

Staggering growth of billionaires in China

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The number of billionaires in China, measured in US dollars, rose sharply in 2013, hitting a new record of 315 individuals, according to the country's Hurun Rich List 2013, published on September 11. This is up from 251 last year; and zero as little as a decade ago. China is now second in the world only to the United States, which has 442 billionaires.

The staggering growth in the number and net worth of these ultra-wealthy individuals testifies to the widening social divide between rich and poor, which is dramatically heightening social tensions in China. Their existence underlines the falsity of the Chinese Communist Party's (CCP) claims to represent socialism.

The top five on the Rich List saw their wealth double in just one year. The cut-off to make the list of the 1,000 richest is up 12 percent from a year ago, at a record high of \$US325 million. This is more than three times the 2008 level. The cut-off to make it to the top 50 has risen 500-fold in the past 15 years, and 17-fold in the past decade.

This tiny layer rests on a somewhat wider base of 64,500 "merely" super-rich multimillionaires—defined as individuals with personal wealth of 100 million yuan, equivalent to \$16 million—and 1.05 million individuals worth 10 million yuan, or \$1.6 million.

The Hurun report points out two noteworthy aspects of this wealth accumulation. First, real estate speculation is now the key source of fortunes, overtaking manufacturing for the first time. Second, the political integration of this layer into the ruling CCP and state apparatus is well advanced, with Hurun Research estimating that a quarter of the Rich List 2013 are members of the Communist Party.

One in four on the Rich List made their fortunes in real estate. Embodying this shift from manufacturing is the number one on the list, Wang Jianlin. He heads Dalian Wanda Group, a real estate conglomerate

described by Hurun as "one of the biggest landlords in the world, with 17 million square meters budgeted to be under management by the end of 2013." Wang's wealth more than doubled in one year, to an estimated \$22 billion.

The Wanda Group acquired American movie theater chain AMC Theatres last year for \$2.6 billion and became the world's largest cinema operator. It also purchased British luxury yacht maker Sunseeker and announced a \$1 billion investment in a London hotel and luxury apartment complex.

The turn to financial speculation, mainly in real estate, is bound up with wider processes. Chinese manufacturing for export has taken a hit since the global financial crisis of 2008, with its main markets in the US, Europe and Japan either in recession, or registering little growth.

At the same time, the Beijing regime pumped money into the economy through a huge 2008-09 stimulus package, a major proportion of which ended up in property speculation. This sent prices soaring and inflated the fortunes of the richest market players, as reflected in the Rich List. At the same time, as many observers warn, the property bubble has destabilised the financial system, and made property unaffordable for most people.

The Hurun reports that 153 of the top 1,000 richest people were delegates to either the 12th National Peoples Congress (NPC) or Chinese Peoples Political Consultative Conference. Seven were members of the NPC Standing Committee, up from four in 2012. This makes China's NPC by far the world's richest parliament, ahead of the US Congress.

The total number of billionaires and their connection to the ruling party is seriously understated in the Hurun list, which deliberately leaves out the "red aristocracy," i.e., the offspring of the top CCP leaders.

Hurun's founder, British accountant Rupert

Hoogewerf, used to work on the *Forbes* rich lists. He admitted a couple of years ago that if the “invisible billionaires” were included, the total number could double to 600. Hoogewerf knew it was too politically sensitive to include their names. That would confirm what is widely believed among working people—that the upper echelon of CCP is completely integrated into the new bourgeoisie.

Taiwan’s *Want China Times* web site has a “China’s Red Nobility” category that details the fortunes of the children of senior CCP figures. Former president Jiang Zemin’s elder son, Jiang Mingheng, for instance, founded China Netcom, “the largest asset controlled by a Chinese ‘princeling’—the children of powerful party officials—at net worth of 166.6 million yuan (\$26.4 million). Jiang also serves as chairman of Shanghai Alliance Investment, a company that has invested in Shanghai Automotive Industry, Shanghai Airport Group, Phoenix Satellite TV and other firms.”

The yawning gap between the ultra-rich elite and hundreds of millions of workers and rural poor is straining class relations. One incident is illustrative. Zong Qinghou, chairman of food and beverage giant Hangzhou Wahaha Group and second on the Rich List, with \$18.7 billion, up 48 percent from 2012, was attacked by an unemployed worker on September 13.

According to the Xinhua newsagency, a 49-year-old migrant worker surnamed Yang sought out Zong near his home after watching a television program about the billionaire’s assistance to migrant workers. He asked Zong for a job. Apparently, Yang attacked and injured Zong when the request was refused.

The incident has led to media forecasts that the next growth industry in China will be private security, as the ultra-wealthy hire guards to protect themselves and their vast wealth.



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