



FEATURED ARTICLE



What are the causes of envy and prejudice against entrepreneurs and the rich?

The only way for nations to escape poverty is through economic growth, and the prerequisite for economic growth is economic freedom.

By Rainer Zitelmann



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Envy has always existed and it transcends cultural boundaries. Renowned sociologist Helmut Schoeck showed this as early as 1968 in his book *Envy: A Theory of Social*

E *Behaviour.* However, in capitalist societies, envy seems to manifest itself more intensely than in previous eras. In capitalist societies, social standing is not determined by lineage or birthright, for, before the law, everyone is equal. In reality, though, competition does not lead to equality but to inequality. And people can react quite differently to this inequality: some respond by striving to reduce the gap between themselves and the rich by trying to improve their own situation. Such people see the rich as a source of inspiration. They seek to learn from successful figures such as Jeff Bezos or Elon Musk by buying a biography or two and studying them to see what insights they can glean. Others react with envy. Like the protesters who set up a guillotine in front of Jeff Bezos' \$23 million mansion in Washington, D.C.

Envy is often fomented by political forces, who incite this emotion for their own political gain. Throughout history, there have been countless examples of this phenomenon. The brutal dictator Idi Amin, who ruled Uganda in the 1970s, hated Jews and "rich" Asians. He said: "Germany is the right place where, when Hitler was the Prime Minister and supreme commander, he burned over six million Jews. This is because Hitler and all German people knew that Israelis are not people who are working in the interest of the people of the world and that is why they burned the Israelis alive with gas in the soil of Germany." Idi Amin suggested resettling all Israelis from the Middle East to Great Britain.

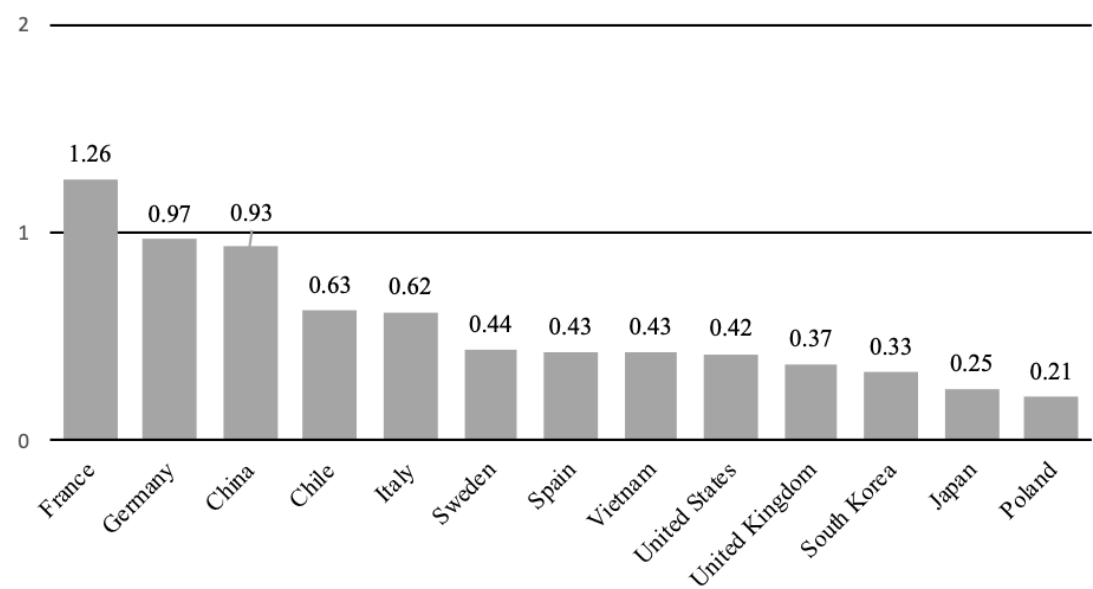
Following his persecution of the Jewish population, Idi Amin turned his hatred towards Asians, particularly Indians. In early August 1972, Amin issued a decree for the expulsion of all Asians from Uganda. At that time, there were around 80,000 Asians living in Uganda, mainly from India and Pakistan. They had already been targeted by Amin's socialist predecessor, Milton Obote, whose persecution of the Asian population had damaged the country's economy. As so often in history, the rich and successful had become scapegoats, and an unprecedented campaign of social envy was launched. They were labelled as exploiters whose only objective was self-enrichment at the expense of indigenous people. They were accused of hoarding wealth. They were accused of milking the economy. Everything that went wrong in the economy was blamed on them. Africans, so the reasoning went, were poor because Indians were exploiting them. The economy was not growing because of the Indians. The persecution of Asians in Uganda was widely supported by the population as a whole. Before they were expelled, Asians owned many large businesses in Uganda, but the "cleansing" of Asians from Uganda's economy was virtually complete. A total of 5,655 companies, plus ranches, farms, agricultural land, houses, and cars, were seized from Asians and redistributed to Africans. Just six months later, in January 1973, Idi Amin made the decision to expropriate British-owned companies without providing compensation.

These socialist measures plunged Uganda into a deep crisis. The expulsion of the Asians aggravated the country's woes as it destroyed a significant portion of the urban tax base. At the time of their deportation, Asians owned 90 percent of the country's businesses and accounted for 90 percent of Uganda's tax revenue.



Envy is a universal phenomenon that exists everywhere in the world, although it does vary in intensity from country to country. I commissioned Ipsos MORI to conduct a survey to gain a deeper understanding of attitudes towards the wealthy in different countries. We asked respondents in 13 countries the same questions. In each country, we categorized respondents into three distinct groups: social envious, non-envious, and ambivalents, who fall somewhere in between. By dividing the percentage of envious by the percentage of non-envious in a given country, we arrive at the social envy coefficient (SEC). The result: envy of the rich is most pronounced in France, followed by Germany. Envy is much weaker in Japan and Poland.

The Social Envy Coefficient in international comparison



I presented the detailed results of the [study](#) in four articles for the British journal *Economic Affairs* and summarized them in the article “Popular perceptions of the rich in 13 countries,” which was published in May 2024.



The Chinese economist Weiying Zhang also deals with envy in his new book, [Re-Understanding Entrepreneurship. What It Is and Why it Matters](#), which was published by the renowned Cambridge University Press in May 2024.

Zhang also attributes social envy to the fact that most people do not understand how entrepreneurs earn money and believe that the wealthy only become rich by exploiting others: “Yet, the average person does not understand how an entrepreneur

can make money. Entrepreneurs do not work in the field like farmers or sweat like workers, so why are they rich? In particular, businessmen engaged in trade do not even change any material form of the product, so how can they make money? It seems, as they did *ex nihilo*! The answer is that they buy low and sell high, deceiving both the seller and the buyer.”

Similar to my books [*The Wealth Elite*](#) and [*The Rich in Public Opinion*](#), which Zhang also refers to, he argues that intellectuals in particular place academic knowledge above all other forms of knowledge and completely fail to understand the key role of “tacit knowledge” in entrepreneurial success. However, envy stems from the zero-sum belief: “If we believe that wealth is a fixed quantity (zero-sum game) instead of a quantity that can be created (positive-sum game), it is easy to see other people’s fortunes as the reason for one’s own poverty. It is easy to become green with envy, keen to engage in class struggle. If we believe that labor involves sweat, thus we do not consider the use of entrepreneurship to be a special form of labor, then we will have difficulty understanding why entrepreneurs make money.”

This zero-sum belief was perhaps most concisely expressed in the poem “Alfabet” by the famous communist poet Bertolt Brecht:

“Said the poor man with a twitch:

Were I not poor, you wouldn’t be rich.”

And yet, the zero-sum belief is easy to refute: the number of people living in poverty worldwide has been falling sharply for decades, while the number of billionaires has been rising sharply. If the rich could only become rich at the expense of the poor, how can the poor be less poor today than they were 40 years ago, when over 40 percent of the global population was living in extreme poverty (today that number has decreased to 8.5 percent)?

In the final years of the Mao era, 88 percent of the Chinese population were living in extreme poverty. Then the reformer Deng Xiaoping said: “Let some people get rich first,” introduced private property and ushered in a new era of market economy reforms. Today, China boasts more billionaires than any other nation in the world (with the exception of the USA) and the proportion of people living in extreme poverty has plummeted below one percent. The driving force behind both the increase in the number of rich people and the decrease in poverty is the same: economic growth. As Adam Smith [explained](#) in his book *The Wealth of Nations*, the only way for nations to escape poverty is through economic growth, and the prerequisite for economic growth is economic freedom.

Rainer Zitelmann is the author of the books [The Power of Capitalism](#); [In Defense of Capitalism](#); and [How Nations Escape Poverty](#)

