

Inequality is much bigger than we thought, worldwide

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Inequality is far greater than previously understood in all studies and countries in which it is measured. A new [Tax Justice Network](#) (TJN) study, entitled *Inequality: You Don't Know the Half of It* has discovered tens of trillions of dollars belonging to high net worth individuals (HNWIs) that are not included in calculations establishing the gap between the rich and poor.

TJN interviewed eight of the world's most respected economists specialising in economic inequality. They all confirmed a huge under-reporting problem in this area.

TJN's research explains that if an asset is hidden in an offshore bank account, trust or company, and the ultimate owner or beneficiary of the income or capital therefore cannot be identified, then this asset and the income it produces cannot be counted in inequality statistics. Although some inequality studies try to compensate for the missing offshore assets, all experts interviewed agreed that no study comes even close to compensating sufficiently.

Whether tax data or survey data is used, problems with gaining accurate results to base conclusions on wealth and inequality are manifold.

As I've often argued, national tax authorities have well documented issues accessing the income of their citizens — particularly High Net Worth Individuals (HNWIs) who are adept at using offshore financial centres, secrecy structures and tax loopholes. Alternatively, surveys suffer from people declining to participate or giving false information: only rarely do households from the top 1% participate in surveys, admits Milorad Kovacevic, Chief Statistician for the UN Human Development Report Office. And whilst it is true that these survey problems affect the lowest income groups too, the sums involved are "small beer" compared with the upper income brackets.

The systematic underestimation of wealth in economic inequality data comes as [TJN research also publishes](#) the most comprehensive, detailed and rigorous study of wealth belonging to High Net Worth Individuals offshore, revealing hidden assets on a scale never previously revealed. John Christensen, director of the Tax Justice Network, said:

Inequality has reached epic proportions. It threatens economic and social stability — but none of the big institutions such as the IMF, the World Bank, the Bank of England or the Fed, with their many thousands of highly paid economists — have ever taken useful and serious steps to measure all this offshore wealth. Without this, we could never understand the true, gargantuan scale of the inequality challenge we face. This is an astonishing abdication of responsibility on their part.

[Nicholas Shaxson, author of the book](#) *Treasure Islands: Tax Havens and the Men Who Stole The World*, said:

A pinstripe infrastructure of accountants, lawyers and financial institutions has painstakingly put together a global offshore system for hiding a large chunk of the world's wealth and income from view. They have been spectacularly successful.

Now that we can at last see the true scale of this monster, we will have to get used to the idea that inequality is much worse than we ever thought. But when we do so the demand for action on it will increase, and rightly so.