

Net worth of richest Americans soars by 13 percent in 2012

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Hard-pressed workers struggling to hang on to jobs and pay their bills will be relieved to learn that America's billionaires are not suffering due to the ongoing economic disaster. In fact they have never had it so good.

Every year *Forbes* magazine publishes a list of the wealthiest individuals in the United States. This year's annual survey gives a stark snapshot of the obscene levels of wealth inequality in the US.

The net wealth of the *Forbes* 400 has now more than recovered from the drop it suffered during the 2008 financial crisis to reach a new record high, even as the living standards continue to decline for the mass of working people. The net worth of the richest 400 billionaires in the United States rose 13 percent from last year to \$1.7 trillion. This compares to a 1.7 percent annual growth rate for the US economy as a whole.

The publication of the rich list follows reports of stunning declines in median net wealth in the United States. The median net worth of the average American household fell 40 percent between 2007 and 2010 to approximately the level recorded in 1992, according to the US Federal Reserve. Since 1982 the net worth of those on the *Forbes* 400 list has grown 15-fold, while wealth of the average household has stagnated.

Collectively, the wealthiest five individuals are worth \$34 billion more than one year ago. That amounts to an increase more than triple last year's rise. Overall, only 66 of the 400 saw their net worth shrink, while 241 enjoyed an increase.

"The gap between the very rich and the merely rich increased and helped drive up the average net worth of the *Forbes* 400 members to an all-time record," said *Forbes* Senior Wealth Editor Luisa Kröll.

The average net worth of the 400 wealthiest Americans rose to \$4.2 billion, up more than 10 percent

from last year, while the minimum net wealth required to make the list rose to \$1.1 billion, up from \$1.05 billion last year. To give some measure of the total wealth of this group, it amounts to one-eighth of all the goods and services produced by the US economy this year or more than the entire discretionary spending proposed in the 2013 federal budget. It is roughly equal to the Gross Domestic Product (GDP) of India, the world's 11th largest economy.

The publication of the *Forbes* report comes as Republican Presidential candidate Mitt Romney attempts to change the focus of the presidential campaign, attacking the supposed commitment of the Obama administration to "wealth redistribution." He was compelled to reach back 14 years for an example, citing Obama's comments in a speech given when he was an Illinois state senator in 1998, where he spoke vaguely of the well-known—and relatively small—effect of income taxation and government spending in redistributing resources.

Romney declared, "I know there are some who believe that if you simply take from some and give to other others then we will be better off." In fact, what the new figures show is that a vast redistribution of wealth is taking place under the Obama administration, but in the other direction, from the working class to the wealthiest one percent.

As he has been for the past 19 years, Microsoft co-founder Bill Gates is the richest man in the US. His wealth increased to \$66 billion, up from a mere \$59 billion last year. His total net wealth is just a little less than half the entire US budget for the Department of Education. The increase in his net wealth is 100 times the projected \$700 million deficit facing the Chicago Public Schools, where the Bill and Melinda Gates Foundation has been one the most strident proponents

of the attack on teachers through the expansion of charter schools.

Concurrent with the report of Gates's staggering increase in wealth, the US Senate's Permanent Subcommittee on Investigations said Microsoft and other tech companies used tax havens such as the Cayman Islands to avoid billions in taxes. Between 2009 and 2011, Microsoft shifted \$21 billion offshore, amounting to almost one half its US retail sales revenue, saving up to \$4.5 billion in taxes.

Second on the *Forbes* list was Berkshire Hathaway Chairman and CEO Warren Buffett, with \$46 billion. Buffett saw his net worth climb by \$7 billion, largely due to the rise in Berkshire stock values. His fortune is roughly equal to the GDP of Tunisia or Uruguay.

The biggest winner in terms of net increase in wealth was Larry Ellison, CEO of software giant Oracle and number three on the *Forbes* list. His net wealth increased \$8 billion for the year, topping \$41 billion. Just the increase in his wealth is larger than the gross domestic product of Nicaragua. His total net wealth is roughly equal to the amount budgeted for 2012-13 by the state of California for health and human services and larger than the entire state education budget. He recently purchased 98 percent of the 141-square-mile island of Lanai, the sixth largest island in the Hawaiian chain.

Tied for fourth place on the *Forbes* list are the Koch brothers, David and Charles, owners of the chemical business group Koch Industries, the second-largest privately held company in the United States. The two are worth a reported \$31 billion each. Charles Koch is a founder of the right-wing Cato Institute and both brothers are supporters of ultra-right-wing causes, including the Tea Party movement. The combined net worth of the two billionaires is more than the GDP of 114 countries, including Sri Lanka, Bulgaria, Costa Rica and Burma.

New York's Democratic Mayor Michael Bloomberg is number 10 on the *Forbes* list with a reported fortune of \$25 billion. While in office, Bloomberg has imposed draconian cuts in jobs, social services and education, including the closure of scores of schools. Meanwhile, he is sitting on a personal fortune approximately equal to the total annual budget of New York City's public schools.

Three members of the Walton family were in the top

10: Jim, Alice and Robson. Part-owners of Bentonville, Arkansas-based Walmart, their collective net worth of \$79.1 billion is more than 16 times the entire proposed \$4.7 billion fiscal 2013 budget for the state of Arkansas.

As for the claims that the wealthiest Americans worked to earn their riches, 60 percent of the income for those on the rich list comes from capital gains, that is, money gained from simply holding valuable assets such as stock, which is taxed at a mere 15 percent, about the same as the income tax rate paid by a low-wage worker.

A large portion of those on the *Forbes* 400 list are in sectors divorced from the production of socially useful goods and services. One quarter of them come from the finance and investment sector, while only 10 list their source of income as manufacturing. In other words, the fortunes of the wealthy elite in the United States come largely from parasitic activities, financial speculation and driving down of living standards of the vast majority of the population.



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