

# Billionaires

## Putting on weight each year

The chart (Fig.1) shows the scatter of the billionaires' net worth as percent of GDP (gross domestic product) (y-axis), as a function of the country's GDP per capita (x-axis). The 2014 world billionaires are a set of 1,645 individuals, owning net assets worth of USD 6,446 billion or 8.7% of the the world's total output. Their distribution is uneven. Net worth weighs between 0.7% of the country GDP for Romania, and 156.5% for St. Kitts and Nevis. It is visible that the

mass of data points is concentrated close to the x-axis — indeed, fifty percent of billionaires' wealth weighs less than 7% of GDP, although the billionaire citizens of St. Kitts And Nevis, Swaziland, Cyprus, Guernsey, Monaco, and Hong Kong hold assets that are worth more than 50% of their home country GDP. Billionaires are citizens of both destitute and affluent countries, as measured by GDP per capita. A subset of 42 countries, with GDP per capita below the USD 27,000 average (of the current set of countries) are crowded at the bottom left corner, while 17 rich economies, claiming a GDP per capita one and a half to two times the average, form another cloud to the right, and 4 very rich countries, three to six times the average GDP per capita, appear farther right.

### Overall inequality

The distribution of billionaires' wealth provides one more instance of the overall inequality pattern that has been identified for the distribution of incomes.

1. As expected, the bigger the economy, the wealthier its billionaires (Table 1). The United States, Russia, Germany, China, France, Brazil, India, Italy, and United Kingdom appear in the top 10. Billionaires' wealth is strongly correlated with the size of the country's

economy ( $r = 0.91$ ), 84% of its variation being explained by the GDP variation ( $R^2 = 0.84$ ). In lay terms, when the cake is large, billionaires indulge in cutting a big share for themselves.

2. However, it would be naive to think that affluent economies, i.e. those with high GDP per capita indexes, are associated with a stronger billionaire's presence. It may happen: Monaco, Norway or Switzerland enjoy very high GDP per capita and can boast a sizable sample of billionaires. But that is by no means the rule. In fact, there is practically no association of the billionaires' net worth as percent of GDP to the GDP per capita (correlation coefficient  $r = 0.11$ ).

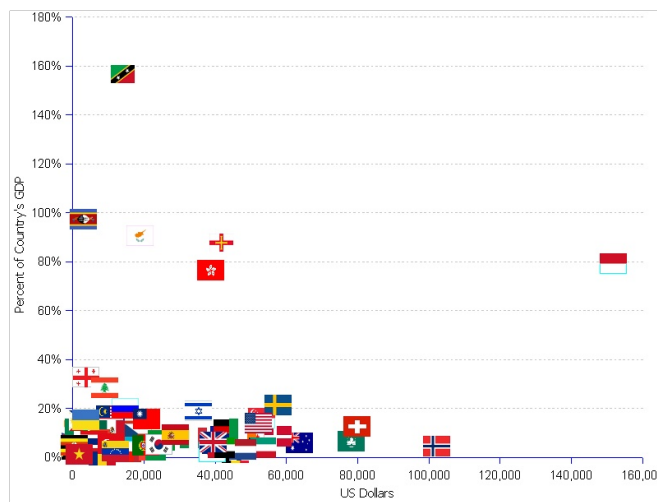


Fig. 1: Scatter chart of billionaire wealth as percent of their home country GDP, as a function of GDP per capita.

Many impecunious economies harbor huge private fortunes: Vietnam, Nepal, Tanzania or Uganda have minuscule GDP per capita, far below the listed countries median (USD 18,557) or even below the world average GDP per capita (USD 10,314). In this group of countries one can find, on the one hand, nations living on a GDP per capita of less than USD 1,000, and on the other hand billionaires with fortunes worth 900 thousand to 19 million times as much. That says everything there is to say about the unequal distribution of wealth.

wealth of USD 2,318 billion, bigger than the economy of Brazil. With more than 100 billionaires, we find also the so-called "communist" China (152), and the former proletarian socialist Russia (111). Interestingly, although China's GDP is four times bigger than Russia's, Russian billionaires succeed in gathering a collective fortune 13% bigger than China's, proving that the rip-off of former Soviet state-owned industries has been more beneficial to private interests than the unbridled state-capitalism road taken by the communist China — weird developments undreamed of by orthodox marxist-leninist ideologists. 

## Ubiquitous species

The United States is the country with the most billionaires, 492 of them, representing a total

The net worth of world billionaires as percent of the gross world product (GWP) has been on a fast ride since 1996, as highlighted by the trend (dotted regression line) for the period 1996-2014 (Fig.2).

To make sense of the comparison, consider that in 1996 the net worth of the world billionaires equaled the output of the whole world's work during 9 days. In 2014 the whole world should contribute with 23 days, slightly more than one month of work, in order to generate the output equivalent to the current billionaire net worth.

## Some highlights

1. Billionaires succeed in grabbing a larger share of the world wealth (Table 2). The relative weight of billionaire net

worth follows an upward path from 3.5% in 1996 to 8.7% in 2014, corresponding to an annual average growth rate of 5.3% — considerably faster than the 3.1% annual average growth of real GWP. This differential means that billionaires have been deflecting to their balance sheets a growing share of the world's full output —

indeed their cut increases annually 2.2 percent points faster than the world

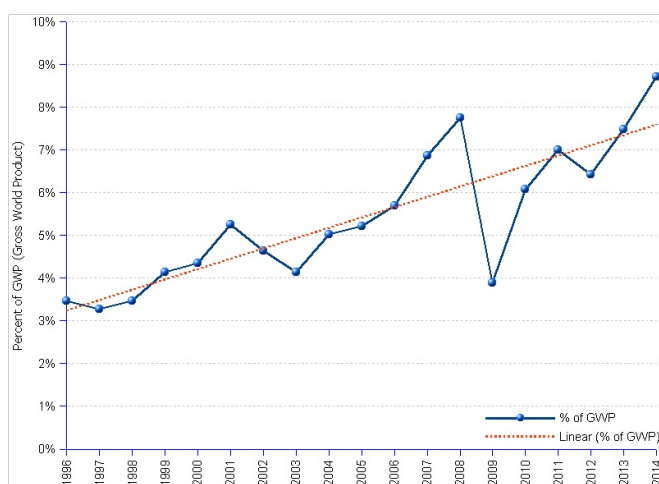


Fig.2: Billionaires' wealth as percent of Gross World Product, 1996-2014.

product, crises or no crises. The upwards trend is clearly illustrated by the dotted regression line.

2. Billionaires form quite an exclusive club. A group of 1,645 people or 0.000023% (23 per hundred million) of the 7.162 billion world population own 8.7% of the world's annual output. They only numbered 423 or 7 per hundred million in 1996, which means that the club membership has been growing at an average rate of 7.84% per year, doubling in a bit more than 9 years. This is a clue suggesting that the billionaire predator species is prospering fast on the back of the rest of the world.
3. The club includes some heavyweights and numerous comparatively "lightweights". The average fortune is 3.7 billion real USD, but 50% of the members have assets below the median 2.1 billion. The top 5% own 30% of the total net worth, thus reproducing to some extent within the clan the inequality pattern of which they reap the benefits in the world at large.
4. Crises exist indeed, but they are an affliction for common people. For billionaires, they are a mere flash in the pan, if not an effective lever to push their fortunes further up. Both the 2001 dot.com burst and the 2008 global financial meltdown have been quickly

overturned. From 2008 to 2009 the billionaires' total net worth plunged -2.1 billion or -46% real dollars, but from 2009 to 2014 it grew again by 3.6 billion or 149%, adjusting back to its happy trend.

### Economic crisis: poison for some, booster for others

In the months after the 2008 crisis, world leaders, all categories taken together, ordered from their speech-writers streams of rhetoric about the many-layered initiatives they committed to take in order to foster "economic growth, employment, and poverty reduction" (First G20 Summit Declaration On Financial Markets And The World Economy, November 15, 2008.) Since then, world leadership has displayed an array of repetitious statements containing announcements of numerous "Action Plans" to be implemented thereafter, treasures of wishful thinking about the hoped for outcomes, and lukewarm self-congratulations for the mediocre results obtained. Reality flies in the teeth of G20 promises: fair income distribution has shifted into reverse gear, employment has crashed, probity has evaporated, and "austerity programs" are breeding more indigents. The only bright spot in the midst of such darkness is the boosted prosperity of the billionaire species — billionaires definitely know how to act on the levers of wealth sharing, even, maybe especially, when the world economy goes berserk. 🚫

2014 Billionaire Net Worth as Percent of Gross Domestic Product (GDP) by Nation						
Nation	Number of billionaires	Net Worth Total (USD current)	GDP <sup>1</sup> (USD current)	Population (million)	GDP per capita (USD current)	Billionaire net worth as percent of GDP
Algeria	1	3.2	215.7	39.208	5,501	1.5%
Angola	1	3.7	124.0	21.472	5,775	3.0%
Argentina	5	11.3	484.6	41.446	11,692	2.3%
Australia	29	85.3	1,488.0	23.343	63,746	5.7%
Austria	10	33.7	417.9	8.495	49,193	8.1%
Belgium	3	8.0	507.4	11.104	45,693	1.6%
Brazil	65	191.6	2,190.0	200.362	10,930	8.7%
Canada	32	112.6	1,825.0	35.182	51,874	6.2%
Chile	12	41.3	281.7	17.620	15,988	14.6%
China	152	374.8	8,939.0	1,385.567	6,452	4.2%
Colombia	4	30.6	369.2	48.321	7,641	8.3%
Cyprus	4	19.7	21.8	1.141	19,086	90.4%
Czech Republic	6	18.4	198.6	10.702	18,557	9.3%
Denmark	6	26.9	324.3	5.619	57,714	8.3%
Egypt	8	22.3	262.0	82.056	3,193	8.5%
Finland	4	6.6	259.6	5.426	47,841	2.5%
France	43	235.2	2,739.0	64.291	42,603	8.6%
Georgia	1	5.2	16.0	4.341	3,674	32.6%
Germany	85	400.9	3,593.0	82.727	43,432	11.2%
Greece	3	8.2	243.3	11.128	21,864	3.4%
Guernsey	1	2.4	2.7	0.066	41,796	87.5%
Hong Kong	45	213.7	279.7	7.204	38,827	76.4%
India	56	191.5	1,758.0	1,252.140	1,404	10.9%
Indonesia	19	47.7	867.5	249.866	3,472	5.5%
Ireland	5	25.5	220.9	4.627	47,740	11.5%
Israel	18	51.8	272.7	7.733	35,264	19.0%
Italy	35	158.0	2,068.0	60.990	33,907	7.6%
Japan	27	100.8	5,007.0	127.144	39,381	2.0%
Kazakhstan	5	9.2	224.9	16.441	13,680	4.1%
Kuwait	5	6.4	179.5	3.369	53,287	3.6%
Lebanon	6	12.3	43.5	4.822	9,019	28.3%
Lithuania	1	1.0	46.7	3.017	15,483	2.1%
Macau	2	2.8	44.3	0.566	78,217	6.3%
Malaysia	13	53.0	312.4	29.717	10,513	17.0%
Mexico	16	142.9	1,327.0	122.332	10,847	10.8%
Monaco	3	4.6	5.7	0.038	151,939	79.2%
Morocco	4	7.4	104.8	33.008	3,175	7.0%
Nepal	1	1.1	19.3	27.797	696	5.7%
Netherlands	7	24.2	800.5	16.759	47,765	3.0%
New Zealand	2	9.8	181.1	4.506	40,193	5.4%
Nigeria	4	33.3	292.0	173.615	1,682	11.4%
Norway	9	21.8	515.8	5.043	102,287	4.2%
Oman	2	2.3	82.0	3.632	22,561	2.8%
Peru	8	11.8	210.3	30.376	6,923	5.6%
Philippines	10	40.1	272.2	98.394	2,766	14.7%
Poland	5	12.8	513.9	38.217	13,447	2.5%
Portugal	3	10.6	219.3	10.608	20,673	4.8%
Romania	1	1.2	183.8	21.699	8,471	0.7%
Russia	111	422.2	2,113.0	142.834	14,793	20.0%
Saudi Arabia	7	49.0	718.5	28.829	24,923	6.8%
Singapore	16	45.0	287.4	5.412	53,107	15.7%
South Africa	8	25.4	353.9	52.776	6,706	7.2%
South Korea	27	60.4	1,198.0	49.263	24,319	5.0%
Spain	26	122.5	1,356.0	46.927	28,896	9.0%
St. Kitts And Nevis	1	1.2	0.8	0.054	14,154	156.5%
Swaziland	1	3.7	3.8	1.250	3,047	97.2%
Sweden	19	116.7	552.0	9.571	57,674	21.1%
Switzerland	21	80.1	646.2	8.078	79,997	12.4%
Taiwan	28	75.8	484.7	23.300	20,803	15.6%
Tanzania	1	1.0	31.9	49.253	648	3.1%
Thailand	11	25.2	400.9	67.011	5,983	6.3%
Turkey	24	43.0	821.8	74.933	10,967	5.2%
Uganda	1	1.1	22.6	37.579	601	4.9%
Ukraine	9	26.6	175.5	45.239	3,879	15.2%
United Arab Emirates	4	14.6	390.0	9.346	41,729	3.7%
United Kingdom	47	153.9	2,490.0	63.136	39,439	6.2%
United States	492	2,318.5	16,720.0	320.051	52,242	13.9%
Venezuela	3	9.0	367.5	30.405	12,087	2.4%
Vietnam	1	1.6	170.0	91.680	1,854	0.9%
World	1,645	6,446.5	73,870.0	7,162.119	10,314	8.7%
Average	24	93.3			27,329	16.0%
Median	7	25.2			18,557	7.0%
r			0.91 <sup>2</sup>		0.11 <sup>3</sup>	
R <sup>2</sup>			0.84 <sup>4</sup>		0.01 <sup>5</sup>	

<sup>1</sup> 2013 GDP estimates at official exchange rate, USD billion, CIA.

<sup>2</sup> Coefficient of correlation Net Worth-GDP.

<sup>3</sup> Coefficient of correlation Net Worth-GDP per capita.

<sup>4</sup> Coefficient of determination Net Worth-GDP.

<sup>5</sup> Coefficient of determination Net Worth-GDP per capita.

**Table 1: 2014  
Billionaire net worth  
as percent of gross  
domestic product  
(GDP) by nation.**

Billionaire Net Worth as Percent of Gross World Product 1996 - 2014								
Year <sup>1</sup>	World Billionaires					GWP (gross world product) <sup>2</sup>		Billionaire Net Worth as percent of GWP
	Number	Net Worth (billion USD current)	Net Worth (billion USD constant, 2009=100)	Average (billion USD constant, 2009=100)	Median (billion USD constant, 2009=100)	(trillion USD current)	(trillion USD constant 2009=100)	
1996	423	1,050	1,392	3.3	2.5	30.21	40.06	3.5%
1997	224	1,010	1,315	5.9	3.8	30.84	40.17	3.3%
1998	209	1,069	1,369	6.6	4.2	30.78	39.42	3.5%
1999	298	1,271	1,610	5.4	3.6	30.67	38.85	4.1%
2000	322	1,386	1,731	5.4	3.6	31.83	39.75	4.4%
2001	538	1,729	2,111	3.9	2.3	32.87	40.14	5.3%
2002	472	1,516	1,809	3.8	2.1	32.68	39.01	4.6%
2003	476	1,403	1,650	3.5	2.0	33.92	39.89	4.1%
2004	587	1,917	2,210	3.8	2.2	38.06	43.87	5.0%
2005	691	2,236	2,509	3.6	2.2	42.83	48.05	5.2%
2006	744	2,645	2,876	3.9	2.2	46.33	50.36	5.7%
2007	946	3,452	3,641	3.8	2.2	50.17	52.91	6.9%
2008	1,125	4,381	4,501	4.0	2.3	56.49	58.03	7.8%
2009	793	2,415	2,433	3.1	1.8	61.95	62.43	3.9%
2010	1,011	3,568	3,568	3.5	2.0	58.72	58.72	6.1%
2011	1,210	4,496	4,443	3.7	2.0	64.08	63.32	7.0%
2012	1,226	4,575	4,433	3.6	1.9	71.06	68.86	6.4%
2013	1,426	5,432	5,173	3.6	2.0	72.44	68.99	7.5%
2014	1,645	6,446	6,048	3.7	2.1	73.87	69.30	8.7%
Average annual change rate	7.84%	10.61%	8.50%	0.62%	-1.10%	5.09%	3.09%	5.3%

<sup>1</sup> Year of publication of Forbes list of billionaires.  
<sup>2</sup> Forbes estimates are a snapshot of billionaire wealth as of the beginning of the year — e.g. on February 12 for 2014 — long before GWP estimates for the same year could be available. We therefore relate wealth estimates to GWP of the preceding year.

Table 2: Billionaire net worth as percent of gross world product (GWP), 1996 - 2014.

#### References:

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#### Source:

[http://stats.areppim.com/stats/stats\\_richxgdp.htm](http://stats.areppim.com/stats/stats_richxgdp.htm)