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
Wealth levels across Countries

• global household wealth =
  o US$20,500 per person using official exchange rates
  o PPP$26,000 when adjusted for country price levels

• average wealth per capita =
  o $144,000 in USA
  o $181,000 in Japan
  o $1,400 in Indonesia
  o $1,100 in India
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
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
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 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
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%

- USA: 37%
- Japan: 27%
- UK: 6%
- France: 5%
- Italy: 4%
- Germany: 4%
- Canada: 2%
- Netherlands: 2%
- Spain: 1%
- Switzerland: 1%
- Taiwan: 1%
- Rest of World: 10%
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

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<th>Wealth ($)</th>
<th>Number above</th>
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<td>1 million</td>
<td>13 568 229</td>
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<td>10 million</td>
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<td>100 million</td>
<td>15 010</td>
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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 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
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