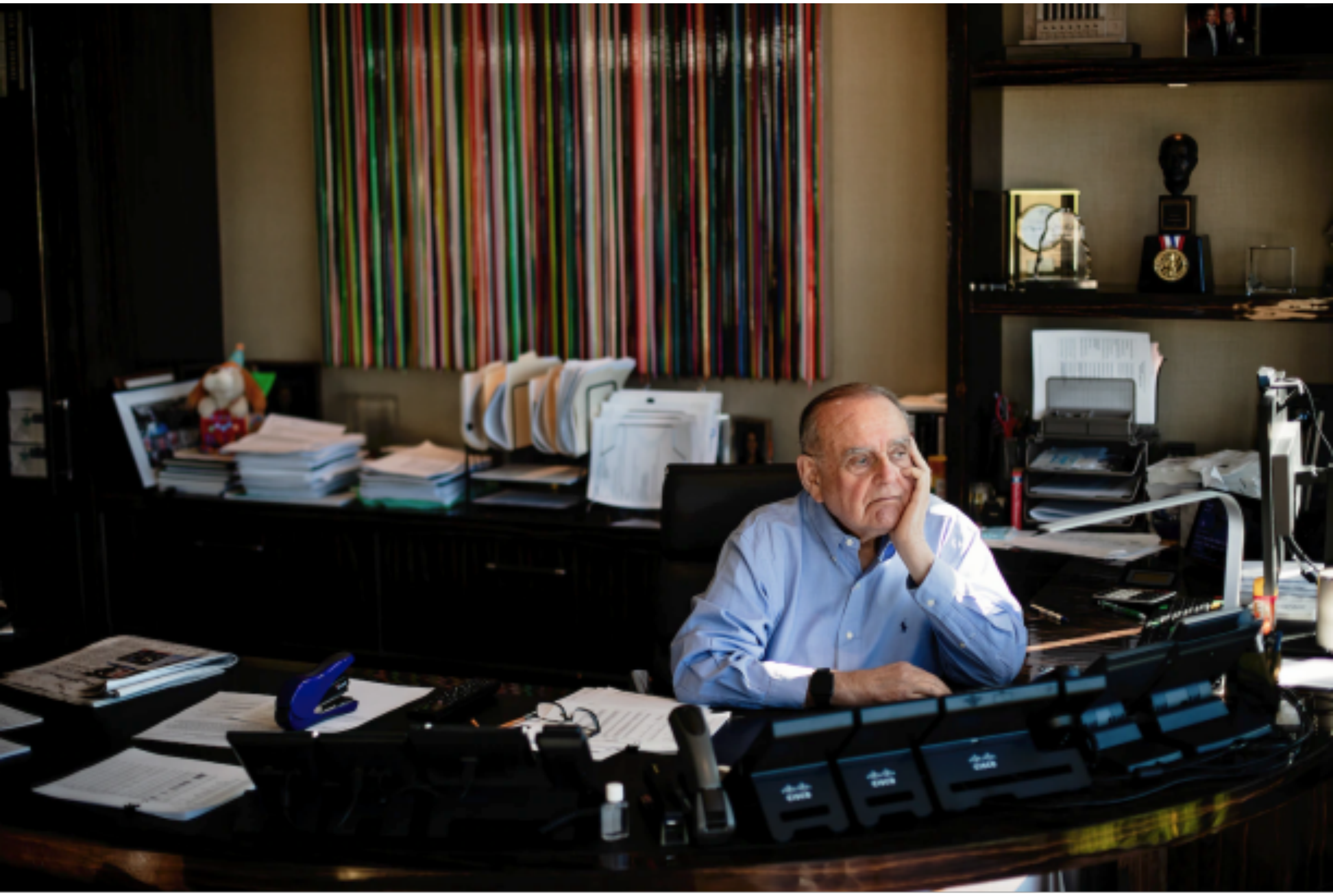
The moral calculations of a billionaire

After the best year in history to be among the super-rich, one of America's 745 billionaires wonders: 'What's enough? What's the answer?'



Leon Cooperman in his home office in Boca Raton, Fla. (Scott McIntyre for The Washington Post)

By Eli Saslow

Yesterday at 6:00 a.m. EST

BOCA RATON, Fla. — The stock market had been open for only 17 minutes when Leon Cooperman picked up the phone to check how much money he'd made. He dialed a private line to his trading desk in New Jersey, just as he did a dozen times each day.

"Decent start to the morning?" he asked.

"Oh yeah. The market's shaky, but you're up."

"Give me numbers."

"Looks like six, seven million."

"Fine. Thank you. Let's keep holding steady," said Cooperman, 78. He hung up and watched a stock graph on his computer screen as it rose from one minute to the next, charting another good day to be a billionaire in America. Outside the office, he could see his wife leaving to play in her weekly bridge game and a group of golfers strolling past on a private course. He'd chosen to live in Florida for at least 183 days each year in part to benefit from the state's low tax rate for residents, and from 7 a.m. until midnight he was typically seated at the desk in his office, managing the more than $2.5 billion he'd made during a career as an investor and a hedge fund manager.

He'd been earning more than his family could spend since about 1975, and in the decades since then he'd come to see the act of making money less as a personal necessity than as a serious game he could play and win. He invested it, traded it, lent it, gave it away and watched each day as the accounts continued to grow beyond his needs, his wants and sometimes even his own comprehension.

"I don't want to say it's all play money at this point, but what else could I possibly spend it on?" he sometimes wondered. His wife's walk-in closet was already bigger than the South Bronx apartment where he'd grown up. Their Florida home had a custom-built infinity pool, and in five years he'd never once gone in for a swim.

He checked the stock graph on his screen and called his trading desk again.

"Still good? Any news?"

"Very good, yeah. The highfliers are getting killed, but the value stocks are doing great. You're up about 10 million."

The past year had been the best time in history to be one of America's 745 billionaires, whose cumulative wealth has grown by an estimated 70 percent since the beginning of the pandemic even as tens of millions of low-wage workers have lost their jobs or their homes. Together, those 745 billionaires are now worth more than the bottom 60 percent of American households combined, and each day Cooperman could see that gap widening on his balance sheet — up an average of $4,788 per minute in the stock market, $1.9 million per day and $700 million total in 2021. As a record amount of wealth continued to shift toward a tiny fraction of people at the pinnacle of the economy, Cooperman could sense something else shifting, too.

"Billionaires shouldn't even exist in America," read one note he'd received after he went on TV to recommend stock picks.

"One day, we're coming after all of you with pitchforks," read another message.

"Wake up, moron. YOU and your insatiable greed are at the root of our biggest societal problems."

He responded to most of the personal emails, kept record of the occasional death threats and wrote letters to politicians such as Sen. Elizabeth Warren (D-Mass.), Sen. Bernie Sanders (I-Vt.) and Rep. Alexandria Ocasio-Cortez (D-N.Y.) whenever they criticized billionaires in their speeches, because he couldn't understand: What exactly had he done wrong? What rule had he broken? He'd been born to poor immigrant parents on the losing end of a capitalist economy. He'd attended public schools, taken on debt to become the first in his family to attend college, worked 80-hour weeks, made smart decisions, benefited from some good luck, amassed a fortune for himself and for his clients and paid hundreds of millions in taxes to the government. He had a wife of 57 years, two successful children, and three grandchildren who were helping him decide how to give most of his money away to a long list of charities. “My life is the story of the American Dream,” he'd said while accepting an award at one charity gala, and he'd always imagined himself as the rags-to-riches hero, only to now find himself cast as the greedy villain in a story of economic inequality run amok.

And now came another series of emails from a stranger who ran a charity in New Jersey. She said billionaires were avoiding paying their fair share of taxes by using loopholes in the tax code. She said their legacy of excessive wealth was “burdening future generations.” She said Cooperman had no idea what it was like to live in poverty or to choose each month between paying rent or buying food.

“She makes decent points,” Cooperman said as he read the email again, and it made him think back to a question he'd begun wondering about himself: In a time of historic inequality, what were the moral responsibilities of a billionaire?

“Thank you for your emails. It might be helpful for me to provide you with some background about myself,” he wrote back, and then he attached a short biography and copies of his letters to politicians. “There seems to be a fundamental misunderstanding of who I am.”

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He knew what people imagined when they thought of a billionaire. He'd read the stories of excess and extravagance and witnessed some of it firsthand, but that wasn't him. He didn't spend $238 million on a New York penthouse like hedge fund manager Ken Griffin; or vacation at his own private island in Belize like Bill Gates; or throw himself $10 million birthday parties featuring camels and acrobats like investor Stephen Schwarzman; or drop $70,000 a year on hair care like Donald Trump; or buy a preserved 14-foot shark for an estimated $8 million like Steven Cohen; or spend more than $1 billion on art like media mogul David Geffen; or budget $23 million for personal security like Facebook did for Mark Zuckerberg.

He didn't have his own spaceships like Elon Musk and Jeff Bezos; or a 600-foot flying airship like Sergey Brin; or a decommissioned Soviet fighter jet like Larry Ellison; or a $215 million yacht with a helipad and a pool like Steve Wynn; or a private train with three staterooms like John Paul DeJoria; or a $5 million luxury car collection like Kylie Jenner.

What Cooperman had for transportation was a 25-year-old Schwinn bicycle he liked to ride around the neighborhood and a Hyundai he used for running errands a few times each week.

He rechecked the stock graph on his screen and picked up his phone to call his wife, Toby, who was sitting in her office suite down the hall.

“I'm going to head out and grab some of those Costco lamb chops later,” he told her.

“We need anything else?” she asked.

“I don't think so,” he said. “I'll just see what's on special.”

They'd been together since they met at Hunter College in 1962, when tuition at the public New York university cost as little as $24 per semester and the promise of a life in America was that each generation would surpass the one before. She was the daughter of a struggling pillowcase salesman from Romania; he was the son of a plumber's apprentice who emigrated from Poland at age 13, never finished high school, worked six days a week and later died of a heart attack while carrying a sink up the stairs of a fourth-story apartment.

His father left behind an estate worth less than $100,000, but Cooperman also inherited his father's belief that the economic ladder between poor and rich was short enough to climb with determination and hard work. More than 90 percent of children born in the United States during the 1940s would go on to out-earn their parents; two-thirds of those born into poverty would rise into at least the middle class. Cooperman waited tables during the summers, worked for Xerox while he went to business school at night and then started as an analyst at Goldman Sachs making $12,500 a year. “My PhD is for poor, hungry and driven,” he liked to say. He told colleagues that capitalism was like a battle for survival in the African safari and that the key to success was to adopt the mind-set of a lion or a gazelle during a hunt. “When the sun comes up, you'd better be running,” Cooperman told them. Within nine years, he'd been named a partner. Within a decade, he was a millionaire.

Together, he and Toby had learned how to be rich, which mostly meant deciding how not to spend their money. He still felt most comfortable shopping for clothes wholesale and commuting to work on New Jersey public transit. Toby enjoyed her job as a special-education teacher even if she didn't need the $25 an hour, so she continued working and donated her salary back to the school. They bought a house for $325,000 in New Jersey in the 1980s and later built their $5 million home in Florida. They worried about demotivating their two children by giving them a massive inheritance, so instead they put a small fraction of their wealth into a trust that could be accessed only once their sons turned 35, at which point one was already a successful businessman and the other was an environmental scientist with a PhD.

Cooperman eventually left Goldman Sachs to start his own hedge fund, Omega, and for two decades he compounded his millions at an average of 14 percent each year as the stock market soared, until he and Toby were among the wealthiest few hundred billionaires in the United States. They were invited to dinner in 2010 by Gates and Warren Buffett, who had just started a program called the Giving Pledge, asking billionaires to donate at least half of their money to charity, and the Coopermans committed that night.

"I could buy a Picasso for a hundred million, but it doesn't turn me on, so then what?" Cooperman told them. "We live a very rational lifestyle. What better use is there for our money?"

They'd given away $150 million to a hospital in New Jersey, $50 million for college scholarships to Newark high school students, $40 million to Columbia Business School, $40 million to Hunter College, $30 million to performing arts, $25 million to the Jewish Family Fund, $20 million to skilled nursing, $15 million to food banks, and on and on it went. But no matter how much they gave away, their money continued to make more money even as wages for the middle class remained essentially flat. In the past 50 years, the gap between poor families and the top 0.1 percent had increased more than tenfold. Children now had only a 43 percent chance of out-earning their parents.

"Mr. Cooperman, your donation is needed to keep the American Dream off life support," read one of the dozens of solicitations he received each day.

"Mr. Cooperman, more than 11 million American children are now living in poverty …"

"Mr. Cooperman, please help us provide clean drinking water …"

"Mr. Cooperman, the pandemic has left 60 million families at risk of losing their homes …"

He donated to more than 50 organizations each year and also to a number of people who wrote to him in personal distress. "Other than my family, writing checks is the most meaningful thing I do," Cooperman said, and yet no matter how many zeros he included, it left him wanting to do more. "We're going in the wrong direction in this country in so many depressing ways," he said. He believed in the meritocratic ideal of capitalism — "equal opportunity if not equal results," he said — but it seemed to him that the odds of success remained stacked by race, by gender and increasingly by economic starting position. Rates of intergenerational poverty had gone up in each of the past three decades. The most disadvantaged children were falling further behind. He believed from his own experience that a college education was the best answer, and yet tuition costs were continuing to skyrocket.

“It’s not exactly a fair system until you even up the odds,” he said, and after looking over the list of worthy causes, he and Toby had decided that donating half of their money didn’t feel sufficient. Sixty percent wasn’t enough to meet the country’s needs. Neither was 75. So they’d agreed to set up a family foundation that would eventually give away more than 90 percent of their money, and Cooperman had decided that rather than retiring in earnest, he would continue to manage their account so there would be more to give away.

“He who dies rich dies disgraced,” read a quotation attributed to Andrew Carnegie on Cooperman’s office desk, but on this day he was still rich and getting richer. “What’s enough?” he wondered. “What’s the answer?” He checked the stock graph on his screen — up $2.6 million in the past five hours. His accounts were equal to the average net worth of 23,000 middle-class American families.

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Each day when the stock market closed at 4 p.m., he checked the final numbers on his 40 stock holdings, reviewed his investment strategy for the next day and then left for a two-mile walk around the palm trees and putting greens of St. Andrews Country Club in Boca Raton. The community was set off from the surrounding suburbs by a canal, a gatehouse, a 10-foot wall and an infrared security system. A few of the 700 homes were owned by other billionaires, and most others belonged to millionaires who wintered in Florida. All of the residents had gotten richer during the pandemic as the luxury real estate market exploded and their home values surged by more than 40 percent.

Cooperman walked past an old designer home that was being torn down and rebuilt into a new designer home. He continued up the road toward the clay tennis courts, the spa and the terraced clubhouse. A resident drove by in a new Bentley, and Cooperman waved and then watched the $200,000 car drive on. “You get a lot of people who show off their wealth,” he said, “but I could buy and sell that guy 100 times.”

He and Toby had spent almost all of their time during the pandemic within the gates of St. Andrews, eating dinner outside at the clubhouse and playing cards with friends, but every few days they liked to go for a drive. Once, early in the pandemic, they’d driven to a quiet, nearby park only to find more than 150 cars lined up in the parking lot as people waited for bags of canned goods at an impromptu food bank. “Depressing and staggering in a country of such wealth,” Cooperman said, and it made him remember a poem his granddaughter had written and published when she was in middle school, called “Seven Miles,” about the physical proximity between the extreme wealth of Short Hills, N.J., where Cooperman had his other home, and the extreme poverty in nearby Newark. “At one end we have too much,” she’d written. “At the other, they have nothing. Spread it all just seven miles.”

She’d gone on to graduate Phi Beta Kappa from Stanford, becoming an “ultraliberal, socialist type in favor of wealth redistribution,” Cooperman said. He adored her and admired both her empathy and her intellect, but he’d repeatedly fought against the liberal idea that one way to redistribute that wealth was to tax billionaires at a rate of 70 percent or more. He’d written to Sen. Warren about her “soak-the-rich positions,” and to President Barack Obama about “villainizing success.” He was a registered independent, and he’d voted for Joe Biden in the last election because he considered President Donald Trump a “would-be dictator whose comportment in office was beyond disgraceful,” but Cooperman believed most of all in the basic tenets of capitalism. He’d earned his money, and therefore it was his to spend or give away. He sent in a quarterly check for $10 million to the federal government in estimated taxes and said he paid an effective tax rate of 34 percent. He’d told politicians in his letters that he was willing to pay more, but he believed the highest effective tax rate should be no more than 50 percent.

“What made America great is our system of capitalism, incentivizing work and effort and ingenuity,” he’d written. “Capitalism has flaws, but socialism has no benefits. Why not spread my work ethic instead of just my wealth?”

Now he looped around a cul-de-sac and turned back toward his house. For years, he’d been doing these daily walks with his brother, Howard, until he died in December at age 85, and lately Cooperman had been thinking back over their lives. Cooperman had chosen to wake up at 5:15 each morning and devote 80 hours every week to his work, taking off only the Friday after Thanksgiving. His brother, meanwhile, had chosen not to go to college and then retired as soon as he could. He preferred to play racquetball, go to the casino with friends and volunteer as a wheelchair transporter at the hospital. Cooperman had ended up with his billions and his name on top of the hospital entrance; his brother had died with relatively modest amounts of money but with a cellphone loaded with numbers for dozens of close friends.

“We both got what we worked for,” Cooperman said. “We were best friends, and we admired what each other had, but it would have been wrong to take what I earned and given it all over to him.”

He walked up his circular driveway, into the house and back toward his office.

“Different choices, different outcomes,” he said. “The world isn’t meant to be totally even.”

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His choice: 12 more hours anchored to the chair in his office, monitoring the market and calling in to his trading desk again and again as the sun reflected off the swimming pool outside his window. The market fell. The market rose. He bought $3 million in distressed bonds. He gave another $5 million away to charity. He was $18 million up for the day. He was $6 million down. He was beating the market again by mid-morning, losing at lunch, winning an hour later, and then losing again. "Does it make any sense?" he asked himself, watching the numbers change on his screen. "To sit inside all day in front of a machine, making money I don't need so I can give it to someone I don't know?"

He'd been wondering since his brother's death whether there were better ways to spend some of his time, so one afternoon before the stock market closed, he shut off his computer and drove a few miles outside the gates of St. Andrews to visit Florida Atlantic University. The school's president had invited Cooperman to speak to a group of low-income college students about his career and his values.

"Believe it or not, I have a great deal of commonality with all of you," Cooperman said as he stood at the lectern and looked out at the crowd of about 40 students from a university scholarship program much like the one Cooperman and his wife had started in New Jersey. Most were students of color who had been born to immigrant parents. All of them came from families with incomes of $30,000 or less. The students had been living on campus during the pandemic as some of their families were upended by layoffs, by evictions, by a Haitian earthquake, by a Dominican drought, by coronavirus infections and covid-19 deaths.

"I can understand some of the challenges you're facing right now," Cooperman said, starting a short PowerPoint presentation about his journey from a one-bedroom apartment to the Forbes 400 list of wealthiest Americans.

"I worked very hard. I wanted to win," he told them as he flipped to the next slide.

"I'm a great believer in capitalism," he said. "We have the best economic system in the world."

"How do you become wealthy?" he asked. "You develop a product or a service that people want. The world is better off for a Larry Ellison, a Bill Gates. Look at the jobs they created. Look at the good they did for the world. The attack on wealthy people makes no sense to me."

"I'm giving the money away," he said. "It's been my pledge, and my wife's pledge, to give it all away."

He finished going through the slides and then asked for questions, and after a while a student in the center of the room raised her hand and waited for the microphone. She said she was also interested in a career in business, and she explained that one of the many barriers in her way was the start-up cost. "In Florida, you need $200," she said.

"You're going to need a lot more than that," Cooperman said.

"I know," she said. "I just mean two hundred to get the license, the paperwork, from zero."

Cooperman looked at her for a moment and tried to imagine what it would mean to start again from zero, and what it would be like to ascend from poverty to extreme wealth not in the 1960s but in 2022, when that gap had multiplied 10 times. But he'd occupied these students' place in the American economy once. His faith in the American Dream required him to believe that they could one day occupy his.

“I’ll admit, it’s very hard,” he said. “It’s gotten harder. But the 99 percent can still join the 1 percent. It’s possible with enough luck and commitment.”

He told them about how he’d gotten up each morning at 5:15; how he’d chosen a job that he loved; how he’d gotten his PhD in being poor, hungry and driven; how he’d followed his instincts; how he’d attacked each day like a lion chasing a gazelle as he raced to the pinnacle of the economy and the 99 percent receded behind him.

“I can speak to the issues of both being rich and being poor,” he told them, and as a billionaire in the bifurcating American economy, there was one truth of which he felt certain.

“Being rich is better,” he said.