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World's richest 1% own 40% of all wealth, UN report discovers

- First ever study of global household assets
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The richest 1% of adults in the world own 40% of the planet's wealth, according to the largest study yet of wealth distribution. The report also finds that those in financial services and the internet sectors predominate among the super rich.



Children playing in Kibera, Africa's biggest slum. Global levels of inequality are 'grotesque', Oxfam says. Photograph: David Levene

Europe, the US and some Asia Pacific nations account for most of the extremely wealthy. More than a third live in the US. Japan accounts for 27% of the total, the UK for 6% and France for 5%.

The UK is also third in terms of per capita wealth. UK residents are found to have on average \$127,000 (£64,000) each in assets, with Japanese and American citizens having, respectively, \$181,000 and \$144,000. All data relate to the year 2000.

The global study - from the World Institute for Development Economics Research of the United Nations - is the first to chart wealth distribution in every country as opposed to just income, for which more comprehensive data is available. It included all the most significant components of household wealth, including financial assets and debts, land, buildings and other tangible property. Together these total \$125 trillion globally.

Anthony Shorrocks, director of the research institute at the United Nations University, in New York, led the study. He affirmed that the existence of a nest egg provided an insurance policy that helped people cope with unforeseen events such as ill health or a lost job. Capital allowed people to drag themselves out of poverty, he added. "In some ways, wealth is more important to people in poorer countries than in richer countries." It was more difficult in developing countries to set up a business because it was

harder to borrow start-up funds, he said.

His team used detailed data from 38 countries, but had to rely on incomplete information from the rest.

The report found the richest 10% of adults accounted for 85% of the world total of global assets. Half the world's adult population, however, owned barely 1% of global wealth. Near the bottom of the list were India, with per capita wealth of \$1,100, and Indonesia with assets per head of \$1,400.

Many African nations as well as North Korea and the poorer Asia Pacific nations were places where the worst off lived.

"These levels of inequality are grotesque," said Duncan Green, head of research at Oxfam. "It is impossible to justify such vast wealth when 800 million people go to bed hungry every night. The good news is that redistribution would only have to be relatively small. Such are the vast assets of the rich that giving up a small part of their wealth could transform the lives of millions."

Madsen Pirie, director of the Adam Smith Institute, a free-market thinktank, disagreed that distribution of global wealth was unfair. He said: "The implicit assumption behind this is that there is a supply of wealth in the world and some people have too much of that supply. In fact wealth is a dynamic, it is constantly created. We should not be asking who in the past has created wealth and how can we get it off them." He said that instead the question should be how more and more people could create wealth.

Ruth Lea, director of the Centre for Policy Studies, a thinkthank set up by Margaret Thatcher, said that although she supported the goal of making poverty history she did not think increasing aid to poorer countries was the answer. "It's no use throwing lots of aid at countries that are basically dysfunctional," she said.

The UN report was issued as the Swiss magazine Bilan released a list of the richest Swiss residents. Ingvar Kamprad, the founder of Ikea, topped the list with an estimated fortune of \$21bn.

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