

Forget the 1%

The Economist

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Capital

- Thomas Piketty, *Capital in the Twenty-First Century*
- Wealth is increasingly concentrated in the hands of the very rich
- Critics: Mr Piketty's data were both thin and faulty (an editor of *Financial Times*)

New data

- Mr Piketty's book, which drew on a previous work, showed only modest rises in wealth inequality in America (1976–2000)
- The most recent study: in America at least, inequality in wealth is approaching record levels

Some are more equal than others

Home prices

- The main cause of falling middle-class net worth is soaring debt
- Rising home values did little to raise middle-class wealth since mortgage debt also soared
- The recession battered home prices but left the debt untouched, further squeezing middle-class wealth

The really, really rich

- The really, really rich get much, much richer
- The 16,000 families making up the richest 0.01%
- With an average net worth of \$371m, now control 11.2% of total wealth—the highest on record

Not be too worrying

- The outsize fortunes of the few would not be too worrying were they largely the product of entrepreneurial activity
- Return of an 18th century inheritance society? in which marrying an heir is a surer route to riches than starting a company
- Mark Zuckerbergs vs. Paris Hiltons (“patrimonial capitalism”)