

Appendix

(1) Biographies of the authors

Anthony Shorrocks was Director of the World Institute for Development Economics Research of the United Nations University (UNU-WIDER) in Helsinki from 2001 to 2009. After receiving his PhD from the London School of Economics (LSE), Mr. Shorrocks taught at the LSE until 1983 when he became Professor of Economics at Essex University, serving also as Head of Department and Director of Economic Research for the British Household Panel Study. He was elected a Fellow of the Econometric Society in 1996. He has published widely on income and wealth distribution, inequality, poverty and mobility. Publications include “The age-wealth relationship: A cross section and cohort analysis” (Review of Economics and Statistics 1975), “The portfolio composition of asset holdings in the United Kingdom” (Economic Journal 1982), and, with Jim Davies and others, “Assessing the quantitative importance of inheritance in the distribution of wealth” (Oxford Economic Papers 1978), “The distribution of wealth” (Handbook of Income Distribution 2000), “The world distribution of household wealth” in Personal Wealth from a Global Perspective (Oxford University Press 2008), “The global pattern of household wealth” (Journal of International Development 2009) and “The Level and Distribution of Global Household Wealth” (Economic Journal 2010).

Jim Davies is a Professor in the Department of Economics at the University of Western Ontario (UWO) in Canada, where he has been a faculty member since 1977 and served as Chair of the department from 1992 to 2001. He has been the Director of the Economic Policy Research Institute at UWO since 2001. He received his PhD from the London School of Economics in 1979. He recently completed a five-year term as Managing Editor of Canadian Public Policy. From 2006 to 2008, he directed an international research program on household wealth holdings at UNU-WIDER in Helsinki and edited the resulting volume “Personal Wealth from a Global Perspective” (Oxford University Press 2008). He has authored two books and over 60 articles and chapters in books on topics ranging from tax policy to household saving and the distribution of wealth. Publications include “The Relative Impact of Inheritance and Other Factors on Economic Inequality” (Quarterly Journal of Economics 1982), “Wealth and Economic Inequality” (Oxford Handbook of Economic Inequality, Oxford University Press, 2009) and several publications on wealth authored jointly with Anthony Shorrocks and others.

Rodrigo Lluberás is a PhD candidate in Economics at Royal Holloway College, University of London. He holds an MSc in Economics from University College London and a BA in Economics from Universidad de la República, Uruguay. Prior to undertaking his MSc, he worked for three years as an economic analyst at Watson Wyatt Global Research Services and more recently as a research assistant at the National Endowment for Science, Technology and the Arts (NESTA) in the UK. His main areas of experience are pensions, consumption and wealth.

(2) Scope and methodology

The Credit Suisse Research Institute’s inaugural Global Wealth Report (the Report) aims to be the most comprehensive study of global wealth, as it examines the entire wealth spectrum across countries and regions from ultra-high-net-worth individuals at the top of the wealth pyramid to individuals at the bottom and shows how their wealth has changed over the last decade. It provides detailed estimates of wealth per adult and household balance sheet composition for almost all countries and every year since 2000, plus regional and global values.

Household net worth or “wealth” is defined as the value of financial assets plus real assets (principally housing) owned by individuals less their debts. The figures are obtained by applying cutting-edge techniques to data derived from a great variety of sources. In the longer Credit Suisse Global Wealth Databook that accompanies this report, the methodology employed is described in more detail. Because children rarely own much wealth on their own account, the results are expressed in terms of the global population of adults, which totaled 4.5 billion

in 2011. Due to the size of their populations, China and India are treated separately from the “Asia-Pacific” region.

The Report uses econometric techniques to estimate both average levels of wealth and the shape of the distribution and aims to provide the best available estimates of the wealth holdings of households around the world over the last decade. Since no country in the world has completely reliable information on personal wealth and for many countries there is little direct evidence, the authors were obliged to assemble and process information from a variety of sources.

The research process involved three main steps:

- The first step established the average level of wealth for each country. The best source of data for this purpose is household balance sheet data, which are now provided by 44 countries, although 27 of these countries cover only financial assets and debts. An additional four countries have household survey data from which wealth levels can be calculated. Together, these countries cover 63% of the global population and 93% of global wealth. The results are supplemented by econometric techniques, which generate estimates of the level of wealth in 153 countries that lack direct information for one or more years.
- The second step involved constructing the pattern of wealth holdings within nations. Direct data on the distribution of wealth are available for 21 countries. Inspection of data for these countries suggested a relationship between wealth distribution and income distribution, which can be exploited in order to provide a rough estimate of wealth distribution for 142 other countries which have data on income distribution but not on wealth ownership.
- It is well recognized that the traditional sources of wealth distribution data are unlikely to provide an accurate picture of wealth ownership in the top tail of the distribution. To overcome this deficiency, the third step made use of the information published in Forbes magazine’s “Annual Lists of the World’s Richest People” and elsewhere to adjust the wealth distribution pattern in the highest wealth ranges.

Implementing these procedures leaves 50 countries for which it is difficult to estimate either the level of household wealth or the distribution of wealth, or both. Usually the countries concerned are small (e.g. Andorra, Bermuda, Guatemala, Monaco) or semi-detached from the global economy (e.g. Afghanistan, Cuba, Myanmar, North Korea), but not in every instance (e.g. Angola, Nigeria). The Credit Suisse Research Institute assigns these countries the average level and distribution of the region and income class to which they belong in order to produce a pattern of global wealth. This is done in preference to omitting the countries altogether, which would implicitly assume that their pattern of wealth holdings matches the world average. However, reality checks indicate that excluding these nations from the global picture makes little difference to the final results.

(3) The Credit Suisse Research Institute

The Credit Suisse Research Institute identifies and provides insights on global themes and trends. The objective of the Research Institute is to provide our clients with leading edge advice by leveraging internal and external expertise, thus reinforcing our integrated global bank approach.

The Institute was established in December 2008 to conduct research on new emerging or influential topics, working with some of the world’s most distinguished experts, academics and institutions and Credit Suisse’s global network of 400 analysts and makes this available throughout the Bank for the business units to create innovative products, solutions and services for Credit Suisse’s clients.

Clients increasingly require global reach, local expertise and competitive products and services from the financial services industry. The Institute’s investigations are conducted with the goal to furnish clients across divisions

and regions with an in-depth analysis of fundamental social, economic, scientific, environmental and demographic trends that are expected to impact global markets in the future.

The Research Institute is chaired by the Chairman of the Board of Credit Suisse, Urs Rohner, and managed by an Operating Committee from Credit Suisse's research units from across the Bank. The Institute draws on eminent Senior Advisors as well as selected Credit Suisse researchers to provide advice, insight and guidance on global themes and trends for the Institute's research agenda. The Institute's Senior Advisors are characterized by their interdisciplinary backgrounds and networks across sciences, academia, business and the political arenas. They include Walter B. Kielholz, The Rt. Hon. Sir John Major, KH, CH, Dr Heinrich Rohrer, Dr Laura D. Tyson and Dr Ernesto Zedillo.

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