

Wealth of world's richest rose nearly 10 percent in 2010

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Austerity measures, wage cuts and rising unemployment have characterised the years since the crash of 2008 for working people. For the rich and super-rich, however, they have been the occasion for clawing back every penny of the initial losses made and adding a great deal more.

Today, the world's wealthy are richer than before the crash and the number of individuals belonging to this highly exclusive club has grown.

The annual world wealth report by Merrill Lynch and Capgemini identifies nearly 11 million "high net worth individuals" (HNWIs), defined as having more than \$1 million in free cash, not including property and pensions. Their collective wealth reached \$42.7 trillion in 2010, a 9.7 percent rise. This means that the wealth of this social layer has already surpassed the previous peak of \$40.7 trillion reached in 2007.

The number of individuals worldwide who fall into this category grew 8.3 percent in 2010. This is described as a return to a "more sustainable pace," following the 17 percent growth in the number of HNWIs to 10 million recorded in last year's report.

To make clear the scale of individual wealth accumulation these figures represent, one needs to factor in the results for what are termed "ultra-high net worth individuals," defined as having at least \$30 million in free cash. The numbers in this group rose by 10 percent, to just 103,000. The number of such super-rich individuals rose by 10 percent, to 103,000, and their combined assets rose by 11.5 percent, to \$15 trillion. This means that the top one percent of world's rich control fully 36 percent of all the assets held by wealthy individuals.

The largest number of HNWIs continue to reside in the United States, followed by Japan and Germany. These countries together account for 53 percent of the world's rich. The US has 3.1 million HNWIs, Japan 1.7 million and Germany 920,000.

The wealth of the richest 3.4 million people in North

America, overwhelmingly in the US, rose by 9 percent to \$11.6 trillion. The US is home to 28.6 percent of the world's richest people.

Europe's HNWIs fared less well generally. Nevertheless, the UK still sits at fourth in the league table, with France coming in fifth. Europe's 3.1 million HNWIs have \$10.2 trillion in free cash.

The far better performance of the HNWIs in the Asia-Pacific region has caused consternation among ruling elites in Europe and North America. The number of HNWIs in the Asia-Pacific region rose by almost 10 percent to 3.3 million in 2010. This was the largest regional growth rate, and the number of HNWIs in the Asia-Pacific region surpassed the European total as well as that of the US. It was only 100,000 lower than the total for the whole of North America. This elite layer in Asia now controls a total of \$10.8 trillion in free cash.

Leading this growth in opulence are China and India. The number of mainland Chinese HNWI millionaires grew by fully 12 percent to 534,500 people, to which must be added the extraordinary growth of the wealthy elite in Hong Kong. The number of HNWIs there grew by 33.3 percent to 101,300, compared with 76,000 in 2009.

India, for its part, saw a 20.8 percent rise to 153,000 in the number of HNWIs, the highest rate of growth of any country. India for the first time placed in the top 12 in terms of the number of HNWI millionaires.

The *Hindustan Times* commented tellingly, "India may still have a long way to go in eliminating poverty, but high economic growth is throwing up millionaires by the thousands... The country, ranked 138th on the basis of per capita income by the IMF and 119th in the UN's human development rankings based on indicators such as life expectancy and education, added in 2010 as many as 26,300 HNWIs..."

In the Middle East, the absolute numbers are smaller, but this only serves to underscore the scale of personal

accumulation by that region's rich. Just 400,000 people in the region control \$1.7 trillion in free cash. The number of HNWI's in Kuwait and Bahrain rose by a quarter, putting these countries sixth and seventh in the table of 71 countries.

Tamer Rashad, head of Middle East operations at Merrill Lynch Wealth Management, noted in *Arabian Business* that one aspect of the vast accumulation of wealth by the super-rich was "the significantly high ratio of savings to gross domestic product." This ratio has reached 54 percent in Bahrain and 40 percent in Saudi Arabia, compared to the more usual single-digit rates in developed countries such as the US.

The extreme social polarisation hinted at in these figures is what ultimately gave rise to the mass movements that ended in the overthrow of Hosni Mubarak in Egypt and Zine El Abidine Ben Ali in Tunisia and the mass protests throughout the region.

But the figures assembled by Merrill Lynch and Capgemini, presented as a celebration of the good fortune of this financial elite, signal that a far broader worldwide eruption of the class struggle is being prepared.

The World Bank defines extreme poverty as living on less than US \$1.25 per day, and moderate poverty as living on less than \$2 a day. In 2001, some 1.1 billion people lived on less than \$1 a day and 2.7 billion on less than \$2 a day. Almost half of the world's people—3 billion souls—live on less than \$2.50 a day. One billion children—fully 50 percent of the world's children—live in poverty. Six million children die of hunger every year, 17,000 every day.

The irrational and unconscionable squandering of wealth on a handful of parasites on the one hand, and the crushing burden of poverty, hunger and misery on billions of people on the other constitutes an unanswerable indictment of the capitalist system.



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