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A T&C FIELD GUIDE TO CA

# TOWN & COUNTRY

OCTOBER 2012

## COMMIES IN FERRARIS

Chinese Billionaires  
in the Fast Lane—  
*When Will They  
Crash?*

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A GOP  
Matriarch Turns

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*Jacques Cousteau's  
Granddaughter  
Makes Waves*

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BRITAIN'S FIRST  
LADY PUSHES THE  
*ENVELOPE*

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# ANDIE'S SECRETS

Hollywood's most private star on her  
career rebirth, her knockout daughters,  
and her rich fantasy life

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*Andie MacDowell with her daughters  
Rainey and Margaret Qualley*



# GOLDEN

China's gilded economy is an all-you-can-buy free-for-all of conspicuous consumption built on corruption





FROM LEFT: CATHERINE HENRIETTE/AP/GETTY IMAGES, MIKE CLARKE/AP/GETTY IMAGES



# BUFFET

unlimited riches, and an insatiable appetite for luxury. Of course, 30 minutes later, you just want to buy again.



**C**HINA IS SUCH A VAST AND TEEMING place that China watchers admit that for many established facts about the country, opposite assertions may also hold true. For instance, there is a nationwide moratorium on the construction of golf courses; at the same time no country in the world is building more golf courses than China. Conflicting economic signals are easier to reconcile. Because individuals are not bound by the strictures of disciplined central planning, private spending is expanding and public expenditures are contracting. Other contradictions provide clues to national character (or human nature). The Chinese are right behind Americans as the world's largest consumers of gas-guzzling luxury automobiles. Strangely, this appetite has little or no effect on their fuel consumption. Why? Because the proud owner prefers to drive his new Ferrari 458 Spider (\$250,000) to a conspicuous nearby location, put it in park, and bask in the admiration of the throng.

Similarly, private citizens are buying Gulfstream jets even though current regulations reserve airspace almost entirely for military use, and a shortage of qualified airplane mechanics on the mainland tends to keep the airplanes grounded. Rich Chinese simply want to own jets. (Plane salesmen like to tell the story of a pair of impulse buyers in flip-flops whose only question about the \$64 million Gulfstream G650 concerned how many golf bags they could stow in the luggage compartment.) If jet owners want to actually fly their planes, they can cut through the long waits for official clearance by paying bribes for *hei fei*, or "black flights."

In the nine years since Hu Jintao started his turn as leader of the People's Republic, the number of millionaires there has risen to 2.7 million, making the country's total second only to America's, according to Rupert Hoogewerf, a 42-year-old Briton (born in Luxembourg) who founded the *Hurun Report*, a magazine that keeps track of China's richest citizens. The number of known billionaires in China recently

doubled, from 130 in 2009 to 271 in 2011, Hoogewerf says, adding that the actual total could be twice that many. (By comparison, the United States has 422 billionaires, according to *Forbes*.)

The urge to spend this wealth—on everything and anything—has become as consuming as the drive to make it. The country is now gaining on the United States as the largest consumer of Bentleys, and last year China surpassed Germany as the second-largest market for Ferraris. (The U.S. retains the lead in this category by a two-to-one margin.) Perhaps keeping your Ferrari in park is not as foolish as it might seem, as owning a sports car is more important than knowing how to actually drive it. In March, *Global Times* reported an accident on Beijing's North Fourth Ring Road, near Baofu Temple, in which a Ferrari was ripped in half and then burst into flames, killing the driver and putting his two female passengers in critical condition. Following a spate of collisions allegedly involving children of public officials, government authorities took action, censoring the word "Ferrari" when it is used as an Internet search term. That didn't stop millions of people from watching a horrible uploaded video of a Chinese national in Singapore running a red light in a limited edition Ferrari 599 GTO, which goes for \$450,000 in the U.S., and killing himself when he broadsided a taxi, whose driver and passenger died within hours. They simply used the search term "crash Singapore."

What makes this explosion of Chinese consumerism all the more conspicuous is how many of the powerful fortunes behind it grew out of blatant corruption. As the Communist Party boss in Chongqing, the now notorious Bo Xilai—whose wife was recently found guilty of poisoning British national Neil Heywood—received a modest government salary of about 10,000 yuan a month, or about \$1,585. Yet he and his family amassed a private fortune estimated at upward of \$136 million. He mounted campaigns to beautify Chongqing, reportedly spending \$7.5 billion on planting and maintaining trees. It now seems clear that he used those outsize funds to enrich friends and family members. After the Bo Xilai saga began to make headlines in February, Bo's brother, Li

## FROM REDS TO RICHES

### NIKITA KHRUSHCHEV

In 1964, when he retired as First Secretary of the Communist Party, Nikita Sergeevich received a pension of **500 rubles** a month and the use of a car.

### WILLIAM BROSS LLOYD SR.

A founder of the American Communist Labor Party, and part owner of the *Chicago Tribune*, Bross was found guilty of conspiracy to overthrow the U.S. government in 1922. When he died, in 1946, he left an estate estimated at **\$1 million**.

### FRANÇOIS HOLLANDE

The frugal current president of France and leader of the Parti Socialiste, who prefers to travel by train rather than private jet, owns properties estimated by Bloomberg to be worth more than **\$1.5 million**.

### KARL MARX AND FRIEDRICH ENGELS

Marx came from a family of gentleman vintners in Germany's Moselle Valley, but he survived primarily through the largesse of Engels, who died in 1895, with a fortune worth **\$4.8 million**, derived from family cotton mills.

### MAO ZEDONG

In 1967 the chairman was owed \$780,000 in royalties for the 1 billion copies sold of his Little Red Book. In 2001 the royalties were estimated to be worth **\$17.6 million**. Mao's family requested that they inherit this fortune but were denied.

### BORIS YELTSIN

The first president of the Russian Federation dedicated more than \$800 million to the restoration of various state-owned buildings, including his own Kremlin residence. After his death, Yeltsin's lakeside estate near the Finnish border sold for more than **\$10.3 million**.

### BO XILAI

As the party boss of Chongqing, the Mayor Daley-like Bo earned an official salary of approximately \$1,585 a month. But he and his family amassed a fortune worth more than **\$136 million**.





Xueming, abruptly resigned from China Everbright International, an alternative energy company of which he had been vice chairman. Li, who also uses the name Bo Xiyong, had sold 12 million shares in China Everbright for \$5.6 million over the previous two years and still reportedly retains options for another 10 million shares beyond that.

Meanwhile, Liu Zhijun, the former railway minister who oversaw the construction of the bullet train, has been found guilty of taking bribes totaling some \$150 million. (The Communist Party's Central Propaganda Department—the ubiquitous censorship and ideology police—tried to limit the damage by sending a directive to newspapers, which was later leaked, requesting each outlet “not to report or hype the news that Liu Zhijun had 18 mistresses.”) Then there was Shanghai party chairman Chen Liangyu (a vigorous opponent of President Hu), who was sentenced to 18 years in prison in 2008 for embezzling \$340,000. Xu Maiyong and Jiang Renjie, former vice mayors of Hangzhou and Suzhou, respectively, were put to death last year for embezzling a total of \$46 million. Last year a report from China's central bank estimated that as many as 18,000 officials in government or state-owned enterprises had fled the country between the mid-1990s and 2008, with more than \$120 billion in illegal booty. Apparently this remarkable level of corruption didn't seem all that remarkable to those involved. As Chen Tonghai, a so-called princeling who is the son of a member of Mao Zedong's inner circle and an official in Tianjin, near Beijing, told the *Chongqing Evening News* before he was jailed for taking more than \$30 million in bribes, “If the Republic's eldest sons didn't monopolize, who would?”

And yet China today is lifting more people out of poverty than any country ever has—even though 200 million of its citizens (the size of the United States population circa 1970) subsist on less than \$2 a day. According to the International Monetary Fund, China's adjusted per capita GDP is about \$9,143, putting the country 91st in the IMF's world index, below Iran, Azerbaijan, and Botswana. (The United States exceeded this per capita mark in 1941.) The evidence of this class divide

is impossible to miss. Ragtag migrants work on bamboo scaffolding on construction sites in every big city. A well-known Chinese artist described villages in southern China populated solely by the elderly and their grandchildren, because so many working age residents have fled the farms to find jobs in factories.

To make matters even more unpredictable, this fall China is also readying itself for a once-in-a-decade change of leadership. The Politburo, or Standing Committee, will, if tradition holds, replace more than a third of its members, and President Hu will pass power on to a new group of leaders headed by the current vice president, Xi Jinping. The party aristocracy is wary. The 59-year-old Xi, a free market realist who, as party chief in Zhejiang Province, oversaw an era of 14 percent annual growth, has earned a reputation as an anti-graft hardliner. He once warned fellow officials to “rein in your spouses, children, relatives, friends, and staff, and vow not to use power for personal gain.” Yet even he has been tarnished by the increased scrutiny in the wake of the Bo Xue scandal. A recent report on the Bloomberg News website detailed the millions amassed by Xi's relatives, including property valued at nearly \$56 million in the safe haven of Hong Kong.

In anticipation of the new austerity, party leaders are rushing to conform to new official standards. In July officials in the coastal city of Wenzhou announced restrictions on government banquets, limiting costs to less than \$10 per head. Shortly thereafter, Beijing warned civil servants that they should maintain “a frugal working style,” banning the use of government funds to purchase luxury goods. Conspicuous indulgence in the so-called “three publics”—luxury automobiles, extravagant dinners, and travel abroad—has been strongly discouraged. Shark fin soup was prohibited at state affairs. By many measures, the rich are getting rattled. A joint survey by the *Hurun Report* and the Bank of China last year found that thousands of mainland millionaires had already moved abroad and that 46 percent of the remaining millionaires have contemplated moving. The United States remains a popular destination with special visas granted for those willing

[CONTINUED ON PAGE 129]

WHEN IT COMES TO WEALTH, SOME COMRADES SIMPLY HAVE MORE OF IT TO SHARE.

**FIDEL CASTRO**

The ex-president of Cuba (and onetime Pittsburgh Pirates pitching prospect) insists that his net worth is zero. *Forbes*, taking into account Castro's alleged habit of skimming profits from state-owned pharmaceutical companies, convention centers, and retail conglomerates, estimates his holdings at **\$900 million**.



**SAPARMURAT NIYAZOV**

The former President for Life of Turkmenistan died in 2006 with more than **\$3 billion** salted away in Deutsche Bank accounts.



**KIM JONG-UN**

The Supreme Leader of North Korea's father, Kim Jong-il, was the world's number one customer for Hennessy cognac and maintained a fleet of more than 100 limousines and an entourage of women organized into pleasure groups dedicated to his service. At the time of his death, he had a net worth estimated at more than **\$4 billion**, amassed through sales of drugs and weapons and the minting of foreign money. His son is believed to enjoy access to his accounts.



**VLADIMIR PUTIN**

Vladimir Putin, the KGB man turned Russian president, may be the wealthiest head of state in the world. His personal assets are rumored to exceed **\$40 billion**, more than those of the sultan of Brunei, the emir of Qatar, and Prince Hans-Adam II of Liechtenstein combined.



## Golden Buffet

[CONTINUED FROM PAGE 99] to invest a million dollars. Last year about three-fourths of the applicants were from China, and successful applicants often had to wait more than two years to obtain their visas.

But in Hong Kong and Macau, where the economies depend on the appetites of acquisitive mainland visitors, China's elite still spends ferociously. The stores on Hong Kong's Canton Road—Hermès, Tiffany & Co., Rolex, Swarovski, Ralph Lauren, Gucci, and Prada—are always packed. At one such boutique, the line snakes around the corner and shoppers are limited to two items. "If we didn't, we'd be cleaned out," a clerk confided.

In the run-up to the handover, in 1997, Hong Kongers feared that the influx of Chinese—stereotyped at the time as rubes in gaudy designer knockoffs who would gape at a Swatch—would somehow result in restrictions on Hong Kong's freedoms and freewheeling trade and dampen its extravagant style. But 15 years on, the administrative region is more prosperous than ever, and mainlanders, whose tastes are increasingly sophisticated, are the key to this prosperity. Hong Kong hosted nearly 42 million visitors last year, two-thirds of them from China. They often travel as entire extended families and patronize the cheaper hotels, but this frugality is quickly undermined by shopping binges, especially on luxury items that are either unavailable or more expensive in China because of hefty import duties.

Hong Kong has long had a huge number of auction houses. In the '90s mainlanders surged onto the scene, and over the last five years prices have skyrocketed and collectors have become more selective, says Jonathan Stone, chairman of international Asian art at Christie's. "China has become a huge force in the industry, and it happened incredibly quickly," he says. "Chinese buyers have moved into many different categories over the last five years or so," from wine to furniture to fine art, both Chinese and Western.

But will the conspicuous consumption hold up? "A slowdown? I haven't really seen it," says Paul French, who tracks trends as chief China market strategist for London-based market research firm Mintel, in Shanghai. The sheer numbers of new spenders surging onto the scene make the luxury market a safe bet, he says. "The middle class is still blingy."

Linda Switzer, director of retail for Wynn Macau, remembers seeing a curtain pulled

down at Van Cleef & Arpels soon after she moved to the city. It was midday, so she tapped on the glass. A guard peeked out, making a shooing motion. "They were counting," Switzer says, a \$3 million sale—in cash. In a presentation on his company's finances last spring, Johann Rupert, chairman of Richemont, the parent company of Van Cleef & Arpels (as well as Cartier, Alfred Dunhill, Baume & Mercier, and others), addressed the company's dependence on China. "I feel like I'm having a black-tie dinner on top of a volcano. That volcano is China," he said. "Personally, I don't think anything will go wrong. I may be optimistic. If I'm wrong on China, we're going to have issues. It is too ghastly to contemplate for all of us."

Mainland politicians love Macau, the biggest gambling town on the planet. Li Weimin, the mayor of Tangxia, in Guangdong Province, lost nearly \$12 million at a Macau casino. He was sentenced to 20 years in prison. Chen Zhiqiang, a party official in Foshan, spent more than \$2 million on a gambling habit that had him racing to Macau as often as four times a week. He got life in prison. "People will do anything for money in China now, even sell their sons," a Chinese artist told me. The aura of corruption goes beyond Macau's mainland clients. Sheldon Adelson's Las Vegas Sands Corporation—which owns an outsize casino in Macau—is now being investigated by the U.S. government for what the *New York Times* has described as "potential bribery of foreign officials and other matters in China and Macau."

Meanwhile, just months after Bo Xilai's departure, it seems to be business as usual in bustling Chongqing, his former fiefdom. The city boasts an impressive skyscraper that incorporates elements of the Chrysler and Empire State buildings, near the mock British clock tower in the central plaza. Another structure also resembles the Empire State Building, only covered in gold—and there are two of them. They overlook the Yangtze River and are connected by an elevated bridge, like the famous Petronas Towers in Kuala Lumpur, except here there are two bridges. The city has recently added a spanking new Bentley dealership, to compete with Rolls-Royce, Ferrari, and Lamborghini. Jason Tang says sales are brisk at Chongqing Jundong, which sells Maseratis and Ferraris. "The stories in the media about the economy being bad, and that people don't want to show their wealth, aren't true for us," he says, pointing out that his prices start at \$500,000. "People who have money just want to show it off." •

## SHOPPING & CREDIT INFORMATION

### VIOLET FEMMES

**PAGE 68** Chanel Rouge Allure Velvet lip color in L'Impatiente (\$32.50), [chanel.com](#); Clé de Peau Beauté Extra Rich Lipstick in R10 (\$60), [barneys.com](#); Burberry Beauty Lip Velvet lip color in Hawthorn Berry (\$30), [nordstrom.com](#); By Terry Rouge Terrybly lipstick in Carnal Attraction (\$49), [byterry.com](#); Urban Decay Super Saturated High-Gloss lip color (\$19), [urbandecay.com](#); Sonia Kashuk Satin Luxe lip color with SPF 16 (\$10), at Target; Estée Lauder Pure Color Velvet Lipstick in Black Cassis (\$25), [esteelauder.com](#); Lancôme L'Absolu Nu lip color in Parme Flanelle (\$29.50), [lancome.com](#).

### MACDOWELL COLONY

**PAGE 84–85** Tom Ford tuxedo, shirt, bow tie, and shoes, 212-359-0300; Wes Gordon pants and Cushnie et Ochs top, Bergdorf Goodman, NYC, 800-558-1855; Dolce & Gabbana earrings, [dolcegabbana.it](#); Gucci shoes, [gucci.com](#); Emilio Pucci dress, [pucci.com](#); Auden earrings, [audendesign.com](#); Tom Ford dress, 212-359-300; Patricia Underwood hat, Ikram, Chicago, 312-587-1000; Gucci boots, [gucci.com](#). **PAGE 87** Marchesa dress, [marchesa.com](#). **PAGE 88–89** Ralph Lauren swimsuit, [ralphlauren.com](#); Jean Paul Gaultier wrap, [barneys.com](#); Etro pants, [etro.com](#); Giorgio Armani shoes, [armani.com](#); RJ Graziano cuff, 212-685-3737; Eres bathing suit, 888-656-ERES; Josie Natori Couture kimono, [bergdorfgoodman.com](#); Dori Csengeri earrings, [doricseengeri.com](#); The Row sheer top, [neimanmarcus.com](#), and bra and pants, [therow.com](#); Sidney Garber earrings and ring, [sidneygarber.com](#); JudeFrances Jewelry cuffs, [judefrances.com](#). **PAGE 90–91** Ralph Lauren Collection dress, [ralphlauren.com](#); Dori Csengeri earrings, [doricseengeri.com](#); Roberto Cavalli pants, [robertocavalli.com](#); The Row bra top, [therow.com](#); Pamela Love ring, [pamelalovenyc.com](#); Michael Kors swimsuit, [michaelkors.com](#); BaubleBar earrings, [baublebar.com](#); Ralph Lauren Collection shoes, [ralphlauren.com](#). **PAGE 93** Tom Ford women's suits, 212-359-0300; Auden earrings, [audendesign.com](#). **PAGE 94–95** Cushnie & Ochs bra top, Bergdorf Goodman, NYC, 800-558-1855; Michael Kors swimsuit bottom, [michaelkors.com](#); Equipment shirt, [equipmentfr.com](#); Asha rings, [ashabyadm.com](#); Oscar de la Renta dress, [oscardelarenta.com](#); BaubleBar earrings, [baublebar.com](#); Rick Owens skirt, [bergdorfgoodman.com](#); The Row bra top, [therow.com](#); Brunello Cucinelli throw, [brunellocucinelli.com](#).

### AMERICAN EDEN

**PAGE 106–107** Brunello Cucinelli dress, 312-266-600; Hermès boots, [hermes.com](#); Brunello skirt by special order, 212-813-0900; NDC belt, LouisBoston, [louisboston.com](#); Frye boots, [thefryecompany.com](#); La Stupenderia dress, Florence Foot, NYC, 212-988-8746; Hunter boots, [hunter-boot.com](#); Bonpoint dress, [bonpoint.com](#); Hunter boots, [hunter-boot.com](#); Florence Fancy dress, 212-988-8746; Loro Piana shirt and pants, [loropiana.com](#); Ralph Lauren Children's Wear shirt and pants, [ralphlauren.com](#). **PAGE 110** Ariat shirt, [ariat.com](#); Hermès pants, [hermes.com](#).

### PUSHING THE ENVELOPE

**PAGE 115** Stella McCartney dress, 212-255-1556; Smythson bag, [smythson.com](#); Rupert Sanderson shoes, [rupertsanderson.com](#).