

Di Muzio, Tim

**Article — Published Version**

## The Plutonomy of the 1%: Dominant Ownership and Conspicuous Consumption in the New Gilded Age

Millennium: Journal of International Studies

**Provided in Cooperation with:**

The Bichler & Nitzan Archives

*Suggested Citation:* Di Muzio, Tim (2015) : The Plutonomy of the 1%: Dominant Ownership and Conspicuous Consumption in the New Gilded Age, Millennium: Journal of International Studies, The Bichler and Nitzan Archives, Toronto, Vol. 43, Iss. 2, pp. 492-510, <https://doi.org/10.1177/0305829814557345>, <http://bnarchives.yorku.ca/433/>

This Version is available at:

<https://hdl.handle.net/10419/157792>

**Standard-Nutzungsbedingungen:**

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

**Terms of use:**

*Documents in EconStor may be saved and copied for your personal and scholarly purposes.*

*You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.*

*If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.*



<http://creativecommons.org/licenses/by-nc-nd/4.0/>

# The Plutonomy of the 1%: Dominant Ownership and Conspicuous Consumption in the New Gilded Age

Millennium: Journal of

International Studies

2015, Vol. 43(2) 492–510

© The Author(s) 2014

Reprints and permissions:

sagepub.co.uk/journalsPermissions.nav

DOI: 10.1177/0305829814557345

mil.sagepub.com



**Tim Di Muzio**

University of Wollongong, Australia

## Abstract

This article offers a study on the plutonomy of dominant owners 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 an internationalised 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 dimension 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 dominant owners are helping to lock global society into an unsustainable and ethically indefensible quest for perpetual economic growth. This growth project not only undermines calls for needed social and economic change but also threatens populations with environmental collapse.

## Keywords

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

## Introduction

Of all classes, the wealthy are the most noticed and the least studied.

John Kenneth Galbraith

---

### Corresponding author:

Tim Di Muzio, School of History and Politics, University of Wollongong, Northfields Avenue, NSW 2522, Australia.

Email: [tdimuzio@uow.edu.au](mailto:tdimuzio@uow.edu.au)

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 Zeitlin

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<sup>1</sup>

When he reflected on his three-volume history of civilisation 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?<sup>2</sup> While amounts of wealth and consumption patterns have changed historically, Braudel's observation remains highly prescient for IPE scholars in the 21st century. For example, in 2011 the Occupy Wall Street (OWS) movement drew renewed attention to the growing disparity of wealth and life chances across the global population. Mobilising under the slogan 'We are the 99%', the movement addressed deep-seated changes in the global political economy that served to increase the wealth, income and power of a minority they referred to as the 1%. Piketty's recent empirical work on growing inequality confirms this for Anglo-Saxon countries, Europe and key emerging market economies like South Africa and India.<sup>3</sup> Various world wealth reports by leading financial institutions also confirm this disparity, with an estimated 12 million individuals, or 0.2 per cent of the global population, considered high net worth individuals with at least US\$1 million in investable income-generating assets.<sup>4</sup>

Since its inception as a body of literature in IR, critical IPE scholarship has focused on international inequality and elite transnational social formations under a more globalised capitalism – part of what Susan Strange called 'business civilization' and what

1. John Kenneth Galbraith, *The Age of Uncertainty* (London: British Broadcasting Corporation, 1977), 44; Maurice Zeitlin, 'Corporate Ownership and Control: The Large Corporation and the Capitalist Class', *American Journal of Sociology* 79, no. 5 (1974): 1112; Susan George, *Whose Crisis, Whose Future?* (London: Polity, 2010), 82.
2. Fernand Braudel, *The Wheels of Commerce: Civilization and Capitalism, 15–18th Century* (New York: Harper and Row, 1983), 466, emphasis in original.
3. Thomas Piketty, *Capital in the Twenty-First Century*, trans. Arthur Goldhammer (Cambridge, MA: The Belknap Press of Harvard University Press, 2014).
4. Capgemini and RBC Wealth Management, *World Wealth Report 2013*. Available at: <http://www.worldwealthreport.com/> (accessed 16 July 2013). Additional reports can be found from Wealth-X, Knight Frank, Allianz and Credit Suisse.

Gill later conceptualised as ‘market civilization’.<sup>5</sup> However, while there is much to learn from this literature, my concern is less with the formation of a transnational capitalist class or elite business networks and more with what leading financial institutions refer to as ‘high net worth individuals’. I call these individuals dominant owners since, by definition, they own most of the world’s income-generating assets and therefore represent the apex of the global wealth hierarchy.

Studying dominant owners can contribute to our understanding of IR in at least four ways. First, while it is likely that the accumulation of wealth and power was always an interstate affair, since the transition to agrarian empires the nature of power and the sources of wealth have transformed. Before the emergence of capitalism, international power was largely achieved through the violence of territorial conquest, and power was largely dynastic and/or religious. The accumulation of ever more money in the private hands of merchants and creditors, combined with the legal, constitutional and social struggles of early capitalists, eventually established what Teschke called ‘capitalist sovereignty’.<sup>6</sup> This new politico-economic regime altered the geopolitical order so that the private ownership of society’s emergent income-generating assets (including the state through the capitalisation of the ‘national’ debt) became the central institution of capitalist modernity. For example, as Polanyi and others understood, questions of international war and peace hinged on the dominant owners of credit – what Polanyi called *haute finance* – international investment banks and prominent business families, not to mention the dominant owners of the international arms industry.<sup>7</sup> No prolonged major war can be fought today without the dominant owners of credit, oil and arms tacitly or explicitly agreeing to the conflict. Second, when dominant owners buy equities or government securities, they are capitalising expected *future* profit and this is contingent upon dominant

---

5. Stephen Gill, *American Hegemony and the Trilateral Commission* (Cambridge: Cambridge University Press, 1991); Kees van der Pijl, *Transnational Classes and International Relations* (London: Routledge, 1998); William I Robinson and Jerry Harris, ‘Towards Global Ruling Class? Globalization and the Transnational Capitalist Class’, *Science and Society* 64, no. 1 (2000): 11–54; Leslie Sklair, *The Transnational Capitalist Class* (Blackwell: Oxford, 2001); William K. Carroll, *The Making of the Transnational Capitalist Class: Corporate Power in the 21st Century* (London: Zed Books, 2010); Susan Strange, ‘The Name of the Game’, in *Sea Changes: American Foreign Policy in a World Transformed*, ed. Nicholas Rizopoulos (New York: Council of Foreign Relations, 1990), 238–73; Stephen Gill, ‘Globalization, Market Civilization and Disciplinary Neoliberalism’, *Millennium: Journal of International Studies* 24, no. 3 (1995): 399–423.

6. On the distinction between dynastic/absolutist and capitalist sovereignty, see Benno Teschke, *The Myth of 1648: Class, Geopolitics, and the Making of Modern International Relations* (London: Verso, 2003), p. 78.

7. Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Times* (Boston, MA: Beacon Press, 1957). See also the classic but (now) virtually ignored study on the international arms industry: H.C. Engelbrecht and F.C. Hanighen, *The Merchants of Death: A Study of the International Armaments Industry* (New York: Dodd, Mead and Company, 1934).

capital exerting power over a transnational field of social reproduction. In this sense, there is always a forward-looking dimension to ownership, and therefore expectations about the future course of international relations are capitalised in asset purchases or sales. For example, every energy trader worth their salt expects that conflict in the Middle East will result in risk premiums for oil – this typically translates into higher oil prices and, therefore, higher earnings for oil and gas companies. Before Bush declared war on Iraq in March 2003, shares in ExxonMobil (the largest oil and gas producer by market capitalisation) were trading at US\$34.96 in January 2003. After Colin Powell's infamous presentation at the UN Security Council in February that made the unambiguously deceitful case for war, shares in the company started to climb, increasing by 184 per cent until the near ubiquitous collapse in stock-market capitalisation during the global financial crisis. Considering that the average return from 2003 to 2007 for the S&P 500 was 13.11 per cent, owners who held shares in ExxonMobil or bought them just before the war made a handsome return on their investment relative to the economy as a whole. A third reason why a focus on dominant ownership can contribute to our understanding of IR is because ownership is far more globalised than in the past.<sup>8</sup> The main way this is taking place, however, is through mergers and acquisitions, serving to concentrate and consolidate ownership in fewer hands, despite the fact that there is still intra-owner competition for profitable returns.<sup>9</sup> What this means for democratic practice cannot be considered here, but classical liberals as well as radicals have traditionally feared concentrated power. Finally, dominant owners have far more cash resources at their disposal than their poorer counterparts and can thereby command far more of the earth's materials both for their own consumption as well as for the consumption of their firms when nature is commodified to generate future earnings. These decisions are never neutral; they are inherently politico-economic and worthy of serious study.

In this article I offer a preliminary political economy of this last dimension: the consumptive practices of dominant owners and how their differential mode of existence impacts upon the environment. To do so, I use the critical perspective of capital as power

- 
8. On the globalization of American ownership, see Sean Starrs, 'American Economic Power Hasn't Declined – It Globalized! Summoning the Data and Taking Globalization Seriously', *International Studies Quarterly* 57 (2013): 817–30.
  9. Jonathan Nitzan, 'Regimes of Differential Accumulation: Mergers, Stagflation and the Logic of Globalization', *Review of International Political Economy* 8, no. 2 (2001): 226–74. Another global merger boom since the time of Nitzan's writing is currently under way. On the concentration of corporate ownership, see Stefania Vitali, James B. Glattfelder and Stefano Battiston, 'The Network of Global Corporate Control', *PLoS ONE* 6, no. 10 (2011): 1–36. Harmes was one of the first to argue that privileged workers were integrated into the circuits of capital accumulation through mutual and pension funds. However, the amount of shares owned by *individual* workers is negligible by definition. Adam Harmes, 'Institutional Investors and the Reproduction of Neoliberalism', *Review of International Political Economy* 5, no. 1 (1998): 92–121, and Adam Harmes, 'Mass Investment Culture', *New Left Review* 9: 103–24.

and seek to contribute to this emerging body of literature that understands capital as a mode of power rather than a mode of production.<sup>10</sup>

The main argument advanced is that the differential consumption of dominant owners is an important dimension of the internationalised capitalist mode of power in at 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 the natural world.<sup>11</sup> This power is recorded or registered in accumulated money values the finance industry calls capitalisation. While I agree with this argument, I want to suggest that there is also a second dimension undeveloped in their framework and influenced by Veblen: the drive for social status and the display of differential positionality through practices of conspicuous intra-class 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 also, drawing on Bourdieu and De Botton, to understand how dominant owners accumulate symbolic capital by status-seeking consumption practices.<sup>12</sup> Second, as identified by Kempf, I argue that the consumptive practices of dominant owners are helping to lock global society into an unsustainable quest for perpetual economic growth.<sup>13</sup> This project not only undermines calls for reconfiguring current relations of force but also threatens populations with environmental collapse.

In order to provide evidence for these arguments, I have divided the article in the following way. First, while IPE scholars should be familiar with the capital as power framework, I offer a brief summary of this approach to the global political economy.<sup>14</sup> In the second section I consider a study by Citigroup that sheds empirical light on the consumptive practices of dominant owners. In the third section I explore some of the consumptive practices of dominant owners in what has been called the New Gilded Age by drawing on Veblen's concept of conspicuous consumption and Bourdieu's notion of symbolic

10. Jonathan Nitzan and Shimshon Bichler, *Capital as Power: A Study of Order and Creorder* (London: Routledge, 2009); Tim Di Muzio, ed., *The Capitalist Mode of Power: Critical Engagements with the Power Theory of Value* (London: Routledge, 2014); Jordan Brennan, 'The Power Underpinnings, and Some Distributional Consequences, of Trade and Investment Liberalisation in Canada', *New Political Economy* (2012): 1–34, DOI: 10.1080/13563467.2013.736955; Joseph Baines, 'Food Price Inflation as Redistribution: Towards a New Analysis of Corporate Power in the World Food System' (preprint), *New Political Economy* (April 2013): 1–34; Sandy Brian Hager, 'What Happened to the Bondholding Class? Public Debt, Power and the Top One Per Cent' (preprint), *New Political Economy* (April 2013): 1–28; Sandy Brian Hager, 'America's Real "Debt Dilemma"', *Review of Capital as Power* 1, no. 1 (2013): 41–62.
11. Nitzan and Bichler, *Capital as Power*; Pierre Bourdieu, *Distinction: A Social Critique of the Judgement of Taste*, trans. Richard Nice (Cambridge, MA: Harvard University Press, 1982); Pierre Bourdieu and Loïc Wacquant, 'Symbolic Capital and Social Classes', *Journal of Classical Sociology* 13 (2013): 292–302.
12. Nitzan and Bichler, *Capital as Power*, 308ff.
13. Hervé Kempf, *How the Rich Are Destroying the Earth*, trans. Leslie Thatcher (Foxhole, UK: Green Books, 2008).
14. For applications and summaries of the approach, see Di Muzio, ed., *The Capitalist Mode of Power*.

capital.<sup>15</sup> The final section considers Kempf's arguments that 'the rich are destroying the earth' and the possible consequences of continuing this practice.

## The Framework of Capital as Power

Breaking with the neoclassical and Marxist theories of value, the framework of capital as power offers a radical alternative by arguing that capital is not capitalism goods or surplus abstract labour but *commodified differential power*. In this framework, capital is not theorised as a mode of production but as a mode of power whereby the dominant organising principle is not production for the community but the ritual of capitalisation for *differential* pecuniary returns.<sup>16</sup> At its most basic, capitalisation 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. In this theorisation, anything that generates an income stream or bears on the process of accumulation can be commodified, discounted and therefore capitalised by investors for the possibility of greater returns in the future. What this means, according to Nitzan and Bichler, is that 'capital is finance and only finance'.<sup>17</sup>

Nitzan and Bichler argue that while expected future earnings are capitalised 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 institutionalised and normalised so that capitalists now mathematise 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

15. Thorstein Veblen, *The Theory of the Leisure Class* (Oxford: Oxford University Press, 2007 [1899]); Marcel Mauss, *The Gift: Forms and Functions of Exchange in Archaic Societies* (London: Coehn and West, 1924); Pierre Bourdieu, *Outline of a Theory of Practice* (Cambridge: Cambridge University Press, 1977); Pierre Bourdieu, 'Symbolic Power', *Critique of Anthropology* 4 (1979): 77–84; Bourdieu, *Distinction*; Bourdieu and Wacquant, 'Symbolic Capital and Social Classes', 292–302; Andrew B. Trigg, 'Veblen, Bourdieu and Conspicuous Consumption', *Journal of Economic Issues* 35, no. 1 (2001): 99–115; Rebecca Bliege Bird and Eric Alden Smith, 'Signalling Theory, Strategic Interaction and Symbolic Capital', *Current Anthropology* 46, no. 2 (2005): 221–48; David Remnick, ed., *The New Gilded Age: The New Yorker Looks at the Culture of Affluence* (New York: Modern Library, 2001).
16. Jonathan Nitzan, 'Differential Accumulation: Toward a New Political Economy of Capital', *Review of International Political Economy* 5, no. 2 (1998): 169–216.
17. Nitzan and Bichler, *Capital as Power*, 260ff.



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 understood, the global game being played at the apex of the social hierarchy is largely about *pecuniary competition*.<sup>18</sup> 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, and the firms they own in full or in part, 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 writ large. So what investors capitalise 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 that the 0.2 per cent own or exert considerable, if not decisive, influence over. As we will see in the ensuing section, Citigroup focuses on the dominant corporations producing luxury brands – firms whose copyrights, trademarks and patents are all protected by governments, police and lawyers.

With this in mind, there are two further points worth our consideration before exploring 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 capitalisation relative to others. Such power is largely symbolic because the truly rich do not spend all of their money on consumption but keep the majority of their money invested to earn more money. Accumulation, therefore, means rising capitalisation or asset values. 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 considerable chore. For example, consider you have US\$1 billion in investable assets and *only* make a return of 5 per cent 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 that year to lose money.

So accumulation is largely symbolic of the power of capitalists to control the majority of humanity and their natural and built environments. But, drawing on Veblen and Bourdieu, I want to suggest that this symbolism manifests itself as a secondary drive. I want to argue that one of the key facets of the differential conditions of existence among dominant owners is not just pecuniary competition, but *differential intraclass consumption* to accumulate greater symbolic power which can then serve to provide them with an additional accumulation of advantages.<sup>19</sup> What I mean by differential intraclass consumption is a habit of thought as well as a series of consumptive practices that aim to set dominant owners apart not only from their pecuniary inferiors but also, more importantly, from those in their immediate peer group. In other words, dominant owners are far

18. Veblen, *Theory of the Leisure Class*.

19. Bird and Smith, 'Signalling Theory', 222–3.



less concerned with distinguishing themselves from their socio-economic inferiors and far more concerned with out-consuming their own class.<sup>20</sup> They care little that they own a tropical island and a fast food worker does not; what is important to them is that they own a tropical island and their class peers do not.<sup>21</sup> So while the high net worth individuals do not spend all of their money, they do indeed spend considerable sums of it with the goal of communicating their power and social status to their class peers for greater prestige and advantages. Veblen, Bourdieu and De Botton have also suggested that emulatory consumption can occur within and across other class or peer groupings, but, given the financial constraints of workers with only one income stream from their labour, there are strict limits on their ability to consume and therefore to gain the type of symbolic power that can be acquired by high net worth individuals. While all classes may be able to garner some symbolic power over their peer group, and perhaps even from time to time over their financial betters, there is what we could call a 'hierarchy of symbolic power'. Given the incredible fortunes held by the few today and new spending patterns, this argument may be an important one to pursue for critical international political economists. However, in terms of scale and importance, I want to focus more on Kempf's argument that the consumptive practices of dominant owners go beyond competitive display and are helping to lock global society into an indefensible and unsustainable quest for perpetual economic growth.<sup>22</sup> This project not only undermines calls for challenging current power relations but also threatens populations with environmental collapse.<sup>23</sup> However, before considering this argument, I want to turn to Citigroup's plutonomy thesis because it sheds empirical light on how the consumptive practices of dominant owners are transforming aspects of the global political economy.

## Welcome to the Plutonomy Machine

The concept of a 'plutonomy' was coined by global equity strategists in a 2005 report for Citigroup entitled 'Plutonomy: Buying Luxury, Explaining Global Imbalances'. A subsequent report, 'Revisiting Plutonomy: The Rich Getting Richer', which largely echoed the initial report, followed in 2006. The main goal of the reports was to provide an analysis of current economic trends capable of informing high net worth investment strategies.

20. Veblen, *Theory of the Leisure Class*; Robert Frank, *Richistan: A Journey through the 21st Century Wealth Boom and the Lives of the New Rich* (New York: Piatkus Books, 2007), 6ff., and Alain de Botton, *Status Anxiety* (London: Penguin Books, 2005), 45ff.; Bourdieu, *Distinction*.

21. For example, Larry Ellison purchased 98 per cent of the Hawaiian island of Lanai for a reported US\$500 to 600 million. Jennifer Sinco Kelleher, 'Larry Ellison's Island', *Huffington Post*, 20 June 2012.

22. Kempf, *How the Rich Are Destroying the Earth*.

23. While the environmental dimension is considered here, there are certainly additional issues of social injustice related to the accumulation patterns of the 1%: the persistence of poverty in the midst of plenty, the hyper-exploitation of precarious labour, health ailments and social harms related to inequality within and between states, and the unequal access to money and credit as well as the unequal terms on which credit can be obtained.

Two theses were advanced in the reports. 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’.<sup>24</sup> 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; in their words, ‘the rich now dominate income, wealth and spending in these countries’.<sup>25</sup> 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.<sup>26</sup> According to the report, there are six main drivers of this trend: 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.<sup>27</sup> 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.<sup>28</sup>

What this passage suggests is that there are only two types of people in plutonomies: rich consumers and a ‘multitudinous many’. Indeed, the report claims that ‘the earth is being held up by the muscular arms of its entrepreneur-plutocrats, like it, or not’.<sup>29</sup> 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 recognise that the extreme polarisation 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.<sup>30</sup> 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 enact redistributive policies, the report discounts such policies. One of the potential

24. Ajay Kapur, Niall Macleod and Narendra Singh, ‘Revisiting Plutonomy: The Rich Getting Richer’, Citigroup, 5 March 2006, 10.

25. *Ibid.*, 1.

26. Ajay Kapur, Niall Macleod and Narendra Singh, ‘Plutonomy: Buying Luxury, Explaining Global Imbalances’, Citigroup, 16 October 2005, 6.

27. 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, 16 October 2005, 9.

28. *Ibid.*, 2.

29. *Ibid.*, 1.

30. *Ibid.*, 22.

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?’<sup>31</sup> Whether there is some truth to the idea that people consent to plutonomy because one day they fancy themselves joining the group of high net worth individuals is of course debatable. 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 publicly listed companies that cater to the global wealthy. 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 Plutonists enjoy’.<sup>32</sup> 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. To 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’.<sup>33</sup> Up until 1996, their plutonomy basket 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 cent per annum since 1985 – greater than the 14 per cent return for the MSCI World index.<sup>34</sup> 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\$26.4 billion or an overall increase of 2,548 per cent.<sup>35</sup> Now 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.’<sup>36</sup> In the next section I consider some of the dimensions of conspicuous consumption in the New Gilded Age.

---

31. *Ibid.*, 24.

32. *Ibid.*, 25.

33. *Ibid.*, 28. The index represents 6,000 global stocks and is typically understood to be a benchmark for global securities.

34. MSCI Index Performance. Available at: [http://www.msicibarra.com/products/indices/international\\_equity\\_indices/gimi/stdindex/performance.html](http://www.msicibarra.com/products/indices/international_equity_indices/gimi/stdindex/performance.html) (accessed 20 Feb. 2013).

35. 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 2,548 per cent. Your new annual income would be US\$1,146,600.

36. Kapur et al., ‘Plutonomy: Buying Luxury’, 30.

## Differential Consumption in the New Gilded Age

While the first Gilded Age was unmistakably American, the New Gilded Age is more global in scope. 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 Gilded Age.<sup>37</sup> 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 are historical, I date this period from the mid-1980s, when global GDP accelerated due to 1) cheap (in terms of price) 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 capitalised by the private sector, 3) the liberalisation of trade and investment regimes, and 4) the creation of a global labour market that allowed firms to access cheaper pools of labour.<sup>38</sup>

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 by 793 per cent. But in the 51-year period from 1960 to 2011, the rate of change increased by 4,900 per cent as global GDP reached US\$70 trillion.<sup>39</sup> 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.<sup>40</sup> Such practices also generated a period of growing inequality. Not only have dominant owners 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 billionaires. The figure now stands at 1,645 billionaires worldwide with expectations that this number will grow in the years ahead.<sup>41</sup> Indeed, Wealth-X – a wealth intelligence firm – estimates that the number of ultra-high net worth individuals (those with at least US\$30 million in investable assets) will increase by 3.9 per cent over the next five years – which may be an underestimate given the 9 per cent

37. Chrystia Freeland, *Plutocrats: The Rise of the New Global Super-Rich and the Fall of Everyone Else* (London: Allen Lane, 2012), 20ff.

38. Richard Freeman, 'The Great Doubling: The Challenge of the New Global Labour Market' (2006). Available at: [http://emlab.berkeley.edu/users/webfac/eichengreen/e183\\_sp07/great\\_doub.pdf](http://emlab.berkeley.edu/users/webfac/eichengreen/e183_sp07/great_doub.pdf). The lifting of the 'Bamboo' and 'Iron' curtains in the 1990s doubled the global workforce. 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.

39. Data come from the World Bank Development Indicators, GDP is expressed in current US dollars. Available at: <http://data.worldbank.org/indicator/NY.GDP.MKTP.CD> (accessed 24 May 2014).

40. Stephen Gill and David Law, 'Global Hegemony and the Structural Power of Capital', *International Studies Quarterly* 33, no. 4 (1989): 474–99.

41. <http://www.forbes.com/billionaires/> (accessed 24 May 2014).

jump from 2011 to 2013 noted above.<sup>42</sup> 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, 0.2 per cent of the global population own 21 per cent of the world's financial assets.<sup>43</sup>

However, if we 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'. The study also 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 in the lowest decile. According to the authors of the report, the top decile has 13,000 times more wealth than the decile at the very bottom of the wealth pyramid.<sup>44</sup>

In the available literature, most attempts to account for this massive private accumulation of wealth rely on a number of explanations. However, while rationalisations abound, there appears to be little consensus on the precise origins of this wealth boom, let alone a convincing ethical or philosophical justification for incredible levels of accumulation and inequality. Dominant explanations include the following (either isolated or in combination): the leveraging of technological change, the deregulation of finance, globalisation, 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 common in the popular press.<sup>45</sup> At a more general level, some commentators also make the distinction between the 'self-made' affluent and inheritors of wealth. The latter category is viewed as less deserving than 'self-made entrepreneurs' who are said to have made their fortunes through personal initiative. A full assessment of this argument using the

- 
42. Wealth-X, *World Ultra Wealth Report 2012–2013*. Available at: <http://wealthx.com/wealthreport/Wealth-X-world-ultra-wealth-report.pdf> (accessed 9 May 2014), 11. 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 comment 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.' Available at: <http://www.wealthx.com/articles/2013/wealth-x-announces-aggressive-expansion/> (accessed 12 Feb. 2013).
  43. McKinsey Global Institute, *Mapping Global Capital Markets 2011*, available at: [http://www.mckinsey.com/insights/mgi/research/financial\\_markets/mapping\\_global\\_capital\\_markets\\_2011](http://www.mckinsey.com/insights/mgi/research/financial_markets/mapping_global_capital_markets_2011) (accessed 2 Dec. 2012); Capgemini and Merrill Lynch Global Wealth Management, *World Wealth Report* (2011), available at: <http://www.capgemini.com/insights-and-resources/by-publication/world-wealth-report-2011/> (accessed 2 Dec. 2012).
  44. James B. Davies, Susanna Sandstrom, Anthony Shorrocks and Edward N. Wolff, 'The World Distribution of Household Wealth', 5 December 2006, UNU-World Institute for Development Economics Research. Available at: <http://www.globalpolicy.org/images/pdfs/1206unufull.pdf> (accessed 2 Dec. 13), 26.
  45. Frank, *Richistan*; Freeland, *Plutocrats*; Jim Taylor, Doug Harrison and Stephen Kraus, *The New Elite: Inside the Minds of the Truly Wealthy* (New York: Amacom, 2009).

capital as power framework cannot be considered here but is explored in greater depth elsewhere.<sup>46</sup> What matters is that the tremendous wealth of dominant owners is leading to transformative social practices organised around consumption for intra-class status.

One of these transformative social practices, identified in the literature by Kempf, Frank and Freeland and recognised by Citigroup's plutonomy thesis, is that dominant owners have created a 'self-contained world unto their own'.<sup>47</sup> Frank calls this virtual world Richistan. In this world, the affluent have 'their own health-care system (concierge doctors), travel network (NetJets, destination clubs, private airports and runways), separate economy (double-digit income gains and double-digit inflation), and language (Who's your household manager?)'.<sup>48</sup> 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-steadings), vehicles (e.g. yachts, private submarines, Gulfstream jets, Aston Martin One-77), security arrangements (panic rooms, bodyguards, apocalyptic survival bunkers), 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, including Franck Muller watches (Franck Muller Aeternitas Mega 4™ Grande Sonnerie Westminster Carillon – the most expensive watch in the world which 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, there is an ongoing consumptive arms race, with those lower down on the Richistani rungs doing their best to keep up with their cent-millionaire and billionaire counterparts – a competition for display and status that has seen these lower high net worth individuals take on considerable debt.<sup>49</sup> In Richistan, the affluent do not try to keep up with the Joneses, but with the Slims and Gateses 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 creation.<sup>50</sup> A small sample of the index is given in Table 1. 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\$15.5 million. But while these items give us an idea of the luxury goods and services dominant owners consume, the items listed are benchmarks since other goods and services consumed by the top-end high net worth individuals are not listed. For example, I will

46. Tim Di Muzio, *The 1% and the Rest of Us: A Political Economy of Dominant Ownership* (London: Zed Press, 2015).

47. Frank, *Richistan*, 3.

48. *Ibid.*, 3.

49. *Ibid.*, 6–13.

50. The CLEWI for 2012 is available at: <http://www.forbes.com/sites/scottdecarlo/2012/09/19/cost-of-living-extremely-well-index-our-annual-consumer-price-index-billionaire-style/> (accessed 12 Feb. 2013).

**Table 1.** A Small Sample from the Cost of Living Extremely Well Index (CLEWI).

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

Source: <http://www.forbes.com/sites/scottdecarlo/2013/09/18/cost-of-living-extremely-well-index-the-price-of-the-good-life/>.

consider the arms race in the construction of mega-yachts and the world's largest private home called Antilia.

Without a doubt, the CLEWI-listed Hatteras 80 MY is a luxury yacht boasting an overall length of 79 feet and 10 inches. But while the yacht may look impressive to most, it doesn't come close to others in the global fleet of mega-yachts. The editor of *Boat International* puts things in perspective:

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).<sup>51</sup>

How long the competition to build the world's largest private yacht will go on is unclear. The world's largest super-yacht used to be the *Eclipse* at 533 feet long and two inches. It is only slightly bigger than the yacht called *Dubai*, measured at 531 feet and six 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 bulletproof glass. The yacht also features a German-crafted missile defence system. And this is not Abramovich's only yacht; he owns four others.<sup>52</sup>

51. Tim Thomas, 'The World's Biggest Yachts and Their Billionaire Owners', *Forbes*, 25 March 2012.

52. According to Frank (*Richistan*, 126–7), 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.'



The *Eclipse* was eclipsed in 2013 by a 590-foot yacht called *Azzam* (meaning 'resolute'). The super-vessel was commissioned by the President of the United Arab Emirates, Khalifa bin Zayed bin Sultan Al Nahyan. While not everyone can afford to command the construction of the planet's largest yacht, the number of yachts currently being built gives us a good indication of how the newly rich are spending their fortunes.<sup>53</sup> 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 feet and above. The total length of all the yachts under construction in 2013 is 25.8 kilometres.<sup>54</sup> This figure does not include the plan by Clive Palmer, the Australian mining multi-millionaire, to build a replica of the *Titanic*.<sup>55</sup> So even amidst the global financial crisis and the age of austerity politics, the conspicuous consumption of mega-yachts continues.

Back on land, differential consumption continues in private dwellings. For size and expense, the current 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 2014 there are 65 billionaires in India and Ambani is the wealthiest of them all.<sup>56</sup> India has a population of 1.24 billion, which means Indian billionaires represent a minuscule 0.000005 per cent of a nation where 400,248,000, or 32.7 per cent of the population, subsist on US\$1.25 a day or less.<sup>57</sup>

Called Antilia after a mythical island in the Atlantic, Ambani's 27-storey residence towers above Mumbai. It has 400,000 square feet of living space, three helipads, nine 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-storey building. Antilia is staffed by an estimated 600 people catering to the needs of the family and their guests. At an estimated US\$1–2 billion, it is not only the world's largest private residence, but also its most expensive. It has been built in a country where the average Indian urban dweller occupies 504 square feet of space and 33 per cent live in less space than US prisoners.<sup>58</sup> 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 countless other examples of differential consumption as dominant owners continue to make greater returns on their income-generating assets. 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 just as important to the symbolic accumulation of money in the capitalist as power framework, I now move to the last part of my

53. Ibid., 126. Frank notes that it costs 10 to 15 per cent of the purchase price of a yacht to maintain it yearly.

54. Show Boats International 2013 Global Order Book. Available at: <http://www.sanlorenzo-americas.com/photos/articleDocs/20.pdf> (accessed 12 Feb. 2013).

55. Paul Harris, 'Plans for Titanic Replica Set Sail', *Guardian*, 26 February 2013.

56. See <http://www.forbes.com/india-billionaires/> (accessed 24 May 2014).

57. See <http://povertydata.worldbank.org/poverty/country/IND> (accessed 12 Feb. 2013).

58. Atul Thakur, '33% of Indians Live in Less Space than US Prisoners', *Times of India*, 25 November 2008.

argument as first identified by Kempf – that the consumptive practices of dominant owners are helping to lock global society into an unsustainable and indefensible quest for perpetual economic growth.

### **‘The Rich Are Destroying the Earth’**

From 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.<sup>59</sup> 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’.<sup>60</sup> 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.<sup>61</sup> Kempf argues that this manifests itself directly and indirectly: directly since they control and benefit from the commodification of environmental resources, and indirectly in that their intraclass competition for status likely urges others to emulate their insatiable and too often wasteful consumptive practices. One way in which dominant owners are shielded from having to face up to the consequences of their actions and confront a radical politics of recalibrating the global political economy is through their relentless pursuit 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.<sup>62</sup>

The main problem with the growth hypothesis is that it deflects our attention away from a local and global conversation about altering our current unsustainable course. Other problems with the growth hypothesis include: 1) there is little evidence that, beyond a

59. Peter Dauvergne, *The Shadows of Consumption: Consequences for the Global Environment* (Cambridge, MA: MIT Press, 2008); David Barry, *The Politics of Actually Existing Unsustainability: Human Flourishing in a Climate-Changed, Carbon-Constrained World* (Oxford: Oxford University Press, 2012); Peter Newell, *Globalization and the Environment: Capitalism, Ecology and Power* (Cambridge: Polity, 2012).

60. The literature on this topic is too vast to consider here, but see Rockström, Kempf and Jackson who demonstrate that increasing material consumption puts extreme pressure on the environment and the myth that growth and environmental stress have been decoupled. Johan Rockström, ‘A Safe Operating Space for Humanity’, *Nature* 461 (2009): 472–5; Kempf, *How the Rich Are Destroying the Earth*, xvi (for the quotation) and 71; Tim Jackson, *Prosperity without Growth?* (London: Sustainable Development Commission, 2009), 47ff.

61. Kempf, *How the Rich Are Destroying the Earth*, 70.

62. *Ibid.*, 70.

certain point, economic growth contributes to human happiness;<sup>63</sup> 2) economic growth has been tightly correlated with *non-renewable* fossil fuel consumption;<sup>64</sup> 3) there are physical limits to many of the world's resources and evidence is mounting that we are reaching those limits.<sup>65</sup> As Boulding asserted, 'anyone who believes that exponential growth can go on forever is either a madman or an economist'.<sup>66</sup> 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'.<sup>67</sup>

Hamilton and Kempf argue that if we do not pierce the defensive 'growth' 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 are 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 0.2 per cent and the logic of differential accumulation and consumption. To provide just one example in this article, consider Rex Tillerson, the Chairman, President and CEO of ExxonMobil. Tillerson owns 2,111,333 shares in ExxonMobil which are valued at US\$213,920,259. ExxonMobil is the world's largest non-state oil and gas firm with a market capitalisation of US\$435 billion. The level of its capitalisation is wholly contingent on the firm being able to find, produce and sell oil and gas around the world as well as shape the political debate on global climate change. One detailed study found that from 2003 to 2007 ExxonMobil was significantly involved in funding institutions that denied climate change or obfuscated the scientific consensus.<sup>68</sup> Today the company openly admits that climate change is a problem but argues that carbon energy is essential for economic growth and that politicians are unlikely to enact policies that restrict fossil fuel energy.<sup>69</sup> Since oil prices are expected to increase in the decades to come, we can anticipate that ExxonMobil's earnings will increase

63. Jackson, *Prosperity without Growth?*, 30ff.

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

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

66. United States Congress, *Energy Reorganization Act of 1973: Hearings, Ninety-Third Congress, First Session, on H.R. 11510* (1973), 248.

67. Clive Hamilton, *Growth Fetish* (London: Pluto Press, 2004), 2.

68. See <http://www.scientificamerican.com/article/dark-money-funds-climate-change-denial-effort/> (accessed 24 May 2014).

69. See <http://corporate.exxonmobil.com/en/environment/climate-change/managing-climate-change-risks/carbon-asset-risk> (accessed 24 May 2014).

along with its market value, just as it did throughout the 2000s. In other words, Tillerson and other shareholders of ExxonMobil will be further enriched by dumping more climate change inducing gases into the atmosphere. According to the latest report by the Intergovernmental Panel on Climate Change, this will have disastrous consequences for the world's food supply, increase the likelihood of conflict and raise the frequency and costs of extreme weather events.<sup>70</sup> The report argues that everyone will be affected by climate change but the most vulnerable – or those with little wealth or small incomes – will suffer the most. With significant monetary resources at their disposal, Tillerson and other members of the 0.2 per cent may be able to shelter themselves from the worst consequences of climate change – at least for a time. The fact that dominant owners may be able to circumvent the effects of environmental destruction is a troubling scenario on a civilisational scale and should be cause for popular concern.

As Jared Diamond has argued in his work on the collapse of previous civilisational orders, when civilisations collapse they tend to do so rapidly and unexpectedly. While he isolates a number of factors to explain earlier collapses, one factor stands out in relation to this research: those at the top of the social wealth hierarchy can typically insulate themselves from harm until it is too late. For example, Diamond writes of the collapse of the Maya civilisation by about AD 909:

A major factor was environmental degradation by people: deforestation, soil erosion and water management problems, all of which resulted in less food. Those problems were exacerbated by droughts, which may have been partly caused by humans themselves through deforestation. Chronic warfare made matters worse, as more and more people fought over less and less land and resources.

Why weren't these problems obvious to the Maya kings, who could surely see their forests vanishing and their hills becoming eroded? Part of the reason was that the kings were able to insulate themselves from problems afflicting the rest of society. By extracting wealth from commoners, they could remain well fed while everyone else was slowly starving.

What's more, the kings were preoccupied with their own power struggles. They had to concentrate on fighting one another and keeping up their images through ostentatious displays of wealth. By insulating themselves in the short run from the problems of society, the elite merely bought themselves the privilege of being among the last to starve.<sup>71</sup>

Are today's dominant owners our own Maya kings on an international scale? And if so, what will happen to a civilisational order premised on climate change inducing fossil fuels, the fetish of economic growth, differential accumulation and 'ostentatious displays of wealth' for the few? We should always remember that it is the poor, propertyless and vulnerable who are first to starve.

---

70. Intergovernmental Panel on Climate Change, *Climate Change 2014: Impacts, Adaptation and Vulnerability*. Available at: <http://ipcc-wg2.gov/AR5/> (accessed 24 May 2014).

71. Jared Diamond, 'The Ends of the World as We Know Them', *New York Times*, 1 January 2005.

## Conclusion

In this article I have tried to offer a preliminary study of how the consumption patterns of dominant owners constitute an important dimension of the capitalist mode of power. Dominant owners not only strive for relative intraclass power and wealth registered by their capitalisation (that is, the value of their investments) but also for status-seeking symbolic capital. I have followed Kempf in arguing not only that these social practices of differential accumulation and consumption provide the 1% with distinct conditions of existence, but also that these twin pursuits are actively destroying the ecosystems upon which future generations of humans and other species depend. This is not done for the sake of greater human happiness as in some grand utilitarian experiment, but for the greater relative power of the few. The problem for the global 1% is that a growing body of social and natural scientists and concerned citizens across the world know that there is no such thing as perpetual growth on a finite planet, and that for everyone to live like a North American we would need multiple planets' worth of resources. In this sense, the political promise of perpetual economic growth could be considered the 'illusion of the epoch'.<sup>72</sup> As more and more people start to realise that the global economy is largely run in the interests of the 1% and that these interests run counter to a sustainable planet and reasonable prospects for decent lives, we may witness a more sustained attack on the practices and narrative of economic growth. For now, to paraphrase Aimé Césaire: 'We know our temporary "masters" are lying. Therefore that our masters are weak.'<sup>73</sup>

## Acknowledgements

I thank Hanna Kivistö, Stephen Gill, Matt Dow, Taavi Sundell, Silke Trommer, Jonathan Nitzan, two anonymous reviewers and the editors of *Millennium* for critical comments and suggestions that have helped shape this article. I would also like to thank the organisers of the Capital as Power conference – Troy Cochrane, Sandy Hager and James McMahon – at York University where this article was first presented.

## Declaration of Conflicting Interest

The author declares that there is no conflict of interest.

## Funding

No funding was received in support of this work, and there are no conflicts of interest.

## Author Biography

Tim Di Muzio is Senior Lecturer at the University of Wollongong, Australia. He is editor and contributor to *The Capitalist Mode of Power: Critical Engagements with the Power Theory of Value*. His forthcoming works include *The 1% and the Rest of Us: A Political Economy of Dominant Ownership* and, with Richard Robbins, *Stark Utopia: Debt as a Technology of Power*. He also edits the open source journal *The Review of Capital as Power*.

72. Karl Marx, *The German Ideology* (1932). Available at: <https://www.marxists.org/archive/marx/works/1845/german-ideology/ch01b.htm> (accessed 18 Sept. 2014).

73. Aimé Césaire, *Discourse on Colonialism* (New York: Monthly Review Press, 2000), p. 32.