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## Why Be A Billionaire?

By Michael Kinsley  
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According to Forbes magazine, the world is enjoying a boom in billionaires. Twenty years ago there were 140 billionaires. Three years ago there were 476. This year there are 793.

Some people automatically associate great wealth with evil, and they deserve the ridicule they get. But the automatic association of great wealth with virtue is equally fatuous.

It's probably true that most billionaires have acquired their wealth in ways that make life better for the rest of us. But the Forbes list includes plenty who merely chose rich parents. There are many whose accumulation of vast wealth, however gumptious, does not fit the Adam Smith model of individual drive and greed being channeled into activities that benefit all. The rising value of exclusive franchises given away by the government, such as cable TV and cellphone licenses, creates billionaires without generating any general social payoff. Real estate investors do not create a square inch of land.

Meanwhile, science undermines the notion that people deserve moral credit for their smarts, daring, vision, dedication and similar virtues, even when these are applied in socially beneficial ways. Intelligence was the first to go. Why should you get the credit if your brains make you a billionaire? Increasingly, neuroscience and evolutionary psychology are showing that the same logic applies to other admirable qualities.

Adam Smith explained how our individual efforts serve the common good. We work to produce things that can be traded for things we want. That's an improvement on making everything that we consume ourselves. The first exchange of one caveman's dinosaur meat for another's rather attractive decorative rock started a process that, after millions of years, leads to DVD players at Wal-Mart that cost less than DVDs. Or something like that.

But billionaires are beyond the desire for more money to buy more stuff. Just look at Forbes's breathy descriptions of the billionaire lifestyle. Add it up. Yachts can cost up to \$300 million to buy plus 10 percent annually to run, and a Russian on the list has three. So you need three, all bigger than anyone else's. Assuming that each one sinks after five years, this will cost you \$270 million a year. The most expensive car Forbes could find was something called a Bugatti Veyron, costing \$1 million. Get a new one every year -- heck, get three -- throw in a full-time driver, and luxuriate in a visit to Jiffy Lube whenever you feel like it, and you're still talking barely \$4 million a year. Forbes reports that actually the top 10 billionaires drive cars much cheaper than this.

House? Prince Ahlwaleed bin Talal Alsaud has a palace that cost \$130 million. Suppose you own five of these, and every 10 years you start again. Even including maintenance, air conditioning and condo fees, you have to struggle to hit \$100 million a year. Put one of your houses on your own private island. The most expensive island Forbes could find for sale was listed at \$39.7 million. Buy a new one every year, but don't go see it. Fly a private jet to the Bahamas instead. Forbes says you can charter a plane to the Bahamas for \$40,000. So do that every weekend. It adds up to \$2 million. Check into a nice hotel. Add another million and use the mini-bar.

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Staff yourself silly with personal assistants and special British-trained security agents. Have a Starbucks latte every single day. Total? Uh-oh, you're spending over \$400 million a year. At that rate, the average billionaire's \$3.3 billion stash could be gone in less than a decade. But about 90 percent of that is the boats and the houses. Settle for one maximum-size yacht, two enormous houses (plus a Las Vegas time share) and only one private island. Congratulations, you're down to barely \$100 million a year. At that rate, you can live like a Saudi prince, and \$3.3 billion will last you and your children forever. (Depending, of course, on how many children you have. This guarantee does not apply to actual Saudi princes.)

Surely billionaires are not inspired to accumulate more billions by the prospect of a third gigantic yacht. Most billionaires spend far less than these amounts. Many of them give huge amounts to charity. But it's also hard to believe that the chance to give it away is a major motive for earning it in the first place. And if billionaires do earn it primarily to give it away, that itself would require a special economic theory just for them, different from the one that explains the rest of us.

The prevalent theory of billionaire behavior is that it's a matter of keeping score. Billionaire investor Carl Icahn recently told Ken Auletta of the New Yorker, "I enjoy winning and making money." Keynes meant something similar when he used the term "animal spirits."

Okay, fine. But if it's all about winning, wouldn't (say) half as much money be just as much winning -- as long as everybody else in the game had half as much money as well? If Icahn is right, a stiff tax on billionaires ought to have no effect on the fragile incentive structures of billionaires, as long as it is applied to all billionaires equally. I'm not advocating such a tax. I am, though, suggesting that the exquisite sensitivity to the incentives of rich people that dominates our tax policy may be overwrought.

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