

**World Institute for Development Economics
Research of the United Nations University**

World Distribution of Household Wealth

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Objective of study:

To estimate the world distribution of household wealth across individuals, countries and regions

- wealth = **real property + financial assets – debts**
- results are for year **2000**
- compared across countries using **exchange rates** or **PPP**
- global wealth distribution for **adult** population

Estimation method

world wealth distribution needs information for each country on:

(1) **population**

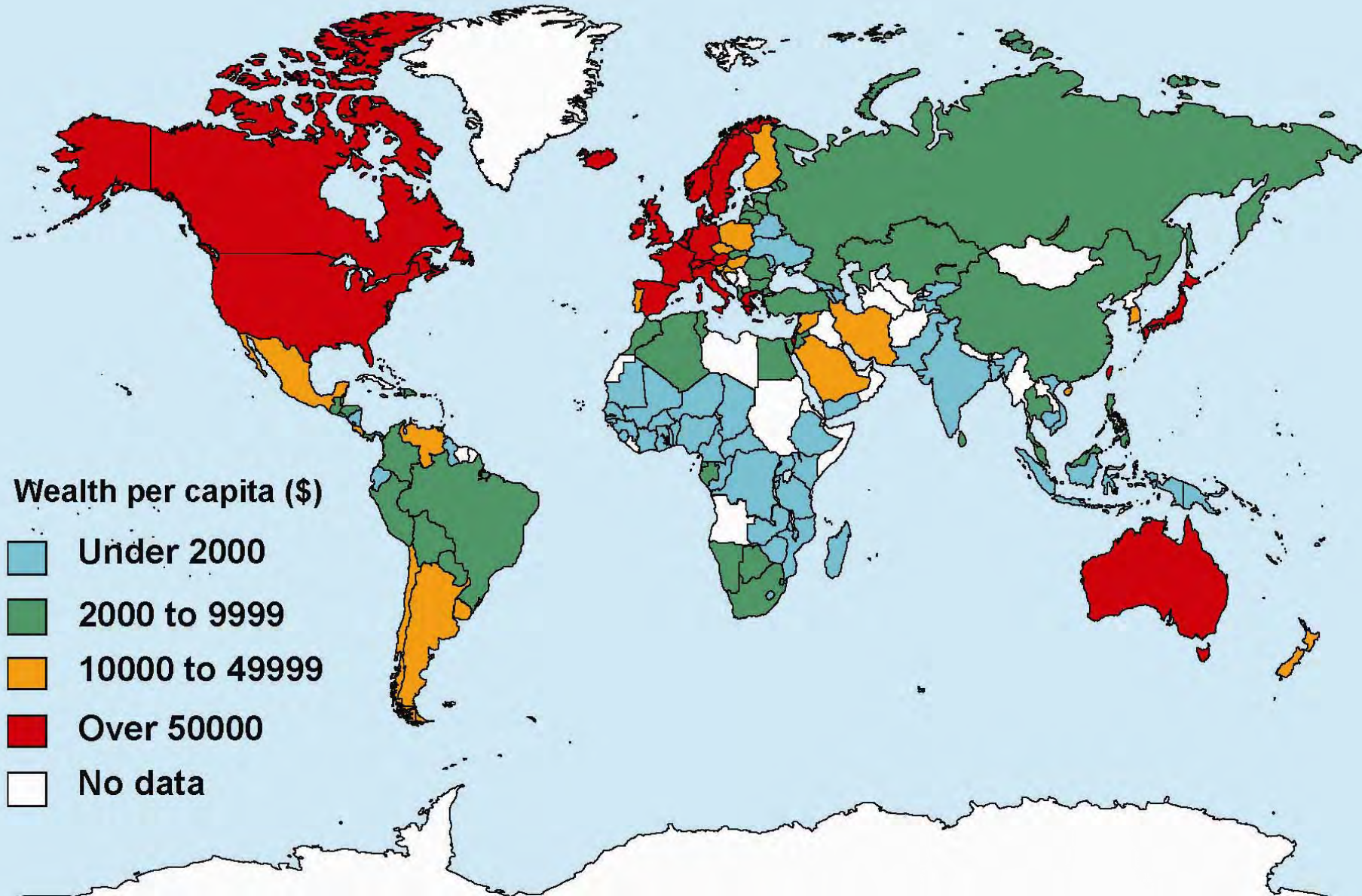
(2) **average wealth level**: based on household balance sheets and wealth survey data for 38 countries (56% of the world population and 80% of wealth)

- extended by regression methods to most other countries
- region-income class averages imputed to remaining countries

(3) **distribution of wealth**: based on distribution data for 20 countries

- wealth concentration estimated from income distribution for most other countries
- region-income class averages imputed to remaining countries

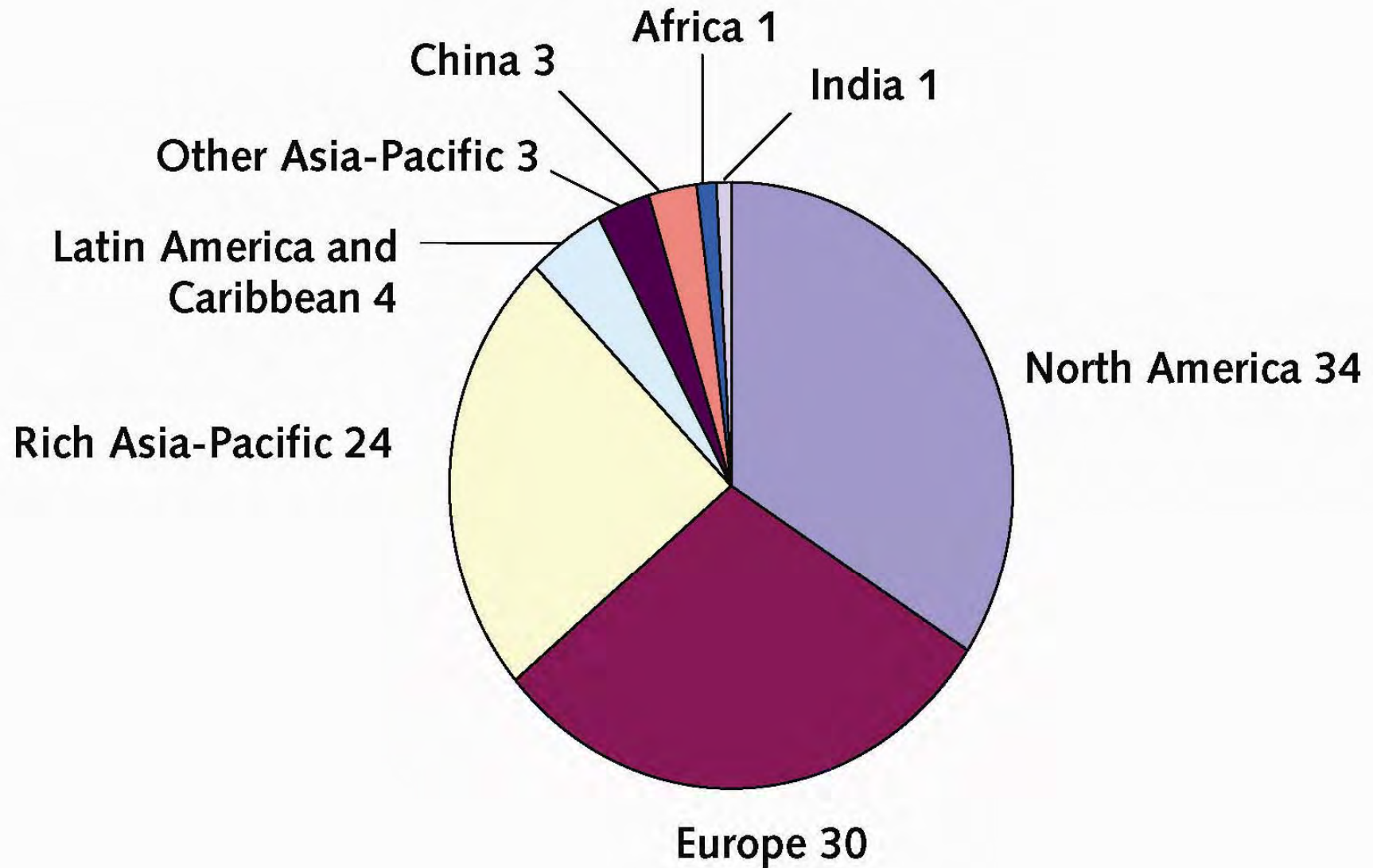
World Wealth Levels in Year 2000



Wealth levels across Countries

- global household wealth =
 - US\$20,500 per person using official exchange rates
 - PPP\$26,000 when adjusted for country price levels
- average wealth per capita =
 - \$144,000 in USA
 - \$181,000 in Japan
 - \$1,400 in Indonesia
 - \$1,100 in India

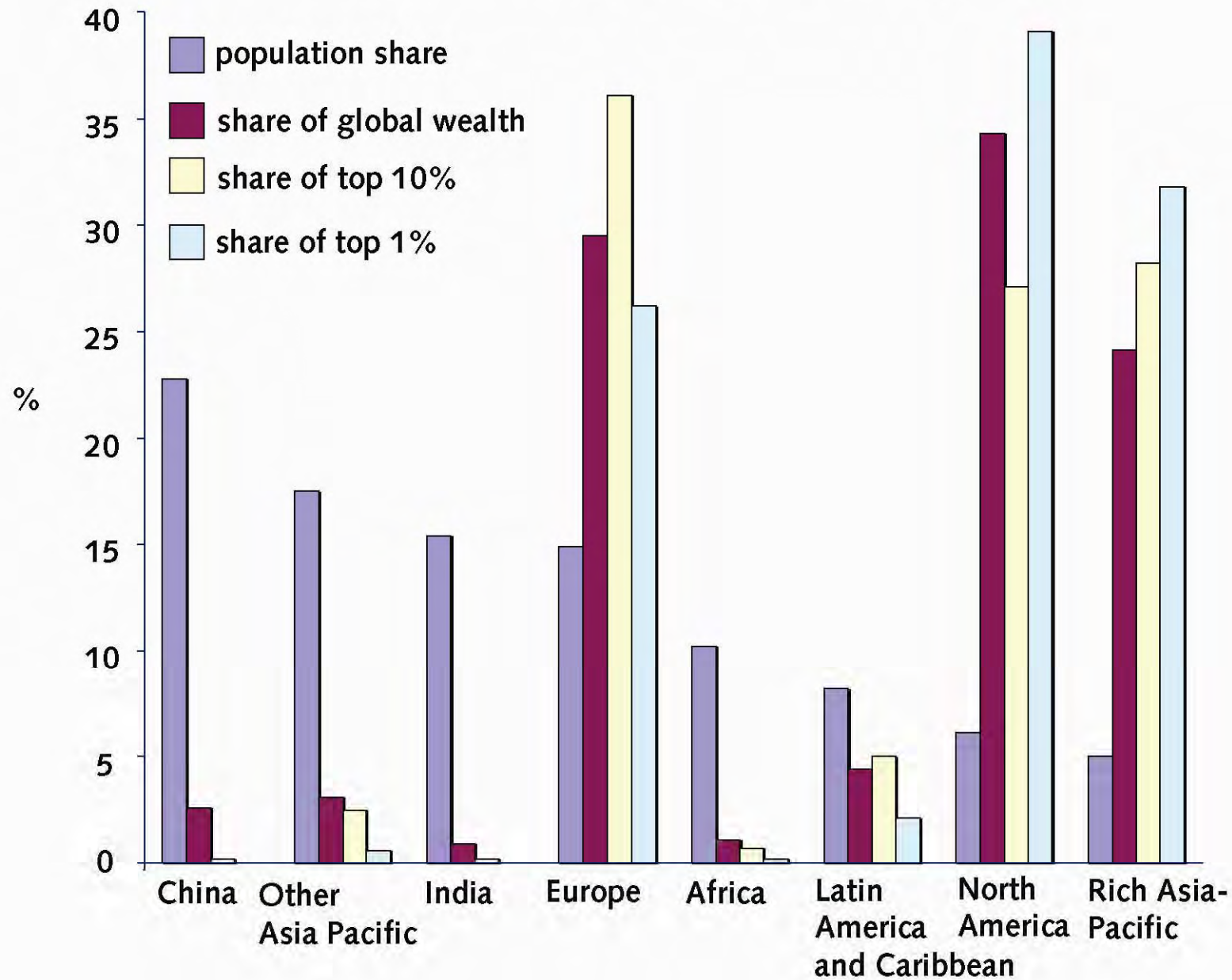
Regional Wealth Shares (%)



Geographical spread of wealth

- wealth is heavily concentrated in North America, Europe, and high income Asia-Pacific countries
 - collectively own nearly 90% of world wealth
- North America has 6% of the world adult population, 34% of household wealth
- Europe and high income Asia-Pacific countries also own disproportionate amounts of wealth
- For Africa, China, India, and lower income Asian countries, share of wealth is considerably less than population share, sometimes by a factor of more than 10

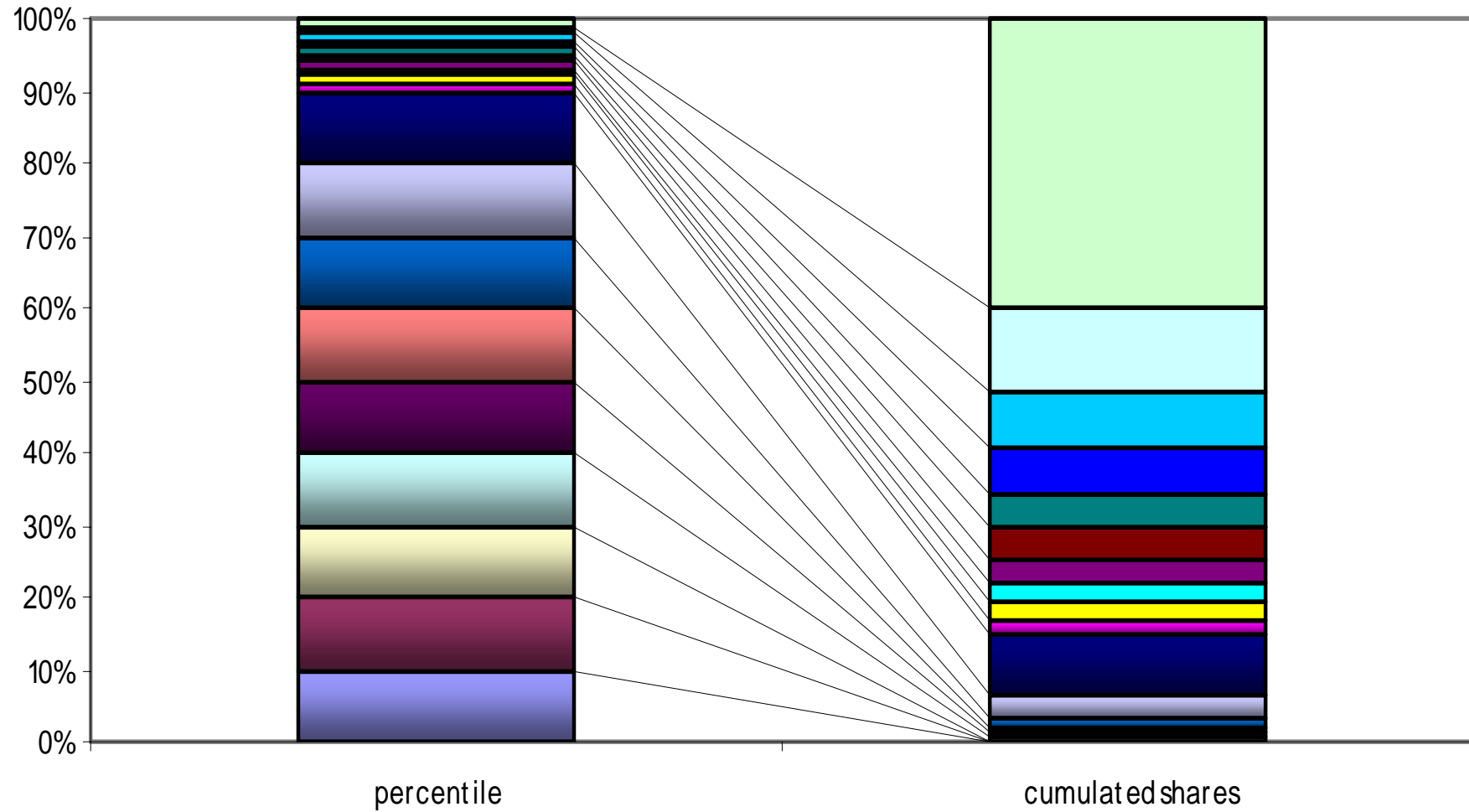
Population and Wealth Shares by Region



Wealth inequality is very high

- concentration of wealth within countries is generally high
- share of the top 10% around
 - 40% in China
 - 70% in the United States
 - higher still in other countries
- even higher for world as a whole
 - richest 2% of adults own more than half global wealth
 - global wealth Gini for adults is 89%
 - same as group of 10 where 1 gets \$1000 and other 9 each get \$1
- wealth more unequally distributed than income across countries
 - high income countries have bigger share of world wealth than world GDP
 - reverse is true of middle- and low-income nations
 - exceptions include Nordic and Eastern Europe transition countries

World wealth inequality

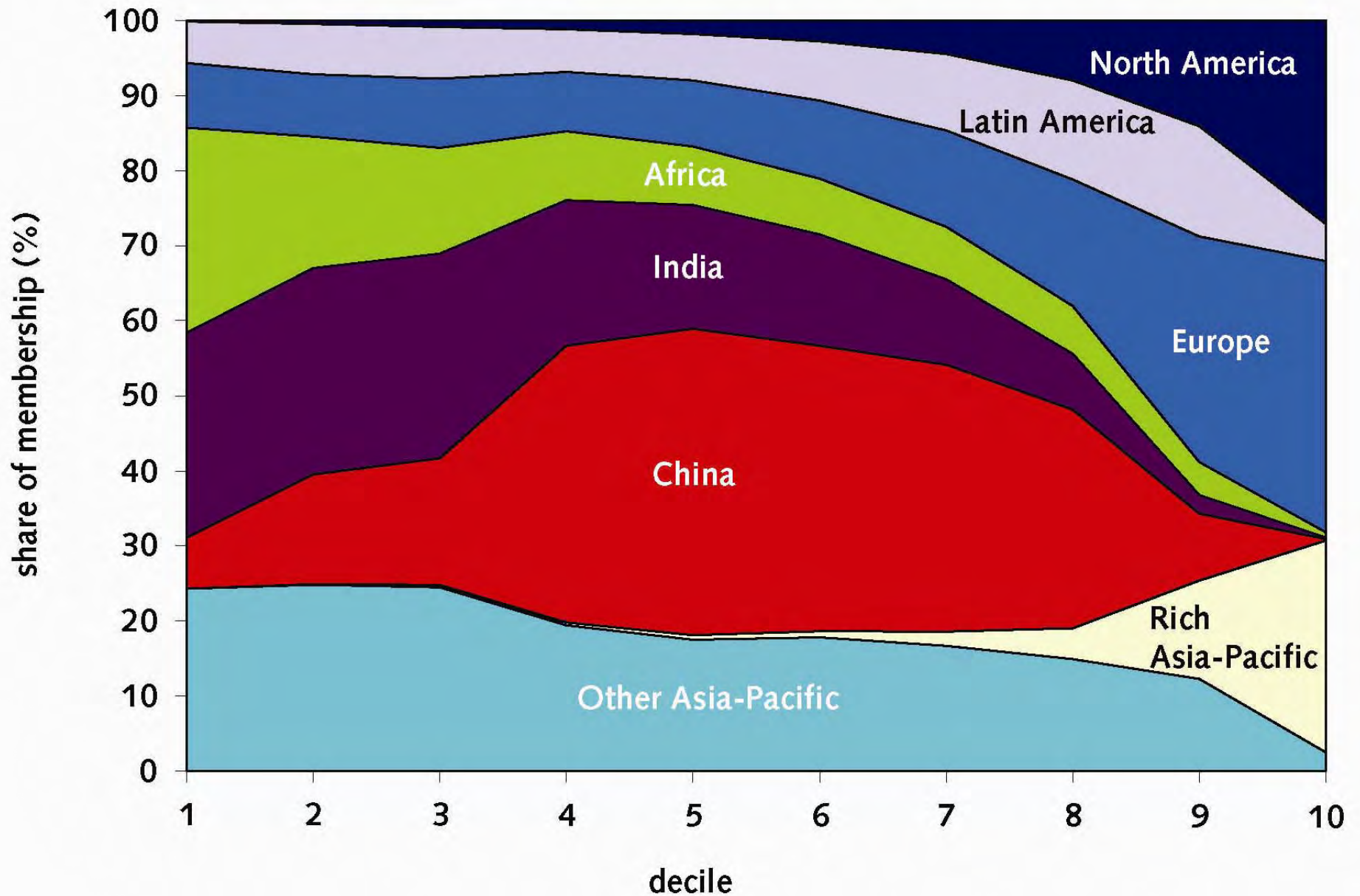


The global rich (exchange rate basis)

- \$2,200 per adult to be in top half of world wealth ranking
- \$61,000 to be in richest 10% of adults
- more than \$500,000 to be in richest 1% of adults (group with 37 million members worldwide)

- richest 1% of adults owned 40% of global assets in 2000
- richest 2% owned 51%
- richest 5% owned 71%
- richest 10% owned 85%
- bottom half owned barely 1%

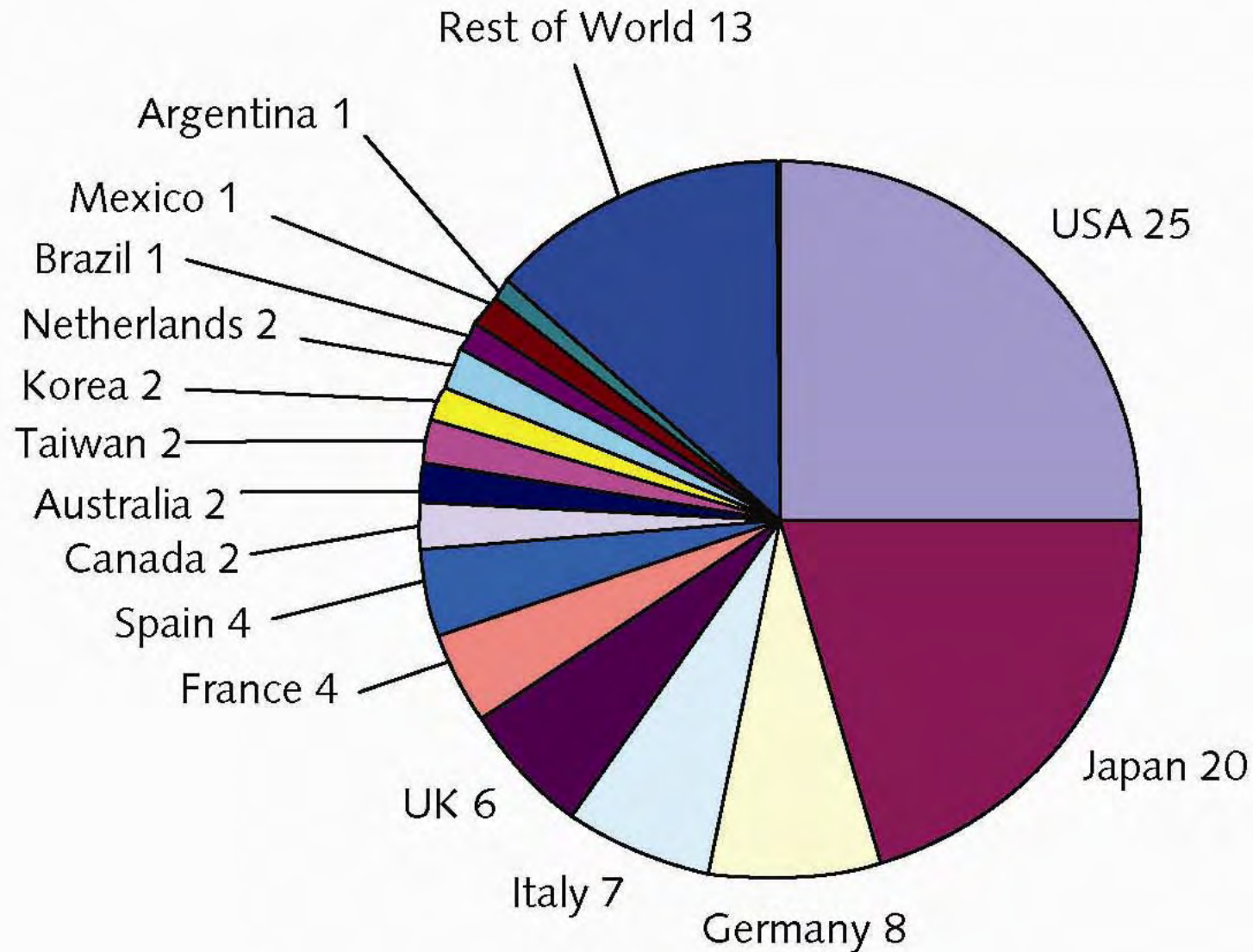
Regional Composition of Global Wealth Distribution



Regional membership of wealth groups

- Almost all of the world's richest individuals live in North America, Europe, and rich Asia-Pacific countries
- Each of these groups of countries contribute about one third of the members of the world's wealthiest 10%
- China occupies much of the middle third of the global wealth distribution
- India, Africa, and low-income Asian countries dominate the bottom third

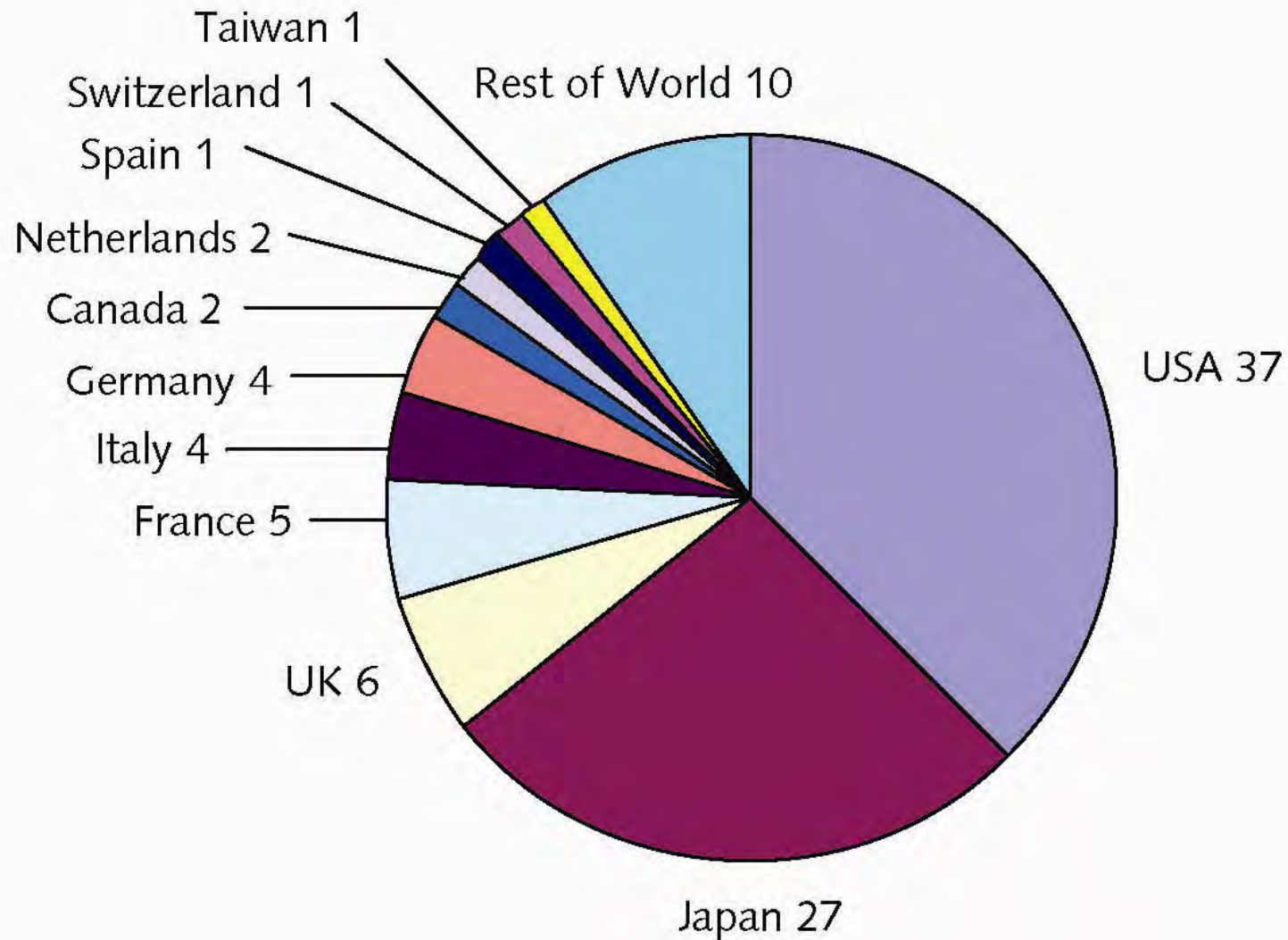
Percentage Membership of Wealthiest 10%



Where do the richest 10% live?

- small number of countries account for most of the richest 10% of adults
- one-quarter are Americans; 20% are Japanese
- top 10% includes small number in China and India (in year 2000). *May already have increased.*

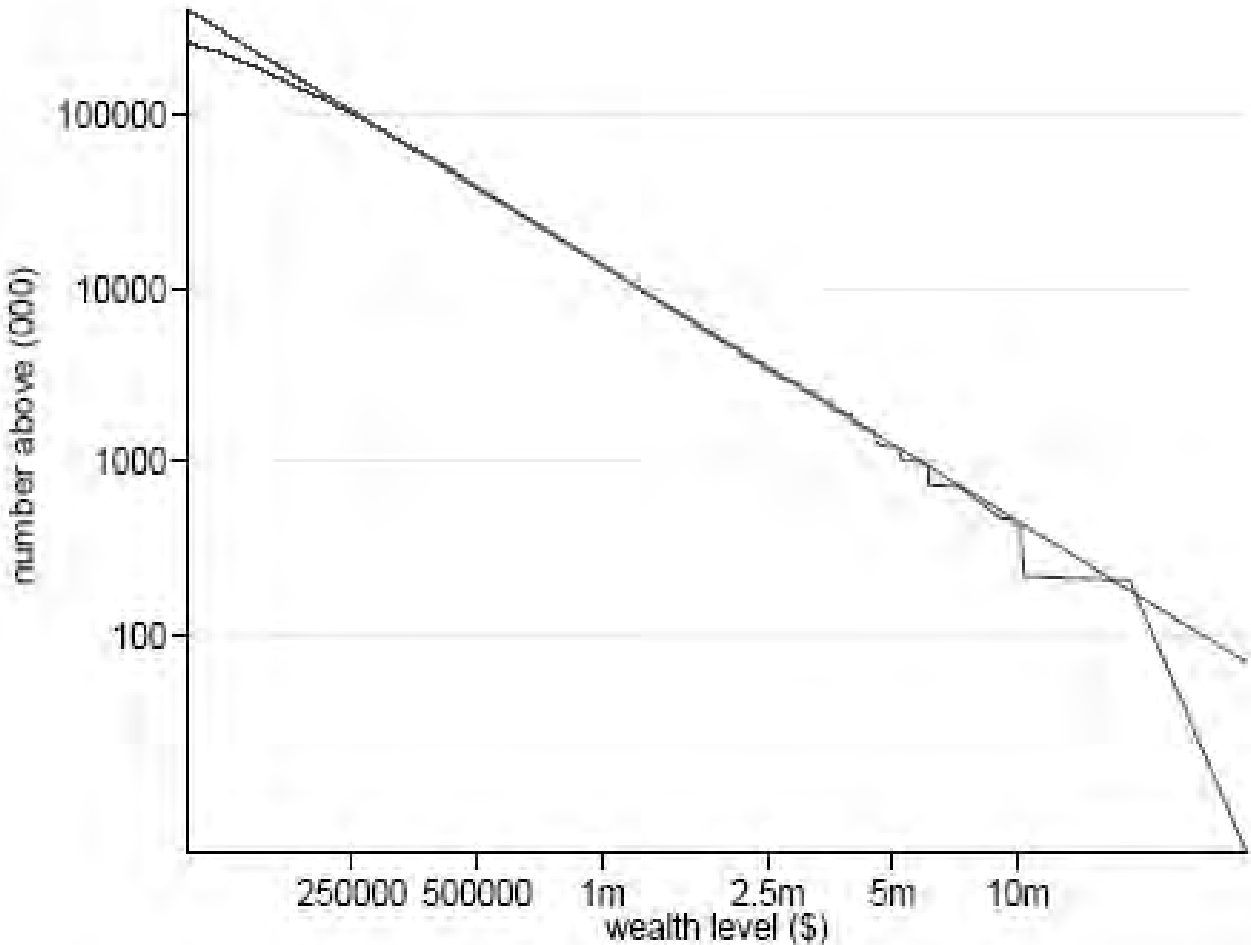
Percentage Membership of Wealthiest 1%



Where do the richest 1% live?

- Richest 1% even more concentrated geographically
- US and Japan even more dominant
- 37% reside in the US, 27% in Japan
- China and India membership too small to record in year 2000

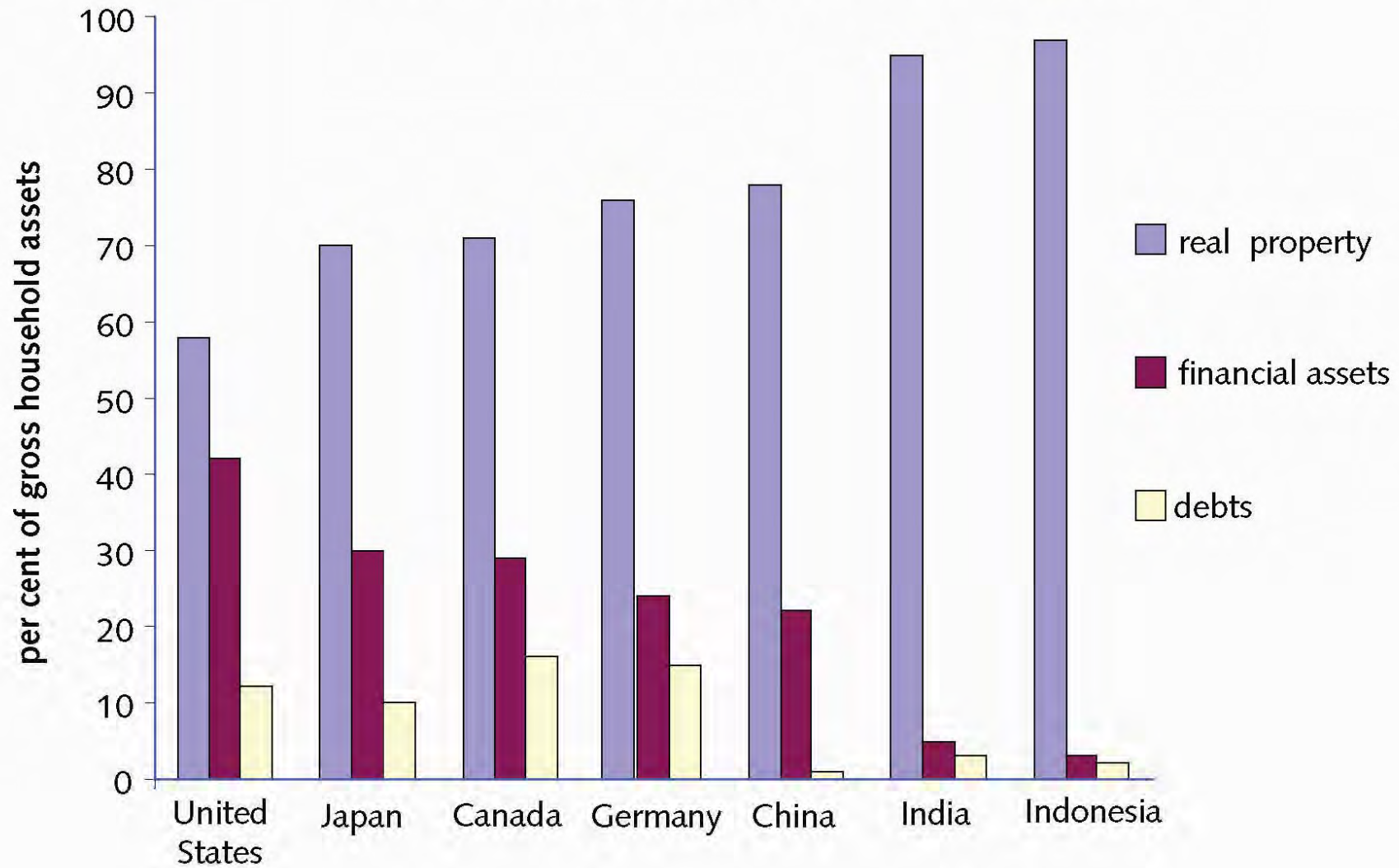
Global top tail



Millionaires and billionaires

Wealth (\$)	Number above
1 million	13 568 229
10 million	451 809
100 million	15 010
1 billion	499

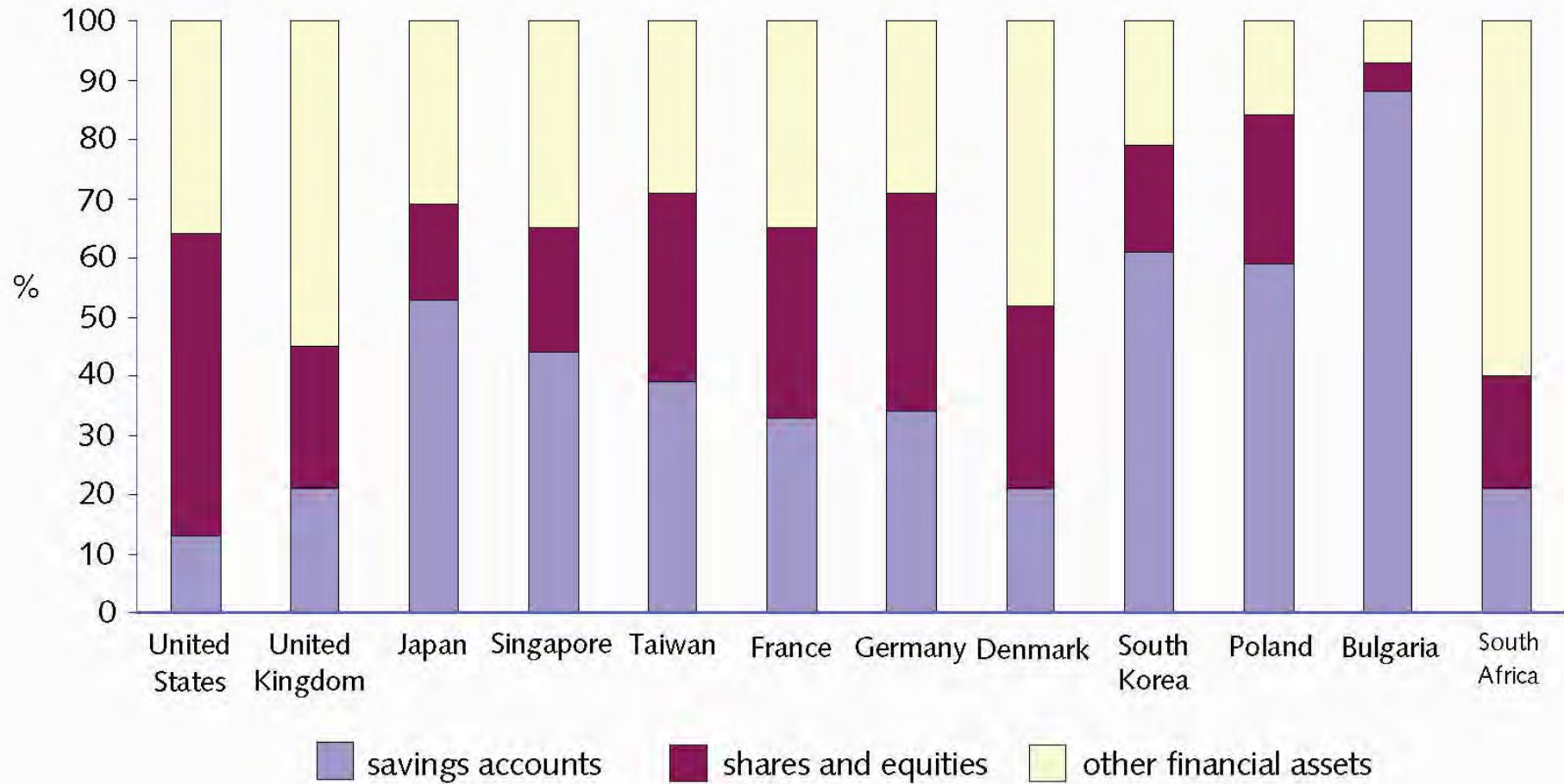
Asset Composition in Selected Countries



Composition of household wealth

- major international differences in asset composition
- real property, particularly land and farm assets, more important in less developed countries
- financial assets more important in rich countries

Composition of Financial Wealth in Selected Countries



Composition of financial assets

- also major international differences in **types of financial assets** owned
- savings accounts favoured in transition economies and some rich Asian countries
- share-holdings and other types of financial assets are more evident in rich western countries

PER CAPITA WEALTH, YEAR 2000

Country	US\$	Country	PPP\$
Japan	180837	Luxembourg	182567
Switzerland	170755	Switzerland	144186
Luxembourg	160030	United States	143727
United States	143727	United Kingdom	128959
United Kingdom	126832	Japan	124858
Netherlands	109418	Netherlands	120086
Italy	98317	Italy	119704
Germany	86369	France	93729
France	85794	Spain	92253
Sweden	83918	Australia	90906
Iceland	83031	Germany	89871
Ireland	82555	Ireland	89327
Norway	81188	Canada	89252
Belgium	76577	Belgium	85818
Canada	70916	Sweden	80091
Denmark	70751	Iceland	73401
Spain	68693	Greece	72825
Australia	67990	Norway	72254
Austria	62420	Austria	66639
Greece	50240	Denmark	66191
Finland	37171	New Zealand	55823
New Zealand	37026	Portugal	53357
Portugal	33421	Korea, South	45850
Korea, South	29687	Finland	38754