

Global Wealth and Inequality: Towards a World of Super Rich “Trillionaires” Amidst Mounting Poverty

The Credit Suisse Wealth Report

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Global Research, October 16, 2013

[Market Watch](#)

Theme: [Global Economy](#), [Poverty & Social Inequality](#)

America's new 'economic guillotine' is dead ahead.

Wealth report on inequality calls to mind French Revolution

Credit Suisse's new Global Wealth Report reminds us of the 1790s when inequality ignited the French Revolution and 40,000 met the guillotine. Today, Credit Suisse data reveal that just 1% own 46% of the world, while two-thirds of the world's people have less than \$10,000 wealth.

Credit Suisse predicts a world with [11 trillionaires](#) in a couple generations, as the rich get richer and the gap widens.

Can this trend continue? Or will it trigger an “economic guillotine?” Nobel economist Joseph Stiglitz, author of “The Price of Inequality,” is not as optimistic as Credit Suisse: “America likes to think of itself as a land of opportunity.” But today the “numbers show that the American dream is a myth ... the gap's widening ... the clear trend is one of concentration of income and wealth at the top, the hollowing out of the middle, and increasing poverty at the bottom.”

History is warning us: Inequality is a recipe for disaster, rebellions, revolutions and wars. Not in two generations. Much, much sooner, a reminder of the Pentagon's famous 2003 prediction: “As the planet's carrying capacity shrinks, an ancient pattern of desperate, all-out wars over food, water, and energy supplies will emerge ... warfare will define human life on the planet by 2020.” Yes, much sooner than two generations.

Revolutions catch us off-guard, ignite suddenly, spreading like fire

The French Revolution is a powerful history lesson, easily denied. Angry masses. Their treasury bankrupt. High interest on nation debt consumed half their tax revenues. Why? Earlier wars, a decadent aristocracy, an incompetent King Louis XVI. The anger so intense that during the 1792-93 Reign of Terror the king was guillotined, along with as many as 40,000 others, many of whom were innocent, as inequality ripped apart their nation.

Why? The aristocracy, intellectuals and the rich were oblivious of the needs of the masses, much like our leaders today. As Adbusters magazine put it: “Even in the seconds before their heads were about to roll away from their bodies underneath the blade of the guillotine, it still puzzled the opulent Paris elite how this could be happening.”

The truth is, they were in denial, not listening to the masses for years. Yes, revolutions catch whole nations by surprise: “Just months before the storming of the Bastille in 1789, everything was peachy. The social order ran smooth. The poor paid their dues. The middle class kept their mouths shut. The aristocracy partied ... and the next day they were being dragged through the streets by their frilly collars like common thieves.”

Inequality is accelerating rapidly to revolutionary levels

Are we near a new Bastille Day today? Barry Ritholtz’s the Big Picture recently posted “The Stunning Truth About Inequality In America,” a list of 14 reasons from “WashingtonsBlog,” warning us the inequality gap is accelerating rapidly, widening so fast that America may soon be at what you could call Bastille Day levels, an inequality gap so great it is the fuel and trigger that can ignite an angry people into revolution.

These 14 triggers are reinforced by the statistics in the Credit Suisse Wealth Report, Stiglitz’s challenge and the Pentagon prediction. Here’s a slightly edited version of the “Stunning Truth About Inequality,” a must-read for America’s 95 million of investors:

1. It’s worse than you imagine. Americans consistently underestimate the amount of inequality in our country. They would be shocked to learn the truth ...
2. Worse than history’s worst. Twice as bad as in ancient Rome, worse than in tsarist Russia, worse than in America’s Gilded Age, worse than in modern Egypt, Tunisia or Yemen, worse than in many banana republics in Latin America. Yes, today’s inequality is even worse than experienced by slaves in 1774 colonial America.
3. America lagging other developed nations. Worse in America than any other developed nation.
4. Permanent inequality. Staggering inequality in America has become permanent.
5. America’s two economies. There are two economies: one for the rich, and the other for everyone else.
6. Top 1% rallies, while 99% in recession. The economy has only recovered for the richest 1% ... the rest of the country is more or less stuck in a depression.
7. Rich keep getting richer. The Super Rich are raking in more than ever before.
8. Poor getting poorer. While more and more people are sliding into poverty.
9. Middle class now dead. One of every five households in the America is on food stamps. The middle class has more or less been destroyed.
10. Causes market crashes. Who’s who of prominent economists and investors say that inequality causes crashes and hurts the economy.
11. Great Depression. Extreme inequality helped cause the Great Depression, the current financial crisis ... and the fall of the Roman Empire.
12. Bad political policies. Inequality isn’t happening for mysterious or uncontrollable reasons. Bad government policy is responsible for runaway inequality.

13. And leadership. Bush was horrible, but income inequality has increased even more under Obama than under Bush.

14. Conservatives. It's a myth that conservatives accept runaway inequality. Conservatives are as concerned as liberals regarding the stunning collapse of upward mobility.

Even if the Super Rich do avoid the coming economic guillotine, what's ahead? In "Wealth, War and Wisdom," hedge fund manager Barton Biggs, former Morgan Stanley global strategist, warned of the "possibility of a breakdown of the civilized infrastructure," a revolution of the disillusioned, angry masses. His solution? Buy a farm up in the mountains:

"Your safe haven must be self-sufficient and capable of growing some kind of food ... well-stocked with seed, fertilizer, canned food, wine, medicine, clothes, etc. Think Swiss Family Robinson."

For further details:

http://www.marketwatch.com/story/americas-new-economic-guillotine-is-dead-ahead-2013-10-16?link=MW_home_latest_news

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