

The International Mobility of the Wealthy: An Overview of Determinants, Demographics and Global Inequality

Andrés Solimano
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Revised Version ¹

Abstract

A new class of millionaires, ultra-millionaires, and billionaires has emerged in recent decades in a context of globalization, technological breakthroughs, and good political connections. An important motivation for the mobility of wealthy individuals across nations is the search for personal and financial security, political stability, policy predictability, respect for property rights, good educational facilities for their children, and other attributes. We live in an era of high wealth and income inequality that invites polarization and populism. The patterns of savings and investment are crucially dependent upon demographic patterns with millennials and generation Z preferring crypto assets and real estate while older generations leaning towards stocks and bonds. Investment migration programs, digital nomads' visas, Diaspora programs for high talent and visas for individuals of independent financial means are the new instruments to attract financial and human capital.

1. Introduction.

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Technological innovations such as the personal computer, internet, artificial intelligence, robotics and blockchains and the overall digitalization process has contributed to create substantial wealth in the global economy benefitting innovators and smart investors. Besides, the real estate sector, finance and insurance, entertainment, competitive sports, are also dynamic activities that generate streams of income to selected individuals. A new class of internationally mobile millionaires, ultra-millionaires, and billionaires has been created in recent decades in a context of globalization, technological breakthroughs, and political connections between economic elites and ruling elites. In turn, these features of the neoliberal era have created big economic gaps between an elite of super rich and most of the middle class and working-class people. In fact, the richest one percent of the population owns between 45-50 percent of the total personal wealth in the world,² conforming economically powerful and politically influential elites. In contrast, near 40 percent of the total world adult population have assets worth less than US\$ 10,000. This segment only owns a meager 0.5 percent of total wealth. Big economic inequalities in the global economy can engender social disruption and political instability as the existing economic order is perceived as unfair and unjust. Instability and polarization can also affect the wealthy elites through higher taxation and more volatile returns from investment. An important motivation for the mobility of the wealthy across nations is the search for personal and financial security in countries that offer economic and

² UBS (2024).

political stability, policy predictability, respect for property rights, good educational facilities for their children and have cosmopolitan lifestyles. There are two main sources of big wealth accumulation: on the one hand, high wealth can be the reward to high talent, personal ambitions and risk-taking.³ On the other hand, greater wealth can be associated with having the right political connections through which a handful of lucky individuals are granted special licenses to sell goods and services in protected monopolistic sectors that generate super-normal profits. In addition, good connections with ruling elites can help to acquire valuable state assets at a low price through insider's privatization. These modalities have been widely observed in Russia, Mexico and a score of countries that adopted neoliberal reforms in the last three decades. Developing an understanding the features of the global wealthy and their patterns of mobility is important for formulating effective programs to attract fresh capital, new technologies, market contacts that often come along with the mobility of wealthy individuals. In turn, new knowledge on patterns of wealth creation can help governments and international organizations monitoring domestic and global inequality as this phenomenon is often associated with political instability, social polarization, and threats to social peace.

³ Not all highly talented individuals are equally rewarded. People that allocate their time, creativity, and efforts to science, teaching and philanthropic activities are normally not so well remunerated as the talent that goes to finance, real estate, and technological development. Therefore, these talented individuals are unlikely to belong to the group of millionaires or billionaires of the world but that does not mean that their activities do not generate worthy social value.

This paper is organized in five sections. Section 2 focuses on the main pushing and pulling factors behind the mobility of wealthy individuals, identifying main inflows and outflows of wealthy people in recent years. Section 3 presents the basic theories of saving based on the *Life-Cycle Hypothesis (LCH)* of consumption and savings developed by Economics Nobel Prize Franco Modigliani, and the *Permanent Income Hypothesis (PIH)* of the consumption function developed, independently by Economics Nobel Prize Milton Friedman. It also presents recent evidence on the profile of wealthy Americans showing marked differences in investment patterns across different generations. Section 4 focuses on the global distribution of personal Wealth showing a syndrome of “Inequality Big Time “with a high concentration of personal wealth at the top --including ultra-high-net-worth individuals and billionaires. The section includes the main country locations of millionaires in the planet and discuss the dynamics of rising personal wealth inequality in the last quarter century in the global economy (2000-2024) and, its ups and downs since 1913, in the “long 20th century”. Finally, section 5 concludes.

International Mobility of the Wealthy: Theory and Evidence

A wealthy person or HNWI is often defined as individuals with investable (liquid) wealth over U\$ 1 million (some use a higher threshold of investable wealth of over U\$ 3 million).⁴ In turn, the Ultra-HNWI is defined as a person holding net assets over U\$ 30 million. Economic globalization, the reduction of travel costs, better communications technologies have increased

⁴ Residence homes are not included in liquid wealth.

substantially the international mobility of the wealthy from one country to another. We can distinguish between sets of pushing and pulling factors that affect the size and direction of the international mobility of the wealthy.

2.1 Pulling factors that attract wealthy individuals

High- Net Wealth individuals and Ultra-HNWI are attracted to locations (cities, countries), that offer favorable investment opportunities, personal and financial safety, protection of wealth and respect for property rights, well-developed banking systems, currency and capital convertibility, adequate legal services, predictable policies and “capital-friendly” tax structures.

Three main types of programs aimed at fostering the attraction of professionals and HNWIs are:

- (i) Investment Migration Programs.
- (ii) Digital Nomad Visa programs.
- (iii) Visas for financially independent individuals.

Governments have developed *Investment Migration Programs* (IMP) to attract affluent investors from around the world. The IMP can offer Residence by Investment Programs, (RBI) or “golden visas” and in some countries (Caribbean nations, Turkey, Jordan, and others) citizenship is offered through Citizenship by Investment Programs, (CBI) or “golden passport”. The IMP are in exchange for certain level of investment by prospective immigrants in real estate, government bonds, development funds, commercial bank accounts and productive firms (see Surak, 2023). The

expected benefits for receiving countries include fresh capital and technologies, market connections and new resources for the public budget. For the investor, investment migration offers new commercial opportunities, visas, and citizenship.

For the CBI modality, a sort of “global market of nationalities” has developed in which governments compete among them to attract investors.⁵ To guide the choice, there are now several Indices of “Quality of Nationality” (see H&P 2024)⁶ that rank countries according to the *quality of their passports*. The determinants of the index do include the country’s level of economic and human development, degree of internal peace and stability, visa-free access to third countries (freedom to travel), ability to work without permits and special visas (freedom of settlement) and quality and soundness of the financial and legal system. Interestingly, the index gives a considerable weight to the fact that holding citizenship of high-income nations and the European Union enhances the ability to travel without restrictions to other nations.

A truly industry of indices has appeared that tries to assess the quality of life in different countries (and threats to the good life) a main determinant of the direction of mobility of high wealth individuals. Examples include: The Global Happiness Index, The Global Peace Index, OECD Better Life Index, The

⁵ Immigration regimes are notorious for their biases. While governments of high-income nations process rapidly visas for international investors and wealthy individuals, they deploy lengthy reviewing processes for granting working visas and residence permits to unskilled migrants worker’s migration, although this process is less onerous for the immigration of well-educated and talented individuals. This reflects the asymmetric nature of existing migration regimes that have differentiated admission rules according to the availability of incomes, wealth, and talent of the immigrant for obtaining residence permits and citizenship.

⁶ The indices were developed originally by C. Kaelin and D. Kochenov.

Legatum Prosperity Index, and others. Standard variables included in the construction of these indices are the GDP per capita, employment, education, health facilities, respect for human rights, public safety, geopolitical and internal conflicts, quality of the physical environment, recreation, culture and so on. In general, there is a strong correlation between the quality of life and the level of GDP per capita so rich nations tend to head the indices.

The *digital nomad visas* (DNV) are programs oriented to attract highly mobile professionals that look for residence in certain desired locations but do not seek a job in the local job market since they are employed to work remotely in third countries. The cost of getting a DNV are far less expensive (in the range of U\$ 3000-U\$ 4000) than RBI and CBI programs that require investments by applicants from U\$ 150, 000 up to a few million dollars in some countries.

In turn, visas for *financially independent persons* also, like DNV, are oriented to citizens of foreign countries who don't look for jobs in the residence countries since they have their own, independent source of income from pensions, rents from investments, savings and so on. They typically can obtain residence permits for three to five years in countries by proving that these sources of regular income.

2.2 Pushing Factors for HNMI to Leave their Home Nations

An important question is why the wealthy leave their home country (permanent emigration rather than temporary mobility) in which probably most of their wealth was made; in turn, emigration can be emotionally costly

as it often entails separating from relatives and friends. The lack of adequate protection of property rights with the ensuing possibility of confiscation and/or devaluation in the economic value of assets is often cited as a triggering factor to leave the country of origin. In general, economic insecurity, cumbersome taxation systems, political and economic uncertainty that depress asset prices and penalize physical investment, the existence in some cases of violence and terrorism are all factors that may induce the wealthy to leave their country of residence towards safer and more predictable countries. An alternative is temporary migration in which the wealthy circulate between the home and host country without leaving permanently the home nation.

Digging into the factors that create unfriendly and unstable environments we find that that *inequality* of income, wealth and opportunities tend to be correlated with instability in the rules of the game (taxes, property rights) and lead to social polarization. Instability and uncertainty affect all segments of society, from poor to rich, in some way or the other but high net wealth individuals are better equipped than the poor to escape from that instability/uncertainty by placing their assets abroad and/or moving themselves and their families.

Some countries have increased substantially their levels of inequality in recent decades, creating volatile environments that often invite wealth holders to leave for more predictable locations. In Russia, for example, after the dissolution of the USSR in the early 1990s a small group of well-connected people –the “Russian oligarchy” --started to accumulate big

wealth through insider's privatization of state assets (a sort of post-socialist "accumulation by dispossession").⁷ This group was perceived as "running the show" in a country in which the institutions of the soviet period were crumbling and new capitalist institutions either were either absent or non-effective.

The income Gini coefficient (measuring inequality of income flows) went up (an increase in inequality) from near 25 percent in the mid 1980s (still during the socialist period) to over 45 percent currently. In China, three decades of very rapid economic growth since the 1990s generated substantial wealth for individuals that could capture investment and profit opportunities and the monetary rewards for outstanding talents. The income and wealth Gini coefficient has also increased which indicated the potential for political instability.⁸

In Latin America, considered the most unequal region in the world, inequality developed, historically, through concentrated patterns of land ownership (including gold and silver deposits underneath) following colonization by Spain in the 15th century. The standard practice by the Spanish crown was to grant to their representatives and local oligarchies of Spanish descent large pieces of land in the colonies. More recently, inequality in the holdings of financial assets and natural resources such as copper, oil, tin, rubber and other important forms of wealth has driven overall inequality. In contrast, in countries such as the Scandinavian nations in which

⁷ The term "accumulation by dispossession" was elaborated by social scientist David Harvey in his analysis of privatization, transformation of commons, public goods, and communal goods in private property during neoliberal capitalism, see Harvey (2010).

⁸ See Popov (2017).

market-generated inequalities in incomes and wealth are corrected effectively by the state through taxes, transfers and social expenditure the post-tax inequality is much lower and social cohesion seems to be stronger than for example in Latin America where the share of direct taxes over total revenues is much lower. At global level, the world average Gini coefficient for income is around 40 percent and for wealth Gini is near 70 percent suggesting that wealth distribution tends to be more unequal than income distribution.⁹

Although the presumption is that countries affected by high inequality, frequent crises and instability deter wealth creation a distinction between entrepreneurs and speculators is in order. In fact, *entrepreneurs* devoted to current production and physical investment certainly dislike situations of crisis and instability that penalize irreversible investments in machinery and equipment (Pindyck and Solimano, 1993). In contrast, *speculators* may benefit from instability if they manage to buy assets at fire-sale (low) prices in high instability situations and then selling them at higher prices, in a next period, making the corresponding monetary gain in the economic rebound when stability is restored. In turn, governments in socially polarized societies may choose to tax or expropriate/confiscate assets of the rich prompting capital owners to seek safe heavens abroad.

Other factors that can trigger the flight of *both* people and capital are violence, terrorist activity and taxes. In the context of advanced capitalist

⁹ Chile and South Africa are two countries that underwent post authoritarian transitions in the 1990s that did *not* translate in a significant reduction of inequality. In both countries, Gini coefficients for net personal wealth are in the range of 70-80 percent with the Gini for financial wealth being even higher: 90 percent (Solimano, 2017).

nations, France had a large outflow of HNWIs in 2016 after the Paris terrorist attacks of late 2015 and the Nice's attack of July 14th, 2016.

Taxes can also stimulate the rich to leave home although this is not always the case. A few years ago, prominent actor Gerald Depardieu acquired Russian nationality following his desire to stop paying what he considered high taxation in his home country (France).

The US tax system has been identified as a reason why some American citizens (wealthy and middle class) living outside the U.S. and holding other nationalities, have relinquished their American citizenship in recent years. In this case a main motivation for doing so is not so much a very high *level* of taxation but the alleged *complexity* of the tax system, including the high cost of filing taxes every year outside the U.S. when tax experts conversant on that tax system are in rather short supply. Also concerns on the invasion of privacy on asset holdings by U.S. tax authorities is reported as another cause for that decision.¹⁰ On the other hand, countries with a high level of personal taxation such as Scandinavian countries *do not* figure prominently among the nations in which rich nationals depart from their home countries (some exit of course, does exist). The fact that social services in Nordic countries provided by the welfare state (financed though taxation) tend to be universal in coverage, may induce high income people to be more appreciative of paying direct taxes as they can also benefit from public education, public health, public transportation than in nations in which the social spending is targeted mainly to the non-rich (targeted social policies).

¹⁰ Durden (2014).

2.3 Summary of Determinants of the Mobility of the Wealthy

From the previous discussion (and supported by various attitude surveys) we can summarize the following list of factors the HNWI consider for choosing a country to establish a residence for them and their families:

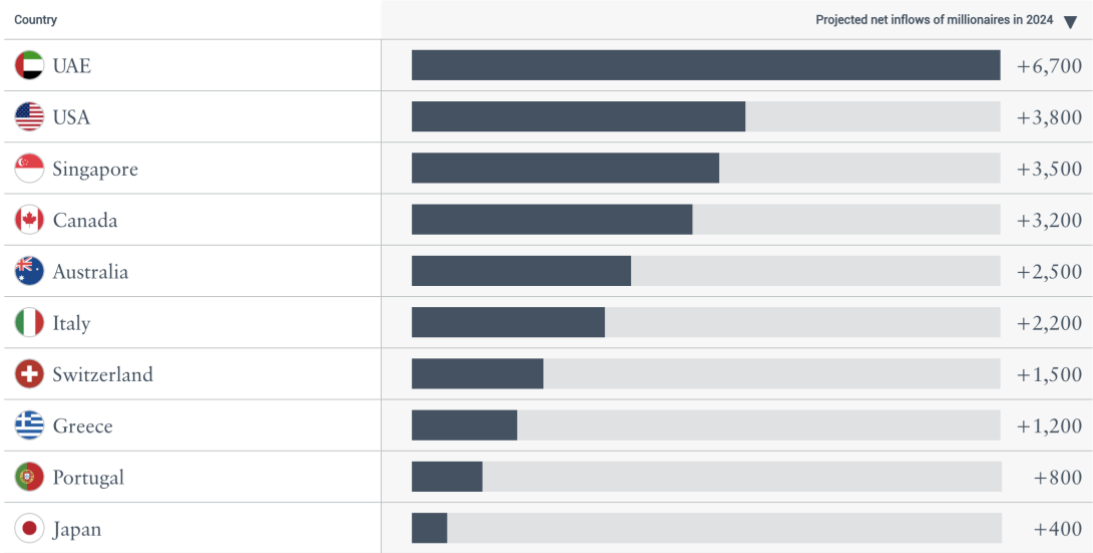
- (A) Personal safety.
- (B) Protection of property rights
- (C) Stable and predictable macroeconomic environments.
- (D) Absence of acute economic inequality and political polarization.
- (E) Availability of adequate housing and health services.
- (F) Fair tax treatment.
- (G) Adequate local financial systems.
- (H) Good education opportunities for the children.
- (I) Visa-free mobility to third countries.
- (J) Cosmopolitan settings and good transport connections.

2.4 Inflows and Outflows of High-Net Wealth Individuals: Recent Evidence

Let us now turn to the patterns of mobility of the wealthy using information from the international law firm and advisory group geared to international migration, Henley, and Partner (H& P 2024). According to their data the three most preferred country *destinations* for HNWI (net inflows) in 2024 (figure 5) are the United Arab Emirates (UAE), the United States (USA) and Singapore. Other main receiving countries include Canada, Australia, Greece, Portugal, and others. In turn, main *origin* countries of HNWI (net outflows)

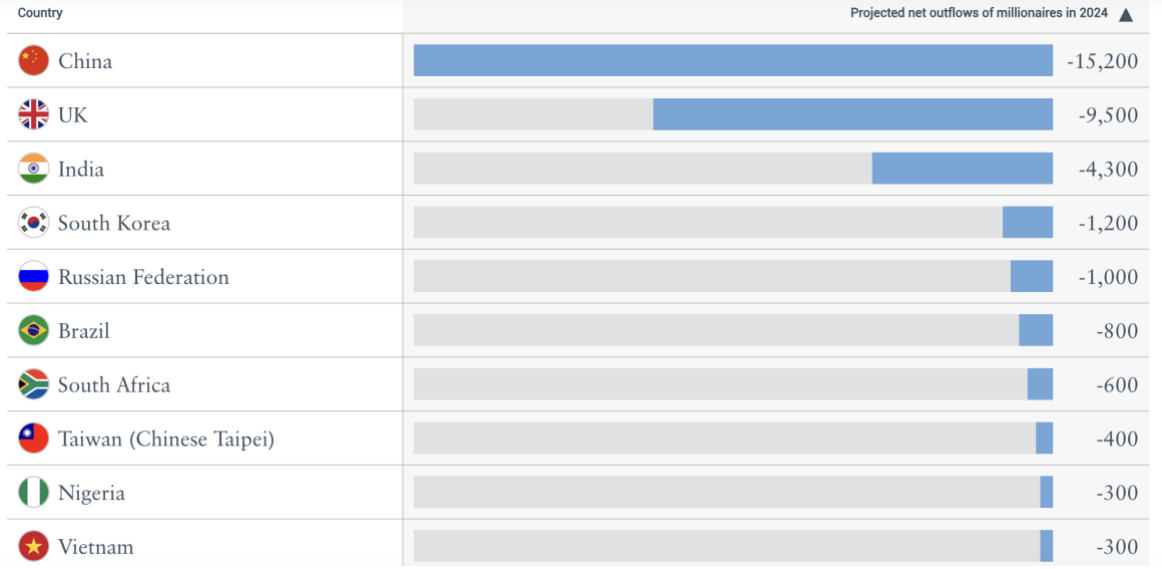
are China, the UK and India, followed by South Korea, Russia, Brazil, South Africa, Taiwan, Nigeria, and Vietnam.

Figure 1. Net Inflows of Millionaires, (2024)



Source: Henley &Partner (2024)

Figure 2. Net Outflows of Millionaires by Country (2024)



Source: Henley &Partner (2024)

As a point of comparison for these recent projections, we consider the year 2016 in which the three most preferred country *destinations* for HNWIs were Australia, the United States and Canada (table 1a and 1b). In turn, main *origin* countries for the wealthy were France, India, China, Brazil, Turkey, and others.¹¹ There is a similarity in the countries of destination and origin between 2016 and 2023 although in 2023 France does not appear as source country of net outflows and the UAE in 2016 was not yet a main destination for HNWIs.

In addition, it is often argued that HNWI are increasingly attracted to *cities* rather than nations. Traditional spots for the rich include New York, Paris and London given their prime property market, cosmopolitan lifestyles, highly developed financial systems, and other amenities. To these cities we should add the growing importance, as destinations for affluent foreigners, of Dubai, Sydney, Melbourne, Tel Aviv, San Francisco, Vancouver, Seattle, Singapore, that offer attractive features such as modern transport facilities and good airport connections, a developing cultural environment, safety and so on.

Table 1a. Three Preferred Country of Destinations for HNWIs (Net inflows, 2016).

Country of Destination	HNWIs Inflows
Australia	11,000
United States	10,000
Canada	8,000

Note: figures rounded to nearest 1000

¹¹ Table 1a and 1b use data from Knight Frank (2018).

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Table 1b. Highest Net Outflows of HNWIs by Country
2016

Country	Net Outflows of HNWIs
France	10,000
China	9,000
Italy	6,000
India	4,000
Greece	3,000
Russia	2,000
Spain	2,000
Brazil	2,000

Source: Knight Frank (2017)

3. Patterns of Saving and Investment According to Age.

Wealth is accumulated through savings, say the part of income that is not consumed and thus used to acquire financial and non-financial assets (the sum of financial and non-financial assets less debt is personal net wealth). There are two main economic theories of savings and therefore of wealth accumulation: (i) the *Life-Cycle Hypothesis (LCH)* of consumption and savings developed by former MIT Professor, Nobel Prize Franco Modigliani. In his formulation consumption depends on *wealth* (or lifetime resources) rather than on current income as in Keynes's consumption function (Solimano, 2024). (ii) A second theory is the *Permanent Income Hypothesis (PIH)* of the consumption function developed, independently, by Milton Friedman in the

1950s. In the PIH formulation *permanent income* is, roughly, the equivalent of wealth or lifetime resources and current income is the sum of permanent income plus transitory incomes.¹² Conceptually, the result is the same as in the LCH of Modigliani. In both theories consumers try to maintain a steady or smooth level of consumption over their life avoiding sharp fluctuations in living standards associated with changes in current income (the buffer is through running- down or building-up assets/wealth). The marginal propensity to consume MPC out of permanent income or life-time resources is greater than the (MPC) of current (short term) income.

In the Modigliani's theory people save during their working life --- say in the range 25-65 years old. In turn, according to the LCH people dissave (run-out accumulated assets) when they retire as their labor incomes tend to go to zero in that later period of their lives. A main implication of this theory is that the *generation or age of cohort* of an individual is critical for his ability to accumulate wealth (savings).¹³ The theory is presented for an individual but aggregate implication also can be obtained. Positive savings for the whole economy occur under at least two conditions: (i) when there is population growth (as younger cohorts save more than the dissaving of retired generations) and (ii) when there is technical change that rises income over time.

Other variables that matter for income generation include skills, intrinsic talents, work efforts, luck and inheritances received. Although the LCH is

¹² See Modigliani (2001), Deaton (2005) and Marglin (2021) for expositions and analysis of the Modigliani's LCH and Friedman's permanent income hypothesis (PIH).

¹³ The theory in its original formulation does not allow the 'bequest or inheritance motive' and savings are used only to provide for retirement. But this motive can be incorporated without altering its main results.

basically a theory of consumption and savings based on labor incomes it also recognizes that not everybody depends on the job market to generate the means needed to finance spending needs (food, shelter, transportation, clothing, entertainment). In fact, some individuals, who come from affluent families, are luckier than others and often receive an inheritance –legacy or wealth transfer-- from their parents.

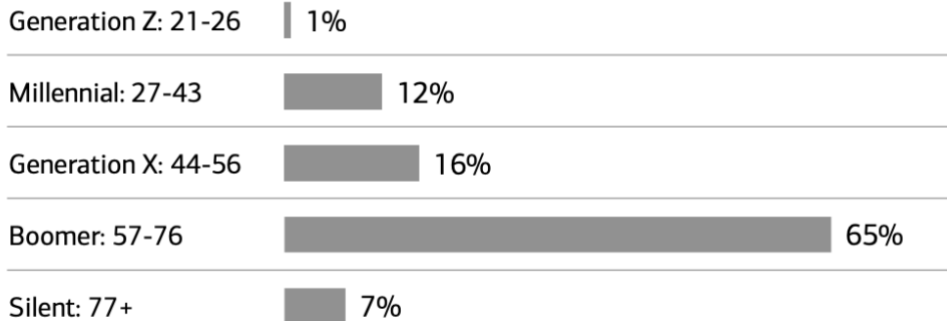
The wealth transfer can be large enough that the recipient may live out of the dividends and interests accruing from the received assets, thereby avoiding the unpleasant realities of having to sell their labor efforts for a salary. However, in a capitalist society, most of the population are *not* the children of rich families and thus must work in the job market to receive a salary (labor incomes) so to make a living.

Returning to age-cohorts, a suggestive classification of generations widely used by marketing analysts, wealth managing companies and financial advisors is the following: the Generation Silent that includes those born between 1928 and 1945, the Baby Boomers (born between 1946- 1964), Generation X (b. 1965-1980), Millennials or generation Y (b. 1981-1996) and Generation Z (b. 1997-2012). We can expect that Baby Boomers and Generation X have a higher level of accumulated wealth than the Millennials and Generation Z. This is confirmed in a study of wealthy Americans carried out by Bank of America Private Bank.

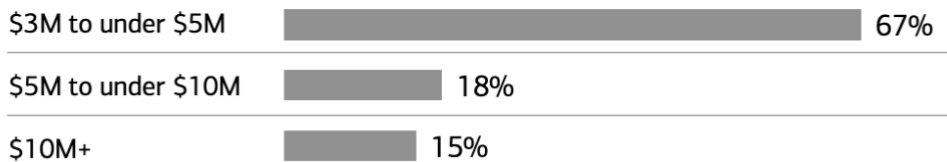
Figure 3.

A profile of wealthy America

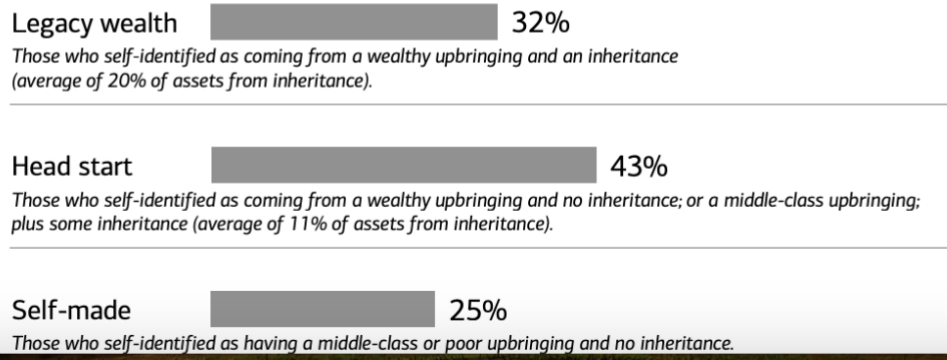
Age



Household investable assets



Individual journeys



The study, based on interviews to over 1,000 respondents who have at least US\$ 3 million in investable wealth and were at least 21 years of age, shows that in the United States baby boomers, ages 57-76 in 2024 account for around 2/3 of total personal wealth followed by Generation X and

Millennials¹⁴ in line with the Life-Cycle theory of savings which predicts that before retirement older generations have a larger level of accumulated wealth than younger generations that are either studying or just starting in the job market.

Individual journeys (of wealth accumulation) underscore that legacy wealth and head start account, in the sample of the Bank of America study, for over 75 percent of the favorable conditions that shape wealth accumulation in America. Only 25 percent of respondents report that they consider themselves as “self-made” and come from middle class or poor backgrounds and that have not received inheritances or legacies to help them in life. It is interesting to confirm that the story of America as the land of opportunities and the “self-made millionaire” is only of limited validity. In fact, this study underscores the crucial and *dominant* importance of background family conditions (conditions of upbringing) –besides access to good education -- in the ability to accumulate wealth in the “land of opportunity”.

The immigration and wealth advisory company Henley @ Partners (H & P, 2024) estimates in their various reports that there are about 600,000 *millionaires’ s millennials* in America (with liquid wealth over US\$ 1 million) and near 30 percent of 25-year-olds already own a house (2022). The stories of wealth creation at a young age include young individuals who have launched successful start-ups while other successful young people have well remunerated jobs in the financial sector. In addition, according to Bank of America, there is a “Great Wealth Transfer” of around US\$ 84 trillion that is

¹⁴ In turn, 67 percent of investable wealth is in the range of US\$ 3 to US\$ 5 million.

expected to take place in the next two decades or so from baby boomers to Generation X, Millennials and Generation Z.

3.1 Patterns of Investment

The study of Wealthy Americans also shows important differences in investment patterns between millennials and Generation Z and Generation X and Baby Boomers. While US stocks is the main investment vehicle for the older generations, real estate, and crypto/digital assets more important for the younger generation. Tellingly, Crypto investments lie at the bottom of the portfolio preferences for the cohort of 44+ while US stocks at are at the bottom of the investment priorities of the age cohort of 21-43.

Table 2.

GREATEST OPPORTUNITIES FOR GROWTH

Wealthy Americans - Overall		Age: 21-43		Age: 44+	
38%	US Stocks	31%	Real estate investments	41%	US stocks
32%	Real estate investments	28%	Crypto/digital assets	32%	Real estate investments
23%	Emerging market equities	26%	Private equity	25%	Emerging market equities
18%	International equities	24%	Personal company/brand	18%	International equities
16%	Private equity	22%	Direct investment into companies	15%	Private equity
16%	Direct investment into companies	21%	Companies focused on positive impact	15%	Direct investment into companies
13%	Companies focused on positive impact	17%	Bonds	12%	Bonds
13%	Bonds	14%	US stocks	4%	Crypto/digital assets

Greatest opportunities for growth chart by age group

> [Greatest Opportunities for Growth Long Description](#)

Currently, millennials and Generation Z are facing different conditions in the housing market, than those of their parents of the generation silent or the baby boomers at the time they entered the job market. In

particular, the housing market since the 1990s exhibits much higher prices in real terms than in the post WWII period up to the 1980s a trend that started around the mid to late 1990s and continued in the 2000s and beyond in Europe, Japan, the USA, and other nations (Solimano, 2017).¹⁵ Some affluent millennials are already home owners while, as a consequence of the home price inflation, a significant proportion of Millennials and Generation Z cannot afford buying property and must rent. In the real estate sector, the talk is of the emergence of a “generation rent” of individuals who simply cannot afford to buy a house given their incomes and debt profiles and just rent properties. This is the particularly the case of those who have less than tertiary education and also university graduates, who have completed tertiary education, but who are serving significant levels of student debt. Only with the help of wealth transfers from their parents they can seriously think of buying property.¹⁶

Box 1. Investment Opportunities in the 21st Century

We can identify six types of investment choices offered by the various global and national markets:

¹⁵ The high price of housing could also be attributed, in part, to the arrival of the wealthy immigrants looking for prime locations in high income cities.

¹⁶ Still housing seems to be an aspiration for new cohorts: global property companies and financial advisors such as Frank Knight report (Knight, 2024) that at least 20 percent of survey respondents among the HNWI and ultra -HNWI (those holding more than US\$ 30 million in net wealth) do expect to buy residential and commercial property in the years ahead.

- (i) Buying stocks, of high-tech companies in leading sectors such as Artificial Intelligence (AI) and Blockchains that have produced big capital gains in recent years.
- (ii) Starting a company (start-ups).
- (iii) Buying residential and commercial property. Most estimates are that the real price of property in main cities will continue to increase following new wealth and the inter-generational wealth transfer.
- (iv) Acquiring artwork in increasingly sophisticated art markets.¹⁷
- (v) Buying crypto currencies such as Bitcoin, Ethereum and others as shown this type of investment is preferred by Millennials and Generation -Z. The scope for growth in this market is large given new favorable regulations in the USA.
- (vi) Buying luxury items (cars, yachting, jewelry).

The specific choice of investment instruments and the diversification of portfolios will be dictated, as usual, by balancing considerations of return, risk, transaction costs and taxes. Tax incentives exist, for example, in “crypto-currency friendly countries” such as Switzerland, UAE, Portugal, Luxembourg, Singapore, El Salvador, Turkey and others. Several of these nations want to attract foreign investors in mining cryptos and don’t place taxes on capital gains associated with holdings of crypto assets since they are considered currencies. In addition, in these countries, rates of crypto adoption have increased, there are new regulations on trade in crypto assets and internet connection and crypto security are good. In contrast, another group of countries such as China placed constraints on mining and discourage trade in crypto currencies. France, the UK, and the USA do consider crypto currencies as “assets” (like a stock or bond) and levy a tax on them (see *Global Crypto-Friendly Nations Report, 2024*).

A “non-traditional” destination of private capital circulating around the world go to special jurisdictions called colloquially “fiscal paradises” (e.g., Cayman Island, Virgin Island, British Virgin Island, Switzerland, Panama, Singapore, Jersey Island, Macao, and others) that offer

¹⁷ For an analysis of the recent evolution of global art markets, see Solimano (2022).

discretion/secretcy on the owners of bank accounts and property and establish low taxes (or no taxation at all) on yields of assets and other sources of income of foreign depositors. Zucman (2013 and 2024) provide estimates of “hidden wealth” in fiscal paradises around the world.

4. The Global Distribution of Wealth: Inequality Big Time.

Personal wealth distribution is determined by the holdings of net wealth that are the consequence of previous accumulations of assets and the interest and dividends earned on these holdings. Studies on wealth distribution can be carried-out at three levels:

- (i) Within countries.
- (ii) Between countries.
- (iii) At global level (each wealth holder is considered as a unit of analysis regardless his/her country of residence or birth).

In this section we shall review recent evidence on the global personal wealth distribution that shows a high degree of concentration at the top of the distribution. The increased wealth concentration in the global age, creating a powerful economic elite, can be attributed to several factors:

(a) major investment in technological breakthroughs whose handsome returns are internalized by innovative and risk-taking entrepreneurs,

- (b) high savings rates by top income groups,
- (c) a tendency over recent decades *reducing* the progressivity of personal tax rates, favoring the rich. This started with Thatcher in the UK and Reagan in the US in the 1980s with other countries adopting similar tax policies during the neoliberal wave,
- (d) privatization of valuable state assets, typically in the natural resource sectors and public-sector utilities; in several countries the privatization process favored politically connected individuals that also had access to credit and/or liquidity,
- (e) the weakening of the bargaining power of labor unions and relocation of companies toward low-wage nations enabled a shift in functional income distribution away from labor (wages) and towards capital (profits),
- (f) market de-regulation policies,
- (g) a growing political tolerance towards inequality of income and wealth.¹⁸

Let us turn now to the *billionaires*, a tiny group of near 2,600 people with net wealth above one-billion dollars. Analysis of the world list of billionaires prepared by Forbes suggest several interesting features of this selected group:

- (a) a growing importance in the last two to three decades, of the *new* billionaires that dominate the list over people who has inherited wealth,
- (b) the very high wealth of the members of the Forbes list is mostly generated in finance, real estate, and hi-tech sectors,

¹⁸ Solimano (2017, 2020).

(c) the close association between the growth and development of mega-firms/ multinational corporations and the generation of high wealth for capital- owners and high-executives who receive big salaries, profit-sharing and stock option packages in their contracts,

(d) the growing significance in the list of wealthy individuals who are from developing countries and emerging economies. In the last decade they have represented close to 45 percent of the total number of billionaires. ¹⁹

Box 2. Measuring Wealth and Wealth-Inequality.

The generally accepted definition of personal/household net wealth includes the sum of both financial wealth (equity, bonds, mutual funds, and other financial assets) plus non-financial wealth (property, land, gold, paintings, jewelry, cars) minus debt (mortgages, student debt and consumer debt). It is worth noting that two important items that are not traded in markets such as public social security wealth (the present discounted value of the future stream of pension payments provided by the state) and human capital or “human wealth “are *excluded* from standard personal wealth measures.

There are six main sources of wealth data: (a) household balance sheets, (b) national wealth surveys often prepared by central banks and statistical offices, (c) tax-based wealth data, including estate tax records at death, coming from national tax agencies in countries where wealth taxes do exist, (d) indirect income tax capitalization method using data from revenues from capital incomes provided by tax agencies, (e) data provided by private wealth-management companies and commercial banks, (f) list of billionaires.

¹⁹ See Freund (2016).

Consensus has developed that tax-based information on income and wealth is deemed superior in accuracy compared with self-reporting household or individual surveys due to problems of under-reporting of income and/or wealth. Still tax -based information suffers from problems of tax avoidance and elusion, particularly related to undeclared offshore wealth.

Wealth inequality is often measure through Gini wealth-coefficients, that tend to be higher in value –in the range 0 to 1--than income-Gini coefficients. Pareto distributions or Power functions are often used to approximate the dynamics of wealth inequality when it grows exponentially (see Solimano, 2017, ch.3). Other measures of inequality are the wealth share of the top 1 percent or the share of the top 0.1 percent in total personal wealth.

The analysis of the level, evolution, and distribution of personal wealth at international level is helped by the publication, during near three decades, of the *Global Wealth Report* (GWR) prepared by the UBS bank in Switzerland in cooperation with Credit Suisse until 2023, covering a large set of countries. Figure 4a, based in the GWR 2024 depicts a world personal wealth pyramid of (adult)individuals for 2023 with their net worth divided in four segments: (i) below US\$ 10,000; (ii) from US\$ 10,000 to US\$ 100,000; (iii) from US\$ 100,000 to US\$ 1 million and (iv) above US\$ 1 million (HNWIs).

The bulk of the total world adult population, 82.2 percent or roughly 3 billion adult people has a level of net wealth below US\$ 100,000; while only 1.5 percent of the adult world population are millionaires, or high-net-worth individuals, a segment composed by 58 million people (see UBS

2024). Further, this relatively small segment at the top (when compared to the total world adult population) owns 47.5 percent of global personal wealth underscoring that ownership of personal wealth at global level is very concentrated at the top of the distribution. In contrast, 39.5 percent of the adult population, say close to 1.5 billion people has a net wealth below U\$ 10,000 (see figure 4a). This large number of people owns just 0.5 percent of the world's total personal wealth.

Between the top and bottom bands there is a sort of *broad* “global middle class” in which 59 percent of the world adult population—2.2 billion people-- has net assets between U\$ 10,000 and U\$ 1 million, holding together 52 percent of total personal wealth (this corresponds to the sum of the wealth share of those in the 10k to 100k bracket and the wealth share of those in the 100k to 1 million bracket in figure 4a). Of course, using other definitions of the range of wealth for the intermediate strata would deliver different measures of the global middle class.

When considering the very tiny group of billionaires, (net wealth above one-billion dollars) the number of HNWI shrinks drastically to around 2,600 adults worldwide. Furthermore, a sub-set composed by only 26 individuals hold net wealth above U\$50 billion (figure 4b).

Figure 4a). The Global Wealth Pyramid

The global wealth pyramid 2023

Split by wealth band in USD

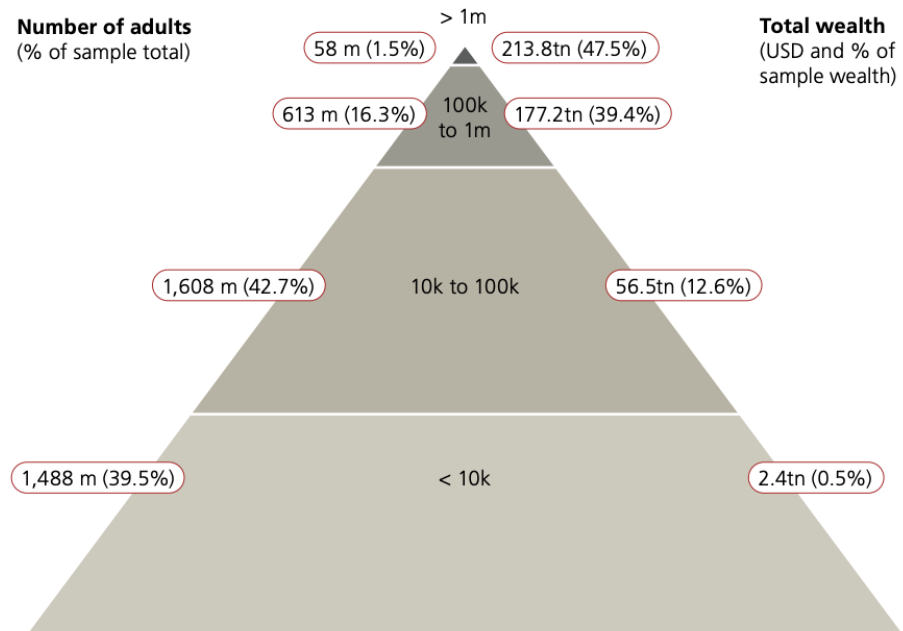
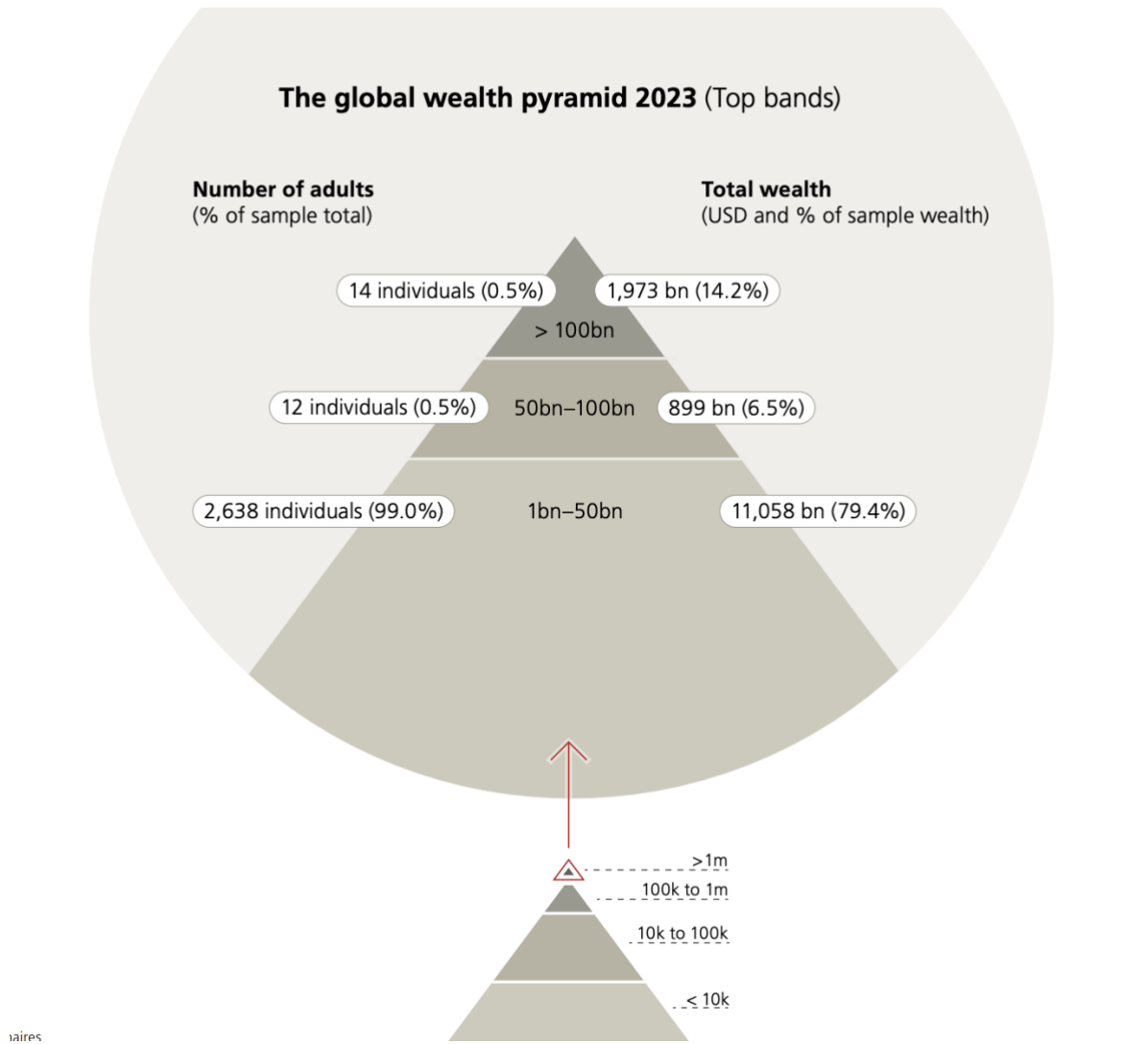


Figure 4b) The Billionaires



Ultra- HNWIs

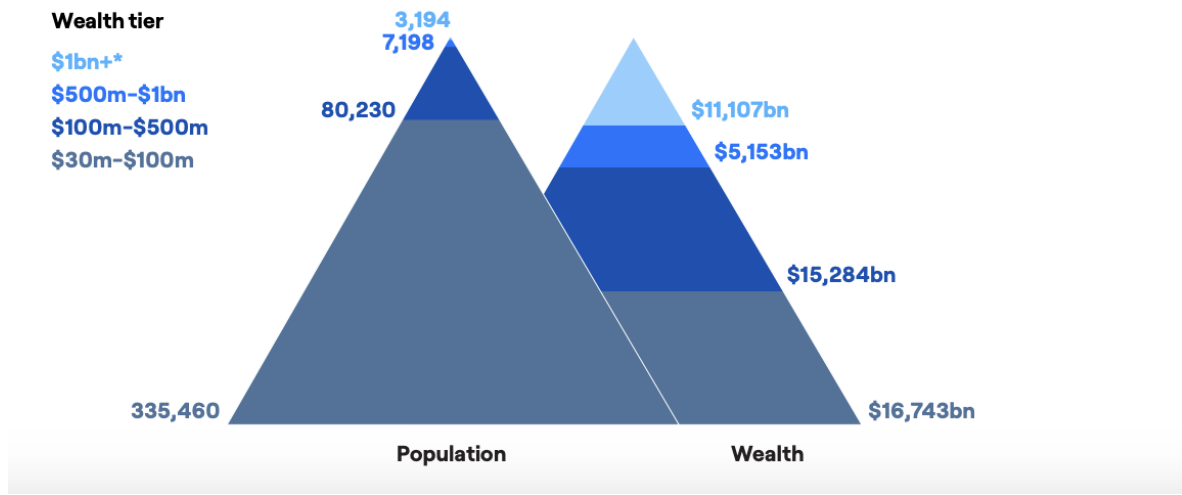
Below we present some estimates of the size of the Ultra-HNWIs in the world according to data provided by the Wealth X Report (see figure 5).

Figure 5 shows that there are 460,000 adults with net wealth over U\$ 30 million including 3,194 billionaires (numbers are a bit larger than those of the The Global Wealth Report that uses adult population).

Figure 5.

The ultra wealthy by tier

Global UHNW population and wealth by wealth tier in 2023



Source: Wealth-X Report 2024

Where Are the Millionaires Located?

The geographical distribution of millionaires across countries/regions is depicted in figure 6 a) shows that near 75 percent of the world millionaires in 2023 resided in three countries/regions: the United States (38 percent), Western Europe (excluded the UK) with 23 percent and Greater China (13 percent), data from the GWR. In turn, figure 6b, depicts the geographical distribution of Ultra-HNWIs across the globe with the ranking USA, Europe and China and figure 7 identifies the top-

10 cities that concentrates most of the Ultra-HNWIs in the world, data from the Wealth-X Report.

Figure 6a.

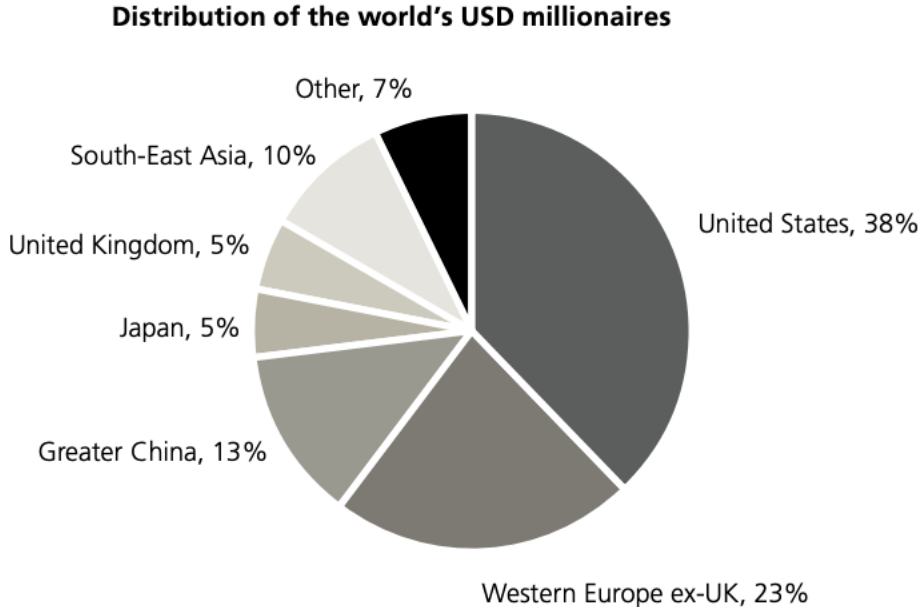


Figure 6b.

The ultra wealthy across the globe

Global UHNW population in 2023

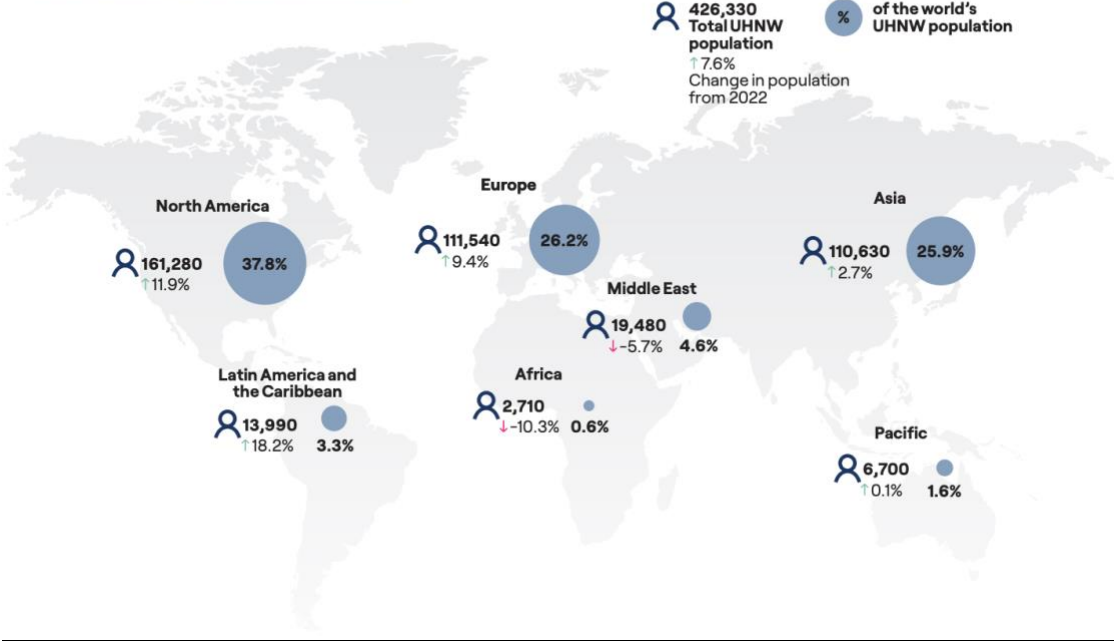
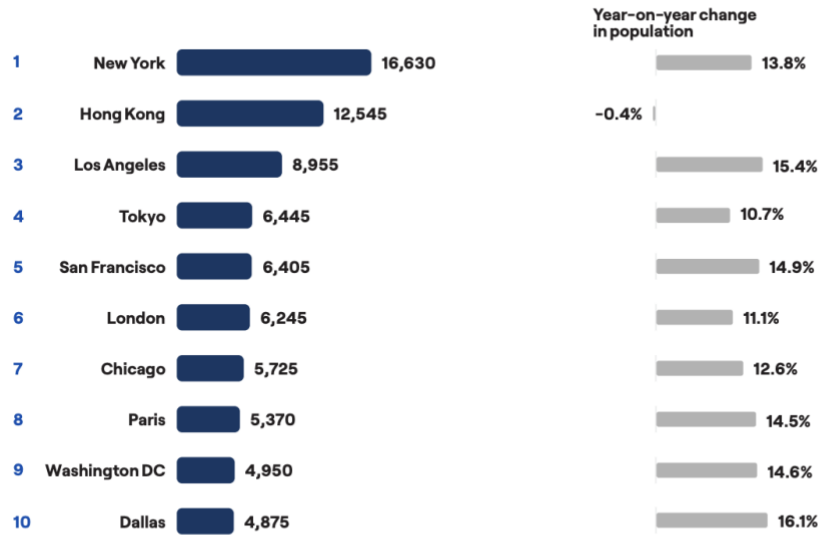


Figure 7

Top 10 UHNW cities

UHNW population in 2023



Note: Population numbers are rounded to the nearest 5. Cities are defined on the basis of urban agglomerations and metropolitan (metro) areas, which include the built-up areas outside the administrative core. For example, New York includes New York City, Newark and Jersey City. We focus on metro areas to ensure comparability because globally comparable city-level data is not available. Major cities are determined on a nominal GDP basis in \$. Changes are measured based on model inputs updated retrospectively and not on previously published figures. For further information about our Wealth and Investable Assets Model, please see the Methodology section.

Source: Wealth-X, an Altrata company, 2024

Evolution of Wealth Distribution in 2000-2023

In turn, figure 8 shows the evolution of the different segments of the wealth distribution in the first two decades and a half of the 21st century (2000-2023). Three main trends emerge:

- (i) there is a drastic *decline* in the share of adults holding net wealth below US\$ 10 K (the less affluent wealth group or bottom band) from 75.2 percent in 2000 to 39.5 percent in 2023; this represents, roughly, a halving of the share in the total adult population of the poorest segment's wealth share.
- (ii) there is a marked *increase* in the wealth share of the "global middle class" that goes from 24.4 percent in 2000 to 59 percent

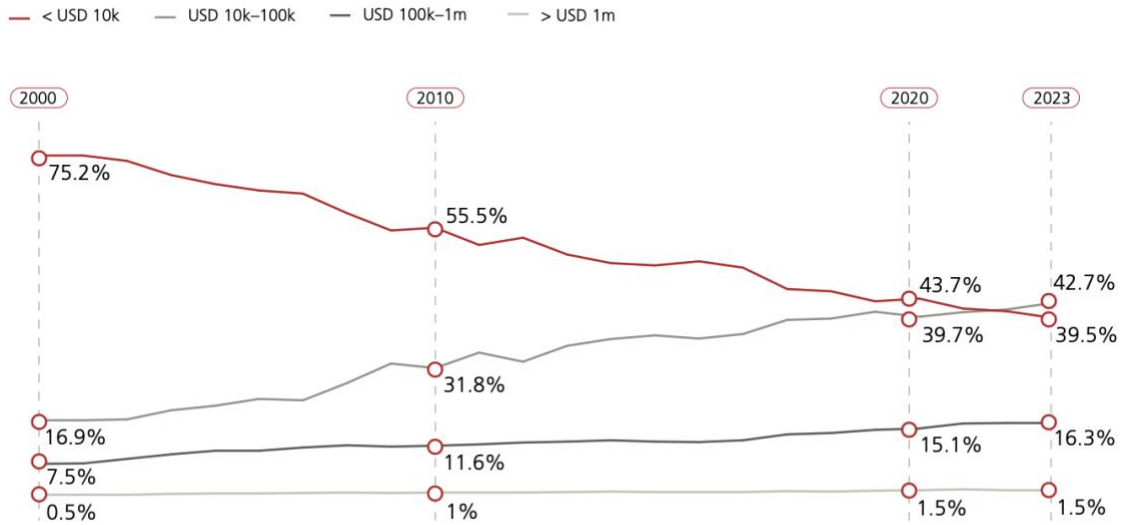
in 2023 (this represents more than a doubling of that share in a period of close to 25 years, matching the decline in the share of the bottom band).

- (iii) the largest *increase* in wealth shares goes for the millionaires (adults with net wealth more than US\$ 1 million) whose population share *increases three-fold* in the period under analysis: from 0.5 percent in 2000 to 1.5 percent in 2023.

These trends suggest at least two main implications: first, there has been a significant growth in the *level of wealth* in the world economy during the first quarter of the 21st century that has allowed an increase in net worth for *all segments* of the adult population, a trend that has contributed to reduce “global wealth poverty” and has increased the absolute and relative size of the global middle class, measured by wealth. Second, the main beneficiary of global wealth growth in the first decades of the 21st century lies *at the top* of the wealth pyramid, say the group of millionaires.

Figure 8. The Evolution of Wealth Shares in 2000-2023

Percentage of adults by wealth band in our sample of markets, 2000–2023



Global Wealth Report 2024

Historical Perspective: Top Wealth Shares in the Long 20th Century (1913-2015)

A long run perspective on the evolution of the top wealth shares during the “long 20th century” (1913-2015) can be obtained from figure 9 based on information compiled by the World Inequality Database of the Paris School of Economics. We note that in three advanced capitalist countries: United States, United Kingdom, France and two big emerging economies: Russia and China that had a protracted “classic socialist phase” during the 20th century, top wealth shares followed a *sort of U-pattern* in the period between 1913 and 2015 with an initial fall in the top share and then an increase. In fact, figure 9 shows that since 1913 (right before the onset of World War I), the wealth’s share of the top 1 percent in the US, UK, France was in the range of 45-65

percent. This is a high level of wealth inequality by historical standards with the United Kingdom being more unequal than both France and the United States. However, since around the mid-to- late 1930s, an *equalizing dynamic* sets-in in which these shares steadily declined for a period of 40- 50 years, reaching the range 20-30 percent in the 1970s. The period of declining wealth concentration took place, mainly, in the phase of “golden age of capitalism” after WWII (1950-1973) a period of rapid growth, the creation of the welfare state, progressive direct taxation, reasonable levels of social cohesion, active labor unions and more balanced capital-labor relations.²⁰

In the 1970s there is a reversion and the decline in the top wealth share stops opening the road for a regime of higher income and wealth inequality in the US, UK, Russia and China despite the differences in their economic and social regimes. As it is well known, the 1970s was a decade of stagflation (stagnation and inflation), currency instability and geopolitical shocks (Solimano, 2020). In turn, in the 1980s important economies such as the USA and the UK adopted policies of privatization, deregulation, and neoliberal globalization²¹. The new financial globalization came with a high frequency of financial crises and greater inequality with an increase in the share of personal wealth going to the top 1 percent in the United States, UK and to a less extent in France (Figure 9).

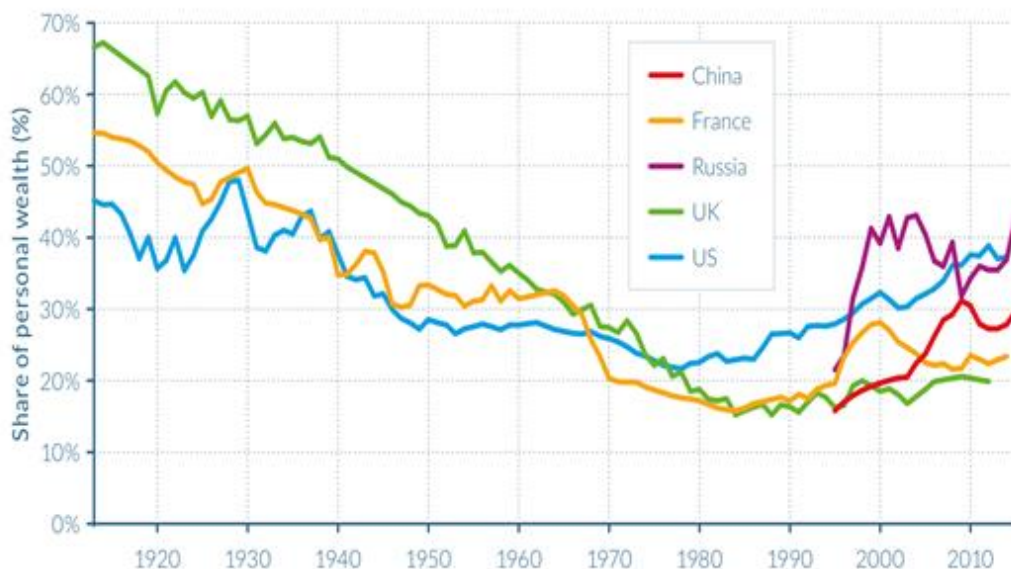
22

²⁰ Before WWII several events that led to macroeconomic destabilization that destroyed financial wealth include the hyperinflation in the 1920s in Central Europe and Russia, the financial crash of 1929, and the Great Depression of the 1930s.

²¹ In the 1970s, Chile undertook a neoliberal revolution under the repressive regime of General Pinochet that preceded the policies of Thatcher and Reagan in the first world , (see Solimano and Zapata-Roman, 2024).

²² The top wealth’s share in the USA roughly doubled from close to 20 percent in the late 1970s to near 40 percent in 2013. In the United Kingdom, since the Thatcher conservative government, the wealth’s share of the top 1 percent also increased (stabilizing at around 20 percent in the period 1980-2015), reversing its

Figure 9. Top 1% wealth shares across the world, 1913-2015: the fall and rise of personal wealth inequality (selected countries)



Source: www.WID.world (2018).

The trends towards higher wealth concentration at the top also affected, since the 1990s, Russia and China as these countries started to introduce market forces in the economic scene, departing from central planning. In Russia the wealth's share of the top 1 percent went up from close to 20 percent in the mid 1990s to near 45 percent in 2015 (like the increase in the United States) with rise of a new economic oligarchy that seized most of the public assets after the privatization of the early 1990s. In addition, in China, that adopted more gradual policies of marketization and avoided mass-privatization of public assets, there has been also a significant increase in the

previous downward trend registered since world war I until the 1970s. In France, the top wealth share experienced a rapid surge in the mid 1990s to decline afterwards, stabilizing at a higher level than its historical record of the 1970s and 1980s. See Solimano (2017).

wealth share of the top 1 percent (figure 9) since the 1990s. Global neoliberalism has increased inequality in several nations around the world but some countries such as France, Japan, South Korea have managed to avoid the rise in inequality associated with market fundamentalism.

5. Concluding Remarks

Economic globalization, pathbreaking technological innovations and political connections have expanded a class of millionaires, ultra-millionaires, and billionaires that is highly mobile across nations in the search for protection of their wealth. Overall prosperity is unevenly distributed as wealth distribution is highly concentrated at the top. High inequality tends to be correlated with social polarization, populism, and political uncertainty. Different age-cohorts have distinct capacities for wealth accumulation and exhibit different investment patterns. Millennials and Generation Z (younger generations) prefer crypto-assets and real estate while generation X and Baby Boomers (older generations) keep choosing stocks, bonds, and housing. A long run rise in physical asset prices (housing) and financial assets (stocks, cryptocurrencies) is likely to take place in the coming decades as a massive wealth transfer from older to younger generations starts to get underway. Countries that seek to attract the wealthy and the talented have created new tools like digital nomad visas, visas for individuals of independent means, investment migration programs in the expectation that they will bring fresh capital, know how, market contacts and new entrepreneurial spirit. The geography of international capital allocation is showing novel configurations of receiving and departing cities and countries reshaping the international circulation of the wealthy around the world.

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