What Does the Global Future Hold? Wealth and Income Inequality

Facundo Alvaredo
Paris School of Economics & IIEP-UBA-Conicet & INET at Oxford

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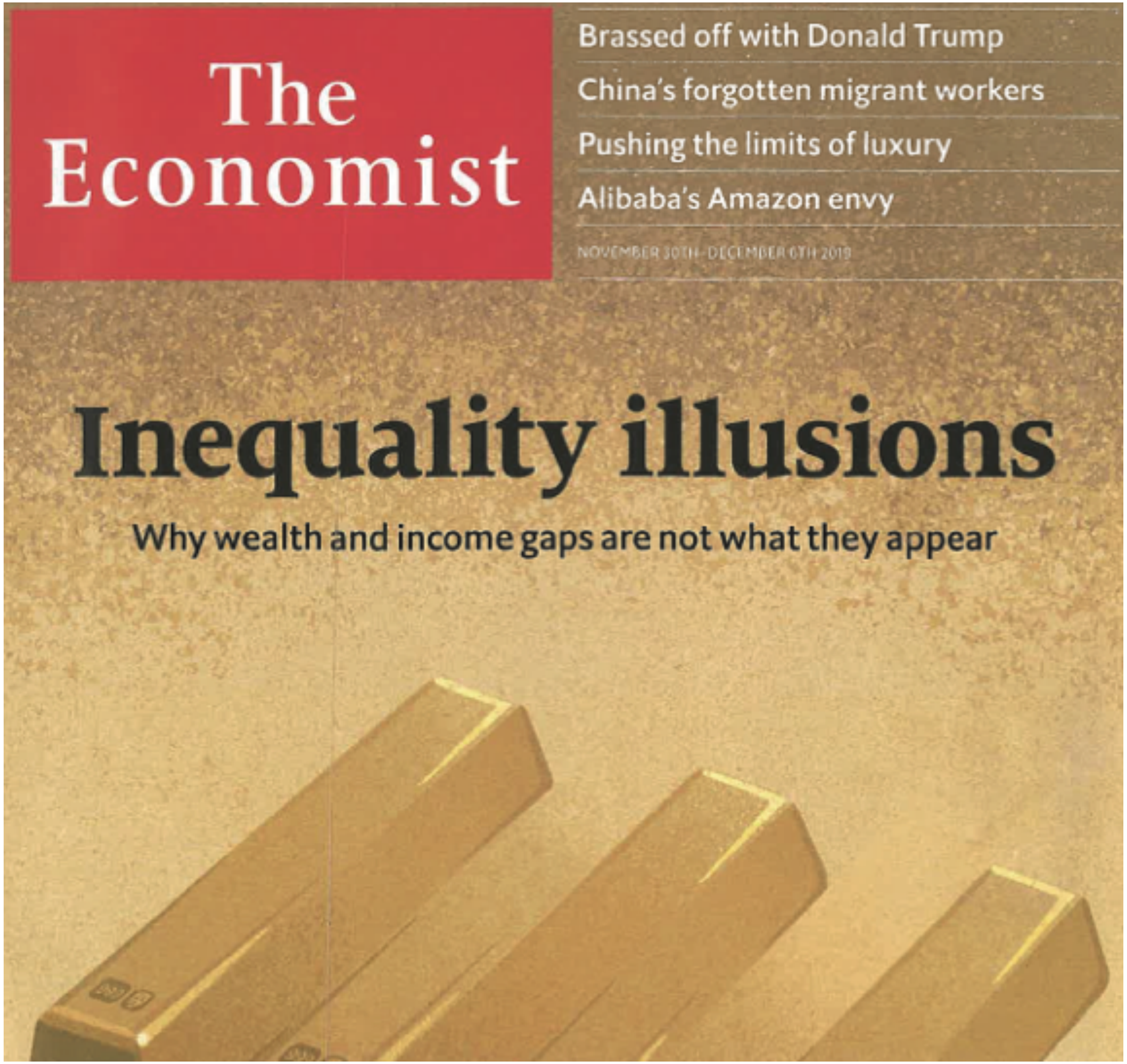
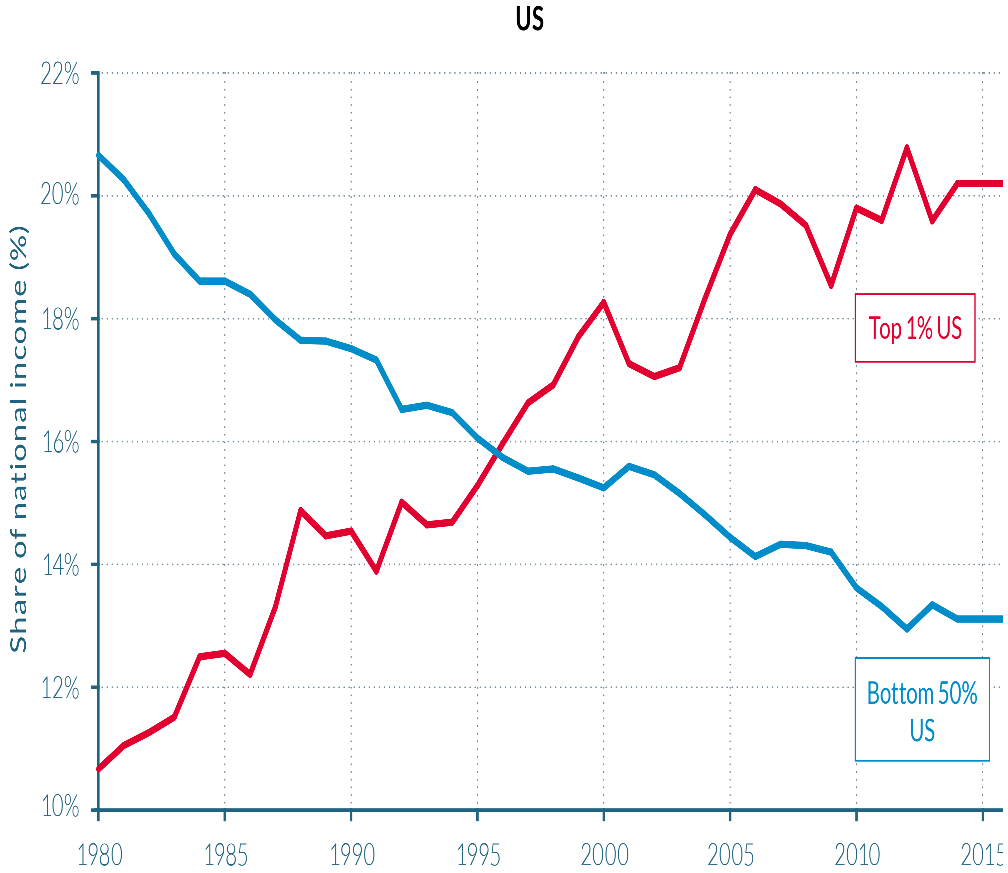
The distribution of *personal wealth* is receiving a great deal of attention…

…after being neglected for many years

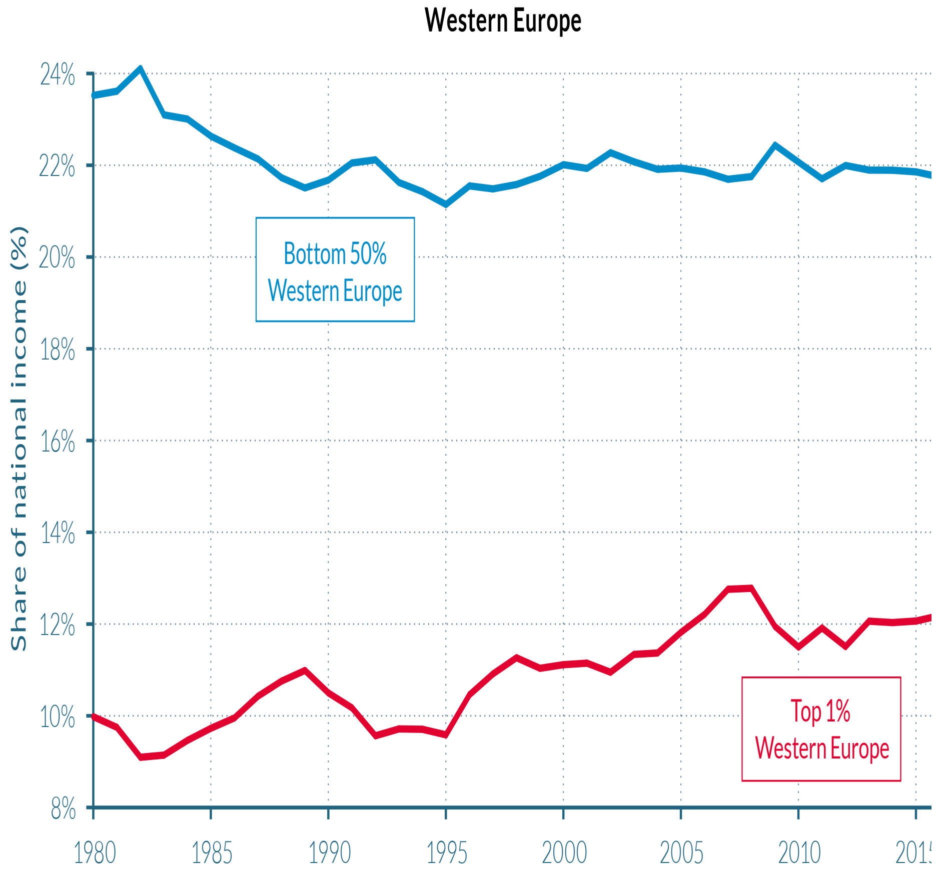
- **US** (Kopczuk-Saez, 2004; Saez-Zucman, 2016, 2019)
- **France** (Garbinti-Goupille-Piketty, 2020)
- **UK** (Alvaredo-Atkinson-Morelli, 2017, 2018)
- **Spain** (Alvaredo-Saez, 2010; Martínez Toledano, 2018; Alvaredo-Artola, forthcoming)
- **Italy** (Acciari, Alvaredo, Morelli, 2021)
- **Denmark, Belgium, Germany, Sweden, Switzerland**
- **Credit Suisse** (Shorrocks and Davis), Allianz, Merrill Lynch, UBS,… reports
- **ECB/ONS/FRB** network of wealth surveys, and related papers and reports
- **OECD** *Guidelines for Micro Statistics on Household Wealth* and Database
- **LWS**
- Etc…


The Economist
Brassed off with Donald Trump
China's forgotten migrant workers
Pushing the limits of luxury
Alibaba's Amazon envy
NOVEMBER 30TH–DECEMBER 6TH 2019
Inequality illusions
Why wealth and income gaps are not what they appear

Reason: increasing recognition that we need to look at *capital incomes* and not only at *earnings*



Source: WID.world (2017). See wir2018.wid.world for data series and notes.



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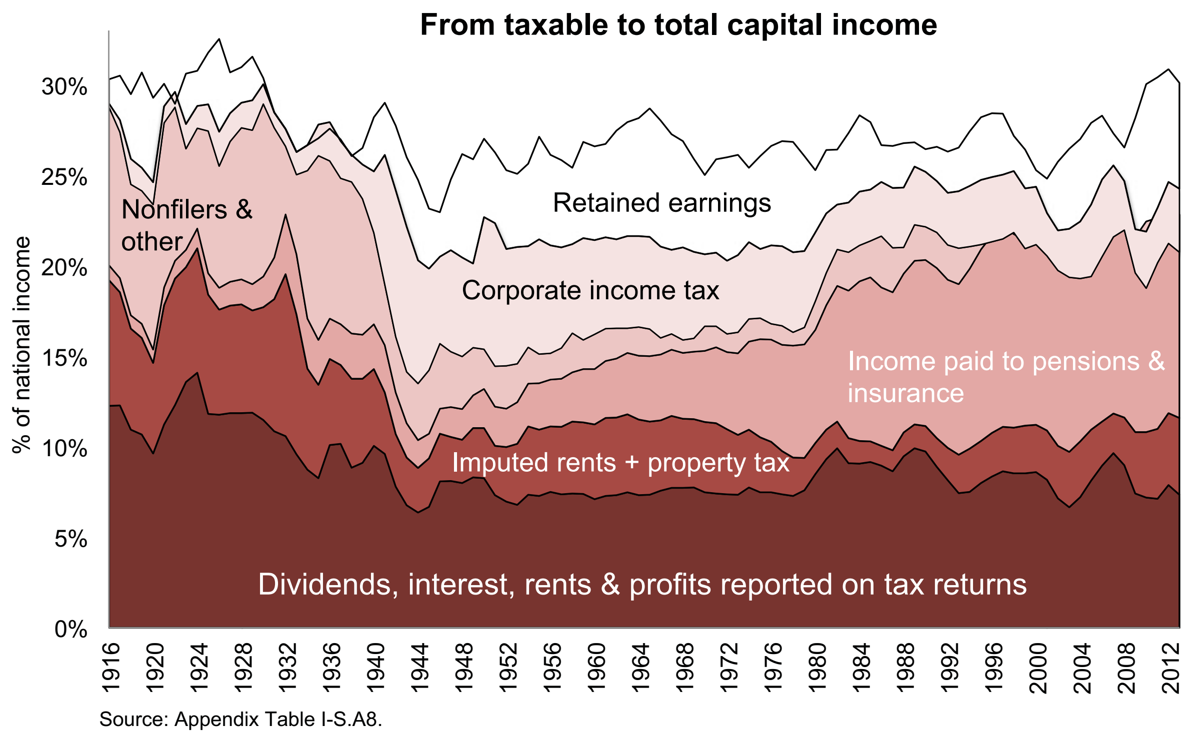


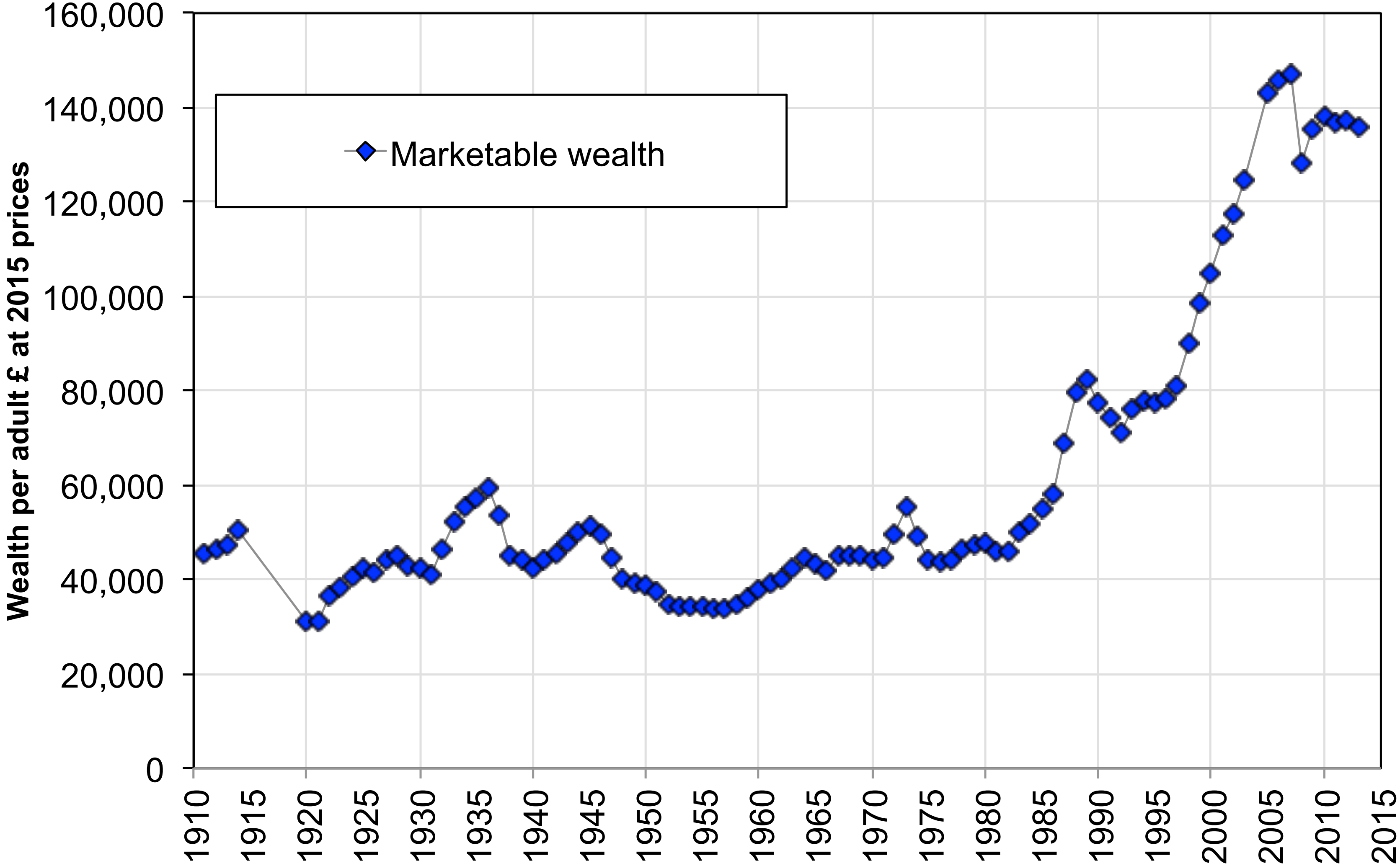
FIGURE I

From Taxable Income to National Income (1916–2014)

Source: Saez and Zucman (2016)

Reason: average *personal wealth* has increased substantially

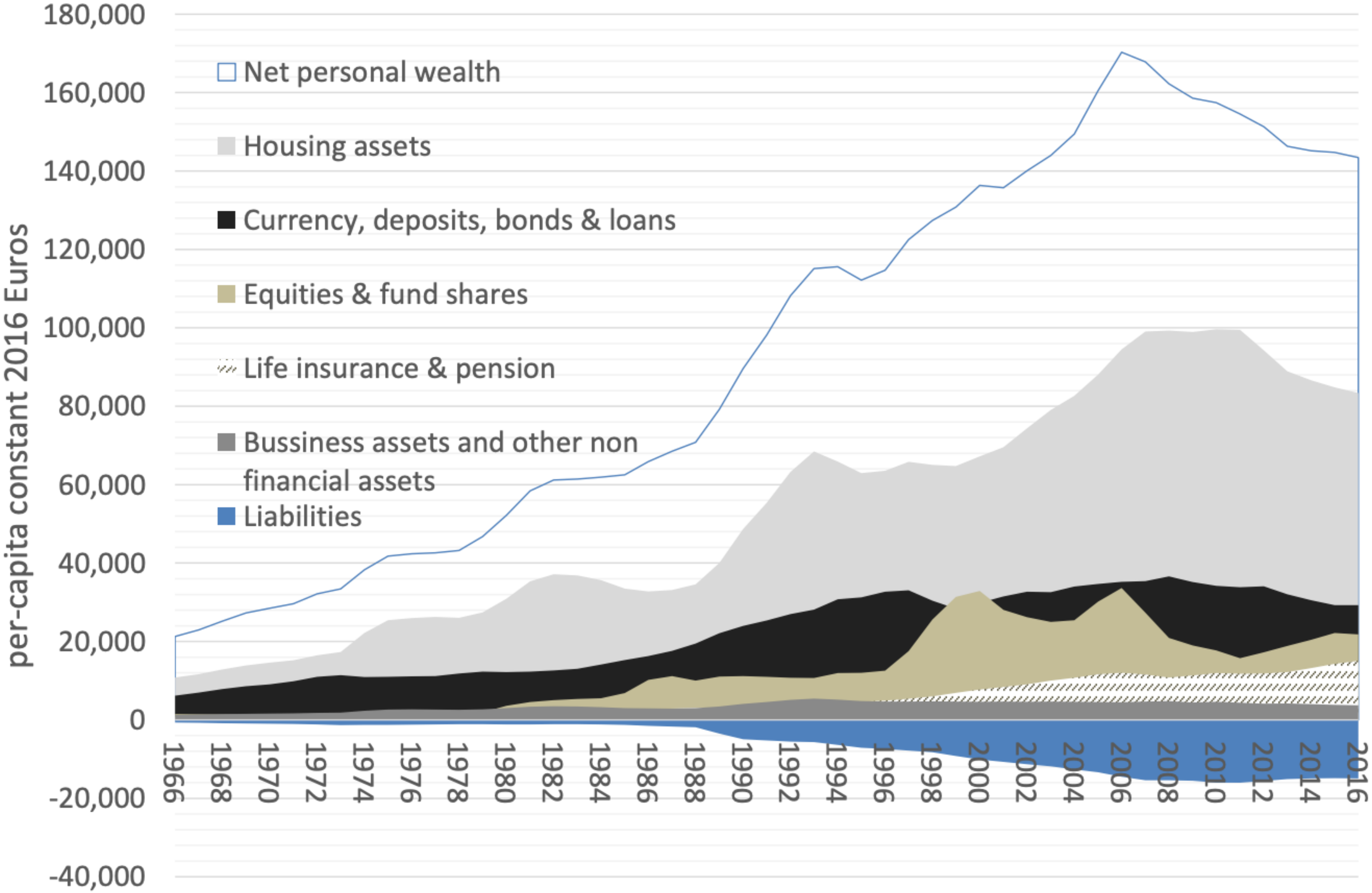
E.g.: UK



Source: Alvaredo, Atkinson and Morelli (2018)

Reason: average *personal wealth* has increased substantially

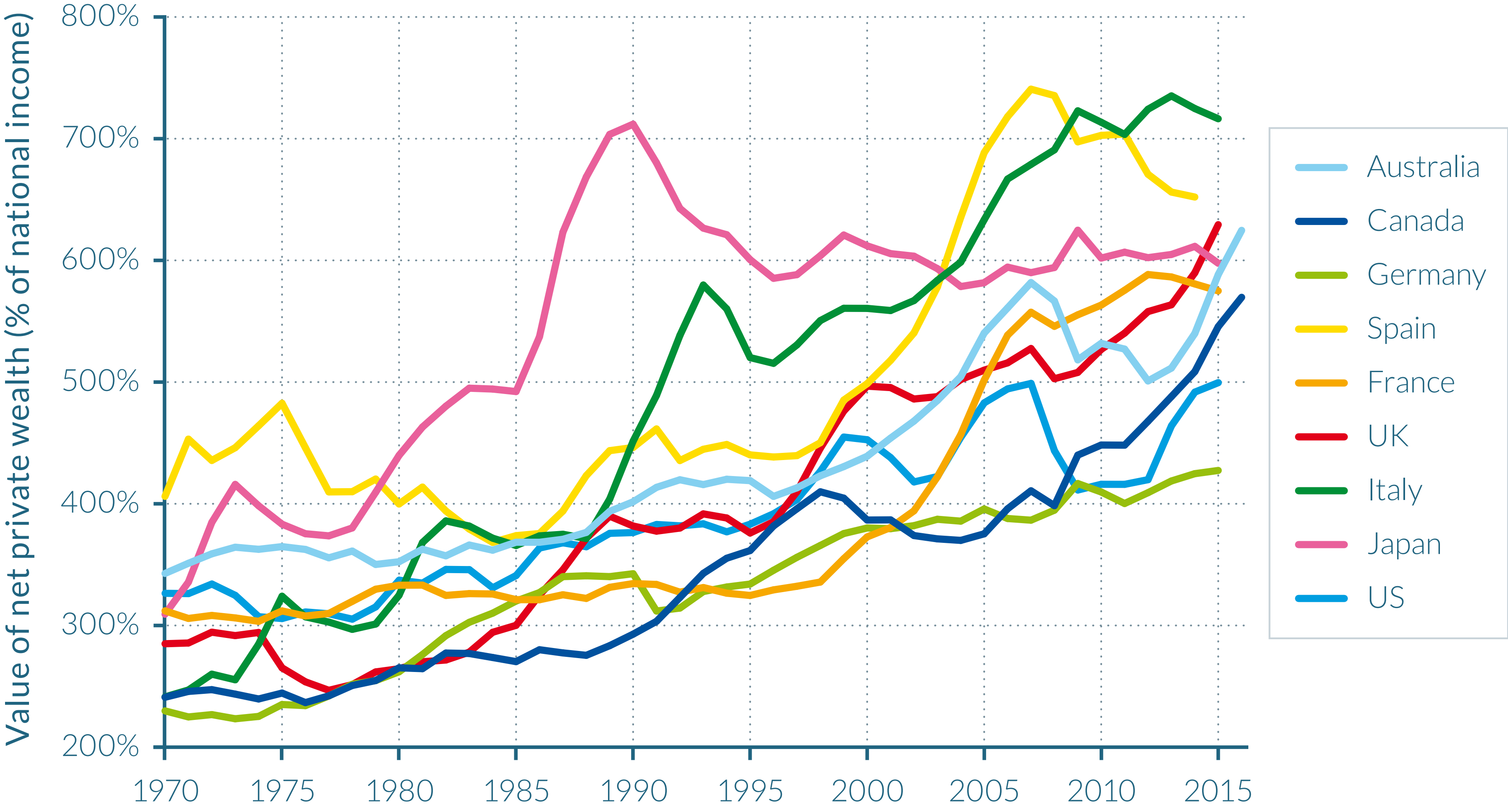
E.g.: Italy



Source: Acciari, Alvaredo and Morelli (2021)

Reason: the ratio of private *wealth* to *income* has been rising

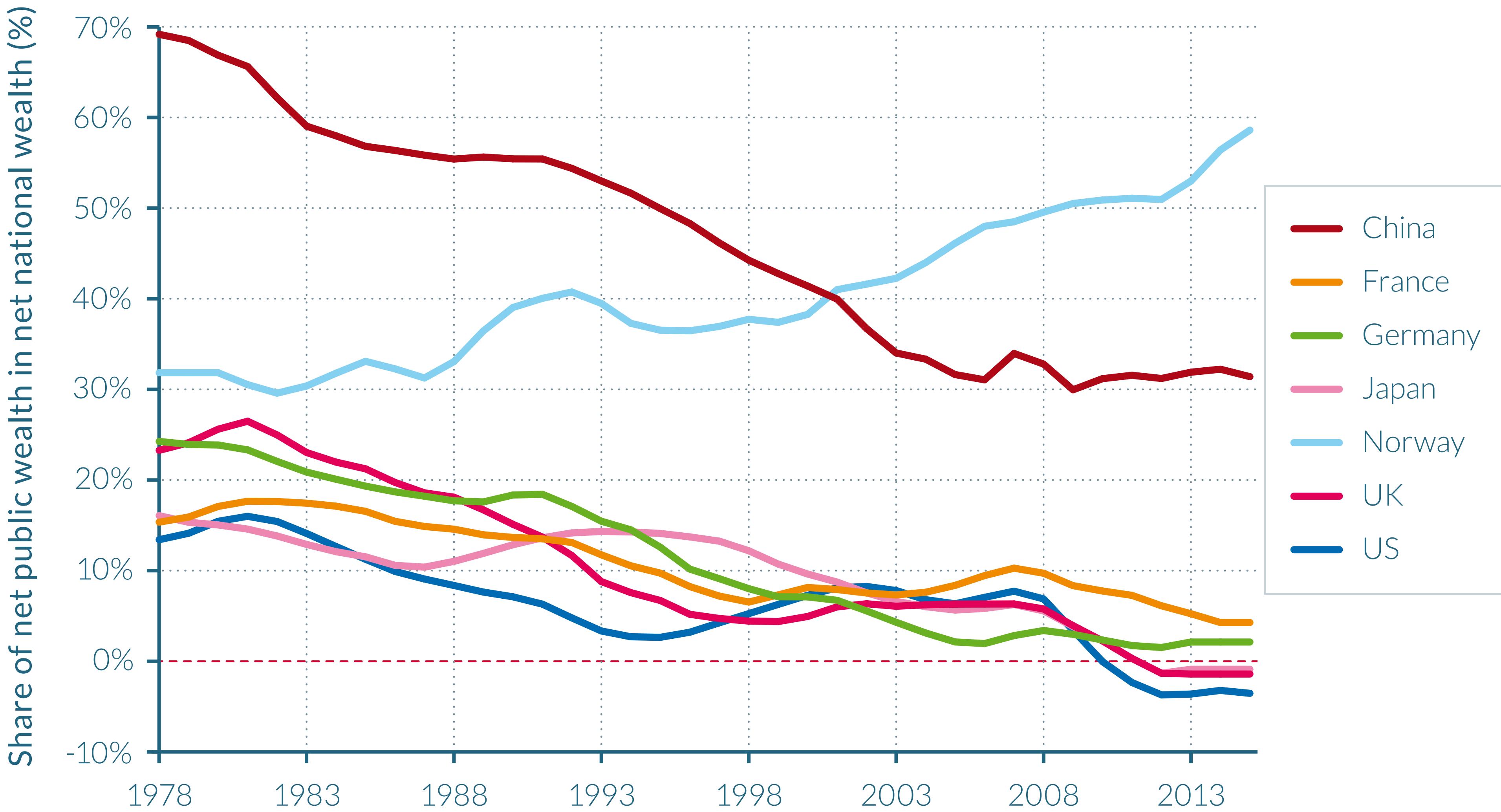
Net private wealth to net national income ratio in rich countries, 1970–2016



Source: WID.world (2017). See wir2018.wid.world for data series and notes.

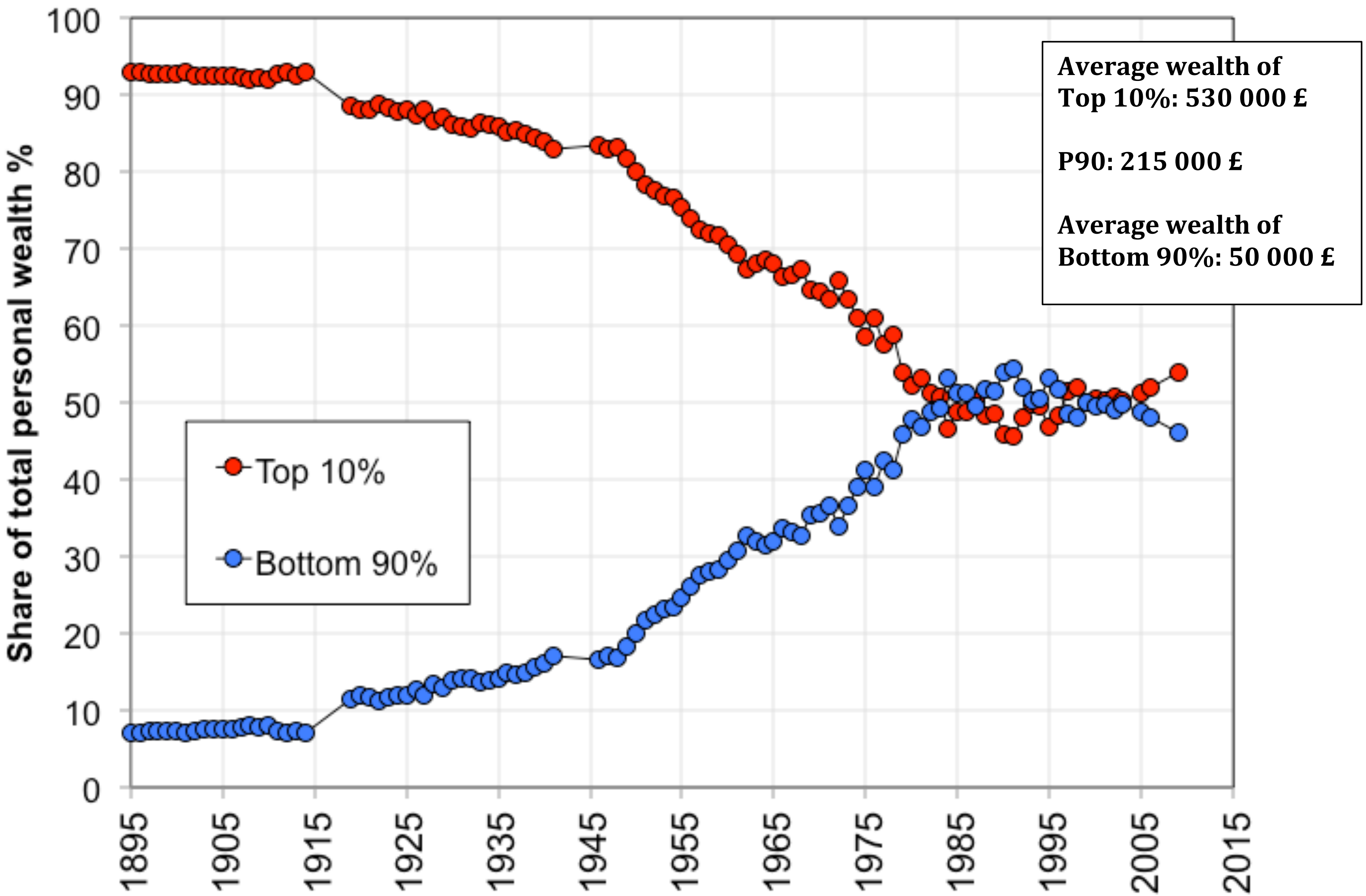
Reason: the ratio of *public wealth* to *income* has been declining (cont.)

The share of public wealth in national wealth in rich countries, 1978–2015



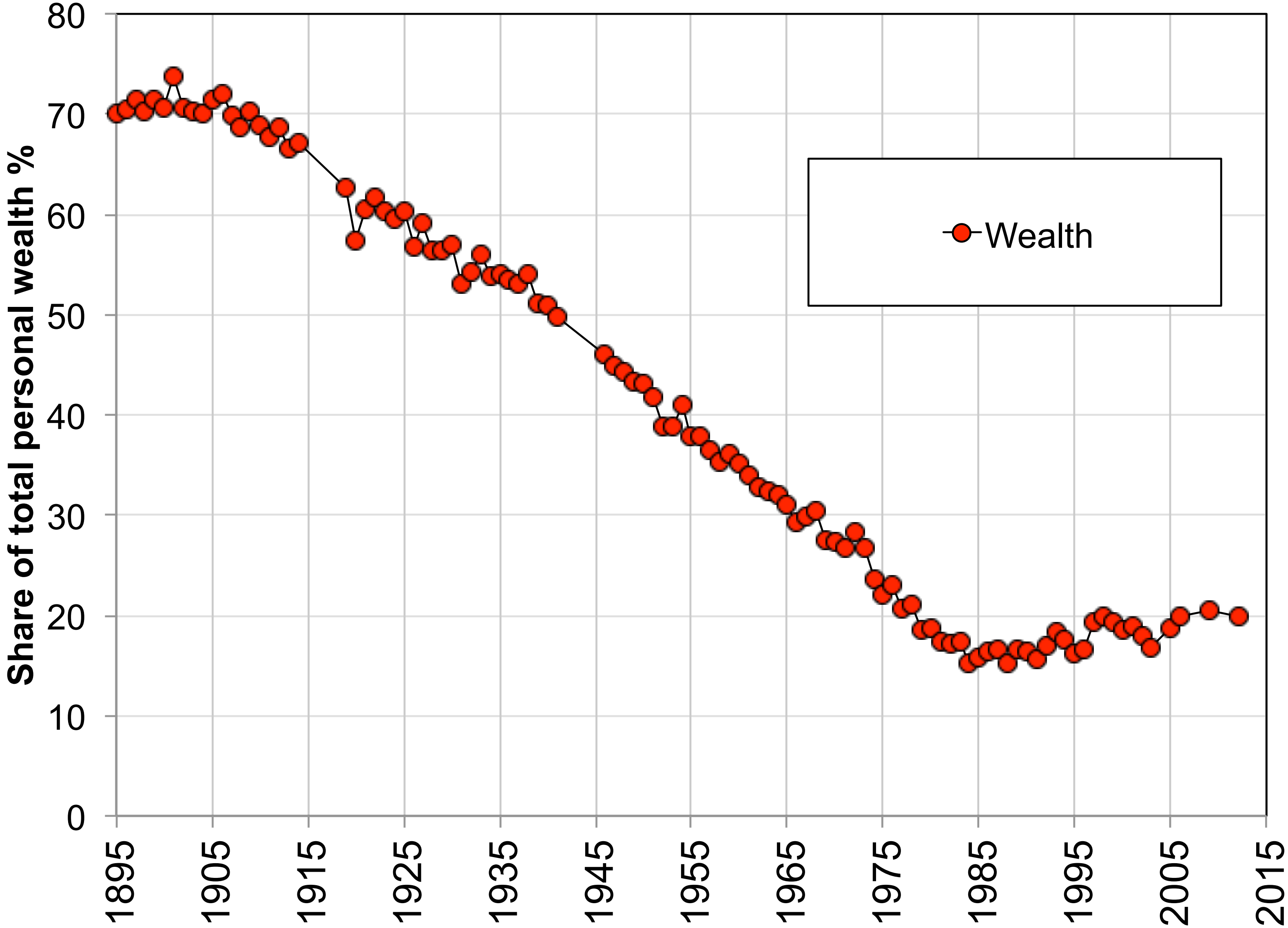
Source: Piketty, Yang and Zucman (2017). See wir2018.wid.world for data series and notes.

UK: Top 10% and bottom 90% *wealth* share since 1895



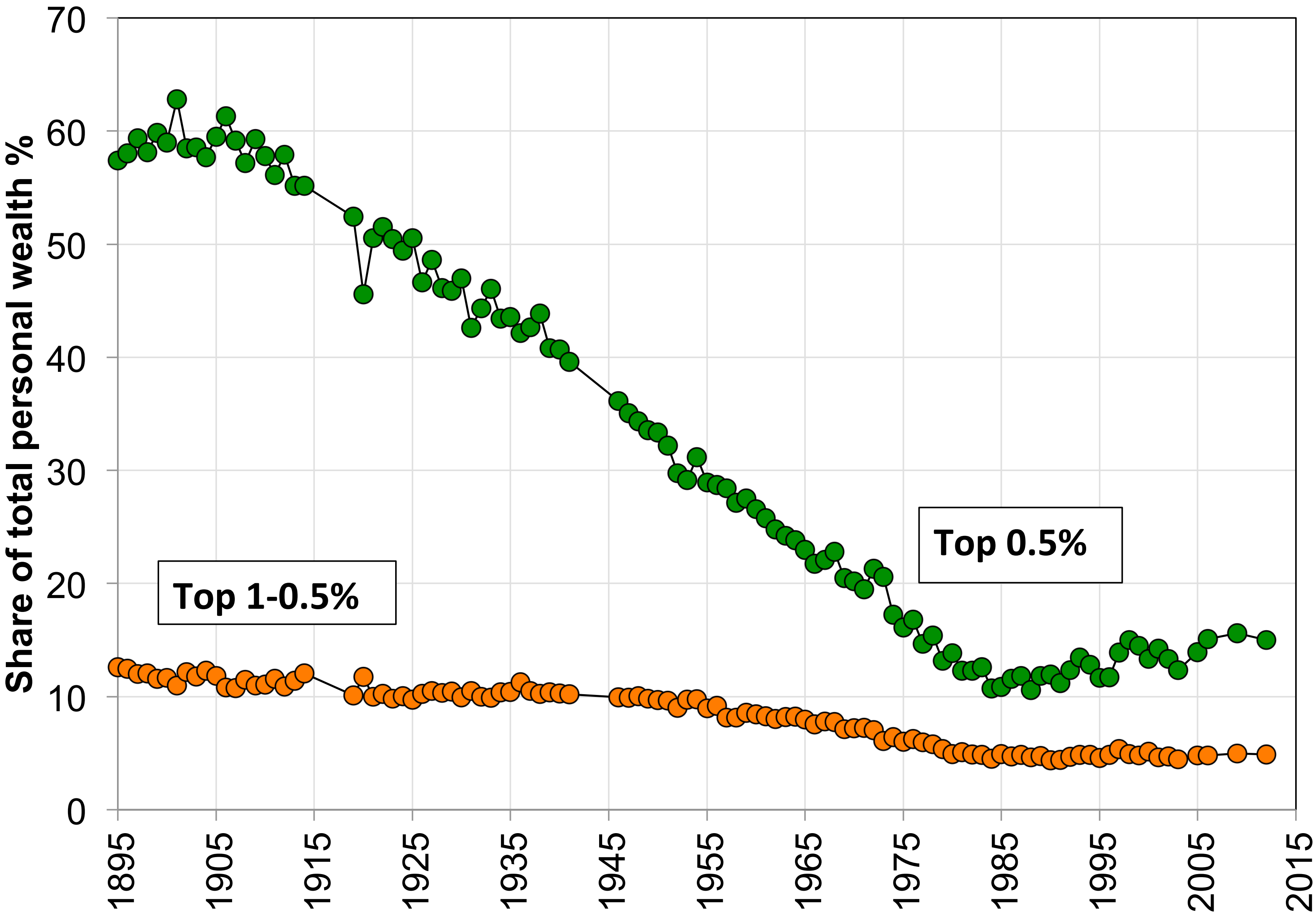
Source: Alvaredo, Atkinson and Morelli (2018)

UK: Top 1% *wealth* share since 1895 (inheritance data)



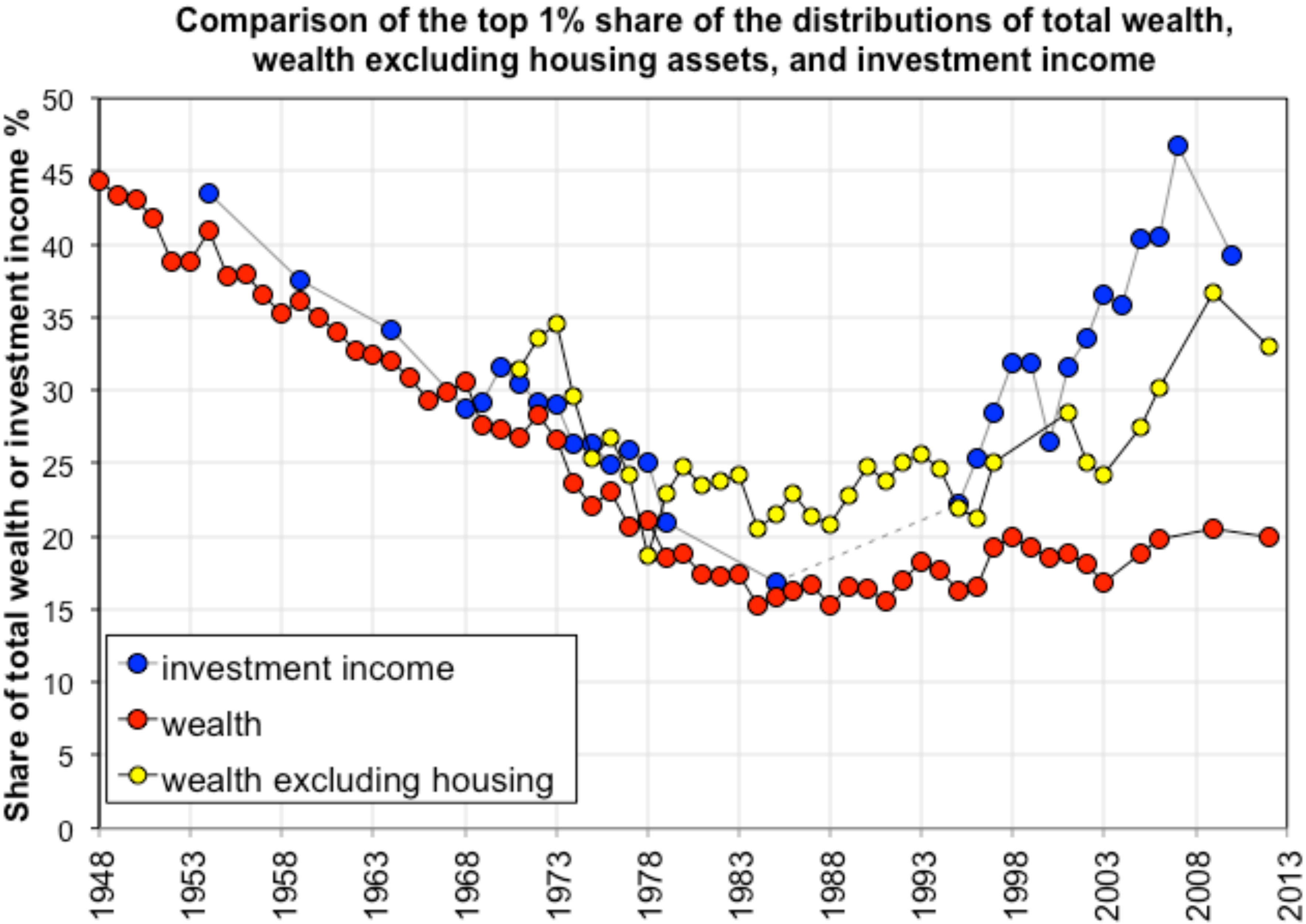
Source: Alvaredo, Atkinson and Morelli (2018)

UK: Top 1% *wealth* share since 1895 (inheritance data)



Source: Alvaredo, Atkinson and Morelli (2018)

UK: Top 1% *wealth* share: the role of housing assets

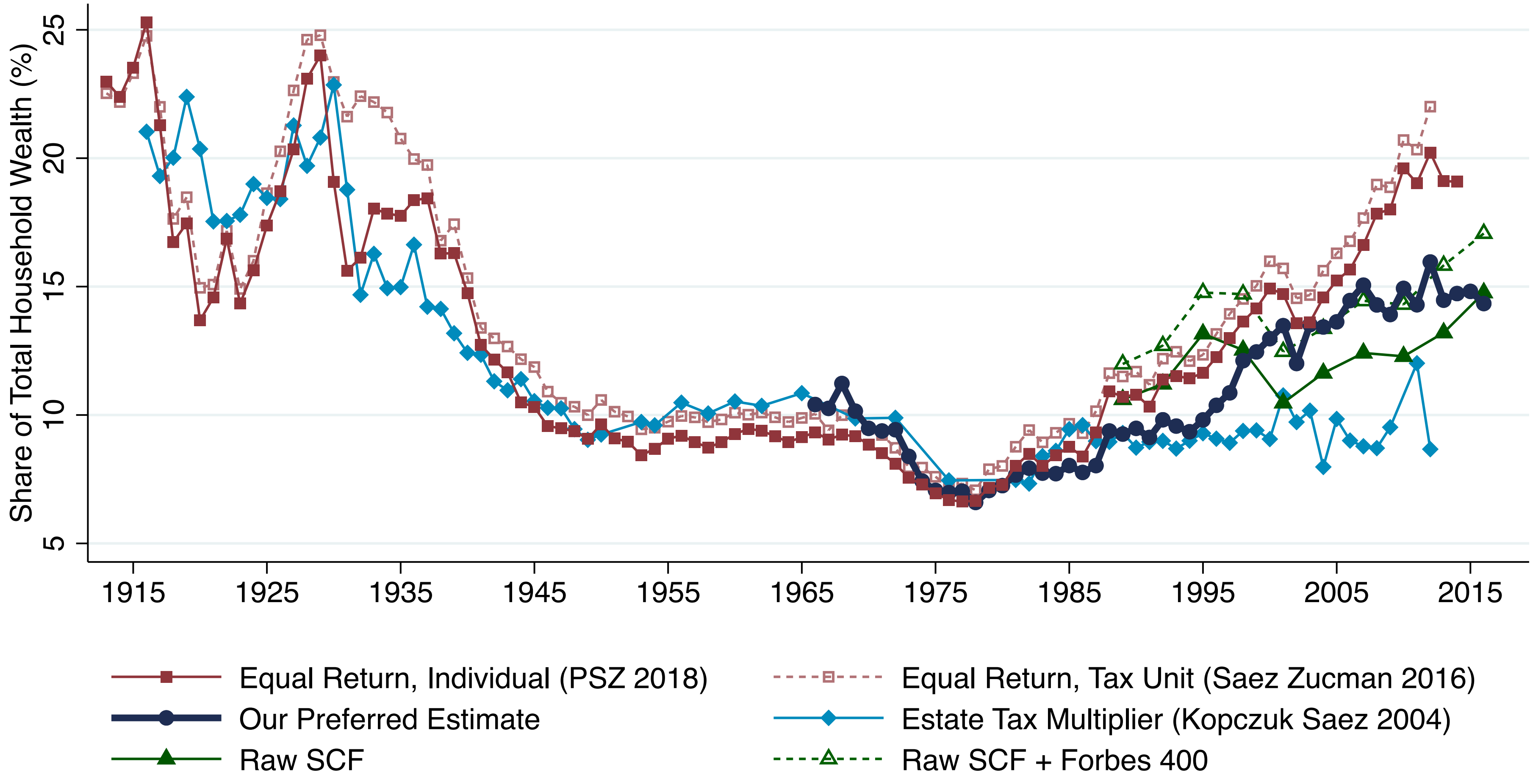


Source: Alvaredo, Atkinson and Morelli (2018)

Comparison of estimates across methods and debates. US (cont.)

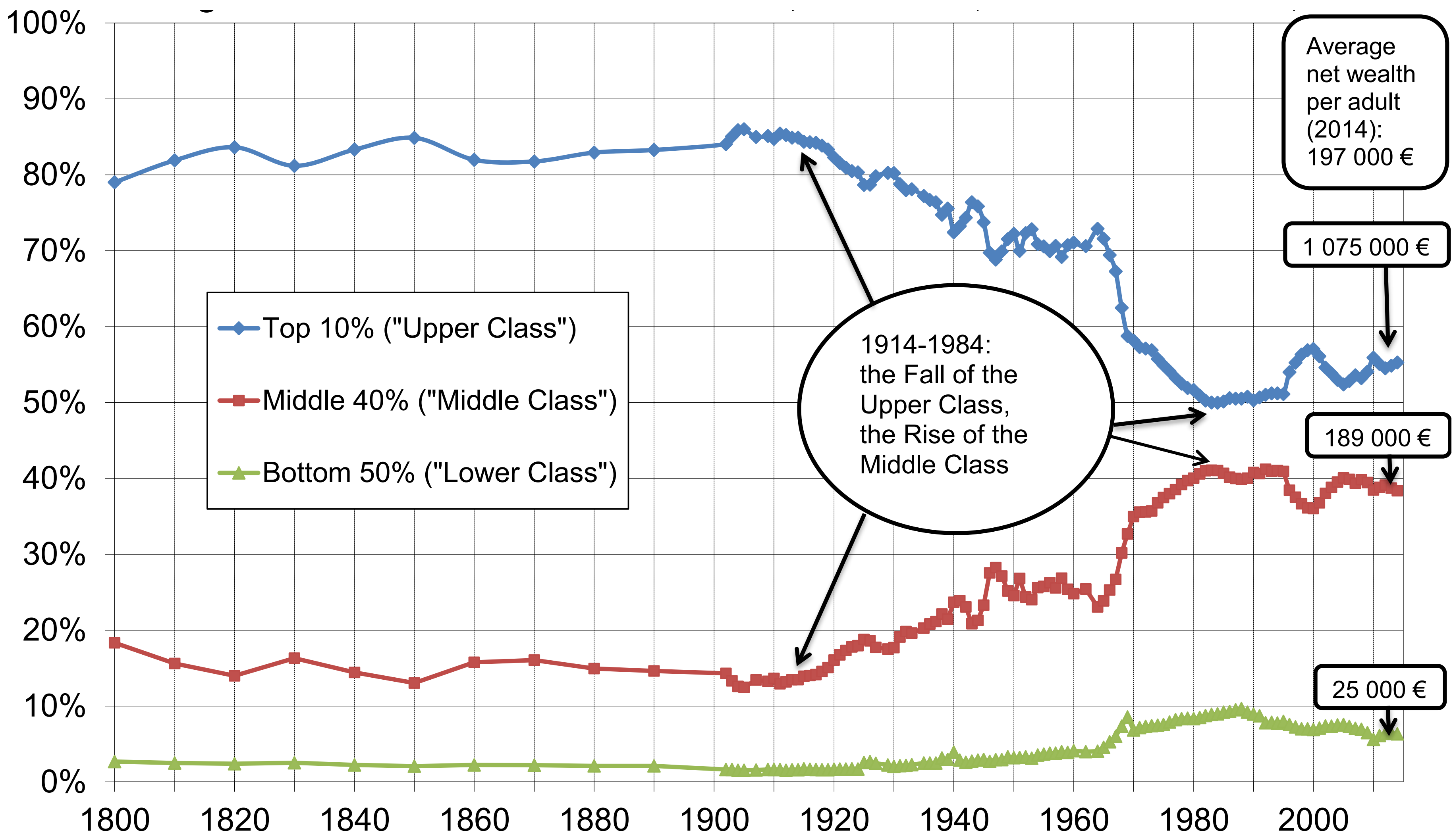
Figure 1: Wealth Concentration in the United States

A. Top 0.1% Share of Total Wealth



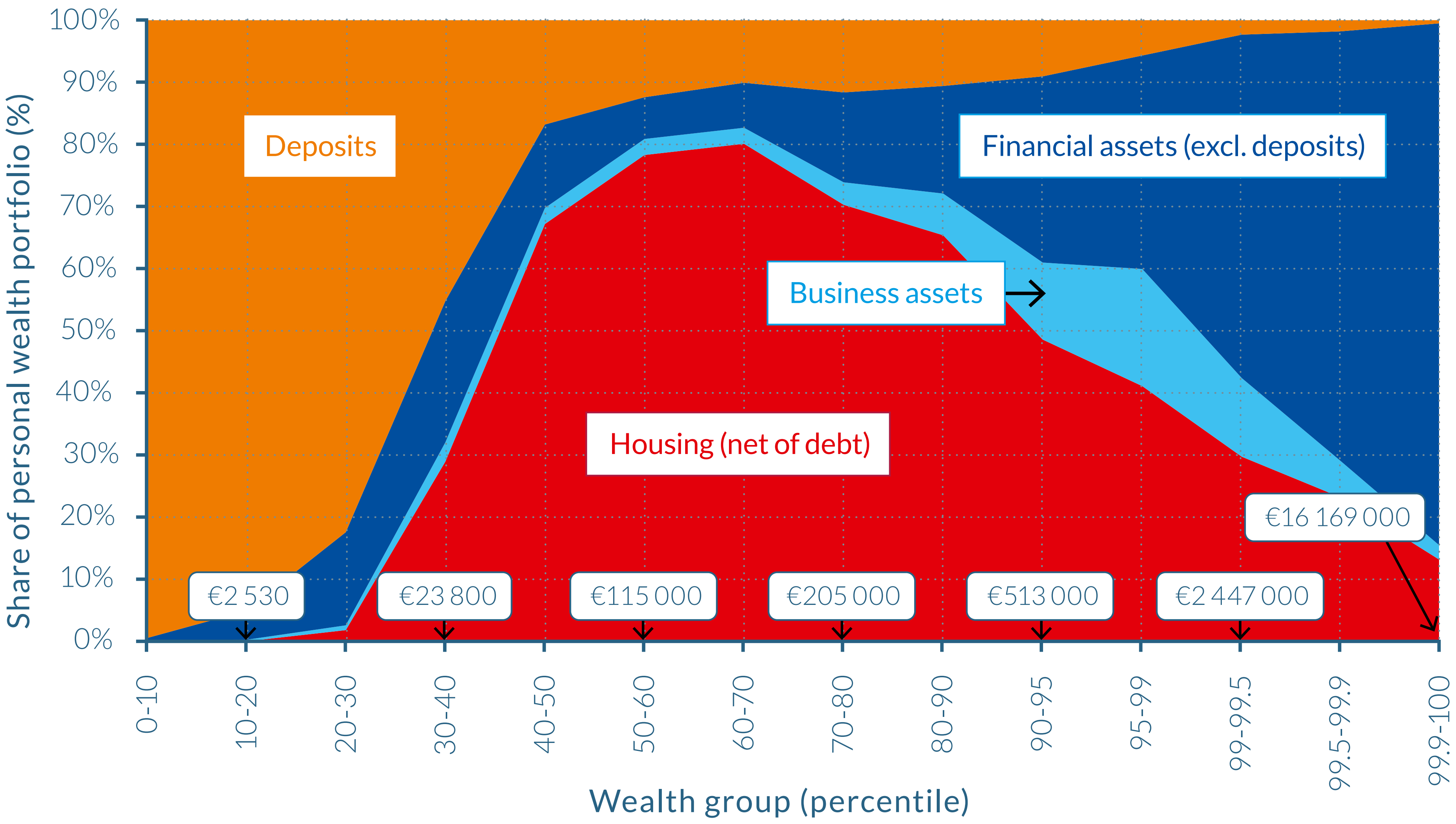
Source: Smith, Zidar and Zwick, 2020

France: Wealth shares 1800-2015 (hybrid method)



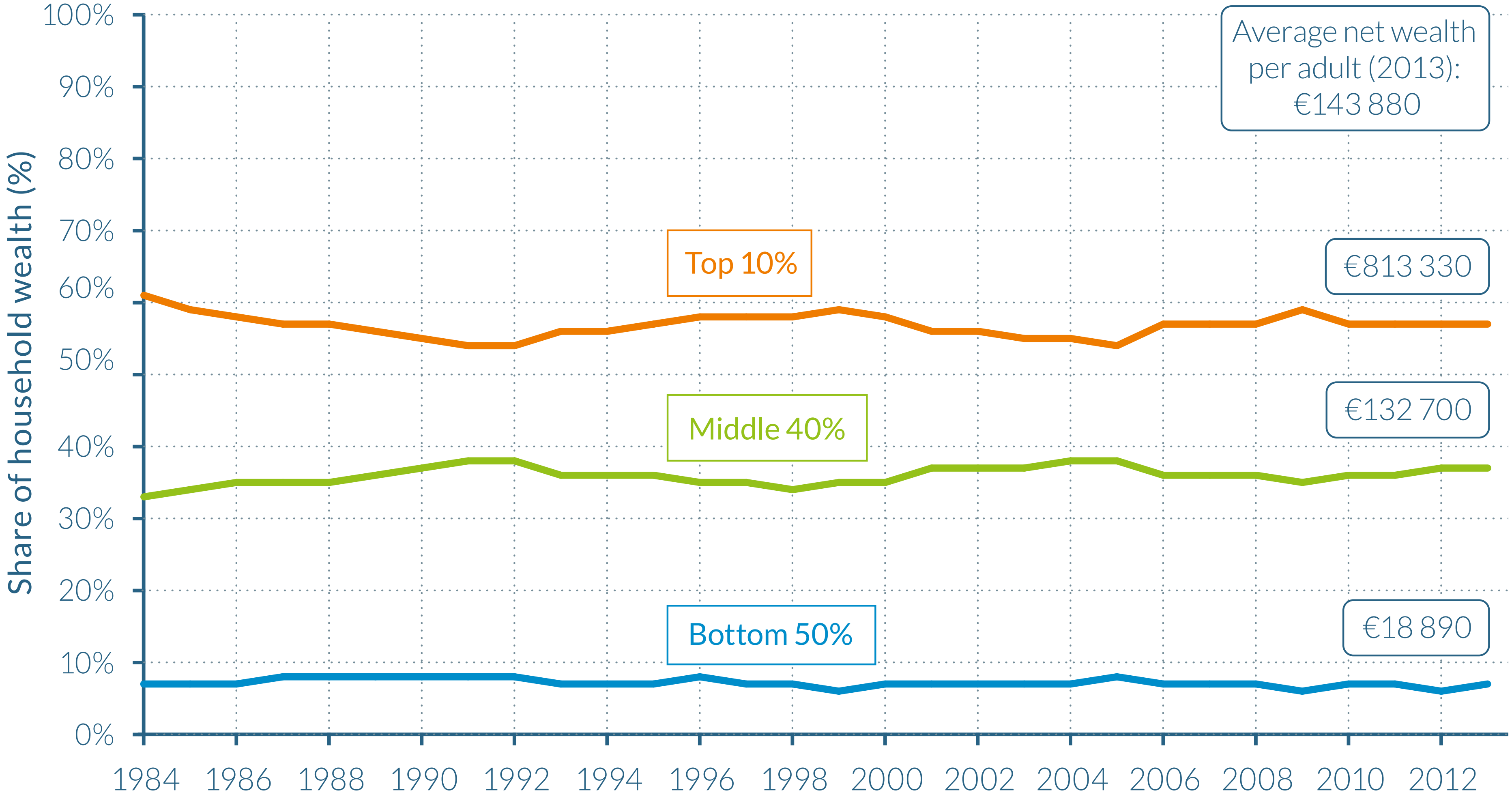
Source: Garbinti, Goupille and Piketty (2021)

France: Asset composition by wealth groups, 2012 (capitalization)



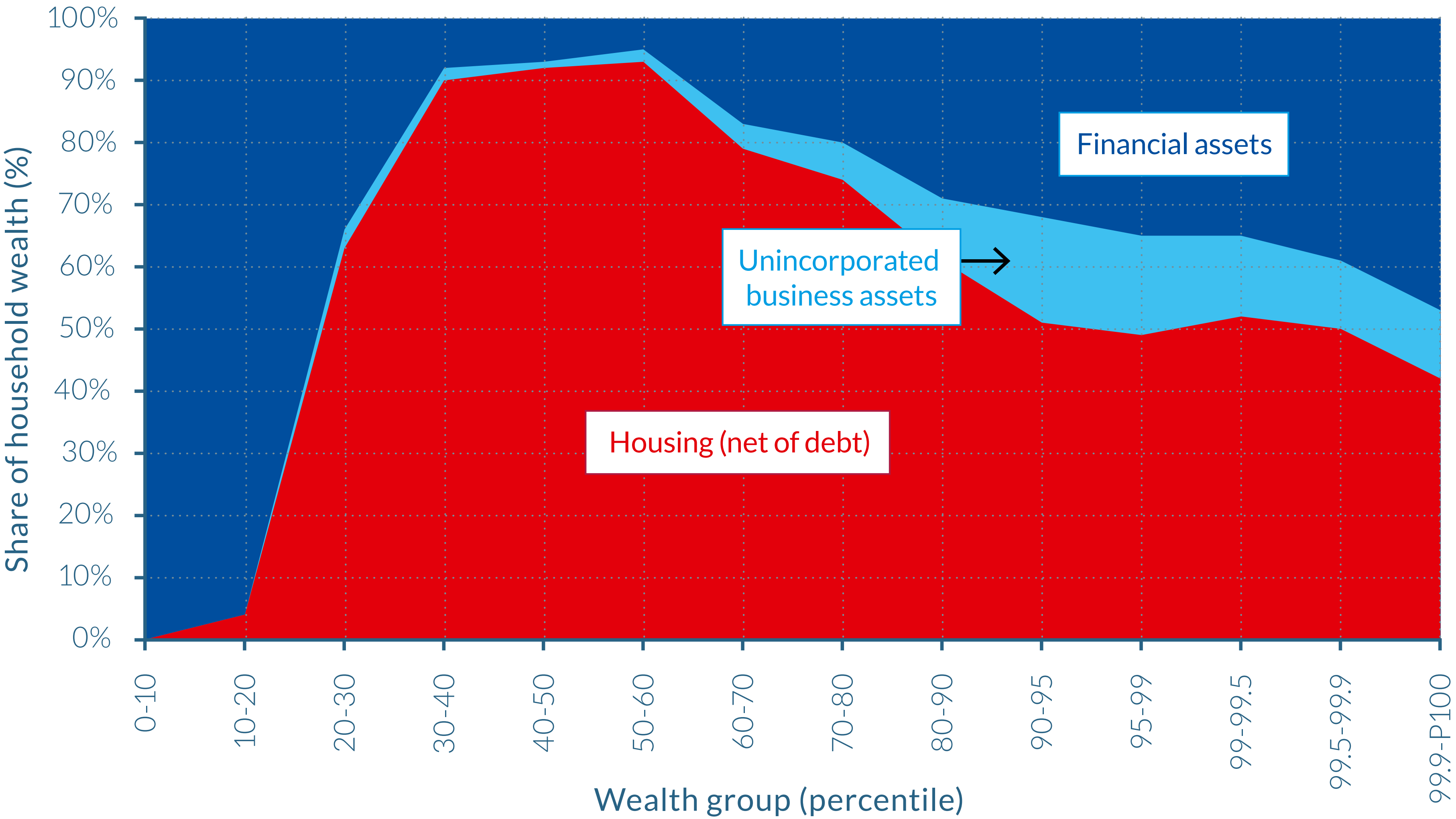
Source: Garbinti, Goupille-Lebret and Piketty (2017). See wir2018.wid.world for data series and notes.

Spain: Wealth shares 1984-2015 (capitalization)



Source: Martínez-Toledano (2017). See wir2018.wid.world for data series and notes.

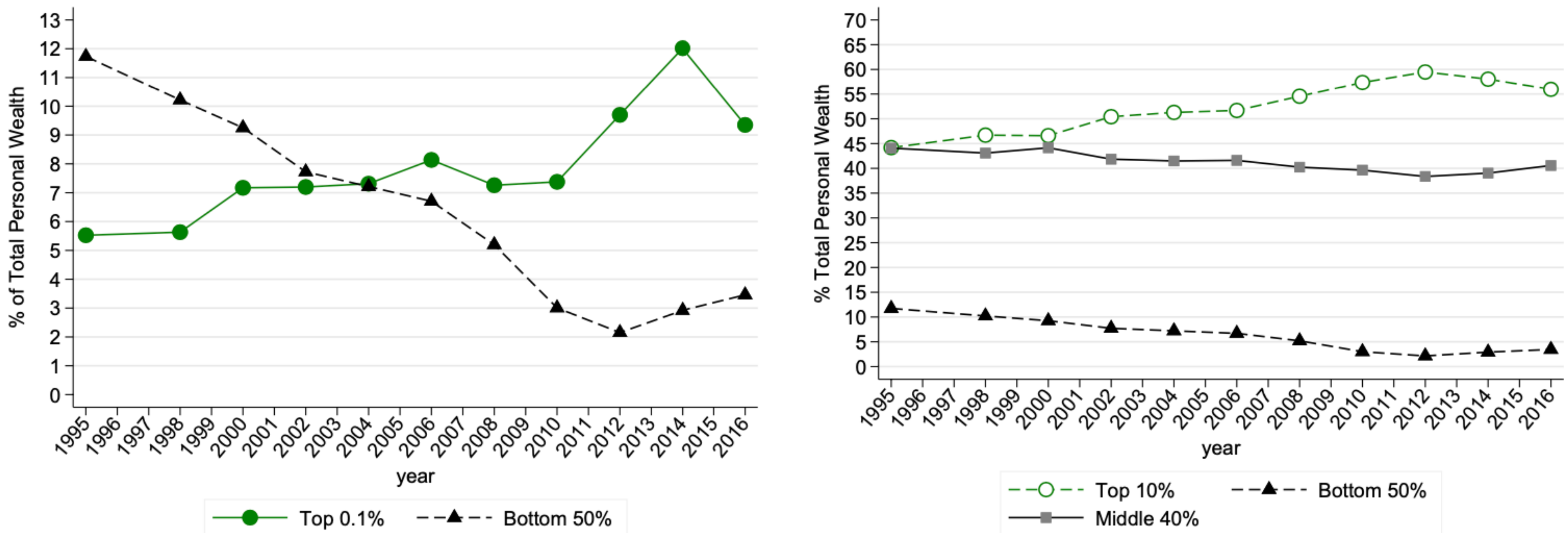
Spain: Asset composition by wealth groups, 2013 (capitalization)



Source: Martínez-Toledano (2017). See wir2018.wid.world for data series and notes.

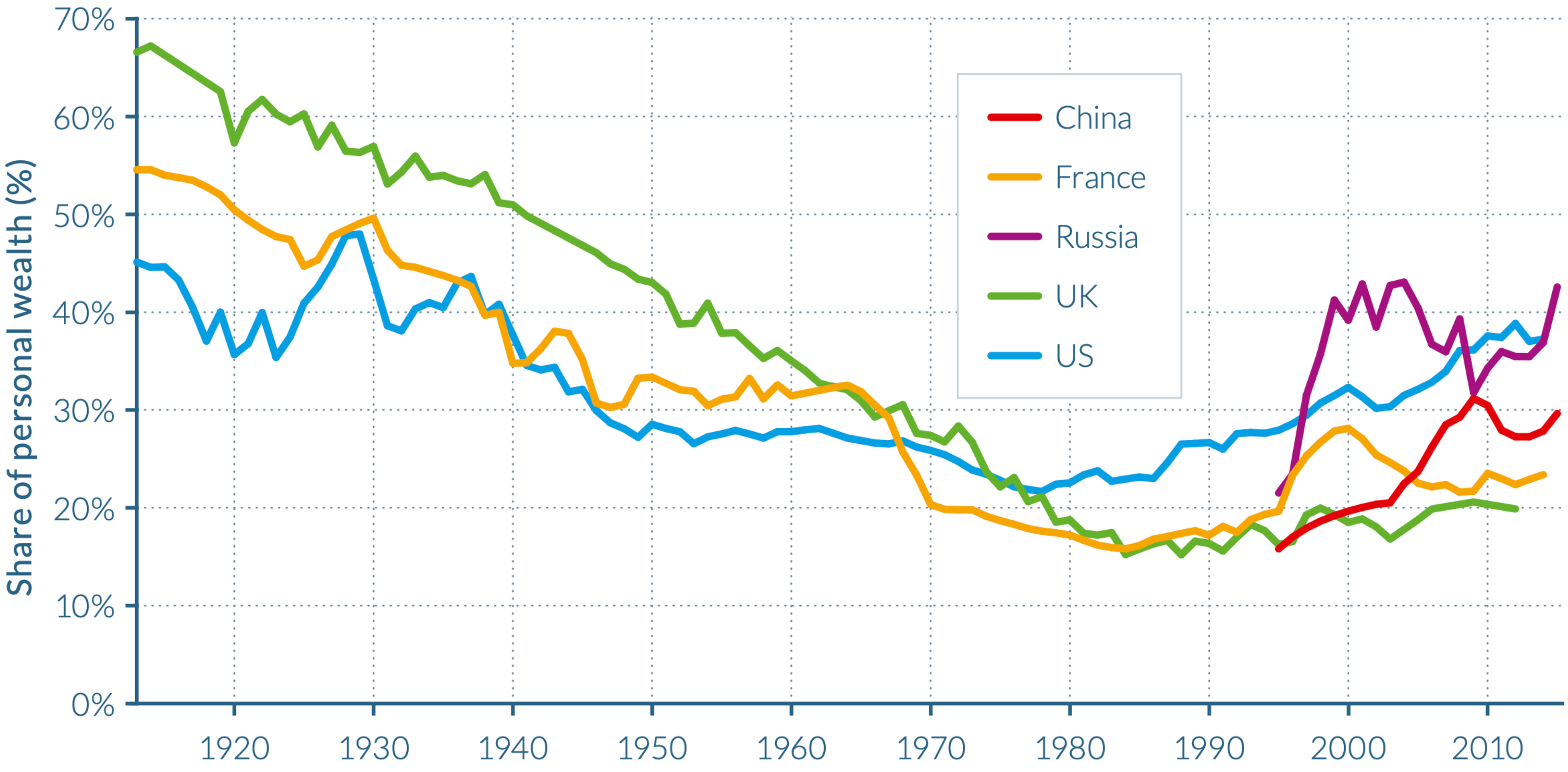
Italy 1995-2016

Figure 1: The inversion of fortunes between 1995 and 2016



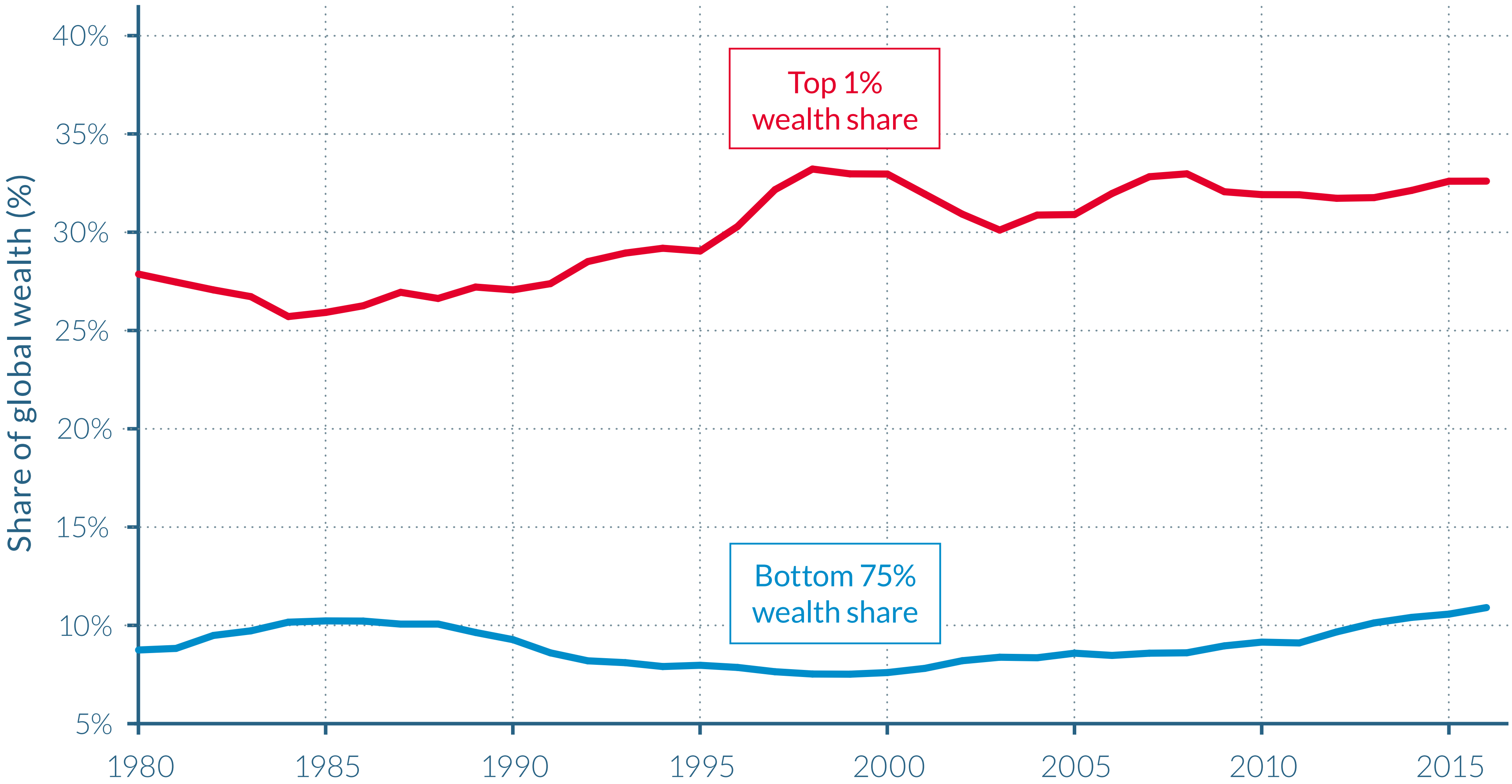
Source: Acciari, Alvaredo and Morelli (2021)

The top 1% share of global wealth



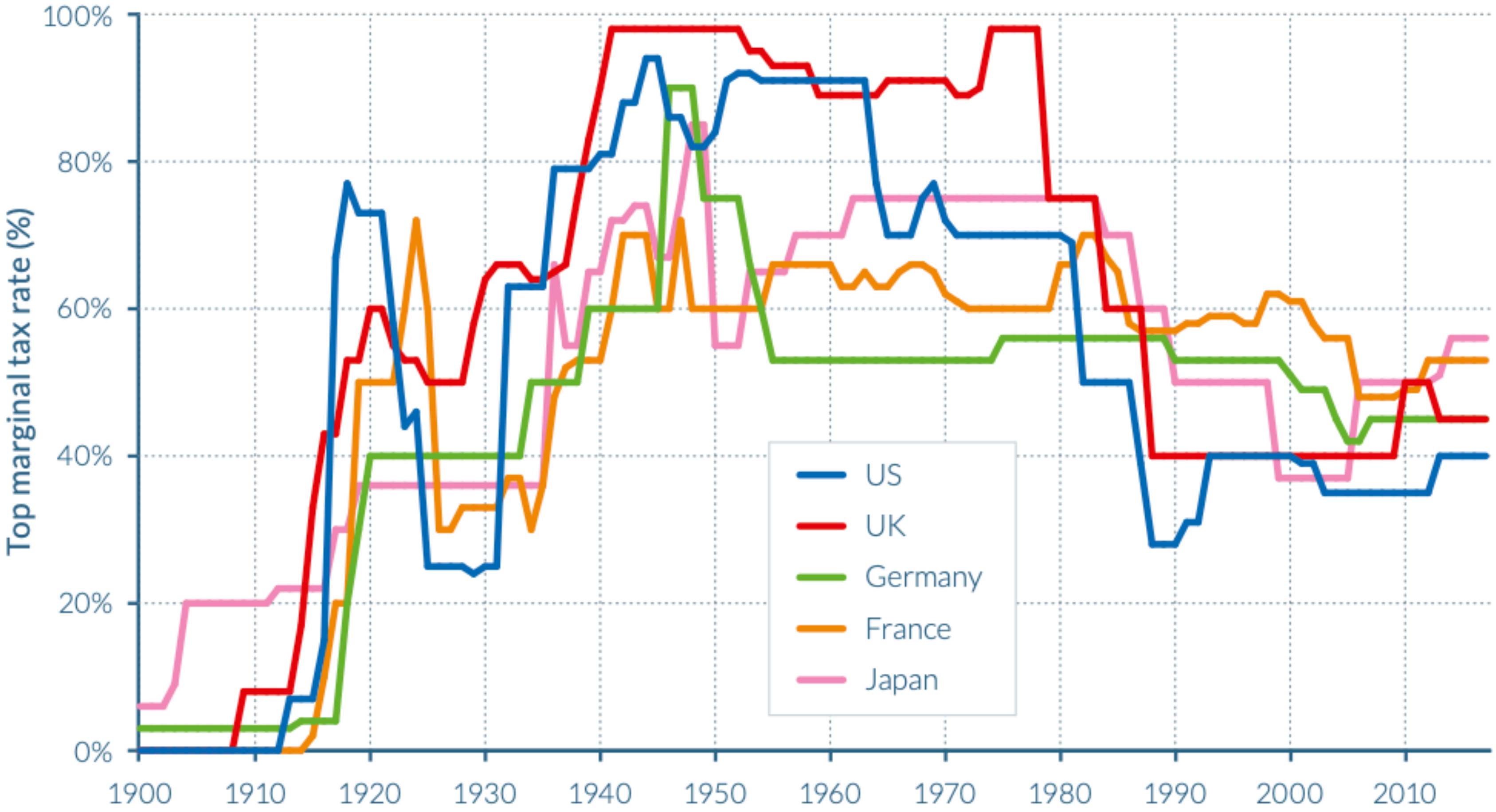
Source: WID.world (2017). See wir2018.wid.world for data series and notes.

The top 1% and bottom 75% shares of global wealth in China-US-Europe



Source: WID.world (2017). See wir2018.wid.world for data series and notes.

Top income tax rates in rich countries, 1900–2017



Sources: Piketty (2014) and updates. See wir2018.wid.world for data series and notes.

Remarks

- For some of the countries for which we have data (but not for all), wealth concentration has been on the rise since the 1980s
- Increasing income inequality and transfer of public wealth to private holders have played a key role
- In France and the UK, the increase in wealth concentration has been more moderate due to the equalizing effect of rising housing prices
- In the US (where the housing wealth effect has been smaller), the inequality of saving rates seems to have been a major driver of the increase in wealth concentration

Centralization with *de-accumulation*, and the differentiation of capital

Example: Soy production

- 80 years ago seeds were quasi-public goods (available for successive uses without payment)
- Improvements/adaptation in seeds were made by producers, the public sector,…
- The last decades saw the emergence of hybrid seeds, which lose specific characteristics in the second generation, and the developments in the genetic changes, only accessible to a handful of firms
- New case: who is the owner of the seed?
- Diamond v. Chakrabarty, 1980, permitted a patent over a bacterium, and in 2000 US Supreme Court confirmed the possibility of granting patents to a plant (genes, tissues, new plants, seeds).
- Today a handful Gene Giants control 70% of world seed market (Syngenta, Bayer/Monsanto, Basf, Dupont, Chemchina). 82% of seeds have patents, and they hold 85% of patents.
- **These firms write adhesion contracts with producers: they establish what to produce, where to produce, who the local seed provider is, which the exporting company will be.**
- **In this context, which includes all relevant sectors, we should ask ourselves what the concept of asset and wealth is. The relevant conflict is who plans whom.**