

Richest 50 Americans now have as much wealth as bottom 165 million

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The Federal Reserve released data this week on US household wealth that documents the acceleration of wealth inequality during the COVID-19 pandemic.

In the second quarter of 2020, the bottom 50 percent of households—some 165 million people—held \$2.08 trillion, or \$12,600 per person, while the richest one percent of the population controlled \$34.2 trillion, i.e., over \$10.4 million per person. In percentile terms, the top one percent of the population held 30.5 percent of all wealth, while the bottom 50 percent controlled only 1.9 percent.

According to a *Bloomberg* analysis of the data, the richest 50 Americans now have as much wealth as the bottom half of the population. The increased concentration of wealth at the top in the course of 2020 is the result of the unprecedented injection of money into the stock market by the Fed, which has led to an explosive growth in the fortunes of moguls such as Amazon CEO Jeff Bezos, Tesla chief Elon Musk and Facebook CEO Mark Zuckerberg.

The divide in wealth appears even more gigantic when one looks at the top 10 percent of the population as a whole. Combined, the top one percent and next nine percent held 69 percent of the nation's wealth at the end of the second quarter of 2020, a total of \$77.32 trillion.

Between the first and second quarter of 2020, the top one percent of the population increased its share of the country's wealth from 30 percent to 30.5 percent. The biggest losers were those in the 50 to 90 percentile range of wealth holders, who saw their overall share shrink from 29.7 percent to 29.1 percent. The 90 to 99 percentile and the bottom half remained largely unchanged.

While these changes may appear slight, they actually represent a substantial shift in a short period of time.

The top one percent of the population substantially increased its share of the country's wealth as the Fed effectively printed over \$3 trillion and injected it into the financial markets. Better-off sections of workers, who, unlike the bottom half of the working class, have some level of savings, retirement funds or other assets, saw their wealth share decline, as they were forced to draw on savings amidst the global downturn.

One explanation for this sharpening division between, roughly, the top 10 percent of the population and the bottom 90 percent of the population is the disproportionate ownership of stocks and mutual funds. The top one percent of the population owns 52.4 percent of all corporate equities (stocks) and mutual funds, the next nine percent owns 35.8 percent.

Combined, 88.2 percent of the US economy, as represented in corporate equities and mutual funds, is owned by just 10 percent of the population.

While the bottom half of the population has for the last several decades held only one percent of the nation's stocks, better-off sections of the working class, the 50th to 90th percentiles, held 21.4 percent of this wealth in the early 2000s. However, today this share has fallen to just 11.2 percent. In other words, better-off sections of the working class, less connected to the financial markets, have seen their fortunes move in an opposite direction to those in the top 10 percent of the population.

Another interesting feature of the Fed data is its breakdown by age group. The Millennial group—those born between 1981 and 1996—is today the largest share of the American workforce, accounting for 72 million workers. However, Millennials own just 4.6 percent of US wealth.

In contrast, the data shows that in 1989, when the typical member of the Baby Boomer generation was 34,

that generation controlled about 21 percent of wealth.

This contrast between the wealth of Millennials and that of Boomers at similar times in their life cycles reflects the incredible difficulty that young people today face in landing a decent-paying job, paying for college and paying for health care, let alone taking out a mortgage, raising a family and saving for retirement.

The Fed data comes on top of several other recent reports and announcements about social inequality, including:

- A UBS report showing that the world's billionaires have increased their wealth by over \$1.3 trillion, more than 10 percent, in just three years.
- An announcement by the World Bank that the fallout from COVID-19 will push as many as 150 million people into what it classifies as extreme poverty (living on less than \$1.90 per day) by 2021. This is the first time the number of people in extreme poverty has increased since 1998.
- A *Wall Street Journal* report that, using Labor Department data, demonstrated the divergence of fortunes for educated and noneducated workers amid the pandemic. The *Journal* found that, while those with college degrees have nearly recovered from COVID-19 job losses (which were smaller), high school dropouts still have 18 percent fewer jobs.
- A RAND report that found the bottom 90 percent of Americans would be making 67 percent more without last four decades of deepening inequality.

The ever-growing concentration of wealth at the top of the population weighs like a malignant tumor over society. No social problem, whether it be inequality, global warming, education, health care, retirement or the pandemic, can be solved without mobilizing these vast fortunes at the top and placing them under the democratic control of the broad majority of the population.

The process of extreme class restructuring, and the decimation of the ranks of the better-off, “middle-class” workers depicted in the Fed data, has been underway for at least 40 years. Under Democratic no less than Republican leadership, president after president, Congress after Congress, policies have been carried out that inflated the wealth of the ultra-rich while degrading the conditions of the working class.

This process was sped up by the 2008 financial crisis, in which the Obama administration took measures to

gut autoworkers' pay while funneling trillions of dollars to Wall Street.

Now, a similar but even more drastic social restructuring is underway in response to the COVID-19 pandemic. Millions have been thrown into long-term joblessness and poverty, while \$3 trillion have been injected into the financial markets and hundreds of billions of dollars given out to major corporations under the bipartisan CARES Act.

The needs of the working class—the broad majority of the population—stand in direct conflict with the interests of the parasitic financial elite. The major banks and corporations, which control nearly every aspect of global life today, must be placed under the democratic ownership and supervision of the working class so that that the needs of the population can be met.



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