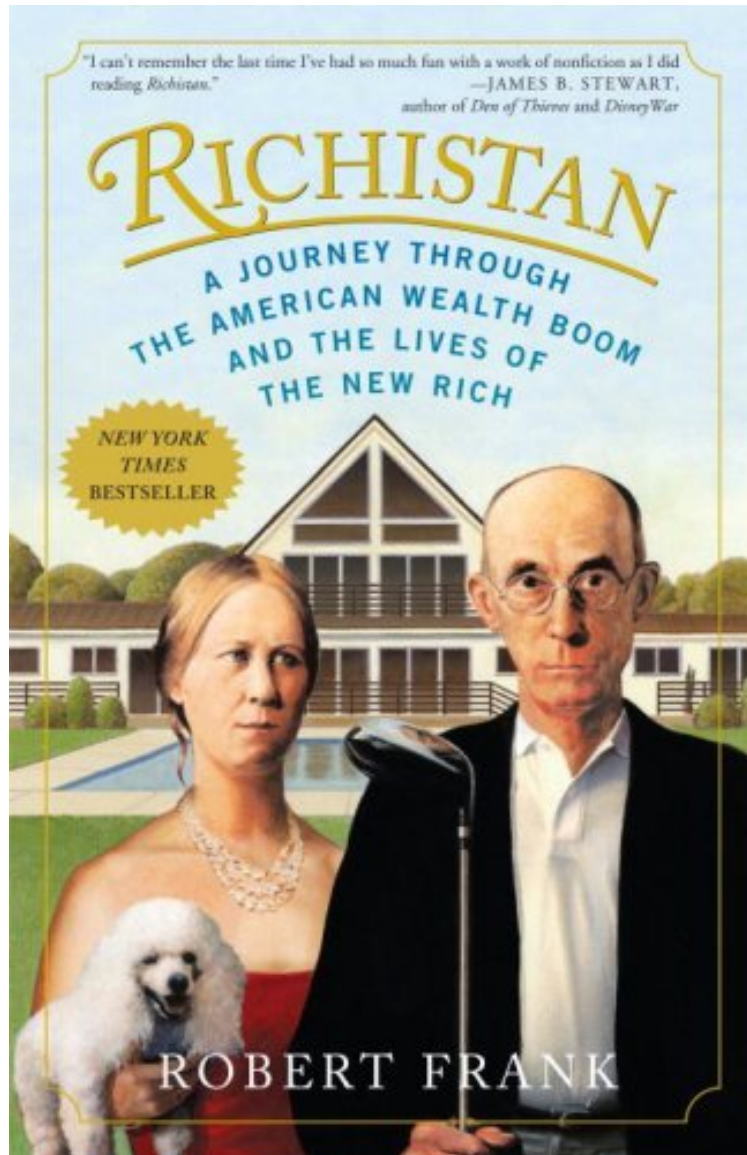


(Free pdf) Richistan: A Journey Through the American Wealth Boom and the Lives of the New Rich

## Richistan: A Journey Through the American Wealth Boom and the Lives of the New Rich

Robert Frank

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**Robert Frank : Richistan: A Journey Through the American Wealth Boom and the Lives of the New Rich** before purchasing it in order to gauge whether or not it would be worth my time, and all praised Richistan: A Journey Through the American Wealth Boom and the Lives of the New Rich:

2 of 2 people found the following review helpful. A lukewarm read on the class differences By dreambelieverPros: It was kind of fascinating to see how the nouveau riche make their fortunes and how they spend it. The author threw in

just a bit of back ground as to how the 1% got so rich and the decline of blue blood wealth following the rise of the new rich. It was also interesting to see how precarious a lot of this new wealth is i.e it can all be lost via over spending or a bad investment move. Cons: Kind of disgusting that there are actually people out there who have an entire staff to do everyday things the rest of us do. The author sort of makes a case as to why the wealth boom is positive via the onslaught of service jobs but still kind of doesn't really get into how this is bad for the rest of us in the long run. there is a mention of money corrupting politics which is a valuable observation. I would've liked to read more about the danger of too much too soon and what it can do or is already doing to our fragile economy particularly to the education system and healthcare system. The author touches on important economic topics but he isn't an economist so I understand the approach. Conclusion: the author dabbles on in depth topics but only offers teasers which was a trifle disappointing. I think with some more research and conviction he would've had a solid read. Instead he tried to play neutral and delivered a slightly lackluster account on the state of affairs regarding wealth and class. Note also this book was written before the Great Recession of 2008 so it is a tad out of date. This book both piqued my interest and left me a bit annoyed at how the middle class is being squeezed and a select few are getting wealthier and wealthier with not enough political or socioeconomic explanations as to why.

4 of 4 people found the following review helpful. Well-written, well-researched book noted the "1% vs. 99%" separation before it went mainstream

By Andy Orrock Robert Frank's well-written, well-researched book has a bit of "pre-Lehman stink" to it. It's a matter of unfortunate timing. Regardless, it's a fascinating book. As the wealth reporter for the Wall Street Journal, Frank - more than any one else - has chronicled and essentially foretold the story of the concentration of the country's wealth over the past few years into the hands of the upper 1%. I don't know if Frank lays claim to branding the whole "1% vs. 99%" storyline that has shaped up over the past few years, but he could certainly stake a good claim to it. His passages here predate 'Occupy Wall Street' by five years, but read straight out of 2011/12 battle lines - his observations of the 1% taken by the 99% and turned back at them. Published one year prior to 2008's Global Financial Crisis, the lives of many of the "Richistanis" portrayed here went topsy-turvy with that crash. Most notably, the chapter on Tim Blixseth is interesting for a very different reason than its descriptions of Blixseth's wealth. Rather, his fortunes since then has been so calamitous: bankruptcy, legal action galore and a divorce so nasty that his wife summed up her feelings with "I would rather feel the cold steel of a revolver in the roof of my mouth and pull the trigger than to ever think about living a day with that man again." Other than that, life's been good for him. So, it's curiously fascinating to listen to narrator Dick Hill (I listened to the Audio CD version) recount Frank's time with Blixseth. The then-billionaire had a casual, easy way about his wealth that clearly resonated with the author. As a result, it was one of my favorite chapters in the book. Hands down my favorite chapter: The story of Department 56 founder, Ed Bazinet. It's a compelling tale of wealth created through what seems to be the most prosaic of product lines: hand-painted, ceramic buildings and villages with lights inside. How he built the business (the tales of creativity astound) is stirring. Frank tells it beautifully and Hill does a masterful job giving you his take on Bazinet's voice. He inherits the essence of what you'd expect the guy to sound like (Minnesota accent and all). This tale, too, has a interesting twist! Bazinet was in the news in February 2012, the New York Post reporting that he "went on a bizarre shopping spree at the New York International Gift Fair, ordering \$20 million worth of swank bric-a-brac before ending up in a mental hospital." For those reasons alone, I'm very curious to read Frank's follow-up, *The High-Beta Rich: How the Manic Wealthy Will Take Us to the Next Boom, Bubble, and Bust*.

5 of 5 people found the following review helpful. Are the super rich really different today?

By George Fulmore This book is certainly provocative, along with its flaws. Statistics are blended with stories of individuals and/or endeavors, leading to good "food for thought." I'm giving it four stars for the effort, which for me means that it is worth a read, as a book that fits on one's bookshelf, complemented by other "good," but not great, books. The author tells us that in writing the book, he was primarily interested in those with a net worth in excess of \$10 million, which he finds to be the beginning of the level of "Middle Richistan." This level ranges up to about \$100 million, after which starts the level of "Upper Richistan." Members of Lower Richistan, with between \$1 million and \$10 million net worth, tend to be politically conservative, and tend to be headed toward being poorer relative to those above them. As a result, they are increasingly frustrated, trying to keep up with those above them. All this per the author. But I tend to disagree. I can't imagine a high percentage of those in this net-worth range really worrying, day after day, about how to get richer. The author acknowledges the book, "The Millionaire Next Door," but does not give one the confidence that he read it. The truth is that the author does not really give a hoot about the folks in this lower level of Richistan. That is not what the book is about. He says that "true wealth" begins at \$10 million. And, per the author, most of these folks have made their money by starting their own company and selling it. But these guys and gals, at some point, come to realize that they cannot possibly spend all their money in their lifetime. This is after they have bought houses right and left, then yachts and jets, then investments in art and such. In short, this group clearly ends up with more money than it knows what to do with. It is this concept that tends to define them, to themselves, their peers, and those "below" them. But, especially for the newly super rich, it also appears that many are unsure of who they are at this level, even as they find they are incapable of not seeking more wealth. For example, they typically believe that they can do more with their investments than simply put it into boring stocks and bonds. They are now, for example, in the position of buying small companies and/or investing early in promising private

ventures. Just the inclusion of its statistics may make the book worth reading. Some examples: \* American Millionaire households doubled from 1995 to 2003, from about four million to about eight million. \* 2004 was the first year that found more American millionaires than those in Europe. \* John D. Rockefeller was the first American billionaire, way back in the early 1900s. \* The middle class ruled the U.S. in the 50s, 60s and much of the 70s, not the super rich. \* The share of the nation's wealth held by the top 1% (minimum of \$6 million in net worth in 2007) jumped from about 20% in 1970 to 33% in 1989. \* Half of the nation's wealth was created in the past 10 years. \* The total value of all U.S. stocks rose from about \$3 trillion in 1990 to \$17 trillion in 2007. \* Top federal marginal tax rate has dropped from 91% in 1963 to 34% in 2007. The thesis of this book appears to be that the new super rich of today differ from the super rich of yesterday in how they made their money, how they view themselves, and how they affect the rest of us. The question is whether this thesis is convincing, based on the material in the book. First, the author tries to make the case that extreme wealth is made quicker today than yesteryear. He uses the term "Instapreneurs." And here is where he tells us about some specific examples. One guy makes it via shampoo products, others via miniature ceramic villages, development of a private ski and golf community, developers of salsa and of pizza cheese products, or founders of dot.com companies. It's all over the place. And, I think we can all agree that with more wealth flying around, there are more opportunities for more wealth to be created. And in today's world, things can happen fast. But, in short, I don't find this point that making money today is different than making money in the past all that convincing. I think that the ability to make fortunes fast is simply "scaleable" as the pie gets bigger, both because of more consumers and more money available for capitalization. Second, the author claims that there is a different mindset with today's super rich compared to those of the past. Relative to this are some points made: \* Before 1800 in the U.S., it was rare for new fortunes to be accumulated. Most new money came from old money. In the late 1980's, things began to change. Only about 10% of today's millionaires inherited the bulk of their money. \* The new rich are much younger than their counterparts in previous generations. \* Richistans are far more diverse in age, race, gender and geography. \* After making their money, they are "too young to retire, too driven to relax...." \* The new rich have, in many ways, formed their own country, free from the restrictions or limitations that come from a single country. Again, I do not buy the claim that the super rich today are much different than they were in the past. There are too many variables to make that claim stick. And some of the profiles done in the book sound very much like super rich of the past. Super rich is super rich. And, while there is some "balance" in the book, some of the extremes get to me a bit. For example, the author spends a full chapter on what appears to be a shameless promotion of the Starkey Mansion Butler Boot Camp. What this entails is a \$12,000 opportunity for folks to learn to be proper, educated sycophants to their super rich employers. Says one near-graduate: "I realized I liked being around wealth." And, according to the author, butlers and "household managers" are all the rage these days for the super rich. In another example of excess, he spends a chapter telling us gory details of the life of the guy who made his fortune founding a private golf and ski resort. He and his wife live on a huge spread that has a private, world-class golf course, a huge house and more. They own a private jet, which they use to fly between other homes. Says the book, "He is always building a new home...." We are told that the guy is "workaholic wealthy." We're also told that this is basically an "ordinary" guy who made himself into one of the super rich, who is driven to live a life at the super-rich level. They have a kitchen staff of 10 at the home, and a total of more than 100 employees at the home. Yet, we are told that the guy "prefers to be around regular people;" although, he once "walked into a Bentley dealership and bought a \$250,000 convertible on impulse." Finally, we are told that in 2006, the couple filed for divorce. I almost wanted to clap! On the balance side, there are discussions about whether the super rich and their spending and other activities are good or bad for the U.S. economy, overall. The "trickle-down theory" is examined from both sides, as is the impact of the super rich being responsible for more and more of the nation's overall spending. Of interest is a section where the accumulation of debt is discussed. Somewhat surprisingly, the super rich tend to have a ton of debt. They appear to love to leverage what they have. Oracle CEO, Larry Ellison, for example, apparently hates to sell any of his options or shares; instead, he borrows against them, sometimes at an alarming percentage. One oddity in the book is a chapter on how a 2004 upset in Colorado politics was engineered. What would have been more interesting and relevant would have been a chapter on the super rich who seek/buy political office: Michael Bloomberg, Donald Trump, Meg Wittmann, etc. And then there is the information about super rich forming self-help groups amongst themselves to share investments opportunities, personal advice, etc. Along with this, we get discussions about whether being super rich leads to happiness or not. Involved here is whether the super rich can "buy" their way into the social status they seek; also, can they assuage the guilt of having so much money by making it known that they are giving away sizable amounts of it for the public good? As a part of writing the book, the author immerses himself in the world of the annual Ft. Lauderdale International Boat Show, where everyone who wants to buy or sell a super yacht gets involved. Here, the sky is the limit, with larger yachts selling for tens of millions of dollars. The city rolls out the red carpet for this event, even in a year when a hurricane decimates much of the rest of the city. In this final chapter, the author emphasizes how these folks live in another world, relative to the rest of us. He questions, "How long can this last?" But it is here that the author also makes the point that these folks are becoming more international than not. They have little legal or moral option to their home countries when they buy multi-million-dollar yachts. They have crossed over the line to reside in Richistan, which is where they intend to

stay. The author wants to end on a positive note. He mentions Andrew Carnegie, the great American industrialist, who is famous for returning his wealth for the public good. But looking back on the life of Andrew Carnegie, one finds that it is a story of multiple personalities: On the way up, he was nasty as can be to his workers and his competitors. Once on the top, he has a benevolent side to his personality. So, unconvincingly, I think, the author makes the pitch that we can hope to have many more Andrew Carnegies emerge from Richistan. But I don't find that this is a convincing pitch. It is what it is. The super rich CAN form their own country in many ways. They CAN call their own shots. They are under little pressure to spread their wealth around benevolently, and they are infamous for using their money to influence politicians who can help them make even more money. If there is a saving grace to all this, it is infrequent that children of the super rich want to work as hard or be as prominent as their parents. Not many have the same fire in the belly. So, in the end, I do not think this book reaches a thesis convincingly. But it is still worth a read.

The rich have always been different from you and me, but this revealing and funny journey through "Richistan" entertainingly shows that they are more different than ever. Richistanis have 400-foot-yachts, 30,000-square-foot homes, house staffs of more than 100, and their own "arborists." They're also different from Old Money, and have torn down blue-blood institutions to build their own shining empire. Richistan is like the best travel writing, full of colorful and interesting stories providing insights into exotic locales. Robert Frank has been loitering on the docks of yacht marinas, pestering his way into charity balls, and schmoozing with real estate agents selling mega-houses to capture the story of the twenty-first century's nouveau riche: House-training the rich. People with new wealth have to be taught how to act like, well, proper rich people. Just in the nick of time, there's been a boom in the number of newly trained butlers—household managers—who will serve just the right cabernet when a Richistanis' new buddies from Palm Beach stop by. "My boat is bigger than your boat." Only in Richistan would a 100-foot-boat be considered a dinghy. Personal pleasure craft have started to rival navy destroyers in size and speed. Richistan is also a place where friends make fun of those misers who buy the new girlfriend a mere Mercedes SLK. "You want my money? Prove that yours is helping the needy!" Richistanis are not only consuming like crazy, they're also shaking up the establishment's bureaucratic, slow-moving charity network, making lean, results-oriented philanthropy an important new driving force. Move over, Christian Coalition. Richistanis are more Democratic than Republican, "fed up and not going to take it anymore," and willing to spend millions to get progressive-oriented politicians elected. "My name is Mike and I'm rich." Think that money is the answer? Think again as Robert Frank explores the emotional complexities of wealth. And, as Robert Frank reveals, there is not one Richistan but three: Lower, Middle, and Upper, each of which has its own levels and distinctions of wealth—the haves and the have-mores. The influence of Richistan and the Richistanis extends well beyond the almost ten million households that make up its population, as the nonstop quest for status and an insatiable demand for luxury goods reshapes the entire American economy. From the Hardcover edition.