

China's list of billionaires expands again

John Chan
17 September 2011

According to the *Hurun Report*, China's rich list publisher, the number of dollar billionaires in the country has reached at least 271, up from 189 last year. The average wealth of the 1,000 richest individuals—5.9 billion yuan (\$US923 million)—represented a 20 percent increase from 2010, while the hurdle for entry into the rich 1,000 list is now \$310 million, up from last year's \$220 million.

Hurun Report publisher Rupert Hoogewerf, a British accountant who used to compile the list for the US-based *Forbes* magazine, stated that “you can double the real number of billionaires in China to near 600” by including the “invisible billionaires.”

While Hoogewerf did not elaborate on the taboo subject of “invisible billionaires”, it is widely known in China that the term refers to the children and spouses of top Chinese Communist Party (CCP) leaders. This layer has amassed huge wealth through corrupt and semi-criminal methods, including the use of their political connections to acquire profitable state enterprises at low prices. Some have been hired as middlemen “executives” or “advisers” for transnational corporations investing in China, or become investment bankers who use insider information to manipulate share and property markets at the expense of small investors.

The burgeoning list of billionaires has put China ever closer to the United States (with 413 billionaires listed by *Forbes*) as the largest home of the super-rich, even as China's average per-capita income ranked just 94th in the world in 2010, behind African countries such as Algeria and Angola.

The gulf between the ultra-rich and impoverished masses is the consequence of three decades of pro-

market “reform” since 1978. The CCP laid the basis for the rapid rise of billionaires and multi-millionaires through cheap state credit, infrastructure projects, government support for key industries, widespread privatisation of state enterprises, opening of the economy to international capital, and above all, ruthless police-state repression of a massively expanding working class that provides the necessary cheap labour.

Until as recently as 2002, there were no dollar billionaires in China. Not accidentally, that year was a turning point, when the CCP's national congress formally opened its doors to private business owners, underlining its role as the political vehicle of the country's emerging capitalist class.

Despite their growing wealth, the new capitalist elites are sitting atop explosive economic and social contradictions—an unstable financial system, a superheated property market, massive overcapacity, rising inflation and growing frustration and unrest among working people.

Pointing to the speculative property bubble, Hoogewerf wrote: “There seems to be a relentless construction boom going on in China. Just about every tycoon is involved in the property market.” Of the top 10 billionaires, four are property developers and 29 of the richest 50 had significant real estate businesses.

These speculative activities have fuelled higher prices for housing and other basic essentials. As a result, the publication of the latest wealth list, in the words of the *Wall Street Journal*, “has become politically charged.” The *Journal* cited an angry comment on the Twitter-like Web micro blog: “Half of the top 10 wealthiest people are in the real estate sector. They created housing slaves and housing slaves made them [rich].”

China's richest man, Liang Wengen, this year is the chairman of the privately-owned Sany Heavy Industry, a machinery manufacturer. His fortune of \$11 billion reflects China's unsustainable growth pattern—huge fixed investments in buildings, factories and capital goods, even as exports have slowed and domestic consumption has reached a record low of just 30 percent of GDP.

While Sany Heavy Industry boomed, the recent store closures of transnational retailers, such as Best Buy and Home Depot, pointed to the consumer sector decline. Likewise, the former No.1 on the rich list, Wahaha Group Chairman Zong Qinghou (\$10.7 billion) slipped to second this year, because his beverage corporation's net profit fell some 20 percent last year.

The previous No.1 in 2009, Wang Chuanfu, the chairman of BYD, China's leading electric car manufacturer, fell to 12th, after BYD shares were hit heavily by an 84 percent drop in first half profit. Some 1,800 sales jobs will be shed this month, a sign of emerging trouble in China's auto industry. Last Friday, Chinese officials predicted that auto sales would grow by only 5 percent this year, down from 32 percent growth last year.

China's biggest capitalists are being forced to invest globally. Founded in 1989, Sany Heavy Industry is now part of the FT Global 500, with 60,000 workers and five industrial parks in China, and four manufacturing, and research and development sites in America, Brazil, India and Germany. Founded in 1995, BYD has also become a transnational auto company, employing 190,000 workers internationally.

Those on the rich list are bound up with the CCP regime. Of the top 50, 30 percent have "state political status." Three are members of National People's Congress, 11 are members of the People's Political Consultative Conference—with three on its standing committee—and three are delegates to the CCP congress, including the No.1 on the list, Liang Wengen.

The ultra-rich and emerging middle classes have created an expanding market for luxury goods in China. Another *Hurun* report this year on the "consumption

index of the wealthy" highlighted sharply rising demand and thus prices for luxury mansions, cars, watches, jewellery, wine, tobacco, overseas education and holidays. Prices for yachts and private jets rose by 20.1 percent over the past year. The cost of a bottle of 30-year Maotai wine jumped 60.8 percent to over \$3,100. China overtook Japan as the world's second largest market for luxury goods last year.

For impoverished workers and poor peasants, inflation means the erosion of their living standards. Half a billion Chinese live on less than \$2 a day, and many millions more struggle to survive on a little over that amount. Most of the poor are in rural areas, which are also the source of more than 200 million migrant workers.

The poor toil as super-exploited labour in sweatshops, coal mines and construction sites, with no basic rights. Migrant workers cannot access services and their children cannot attend schools in the urban areas. Of the 10 million children unable to attend school due to poverty, half are working as child labourers. Poverty has forced another 10 million people, mainly young rural female workers, into prostitution.

Sooner or later, this vast social gulf between rich and poor must translate into open class conflict.



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact