HIDDEN ABODES: WEALTH MANAGERS, THE SUPER-RICH, AND THEIR MONEY

Brooke Harrington, *Capital Without Borders. Wealth Managers and the One Percent* (Cambridge, MA, Harvard University Press, 2016)

Brooke Harrington has produced an academic exposé of sorts, a vivid, compelling, and telling portrayal of a financial lifeworld that few social scientists ever get an opportunity to see, up close anyway—the stratosphere inhabited by the one percent, along with the "managers" of their wealth. In broad brush strokes, we have some idea of what is happening here: overseeing something in the order of $ 21 trillion in assets, the wealth management industry-cum-profession is hard at work, every day, "protecting" the dynastic fortunes of a globetrotting elite of high net worth individuals (HNWIs), not just from the tax authorities (reportedly to the tune of $200 billion or more of "missing" tax revenues, annually), but also from wayward family members and sundry hangers on. The work of wealth managers has been rather innocuously described, by those most familiar with the recesses of this vast financial netherworld, as "part lawyer, part tax adviser, part accountant and part investment adviser all rolled into one" [2016: 7], but this (rare) combination of professional skills hardly even begins to tell the story. Wealth managers are also the social workers of the very rich, their confidants and *consiglieres*. As "trustees," in every sense of the word, they know things about their clients—intimate, delicate, valuable, and sometimes compromising things—that most will go out of their way *not* to share, with their bankers, corporate colleagues, lawyers, doctors, and indeed family members. Not least when they find themselves surrounded by "impatient heirs and yes-men" [2016: 84], what HNWIs need from their wealth managers is not just technical expertise, regulatory knowhow, and strategic savvy, but above and beyond these things, someone that they can trust, with pretty much *everything*.

The one-percenters and their wealth-management advisors may both circulate in the club-class circles of cosmopolitan privilege, apparently almost unimpeded, but in some respects they are also in situations of quite unique, if rarified, isolation. This is one of the few (perhaps only) places where the financially privileged are required to "undress," albeit voluntarily and in private, in front of someone else; it

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is a space for the very careful construction of all manner of financial schemes and maneuvers, from the boringly conservative to the barely legal, along with intricate provisions for more or less "deserving" heirs, and not unusually, for drug-addicted children or for mistresses and "second" families. Consequently, this is a setting in which the meanings of trust and trusteeship assume an elevated, if rather distorted, significance. Anything but merely transactional, the relationships between wealth managers and their clients are very often "measured in lives," to borrow the words of legal scholar, John Langbein.[1] These relations, together with the accompanying repertoire of financial devices and arrangements (including trusts, foundations, and all sorts of "company" structures), are consequently intergenerational in scope, as well as transnational in reach.

Gaining sociological access to this financial "overworld" itself amounts to a significant achievement, securing a modicum of cooperation and even candor even more so. The product of an especially creative experiment in long-term and multi-sited immersion ethnography, *Capital Without Borders* probes the practices and worldviews of a still-emergent profession for which discretion and secrecy are not just ingrained habits but something like an (un)ethical code. The book is methodologically bold and creative, but also refreshingly transparent. By plainly disclosing details of her research program, Harrington also accounts for the provenance of what can be known (and what cannot be fully known) in the course of her extended interactions with these reclusive research subjects. Just as importantly, none of this is allowed to get in the way of the book's rich descriptions and apt illustrations, or of its narrative arc more generally. Harrington certainly has the benefit of evocative and rich interviews, conducted with eloquent and articulate interlocutors, but unmistakably these are very much co-produced insights—the product of extensive and meticulous preparation, to the point of the researcher achieving semi-insider status. Capitalizing on this approach, *Capital Without Borders* not only spans, but actually manages to connect, the interpersonal and the international, presenting a quite granular and microsociological account of the realm of transnational capital. The book maps these hidden abodes of technocratic obfuscation, legal arcana, and cultural idiosyncrasy with remarkable dexterity and fluency, calling upon foundational social theories and a scattered scholarly corpus as it goes along, with a light but always perceptive

[1] Langbein, John H. 1995. The contractarian basis of the law of trusts. *Yale Law Journal* 105: 625-675, 661.

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touch. It can be considered to be a model of sociological investigation, revelation, and exposition.

In much more, then, than a mere exposé, Harrington works to tease out many of the paradoxical features of the wealth management business, which in some respects is a partly submerged boundary object, even as it stands practically at the apex of the global economy. She traces the social and ethical codes of the quasi-profession of wealth management, which might otherwise be seen as a quintessential creature of neoliberal globalization, all the way back to medieval times. The origins of trusteeship are shown to be grounded in a knightly ethic, with its “aristocratic code based on service, loyalty, and honor,” which for centuries has been “dedicated to the cause of defending large concentrations of wealth from attack by outsiders” [2016: 38]. What begins with efforts, usually on the part of feudal lords, to evade early laws governing taxation and inheritance would be transformed, initially, by the accumulation of vast fortunes during the industrial age, when 19th century notions of prudence, “economic celibacy,” and fiduciary responsibility were further codified in both legal and cultural terms. More recently, it would be transformed again, under the influence of neoliberal globalization, so many of these (increasingly professionalized) practices having leapt decisively offshore, the search for workarounds and loopholes being upscaled and offshored in the service of what can properly be called a transnational capitalist class. So it is that an elite occupation, born of the chivalrous code of unwavering and unilateral service to a feudal lord, has since been reconstructed around the no-less dynastic powers and ambitions of the capitalist overlords of today, together with the rather less than noble causes of tax evasion, legal subversion, and regulatory arbitrage. It is an occupation that combines status and subterfuge, ethical responsibility and sharp practice, and the maintenance of quite intimate and sensitive client relationships alongside the sophisticated gaming of jurisdictional, legal, and financial systems.

Quite literally working her way into this understandably secretive and scrutiny-averse world, Harrington enrolled in a two-year training course for would-be wealth managers (later supplemented with a program of participant observations and semi-structured interviews, reaching into all corners of the earth). She would soon learn that this is a field defined as much by the exchange of cultural capital as it is by the uniquely recombined technical skill sets of the financial advisor, the transnational accountant, the (corporate and family) lawyer, and the long-range strategist. Here, it evidently made a real difference that

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the author was "white, a native English-speaker, and possessed of an upper-middle-class habitus" [2016: 27], the otherwise comprehensive training program of the Society of Trust and Estate Practitioners offering nothing in the way of cultural-skills preparation, if there could be such a thing—concerning those dispositions and norms that are largely tacit, and yet essential. All along, apparently, it has been understood that those individuals in which the wealthy and powerful are prepared to place trust must be able to pass in the same social circles, for which they are preferably "presocialized," one of the continuities between the ancient and modern versions of the avocation being that these should be "men of the same rank as the families they served" [2016: 102, 51]. While in recent years the gender coding of the profession has become rather less singular, just as its global centers of gravity have diversified beyond the old-money capitals of Europe and North America, spilling out from colonial and into postcolonial circuits and spaces, it is striking just how many of the elite-cultural signifiers and "qualifications" have proved to be quite stable over time. This is a world of elite schools and elite networks, of private planes and private boxes, of sailing trips and shooting parties, where there is easy access to opera stars as well as presidents. And it is one in which wealth managers will frequently *accompany* their well-healed clients not only to exclusive social events but also around everyday inconveniences like border controls (on occasion, as is documented here, without passports), and sometimes even on family vacations.

There is something satisfyingly ironic about the way in which Harrington opens windows on these worlds of the super-rich, worlds that have been designed so as *not* to be seen or surveilled, by targeting the very architect-managers of this discreet order—the functionaries, facilitators, and hired friends of the HNWI class. It is through the eyes, words, and sometimes deeds of wealth managers that the book delivers its telling glimpses into the lifeworlds and lifestyles of the one percent, which resembles a sort of floating global overclass. Although the connection is not made explicitly in the book, the resulting image is reminiscent of Braudel's depiction of the anti-market, "where the great predators roam and the law of the jungle operates ... the real home of capitalism."[2] This is also the home of vast reservoirs of "dark money," and the home of righteous privilege, where (anti)social agency exists in rude excess. Harrington shows that the stewardship of vast fortunes is something that occurs *above* the market, more than

[2] Braudel Fernand, 1979, *The Wheels of Commerce* (London, Fontana: 230).

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merely outside it. An inherently conservative practice, wealth management is not about casino capitalism, or taking risks on behalf of clients; it is about the careful accumulation of compound wealth and the consolidation of financial positions, "stabiliz[ing] concentrations of capital, rather than letting it enter the market for the use of others" [2016: 217]. The implications of this hoarding behavior for long-run patterns of inequality are truly sobering, since wealth (a.k.a. "net worth") is "passed down to future generations, creating enduring socioeconomic configurations," not least by "confer[ing] privilege" [2016: 195, 199]. This is more than a matter of simply passing on money; it is a matter of compounding social privilege. As one of Harrington's interviewees puts it, in a rather offhand manner, "once you get a head start growing wealth, that lead is going to keep growing … It becomes increasingly difficult with time to reverse these inequalities, short of revolution" [2016: 208].

Another wealth manager interviewed for the book confessed to being a little troubled by the fact that her clients routinely considered themselves "above nationality and laws" [2016: 245], and certainly above the pesky reach of tax systems, capital controls, and financial regulations, which if they had to be engaged at all were considered to be essentially *negotiable*. (This is one of the many reasons, of course, why trickle-down economics does not work; money will only trickle down if there is some sort of leak.) Rooted in "a paradigm that is [now] fundamentally transnational," wealth management promises a form of antisocial security for the super-rich, promising "creative compliance" with the maze of laws and regulations generated by the state and interstate system, often by finding cracks and crevices in that system, and developing investment strategies that ride the always-gray line between what is above, rather than explicitly against, the law [2016: 233-234]. These liminal strategies, shell games, and evasive antics are being jointly produced, in a symbiotic fashion, with changing modalities of (neoliberalized) state power. In this sense, as Alain Deneault has also argued, they are properly understood in a constitutive relation with the state, rather than somehow "outside" it; they are part of a process of mutual regulatory transformation. So it is that "the very first thing that wealth managers in training read about are the uses of offshore centers in defending private fortunes" [2016: 129], (de)regulatory practices that are both a product of, and reciprocal shapers of, onshore modes of regulation.

If this is a world of big beasts, it is also one of literally small states, as in those small-island jurisdictions that are now defined by their

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"geographical or political separateness" [2016: 129]. Harrington's book makes an important contribution to mapping that terra incognita of contemporary capitalism, otherwise known as "offshore."[3] The wealth-management industry certainly has a presence on the ground in the global capitals, East and West, the places where its clients reside (or at least own property). However, arguably its "real home," in the Braudellian sense, is to be found in an exotic cluster of small-island states, such as the British Virgin Islands, Mauritius, the Caymans and the Cooks, while Singapore is apparently vying to become a "new Switzerland" for the ultra-HNWIs of Asia. Across the noncontiguous archipelago of offshore financial centers, which together account for holdings in the region of $9 billion in private wealth, new models of postcolonial development are being incubated. Some of these anti-capitals of the wealth-management business now generate more than half of their GDP from offshore finance, hustling for favored status in a world of deregulated capital flows, where competitive advantage is measured in terms of accommodating tax regimes, a no-questions-asked approach to corporate regulation, and weak systems of political accountability. "The more that capital becomes mobile," Harrington [2016: 256] observes, "the greater advantage small postcolonial states derive from enforcing their territorial boundaries and sovereign independence."

Not just offshore but effectively out of sight, this veiled geography of deregulated finance echoes the investment strategies of the wealth-management industry, which include hedging, "scattering," concealment, and willful complexification, since "assets must be *dispersed* as widely as possible, in as complex a structure as possible," in order to take full advantage of "regulatory voids" [2016: 134-135, emphasis added]. Viewed from a distance, this may look a little like the hypermobile, borderless world of no-fixed-address capitalism, but it is one in which location really matters, and where capital flows and investment geographies are the result of highly discriminating and finely tuned strategies. Partly thanks to the existence of such offshore "black sites," themselves products of the wider climate of competitive liberalization, Harrington concludes that, in practice, the "high-net-worth individuals of the world are largely ungoverned, and ungovernable" [2016: 259, 296]. It is difficult to overstate the scale and scope of this historically ascendant form of financial power, but perhaps a closing

[3] See Deneault Alain, 2011, *Offshore: Tax Havens and the Rule of Global Crime* (New York, New Press); Urry John, 2014, *Offshoring* (London, Polity); Peck Jamie, 2017, *Offshore: Exploring the Worlds of Global Outsourcing* (Oxford, Oxford University Press).

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anecdote from this important and revelatory book might illustrate the point. A seasoned wealth manager from the British Virgin Islands, explaining to Harrington the financial benefits of offshoring, remarked that "if Bill Gates had set up Microsoft offshore, he'd be a rich man now [...] I mean, *seriously* rich" [2016: 123]. Taking this as an example of dry humor, the author laughed and looked up from her notes, only to find her interviewee "gazing back at me in complete earnest."

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