Sharp decline in numbers in latest China Rich List

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The Hurun Research Institute released its annual China Rich List for 2018 on October 10, the 20th annual ranking of the richest individuals in China. The number of individuals with a personal wealth greater than 2 billion yuan ($US290 million) fell to 1,893 in 2018, a sharp 11 percent decrease from last year's tally of 2,130 billionaires.

This is the first absolute drop in numbers since 2012 and the highest turnover in names ever. Moreover, some 219 new names appear on the list, which means that in all 456 multi-millionaires are no longer on the list—a fall of 21 percent. The decline reflects the impact of a slowing Chinese economy, US trade war measures and sharp falls in China's share markets this year.

The list included 620 US dollar billionaires, slightly down from last year. Despite this year's fall in numbers, there is still an astounding 89 percent more billionaires on the list than 5 years ago and a four-fold increase from 10 years ago. When Hurun reports began in 1998, the list had no dollar billionaires and only eight individuals in China with wealth over the benchmark of 2 billion yuan.

The report notes that the increase is taking place amid "the fastest wealth creating period in the history of the world". Globally, Chinese entrepreneurs now comprise 35 percent of the Hurun Global Rich List, overtaking US entrepreneurs for the first time two years ago.

At the same time, wealth in China is becoming more concentrated among the upper stratum. "The Big Three are pulling away from the rest," said Hurun Report chairman and chief researcher Rupert Hoogewerf. Furthermore, he added, "the wealth of the top 10 placings equates for(sic) 10 percent of the total wealth on the list, and that of the top 200 accounts for half of the total wealth."

The wealthiest individual in China is Jack Ma, the owner of e-commerce giant Alibaba, whose wealth shot up 35 percent to $US39 billion. The growth was largely due to the increased value of his Ant Financial, which is now the world's most valuable financial technology (fintech) company, worth $US150 billion as of June. The market value of Alibaba reached $390 billion at the end of September, making it the most valuable company in China and one of the 10 largest companies globally.

Hui Ka-yan, the chairman of property developer Evergrande Group, lost 14 percent of wealth from last year and dropped to second place ($US36 billion). The wealth of the third richest individual—Pony Ma Huateng of Tencent, a conglomerate of internet-related services and products—dropped by 4 percent to $US35bn.

Manufacturing proved to be the main source of wealth, as it has been for the past five years, with 26.1 percent of the Rich List making their money from the sector, slightly down from last year's 27.9 percent amid the growing US-China trade war. Real estate came in second rising from 14.6 percent to 14.9 percent, while finance and investments ousted IT with a year-on-year increase from 10.9 percent to 11.6 percent.

Many of those on the Rich List have strong political ties to the ruling Chinese Communist Party (CCP).

The number of those on the Rich List appointed to the National People's Congress (NPC) and the Chinese People's Political Consultative Conference (CPPCC) decreased from last year by 10 percent to 142 individuals. However, the wealth of those present at this year's NPC and CPPCC sessions in March actually increased almost 20 percent from last year to $US624 billion—larger than the GDP of neighbouring Taiwan.

Business people were formally welcomed into the CCP as advisors in 2002, coinciding with China's entry into the World Trade Organization. Their representation has steadily increased to about 20 percent of the 3,000-member NPC, according to the state-owned media earlier this year.

The CCP, which has presided over four decades of capitalist restoration in China, represents the interests of the wealthy elite that have amassed great riches through the exploitation of, and at the expense of, the working class. Social inequality has deepened despite an overall rise in the per capita GDP and the emergence of substantial middle class layers.

According to China's National Bureau of Statistics, the country's Gini coefficient was 0.467 in 2017, the last time it was measured officially. The scale runs from zero, which would mean the same income for everyone, to 1, which signifies absolute inequality—one person receives all income.

An International Monetary Fund working paper released in June called *Inequality in China–Trends, Drivers and Policy Remedies* placed China among the most unequal countries in the world and noted the sharp increase in income inequality since capitalist restoration in the early 1980s. It pointed out that those in the rural areas were falling further behind: households in urban areas had an average disposable income of around $5,600 in 2017, almost three times that of those in the countryside ($2,064).

While the number living in absolute poverty has dropped, large numbers of people still live in desperate situations, particularly in rural areas. According to Oxfam, there are still over 70 million people who live below the national poverty line of less than 2,300 yuan (353.75 US dollars) a year.

The minimum monthly wage for workers varies across provinces and within provinces. The figures for 2016 varied from 1,030 yuan ($US148) to 1,895 yuan ($US273)—a miniscule fraction of the income of the ultra-wealthy members of the Hurun Rich List.

The social gulf between rich and poor, as well as rising living expenses, including health and education, is fuelling a resurgence of the class struggle. While no official figures of protests and strikes are available, the China Labour Bulletin based in Hong Kong reported that the first eight months of this year alone saw 1,194 strikes, almost matching last year's total of 1,257.