

# Wealth



**What is Wealth?**

# What is Wealth?

Wealth is the abundance of **valuable financial assets** or **physical possessions**, which can be converted into a form that **can be used for transactions**.

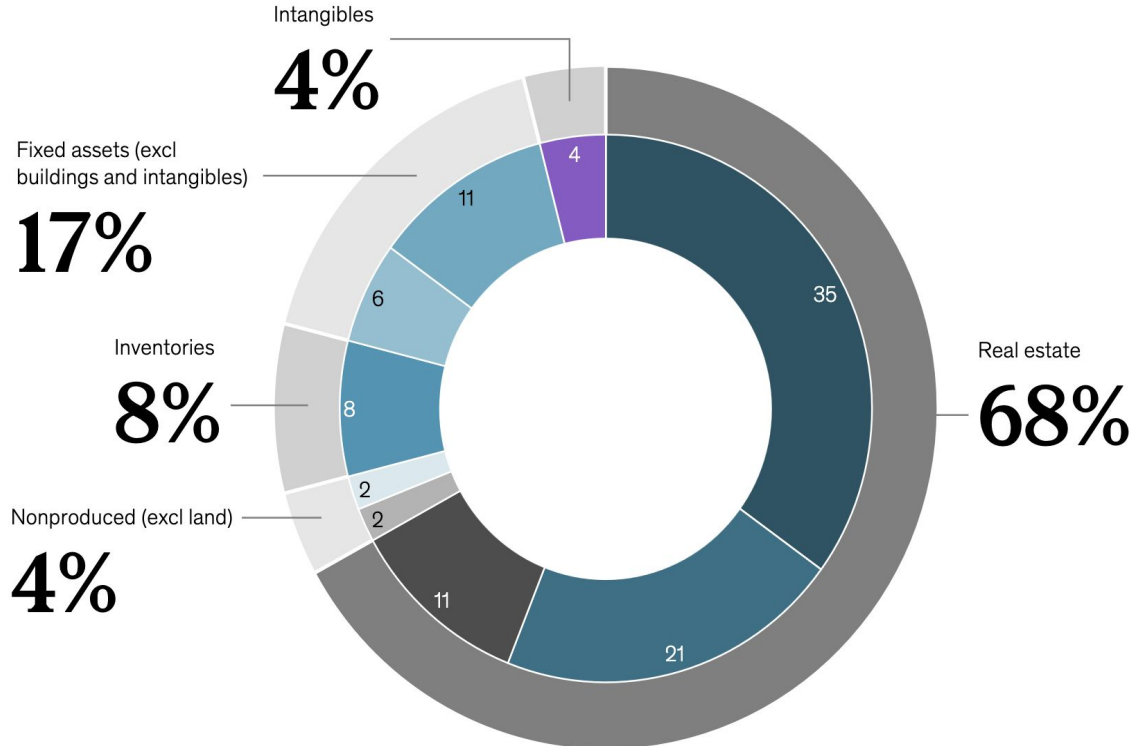
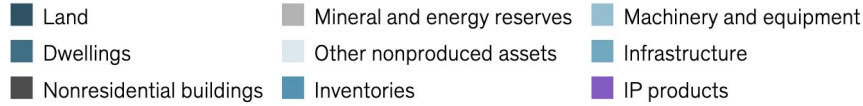
Real (physical) Assets	Financial Assets	Other
Ownership? Gold House Natural resources IP industry	Money Equity / stock debt	Fantasy Freedom Crypto Love friendship Less suffering? Health Power Mental peace

# What is Wealth?

- **Land**
- Natural resources
- **Food**
- **Housing**
- **Medicine**
- **Clothing**
- Security
- **Transportation**
- *Money*
- Political stability
- Reputation (made in Germany)
- **Infrastructure (roads, plumbing)**
- **Machinery / Factories**
- Education
- Intellectual Property
- Data?
- Insurances?
- Crypto?

## Real estate accounts for two-thirds of real assets.

Distribution of real assets, global average, 2020, %



**Chart based on 2020 data from:**  
USA, China, Germany, Japan, UK,  
France, Australia, Canada, Mexico,  
Sweden

### Inventories (8%):

- Materials and supplies in stock
- Finished and resale goods
- Work in progress goods (e.g. construction sites)

### Other nonproduced assets (2%):

- Natural Resources

<https://www.mckinsey.com/industries/financial-services/our-insights/the-rise-and-rise-of-the-global-balance-sheet-how-productively-are-we-using-our-wealth>

# What is Wealth?

A **financial asset** is a contractual claim that one party holds against another.

<b>Financial Asset (your claim)</b>	<b>Whose Liability</b>
Bank deposit	The bank's
Government Bond	The government
Stock / Equity	The company's
Pension	The pension fund's
Cash	Central bank

Globally, financial assets net to 0, **money and debt are 2 sides of the same coin.**

# What is Wealth?

The 2 sides of **government debt**.



Does the investment create **real wealth** (or welfare)?

Is the wealth (inherently or policy wise) **broadly distributed**?

# What is Wealth?

Is gold a real asset?

Does “printing money” create wealth?

Is someone with a lot of money, but no real assets, wealthy?

A german without any assets is about to retire. Does he have wealth?

How is Wealth created and  
destroyed?

# How is Wealth created?

China pre 1978 reforms:

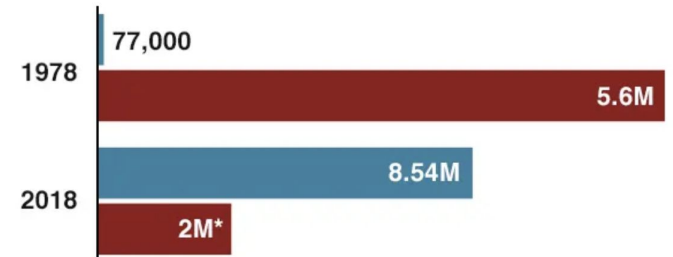
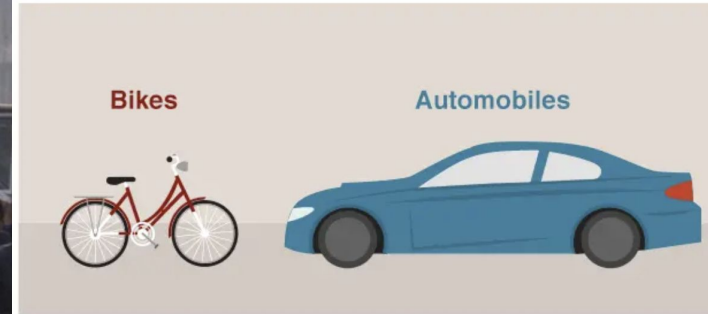
- Centrally planned Economy
- Very poor, GDP/capita of 200\$
- Minimal foreign trade
- Danwei Housing (not private)



# How is Wealth created?



Beijing 1978



Number of Cars and Bikes Beijing

# How is Wealth created?

## Reform and Opening Up since 1978

- Abandoning strict central planning
- One Child Policy (1979)
- Special Economic Zones (1980s)
- Tax Reforms (1994)
- Housing Privatization (1998)
  - **Debt Financed**

**Over 800M people lifted out of poverty!**

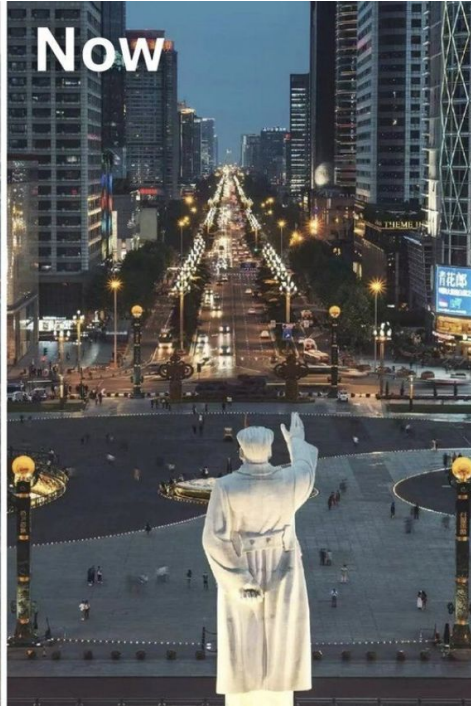
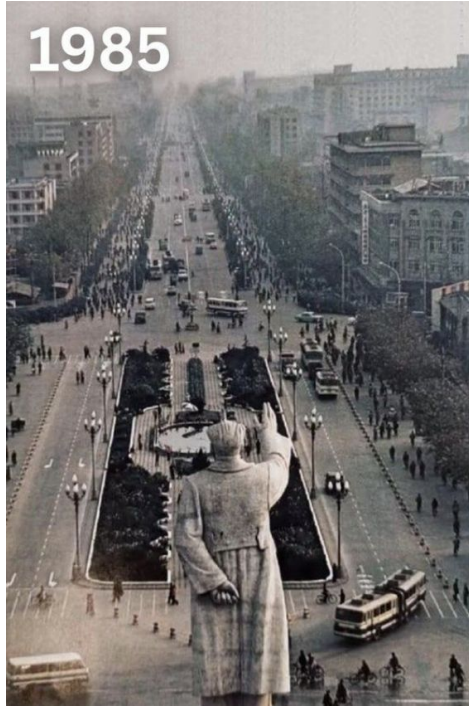
1990 Pudong District in Shanghai (SEZ)



2010



# How is Wealth created?



Chengdu

<https://www.threads.com/@civixplorer/post/DVP1nCGIZXo/two-different-eras-in-chengdu-china>

Shenzhen 1998



2021



[https://www.reddit.com/r/interestingasfuck/comments/qhtmuf/the\\_view\\_of\\_futian\\_district\\_shenzhen\\_from/#lightbox](https://www.reddit.com/r/interestingasfuck/comments/qhtmuf/the_view_of_futian_district_shenzhen_from/#lightbox)

# How is Wealth created?

Does an insurance create real wealth?

Do pension schemes create real wealth?

Do rising house prices create real wealth?

Does real GDP growth always mean wealth creation?

# How is Wealth destroyed?

## China Property Crisis since 2020

- **Debt was cheap**
- Inflated property values
- Pre-sale became ponzi scheme
- Local governments were addicted to land sales

**2020 estimate of 65M-80M empty homes.**



# How is Wealth destroyed?

Did the burst of dot-com bubble destroy real wealth?

Did the 2008 financial crisis destroy real wealth?

Did COVID lockdowns destroy real wealth?

Does inflation destroy real wealth?

How is Wealth distributed?

# Which Actors in Germany own Wealth?

Name some examples:

# Which Actors in Germany own Wealth?

- Individuals / Households
- Government
- Corporations / Firms
- Commercial Banks
- Central Banks
- Funds
- Insurances
- Non-Profits

# Which Actors in Germany own Wealth?

- **Government**

- Net worth of 0.3x GDP in 2020, so about **20K€ / person**

- **Privately held**

- Top 10%
- Middle 40%
- Bottom 50%

How much wealth to be in Middle or Top 10%?

# Which Actors in Germany own Wealth?

- **Government**

- Net worth of 0.3x GDP in 2020, so about **20K€ / person**

- **Privately held**

- Top 10%           above **780K€ net worth / household** in 2023
- Middle 40%       above **103K€ net worth / household** in 2023
- Bottom 50%

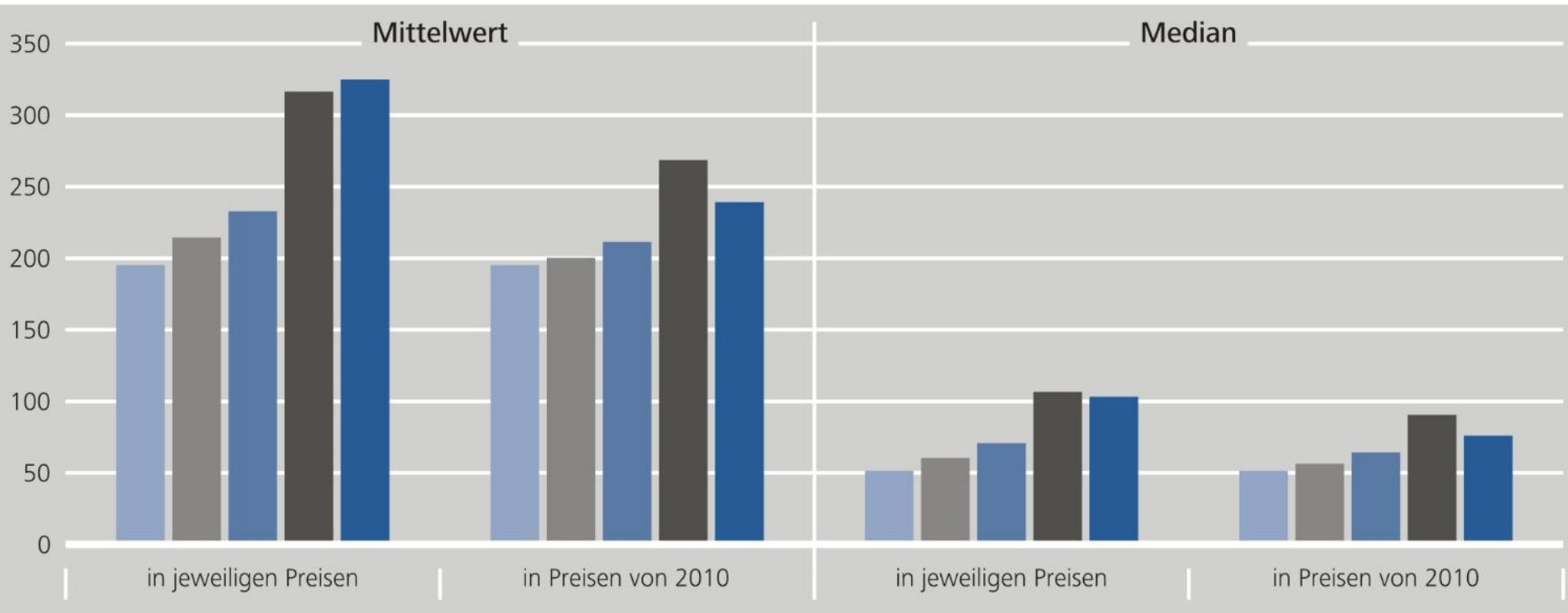
Pension obligations not included!

# Mittelwert und Median der Nettovermögensverteilung der privaten Haushalte in Deutschland

Schaubild 2.1

Tsd €, Stand: März 2025

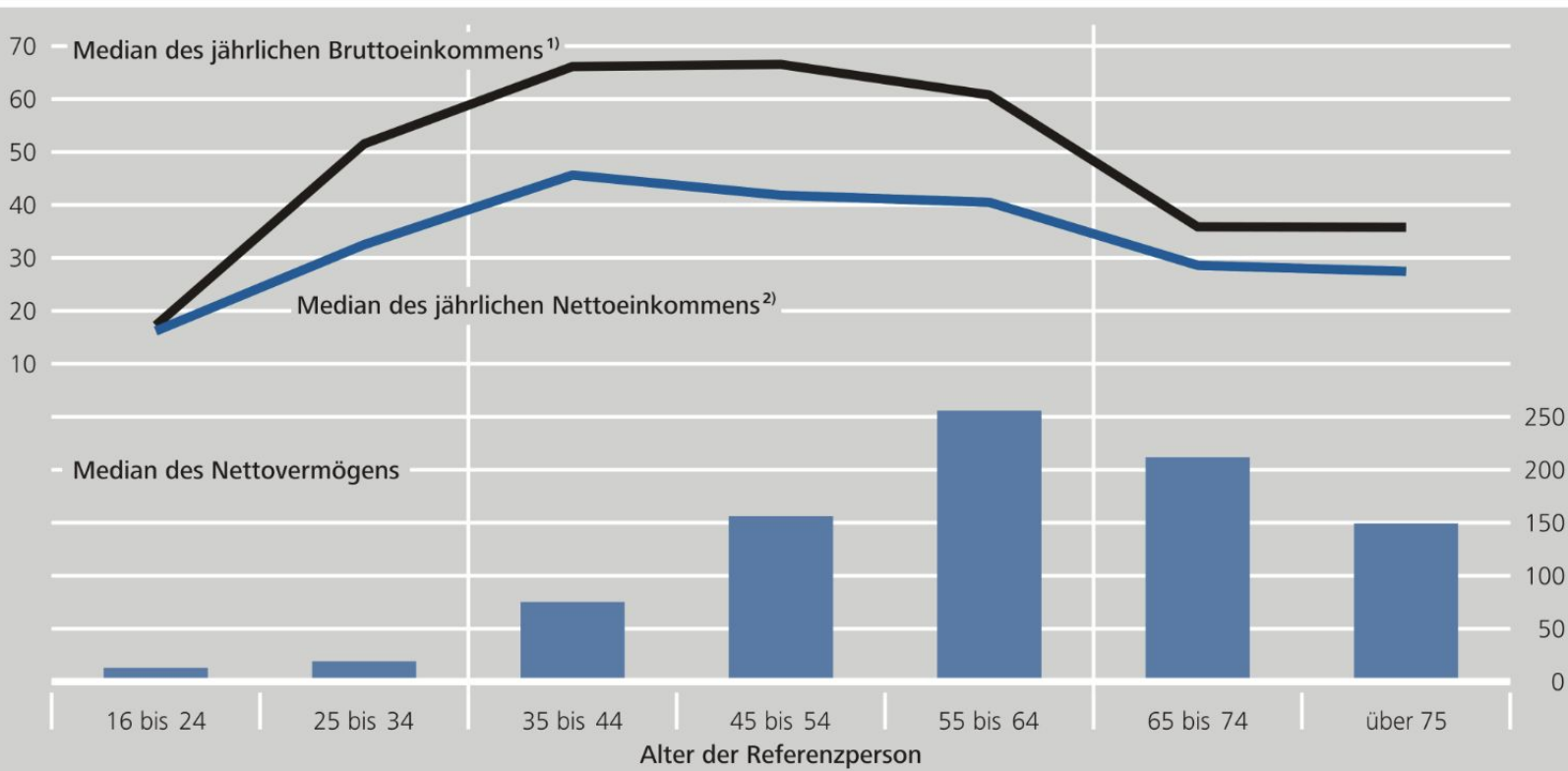
2010/11 2014 2017 2021 2023



# Nettovermögen und Einkommen der privaten Haushalte nach dem Alter der Referenzperson

Schaubild 2.13

Tsd €, Stand: März 2025



Quelle: PHF 2023. **1** Aus Komponenten berechnet. **2** Selbsteinschätzung.

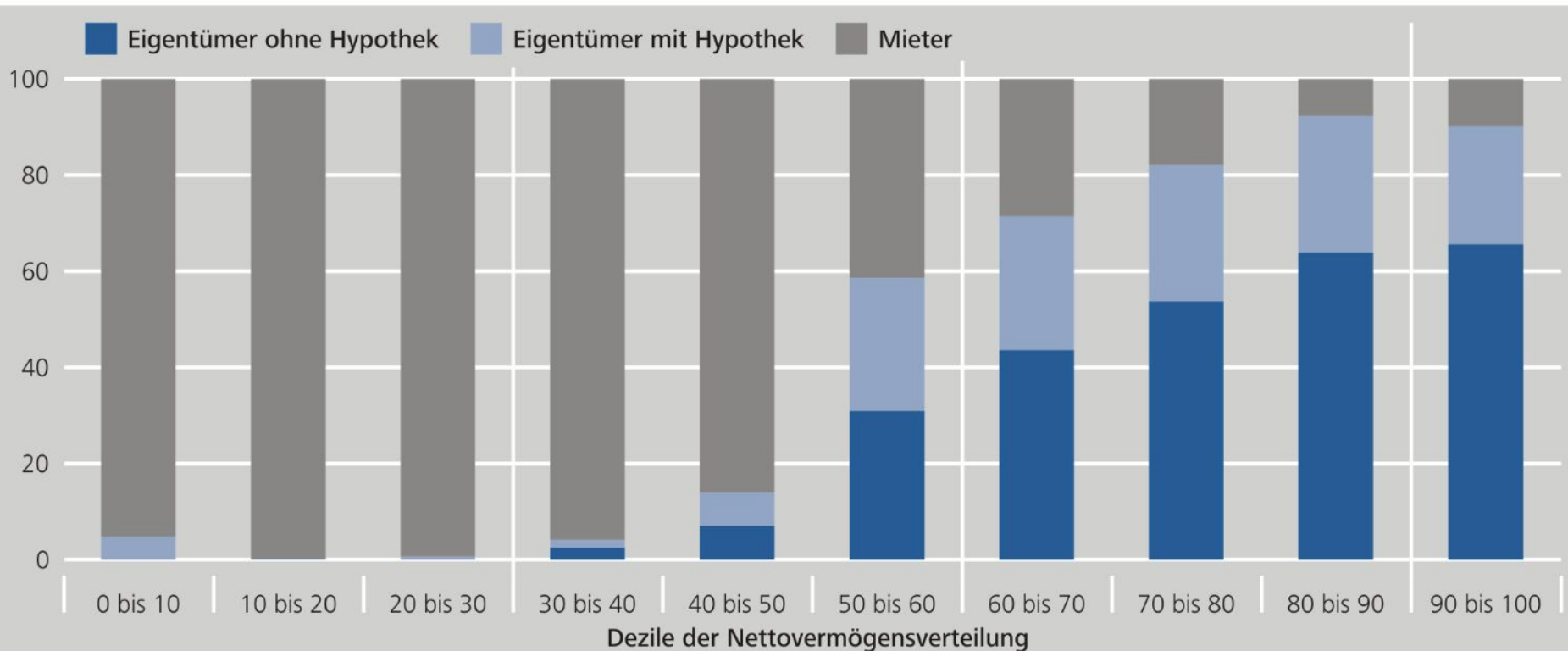
Deutsche Bundesbank

<https://publikationen.bundesbank.de/publikationen-de/berichte-studien/monatsberichte/monatsbericht-april-2025-954594>

# Anteil der Eigentümer- und Mieterhaushalte nach dem Nettovermögen

Schaubild 2.11

in %, Stand: März 2025



Quelle: PHF 2023.

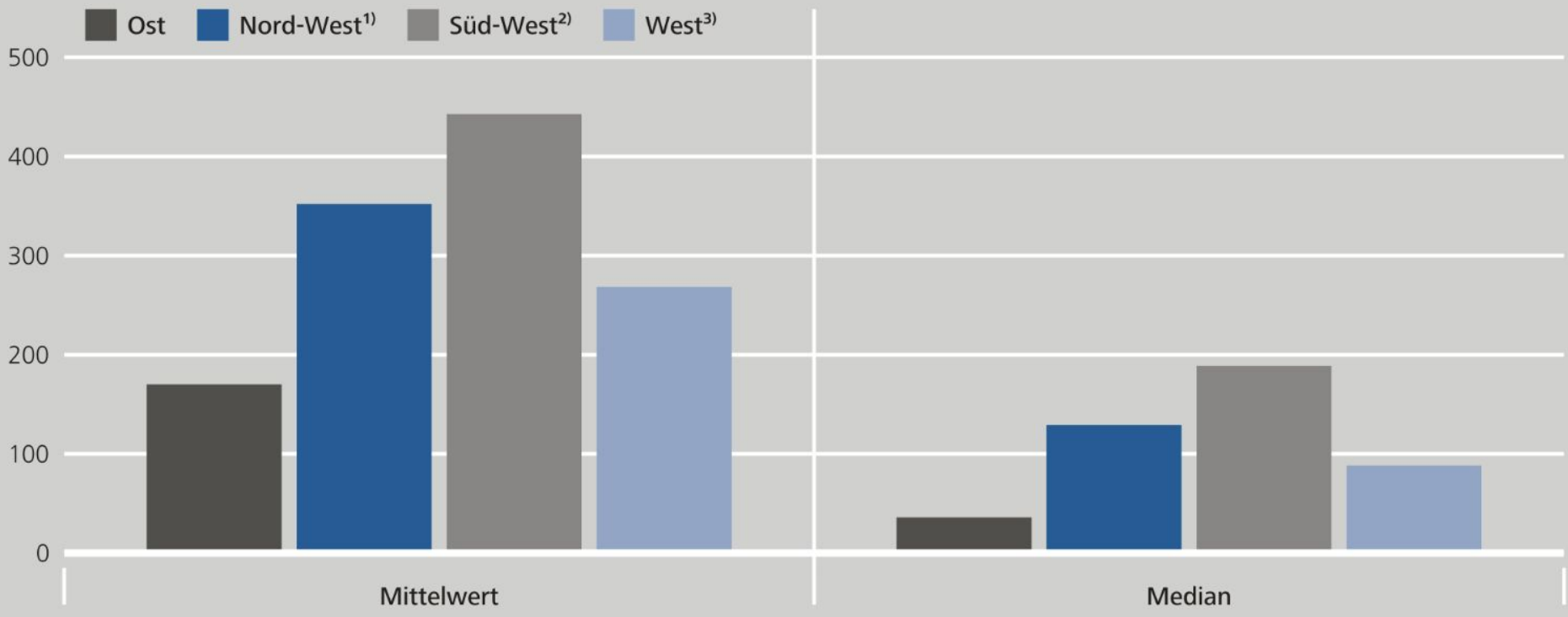
Deutsche Bundesbank

<https://publikationen.bundesbank.de/publikationen-de/berichte-studien/monatsberichte/monatsbericht-april-2025-954594>

# Nettovermögen der privaten Haushalte nach Regionen

Schaubild 2.12

Tsd €, Stand: März 2025

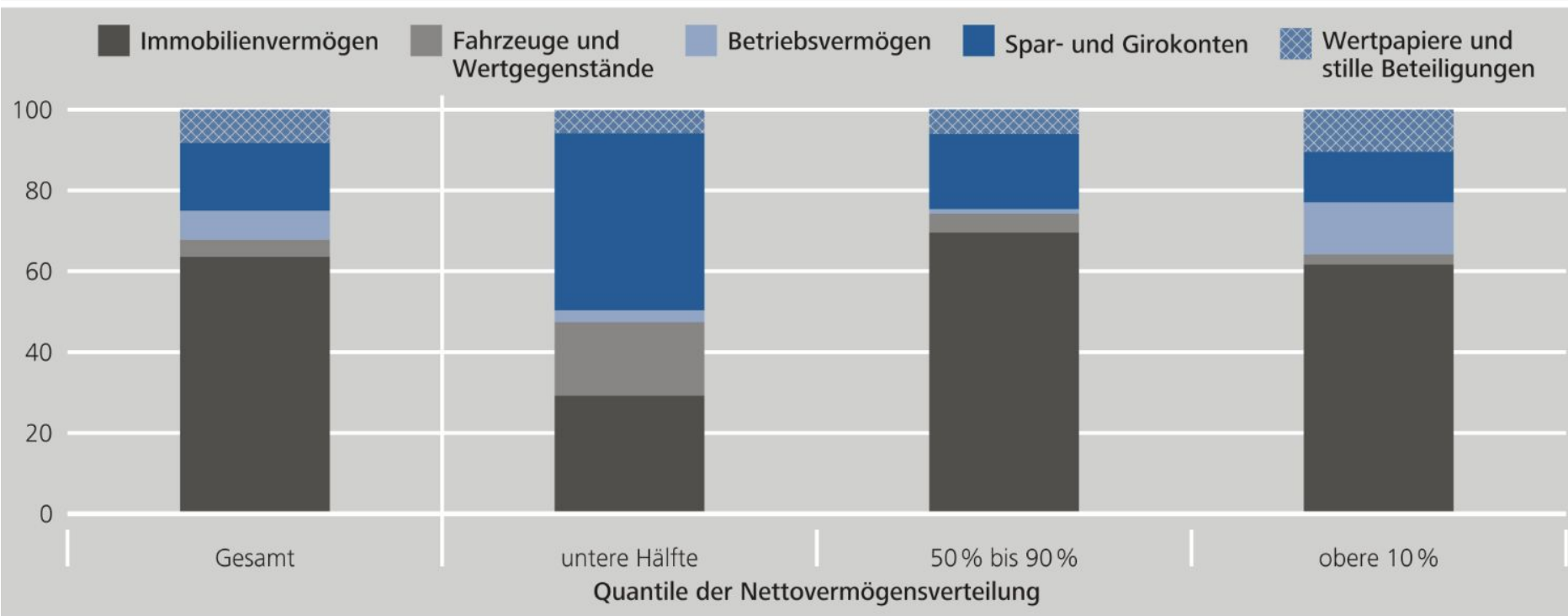


Quelle: PHF 2023. **1** Niedersachsen, Schleswig-Holstein, Hamburg und Bremen. **2** Bayern, Baden-Württemberg und Hessen. **3** Nordrhein-Westfalen, Rheinland-Pfalz und Saarland.

# Zusammensetzung des Bruttovermögens der privaten Haushalte entlang der Nettovermögensverteilung

Schaubild 2.15

in %, Stand: März 2025



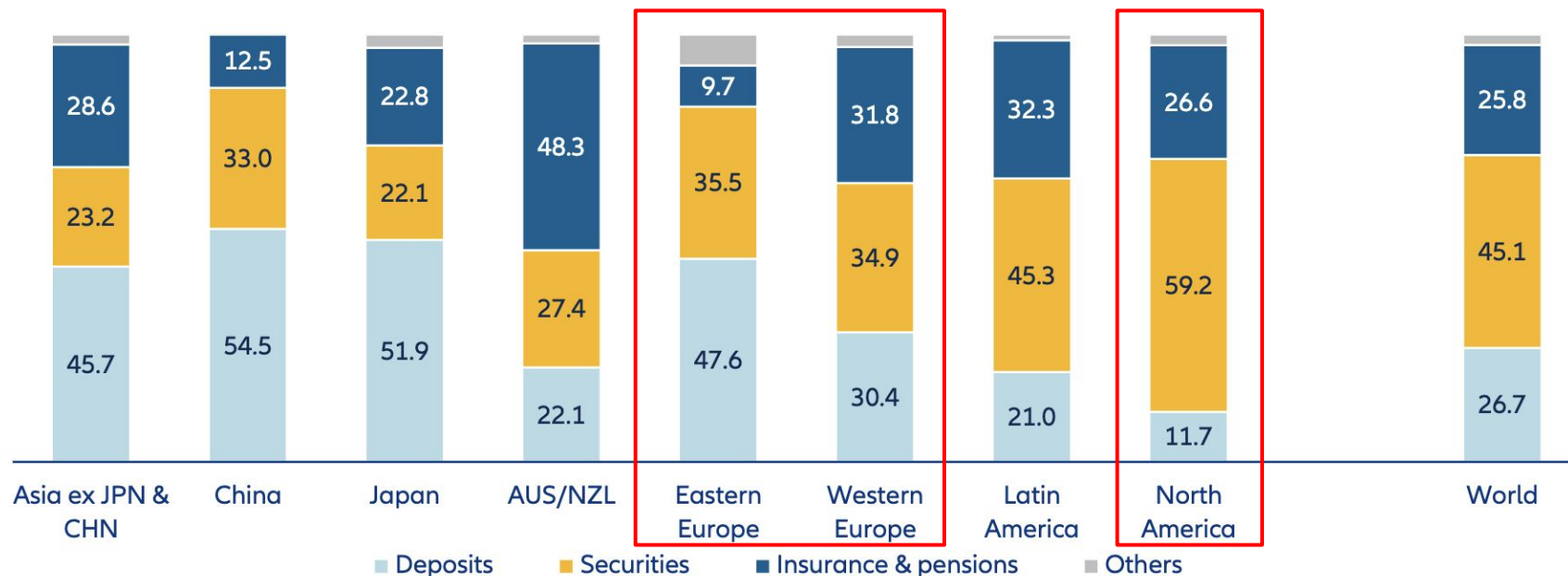
Quelle: PHF 2023.

Deutsche Bundesbank

<https://publikationen.bundesbank.de/publikationen-de/berichte-studien/monatsberichte/monatsbericht-april-2025-954594>

**Figure 9:** Huge differences in portfolio structures

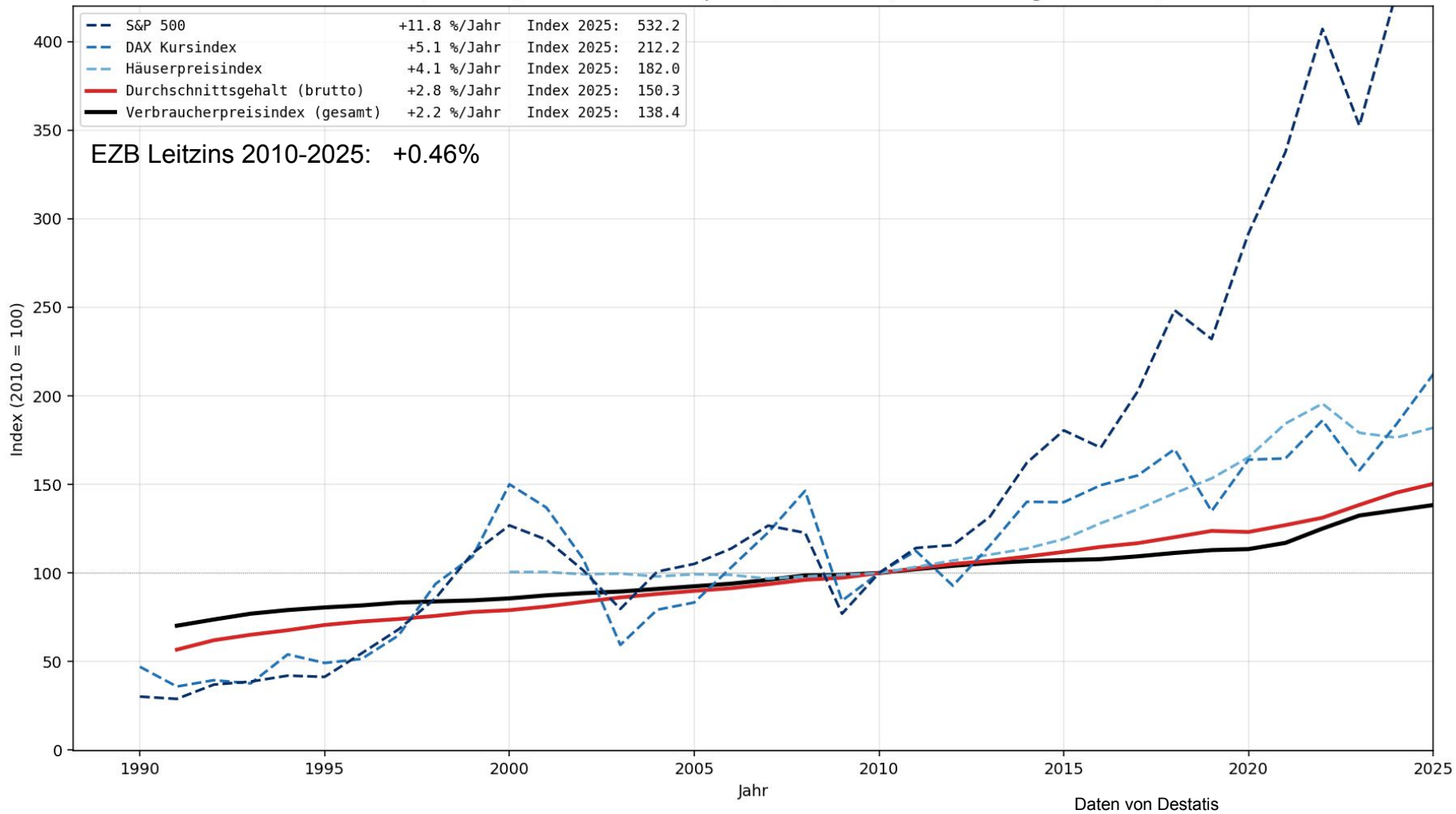
Gross financial assets, by asset class in 2024 EUR, in % of total gross financial assets



Europe has a risk averse attitude to investing compared to NA.

**Debt (EU) vs Equity (NA) financing!**

# Inflation, Gehälter, Aktien und Häuserpreise (2010 = 100; Annualisierung 2010-2025)



# How is Wealth distributed?

Is government debt a burden on future generations?

Who profits from a mortgage?

Did the Covid Stimulus checks in the US make the poor wealthier?

Would Freiburg Stadttunnel increase inequality?

Thank you!

# Group Discussions

Are increases in asset prices caused by a “bidding war” of the rich?

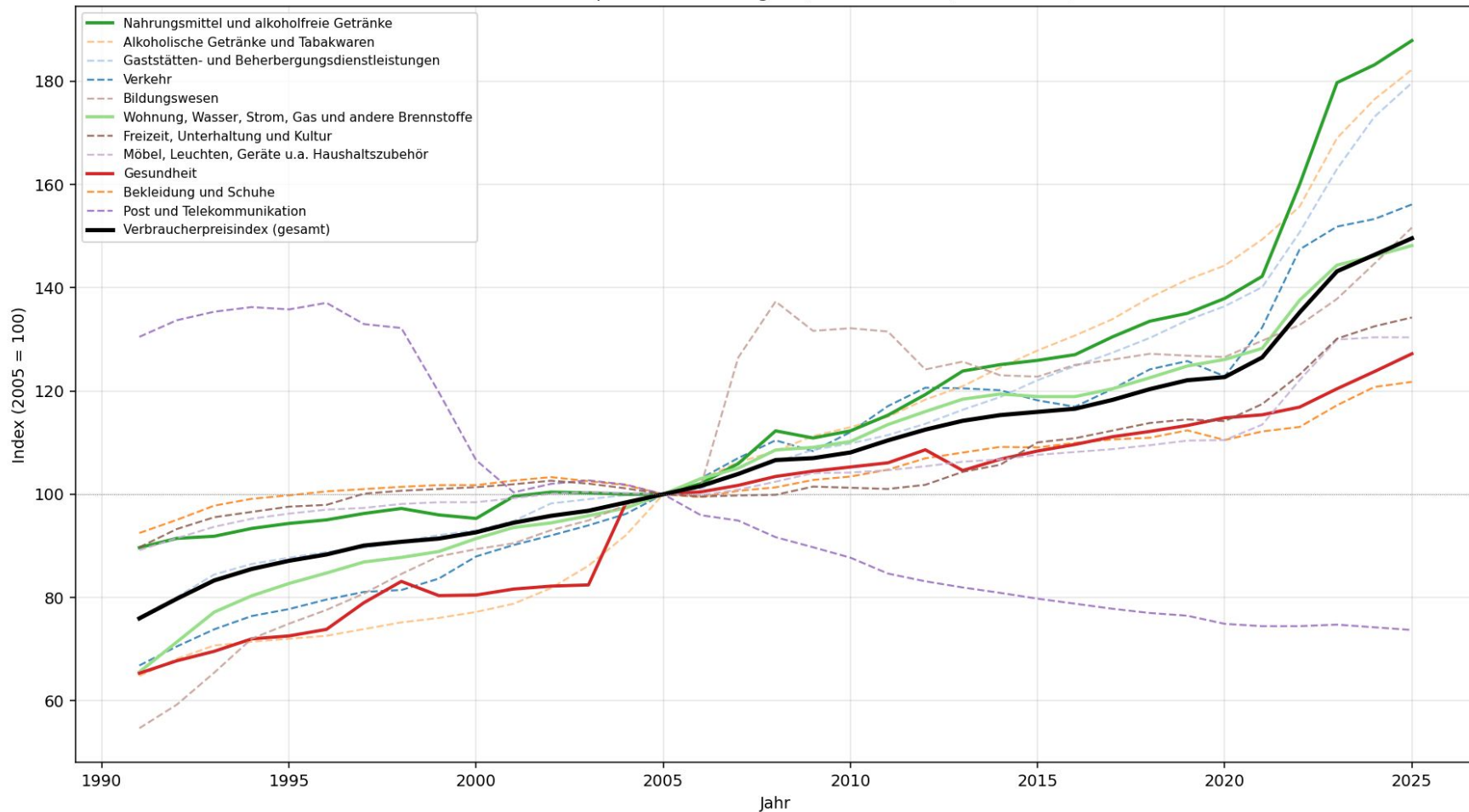
Is investing in AI a good hedge against future unemployment?

What is the solution to wealth inequality?

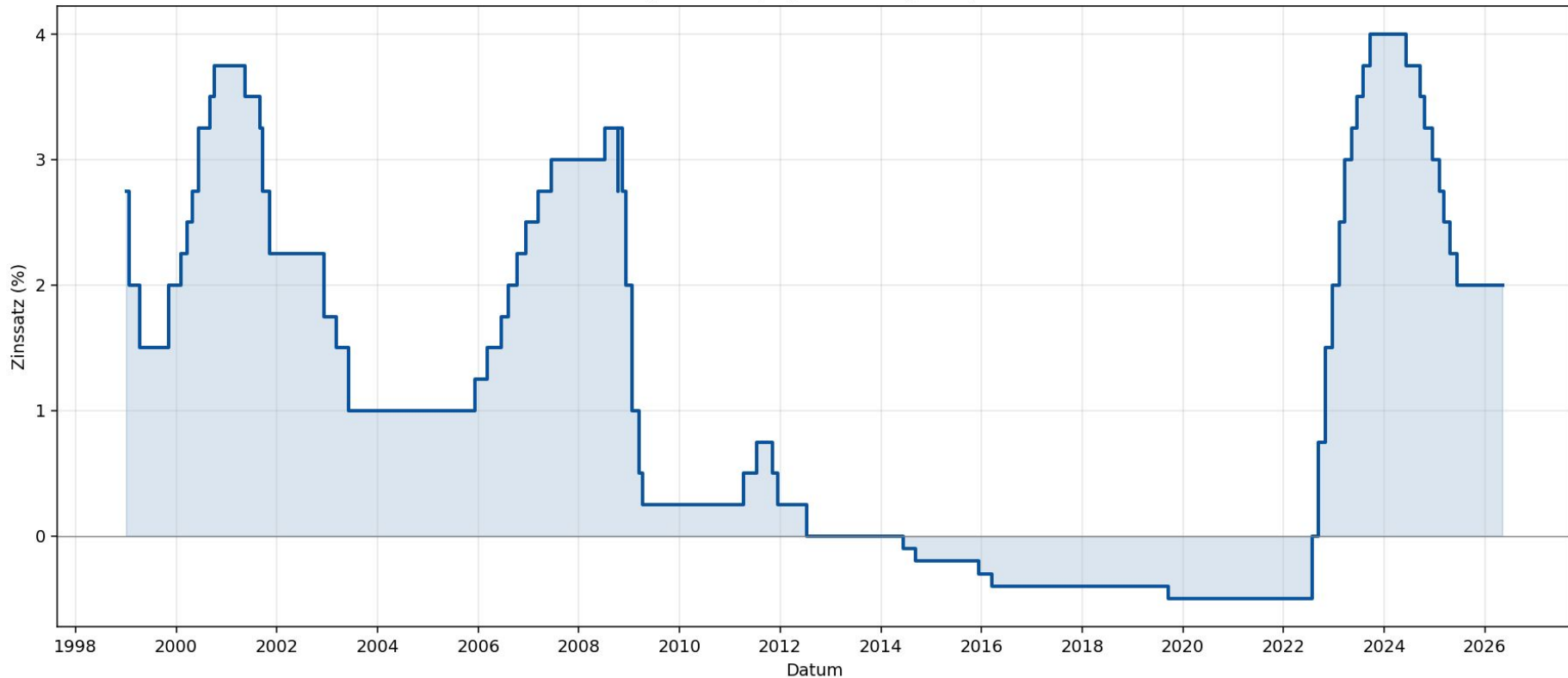
What can you do to protect yourself?

**Misc**

Verbraucherpreise nach Kategorie, Deutschland (2005 = 100)



EZB Einlagefazilität (Deposit Facility Rate) seit 1999



# Inflation adjusted

