

# Trends in Wealth Inequality in Switzerland

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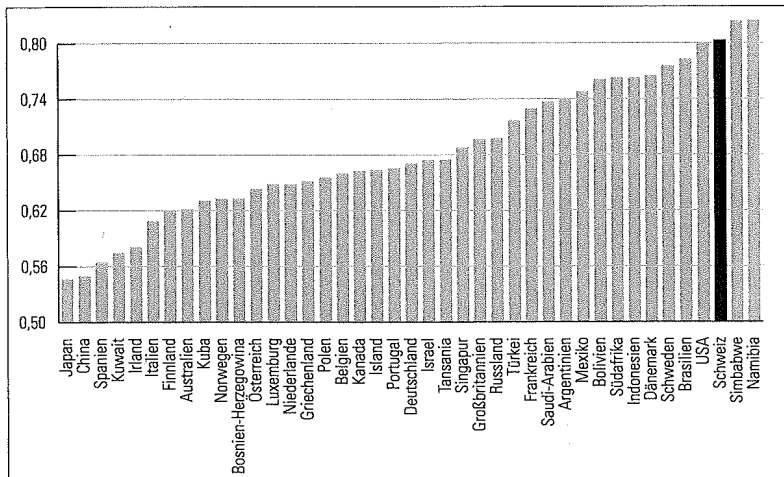
# Overview

- Introduction
- Development of wealth inequality in Switzerland since 1980
- Regional development of wealth inequality
- The relation between wealth and income inequality
- Some analyses with individual level cantonal tax data
- Summary

# Introduction

- The discussion on social inequality mainly focusses on income. Wealth inequality is much less debated.
- This is astonishing since wealth, apart from income, is a main aspect of the economic situation of households.
- Furthermore, the level of wealth inequality is typically much more pronounced than the level of income inequality – and Switzerland, in particular, appears to be one of leading countries in terms of wealth inequality.

## Gini-Konzentration in verschiedenen Ländern, 2000

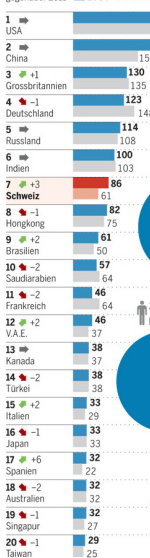


Quelle: Davies et al. 2007, eigene Darstellung. Die Rangliste mit allen 229 Ländern nach zunehmender Vermögensungleichheit, in welcher die Schweiz den 227. Rang belegt, befindet sich auf der Website [www.reichtum-in-der-schweiz.ch](http://www.reichtum-in-der-schweiz.ch).

# Wo es 2014 am meisten Milliardäre gibt

## Länder mit den meisten Milliardären weltweit

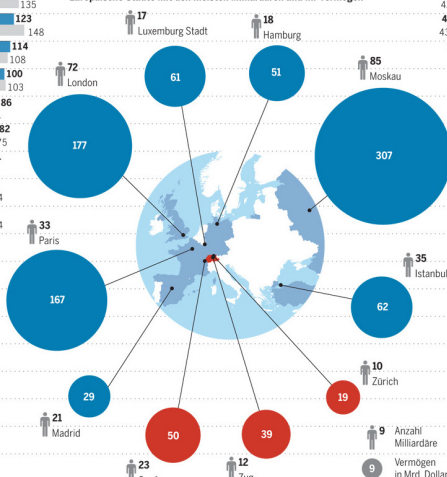
Veränderung  
Rang 2014  
gegenüber 2013



## Wie viel Vermögen sie besitzen in Milliarden Dollar

2014 2013

## Europäische Städte mit den meisten Milliardären und ihr Vermögen



TA-Grafik kmh / Quelle: Wealth-X und UBS

<http://www.tagesanzeiger.ch/wirtschaft/geld/2325-Menschen-gehoren-vier-Prozent-des-Weltvermoegens/story/15437945>

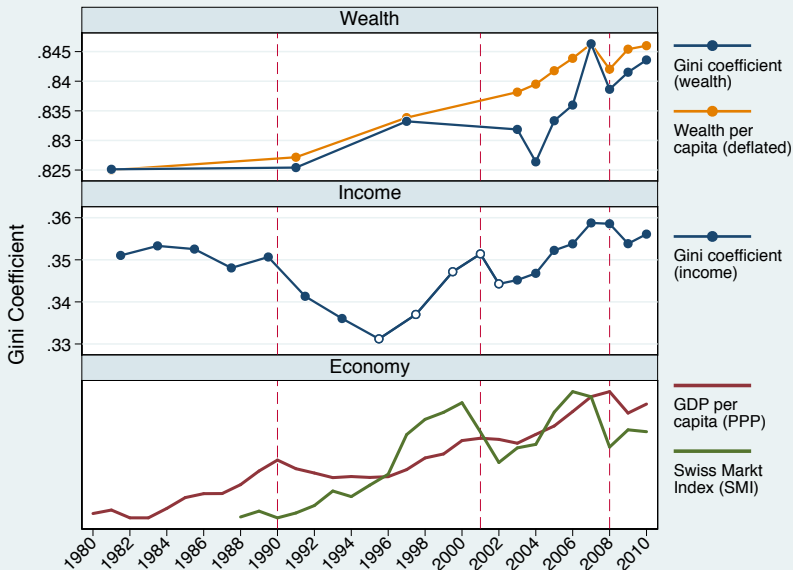
# Introduction

- One reason for the lack of analyses of wealth is that good data on wealth (at the individual level) is rare.
- For Switzerland, aggregate tax statistics on the distribution of wealth do exist for various time points over the last century.
- In addition, we collected individual level tax data on wealth from several cantons. These data allow for detailed analyses of the wealth distribution and also allow for combined analyses of income and wealth.
- Tax data are probably the best source for information on wealth. However, there might be bias due to tax evasion. Furthermore, for Switzerland, retirement savings are not included in the tax data and the tax value of real estate typically underestimates market value.

# Introduction

- Recently, interest in the distribution of wealth has been promoted by the work of Thomas Piketty who shows that the ratio between capital and income has risen sharply since World War II. The argument is that wealth has become more important for the distribution of resources in modern societies and that self-reinforcing dynamics will lead to increasing concentration in the future.
- Wealth is also relevant from the perspective of social mobility. Since individual wealth is largely acquired by inheritance, rising wealth inequality reinforces the intergenerational transmission of social status.
- Opportunities for highly profitable investments are better with increasing capital. Together with the dynamics of inheritance this leads to increasing capital concentration.

# Wealth inequality trends since 1980

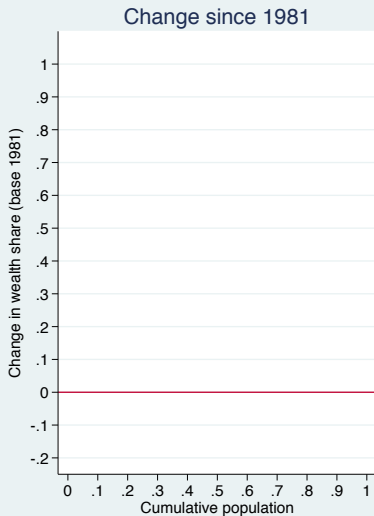
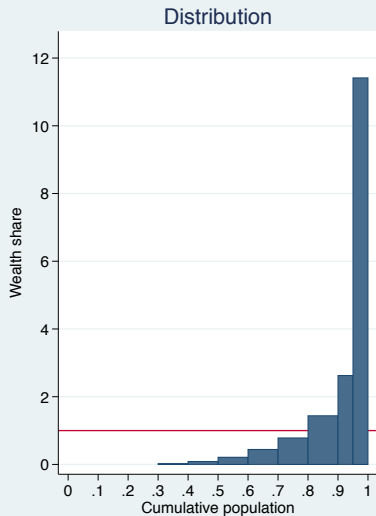


Source: <http://www.estv.admin.ch/dokumentation/00075/00076/00701/index.html>, <http://www.gapminder.org/> (GDP), [http://de.wikipedia.org/wiki/Swiss\\_Market\\_Index\\_\(SMI\)](http://de.wikipedia.org/wiki/Swiss_Market_Index_(SMI))



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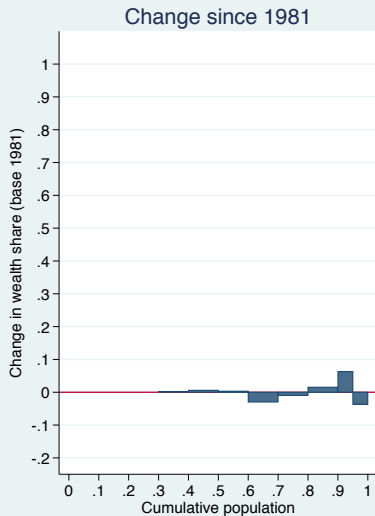
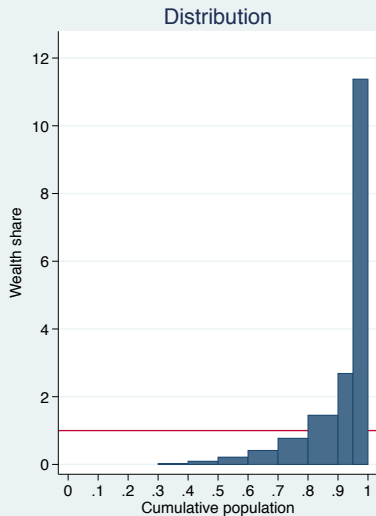
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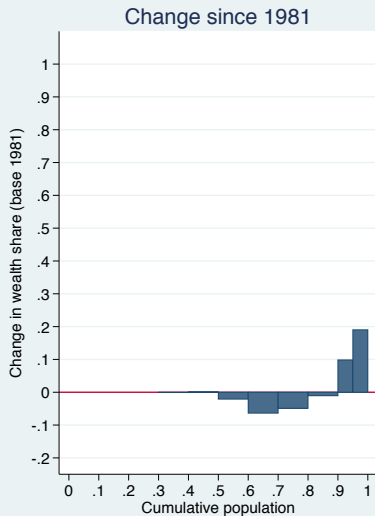
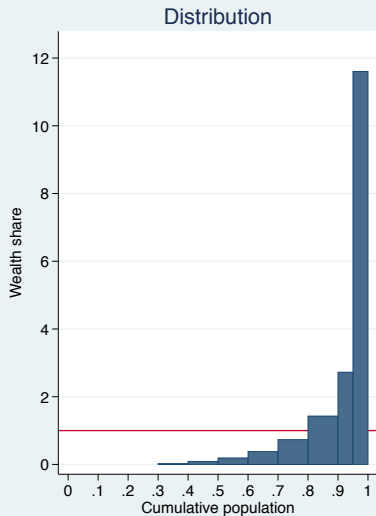
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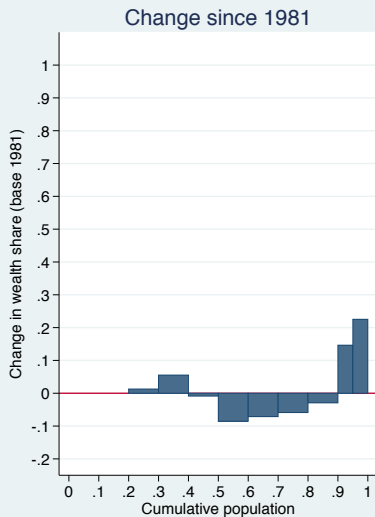
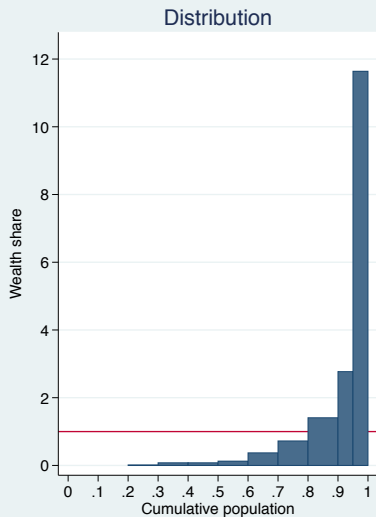
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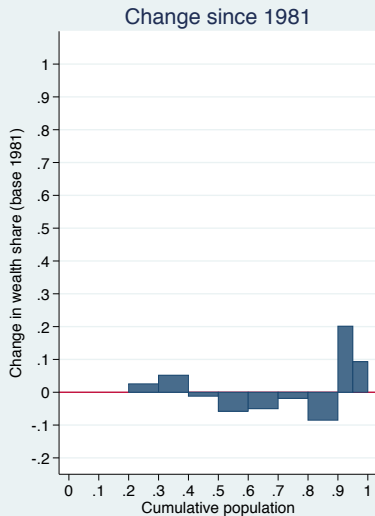
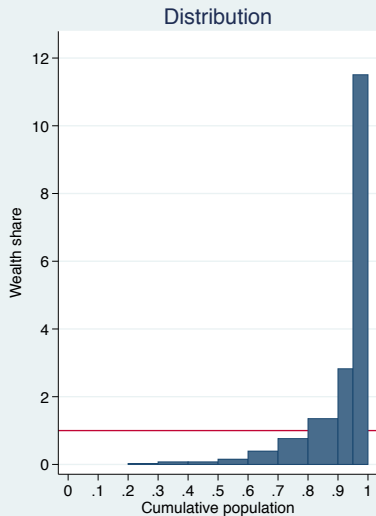
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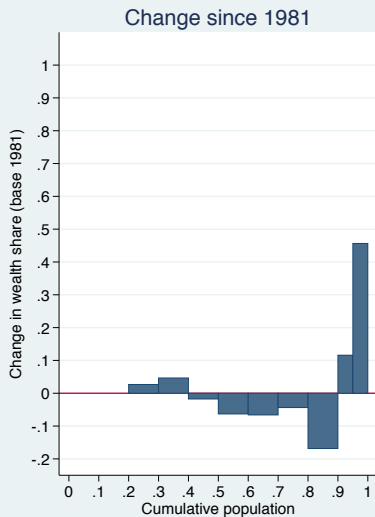
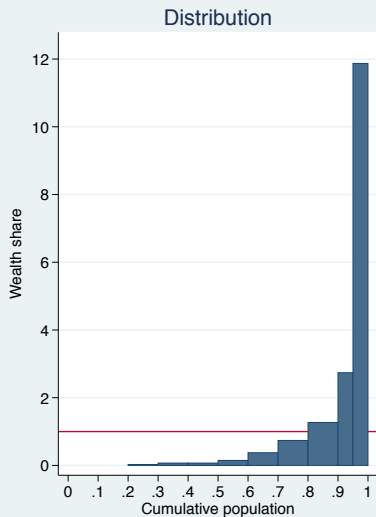
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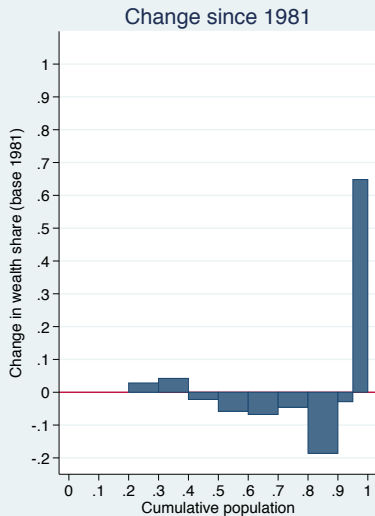
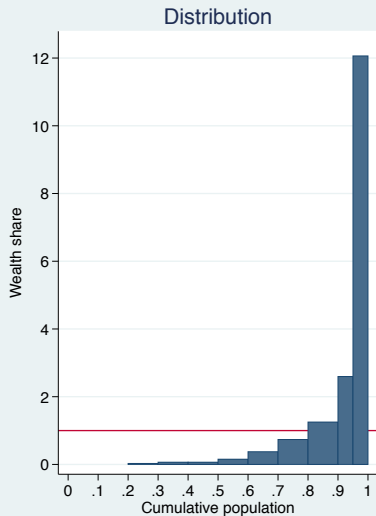
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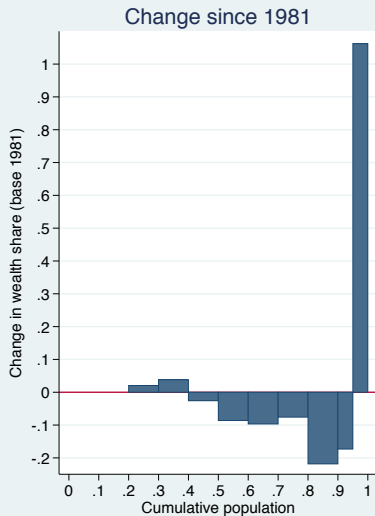
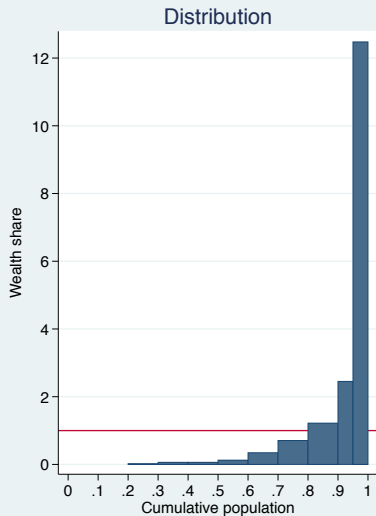
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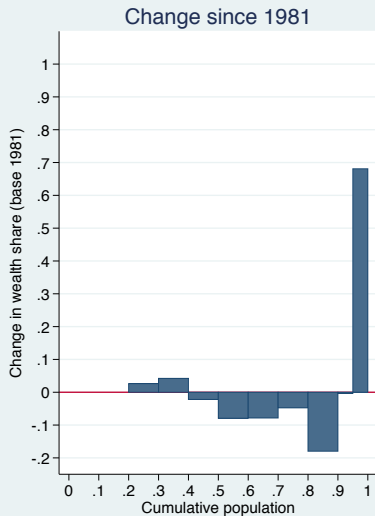
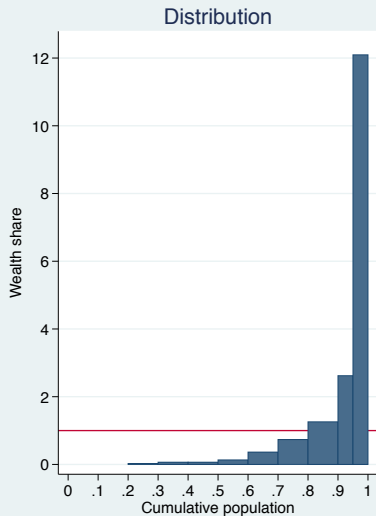


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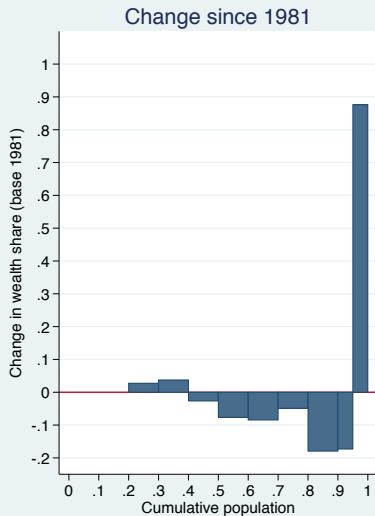
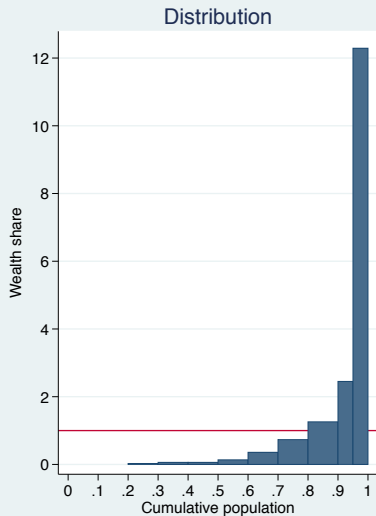
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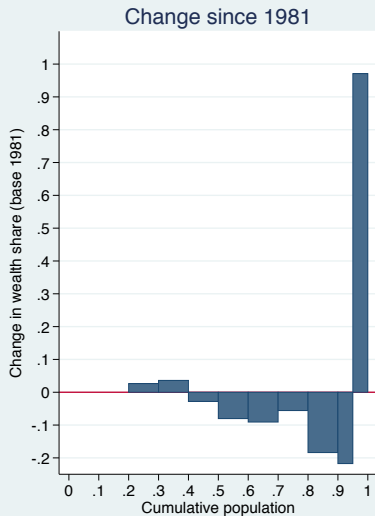
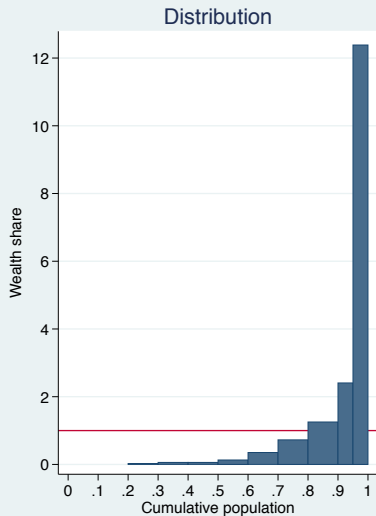
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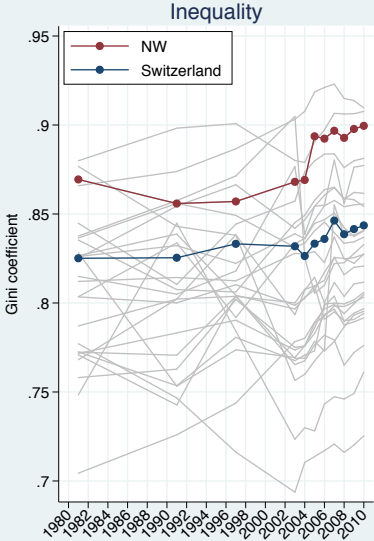
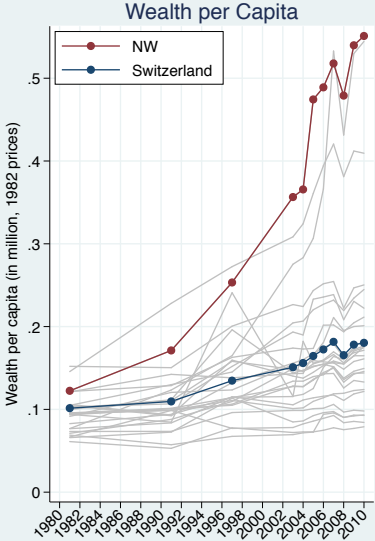
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2010



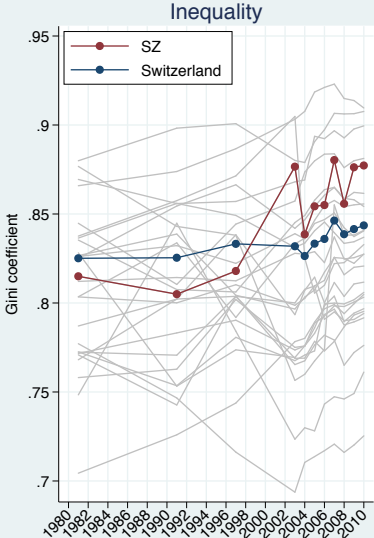
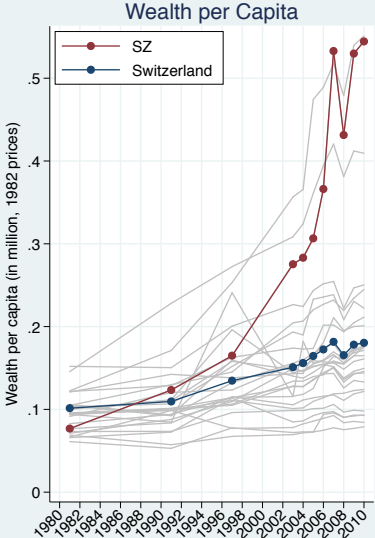
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# Regional development of wealth inequality



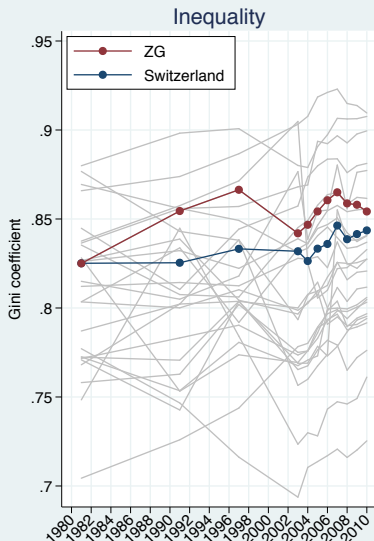
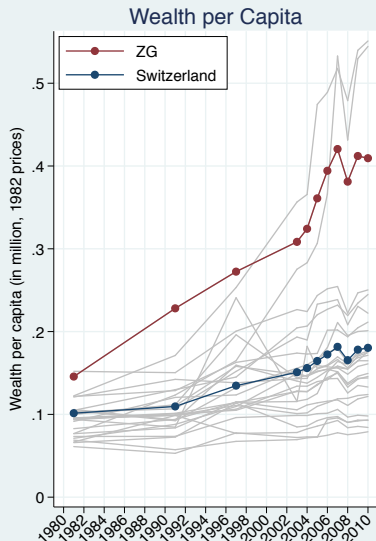
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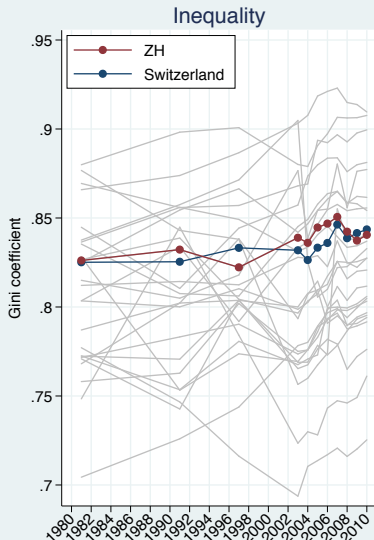
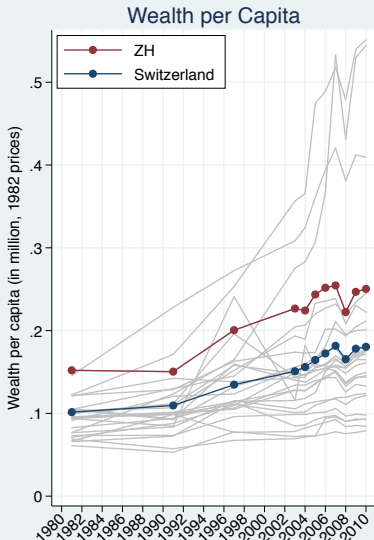
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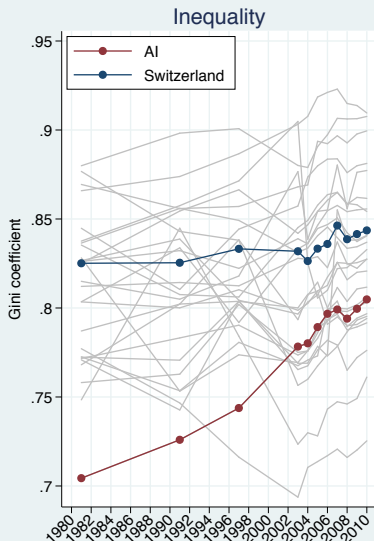
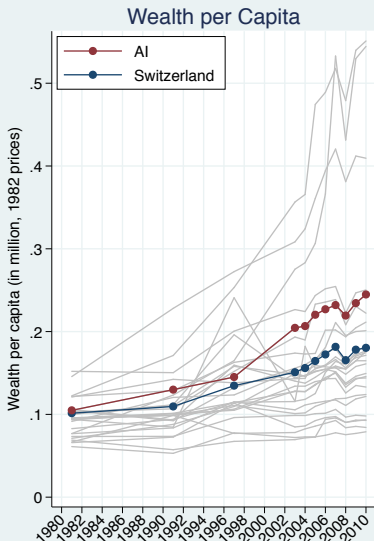
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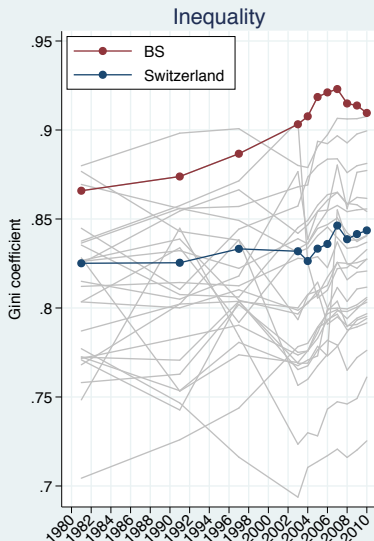
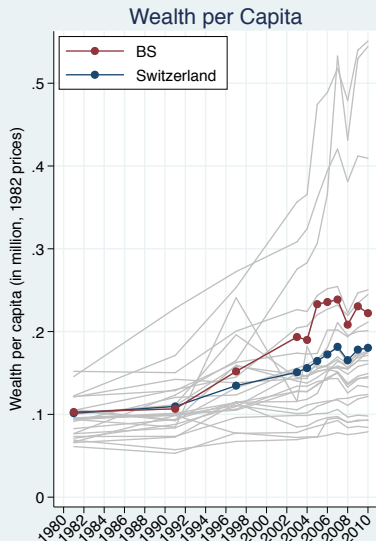
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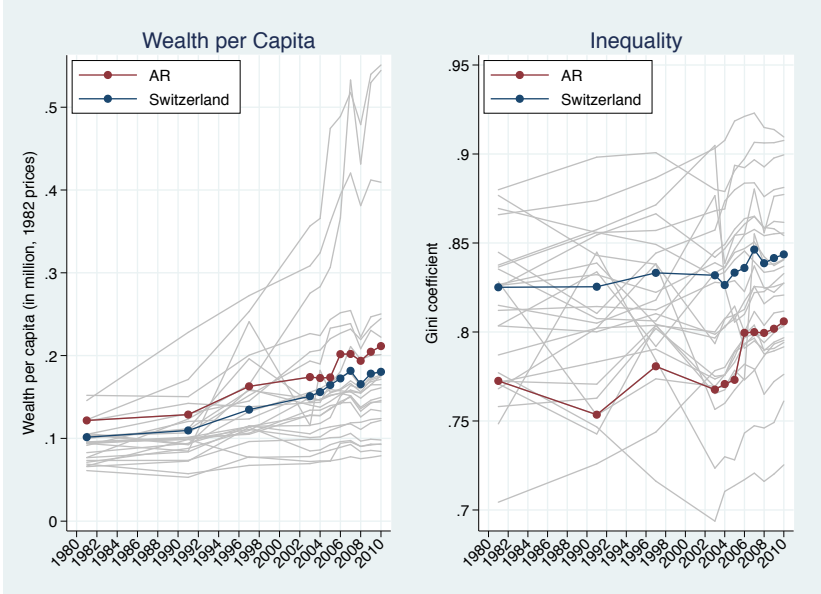


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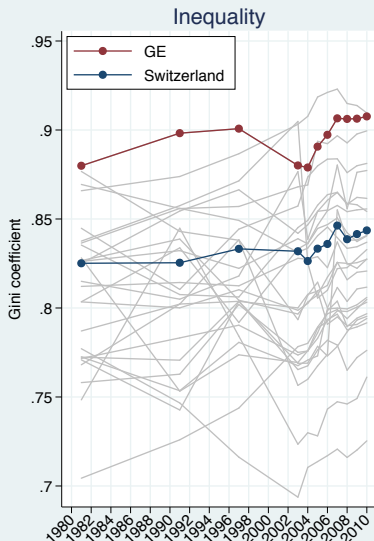
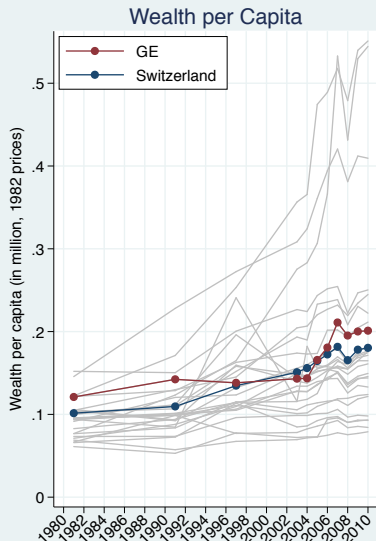
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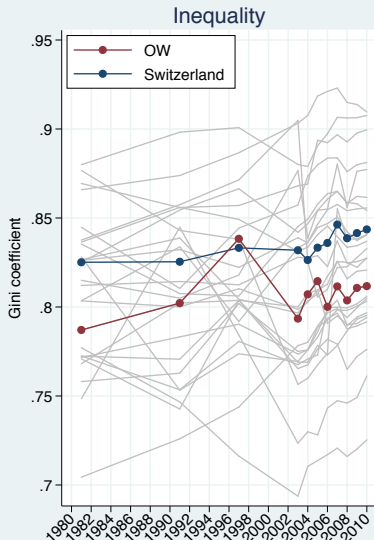
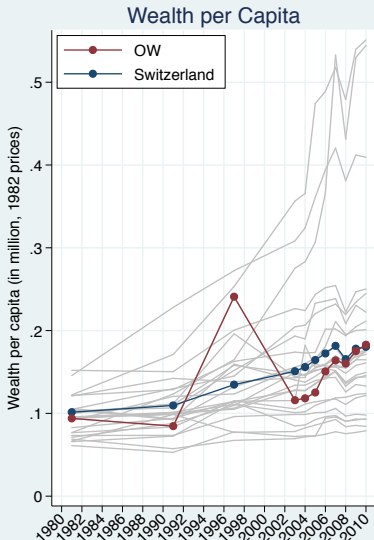
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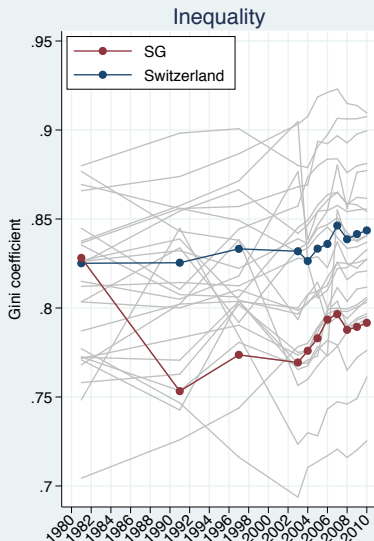
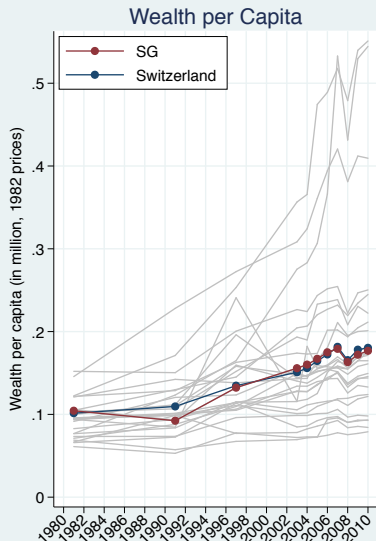
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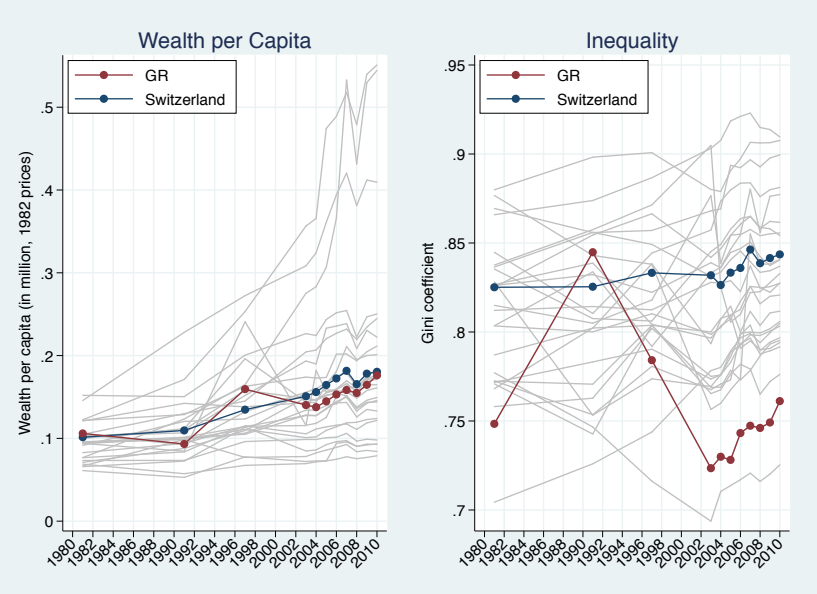
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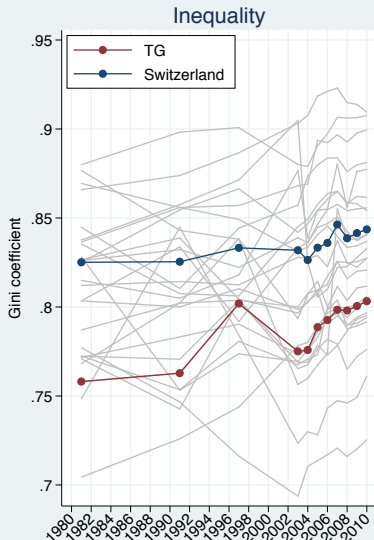
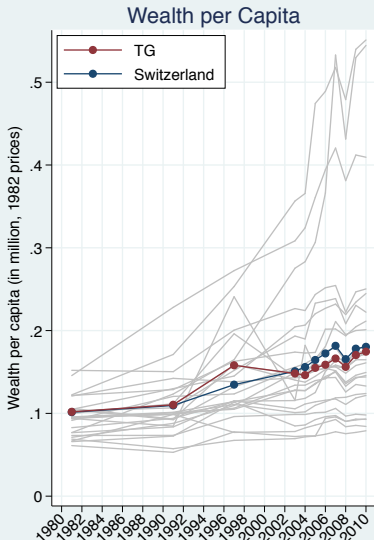
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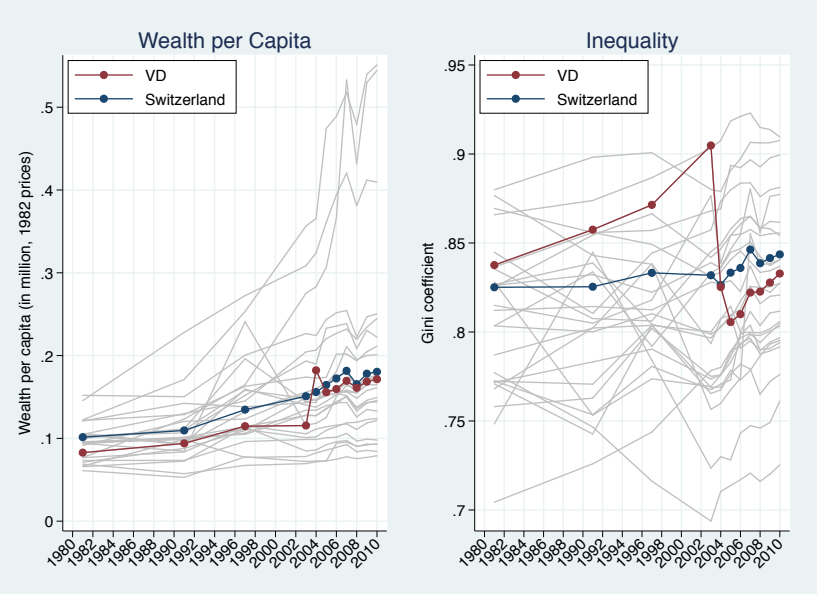
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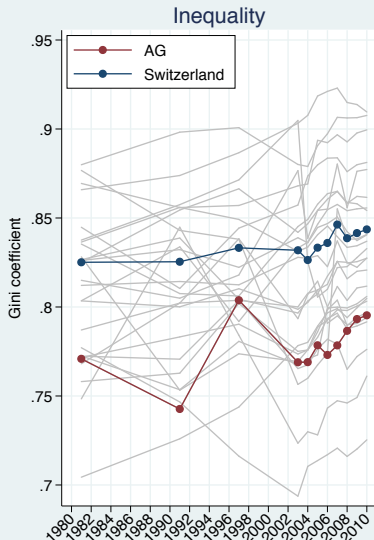
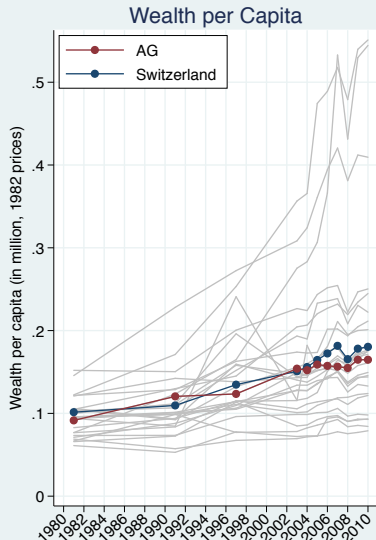
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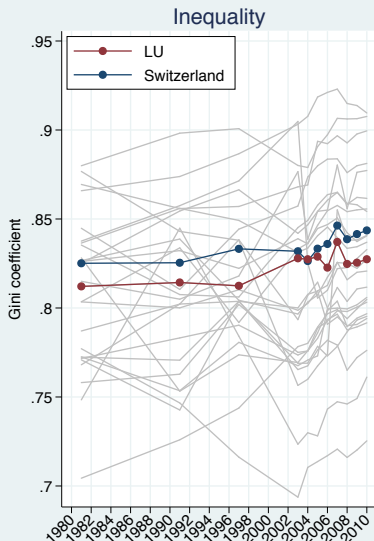
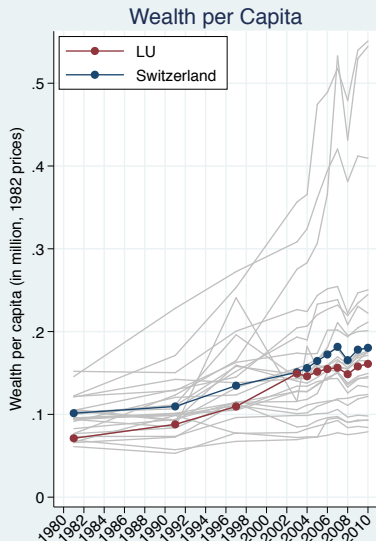


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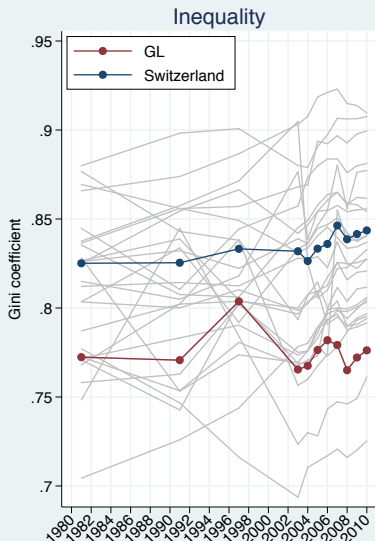
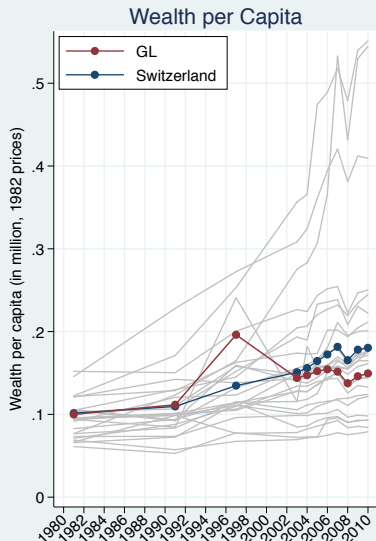
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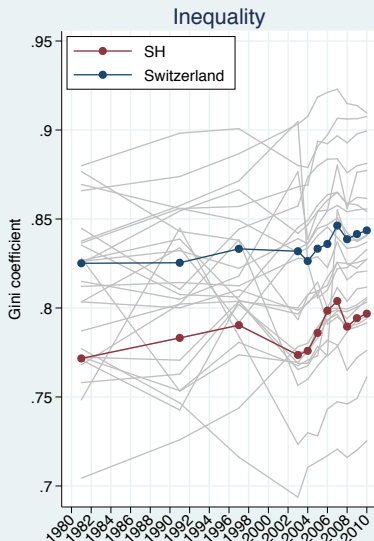
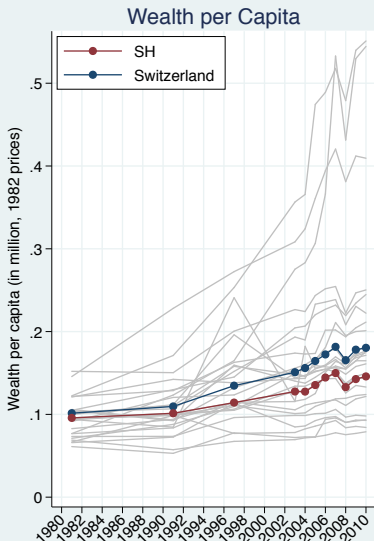
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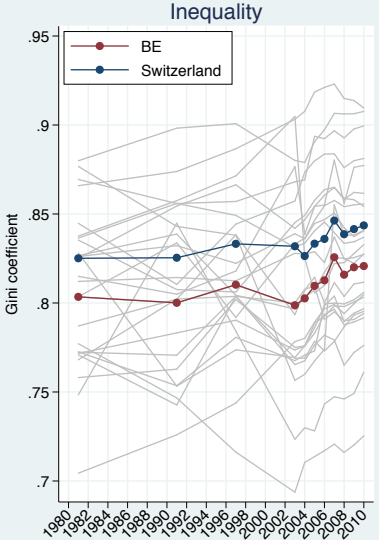
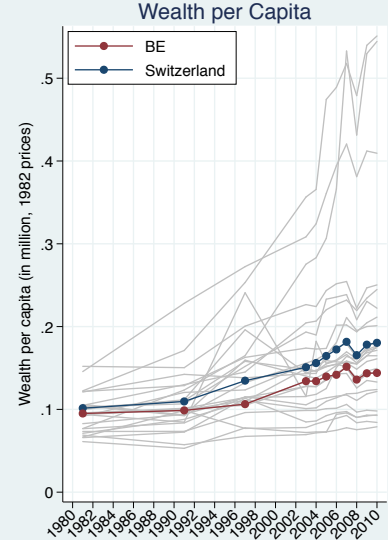
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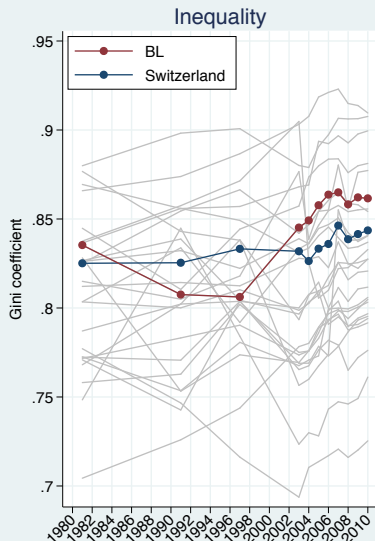
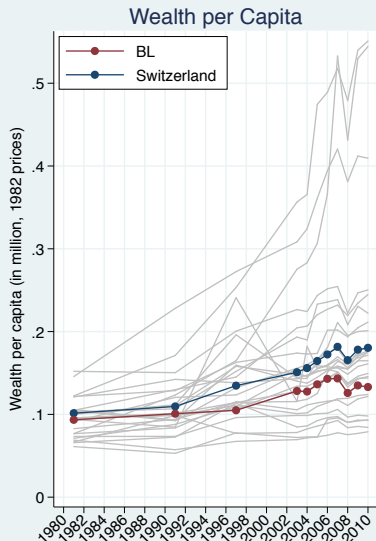
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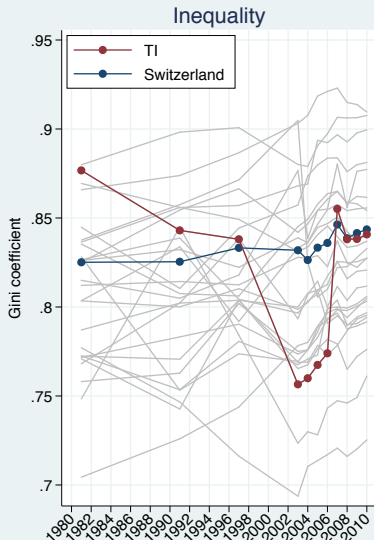
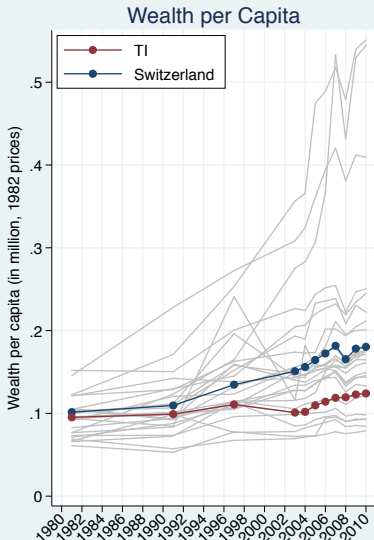
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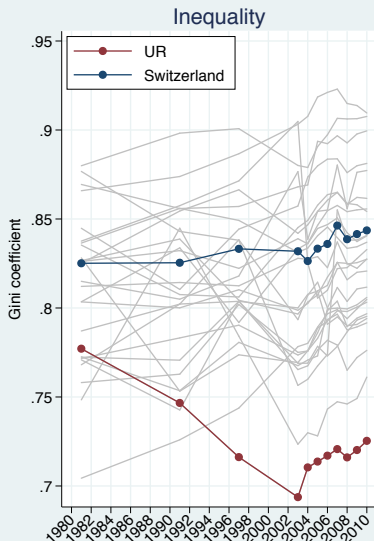
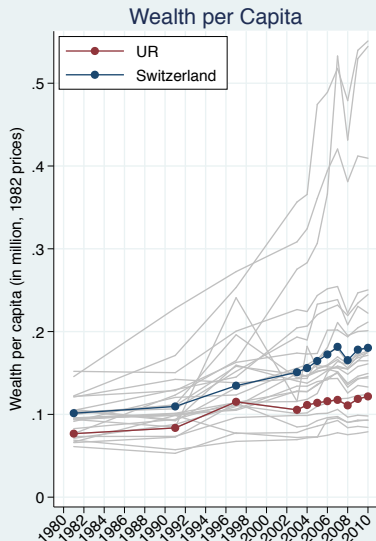
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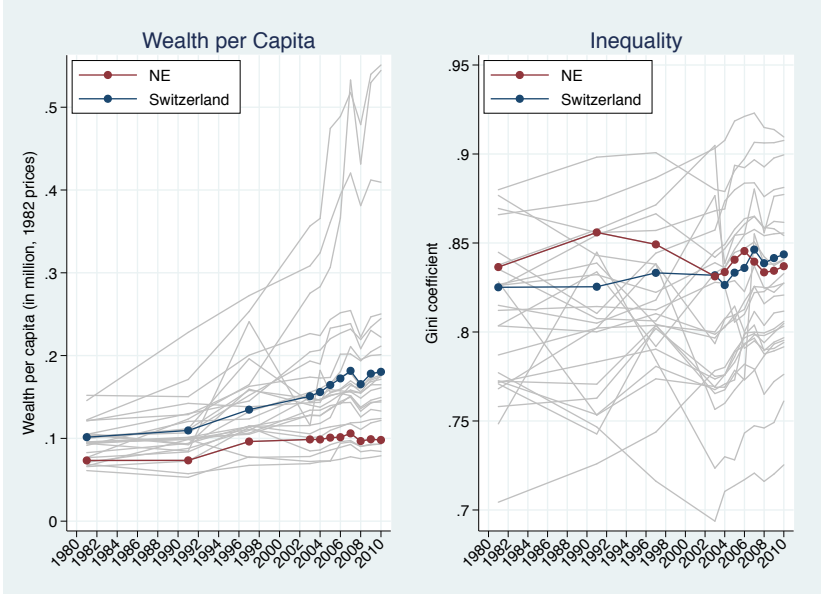
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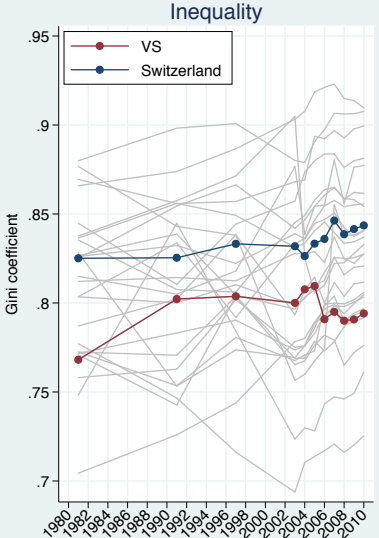
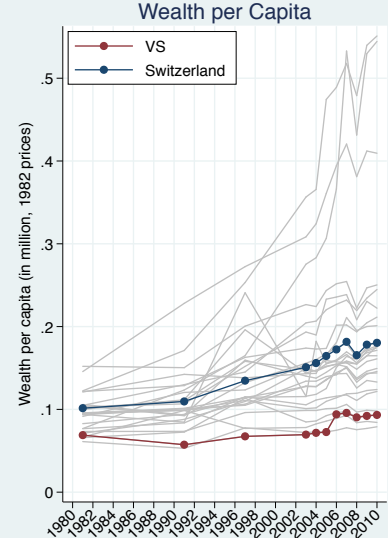


# Regional development of wealth inequality



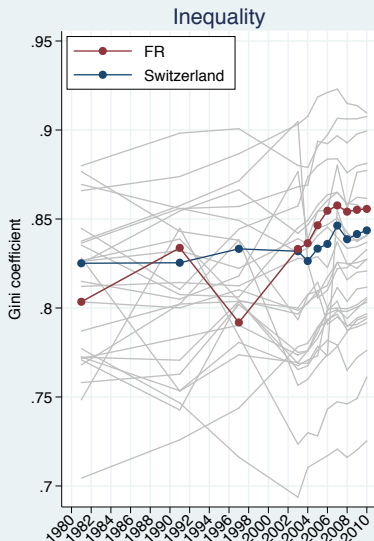
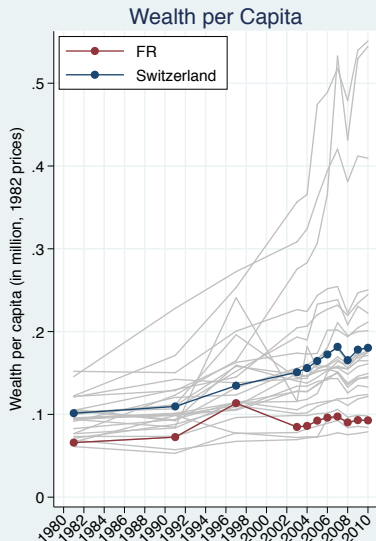
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# Regional development of wealth inequality



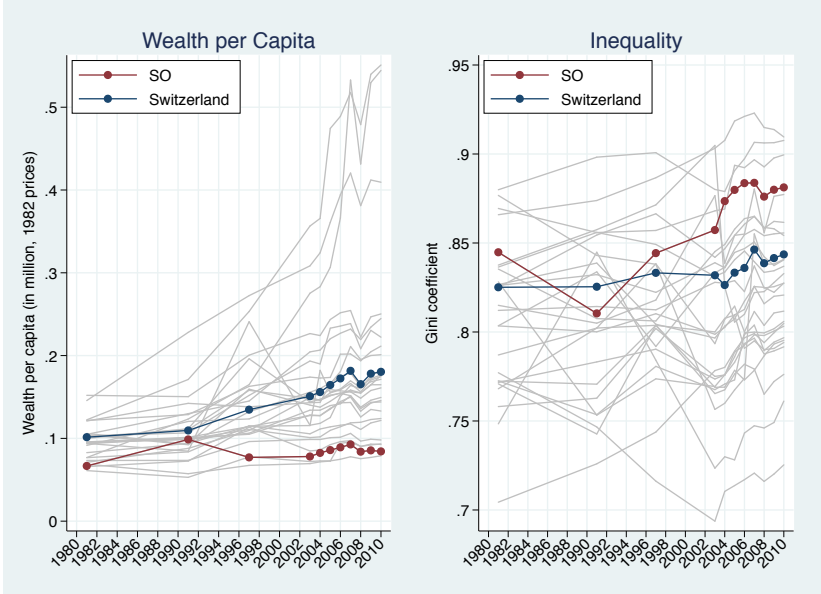
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# Regional development of wealth inequality



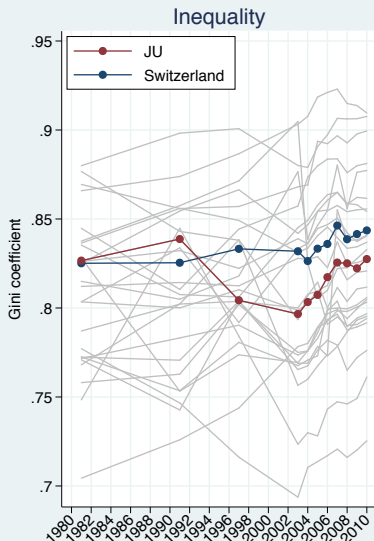
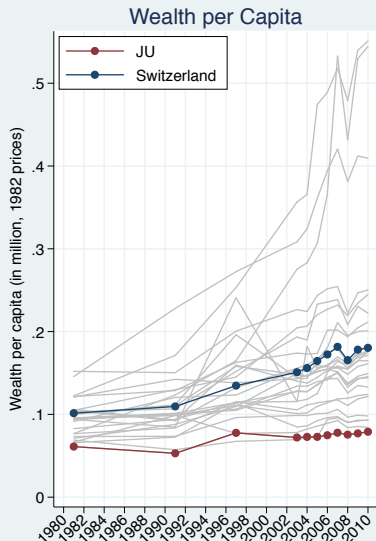
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# Regional development of wealth inequality



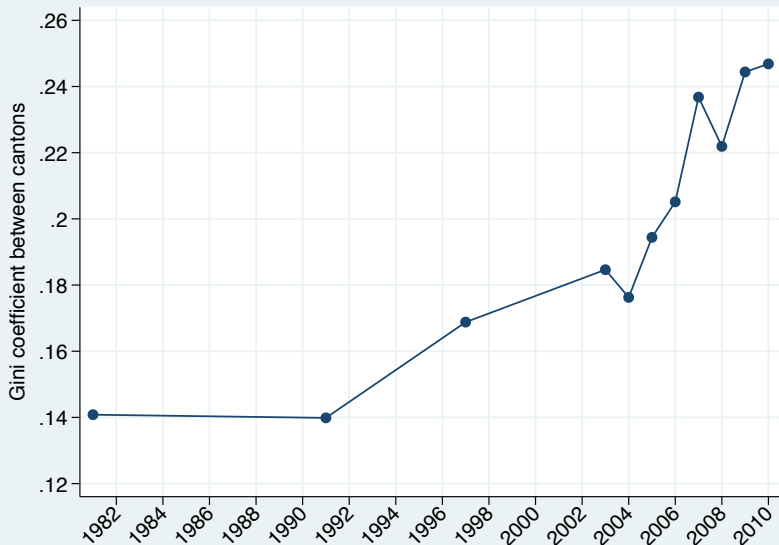
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# Regional development of wealth inequality



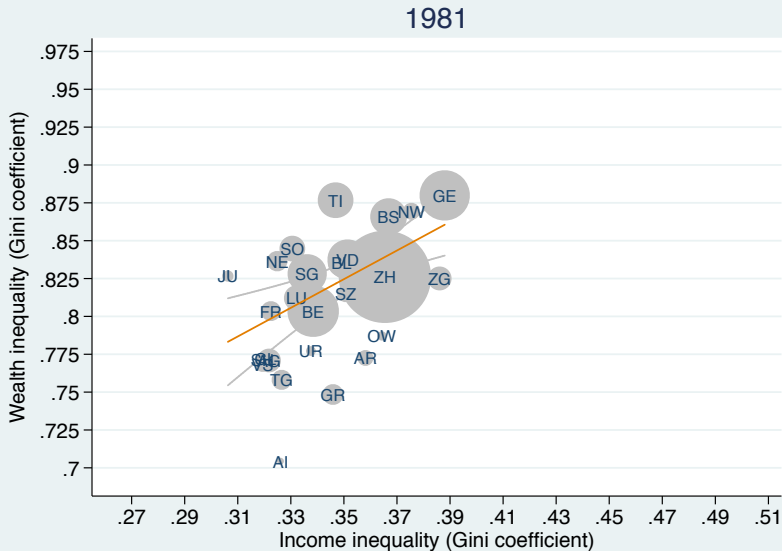
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# Regional development of wealth inequality



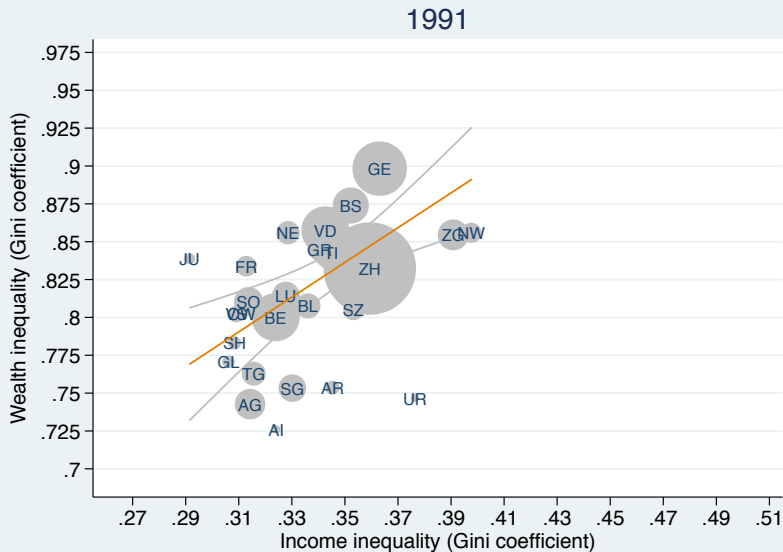
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# Correlation between income and wealth inequality



Source: <http://www.estv.admin.ch/dokumentation/00075/00076/00701/index.html>

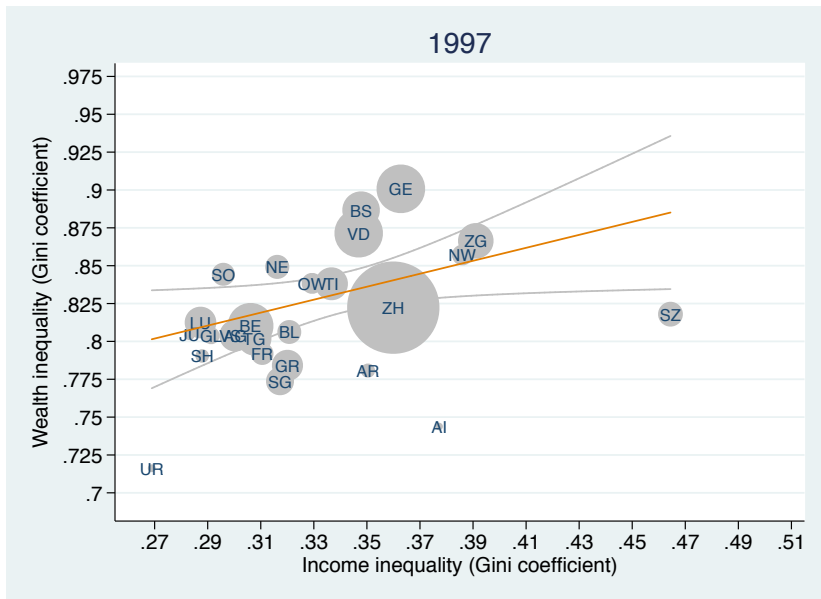
# Correlation between income and wealth inequality



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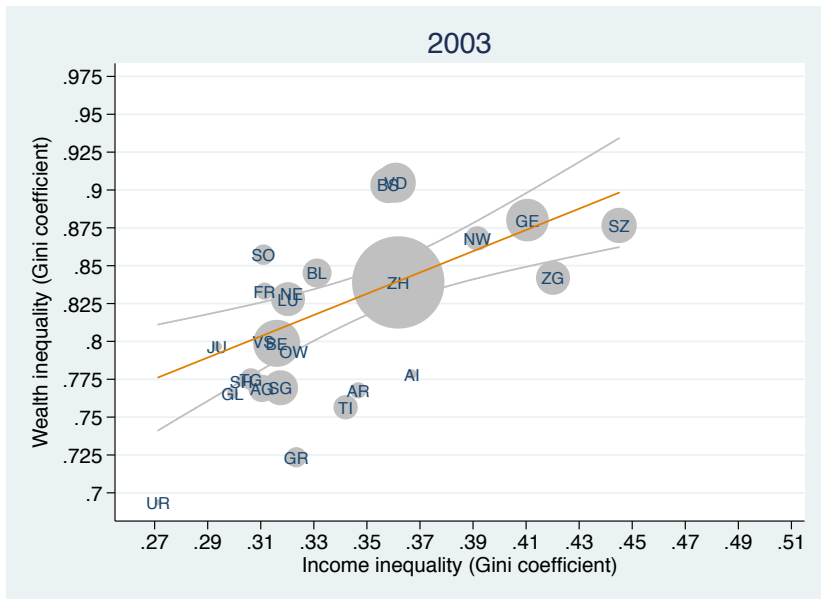


# Correlation between income and wealth inequality



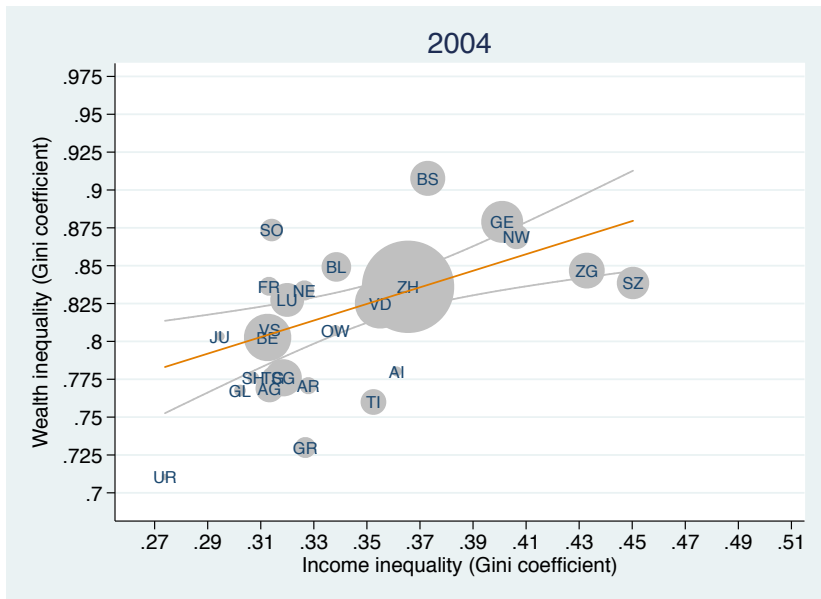
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# Correlation between income and wealth inequality



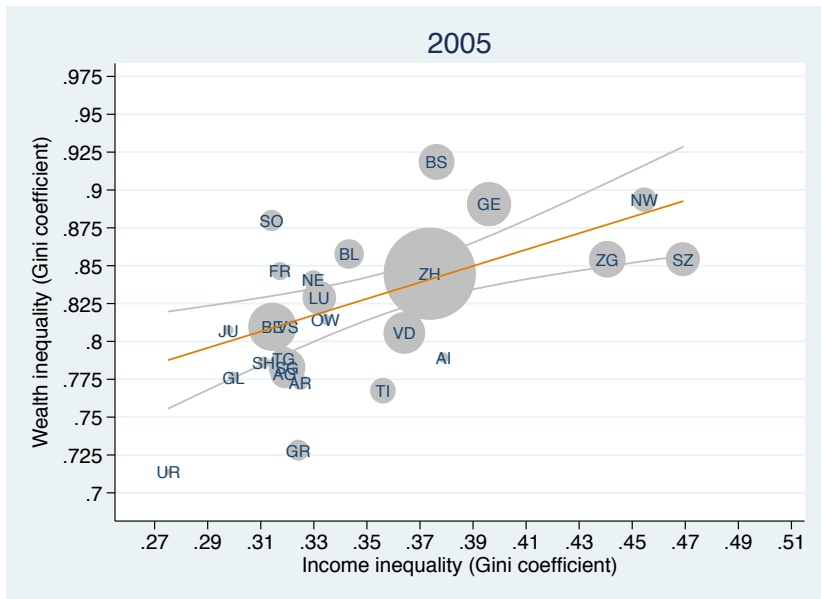
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# Correlation between income and wealth inequality



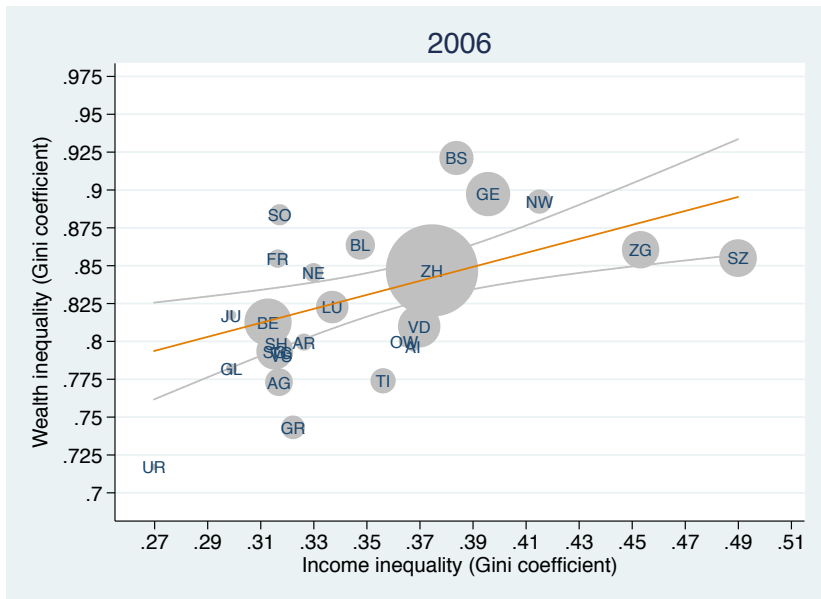
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# Correlation between income and wealth inequality



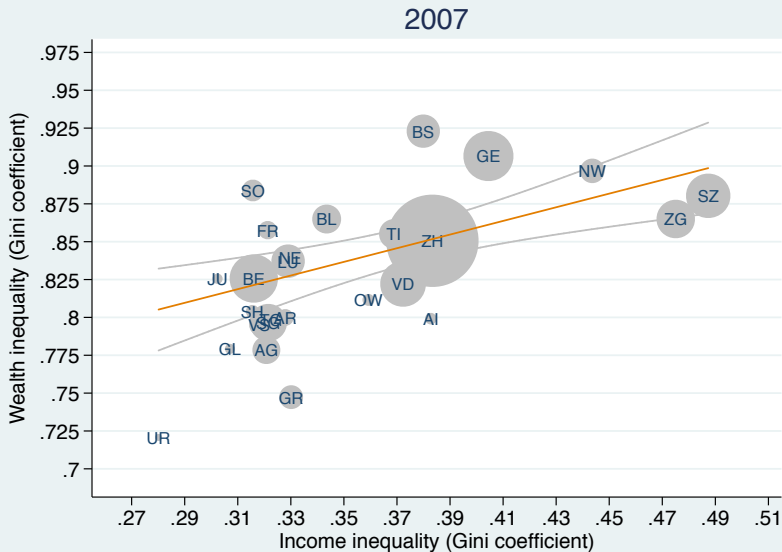
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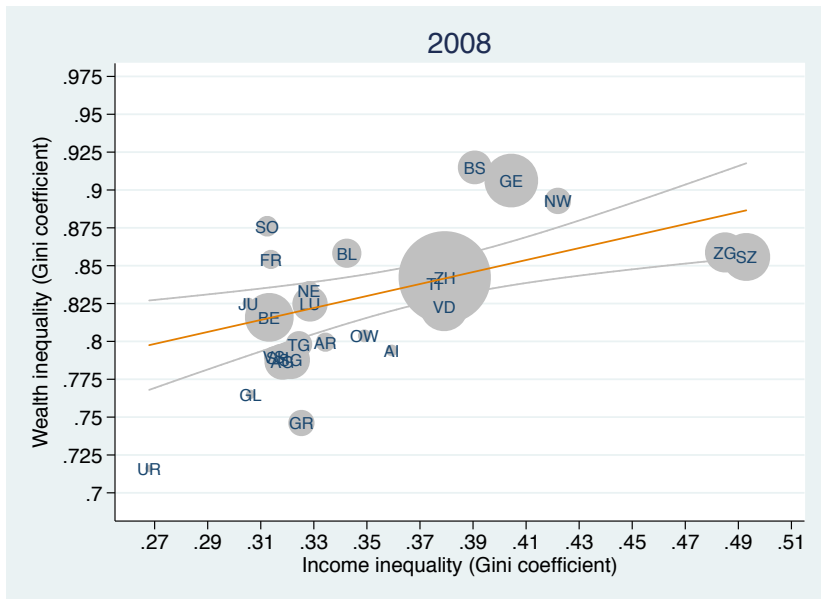
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# Correlation between income and wealth inequality



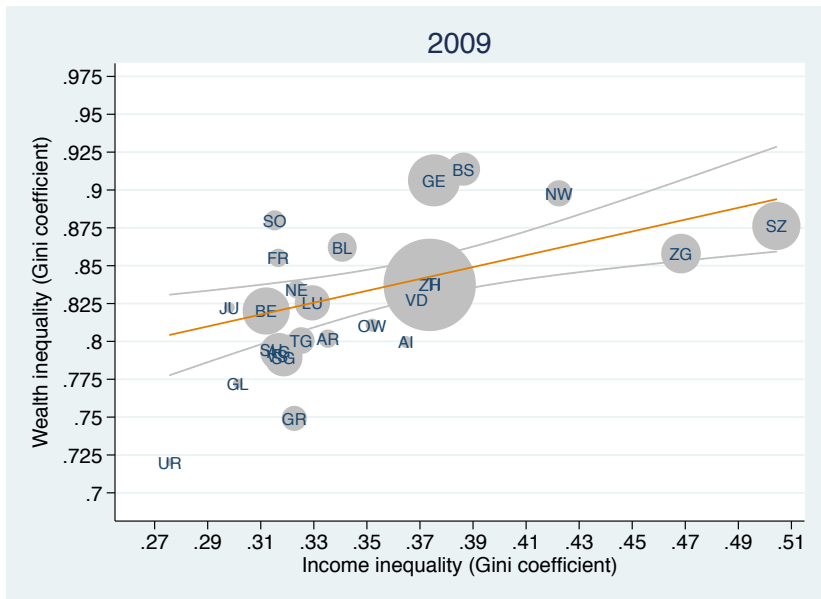
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# Correlation between income and wealth inequality



Source: <http://www.estv.admin.ch/dokumentation/00075/00076/00701/index.html>

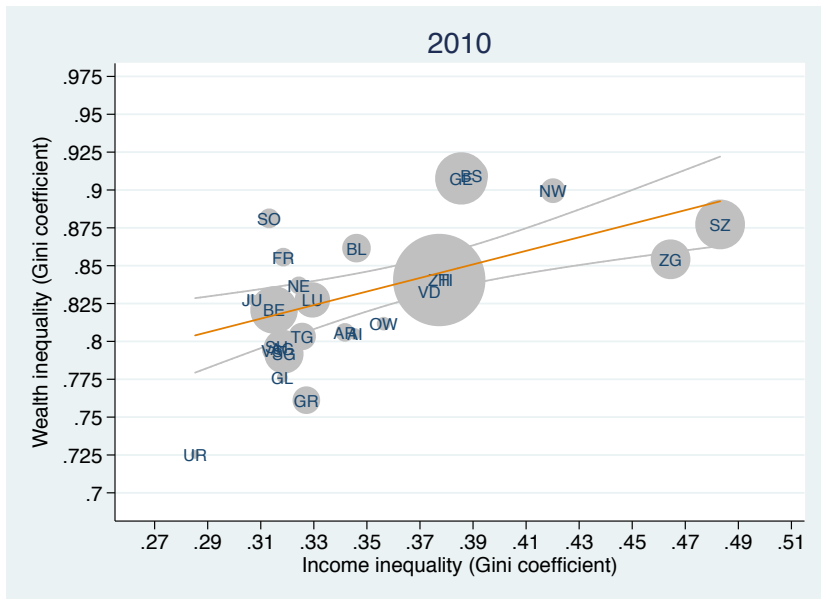
# Correlation between income and wealth inequality



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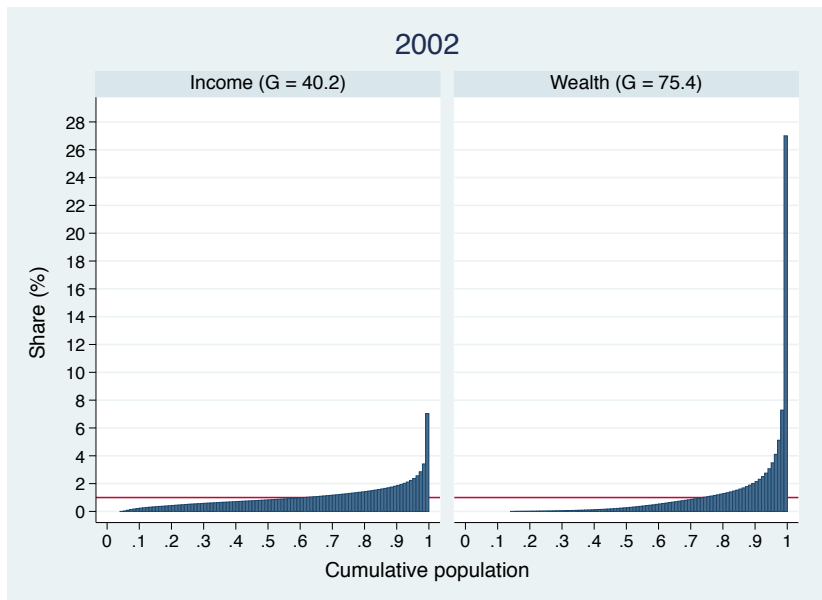


# Correlation between income and wealth inequality

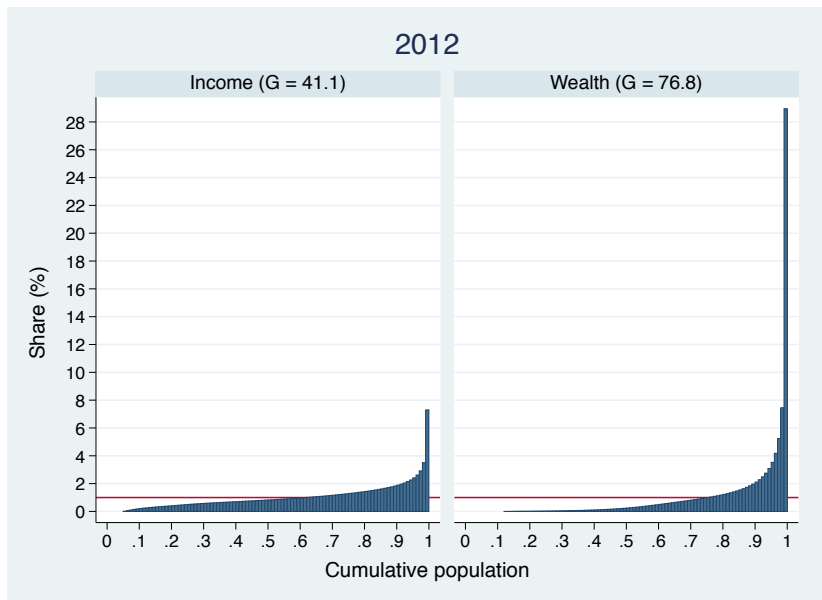


Source: <http://www.estv.admin.ch/dokumentation/00075/00076/00701/index.html>

# Income and wealth inequality in canton Bern

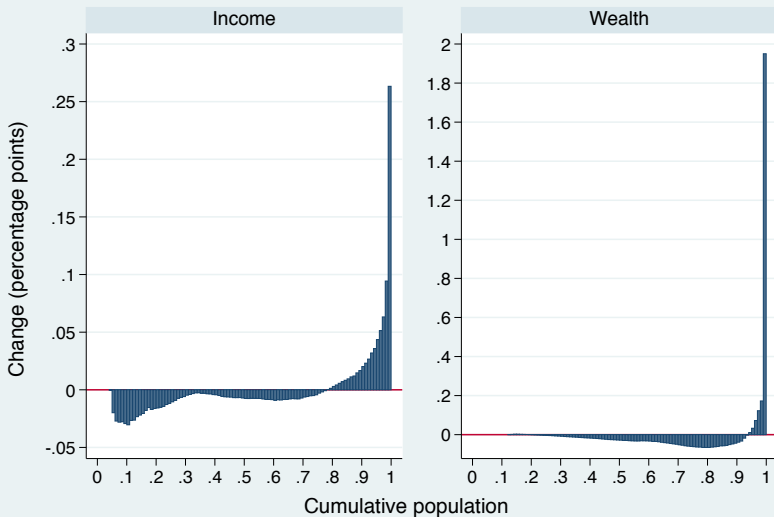


# Income and wealth inequality in canton Bern



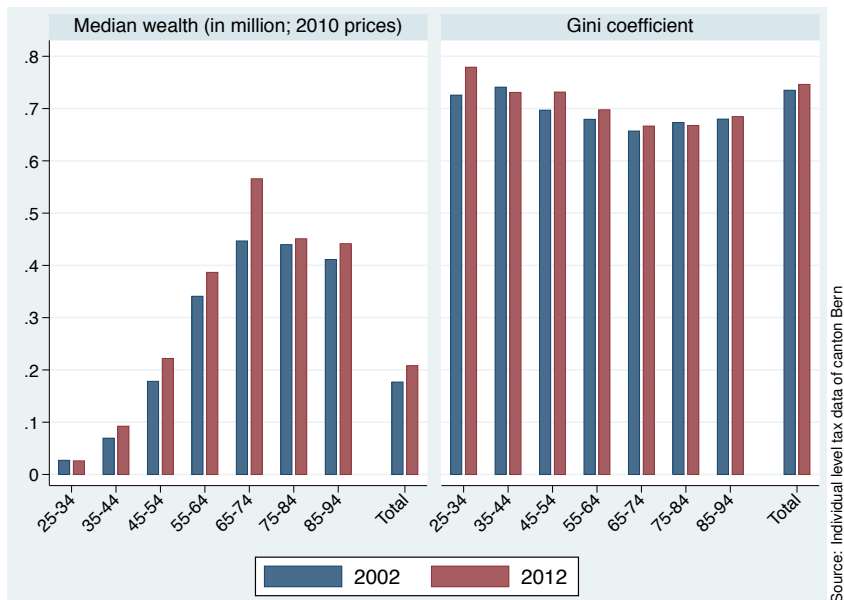
# Income and wealth inequality in canton Bern

## Change in share between 2002 and 2012



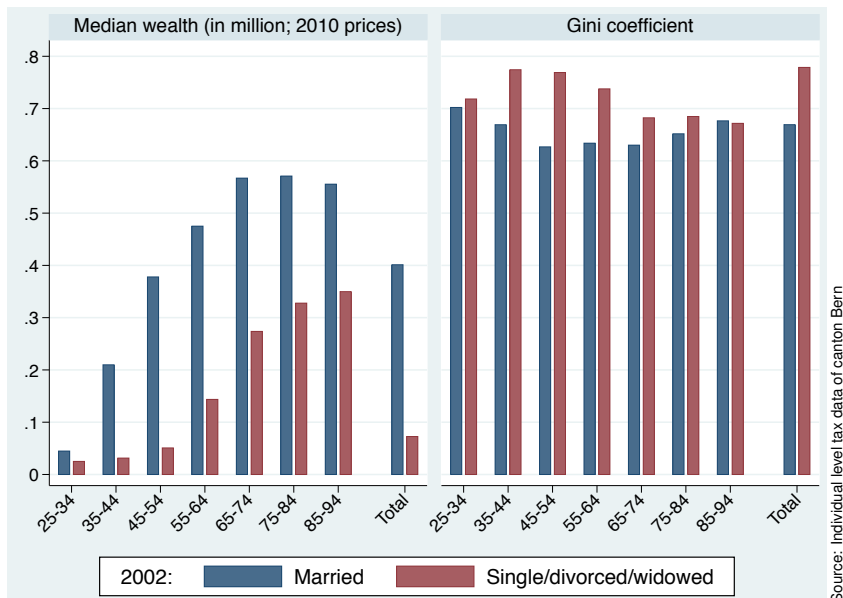
Source: Individual level tax data of canton Bern

# Wealth inequality by age (Bern)

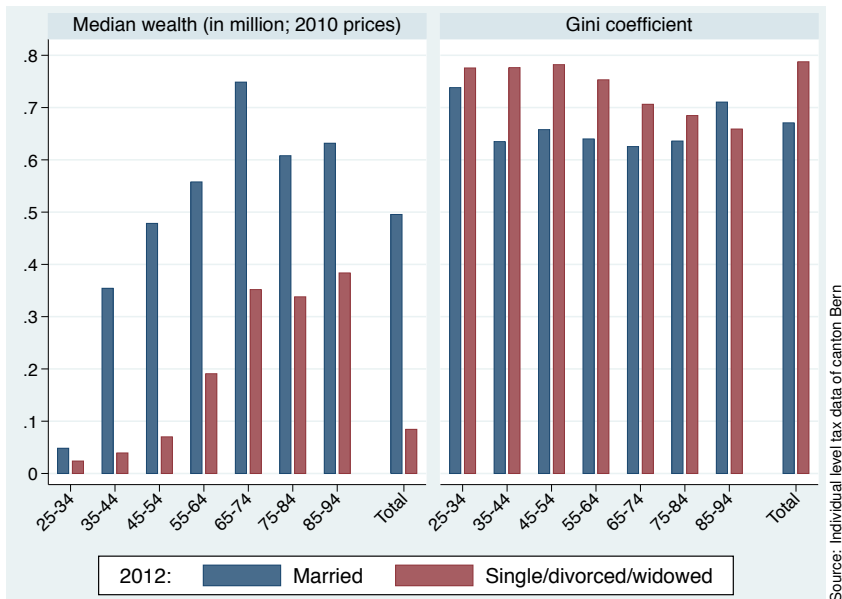


Source: Individual level tax data of canton Bern

# Wealth inequality by age and marital status (Bern)



# Wealth inequality by age and marital status (Bern)

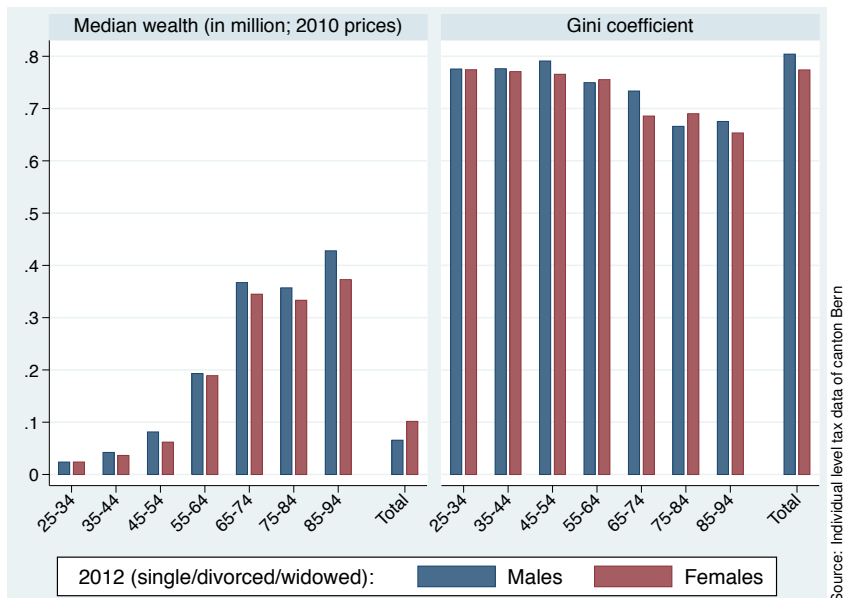


# Wealth inequality by age and sex (Bern)



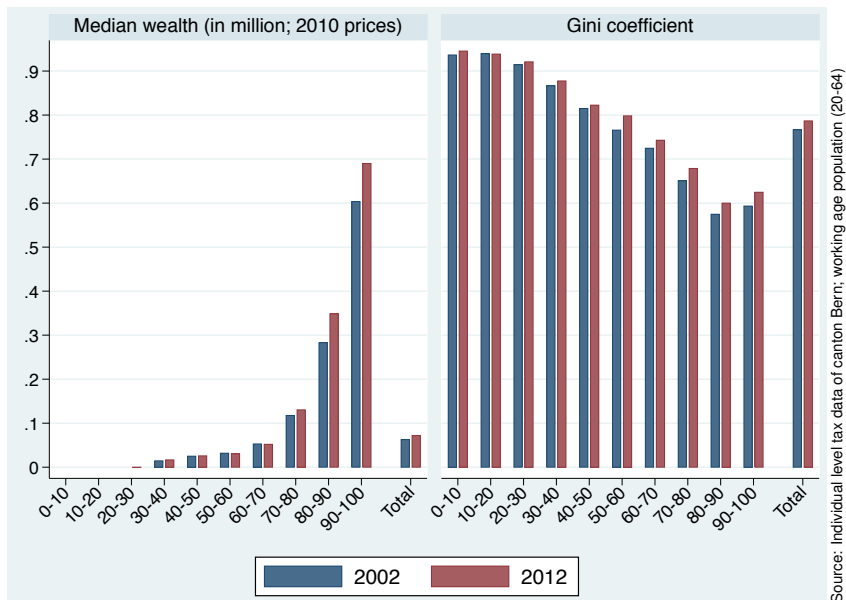


# Wealth inequality by age and sex (Bern)

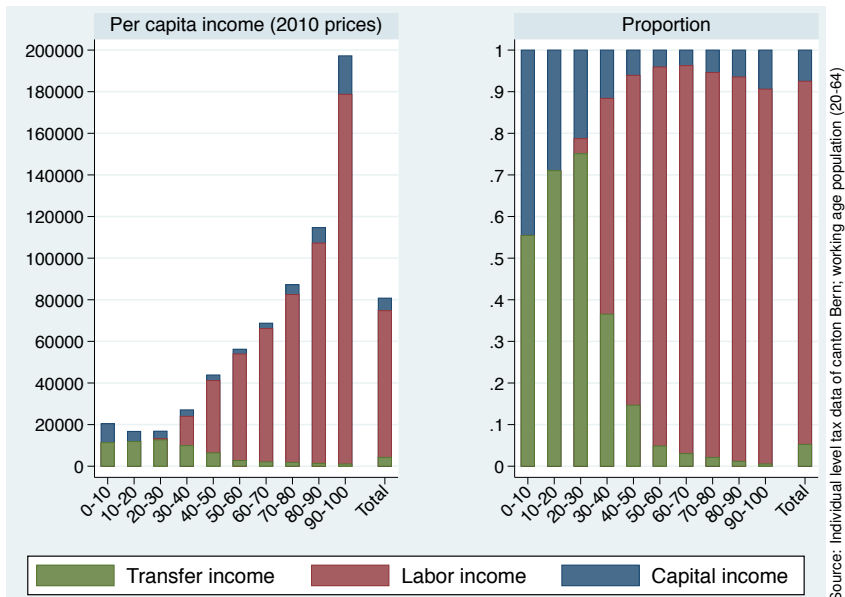


Source: Individual level tax data of canton Bern

# Wealth inequality by labor income percentile (Bern)



# Income components by labor income percentile (Bern)



Source: Individual level tax data of canton Bern; working age population (20-64)

# Summary

- Results from federal tax statistics:
  - ▶ High level of wealth inequality in Switzerland.
  - ▶ Increase in wealth inequality since 1980, mostly due to gains among the top 5%.
  - ▶ Some relation between wealth inequality and economic development.
  - ▶ Wide variety of inequality levels across cantons.
  - ▶ Strong increase in wealth inequality between cantons.
  - ▶ Strong relation between wealth and income inequality across cantons.
- Results from cantonal tax data (Bern):
  - ▶ Wealth inequality in working age population somewhat higher than in retirement age population.
  - ▶ Huge wealth differences between married and unmarried/divorced/widowed.
  - ▶ Almost no differences between males and females.
  - ▶ Strong relation between wealth and income.