44 Economic Perspectives

Source: Kotlikoff (1988), p. 44



Fig. 1. Sum of male and female longitudinal average earnings and average consumption profiles, age 18 in 1910-age 82 in 1974

Table 4Source: Gale and Scholz (1994), p. 152Intergenerational Transfers as a Source of Capital Accumulation, 1986

Transfer Category	Annual Flow (\$ billions)	Stock of Transfer Wealth (\$ billions) (r - n = 0.01)
Support Given to:		
Children	32.69	1346.7
Parents	3.37	-104.3
Grandparents	0.07	-4.0
Grandchildren	5.05	416.2
Trusts	14.17	576.1
Life Insurance	7.84	258.3
Totals		
Intended Transfers	63.19	2489.3
College Payments	35.29	1441.5
Bequests	105.00	3708.1
As a % of net worth ^a		
Intended Transfers	0.53	20.8
College Expenses	0.29	12.0
Bequests	0.88	31.0
•		

Source: Authors' calculations from the Survey of Consumer Finances. ^aAggregate net worth in the SCF in 1986 is \$11,976 billion.



Figure 5.3. The impact on capital formation of tax reform.



Figure 5.4. The welfare effects of tax reform.

Source: courtesy of Jim Poterba

LONG-RUN EVOLUTION OF INHERITANCE

Source: Piketty QJE'11 Annual inheritance flow as a fraction of national income, France 1820-2008



Annual Inheritance Flow as a Fraction of National Income, France, 1820-2008



Percent Wealth Owned

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 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 and Zucman '13



Source: Piketty, Handbook chapter, 2014





Figure S11.3. The share of inherited wealth in aggregate wealth, France 1850-2100 (2010-2100: g=1,7%, r=3,0%)



Figure S11.4. The share of inherited wealth in aggregate wealth, France 1850-2100 (2010-2100: g=1,7%, r=3,0%)



Figure 11.12. The inheritance flow in Europe 1900-2010



Figure 12: Capital shares in factor-price national income

Source: Piketty and Zucman (2014) $_{43}$



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

6 wealth holders own about 80% of total wealth in 1910, and Sources and series: see piketty.pse.ens.fr/capital21c.



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

Sources and series: see piketty.pse.ens.fr/capital21c.





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

century, and might return to 80%-90% during the 21st century. Sources and series: see piketty.pse.ens.fr/capital21c

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.











Composition of the bottom 90% wealth share







Figure 3.3. Wealth inequality in the United Kingom, 1810-2010



Figure 3.4. Wealth inequality in Sweden, 1810-2010



Figure 3.5. Wealth inequality in the U.S., 1810-2010



century, and is back to about 60-70% in the early 21st century.



Figure 4.5. The inheritance flow in Europe 1900-2010



Figure 4.6. The inheritance stock in Europe 1900-2010

The inheritance share in aggregate wealth accumulation follows a U-shaped curve in France and Germany (and to a more limited extent in the U.K. and Germany. It is possible that gifts are under-estimated in the U.K. at the end of the period.

Top 0.1% wealth share in the U.S., 1913-2012







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



Source: Saez and Zucman 2019





		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)
Top Wealth Holder	Source			
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

Long-Term Wealth Taxation and Top Wealth Holders

Source: Saez and Zucman BPEA2019

Forbes 400 wealth share (% of US wealth)

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.

Today

🗠 Wealth growth per adult

From Jan 2020 to Today

Group	Growth (%)	Gain (\$)
□ ■ Top 0.01%	8.8%	\$36M
🗹 🖲 Top 0.1%	10.5%	\$8.3M
🗹 🗕 Top 1%	11.1%	\$1.7M
🗹 ● Top 10%	12.1%	\$380k
🗹 🔍 Middle 40%	13.7%	\$44k
Bottom 50%	93.3%	\$3.7k
Total	12.9%	\$57k
Mutually Exclusive Groups	+	

Correcting Estate Multiplier Estimates

This figure depicts the share of total household wealth owned by the top 0.1% of families (tax units) and bottom 90% from capitalized incomes (Saez and Zucman, 2016) and survey data SCF+Forbes 400.

This figure depicts the share of total household wealth owned by the top 0.1% of families (tax units) from various data sources.

This figure depicts the share of total household wealth owned by the top 0.1% of families (tax units) from various data sources.

This figure depicts the share of total household wealth owned by the top 0.1% of families (tax units) and bottom 90% from capitalized incomes (Saez and Zucman, 2016) and survey data SCF+Forbes 400.

Top 1% wealth share

Top 10% wealth share

240

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.

Average tax rates: labor vs. capital in the United States

Source: Saez and Zucman (2019)

Figure 1.1

Global income and wealth inequality, 2021

Interpretation: The global 50% captures 8% of total income measured at Purchasing Power Parity (PPP). The global bottom 50% owns 2% of wealth (at Purchasing Power Parity). The global top 10% owns 76% of total Household wealth and captures 52% of total income in 2021. Note that top wealth holders are not necessarily top income holders. Income is measured after the operation of pension and unemployment systems and before taxes and transfers. **Sources and series:** wir2022.wid.world/methodology

B) AVERAGE ACCOUNT BALANCES (INLOG) BY QUARTERLY AGE

Fig. 4. Impact of inheritance tax on wealth accumulation: Difference-in-differences evidence. Notes: The figure shows the normalized average log of (contributions + 1) and the normalized average log of (account balances + 1) by quarterly age in the control and treatment group. The normalization consists in subtracting to each aver-

Wealth Tax Rates in Sweden

Exposure to the Reform by Distance to the Exemption Threshold

Wealth Tax Rates in Sweden

Exposure to the Reform by Distance to the Exemption Threshold

FIGURE 10. The top 0.01% financial wealth share and composition in Spain, 1982–2002. The figure displays the financial wealth share and composition of the top 0.01% tax units. Stocks are broken down into three components: publicly traded stocks, taxable closely held stocks, and exempted closely held stocks. Source: Table E1 and E2, and direct computations based on wealth tax statistics. Closely held stock of owners/managers becomes exempt in 1994 for Spanish wealth tax

Personal and corporate taxes along the comprehensive income distribution

• Billionaires almost only pay the CIT

Source: Bach et al. 2023, tax rates in France when wealth tax existed in 2016

D. Simplification Threshold is 2,570K for 2013-2017

Source: Garbinti et al. 2023