

Berggruen in his
suite at the Carlyle
in Manhattan



*Deep
Thoughts*
**With the
Homeless**

Nicolas Berggruen has long been famous for having no home and throwing great parties. Now he'd like to save democracy, too.

Billionaire

By Devin Leonard
Photographs by Mark Peckmezian




Twelve years ago, Nicolas Berggruen sold his apartment, which was filled with French antiques, on the 31st floor of the Pierre Hotel in Manhattan. He said he no longer wanted to be weighed down by physical possessions. He did the same with his Art Deco house on a private island near Miami. From that point on he would be homeless.

Now he keeps what little he owns in storage and travels light, carrying just his iPhone, a few pairs of jeans, a fancy suit or two, and some white monogrammed shirts he wears until they are threadbare. At 51, the diminutive Berggruen is weathered, but still youthful, with unkempt brown hair and stubble. There's something else he hung on to: his Gulfstream IV. It takes him to cities where he stays in five-star hotels. In London, he checks into Claridge's. In New York, he's at the Carlyle Hotel. In Los Angeles, he takes a suite at the Peninsula Beverly Hills.

His social calendar tends to be full no matter where he is. A dual citizen of Germany and the U.S. who speaks three languages, Berggruen makes a point of having lunch and dinner each day with someone intriguing. It could be an author, a famous artist, or a world leader. He prefers to meet them at restaurants near his hotel. He makes reservations for three even when he only plans to dine with one. That way he doesn't get stuck at a small table. He leaves room for dessert. He adores chocolate.

In the evening, Berggruen is frequently photographed at parties with attractive women such as British actress Gabriella Wright. "You could easily look at his life and say, 'Oh, my gosh, he's always got a pretty girl on his arm. He's at every party around the world. Is he just a giant playboy?'" says his friend Vicky Ward, a contributing editor to *Vanity Fair*. Maybe. Every year, Berggruen throws a party at the Chateau Marmont in Hollywood during Oscar week and invites all his friends. They rub shoulders with Hollywood types such as Paris Hilton, Woody Harrelson, and Leonardo DiCaprio.

Berggruen can afford to live like this because he's chairman of Berggruen Holdings, a New York-based private equity firm that buys troubled companies and fixes them up. Currently it owns more than 30, including an Australian farming operation, a British life insurer, a Portuguese book publisher, a German department store chain, and real estate development projects in Turkey, Israel, India, and Newark, N.J. According to its website, the privately held holding company's annual revenue is \$5 billion. It throws off \$250 million in earnings each year. Berggruen's personal worth is estimated by *Bloomberg Markets* to be \$2.5 billion.

But Berggruen isn't satisfied with mere wealth and glamour. He also wants 

to be taken seriously as an intellectual. As the financial crisis unfolded, he became convinced some political systems were failing in America and Europe. He thought he could help rescue them by using his disposable income to advance wonky reforms. By his own admission, he didn't know much about such matters, but that didn't stop him.

In 2009 he started the Nicolas Berggruen Institute, a think tank whose stated mission is to improve global governance, and promised to spend more than \$100 million to further its goals. In California he's pushing to overhaul the fiscally troubled state's tax code, education system, and problematic initiative and referendum system. He would like to see greater political integration in crisis-plagued Europe, preferably under a single leader. He thinks it would be great if the Group of 20 nations become more of a permanent global policymaker.

That's a large agenda for a balance sheet repairman who only recently began examining such matters. Nevertheless, he got prominent Californians and former world leaders to lend their names to his efforts.

Berggruen will need more than money, charm, and the right names for his think tanks to save the world. His transformation from pleasure seeker to policy guy is a work in progress. Some of his ideas are not exactly made for prime time. For instance, he argues there's much that Western democracies can learn from autocracies such as Singapore. As he puts it admiringly, the political leaders there really know how to get things done.

"Can I do something really rude?" Berggruen asks in an accent that's more French than anything else. "I cannot resist. Can I steal a French fry?"

It's a Saturday afternoon in July. He's at the Mark Restaurant by Jean-Georges, a block from the Carlyle. He's finished his pea soup and a plate of artichokes. He becomes animated when he discovers there are French cream puffs on the dessert menu. "This is very unhealthy, but I love dessert," he says. "Will you join me? Oh, my God, they have lots of bad stuff!" He asks for extra chocolate sauce, too.

For many years, Berggruen avoided the media. When a Dutch magazine profiled him in the 1990s, he bought up every copy of the issue to protect his privacy. Now, as a would-be policymaker, he frequently dines with reporters. Berggruen insists he isn't interested in publicity for himself. He says he just wants support and attention for his think tank, which has

a 12-person staff. "I will do anything to further the institute," he says solemnly.

Some of his appetites and ambitions are surely inherited from his father, the late Heinz Berggruen, a celebrated art dealer and collector who left Germany in 1936 to avoid persecution for being Jewish. After World War II, Berggruen moved to Paris, where he became one of Pablo Picasso's dealers. He amassed an extensive collection of the artist's work. Eleven years before his death in 2007, he sold much of it to the German state for a nominal fee. Today it's housed in the Berggruen Museum in Berlin.

Nicolas Berggruen grew up in Paris. At a young age he immersed himself in French politics, history, and philosophy. Still, he didn't care much for school. He attended the Institute Le Rosey in Switzerland, known as the "School of Kings" because so many alumni are members of royal families. Berggruen wasn't destined to join them. He became a Marxist and refused to learn English, calling it the language of imperialism. The school asked him to leave. He ended up getting his high school diploma from the French government.

Unexpectedly, Heinz Berggruen thought his rebellious son had a future in business. He arranged a summer internship for him with his friend Max Rayne, a British real estate developer and member of the House of Lords. His father was right: It turned out that Nicolas liked capitalism after all. Berggruen learned English and got his undergraduate degree from New York University in 1981. After graduating, he spent almost two years working for the Bass brothers in Philadelphia. As soon as he could, he returned to New York. "He was out every night," says his friend Jonathan Bren, another veteran of the Swiss boarding school circuit. "A lot of people just thought he was a rich European party guy."

In 1988, Berggruen created Alpha Investment Management, a fund of hedge funds, with the late Julio Santo Domingo Jr., the scion of one of Colombia's richest families. The firm handled more than \$2 billion, but Berggruen wasn't content with managing other people's money. He sat in his office and chased his own deals with his own cash. After the savings and loan crisis, he bought discounted commercial real estate debt for himself from Resolution Trust Corp. and profited as the market recovered. He acquired a troubled Spanish soft-drink company, turned it around, and sold it to Schweppes.

Along the way, Berggruen assembled a collection of works by Andy Warhol and bought

his private island hideout in Florida and a bachelor pad in the Pierre in New York. He never married. "He's had some very nice girlfriends in the past," says his brother Olivier. "We were somehow hoping that he would create a family." The family didn't know what to make of his decision to sell his homes in 2000, either. Berggruen says he simply got tired of his fancy digs. "I'm not that interested in material things," he says. "As long as I find a good bed that I can sleep in, that's enough."

Berggruen began spending more time in Los Angeles, at the Peninsula Beverly Hills. There were plenty of deals to do in the mid-Aughts. He spent a decade assembling Portugal's largest media company and sold it to Spain's Prisa in 2006. He bought Foster Grant, the American sunglasses company, in 2003. He sold it in 2009 to a French eyewear manufacturer, making \$400 million.

Such triumphs, however, no longer seemed to thrill him. He also sounds jaded about his Oscar parties, calling them "frivolous" and "stupid." It became a chore for him to manage the guest list. "There are the people who don't get invited and are mad," he sighs. Berggruen found something to fill the void. He returned to the subjects that fascinated him as a youngster: philosophy and politics. "Frankly, I think I am a fool," he says. "I never should have stopped."

Berggruen concedes he had a lot of catching up to do. He turned his suite at the Peninsula into an intellectual salon. He drafted two professors from the University of California at Los Angeles to instruct him in Eastern and Western philosophy. "Broadly, I think Nicolas is interested in moral philosophy, having to do with questions of right and wrong, good and evil, purpose, agency, action, topics like that," says Brian Copenhaver, a UCLA specialist in Renaissance philosophy who was one of the mentors.

On other afternoons, Berggruen sat with four local political science professors who tutored him in the fine points of Eastern and Western governments. As he digested Confucius and Plato and reread Sartre, he came up with his think tank's mission. He believes developed countries are in crisis because their leaders are too focused on getting reelected. The result is political gridlock in such places as Washington, D.C., and California.

Berggruen believes at least part of the solution to Western political paralysis is the Asian equivalent of the smoke-filled room. "If you can do this behind closed doors, you can force or push decisions, which happens in autocracies like Singapore and China," he says. "The disadvantage is that it's not very transparent. The advantage is that the people in the room, even if they have ideological views that are not along the same lines, can come up with compromises and solutions." With Nathan Gardels, one of the institute's senior advisers, he's co-written a book in which he explains this unorthodox notion. It's called *Intelligent Governance for the 21st Century: A Middle Way Between West and East*.

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Berggruen would like to test his ideas in California, which is famous for political paralysis. Governors of both parties come and go, but the state legislature remains in the hands of the Democratic Party, which answers to public employees’ unions. Meanwhile, voters approve mandates that largely dictate the budget process. Since the real estate market crashed in 2008, California has been plagued by deficits.

Berggruen was hardly a household name in California; he wasn’t even a resident. (He pays taxes in Florida.) The only thing he was known for was his yearly soiree at the Chateau Marmont. That didn’t seem to hurt him. He persuaded 15 prominent Californians to help draft a reform package. He wooed former Democratic Governor Gray Davis over lunch at the Peninsula. He won over Bob Hertzberg, a former California Assembly Speaker, at an airport in faraway Panama. He enlisted former Republican U.S. Secretaries of State Condoleezza Rice and George Shultz. Berggruen also recruited business leaders such as former Yahoo! Chief Executive Officer Terry Semel and Google Executive Chairman Eric Schmidt. He assembled them in a group he called the Think Long Committee for California.

In a series of meetings, some of which Berggruen hosted at Google’s headquarters in Mountain View, Calif., the committee came up with a plan released in November 2011. The members embraced his idea that the California legislature be policed by a “citizens council for government accountability” comprised of ex-politicians, university presidents, and business leaders. It would

have the power to subpoena witnesses and place its own initiatives directly on the ballot.

Naturally, there are Californians who find the notion of an unelected advisory board in Sacramento questionable. “Berggruen assembled a blue-ribbon panel of notable Californians to come up with their vision for fixing California,” says Thad Kousser, an associate political science professor at the University of California at San Diego. “Lo and behold, the first big idea was California needs a big blue-ribbon panel that bypasses all the existing political processes.”

Others are more charitable. “You know, when you have those kinds of resources at your disposal, you can buy a football team, you can buy an island, or you can try to make government and politics work better,” says Dan Schnur, director of the Jesse M. Unruh Institute of Politics at the University of Southern California. “I give him a lot of credit for trying.” Schnur, who was the communications director for John McCain’s 2000 presidential campaign, says Berggruen’s biggest challenge may be keeping the electorate awake when he pitches them his governance reform ideas. “It’s not the most scintillating stuff,” Schnur warns. Berggruen says Schnur has a point. Nevertheless, he hopes to begin putting his proposals on the state ballot next year, starting with the tax-reform plan.

He is concerned about Europe, too. Considering the Greek debt crisis and the euro area, Berggruen believes that more democracy is needed, not less. “In theory, Europe should be quite democratic,” he says. “It’s actually run by

the heads of two countries, Germany and France. It’s incredibly dysfunctional.”

In 2010, Berggruen flew to the North Sea island of Boken to visit former German Chancellor Gerhard Schröder at his vacation home. Schröder was eager to help him. “We talk quite often,” says Berggruen. “He calls up with ideas.” Berggruen was also able to persuade ex-British Prime Minister Tony Blair and economist Nouriel Roubini to join the Berggruen Institute’s 27-member Future of Europe Committee. The Future of Europe Committee champions the establishment of a stronger Continental government. That way, economically powerful countries such as Germany and France might be more inclined to assist their weaker southern neighbors than they are now. Berggruen says he’s aware of how difficult it will be to prevent the dissolution of the European Union, but believes it’s worth fighting for. In the meantime, he gets to hang out with interesting people.

Over lunch in Beverly Hills in late July, Berggruen says he’s never enjoyed himself more. He finishes his grilled fish. He’s in no hurry to leave. He has nothing planned until dinner. Is he rushing off to a party after that? He shakes his head. “I don’t go to that many parties anymore,” he insists. “I’m really spending almost all my time on this.”

He checks his iPhone. “Oh, look,” he says. “It’s an invitation to a party later tonight.” It’s an awkward moment for a guy who wants to be taken seriously. “Well, I won’t go,” he says. “I can’t go.” **B**