World's Billionaires Grew 50 Percent Richer in 2009

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2009 will be remembered by millions of ordinary people as the year they lost their job, their house, or the prospect of an education. For the rich, however, it was a bonanza.

The world's billionaires saw their wealth grow by 50 percent last year, and their ranks swell to 1,011, from 793, according to the latest Forbes list of billionaires.

The combined net worth of these 1,011 individuals increased to $3.6 trillion, up $1.2 trillion from the year before. On average, each billionaire had his or her wealth increase by $500 million.

Four hundred and three billionaires reside in the United States. They constitute just 0.00014 percent of the country's total population, but control 8 percent of the national wealth. Each of these individuals holds over 300 million times more wealth than the average US resident.

The list included 21 hedge fund managers, who as a group more than made up for whatever losses they incurred in 2008. Some of them, including James Simons, John Arnold, and George Soros, raked in profits during both the collapse and the market recovery.

Topping the list of wealthiest hedge fund managers was John Paulson, at $32 billion. Paulson made billions in 2008 by betting that the housing market would collapse, and billions more through the stock market recovery of 2009.

Only one of the 21 hedge fund managers on last year's Forbes list fell off. This was Raj Rajaratnam of Galleon Group, who was arrested last year on charges of insider trading.

Hedge fund managers James Simons, John Arnold, and David Tepper got average returns of 62, 52, and 31 percent, respectively, between 2008 and 2010. David Tepper made $2.3 billion over the past year, while John Paulson's wealth grew by $6 billion.

The number of US billionaires grew to 403, up from 359 last year. The Asia-Pacific region had 234 billionaires, up from 130 the last year. Europe has 248 billionaires, despite having twice the population of the United States.

The 1,011 people on this list command a phenomenal amount of personal wealth. Their holdings are larger than the gross domestic products of every country besides China, Japan, and the United States. The wealth of the 403 US billionaires could more than cover the 2008 US federal deficit, with money left over for the states.

While the number of billionaires on the list is just short of the all-time high of 1,125 reached in 2008, it represents a phenomenal rebound. At this rate, the number of billionaires will once again hit record levels next year.

Carlos Slim Helú, a Mexican telecommunications tycoon, moved up to the first position on the list at $53.5 billion, beating out Americans Bill Gates ($53 billion) and Warren Buffet ($47 billion). The wealth of all three men rose dramatically. Over the last several years Slim Helú made roughly $27 million a day compared with the average daily income of $16.50 for Mexican workers.

The rich in India and China gained among the most. "For the first time, mainland China has the most billionaires outside the US," Forbes said in its statement. "US citizens still dominate the ranks, but their grip is slipping."

The hedge fund managers and financiers on the list benefitted directly from the bank bailout, which transferred huge sums of public funds into the accounts of the largest financial companies. But the billionaires in every other industry were the indirect recipients the government's wealth transfer program also.

The Wall Street Journal, commenting on the figures, wrote, "How did the world's rich get so much richer? Stock markets…. In short, what the stock market had taketh, the stock market hath giveth back–-at least to the billionaires."

But the stock market recovery itself is no accident; it was the direct outcome of policies pursued by both US political parties. The bailout has been financed by a policy of fiscal austerity and high unemployment. The rapid increase in the wealth of the billionaires is the result of the impoverishment of tens of millions; it is the other face of mass unemployment, poverty, utility shutoffs, and foreclosures.

Aside from direct government handouts to the banks and super-rich, the major driver of the recovery of corporate profits—and thus the stock market—was productivity growth and corporate downsizing.

In 2009, the unemployment rate rose from 7.7 to 10 percent, three million jobs were lost, and wages fell dramatically. Millions of families lost their homes and became dislocated. But productivity, the amount of output that is produced from each hour of work, rose by 7 percent.

The money freed up through the destruction of social programs, higher employee output, and corporate restructuring has found its way into the pockets of the people on Forbes' list.