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PART THREE

Social Inequalities

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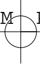
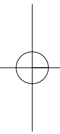
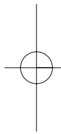
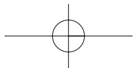

TOPIC 8

Social Class

SOCIAL STRATIFICATION SYSTEMS CREATE "LAYERS" OF people in society based on the unequal distribution of scarce rewards. Social classes are the relative position of people based on such things as income, education, and occupation. Less tangible, but no less important, is the role of prestige or how people rank the relative importance of others. This is often based on occupation, and a person who owns a garbage truck and collects trash may make more money than a college professor, but the professor has more prestige. Complex measures of class tell us about the juxtaposition of persons and groups of persons based on these criteria. People who share the same position in the social stratification system comprise a social class. Social class determines a great deal about our lives; such as where we live, where we shop, the sort of car we drive, political values, and even the colleges we attend. From the super rich to the very poor, life chances are dramatically affected by the economic and social resources available to us.

The economic dimension of American life is undergoing some fascinating changes. First, it is abundantly clear that "the rich are getting richer, and the poor are getting poorer." More wealth and more income are being concentrated in fewer and fewer people at the very top of the class system. There is evidence that this is occurring throughout the world as well. From the middle-class downward in the class system, where the majority of the people are, income and assets are becoming scarcer. At the same time, large corporations are receiving benefits from local, state, and federal governments in the forms of tax breaks that some call "corporate welfare." Second, the structure of labor markets in the United States is changing as well. In the post-industrial age, there are fewer skilled labor jobs with higher wages and many more

service jobs with lower wages. An $8.00 per hour job, worked for 40 hours per week and 50 weeks, would return $16,000 in wages for the year—just about the poverty line for a family of four in the United States. As we know, many people work for less than that. Hence, the standard of living of many in the United States is being affected by the transformation of labor markets in our own country.

A persistent problem in America, as well as the world, is poverty. Nearly one in six Americans live in economic conditions that directly affect diet, health, education, personal development, crime victimization, and so on. When we look at children, these percentages move toward one in four. Being raised in poverty, living in substandard housing, and missing needed medical care mean that life is burdened by inequalities. The economics of poverty "costs" more than the poor, as America creates and funds programs to relieve the circumstances of lower-class lifestyles. The poor and the near-poor struggle with everyday events (hunger, no personal transportation, illness), which the rest of the class structure rarely notice. Indeed, it may seem as though we do live in "separate worlds."

The three readings in this topic are designed to look at sociological observations on poverty, the upper class, and blue-collar life. The first reading is by Stephan J. Goetz and Hema Swaminathan, who researched the impact of placing a Wal-Mart store in a community, showing how employers who pay low wages and provide minimal health benefits actually increase the poverty rate in counties. Wal-Mart, as a universal symbol for U.S. prosperity and consumption, when brought under sociological investigation, can actually have a negative impact on regional economics. The second reading, by Stephen Haseler, takes us to the other end of the social class spectrum and discusses the wealth and lifestyle of the world's billionaires. This is a fascinating look at a small group of the world's wealthiest who are living in ways that give them more power than entire, sovereign nations. Finally, a university president, John R. Coleman, takes a sabbatical and enters blue-collar life—quite a change in status and activity. Here, another professional uses biographical experience to produce an ethnography of the working class and let us know about the contradictions in upper-middle and blue-collar work.

READING 22

STEPHAN J. GOETZ AND HEMA SWAMINATHAN

Wal-Mart and County-Wide Poverty

Local leaders and academic researchers are increasingly interested in the community-level effects of "big box" retailers and discount department stores. Wal-Mart, in particular, has received considerable and mostly negative public media and congressional attention, in addition to spawning a number of hostile websites.[1] The interest in Wal-Mart is not surprising as it has no equal among big box retailers. With total revenues of $256 billion in 2003, Wal-Mart Stores Inc. is the largest corporation in the world. The chain employs 1.3 million workers worldwide and operates 4,750 stores (3,600 in the United States). Because of its size, purchasing power, and technological sophistication, the chain is revolutionizing not only the industrial organization of local retail trade, but also the entire wholesale, transportation, and logistics sector. *Business Week* recently described the "Wal-Mart effect" in a cover story,[2] referring to the corporation's cost efficiency that has contributed to economy-wide productivity gains and reduced the annual rate of inflation by about one percentage point. On the other hand, Wal-Mart has been blamed for the loss of U.S. manufacturing jobs and the demise of mom-and-pop-type retailers.

This study examines the impact of Wal-Mart stores on county-level family-poverty rates in the United States. The analysis is relevant to local policymakers as they debate the pros and cons of having Wal-Mart and other "big box" retailers locate in their communities. The attraction of such retailers has been viewed as a strategy for stimulating local economic growth (e.g., Ketchum and Hughes, 1997). However, retail stores

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have a much smaller net economic impact on local economies than do manufacturing firms, for example. In particular, retail stores are usually part of what economists call the nonbasic sector, which exists solely to serve the so-called *basic* sector. The basic sector commonly includes agriculture, mining, and manufacturing, and it is responsible for exporting goods and services that bring "new money" into a community. As this new money is spent and respent in the community, economic growth occurs. Although important (because it supports the basic sector), the nonbasic sector does not play this role of bringing in new money and it therefore makes a much smaller contribution to local economic growth over time than does the basic sector.

Wal-Mart and Poverty

There are a number of possible reasons why the presence of a Wal-Mart store may exert an independent effect on poverty rates in a community, that is, exert a residual effect after other determinants of poverty have been taken into account. The first and perhaps most direct effect is the demise of existing mom-and-pop-type operations that is caused by the arrival of Wal-Mart in a community. We hypothesize that this in turn may have a number of consequences.

Poverty rates will rise if retail workers displaced from existing mom-and-pop-type operations work for Wal-Mart at lower wages because they have no alternatives (this assertion has been contested in the literature), all else equal. Although Wal-Mart is estimated to employ no more than 2 percent of the average county's workforce, there is at least anecdotal evidence that the arrival of the chain also forces other local retailers to reduce wages in order to remain competitive. Also, the share of Wal-Mart's employment in total county retail jobs is substantially greater than only 2 percent. In addition, the Wal-Mart jobs may be part time as opposed to full time, leading to lower family incomes, all else equal.

A perhaps more profound effect, and one that has not been discussed in the literature, is that the demise of mom-and-pop stores leads to the closing of local businesses that previously supplied those stores: wholesalers, transporters, logistics providers, accountants, lawyers, and others. Many of these are higher-paying jobs. Wal-Mart handles all or most of these service functions through its headquarters in Bentonville, Arkansas, providing tremendous labor-saving scale economics. This consolidation and rationalization of the local retail supply

chain potentially devastates local labor markets in smaller communities. As a reviewer pointed out, it is unlikely that the incomes of lawyers, bankers, and accountants who provided services to the local stores fall below the poverty line after the chain store's arrival. However, it is likely that these more highly-educated individuals depart from the rural community in pursuit of better opportunities elsewhere, contributing to the rural-to-urban exodus over the last decade, leaving behind those with fewer opportunities and raising the poverty rate by reducing the number of nonpoor households in the denominator.

It may not be desirable or even possible to stop these trends, but it is important to be aware of and understand them. In the future, with the introduction of radio frequency identification (RFID) tags, Wal-Mart is poised to become even more efficient in deploying workers in the stores themselves.[3] A reduced demand for workers in specific communities translates into lower wages (with minimum wages serving as a floor) if the supply of workers remains constant.

Even though Wal-Mart presents itself as a "good local citizen" and engaged in local philanthropy though the Sam Walton Foundation in the amount of $106.9 million in 2003 alone,[4] this type of philanthropy may not be as extensive or effective as that which the displaced mom-and-pop-type stores would have provided. A perhaps more subtle effect may be that by destroying the local class of entrepreneurs, the Wal-Mart chain also destroys local leadership capacity. Rural sociologists and others have pointed to this as one outcome of the increasing concentration of nonlocal bank ownership and the resulting branch plant economy that is believed to have destroyed the pool of local leadership talent.

The destruction of small, locally owned businesses may also reduce social capital levels, as argued, for example, by Cornell University's T. Lyson (Personal Communication, 2002). Social capital, or civic capacity, is an essential ingredient for economic growth to occur, according to Harvard University's Robert Putnam and, more recently, Skinner and Staiger (2005), who show that this variable is even more important than certain economic factors in explaining why some regions lag behind others. This elimination of local leaders as a key group of entrepreneurs may be the single most important and far-reaching impact of Wal-Mart Corp.

In summary, detractors have consistently argued that because Wal-Mart jobs are low paying, and the hours worked are often less than 40 per week, these jobs do not help families transition out of poverty. *BusinessWeek* reports that the average wage for an "associate" in 2001

was $8.23 per hour, for an annual income of $13,861, which was below the federal poverty line for a family of three at that time. Although individual workers have the option of working or not working for Wal-Mart, a public policy issue arises if the chain creates externalities that raise poverty levels in the community. In that case, both the demand for and eligibility to participate in welfare programs increase, leading not only to new claims on tax dollars but also a dis-utility for those who are concerned about poor people living in their community. The Wal-Mart phenomenon is such that the chain seeks to minimize its workers' pay, while the rents captured by the Walton heirs place them among the 10 wealthiest Americans.[5]

Two important issues arise here. First, even if Wal-Mart raises poverty rates, it also lowers prices to consumers (at least in the short run), thereby in effect lowering the real poverty threshold. It should be noted, however, that the poverty rate is inflation adjusted, so this beneficial effect of the chain is already reflected in the poverty rate measured at any point in time. If the winners can compensate the losers, then the presence of a Wal-Mart store is still Pareto optimal. We are not able to address this question in the present study. Second, the increased cost to taxpayers resulting from the increased eligibility for welfare payments (caused by Wal-Mart) needs to be added to any other subsidies that the chain may receive in exchange for opening a store, such as infrastructure improvements. These subsidies are dollar-for-dollar transfers to the corporation's bottom line.

The Impact of Wal-Mart: Previous Literature

Popular press articles on Wal-Mart focus on the company's nonunionization policy and the provision of part-time jobs with low wages and few benefits, along with impacts on the environment, congestion, and crime rate (see footnote 1). In the academic literature, considerable attention has also been paid to retail restructuring caused by the chain (e.g., Artz and McConnon, 2001; Stone 1997; Franklin, 2001; Huang et al., 2002), usually focusing on loss of retail employment, decreases in the number of establishments, and decline of downtown shopping areas. However, with some exceptions (e.g., Vias, in press), these articles are based on case studies for specific states or on anecodotal evidence. There are no academic studies that examine the impact of Wal-Mart on

county-wide family-poverty rates, or contemporaneous changes in those rates over time. Likewise, we were unable to locate any econometric study of Wal-Mart's location strategy at the level of all U.S. counties (Graff, 1998 describes Wal-Mart Supercenter locations relative to locations of distribution centers and county populations).

Basker's path-breaking study examines the effect of Wal-Mart expansions on retail employment in 1,749 counties over a 23-year period and concludes (2002:19) "that Wal-Mart entry has a small positive effect on retail employment at the county level while reducing the number of small retail establishments in the county." Basker also finds small reductions in wholesale employment and no effect in those sectors in which the chain does not sell goods or services (specifically, restaurants and motor vehicle sales and services). On balance, she concludes that a decade after a Wal-Mart store's entry into a community (2002:17), "the estimated effect on total [county] employment . . . is statistically zero." Basker's work has two potential shortcomings, however: the use of a limited set of counties (truncated at employment levels above 1,500 in 1964, which may have eliminated some of the most interesting counties), and the choice only of employment as an impact measure (albeit an important one). Given the data with which she was working, Basker also was unable to distinguish between full- and part-time employment.

Hicks and Wilburn (2001) evaluate the effect of Wal-Mart stores on the retail trade sector in both the county in which the store is located and in adjacent counties in southern West Virginia using spatial analysis. They control for potential reverse causation (endogeneity) between population growth and entrance of Wal-Mart, but this raises the question of whether population growth is even a factor in Wal-Mart's location strategy (see also Franklin, 2001). Hicks and Wilburn cite the work of Vance and Scott (1992), who argued that the costs of a Wal-Mart were not as high as the benefits. Hicks and Wilburn conclude (2001:312) that there "is clearly a net benefit to employment and wages in having a Wal-Mart locate in a county." Furthermore, they note (2001:313) that "the criticisms leveled against Wal-Mart are a familiar refrain . . . [and that] local monopolies may have a great deal to lose from entrance by firms that enjoy, and exploit, economies of scale." As already noted, these conclusions are based on results from a specific region in a single state.

Ketchum and Hughes (1997) studied Wal-Mart's effects on employment and wages in Maine and failed to find support for the claim made by Wal-Mart's opponents that the entry of the firm harms local economic

growth because of a negative effect on wages, employment levels, or the number of retail establishments. In their subsequent study of 19 communities in Maine that received a Wal-Mart between 1992 and 1995, Artz and McConnon (2001:24) find that the introduction of a Wal-Mart store leads to "significant changes in retail market structure" both in the town hosting the store and in adjacent communities. In his study of rural Iowa counties, Stone (1997) concludes that no single recent phenomenon has had a larger adverse impact on rural Iowa communities than mass discount merchandisers (i.e., Wal-Mart). As noted, all these studies are limited in that they focus on data from only a few counties or individual states. None focuses on county-wide poverty rates.

Estimation Strategy, Hypotheses, and Data

Our estimation strategy is simple and yet provides a relatively powerful test of the independent effect of Wal-Mart on changes in poverty rates in a community. The strategy is also innovative in that we correct for likely simultaneity (reverse causation) in the phenomenon of which we are trying to measure the impact—that is, the new Wal-Mart stores—using a common two-stage procedure that is based on instrumental variables (IV) estimation. In other words, it could be that Wal-Mart locates in communities that are poor because poverty is a widely claimed characteristic of their shoppers, or the communities are poor because Wal-Mart is located in them. . . .

In terms of the variables included in the store location, we hypothesize that Wal-Mart locates its stores in counties with a high retail pull factor, interstate highway access, more female-headed households and female labor force participation (to have a larger pool of workers), longer commuting times to work (which increase the opportunity cost of time spent shopping), more purchasing power as reflected in earnings and educational attainment, and that it avoids communities with existing Wal-Mart stores. By including the initial poverty rate, we also are able to test empirically whether Wal-Mart is drawn into communities with higher poverty rates.

In addition, we hypothesize that communities with higher levels of social capital, greater political competition, and more self-employed workers are better able to organize to prevent Wal-Mart stores from locating in their communities. Wal-Mart avoids counties with higher

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population density (at least until recently) in part because of higher land costs in these counties, and while the chain has traditionally located in rural communities, it also avoids sparsely populated, more remote places. We include state fixed effects to, among other factors, capture differences in state policy and population growth rates that may affect Wal-Mart's location strategy. . . .

Results: Discussion

The retail pull factor, existing Wal-Mart stores, adults with a college degree, social capital stocks, self-employment, interstate highway access, commuting time, and earnings power each have the expected signs and are statistically significant at below the 1 percent level. The effect of population density is negative, all else equal and as expected.

In terms of state fixed effects, the following states had more new Wal-Mart stores (relative to Wyoming): Arizona, California, Florida, Indiana, Iowa, Maine, Massachusetts, Michigan, Minnesota, New Hampshire, North Carolina, Ohio, Oregon, Pennsylvania, Utah, West Virginia, and Wisconsin. Especially noteworthy is the absence of Nevada from this list, despite the fact that no state experienced more rapid population growth in relative terms over the period studied. In contrast, Pennsylvania is one of the slowest-growing states in the nation, and yet it attracted a number of stores. From this we conclude that rapid population growth may not be a prerequisite for the Wal-Mart Corporation to locate new stores.

We next turn to our . . . primary interest, the change in the poverty rate.[6] Holding constant the initial (1989) poverty rate, the results show that counties with more Wal-Mart stores (in 1987) had a higher poverty rate in 1999 (or a smaller reduction in the rate) than did counties with fewer or no Wal-Mart stores in 1987. Equally important, counties in which new Wal-Mart stores were built between 1987 and 1998 also experienced higher poverty rates, ceteris paribus. The marginal effect of another Wal-Mart store on the average poverty rate was 0.204, while that of each existing store was 0.099 percentage points.

These results have potentially profound implications for public policy related to big box operations. In particular, the chain is not the engine of local economic growth that the company's spokespersons and public relations materials suggest. It is of no small consequence that, after controlling for other determinants of changes in poverty rates, residual variation remains in the dependent variable that can be

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accounted for by the presence of Wal-Mart stores, and this at a statistically significant level. . . .

The public costs that the chain imposes by raising the poverty rate suggest that public infrastructure subsidies may not be warranted or, as a minimum, that these two types of costs need to be added together to assess the overall cost of the chain to a community. The question remains for future research of how these effects on poverty operate through one or all of the six factors identified above. Our analysis does not allow us to determine the relative importance of these factors in explaining the results. Even so, we believe that both in terms of substance and policy relevance, a focus in future work on the effect of big boxes on local social capital and civic capacity has the potential to generate the largest payoffs. . . . diversity, less political competition, smaller self-employment rates, and lower levels of social capital each were associated with smaller reductions in poverty rates over the decade, as hypothesized. . . .

Finally, we discuss shortcomings of our work as suggestions for areas of improvement in future endeavors. As noted by a reviewer, our study involves only two points in time (although our data represent events and processes that occurred over an entire decade); we do not measure the size of the Wal-Mart store (e.g., there are differences between Supercenters and regular stores); and we are forced to concentrate on only a single chain—Wal-Mart—rather than examining the effects of all big boxes. To the extent that Wal-Mart is the industry pacesetter, however, this appears to be reasonable. As noted above, and this is one innovation of our work, we do control for the effect of stores on neighboring counties using spatial econometric methods.

Summary and Conclusion

After carefully and comprehensively accounting for other local determinants of changes in poverty, we find that the presence of Wal-Mart was unequivocally associated with smaller reductions in family-poverty rates in U.S. counties during the 1990s relative to places that had no stores. This was true not only in terms of existing stores in a county in 1987, but also an independent outcome of new stores built between 1987 and 1998. The question of whether the cost of relatively higher poverty in a county is offset by the benefits of lower prices and wider choices available to consumers associated with a Wal-Mart store cannot be answered here.

However, if Wal-Mart does contribute to a higher poverty rate, then it is not bearing the full economic and social costs of its business practices. Instead, Wal-Mart transfers income from the working poor and from taxpayers, though welfare programs directed at the poor, to stockholders and the heirs of the Wal-Mart fortune, as well as to consumers. These transfers are in addition to the public infrastructure subsidies often provided by local communities. Regardless of the distributional effects, the empirical evidence shows that the Wal-Mart business model extracts cumulative rents that exceed those earned by owners of other corporations, including Microsoft and Home Depot.

In conclusion, the costs to communities in terms of labor displacement and higher poverty need to be weighed against the benefits of lower prices and greater shopping convenience. Similarly, once local businesses have been driven out, the possibility of monopolies or oligopolies emerging in retailing (both on the input and the output side) needs to be considered carefully by public policymakers.[7]

NOTES

1. A prominent example is (www.walmartwatch.com); bumper stickers include "SprawlMart sucks the life out of downtown businesses." Other negative coverage includes a recent report that the chain was fined $3.1 million by the EPA for violating for the second time the Clean Water Act by failing to control runoff from its construction sites (*Salt Lake Tribune* online, May 13, 2004). Anecdotal evidence suggests that Wal-Mart stores increase crime rates or at least the cost of dealing with crime (see "Crime Linked to Wal-Mart Overwhelms Small-Town Police," *Daily News, Huntingdon, PA,* May 25, 2004, p.7), and a recent report by the advocacy group Good Jobs First suggests that the chain benefits from substantial public subsidies (Mattera and Purinton, 2004). See Miller (2004) for the congressional report.
2. See the October 6, 2003 issue.
3. For example, with this technology a single worker can potentially keep track of 10 check-out lines because a cart containing purchases can be scanned in a matter of seconds without items even being removed from the shopping cart.
4. See (http://www.wffhome.com/Grant%20Awards.htm), accessed May 8, 2004. This amount represents about one-tenth of 1 percent of the estimated wealth of the Wal-Mart heirs.
5. As reported in *Forbes* magazine (2003 Special Issue on the 400 Richest People in America), widow Helen R. Walton and heirs S. Robson, John T., Jim C., and Alice L. Walton each had a wealth of $20.5 billion in 2003. Alternatively, at a combined total of $102.5 billion, the Walton wealth is twice that controlled by Microsoft Chairman William H. Gates. Only three individuals had greater wealth in 2003: William H. Gates with $46 billion, Warren Buffett with $36 billion, and Paul Allen (also of Microsoft), $22 billion. As a comparison to the annual earnings of an associate worker of approximately $14,000, assuming a conservative annual rate of return on the Wal-Mart wealth of 1 percent in 2003, each of the five heirs would have earned an income of $205 million in 2003.
6. The mean of the dependent variable is negative (average poverty rates dropped nationwide during the 1990s); therefore, a positive coefficient estimate. . . indicates that a higher value of the exogenous variable (repressor) caused a *smaller* reduction than average in the poverty rate (the variable essentially contributed to a higher ending period poverty rate), while a negative coefficient estimate implies that the independent variable contributed to greater reductions in poverty.

7. One dimension of this is the vast amount of information held by Wal-Mart on consumer purchasing decisions. According to some estimates, the amount of information stored on Wal-Mart computers is twice that available on the entire World Wide Web.

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STUDY QUESTIONS

1. Please reiterate the authors' findings regarding how a Wal-Mart store increases poverty in an area.
2. Where do you stand on the value of Wal-Mart to the U.S. economy? How would you vote if Wal-Mart wanted to move a store into your area and citizens were asked to decide?

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READING 23

STEPHEN HASELER

The Super-Rich

The Super-Rich

The end of the forty years of Cold War was more than the political triumph of the West over the Soviet Union. It was also more than the victory of freedom and pluralism over command communism. When the Berlin Wall cracked open and the iron curtain fell a new form of capitalism came into its own—global capitalism—and with it new global elite, a new class.

This new class already commands wealth beyond the imagination of ordinary working citizens. It is potentially wealthier than any super-rich class in history (including the robber barons, those 'malefactors of great wealth' criticised by Teddy Roosevelt, and the nineteenth-century capitalists who inspired the opposition of a century of Marxists). The new class of super-rich are also assuming the proportions of overlordship, of an overclass—as powerful, majestic and antidemocratic as the awesome, uncompromising imperial governing classes at the height of the European empires.

The awesome new dimension of today's super-rich—one which separates them sharply from earlier super-rich—is that they owe no loyalty to community or nation. The wealthy used to be bounded within their nations and societies—a constraint that kept aggregations of wealth within reason and the rich socially responsible. Now, though, the rich are free: free to move their money around the world. In the new global economy super-rich wealth (capital) can now move their capital to the most productive (or high profit, low cost) haven, and with the end of the Cold War—and the entry into global economy of China, Russia, Eastern Europe and India—these opportunities have multiplied.

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The super-rich are also free to move themselves. Although still less mobile than their money, they too are becoming less rooted, moving easily between many different locations.

Millionaires

Mobility is made possible by the lack of a need to work—a 'lifestyle' normally fixed in one nation or location for many years at a time. It is this escape from the world of work which effectively defines the super-rich. The lowest-ranking dollar *millionaire* household can, depending upon the interest and inflation rate, secure an *unearned* annual income of, say, $60,000 per year, which is almost double that of the median annual income of American families and four times that of the median income of British households.[1]

These millionaires are by no means lavishly well-off, particularly if they are in three- or four-people families or households. However, they are financially independent—as one commentary put it, they can 'maintain their lifestyle for years and years without earning even one month's pay'.[2] It has been estimated that in 1996 there were as many as six million dollar millionaires in the world, up from two million at the end of the Cold War.[3] Over half of these—estimates claim about 3.5—are to be found in the United States.[4]

Multimillionaires

However, these dollar millionaires find themselves at the *very* lower reaches of the world of the super-rich. Their homes and pensions are included in the calculations that make them millionaires, they often work—if not for a living, then for extras—and their lifestyles are often not particularly extravagant or sumptuous. They are, in fact, poor cousins in comparison with the more seriously rich families and individuals who are now emerging in the global economy. Official US statistics report that around a million US households—the top 1 per cent of total US households—possess a *minimum* net worth of over $2.4 million each and an average of $7 million each. In Britain the top 1 per cent have an average of around $1.4 million each.

The top half a per cent of US households, about half a million people, are staggeringly rich. This group has a *minimum* net worth of $4.7 million and an *average* of over $10 million each, which could produce

an unearned annual income of over $600,000. In Britain the top half a per cent, around 48,000 households, have on average something like $2 million each—a fortune that can produce, again depending on interest and inflation rates, an unearned annual income of around $120,000 before tax and without working.[5]

These households are the truly super-rich, whose net worth, much of it inherited, is the source of considerable economic power and produces an income (mainly unlinked to work) that allows, even by affluent Western standards, extraordinarily sumptuous lifestyles. Estimates vary about the world-wide number of such super-rich families and individuals, but over two million in the plus $2.5 million category and over one million in the over $4.7 million (average $10 million) category would seem reasonable.[6]

Although huge amounts of the money of these multimillionaires are held outside the United States, in Europe, Asia and Latin America, this tells us nothing about the nationality of the holders.[7] In a sense these super-rich multimillionaires are the world's true global citizens—owing loyalty to themselves, their families and their money, rather than to communities and territorial boundaries—but reasonable estimates suggest that over half of them are American, and that most of the rest are European, with—certainly until the 1998 crash in Asia—a growing contingent from Asia.[8]

Their money is highly mobile, and so are they themselves, moving between their various homes around the world—in London, Paris and New York; large houses in the Hamptons in the United States, in the English and French countryside, and in gated communities in sun-belt America, particularly Florida, southern California and Arizona, and for the global super-rich the literal mobility of yachts in tropical paradises not scarred by local poverty.

Mega-Rich and Billionaires

Amongst multimillionaires there is a sharpish distinction to be made between those at the lower end—say the $20 million net worth households—and those at the higher end—say the $500 million plus households. The distinction is one of power, not lifestyle. From most perspectives the income from $20 million (say $1 million)—about 70,000 US households in 1994—can, at least on the face of it, produce the same kind of lifestyle as income from the net worth of the more serious multimillionaires (there is arguably a limit to the number of homes, yachts and cars that can be enjoyed and consumed in a lifetime).[9] $50 million in net

worth, however, simply does not command as much economic power—over employment, over small businesses—than do the resources of the big time multimillionaires, much of whose money is tied up in big transnational corporations.

At the very top of this mega-rich world are the dollar billionaires, those who command over $1000 million in net worth, a fortune that can secure an unearned annual income, depending on inflation and interest rates, of $50 million a year before tax—staggeringly well over 1000 times more than the average US income. In 1997, estimates of the number of these ultra-super-rich individuals varied from 358 to 447 world-wide, and the number is growing fast, virtually doubling during the few years of the post Cold War era.[10]

Who Are the Billionaires?

The 400 or so billionaires in the world are a varied lot. In one sense they are like the rest of us (and like those who will read this book). They are overwhelmingly Western, primarily American or European, and male, but they represent no single ethnic group, no single social background, and certainly possess no single business or financial secret for acquiring these awesome fortunes.

Many of the billionaires, though, would not be in the mega-rich category without an inheritance—which remains the most well-trodden route to great multimillion dollar wealth. Of the top 400 wealthiest people in the United States, 39 made the list through inheritance alone and many of the others had some inheritance to help get them started.[11] The British queen, Elizabeth Windsor, is perhaps the most famous example of such massive unearned wealth. In 1997 Phillip Beresford (*The Sunday Times'* 'Rich List', (*Sunday Times* 6 April 1997) put her net worth at a staggering $10.4 thousand million in 1992 (double the 1997 figure for top-listed Joseph Lewis). However, after she took a rival 'rich list' to the Press Complaints Commission over its valuation of her assets, *The Sunday Times'* Wealth Register excluded from its calculations the royal art collection, which, had it been included, would have given her a $16 billion figure, making her the world's wealthiest woman and the second wealthiest person in the world, with half the net worth of the Sultan of Brunei but more than the Walton family.[12]

In contrast to the inheritors, there are some 400 'self-made' mega-rich men (there are no women). Yet even these men of merit have not necessarily made their inordinate fortunes through extraordinary

amounts of work and talent—certainly not its continuous application. Many of the self-made mega-rich are certainly talented and creative (and often ruthless), but many of them have become mega-rich through one-off bursts of insight or risk or luck.

William (Bill) Gates is seen as 'self-made', very much the American entrepreneurial hero. His vast resources—*Newsweek* calls him 'the Croesus of our age'—have been built upon the meritorious image of having run a successful company which provides a real service, a real addition to human understanding and communication. His huge net worth—he was listed in 1997 by *Forbes* magazine as the richest American at $36.4 billion—is based upon the value of his shares in his company Microsoft. It was Gates' original burst of imagination that created his fortune—the initial stock offering in 1986 of 100 Microsoft shares cost $2100 but by the first trading day in August 1997 this had risen to 3600 shares at $138.50 each! Gates' personal share of the company rose from $234 million to $37.8 billion in the same period.[13] Certainly Gates has managed the company and taken many crucial decisions. Yet as Microsoft grew he needed the more 'routine' skills of thousands of major company directors—such as managerial aptitude and the ability to stave off competition. As with all established businesses, less and less risk and less and less creativity was needed (and a junior hospital doctor probably put in more hours).

Paul Raymond is a different type of self-made billionaire. Described by academic John Hills as Britain's richest man—in 1995 he placed him ahead of Joseph Lewis—Raymond's fortune is thought to be well over £1.65 billion. Having founded Raymond's revue bar in the Soho district of London, with topless dancers, he made his money by investing in soft pornography and property.[14] Like Gates he had the talent to spot a coming market—albeit one that was less elevating and educational. And also like Gates, and the other mega-rich, once the original burst of inventiveness (perhaps amounting only to the one great insight) was over the rest of his working life has consisted of simply managing his empire and watching his money grow. . . .

Comparisons

This group of late twentieth-century billionaires not only dwarf their 'ordinary' super-rich contemporaries but also the earlier race of mega-rich 'robber barons' who were so identified with the burgeoning capitalism of

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the early twentieth-century. In terms of resources at their personal command, in 1997 William Gates was three times richer than John D. Rockefeller (Standard Oil) was in 1918, Warren Buffet was over ten times richer than Andrew Carnegie (Steel) was in 1918, and it was estimated that in 1992 the British queen was ten times richer than Henry Ford (automobiles) was in 1918, although some of these early-twentieth-century super-rich probably commanded a greater percentage of their nations' resources.[15]

The resources at the disposal of these super-rich families—a huge pool of the globe's wealth—are truly astounding, beyond the wildest imaginings of most of the affluent Western middle classes. These high net worth individuals (HNWI's, as they are depicted in the financial services sector that serves them) accounted for almost $17 trillion in assets in 1996.

The power—that is, command over resources—of the world's super-rich is normally expressed in raw monetary figures, but the sheer, egregious extent of these private accumulations of wealth can also be given some meaning by making comparisons. . . . Eighty four of the world's richest people have a combined worth greater than that of China.[16] So the wealth of just one of these super-rich individuals is equal to that of about 12.5 million of his fellow humans.

Just as awe-inspiring is the fact that the total wealth of the world's few hundred billionaires equals the combined income of 45 per cent of the planet's population.[17] It is also somewhat sobering to realise that the *individual* wealth of the world's billionaires can exceed the gross national product of whole nations.[18] The world's ten richest billionaires all individually possess more in wealth than the GNP of many nation-states. The world's richest individual, the Sultan of Brunei, weighing in at over $45 billion, commands more resources than the combined GNP of 40 nation-states. To give his wealth some form of reality, it is larger than the GNP of the Czech republic (population 10.3 million); while William Gates commands more resources than the GNP of Africa's oil-rich giant, Nigeria (with a population of 111.3 million); the Walton family commands over $27.6 billion, more than the GNP of Vietnam (peopled by 73.5 million); Paul Sacher and the Hoffmann family command over $13 billion, more than the GNP of Bulgaria (population 8.4 million); Karl and Theo Albrecht command over $8 billion, more than the GNP of Panama (with its 2.6 million inhabitants); Joseph Lewis, the highest ranking mega-rich British citizen, commands just under $5 billion, which gives him more control over resources than his country of residence, the Bahamas.[19]

Another way of grasping the huge personal agglomerations of wealth in the modern global economy is to compare income levels. On 1997 interest-rate figures, and assuming that all assets are not income producing, the Sultan of Brunei could easily receive from his assets something in the region of $3 billion a year as income—compared with an average of $430 per person in the 49 lowest-income nation-states, $2030 per person in the 40 middle-income nation-states, $4260 in the 16 upper-middle income states and $24,930 in the 25 highest income economies. . . .

Get the world's top three mega-rich (dollar billionaire) people into one room and you would have assembled command over more resources than the GNP of Israel; the top four and you would tie with Poland, the top ten and you would beat Norway and South Africa. Europe's richest 20 families command around $113 billion, a little more than the whole Polish economy; America's richest 10 ($158 billion) and Britain's richest 1000 families ($156 billion) together command more resources than the GNP of the entire Russian Federation.[20]

If the top 200 or so billionaires could ever be assembled together then the command over assets, in that one room, would outrank the GNP of each of Australia, the Netherlands, Belgium, possibly even Brazil; and with 400 or so billionaires the one gathering would outrank Britain and almost overtake France!

It is these kinds of statistics that bring into sharp focus the economic power limitations of elected presidents and prime ministers (and other public sector officials)—who also have to share their economic power with cabinets and parliaments—compared with the economic power of the unelected mega-rich, whose only accountability is to the market. Such economic power was on display when the American media billionaire Ted Turner decided to donate $1 billion to the United Nations and 'to put on notice . . . every rich person in the world . . . that they're going to be hearing from me about giving money'.[21] For a Western politician to move a billion dollars in the direction of the UN would have involved months and months of negotiating and a bruising campaign.

All of our four categories of the world's super-rich (the 'ordinary' millionaires with up to $2.5 million, those with $2.5-5 million, those with $5-1000 million, and the billionaires with over $1000 million) have a combined net worth of $17 trillion, more than double the GNP of the United States.[22]

Just as awe-inspiring is the proportion of national wealth of the Western nations held by their own passport-holding super-rich.[23]

In 1995 in the US the amount of wealth (total net worth) held by 90 per cent of American households—everyone under the top 10 per cent—came to only 31.5 per cent, whereas the top 10 per cent of American households own 69.5 per cent of the US. More striking still, the top 1 per cent of Americans hold 35.1 per cent of US wealth, and the top half a per cent of households (500,000 households), those with a minimum net worth of $4.7 million, own 27.5 per cent of the US.

In Britain too the super-rich also own a huge proportion of the net worth of their country.[24] In 1992 the top 10 per cent of Britons owned half of the country's marketable wealth (for the top US 10 per cent the 1995 figure was a whopping 69.5 per cent). The wealthiest 5 per cent of Britons owned around 37 per cent of Britain's marketable wealth. The top 1000 super-rich families in Britain own about $160 billion worth of wealth, about the same average (0.16 billion each) as the top half a per cent in the US; Britain's top 100 command $89 billion, its top 50 own $69 billion and the top 20 own $42 billion.[25]

Among the 1997 British 'top twenty' Joseph Lewis (finance) was estimated to have a net worth of $4.8 thousand million; Hans Rausing (food packaging) came just behind with $4.72 thousand million; David Sainsbury (retailing) and Garfield Weston and family (food production) third with $4 thousand million each; Richard Branson (airline, retailing and entertainment), Sir Adrian and John Swire (shipping and aviation) and the Duke of Westminster (landownership) all joint fifth with $2.72 thousand million each; Lakshimi and Usha Mittal (steel) eighth with $2.4 thousand million; and Joe and Sir Anthony Bamford (construction equipment) and Viscount Rothermere (newspapers) joint ninth with $1.92 thousand million.

A particular feature of the British super-rich scene is the concentration in very few hands of land ownership. Britain—or rather the land area known as the United Kingdom—is, quite literally, owned by a very small caste; as is the capital city, London. It remains a poignant commentary on wealth concentration that large tracts of London are owned by just a few individuals. The Duke of Westminster, through the Grosvenor Estate, owns around 200 acres of Belgravia and 100 acres of Mayfair—a dynastic inheritance created by the seventeen-century marriage of Cheshire baronet Thomas Grosvenor to Mary Davies, the '12 year old heiress to a London manor that at the time included 200 acres of Pimlico'. Viscount Portman owns 110 acres north of Oxford Street. Lord Howard de Walden's four daughters, through a holding company, own 90 acres of Marylebone. Elizabeth Windsor, the queen, remains

the 'official' owner of 150 acres of 'crown estates' in central London, as the eight crown estates commissioners address their annual report to her. Andrew Lycett has argued that although 'millions of pounds are exchanged every week in leasehold property deals . . . London still has no sizable new landowners' with the exception of the Sultan of Brunei and Paul Raymond.[26]

Richer Still, Yet Richer

And the super rich are getting richer. The former vice chairman of the US Federal Reserve Board said in 1997 that 'I think when historians look back at the last quarter of the twentieth century the shift from labour to capital, the almost unprecedented shift of money and power up the income pyramid, is going to be their number one focus.'[27] The figures are indeed dramatic. In the US the top half a per cent rose from 23 per cent to 27.5 per cent between 1989 and 1995. The next half a per cent rose from 7.3 per cent to 7.6 per cent in same period. However, the next 9 per cent fell from 37.1 per cent 33.2 per cent, while the lowest 90 per cent fell from 32.5 per cent to 31.5 per cent. As the most reliable and scholarly analysis put it, the evidence shows 'a statistically significant increase in the share of household net worth held by the wealthiest half a per cent of [US] households from 1992 to 1995'.[28]

There are no figures available for the British top half a per cent, but tax authority figures—which do not include the considerable amounts of offshore money held by the British-passport-holding rich—suggest that whereas the top 1 per cent of the population were losing ground between 1950 and 1980, during the Thatcherite, globalising 1980s and 1990s their share of the wealth of Britain stabilised.[29]

And the assets held by the world-wide super-rich (the HNWIs) are expected to continue to grow. One assessment portrays them as more than doubling (from $7.2 trillion in 1986 to $15.1 trillion in 1995), and they are projected to grow from the 1996 level of $17 trillion to $25 trillion (up by more than 50 per cent) by the new millennium. . . .

An Overclass?

If the new global super-rich do not amount to an old-style ruling class, they are certainly becoming an overclass: the mirror image of the more publicised urban underclass—separated from the rest of us, with

distinct interests that differ from those of the mass of the peoples of Western societies.

In a very real sense the new super-rich are becoming removed from their societies. This is happening physically. The higher levels of the super-rich have always lived apart: within their walled estates or in wealthy ghettos in the centre of Manhattan, London and other cities. They have always owned possessions that have singled them out. Today, of course, mere diamonds, helicopters and expensive cars no longer signify the apex of great wealth. Now it is the luxury yacht (normally personally designed by John Banneman), the personal aeroplane—the Sultan of Brunei has a Boeing 747—(normally supplied by Grumanns), and one or two of the highest valued paintings that signify someone has reached the top. . . .

Of course one test of loyalty to a society is a willingness to pay its taxes, particularly if they are not onerous. Yet increasingly the super-rich are dodging the taxes of their countries of origin. In 1997 the *New York Times* reported that

> *nearly 2,400 of the Americans with the highest incomes paid no federal taxes in 1993, up from just 85 individuals and couples in 1977. While the number of Americans who make $200,000 or more grew more than 15 fold from 1977 to 1993, the number of people in that category who paid no income taxes grew 28 fold or nearly twice as fast, according to a quarterly statistical bulletin issued by the IRS.*[30]

So difficult was it for the US authorities to collect taxes from the super-rich that Congress introduced a new tax altogether—the Alternative Minimum Tax—to catch them.[31] With the American 'middle classes'—the middle income groups—paying a larger percentage of their earnings in taxes (including sales taxes, property taxes and social security payroll taxes), tax evasion and avoidance is becoming a growing cause of economic inequality and social fracture. . . .

'The World Is in the Hands of These Guys'

The emergence of this global overclass not only raises the question of equality—or inequality—but also of power. Supporters of this new 'free market' global capitalism tend to celebrate it as a force for pluralism and freedom; yet so far these egregious aggregations of assets and money have placed in very few hands enormous power and influence

over the lives of others. Through this accumulation of assets and money the super-rich control or heavily influence companies and their economic policies, consumer fashions, media mores, political parties and candidates, culture and art.

What is more the resources at the disposal of many of these super-rich individuals and families represent power over resources unattained by even the most influential of the big time state politicians and officials—'the panjamdrums of the corporate state' who populated the earlier, more social democratic era, and who became targets of the new capitalist right's criticism of the abuse of political power.

In the new capitalist dispensation it is the global super-rich who are 'lords of humankind', or 'lords of the Earth' like Sherman McCoy in Tom Wolfe's all too apt social satire on Wall Street, *Bonfire of the Vanities*, wielding power like old-fashioned imperial pro-consuls. The new global super-rich have now got themselves into a position where they not only have a 'free market' at their disposal, and not only is this market now global, but they can also command the support of the world's major governments. . . .

Onward and Upward

The new super-rich global overclass seems to be possessed of one crucial attribute: a sense of ultimate triumph. As globalisation has proceeded all the bulwarks of social democracy that stood in their way, the cultures that acted as a balancing force and succeeded in civilising, and to some extent domesticating, raw capitalism have fallen. The primary casualty has been the nation-state and its associated public sector and regulated markets. The global economy has also helped to remove that other crucial balancing power available in the Western world—trade unions—which for the most part acted to check unbridled business power and ensure some basic rights to employees, often at the expense of rises in short-term money incomes.

Finally, the end of the Cold War was a seminal moment and played a fateful role as midwife. At one fell swoop the end of command communism (in Eastern Europe, in Russia and, in the economic field, in China) made footloose capital both possible and highly attractive by adding a large number of low-cost production and service centres and new markets to the economy. It also removed the need for the Western super-rich to be 'patriotic' (or pro-Western). It also made redundant the

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instinct of social appeasement held by many Western capitalists and induced by the need, in the age of Soviet communism, to keep Western publics from flirting with an alternative economic model.

The stark truth is that not one of these obstacles—not the public sector, not the trade unions, not an alternative economic and social model—is ever likely to be reerected. In the short to medium term, without a change in the political climate of the Western world there is nothing to stop further globalisation, higher and higher profits, more and more millionaires. For the new overclass it is onward and upward.

NOTES

1. The median income of US families was about $37,000 in 1993. US Census Bureau, Income and Poverty, CD-ROM, table 3F (1993). The median income of UK households was about $16,500 (The exchange rate used here is $1.6 to the pound) in 1990 at 1993 prices. See John Hills, *Income and Wealth,* vol. 2 (Joseph Rowntree Foundation, Feb. 1995).
2. Thomas J. Stanley and William D. Danko, *The Millionaire Next Door* (Atlanta, GA: 1997). Some scholars have suggested defining 'the rich' not in terms of millions but rather as those with a family income over nine times the poverty line—in US terms about $95,000 a year in 1987. See S. Danziger, P. Gottschalk and E. Smolensky, 'How The Rich Have Fared, 1973-87', *American Economic Review,* vol. 72, no. 2 (May, 1989), p. 312.
3. The US Finance House Merrill Lynch in conjunction with Gemini Consulting, 'World Wealth Report 1997' (London: Merrill Lynch, 1997).
4. Stanley and Danko, *The Millionaire Next Door,* op. cit., p. 12.
5. US figures for 1995 from Arthur B. Kennickell (board of governors of the Federal Reserve System) and R. Louise Woodburn, 'Consistent Weight Design for the 1989, 1992 and 1995 SCF's and the Distribution of Wealth', revised July, 1997 unpublished. The UK figures are for 1993-4. For the UK figures, which include pensions, see Hills, *Income and Wealth,* op. cit., ch. 7.
6. Merrill Lynch, 'World Wealth Report, 1997', op. cit.
7. The 'World Wealth Report, 1997' (Merrill Lynch, op. cit.) projected, before the late 1997 Asian economic decline, that in 2000 the division of high net worth assets by source region would be Europe 7.1, North America 5.8, Asia 6.1, Latin America 3.8, Middle East 1.2 and Africa 0.4.
8. Of these multimillionaire Americans, families of British (that is English, Scottish, Welsh and Irish) and German descent account for 41.3 per cent of the total.
9. *Newsweek,* 4 Aug. 1997 (source IRS).
10. The UN *Human Development Report* (1996) put the figure at 358, and *Forbes* magazine's 1997 wealth list put the figure at 447, up from 274 in 1991.
11. *Newsweek* 4 Aug. 1997 (source *Forbes,* op. cit.)
12. See also, Phillip Hall, *Royal Fortune: Tax, Money and The Monarchy* (London: 1992) for a systematic account of the mysteries of the royal finances. One fact about the Queen's money remains: since 1998 she has remained above the law as far as taxation is concerned as she is not treated in exactly the same way—with all tax laws applying to her—as every other British person.
13. See *Newsweek,* 'The New Rich', 4 Aug. 1997.
14. Hills, *Income and Wealth,* op. cit., p. 9. Hills suggests that 'If Britain's richest man, Soho millionaire Paul Raymond, receives a modest 3 per cent net real return on his reported £1.65 billion fortune' his income would be £1 million a week.
15. Figures from *Newsweek,* 4 Aug. 1997, reporting *Forbes* in June 1997. The figures for the Queen were for 1992 (as published in *The Sunday Times'* 'Rich List', 1997), and were subsequently revised downwards following a complaint to the Press Complaints Commission.
16. John Gray, 'Bill Rules the World—And I Don't Mean Clinton', *Daily Express;* 11 Sep. 1998.

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17. UN, *Human Development Report,* (1966). Comparing wealth with income is highly problematic, but nonetheless serves to display the enormity of the comparison. These comparisons—between asset net worth and gross national product (GNP) are not of course comparing like with like, but are used in order to show the extent of the egregious financial and economic power of the high net worth individuals. The most reasonable method of comparison would be to compare the net worth of super-rich individuals and groups of super-rich individuals with the total net worth of each country (that is, each individual/family in the country). These figures are not available for more than a handful of countries.
18. 'Billion' here and throughout the book is used in the US sense that is, nine noughts.
19. Wealth figures from *The Sunday Times',* 1997 'Rich List', op. cit., population figures for 1995 from *World Development Report* (Washington, DC: World Bank, 1997).
20. The US figure is from *Forbes,* June 1977, and the European and British from *The Sunday Times,* 6 April, 1977. For GNP figures see World Bank, *The World Atlas,* op. cit.
21. *Guardian,* 23 Sep. 1997.
22. These estimates are based upon the net worth estimates cited in *Forbes* magazine, June 1977, and in 'The Wealth Register', compiled by Dr Richard Beresford for *The Sunday Times* (extracts published in *The Sunday Times,* 6 April, 1997), who also cites *Forbes* magazine. *The World Atlas,* op. cit.
23. As I argue throughout this book, the super-rich are in reality global; but they all need a passport, and we are talking here about US passport holders.
24. The percentage of net worth of the total marketable net worth of all British passport holders.
25. *The Sunday Times,* 6 April, 1997. This is the British billion, that is, 12 noughts as opposed to the US nine noughts.
26. Andrew Lycett, 'Who Really Owns London?', *The Times,* 17 Sep. 1997.
27. Alan Blinder, former vice chairman of the US Federal Reserve, quoted in *Newsweek,* 23 June 1997.
28. Figures from 'Consistent Weight Design for the 1989, 1992 and 1995 SCF's and the Distribution of Wealth' by Arthur Kennickell (Federal Reserve System) and R. Louise Woodburn (Ernst and Young), revised July 1997 (unpublished). Figures derived from the Survey of Consumer Finances sponsored by the US Federal Reserve System and the Statistics of Income Division of the IRS.
29. See Charles Feinstein, 'The Equalising of Wealth In Britain Since The Second World War', *Oxford Review of Economic Policy,* vol. 12, no. 1 (Spring 1996), p. 96 ff. In British estimates distinctions tend to be made between marketable wealth and total wealth—marketable wealth excludes state pensions, occupational pensions and tenancy rights.
30. *New York Times,* 18 April, 1997.
31. The US Alternative Minimum Tax is levied on those who have substantial incomes but, because of their use of tax shelters and exemptions, submit a zero tax return.

STUDY QUESTIONS

1. The "super-rich" may be reshaping the global economy. What power do they have and how might they exercise it?
2. What social theory would you use to explain why the "super-rich" have come into existence? Use some sociological concepts to show how this happened.

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24 READING

JOHN R. COLEMAN

Blue-Collar Journal

A College President's Sabbatical

In the spring of 1973, I took a leave from my job as a college president. There were no strings attached. I could do whatever I chose for months on end. I had secretly known what I wanted to do if ever such a chance came along; now I had to discover whether I was serious about it.

What I wanted to do was to try my hand at manual work, for reasons more complex than I pretend to understand. I only know that, every time in recent years when I looked ahead to some time out, my thoughts turned to seeking and holding blue-collar jobs. The idea of breaking out of what I normally do and of taking up different roles for a while was so compelling that I would have felt cheated had I done anything less.

This is a record of what I did once I pulled out of the driveway of my house. The journal covers eight weeks. It omits the first week when I worked with friends of thirty years' standing, Pat and Russell Best, on their dairy farm in Ontario. That week conditioned me for physical work; thirteen hours a day in a milk shed, cow barns, and the woods have that effect. It omits the last weeks of my leave when I fulfilled a quite different dream by spending a week in Florence and a night each at Vienna's Staatsoper and at Milan's La Scala.

From the start I realized how fortunate I was in being able to get away at all, and in being able to leave without telling anyone where I was going or what I planned to do. I am divorced. I consider my children old enough and independent enough—and they consider me so—that I can disappear for some time without their having to worry

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about me. The college board of trustees and my administrative colleagues were trusting enough not to push me with questions about how I proposed to use the time out. And I had a paycheck going into the bank each month to meet the tuition, insurance, utility, and tax bills that found their way to the house, however far away I might be.

I did not tell anyone about what I planned to do with my sabbatical because I was afraid the response would be what part of me also said: "Jack, that's crazy." No reply to that charge would sound convincing, and I felt that my orthodoxy and my quest for respectability would take over at that point. I would probably end up using my leave to do some sort of survey of recent developments in liberal arts education, and it would no doubt be published somewhere through the help of friends in editorial posts. But it wouldn't be worth much because I'm not an original thinker on that subject. All in all, I thought, it was better to keep to myself the urge to reenter the blue-collar world for the first time since 1945. Let me see if I am willing to go where I want to go. And then let me see if I can explain it afterward. . . .

Friday, February 16, 1973 *Atlanta, Georgia*

The drive from Philadelphia to Atlanta seemed long, no matter how good the road was. I hadn't counted on Georgia's being so far from home. I was keyed up, and the miles went by as slowly as they did for my children years ago on our vacations, when, one hour after we started the all-day drive to Maine, they asked, "Are we almost there?"

The sky was still dark when I pulled out of the driveway of my campus home this morning. Even in dim light, the big old house looked inviting. I knew that I would miss its comfort and space—the books and records in the library downstairs, the paintings in the living room, the kitchen where it is fun both to cook and to talk, and the big cluttered desk in the study upstairs.

In addition to the car, I brought two hundred dollars in travelers checks with me and a gasoline credit card. The checks were to tide me over until I got a paycheck. The credit card was to let me get home even if I ran out of money for food and lodging. I had a duffel bag full of clothes, a few kitchen supplies, a box of books, a portable radio, and my camera. I also brought my social security card—I had already decided to use my own name—but nothing else. The rest of my past had to stay home. I would invent an earlier work history as I went along.

The strongest feeling today was one of freedom. Just how much freedom there was became clear as soon as I reached the main road

running past the campus. I could head in any direction I chose. I stayed with my original plan and headed south, but I felt freed just in knowing that I could have changed my mind on the spot. . . .

It was 6:00 in the evening when I got into Atlanta, and time to eat. I passed up the restaurants I would ordinarily have sought out and headed for a diner on the outskirts of the downtown area. There was a copy of the morning's *Atlanta Journal* still on sale. I skipped the front pages and turned to the classified ads. The Help Wanted columns didn't look as promising as they had last month, particularly for outdoor work.

The only choices appeared to be yardman, construction worker, or general laborer. Yardman was a risky job; the weather was cold for Atlanta (18°) and work could be spotty. Just a few days of bad weather and I'd have trouble supporting myself on my earnings. Most building construction ads called for experience; I thought it would probably be better if I toughened up elsewhere before I tried to make out in that league. That left the simple classification of "laborer."

Four ads were similar. Someone was paying a lot to get clean water into, and dirty water out of, the Atlanta area. This one stood out:

> *"Laborers. Sewer and water line construction. Transportation furnished. Call MU 2-0736 after 7 p.m."*

It was those words "after 7 p.m." that caught my eye. I had expected to use the night to build up my courage to start making calls at dawn. But here was a chance to get hired right now. Seven o'clock was drawing near; it was time to act.

I finished my hamburger and went to the telephone booth outside. I walked up and down with a dime in my hand for some time. In part, I was nervous about the work; in part, I wanted to avoid seeming too anxious by calling too soon. It was 7:05 when I dialed.

A male voice answered.

"Hello. My name is John Coleman. I'm calling about your ad for sewer laborers. Could you tell me about the job?"

"I start them at two-seventy-five an hour."

That was that. Obviously I needed more questions.

"What's the work like?"

"At this time of year it's dirty, and sloppy, and wet, and cold. It's a lousy job any way you look at it. Are you interested?"

"Yes. I'd like to try."

"What kind of work have you been doin'?"

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"I've just come here from Pennsylvania. I used to be in sales. [That was true for a college president by a small stretch of the imagination.] But I got tired of it. [That would surely be true if the first statement were literally true.] So I've been working as a laborer for a while. [Completely false, except for that warm-up week on the dairy farm.]"

"Well, like I say, I start you at two-seventy-five. If you're any good, I'll move you ahead. Some of my men get three-and-a-half. Some get four."

"Do you want to meet me before you hire me?"

"No. Just come ready for work. Dress warmly. We'll supply boots when you get wet work."

"Is it a hard-hat job?"

"It's supposed to be. But I've stopped givin' them out. The men won't wear them, even though it's for their own good."

He gave me detailed instructions on how to find the job site and told me to be ready for work at 7:30 on Monday. I asked if I could start tomorrow.

"All right, if you need the money."

"I'll be there at seven-thirty. What's your name?"

"Gus Reed. R-E-E-D."

"Thank you, Mr. Reed."

That was all. I felt relieved at being hired on my first try—and without even being asked my age.

Saturday, February 17

I didn't sleep very well—partly from excitement, partly from doubts about whether I could do the day's work at 51. . . .

It was 5:45 this morning when I came down to check out at the motel desk. . . .

"Going to work?" he asked. I decided I had passed the appearance test.

"Yes."

"What do you do?"

"I'm starting today with a sewer company."

"On a cold morning like this?"

"Yes."

"You poor shit!"

It occurred to me that he could be right. . . .

There were orders to each man to start on a specified task. It was 7:50 before Gus turned to me. "Get a shovel out of the trailer and get in that ditch. Just follow the backhoe along and throw all the shit that it misses up on the bank.". . .

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Gus was rather easy on me. He pointed to where the jackhammers had ripped up a road which the sewer line was to cross. The curbs on both sides of the road were left intact.

"John, take your time but shovel out that shit from under the curbs. Tunnel through from both sides so that we save the curbs."

No problem, I thought. But the six-foot-thick walls of clay there were packed hard. Sometimes I shoveled from a stooped position. Sometimes I had to kneel in the mud to get further under the curb. Either way the shovel hit the same unyielding clay with a thud. Only a small amount of dirt fell away with each try. . . .

With the tunnels under the curb done, the long ditch stretched out before me. It might not have seemed so long from the street level, and certainly wouldn't be long to anyone whizzing by in a car, but the view from the trench was of banks of mud that stretched on and on. The backhoe had moved rapidly while I was digging away at the packed clay. How many thousand shovel loads of loose dirt had it left behind for me? And would I ever catch up to that machine again?

In the work I do as college president, there are only two tasks that require doing the same thing over and over again for any sustained period of time. One is shaking hands at commencement and parents' day (a happy task); the other is signing thank-you notes to alumni contributors (a very happy task). But both the lines of people waiting to be greeted and the pile of notes waiting to be signed have definite ending points: I know when I'll be done with them. The ditch today didn't seem to have an end. As fast as I cleaned up one foot of it, the backhoe made at least one more foot of it ahead. . . .

It was 6:00 when Gus called it a day.

"John, go in that truck with all that equipment. You might as well learn where all that shit goes at night."

Everything had a neat place in the trailer. There was no way of making a mistake in stowing it for the night.

Gus and Stanley were talking down the road at some length. Or rather Gus was talking. Only the four-letter words and the strong gestures carried as far as the trailer.

At last Gus came to me. "See you Monday. This wasn't our usual work. We don't often lay lines along the highway. Usually we're over in the swampy stuff. Someday soon you'll be up to your ass in mud. Seven-thirty Monday."

I took off my coveralls before I got in my car. They were muddy enough for one clean day. . . .

I had no zest for looking for a place for the night. I had read rooming-house ads in yesterday's paper, but they were all downtown. I'm lazy enough to prefer living near the job; more than five years of stepping out of the door of a fine old home and crossing two small fields beneath the trees on the way to my office have spoiled me for commuting. I had no idea tonight where rooms could be found in the suburbs, and I was too weary to try to find out.

I remembered passing a motel this morning that advertised rooms for "$8 a day." Compared with the prices I usually paid, that seemed a steal. It was only after I registered that I realized eight dollars represented almost three hours of labor today. But at least I could now have a bath, eat, and get into bed. . . .

Sunday, April 15

These days are done. I suppose I should have unmixed emotions about going home, but I don't. No matter how restless I am to get back to my desk, I know too that some day I'll want to do again just what I've done this spring—or perhaps move to fulfill some other half-formed dream. Whatever comes, I expect to do a better job at home because I got away.

The Hasidic rabbi Zusia said, "When I shall face the celestial tribunal, I shall not be asked why I was not Abraham, Jacob, or Moses. I shall be asked why I was not Zusia."

Once, I thought I was leaving my identity behind when I set out on this leave. Now I think I may even have found some part of it along the way.

STUDY QUESTIONS

1. Coleman has some major adjustments to make to his new blue-collar status. What were his most difficult accommodations?
2. Which would be easier, the downward mobility of Coleman or the upward mobility of "working-class" sociologists? Give some specific reasons for your answer.