

Title: Does the US have debt..? This article claims it's less than we think

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This article shows that official statistics substantially underestimate the net foreign asset positions of rich countries because they fail to capture most of the assets held by households in offshore tax havens. Drawing on a unique Swiss data set and exploiting systematic anomalies in countries' portfolio investment positions, I find that around 8% of the global financial wealth of households is held in tax havens, three-quarters of which goes unrecorded. On the basis of plausible assumptions, accounting for unrecorded assets turns the eurozone, officially the world's second largest net debtor, into a net creditor. It also reduces the U.S. net debt significantly. The results shed new light on global imbalances and challenge the widespread view that after a decade of poor-to-rich capital flows, external assets are now in poor countries and debts in rich countries. I provide concrete proposals to improve international statistics. *JEL* Codes: F32, H26, H87.