INTRODUCTION

NO GOOD AND DECENT SOCIETY, most Americans would agree, accepts poverty. A good society sees poverty — the absence of wealth — as a clear and present danger, a social ill that all good people ought to unite to overcome. People in a good society, we note, may differ on *how* to overcome poverty. They do not differ on the necessity. Decent societies, we believe, never rest so long as some among us have much too little.

But what if some among us have much too much? What if we have, in our midst, a significant number of people who hold more wealth, considerably more wealth, than anyone needs to live a comfortable life? Should the presence of such wealth concentrations upset us, unnerve us, outrage us? Should a good society fear concentrated wealth? Indeed, can anyone ever have too much wealth?

In American public life today, we seldom ask these questions.

This disinterest would be understandable if wealth in the United States were becoming less concentrated. But wealth in the United States is, in fact, becoming more concentrated — and at record rates. Our twentieth century ended with the single most colossal amassing of grand fortunes in American history. These fortunes, and the gap they open between wealthy Americans and everyone else, "should scare any thoughtful person," observed one alarmed commentator, Molly Ivins, at century's end. But that gap, she lamented, "isn't even part of the mainstream political debate."[1]

Our mainstream has been too busy applauding. Grand accumulations of wealth, our top pundits and political leaders inform us, signal an America that's doing just fine.

"A society that values individualism, enterprise, and a market economy," as conservative columnist George Will puts it, "is neither surprised nor scandalized when the unequal distribution of marketable skills produces large disparities in the distribution of wealth."[2]

"We are not a people who object to others being successful," Bill Clinton has agreed, "we do not resent people amassing their own wealth fairly won in a free enterprise system."[3]

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This conventional wisdom has, over recent years, gone largely unchallenged. In contemporary America, even steadfastly liberal lawmakers feel compelled to emphasize their comfort with grand fortune.

"The problem in America today isn't that some people are getting rich," liberal stalwart David Bonior from Michigan declared as the 1990s boom began to gain momentum. "The problem is, most people are getting nowhere."[4]

Liberals. Moderates. Conservatives. All seem to agree that the misfortune of the poor, but not the wealth of the fortunate, merits the nation's attention.

"What public policy should be concerned about is poverty, not inequality," argues Martin Feldstein, the conservative who chaired President Ronald Reagan's Council of Economic Advisers. If a society's total wealth is rising, Feldstein assures us, any wealth that amasses at a society's summit "isn't a bad thing."[5]

Laura D'Andrea Tyson, Feldstein's counterpart in the Clinton administration, sings much the same song. She asks Americans to imagine the nation's economy as an apartment building. Some people live in penthouse luxury, others in the rat-infested basement. What should the nation do? Pillage the penthouse? Forget the penthouse, advises Tyson.

"We need to do something," she contends, "about that rat-infested basement."[6]

In the meantime, commentators caution us, let the wealthy be. Rich people, as economist Michael Weinstein has opined in the *New York Times*, are "fun to watch, fun to ridicule, perhaps even fun to envy." But they aren't, continues Weinstein, "much to worry about."[7] Poverty may pose problems, in other words, but economic inequality — the inevitable outcome whenever grand fortunes accumulate — need not detain us.

"Inequality is not inequity," sum up two widely published commentators on wealth in America, economist W. Michael Cox and journalist Richard Alm. "What Americans ought to care most about is maintaining our growth, not the red herring of gaps in income and wealth."[8]

These pages will disagree. We will argue that the gap that so deeply divides the wealthy from the rest of our society does matter, and not just for the poor. The greater that gap, we will show, the greater the greed, the greater the grasping for dreams that can never be attained, the greater the strain on the bonds that make societies good, communities human. That some people have too much, we will contend, is not just *a* problem. It is *the* problem, the root of what ails us as a nation, a social cancer that coarsens our culture, endangers our economy, distorts our democracy, even limits our lifespans.

If we want to lead longer lives, if we want more time in these lives for those we love and the work we love to do, if we want our society to have the wherewithal — and the will — to address the challenges we see all around us, we need to narrow the gap that separates the wealthy from everyone else. If all men and women are indeed created equal, these pages will hold, then any society that winks at the monstrously large fortunes that make some people decidedly more equal than others is asking for trouble. To become a good and decent society, or at least a significantly better society, we need to stop — and reverse — America's increasingly intense concentration of wealth at the top.

BY EVERY MEASURE, we have more wealthy people in the United States today than ever before. Millionaires, once an exotic species, now live "next door." In 1969, one hundred thousand American households could legitimately claim millionaire status.[9] By the 1980s, the United States was minting nearly one hundred thousand new millionaires every year.[10] By 2000, America's economy was generating millionaires at a rate over ten times faster, more than a million a year.[11]

We ought, perhaps, not read too much into these numbers. By century's end, after all, millionaire status no longer connoted colossal wealth. In 1984, most Americans felt that anyone worth just half a million dollars could be safely considered rich. By 2000, according to a *Money* magazine survey, Americans earning $50,000 or more felt real wealth didn't kick in until a fortune hit $3 million.[12]

Still, even at this loftier standard, the ranks of the wealthy have been multiplying mightily. The numbers of fortunes worth multiple millions, notes New York University economist Edward Wolff, actually rose faster in the 1990s than the numbers of mere millionaires. Between 1989 and 1998, our millionaire household population jumped by a bit more than half. Over that same span, America's population of "deca-millionaires," households worth at least $10 million, quadrupled.[13]

Some fiscally fortunate Americans have graduated to even higher levels of affluence. The richest of these rich we call billionaires.

A billionaire is a millionaire a thousand times over. America's first billionaire, John D. Rockefeller, emerged about a century ago.[14] He would remain, for years, America's only billionaire. In 1978, well over a generation after John D.'s passing, analysts could only identify one honest-to-goodness billion-dollar fortune in the entire United States.[15]

That would soon start to change. In 1982, *Forbes* magazine would count just over a dozen billionaires for its first annual list of the four hundred richest Americans.[16] By 1996, the richest four hundred on the *Forbes* list *averaged* $1 billion.[17] In 2000, *Forbes* identified 267 billionaires, twenty times the 1982 total.[18]

Fortunes were accumulating so rapidly, commentators started musing in the late 1990s, that America might soon see the world's first trillionaire. That historic figure, *Wired* magazine suggested, would almost certainly be Bill Gates, the software entrepreneur who co-founded Microsoft.[19] Gates, by century's end, had come to personify great wealth in America.[20] Over stretches of the 1990s, his fortune was expanding by some $400 million *every week.*[21] How grand a sum is $400 million? Turn-of-the-century America's greatest lottery payoff, scored on May 9, 2000, came in at $363 million.[22] Gates was, in effect, hitting the lottery jackpot — beating the lottery jackpot — fifty-two times a year.

The Bill Gates fortune would be no isolated, freak phenomenon in the late twentieth century. Over the century's last decade, the grand fortunes that took root in the United States overwhelmed the world. On the *Forbes* 1990 list of the world's ten grandest accumulations of wealth, Americans only appeared twice.[23] By 1993, Americans made up, for the first time, a majority on the *Forbes* global top ten, with seven American fortunes on the list. In 1995, Americans occupied the list's top three slots, in 1998 the top four. In 1999, Americans swept the top seven slots on the *Forbes* list. The net worth of their combined fortunes — nearly $200 billion — helped the total net worth of the world's richest two hundred people hit $1 trillion for the first time ever. These fortunes would dip some after the stock market collapse that began in 2001. But the prominence of America's wealthy would see no dip. In 2003, *Forbes* researchers counted eight Americans among the world's richest top ten.[24]

AT SOME POINT, WISE PEOPLE have observed down through the years, accumulating ever greater sums of wealth makes no practical, personal sense.

"The money doesn't matter — not after the first million," financier Joseph Hirshhorn once noted. "How could it? You can't wear more than two shirts in a day, or eat more than three meals."[25]

At some point, presumably, even the richest among us will have nothing left to buy, or not enough time to consume what they have already bought. That point has not yet come. America's most fortunate have proved far more imaginative than Joseph Hirshhorn could have ever imagined. They have adapted. They have learned how to spend in a style that befits their financial good fortune.

Monumental fortunes must, of course, be housed monumentally. Toward that end, our wealthy spare no expense. They build and buy individual homes that cost as much as neighborhoods. Realtors in Florida's Palm Beach, early in 2001, proudly listed one attractive abode at $75 million. Seven other homes across the country, available at the same time, listed at or over $40 million.[26] Some homes of our wealthy amount to neighborhoods in and of themselves. In the Hamptons, the East Coast's most sumptuous summer getaway, construction crews spent 2003 finishing up a personal "compound" for billionaire industrialist Ira Rennert.[27] Among the site's charms: twenty-nine bedrooms and thirty-nine baths. Rennert's original plans also called for a twenty-car garage and "a reconstructed pub, transported stone by stone," from England.[28]

Other multimillionaires have opted for the majesty of castle life. New Jersey banker Alan Wilzig, for one, built himself a $10 million Medieval-style castle, complete with six suits of armor.[29] For well-endowed American turret-lovers who covet the real thing, Europe beckons. Several European real estate agents even specialize in castles. Early in 2001, Alexander Kraft of Sotheby's International Realty had a half dozen for sale. His prize: a winsome thirteenth-century beauty just outside Salzburg. A steal at $20 million.[30]

Anything less than a castle, in some posh neighborhoods, now gets the wrecking-ball. Wealthy buyers routinely spend millions on luxury homes, then knock them down to build homes even more luxurious. In San Francisco, realtors have dubbed this buy-demolish two-step the “scraper” phenomenon: You “buy a house, scrape it off the lot and build a bigger one.”[31]

The magnificent new homes that arise from teardown lots need, of course, to be suitably accessorized, inside and out. Wealthy Americans have relished this responsibility. They have confronted — and conquered — one accessorizing challenge after another.

The challenges can be formidable. Take landscaping, for instance. Can any sight be more pitiful than a grand new home surrounded by tiny young saplings? Ordinary Americans might be content to wait twenty years for saplings to mature. But why plant little trees when you can buy big ones? In 1999, wealthy homeowners up and down the East Coast were handing New Jersey’s Halka Nurseries up to $20,000 for a single thirty-foot tree — and another $40,000 to put each tree’s thirty-five-thousand-pound root ball in the ground. At peak planting season that year, Halka had enough orders to fill eight truck trailers a day, with each trailer carrying up to fifty trees.[32]

Other wealthy homeowners devote their energies to creating fitness-friendly landscapes. Backyard tennis courts? Always nice, but sometimes too noisy. The solution? The affluent with net smarts sink their courts six feet below ground level.

“People don’t want to hear the bounce,” explains Frank Newbold, a realtor in the Hamptons.[33]

Indoors, of course, the wealthy face equally daunting accessorizing challenges. Ever try decorating a dozen bedrooms? At century’s end, New York’s ABC Carpet & Home offered some help, with bedsheets at $1,300 for a set of two.[34] And what about all those closets that need filling? Wealthy Americans can find plenty of expert advice at such establishments as Bijan, the Manhattan shopping mecca considered by some “the most expensive store in the world.” In 1998, the store’s showroom, open by appointment only, featured racks of $1,500 silk shirts.[35] Not far from Bijan, at Harrison James, a prosperous shopper could pick up an alligator duffel for $17,500.[36]

Late in 2001, the Milanese fashion house known simply as Prada would open still another Manhattan shrine to “unique luxury items.” Prada’s new $40 million emporium featured two sets of doors, one for normal mortals and another for V.I.P.s. Once safely inside, a swell could slip into a celebrity-only dressing room and strut about in a white mink cape. The privacy came free. The cape cost $13,200.[37]

America’s most affluent, amid their ongoing struggles to find suitable shelters and fill them, have never lost sight of other basic human needs, most notably transportation. The challenge here? Moving in style, avoiding the rabble. Those crowded airport check-in counters can be so unpleasant. To the rescue, the private jet, little time-savers that can carry big creature comforts. In the new century's first year, the $48-million Boeing Business Jet, a favorite among the power-suit set, offered a dining room that seats six, two full bathrooms, and two large-screen televisions. By October 2000, Boeing had sold a small fleet of these jets to corporations — and twenty more to individuals.[38]

Soaring through the skies can, of course, get tiresome. All clouds eventually start to look alike. That may help explain why yacht makers, in recent years, have enjoyed such a fabulous run. Over the last half of the 1990s, the number of mega-yachts — boats at least eighty feet long — nearly doubled. Shipyards strained to keep up with the amazing demand. Waiting lists for new mega-yachts could stretch three years.[39]

The yachts were stretching, too. Back in 1986, publisher Malcolm Forbes had caused quite a stir when he unveiled a personal yacht that ran half the length of a football field. By 1997, the "largest American-owned pleasure vessel afloat," owned by the founder of The Limited retail empire, stretched over twice as long.[40]

What do you put on boats measured in football fields? Everything you can. In 2001, Trinity Yachts of New Orleans outfitted its *Seahawk* with a baby grand piano, a dining room for twelve, and "an air-conditioned deck, complete with an eight-person whirlpool."[41]

Where could America's yachtsmen take their floating whirlpools? In the early twenty-first century, a fabulous assortment of resorts offered even the most world-weary wealthy destinations truly worth remembering. Hong Kong's Peninsula Hotel welcomed the well-heeled with the $5,065-per-night Peninsula Suite. Guests could enjoy a marvelous harbor view and every possible convenience. The thoughtfully appointed bathroom, for instance, came with a hands-free phone system, the ultimate antidote, one travel writer noted, to "that age-old fear of dropping the Nokia in the tub."[42]

Wealthy Americans, at the turn of the century, would not be content to merely choose between resorts. They would create, in their zest to be best, entire new categories of destination, most notably the "destination wedding" — just you, your dearest, and several hundred of your closest friends in Bali or some other equally exotic locale. A New York couple, Valesca Dost and Mathias Guerrand-Hermes, set the matrimonial standard. Their wedding opened with over 450 guests in Paris, then ended five days later in Morocco. The reception highpoint? A friendly match of polo — on camels.

"Everyone," gushed one suitably impressed journalist, "felt like a pasha."[43]

Paul Allen, the Microsoft billionaire, would fabricate his fantasies around celebrities, not camels. In 1996, Allen started inviting America's greatest superstars, people like Carlos Santana and Robin Williams, on all-expense-paid junkets to some of the world's most dazzling destinations. The first of Allen's junkets went to the Riviera, the second to Venice, the third to Alaska. The fourth, in August 2001, took Allen and his celebrity pals on a long weekend excursion from Helsinki to St. Petersburg in the $1,400-per-night suites of a luxury liner.

The invitations to this Augustfest, delivered in a gold-embossed wooden box "with a faux Fabergé Easter egg nestled in a satin pillow," reportedly went to a list of notables that included everybody from Paul McCartney to Dan Aykroyd. The cost of these junkets? Allen's Alaska cruise set the billionaire back $9 million.[44]

Junkets with superstars, stretch yachts, big weddings, even grand expensive homes, do not, in the final analysis, bestow true distinction upon a person of significant means. To achieve true upper crust status, your upstairs needs a downstairs. You need, in a word, servants. Servants of fine bearing and perfect deportment, just like those famous British butlers. Servants with class, the ultimate marker of every self-respecting class society.

Immediately after World War II, amid frightfully high taxes on people of means, servants seemed to be going extinct, on both sides of the Atlantic. The number of butlers in Britain, about eighteen thousand in England's glory days, shrank into the hundreds.[45] Butlers, at one point, appeared destined to live on only in Agatha Christie mysteries. That did not happen. The last quarter of the twentieth century would see servants make a remarkable comeback. In the United Kingdom, the number of agencies supplying domestic staff tripled in the 1990s. By century's end, the British Isles boasted twice as many domestic servants as at the start.[46] But the most dramatic servant explosion came in the United States, the new home of the wealthiest of the world's wealthy.

In the Hamptons, the home away from home for New York's glitterati, the new social norms called for four domestic staff per household: a laundress, a chef, a housekeeper, and a houseman, for changing light bulbs and other chores.[47] Many wealthy families that summered in the Hamptons also employed, back home in New York City, multiple social secretaries. Why more than one? Servants, one careful observer of the Manhattan social scene informed a reporter, are like cats.

"When you're not home all day," he explained, "you need to get another one to keep the first one company."[48]

To meet the mounting demand for servants, veritable butler boot camps started emerging in the 1990s. Denver's Starkey International Institute for Household Management charged students $7,200 for an eight-week course in the care and feeding of wealthy people. By 1999, this "Harvard of high-end household help" was graduating sixty household managers a year. Graduates could expect to earn, annually, up to $120,000.[49]

By 2000, these certified servants actually constituted only a small fraction of the new army of Americans who earned their daily bread pampering the wealthy. Manhattan, observed one jaded journalist, "has become an island of modern maharajahs trailed by their processions of body servants, couturiers, accountants, drug pushers, personal trainers, closet arrangers, chefs, plastic surgeons, architects, lawyers, interior designers, head waiters, pimps, estate planners, therapists, jewelers, flatterers and flunkies."[50]

Full employment, mogul-style.

We live today, many Americans have come to feel, amid a greed that seems to define our culture, to taint almost everything we touch.

"The expansion of our greed," the ninety-three-year-old historian, Jacques Barzun, noted early in the new millennium, "is not lovely to look at."[51]

That greed has become unavoidable. Newsstands "feature a gaggle of glossy magazines with cover articles trumpeting one or another Ultimate Mutual Fund Guide, as if the subject has the sex appeal of supermodels in bikinis on Polynesian beaches."[52] On television, Americans can tune in to a steady diet of programming that has transformed greed, as one Midwest reporter notes, into "a source of entertainment."[53] *Who Wants to Be a Millionaire*, the first new series in this genre, would quickly beget *Greed: The Series*, *Who Wants to Marry a Multi-Millionaire*, and then, after a brief respite, 2002's huge bat-out-of-hell hit, *Joe Millionaire*.

"Is it wrong to want to have enough money to live comfortably?" asked one distressed onlooker, *Washington Post* columnist Michelle Singletary. "Certainly not. But it is pitiful that the desire to become rich has become a national pastime."[54]

Pitiful or not, that desire to become wildly wealthy has sometimes seemed to infect everybody in America.

"There's nothing left to do but go out and get rich," Bob Dole quipped, only half-joking, after talkshow host Jay Leno asked the 1996 Republican Presidential candidate, six weeks after the election, about his future plans.[55]

At century's end, many Americans didn't just *want* to become millionaires. They felt they *had* to become millionaires, or be judged a failure by the standards of the wealth-obsessed society that considered the Dow ticker the heartbeat of America. Older Americans, those who still remembered a world where wealth was not the measure of all things, looked on helplessly, hopelessly out of sync with an America they neither understood or wanted to understand.

"The message is in the air. If you don't care about money, you don't count," observed Thomas Boswell, one of the nation's top sportswriters. "The only occasion I'm brought up short is when I talk finances with my father. He doesn't say anything, but the more authoritative I sound, the more an expression of disappointment passes over his face."[56]

These older Americans had begun their adult lives in an America that knew no awe-inspiring fortunes. The fabulously wealthy, by the 1950s, had largely faded from the American scene. In New York, the most visible markers of their wealth, the grand private mansions that lined Fifth Avenue in the early 1900s, had become grand public places, impressive headquarters buildings for important cultural and educational institutions. Americans considered this sort of turnover irreversible. Private excess, they believed, had birthed public benefits that future generations would enjoy for years and years to come. There would be no going back. The plutocrats had been routed.

By century's end, the plutocrats would be back.

"Someone has just bought the International Center of Photography, a grand old mansion on Fifth Avenue, in order to turn it back into a private house," the *New Yorker* noted in early 2000.[57] Public institutions, in the new America, were now becoming private mansions. The twenty-first century was beginning just as the nineteenth century had ended, with unimaginable wealth concentrated in a few fortunate pockets.

"The plutocracy," the *New Yorker* marveled, "has never been so plutocratic."

A half-century ago, in the 1950s, no one in America imagined that the United States would ever again witness the rise of a new plutocracy. No one, absolutely no one, envisioned a new age of grand fortunes in America, fortunes grand enough to rival the towering accumulations of wealth that defined, in the decades after the Civil War, the epoch we now know as the Gilded Age.

In those Gilded Age years, "robber barons" of steel and rail and oil squeezed gargantuan fortunes out of workers and consumers alike — and changed the face of America. In 1861, millionaires were as uncommon a sight as billionaires would be a century later. Only a handful dotted the American landscape. By 1900, over four thousand fortunes had reached seven figures.[58] Some reached much higher. In 1876, William Vanderbilt inherited $90 million from his father's $105 million estate.[59] It took his father over thirty years to build his fortune. Son William proceeded to nearly double it in just seven.[60]

Few contemporaries found William particularly brilliant. Neither have historians. One dubbed him "a plodding, penny-pinching watcher of detail to whom brains and money meant the same thing."[61] But you didn't need to be brilliant to swindle rivals with secret rebates or fix prices with cartels or dodge taxes with payoffs to politicians. In the Gilded Age, you just had to be rich and powerful. Never before, in America, had so few become so rich so fast — amid such sleaze. Of his day's business tycoons one United States senator noted: "When they speak they lie; when they are silent, they are stealing."[62]

The names of the biggest robber barons — Carnegie, Morgan, Rockefeller — remain familiar to us today. But their excesses have been largely forgotten. Railroad magnate Jay Gould boasted a palatial five-hundred-acre estate on the Hudson, complete with the world's largest orchid collection.[63] Tobacco king James Buchanan Duke's New Jersey manor fielded a lawn that took a crew of forty to tend.[64] William Vanderbilt delighted in $75,000 costume balls.[65] At one, guests found dogs wearing diamond-studded collars.[66]

Vanderbilt keeled over in 1885. His children carried on. Son George spent $6 million — and kept three hundred stonemasons busy for three years — erecting a two-hundred-and-fifty-room palace on a North Carolina mountainside. Son Cornelius spent his dollars building a $5 million mansion on Manhattan's Fifth Avenue. To make space for "three beds of blossoms and a few square yards of turf," he had the brownstone next door torn down and replaced with a $400,000 garden.[67]

Meanwhile, elsewhere in Manhattan, half the city's people spent their days and nights in always crowded, often deadly tenements. Some neighborhoods averaged close to one thousand people per acre, an obscenely high density then matched, notes one historian, only by "parts of Bombay."[68] Cornelius Vanderbilt and his friends never noticed. They stood firmly convinced that all Americans, even the poorest among them, were sharing the grandeur of Gilded Age prosperity.

"The very beggars in our metropolitan cities, and the 'tramps' sleeping in our fields or under the roof that shelters our cattle," one comfortable observer cheered in 1880, "wear a finer fabric than kings could boast a century ago."[69]

Vanderbilt's crowd may not have been discomforted by the enormous gap that distanced his era's wealthy from the rest of America. But many of their fellow Americans were. In the 1890s, notes one student of Vanderbilt's era, books decrying the "massing of private economic power" would become "not only bestsellers but national events." Influential writers like William Dean Howells would be "joined by dozens of lesser novelists in excoriating the moral consequences of gilded avarice."[70]

No novelist would make more of an impact than Edward Bellamy, the frail son of a New England Baptist minister.[71] Bellamy's 1888 novel, *Looking Backward*, became, after *Uncle Tom's Cabin*, America's best-selling secular book of the nineteenth century.[72] *Looking Backward* told the tale of a wealthy Bostonian who went to bed in 1887 and awoke a century later, in 2000, to find an America that had uprooted inequality. In this new America, every adult earned the same annual income. Americans bid for their jobs, and, if no one bid for a particularly unappetizing job, then the hours of work required for it were reduced until the job became appealing enough to attract bidders.

Bellamy's egalitarian vision proved immensely popular, as did the vision advanced, about the same time, by an even more beloved advocate of greater equality in America, author and activist Henry George. At his death in 1897, George may have been the nation's third most admired man, "eclipsed in public recognition only by Mark Twain and Thomas Edison."[73] A self-educated economist, George gave voice to the apprehensions — and shame — Americans felt about their nation's growing inequality.

"We have prohibited hereditary distinctions, we have forbidden titles of nobility; yet there is growing up an aristocracy of wealth as powerful and merciless as say any that ever held sway," George told one audience.[74] "There are in the United States," he told another, "some few people richer than it is wholesome for people to be."[75]

George's most famous work, *Progress and Poverty*, attacked the concentration of land ownership and proposed the abolition of all taxes, save those on land values. This "single tax" prescription won the popular economist enough adherents to run a competitive campaign for mayor of New York in 1886.[76] George would lose that race, a three-candidate contest, to the Democrat on the ballot, but George's supporters claimed the election had been stolen from him

— and many observers agreed. George did top the Republican in the race, an up-and-comer by the name of Theodore Roosevelt.

At George's death, eleven years after his mayoral run, over a hundred thousand people marched in his funeral procession.[77] Theodore Roosevelt, meanwhile, would go on to make some plutocracy-busting history of his own, as President of the United States.

Roosevelt, a man of means himself, never saw fit to genuflect before the great fortunes of his day. "I have to talk to millionaires but I wish I didn't. They bore me," he noted in 1903. "Outside of money-making they're dumb."[78] Such "dumb" men, Roosevelt felt, should not be allowed to dominate American democracy. In 1906, Roosevelt would push for an estate tax, a levy on the assets the rich leave behind at death. Taxing estates, he explained, would "put a constantly increasing burden on the inheritance of those swollen fortunes which it is certainly of no benefit to this country to perpetuate."[79]

For Roosevelt, for millions of other Americans of his time, the notion that "swollen fortunes" were "certainly of no benefit to this country to perpetuate" seemed indisputable. In this conviction, in this revulsion against stark economic inequality, Roosevelt and his contemporaries would echo a long and noble tradition.

TOO MUCH INEQUALITY, philosophers and prophets have argued down through the ages, tears at the ties that bind the human community.

"An imbalance between rich and poor," contended Plutarch, an ancient Greek historian, "is the oldest and most fatal ailment of republics."[80]

The Greeks, notes Thomas Palaima, a University of Texas-based authority on antiquity, believed strongly that hard work produces personal prosperity. "But they held an equally strong belief," he adds, "that the concentration of exorbitant wealth in the hands of a small class ultimately divides communities and invites disaster for one and all."[81]

In the ancient East, as in the ancient West, in the New World, as in the Old, the thoughtful have always feared the consequences of letting wealth concentrate. "Excess and deficiency," taught Confucius in China, "are equally at fault."[82] Across the Pacific, in North America, Native American communities "ritualized the fair distribution of wealth." Indians of the old Pacific Northwest, notes one contemporary writer, "honored the rich only when they threw huge parties to give everything away."[83]

The world's great religious traditions have all echoed this wariness about wealth. Sages from Buddha to Muhammad, historian Arnold Toynbee once observed, disagreed with each other on "the nature of the universe, the nature of the spiritual life, the nature of ultimate reality." But they all shared, pointed out Toynbee, the same perspective on the chase after fortune: "They all said with one voice that if we made material wealth our paramount aim, this would lead to disaster."[84]

"There is enough wealth to meet everyone's need," as Mahatma Gandhi would later explain, "but not everyone's greed."

Western religious traditions have sounded the same note. "Give me neither poverty or riches," the Old Testament tells us in Proverbs.[85] Such injunctions rebound throughout the Judeo-Christian heritage. Indeed, contends Jim Wallis, an evangelical theologian, no theme resonates more compellingly in the Bible than "the immorality of inequality."[86]

"The profit of the earth," as *Ecclesiastes* exclaims, "is for all."[87]

At various points in the history of ancient Israel, powerful men chose to challenge this clear injunction. They devoted themselves to accumulation, against the ancient traditions. At exactly these points, those epochs when wealth concentrated, the great prophets — Isaiah, Amos, Hosea, Jeremiah — emerged onto the Biblical scene and thundered for justice. And no Biblical figure, adds Rev. Jim Wallis, would have more to say about inequality than Jesus.

"Jesus speaks more about the gap between rich and poor," the theologian observes, "than he does about heaven and hell."[88]

Thoughtful, and sometimes courageous, clergy have been revisiting that gap ever since.

"Our incomes are like our shoes," as one English cleric, Charles Colton, reminded his congregation in 1822, "if too small, they gall and pinch us; but if too large, they cause us to stumble and trip."[89]

Sir Francis Bacon, the English scholar who helped develop the basics of scientific reasoning, would no doubt have enthusiastically embraced Colton's homespun imagery. Two centuries earlier, Bacon had advanced his own homespun perspective on wealth.

"Money is like muck," Bacon noted, "not good except that it be spread."[90]

Sir Francis made this observation at about the same time English subjects were starting to populate the colonies that would become the United States. These subjects would later, as the revolutionary generation of 1776, take to heart Bacon's apprehensions about unequal distributions of wealth. Not for them the aristocratic inequalities of England. They would create a new nation where fortunes would not be privileged. Everything America's original revolutionaries knew about the world, everything dear to them from their religious traditions, everything they learned from their study of antiquity, had led them to believe that wide gaps between the wealthy and everyone else endangered the good society they wanted their new nation to become.

America's revolutionary leaders, explains historian James Huston, understood "the necessity of securing and then maintaining a nearly equal distribution of wealth among the voting citizenry."[91] Benjamin Franklin "argued that no man ought to own more property than needed for his livelihood." Noah Webster of Massachusetts, he of later dictionary fame, declared in 1787 that "a general and tolerably equal distribution of landed property is the whole basis of national freedom," the "very soul of a republic."[92]

The nation our revolutionary generation created did at first maintain, by and large, that "tolerably equal distribution of landed property." Great fortunes, over the new nation's first century, did not dominate the young republic. But neither did a consistent commitment to real equality, as abolitionists, trade unionists, early feminists, and legions of other reformers continually pointed out. Still, compared to the fortresses of aristocratic inequality in Europe, the young United States did stand apart. Fourth of July orators could proudly — and credibly — proclaim the United States a nation where the people, not privilege, ruled.

That claim, with the unfolding of the Gilded Age after the Civil War, would no longer remain credible. The emergence of giant industrial empires, social critics noted, perverted the values that made America a special place.

"The greatest country, the richest country, is not that which has the most capitalists, monopolists, immense grabbings, vast fortunes, with its sad, sad foil of extreme, degrading, damning poverty," wrote Walt Whitman, the greatest poet of the time, "but the land in which there are the most homesteads, freeholds — where wealth does not show such contrasts high and low, where all men have enough — a modest living — and no man is made possessor beyond the sane and beautiful necessities."[93]

The grand fortunes of Gilded Age America would trigger almost equally grand citizen movements that aimed to cut the wealthy down to democratic size. In 1892, the "Populists" burst into the nation's consciousness, electing governors and members of Congress, challenging racism in the old Confederacy, challenging the domination of great wealth everywhere. That wealth, argued the farmers who launched the Populist crusade, imperiled all Americans.

"Plutocracy should be called the great national crime," proclaimed Milford Howard, a Populist congressman from Alabama. "The spirit of avarice is devouring the great heart of this nation. The greed for gain gets such possession of men's souls that they become demons. They rush into the maelstrom of money-getting, and soon lose all fear of God and love for their fellow-men, and before they realize it, they have become slaves to a passion which is as cruel as fate and remorseless and unrelenting as death."[94]

In the early twentieth century, a new generation of reformers, the middle-class Progressives, would pick up where the Populists left off.

"We can either have democracy in this country," as attorney Louis Brandeis, later a Supreme Court justice, thundered in near-Biblical cadences, "or we can have great wealth concentrated in the hands of a few, but we can't have both."

Men and women inspired by reformers like Brandeis would keep the pressure on outsized fortunes throughout the first half the twentieth century. They battled for checks on "trusts," the grand accumulations of companies that created even grander accumulations of wealth. They battled for taxes on the incomes of the wealthy. They battled for taxes on estates stiff enough to prevent tycoons, at death, from giving birth to new dynasties. They helped focus America's political discourse on inequality. "As late as the 1940s," notes one business journalist, "it was possible to talk without irony of 'soaking the rich.'"[95]

And the rich did get soaked.

A half-century of unrelenting struggle against privilege would climax, during and right after the Great Depression, in new values for America. The selfless, not the selfish, would set the nation's tone. In the 1930s and 1940s, under pressure from organized and angry average citizens, lawmakers would tax the nation's wealthy at rates considerably higher than ever before. Working people, for the first time, would win basic rights to bargain for a larger share of the wealth their labors created. Historian Claudia Goldin has dubbed these years the "Great Compression." Higher taxes on the wealthy, the first national minimum wage, Social Security, and collective bargaining would all combine to dramatically narrow the gap between America's wealthy and everyone else.[96]

What emerged, in full glory, after World War II would be the world's first truly middle class nation, "the first genuine mass prosperity in the history of humankind."[97] America's post-war economy boomed — for nearly everyone. Home ownership, pension plans, and health insurance became commonplace facts of life for average Americans.[98] The nation, by every economic measure, was becoming more equal, and those not yet "equalized" seemed to be on their way. In the 1960s, just to make sure, we would even start a war against poverty.

In the quarter century after World War II, the real incomes of American families — all families, rich, poor, and every one in the middle — rose substantially. But middle class and poor families actually saw their incomes, on an annual basis, rise faster than the incomes of rich families.[99] Throughout these years, average Americans made steady progress to the good life that had become the American dream. A decent home. A dependable paycheck. Time to enjoy families and friends. Opportunities for children. These all seemed attainable in the years after World War II.[100]

In these prosperous times, average Americans did not feel particularly diminished if they weren't rich. Americans lived in a society that celebrated the middle class, and most could entertain reasonable hopes of becoming part of that vast middle. Vast inequality, by the 1950s, seemed a relic of America's economically primitive past. Earlier eras of greed, economists began pronouncing, simply reflected the immaturity of America's industrializing economy. Wide disparities of wealth and income, they assured the nation, would continue to dissolve as America's economy continued to evolve.[101]

The executives who managed corporate America after World War II would, in this relatively egalitarian atmosphere, keep a low profile. They wore gray flannel suits, not TV make-up. They hid in nondescript office buildings. They wouldn't think of building palaces, even if they could afford them.

And then, early in the 1970s, the drive toward a more equal America suddenly started sputtering. The nation's great and growing middle class, the moving force of modern American life, stopped growing. Almost overnight.

We can measure how well, or how poorly, a middle class is growing in any number of ways. We can, for instance, define a range of incomes as "middle class" and then count — and compare over time — the number of families that fall within this range. One analysis along these lines, conducted in 1998, defined as middle class those families that earn between $30,000 and $80,000. In 1973, this analysis found, families earning between $30,000 and $80,000, as measured in 1998 dollars, made up nearly two-thirds of all American families. In 1998, they made up only half.[102]

We can also define middle class as a fixed ratio. Economists who take this approach typically compute an overall income median — the point at which half a society makes more, half less — and then label as middle class everyone who makes at least half the median but no more than twice. In 1969, the number of Americans in the middle class, as defined by this standard, constituted 71.2 percent of the American people. Three decades later, in 1998, only 61.5 percent of Americans fit this middle class standard.

What happened to those Americans who no longer lived in the middle? Some fell below middle class income levels. The share of Americans making less than half the median wage, notes the Economic Policy Institute, expanded from 18 percent of the nation in 1969 to 22.3 percent in 1998. Other refugees from middle-income ranks jumped up in earnings. The number of people making at least twice the median wage rose from 10.8 percent in 1969 to 16.2 percent in 1998.[103]

Measuring the middle class, to be sure, is no exact science. All sorts of people, after all, define themselves as middle class, including people who strike others as poor and people who strike others as rich. Ultimately, argues economist Paul Krugman, a middle class nation cannot adequately be defined purely by numbers. A truly middle class nation, he suggests, is "a society in which most people live more or less the same kind of life."

"In 1970 we were that kind of society," notes Krugman. "Today we are not, and we become less like one with each passing year."[104]

BY THE OPENING OF THE TWENTY-FIRST CENTURY, the United States had gone a decade without recession, the longest stretch of peacetime prosperity in the nation's history. America had never before generated so much wealth. Yet most Americans felt anything but flush.

"About 75 per cent of American families are caught in an Alice-in-Wonderland world," as economist Barry Bluestone had observed a few years earlier, "working enormous hours but not getting anywhere."[105]

America's typical middle class families, the Federal Reserve Board would report in 2003, were actually losing ground. Between 1998 and 2001, Fed data showed, typical middle class families saw the total value of their financial assets — everything from their mutual funds and bank savings to the money in their retirement accounts and the cash value of their life insurance — drop, from $17,600 to $17,100.[106]

How could that be? How could so many families, amid such massive new wealth, be struggling to hold their own? So many families were struggling, careful analysts pointed out, because most families were not sharing in America's bounty. Our nation's new wealth was enriching only a small and fortunate few.

Who made up this fortunate few? In 2001, the *New York Times* would define "the winning upper crust" as those households worth at least $250,000, a category that encompassed about one in five American households.[107] In the 1980s and 1990s, this most affluent fifth captured almost all of America's gains in household net worth — 91 percent, according to economist Edward Wolff.[108] By 2002, the Census Bureau calculated, America's top fifth was raking in over half the nation's annual personal income, its highest share ever.[109]

But these "top fifth" statistics, many analysts argue, actually cloud more than they clarify. Not everyone in America's richest fifth, they note, has been realizing the same king-sized prosperity. Indeed, these analysts add, America's most fundamental economic divide doesn't sit between the nation's most affluent 20 percent and everybody else. America's real divide has become the gap that separates the immensely wealthy, not the merely affluent, from everyone else.

On average, to be sure, those households in America's most affluent fifth have been doing quite well over recent years. In the 1980s and 1990s, after adjusting for inflation, the "average" income for this top fifth rose a sweet 70 percent, to $196,500.[110] But averages can deceive. Consider, for instance, a baseball team with one star making $15 million and twenty-four other ballplayers earning $250,000 each. The *average* salary on that club would be $840,000, but twenty-four of the twenty-five players would be making less than one-third the average.

In the 1980s and 1990s, America's most affluent 20 percent resembled a top-heavy baseball team.[111] By the turn of the century, in 2000, most households in this affluent 20 percent didn't earn anywhere near the group's $196,500 average. Three quarters of the households in the richest fifth, in fact, only earned between $58,400 and $108,400.[112]

America's most affluent 5 percent were doing considerably better than that, Congressional Budget Office research revealed in 2003. The Americans in these households saw their average pretax incomes leap, after adjusting for inflation, from $205,500 in 1979 to $434,300 in 2000, an imposing 111 percent increase. Overall, between 1979 and 2000, the incomes of America's richest 5 percent jumped over three times faster than the incomes of America's next richest 15 percent.

But these numbers still don't tell the full story. To really understand who gets what in the United States today, we need to look closer at America's top 5 percent. That closer look offers up a striking picture: Within our top 5 percent, the richest 1 percent outpace, by astonishingly wide margins, the next richest 4 percent.

Households in America's richest 1 percent saw their *average* annual income soar, after adjusting for inflation, from $454,200 in 1979 to $1,290,800 in 2000, a 184 percent increase. Households in the next richest 4 percent saw, by contrast, their average incomes rise only 64 percent, from $139,668 to $229,485.[113]

The gap between America's richest 1 percent and everybody else becomes even more striking when we shift our spotlight from annual income to accumulated wealth.

In 1998, the nation's wealthiest 1 percent sat on nest-eggs worth an average $10.2 million. Their wealth had increased 42 percent since 1983, after taking inflation into account.[114] The richest 1 percent, between 1983 and 1998, actually *gained* in wealth more than double what the next richest 4 percent *owned*.[115] In all, economist Edward Wolff concluded in 2001, America's wealthiest 1 percent accumulated more than half, 53 percent, of the nation's "total gain in marketable wealth over the 1983-1998 period."[116]

The new wealth generated by the American economy in the "prosperous" 1980s and 1990s had, in effect, come to rest in the pockets of a tiny elite. The most celebrated among this elite went by an acronym. We called them CEOs.

BACK IN THE EARLY 1970S, if asked to name even a single current corporate chief executive, most Americans would have been hard-pressed. Fewer still would have known what "CEO" stands for. A generation later, almost all Americans would know. The shorthand for "chief executive officer," by century's end, had come to symbolize — epitomize — America's growing polarization of income and wealth.

CEOs first started gaining the public's attention in the 1980s, for an understandable reason. Something strange was happening. Average wages were stagnating, but paychecks for top corporate executives were soaring. In all, over the course of the 1980s, top executive pay would more than triple, rising 212 percent.[117]

But the real eye-opening gains in CEO compensation were yet to come. Between 1990 and 2000, top executive pay soared another 571 percent.[118] The new century began with top corporate CEOs routinely averaging over $10 million a year.

Average worker pay, meanwhile, had barely outpaced inflation. If production worker pay in America had grown as fast as CEO pay, one study pointed out, production workers would have averaged $120,491 in 2000, not the $24,668 they actually took home.[119]

These two trends — soaring executive pay and stagnating paychecks for average workers — created remarkably stark disparities. In Silicon Valley, janitors made $8.40 an hour cleaning the offices of top executives making $10,000 a day.[120] Or more. Cisco CEO John Chambers pulled in $121.7 million in 1999, over $333,000 a day if he worked every weekend and Christmas day, too.[121]

General Electric CEO Jack Welch, the next year, would do even better. He carted home $144.5 million in 2000, a payout nearly three hundred times greater than the compensation his CEO predecessor at G.E. earned in 1975.[122]

Things had changed at G.E. — and in America, too. In 1975, the G.E. chief executive's $500,000 paycheck equaled the combined incomes of thirty-six American families earning the nation's median income. Jack Welch's $144.5 million equaled the year 2000 median income of nearly thirty-five hundred American families.[123]

In new millennium America, a top executive could — and did — make in one year what an average employee would have to work almost two millennia to equal. To match the year 2000 take-home of Sprint CEO William Esrey, for instance, a Sprint telephone line repair person would have had to labor for the next 1,891 years.[124]

Such disparities amazed — and shocked — business people who had devoted their careers to the nitty-gritty of making America work.

"Top management increasingly seems to view itself as a group of demigods entitled to dwell in the financial pantheon once reserved for nobility," a *Machine Design* magazine editorial writer would angrily note. "In the face of massive layoffs and hardship inflicted on the work force in general, corporate management is on an upward spiral of greed that seemingly has no bounds."[125]

No bounds indeed. In 2000, the top three executives of MedImmune Inc., a Maryland biotech company, personally pulled in over $20 million each. Their company's good fortune depended on a drug designed to treat the "symptoms of a respiratory virus in high-risk infants."[126] Making millions off of high-risk infants, wasn't this a bit unseemly? Certainly not, retorted company spokesperson Lori Weiman.

"Our company, like everyone else," the corporate flack explained, "looks at what's standard and customary."[127]

Standard and customary. What would the biotech giants of earlier ages have thought about America's new compensation standards?

"Jonas Salk never sought to patent his polio vaccine," notes journalist William Greider. "He thought his reward was knowing how greatly his work had advanced all of humanity."[128]

Silly Salk. What did he know.

IMAGINE IF A PRESIDENTIAL CANDIDATE had stood before voters, in 1976, and promised to make life worse for average Americans. Imagine this candidate, in the first debate of the fall campaign, making a pledge that went like this:

"If I'm elected, I promise that you're going to work longer hours than you've ever worked before, for the next twenty-five years. But, hey, that won't matter because you won't be able to afford to go out much anyway. You're going to have less job security. You're going to be bounced around. And your local communities are going to have less to spend on schools and parks. Why am I asking you to tolerate all this? For the good of the country? Are you kidding? I'm asking you to do more and take less because I want to create an America that works for the privileged. Yes, sir, you may have it tough over the next twenty-five years, but your fellow citizens who happen to be wealthy are going to have a grand time. How does that sound? Do we have a deal? Can I count on your vote?"

Any candidate who delivered such a speech in 1976 would surely have been hooted off the stage. Newspapers would have railed against this candidate's nightmarish vision. The candidate's party faithful would have deserted. On election day, our loudmouth candidate would have been buried by America's greatest landslide ever. Average Americans would have gone to sleep that night smiling and content, secure in the knowledge they had soundly defeated an outrageous attack on their future well-being.

No candidate in 1976, of course, ever ran for office pledging to help the already affluent grab a greater share of the nation's income and wealth. No candidate over the last quarter-century has ever run on such a platform, or anything close to it. Yet America's affluent *have* increased their share of the nation's income and wealth, and enormously so, at the same time average Americans have seen their economic fortunes stagnate. The vision that would have been seen as a nightmare in 1976 has come true.

"No country without a revolution or a military defeat and subsequent occupation," economist Lester Thurow has noted, "has ever experienced such a sharp a shift in the distribution of earnings as America in the last generation."[129]

How sharp? If households in America's poorest fifth of households had received at the end of the twentieth century the same share of the nation's after-tax income as they received in 1977, each poor household would have taken home $3,300 more in 1999 than it actually did. If average American households had received in 1999 the same share of America's income they received in 1977, families in our middle fifth of households would have earned, after taxes, $3,500 more per household than they actually did.

And at the top? If America's wealthiest 1 percent had closed the century with the same share of the nation's income that this top 1 percent received in 1977, our wealthiest would have made $226,000 *less* per household than they actually did earn in 1999.[130]

The bottom line from America's generation-long shift in who gets what: By the early twenty-first century, Federal Reserve Board research would document in 2003, America's top 1 percent had accumulated over $2 trillion more in wealth than everyone in America's bottom 90 percent combined.[131]

America had become, analysts agreed, "the most unequal rich nation on earth."[132]

Must we in the United States remain as unequal as we are now? Is our nation's wealth destined to remain forever concentrated? Perhaps. But earlier generations of Americans faced inequality that seemed just as stark, just as embedded, as ours. They made a difference. They created a more equal America, a society where wealth did not concentrate, a society where average people could significantly improve their lot in life.

These earlier generations could not, in the end, sustain the momentum for a more equal America. But we can learn from their efforts. We can avoid their mistakes and build upon their triumphs. We can make a lasting difference, these pages will contend, if we dare to be bold. We will propose, in this spirit, that our nation needs to stop the concentration of wealth where it starts, by capping the incomes of those Americans at our nation's economic summit. We will propose what might be called, in effect, a "maximum wage."

A *maximum* wage? Americans who care about economic inequality can today barely generate enough political momentum to raise the *minimum* wage. How can we possibly talk about a *maximum* wage and expect to be taken seriously? In our contemporary United States, isn't any talk about income limits simply ludicrous?

Maybe not. In 1942, a President of the United States, Franklin D. Roosevelt, actually proposed the equivalent of a maximum wage — and no one laughed.

President Roosevelt asked Congress that year to impose a 100 percent tax on all individual income over $25,000, about $300,000 in current dollars after adjusting for inflation. Roosevelt's plan to cap incomes didn't pass, but his proposal did have an impact. By 1944, Congress had voted to tax income over $200,000 at a 94 percent annual rate, not a cap, to be sure, but not too far distant from one.

Would an income cap make sense for us today? And if so, at what level? At $300,000, the equivalent of FDR's $25,000? At half a million dollars a year? At a million? The pages ahead will spend no time arguing that any one of these numbers makes more sense as a limit than any other. Whether the richest people in our society earn $300,000 a year or $1 million a year does not really matter. What matters, these pages will contend, is the *gap* between the rich and everyone else. That gap is what needs limiting — before our social fabric stretches so far it tears.

If our problem is indeed our gap, as the pages to come will argue, then any "maximum wage" worth fighting for ought to be about reducing the distance between top and bottom, and not just about placing ceilings on the top. The maximum wage approach we propose aims in this direction. We call our approach the Ten Times Rule. In a Ten Times Rule America, no American would be able to earn more than ten times the income of any other. Any income above this ten times limit would be subject to a 100 percent tax.

If this Ten Times Rule were ever to become the law of the land, our nation's richest would only be able to become richer if our poorest became richer first. America's wealthiest and most powerful, in this ten times environment, would suddenly have a personal, deep-seated, vested self-interest in improving the well-being of America's poorest and least powerful.

These musings about a maximum wage will no doubt strike many contemporary ears as sheer madness. We live at a time, after all, when great fortunes are accepted as a given, a basic fact of life. To be is to accumulate. What journalist Richard Todd calls "the original American dream" — "the fragile idea that there is an equality based on worth that transcends net worth" — seems to have no place in early twenty-first century America.[133]

In our current climate, to try to attend to inequality seriously, to even consider placing limits on accumulation, is to invite ridicule. Limits on income? In a free country? How dare anyone suggest such an attack on our freedom!

In our free country, truth be told, we set limits all the time. We tell hunters they can shoot only so many ducks. We tell motorists they can drive only so fast. We tell developers that their skyscrapers can sport only so many floors. We set limits to protect our well-being.

That well-being, these pages will argue, demands that we set limits on income as well.

But incomes, the retort will come, cannot be lumped together with ducks and speed limits. Greed may be ugly, the retorters will argue, but the craving to become rich motors our civilization, all civilization. To progress as a people, we must accept greed. To place limits on accumulation, to shackle greed in any significant way, shape, or form, would be to throttle the engine that drives all human progress.

This strain of thinking echoes powerfully throughout the United States today and, to a lesser extent, throughout the rest of the world as well. To make the case for a more equal America, we need first to carefully consider, not dismiss, this case for business as usual, this case for greed.