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# PERSONAL WEALTH

## FROM A GLOBAL PERSPECTIVE

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*Edited by*  
*James B. Davies*

UNU-WIDER STUDIES IN DEVELOPMENT ECONOMICS

# Personal Wealth from a Global Perspective

*Edited by*  
**James B. Davies**

A study prepared for the World Institute for  
Development Economics Research of the United  
Nations University (UNU-WIDER)

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UNIVERSITY PRESS

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Great Clarendon Street, Oxford OX2 6DP

Oxford University Press is a department of the University of Oxford.

It furthers the University's objective of excellence in research, scholarship,  
and education by publishing worldwide in

Oxford New York

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Argentina Austria Brazil Chile Czech Republic France Greece

Guatemala Hungary Italy Japan Poland Portugal Singapore

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Oxford is a registered trade mark of Oxford University Press  
in the UK and in certain other countries

Published in the United States

by Oxford University Press Inc., New York

© United Nations University—World Institute for Development Economics  
Research (UNU-WIDER), 2008

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Database right Oxford University Press (maker)

First published 2008

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British Library Cataloguing in Publication Data

Data available

Library of Congress Cataloging in Publication Data

Personal wealth from a global perspective / edited by James B. Davies.

p. cm—(Wider studies in development economics)

Includes bibliographical references and index.

ISBN 978-0-19-954889-7

1. Wealth. 2. Economic development. 3. Income distribution. I. Davies, James B.,  
1951-

HC79.W4P47 2008

339.2'2-dc22

2008031569

Typeset by SPI Publisher Services, Pondicherry, India

Printed in Great Britain

on acid-free paper by

CPI Antony Rowe, Chippenham, Wiltshire

ISBN 978-0-19-954888-0 (Hbk.)

978-0-19-954889-7 (Pbk.)

1 3 5 7 9 10 8 6 4 2

## **Personal Wealth from a Global Perspective**

The UNU World Institute for Development Economics Research (UNU-WIDER) was established by the United Nations University as its first research and training centre and started work in Helsinki, Finland, in 1985. The purpose of the institute is to undertake applied research and policy analysis on structural changes affecting developing and transitional economies, to provide a forum for the advocacy of policies leading to robust, equitable, and environmentally sustainable growth, and to promote capacity strengthening and training in the field of economic and social policymaking. Its work is carried out by staff researchers and visiting scholars in Helsinki and via networks of collaborating scholars and institutions around the world.

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## Foreword

When Adam Smith wrote about the wealth of nations he was concerned with the flows of production and resources that distinguish the living standards of rich and poor countries. Nowadays economists tend to use terms like 'income' and 'consumption' to refer to such flows, reserving 'wealth' for the stock of assets owned, for example, individually by persons or collectively by countries. This volume deals with wealth in this modern sense, focusing specifically on the net worth of households as measured by the market value of physical property plus financial assets less debts.

Judging by the popular media, there is an insatiable appetite for news about the activities of the super rich. But personal wealth is also important for those lower down the economic hierarchy. It provides a stock of consumption power for retirement years and a cushion against unanticipated adverse events such as crop failure, unemployment, and medical emergencies. In addition, it provides a source of finance for entrepreneurial pursuits, and collateral for loans for business purposes or house purchase. These benefits of wealth are particularly compelling in poor countries that tend to lack well-functioning capital markets or any form of social insurance protection. Yet on the global scale in comparison with income, wealth is more skewed towards rich countries, and more skewed towards rich households within countries.

Data on the level and distribution of household wealth is much less common than information on income or consumption. A few countries have wealth series dating back for a century or more. A number of other countries—in the main OECD members—have recent wealth data. This volume reviews the available evidence on time trends and compares the figures across countries, as others have done before. However, unlike earlier works, this book goes much further; looking at personal wealth from a global perspective. Individual chapters document what is known about asset holdings in developing and transition countries. Others focus on specific aspects such as financial assets, housing, and the gender dimension. The volume also contains the first attempt to estimate how world household wealth is distributed across countries and across the global population.

The material in this book will appeal to members of the general public interested in global economic issues as well as social scientists in universities and business schools. It contains powerful ammunition for those who see

## Foreword

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increasing inequality as an inevitable consequence of globalization. But at the same time, the growing prosperity of China, India, and other emerging market economies suggests that the pattern of wealth ownership observed in the past is unlikely to be replicated in the future.

Anthony Shorrocks  
Director, UNU-WIDER

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## Notes on Contributors

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## Acknowledgements

The chapters of this volume are the outcome of a UNU-WIDER research project on personal assets from a global perspective carried out in 2005–6. The original idea for this project came from Tony Shorrocks, Director of UNU-WIDER, who has been a great help throughout the project. Branko Milanovic of the World Bank took part enthusiastically in our project meeting in May 2006 in Helsinki and gave invaluable comments on the papers. UNU-WIDER researchers Tony Addison, Indranil Dutta, Basudeb Guha-Khasnobis, George Mavrotas, and Mark McGillivray provided ideas and helpful comments as well.

UNU-WIDER staff provided excellent assistance. Many thanks are due to our project assistant, Lorraine Telfer-Taivainen, who handled administrative aspects, organized the project meeting, and provided editorial assistance. Adam Swallow provided valuable advice throughout. Sincere thanks are also due to Barbara Fagerman, Ara Kazandjian, Sherry Ruuskanen, and Bruck Tadesse for their assistance.

I am most grateful to all the contributors to this volume for their inputs and insights and to the two anonymous referees, whose comments were very useful in revising the volume. Finally, I would like to thank my wife, Laurel, for her strong support and encouragement for my work on this volume.

UNU-WIDER acknowledges with thanks the financial contributions to its research programme by the governments of Denmark (Royal Ministry of Foreign Affairs), Finland (Ministry for Foreign Affairs), Norway (Royal Ministry of Foreign Affairs), Sweden (Swedish International Development Cooperation Agency (Sida)), and the United Kingdom (Department for International Development).

*Jim Davies  
London, Ontario  
February 2008*

## List of Acronyms and Abbreviations

AIRDIS	All-India Rural Debt and Investment Survey
APH	agricultural population per holding
BIS	Bank for International Settlements
BREAD	Bureau for Research in Economic Analysis of Development
CASS	Chinese Academy of Social Sciences
CCI	credit conditions index
CEDAW	Convention on the Elimination of All Forms of Discrimination against Women
CEE	Central and Eastern Europe
CIA	Central Intelligence Agency (USA)
CIS	Commonwealth of Independent States
CSAE	Centre for the Study of African Economies (Oxford University)
CSDS	Centre for Security and Defence Studies (Carleton University)
CSO	Central Statistical Office (Poland)
CSS	CentER Savings Survey (Netherlands)
CV	coefficient of variation
DC	defined contribution
DCLG	Department for Communities and Local Government (UK)
DHS	Demographic and Health Surveys (Ghana)
EAS	Economic Activity Surveys (South Africa)
ECA	Eastern Europe and Central Asian
ECB	European Central Bank
ECM	error correction models
ERHS	Ethiopia Rural Household Survey
EVS	Einkommens- und Verbrauchsstichprobe (Germany)
FAO	Food and Agriculture Organization (United Nations)
FSU	former Soviet Union
GLSS	Ghana Living Standards Survey
GQ	general quadratic

## List of Acronyms and Abbreviations

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HBS	household budget survey
HDW	household disposable wealth
HILDA	Household, Income and Labour Dynamics in Australia survey
HMT	Her Majesty's Treasury (UK)
IBGE	Brazilian Census Bureau
IBRA	Brazilian Institute for Agrarian Reform
ICRW	International Center for Research on Women
IDRC	International Development Research Centre (Canada)
IDS	Income Distribution Surveys
IFLS	Indonesian Family Life Survey
ILO	International Labour Organization
IMF	International Monetary Fund
INCRA	National Institute for Rural Settlement and Agrarian Reform (Brazil)
ISWGNA	Inter-Secretariat Working Group on National Accounts
LDC	less developed country
LINDA	Longitudinal INdividual DATA (Sweden)
LSMS	Living Standards Measurement Survey (World Bank)
LWS	Luxembourg Wealth Study
MCA	multiple correspondence analysis
MF	multi-family
MFRC	Micro-Finance Regulatory Council (South Africa)
MLD	mean logarithmic deviation
MPC	Monetary Policy Committee (Bank of England)
MST	Landless Rural Worker's Movement (Brazil)
MWA	mean wealth above
NATSEM	National Centre for Social and Economic Modelling (Australia)
NBER	National Bureau of Economic Research (USA)
NBS	National Bureau of Statistics
NCAER	National Council of Applied Economic Research (India)
NDA	National Institute for Agricultural Development (Brazil)
NGO	non-governmental organization
NIESR	National Institute of Economic and Social Research (UK)
NPO	non-profit organization
NSSO	National Sample Survey Organization (India)
ODPM	Office of the Deputy Prime Minister (UK)
OECD	Organization for Economic Cooperation and Development
OLS	ordinary least squares

## List of Acronyms and Abbreviations

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ONS	Office of National Statistics (UK)
PCA	principal component approach
PDI	personal disposable income
PEP	Poverty and Economic Policy research network (Canada)
PIM	perpetual inventory method
PNAD	National Household Survey (Brazil)
PPP	purchasing power parity
PPSA	Personal Property Security Act (Canada)
PSID	Panel Study of Income Dynamics (USA)
RBI	Reserve Bank of India
RLMS	Russia Longitudinal Monitoring Survey
RRIFs	registered retirement income funds (Canada)
SARB	South African Reserve Bank
SAYE	save-as-you-earn
SEBI	Securities and Exchange Board of India
SCF	Survey of Consumer Finances (USA)
SCST	scheduled caste and scheduled tribe (India)
SHIW	Survey of Household Income and Wealth (Italy)
SNA	System of National Accounts
SOE	state-owned enterprise
SOU	Statens Offentliga Utredningar (Sweden)
SPI	Survey of Personal Incomes
UNECE	United Nations Economic Commission for Europe
UNSD	United Nations Statistics Division
USAID	United States Agency for International Development
WIID	World Income Inequality Database (UNU-WIDER)



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