

Credit Suisse report reveals vast increase in global wealth inequality amid pandemic in 2020

Kevin Reed
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The Research Institute of Credit Suisse published its “Global Wealth Report 2021” on Tuesday, showing a substantial worldwide increase in wealth inequality during 2020. The report states, “The repercussions of the COVID-19 pandemic led to widespread rises in wealth inequality in 2020.”

The report admits that this growth in the wealth gap—amid the devastating impact of the public health and economic crisis of 2020—is rooted in the “nature of the policy response” by governments and central banks to the coronavirus pandemic.

Summarizing the impact of these policies, the report states, “Wealth creation in 2020 was largely immune to the challenges facing the world due to the actions taken by governments and central banks to mitigate the economic impact of COVID-19.”

The report goes on to state that the initial widespread negative impact on GDP and share prices in February and March 2020 was overcome with central bank interest rate reductions and “prompt action” by governments to help financial markets regain confidence and equity markets to reverse their losses by June.

Credit Suisse is a global investment bank and financial services firm based in Zurich, which has offices in every major financial center around the world. The organization specializes in “wealth management” services and caters to the needs of the capitalist elite and this, its twelfth annual report, is written to provide strategic advice to its customers.

While the writers and editors do their best not to point directly to the class struggle implications of the data contained in their report, an element of concern is evident about stating too bluntly what has really been

going on over the past year.

On the one hand, they state that “the aggregate wealth of those at the top of the wealth pyramid and the resulting rise in the numbers of millionaires and UHNW [ultra-high net worth] individuals ... would be expected to raise wealth inequality.”

Meanwhile, they hint at the difference between the vast increase in the wealth of the rich and the experiences of the working class—the economic depression that destroyed tens of millions of jobs and forced millions into poverty, homelessness and hunger—by writing, “The contrast between what has happened to household wealth and what is happening in the wider economy can never have been more stark.”

Significantly, the report claims that the rise of the stock market and inflation of asset values of the rich “in the second half of 2020 was unforeseen.” The report goes, “These asset price increases have led to major gains in household wealth throughout the world. The net result was that USD 28.7 trillion was added to global household wealth during the year.”

Thus, the Credit Suisse Research Institute reporters do not mention that the central banks have been flooding the financial markets with cash that has funneled enormous sums in one form or another into the “household wealth” of the richest people on the planet. In the US, the Federal Reserve bank has been buying assets at a rate of \$120 billion per month.

The report defines net worth or household wealth as “the value of financial assets plus real assets (principally housing) owned by households, minus their debts. This corresponds to the balance sheet that a household might draw up, listing the items which are owned, and their net value if sold.”

Among the key statistics reported by Credit Suisse is that the number of millionaires increased worldwide by 5.2 million to a total of 56.1 individuals who possess 45.8 percent of the world's wealth. With one-third of these new millionaires (1.7 million) residing in the US, 2020 was the first year that more than one percent of the world's adults were "dollar millionaires."

A measure of the scale of the increase in economic inequality last year is shown in the statistics presented on the growth in the number and personal assets of what are known as ultra-high net worth individuals (UHNWI), that is individuals with net worth above \$50 million. The report says there were 215,030 UHNWIs worldwide in 2020, an increase of 41,410 people, or 23.9 percent, over 2019. More than half of the increase, 21,313 people, were in the US.

Within the UHNWI category are subgroups: 68,010 adults with wealth above \$100 million and 5,332 with wealth above \$500 million.

Reviewing the bottom wealth quartile, the report states without comment, "We estimate that 2.9 billion individuals—55 percent of all adults in the world—had wealth below USD 10,000 in 2020."

Analyzing the upper-middle segment, those with wealth between \$100,000 to \$1 million, the report states this group has "expanded significantly this century, from 208 million to 583 million. They currently own net assets totaling USD 163.9 trillion, or 39.1 percent of global wealth, which is nearly four times their share of the adult population."

This group plus those in the top quartile, with wealth over \$1 million, represent 12.2 percent of the world's population and they own a staggering 84.9 percent of the world's total wealth or approximately \$355.5 trillion.

The report contains statistics on the distribution of the wealth accumulation of the super-rich in different regions of the world that also highlight the socio-economic inequality within the global capitalist system. For example, while the report hails the worldwide average wealth increase per adult of 6 percent, it glosses over the fact that Africa, India and Latin America experienced a decline in average wealth of -2.1 percent, -6.1 percent and -11.4 percent respectively. The indebtedness of these regions also grew significantly during 2020.

By far the largest wealth accumulation and expansion

of wealthy individuals took place in the US. As mentioned above, the US had 39 percent of the world's new millionaires (1.7 million of the total of 5.2 million) in 2020. There is a class significance to the fact that the US also stands out as the country with the largest death toll from the coronavirus last year. Given that as of December 31, 2020 there were approximately 364,000 coronavirus deaths in the US, this means that for each new millionaire in 2020 there were five people who died of COVID-19 that year.



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