos in 2014 were taken from a list compiled by The Wall Street Journal (2014). The people invited to attend Davos are "business, political, academic and other leaders of society" (World Economic Forum, 2014) who are considered some of the "world's most powerful people" (The Guardian, 2014). Name, title, company, and country were collected from *The Wall Street Journal* list, and college or university, graduate school, major, and sex were systematically collected through internet searches. Individual age, relationship status, and number of children were not systematically available.

3. Method

3.1. Assessing education and ability level

The method for the current study is an extension of that used by Wai (2013) for the U.S. alone. Gaining admission to a top U.S. college, university, or graduate school typically requires scoring at or above a certain level on standardized tests such as the Scholastic Assessment Test (SAT), American College Test (ACT), Graduate Record Examination (GRE), Law School Admissions Test (LSAT) or Graduate Management Admission Test (GMAT), among others. The SAT and ACT have been shown to measure general intelligence (*g*) or IQ to a large degree (Frey & Detterman, 2004; Koenig, Frey, & Detterman, 2008), and it is reasonable to think that other tests (e.g. international standardized exams) also measure intelligence due to Spearman's (1927) *indifference of the indicator*—the idea that "*g* enters into any and every mental task" (Jensen, 1998, p. 33). Murray (2012, p. 366) concluded: "the average graduate of an elite [U.S.] college is at the 99th [per]centile of IQ of the entire population of seventeen-year-olds," and defined an elite college to be roughly one of the top dozen schools in the *U.S. News & World Report* rankings (America's Best Colleges, 2013). The list of colleges, universities, and graduate schools indicating top 1% in cognitive ability status within the U.S. can be found in Table 1 of Wai (2013), and in the present study was used within the U.S. and worldwide, as people from around the world often attended U.S. universities. The criteria for selection of these schools were based on the average scores of an institution indicating roughly the top 1% compared to the general U.S. population.[1] However, the majority of individuals attended colleges and universities within their home countries, therefore the QS World University Rankings (2012) were used to determine elite school status within each country. As a reasonably select cut point, up to the top 10 schools within each country were considered elite and included. In many cases there were fewer than 10 schools within

[1] Attendance at a national university or liberal arts college that had median combined SAT Critical Reading and Math scores of 1400 or greater according to *U.S. News & World Report* (America's Best Colleges, 2013) was used as a reasonable indicator that the individual was in the top 1% in cognitive ability compared to the general U.S. population. This resulted in 29 schools which can be found in Table 1 of Wai (2013). Additionally, similar cut scores on the LSAT (12 schools) and GMAT (12 schools) were used as a reasonable indicator that the individual was in the top 1% in cognitive ability. Finally, for students who had graduate degrees outside of law and business, attendance at one of the 29 schools in Table 1 was used as a reasonable indicator that their GRE scores placed them in the top 1% in cognitive ability compared to the general U.S. population. For specific details on the population level statistical calculations that led to these selection criteria, see Wai (2013).