

## LAW 40

### DESPISE THE FREE LUNCH

#### JUDGMENT

*What is offered for free is dangerous-it usually involves either a trick or a hidden obligation. What has worth is worth paying for. By paying your own way you stay clear of gratitude, guilt, and deceit. It is also often wise to pay the full price—there is no cutting corners with excellence. Be lavish with your money and keep it circulating, for generosity is a sign and a magnet for power.*

#### BURIED TREASURE

*Many weak-minded persons in cities hope to discover property under the surface of the earth and to make some profit from it. In the Maghrib there are many Berber “students” who are unable to make a living by natural ways and means. They approach well-to-do people with papers that have torn margins and contain either non-Arabic writing or what they claim to be the translation of a document written by the owner of buried treasures, giving the clue to the hiding place. In this way, they try to get their sustenance by [persuading the well-to-do] to send them out to dig and hunt for treasure. Occasionally, one of these treasure hunters displays strange information or some remarkable trick of magic with which he fools people into believing his other claims, although, in fact, he knows nothing of magic and its procedures.... The things that have been said about [treasure hunting] have no scientific basis, nor are they based upon [factual] information. It should be realized that although treasures are found, this happens rarely and by chance, not by systematic search.... Those who are deluded or afflicted by these things must take refuge in God from their inability to make a living and their laziness in this respect. They should not occupy themselves with absurdities and untrue stories.*

## THE MUQADDIMAH, IBN KHALDUN, 1332-1406

## MONEY AND POWER

In the realm of power, everything must be judged by its cost, and everything has a price. What is offered for free or at bargain rates often comes with a psychological price tag—complicated feelings of obligation, compromises with quality, the insecurity those compromises bring, on and on. The powerful learn early to protect their most valuable resources: independence and room to maneuver. By paying the full price, they keep themselves free of dangerous entanglements and worries.

Being open and flexible with money also teaches the value of strategic generosity, a variation on the old trick of “giving when you are about to take.” By giving the appropriate gift, you put the recipient under obligation. Generosity softens people up—to be deceived. By gaining a reputation for liberality, you win people’s admiration while distracting them from your power plays. By strategically spreading your wealth, you charm the other courtiers, creating pleasure and making valuable allies.

Look at the masters of power—the Caesars, the Queen Elizabeths, the Michelangelos, the Medicis: Not a miser among them. Even the great con artists spend freely to swindle. Tight purse strings are unattractive—when engaged in seduction, Casanova would give completely not only of himself but of his wallet. The powerful understand that money is psychologically charged, and that it is also a vessel of politeness and sociability. They make the human side of money a weapon in their armory.

For everyone able to play with money, thousands more are locked in a self-destructive refusal to use money creatively and strategically. These types represent the opposite pole to the powerful, and you must learn to recognize them—either to avoid their poisonous natures or to turn their inflexibility to your advantage:

**The Greedy Fish.** The greedy fish take the human side out of money. Cold and ruthless, they see only the lifeless balance sheet; viewing others solely as either pawns or obstructions in their pursuit of wealth, they trample on people’s sentiments and alienate valuable allies. No one wants to work with

the greedy fish, and over the years they end up isolated, which often proves their undoing.

Greedy fish are the con artist's bread and butter: Lured by the bait of easy money, they swallow the ruse hook, line, and sinker. They are easy to deceive, for they spend so much time dealing with numbers (not with people) that they become blind to psychology, including their own. Either avoid them before they exploit you or play on their greed to your gain.

**The Bargain Demon.** Powerful people judge everything by what it costs, not just in money but in time, dignity, and peace of mind. And this is exactly what Bargain Demons cannot do. Wasting valuable time digging for bargains, they worry endlessly about what they could have gotten elsewhere for a little less. On top of that, the bargain item they do buy is often shabby; perhaps it needs costly repairs, or will have to be replaced twice as fast as a high-quality item. The costs of these pursuits—not always in money (though the price of a bargain is often deceptive) but in time and peace of mind—discourage normal people from undertaking them, but for the Bargain Demon the bargain is an end in itself.

These types might seem to harm only themselves, but their attitudes are contagious: Unless you resist them they will infect you with the insecure feeling that you should have looked harder to find a cheaper price. Don't argue with them or try to change them. Just mentally add up the cost, in time and inner peace if not in hidden financial expense, of the irrational pursuit of a bargain.

**The Sadist.** Financial sadists play vicious power games with money as a way of asserting their power. They might, for example, make you wait for money that is owed you, promising you that the check is in the mail. Or if they hire you to work for them, they meddle in every aspect of the job, haggling and giving you ulcers. Sadists seem to think that paying for something gives them the right to torture and abuse the seller. They have no sense of the courtier element in money. If you are unlucky enough to get involved with this type, accepting a financial loss may be better in the long run than getting entangled in their destructive power games.

**The Indiscriminate Giver.** Generosity has a definite function in power: It attracts people, softens them up, makes allies out of them. But it has to be used strategically, with a definite end in mind. Indiscriminate Givers, on the other hand, are generous because they want to be loved and admired by all. And their generosity is so indiscriminate and needy that it may not have the desired effect: If they give to one and all, why should the recipient feel special? Attractive as it may seem to make an Indiscriminate Giver your mark, in any involvement with this type you will often feel burdened by their insatiable emotional needs.

## THE MISER

*A miser, to make sure of his property, sold all that he had and converted it into a great lump of gold, which he hid in a hole in the ground, and went continually to visit and inspect it. This roused the curiosity of one of his workmen, who, suspecting that there was a treasure, when his master's back was turned, went to the spot, and stole it away. When the miser returned and found the place empty, he wept and tore his hair. But a neighbor who saw him in this extravagant grief, and learned the cause of it, said: "Fret thyself no longer, but take a stone and put it in the same place, and think that it is your lump of gold; for, as you never meant to use it. the one will do you as much good as the other."*

*The worth of money is not in its possession, but in its use.*

FABLES, AESOP, SIXTH CENTURY B.C.

# TRANSGRESSIONS OF THE LAW

## Transgression I

After Francisco Pizarro conquered Peru, in 1532, gold from the Incan Empire began to pour into Spain, and Spaniards of all classes started dreaming of the instant riches to be had in the New World. The story soon spread of an Indian chief to the east of Peru who once each year would ritually cover himself in gold dust and dive into a lake. Soon word of mouth transformed *El Dorado*, the “Golden Man,” into an empire called El Dorado, wealthier than the Incan, where the streets were paved and the buildings inlaid with gold. This elaboration of the story did not seem implausible, for surely a chief who could afford to waste gold dust in a lake must rule a golden empire. Soon Spaniards were searching for El Dorado all over northern South America.

In February of 1541, the largest expedition yet in this venture, led by Pizarro’s brother Gonzalo, left Quito, in Ecuador. Resplendent in their armors and colorful silks, 340 Spaniards headed east, along with 4,000 Indians to carry supplies and serve as scouts, 4,000 swine, dozens of llamas, and close to 1,000 dogs. But the expedition was soon hit by torrential rain, which rotted its gear and spoiled its food. Meanwhile, as Gonzalo Pizarro questioned the Indians they met along the way, those who seemed to be withholding information, or who had not even heard of the fabulous kingdom, he would torture and feed to the dogs. Word of the Spaniards’ murderousness spread quickly among the Indians, who realized that the only way to avoid Gonzalo’s wrath was to make up stories about El Dorado and send him as far away as possible. As Gonzalo and his men followed the leads the Indians gave them, then, they were only led farther into deep jungle.

The explorers’ spirits sagged. Their uniforms had long since shredded; their armor rusted and they threw it away; their shoes were torn to pieces, forcing them to walk barefoot; the Indian slaves they had set out with had either died or deserted them; they had eaten not only the swine but the hunting dogs and llamas. They lived on roots and fruit. Realizing that they

could not continue this way, Pizarro decided to risk river travel, and a barge was built out of rotting wood. But the journey down the treacherous Napo River proved no easier. Setting up camp on the river's edge, Gonzalo sent scouts ahead on the barge to find Indian settlements with food. He waited and waited for the scouts to return, only to find out they had decided to desert the expedition and continue down the river on their own.

The rain continued without end. Gonzalo's men forgot about El Dorado; they wanted only to return to Quito. Finally, in August of 1542, a little over a hundred men, from an expedition originally numbering in the thousands, managed to find their way back. To the residents of Quito they seemed to have emerged from hell itself, wrapped in tatters and skins, their bodies covered in sores, and so emaciated as to be unrecognizable. For over a year and a half they had marched in an enormous circle, two thousand miles by foot. The vast sums of money invested in the expedition had yielded nothing—no sign of El Dorado and no sign of gold. Interpretation Even after Gonzalo Pizarro's disaster, the Spaniards launched expedition after expedition in search of El Dorado. And like Pizarro the conquistadors would burn and loot villages, torture Indians, endure unimaginable hardships, and get no closer to gold. The money they spent on such expeditions cannot be calculated; yet despite the futility of the search, the lure of the fantasy endured.

*There is a popular saying in Japan that goes "Tada yori takai mono wa nai," meaning: "Nothing is more costly than something given free of charge."*

THE UNSPOKEN WAY, MICHIHIRO MATSUMOTO, 1988

## MONEY

*Yusuf Ibn Jafar el-Amudi used to take sums of money, sometimes very large ones, from those who came to study with him. A distinguished legalist visiting him once said: "I am enchanted and impressed by your teachings, and I am sure that you are directing your disciples in a proper manner. But it is not in accordance with tradition to take money for knowledge. Besides, the action is open to misinterpretation." El-Amudi said: "I have never sold any knowledge. There is no money on earth sufficient to pay for it. As for misinterpretation, the abstaining from taking money will not prevent it, for it will find some other object. Rather should you know that a man who takes*

*money may be greedy for money, or he may not. But a man who takes nothing at all is under the gravest suspicion of robbing the disciple of his soul. People who say, 'I take nothing,' may be found to take away the volition of their victim."*

THE DERMIS PROBE, IDRIES SHAH, 1970

Not only did the search for El Dorado cost millions of lives—both Indian and Spanish—it helped bring the ruin of the Spanish empire. Gold became Spain's obsession. The gold that did find its way back to Spain—and a lot did—was reinvested in more expeditions, or in the purchase of luxuries, rather than in agriculture or any other productive endeavor. Whole Spanish towns were depopulated as their menfolk left to hunt gold. Farms fell into ruin, and the army had no recruits for its European wars. By the end of the seventeenth century, the entire country had shrunk by more than half of its population; the city of Madrid had gone from a population of 400,000 to 150,000. With diminishing returns from its efforts over so many years, Spain fell into a decline from which it never recovered.

Power requires self-discipline. The prospect of wealth, particularly easy, sudden wealth, plays havoc with the emotions. The suddenly rich believe that more is always possible. The free lunch, the money that will fall into your lap, is just around the corner.

In this delusion the greedy neglect everything power really depends on: self-control, the goodwill of others, and so on. Understand: With one exception—death—no lasting change in fortune comes quickly. Sudden wealth rarely lasts, for it is built on nothing solid. Never let lust for money lure you out of the protective and enduring fortress of real power. Make power your goal and money will find its way to you. Leave El Dorado for suckers and fools.

## Transgression II

In the early eighteenth century, no one stood higher in English society than the Duke and Duchess of Marlborough. The duke, having led successful campaigns against the French, was considered Europe's premier general and strategist. And his wife, the duchess, after much maneuvering, had established herself as the favorite of Queen Anne, who became ruler of England in 1702. In 1704 the duke's triumph at the Battle of Blenheim made him the toast of England, and to honor him the queen awarded him a large plot of land in the town of Woodstock, and the funds to create a great palace there. Calling his planned home the Palace of Blenheim, the duke chose as his architect the young John Vanbrugh, a kind of Renaissance man who wrote plays as well as designed buildings. And so construction began, in the summer of 1705, with much fanfare and great hopes.

Vanbrugh had a dramatist's sense of architecture. His palace was to be a monument to Marlborough's brilliance and power, and was to include artificial lakes, enormous bridges, elaborate gardens, and other fantastical touches. From day one, however, the duchess could not be pleased: She thought Vanbrugh was wasting money on yet another stand of trees; she wanted the palace finished as soon as possible. The duchess tortured Vanbrugh and his workmen on every detail. She was consumed with petty matters; although the government was paying for Blenheim, she counted every penny. Eventually her grumbling, about Blenheim and other things too, created an irreparable rift between her and Queen Anne, who, in 1711, dismissed her from the court, ordering her to vacate her apartments at the royal palace. When the duchess left (fuming over the loss of her position, and also of her royal salary), she emptied the apartment of every fixture down to the brass doorknobs.

### THE MAN WHO LOVED MONEY BETTER THAN LIFE

*In ancient times there was an old woodcutter who went to the mountain almost every day to cut wood.*

*It was said that this old man was a miser who hoarded his silver until it changed to gold, and that he cared more for gold than anything else in all*

*the world.*

*One day a wilderness tiger sprang at him and though he ran he could not escape, and the tiger carried him off in its mouth.*

*The woodcutter's son saw his father's danger, and ran to save him if possible. He carried a long knife, and as he could run faster than the tiger, who had a man to carry, he soon overtook them.*

*His father was not much hurt, for the tiger held him by his clothes. When the old woodcutter saw his son about to stab the tiger he called out in great alarm: "Do not spoil the tiger's skin! Do not spoil the tiger's skin! If you can kill him without cutting holes in his skin we can get many pieces of silver for it. Kill him, but do not cut his body." While the son was listening to his father's instructions the tiger suddenly dashed off into the forest, carrying the old man where the son could not reach him, and he was soon killed.*

"CHINESE FABLE," VARIOUS FABLES FROM VARIOUS PLACES,  
DIANE DI PRIMA, ED., 1960

Over the next ten years, work on Blenheim would stop and start, as the funds became harder to procure from the government. The duchess thought Vanbrugh was out to ruin her. She quibbled over every carload of stone and bushel of lime, counted every extra yard of iron railing or foot of wainscot, hurling abuse at the wasteful workmen, contractors, and surveyors.

Marlborough, old and weary, wanted nothing more than to settle into the palace in his last years, but the project became bogged down in a swamp of litigation, the workmen suing the duchess for wages, the duchess suing the architect right back. In the midst of this interminable wrangling, the duke died. He had never spent a night in his beloved Blenheim.

After Marlborough's death, it became clear that he had a vast estate, worth over £2 million—more than enough to pay for finishing the palace. But the duchess would not relent: She held back Vanbrugh's wages as well as the workmen's, and finally had the architect dismissed. The man who took his place finished Blenheim in a few years, following Vanbrugh's designs to the letter. Vanbrugh died in 1726, locked out of the palace by the duchess, unable to set foot in his greatest creation. Foreshadowing the romantic movement, Blenheim had started a whole new trend in architecture, but had given its creator a twenty-year nightmare.

## Interpretation

For the Duchess of Marlborough, money was a way to play sadistic power games. She saw the loss of money as a symbolic loss of power. With Vanbrugh her contortions went deeper still: He was a great artist, and she envied his power to create, to attain a fame outside her reach. She may not have had his gifts, but she did have the money to torture and abuse him over the pettiest details—to ruin his life.

This kind of sadism, however, bears an awful price. It made construction that should have lasted ten years take twenty. It poisoned many a relationship, alienated the duchess from the court, deeply pained the duke (who wanted only to live peacefully in Blenheim), created endless lawsuits, and took years off Vanbrugh's life. Finally, too, posterity had the last word: Vanbrugh is recognized as a genius while the duchess is forever remembered for her consummate cheapness.

The powerful must have grandeur of spirit—they can never reveal any pettiness. And money is the most visible arena in which to display either grandeur or pettiness. Best spend freely, then, and create a reputation for generosity, which in the end will pay great dividends. Never let financial details blind you to the bigger picture of how people perceive you. Their resentment will cost you in the long run. And if you want to meddle in the work of creative people under your hire, at least pay them well. Your money will buy their submission better than your displays of power.

## THE STORY OF MOSES AND PHARAOH

*It is written in the histories of the prophets that Moses was sent to Pharaoh with many miracles, wonders and honors. Now the daily ration for Pharaoh's table was 4,000 sheep, 400 cows, 200 camels, and a corresponding amount of chickens, fish, beverages, fried meats, sweets, and other things. All the people of Egypt and all his army used to eat at his table every day. For 400 years he had claimed divinity and never ceased providing this food. When Moses prayed, saying, "O Lord, destroy Pharaoh," God answered his prayer and said, "I shall destroy him in water, and I shall bestow all his wealth and that of his soldiers on you and your*

peoples.” Several years passed by after this promise, and Pharaoh, doomed to ruin, continued to live in all his magnificence. Moses was impatient for God to destroy Pharaoh quickly, and he could not endure to wait any longer. So he fasted for forty days and went to Mount Sinai, and in his communing with God he said, “O Lord. Thou didst promise that Thou wouldst destroy Pharaoh, and still he has forsaken none of his blasphemies and pretensions. So when wilt Thou destroy him?”

A voice came from The Truth saying, “O Moses, you want Me to destroy Pharaoh as quickly as possible, but a thousand times a thousand of My servants want Me never to do so, because they partake of his bounty and enjoy tranquillity under his rule. By My power I swear that as long as he provides abundant food and comfort for My creatures, I shall not destroy him.”

Moses said, “Then when will Thy promise be fulfilled?” God said, “My promise will be fulfilled when he withholds his provision from My creatures. If ever he begins to lessen his bounty, know that his hour is drawing near.” It chanced that one day Pharaoh said to Haman, “Moses has gathered the Sons of Israel about him and is causing us disquiet. We know not what will be the issue of his affair with us. We must keep our stores full lest at any time we be without resources. So we must halve our daily rations and keep the saving in reserve.” He deducted 2, 000 sheep, 200 cows, and a 100 camels, and similarly every two or three days reduced the ration. Moses then knew that the promise of The Truth was near to fulfillment, for excessive economy is a sign of decline and a bad omen. The masters of tradition say that on the day when Pharaoh was drowned only two ewes had been killed in his kitchen. Nothing is better than generosity.... If a man is rich and desires, without a royal charter, to act like a lord; if he wants men to humble themselves before him, to revere him and call him Lord and prince, then tell him every day to spread a table with victuals. All those who have acquired renown in the world, have gained it mainly through hospitality, while the miserly and avaricious are despised in both worlds.

THE BOOK OF GOVERNMENT OR RULES FOR KINGS, NIZAM AL-MULK, ELEVENTH CENTURY

## OBSERVANCES OF THE LAW

### Observance I

Pietro Aretino, son of a lowly shoemaker, had catapulted himself into fame as a writer of biting satires. But like every Renaissance artist, he needed to find a patron who would give him a comfortable lifestyle while not interfering with his work. In 1528 Aretino decided to attempt a new strategy in the patronage game. Leaving Rome, he established himself in Venice, where few had heard of him. He had a fair amount of money he had managed to save, but little else. Soon after he moved into his new home, however, he threw open its doors to rich and poor, regaling them with banquets and amusements. He befriended each and every gondolier, tipping them royally. In the streets, he spread his money liberally, giving it away to beggars, orphans, washerwomen. Among the city's commoners, word quickly spread that Aretino was more than just a great writer, he was a man of power—a kind of lord.

Artists and men of influence soon began to frequent Aretino's house. Within a few years he made himself a celebrity; no visiting dignitary would think of leaving Venice without paying him a call. His generosity had cost him most of his savings, but had bought him influence and a good name—a cornerstone in the foundation of power. Since in Renaissance Italy as elsewhere the ability to spend freely was the privilege of the rich, the aristocracy thought Aretino had to be a man of influence, since he spent money like one. And since the influence of a man of influence is worth buying, Aretino became the recipient of all sorts of gifts and moneys. Dukes and duchesses, wealthy merchants, and popes and princes competed to gain his favor, and showered him with all kinds of presents.

Aretino's spending habits, of course, were strategic, and the strategy worked like a charm. But for real money and comfort he needed a great patron's bottomless pockets. Having surveyed the possibilities, he eventually set his sights on the extremely wealthy Marquis of Mantua, and wrote an epic poem that he dedicated to the marquis. This was a common practice of writers looking for patronage: In exchange for a dedication they

would get a small stipend, enough to write yet another poem, so that they spent their lives in a kind of constant servility. Aretino, however, wanted power, not a measly wage. He might dedicate a poem to the marquis, but he would offer it to him as a gift, implying by doing so that he was not a hired hack looking for a stipend but that he and the marquis were equals.

Aretino's gift-giving did not stop there: As a close friend of two of Venice's greatest artists, the sculptor Jacopo Sansovino and the painter Titian, he convinced these men to participate in his gift-giving scheme. Aretino had studied the marquis before going to work on him, and knew his taste inside and out; he was able to advise Sansovino and Titian what subject matter would please the marquis most. When he then sent a Sansovino sculpture and a Titian painting to the marquis as gifts from all three of them, the man was beside himself with joy.

Over the next few months, Aretino sent other gifts—swords, saddles, the glass that was a Venetian specialty, things he knew the marquis prized. Soon he, Titian, and Sansovino began to receive gifts from the marquis in return. And the strategy went further: When the son-in-law of a friend of Aretino's found himself in jail in Mantua, Aretino was able to get the marquis to arrange his release. Aretino's friend, a wealthy merchant, was a man of great influence in Venice; by turning the goodwill he had built up with the marquis to use, Aretino had now bought this man's indebtedness, too, and he in turn would help Aretino when he could. The circle of influence was growing wider. Time and again, Aretino was able to cash in on the immense political power of the marquis, who also helped him in his many court romances.

Eventually, however, the relationship became strained, as Aretino came to feel that the marquis should have requited his generosity better. But he would not lower himself to begging or whining: Since the exchange of gifts between the two men had made them equals, it would not seem right to bring up money. He simply withdrew from the marquis's circle and hunted for other wealthy prey, settling first on the French king Francis, then the Medicis, the Duke of Urbino, Emperor Charles V, and more. In the end, having many patrons meant he did not have to bow to any of them, and his power seemed comparable to that of a great lord. Interpretation Aretino understood two fundamental properties of money: First, that it has to circulate to bring power. What money should buy is not lifeless objects but power over people. By keeping money in constant circulation, Aretino

bought an ever-expanding circle of influence that in the end more than compensated him for his expenses.

Second, Aretino understood the key property of the gift. To give a gift is to imply that you and the recipient are equals at the very least, or that you are the recipient's superior. A gift also involves an indebtedness or obligation; when friends, for instance, offer you something for free, you can be sure they expect something in return, and that to get it they are making you feel indebted. (The mechanism may or may not be entirely conscious on their part, but this is how it works.)

Aretino avoided such encumbrances on his freedom. Instead of acting like a menial who expects the powerful to pay his way in life, he turned the whole dynamic around; instead of being indebted to the powerful, he made the powerful indebted to him. This was the point of his gift-giving, a ladder that carried him to the highest social levels. By the end of his life he had become the most famous writer in Europe.

Understand: Money may determine power relationships, but those relationships need not depend on the amount of money you have; they also depend on the way you use it. Powerful people give freely, buying influence rather than things. If you accept the inferior position because you have no fortune yet, you may find yourself in it forever. Play the trick that Aretino played on Italy's aristocracy: Imagine yourself an equal. Play the lord, give freely, open your doors, circulate your money, and create the facade of power through an alchemy that transforms money into influence.

## Observance II

Soon after Baron James Rothschild made his fortune in Paris in the early 1820s, he faced his most intractable problem: How could a Jew and a German, a total outsider to French society, win the respect of the xenophobic French upper classes? Rothschild was a man who understood power—he knew that his fortune would bring him status, but that if he remained socially alienated neither his status nor his fortune would last. So he looked at the society of the time and asked what would win their hearts.

Charity? The French couldn't care less. Political influence? He already had that, and if anything it only made people more suspicious of him. The one weak spot, he decided, was boredom. In the period of the restoration of the monarchy, the French upper classes were bored. So Rothschild began to spend astounding sums of money on entertaining them. He hired the best architects in France to design his gardens and ballroom; he hired Marie-Antoine Carême, the most celebrated French chef, to prepare the most lavish parties Paris had ever witnessed; no Frenchman could resist, even if the parties were given by a German Jew. Rothschild's weekly soirees began to attract bigger and bigger numbers. Over the next few years he won the only thing that would secure an outsider's power: social acceptance.

## Interpretation

Strategic generosity is always a great weapon in building a support base, particularly for the outsider. But the Baron de Rothschild was cleverer still: He knew it was his money that had created the barrier between him and the French, making him look ugly and untrustworthy. The best way to overcome this was literally to waste huge sums, a gesture to show he valued French culture and society over money. What Rothschild did resembled the famous potlatch feasts of the American Northwest: By periodically destroying its wealth in a giant orgy of festivals and bonfires, an Indian tribe would symbolize its power over other tribes. The base of its power was not money but its ability to spend, and its confidence in a superiority that would restore to it all that the potlatch had destroyed.

In the end, the baron's soirees reflected his desire to mingle not just in France's business world but in its society. By wasting money on his potlatches, he hoped to demonstrate that his power went beyond money into the more precious realm of culture. Rothschild may have won social acceptance by spending money, but the support base he gained was one that money alone could not buy. To secure his fortune he had to "waste" it. That is strategic generosity in a nutshell—the ability to be flexible with your wealth, putting it to work, not to buy objects, but to win people's hearts.

### Observance III

The Medicis of Renaissance Florence had built their immense power on the fortune they had made in banking. But in Florence, centuries-old republic that it was, the idea that money bought power went against all the city's proud democratic values. Cosimo de' Medici, the first of the family to gain great fame, worked around this by keeping a low profile. He never flaunted his wealth. But by the time his grandson Lorenzo came of age, in the 1470s, the family's wealth was too large, and their influence too noticeable, to be disguised any longer.

#### THE FLAME-COLORED CLOAK

*During the campaign of Carnbyses in Egypt, a great many Greeks visited that country for one reason or another: some, as was to be expected, for trade, some to serve in the army, others, no doubt, out of mere curiosity, to see what they could see. Amongst the sightseers was Aeaces's son Syloson, the exiled brother of Polycrates of Samos. While he was in Egypt, Syloson had an extraordinary stroke of luck: he was hanging about the streets of Memphis dressed in a flame-colored cloak, when Darius, who at that time was a member of Cambyses's guard and not yet of any particular importance, happened to catch sight of him and, seized with a sudden longing to possess the cloak, came up to Syloson and made him an offer for it.*

*His extreme anxiety to get it was obvious enough to Syloson, who was inspired to say: "I am not selling this for any money, but if you must have it, I will give it to you for free." Darius thererepon thanked him warmly and took it. Syloson at the moment merely thought he had lost it by his foolish good nature; then came the death of Cambyses and the revolt of the seven against the Magus, and Darius ascended the throne. Syloson now had the news that the man whose request for the flame-colored cloak he had formerly gratified in Egypt had become king of Persia. He hurried to Susa, sat down at the entrance of the royal palace, and claimed to be included in the official list of the king's benefactors. The sentry on guard reported his claim to Darius, who asked in surprise who the man might be. "For*

surely," he said, "as I have so recently come to the throne, there cannot be any Greek to whom I am indebted for a service. Hardly any of them have been here yet, and I certainly cannot remember owing anything to a Greek. But bring him in all the same, that I may know what he means by this claim."

The guard escorted Syloson into the royal presence, and when the interpreters asked him who he was and what he had done to justify the statement that he was the king's benefactor, he reminded Darius of the story of the cloak, and said that he was the man who had given it him. "Sir," exclaimed Darius, "you are the most generous of men; for while I was still a person of no power or consequence you gave me a present—small indeed, but deserving then as much gratitude from me as would the most splendid of gifts today. I will give you in return more silver and gold than you can count, that you may never regret that you once did a favor to Darius the son of Hystaspes." "My lord," replied Syloson, "do not give me gold or silver, but recover Samos for me, my native island, which now since Oroetes killed my brother Polycrates is in the hands of one of our servants. Let Samos be your gift to me—but let no man in the island be killed or enslaved." Darius consented to Syloson's request, and dispatched a force under the command of Otanes, one of the seven, with orders to do everything that Syloson had asked.

#### THE HISTORIES. HERODOTUS. FIFTH CENTURY B.C.

Lorenzo solved the problem in his own way by developing the strategy of distraction that has served people of wealth ever since: He became the most illustrious patron of the arts that history has ever known. Not only did he spend lavishly on paintings, he created Italy's finest apprentice schools for young artists. It was in one of these schools that the young Michelangelo first caught the attention of Lorenzo, who invited the artist to come and live in his house. He did the same with Leonardo da Vinci. Once under his wing, Michelangelo and Leonardo requited his generosity by becoming loyal artists in his stable.

Whenever Lorenzo faced an enemy, he would wield the weapon of patronage. When Pisa, Florence's traditional enemy, threatened to rebel against it in 1472, Lorenzo placated its people by pouring money into its

university, which had once been its pride and joy but had long ago lost its luster. The Pisans had no defense against this insidious maneuver, which simultaneously fed their love of culture and blunted their desire for battle.

## **Interpretation**

Lorenzo undoubtedly loved the arts, but his patronage of artists had a practical function as well, of which he was keenly aware. In Florence at the time, banking was perhaps the least admired way of making money, and was certainly not a respected source of power. The arts were at the other pole, the pole of quasi-religious transcendence. By spending on the arts, Lorenzo diluted people's opinions of the ugly source of his wealth, disguising himself in nobility. There is no better use of strategic generosity than that of distracting attention from an unsavory reality and wrapping oneself in the mantle of art or religion.

## Observance IV

Louis XIV had an eagle eye for the strategic power of money. When he came to the throne, the powerful nobility had recently proven a thorn in the monarchy's side, and seethed with rebelliousness. So he impoverished these aristocrats by making them spend enormous sums on maintaining their position in the court. Making them dependent on royal largesse for their livelihood, he had them in his claws.

Next Louis brought the nobles to their knees with strategic generosity. It would work like this: Whenever he noticed a stubborn courtier whose influence he needed to gain, or whose troublemaking he needed to squelch, he would use his vast wealth to soften the soil. First he would ignore his victim, making the man anxious. Then the man would suddenly find that his son had been given a well-paid post, or that funds had been spent liberally in his home region, or that he had been given a painting he had long coveted. Presents would flow from Louis's hands. Finally, weeks or months later, Louis would ask for the favor he had needed all along. A man who had once vowed to do anything to stop the king would find he had lost the desire to fight. A straightforward bribe would have made him rebellious; this was far more insidious. Facing hardened earth in which nothing could take root, Louis loosened the soil before he planted his seeds.

## **Interpretation**

Louis understood that there is a deep-rooted emotional element in our attitude to money, an element going back to childhood. When we are children, all kinds of complicated feelings about our parents center around gifts; we see the giving of a gift as a sign of love and approval. And that emotional element never goes away. The recipients of gifts, financial or otherwise, are suddenly as vulnerable as children, especially when the gift comes from someone in authority. They cannot help opening up; their will is loosened, as Louis loosened the soil.

To succeed best, the gift should come out of the blue. It should be remarkable for the fact that a gift like it has never been given before, or for being preceded by a cold shoulder from the giver. The more often you give to particular people, the blunter this weapon becomes. If they don't take your gifts for granted, becoming monsters of ingratitude, they will resent what appears to be charity. The sudden, unexpected, one-time gift will not spoil your children; it will keep them under your thumb.

## Observance V

The antique dealer Fushimiya, who lived in the city of Edo (former name for Tokyo) in the seventeenth century, once made a stop at a village teahouse. After enjoying a cup of tea, he spent several minutes scrutinizing the cup, which he eventually paid for and took away with him. A local artisan, watching this, waited until Fushimiya left the shop, then approached the old woman who owned the teahouse and asked her who this man was. She told him it was Japan's most famous connoisseur, antique dealer to the lord of Izumo. The artisan ran out of the shop, caught up with Fushimiya, and begged him to sell him the cup, which must clearly be valuable if Fushimiya judged it so. Fushimiya laughed heartily: "It's just an ordinary cup of Bizen ware," he explained, "and it is not valuable at all. The reason I was looking at it was that the steam seemed to hang about it strangely and I wondered if there wasn't a leak somewhere." (Devotees of the Tea Ceremony were interested in any odd or accidental beauty in nature.) Since the artisan still seemed so excited about it, Fushimiya gave him the cup for free.

The artisan took the cup around, trying to find an expert who would appraise it at a high price, but since all of them recognized it as an ordinary teacup he got nowhere. Soon he was neglecting his own business, thinking only of the cup and the fortune it could bring. Finally he went to Edo to talk to Fushimiya at his shop. There the dealer, realizing that he had inadvertently caused this man pain by making him believe the cup had great worth, paid him 100 ryo (gold pieces) for the cup as a kindness. The cup was indeed mediocre, but he wanted to rid the artisan of his obsession, while also allowing him to feel that his effort had not been wasted. The artisan thanked him and went on his way.

*Money is never spent to so much advantage as when you have been cheated out of it; for at one stroke you have purchased prudence.*

ARTHUR SCHOPENHAUER, 1788-1860

Soon word spread of Fushimiya's purchase of the teacup. Every dealer in Japan clamored for him to sell it, since a cup he had bought for 100 ryo must be worth much more. He tried to explain the circumstances in which

he had bought the cup, but the dealers could not be dissuaded. Fushimiya finally relented and put the cup up for sale.

During the auction, two buyers simultaneously bid 200 ryo for the teacup, and then began to fight over who had bid first. Their fighting tipped over a table and the teacup fell to the ground and broke into several pieces. The auction was clearly over. Fushimiya glued and mended the cup, then stored it away, thinking the affair finished. Years later, however, the great tea master Matsudaira Fumai visited the store, and asked to see the cup, which by then had become legendary. Fumai examined it. "As a piece," he said, "it is not up to much, but a Tea Master prizes sentiment and association more than intrinsic value." He bought the cup for a high sum. A glued-together work of less than ordinary craftsmanship had become one of the most famous objects in Japan.

## **Interpretation**

The story shows, first, an essential aspect of money: That it is humans who have created it and humans who instill it with meaning and value. Second, with objects as with money, what the courtier most values are the sentiments and emotions embedded in them—these are what make them worth having. The lesson is simple: The more your gifts and your acts of generosity play with sentiment, the more powerful they are. The object or concept that plays with a charged emotion or hits a chord of sentiment has more power than the money you squander on an expensive yet lifeless present.

## Observance VI

Akimoto Suzutomo, a wealthy adherent of the tea ceremony, once gave his page 100 ryo (gold pieces) and instructed him to purchase a tea bowl offered by a particular dealer. When the page saw the bowl, he doubted it was worth that much, and after much bargaining got the price reduced to 95 ryo. Days later, after Suzutomo had put the bowl to use, the page proudly told him what he had done.

“What an ignoramus you are!” replied Suzutomo. “A tea bowl that anyone asks 100 pieces of gold for can only be a family heirloom, and a thing like that is only sold when the family is pressed for money. And in that case they will be hoping to find someone who will give even 150 pieces for it. So what sort of fellow is it who does not consider their feelings? Quite apart from that, a curio that you give 100 ryo for is something worth having, but one that has only cost 95 gives a mean impression. So never let me see that tea bowl again!” And he had the bowl locked away, and never took it out.

## Interpretation

When you insist on paying less, you may save your five ryo, but the insult you cause and the cheap impression you create will cost you in reputation, which is the thing the powerful prize above all. Learn to pay the full price—it will save you a lot in the end.

### A GIFT OF FISH

*Kung-yi Hsiu, premier of Lu, was fond of fish. Therefore, people in the whole country conscientiously bought fish, which they presented to him. However, Kung-yi would not accept the presents. Against such a step his younger brother remonstrated with him and said: "You like fish, indeed. Why don't you accept the present of fish?" In reply, he said: "It is solely because I like fish that I would not accept the fish they gave me. Indeed, if I accept the fish, I will be placed under an obligation to them. Once placed under an obligation to them, I will some time have to bend the law. If I bend the law, I will be dismissed from the premiership. After being dismissed from the premiership, I might not be able to supply myself with fish. On the contrary, if I do not accept the fish from them and am not dismissed the premiership, however fond of fish, I can always supply myself with fish."*

HAN-FEI-TZU, CHINESE PHILOSOPHER, THIRD CENTURY B.C.

## Observance VII

Sometime near the beginning of the seventeenth century in Japan, a group of generals whiled away the time before a big battle by staging an incense-smelling competition. Each participant anted up a prize for the contest's winners—bows, arrows, saddles, and other items a warrior would covet. The great Lord Date Masamune happened to pass by and was induced to participate. For a prize, he offered the gourd that hung from his belt. Everyone laughed, for no one wanted to win this cheap item. A retainer of the host finally accepted the gourd.

When the party broke up, however, and the generals were chatting outside the tent, Masamune brought over his magnificent horse and gave it to the retainer. "There," he said, "a horse has come out of the gourd." The stunned generals suddenly regretted their scorn at Masamune's gift.

## Interpretation

Masamune understood the following: Money gives its possessor the ability to give pleasure to others. The more you can do this, the more you attract admiration. When you make a horse come out of a gourd, you give the ultimate demonstration of your power.

Image: The River. To protect yourself or to save the resource, you dam it up. Soon, however, the waters become dank and pestilent. Only the foulest forms of life can live in such stagnant waters; nothing travels on them, all commerce stops. Destroy the dam. When water flows and circulates, it generates abundance, wealth, and power in ever larger circles. The River must flood periodically for good things to flourish.

*I took money only from those who could afford it and were willing to go in with me in schemes they fancied would fleece others. They wanted money for its own sake. I wanted it for the luxuries and pleasures it would afford me. They were seldom concerned with human nature. They knew little-and cared less-about their fellow men. If they had been keener students of human nature, if they had given more time to companionship with their fellows and less to the chase of the almighty dollar, they wouldn't have been such easy marks.*

“YELLOW KID” WEIL. 1875-1976

Authority: The great man who is a miser is a great fool, and a man in high places can have no vice so harmful as avarice. A miserly man can conquer neither lands nor lordships, for he does not have a plentiful supply of friends with whom he may work his will. Whoever wants to have friends must not love his possessions but must acquire friends by means of fair

gifts; for in the same way that the lodestone subtly draws iron to itself, so the gold and silver that a man gives attract the hearts of men. (*The Romance of the Rose*, Guillaume de Lorris, c. 1200-1238)

## REVERSAL

The powerful never forget that what is offered for free is inevitably a trick. Friends who offer favors without asking for payment will later want something far dearer than the money you would have paid them. The bargain has hidden problems, both material and psychological. Learn to pay, then, and to pay well.

On the other hand, this Law offers great opportunities for swindling and deception if you apply it from the other side. Dangling the lure of a free lunch is the con artist's stock in trade.

No man was better at this than the most successful con artist of our age, Joseph Weil, a.k.a. "The Yellow Kid." The Yellow Kid learned early that what made his swindles possible was his fellow humans' greed. "This desire to get something for nothing," he once wrote, "has been very costly to many people who have dealt with me and with other con men.... When people learn—as I doubt they will—that they can't get something for nothing, crime will diminish and we shall all live in greater harmony." Over the years Weil devised many ways to seduce people with the prospect of easy money. He would hand out "free" real estate—who could resist such an offer?—and then the suckers would learn they had to pay \$25 to register the sale. Since the land was free, it seemed worth the high fee, and the Yellow Kid would make thousands of dollars on the phony registration. In exchange he would give his suckers a phony deed. Other times, he would tell suckers about a fixed horse race, or a stock that would earn 200 percent in a few weeks. As he spun his stories he would watch the sucker's eyes open wide at the thought of a free lunch.

The lesson is simple: Bait your deceptions with the possibility of easy money. People are essentially lazy, and want wealth to fall in their lap rather than to work for it. For a small sum, sell them advice on how to make millions (P. T. Barnum did this later in life), and that small sum will become a fortune when multiplied by thousands of suckers. Lure people in with the prospect of easy money and you have the room to work still more deceptions on them, since greed is powerful enough to blind your victims to

anything. And as the Yellow Kid said, half the fun is teaching a moral lesson: Greed does not pay.