

# The World's Super-Rich

Billionaires Flourish, Inequalities Deepen as Economies “Recover”

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## Introduction

The bailouts of banks, speculators and manufacturers served their real purposes: the multi-millionaires became billionaires and the later became multi-billionaires. According to the annual report of the business magazine Forbes there are 1,210 individuals – and in many cases family clans – with a net value of \$1 billion dollars (or more). Their total net worth is \$4 trillion, 500 billion dollars, greater than the combined worth of 4 billion people in the world. The current concentration of wealth exceeds any previous period in history; from King Midas, the Maharajahs, and the Robber Barons to the recent Silicon Valley – Wall Street moguls of the present decade

An analysis of the source of wealth of the super-rich, the distribution in the world economy and the methods of accumulation highlights several important differences with major political consequences. We will proceed to identify these specific features of the super-rich, starting with the United States and follow with an analysis of the rest of the world.

## The Super-Rich in the US: Greatest Living Parasites

The US has the most billionaires in the world (413), better than one third of the total, the greatest proportion among the “big countries in the world. A closer look also reveals that among the top 200 billionaires (those with \$5.2 billion and more) there are 57 from the US (29%). Over one third made their fortune through speculative activity, predators on the productive economy and exploiters of the property and stock market. This is the highest percentage of any major country in Europe or Asia (with the exception of England). The enormous concentration of wealth in the hands of this tiny parasitical ruling class is one reason why the US has the worst inequalities of any advanced economy and among the worst in the entire world. Speculators do not employ workers, they secure tax loopholes and bailouts and then press for cuts in the social budget, since they do not require a healthy, educated workforce (except for a tiny elite). In 1976 the top 1% held 20% of the wealth; in 2007 they commanded 35% of total wealth. Eighty percent of Americans own only 15% of the wealth. The recent economic crises, which initially reduced the total wealth of the country, did so in an uneven fashion – hitting the majority of workers and employees worse. The Bush-Obama bailout led to the economic recovery, not of the “economy in general”, but was confined to further enhancing the wealth of the billionaires – which explains why the unemployment/under employment rate has hardly moved, why the fiscal

debt and trade deficit grows and the state lowers corporate taxes and slashes federal, state and municipal budgets. The “dynamic” sector composed of parasitical capitalists employ few workers, exports no products, pays lower taxes and imposes greater cuts in social spending for productive workers. In the case of the US, billionaires, their wealth is largely accrued via the pillage of the state treasury and productive economy and via speculation in the information technology sector which houses one-fifth of the top billionaires.

### **BRIC's: The New billionaires: Exploiting Labor of Nature**

The leading emerging capitalist countries, Brazil, Russia, India and China (BRIC) hailed by the mass media for their rapid growth over the past decade are producing billionaires at a faster rate than any bloc of countries in the world. According to the latest data in Forbes (March 2011), the number of billionaires in the BRICs increased over 56% from 193 in 2010 to 301 in 2011, exceeding that of Europe.

The high growth of the BRICs - has led to the concentration and centralization of capital, in every case promoted by state policies which provides low interest loans, subsidies, tax incentives, unrestricted exploitation of natural resources and labor, the dispossession of small property owners and the give-away of publically owned enterprises.

The dynamic growth of billionaires in the BRICs has led to the most egregious inequalities in the world. Among the BRICs, China leads the way with the greatest number of billionaires (115) and the worst inequalities in all of Asia, in sharp contrast to its Communist past when it was the most egalitarian country in the world. An examination of the source of wealth of China's super rich reveals that it has resulted from the exploitation of labor in the manufacturing sector, speculation in real-estate and construction and trade. China has surpassed the US as the world's biggest manufacturer in 2011, as a result of the super-exploitation of labor in China and the growth of parasitical financial capital in the US.

In contrast to the US, China's working class is making significant inroads into the profiteering of its manufacturing and real estate elite. As a result of working class struggle, wages have been growing between 10% and 20% over the past 5 years; protests by farmers and urban households against state sanctioned evictions by real estate speculators have exceeded 100,000 per year.

The wealth of Russian billionaires on the other hand resulted from the violent theft of public resources (oil, gas, aluminum, iron, steel, etc.), developed by the previous Communist regime. The great majority of Russian billionaires depend on the export of commodities, pillaging and devastating the natural environment under a corrupt and deregulated regime. The contrast in living and working conditions between the western oriented billionaires and the Russian working class is largely the result of the siphoning off of wealth to overseas accounts, offshore investments and extraordinary personal luxuries including multi-million dollar real estate. In contrast to China's industrial elite, Russia's billionaires resemble the parasitical 'rentiers' found among Wall Street speculators and Persian Gulf sheiks.

India's billionaires are a combination of old and new rich drawing their wealth by exploiting low wage industrial workers, dispossessing slum and tribal peoples, as well as from diversified holdings in real estate, IT and software. India's billionaires accumulated their wealth through their class-kin linkages to the very corrupt higher echelons of the political class, securing monopolies via state contracts. India's high growth over the past decade (averaging 7%) and the upsurge in billionaires upward to 55 by 2011, are both linked the neo-liberal policies of deregulation, privatization and globalization, which have concentrated wealth at the top, undermined small scale producers and dispossessed tens of millions.

Brazil's billionaire class has expanded rapidly, especially under the leadership of the Workers Party, to 29, up from single digits a decade earlier. Today over two-thirds of Latin America's billionaires are Brazilians. The centerpiece of Brazil's super rich wealth is the financial-banking sector which has benefited enormously from the monetary, fiscal and neo-liberal policies of the Lula Da Silva regime. Billionaire bankers have been the principle beneficiaries of the agro-mineral export economy which has flourished over the past decade, at the expense of the manufacturing sector. Despite claims by Workers Party leaders, the class inequalities between the mass of minimum wage workers (\$380 per month as of March 2011) and the super-rich continues to be worst in Latin America. An analysis of the source of wealth among Brazilian billionaires reveals that 60% accrued their wealth in the finance, real estate and insurance (FIRE) sector and only one (3%) in the capital or intermediary manufacturing sector. Brazil's boom in economic growth and billionaires fits the profile of a 'colonial economy': heavy in conspicuous consumption, commodity exports and presided over by a dominant financial sector which promotes neo-liberal policies. Over the course of the past decade despite the populist political theatrics and paternalistic poverty-programs sponsored by the "center-left" Workers Party, the major socio-economic outcome has been the growth of a class of "super-rich" billionaires concentrated in banking with powerful links to the agro-mineral sectors. The free-market high growth financial-agro-mineral class has degraded the manufacturing sector, especially textiles and shoes, as well as capital and intermediary goods producers.

The BRICs are producing more, and growing faster than the established imperial powers in Europe and the US but they are also producing monstrous inequalities and concentrations of wealth. The socio-economic consequences have already manifested themselves in increasing class conflict especially in China and India, as intensive exploitation and dispossession have provoked mass action. The Chinese political elite seems to be the most conscious of the political threat posed by the growing concentration of wealth and is in the midst of promoting substantial wage increases and greater local consumption which seems to be lowering profit margins among some sectors of the manufacturing elite. Perhaps the 'historical memory' of the "cultural revolution" and the Maoist legacy plays a role in alerting the political elite to the political dangers resulting from "capitalist excesses" associated with the high levels of exploitation and the rapid growth of a class of politically connected kinship based billionaires.

### **Middle East:**

Over the past decade the most dynamic country in the Middle East has been Turkey. Led by a liberal democratic regime of Islamic inspiration, Turkey has led the region in GDP growth

and in the production of billionaires. The Turkish economic performance has been presented by the World Bank and the IMF as a model for the post dictatorial regimes in the Arab world - 'high growth', a diversified economy based on the growing concentration of wealth. Turkey has 35% more billionaires (37) than the Gulf and North African states combined (24). The 'secret' of Turkish growth is the high rates of investments in diverse industries and the intensive exploitation of labor. Many Turkish billionaires(14) derive their wealth via 'conglomerates', investments in diverse manufacturing, finance and construction sectors . Apart from the 'conglomerate' billionaires, there are 'specialist billionaires' who have accumulated wealth from banking, construction and food manufacturing. One of the reasons Turkey has rebuked and challenged Israeli power in the Middle East is because its capitalists are eager to project investments and penetrate markets in the Arab world. Apart from the highly Zionized US political system, the ruling elites and publics in Europe and Asia have looked favorably on Turkey's opposition to Israel's massacres in Gaza and violation of international law on the high seas. If a modern liberal Islamic regime can grow rapidly through the rapid expansion of a diversified class of the super-rich, so does Israel, a modern neo-liberal-Judaic state based on the rapid growth of a highly diverse class of billionaires.

Israel with 16 billionaires is a country with the fastest growing class inequalities in the region-with the highest per-capita billionaires in the world... Israel's "growth sectors", software, military industries, finance, insurance and diamonds and overseas investments in metals and mining are led by billionaires and multi-millionaires who have benefited from Zionist induced financial handouts from the US pillage of resources from the ex USSR and transfer of funds by Russian-Israeli oligarchs and through joint ventures with Jewish-American billionaires in software corporations, especially in the "security" sector.

Israel's high percentage of billionaires at a time of sharp cuts in social spending puts the lie to its claim to be a 'social democracy' in the midst of Arab 'sheikdoms.' As a matter of record, Israel has twice as many billionaires (16) as Saudi Arabia (8) and more super-rich than the entire Gulf countries (13). The fact that Israel has more billionaires per capita than any other country has not prevented its Zionist supporters in the US from pressing for additional 20 billions in aid over the next decade. Unlike the past, today Israel's wealth concentration has less to do with its being the biggest recipient of foreign aid ...Israel's handouts is a political issue: Zionist power over the Congressional purse. Given the total wealth of Israel's billionaires a five percent tax would more than compensate for any cut off of US foreign aid. But that is not about to happen simply because Zionist power in America dictates that the US taxpayers subsidize Israel's plutocrats by paying for their offensive weaponry.

## Conclusion

The "economic crises" of 2008-2009 inflicted only temporary losses to some (US-EU) billionaires and not others (Asian). Thanks to trillion dollar/Euro/yen bailouts, the billionaires class has recovered and expanded, even as wages in the US and Europe stagnate and 'living standards' are slashed by massive cutbacks in health, education, employment and public services.

What is striking about the recovery, growth, and expansion of the world's billionaires is how dependent their accumulation of wealth is based on pillage of state resources; how much of their fortunes were based on neo-liberal policies which led to the takeover at bargain prices

of privatized public enterprises; how state de-regulation allows for plunder of the environment to extract resources at the highest rate of return; how the state promoted the expansion of speculative activity in real estate, finance and hedge funds, while encouraging the growth of monopolies, oligopolies and conglomerates which captured “super profits” – rates above the ‘historical level’. Billionaires in the BRICs and in the older imperial centers (Europe, US and Japan) have been the primary tax beneficiaries of reductions and elimination of social programs

and labor rights.

What is absolutely clear is that the state not the market plays a essential role in facilitating the greatest concentration and centralization of wealth in world history, whether in facilitating the plundering of the treasury and the environment or in heightening the direct and indirect exploitation of labor .

The variations in the paths to ‘billionaire’ status are striking: in the US and UK, the parasitical – speculative sector predominates over the productive; among the BRICs – with the exception of Russia diverse sectors incorporating manufacturers, software, finance and agro-mineral billionaires predominate. In China the abysmal economic gap between the billionaires and the working class, between real estate speculators and dispossessed household is lead to increasing class conflict and challenges, forcing significant increases in wages (over 20% the past 3 years) and demands for increased public spending on education, health and housing. Nothing comparable is occurring in the US , EU or in the other BRICs.

The sources of billionaire wealth are , at best,only partially due to ‘entrepreneurial innovations’. Their wealth may have begun, at an earlier phase, from producing useful goods and services; but as the capitalist economies ‘mature’ and shift toward finance, overseas markets and the search for higher profits by imposing neo-liberal policies, the economic profile of the billionaire class shifts toward the parasitical model of the established imperial centers.

The billionaires in the BRICs, Turkey and Israel contrast sharply from the Middle East oil billionaires who are ‘rentiers’ living off ‘rents’ from exploiting oil and gas and overseas investments especially in the FIRE sector. Among the BRICs only the Russian billionaire oligarchs resemble the rentiers of the Gulf. The rest, especially Chinese, Indian, Brazilian and Turkish billionaires have taken advantage of state promoted industrial policies to concentrate wealth under the rhetoric of ‘national champions’, promoting their own ‘interests’ in the name of a “successful emerging economy”. But the basic class questions remains: “growth for whom and who benefits?”. So far the historical record shows that growth of billionaires has been based on a highly polarized economy in which the state serves the new class of billionaires, whether parasitical speculators as in the US, rentier pillagers of the state and environment such as Russia and the Gulf states or exploiters of labor such as in the BRICs.

## **Post Script**

The Arab revolt can be seen in part as an effort to overthrow 'rentier capitalist clans'. Western intervention in the revolts and support of the "opposition" military and political elites is an effort to substitute a 'neo-liberal' capitalist ruling class. This "new class" would be based on the exploitation of labor and dispossession of current crony-clan-kin owners of resources. Major enterprises would be transferred to multi-nationals and local capitalists. Much more promising are the internal working struggles in China and to lesser degree in Brazil and the rural based Maoist peasant and tribal movements in India which oppose rentier and capitalist exploitation and dispossession.

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