World Wealth Report 2016: The number of German millionaires increases

By Marianne Arens
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Worldwide, the wealth of millionaires has grown by 4 percent to US$58.7 trillion. In the same period, the number of millionaires has grown by 4.9 percent, to 15.4 million. This was the conclusion reached in the World Wealth Report 2016 by the corporate consulting company Capgemini.

Along with the US, Japan and China, Germany is one of the four countries with the most millionaires in the world. The number of millionaires in Germany has grown to almost 1.2 million. In China, this number has exceeded 1 million for the first time. While the growth was greatest—at 10 percent—in China and the Asia-Pacific region, the number of millionaires in the war-torn Middle East stagnated. The number decreased in Latin America and Africa.

The study took into account only private investors with investable assets of over 1 million US dollars. It came to the conclusion that the assets of the super-rich have quadrupled in the past 20 years in spite of the 2008 financial crisis. According to the study, more than a third of the total assets of millionaires are in the hands of just 0.9 percent of the 15 million super-rich, a minuscule proportion of the world population.

In all of North America, 4.8 million millionaires have a total of US$16.6 trillion. In Europe, the number of dollar millionaires has grown by almost 5 percent, to 4.2 million people, who have total assets of US$13.6 billion. A third of them are most likely in Germany. In comparison with last year's report (1.14 million dollar millionaires in Germany) shows that in the past year the number of millionaires in Germany has increased by 58,000.

The Wealth Report did not report the total wealth of the 1.2 million dollar millionaires in Germany. There are no exact numbers because asset tax was eliminated in 1997. However, based on the total assets of the approximately 15 million millionaires worldwide, who have nearly US$60 trillion, one can infer that the total assets of German millionaires come to as much as US$5 billion.

The increase in the number of millionaires in Germany by over 5 percent is much greater than the worldwide average. This is not just a consequence of the stock market boom. According to Klaus-Georg Meyer of Capgemini, who presented the report in Frankfurt on Wednesday, it is also a result of the disproportionate rise in housing prices.

Although the study did not take into account houses and apartments occupied by their owners, real estate accounts for more than a fifth of the assets of German millionaires. The reason is that, due to the low interest on capital investments, many of the super-rich put their money into real estate. This has led to increasing monopolization of the housing market by the financial oligarchy, which can determine the housing supply and rent prices on which the entire population is dependent.

The report has cast light on the dramatic polarization of rich and poor worldwide. At the same time, it exposes the hypocrisy of assurances of governments that there is "no money" for social programs. In reality, the awful austerity measures, mass layoffs, wage cuts, deregulation and destruction of all social achievements, combined with tax gifts for the well off, have led to the concentration of wealth at the very top in recent years.

Following the worldwide economic crisis in 2008, the financial elite has been able to massively increase its wealth. As one can gather from the wealth report, the super-rich were able to nearly double their assets from US$32.8 billion in 2009 to almost US$60 billion in 2015. In Europe, their assets totalled 9.5 trillion in 2009 and almost 14 billion in 2015. The number of European millionaires grew in this period from 2.9

million to 4.2 million. At the same time, the number of jobless people officially rose to 25 million people.

In Germany as well, the millionaires obviously took Chancellor Angela Merkel at her word when she called for using the "crisis as an opportunity." In Germany, the number of millionaires has risen by almost 50 percent, from about 860,000 in 2009 to 1.2 million today.

At the same time, the gap between rich and poor has continued to grow. Even the German government was forced to admit in its report on poverty and wealth that the unequal distribution of private wealth has steadily increased. The top 10 percent possesses more than half (51.9 percent) of the wealth. The poorer half, on the other hand, possesses only 1 percent.

In 2014, every sixth German was poor, according to the poverty report of the Paritätischen Gesamtverband at the beginning of the year. According to a recent report by the Federal Labour Office, every seventh child under age 15 is dependent on his or her parents' Hartz IV benefits. In Bremen and Berlin this is almost every third child.

All established parties, from the Christian Democratic Union/Christian Social Union (CDU/CSU), to the Social Democratic Party (SPD) and the Greens to the Left Party and the unions, are responsible for this development. The Red-Green coalition under Gerhard Schröder (SPD), which set the tone with the Hartz laws and Agenda 2010 between 1999 and 2005, bears particular responsibility. Since then social inequality has also been increased by the CDU-Free Democratic Party government, the current grand coalition and the state governments in Berlin, Brandenburg and Thuringia, where the Left Party is participating.

This is most clearly demonstrated by the increasing numbers of people in Germany who can no longer make ends meet even though they are gainfully employed. Their number has grown by over a quarter since 2008. If the number of the so-called "working poor" was still about 2.5 million in 2008, by the end of 2013 it had already grown to 3.1 million. In the same period, the "top 10,000" were able to profit without restriction.

Since precise information about capital income such as interest, dividends, and speculative profits is systematically kept from the public, statistics about the developments in wealth are seldom exact. The Capgemini study considers the so-called "high net worth individuals" (HNW), whose investable assets, not including their own homes, is over a million US dollars.

The IT service provider Capgemini, which has published the World Wealth Report every year for 20 years, has considerable insight into the world of mega fortunes. It is the largest business consulting firm originating in Europe. It works closely with the French company Sogeti and took over the consulting division of Ernst & Young 16 years ago.

Other studies, such as that published by the Global Wealth Report of Crédit Suisse, report similar or even higher figures. Several studies confirm that the richest 1 percent of the world population has more wealth than the remaining 99 percent. As a study by Oxfam several months ago showed, 62 individuals have as much wealth as the 3.6 billion who make up the poorer half of the world's population.

The World Wealth Report speculates that the combined wealth of the dollar millionaires could surpass the hundred million mark before 2025. But this will provoke a struggle by the world's population. On the same day that the report appeared, a PSA Peugeot-Citroën auto worker named Yannick told a WSWS reporter at a demonstration in Paris: "Sooner or later, there is a reaction. You can't heat a pressure cooker forever, there is a maximum capacity; afterwards it explodes. Sooner or later, the bosses—they are the same everywhere on the planet—sooner or later they will provoke a social explosion."