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# Invidius Towers

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Veblen goods are goods that, defying our expectations of supply and demand, experience *greater* demand as the price increases. The term is named after the sociologist and economist Thorstein Veblen, who described the effect in his *Theory of the Leisure Class*, largely with respect to luxury goods and conspicuous consumption. Perverse as they may seem, Veblen goods don't represent an "irrational" economic behavior. If anything, they boil down to its purest one of the primary motivations for unbridled accumulation: social differentiation, or the creation of what Veblen calls "invidious distinctions." For Veblen goods, above and beyond any other quality or use, scarcity itself *is* the commodity. Bugattis and Rolls Royces are fine vehicles, I'm sure, but their pricetags, which top out at around \$19 million, don't represent any kind of input costs— or rather, it wouldn't matter if they did. It's entirely beside the point. The pricetag is both the cause *and* the effect of their tightly restricted availability. Ferrari even offers its \$3 million *Pininfarina Sergio* on an invitation-basis-only, as an absolutely-no-scrubs guarantee of their exclusivity.

Luxury goods manufacturers have for a longtime gleefully exploited this delinking of price and input cost, of demand and labor. However, because of our ethical misgivings and the off-putting, reptilian character of the luxury goods market, the Veblen effect is usually overlooked as a possible source of *common good*, an opportunity for the disproportionate pricing of distinction to offset reductions for lower net worth individuals. We see something of the Veblen effect at work in air travel, where first-class tickets can be as much as ten times the price of economy class, without a proportional difference in quality. How far though could this Veblen effect be pushed? Could we achieve large price differentials without *any* difference in quality, and for an economic necessity like housing rather than who-cares luxury goods like fashion and sports cars?

In housing and real estate, we already have some evidence that high-end consumers are willing to pay considerably more for "distinction" and social differentiation, even for *lower* quality or *greater* inconvenience. In Los Angeles, the costs of homes in "the hills" are significantly higher than those more

closely located to city centers, despite coming with longer commutes and often greater difficulties with parking, utilities, services, and natural disasters. High net worth individuals are, nevertheless, grateful to pay the premium in order to be among other high net worth individuals (which, as we'll address, certainly serves a function). This might come as a surprise to *cariocas* of Rio de Janeiro, for whom it seems obvious that the poor should be relegated to the hillsides and mountaintops, and the wealthy, to the city core. This is to say, price reflects neither an unmediated material "good" nor any inherent social "value." With luxury goods, especially Veblen goods, consumers will value whatever they are told is valuable. With respect to housing and demand, this very capriciousness suggests a newer approach to density, or rather an older approach brought to delirious new "heights."



**FIGURE 1.** The Invidius Tower

Above is my mock-up for the *Invidius Tower*. New Yorkers will recognize this design as nothing more than a recoloring of Manhattan's *432 Park Avenue*, which like the recently added Central Park Tower and the nearly completed Steinway Tower, is a representative of the new supertall, ultra-luxury, boldly-rezoning modality of the so-marketed Billionaire's Row. This modality, if we think about it for a moment, reveals an interesting contradiction. While these superscrapers currently stand as emblems of staggering inequality, they are at the same models of an urban density which, if done right, could

undercut some of the forces giving rise to this very inequality. Is there some way to nudge this contradiction into motion, perhaps with the aid of the Veblen effect? One of the issues with 21st century inequality is that Veblen's acerbic analysis no longer really applies. For one, inequality today is less expressed in consumption, much less "conspicuous" consumption, than it is the invisible structuring of world and society. At this point in time, maybe some more conspicuousness might be a step in the right direction. Could we Veblenize real estate to benefit the many?



**FIGURE 2.** Projected Billionaire's Row

The price per square foot in high-rise buildings, for both rent and purchase, customarily rises with the actual height of the floor, with the penthouse being disproportionately expensive for pride of place. Occasionally this increase reflects a change in amenities, but very often not. Usually, the floors are nearly identical, and the price differentials are explained away in terms of "view" or "security," despite higher floors meaning little beyond a few more minutes in the elevator. So here we have a sort of weak Veblen effect, a barely-conspicuous consumption, a prestige that really only gets encoded with the tap of an elevator button. This subtlety, this understatement, suppresses the value of the Veblen good it provides: a conspicuous and cardinal ordering of all the residents from first to last place, social differentiation perfectly filtered through spatial differentiation. A cash spectrometer.

To tease this out, imagine that our *Invidius Tower* is architecturally much like its doppelgänger, 432 Park Ave, only each story has an identical floorplan, and rather than a gradual rise in prices from the bottom floor to the top, there is a radical, exponential increase in price from story to story that roughly corresponds to the national distribution of wealth (the Lorenz curve, to be exact). Few people, we imagine, would pay so dearly just to be a little bit higher— unless of course this distinction were clear to all the world. At *Invidius*, these distinctions would not only be visible, but strictly color-coded, beginning with keyfobs and



**FIGURE 3.** Strictly color-coded peripherals

any amenities such as gym equipment and *Invidius*-branded wares for the in-house eateries and services. The colors would run from a dark red for the cheapest units up to a light sky-blue for the luxurious floors, a gradient meant to evoke the ascent from Hell to Heaven. Residents could distinguish each other's status at a glance; the bluer, the more prestigious. Colors would correspond to an exact price per square foot (see above). Residents at the very highest levels should receive awards or trophies, in order to crystallize their status as "very important persons," a "very, very important persons," or the coveted "very, very, *very* important persons." These awards should pique the recipient's need for "specialness," a need that runs deeper than mere prestige, which usually attaches itself to some quality or accomplishment. Specialness is so desperate and existential that it transcends any possible material fulfillment and makes for the perfect Veblen good. By definition, it excludes. The more *Invidius* can connect this specialness with floor-level in the minds of its higher-end residents, convincing them that their names will be forever engraved in gold rather than written in water, the greater reductions we will be able to offer those residing on the lower floors.

It's important to understand that if only one *Invidius Tower* were built, its Lorenz-curve pricing would likely fail, at least without considerable direction or incentivization by the city. However, as a prototype, meant to be duplicated as many times as possible throughout the city and world, a construction boom of similar residential superscrapers would yield a number of unintended egalitarian benefits. For one, if

billionaires and developers could be egged on to build ever higher buildings, to edge out previous constructions (“*there’s really only one first place*”) and to provide a little more room in the sky for mere demi-billionaires and multi-multi-millionaires, an enormous amount of square footage could be added to the housing stock. The supply boom would work best if followed by a sufficiently brawny vacancy tax, to constrain the market power of developers and assure that the units enter the housing supply. Secondly, while the *Invidius Towers* invidiously distinguish us according to wealth, it precludes the opportunity hoarding of other forms of spatial differentiation, such as neighborhoods and cities. In fact, barring the use of skybridges and helicopters, it technically puts the rich at greater distances from each other. Conversely, it grants the lower levels easier access to each other and to the “right to the city,” *le droit à la ville*— that many more opportunities to conspire about how to convince billionaires to really *go for it* and reach for the skies.



**FIGURE 4.** Stationery