The very rich in America: "The kind of money you cannot comprehend"

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"Let me tell you about the very rich," F. Scott Fitzgerald famously wrote in a 1926 story, "They are different from you and me." But even Fitzgerald could not have imagined how different "from you and me" the very rich would become in America eight decades later.

The sums that the very wealthy have at their disposal in the US are almost unimaginable: Oil executive Lee Raymond receiving some $400 million in a retirement package; the 2005 compensation of bank chairman Richard Fairbank totaling some $280 million; Omid Korestani, head of Google's global sales, exercising stock options providing him with $288 million last year.

The accumulation is brazen. What once would have been considered a somewhat discreditable fact of social life, the proliferation of billionaires, is now hailed as a sign of America's success. The demise of the Soviet Union and the supposed absence of any alternative to capitalism, the putrefaction of the AFL-CIO trade unions, the ignominious collapse of American liberalism and the lack to this point of broad-based, organized political opposition to the ruling elite and its two parties have rendered the American financial aristocracy "dizzy with success." These people have lost their heads.

In the face of public outrage over oil company profits and soaring gasoline prices, Exxon arrogantly defended Raymond's hundreds of millions, arguing that they were rewarding the executive's "outstanding leadership of the business, continued strengthening of our worldwide competitive position, and continuing progress toward achieving long-range strategic goals." The company added that it considered Raymond's compensation package "appropriately positioned."

In a study published in October 2005, three accounting professors reported that negative, even occasionally scathing press coverage, "does not substantively change corporate behaviour with regard to pay packages." The American establishment is all but impervious to the sentiments of the broad masses of the population. In response to a recent report detailing the immense and growing social gap, a spokesman for New York state's Business Council told a reporter that the incomes earned by his state's rich were "something that everybody who cares about New York should be pleased about."

An insulated world of immense wealth exists as never before, at least in modern US history. The number of Americans with assets of $1 million or more reached 7.5 million in 2004, according to a survey conducted by the Spectrem Group. Beyond that, however, are those who possess "Ultra High Net Worth" (a mellifluous term invented by Merrill Lynch circa 2001): individuals in households with $5 million or more in net worth. In a country of 300 million people, the UHNW form a very small percentage of the population, but a not insignificant number in absolute terms. Economic, political and cultural life in America is to an enormous extent organized for their benefit.

This is not simply obscene or unjust, it is socially irrational and immensely destructive. How is it possible to allocate resources, repair and renew the infrastructure, carry out any type of long-term economic planning, cure any social ills, when the official guiding principle is the ability of an oligarchic elite to accumulate ever-greater personal wealth? The gravitational pull of such wealth asserts itself in every aspect of life.

The *New York Times* reported last year on a relatively new phenomenon, magazines oriented entirely toward the very wealthy. Absolute Publishing, the *Times* noted, had just started up a publication called *Absolute*, "for distribution to New Yorkers with an estimated annual household income of at least $500,000."

The editor of *Absolute*, Ernest J, Renzulli, is aiming for an audience of only 60,000 New York residents. He found his target readership "by winnowing databases of the most affluent New York ZIP codes with people who have bought houses for more than $2 million and people who have registered cars, boats or planes that cost more than $75,000."

"It's a small number," the *Times* quoted Mr. Renzulli as saying. "But this is not a magazine that's about mass reach. It's about reaching the tip of the pyramid."

The *Times* take note of Michael Silverstein, an executive with the Boston Consulting Group and co-author of *Trading Up: The New American Luxury*. Silverstein estimates that by 2010 Americans will spend $1 trillion on luxury goods. The *Times* continues: "In an ever more fragmented media world, the rich are becoming their own niche. They may be diverse connoisseurs of fashion, yachting or jewelry, but they share one important trait: a seemingly bottomless supply of disposable income."

It must indeed be a predicament to be saddled with tens of millions or hundreds of millions of dollars, or more—how is one to spend such sums? Those "awash in cash" (the *Times*' phrase) must rack their brains and devote hours to the problem. How could one ever rest? Would not a person require a certain degree of inventiveness to come up with ways of spending such a fortune?

Judging by the results in published reports—no, not particularly. By and large, the fabulously wealthy have derived their fortunes from inheritance, the stock market, the real estate bubble, fortunate investments in technology or, perhaps, American militarism: in short, from semi-automatic economic and social processes associated with the lowering of living standards for millions in the US and the super-exploitation of masses of people in impoverished countries in other parts of the world. They are not startling or outstanding in any fashion, except perhaps in the depth of their greed and shortsightedness.

So we learn that Microsoft's Paul Allen owns a $250-million, 414-foot "gigayacht," with seven decks, two helicopter landing pads, a swimming pool, a basketball court, an infirmary, a garage for Land Rovers, a movie theater, a concert space for 260 and a recording studio. Not to be outdone, Larry Ellison of software giant Oracle had his giant yacht built 452 feet long. Ellison's vessel has five stories, 82 rooms, "a wine cellar the size of most beach bungalows, a dozen yacht-length tenders, and a generator capable of providing enough electricity for a small town in Idaho or Maine... Final cost: $377 million." (Associated Press)

The wealthy elite are also purchasing their own widebody airplanes, reports *Business Week*—Airbus A340s and Boeing 777s, which list for over $100 million—as "airborne penthouses." Customized outfitting may add $25 to $30 million to the cost.

The "supercar" business is also thriving. *Ocean Drive*, one of the new magazines aimed at the affluent, carries a piece on Michael Fux, whose Sleep Innovations manufactures Memory Foam products. Fux has collected some 50 luxury cars. He recently took possession of a $2 million Ferrari FXX, one of only 20 in the world.

USA Today, in a piece describing the new "super-rich supercar fanatics" who collect Ferraris and Maseratis and Bugattis, cites the comments of one auto broker in southern California, "There's a whole new breed of collector that has emerged in the last three-four years. Almost all make the kind of money you cannot comprehend."

Yet great unease persists in these circles. A yacht broker told Associated Press that "a sea change in attitude among America's superrich" has taken place in the wake of September 11. "Clients are telling me, 'Hey, I could have been in the Twin Towers. That could have been me jumping out a window.' The thinking among wealthy people now is, you can die anytime. Nobody can protect you. So you might as well spend your money now and enjoy it."

Likewise, in its analysis of the trends driving the purchase of jumbo jets by wealthy individuals, *Business Week* notes: "Because of increased concern over security, especially post-September 11, some businesspeople now use their aircraft as a base of operations on overseas business trips. Rather than going to a hotel or office after landing, they just stay onboard... "

The term "conspicuous consumption," coined by Thorstein Veblen in *The Theory of the Leisure Class* (1899), hardly does justice to the current situation. There is a considerable element of recklessness, even desperation, in the obsessive spending. Throwing money to the wind hardly speaks to a sense of historic optimism or confidence among the elite in its own future or the general health of the American social order.

At the height of US global economic hegemony, in the 1950s, corporate directors were expected to lead rather sedate lives, modestly tending to the nation's economy. Of course they lined their pockets, but they were not expected to live like pharaohs.

In 1957, *Fortune* magazine reported that some 250 or so individuals in the US were worth $50 million or more. The wealthiest of them, oil tycoon J. Paul Getty, stood all alone in the $700 million to $1 billion category. The equivalent of $50 million today—some $350 million—would not place an individual anywhere near the richest 400 people in the US, according to *Forbes*'s 2005 list (which begins at $900 million). Getty would find himself somewhere between 31st and 42nd on the list.

The roll call of the wealthiest Americans a half-century ago included famous names—Rockefeller, Harriman, Mellon, duPont, Astor, Whitney and Ford, along with a quartet associated with General Motors, Alfred P. Sloan Jr., Charles F. Kettering, John L. Pratt and Charles S. Mott. These were all ruthless capitalists, but their fortunes were based, directly or indirectly, on the growth of the productive forces.

Today, the list of the super-rich reveals an extraordinary growth of parasitism. One indication is *Forbes*'listing of the "400," which includes an extraordinary number of people whose wealth, according to the publication, is derived from "Investments," "Hedge Funds," "Leveraged buyouts," "Real estate," "Fashion," etc. The "captains of industry" of old are few and far between.

A perusal of publications such as *Ocean Drive*, or *Gotham*, or *Los Angeles Confidential* sheds some light on the current tastes and opinions of these very rich.

Real estate expert Steven Gaines told *Gotham* in a recent interview, "where you choose to live [in New York City] defines you more than in any other city. There's a right side and a wrong side of the tracks in every city; but in New York, what floor you live on, which direction your apartment faces, whether you move one block in either direction, says a tremendous amount about who you are and your personal sense of adventure."

Asked about co-op boards rejecting celebrities, Gaines replied, "I haven't heard of any juicy rejections lately. Celebrity rejections are very 90s; they don't really happen anymore. People are very impressed by money; that's all it takes now. Also—and this is the most important thing—they're not building any more [co-ops]. We don't need any more because people don't really care who their neighbors are. [Most people] figure that if a guy can afford a $12 million apartment in the Time Warner building, he's cool enough to live next door."

This theme—money is a*bsolutely everything*—recurs again and again in studies of the contemporary American elite.

The *Times* reporter, Katharine Q. Seelye, in her piece on magazines for the affluent, described the publications in these words: "Most of the magazines rely on a similar formula: extravagantly lush photography on heavy paper stock, flattering feature articles on prominent local personalities and snapshots of those personalities hobnobbing with each other... The magazines also make it easy for readers to buy what they see on the page, whether it appears in an advertisement or an article—and it is often difficult to tell the difference, as the magazines have elevated commercial product placement to an art form."

The magazines appear at first glance to be *nothing but* expensive advertisements for clothes, watches, condos and automobiles—hundreds of pages of them (*Los Angeles Confidential* runs to 350 pages, *Ocean Drive* an astonishing 530!). The table of contents, gossip columns and articles, such as they are, do little to distinguish themselves. They humbly give way to the full-color photos of handbags and bracelets and motorcars.

Such a magazine is merely a scaffolding for the marketing of highly expensive products. It is a relatively convenient means of making known to a specific clientele what is available for them to purchase this month. And this is not something that those involved would be ashamed to admit. No, we have moved far beyond that.

Gotham appears to specialize in real estate gossip, appropriate in Manhattan, which has been ruined by the Trumps and their ilk. Tales of apartment and co-op buying and selling are recounted with relish, with the sort of sensual zest that others might take in relating stories of sexual improprieties. In a recent issue, one piece excitedly recounts that "the penthouse apartment of the late philanthropist Enid Haupt has sold—at least three times. The nine-room duplex at 740 Park Avenue, with two principal bedrooms and three-and-a-half baths, has an accepted offer for its asking price of $27.5 million, with two backup bids—in case the famously persnickety co-op board decides to reject the winning bidder."

In another column, we learn that "Out in the Hamptons [on Long Island], entrepreneur Linda Wachner is listing her seaside estate [a summer house] for a sky-high $62.5 million, the highest price ever asked for a Southampton Village home. The ocean- and bay-front Southampton estate on Meadow Lane features a 16-room, two-story shingled traditional mansion measuring nearly 10,000 square feet with 10 bedrooms, 14 bathrooms, several public rooms, a wine cellar, and staff quarters. The property includes several hundred feet of beachfront, a rose garden, a putting green, a pool with spa, and a tennis court with a pavilion. 'I think it's an exciting property,' Wachner told the *New York Post*. 'We've had a lot of fun here.'"

Unique Homes reports that the Stanhope, on Manhattan's Fifth Avenue, is currently being renovated into 26 luxury residences. "The space is divided into half-floor residences of approximately 4,000 square feet (starting at $10 million) and full-floor residences measuring 8,000-plus square feet ($30.5 million and up)." The old Plaza Hotel is also being transformed by a developer into private residences, 182 of them. The one- to five-bedroom units will be priced between $2.5 million and $33 millionplus.

The wealthy pockets of south Florida are targeted in *Ocean Drive*. The size of a small telephone book, the magazine seems desperate to please and impress. It takes the most ridiculously self-serious attitude toward trivial people and circumstances. Page after page of attractive but glum models dominate the publication, a cornucopia of expensive consumerism.

Stiff competition between real estate projects is very much in evidence here. Three operations, Donald Trump's "Trump Hollywood" (i.e., Hollywood, Florida), St. Regis Resort & Residences, Bal Harbour and Icon Brickell, with "breathtaking views of Biscayne Bay," have included their own elaborate, pull-out brochures in the magazine.

The St. Regis is especially noteworthy for its quite conscious effort to evoke an imaginary aristocratic past. It employs butlers. Here is the advertisement for that service, a disgusting passage over which some wretched soul expended a great deal of effort:

"The St. Regis Butlers are adept at executing your requests while anticipating your every need with consummate style. Every preference is committed to memory. Dinner for two on the beach at seven-thirty? Shirt collars heavily starched? A car to retrieve your business partner from the airport tomorrow morning? It's a pleasure. Your St. Regis Butler, always on call, is your household manager, your link to St. Regis services and your master of conveniences. All embrace the authority to go to any lengths to ensure you the utmost in comfort, down to the most particular request." A butler...or an indentured servant, a serf, a slave?

One could go on, but the outlines are clear. A type of aristocracy rules America, which has more than one feature in common with the *ancien régime* that presided over pre-revolutionary France. This vast accumulation of wealth at one pole of society is incompatible, in the long run, with even the trappings of democracy. The super-rich own everything in the US, including the political parties and the political process. They allow the population to vote at this point, more or less. But for how long? As resistance to the policies of the elite mounts and the two-party monopoly threatens to crumble, why should the riffraff be permitted a say in such important affairs as elections?