

Plutonomy

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In my [last post I suggested](#) the recession may be a deliberate act, created by the banks to make the rich richer and the poor poorer. It is certainly having that outcome.

This is the theory of Plutonomy. I have referred to [this before, here](#). It was also dealt with very well recently [on the Think Left web site](#). The theory of Plutonomy is explained there as follows:

The term 'Plutonomy' was first coined by Citigroup analysts in 2005, to "describe a country that is defined by massive income and wealth inequality" and specifically identifies the U.K., Canada, Australia, and the United States as plutonomies.

[In their report](#), published three years before the onset of the financial crisis in 2008, the Citigroup report stated that:

...asset booms, a rising profit share and favourable treatment by market-friendly governments have allowed the rich to prosper and become a greater share of the economy in the plutonomy countries," and that, "the rich are in great shape, financially."

As the Federal Reserve reported, "the nation's top 1% of households own more than half the nation's stocks," and "they also control more than \$16 trillion in wealth - more than the bottom 90%."

'In fact, (the Citigroup report) said, America was composed of two distinct groups: the rich and the rest. And for the purposes of investment decisions, the second group didn't matter; tracking its spending habits or worrying over its savings rate was a waste of time. All the action in the American economy was at the top: the richest 1 percent of households earned as much each year as the bottom 60 percent put together; they possessed as much wealth as the bottom 90 percent; and with each passing year, a greater share of the nation's treasure was flowing through their hands and into their pockets. It was this segment of the population, almost exclusively, that held the key to future growth and future returns. The analysts, Ajay Kapur, Niall Macleod, and Narendra

Singh, had coined a term for this state of affairs: plutonomy.'

Worryingly, the [*Plutonomy Update \(14.08.11\)*](#) concludes:

The report further asserted that, "the middle-class has suffered more than the wealthy from the housing crash because middle-class families tended to rely more on their homes to build savings through rising equity. Also, the wealthy naturally had a much larger and more diverse portfolio of assets - stocks, bonds, etc."

In short, when the day comes where the rest of the industrialized world falls into the same trap as Greece, the middle class will be pushed down into the lower class, and a global socio-economic plutonomy will emerge. The middle class cannot survive the perfect storm of fiscal austerity, increased interest rates, inflation and 'Structural Adjustment.' We are entering a global age of austerity, where our political leaders commit social genocide for the benefit of the global banks, and at the behest of the institutions that represent them. The IMF and other supranational institutions increase their own powers and authority in order to punish and impoverish large populations. What has been done to the 'Third World' — the 'Global South' — over the past several decades is now being done to us, in the industrialized North.

Is Plutonomy real in the sense it was planned? I think so. Is the plan still rolling? Yes, I think so too. And this weekend it will go forward another stop when trillions are given to the rich to bail out their wealth.