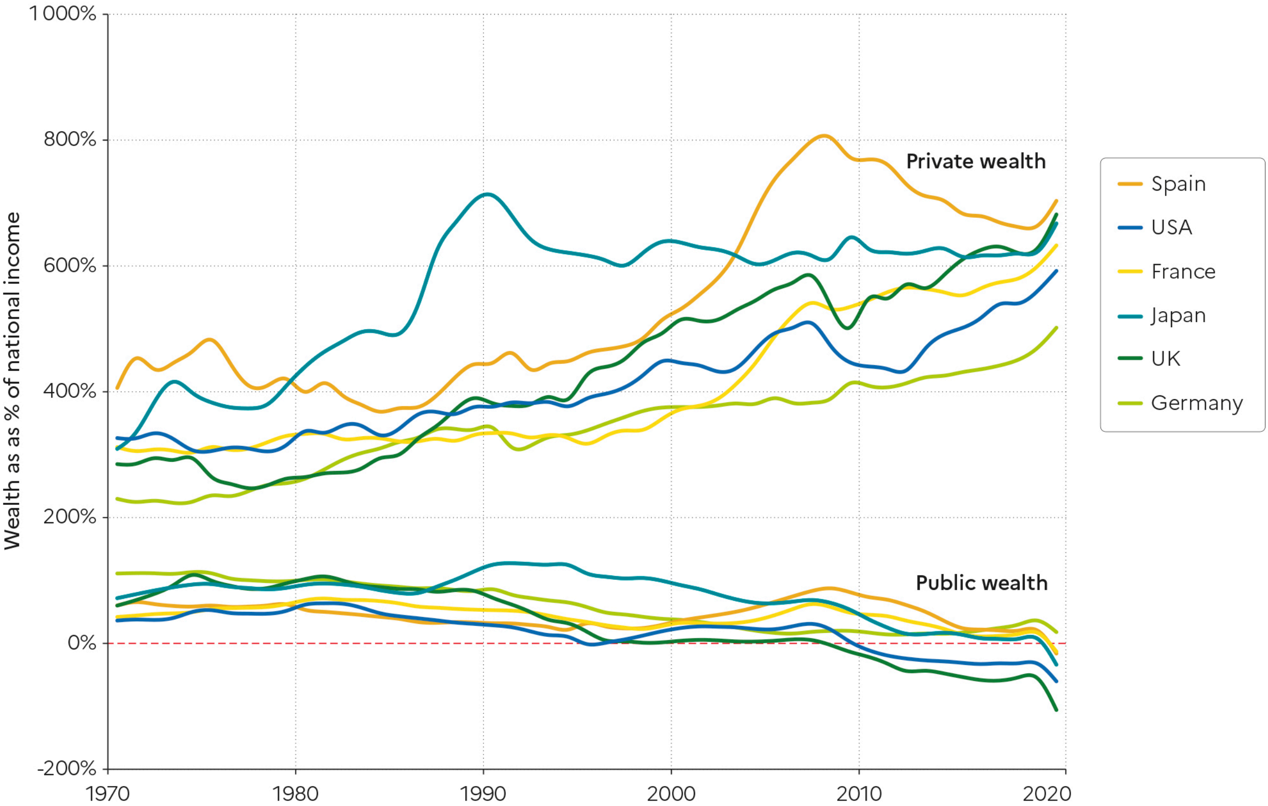
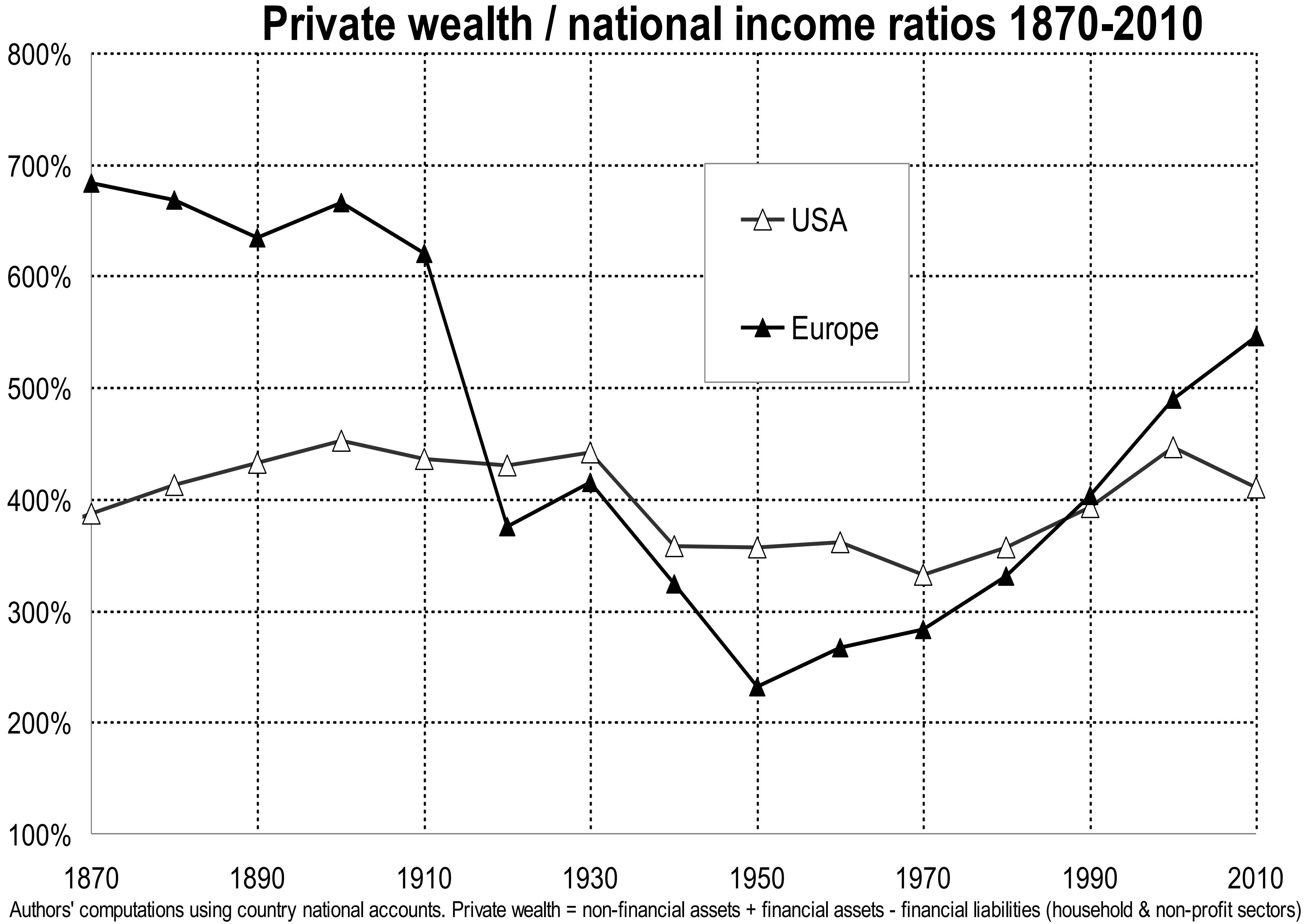
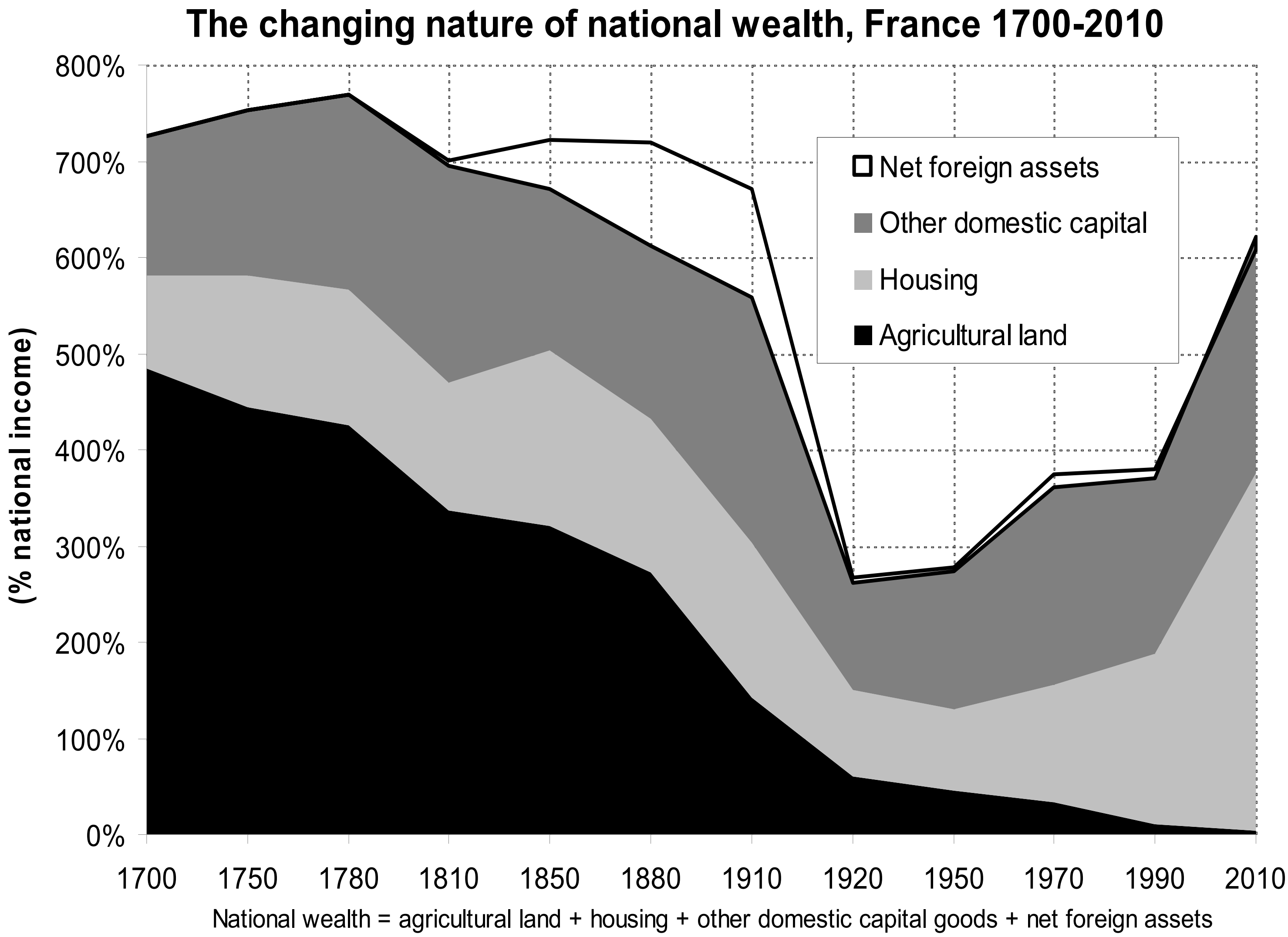
Figure 8 *The rise of private versus the decline of public wealth in rich countries, 1970-2020*



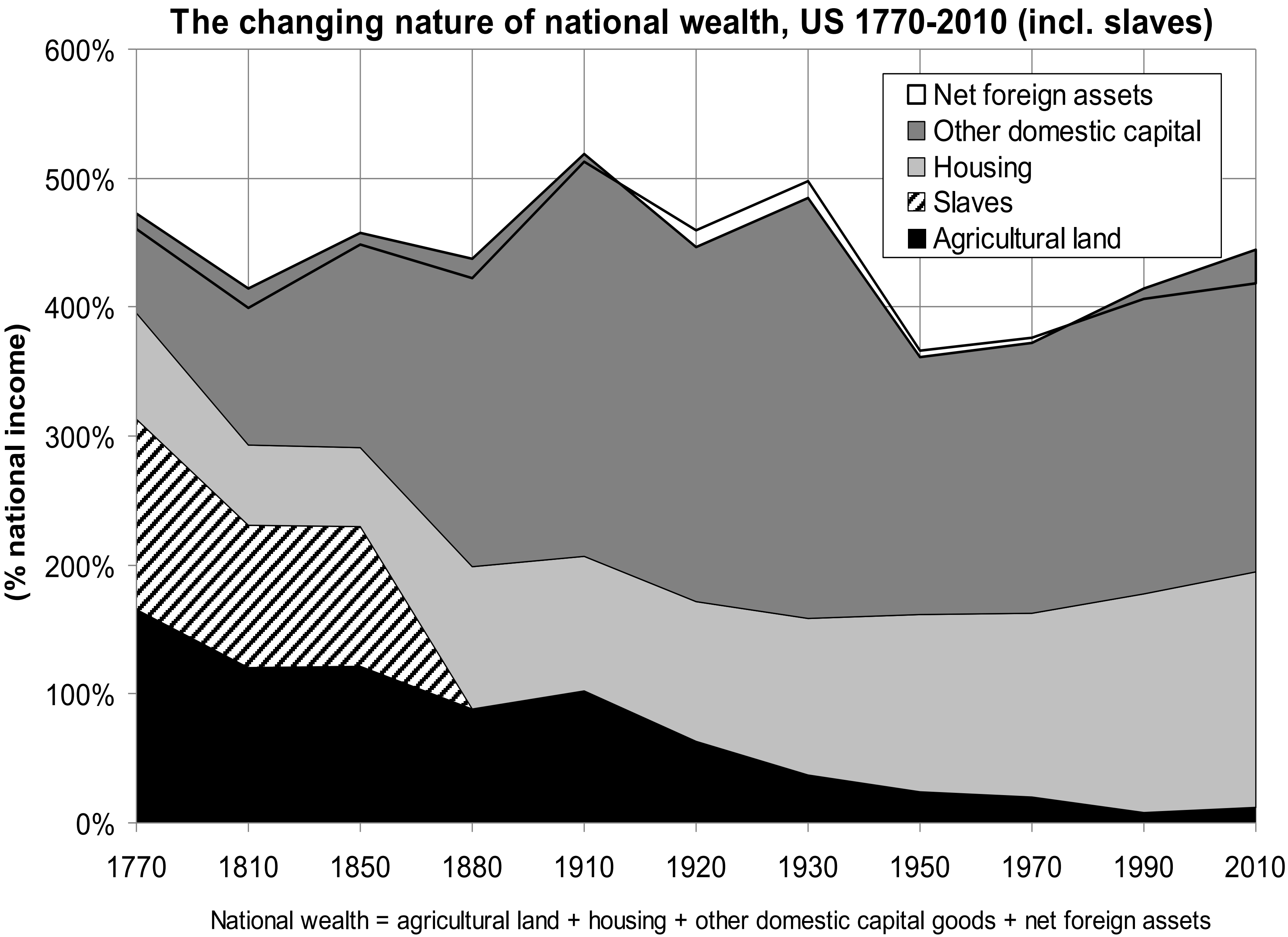
Interpretation: *Public wealth is the sum of all financial and non-financial assets, net of debts, held by governments. Public wealth dropped from 60% of national income in 1970 to -106% in 2020 in the UK.* ***Sources and series:*** *wir2022.wid.world/methodology, Bauluz et al. (2021) and updates.*



Source: Piketty and Zucman '13



Source: Piketty, Thomas [book]Capital in the 21st Century

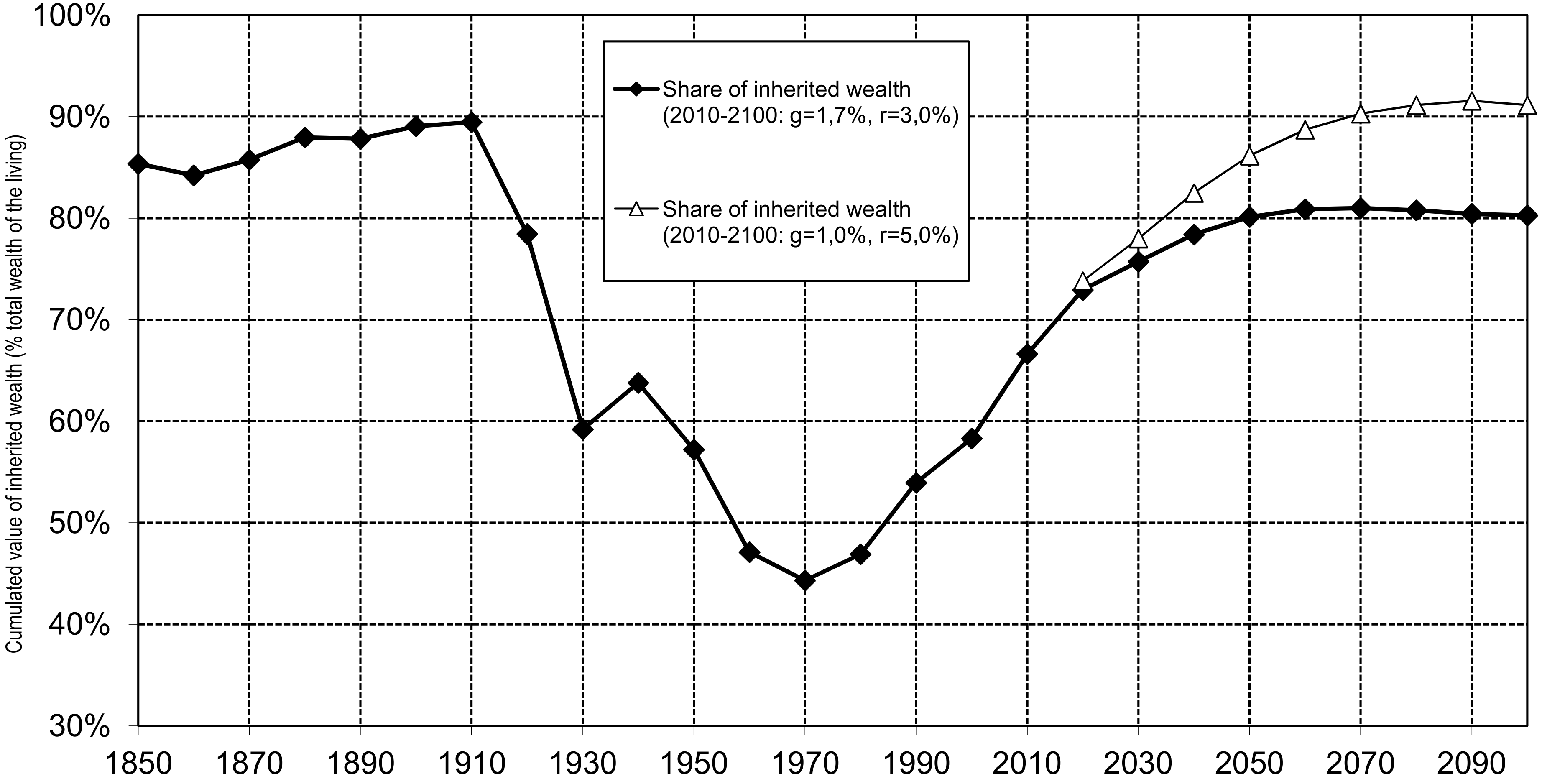


Source: Piketty and Zucman '13

Source: Norton and Ariely 2011

Fig. 2. The actual United States wealth distribution plotted against the estimated and ideal distributions across all respondents. Because of their small percentage share of total wealth, both the "4th 20%" value (0.2%) and the "Bottom 20%" value (0.1%) are not visible in the "Actual" distribution.

Figure 11.7. The share of inherited wealth in total wealth, France 1850-2100



Inherited wealth represents 80-90% of total wealth in France in the 19th century; this share fell to 40%-50% during the 20th century, and might return to 80%-90% during the 21st century. Sources and series: see piketty.pse.ens.fr/capital21c

Source: Piketty (2014)

Treatment example: Information about the Estate Tax

Besides the income tax, the government can also level the playing field with **the federal estate tax.**

The **Federal Estate Tax** (also known as the **Death Tax**) applies when a deceased person leaves **more than $5 million** in wealth to his or her heirs. Wealth left to a spouse or charitable organizations is exempt from estate tax.

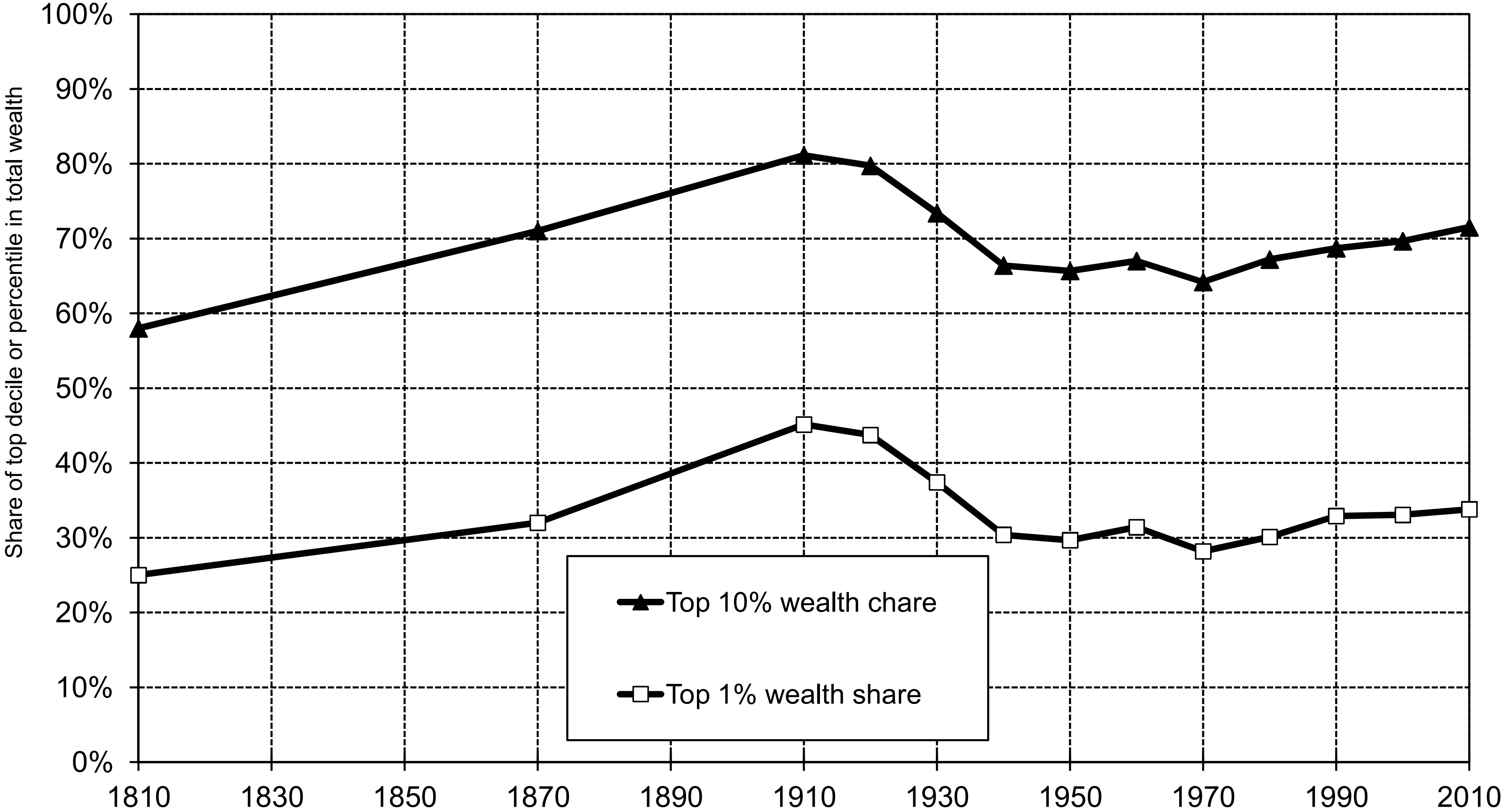
Only 1 person out of 1000 is wealthy enough to face the estate tax.

Average Americans do not have anything close to $5 million in wealth, so the estate tax does not affect them and they can pass on their property to their children tax-free.

Eliminating the estate tax would allow the very richest families to pass down all of their wealth to their children tax-free. Hence, children of rich people would also start off very rich themselves.

Increasing the estate tax is a way to level the playing field between the children of wealthy parents and children of middle-class parents.

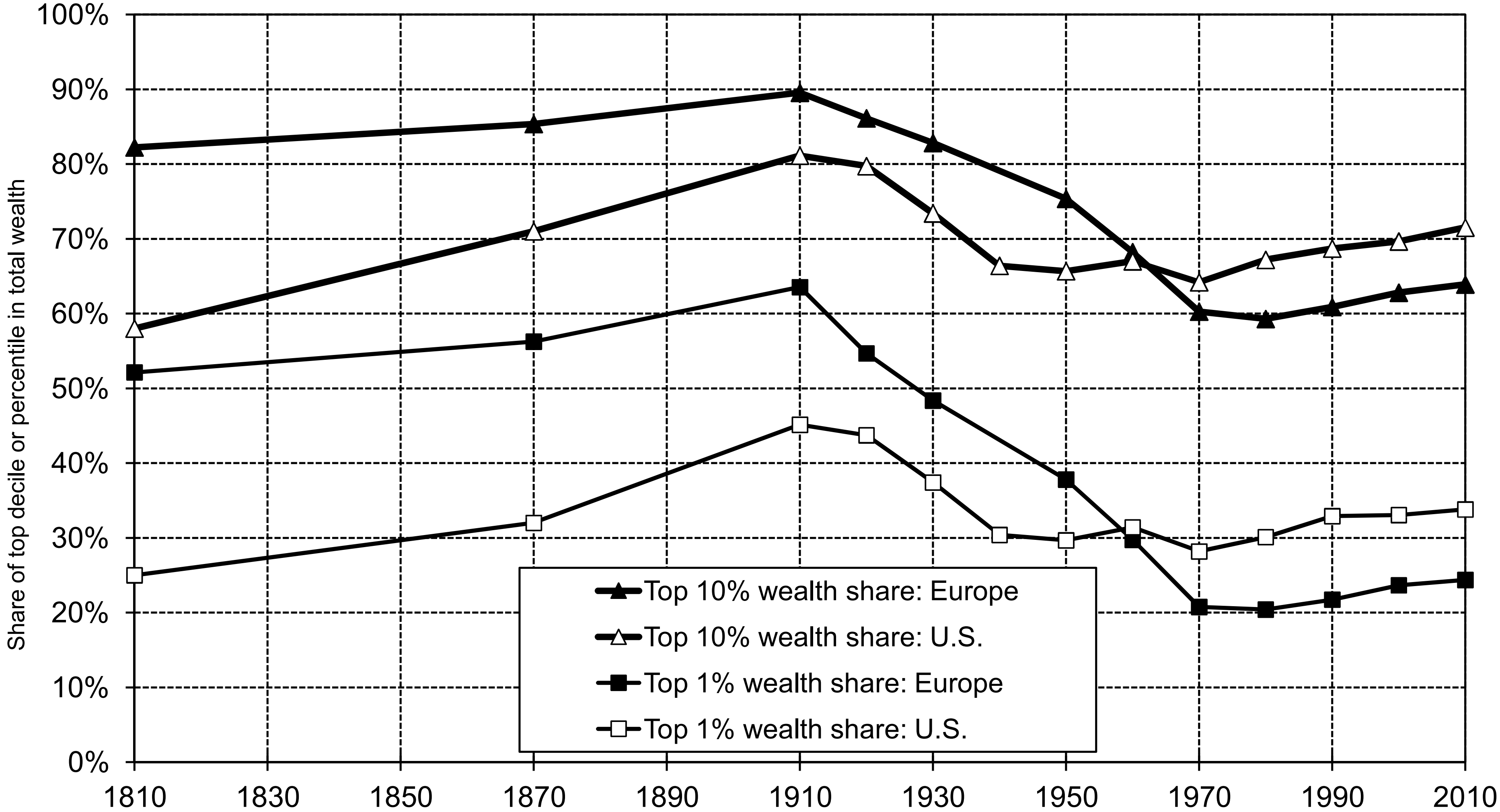
Figure 10.5. Wealth inequality in the U.S., 1810-2010



The top 10% wealth holders own about 80% of total wealth in 1910, and 75% today.
Sources and series: see piketty.pse.ens.fr/capital21c.

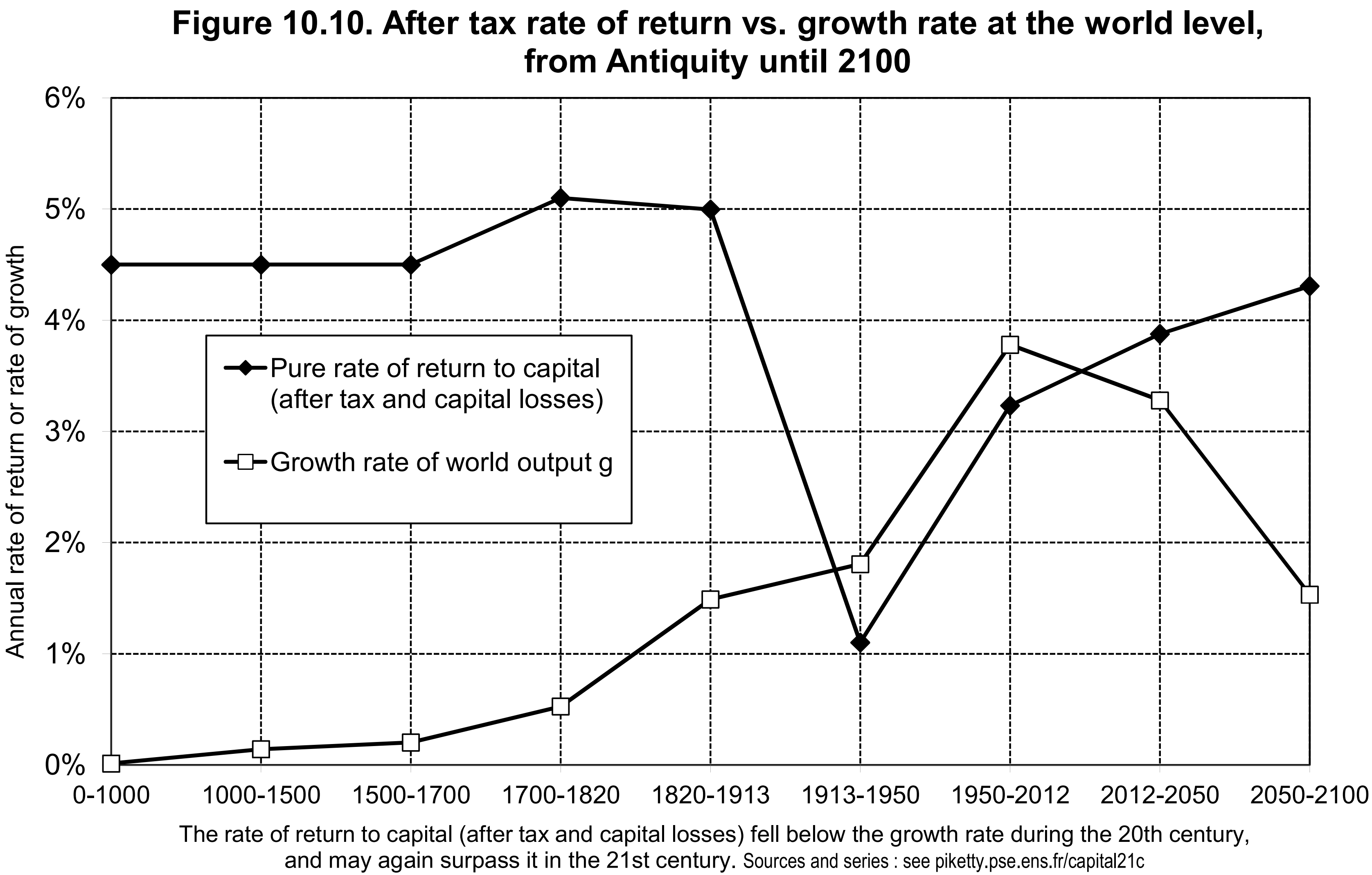
Source: Piketty (2014)

Figure 10.6. Wealth inequality: Europe and the U.S., 1810-2010

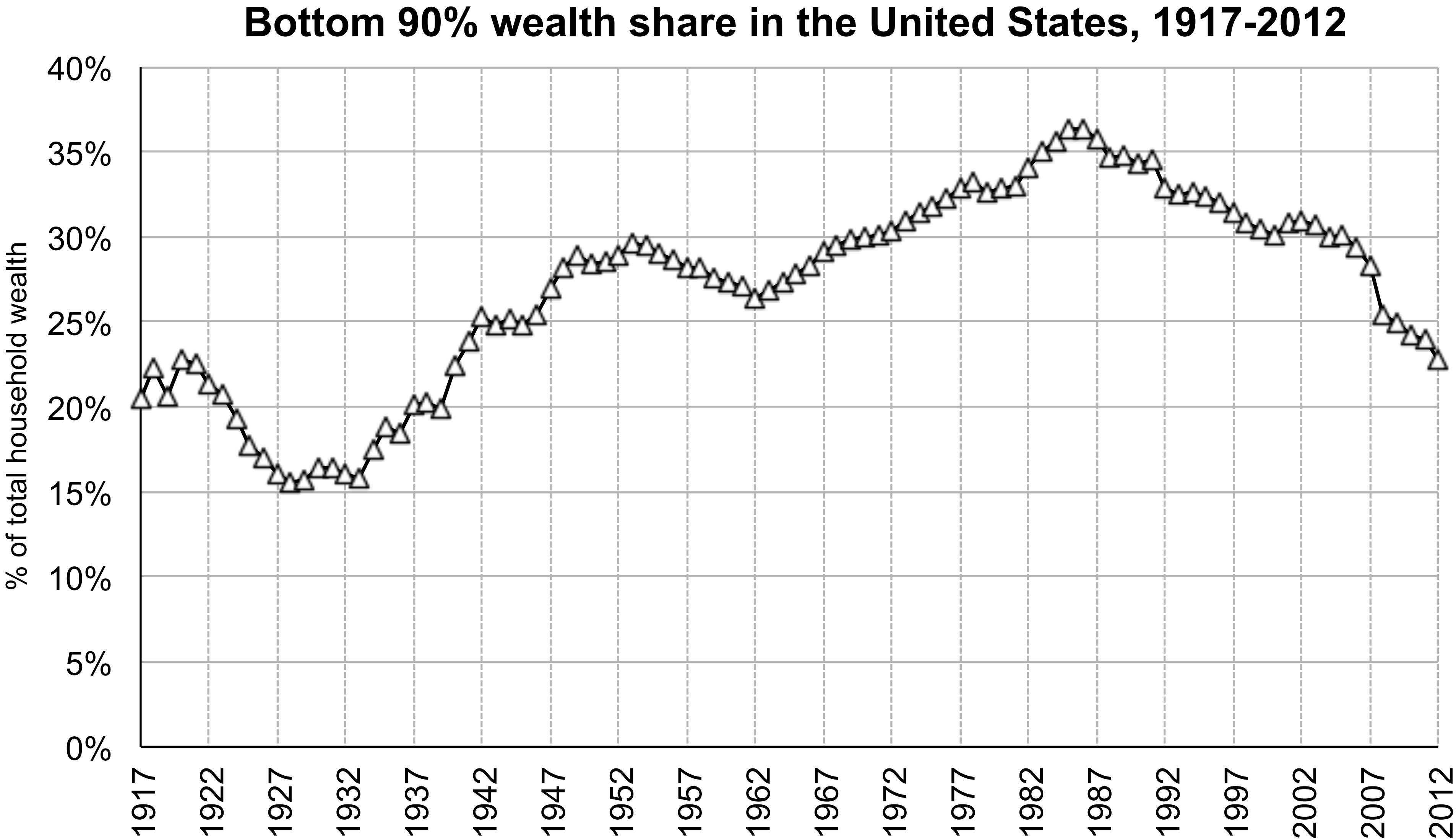


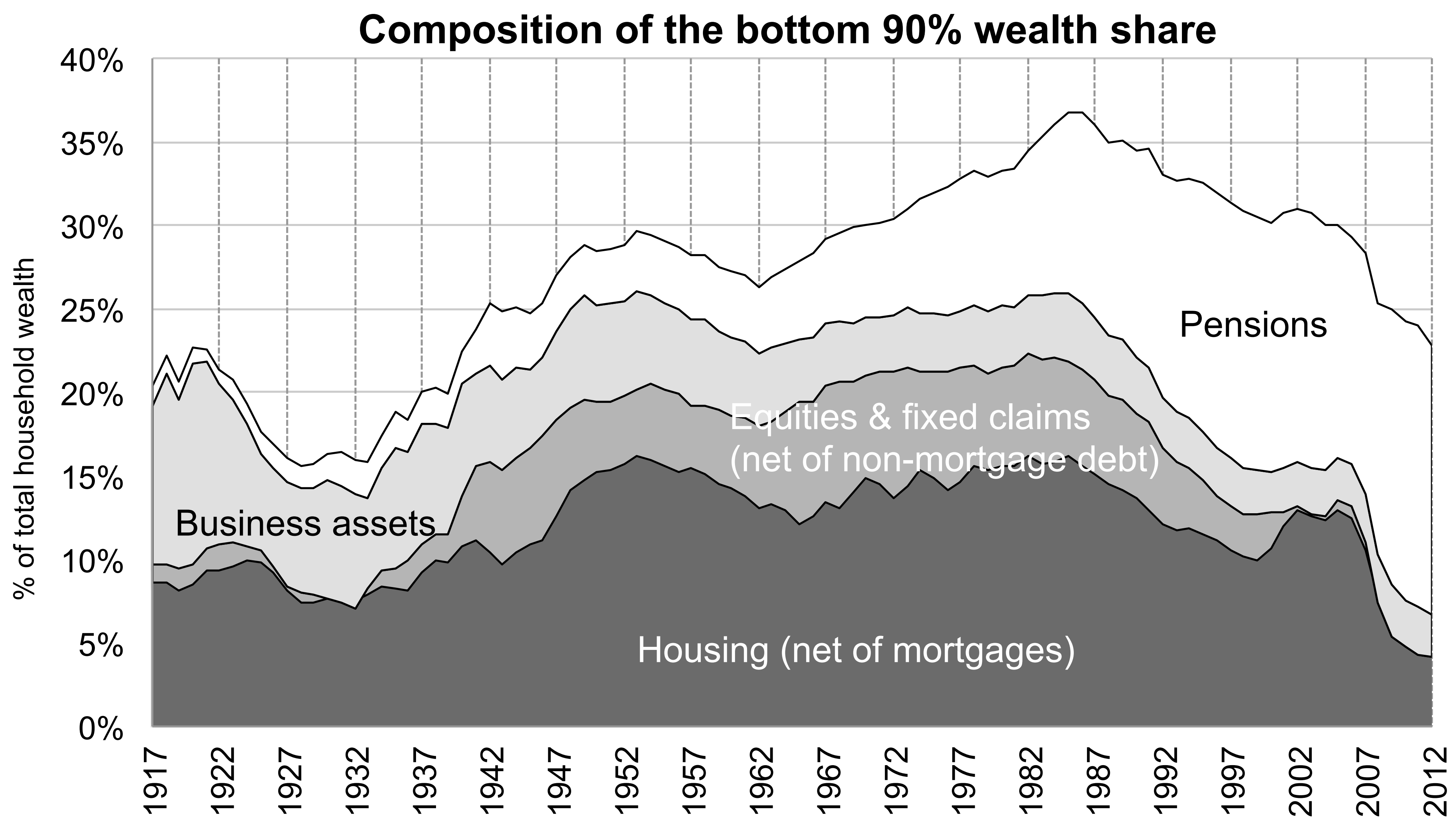
Until the mid 20th century, wealth inequality was higher in Europe than in the United States.
Sources and series: see piketty.pse.ens.fr/capital21c.

Source: Piketty (2014)



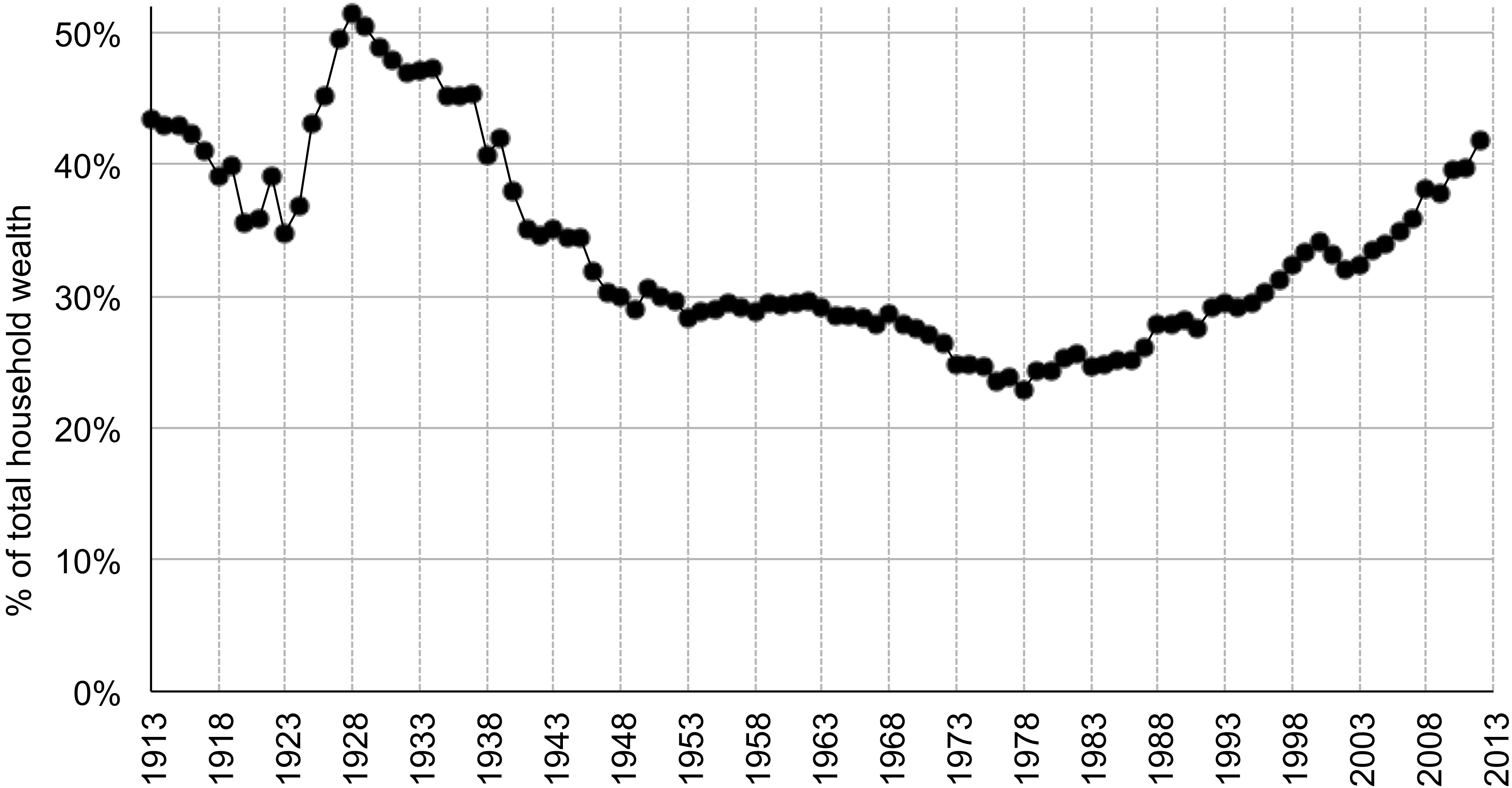
Source: Piketty (2014)


Bottom 90% wealth share in the United States, 1917-2012
% of total household wealth
40%
35%
30%
25%
20%
15%
10%
5%
0%
1917
1922
1927
1932
1937
1942
1947
1952
1957
1962
1967
1972
1977
1982
1987
1992
1997
2002
2007
2012

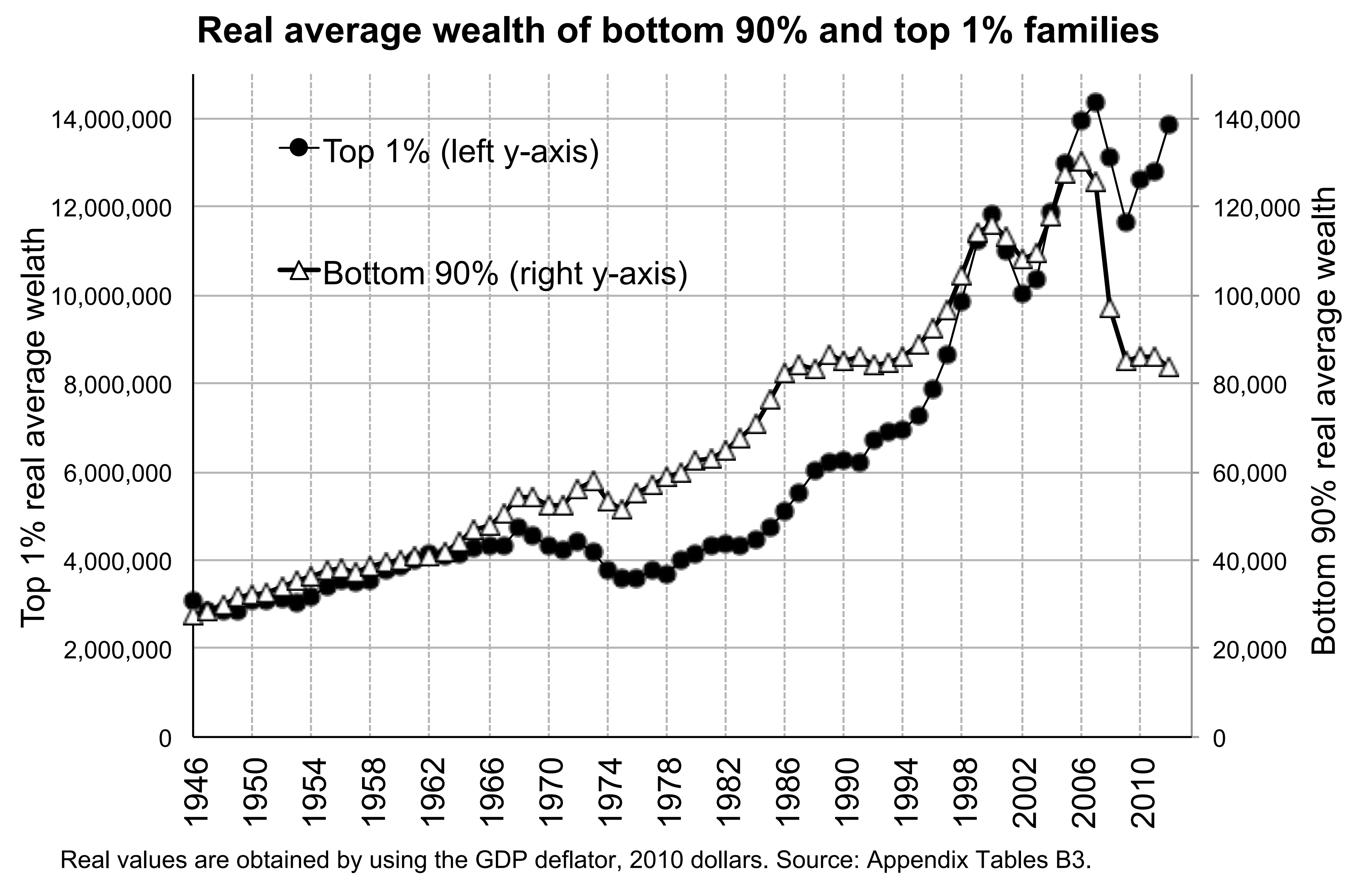


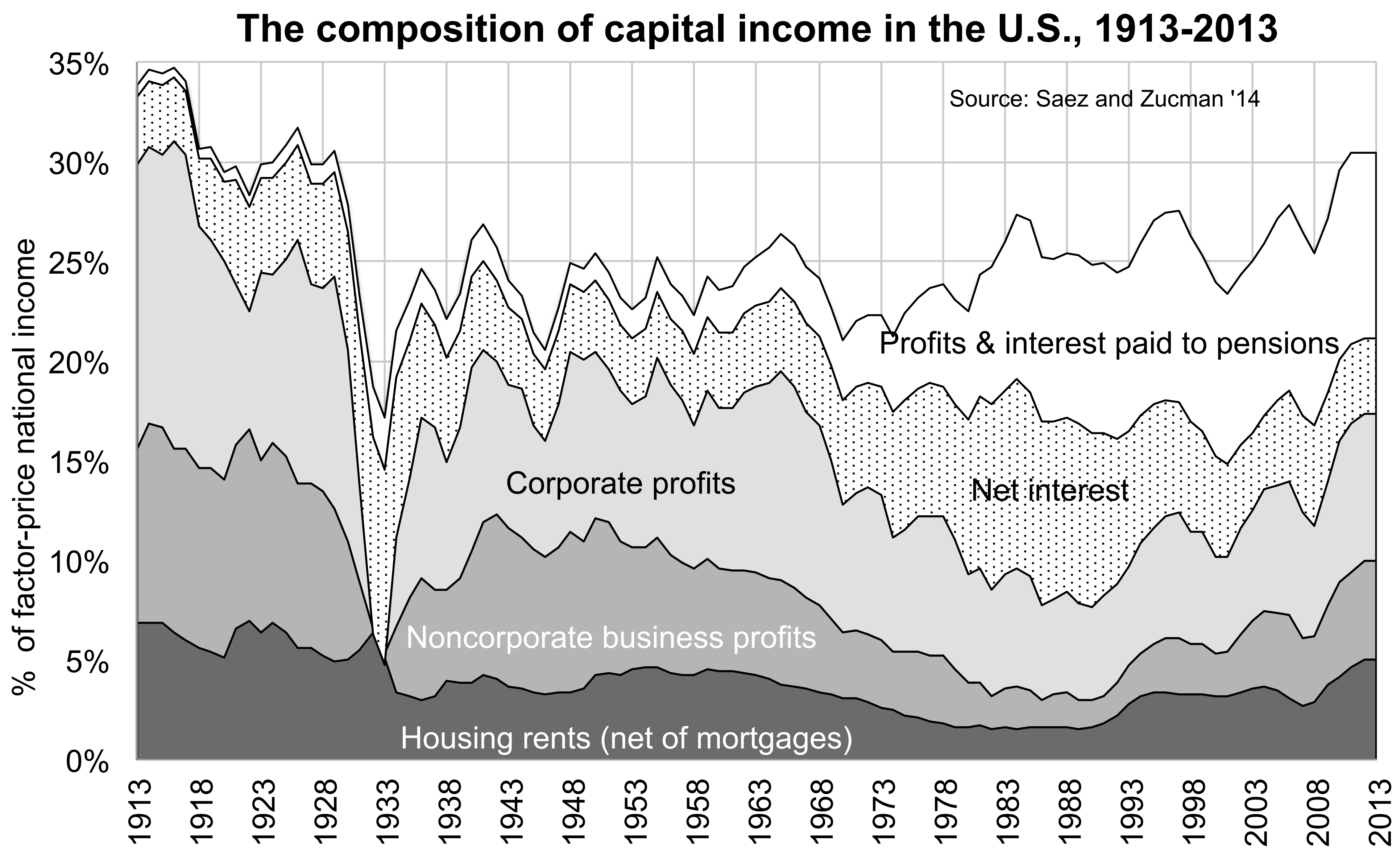
Composition of the bottom 90% wealth share
40%
35%
30%
25%
20%
15%
10%
5%
0%
% of total household wealth
Pensions
Equities & fixed claims
(net of non-mortgage debt)
Business assets
Housing (net of mortgages)
1917
1922
1927
1932
1937
1942
1947
1952
1957
1962
1967
1972
1977
1982
1987
1992
1997
2002
2007
2012

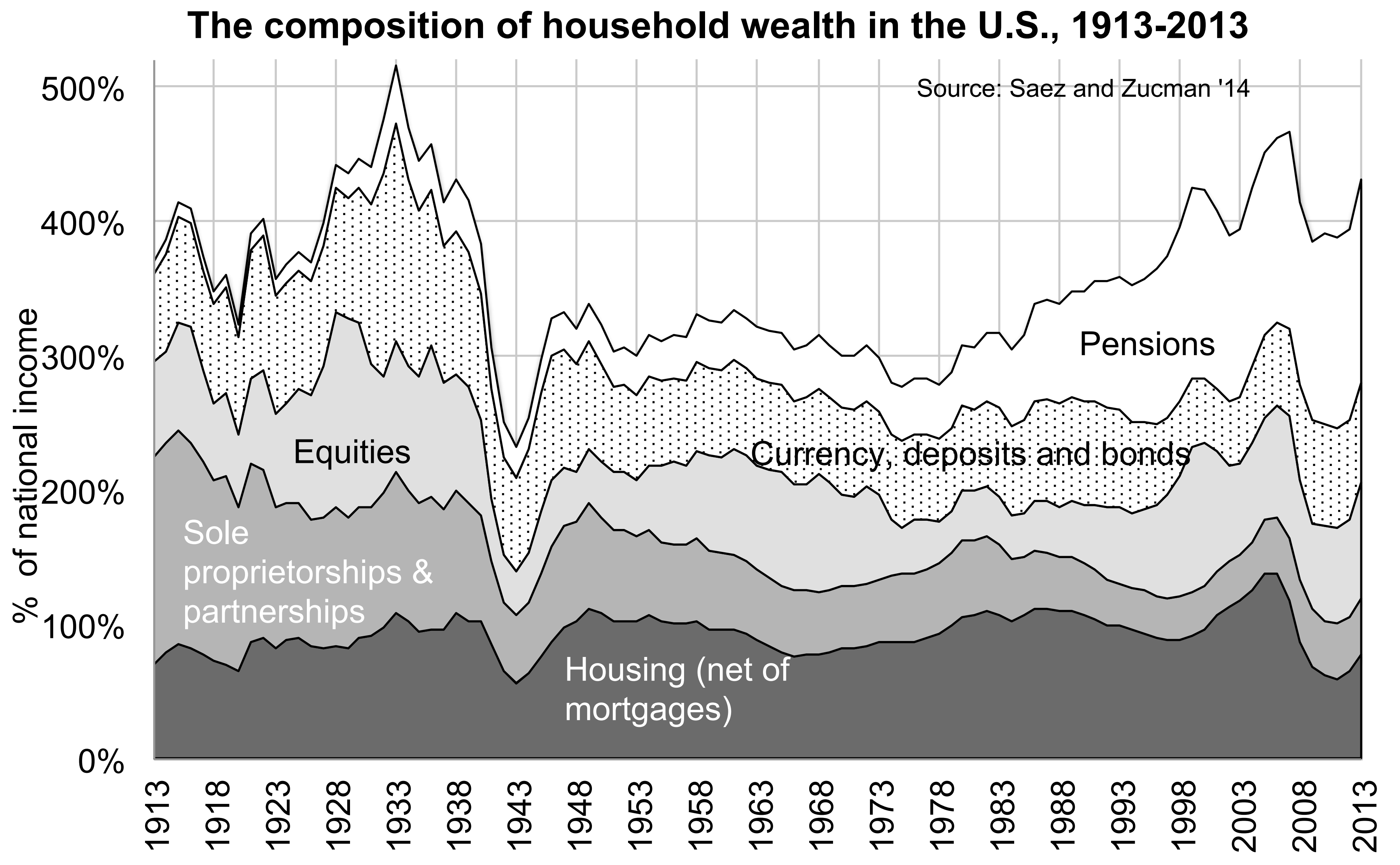
Top 1% wealth share in the United States, 1913-2012



This figure depicts the share of total household wealth held by the 1% richest families, as estimated by capitalizing income tax returns. Source: Saez and Zucman (2014).

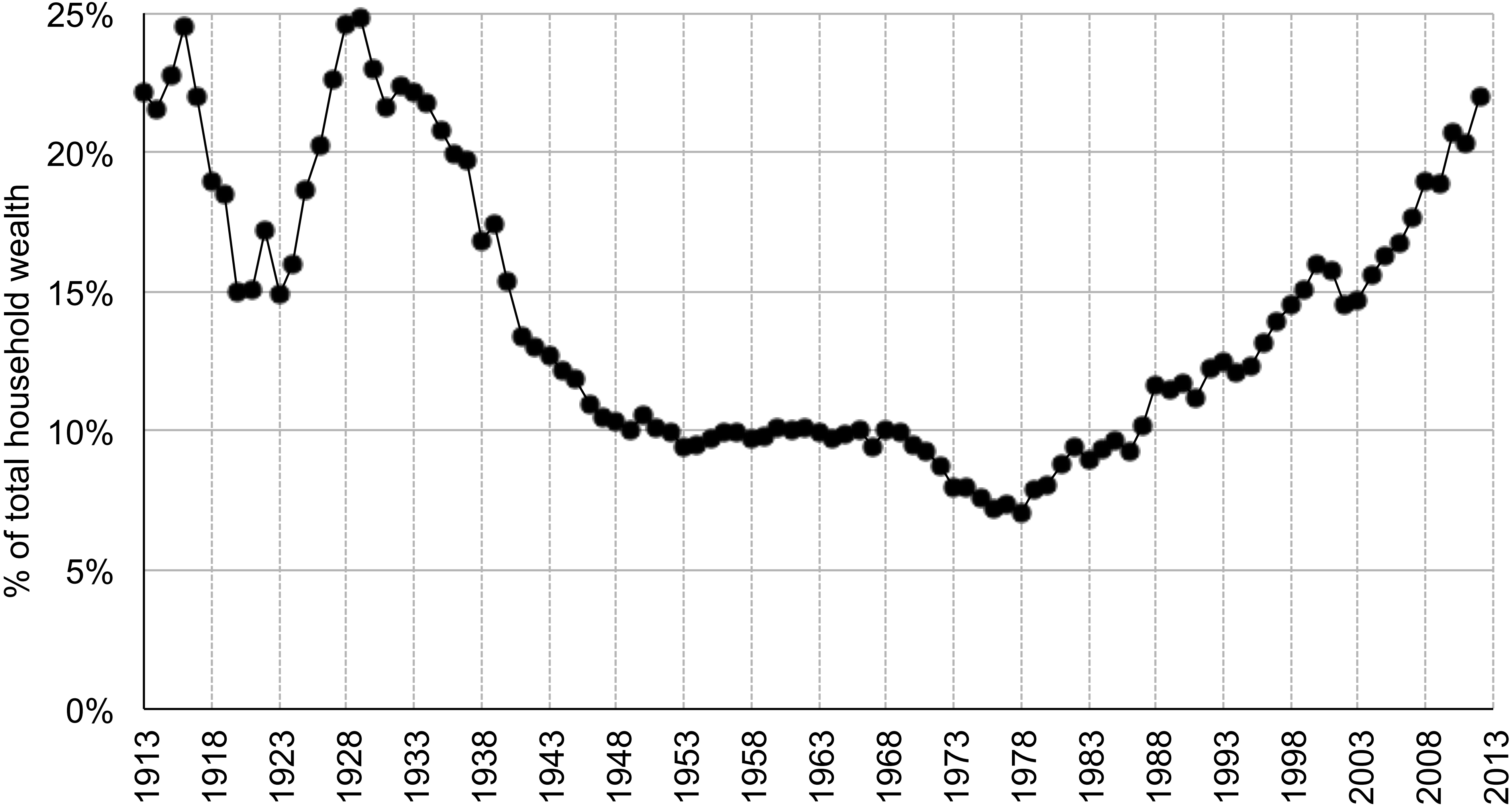

Real average wealth of bottom 90% and top 1% families
Top 1% (left y-axis)
Bottom 90% (right y-axis)
Top 1% real average welath
Bottom 90% real average wealth
14,000,000
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
0
140,000
120,000
100,000
80,000
60,000
40,000
20,000
0
1946
1950
1954
1958
1962
1966
1970
1974
1978
1982
1986
1990
1994
1998
2002
2006
2010
Real values are obtained by using the GDP deflator, 2010 dollars. Source: Appendix Tables B3.


The composition of capital income in the U.S., 1913-2013
Source: Saez and Zucman '14
% of factor-price national income
35%
30%
25%
20%
15%
10%
5%
0%
Profits & interest paid to pensions
Net interest
Corporate profits
Noncorporate business profits
Housing rents (net of mortgages)
1913
1918
1923
1928
1933
1938
1943
1948
1953
1958
1963
1968
1973
1978
1983
1988
1993
1998
2003
2008
2013

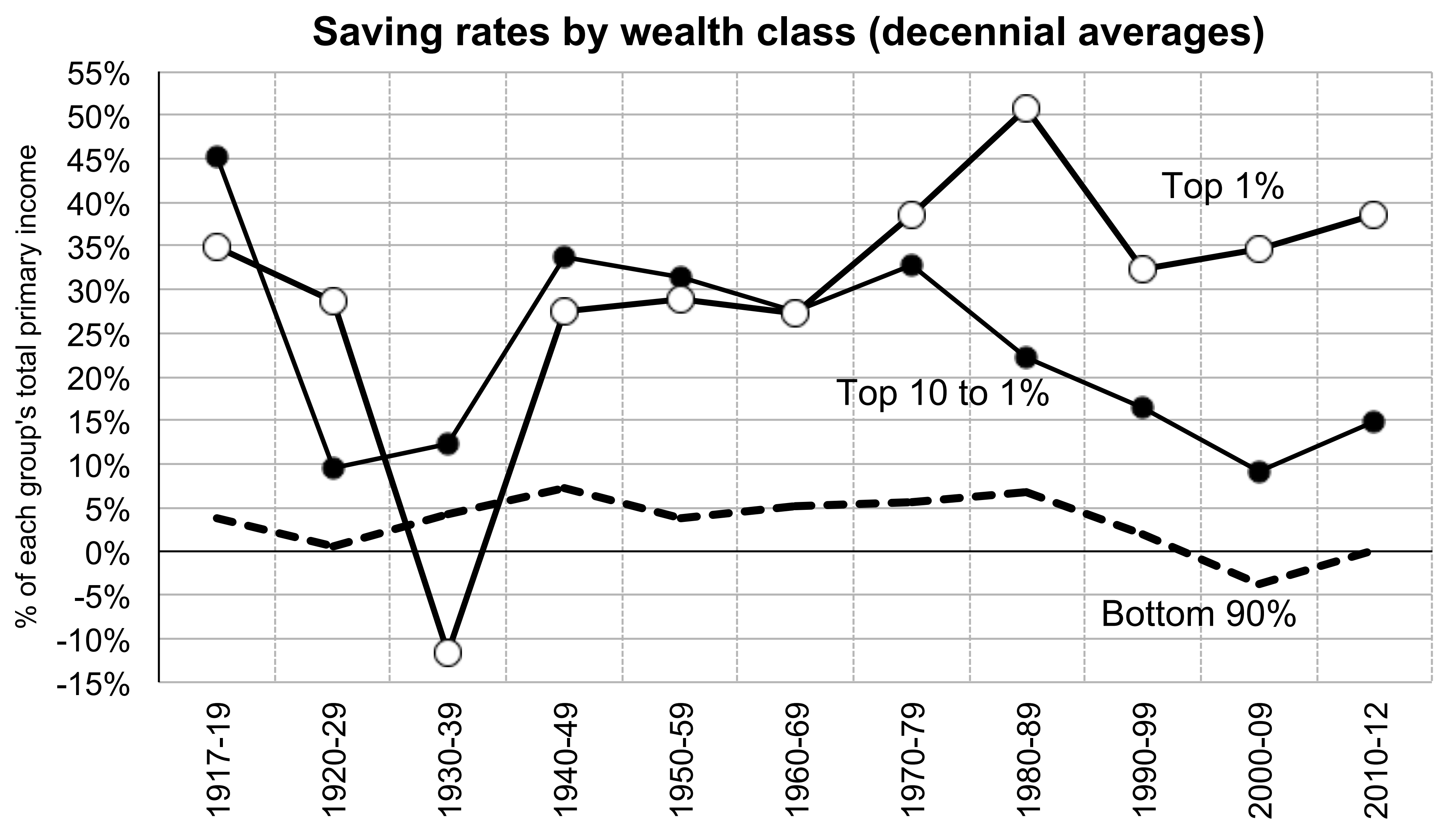


This figure depicts the evolution of the ratio of total household wealth to national income. This ratio has followed a U-shaped evolution and the composition of wealth has changed markedly since 1913. Source: Appendix Table A1.

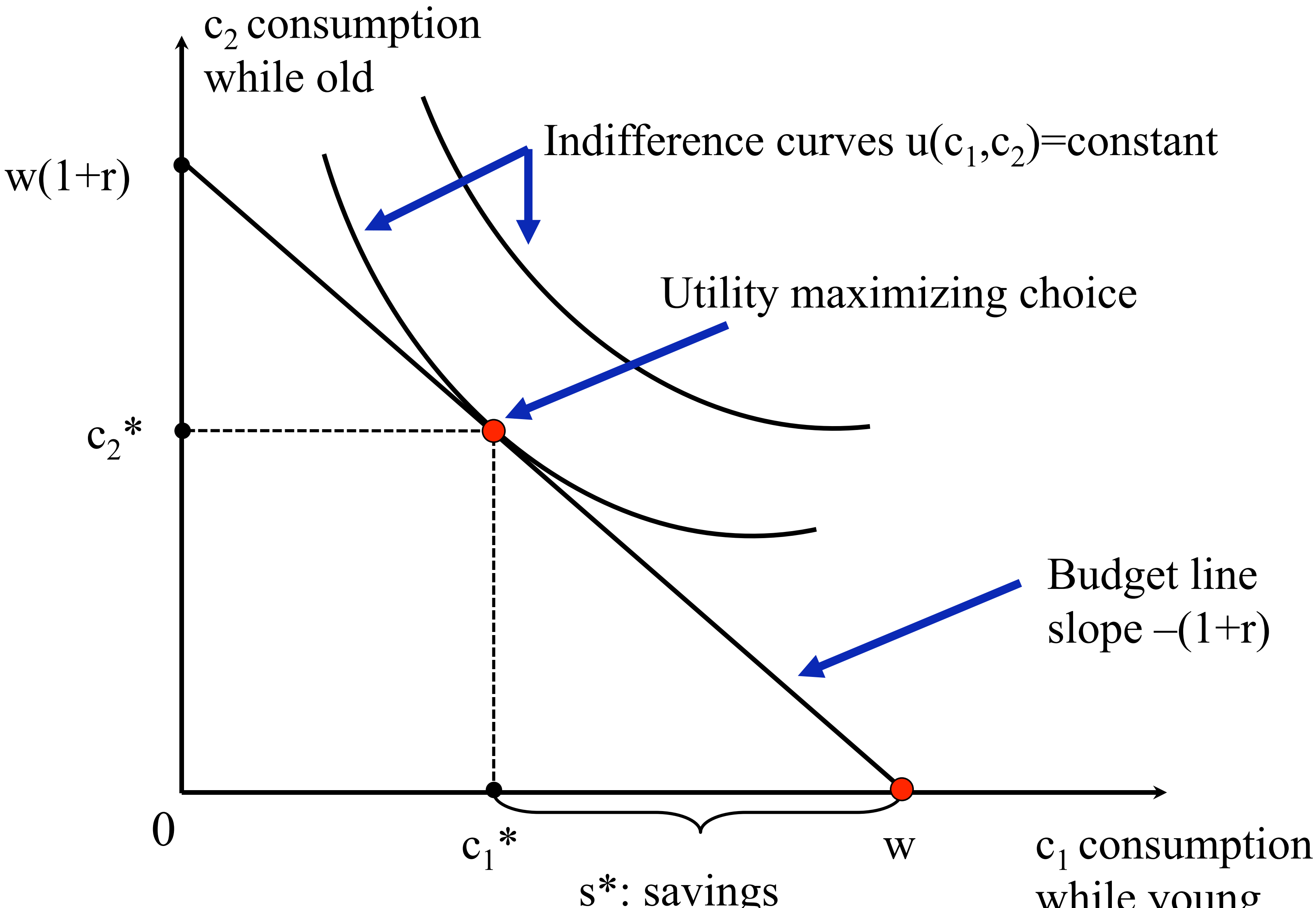
Top 0.1% wealth share in the United States, 1913-2012



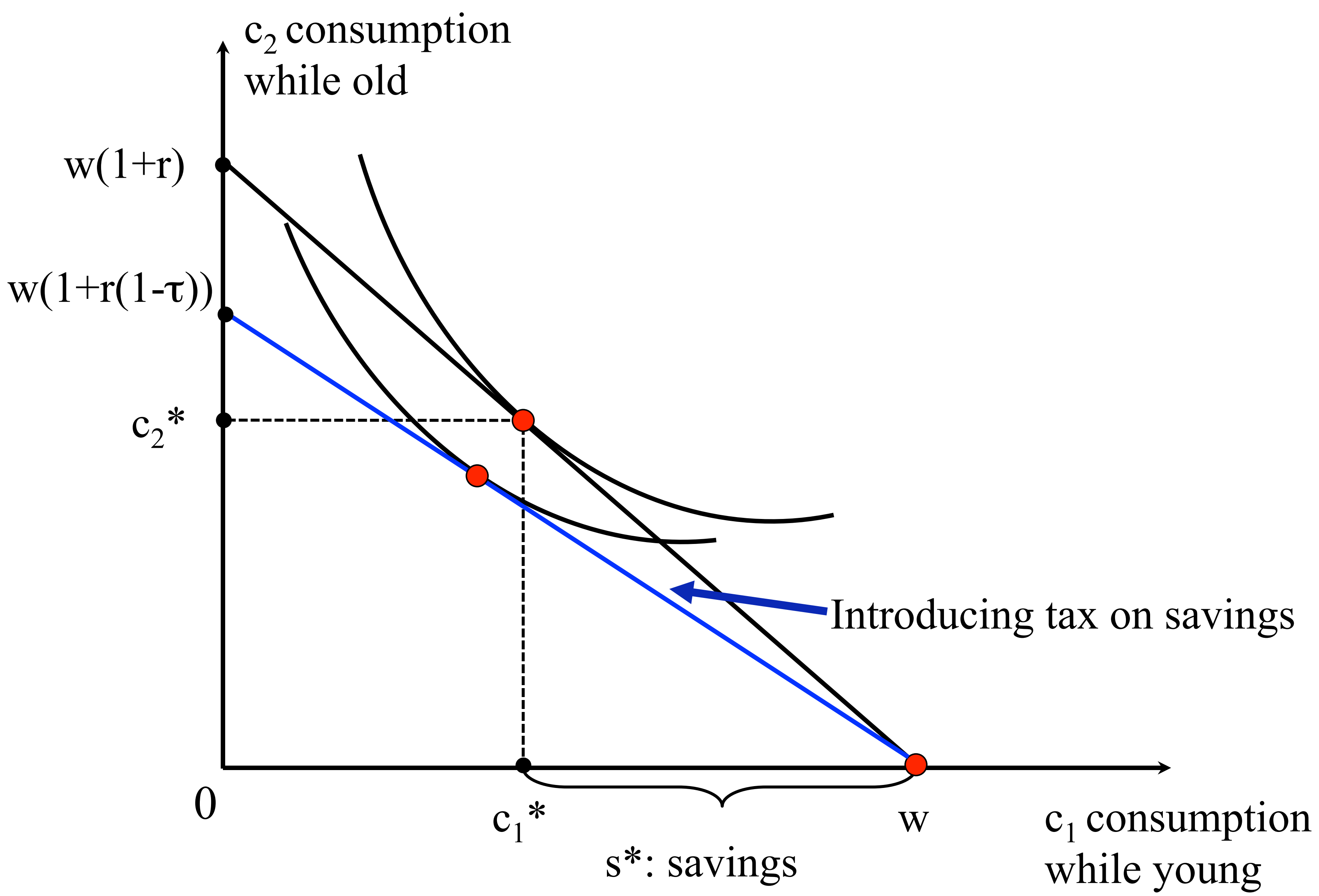
This figure depicts the share of total household wealth held by the 0.1% richest families, as estimated by capitalizing income tax returns. In 2012, the top 0.1% includes about 160,000 families with net wealth above $20.6 million. Source: Appendix Table B1.


Saving rates by wealth class (decennial averages)
% of each group's total primary income
55%
50%
45%
40%
35%
30%
25%
20%
15%
10%
5%
0%
-5%
-10%
-15%
1917-19
1920-29
1930-39
1940-49
1950-59
1960-69
1970-79
1980-89
1990-99
2000-09
2010-12
Top 1%
Top 10 to 1%
Bottom 90%

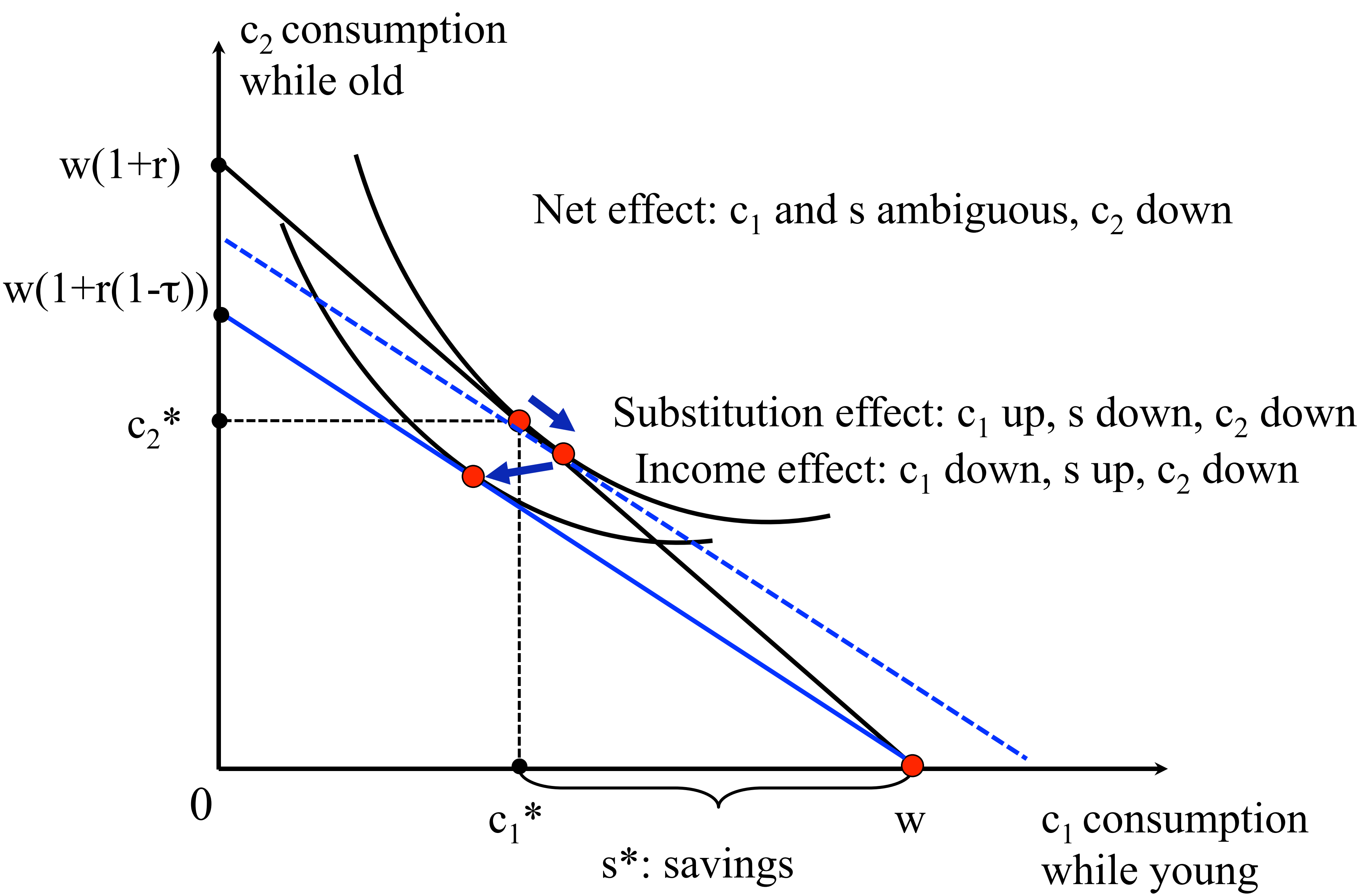
Life cycle savings and taxes theory

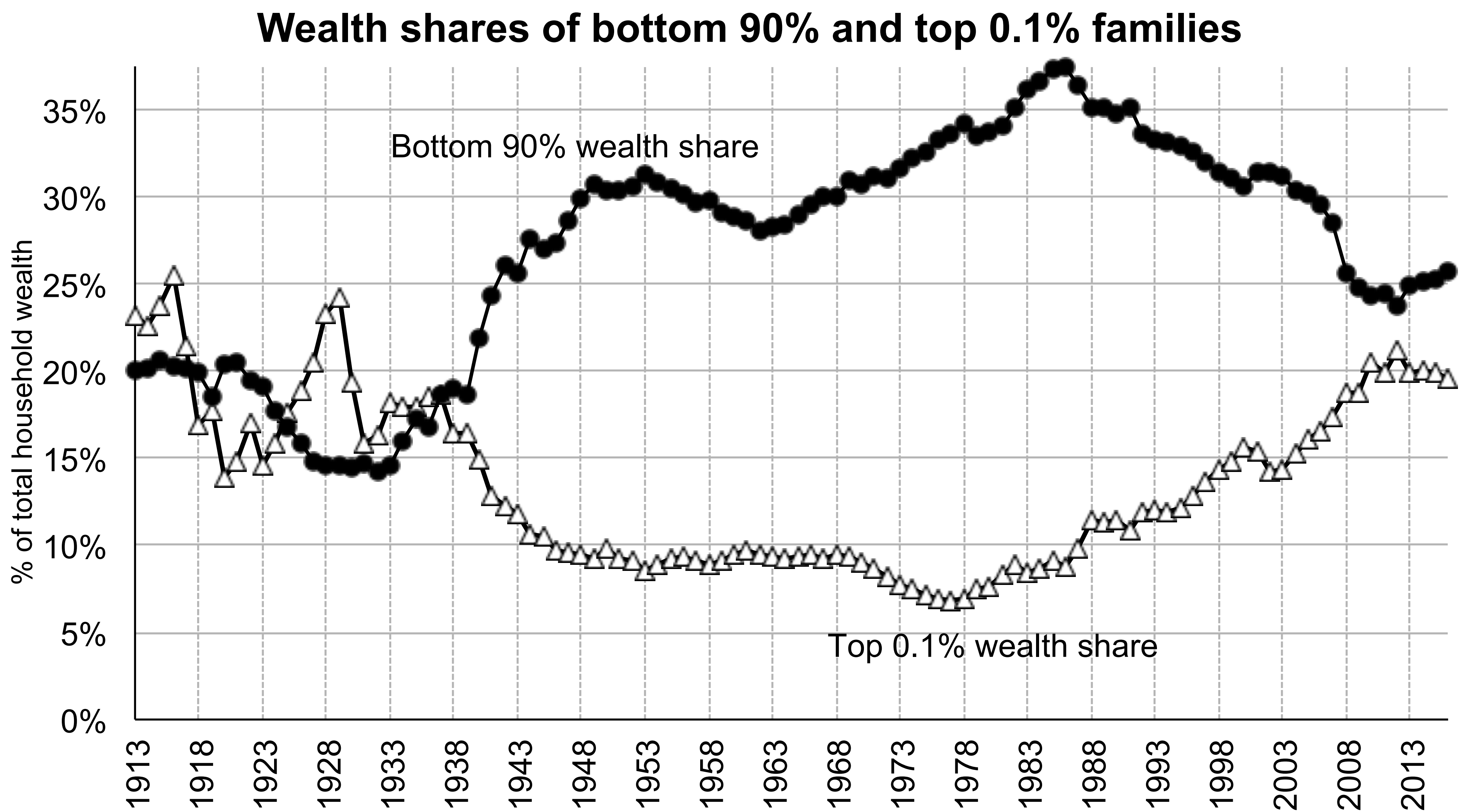


Life cycle savings and taxes theory



Life cycle savings and taxes theory





The figure depicts the share of total household wealth owned by bottom 90% and top 0.1% obained by capitalizing income tax returns (Saez and Zucman 2016). The unit of analysis is the familly.

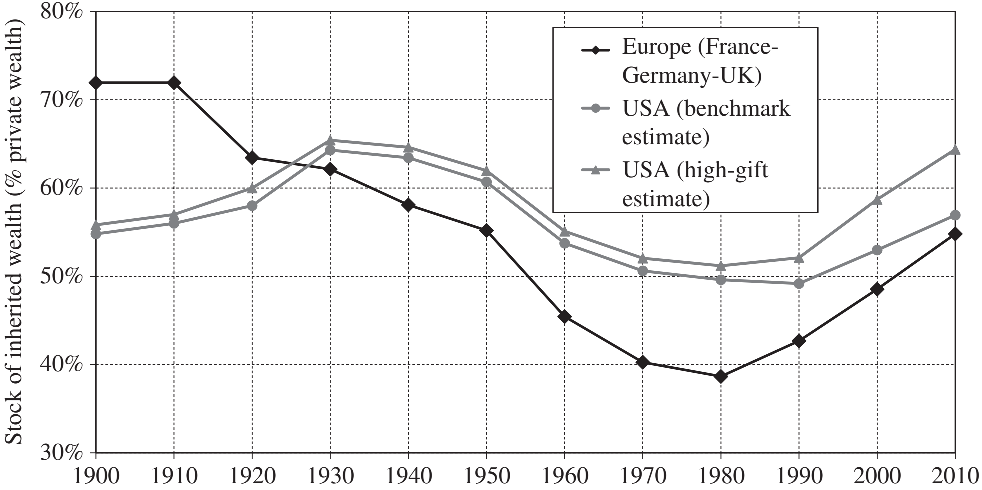


FIGURE 1. Share of inherited wealth, Europe and the USA 1900–2010.

Notes: Simplified definitions using inheritance vs. saving flows; approximate lower-bound estimates. The inheritance share in aggregate wealth accumulation was over 70% in Europe in 1900–10. It fell abruptly following 1914–45 shocks, down to 40% in the 1970–80 period. It was back to about 50–60% (and rising) in 2000–10. The US pattern also appears to be U-shaped but less marked, and with significant uncertainty regarding recent trends, due to data limitations.

Source: Alveredo-Garbinti-Piketty '17

Panel A. Distribution of wealth: recorded versus hidden

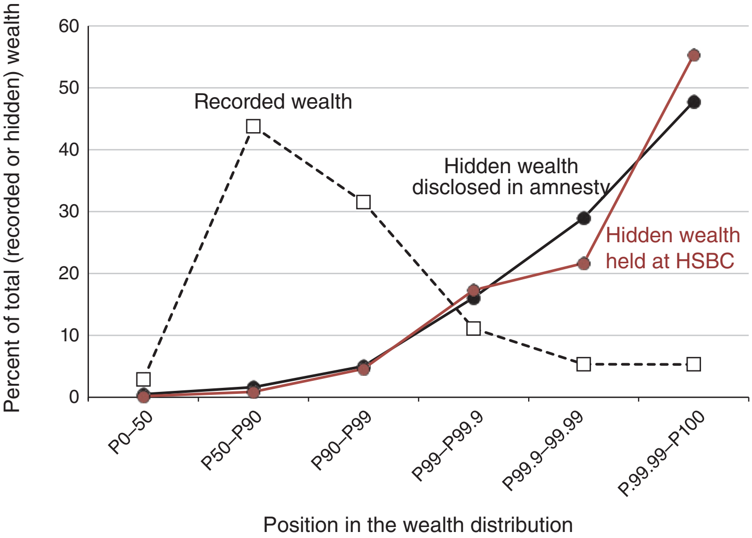
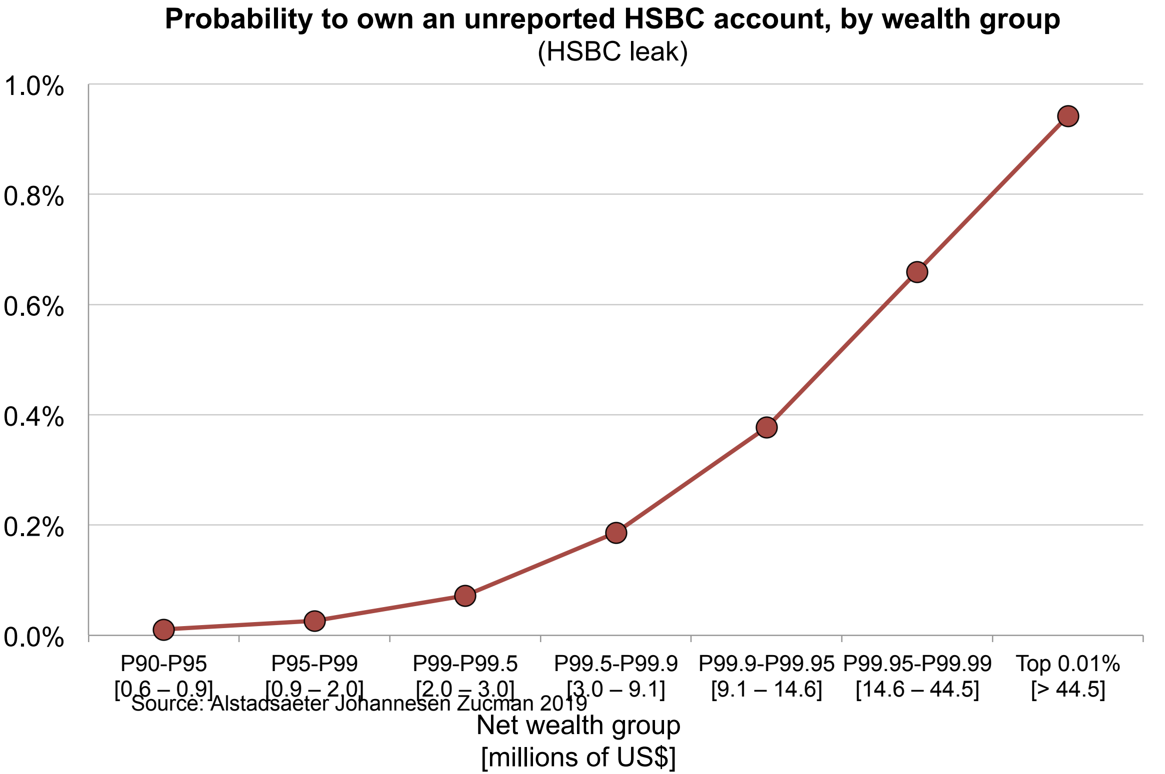
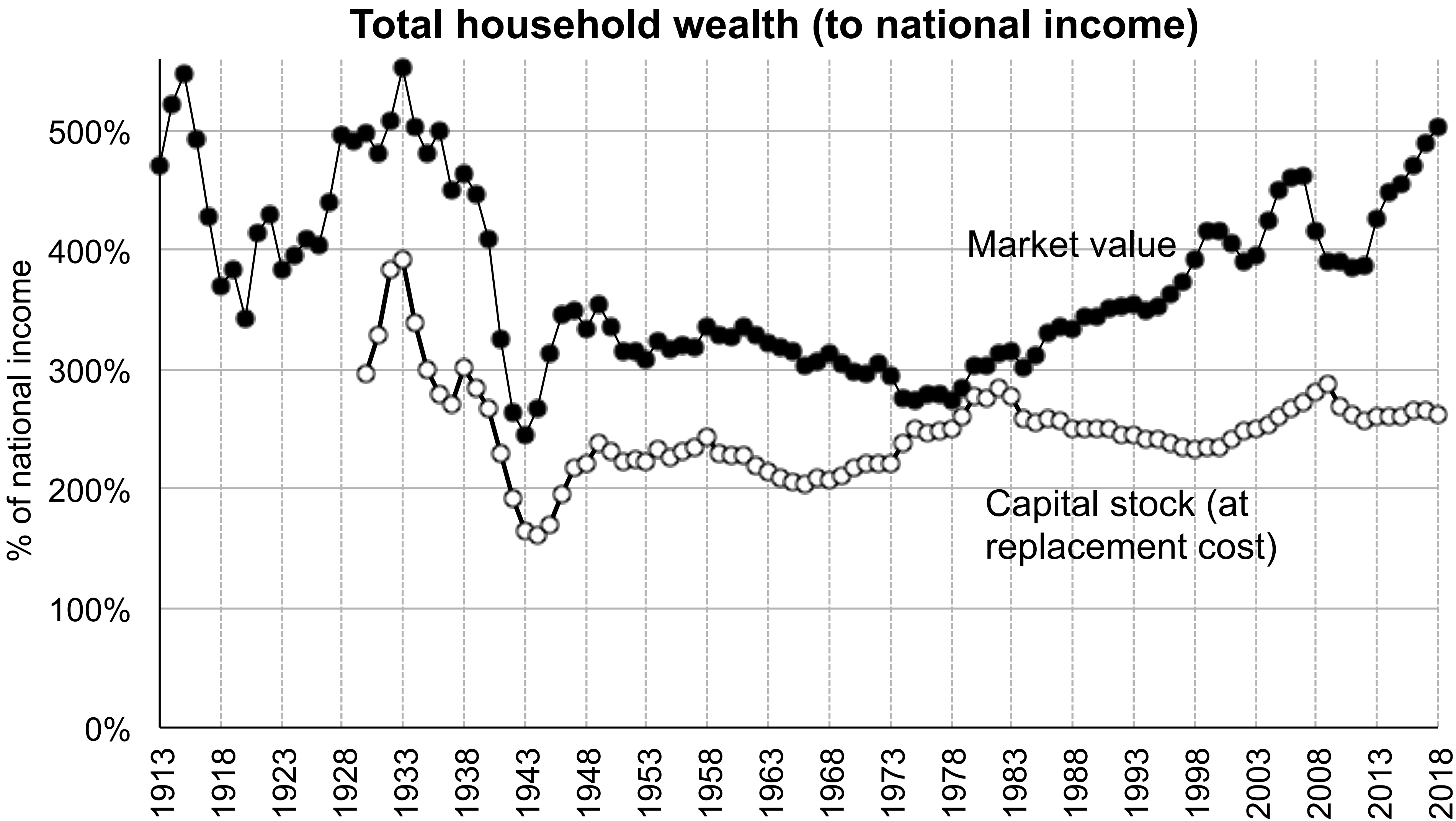
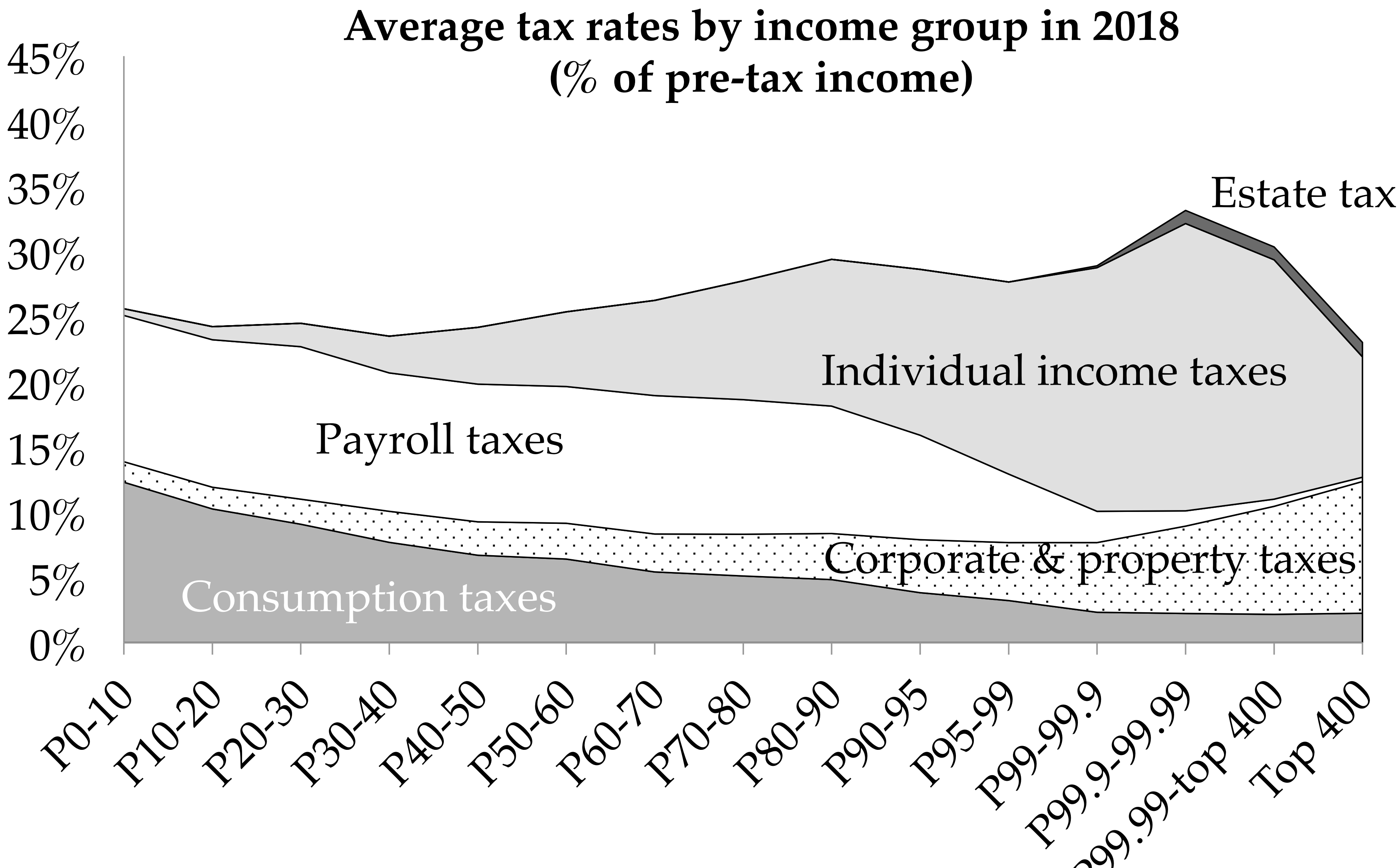


Figure 2: Tax evasion at HSBC: intensive vs. extensive margin

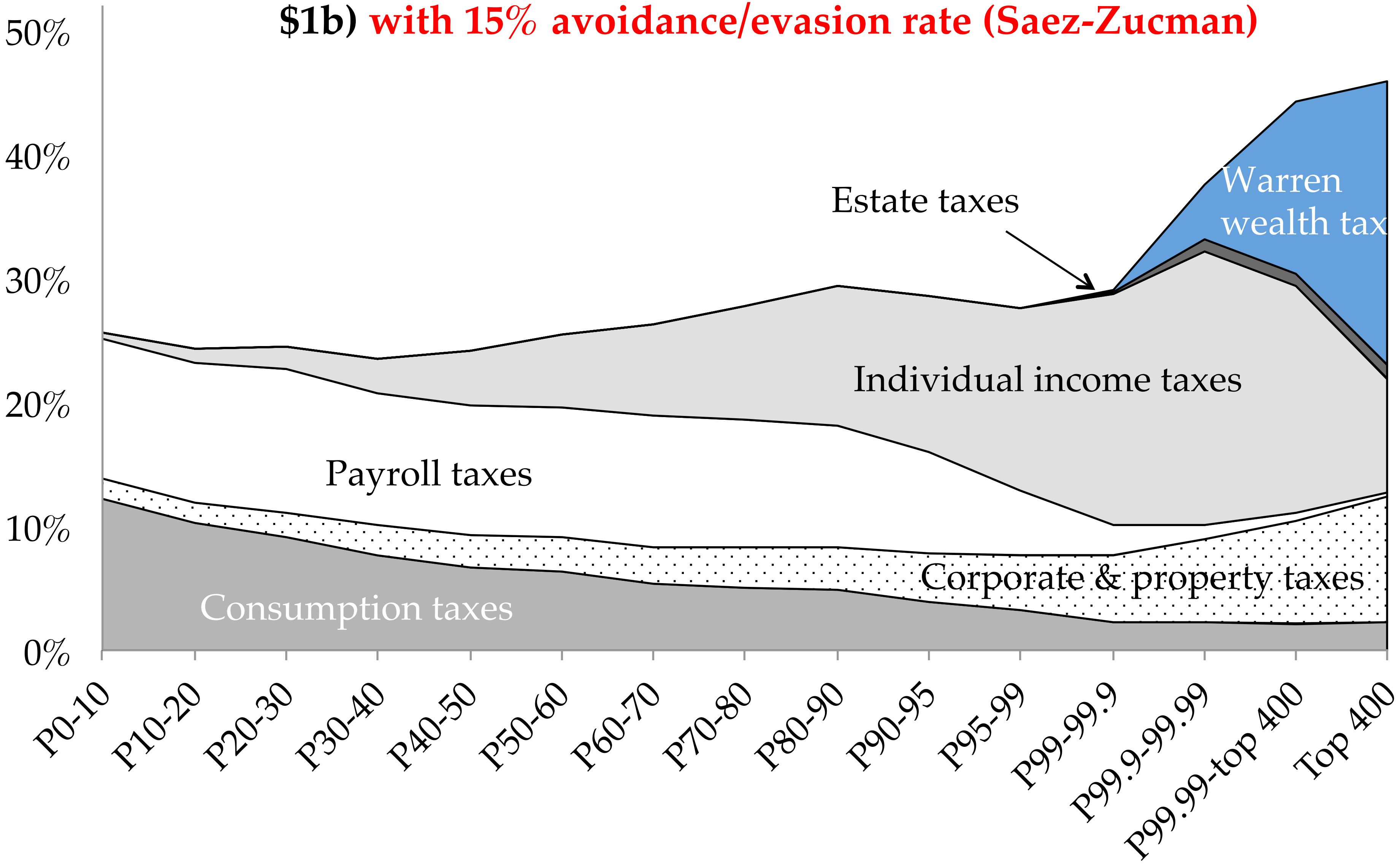




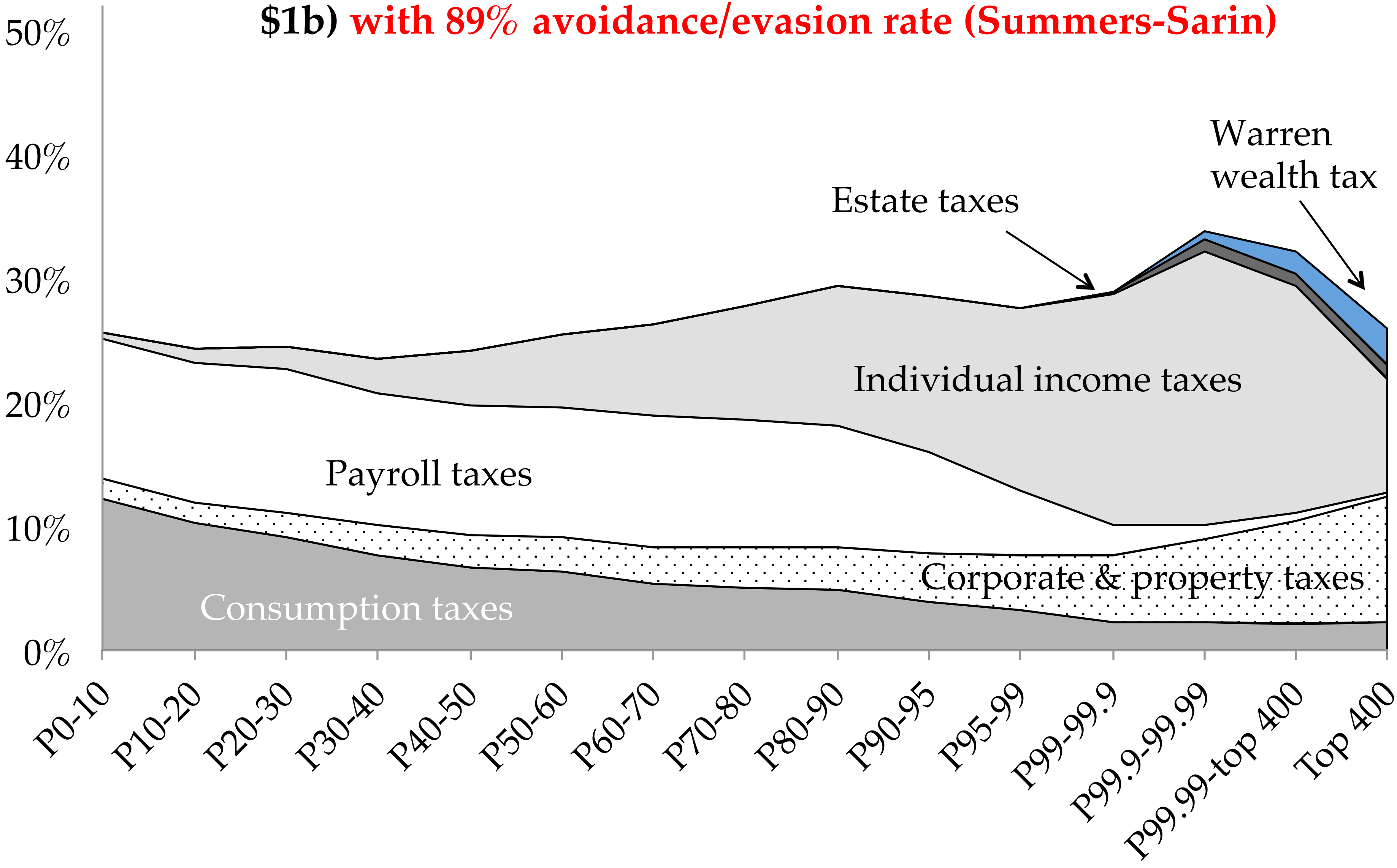
This figure depicts the share of total household wealth relative to national income Source: Piketty, Saez, and Zucman (2018).


Average tax rates by income group in 2018
(% of pre-tax income)
45%
40%
35%
30%
25%
20%
15%
10%
5%
0%
Estate tax
Individual income taxes
Payroll taxes
Corporate & property taxes
Consumption taxes
P0-10
P10-20
P20-30
P30-40
P40-50
P50-60
P60-70
P70-80
P80-90
P90-95
P95-99
P99-99.9
P99.9-99.99
P99.99-top 400
Top 400

Adding old Warren wealth tax (2% above $50m, 3% above $1b) with 15% avoidance/evasion rate (Saez-Zucman)

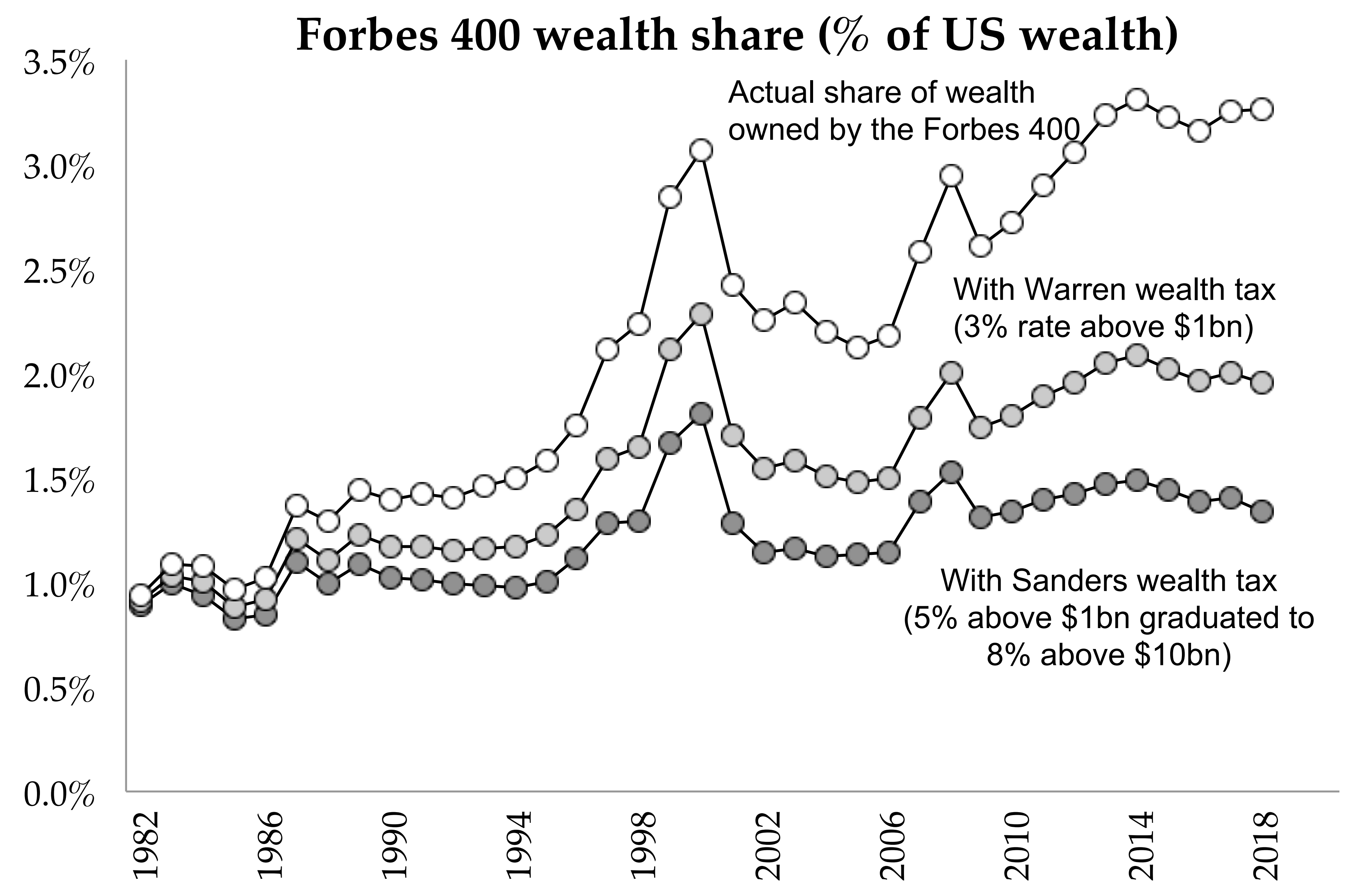


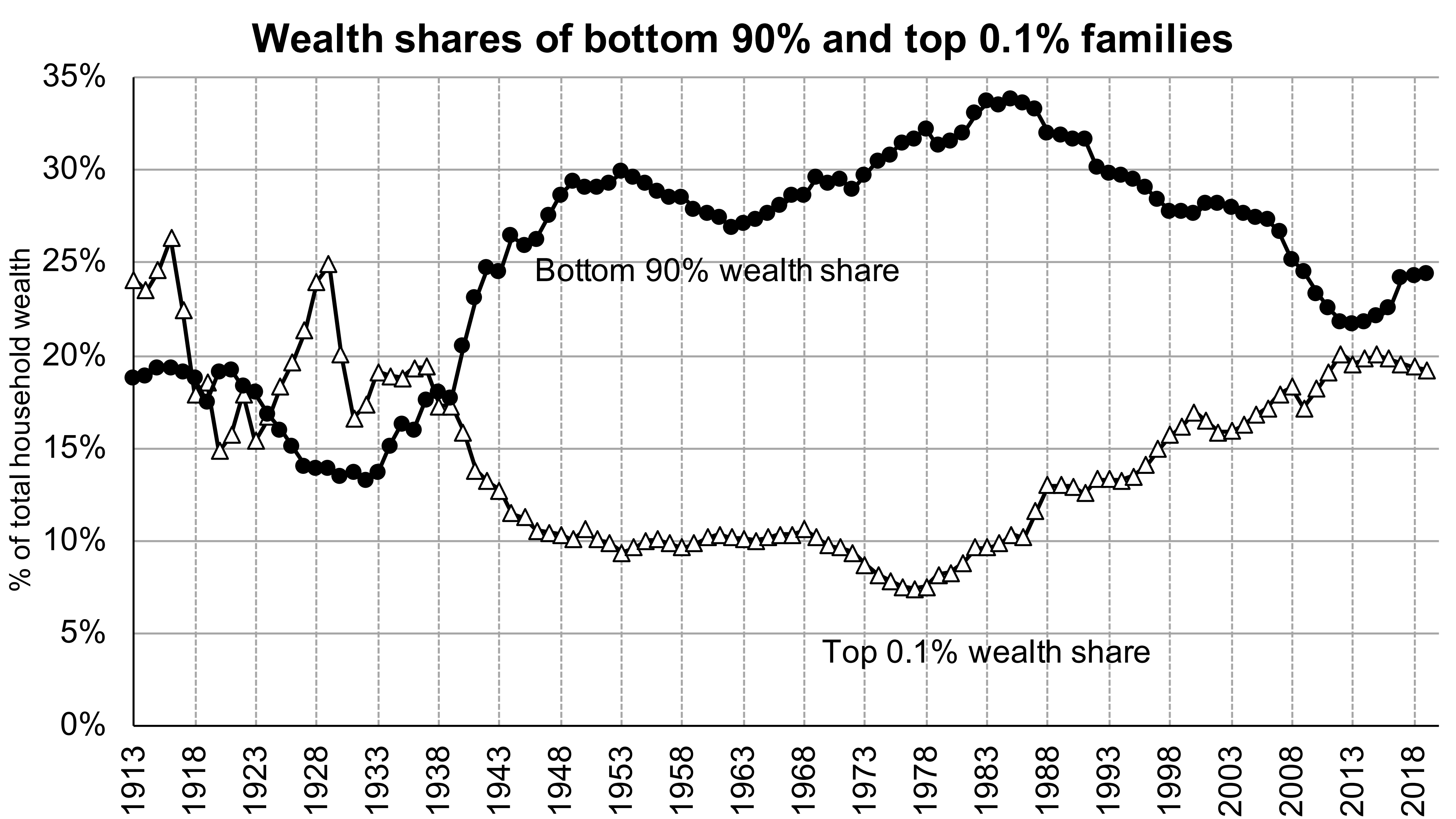
Adding old Warren wealth tax (2% above $50m, 3% above $1b) with 89% avoidance/evasion rate (Summers-Sarin)



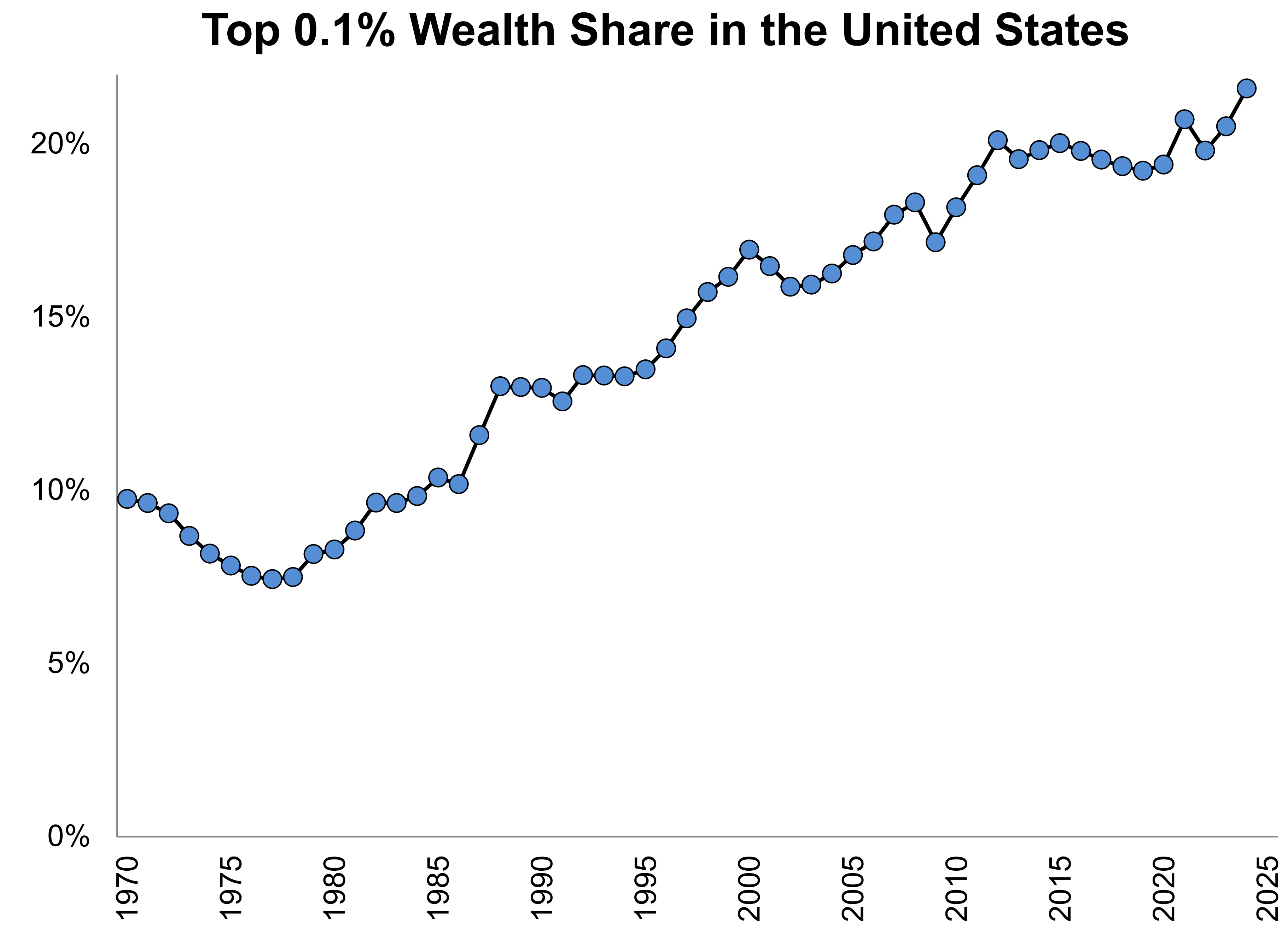
Long-Term Wealth Taxation and Top Wealth Holders

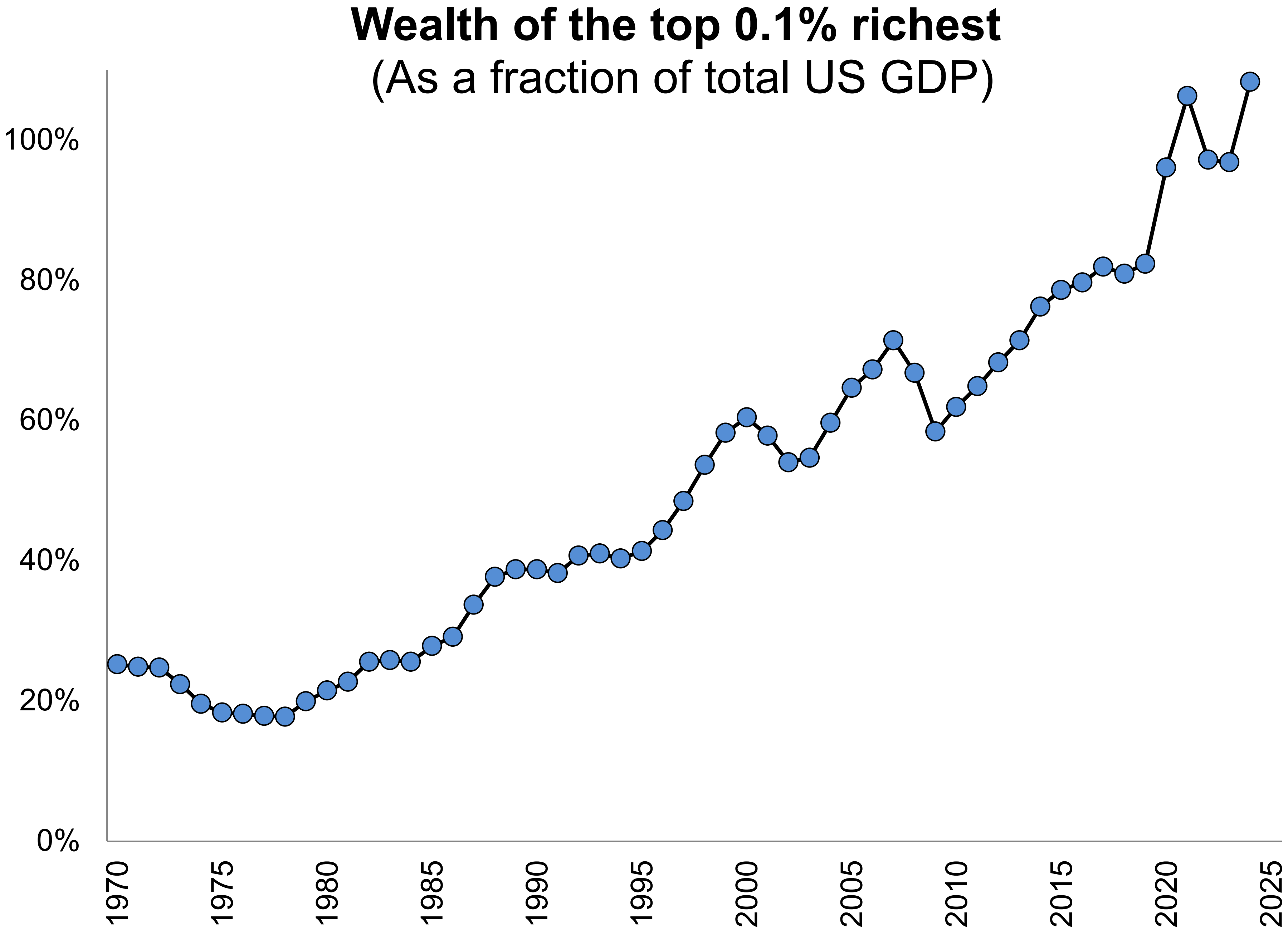
Top Wealth Holder	Source	Current 2018 wealth ($ billions)	With Warren wealth tax (3% above $1b) since 1982	With Sanders wealth tax (5% above $1b up to 8% above $10b)
1. Jeff Bezos	Amazon (founder)	160.0	86.8	43.0
2. Bill Gates	Microsoft (founder)	97.0	36.4	9.9
3. Warren Buffett	Berkshire Hathaway	88.3	29.6	8.2
4. Mark Zuckerberg	Facebook (founder)	61.0	44.2	28.6
5. Larry Ellison	Oracle (founder)	58.4	23.5	8.5
6. Larry Page	Google (founder)	53.8	35.3	19.5
7. David Koch	Koch industries	53.5	18.9	8.0
8. Charles Koch	Koch industries	53.5	18.9	8.0
9. Sergey Brin	Google (founder)	52.4	34.4	19.0
10. M. Bloomberg	Bloomberg LP (f.)	51.8	24.2	11.3
11. Jim Walton	Walmart (heir)	45.2	15.1	5.0
…				
Total top 15		942.5	433.9	195.7

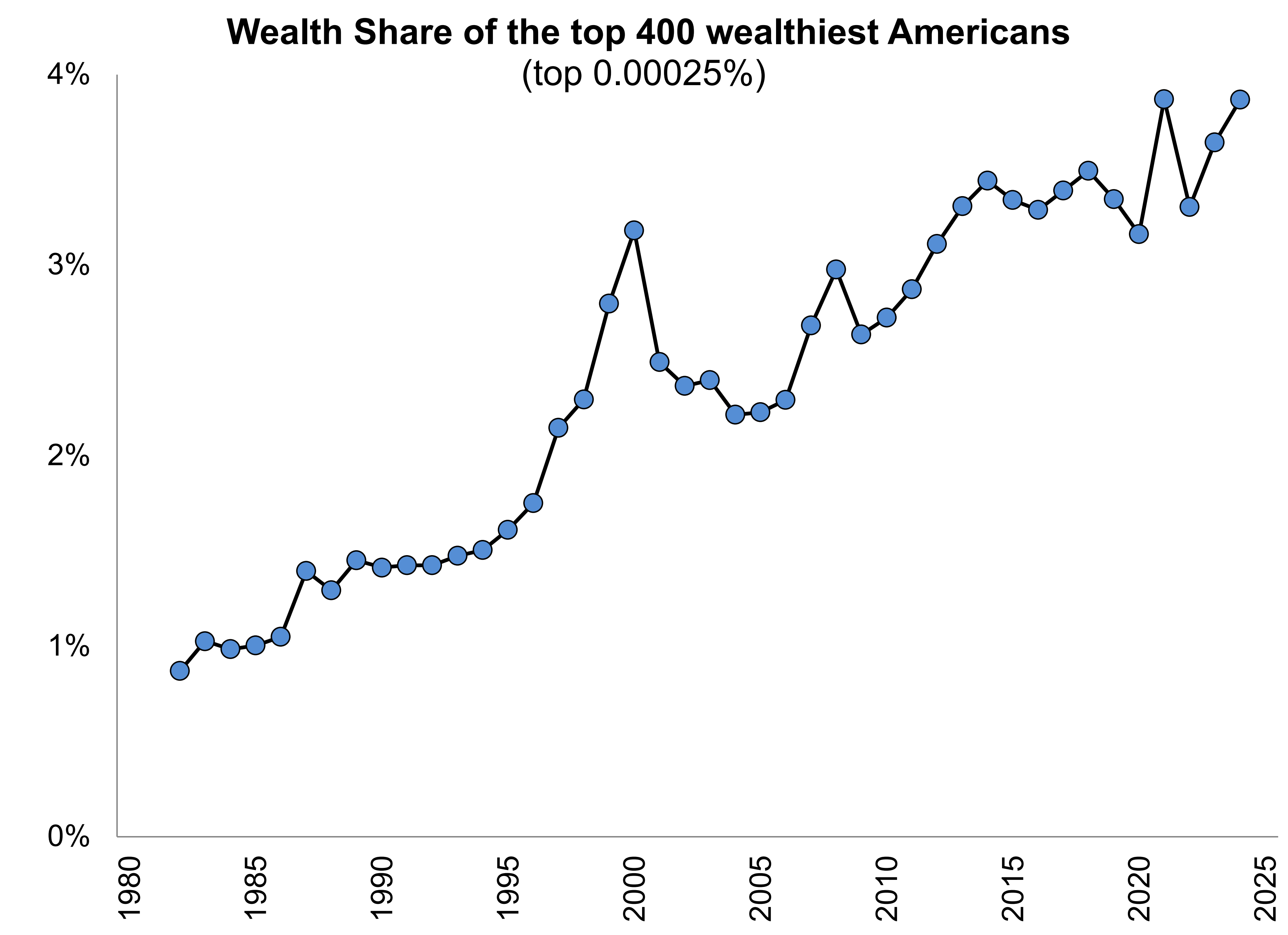

Forbes 400 wealth share (% of US wealth)
Actual share of wealth owned by the Forbes 400
With Warren wealth tax (3% rate above $1bn)
With Sanders wealth tax (5% above $1bn graduated to 8% above $10bn)
3.5%
3.0%
2.5%
2.0%
1.5%
1.0%
0.5%
0.0%
1982
1986
1990
1994
1998
2002
2006
2010
2014
2018



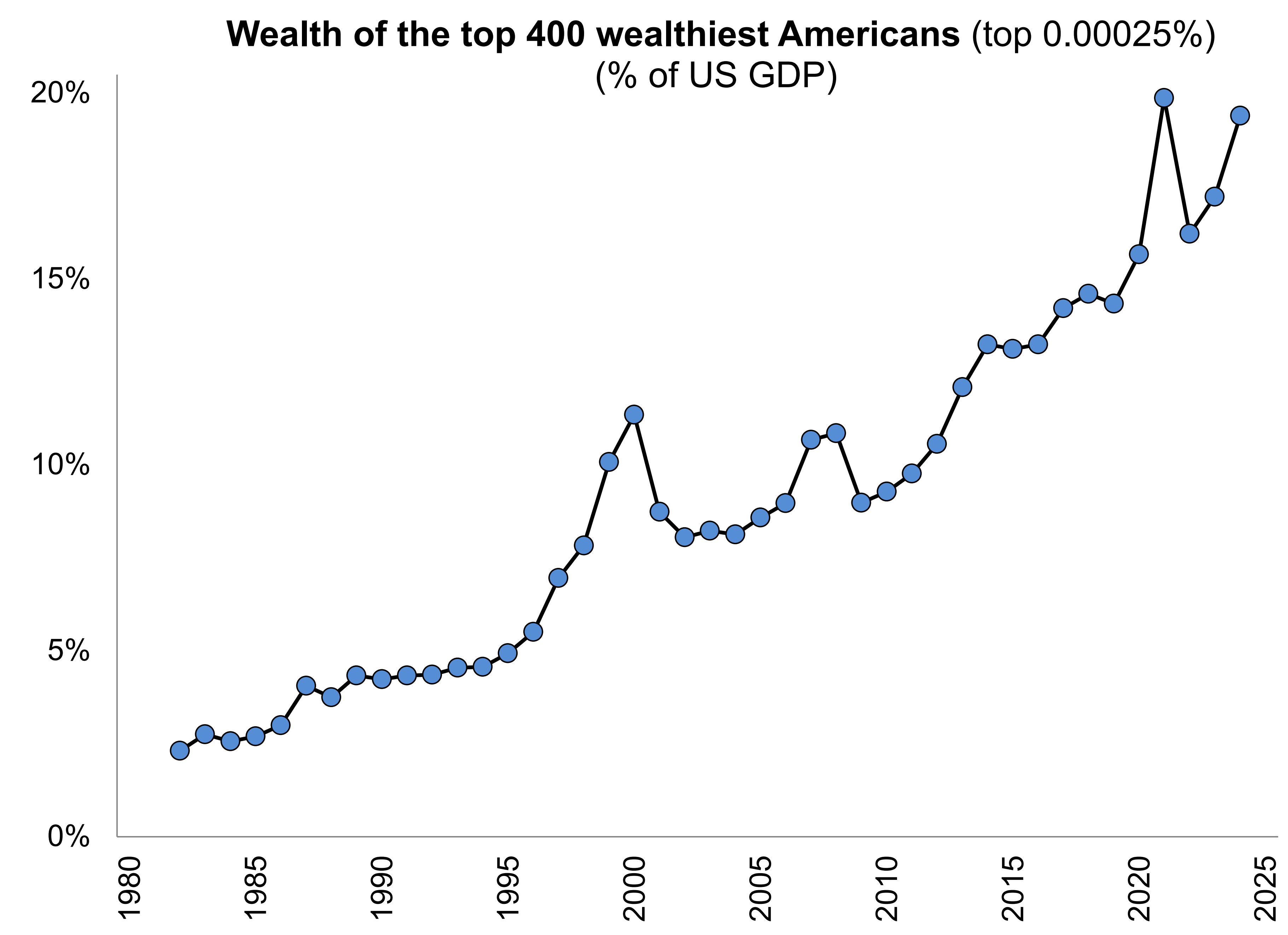
The figure depicts the share of total household wealth owned by bottom 90% and top 0.1% obained by capitalizing income tax returns (Piketty, Saez and Zucman 2018, updated to 2019). The unit of analysis is the familly.


Top 0.1% Wealth Share in the United States
20%
15%
10%
5%
0%
1970
1975
1980
1985
1990
1995
2000
2005
2010
2015
2020
2025

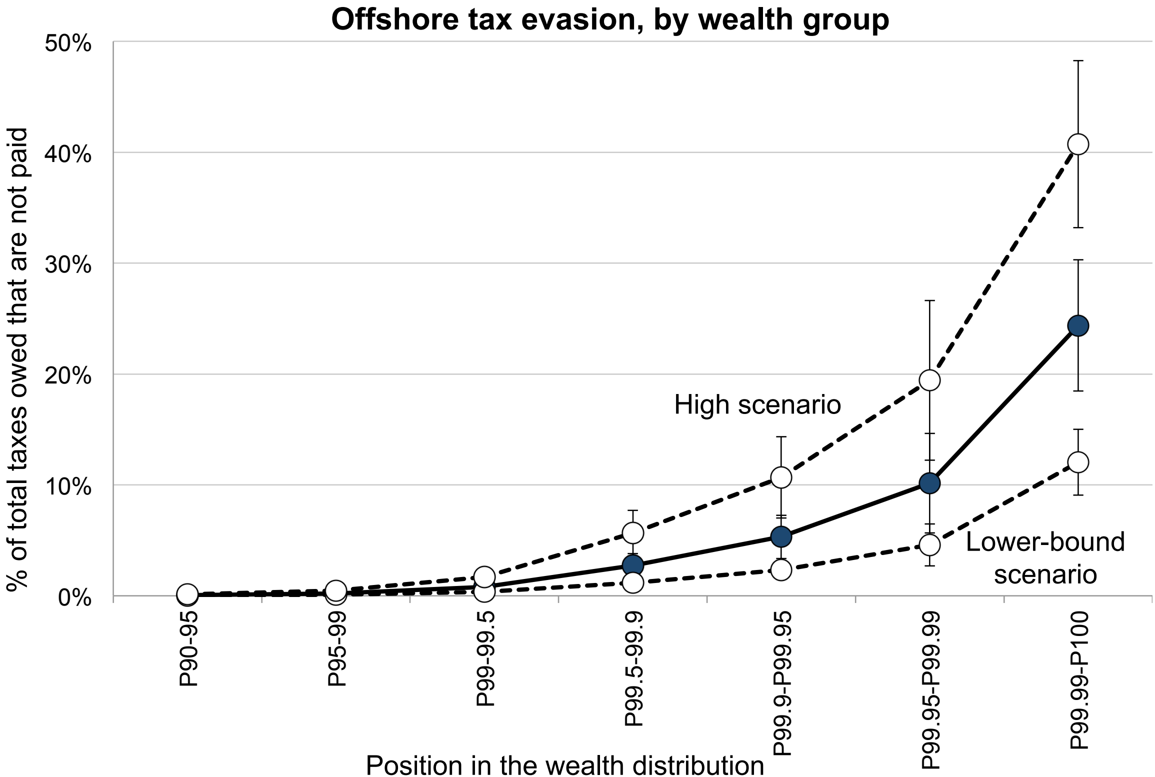

Wealth of the top 0.1% richest
(As a fraction of total US GDP)
100%
80%
60%
40%
20%
0%
1970
1975
1980
1985
1990
1995
2000
2005
2010
2015
2020
2025

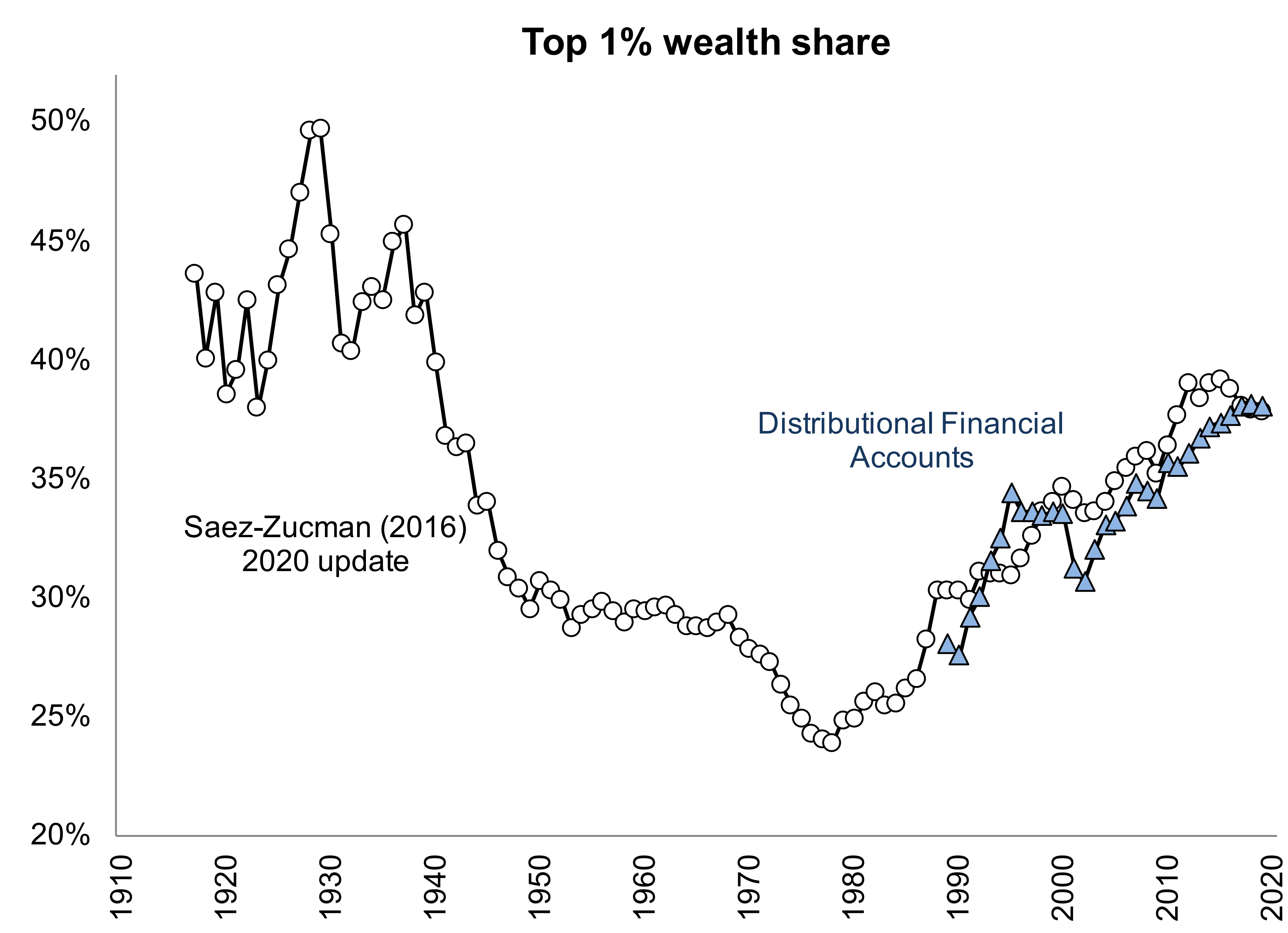


Wealth Share of the top 400 wealthiest Americans
(top 0.00025%)
4%
3%
2%
1%
0%
1980
1985
1990
1995
2000
2005
2010
2015
2020
2025

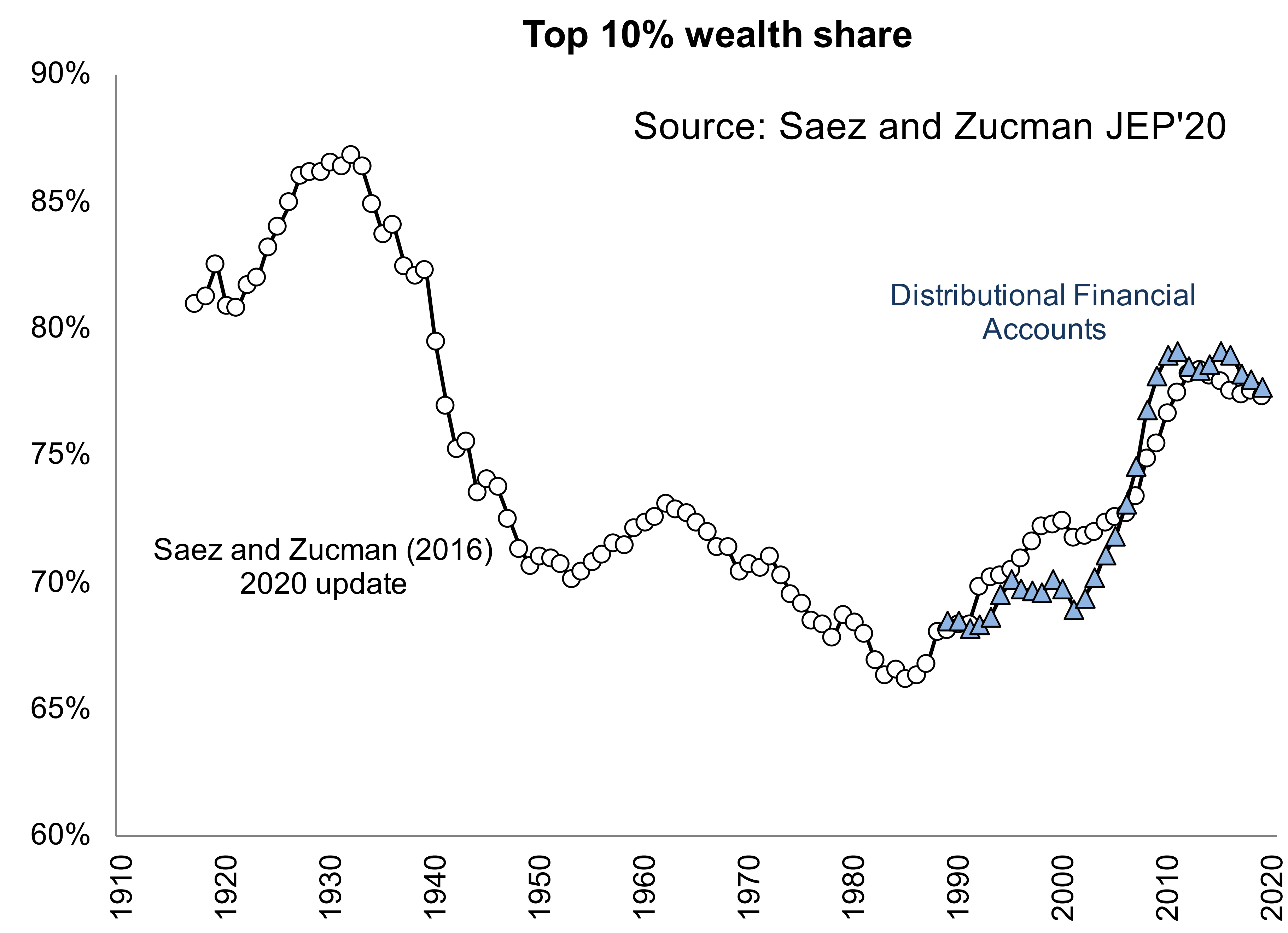


Wealth of the top 400 wealthiest Americans (top 0.00025%)
(% of US GDP)
20%
15%
10%
5%
0%
1980
1985
1990
1995
2000
2005
2010
2015
2020
2025

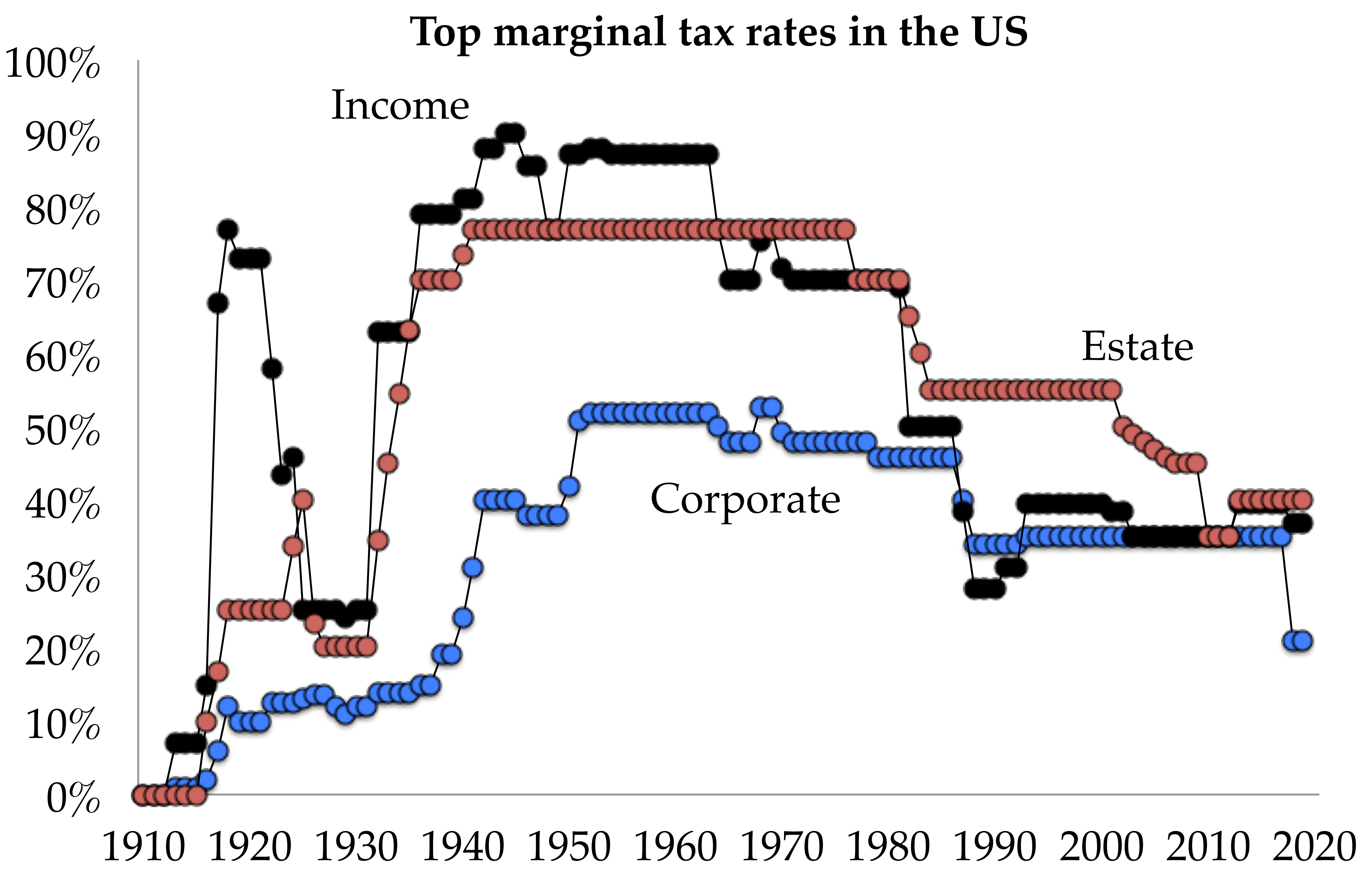

Offshore tax evasion, by wealth group
50%
40%
30%
20%
10%
0%
% of total taxes owed that are not paid
High scenario
Lower-bound scenario
P90-95
P95-99
P99-99.5
P99.5-99.9
P99.9-P99.95
P99.95-P99.99
P99.99-P100
Position in the wealth distribution



Top 1% wealth share
50%
45%
40%
35%
30%
25%
20%
1910
1920
1930
1940
1950
1960
1970
1980
1990
2000
2010
2020
Distributional Financial Accounts
Saez-Zucman (2016) 2020 update



Top 10% wealth share
Source: Saez and Zucman JEP'20
Distributional Financial Accounts
Saez and Zucman (2016) 2020 update
90%
85%
80%
75%
70%
65%
60%
1910
1920
1930
1940
1950
1960
1970
1980
1990
2000
2010
2020


Top marginal tax rates in the US
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
Income
Estate
Corporate
1910
1920
1930
1940
1950
1960
1970
1980
1990
2000
2010
2020