

Why Are China's Rich So Eager to Exit?

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China has become the world's leading billionaire factory, producing more new billionaires in 2014 than any other country. But the powerful billionaires who run China do not want to live there.

By Salvatore Babones

China's rubber-stamp parliament, the National People's Congress, opened its one and only 2015 session in Beijing on March 5. The Congress – the NPC – meets for just 10 days a year and, in that short window of time, is supposed to set China's policy direction for the next 12 months.

In theory, the NPC has much greater power than the U.S. Congress, including the powers to elect China's president and even to change China's constitution. In practice, the NPC is widely considered subservient to China's Communist Party chiefs.

The 2,964 members of the National People's Congress receive no salary for their service. Most of them don't need the money. At least 106 NPC members rate as U.S. dollar billionaires – and that total reflects only the members whose fortunes are known. Of the 100 richest people in China, 15 serve in the NPC.

Some observers have characterized the National People's Congress as "China's Davos." At the annual World Economic Forum in Switzerland's Davos, the western world's filthy rich hobnob with the western world's top elected political leaders. The NPC gives rich business people a similar opportunity to network with top politicians.

In China, political leaders and the filthy rich often turn out to be the same people. One major new study of social class in China, by sociologist David SG Goodman, traces the origins of many Chinese elite fortunes back to the Party-state. The rich with these Party-state roots, he notes, include "not only those still working in the state sector but also the majority of those identified as private entrepreneurs."

In short, China has become a government of the rich, by the rich, and for the rich, a billionaire factory that last year created more new billionaires than any other country on Earth. China is fast catching up with the United States as the home of the world's largest number of billionaires.

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In fact, China may already have surpassed the United States as a billionaire country of origin, if we include Chinese billionaires who have left the country. At least one-third of Chinese multi-millionaires now have foreign passports or green cards, nearly two-thirds plan to get them, and 85 to 90 percent send their children overseas for education.

Whether these children will ever come back remains an open question.

If China is such a great place to make money, why are so many of its richest people so desperate to get out? The three top reasons the rich give on surveys: better education, concerns about pollution, and concerns about food safety.

In other words, China's richest people want good schools, clean air, and organic food.

Public schools in China famously top the international rankings published by the Organization for Economic Co-operation and Development, but they're not the kind of schools you would want to send your kids to. China's rich want the kind of free, open curriculum they see available for rich families in the United States.

China's apocalyptic levels of air and water pollution, for their part, ought to remind Americans of life before the EPA. American billionaires who advocate deregulation would return the United States to those bad old days. If they succeed, we may have American billionaires moving to China instead of the other way around.

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Chinese billionaires moving to America also have food safety problems on their mind. Nearly half of Chinese food contractors fail safety audits conducted on behalf of western buyers. Plans to privatize food safety inspections in the United States would likely lead to a similar deterioration of food quality.

The moral of the story: A high-inequality country with lax regulations and cozy relations between politicians and business people may be a great place to pile up a large fortune. It is not a great place to live. Billionaires want the rest of us to live in that kind of country. They don't want to live there themselves.

Americans should do whatever they can to maintain the United States as a well-regulated nation with a clean environment and strong public schools. They shouldn't let billionaires dictate social policy. Once billionaires have ruined a country, they simply move on to the next one – and leave everyone else behind to live with the consequences.