

Study shows inequality much higher in Germany than previously estimated

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The distribution of wealth in modern society resembles an inverted pyramid. The higher up the pyramid, the fewer the people who share in total wealth. The top layer of society conceals its fortunes, and official figures are hard to come by, making it difficult to say precisely how rich they are. A new study by the trade union-run Hans Böckler Foundation aims to illuminate this “great statistical uncertainty.”

What the researchers at the German Institute for Economic Research (DIW) discovered, on the basis of an approximation of peak assets, far surpasses previous assumptions about social inequality in Germany—even though the reevaluation, in the words of the author, is “fraught with uncertainty.” Unfortunately, researchers could only draw on data that was three years old.

According to the study, the richest 10 percent possess over 63 to 74 percent of the total wealth of private households, which amounts to 8.6 to 9.3 billion Euros in the estimation of researchers. That means approximately 400,000 households possess more wealth than the remaining 3.5 million. Earlier data had indicated a share of only 60 percent.

In the case of the super-rich, the authors had to make even stronger corrections to earlier figures. The wealthiest one percent possesses not just 18 percent of total wealth as previously believed, but 31 to 34 percent—almost twice as much. The richest tenth of one percent control three times as much wealth as previously thought—instead of five percent, between 14 and 16 percent. These approximately 80,000 people are wealthier than the poorest half of the German population, roughly 40 million people.

The previous methods used to determine the distribution of wealth demonstrate severe weaknesses. The German Socio-Economic Panel (SOEP), established by the same institute in 1983, surveyed the

wealth of thousands of representative households. It would be highly unlikely, according to the authors of the latest DIW study, that a millionaire or even a billionaire would participate in such a poll conducted by telephone. On the basis of the SOEP data, at most, the wealthiest households, with tens of millions of euros, were included in the calculations. The results were distorted.

In order to incorporate the super-rich into the calculations of the distribution of wealth, researchers used, among other things, the richest persons list of *Forbes* magazine, which includes only individuals with assets of more than one billion dollars

Their wealth and numbers have sharply increased in the last year. Despite, or thanks to, the financial crisis, the number of billionaires in Germany climbed from 34 in the year 2002 to 55 in 2012. The collective wealth of this tiny layer amounted to 130 billion euros in 2003, and grew to as much as 230 billion by 2013.

These figures are so high, that they themselves raise concerns among the defenders and beneficiaries of such vast inequality. As the charity organization Oxfam reported in mid-January, the top one percent of the world’s population will have more wealth next year than the remaining 99 percent. The *Süddeutsche Zeitung* wrote of the “explosive force of social inequity.”

The ongoing concentration of wealth at the top of society is observed not only in Germany, but throughout the world. The magnitude of social inequality is ever more sharply expressed on a global scale.

In 2010, approximately 380 billionaires possessed exactly as much wealth as the poorest half of humanity. In the course of only three years, this number sank to 92 billionaires. One year later, just 80 billionaires

possessed more wealth than three and a half billion people.

“The growth of social inequality,” the *World Socialist Web Site* wrote following the publication of the Oxfam report, “is the consequence of policies enacted by the ruling class in the aftermath of the 2008 financial crisis. ... Governments responded to the collapse of asset values and the insolvency of major banks by pumping some \$12 trillion into the financial markets by means of bank bailouts, near-zero interest rates, and central bank money-printing (Quantitative Easing).”

The richest layer in Germany controls far more wealth than previously known. To return to the initial image of this article: no pyramid can stand on its peak for long without toppling over—or being overthrown from the bottom.



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