ANALYSIS OF THE WEALTH OF POPULATION AT NATIONAL AND GLOBAL LEVEL IN THE PERIOD 2015-2022

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Abstract: *The purpose of the paper is to present the wealth of the population/households at national and international level, respectively the real estate assets and the net financial assets of households in Romania, at the European and global level, in the period 2015-2022, as well as the proposal of measures to reduce the inequality between rich and poor, globally. In this sense, we use a descriptive and empirical methodology, by referring to bibliographic references from the international specialized literature, as well as statistical data of various fiscal bodies/entities (Eurostat, reports of the National Bank of Romania, Credit Suisse reports, reports of the World Bank).*
Keywords*: financial assets, real estate assets, households, individual wealth, inequality.*
Jel Classification*: H31, I38.*

1. Introduction

Since 2020, the five richest men in the world have doubled their wealth; in the same period, almost five billion people globally became poorer, difficulties with daily living, hunger being a hard reality for many persons around the world.
Wealth and its taxation are highly debated topics at the global level, the basis of these discussions being, mainly, the increase in aggregated private wealth in relation to national income, respectively the increase in the concentration of wealth. This phenomenon has increased during the pandemic crisis, while national income has fallen, the value of private wealth has increased, growth that has been extreme among billionaires.
The present paper is structured as follows: the analysis of the wealth of Romanian households in the period 2015-2022, the wealth of the population at the European and global level, as well as the proposal of measures to reduce the inequality between the rich and the poor, at the global level. The statistical data used are provided by the global reports developed by Credit Suisse in the period 2016-2023, as well as from the National Accounts and Financial Stability Reports of the National Bank of Romania (BNR), 2016-2023 editions.

2. Analysis of household assets in Romania in the period 2015-2022

In this paper, wealth refers to immovable property (real estate) and financial assets. According to the Financial Stability Report (BNR), real estate assets include only real estate, which is divided into residential real estate (residential and non-residential buildings), respectively commercial real estate (buildings, retail buildings, industrial buildings/spaces). Therefore, the wealth we refer to is represented by real estate (which, from a tax perspective, is subject to property taxation), and financial assets (cash, deposits, including income from work, wages, subject to income taxation).
Next, we present the situation of real estate and net financial assets of households in Romania (the difference between financial assets and financial liabilities) in the period 2015-2022.

Table 1. Financial net assets and real estate assets of the population in the period 2015-2022

Bn lei	2015	2016	2017	2018	2019	2020	2021	2022
Net financial assets	363	387	420	384	539	622	712	758
Real estate assets	1.219	1.295	1.425	1.581	1.736	1.847	2.080	2.190
liabilities / Asets	7,9	7,6	7,5	7,7	7,2	6,3	6,1	6,1

source: BNR, Financial Stability Report, June 2023 (statistical data)

We notice that real estate has an upward trend, being significant in 2017 (+ 130 billion lei compared to 2016), 2018 (+ 156 billion lei compared to 2017), year 2022, when there was an increase of 110 billion lei, compared to the year 2021. Afterwards, real estate continues its upward trend, but at a "lighter" pace.

Net financial assets have an increasing trend, except for 2018 (compared to 2017 they recorded a reduction of 36 billion lei), which indicates the faster growth rate of financial assets (liquidity) compared to liabilities. In 2021, the population's net wealth (calculated as the difference between the population's stock of financial assets and liabilities) continued its upward trajectory, with real estate assets representing more than 70% of total wealth.

Table 2. Financial assets of households in Romania in 2015-2022

Financial assets (mil lei)	2015	2016	2017	2018	2019	2020	2021	2022
Currency and deposits	179.347	202.345	222.539	239.024	272.745	309.352	339.845	363.716
Debt securities	6.281	6.135	5.626	8.403	10.506	13.986	13.131	15.886
Credits	199	170	115	2.250	6.179	6.368	9.603	16.780
Shares and units of investment funds	125.038	137.282	152.639	171.873	197.296	248.188	302.413	369.582
Investment fund shares/units	21.905	22.497	24.095	20.640	24.203	21.487	25.325	19.864
Insurance systems, pensions and standardized guarantee schemes	34.513	42.611	53.202	61.885	78.312	92.706	108.620	117.713
Financial derivatives and employee stock options	116	118	166	38	38	38	45	0
Other accounts receivable/payable	161.233	163.298	142.810	71.063	171.375	170.989	171.078	182.936
Total	506.726	551.958	577.098	554.537	736.451	841.627	944.736	1.066.613

source: BNR, National Financial Accounts 2017-2022, data series

If we consider the financial assets in Romania, we observe their upward trend, except for 2018, when they decreased by 22.561 million lei. Compared to 2015, they increased 2,10 times, respectively by 559.887 million lei.

In the structure, currency and deposits predominate (reached 363.716 million lei in 2022, compared to 179.347 million lei in 2015), participations and units of investment funds, insurance systems, pensions and standardized guarantee schemes (in 2022 they reached 117.713 lei, compared to 34.513 million lei in 2015). We observe the sudden increase in loans, approximately 84 times, from 199 million lei in 2015, to 16780 million lei in 2022.

We bring into discussion the study developed by Georgescu F, (2023), Romania's national wealth, according to which the savings of 59.500 Romanians are 100 times larger than the deposits of another 14,1 million citizens. The financial assets of the population register a pronounced increase, assets that are, however, highly polarized, this characteristic emerging from the distribution of deposits; 0,4% of depositors (59.500 persons) accumulated, at the end of 2022, a proportion of 26% (64,6 billion lei) of the total citizens' deposits, holding on average 1,08 million lei per person (equivalent to 220 thousand euros). At the opposite pole are 99,6% of depositors (14,1 million people) who own 74% of deposits, the average amount saved by these people being 11.000 lei (the equivalent of 2.200 euros).

Currency held by the population grew faster than population savings in banks; one of the causes that led to the significant increase in cash is represented by the tendency of a growing number of citizens who carry out unaccounted economic operations, the income thus obtained cannot be justified in relation to the banks for the purpose of establishing hoarding deposits in various forms, and to fuel the economy informal.

If we use the data provided by Credit Suisse (2023), the national wealth situation is as follows:

Table 3. Wealth in Romania in 2015- 2022

year	Adults (miii)	Total wealth (mld dollar)	wealth/ adult (dollars)	Financial wealth/ adult (dollars)	Non-financial weath/adult (dollars)	liabilities/ adult (dollars)
2015	15729	399	25347	7729	19775	2157
2016	15644	446	28479	8193	22654	2368
2017	15533	544	35032	9768	28080	2816
2018	15414	569	36940	9735	29828	2623
2019	15307	609	39806	11301	31483	2979
2020	15208	595	39113	13930	28697	3515
2021	15123	609	40262	14290	29345	3373
2022	15057	667	44320	14378	33238	3296

source: Credit Suisse, Global Wealth Databook 2023

We observe an upward trend in wealth in Romania, except for 2020, the year of the pandemic crisis, when it decreased by 14 billion dollars, compared to 2019. In 2022, it reached a maximum of 667 billion dollars, with 58 billion dollars more compared to 2021, and 268 billion dollars more than 2015. By components, both financial and non-financial wealth (real estate) have an upward trajectory, with non-financial wealth growing at a much faster pace. The maximum is in 2022, over 33.238 dollars/ adult.

3. Comparative analysis of the financial assets and liabilities of households in Romania and the European Union

We consider the comparative situation of the financial assets and liabilities of households, as a whole, as well as by type of financial instruments. We mention that the households also include non-profit institutions in the service of households.

In the period 2015-2022, at the EU 27 level, the financial assets of households and non-profit institutions serving households in the EU-27 generally had an upward trend (except for 2018 and 2022), while the share of financial liabilities in GDP decreased (with the exception of 2020). It draws attention the year 2022, when the total financial assets of EU households decreased significantly; their total value increased from 25.991 billion euros in 2015 to 35.345 billion euros in 2021 (a total increase of 56,9%), and the following year, in 2022, they reached 33.546 billion euros. Also, financial liabilities increased until 2022. Total financial liabilities increased from 7.690 billion euros in 2015 to 9.350 billion euros in 2022, a global increase of 21,6%.

For the year 2022, *the total financial assets* of EU households were assessed at 33.546 billion euros, a level 3,6 times higher than the *financial liabilities* of the EU 27, which reached a level of 9.350 million euros, resulting in a net difference of 24.196 billion euros (or 72,1% of the value of assets). At the EU 27 level, total financial assets have a share of 201,9% of GDP, and liabilities, of 58,8% of GDP.

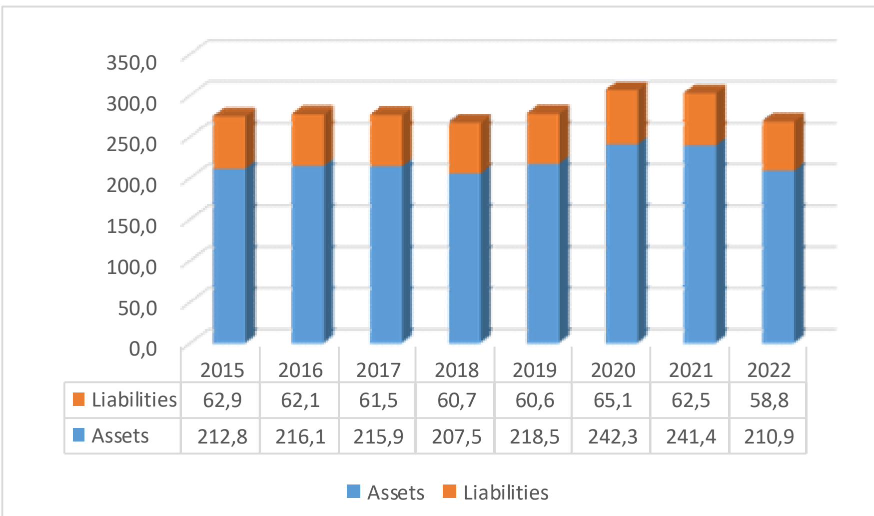

Figure 1. Assets and liabilities in UE 27 in 2015-2022 (% GDP)

source: Eurostat, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Households_-_statistics_on_financial_assets_and_liabilities#Assets_and_liabilities

In 2022, assets were valued in the EU at 210,9% of GDP, while liabilities were valued at 58,8% of GDP, resulting in net assets equivalent to 152,1% of GDP.

In Slovakia and Finland, household financial assets were 1,9, respectively 2,0 times higher than their liabilities, the two lowest such ratios among EU Member States. Otherwise, financial assets were at least 3 times higher in 22 Member States and at least 4 times higher in eight Member States. The three highest rates were in Bulgaria (5,6 times higher), Italy (5,7 times higher) and Hungary (6,0 times higher).

The value of households` financial assets as a percentage of GDP was over 100,0% in 2022 for all EU Member States except Ireland, Latvia, Slovakia, Poland and Romania; the highest level was recorded in Denmark (341,9%) and Sweden (315,9%). As for liabilities, their value as a percentage of GDP was below 100,0% for all Member States, the highest level being reached in the Netherlands (96,4%).

Similar to previous years, Romania ranks last, with the lowest values in the EU 27 (77,8% GDP for assets, respectively 19,5% GDP for liabilities).

Regarding *the structure of assets and liabilities*, we note that the data refer only to households, excluding non-profit institutions that serve households. Financial assets and liabilities in the EU member States are represented by currency and deposits; loans; participations and shares of investment funds; insurance, pensions and standardized guarantees; other accounts receivable/payable. Three other types of assets and liabilities represented small shares of the total financial assets of EU households in 2022 and are grouped as other instruments (with a collective share of 1,8% of the total): monetary gold and special drawing rights (SDR); debt securities; and derivatives and employee stock options. In particular, the category of monetary gold and SDRs was zero-rated for all EU Member States for the household sector.

As mentioned above, in 2022, the total financial assets of EU households were valued at 33.546 billion euros, being mainly composed of currency and deposits (34,1%), shares of investment funds (32,8%) and insurance, pensions and standardized guarantees (27,8 %). Liabilities, which totaled 9.350 billion euros, were mainly represented by loans (93,2%).

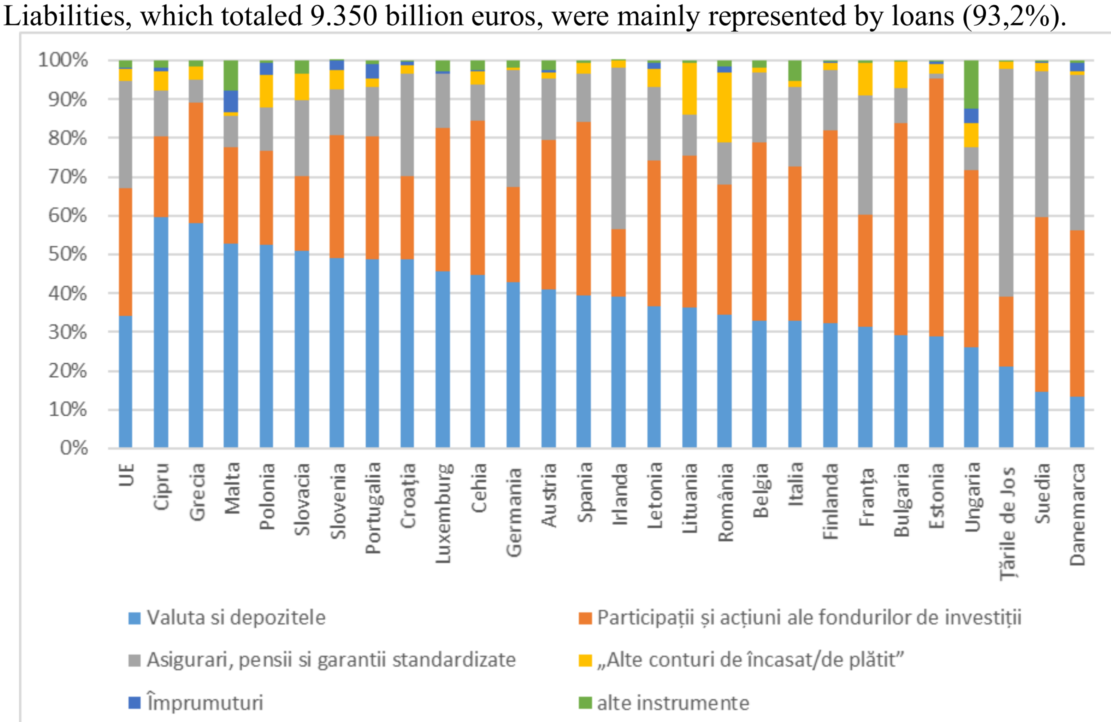

Figure 2. Share of the type of assets of Households, 2022 (% of total financial assets of Households)

Source: EUROSTAT, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Households_-_statistics_on_financial_assets_and_liabilities#Assets_and_liabilities_relative_to_GDP

Of the total financial assets of EU households in 2022, currency and deposits represented the largest share (34,1 %). This was closely followed by shares of capital and investment funds (32,8 %) and insurance, pensions and standardized guarantees (27,8 %). Lower shares were recorded for other accounts receivable/payable (3,1%), other instruments (1,8%) and loans (0,3%).

The currency and deposits category was the largest instrument in 14 Member States and represented more than half of the total in five of them: Cyprus (59,7%), Greece (58,0%), Malta (52,9%), Poland (52,3 %) and Slovakia (51,0 %). The category of *shares of investment funds* was the largest instrument in 11 Member States, where their share varied between 37,7% and 66,4%. *The insurance, pensions and standardized guarantees* category was the largest instrument in three Member States: the Netherlands (64,9%), Ireland (46,0%) and France (34,6%).

Regarding the structure of liabilities, loans represented 93,2% of the total financial liabilities of EU households in 2022. The rest (6,8% of the total) represented other accounts receivable/payable. The main type of liabilities for households in each of the EU member states in 2022 were loans, representing at least 82,1% of the total, with the exception of Romania, where the share was 71,3%. The lowest contributions from other accounts receivable/payable were 0,0% in Luxembourg and 1,1% in Germany; the highest shares were 16,1% in Cyprus, 16,2% in Bulgaria, 16,3% in Portugal and 19,4% in Romania.

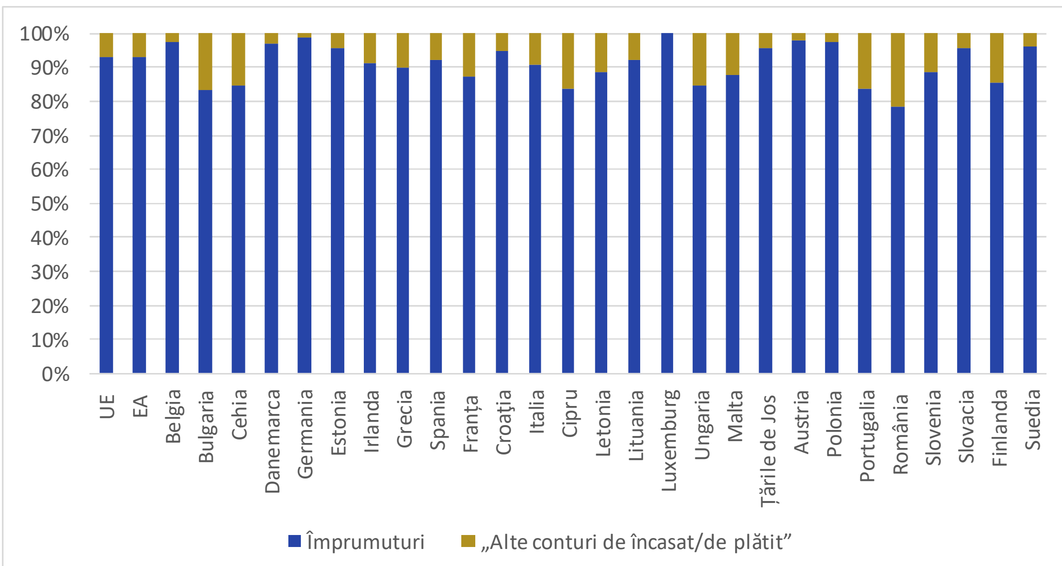

Figure 3. Financial liabilities of households by type of financial instruments in the EU, 2022 (billion euros)

Source: EUROSTAT, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Households_-_statistics_on_financial_assets_and_liabilities#Assets_and_liabilities_relative_to_GDP

The total financial assets of EU households increased almost continuously between 2015 and 2021, but in 2022 their value decreased by 5,1%; total financial liabilities followed the same trend, but at a slower pace than assets.

The value of financial assets of households as a percentage of GDP was 30,5 pp lower in 2022 than in 2021 in the EU; the level decreased in all EU Member States, especially Denmark and the Netherlands (in percentage points). The value of household financial liabilities as a percentage of GDP decreased by 3,7 pp in the EU in 2022 compared to 2021; this ratio (liabilities/GDP) decreased in 25 EU member states, especially in Denmark; increases were recorded in Luxembourg and Slovakia.

Wealth at global level

Another aspect we want to discuss is the one related to *global wealth*, namely the changes that occurred in households during 2021-2022, according to the Credit Suisse Global Wealth Report (2023).

Globally, household` net wealth fell 2,4% in 2022, to 454,4 trillion dollars, while wealth per adult fell 3,6%, to 84.718 dollars, being the first decline after the 2008 financial crisis; a significant part of this decline comes from the appreciation of the US dollar compared to various currencies, followed by inflation and rising interest rates; financial assets contributed most to the decline in wealth in 2022, while non-financial assets, particularly real estate, proved themselves to be resilient despite rapidly rising interest rates. If exchange rates had remained the same as in 2021, total wealth would have increased by 3,4% and wealth per adult by 2,2%.

In the following table we present the situation of wealth in 2022 globally, by region, compared to 2021, respectively the changes in household wealth.

Table 4. Changes in households` wealth in 2021- 2022, by regions

region	Total wealth 2022 (bn dollars)	Total wealth change		wealth / adult 2022 (dollars)	Modificare Avere / adult (%)	Change in financial wealth (%)	Change in non-financial wealth (%)	Liabilities change (%)
		2022-2021 bn dollars	2022-2021 %					
Africa	5,909	85	1,5	8,345	-1,3	2,1	1,0	1,9
Asia Pacific	77,974	-2,070	-2,6	61,154	-4,0	-6,5	1,0	-3,6
China	84,485	-1,462	-1,7	75,731	-2,2	-0,3	-3,1	-2,8
Europa	104,410	-3,703	-3,4	177,179	-3,4	-10,4	2,3	-3,2
India	15,365	675	4,6	16,500	2,8	1,0	5,4	3,0
Latin America	15,071	2,359	18,6	32,760	16,9	12,9	22,7	15,1
North America	151,170	-7,166	-4,5	531,826	-5,3	-9,0	9,5	4,9
Globally	454,385	**-11,281**	-2,4	**84,718**	-3,6	-6,8	3,2	0,1

Source: Credit Suisse, Global Wealth Report 2023

The "loss" of global wealth was heavily concentrated in North America and Europe, which together lost 10,9 trillion dollars. China and the Asia-Pacific region also saw losses of 3,5 trillion dollars, but these were offset by small gains in India and Africa. However, Latin America stands out, where the total wealth increased by 2,4 trillion dollars (+ 18.6%), growth due to the appreciation of the national currency, by 6%, compared to the US dollar.

In terms of wealth per adult, Europe and Asia Pacific experienced declines similar to the global average of -3,6%, while the percentage loss in North America was larger. Africa's population growth has turned the modest 1,5% increase in total wealth into a 1,3% decline in wealth per adult.

Financial assets have contributed the most to total wealth growth since the financial crisis. However, stock prices fell in almost all regions in 2022, causing total financial wealth to fall by 19 trillion dollars, or - 6,8%. Non-financial assets increased by 7,9 trillion dollars, likely reflecting the fact that housing markets remained relatively buoyant in the low interest rate environment of the first half of 2022. The reduction in financial assets was particularly marked in Europe, North American countries and from Asia-Pacific. Non-financial assets performed relatively better in most regions, the main exception being China, where both financial and non-financial assets fell in dollar terms, not in yuan (renminbi).

Total household debt was almost unchanged against the dollar, but fell by 6,0% if currency "movements" are taken into account. There were debt/liabilities reductions in China, Europe and Asia-Pacific, but also increases in North America and Latin America.

It should be noted that an important part of the annual change in household wealth in individual countries depends on *asset prices and exchange rates*.

Record wealth growth in 2021, fueled in part by stock markets, led to large increases in wealth across many markets. The stock market losses in 2022, however, determined that precisely these winning markets in 2021 to lose substantial wealth in 2022, in this sense at the top of the ranking being the United States of America, which lost 5,9 trillion dollars. Losses of over 1 trillion dollars were also recorded in Japan (minus 2,5 trillion dollars), China (- 1,5 trillion dollars), Canada (- 1,2 trillion dollars), Australia (- 1 trillion dollars). At the opposite pole, there were increases in Russia (+ 600 billion dollars), Mexico (+ 655 billion dollars), India (+ 675 billion dollars) and Brazil (+ 1,1 trillion dollars).

In terms of individual wealth, nations with high wealth per adult (over 100.000 dollars) are concentrated in North America and Western Europe and in the wealthier regions of East Asia, the Pacific and the Middle East. China and Russia belong to the group of "middle wealth" countries, with an average wealth between 25.000 dollars and 100.000 dollars, a group that now also includes countries in the European Union and major emerging market economies in Latin America, the Middle East, and East Asia.

The next group, the "frontier wealth", respectively 5.000-25.000 dollars per adult, includes the highly populated countries: India, Indonesia and the Philippines, large part of South America and many of the coastal states of Africa, as well as the rapidly developing Asian countries, Cambodia, Laos, and Vietnam. Countries with an average wealth of less than 5.000 dollars form the last group, which is dominated by Central African countries.

As for the *distribution of global wealth*, in 2022 the share of wealth in the global top 1% fell to 44,5%, slightly above the 2019 level, and the number of US dollar millionaires worldwide fell by 3,5 million, to 59,4 million at the end of the year. This number includes 4,4 million "inflation millionaires", who would no longer qualify if the millionaire threshold were adjusted for inflation during 2022. The ultra high net worth (UHNW) group, with wealth over 50 million dollars, had 22.490 fewer members, with North America accounting for 81% of this decline.

At the base of the pyramid are the low-wealth holders, namely 2,8 billion people – 53% of all adults in the world, who had wealth below 10.000 dollars in 2022. The next segment, represented by people with wealth in the 10.000-100.000 dollars interval, has experienced the largest growth in this century, tripling the size of its wealth from 503 million in 2000 to 1,8 billion in mid-2022. This reflects the growing prosperity of emerging economies, especially China, and the expansion of the middle class in the developing world. The average wealth of this group is 33.573 dollars, or about 40% of the global average wealth level, and total assets are worth 61,9 trillion dollars.

The upper-middle segment, with wealth ranging from 100.000 to 1 million dollars, has tripled in size this century, from 208 million to 642 million people. Members of this group currently own net assets totaling 178,9 trillion, or 39,4% of global wealth, which is more than three times their percentage share of the adult population; the wealthy middle class in developed nations usually belongs to this group.

The next segment is the top tier of high net worth (HNW) individuals, which remains relatively small in size, at 59,4 million, or 1,1% of all adults. The number of millionaires worldwide has grown rapidly in recent years and surpassed 1% of adults for the first time in 2020, although in 2022 the number fell by 3,5 million. In terms of wealth ownership, the HNW group is increasingly dominant. The total wealth of HNWs increased fivefold, from 41,4 trillion dollars in 2000 to 208,3 trillion dollars in 2022, and their share of global wealth increased from 35% to 46% over the same period.

The decline in the number of millionaires occurred predominantly in the United States (by 1,8 million), Japan (–466.000), the United Kingdom (–439.000), Australia (–363.000), Canada (–299.000) and Germany (–253.000). Countries that reported fewer millionaires in 2022 typically reported higher numbers in 2021, and gains in 2021 typically exceeded losses in 2022 (exceptions include Japan, Germany, Italy, where the number of millionaires declined in both 2021 and 2022). Relatively small increases in the number of millionaires were recorded for a few countries in 2022, namely Norway (+104.000), Iran (+104.000) and Brazil (+120.000).

We mention that the vast majority of the 59,4 million millionaires in 2022 are between 1 million and 5 million dollars, or 51,5 million or 87% of the HNW group. Another 5,1 million adults (8,6%) have wealth between 5 million and 10 million dollars, and 2,8 million (4,6%) have wealth over 10 million. Of the latter, 2,5 million have assets in the 10-50 million dollars range, and 243.060 ultra-high net worth (UHNW) individuals have a net worth of more than 50 million dollars at the end of 2022 (down by 22.500 compared to 2021 when there were 265.560 UHNW adults due to falling stock prices). Currently, there are four times as many adults with wealth over 50 million dollars as there were in 2008, and although their number has decreased in 2022, however, from 2020 to 2022, the number of UHNWs has increased by more than 60.000 adults.

In terms of the distribution of UHNWs, there are 79.490 adults with wealth over 100 million dollars at the end of 2022, of which 7.020 have wealth over 500 million dollars. By region, we have North America with 128.470 members (53%), Europe with 40.090 (17%), 32.910 (14%) in mainland China and 27.700 (11%) in Asia-Pacific, excluding China and India. Among individual countries, the United States leads the way with 123.870 members, equivalent to 51% of the world total. Mainland China is second with 32.910 UHNWs, followed by Germany (9.100), India (5.480) and Canada (4.560), Russia (4.490), United Kingdom (3.980), Japan (3.930), France (3.890) and Australia (3.780).

According to the Credit Suisse report, global wealth is expected to grow by 38% in the next five years, reaching 629 trillion dollars by 2027, with low and middle income countries responsible for 56% of the growth, although they account for only 31% of current wealth. The growth of middle-income countries will be the main driver of global trends. Wealth per adult will increase by 30%, to 110.270 dollars in 2027, and the number of millionaires will increase significantly over the next five years to 86 million, while the number of UHNWIs will increase to 372.000.

4. Measures to reduce inequalities and encourage taxpayers` compliance

In recent years, the gap between rich and poor has widened significantly, with wealth at the top increasing massively while the total wealth held by those at the bottom is shrinking. Since 2015, the richest 1% have more wealth than the rest of the world combined. Such extreme economic inequality is fueled by tax evasion and avoidance, which have reached considerable levels. While millions of people around the world live in poverty, wealthy individuals and companies, exploiting the secrecy provided by tax havens, continue to avoid their taxes, depriving the poorest countries of being able to provide vital services.

Tax revenue is essential to fund vital public services as education, health and infrastructure, cash transfers (child benefits, state pensions). It was proven that universal and free public services address inequality and poverty; reducing tax havens will ensure that the funds needed for these services can be raised in a more redistributive way, in particular through direct taxation of income, profits, wealth and capital gains, rather than through consumption taxes (VAT).

In order to *reduce inequality*, but also poverty, we believe that *wealth taxation* can be essential to redistribute resources and reduce inequality more fundamentally. According to Oxfam, a *progressive net wealth tax* of 2% on personal wealth over 5 million dollars, rising to 3% on wealth over 50 million dollars and 5% on wealth over 1 billion dollars, could generate 2,52 trillion dollars worldwide, raise enough to help 2,3 billion people living in poverty, provide universal healthcare and social protection to all living in low- and lower-middle-income countries (3, 6 billion people).

Also, to uncover hidden wealth, a *global asset registry* (Icrit, 2019) can be used to reveal the true owners of assets, like properties, shares, companies, trusts and other assets.

Recent years have been marked by a renewal of debates about *progressive wealth taxation*. While progressive wealth taxes have been declining in rich countries, they still exist in various forms in several countries- the Netherlands, Norway, Spain or Switzerland. More recently, some countries have discussed or voted in favor of introducing new wealth taxes (Argentina). In several other countries, there have been discussions of wealth taxes based on detailed proposals (in the USA, Germany, the UK or Chile).

It should be noted that most countries in the world already tax individual wealth through property and inheritance taxes. We recall that total tax revenues represent 30-50% of national income in rich countries, 15-30% in emerging countries and less than 10% in low-income countries. Wealth taxes on individuals – including estate and inheritance taxes – typically generate 2-3% of national income in rich countries, 1% in middle-income countries and 0,5% in low-income countries and emerging states; they represent non-negligible fractions of total tax revenues.

Property taxes, and their equivalent in different countries, for example foncière tax in France, are by far the largest component of total wealth tax revenue: they typically represent 80-100% of total tax revenue on individual wealth. Property taxes are usually in the form of taxes on real estate and land, which have been levied in many countries for centuries.

The best way *to modernize the property tax* would be to expand the base to all forms of wealth, rather than just real estate, and to *shift from flat rates to progressive tax programs*. In effect, this means turning flat property taxes into modern, progressive wealth taxes.

Relatively low wealth tax rates can generate substantial tax revenues, contribute to a better spread of wealth, thereby increasing the wealth-generating potential of billions of citizens who are completely deprived of capital.

Progressive wealth taxes also help limit the growth of extreme wealth inequality and thereby help mitigate the potentially negative impact of extreme wealth concentration, as the growth of monopolies or the risks of political capture by financial interests.
To reduce wealth/income inequalities, authorities need to increase the progressivity of personal income taxation, as well as firmer inheritance/gift taxation and property taxation, and emerging and developing market economies should focus on strengthening fiscal capacity to finance more social spending.
Also, other measures refer to the progressivity of personal income tax and the reduction of tax exemptions for private education, health and pensions; by increasing the "productivity" of income taxes; by raising capital gains tax rates to match income taxes.
Therefore, some tax solutions could refer to:
• more effective income taxation in reducing inequality, by charging higher rates for high-income taxpayers or limiting itemized deductions.
• establishing/extending taxes on inherited wealth, such as property taxes.
• broadening the sales tax base to include more services purchased by wealthy individuals.
• increasing the incomes of low- and moderate-wage working families by adopting state earned income tax credits.
• maintaining a general tax system that generates sufficient revenue to pay for the basics of shared prosperity, such as education and access to healthcare.
• strengthening financial literacy by helping individuals and households navigate the challenges and opportunities of financial markets and by promoting good budgeting, planning and saving practices.

5. Conclusions

In the paper we presented the wealth situation, respectively the assets and liabilities of households in Romania, at European Union and global level. It should be noted that globally, the net wealth of households decreased by 2,4% in 2022, reaching 454,4 trillion dollars, while the wealth per adult decreased by 3,6%, to 84.718 dollars, this being the first decline since the financial crisis of 2008; a significant part of this decline comes from the appreciation of the US dollar compared to various currencies, followed by inflation and rising interest rates; financial assets contributed most to the decline in wealth in 2022, while non-financial assets, particularly real estate, were resilient despite rapidly rising interest rates. If exchange rates had remained the same as in 2021, total wealth would have increased by 3,4% and wealth per adult by 2,2%.
In terms of household assets at EU 27 level, in 2022, both total financial assets and financial liabilities of EU households decreased significantly; if we refer to Romania, it records the lowest values in the EU, both for assets (77,8% GDP) and for liabilities (19,5% GDP). In terms of assets, we are surpassed by Poland (93,1% GDP), Slovakia (94,1% GDP), Latvia (97,3% GDP), Ireland (98,8% GDP). For Passives, countries that outrank us are Latvia (19,9% GDP), Hungary (22,0% GDP), Lithuania (23,7% GDP), Poland ((27,4%), Slovenia (29.2%); in terms of Romania's financial liabilities (% GDP), in 2022 they totaled 19,5% of GDP, with countries in the immediate vicinity in the ranking being Hungary, Latvia, and Lithuania very high debts in the Netherlands (over 96,4% GDP), Denmark or Cyprus (over 85% GDP).
To reduce wealth/income inequalities, authorities need to increase the progressivity of personal income taxation, as well as firmer inheritance/gift taxation and property taxation, and

emerging and developing market economies should focus on strengthening fiscal capacity to finance more social spending.
Also, other measures refer to the progressivity of personal income tax and the reduction of tax exemptions for private education, health and pensions; by increasing the "productivity" of income taxes; by raising capital gains tax rates to match income taxes.

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