

## Wealth Gap

# The Chinese Communist Party's Capitalist Elite

By Michael Forsythe on March 01, 2012

Here's yet another metric in which China has blown past the U.S.: The richest 70 members of China's legislature added more to their wealth last year than the combined net worth of all 535 members of the U.S. Congress, the president, his cabinet, and the entire Supreme Court. These wealthy Chinese are members of the National People's Congress, the nation's lawmaking body that opens its annual session on March 5.

The collective net worth of these 70 lawmakers rose to 565.8 billion yuan (\$89.8 billion) in 2011, a gain of \$11.5 billion from 2010, according to figures from the Hurun Report, a Shanghai publisher of luxury magazines that ranks the country's wealthy. That compares to the \$7.5 billion net worth of all 660 top officials in the three branches of the U.S. government, data from Washington's Center for Responsive Politics show.

In China per capita annual income in 2010 was \$2,425, less than in Belarus and a fraction of the \$37,527 in the U.S. The disparity between rich and poor in China underscores one of the biggest challenges China's leadership faces—a rise in social unrest fueled by illegal land grabs and corruption. “It is extraordinary to see this degree of a marriage of wealth and politics,” says Kenneth Lieberthal, director of the John L. Thornton China Center at Washington's Brookings Institution. “It certainly lends vivid texture to the widespread complaints in China about an extreme inequality of wealth.”

Members of the National People's Congress, often derided as a rubber-stamp parliament, are among China's most powerful politicians and executives, wielding power in their home provinces and shaping national tax policy. Zong Qinghou, chairman of beverage-maker Hangzhou Wahaha Group and China's second-richest person, with a family fortune of 68 billion yuan, is a member. So is Wu Yajun, chairwoman of Beijing-based Longfor Properties. She has family wealth of 42 billion yuan and is the richest woman in China, according to the Hurun Report, which uses publicly available information such as corporate filings to compile its annual rich list.

The third-richest person in the NPC, auto-parts magnate Lu Guanqiu, traveled with Vice President Xi Jinping—the presumed successor to President Hu Jintao—to the U.S. during his official visit in February. Zong, Wu, and Lu declined to comment for this story.

Chinese private executives such as Zong and Lu have built their fortunes on the back of economic growth that has averaged 10.1 percent in the last 30 years. (The U.S. economy expanded by an average annual rate of 2.7 percent in the same period.) Many of the NPC's richest members are executives in real estate, a sector where property ownership disputes have prompted demonstrations and contributed to the rising wealth gap between city dwellers and

farmers. A land claim by a property developer in Wukan, a fishing town in southern China's Guangdong province, sparked protests in December that resulted in the expulsion of its Communist Party leaders.

Rupert Hoogewerf, chairman and chief researcher for the Hurun Report, estimates that for every billionaire the company discovers for its list there is another one it misses. "The prevalence of billionaires in the NPC shows the cozy relationship between the wealthy and the Communist Party," says Bruce Jacobs, a professor of Asian languages and studies at Monash University in Melbourne, Australia. "In all levels of the system there seem to be local officials in cahoots with entrepreneurs, enriching themselves."

***The bottom line:*** China's richest 70 lawmakers saw their collective net worth jump to nearly \$90 billion in 2011. China's 2010 per capita income: \$2,425.

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