Top 10% of American Households Own 84% of Stocks

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Research conducted by Edward N. Wolff, an American economist who published work for the National Bureau of Economic Research, shows the consolidation of wealth in American society. Equity ownership in corporations is concentrated to such a degree that 84% of stocks are owned by just 10% of the population.

The richest 10% of households owned 90% of stocks in 1983, the figure decreased to 77% in 2001, and has since rebounded to 84% as of 2016. While the research paper accurately describes reality of concentrated equity ownership in this country, an explanation as to why such a large amount of stock is accumulated amongst a relatively small group of people is required.

According to the research, “The number of millionaires (standardized to 1995 dollars) almost doubled between 1989 and 2001, the number of “penta-millionaires” ($5,000,000 or more) increased three and a half times, and the number of “deca-millionaires” ($10,000,000 or more) grew more than five-fold.” (Wolff, 12)

Under capitalism, production is social but the ownership over the means of production is private. A relatively small group of people, the capitalist class, has a monopoly over the ownership of the means of production. As such, they receive to the profits produced by the working class in the form of dividends, interest, profit of enterprise, etc.

For example, suppose an investor has a $1,000,000 diversified portfolio of stocks, bonds, and other financial instruments that has an overall yield of 5%. Under such conditions there would be an annual yield of $50,000 which is appropriated by the investor and can either take the form of cash or it can be reinvested into even more shares.

This example demonstrates how capital functions in reality. A definite sum of money is invested which yields profit or surplus value to the owner after a definite period of time. This monetary profit is the monetary expression of unpaid labor performed by the working class in production.

The topic of “income inequality” is a reflection of a phenomenon specific to the capitalist mode of production, the accumulation of profit by the capitalist class. The owners of large quantities of shares are able to become even more wealthy due to their position as owners of the means of production. Workers, by contrast, are deprived of ownership of the means of production and need to sell their labor power to the capitalist class for a wage to survive. It should come as no surprise that under such conditions, the private ownership of the means of production by the capitalist class, a small cabal of capitalists will have major ownership of the financial assets while the mass of people do not.

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