The Forbes list of billionaires

Wealth piles up for the German elite

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Earlier this month, the WSWS reported on the annual *Forbes* list of billionaires. (See "*Forbes* 2007 list: Nearly one thousand billionaires in the world, a misfortune for humanity") The number of billionaires in the world increased from 793 to 946 in just one year. This club of the super-rich jointly owns US$3.5 trillion (€2.7 trillion).

In contrast to the masses of ordinary working people, the billionaires were able to increase their wealth by 35 percent in the last 12 months. Bill Gates, chief of Microsoft, headed the list with a personal fortune of US$56 billion (compared to US$42.6 billion last year).

While the United States remains home to the largest number of billionaires, with 418, Germany comes in at second with 55. The combined wealth of Germany's billionaires is approximately US$235 billion or €180 billion. If one looks at only those living in Germany and deducts the number of Germans living in Switzerland, Austria and the United States, their wealth still stands at a whopping €154 billion.

By way of comparison, the German federal budget for 2006 was just short of €262 billion. Unemployment and welfare benefits and programmes amounted to €120 billion, education €8 billion, and international aid €4 billion. The combined income of every unemployed person forced to eke out an existence on the draconian Hartz IV allowance of €345 per month was just under €30 billion.

As before, most of Germany's rich became so through inheritance. They are the descendants of the founders of the BASFs, BMWs and Allianz insurances of this world. With a few exceptions, the rich have made their wealth in the traditional branches of industry and not in the new IT and Internet markets, or even solely on the stock exchange. The *Forbes* list saw very little movement among the German contingent. Even though Albert von Thurn und Taxis became the world's youngest billionaire at age 23, his wealth was inherited.

Many German billionaires are missing from the *Forbes* list, however, because the list only counts wealth directly owned by individuals and not indirectly through their families. *Manager* magazine publishes its own annual list of the wealthiest Germans, which includes the owners of the supermarket chain Lidl and Porsche. These individuals do not appear on the *Forbes* list.

The ostentatious display of wealth in Germany has not yet reached the same level as in the US. While those who have inherited their wealth feel obliged to maintain a certain modesty, the layer of the *nouveaux riches*, in particular those who have made their money via stock market speculations and other forms of financial chicanery, is growing more and more self-confident and demanding the removal of all obstacles to their further enrichment. It is this layer of the super-rich that is growing strongly.

A joint study by Barclays Bank and the London Economist Intelligence Unit in December 2006 predicted that no other country in the world will see a more rapid increase in the number of millionaires as in Germany. It forecasts that the number of households with financial assets of more than US$1 million will increase from the current 285,000 to 1.02 million by 2016. This would mean an increase of 257 percent, more than in any other industrial country.

Other statistics show that the number of euro millionaires in Germany is already 760,000, with private cash savings and investments of at least €4.5 trillion.

One trend, which appeared long ago on the other side of the Atlantic, has reached the European continent:

travelling in private jets. In 2006, Europe's largest private jet operator, Netjets Europe, recorded a total of 62,000 flights, 30 percent more than in 2005, according to its German chief Steffen Fries in an article in the German financial daily *Handelsblatt*. Netjets Europe is a subsidiary of the US consortium Berkshire Hathaway, which is controlled by investor Warren Buffett. Buffett himself has an estimated worth of US$52 billion, making him the second richest man in the world.

Lufthansa Airlines has cooperated with Netjets since 2005. The number of Netjets flights to and from Germany increased last year alone by 45 percent to 9,200. Fries told *Handelsblatt*: "We expect similar growth for the current year, despite the fact that we received a boost last year from the football World Cup." Netjets flew 200 flights for the final in Berlin alone.

Netjets expects growth in 2007 of 14 percent. A spokeswoman for Lufthansa, Amelie Lorenz, commented: "Of course it is a niche product in comparison with normal flight offers. However, the demand in this premium segment continues to grow and grow."

This enormous enrichment of the few and their squandering of money are an expression of a society in decline. Indeed, these processes accelerate it. Every area of society, whether it be the welfare system, public services and administration, financial and technical resources, or knowledge and know-how—everything is subordinated to the narrow and short-term profit interests of the super-rich.

It was these very interests of this privileged and parasitic social layer that the previous German government under Gerhard Schröder (Social Democratic Party-SPD) nurtured: slashing social services and in particular implementing the series of Hartz laws to cut unemployment insurance premiums for employers as well as taxes and other social payments. Never before was the gap between rich and poor in Germany as great as under the Schröder government.

As a result of the growing opposition in the population to these measures, the SPD handed the political reigns to the conservative Christian Democratic Union (CDU) and now, having joined the CDU in a grand coalition, is accelerating these attacks. The value-added tax, despite election promises, was raised at the start of the year by 3 percentage points. Health Minister Ulla Schmidt (SPD) has pushed through a "health reform" package that will mean higher health premiums and cuts to services. Just two weeks ago, the German parliament approved the plan by Employment Minister Franz Müntefering (SPD) to lift the retirement age to 67. Given the high level of unemployment among older workers, this will mean a cut to their pensions. Only 45.5 percent of people between 55 and 64 are employed, and only 30 percent have full-time jobs and are therefore entitled to higher pensions.

The crowning glory of the SPD, however, is the new legislation drawn up by Finance Minister Peer Steinbrück (SPD) to further reduce company taxes. The new tax rules, which are due to come into effect at the beginning of next year, will hand over at least €10 billion to corporations, which have just recorded four years of record, double-digit profit growth.

The previous SPD-Green Party coalition government had already reduced taxes on profits and investments. Between 2000 and 2005, profits and investment income in Germany rose 31 percent. At the same time, tax income deducted from profits and investments decreased approximately 10 percent.

The consequences of these policies now find direct expression in the latest *Forbes* list.