

# “Are the rich getting richer because the poor are getting poorer?”

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9th December 2025, 5:29 am



*Adherents of the zero-sum belief that the rich are only rich because they have taken something from the poor cannot explain why the number of poor people fell massively while the number of rich people rose massively, says Rainer Zitelmann*

“The rich are getting richer and the poor are getting poorer” – few statements have been repeated as often, and therefore many people believe it. Many even believe that there is a connection between the two developments, meaning that the poor become poorer *because* the rich become richer. This is called the zero-sum belief.

Before capitalism emerged, around 200 years ago, roughly 80 to 90 per cent of the world’s population lived in extreme poverty. Thanks to the development of capitalism, this share had roughly halved by

1990. For 1990, the World Bank estimates that around 2.3bn people lived in extreme poverty, corresponding to about 43 per cent of the world's population at the time.

A particularly sharp decline can be observed from the 1990s onward. The collapse of socialism in the Soviet Union and the Eastern Bloc states, as well as the beginning of capitalist reforms in countries such as China and Vietnam, led to a decrease in both the share *and* the absolute number of people living in extreme poverty. Around the year 2015, the global number stood at around 700m people and thus, for the first time, under 10 per cent of the world's population; in 2022 the percentage was about nine per cent.

## **The collapse of socialism in the Soviet Union and the Eastern Bloc states, as well as the beginning of capitalist reforms in countries such as China and Vietnam, led to a decrease in both the share *and* the absolute number of people living in extreme poverty**

In June 2025, however, the international poverty line was raised by the World Bank by about 40 per cent, which increased the poverty rate to roughly 10.5 percent. For 2025, the World Bank estimates around 831m people living in extreme poverty according to the new method. This figure is 50 per cent higher than it would be if the World Bank had not changed its calculation method but had instead raised the poverty line only in line with inflation. According to the old method, the figure would be 540m, about 6.5 per cent. The recent increase to 10.5 per cent is therefore primarily due to the revised calculation method – actual poverty is lower than ever.

But what about the development of the number of rich people? Since the early 1990s, the number of billionaires worldwide has risen sharply. At the beginning of the decade, there were only a few hundred individuals globally with a net worth of at least \$1bn. The lists published by Forbes at the time show that the number of billionaires was still well below 500. After the collapse of socialism in the Soviet Union and Eastern Europe, the end of Maoist socialism and capitalist reforms in China, Vietnam, India and other countries, the number rose significantly and reached about 470 people around the year 2000.

In the 2000s, the growth accelerated further: by the middle of the decade, the number was already around 700, rising to almost 1,000 shortly before the 2007/2008 financial crisis. The financial crisis caused a temporary decline, but since the early 2020s the number of billionaires has been between

2,000 and nearly 3,000, recently surpassing the 3,000 mark. Overall, the number of global billionaires has increased roughly six-fold since 1990.

## The real value of wealth

However, one must take into account that the real value of wealth has also changed. \$1bn in 1990 corresponds, adjusted for inflation, to roughly \$2.5bn. Someone who possessed a \$1bn fortune in 1990 would therefore need to hold well over \$2bn today to have the same real purchasing power. Since the number of billionaires has increased roughly six-fold since 1990, this cannot be explained primarily by inflation.

Conclusion: Thanks to the end of socialism and the introduction of capitalist reforms in countries such as China, India and Vietnam, the number of poor people worldwide has declined drastically since the 1990s, while the number of billionaires has risen dramatically. Under Mao, 88 per cent of Chinese people lived in extreme poverty; today it is less than one per cent. During the same period, the number of billionaires in China rose from zero to more than 500.

Adherents of the zero-sum belief – the idea that the rich are only rich because they have taken something from the poor – cannot explain why the number of poor people fell massively *while* the number of rich people rose massively. The reason for both developments is the same: economic growth enabled by capitalism.

*Rainer Zitelmann is the author of the book [How Nations Escape Poverty: https://nations-escape-poverty.com/](https://nations-escape-poverty.com/)*

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