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**“The Missing Wealth of Nations: Is Europe and the U.S.  
Net Debtors or Net Creditors?”**

Abstract

There are two puzzles in international investment statistics. First, the world as a whole is a net debtor. Next, contrary to what the neoclassical growth model suggests, the rich world is a net debtor. Both puzzles, I argue, stem from the fact that international accounts miss most of the wealth held by households through tax havens. I use systematic inconsistencies in portfolio investment positions and a unique Swiss dataset to study households' offshore wealth. I find that 8% of the global financial wealth of households is held offshore, of which at least 6% is unrecorded. The bulk is invested in mutual funds. Most Swiss accounts belong to Europeans. Under minimal assumptions, accounting for tax havens turns the euro area, officially the world's second biggest net debtor, into a net creditor. It also significantly reduces the U.S. net negative position. I conclude with concrete proposals to improve international investment statistics.