

"I don't know any of them." —Pat Buckley



War of the Worlds

In one corner, lined faces and sagging fortunes and Jurassic black-tie rituals. In the other, apple-cheeked young millionaires on the rise. The market may fall, but alt.Society is turning the establishment into a relic. **By Michael Gross**

C.Z. Guest and Liz Smith sweep past Elon Musk in the lobby of Le Cirque 2000. They pay him no heed. It's no surprise.

He's just emerged from the men's room, shrugging self-consciously in a boxy blue blazer loaned by the management. Plucking a similarly borrowed green tie away from a casual khaki shirt, the baby-faced Musk smirks. "I was able to pick from a selection; it looks vaguely intentional."

A 29-year-old Silicon Valley wunderkind, Musk created Zip2, a community portal for major newspapers, which sold for \$307 million, making him about \$50 million—in cash. A few months ago he also started a new online bank, X.com, that's already attracted \$680 million in investment capital, the dot.com wobbles notwithstanding. Musk has come to lunch, at my invitation, straight from addressing investment bankers about his next public offering—tieless. "You're in a stronger position if you don't wear a tie," he says.

As we settle at a table, Smith, whose daily gossip column is the mirror in which America's establishment views itself, flurries across the room to give a powdery peck to the extremely social widow of the polo-playing aristocrat Winston Guest and the mother of Cornelia, deb of the year in 1982, back when such things mattered. I suggest to Musk that one day soon, if he follows the traditional trajectory of American wealth—the climb from nouveau to nob—he'll be attending swell soirees with the likes of Guest and getting written up by Smith in the gossip columns.

"The idea fills me with dread," he says.

Call it what you will: high, polite, cafe, nouveau; like pornography, people know society when they see it. And mostly they

see it in the bold-faced names in columns like Smith's and in the party pages of fashion magazines, where old names—Jayne Wrightsman, Carrol Petrie, Sam Peabody—rub shoulders with the newer ones of the New York establishment—Mort Zuckerman, Georgette Mosbacher, Michael Bloomberg—as Peter Duchin's orchestra plays and caterer Sean Driscoll serves his Glorious Food. But now the boldfaces are becoming the old faces.

Once, new generations of yearning-to-be-swells would have slipped naturally into their seats at Le Cirque and their boxes at the Metropolitan Opera. Say goodbye to all that. We've come to the end of a long, heretofore uninterrupted act of succession.

Gone. Poof. Say hello to alt.Society.

It couldn't give a rat's ass.

"Instead of trying too hard to set a certain image, they step away from that altogether," says Musk's wife Justine Wilson, an aspiring novelist, referring to her husband's peers. "To say you don't care about the money you're making is the ultimate status symbol, because you can afford not to care."

America's truly old money—the Goelets, Mortimers, and Van Rensselaers—tottered off into land-rich irrelevancy years ago, replaced by upstarts named Carnegie, Vanderbilt, and Whitney, whose titles were in turn usurped, in a cyclical process that led to the riotously rich of the '80s: Tisch, Bass, Perelman, Gutfreund, and Kravis. Delighted to enter the international peerage, they rewrote the rule that said one generation makes money and the next takes society. But in the '90s these onetime barbarians fled from hyper-

visibility, too. The recent sale of Saul and Gayfryd Steinberg's palatial Park Avenue apartment and A. Alfred Taubman's resignation from the chairmanship of Sotheby's sealed the end of their era.

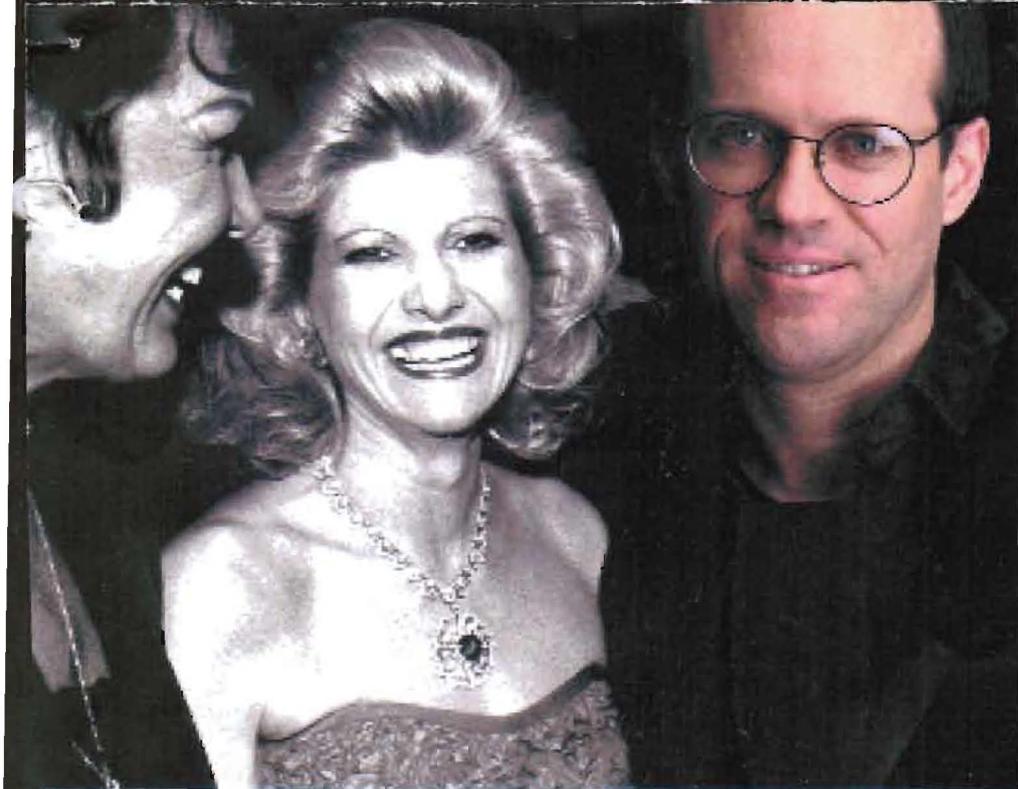
Briefly the vacuum was filled by a commercial facsimile of society: a stew of rappers (Puffy), supermodels (Naomi), and other racy recent rich, only slightly rarified by those few nouvelle '80s stalwarts who couldn't—or wouldn't—quit the arena (Trump).

Their society was all about the currency of celebrity. And its influence lingers in the group known as the "Park Avenue Princesses," young women bearing surnames such as Miller, Rust, de Ocampo, and Peters. These young scions of wealthy families are supposedly restoring the cult of Babe Paley, but they're doing it by palling around with publicists, flaunting their good fortune.

"They were willing to get dressed up and pose for magazines," says one New York socialite who has watched their sudden rise. "They want to be celebrities, because it gets them free clothes and it's fun to be noticed. Isn't that the American dream? We're a country of brand names, and everyone is working their brand."

But all this "working" has left the soul of established society up for grabs. Both *The Washington Post* and *The Wall Street Journal* have sought to define the class conflict between appalling new and aghast old wealth. But alt.Society has already won. This massive new upper class is the

**"The idea fills me with dread."
Elon Musk mixes with Old Society:
from left, Nan Kempner, Fran Stark,
and Jacqueline de Ribes.**



"We're not aspiring to the old school; there's none to get into." Opposite: Steve Kirsch photocollages with Ivana Trump at a Trump Plaza party.

society of tomorrow, today. "They're deep-rooted capitalists, but they hang with their butchers or their chauffeurs or each other," says Chicago-based novelist Sugar Rautbord. "They're not like people who were rich before them." And they reject almost every traditional status correlative.

Says Musk, "New York is the center of the world for some things, but it's not the center of what's changing the world. So Silicon Valley is contemptuous of old money—not in an active way, but worse. If you hate, you care. We don't care."

"It's not about social ambition at all," says Ari Horowitz, 32, a Silicon Alley entrepreneur whose four Internet startups have earned him about \$10 million. He points to a picture of a snowboarder on the wall of his New York office. "If I weren't working I'd be a ski bum before I ran around to social parties. What are you, kidding? That's definitely not me."

Throwing their lot in with the fast young rich are the latest crop of Wall Street Young Turks, who presumed that as sure as money makes money they'd become members—and then rulers—of the club of wealth. Then the rules changed. Suddenly their six- and seven-figure bonuses, made on the margins of the information market, looked puny next to the cash being generated at the tech center. And they were on the wrong coast. "The investment bankers come to us; the former work for the latter these days," Musk exults. Masters of the universe no more, Wall Street brokers and bankers feel deprived, distressed, *deuxième*. They respond by aping alt.Society's disdain for formality, forcing

casual clothes onto uptight firms like Goldman Sachs and outdoing their techie brethren in petulance—if they can't have a jet, they'll damn well demand a workplace concierge to do their dry cleaning.

And don't for a second dream that the newly rich are going to vanish in a market correction—or that the Internet economy that spawned them is over, collapsed like the Soviet Union. "It's not over. No, not at all," says Donald Marron, CEO of Paine-Webber. "It's there to stay. The ideas are bigger than the economics. And the ideas are not wrong, even if the economics may be, in some cases."

Steve Perlman, 39, an Apple Computer alumnus best known as the inventor of WebTV Networks (which he and two partners founded in 1995 and sold to Microsoft in 1997 for \$503 million, netting them each about \$70 million), has felt the fascination of the established elite—and even flirted with it. "I didn't get wealthy for the sake of getting into the in crowd," Perlman says. He looks at Silicon Valley's Sand Hill Road, home of California's venture capitalists, as "the center of world finance. Having a family name doesn't mean anything. You want to know what status is now? Getting into one of their limited partners' funds based on the fact that I'm an entrepreneur they want a relationship with. And I'll tell you, the returns are unbelievable. It just rains stock certificates!"

He's not surprised when established types try to get to know him. But he's nobody's Internet pet. "I try to be as accom-

modating as I can," he says, "but it doesn't take very long before you understand that they're not interested in creating something. They want to be associated with something, to be plugged in, to get the buzz." But they don't speak the language. "This isn't railroad barons," Perlman says. "This is nerds."

Steve Kirsch, who made about \$250 million when he sold Infoseek, is certainly a nerd. When he first got rich Kirsch bought a \$100,000 Acura NSX (a street-legal race car), built a \$5 million high-tech mansion, and acquired a share in a jet. "You don't do it to show off," he claims. "Flying becomes nicer." But forget about flying to the cultural capitals of Europe. "We like Hawaii. I really like the Grand Wailea, because they have wireless Internet and there's an antenna right in the pool area at the top of the volcano, so I can be lounging by the pool without going offline."

Kirsch does dabble in one traditional rich man's pursuit: philanthropy. However, like many in alt.Society, he does it his own way.

The Kirsch Foundation, established in 1999, is part of the impatient venture philanthropy movement. It has \$80 million and supports disarmament, disease research, the environment, and political and educational reform. But the first cause mentioned on its extensive website is asteroid identification, and that's what Kirsch talks about when I ask about giving. "The probability you will die from an asteroid hit is actually higher than an airline crash," he tells me, bending over his desk, excited. "Problem is, it only happens once every 65 million years. 'Eccentric' is what they call rich people who are crazy but do the math. An asteroid will hit, and it will destroy 3 billion lives. For \$20 million in research funds—half the cost of a private jet—we can identify all near-earth objects!"

I observe that a traditional byproduct of philanthropy has been making new money respectable, old. "We're not aspiring to the old school; there's none to get into," Kirsch responds. "There's no history here. It was orchards a few decades ago. Advances in technology have created an almost new species: people whose wealth didn't spring from traditional sources. We have money and want to deploy it in a productive way. It's an out-

of-the-box mentality, rather than, 'This is how it's done, my boy.'" Kirsch gives me a beady stare. "You ought to be free to choose. You've earned that right by earning the money."

But where does alt.Society go from here?

"Are they happy?" asks New York realtor Suzie Hayes, who sells them condos. "They may say they are, but talk to their wives and girlfriends. They don't take them out, and even if they do they're on the phone the whole time. [The wives] go on vacation by themselves because the husbands don't show up. They have all the status things, but they don't enjoy them. I feel sorry for them. I look at my daughter and think, What is she in for with these guys?"

Nothing good, says spiritual coach Carol Simone. "This sometimes feels like a soulless place," she says. She's not just talking about Silicon Valley, where she practices, but the broader landscape of the New Economy. "They have a lot of money and start to think that's who they are. They see themselves as great innovators. There's a sense of being special, and excess goes with that. But this is unfinished power. They're immature more than arrogant. Too many of them are people in big cars, talking on cell phones, running red lights. Where are they heading?"

Eventually some head to see Stephen Goldbart, a clinical psychologist and codirector of San Francisco's Money, Meaning, and Choices Institute, a therapeutic center specializing in alt.Society disillusion. In the early '90s Goldbart and his partner Joan DiFuria began hearing of an ironic new mass pathology: people who'd found that making a fast cyberfortune had caused them unexpected stress and strain. Goldbart's prescription is community, another form of society.

But alt.Society is all about individualism. Perlman's latest company, Rearden Steel, is named for the innovative metal made by a character in Ayn Rand's *Atlas Shrugged*. That book is the bible of Objectivism, alt.Society's secular religion, which Rand defined as "the concept of man as a heroic being, with his own happiness as the moral purpose of life, with productive achievement as his noblest activity, and reason as his only absolute." It's a long way from

Edith Wharton. Yet, although its individuals aren't clubbable in the older sense, in number of individuals alone alt.Society constitutes a kind of club. "It's just a different kind of club," says the owner of a New York investment boutique. "They live together, hang out together. I don't know what they do. Play bridge?"

Goldbart recently attended an organizational meeting for the San Francisco branch of Social Venture Partners, a Seattle-based venture philanthropy group. "All young, wealthy tech graduates," he says. "And it was very clear that a big part of

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this [meeting] was social." The techies are creating an alternative society organized around their favored, less than fashionable causes, not fancy-dress charity events. "They don't identify with traditional high society. They're a rich, outcome-oriented counterculture. And their impact is huge. We've only seen the tip of the iceberg."

Liz Smith, for one, hopes the iceberg stays in the Arctic. Told of Elon Musk's disdain for her world of Le Cirque lunches, she responds, "If he feels that way he's 100 percent right. He should stay away from New York society, and it will stay away from him." And some of Smith's usual subjects agree. "I don't know any of them," says Pat Buckley, a doyenne of New York society. "Maybe they're happy where they are. If so I think they're quite wise. Society goes on."

One school of thought says the new plutocrats will see the light—like the rich Texans of the '80s who had to learn the difference between South Fork and a salad fork—or else their children will

"A lot of them are still very young," says society jeweler Kenneth Jay Lane. "They're fairly new at it. They don't live in New York. They live on some lake somewhere. But maybe their children will have a different idea. 'I want to go to Harvard! Build a building! Get me in!'"

Some can't wait until that happens. "I'd like to get my hands on their money for Memorial Sloan-Kettering Hospital," says Park Avenue's Nan Kempner, a septuagenarian socialite who's sure she will. "They can afford airplanes, so they'll pick up things. Even modern houses look

much prettier with some antiques in them—like me!"

But Felix Rohatyn—U.S. ambassador to France, former partner and rainmaker at Lazard Freres, and sometime thorn in the side of the social order—points out a crucial distinction. "Remember," Rohatyn says, "yesterday's moguls were rather rough people who did rough, exploitive, predatory things. They created wealth for themselves but didn't spread it around, so they had to work hard to offset their image. Today's moguls are so creative they're making the people around them rich. These people aren't viewed as predators." In other words, they feel no need to clean up their acts—or to emulate those who arrived at this juncture before them.

"It's a question of what you think your peer group is," says Elon Musk while scooping up one of Le Cirque's desserts. "In the case of tech-driven wealth, it's people trying to do something different. The main thing isn't tech, actually; it's taking something old and doing it in a new way." ■



"I didn't get wealthy for the sake of getting into the in crowd." Steve Perlman, right, in collage with Christian Lacroix and Carolyne Roehm at an American Ballet Theatre party.