

Millionaires projected to own 46 percent of global private wealth by 2019

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Households with more than a million (US) dollars in private wealth are projected to own 46 percent of global private wealth in 2019 according to a new report by the *Boston Consulting Group* (BCG).

This large percentage, however, only includes cash, savings, money market funds and listed securities held through managed investments—collectively known as “private wealth.” It leaves out businesses, residences and luxury goods, which comprise a substantial portion of the rich’s net worth.

At the end of 2014, millionaire households owned about 41 percent of global private wealth, according to BCG. This means that collectively these 17 million households owned roughly \$67.24 trillion in liquid assets, or about \$4 million per household.

In total, the world added \$17.5 trillion of new private wealth between 2013 and 2014. The report notes that nearly three quarters of all these gains came from previously existing wealth. In other words, the vast majority of money gained has been due to pre-existing assets increasing in value—not the creation of new material things.

This trend is the result of the massive infusions of cheap credit into the financial markets by central banks. The policy of “quantitative easing” has led to a dramatic expansion of the stock market even while global economic growth has slumped.

While the wealth of the rich is growing at a breakneck pace, there is a stratification of growth within the super wealthy, skewed towards the very top.

In 2014, those with over \$100 million in private wealth saw their wealth increase 11 percent in one year alone. Collectively, these households owned \$10 trillion in 2014, 6 percent of the world’s private wealth. According to the report, “This top segment is expected to be the fastest growing, in both the number of

households and total wealth.” They are expected to see 12 percent compound growth on their wealth in the next five years.

Those families with wealth between \$20 and \$100 million also rose substantially in 2014—seeing a 34 percent increase in their wealth in twelve short months. They now own \$9 trillion. In five years they will surpass \$14 trillion according to the report.

Coming in last in the “high net worth” population are those with between \$1 million and \$20 million in private wealth. These households are expected to see their wealth grow by 7.2 percent each year, going from \$49 trillion to \$70.1 trillion dollars, several percentage points below the highest bracket’s 12 percent growth rate.

The gains in private wealth of the ultra-rich stand in sharp contrast to the experience of billions of people around the globe. While wealth accumulation has sharply sped up for the ultra-wealthy, the vast majority of people have not even begun to recover from the past recession.

An Oxfam report from January, for example, shows that the bottom 99 percent of the world’s population went from having about 56 percent of the world’s wealth in 2010 to having 52 percent of it in 2014. Meanwhile the top 1 percent saw its wealth rise from 44 to 48 percent of the world’s wealth.

In 2014 the Russell Sage Foundation found that between 2003 and 2013, the median household net worth of those in the United States fell from \$87,992 to \$56,335—a drop of 36 percent. While the rich also saw their wealth drop during the recession, they are more than making that money back. Between 2009 and 2012, 95 percent of all the income gains in the US went to the top 1 percent. This is the most distorted post-recession income gain on record.

As the Organization for Economic Co-operation and Development (OECD) has noted, in the United States “between 2007 and 2013, net wealth fell on average 2.3 percent, but it fell ten-times more (26 percent) for those at the bottom 20 percent of the distribution.” The 2015 report concludes that “low-income households have not benefited at all from income growth.”

Another report by *Knight Frank*, looks at those with wealth exceeding \$30 million. The report notes that in 2014 these 172,850 ultra-high-net-worth individuals increased their collective wealth by \$700 billion. Their total wealth now rests at \$20.8 trillion.

The report also draws attention to the disconnection between the rich and the actual economy. It states that the growth of this ultra-wealthy population “came despite weaker-than-anticipated global economic growth. During 2014 the IMF was forced to downgrade its forecast increase for world output from 3.7 percent to 3.3 percent.”



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