Britain's rich get even richer: 47,300 millionaires ... and climbing

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"The collective wealth of the top 1,000 in this year's *Sunday Times* Rich List reached almost £115 billion at the beginning of January, up more than £6 billion in a year. Yet such has been the extraordinary surge in the stock market since our January valuation date that we could probably have added another £10 billion." (*Sunday Times*, March 11, 1999)

Britain's richest man is Hans Rausing, the British-based Swedish industrialist, with a personal wealth of £3.4 billion. He knocks Lord Sainsbury, the Labour peer and government minister, into second place. Both are in the traditional retailing and packaging industries. But the *Sunday Times* highlights the rise of the high-technology multi-millionaire as the dominant feature accounting for the growth of the super-rich.

Fully 96 multi-millionaires--nearly one in 10 in the list--made their fortunes in computing, telecommunications, mobile phones and the Internet. When the Rich List started in 1989, there were fewer than 10 such high-technology tycoons. This year there are 10 Internet multi-millionaires alone, led by Paul Sykes with a personal fortune of £400m. The list of Internet millionaires also includes Christine and Isabel Maxwell, who built their £100m McKinley Group fortune from assets provided by their father--the disgraced and now deceased pro-Labour publisher Robert Maxwell. The sisters built an Internet information business and then sold it in 1996 to Excite, receiving around £4.4m of company shares in part payment. By mid-1998 those shares were worth about £50m, and when Excite was taken over in January, their value increased to £100m.

Another example of the climb in Internet share prices is provided by Christopher Sharples, whose £2.1 million shares in the American Digital River Internet company, purchased last year, are now worth £60m. Many of the high-tech millionaires are under 40.

More than 70 percent on this year's 1,000-strong list have made their wealth themselves, showing the impact on wealth distribution of new industries and the service sector, combined with the massive inflation of the stock market. There are 48 new entries worth at least £50m and 137 newcomers in the £21m-£49m range. The *Sunday Times* cites Mark Dixon, who increased his wealth by £250m to £650m in less than a year by offering short-lease serviced offices to blue-chip clients. "Research by Datamonitor, the market analyst, suggests the number of young self-made entrepreneurs has grown by about 50% a year since 1992", the paper states. City financiers also figure prominently.

By contrast, inherited wealth has fallen below 30 percent for the first time. Only 291 of the top 1,000 are in this category, compared with 57 percent in 1989. To be super-rich is getting ever harder, as wealth gravitates to the very top of society. In 1989 the person ranked 200th was worth £30m. Today, entry to the top 200 requires £120m, nearly a seven-fold increase in a decade.

Those predicted to succeed to the higher echelons next year confirm this trend. The *Sunday Times* anticipates "30 partners of Goldman Sachs, the American investment bank, in the list to join the couple who have already made it", as well as dozens of Internet millionaires. They bewail the fate of Britain's company directors, very few of whom will reach the necessary £25 million threshold probably required to be included on next year's list.

The *Observer* newspaper sought to steal some of the thunder from the *Sunday Times*, by producing a list of Britain's young rich, aged under 30. The paper notes the "explosion in the number of millionaires in Britain, rising from 6,600 six years ago to some 47,300 today".

Here again, most of Britain's young rich entrepreneurs made their money from Internet services, telecommunications and computers. Of Britain's 10 richest young entrepreneurs, only two come from outside the computer and Internet industries. This list naturally featured more sports, pop stars and entertainers, but noted that the richest amongst the young inherited their wealth. The *Observer* survey identified 90 British multimillionaires aged 30 or under. But it contrasted the £24 million earned by "Posh Spice" Victoria Adams and the £27m wealth of computer retailer Tahir Mohsan, who runs Time Computer Systems, with the £2.2bn fortune of Arthur Rory Edward Guinness, the 28-year-old Earl of Iveagh. The Earl of Burlington, aged 30, tops the list of those still to inherit, with an anticipated £750m. Following him 28-year-old Nathaniel Rothschild is set to inherit £500m.

Though there are many self-made men (and women) out there, it still helps to be born with a silver spoon in your mouth!

Unlike the *Sunday Times*, the survey conducted by the *Observer* does not halt after gazing with undisguised awe on the visage of the super-rich. It notes, "18 years of Thatcherism and two years of Blairism have witnessed the growth of new wealth joining old money to achieve the largest imbalance between rich and poor in modern times... There are more and richer people than ever paying less inheritance tax than ever and, if the trend continues, by 2002 Britain will have close to 150,000 millionaires."

They identify the main source of this wealth as the rise in the stock market; accompanied by the growth of executive stock option schemes and generous pension schemes. Top executives are often given stock options, which make them, "incentivised to run their companies to get the share price as high as possible. They will hire, fire and be ruthless in cutting back loss-making parts of the business because the results will produce wealth for them as well as the shareholders."

The *Observer* also identifies the impact of this vast shift in wealth on broad layers of upper middle-class professional workers, who have been turned into millionaires, "just by dint of their company pension schemes. With the stock market over the last 20 years doubling and then doubling again, anybody on an income of £100,000 a year and a member of a company pension scheme is likely to have acquired a million or close to it when they retire."

As for the under 30s group, the "stock market is also becoming an important avenue for millionairedom...Our entrepreneurs have had a good business idea, and have enjoyed the thrill of building a business as much as getting rich; but without a rising stock market and doing deals with the shares they own, they could never have become millionaires. All are acutely aware that the values of their companies are based on today's stock market evaluation and that another key to their eventual success will be identifying the right time to sell. Too early and somebody else will benefit, too late and there will be nothing to sell."

This makes for a situation of profound economic instability. The *Observer* cites one entrepreneur saying that the value of his company is "whatever someone is willing to pay for it." But there is no broader exploration of the impact of these processes on society.

Neither newspaper, moreover, even begins to explore the more profound consequences of this accumulation of vast wealth amidst burgeoning social misery for the majority. Every aspect of society has been thrown into turmoil by these changes.

They have had a major impact on the ruling class itself. The elder statesmen within the bourgeoisie no longer have the main say in economic, social and political matters. A new layer has risen to the surface, who are almost exclusively dominated by the latest shifts on the stock markets rather than basic considerations of domestic and foreign policy.

In pursuit of ever-greater returns on investment, they have demanded the systematic dismantling of welfare provisions that have been the bedrock of societal consensus throughout the post-war period. In the process, they have undermined organisations through which the ruling class has long exercised its political control.

The most fundamental expression of this is the transformation of the Labour Party and the trade unions into worshippers of the free-market. Blair's party has been refashioned as the favoured political instrument of finance capital, ditching its old programme of social reforms and its base in the working class in the process. Instead, it rests almost exclusively on the narrow layer of the upper-middle class identified by the *Observer*, who have massively increased their personal wealth as a result of the stock market boom.

The millionaire Blairs--Tony and Cherie--are the epitome of this rarefied milieu. They live a life divorced from the fate of broad masses of the population and are ruthless in their drive to champion the interests of big business. This is combined with an astonishing level of political ignorance, arrogance and indifference towards the social impact of the policies they advocate--whether in regard to the dismantling of the welfare state or the launching of the first major war in Europe since 1945.

Meanwhile, at the base of society, millions are being thrust into abject poverty, while millions more working people--including substantial layers of white-collar professionals--face growing economic uncertainty. On the basis of inflated share prices, it has been possible to maintain a certain degree of stability. But social antagonisms have reached acute levels. Moreover, precisely because of the extension of share ownership and the growth of private pensions and health insurance, any major setback for the stock markets would have an impact far surpassing that of the Wall Street crash during the 1930s. Despite the apparent glories of the market celebrated annually by the *Sunday Times*, the foundations of the profit system have rarely been in worse shape.