

China's billionaires rapidly expand their fortunes

Mike Head

16 October 2017

The Western mass media often ludicrously depicts the Chinese state as a “communist regime.” But this year’s list of the country’s billionaires and multimillionaires underscores its true class character.

Published in the lead-up to this week’s Chinese Communist Party (CCP) 19th National Congress, the 2017 Hurun list points to a further staggering growth of wealth controlled by the oligarchs who sit atop ever-more glaring social inequality.

Some 2,130 individuals now have fortunes estimated to exceed \$US300 million, roughly double the number from five years ago. At least 74 individuals joined the 2017 Hurun rich list, bringing the list’s combined assets to \$2.6 trillion.

According to Hurun, China now accounts for 36 percent of the world’s billionaires. It has 647 billionaires in American dollar terms, up from 594 the year before. In 2003, there were none.

The CCP gathering, held once every five years, is widely predicted to reinforce the grip of President Xi Jinping and his backers. But the CCP presides over an extremely unstable capitalist state, with a parasitic super-rich layer that is closely integrated into the ruling apparatus, ruthlessly exploiting hundreds of millions of workers.

While continuing to provide a cheap labour platform for global capitalism, as they have done since the early 1990s, the Chinese elites and their associates in the ruling party have amassed fortunes that now outstrip those of every other country, except for the US.

This alone inevitably places the Chinese regime on a collision course with the capitalist ruling elites in the US and other major powers that seek to dominate the global economy. At the same time, immense social and class tensions are rising domestically, adding to the volatility of the mounting geo-strategic tensions.

Despite Xi’s administration launching a phoney war on poverty to try to head off social unrest, his five-year reign has accelerated a vast accumulation of corporate wealth. Among the list’s top 100, average wealth rose 60 percent this year.

“Overall, the Hurun Rich List has grown faster than any year since 2007, with the possible exception of 2015,” Hurun Report chairman Rupert Hoogewerf said in a statement. “China’s entrepreneurs have come a long way. Back in 1999, when I put out the first list, I managed to rank 50 people.”

Hurun acknowledged there were many more multimillionaires whose wealth was hidden. “For every one we have found, we estimate there to be two that we have missed,” Hoogewerf said.

As an indication of the increasingly parasitic nature of Chinese and global capitalism, property speculators and developers head the list, buoyed by soaring share prices. Xu Jiayin, head of property group Evergrande, now tops the rankings with a fortune of \$43 billion—up by \$30 billion in just one year on the back of a debt-fuelled property boom.

Xu, also known as Hui Ka-yan, has focused on the internal property market and funded domestic football teams. For that reason, he has benefited from measures taken by the CCP leadership to favour internal investment and clamp down on the movement of funds overseas.

As a result, Evergrande has become one of China’s largest property group by sales. Since the start of this year, the price of its shares in Hong Kong has risen by 465 percent.

Xu epitomises the integration of the billionaires into the ruling stratum. He is a member of the Chinese People’s Political Consultative Conference, the top advisory body. The State Council, China’s cabinet,

bestowed on him the title “National Model Worker”—one of the country’s highest civilian honours.

Earlier this year, Xu, in his advisory capacity, cynically proposed measures to alleviate poverty and hailed China’s president. “We believe that under the strong leadership of the Party Central Committee with General Secretary Xi Jinping as the core, we would certainly win the battle against poverty,” Xu said.

In reality, despite the regime’s claims to have lifted hundreds of millions of people out of poverty, by some estimates poverty afflicts up to half a billion Chinese workers and peasants. Moreover, China now has one of the most unequal wealth distributions of any large economy in the world.

A study released in June by French economist Thomas Piketty sharply revised upward China’s official inequality estimates. Piketty reported: “The top 10 percent income share rose from 27 percent to 41 percent of national income between 1978 and 2015, while the bottom 50 percent share dropped from 27 percent to 15 percent.”

In 2002, the CCP’s national congress formally opened its doors to private business owners, underlining its role as the political vehicle of the country’s budding capitalist class. At next week’s CCP congress, at least three of the entrepreneurs on the Hurun list—Li Denghai, a corn tycoon; Wu Shaoxun, an alcohol magnate; and Pan Gang, who made his fortune in milk—will be delegates.

This is just the tip of the iceberg. In March, Hurun said the combined fortunes of the wealthiest members of the country’s parliament, the National People’s Congress, and its advisory body amounted to \$500 billion.

Many of the oligarchs are sitting on a sea of debt, however, adding to the fragility of the CCP’s rule. Xu’s Evergrande has a market value of \$47 billion, but its total debt stands at more than \$100 billion.

Evergrande has been forced to pledge to the financial markets to cut its net debt ratio from 240 percent to around 70 percent by June 2020. In a report earlier this year, international ratings agency Fitch warned that Evergrande’s high interest expenses and payouts to shareholders would prevent it from reducing its debt significantly.

Pony Ma Huateng, founder and chief executive of Tencent, took the No 2 spot on the 2017 Hurun list with

a net worth of \$37 billion, overtaking Alibaba executive chairman Jack Ma at \$30 billion, who ranked third. Fourth was Yang Huiyan, the largest shareholder of real estate developer Country Garden. Her wealth tripled to \$24 billion.

Aside from real estate, technology names led the wealth rankings, with Baidu’s Robin Li and NetEase’s Ding Lei both making the top 10. Of the 2,130 individuals on the list, 43 came from Alibaba and its affiliate Ant Financial.

Alibaba’s market capitalisation is now \$473 billion, while Tencent’s is at \$428 billion. By comparison, Exxon Mobil is valued around \$350 billion.

Last year’s Hurun list leader, Wang Jianlin, dropped to fifth after declines in the share price of his Wanda Group saw his family’s net worth slump 28 percent to \$23 billion. Wang built Dalian Wanda from a real estate developer into a global empire spanning cinema chains, Hollywood studios and Spanish football. But its shares tumbled this year when Beijing authorities instructed banks to stem their lending to acquisitive groups.

Despite their growing wealth, China’s financial elites are beset by explosive economic and social contradictions—an unstable financial system, a superheated property market, massive overcapacity and growing frustration and unrest among working people.

The gulf between the ultra-rich and impoverished masses is the consequence of 40 years of pro-market “reform” since 1978, restoring capitalist property relations. Far from being “communist,” the CCP laid the basis for the swift rise of billionaires through cheap state credit, subsidised infrastructure projects, widespread privatisation of state enterprises and above all, ruthless police-state repression of a huge and expanding working class.



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact