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Why is the WSJ making fun of David A. Siegel?

By Curtis Seltzer

BLUE GRASS, Va.—I read The Wall Street Journal every day. I fetch it about noon from the big, metal mailbox that stands on the side of a now-paved, former horse-and-wagon road at the northern end of the Blue Grass Valley. The Journal streams me into the great currents that power our global economy.

Our mailbox is vulnerable to absent-minded snowplows and boozy teenage boys with baseball bats who never grew out of T-ball. Nonetheless, the U.S. mail arrives every day bringing a newspaper that I can rattle, fold, clip and start fires with.

After many angry-subscriber letters over many years, I concluded that The Washington Post is unwilling and unable to deposit its product in the U.S. mail in the same way The WSJ does. The Post rarely arrived on time, and sometimes it was more than a week late. My subscription wasn't wanted.

I now read more stories on The Journal's newsprint than I do at the websites of The New York Times or The Post. I've found that my attention wanders onscreen. It's less enjoyable. I am dinosaur, hear me roar!

I am shaped more by paper than pixels.

The Journal shows me how Wall Streeters make money and, then, what they're supposed to spend it on. I'm particularly fond of the diagrams that show how scams run cash back and forth, over and under, in and out and all around. Why can't I think up stuff like that?

The Journal's news is pitched toward the working business community. Average annual individual subscriber employment income is about $191,000, with average household net worth of about $2.1 million.

President Obama defines "the rich" as households with annual gross incomes over $250,000. The average Journal subscriber would need a second earner of about $60,000 to reach that rung.

Aside from great business reporting, The Journal recommends a lifestyle for its readers. If you want to act rich, this is how you live and this is what you buy to show others that you are.

On weekends, "Off Duty" -- a "weekly fix of smart style and culture" -- instructs me in class-appropriate consumerism. Obsessive attention is paid to wine, food, clothing, travel, restaurants interior design, cars and homes. The normative WSJ lifestyle lurks in the details of purchase and display. Get them wrong, and you won't fit in. If you don't fit in, you don't belong.

But "Off Duty" is a mere proletarian warm-up to WSJ. Magazine (www.magazine.wsj.com), a monthly high-church worship service to bony high-tech designs and the bizarre products of fashion. The current issue features models in technicolor turbans, face flowers and furry wraparound headdresses. This had nothing to do with Halloween.

These publications establish The WSJ's standards of taste. And to be fair, you can't expect The Journal to promote bubushkas, flowered house dresses and the "respectable

Republican cloth coat" of Pat Nixon—a kind and decent woman who made the best of what she had to work with.

The Journal is not above looking down its nose at those wealthy whose style offends the party line, particularly those who find their fortune on the rocks.

A recent story featured Jacqueline and David A. Siegel who built a not-finished, 90,000-square-foot residential compound near Orlando and then ran out of money. (Robert Frank, WSJ, "The Wild Ride of the 1%," October 22, 2011.) As America's largest private residence, it's priced at $75 million with another $25 million needed to tie up the loose ends.

Frank's point is that the really rich these days are highly vulnerable to the boom-and-bust vagaries of finance, debt, technological change and cash calls. The fattest cats -- at least the newest cats -- are perched on a fence made of spaghetti.

Siegel, a street-smart guy who had to start from scratch several times, began by repairing and selling televisions. He operated a gas station, and then a discount store that was destroyed in the Miami riots during the 1968 Republican convention.

He made his money buying land early around Orlando's Disney World. He now runs a self-described "empire" of real-estate businesses, Central Florida Investments (CFI), of which a time-share company, Westgate Resorts, is the centerpiece with several dozen operations in 11 states.

Siegel's businesses depend on borrowing and building for upper middle-income people looking to buy in places like Las Vegas and Orlando. The Recession and The Recovery have jammed Siegel like many others. He personally guaranteed many business loans, and that's why he's been forced into selling the new house.

Estimates vary, but the place seems to have two elevators, three hot tubs, an 80-foot waterfall, 11 kitchens (one big one, and 10 little ones), 23 bathrooms, 13 bedrooms, two movie theaters, 20-car garage, 500-person ballroom and a 20,000-bottle wine cellar.

With more than two acres under roof, the home is staffed with a fleet of 10 Segways to shuttle among kitchens, bathrooms and the Unexplored Territories.

The Siegels called it, "Versailles," a name associated with an earlier shift in fortune that cut short the headstrong plans of Louie and Marie.

Since WWII, growth in housing starts has led America out of every recession, which we are, thankfully, no longer officially in. The Siegel residence is just one drop in that large, leaky bucket. Recovery, seemingly, depends on many more drops and many fewer leaks.

In a different world, the Siegels would borrow to add a couple of wings they can't afford along with a narrow-gauge railroad line. Times have changed.

Joking about the excesses of New Money is old news. (I'm still working on becoming New Money and will enjoy all snickers once I arrive.)

It's easy to draw (and quarter) the Siegels as the poster couple for the unpopular "1%." Doing so, however, keeps the spotlight off the The Journal's own drum circle that provides the back beat for luxury spending of a preferred style.

Frank's story raises a class-war point: Should government restrict what people buy or how much they spend?

Americans are prohibited from buying lots of products and services—Cuban cigars, stuff from outlaw regimes, certain types of weapons, things from endangered species, drugs of the "dope" kind and sex of the commercial kind.

But we, as a society, have never said to ourselves that we can no longer buy as many bathrooms and waterfalls as we can pay for. Victoria's Secret is allowed to sell its $2.5-million, Christmas present—a jewel-encrusted bra.

I suppose people -- both rich and poor -- are best served by a government that allows them to buy pretty much what they want, because prohibitions tend to be expensive, counter-productive and ineffective. There *should be* some consumer no-nos, but the fewer, probably the better.

It can be argued that buying is speech, a right of expression. As such, American society ends up protecting the zany and disgusting to guarantee the basics as widely and deeply as possible.

Americans have been fortunate that we've had enough of everything to allow us to be self-indulgent and wasteful. What do we do if we find ourselves in a situation where we can produce only a limited amount of something that everyone needs? Do the richest get to buy as much as they want? Do we ration it like water on a lifeboat—one person, one share until it's gone? We've not had to answer these questions.

Income inequality has always been a fact of life—not a fair fact, but a fact nonetheless. America's top economic one percent now accounts for almost 25 percent of our annual income and controls about 40 percent of our wealth.

The Congressional Budget Office released Trends in the Distribution of Household Income Between 1979 and 2007, October, 2011 (www.cbo.gov/doc.cfm?index=12485) that shows the wealthiest have gained far more income than the less wealthy over these years. For the top one percent of households, income grew by 275 percent; for the next 19 percent of households, 65 percent; for the next 60 percent, not quite 40 percent; and for the bottom 20 percent, 18 percent.

The Founding Fathers never said they were fighting for income equality, because they weren't.

Occupy Wall Street has tapped into a broad sentiment that the growing concentration of income and wealth at the top is a bad idea and has bad consequences. What's not clear is what, if anything, should be done about it.

Most Americans would not vote for a candidate who said everyone should make the same amount of money and have the same amount of wealth as a matter of public policy. But a majority of voters did endorse Obama in 2008 who talked about "spreading the wealth around," by which he meant increasing income from the bottom up along with from the top down.

Taxing the rich harder, as Obama proposes, does not necessarily redistribute income to those who are not rich. An extra tax dollar taken from Bill Gates doesn't end up in the pocket of Jane Lunchbucket. That's not spreading the wealth around; it's just shifting more of the tax burden onto the wealthiest.

When income was spread around more in the past, America's working class and middle class were employed, manufacturing was significant, wages were rising, college was affordable, debt was contained, energy and health-care were relatively cheap and government was smaller.

Capping individual income and wealth would not necessarily spread either more evenly. It's not clear how those at the bottom would benefit from top caps even were this a good idea, which it isn't.

Rather than level and fix income and wealth, government has tried to put a floor under everyone and increase opportunities for those below the top to move up. Some of these programs worked; others didn't.

Opportunities at the top to go higher have increased even more, which explains our top-end-heavy distribution of income and wealth.

A healthier economy depends on people and businesses having the money and willingness to buy things they need and things they want. I'd forget about raising taxes if Republicans would agree to a simple jobs plan—paying people to work until they can transition to private-sector employment. Income inequality is best addressed by lifting the bottom, not by lowering the top.

I like up-from-nothing stories like David Siegel's. If he wants to spend on extravagance because he can, who cares? If The Wall Street Journal wants to find the source of income inequality and the Recession, its reporters should look closer to home and not at Versailles near Orlando.

I'm more offended by The Journal telling me what to buy than by David Siegel showing me what not to buy.

Still…I wonder where I can order a waterfall online. Maybe they're sold by the foot.

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