The Plutonomy of the 1%

Dominant Ownership and Conspicuous Consumption in the New Gilded Age

Abstract:

This article offers a study on the plutonomy of the 1% and what their consumptive practices might tell us from the lens of the capital as power framework in IPE. I argue that the differential consumption of dominant owners is an important dimension of the capitalist mode of power for two reasons. First, Nitzan and Bichler argue that the primary driver of accumulation is the desire for differential power symbolically expressed in a magnitude of money. In this article, I argue that there is a secondary drive noted but underdeveloped in their framework and influenced by Veblen: the drive for social status and the display of positionality through differential intraclass consumption. Second, as identified by Kempf, I argue that the consumptive practices of the 1% are helping to lock global society into an unsustainable and ethically indefensible quest for perpetual economic growth. This political project not only alleviates calls for global redistribution but also threatens populations with environmental collapse. The article also introduces the concept of *dominant ownership* to the lexicon of IPE.

Key Words:

1%, capital, plutonomy, consumption, New Gilded Age, IPE

Introduction

Of all Classes, the wealthy are the most noticed and the least studied.
John Kenneth Galbraith (1977: 44).

The fact is that there is far more systematic information available on the poor, on farmers, workers… than on the men and women of the rich and the well-born, on those who make up the 'upper strata' – if not the 'capitalist class' – of our society. Yet now it ought to be apparent…that we must discover as much as we can about those who occupy the upper reaches of…society if we are to understand…the present as history.
Maurice Zietlin (1974: 1112).

Study the rich and the powerful, not the poor and powerless…not nearly enough work is being done on those who hold the power and pull the strings. As their tactics become more subtle and their public pronouncements more guarded, the need for better spade-work becomes crucial…Let the poor study themselves. They already know what is wrong with their lives and if you truly want to help them, the best you can do is to give them a clearer idea of how their oppressors are working now and can be expected to work in the future
Susan George (2010: 82).

When he reflected on his three volume history on civilization and capitalism, the French historian Fernand Braudel asked a crucial question: whether it was a law of history that the rich *always* be so few (1982: 466 emphasis original)? Of course, how the tiny elite of wealth holders accumulate their wealth and income, let alone spend it, has differed significantly since Braudel's three volume study on civilization and capitalism. But while amounts of wealth and consumption patterns have changed significantly, Braudel's observation remains highly prescient. Since 2011, the Occupy Wall Street (OWS) movement has drawn renewed attention to this massive chasm of wealth and life chances across the global population. Mobilizing under the slogan 'We are the 99%', the movement zeroed in on deep-seated changes in the global political economy that served to increase the wealth, income and power of a minority they refer to as the 1%. The analytical distinction between the 1% and the 99% is of course arbitrary – and the actual statistics more alarming. If we were to take a *global* perspective, all those with an income of roughly US$ 47,500 and over would be in the top 1% of income earners.[1] At US$ 35,000 a year, workers would still be among the top 5% of income earners as a percentage of the global population. But while this measure is an important indicator of global income disparity, and therefore also a measure of the differential ability to consume, it does not accurately capture the small minority at the apex of the global wealth and income hierarchy. For that, we need to look elsewhere.

According to the *World Wealth Report* (2011: 4-17), the global wealthy can be divided into two categories: high net worth individuals and ultra-high net worth individuals.[2] High net worth individuals have a minimum of US$ 1 million in investable assets whereas ultra-high net worth individuals have US$ 30 million or more in investable assets.[3] *The World Wealth Report* (2013: 4) report estimates that there are 12 million individuals around the world with wealth of this magnitude – up 9.2% from 2011. *So far from the 1%, this category of the superrich represents a mere .2% of the global population*.[4] Of the 12 million, 110,000 are estimated to be ultra-high net worth individuals with $30 million or more in capitalized income-generating assets. This makes them .9% of all high net worth individuals or .001% of the global population. As of 2013, the estimated financial wealth of these 12 million individuals (not net worth, which is certainly higher) is US$ 46.2 trillion – up from $42.7 trillion in 2010.[5] But the truly interesting story is to consider divisions among this class of wealth holders – the pyramid within the global pyramid of wealth disparity.

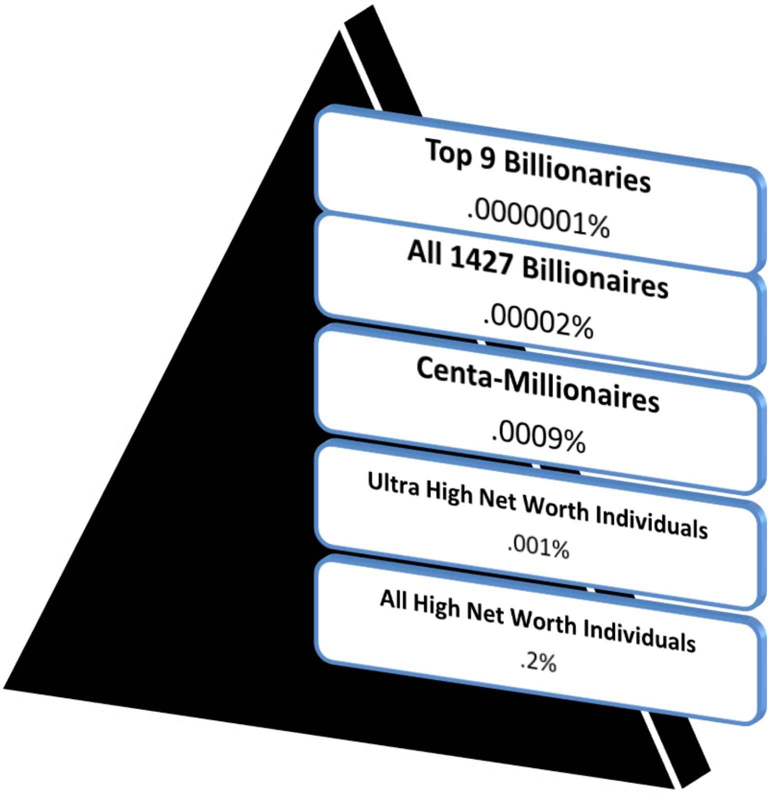
In the *World Wealth Report* (2012: 8-10), a new category called 'centa-millionaires' was introduced. They are defined as those individuals with US$ 100 million or more in vendible assets. There are 63,000 people included in this category making them .6% of all high net worth individuals or .0009% of the world's total population.[6] Collectively they have a total net worth of US$ 39.9 trillion (financial wealth plus other holdings). Consider for a moment that the World Bank estimates global GDP to be about US$ 70 trillion in 2011 and you can get some idea of the magnitude of wealth this tiny minority own.[7]

But we have not arrived at the pinnacle just yet. If we use the cut off of US$ 1 billion, we find that there are only 1427 people in the world with such a net worth according to the most

Figure 1

The Pyramid within the Pyramid of Global Wealth Disparity

High Net-Worth Individuals Expressed as a Percentage of the Global Population



recent research from *Forbes*. These men and women represent .00002% of the global population and have a 'record' collective net worth of US$ 5.4 trillion in 2013. And now we have finally arrived at our summit. If we use the cut off of US$ 30 billion dollars, then we would find only 9 people at the pinnacle of the wealth pyramid. This sample of humanity represents only .0000001% of the global population with a total net worth of US$ 422.5

billion or 8% of all billionaire net worth combined.[8] If these 8 men and 1 woman were a country and we compared their net worth to the gross domestic product (GDP) of actually existing countries, their nation would be in 27th place between Austria and Argentina out of a list of 190 countries ranked by GDP.[9]

Based on these statistical observations, the human experiment with capitalism seems to confirm one of Braudel's key insights about capitalist civilization:

> Conspicuous at the top of the pyramid is a handful of privileged people. Everything invariably falls into the lap of this tiny elite: power, wealth, a large share of surplus production. . . Is there not in short, whatever the society and whatever the period, an insidious law giving power to the few, an irritating law it must be said, since the reasons for it are not obvious. And yet this stubborn fact, taunting us at every turn. We cannot argue with it: all evidence agrees (1983: 466).

Despite this measureable concentration of wealth at the top, the field of international political economy (IPE) has been slow to study the global rich – except perhaps in their elite formations and the institutions they capitalize to accumulate ever more pecuniary wealth (van der Pijl 1984, Gill 1991; 2003, Sklair 2001, Robinson 2004, Nitzan and Bichler 2002, 2009, Carroll 2010). Diverse as the current field of study is today, this is perhaps of little surprise. Moreover, abstractions such as 'global capital', 'ruling class', 'globalizing elites' or the 'transnational capitalist class' may serve more to obscure rather than clarify matters. This is so, I suggest, for at least four reasons.

First, there is a conventionally accepted split between finance and production in IPE research. This division suggests that there are capitalists wholly interested in production because they garner their profits from making goods and a separate and analytically distinct camp of capitalists interested in finance since they are assumed to accumulate through speculation and in the process skim unearned rents off the productive economy. However, in the world of absentee ownership, where capital is a vendible commodity and investors capitalize *a diversity of income streams*, this distinction holds little if any water from the point of view of accumulation. What investors care about is not whether capital is 'productive' or 'financial' but whether the capitalization of their portfolio is rising faster relative to others.[10] A second reason why our abstractions may serve to mystify rather than clarify – mirroring in some senses the neoclassical game of obfuscation by mathematical formalism[11] – is the too often assumed division between 'national' capitalists and 'international' or 'transnational' capitalists. Since capital is now more vendible than ever, every single investor that capitalizes part of what Nitzan and Bichler call dominant capital, are by definition *global* capitalists given that the assets, operations and sales of these firms stretch well beyond a single state.[12] Of course local and national jurisdictions and their laws are still important but they are all facets that enter into the valuation or capitalization of income generating assets. Third, our abstractions have so far failed to tell us much about the global wealthy both from an analytical and theoretical point of view but also from the standpoint of cultural political economy (Best and Paterson 2009). This might seem like an odd claim to make since IPE became concerned that there was *too much* focus on global capital or global elites and *not enough* attention given to the everyday agency of ordinary people at lower rungs of the global wealth hierarchy (Davies and Ryner 2006; Langley 2008; Hobson and Seabrooke 2007). But while this research agenda is incredibly important, we may give pause to ask ourselves whether we truly know the global mega-wealthy?

Fourth, while there is little doubt that as heuristic tools the 'elite' concepts I mentioned above have provided us with new ways to think about transformations in the global political economy – particularly over the last thirty years of disciplinary and perhaps now authoritarian neoliberalism (Gill 1995; Bruff 2011). But the field still lacks a political economy of the global affluent and their *differential conditions of existence* – from their vehicles of accumulation to their built environments, cultural and political practices as well as their *mentalités* (but see chapter 10 in Bakker and Gill 2003). A focus on the .2%, I would argue, can accomplish this more readily because it is less analytically expansive than other labels for elites or 'capital'. This is so because a focus on the .2% draws our attention to the small class of *owners* who derive the greatest financial benefits from capitalized assets: they own most of the world's income-generating assets and therefore sit atop the capitalist mode of power. I call this tiny fraction of humanity *dominant ownership* to complement Nitzan and Bichler's focus on *dominant capital*. If the latter category emphasizes the leading corporations by market capitalization and government organs at the heart of the accumulation of differential power, then *dominant ownership* refers to the individual owners who accrue differential financial earnings by owning or capitalizing dominant capital.[13]

With this is mind, this article offers a study on the plutonomy of the .2% and what their consumptive practices might tell us from the lens of the capital as power framework in IPE – a critical perspective introduced by Nitzan and Bichler (2009). The main argument here is that the differential consumption of dominant owners is an important dimension of the capitalist mode of power in a least two ways. First, Nitzan and Bichler argue that the primary driver of accumulation is the desire for differential power to control human beings and their environments. In this article, I argue that there is a secondary drive undeveloped in their framework and influenced by Veblen: the drive for social status and the display of differential positionality through practices of conspicuous or differential intraclass consumption. To shed more light on these practices is not only to suggest that the accumulation of money represents the symbolic power of capitalists to shape and reshape social reproduction, but to understand how the .2% of owners manifest their differential power through their status-seeking consumptive practices (Nitzan and Bichler 2009: 308ff). Second, as identified by Kempf (2008: 60ff), I argue that the consumptive practices of the .2% are helping to lock global society into an unsustainable quest for perpetual economic growth. This project not only alleviates calls for global redistribution but also threatens populations with environmental collapse.

In order to provide evidence for these arguments, I have divided the paper in the following way. First, while IPE scholars should be familiar with the capital as power framework, I take the time to outline the approach in the first section of this paper so it is clear to the reader how I build on the approach in the subsequent sections.[14] I then move to focus on a neglected study performed by Citigroup to shed further empirical light on consumption and the .2%. In the third section I revisit Veblen's concept of conspicuous consumption in the *Theory of the Leisure Class* and consider the arms race in housing in the first Gilded Age. This is done to provide some historical and theoretical background for exploring the differential consumption practices of the .2% in what has been called the New Gilded Age (Remnick 2001). The penultimate section considers Kempf's arguments that 'the rich are destroying the earth' while the conclusion summarizes the argument.

The Framework of Capital as Power

Breaking with the neoclassical and Marxist theories of value, the framework of capital as power offers a radical alterative by arguing that capital is not capital goods or surplus abstract labour but *commodified differential power*. In this framework, capital is not theorized as a mode of production but as a mode of power whereby the dominant organizing principle is not production for the community but the ritual of capitalization for *differential* pecuniary returns (Nitzan 1998). At its most basic, capitalization is the process whereby investors discount expected future earnings to arrive at a risk-adjusted present value: what investors should pay now for an expected stream of income later. It is wholly, and fully an act of investment for a future superior sum of money. In this theorization, anything that generates an income stream or bears on the process of accumulation can be commodified, discounted and therefore capitalized by investors. What this means, according to Nitzan and Bichler, is that the fractions of capital thesis (i.e.: we can make a distinction between productive and finance capital) is wrongheaded and that modern 'capital is finance and only finance' (2009: 260ff).

Nitzan and Bichler argue that while expected future earnings are capitalized by investors, earnings cannot be explained from the value of machines or their 'productivity' alone. So rather than start from production, Nitzan and Bichler start from the power rooted in ownership *over* production and social reproduction. But for power to exist in the first place, it has to be relative or differential – regardless of whether we examine it at the micro or macro level. As it turns out, the differential nature of power at the highest levels has been institutionalized and normalized so that capitalists now mathematize virtually the entire social process as a matter of course. Their strategies of accumulation are all related to benchmarks, or the average rate of return in any given sector. The goal, however, is never to meet the average rate of return but to outperform it – to beat the average rate of accumulation. As we will see in the following section, this is precisely what Citigroup will argue for based on their plutonomy hypothesis. So to state it simply, the aim of capitalists and their investment managers is to take more income faster relative to their potential rivals attempting to do the same. Outperforming the main capitalist benchmarks is a key measure of business and investor success since this is always relative to others who accumulate ‘normal’ or ‘subpar’ returns. As Veblen (1904) understood, the global game being played at the apex of the social hierarchy is largely about *pecuniary competition*. This is the cosmology of capital as power.

But since Nitzan and Bichler argue that earnings are a matter of power, outperforming the average means that successful capitalists have exerted greater power over the social process than their rivals. While social scientists have distinguished many forms of power, the most important form in the capital as power framework is the power to shape and reshape the patterns of social reproduction of human beings writ large. So what investors capitalize is not power *per se*, but the *differential* power of income generating entities (e.g. corporations) to order and reorder the entire social process to their advantage. And this means that any analysis of capital should begin with the dominant firms and government organs the .2% own or exert considerable, if not decisive, influence over. As we will see in the ensuing section, Citigroup focuses in on the dominant capitalist firms that dot the trade in luxuries – firms whose copyrights, trademarks and patents are all protected by governments and their various regimes of punishment for infringing them.

With this in mind, there are two further points worthy of our consideration before moving on to the plutonomy hypothesis. Nitzan and Bichler argue that the end goal of pecuniary competition is the accumulation of symbolic power represented in monetary terms by rising capitalization relative to others. Such power is largely symbolic because the truly rich do not spend all of their money on consumption but keep their money invested to earn ever more returns. Accumulation therefore means rising capitalization. Furthermore, even if this drive was not totally entrenched in the everyday life practices and *mentalité* of capitalists, beyond a certain point, spending their fortunes would be a real chore! For example, consider you have US$ 1 billion in investable assets and *only* make a return of 5% per year. Your return on investment after 365 days would be US$ 50 million. Now, in order to de-accumulate - you would have to spend roughly US$ 137,000 dollars every day of every year. If you chose to simply reinvest the US$ 50 million, your return would be US$ 52.5 million the next year – meaning you would have to spend roughly US$ 144,000 every single day of the year to lose money. Such figures lend credence to popular observations that wealth begets ever more wealth or put differently, accrues to the few.

So accumulation is largely symbolic of the power of some (the minority) to control others (the majority) and their natural and built environments. But following Veblen, I want to suggest here that this symbolism manifests itself in another way. I want to argue that one of the key facets of the differential social conditions of existence among the .2% is not just pecuniary competition, but *differential intraclass consumption*. What I mean by this term is a habit of thought as well as a series of consumptive practices that not only aim to set the .2% apart from their pecuniary inferiors but more importantly from those in their immediate peer group. In other words, the dominant owners are far less concerned with distinguishing themselves from their socio-economic inferiors and far more concerned with out-consuming their own class (Veblen [1899] (2007); Frank 2007: 6ff; De Botton 2005: 45ff). They care not that they own a tropical island and a factory worker does not, but that they own a tropical island and their class peers do not.[15] So while the high-net worth individuals do not spend all of their money, they do indeed spend some of it with the goal of displaying their power and social status. To be sure, this competitive or arms race-like emulatory consumption appears to occur across class or peer groupings (De Botton 2005). Yet if such practices are hardwired into the existential condition of a humanity constituting its individual and class identity in a self-other(s) dynamic, why worry about the differential consumption of dominant owners in particular? De Botton suggests the debilitating effects of a generalized status anxiety caused by exposure to those who are better off: 'a worry so pernicious as to be capable of ruining extended stretches of our lives, that we are in danger of failing to conform to the ideals of success laid down by our society and that we may as a result be stripped of dignity and respect… (2005: 4-5). There is something to this argument. But in terms of scale and importance I will argue with Kempf (2008) that a focus on the consumptive practices of dominant owners matters because they are helping to lock global society into an indefensible and unsustainable quest for perpetual economic growth. This project not only alleviates calls for global redistribution but also threatens populations with environmental collapse. However, before considering this argument at some length, I want to turn to Citigroups's plutonomy thesis for the simple fact that it sheds empirical light on the importance of the .2% and how they are transforming aspects of the global political economy.

Welcome to the Plutonomy Machine[16]

The central trend dominating...has been the relentless growth of 'plutonomy' economics, a phenomenon that sees the wealth of the richest 1% growing far quicker than that of the general population.
(World Wealth Report 2012: 4).

There's class warfare, all right, but it's my class, the rich class, that's making war, and we're winning.
Warren Buffet of Berkshire Hathaway quoted in Stein (2006).

The concept of a 'plutonomy' was penned by a team of global equity strategists in a report for Citigroup entitled, *Plutonomy: Buying Luxury, Explaining Global Imbalances*. A subsequent report, largely reiterating the first report, *Revisiting Plutonomy: the Rich Getting Richer* followed a year later. Taken together, the main aim of the reports is to provide an analysis of current economic trends capable of informing high net worth investment strategies. The thesis advanced in the report is twofold. The first argument is that ‘the world is dividing into two blocs – the plutonomies, where economic growth is powered by and largely consumed by the wealthy few, and the rest.’ The second argument is far simpler: ‘the rich will keep getting richer’ (Citigroup 2006: 10). The authors then read the concept of plutonomy back into history and argue that plutonomies have existed in ‘sixteenth century Spain, in seventeenth century Holland, the Gilded Age and the Roaring Twenties in the U.S.’ Today, they argue that the United States, Canada, the UK and Australia (added in the second report) are all plutonomies powered by the differential gains made by the wealthiest 1% of income earners or in their words: ‘the rich now dominate income, wealth and spending in these countries’ (Citigroup 2006: 1). Their evidence for this claim is based on empirical research that shows the income share of the top 1% in these countries rising rapidly from the late 1980s to 2002 (Citigroup 2005: 6). But what is the main driver of this trend? According to the report, there are six: 1) technology enhancing productivity, 2) financial innovation, 3) cooperative governments favourable to capitalism, 4) immigration and ‘overseas conquests’, 5) the rule of law, and 6) patented inventions.[17] They go on to argue that plutonomies have reshaped the global consumption map and therefore a change in our traditional thinking is required:

> In a plutonomy there is no such animal as ‘the U.S. consumer’ or ‘the UK consumer’, or indeed the ‘Russian consumer’. There are rich consumers, few in number, but disproportionate in the gigantic slice of income and consumption they take. There are the rest, the ‘non-rich’, the multitudinous many, but only accounting for surprisingly small bites of the national pie (Citigroup 2005: 2).

What this passage suggests is that for the equity strategists at Citigroup, there are only two types of people: rich consumers and a ‘multitudinous many’. Indeed, likely stealing a page from their hero Ayn Rand, the report claims that 'the earth is being held up by the muscular arms of its entrepreneur-plutocrats, like it, or not' (Citigroup 2005: 1). Meanwhile, the multitude has such a low share of overall income in plutonomies that they cannot be key drivers of increasing demand – particularly for most luxury goods. But the authors recognize that the extreme polarization of income and wealth may not be sustainable and they question how societies may 'disrupt plutonomy' by expropriating wealth at the top of the income pyramid (Citigroup 2005: 22). The authors argue that expropriation can take two main forms: government taxation and tampering with property rights. However, while they understand the potential for a social backlash that may force politicians to raise taxes on the wealthiest 1% or infringe upon some of their property rights, the report largely discounts the immediate potential for such moves based on the evidence that, at the time of their writing, there were few political and social events that signalled rising popular discontent. One of the potential reasons for this, suggests the report, is that 'enough of the electorate' in plutonomies 'believe they have a chance of becoming a Pluto-participant. Why kill it off, if you can join it?' (Citigroup 2005: 24). Whether there is some truth to the idea that people consent to plutonomy because one day they fancy themselves joining the .2% of high net worth individuals is of course debateable. But the far more interesting point the report makes is what investors can do with their analysis of growing income inequality.

If the wealthy have much more to spend in plutonomies than their lesser counterparts on fixed or relatively stagnant incomes, the report reasons that equity investors should target those publically listed companies that cater to the global wealthy. Or in their colourful words: 'there is…a more refined way to play plutonomy, and this is to buy shares in the companies that make the toys that the Plutonomists enjoy' (Citigroup 2005: 25). What is more, the authors of the report argue that the global rich prefer Giffen goods. Giffen goods are goods that people consume more of the more expensive they become. So rather than soaring prices becoming a deterrent to demand, they are actually a powerful signal to the rich to acquire such goods. Towards this end, Citigroup identified a representative menu of equities from companies whose earnings are almost exclusively generated from high net worth individuals. Calling it the ‘plutonomy basket’, there are 24 suggested securities in the index (weighed equally) ranging from the automobile maker Porsche to the private banking house of Julius Baer.

Tracing the index back to 1985 and comparing it with the MSCI AC World Index the authors found ‘a handsome outperformance’ (Citigroup 2005: 28).[18] Up until 1996, their plutonomy basked closely trails the MSCI AC World Index, meaning that investing in their basket of stocks would *not* have yielded significant differential returns. However, from 1996 to 2005, the luxury stock index starts breaking away noticeably and significantly. Overall, the index generated an average return of 17.8% per annum since 1985 – greater than the 14% return for the MSCI World index.[19] So, to return to the example of investing US$ 1 billion – had we invested in the index for only one year, the return on investment would have been US$ 178 million. If we invested the same amount over the entire 20 year period of the index and reinvested all the yearly returns, we would end up making US$ 26,479,257,870 or an overall increase of 2548%.[20] We can perhaps see why one of the conclusions of the report is that ‘there are rich consumers, and there are the rest. The rich are getting richer…and they dominate consumption’ (Citigroup 2005: 30). However before exploring some dimensions of conspicuous consumption in the New Gilded Age, I want to briefly consider the age that gave rise to Veblen’s concept.

Conspicuous Consumption in the First Gilded Age

What is the chief end of man?--to get rich. In what way?--dishonestly if we can; honestly if we must.
Mark Twain (1871)

The Gilded Age is well known to American history. The term was coined by Mark Twain and his co-author Charles Dudley Warner in their 1873 novel *The Gilded Age: A Tale of Today*. The title and aims of the book have been widely discussed, but in the American experience, the Gilded Age is now synonymous with a period of social transformation ushered in by the Civil War (1861-65), the mass exploitation of coal and oil and the concentration of capital into giant corporations. The era is known for its highly questionable business practices, rampant political corruption, labour violence, social unrest, corporate collusion, rising inequality and what went with it, an ostentatious display of conspicuous consumption among the newly wealthy (Josephson 1934; Carlisle 2009). The era is said to have lasted to the end of the nineteenth century but it could be argued that acts of conspicuous consumption continued on during the so-called progressive era and of course, to this day. But whereas Twain and Wallace satirized their generation, it was not until Veblen's *The Theory of the Leisure Class* that the consumptive practices of the wealthy few were subject to greater, if somewhat muddled, theoretical scrutiny.

Like Twain and Warner's novel, Veblen's concept of conspicuous consumption has been heavily debated by modern scholars with one noted expert arguing that Veblen's writing on the subject is confused and difficult to confirm empirically. For example, Campbell (1995) argues that we can actually find three different conceptions of conspicuous consumption in *The Theory of the Leisure Class*: a subjective, consequentialist and substantive formulation. While conceding that Campbell is likely right about the conceptual difficulties implied by

Veblen's use of conspicuous consumption, Tilman has argued that an empirical analysis is entirely possible despite some methodological difficulties. My view is not to deny that there are different interpretations of 'conspicuous consumption' to be found in Veblen's first major study. Nor is it my intention in this article to evaluate whether we can scientifically assess that such practices exist in the minds of the affluent.[21] I merely take as a working hypothesis that dominant owners aim to consume differentially for status just as they aim to accumulate differentially for power. And just as there are benchmarks that let the rich know they are beating the average rate of accumulation, so we could make the argument that there are benchmarks when it comes to the consumption practices of the super-affluent. For example, benchmarks could include the average size of a luxury yacht, the average square footage of a mansion, the average number of homes and their locations, the number of luxury cars in their possession, invitations to the right parties and auctions and so on.

From a historical vantage point, this may not appear as something wholly new: rulers in hierarchical and more complex societies have always sought to distinguish themselves through their material practices – typically by acts of exclusion that led directly or indirectly to the extraction of tribute or the control of human flesh as in slavery (Wolf 1982; De Botton 2005). What is different in the Gilded Age is the scale at which fortunes were made as well as their concentration.[22] To be sure, by the end of our period there were 4047 millionaires in the United States out of an estimated population of about 65 million people (Beard 2009: 62).[23] If we use the millionaire mark as the cut-off point during this period, then the amount of millionaires represented a meagre 0.006% of the total population. But as we saw above, there are always hierarchies enfolded within the hierarchy of the affluent. If we use the popular 'top 400' that were considered to be members of 'Society' during the Gilded Age, then the truly affluent represented .0006% of every man, woman and child in the US. And as the affluent grew far richer than historically imaginable, they spent more and more of their money on conspicuous consumption. While a number of artefacts and practices from yachts, art, furniture, vacations and lavish parties could illustrate the differential consumptive practices of dominant owners, I use the example of housing since according to Beard, ‘houses were the most visible emblems of wealth’ (2009: 62).

Mansions of unprecedented size were erected across the United States by the titans of wealth and symbolized their power and ability to sustain what Veblen [1899] (2007) called massive ‘pecuniary damage’. Referring to wealthy New Yorkers, Josephson noted the following:

> …“nature’s noblemen” all joined in the frenzied contest of display and consumption. Mansions and chateaux of French, Gothic, Italian, barocco and Oriental style lined both sides of upper Fifth Avenue, while shingle and jigsaw villas of huge dimensions rose above the harbor of Newport. Railroad barons and mine-owners and oil magnates vied with each other in making town houses and country villas which were imitations of everything under the sun, and were filled with what-nots, old drapery, old armor, old Tudor chests and chairs, statuettes, bronzes, shells and porcelains. One would have a bedstead of carved oak and ebony, inlaid with gold, costing $200,000. Another would decorate his walls with enamel and gold at a cost of $65,000. And nearly all ransacked the art treasures of Europe, stripped medieval castles of their carvings and tapestries, ripped whole staircases and ceilings from their place of repose through the centuries to lay them anew amid settings of a synthetic age and a simulated feudal grandeur (1934: 234).

What this passage suggests is not only did the newly affluent compete to display their wealth by building private dwellings of gigantic and opulent proportions, but they also desired to emulate (and in many cases outdo) the grand mansions and estates of a feudal Europe. Names of Gilded Age mansions abound: The Breakers, Rosecliff, Beechwood Mansion, Marble House, Isaac Bell House, The Elms, Belcourt Castle, Harbour Hill, Chateau-Sur-Mer, Glessner House, and Ochre Court to name some of the most renowned. But none of these mansions compare with George Washington Vanderbilt II's Biltmore Estate in Ashville, North Carolina. G. W. Vanderbilt II inherited all of his wealth and accomplished precious little with his leisurely life other than commanding the labour of those who designed and built his home.

Completed in 1895, Biltmore House (on Biltmore Estate) is the largest private home in the United States at 178,926 square feet built on 4 acres of land.[24] By way of comparison consider that the average home in the United States in 2010 was 2,392 square feet.[25] In other words, Biltmore is about 75 times the size of an average modern dwelling. But in its time, it was actually 300 times larger than the ordinary dwelling.[26] According to the Biltmore's website:

> The celebrated architect Richard Morris Hunt modelled the house on three châteaux built in 16th-century France. It would feature 4 acres of floor space, 250 rooms, 34 bedrooms, 43 bathrooms, and 65 fireplaces. The basement alone would house a swimming pool, gymnasium and changing rooms, bowling alley, servants' quarters, kitchens, and more.[27]

The grounds of the Biltmore Estate – originally 140,000 acres, now 'only' 8,000 – were landscaped by Frederick Law Olmsted of New York Central Park fame. The estate also featured its own village with 750 of the 2000 inhabitants employed on the grounds or in the house. What was the cost for such a display of pecuniary damage? Biltmore cost US$ 5 million dollars in 1895 or in 2012 dollars, about US$ 116-119 million (Foreman and Stimson

1991: 270-303). Today, the estate is still privately owned but operates as a tourist destination with an onsite luxury hotel and winery. The descendants of Vanderbilt's private empire of wealth continue to draw an income from this ostentatious exhibition of differential power and consumption. While Biltmore could hardly compare with great palaces such as the Royal Palace of Madrid or Buckingham, it is a stunning example of materialism, power and symbolism in the Gilded Age of capitalism and concentrated wealth. If we ignore palaces and castles, Biltmore was not to be outdone until a fortune was handed to Mukesh Ambani – discussed in the next section.

Differential Consumption in the New Gilded Age

Richistanis like to flaunt their wealth. And never before have so many flaunted so much.
(Frank 2007: 120).

History has rarely seen an era win which so much money has been made by so few people in such a short amount of time.
(Taylor et al. 2009: 4).

If the first Gilded Age was distinctly American, the New Gilded Age can be considered far more global. Historians may differ on an exact date for its emergence but Freeland has made the credible suggestion that we are in a twin new gilded age where a handful of emerging economies like Russia, India and China are still going through their first Gilded Age while established plutonomies such as the United States and Canada are experiencing a second and perhaps far grander wave (Freeland 2012: 20ff; and for a direct focus on the American case see, Frank 2007 and Bartels 2008). By the New Gilded Age we mean a period of escalating inequality in income, wealth and life chances across a range of political communities. Though the germs of this era may extend further back, I date this period from the mid-1980s when global GDP accelerated due to 1) cheap fossil fuel energy after the 1973 and 1979 price spikes, 2) the introduction of new technologies – due largely to Cold War public research and development that was subsequently capitalized by the private sector, 3) the liberalization of trade and investment regimes that facilitated the movement of capital and commodities and, 4) the creation of a more fully global labour market that enabled firms to depress hard won wage gains and discipline and control their workers with greater ease.[28]

According to the World Bank, in the 25 years from 1960 to 1985, global GDP increased from US$ 1.4 trillion to US$ 12.5 trillion or an increase of 793%. But in the 51 year period from 1960 to 2011, the rate of change increased by 4900% as global GDP reached US$ 70 trillion.[29] Thus a series of class practices that strengthened the power of capital within a generally favourable energy regime spawned a historically unprecedented boom in the generation of income and wealth (Gill and Law 1989). Such practices also generated a period of growing inequality. Not only has the 1% (and often smaller) in certain countries been appropriating an ever greater share of the national income, but the number of billionaires and millionaires has been steadily increasing, offering further evidence that income is accruing at the top of the wealth pyramid. For example, in 1987 *Forbes* recorded 140 worldly billionaires. The figure now stands at 1226 billionaires worldwide with expectations that his number will grow in the years ahead.[30] Indeed, Wealth-X - a wealth intelligence firm - estimates that the number of ultra-high net worth individuals will increase by 3.9% over the next 5 years - which may be an underestimate given the 9% jump from 2011 to 2013 noted above (2012: 11).[31] Of the US$ 225 trillion in outstanding net financial wealth in 2013, US$ 46.2 trillion is owned by 12 million high net worth individuals from around the world. Put differently, .2% of the global population own 21% of the world's financial assets.[32]

However if we leave the realm of income distribution and consider the distribution of household wealth, global inequality appears far worse. The first estimates on this measure of inequality noted that ‘the top 10 per cent of adults own 85 per cent of global household wealth’ while the bottom 50 per cent ‘collectively owns barely 1 per cent of global wealth.’ Moreover, the study revealed that ‘the top 1 per cent own almost 40 times as much as the bottom 50 per cent’ with a massive gap between those in the top decile and those at the lowest decile. According to the authors of the report, the top decile has 13,000 times more wealth than those at the very bottom of the wealth pyramid (Davies et al. 2006: 26).

In the available literature most attempts to account for this massive private accumulation of wealth rely on a number of explanations. However, while rationalizations abound, there appears to be little consensus on the precise origins of this wealth boom, let alone a convincing ethical or philosophical justification for such obscene levels of accumulation and inequality. Dominant explanations include the following – either isolated or in combination: the levering of technological change, the deregulation of finance, globalization, effort, hard work and luck, rewards for special knowledge or skills, liquidity events and the growth in hedge funds run by ‘super-intelligent’ human beings. These explanations are all quite common in the popular press (Frank 2007; Taylor et al. 2009: 21ff; Freeland 2012). But at a more general level some commentators make the distinction between the ‘self-made’ affluent and dominant owners that inherited their fortune. To some extent, the latter category is viewed as less deserved than their newly minted affluent counterparts that are said to have made their fortunes without assistance of any kind – for what else can ‘self-made’ mean? A full assessment of this argument using the capital as power framework and complemented by a litany of further evidence cannot be countenanced here since my purpose in this section is to explore some of the dimension of differential consumption in the New Gilded Age (Veblen 1904; Johnston 2005a; Johnston 2005b, 2007, 2012; Shachar 2009; Alperovitz and Daly 2008, 2010; Shaxson 2010; Kaufmann and Vicente 2011; Bichler, Nitzan and Di Muzio

2012; Farnsworth 2013).[33] I will have to leave this evaluation for a future study but I believe it is one of the most crucial arguments political economy has to come to terms with if it is to critically challenge the social reproduction of extreme affluence.

Let's begin with a prescient observation. One of the main arguments in the popular literature advanced by Kempf (2008: 50) Frank (2007) and Freeland (2012) and recognized by Citigroup's plutonomy thesis is that dominant owners have created a 'self-contained world unto their own' (Frank 2007: 3). Frank calls this virtual world Richistan. In this world, the affluent have 'their own health-care system (concierge doctors), travel network (NetJets, destination clubs), separate economy (double-digit income gains and double-digit inflation), and language (Who's your household manager?) (Frank 2007: 3). We could add to this 'virtual world' their own clubs and associations (e.g. MetCircle Networking with a net US$ 100 million dollar membership cut-off), psychological concerns (sudden wealth syndrome, spoiled children), built environments (mansions, private islands, sea-steading), vehicles (e.g. yachts, private submarines, Gulfstream jets, Aston Martin One-77) security arrangements (panic rooms, bodyguards, billionaire super security), financial and consumer advice (*How to Spend it, The Robb Report, Worth*), financial services (elite hedge funds, private bankers), restaurants (Masa, Aragawa, Ithaa) and dating service (MillionaireMatch and Sugardaddie). They also enjoy an entire buffet of luxury goods such as Frank Muller watches (Franck Muller Aeternitas Mega 4™ Grande Sonnerie Westminster Carillon – the most expensive watch in the world sold for US$ 2.7 million in 2009)**,** pens such as the Aurora Diamante (price tag: US$ 1,470,600 – only one available per year) and the Algonquin Hotel's US$ 10,000 'Martini on the Rock' which features a diamond at the bottom of the glass.

According to Frank's study, within this world apart there is an ongoing consumptive arms race with those lower on the Richistani rungs doing their best to keep up with their centa-millionaire and billionaire counterparts – a competition for display and status that has seen these lower high net worth individuals take on ever more mountains of debt (2007: 6-13). In Richistan, the affluent do not try to keep up with the Jones, but with the Slim's and Gates' of the world. One guide to such an endeavour is the CLEWI.

The Cost of Living Extremely Well Index or CLEWI was started in 1976 by *Forbes.* The index tracks 40 goods and services that are generally reserved to the ultra-wealthy. Not surprisingly, the index has been increasing since its inception.[34] While I will not reproduce the list of goods and services in its entirety here, a small sample of the index reveals the following:

Item	Cost 2012	Price Change from 2011
Coat/Natural Russian Sable	$265,000	10%
Face Lift	$18,500	0
Motor Yacht/Hatteras 80 MY	$5,125,000	-3%
Washington Hospital Centre 1 day	$2,716	6%
Airplane/Learjet 40XR	$10,838,000	2%
Helicopter/Sikorsky S-76D	$15,500,00	5%
Caviar/Tsar Imperial 1 kilo	$13,600	0

The cheapest item on the full list is a subscription to *Forbes* at US$ 60 while the most expensive item listed is the Sikorsky helicopter at US$ 14.8 million. But while these items give us an idea of the luxury goods and services the affluent consume, many of the items listed are only benchmarks, while other goods and services the mega-rich consume are not listed. For example, I will consider the arms race in yachts along with the boom in private submarine sales.

Without a doubt, the Hatteras 80 MY is a luxury yacht boasting an overall length of 79 feet, 10 inches. But while the yacht may look impressive to most, it doesn't come close to the global fleet of mega-yachts. Writing in *Forbes* magazine, the editor of *Boat International* spelled out the current trend:

> When we at "Boat International" first produced our Register, back in 1990, superyachting was still in relative infancy. Indeed, to get on the Top 100 list in 1990, your yacht needed to be just 147 feet in length (44.8 metres). Nowadays, your yacht would have to measure at least 240 feet in length (73 metres). That entry point is set to rise again in 2013, with 12 new yachts due to be delivered in the coming months, all of which will make the updated Top 100 list, knocking out a dozen smaller ones, and raising the bar to 246 feet (75 metres) (Thomas 2012).

How long the race to build the world's largest private yacht will go on is anyone's guess. Currently the world's largest super-yacht is the *Eclipse* at 533 feet long and two inches. It is only slightly bigger than the yacht called *Dubai*, measured at 531 feet, 6 inches and owned by Sheik Mohammed bin Rashid al-Maktoum – the head of the 'royal' family of Dubai and Prime Minister and Vice President of the United Arab Emirates. *Eclipse* is owned by Russian oligarch Roman Abramovich and features two pools, a submarine, 18 luxury suites for up to 36 guests, three helipads, three launch boats, a working crew of 92, armour plating and bullet proof glass. If this isn't enough, the yacht also features a German-crafted missile defence system. And this is not Abramovich's only yacht; he owns four others.[35]

But just as Eclipse was being passed to its proprietor, the owner of Dubai announced that he would retrofit his yacht to regain the title of world's largest private yacht. The project is likely in vain. Sometime in 2013, a 590 foot yacht currently under construction as 'Project

Azzam' should make its way out of its Hamburg port and into the world record book. No one knows for sure who has placed the mega-yacht order but it is rumoured to be a Saudi 'royal'. And while not everyone can afford to command the construction of the planet's largest yacht, the number of yachts currently under construction gives us considerable indication how the newly rich are spending their fortunes.[36] Since 2006 6,295 yachts have been purchased with 692 ordered for construction in 2013. The yachts range in size from 80 feet to 250 ft and above. The total length of all the yachts under construction in 2013 is 25.8 kilometres.[37] This figure does not include Clive Palmer, the Australian mining multi-millionaire's plan to build a replica of the Titanic.[38] So even amidst the global financial crisis and the age of austerity politics, the conspicuous consumption of yachts continues.

And there are some early signs that it is moving on to private luxury submarines.

Currently, there are an estimated 100 private submarines cruising the world's vast oceans. They range in size, price and capability with the cheapest model starting at US 1.7 million. A string of companies caters to their wealthy clients demands: Hawkes Ocean Technologies, SEAmagine, Triton Submarines and US Submarines among others. The most elaborate 'Learjet of the sea' is currently the Pheonix 1000 proposed by US Submarines. It was commissioned by a wealthy client, who later had to cancel the order. According to the company, the vessel 'would constitute the single largest private undersea vehicle ever built, and arguably, one of the most significant personal transportation devices of the century.' It boasts four floors and 470 square meters of interior space. The price tag: an estimated US$ 78 million. The marketers at US Submarines know their clientele: 'With 2300 megayachts operational around the world, some costing in excess of $150 million, the stakes in the game of one upmanship are rising. Some yacht owners like the idea of having a larger and more unique toy.'[39]

Back on land, differential consumption continues in housing. We have already encountered the largest private residence built during the first Gilded Age: Biltmore House. Today, that record belongs to Mukesh Ambani, one of two brothers who inherited their father's business empire in textiles, petrochemicals and oil and gas. According to *Forbes*, as of 2012 there are 61 billionaires in India and Ambani is the wealthiest of them all.[40] With a population of 1.24 billion this means Indian billionaires represent a miniscule 0.000005% of the nation where 400,248,000 or 32.7% of the population subsists on US$ 1.25 a day or less.[41] Still, Ambani saw fit to command the largest private residence in the world.

Called Antilia after a mythical island in the Atlantic, Ambani's 27 story residence towers above Mumbai. The residence has 400,000 square feet of living space, 3 helipads, 9 high speed elevators, underground parking for 168 cars, a gym, swimming pool, movie theatre, spa, dance studio, balconies with gardens, an unknown number of guest rooms, a ballroom, snack bar and one entire floor dedicated to servicing Ambani's private fleet of luxury cars. Ambani's six member family (including his mother) will inhabit the top six floors of the 27 story building. Antilia is also staffed by an estimated 600 people catering to the needs of the family and their guests. At an estimated US$ 1-2 billion dollars, it is not only the world's largest private residence, but also its most expensive. The residence is also built in a country where the average Indian urban dweller occupies 504 square feet of space and 33% live in less space than US prisoners.[42] In other words, Ambani's home has 794 times more living space than the average Indian. But then again, Ambani is not status-seeking with the average Indian but with the *global* billionaire class of which he is a part.

There are of course countless other examples of conspicuous consumption as dominant owners make ever greater returns on the income-generating assets they own. However brief, this sketch suggests that dominant owners aim to consume differentially and that these displays of consumption are primarily aimed at intraclass emulation and status-seeking. Having highlighted this secondary drive as equally important to the symbolic accumulation of money, I now move to the second part of my argument as first identified by Kempf – the argument that the consumptive practices of dominant owners are helping to lock global society into an unsustainable and indefensible quest for perpetual economic growth. This project not only alleviates calls for global redistribution but also threatens populations with environmental collapse.

'The Rich are Destroying the Earth'

And that disaster derives from a system piloted by a dominant stratum that today has no drive other than greed, no ideal other than conservatism, and no dream other than technology.
(Kempf 2008: xvii)

…today's capitalism increasingly functions as the 'institutionalization of envy.'
(Žižek 2011: xiii)

The motive is emulation -- the stimulus of an invidious comparison which prompts us to outdo those with whom we are in the habit of classing ourselves. Substantially the same proposition is expressed in the commonplace remark that each class envies and emulates the class next above it in the social scale, while it rarely compares itself with those below or with those who are considerably in advance.
(Veblen 1899/2007: 71)

From the effects of global warming to the recorded loss of biodiversity, the evidence of populations coming under stress or devastation due to unsustainable anthropocentric practices continues to mount (Dauvergne 2008; Barry 2012; Newell 2012). Rather than retrace what other scholars have already demonstrated, this article sides with Kempf's assessment that 'the planet's ecological situation is worsening' and that 'we are entering a time of lasting crisis and possible catastrophe' (2008: xvi).[43] But who is responsible for the acceleration of disaster? Kempf argues that the rich – what this article calls dominant owners – are destroying the Earth. He calls them the 'essential factor' in the biospheric crisis because they benefit from current social property relations and 'oppose the radical changes that we would have to conduct to prevent the aggravation' of the environmental situation (2008: 70). Kempf argues that this manifests itself directly and indirectly: directly since they control and benefit from the system of differential accumulation and indirectly in that their intraclass status-seeking urges others to emulate their insatiable and too often wasteful consumptive practices (2008: 70). One of the ways in which the dominant owners are shielded from having to face up to the consequences of their actions and confront a radical politics of rethinking how the global political economy might work towards a more fair and equitable distribution of resources and life chances is their mantra of economic growth:

> To escape any re-evaluation, the oligarchy keeps repeating the dominant ideology according to which the solution to the social crisis is production growth. That is supposedly the sole means of fighting poverty and unemployment. Growth would allow the overall level of wealth to rise and consequently improve the lot of the poor without – and this part is never spelled out – any need to modify the distribution of wealth (2008: 70).

The main problem with the growth hypothesis identified here is that it deflects our attention away from a local and global conversation about the distribution and redistribution of income, wealth and power. Other problems with the growth hypothesis include; 1) there is little evidence that beyond a certain point, economic growth contributes to human happiness (Jackson 2009: 30ff); 2) economic growth has been tightly correlated with *non-renewable* fossil fuel consumption (Tverberg 2011) and; 3) there are physical limits to many of the world's resources and evidence is mounting that we are reaching those limits (Heinberg

2007). As the polymath Kenneth Boulding asserted: 'anyone who believes that exponential growth can go on forever is either a madman or an economist' (US Congress 1973: 248). Yet the political pursuit of facilitating investment climates in an effort to stimulate economic growth continues. As Clive Hamilton observed:

> In the thrall of the growth fetish, all the major political parties…have made themselves captives of the national accounts. The parties may differ on social policy, but there is *unchallengeable consensus* that the overriding objective of government must be the growth of the economy. The parties fighting elections each promise to manage the economy better, so that economic growth will be higher. The answer to almost every problem is 'more economic growth' (2004: 2).

Hamilton and Kempf argue that if the public and their governments are not willing to challenge this defensive armour of dominant owners and if these same owners are unwilling to change their consumption habits or join a conversation about needed social change, then environmental collapse and accelerating inequality is virtually assured. From an ethical point of view that values human and natural life, this path appears indefensible, but it is one being forged daily by the .2% and the dominant capital they own.

Conclusion

The wealth of the rich…has accelerated. What happened was the leading hedge fund runners got personal remuneration of US$ 3 billion dollars each – in one year! Now I thought it was obscene and insane a few years ago when they got US$ 250 million but they're now hauling in US$ 3 billion. Now that's not a world I want to live in and if you want to live in it, be my guest.

David Harvey (2010).

In these overall circumstances, the social reproduction of affluence rests on a global foundation of starvation, destitution and destruction of social and ecological sustainability.

(Philip McMichael in Bakker and Gill 2003: 179).

Greed: intense and selfish desire for something, especially wealth, power, or food.

(Oxford English Dictionary).

This article began with the premise that the practices of 'high net worth individuals' has been a blind spot in the international political economy literature. To address this lacuna I considered what could be called the real 1% by focusing on the hierarchy of individuals with a minimum of US$ 1 million in investible wealth. As a fraction of the global population this group is truly exceptional and supports Braudel's earlier observation that power and wealth accrues to the few. The main argument of this article has been that the differential consumption of dominant owners is an important dimension of the capitalist mode of power in a least two ways. First, other than the accumulation of power symbolically represented in money, there is a secondary, yet equally important, drive for status among dominant owners achieved through competitive consumption. Second, and following Kempf (2008: 60ff), I argued that the consumptive practices of the .2% are helping to lock global society into an unsustainable and indefensible quest for perpetual economic growth. Following Veblen, and using a study by Citigroup on what they have called the 'plutonomy' I demonstrated how the affluent aim to consume differentially as a parade of their power/status. In this endeavour they command the labour of countless humans and consume a massive share of the natural world. They also set the consumption standard for the era, impelling others to consume more. Consuming differentially, I suggested, is not done to compare themselves to the average person, but to members of their own class – a miniscule fraction of humanity. In an effort to illustrate the point, I considered Biltmore House in the Gilded Age and selected consumption practices in what has been called the New Gilded Age.

What I want to make clear in this conclusion is that this study of the plutonomy is not just about the rich going shopping and through my description of some of their activities – entering their world for a brief period. It is about capital as a mode of power and the ways in which this power is demonstrated symbolically and materially by an extremely small minority of the planet's inhabitants. Dominant owners have created a separate world for themselves where they are largely insulated from the everyday life concerns of the majority of humanity. In fact a small minority of the rich and uncritical followers of Ayn Rand and Milton Friedman are pushing an idea called sea-steading. The idea is to build cities for the .2% and their friends out in the ocean so that they can be free of societal regulation and government taxation once and for all.[44] Though this is an extreme example and perhaps a dream unlikely to be realized, it does demonstrate a certain mindset that borders on childlike egotism and anti-social behaviour, not to mention a crypto-social Darwinism that equates wealth with superiority and individuated genius rather than luck, chance, positionality, the degree of knowledge in a society or how this gets privately appropriated.

In an increasingly plutonomic world so incredibly divided by wealth and life chances (and recall that the trend is intensifying) critical political economists do well to continue to challenge the logic, politics and ethics that reproduce such incredible affluence and the concentration of power in ever fewer hands. As hinted above, future research might also ask how far and in what ways it can really be said that this tiny minority 'made' or 'deserve' their wealth? And if, as some scholars argue (Veblen 1904; Alperovitz and Daly 2008; 2010; Nitzan and Bichler 2009), they do not, how the 99% might organize itself politically to challenge current patters of capitalization and ownership? While the capital as power approach already suggests an answer, such an analysis will have to wait for another time. In the meantime, for those concerned with social justice, ethics and basic human rights, a good place to start challenging the rule of the .2% might be a sustained global discussion on the logic of capital as power and how the ordering and reordering of social reproduction for the purpose of symbolic power and status-seeking consumption is fundamentally unethical, unjust, unfair and most of all, unnecessary (Bichler, Nitzan and Di Muzio 2012).

[1] http://www.globalrichlist.com/ (3/09/2012). The website draws incomes form World Bank Data and calculations are based on a global population of 6 billion.

[2] An additional category was added in the *World Wealth Report* of 2013: mid-tier millionaire with US$ 1 to 5 million in investible wealth.

[3] Both definition exclude 'primary residence, collectibles, consumable and consumer durables' (2011: 4, note 1).

[4] This figure was arrived at by dividing 12 million by the World Bank's estimated global population of roughly 7 billion people. http://data.worldbank.org/indicator/SP.POP.TOTL (5/9/12).

[5] The difference between financial wealth and net worth is that net worth would compute the value of all assets owned such as boats, homes, and cars, not just the value of financial instruments such as equities as is the case here.

[6] This category does not reappear in the 2013 report.

[7] The figure is taken from the World Bank: http://data.worldbank.org/indicator/NY.GDP.MKTP.CD (5/9/12)

[8] http://www.forbes.com/billionaires/ (18/07/2013).

[9] Data are from the World Bank: http://databank.worldbank.org/data/download/GDP.pdf (15/7/13).

[10] This is not to suggest that an analytical distinction cannot be made but there are significant obstacles to conceptualizing these spheres as separate, see for example (Nitzan and Bichler 2009: 261ff).

[11] Nizan and Bichler (2009: 2) write: 'It should be noted upfront that economics – or, more precisely, the neoclassical branch of political economy – is not an objective reality. In fact, for the most part it is not even a scientific inquiry into objective reality.'

[12] Dominant capital is defined as: 'the leading firms and government organs at the center of the accumulatory process. This group can comprise a fixed number (say 5, 50 or 500, depending on the context), or a given percentage (say 0.1% or 1%) of the top corporations ranked by market capitalization, profit or another key indicator, while identifying the government organs or agencies that assist these firms in their quest for earnings is a matter for empirical study' (Di Muzio 2013: glossary).

[13] Though he does not use the term 'dominant ownership' a recent study by Hager (2013b) that asks who owns the debt of the United States is the type of research question a focus on dominant ownership might open up.

[14] For applications and summaries of the approach see (Di Muzio 2007; 2013; Brennan 2012; Baines 2013; Hager 2013; McMahon 2013).

[15] For example, Larry Ellison has just bought 98% of the Hawaiian island of Lanai for a reported US$ 5 to 600 million. Jennifer Sinco Kelleher (2012) 'Larry ellison's Island' *Huffington Post*, June 20.

[16] Oddly, this phrase appears to be borrowed from Pink Floyd's 'Welcome to the Machine' that seems to offer a critique of the logic of capital. The pun was likely intended however.

[17] It is never made entirely clear what they mean by 'overseas conquests'. At one point, the report also suggests that dopamine levels amidst the population may have something to do with the 'successes' of plutonomies (Citigroup 2005: 9).

[18] The index represents 6000 global stocks and is typically understood to be a benchmark for global securities.

[19] MSCI Index Performance http://www.mscibarra.com/products/indices/international_equity_indices/gimi/stdindex/performance.html (2/20/2013).

[20] To put this in perspective for the majority of wage/salaried workers: suppose your annual income is the median salary of a plutonomy, roughly US$ 45,000. Now, imagine if your employer gave you a raise of 2548%. Your new annual income US$ 1,146,600.

[21] While it may not be definitive, there is significant evidence for this claim in three recent popular studies. Two consider the newly affluent in the United States: Robert Frank (2007) *Richistan: A Journey Through the 21st Century Wealth Boom and the Lives of the New Rich*. (London: Piatkus Books) and Taylor, Jim, Doug Harrison, Stephen Kraus (2009). *The New Elite: Inside the Minds of the Truly Wealthy*. (New York: Amacom). The study by Taylor et. al is the most generous to the global wealthy and found through surveys that many of the super-wealthy prefer 'stealth wealth' or to have their wealth go under the radar. These people are assumed to avoid displays of conspicuous consumption. Whether there is a difference between what they say and what they do is unknown. A third study has a slightly more global focus: Chrystia Freeland (2012) *Plutocrats: The Rise of the New Global Super-Rich and the Fall of Everyone Else*. (London: Allen Lane). An additional study reported on in *The Atlantic* but unreleased by the Center on Wealth and Philanthropy at Boston College entitled 'Joys and Dilemmas of Wealth' suggests much the same. See, Graeme Wood (2011) 'Secret Fears of the Super-Rich', *The Atlantic*, April. http://www.theatlantic.com/magazine/archive/2011/04/secret-fears-of-the-super-rich/308419/ (01/20/13).

[22] Frank notes that about half the wealth in the United States was owned by 'the richest 1 percent of families' (2007: 38).
[23] The population figure is an estimate based on the censuses of 1890 and 1900. http://www.census.gov/ (01/20/13).
[24] As will be discussed further below, this is now surpassed in size and value by the Indian petrochemical tycoon Mukesh Ambani's billion dollar home in Mumbai. Called Antilia, the 27 story home dwarfs Biltmore with 400,000 square feet of living space. Mark Hanrahan (2012) 'Antilia: Inside Mukesh Ambani's 27 Story Mumbai Residence, World's First $1 Billion Home' *Huffington Post*, May 21. As a reference point, consider that the Great Pyramid of Giza, once the world's tallest structure and constructed by slaves, was 181,818 square feet.
[25] http://www.census.gov/const/C25Ann/sftotalmedavgsqft.pdf (01/22/2013).
[26] Zanny, M.B. (2012), 'For Richer, for Poorer', *The Economist Intelligence Unit*, London.
[27] http://www.biltmore.com/our_story/our_history/ (01/22/2013).
[28] The fall of the 'Bamboo' and 'Iron' Curtains in the 1990s doubled the global workforce (Freeman 2006). The fact that by 1991 communism no longer posed a serious ideological threat to the private ownership of power and wealth can also be viewed as a chief characteristic of this age.
[29] Data are from the World Bank Development Indicators, GDP is expressed in current US dollars: http://data.worldbank.org/indicator/NY.GDP.MKTP.CD (09/12/2012).
[30] http://www.forbes.com/sites/seankilachand/2012/03/21/forbes-history-the-original-1987-list-of-international-billionaires/ (09/122012).
[31] The growth in the amount of ultra-high net worth individuals is also enlarging the desire for intelligence on the behaviour of the wealthy and the willingness to service them as a recent notice from Wealth-X notes: 'Having seen significant growth in 2012 on the back of a surge in global demand for Ultra High Net Worth intelligence, Wealth-X announced its plans to accelerate expansion in 2013. With over 160 researchers covering 35 languages, the global research team plans to recruit another 150 new employees worldwide.' http://www.wealthx.com/articles/2013/wealth-x-announces-aggressive-expansion/ (12/02/2013).
[32] Mckinsey Global Institute, *Mapping Global Capital Markets 2011*. http://www.mckinsey.com/insights/mgi/research/financial_markets/mapping_global_capital_markets_2011 (02/12/12) and Capgemini and Merrill Lynch Global Wealth Management (2011) *World Wealth Report*. http://www.capgemini.com/insights-and-resources/by-publication/world-wealth-report-2011/ (02/012/12).
[33] Could it also be a law of history: the less you deserve your fortune, the more you aim to conspicuously consume? And if this 'rule' is in any way correct, what reasons might we give for it?
[34] The CLEWI for 2012: http://www.forbes.com/sites/scottdecarlo/2012/09/19/cost-of-living-extremely-well-index-our-annual-consumer-price-index-billionaire-style/ (12/02/13).
[35] According to Frank it is now commonplace for the uber-rich to have a fleet of yachts – some with shadow boats:

> At the Ft. Lauderdale boat show in 2005, I got a glimpse of the latest innovation in boater bling — the 170-foot Paladin, known as a "shadow boat." A shadow boat is a floating garage that tags along with the main yacht and carries all the extra "toys," like cars and smaller boats. It's a kind of yacht for your megayacht. The Paladin, now owned by a Saudi, holds four to six cars, several motorcycles, jet skis, a submarine and a helicopter. It's also got a decompression chamber, a walk-in freezer, gym and night-vision cameras (2007: 126-127).

[36] Frank (2007: 126) informs us that it costs 10 to 15% of the purchase price of a yacht to maintain it yearly.
[37] Show Boats International 2013 Global Order Book. http://www.sanlorenzoamericas.com/photos/articleDocs/20.pdf (12/02/13).
[38] Paul Harris (2013) 'Plans for Titanic Replica set Sail' *The Guardian*. February 26.
[39] http://www.ussubmarines.com/faq/luxury.php3 (14/02/13).
[40] http://www.forbes.com/india-billionaires/ (12/02/13).
[41] http://povertydata.worldbank.org/poverty/country/IND (12/02/13).
[42] Atul Thakur (2008) ''33% of Inidans Live in Less Space than US Prisoners', *The Times of India*, November 25.
[43] The literature on this topic is too vast to consider here but see (Rockström 2009) as well as Kempf (2008: 71) and (Jackson 2009: 47ff) who demonstrate that material consumption puts extreme pressure on the environment and the myth that growth and environmental stress have been decoupled.
[44] http://www.seasteading.org/ (12/02/13).

References

Alperovitz, Gar and Lew Daly (2008). *Unjust Deserts: How the Rich are Taking our Common Inheritance.* (New York: The New Press).

Alperovitz, Gar and Lew Daly (2010) 'The Undeserving Rich', *Dollars and Sense*, March/April.

Bakker, Isabella and Stephen Gill (eds) (2003) *Power, Production and Social Reproduction*. Basingstoke: Palgrave MacMillan.

Baines, Joseph (2013) 'Food Price Inflation as Redistribution: Towards a New Analysis of Corporate Power in the World Food System' (Preprint) *New Political Economy*, April, pp. 1-34.

Barry, David (2012) *The Politics of Actually Existing Unsustainability: Human Flourishing in a Climate-Changed, Carbon-Constrained World*. (Oxford, UK: Oxford University Press).

Bartels, Larry M. (2008) *Unequal Democracy: The Political Economy of the New Gilded Age*. (Princeton: Princeton University Press).

Beard, Patricia (2009) *After the Ball: Gilded Age Secrets, Boardroom Betrayls and the Party that Ignited the Great Wall Street Scandal of 1905.* (New York: HarperCollins).

Best, Jacqueline and Matthew Paterson Eds. (2009) *Cultural Political Economy*. (London: Routledge).

Bichler, Shimshon, Jonathan Nitzan and Tim Di Muzio (2012), 'The 1%, Exploitation and Wealth: Tim Di Muzio interviews Shimshon Bichler and Jonathan Nitzan', *Review of Capital as Power*, Vol. 1, No. 1, pp. 1-22.

Braudel, Fernand (1983) *The Wheels of Commerce. Civilization and Capitalism, 15-18th Century.* (New York: Harper and Row).

Brennan, Jordan (2012) 'The Power Underpinnings, and Some Distributional Consequences, of Trade and Investment Liberalisation in Canada', *New Political Economy*, DOI: 10.1080/13563467.2013.736955, pp. 1-34.

Bruff, Ian (2012) 'Authoritarian Neoliberalism, the Occupy Movements and IPE', *Journal of Critical Globalization Studies*, Issue 5, pp. 114-117.

Cambell, Colin (1995) 'Conspicuous Confusion: A Critique of Veblen's Theory of Conspicuous Consumption' *Sociological Theory*, Vol. 13, No. 1, pp. 37-47.

Carlisle, Rodney P. (2009) *The Gilded Age: 1870-1900*. (New York: Facts on File).

Carroll, William K. (2010) *The Making of the Transnational Capitalist Class: Corporate Power in the 21st Century*. (London: Zed Books).

Citigroup (2005) 'Plutonomy: Buying Luxury, Explaining Global Imbalances' October 16. Authored by Ajay Kapur, Niall Macleod and Narendra Singh.

Citigroup (2006) 'Revisting Plutonomy: The Rich getting Richer' March 5. Authored by Ajay Kapur, Niall Macleod and Narendra Singh.

Dauvergne, Peter (2008) *The Shadows of Consumption: Consequences for the Global Environment*. (Cambridge, US: MIT Press).

Davies, James B., Susanna Sandstrom, Anthony Shorrocks, and Edward N. Wolff, 'The World Distribution of Household Wealth', December 5, 2006. UNU-World Institute for Development Economics Research. http://www.globalpolicy.org/images/pdfs/1206unufull.pdf (02/12/13).

Davies, Matt, and Magnus Ryner eds. (2006) *Poverty and the Production of World Politics: Unprotected Workers in the Global Political Economy*. (Basingstoke: Palgrave Macmillan).

De Botton, Alain (2005) *Status Anxiety*. (London: Penguin Books).

Di Muzio, Tim, (2007) 'The Art of Colonization: The Capitalization of the State and the Ongoing Nature of Primitive Accumulation', *New Political Economy*, Vol. 12, No. 4, pp. 517-539.

Di Muzio, Tim ed. (2013) *The Capitalist Mode of Power: Critical Engagements with the Power Theory of Value*. (London: Routledge).

Farnsworth, Kevin (2013) 'Bringing Corporate Welfare In', *Journal of Social Policy*, Vol. 42, I. 1, pp. 1-22.

Foreman, John, and Robbe Pierce Stimson (1991) *The Vanderbilts and the Gilded Age: Architectural Aspirations, 1879–1901*. (New York: St. Martin's Press).

Frank, Robert (2007) *Richistan: A Journey Through the 21st Century Wealth Boom and the Lives of the New Rich*. (New York: Piatkus Books).

Freeman, Richard (2006) 'The Great Doubling: The Challenge of the New Global Labour Market', http://emlab.berkeley.edu/users/webfac/eichengreen/e183_sp07/great_doub.pdf (12/09/2012).

Freeland, Chrystia (2012) *Plutocrats: The Rise of the New Global Super-Rich and the Fall of Everyone Else.* (London: Allen Lane).

Galbraith, John Kenneth (1977) *The Age of Uncertainty.* (London: British Broadcasting Corporation).

George, Susan (2010) *Whose Crisis, Whose Future?: Towards a Greener, Fairer, Richer World.* (London: Polity).

Gill, Stephen and David Law (1989) 'Global Hegemony and the Structural Power of Capital', *International Studies Quarterly*, Vol. 33, No. 4: 474-499.

Gill, Stephen (1991) *American Hegemony and the Trilateral Commission* (Cambridge UK: Cambridge University Press).

Gill, Stephen (1995) 'Globalisation, Market Civilisation & Disciplinary Neoliberalism'. *Millennium: Journal of International Studies*, Vol. 24: 3, pp. 399-423.

Gill, Stephen (2003). *Power and Resistance in the New World Order.* (Basingstoke: Palgrave).

Hager, Sandy Brian. (2013) 'What Happened to the Bondholding Class? Public Debt, Power and the Top One Per Cent (Preprint) (2013). *New Political Economy.* April. pp. 1-28.

Hager, Sandy Brian (2013b), 'America's Real 'Debt Dilemma'', *Review of Capital as Power*, Vol. 1, No. 1, pp. 41-62.

Hamilton, Clive (2004) *Growth Fetish.* (London: Pluto Press)

Harvey, David (2010) 'RSA Animate: Crisis of Capitalism' http://www.youtube.com/watch?v=qOP2V_np2c0 (14/02/13).

Heinberg, Richard (2007) *Peak Everything: Waking Up to a Century of Declines*. (New Society Publishers: Gabriola Island).

Hobson, John .M. and Leonard Seabrooke, Eds (2007). *Everyday Politics of the World Economy*, (Cambridge: Cambridge University Press).

Jackson, Tim (2009) *Prosperity without Growth.* (London, UK: Sustainable Development Commission).

Johnston, David Cay (2005b) *Perfectly Legal: The Covert Campaign to Rig Our Tax System to Benefit the Super-Rich–and Cheat Everybody Else.* (New York: Portfolio Books).

Johnston, David Cay (2007) *Free Lunch: How the Wealthiest Americans Enrich Themselves at Government Expense and Stick You With The Bill.* (New York: Portfolio Books).

Johnston, David Cay (2012) *The Fine Print: How Big Companies Use "Plain English" to Rob You Blind.* (New York: Portfolio Books).

Johnston, Michael (2005a) *Syndromes of Corruption: Wealth, Power Democracy*. (Cambridge: Cambridge University Press).

Josephson, Matthew (1934) *The Robber Barons*. (New York: Harcourt, Brace and Company).

Kaufmann, Daniel and Pedro C. Vicente (2011) 'Legal Corruption' *Economics & Politics*, Vol. 23, No. 2, pp. 195-219.

Kempf, Hervé (2008) *How the Rich are Destroying the Earth*. (Foxhole, UK: Green Books). Translated by Leslie Thatcher.

Knight Frank Research (2012) *World Wealth Report 2012*. http://www.knightfrank.com/wealthreport (12/02/2013).

Langley, Paul (2008) *The Everyday Life of Global Finance: Saving and Borrowing in Anglo-America*. (Oxford: Oxford University Press).

McMahon, James (2013), 'The Rise of a Confident Hollywood: Risk and the Capitalization of Cinema', *Review of Capital as Power*, Vol. 1, No. 1, pp. 23-40.

Newell, Peter (2012) *Globalization and the Environment: Capitalism, Ecology and Power*. (Cambridge, UK: Polity).

Nikiforuk, Andrew (2012) *The Energy of Slaves: Oil and the New Servitude*. (Vancouver: Greystone Books).

Nitzan, Jonathan (1998) 'Differential Accumulation: Toward a New Political Economy of Capital', *Review of International Political Economy* Vol. 5, No. 2, pp. 169-216.

Nitzan, Jonathan and Shimshon Bichler (2002) *The Global Political Economy of Israel*. (London: Pluto Press).

Nitzan, Jonathan and Shimshon Bichler (2009) *Capital as Power: A Study of Order and Creorder*, (London: Routledge).

Remnick, David ed. (2001) *The New Gilded Age. The New Yorker Looks at the Culture of Affluence*. (New York: Modern Library).

Robinson, William I. (1996) *Promoting Polyarchy: Globalization, US Intervention and Hgemony*. (Cambridge, UK: Cambridge University Press).

Rockstrőm, Johan (2009) 'A Safe Operating Space for Humanity', *Nature*, 461: 472–5.

Shachar, Ayelet (2009) *The Birthright Lottery: Citizenship and Inequality*. (Cambridge: Harvard University Press).

Shaxson, Nicholas (2011) *Treasure Islands: Uncovering the Damage of Offshore Banking and Tax Havens*. (Basingstoke: Palgrave Macmillan).

Sklair, Leslie (2001) *The Transnational Capitalist Class.* (Blackwell: Oxford).

Stein, Ben (2006) 'In Class Warfare, Guess which Class is Winning', *New York Times*, November 26.

Taylor, Jim, Doug Harrison, Stephen Kraus (2009). *The New Elite: Inside the Minds of the Truly Wealthy.* (New York: Amacom).

Thomas, Tim (2012) 'The World's Biggest Yachts and their Billionaire Owners', *Forbes*, March 25.

Tilman, Rick (2006) 'Colin Campbell on Thorstein Veblen on Conspicuous Consumption', *Journal of Economic Issues*, Vol. 40, No. 1, pp. 97-112.

Tverberg, Gail (2011) 'The Shared Fate of GDP and Energy Growth' *Financial Sense*. http://www.financialsense.com/contributors/gail-tverberg/2011/11/15/the-shared-fate-of-gdp-and-energy-growth (30/06/2013).

Twain, Mark (1871). "The Revised Catechism," *New York Tribune*, 27 September 1871.

United States Congress (1973) *Energy Reorganization Act of 1973: Hearings, Ninety-third Congress, first session, on H.R. 11510*.

van der Pilj, Kees (1984) *The Making of the Atlantic Ruling Class.* (London: Verso).

Veblen, Thorstein (1899) (2007) *The Theory of the Leisure Class*. (Oxford: Oxford University Press).

Veblen, Thorstein (1904) (2005) *The Theory of Business Enterprise.* (New York: Cosimo Classics).

Wealth-X (2012) *World Ultra Wealth Report 2012-2013*. http://wealthx.com/wealthreport/Wealth-X-world-ultra-wealth-report.pdf (10/12/12).

Wolf, Eric (1982) *Europe and the People Without a History.* (Berkeley: University of California Press).

World Wealth Report 2011. Capgemini and Merrill Lynch Global Wealth Management http://www.capgemini.com/insights-and-resources/by-publication/world-wealth-report-2011/ (02/12/12).

World Wealth Report 2012. Capgemini and RBC Wealth Management. http://www.capgemini.com/resources/world-wealth-report-2012 (07/16/13).

World Wealth Report 2013. Capgemini and RBC Wealth Management. http://www.worldwealthreport.com/ (07/16/13).

Žižek, Slavoj (2011) *Living in the End Times*. (London: Verso).