

THE BILLIONAIRE FACTORY – EUROPE

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Austerity is on the minds of most Europeans. Cuts to government expenditure, banks reluctant to lend and consumers facing rising prices are pinning back growth prospects in all but a few economies across the European Union.

Not so in many of the big emerging market economies, where economic growth continues apace and living standards improve rapidly. Even the US is showing increasing signs of recovery, with Gross Domestic Product figures trending upwards in the last few quarters of 2010 and 2011.

But where are the most billionaires currently being created – it would appear in austeritybesieged Europe. Splashed across the front pages of much of the region's financial press this week is a smiling picture of Ivan Glasenberg, the chief executive of the Swiss-based commodities trader Glencore.

The 53-year-old might well smile as following the initial public offering of Glencore, Glasenberg will notch up a paper gain of his 16% holding in the company worth nearly \$10 billion, making him one of the wealthiest men in Europe.

To put his wealth in context, Glasenberg would be the eighth wealthiest individual in Europe, just after the Russian billionaire Roman Abramovich.

Glencore's IPO will create four additional billionaires, with the co-heads of the copper unit each worth around \$3.7 billion.

Arguably, the Glencore billionaires might represent an exception in the wealth creation potential of Europe at this present time. Few other IPOs are likely to come to the market across the Continent of anything like this magnitude during the rest of the year.

But a recent report revealed that that other billionaire factory – Goldman Sachs – is paying its staff more in Europe than other parts of the world, which might prompt some questions of exactly what is going on with austerity in Europe.