

Evaluating Data: The Global Financial Apartheid in 2017

By Maxim Nikolenko.

2017 has been another year of growth for the financial empire and stagnation for the real economy that represents an overwhelming majority of humanity.

Indeed, President Trump was right when he declared that “the stock market just hit another record high.” Symbolizing the so-called economic revival of the United States, the financial sector has surged the wealth of America’s 548 **richest individuals** by over two hundred billion dollars since February 25. At the same time, while this article is written, over 28 million Americans retain no access to health care, and that number is expected to soar. In the capital of the financial empire, while Dow Jones Industrial Average breaks new records on Wall Street, the U.S. Department of Housing and Urban Development **reports** that the homeless population of New York has risen to 76,501. This is what the economic revival looks like in the developed world.

Another economic success story comes from India, described as “a beacon of hope for the world” by Ivanka Trump, who, recently, orated a **speech** at the Global Entrepreneurship Summit hosted in Hyderabad. Present at the conference were representatives of the multinational corporations, thrilled by the policies of Prime Minister Narendra Modi, for example, by his decision to demonetize 86 percent of India’s currency by value in 2016. During the “shock therapy of demonetization” – as that is how it was described in the article on Harvard Business Review – the real economy that represents over 90 percent of India’s workforce, or the ‘informal sector’, as it is conventionally known, **was paralyzed**. Propelling the ‘war effort’ against its people, the government has also enabled the Goods and Services Tax in the summer of 2017, thus uniting all Indian states under a single market, more accessible and less taxable for corporations, while less accessible and more taxable for small producers. No wonder there is enthusiasm in the air. India does represent

“a beacon of hope” for the corporate CEO’s and international capital. When I last glanced at Forbes’ superficial billionaire list on November 4, the combined wealth of India’s 105 richest business tycoons was equivalent to \$417.9 billion, a 28 percent jump from \$325.8 billion recorded in the winter months of the same year. The rest of India is left to endure the ‘shock therapy’.

This is what the economic success story looks like in the 21st century. This is neoliberalism. The goal is simple: to trickle the global wealth to the top and starve the bottom.

To unveil the fruits of this fundamentalist capitalist doctrine, it is worth examining the publications of its principal promoters. Take the Swiss multinational financial services holding company called Credit Suisse Group, as an example. While propelling the corporate-friendly neoliberalism and punishing countries who refuse to ‘reform’ their markets, Credit Suisse **publishes an annual report on Global Wealth**. Indeed, the report is highly instructive, if we take a closer look at its findings.

In its latest release in November, the Credit Suisse Research Institute outlines that “throughout 2017, (the global) wealth grew at a faster pace than in recent years.” Indeed, the world has gained \$16,744 billion in new wealth – a 6.4 percent increase since 2016. The distribution of growth is highly unipolar, however. The United States, while representing no more than 4.3 percent of the world’s population, retains 50.7 percent of the total wealth gains, as its value surged by \$8.5 trillion. To top it off, as much as 82.7 percent of the growth in global wealth was concentrated in only two regions – North America and Europe. Combined together, they incorporate \$13,854 billion of the \$16,744 billion gained in wealth globally. In the developing world, China has added \$1718 billion, representing 10.26 percent of the total growth in global wealth. Only 2.7 percent of growth was represented by India, amidst the fact that its **population** exceeds 1.3 billion. Shockingly, only 0.13 percent of growth is concentrated in Africa, a continent where the population exceeds 1.2 billion.

As we dive deeper into numbers, it is vital to know where the ‘total global wealth’ is concentrated. At 36 percent, North America takes a lion’s share of global riches that

are estimated to value \$280,289 billion. Combining North America (\$101,005 billion) with Europe (\$79,639 billion), the two regions represent 64.4 percent of the total global wealth. China is estimated to worth \$29,000 billion, or 10.3 percent of the total.

Conspicuously, an unprecedented gap between the assets of Western countries and the rest of the world cracks just a tip of the iceberg. It is misleading to look at the interregional distribution of wealth without taking into consideration the intraregional differences between the assets of the bourgeoisie class and the rest of the population. As an example, the report indicates that if the total wealth of North America is divided by the number of its adult population, then an average adult on the continent will retain nearly \$375,000 in wealth. Of course, that is not the case. An overwhelming proportion of the total wealth rests in the hands of the North American bourgeoisie.

Under neoliberalism, it is all about the capital, and not the labor. Thus the growing divide in wealth distribution is amplified in the report in a form of a pyramid structure. On the very top of that pyramid are the 36 million adults (0.7 percent of the global adult population) whose wealth exceeds \$1 million. Their combined assets are estimated to worth as much as \$128.7 trillion, representing 45.9% of the total global wealth. In contrast, 3474 million adults (the bottom 70.1 percent) are in possession of no more than \$7.6 trillion or 2.7 percent of the total. Nearly 500 million adults represent the top 10 percent of “global income holders.”

Unsurprisingly, developed countries are where a majority of the top income holders reside. The United States alone is home to 107,078,000 adults who fall into the tenth of global income holders (21.6 percent of the total). In fact, 53 percent of them live in just seven countries: the United States, Japan, France, Canada, Australia, Switzerland and the United Kingdom.

The percentage of those countries’ population that falls within the tenth of global income holders varies. If we continue following the report, hence, we will find that out of 241 million adults in U.S, 44.4 percent fall under the category. In Switzerland,

74.8 percent of adult residents are in the category with Australia following at 73 percent, Japan 62.4 percent, France 57.2 percent, the U.K 54.4 percent and Canada 52.3 percent, respectively.

Contrasting these findings with those of developing countries such as India – as that is a country we discussed earlier – the gap between the top income holders and the rest of the population becomes a canyon. To borrow the findings of Suisse’s report, only 6,136,000 of Indian adults fall under the category. This is no more than 0.73 percent of 835 million adults who call the country home. They are sometimes **labeled** in the West as members of Indian ‘middle class’, and they take the biggest share of its wealth gains. In fact, if the report is right and India did gain \$451 billion in wealth in 2017, then up to \$92.1 billion of it was attained by its 105 richest billionaires. At the same time, over 360 million people continue living below the country’s **poverty line**, attaining less than 972 rupees (\$15) per month in rural villages and 1407 rupees (\$21.60) in cities.

The Credit Suisse’s report itself merely displays the gap between the adult holders of wealth, thus neither attempting to estimate the real income of households nor dividing that income by the number of its members. Indeed, these aspects are irrelevant to the ‘financial services holding company’, though its research provides enough evidence to claim that an overwhelming majority of humanity is excluded from the economy that flourishes the assets of its bourgeoisie captains. It is also possible to claim that the real poverty rates in the third world, exceed the calculations published by Western financial institutions such as the World Bank.

Before finalizing our analysis, it is worth examining where a majority of global elites are coming from. While the report estimates that there are approximately 36,051,000 individuals in the world whose wealth exceeds \$1 million, most of them reside in just a handful of countries. 42.6 percent (15,356,000) of all millionaires in the world are coming from the United States. Hence, North America, combined with Europe and Australia, represents 78.6 percent of the total number of millionaires. Japan is home to 7.4 percent and China represents 5.4 percent, respectively.

To understand whether the \$16,477 billion of wealth created in 2017 has trickled anywhere outside of the bourgeoisie class, we need to look no further than Credit Suisse's own assessment of a matter: "The lower world wealth growth that we expect in the next five years should result in a slower pace of growth in the global number of millionaires and ultra high net worth individuals."

One notable characteristic of the elites in North America, Europe and Australia is their Caucasian background. It cannot be stressed enough, however, that the modern structure of the global financial apartheid is more intricate, having much less to do with gender or race, and a lot to do with the class people serve. Turned into a commodity, diversity is promoted in the Caucasian-majority societies of the West, stimulating a growing class of bourgeoisie; the likes of Hinduja Family in the United Kingdom and Pallonji Mistry in Ireland. As it was **reported** back in May, Australia has become the "top destination worldwide for millionaires to migrate to." Indeed, the bourgeoisie from countries such as China, Turkey and Brazil are bringing investment, propelling the system that serves both them and the bourgeoisie class of a host country.

Incorporating 78.6 percent of the world's richest individuals and 64.4 percent of its wealth, the Western block of countries manages to hold its dominance over the rest of humanity. While expanding into the markets of developing countries and establishing relations with its bourgeoisie classes, the empire of multinational corporations is headquartered in imperial capitals such as New York, London, Paris, San Jose and Los Angeles.

Indeed, while keeping the working class in recession at home in the United States, Britain and France, the mechanism of this modern empire wages war against the defenseless people in the poorest societies.

As its power works to suppress and impoverish the 'silent majority' of mankind, there is no legitimacy for such a mechanism.

There is no legitimacy to the fundamentalist capitalist doctrine that is neoliberalism.

There is no vindication for the Global Financial Apartheid!