

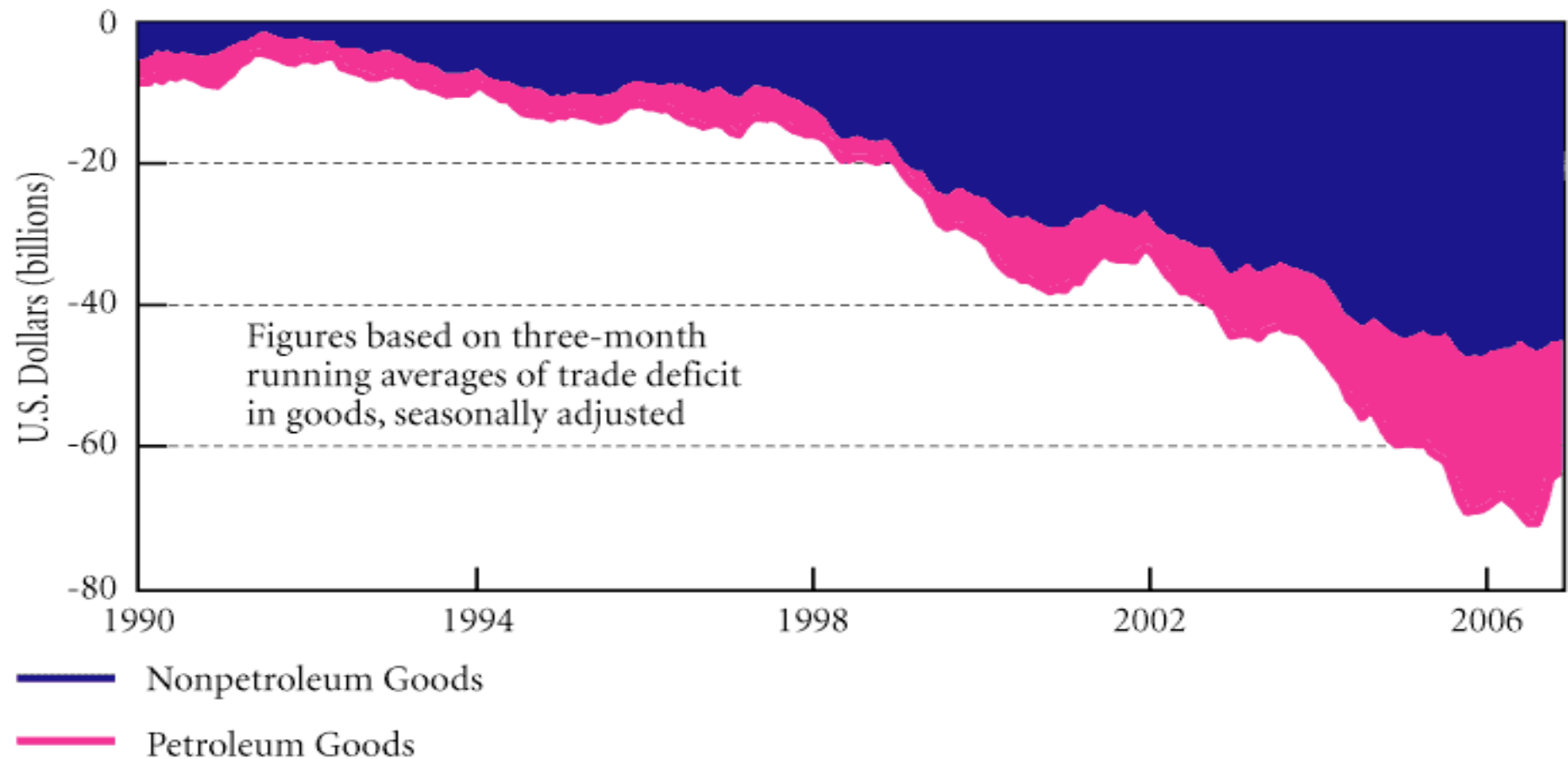


THE LEVY ECONOMICS INSTITUTE OF BARD COLLEGE

GLOBAL IMBALANCES: The U.S. and the Rest of the World



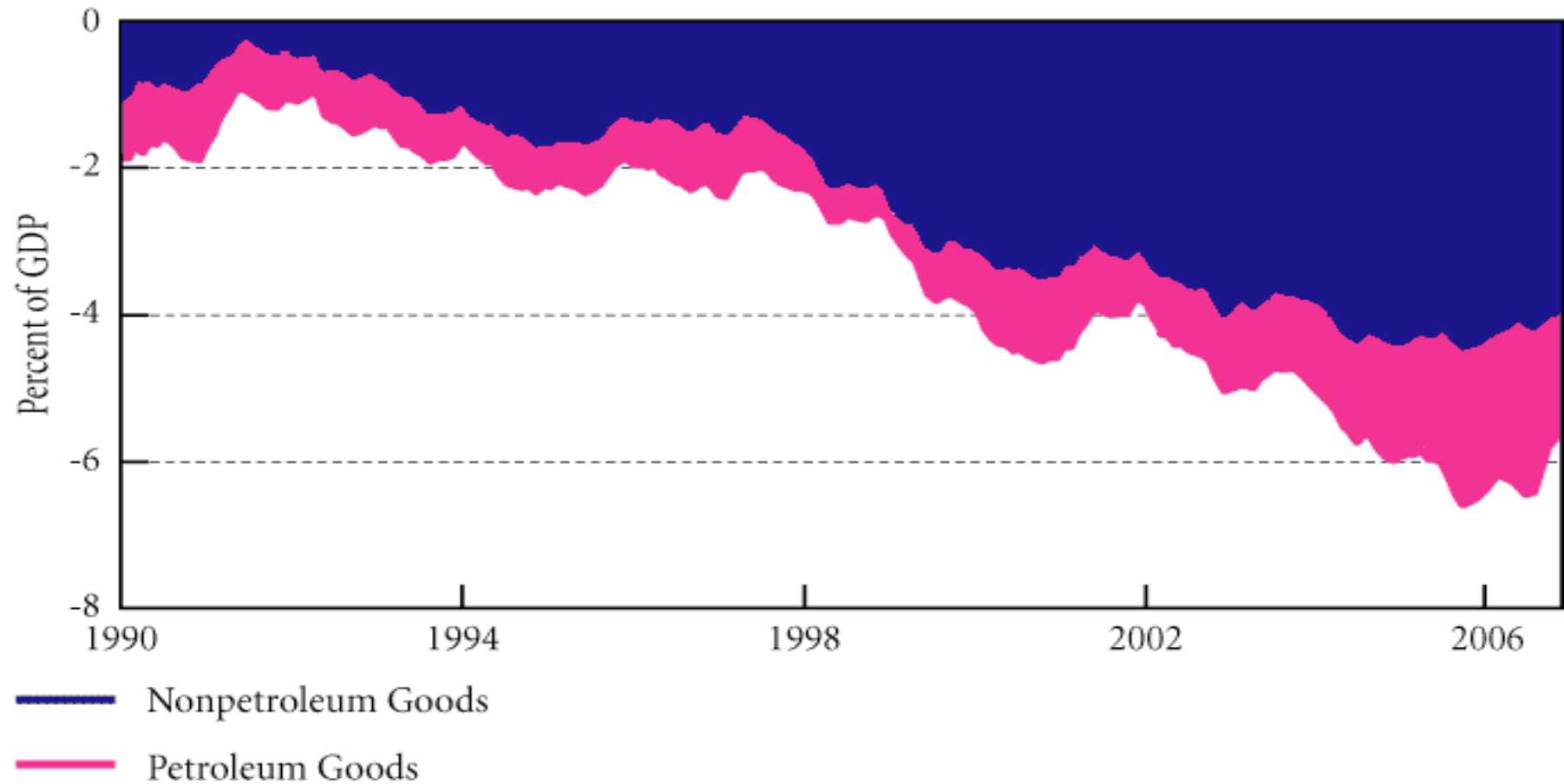
FIGURE 1 Monthly U.S. Trade Deficit in Goods



Sources: Floyd Norris, New York Times, February 17, 2007, from Census Bureau and Bureau of Economic Analysis, via Haver Analytics

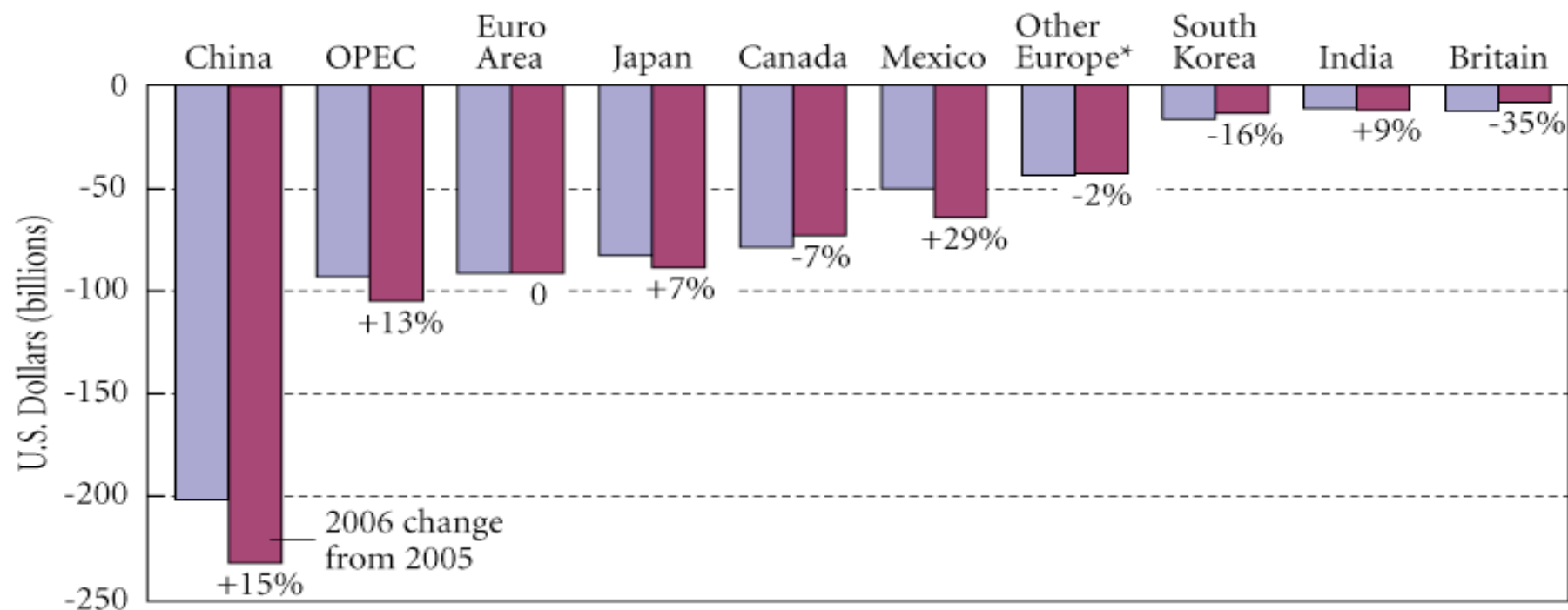


FIGURE 2 Trade Deficit in Goods as a % of GDP



Sources: Floyd Norris, New York Times, February 17, 2007, from Census Bureau and Bureau of Economic Analysis, via Haver Analytics

FIGURE 3 Annual U.S. Trade Deficit in Goods



*The "Other Europe" figure is for the entire continent other than Britain and the 13 countries using the euro as their currency.

2005
 2006

Sources: Floyd Norris, New York Times, February 17, 2007, from Census Bureau and Bureau of Economic Analysis, via Haver Analytics

Accounting Identity of Financial Balances

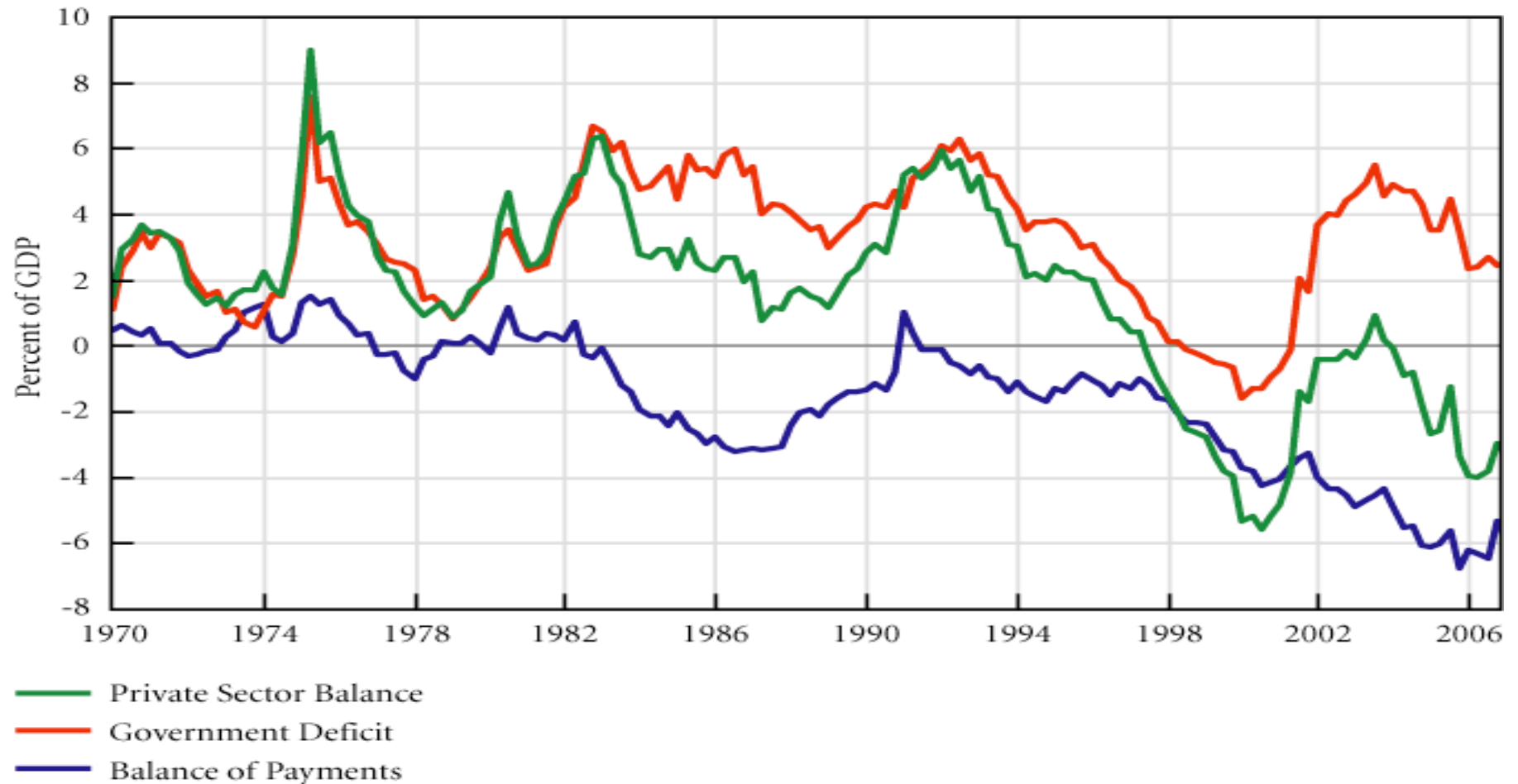


In 2006 the identity was roughly like this:

$$\text{-3\% of GDP} \text{ -2.4\% of GDP} = \text{-5.4\% of GDP}$$

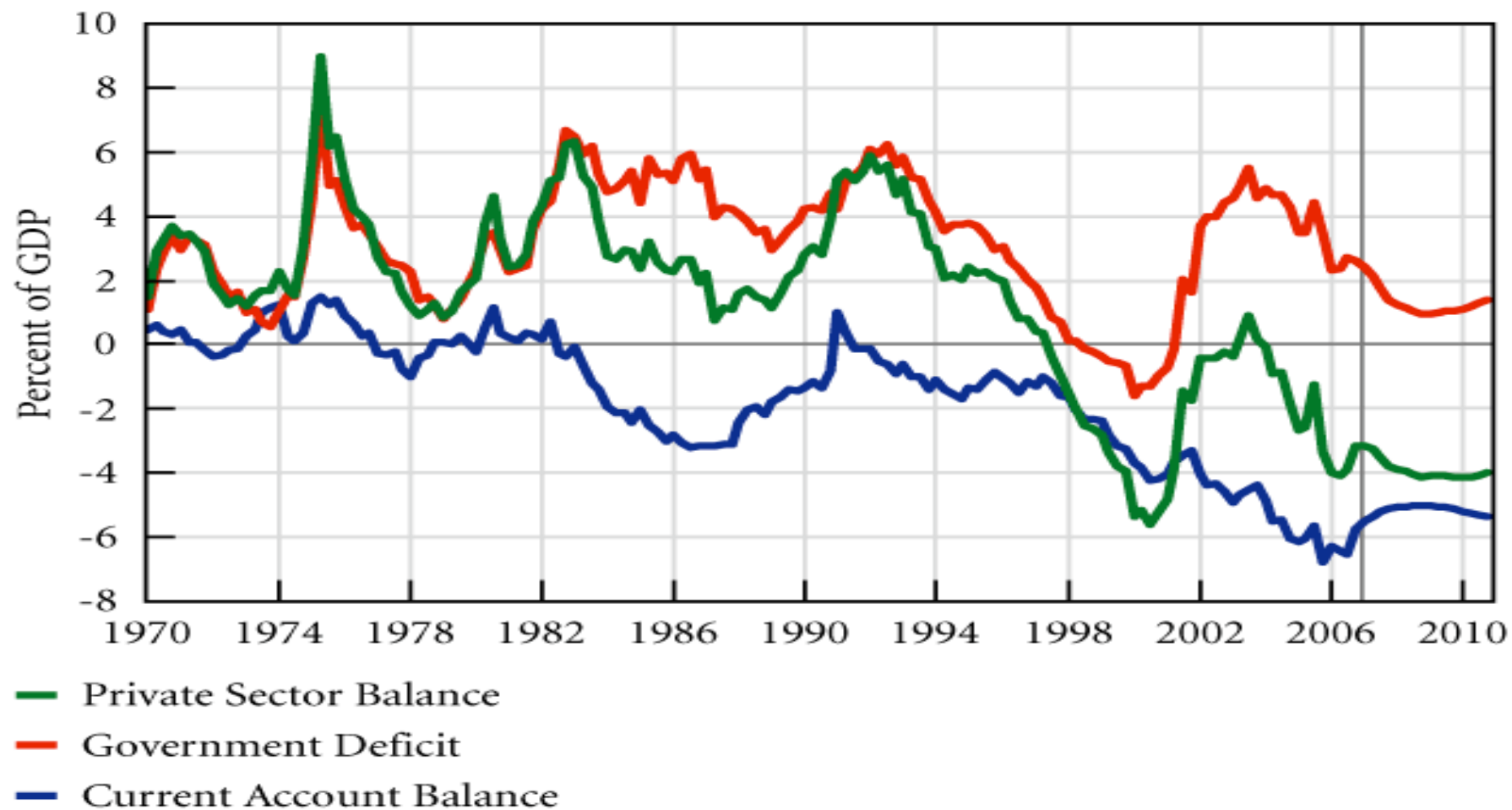


FIGURE 4 U.S. Main Sector Balances



Source: NIPA and authors' calculations

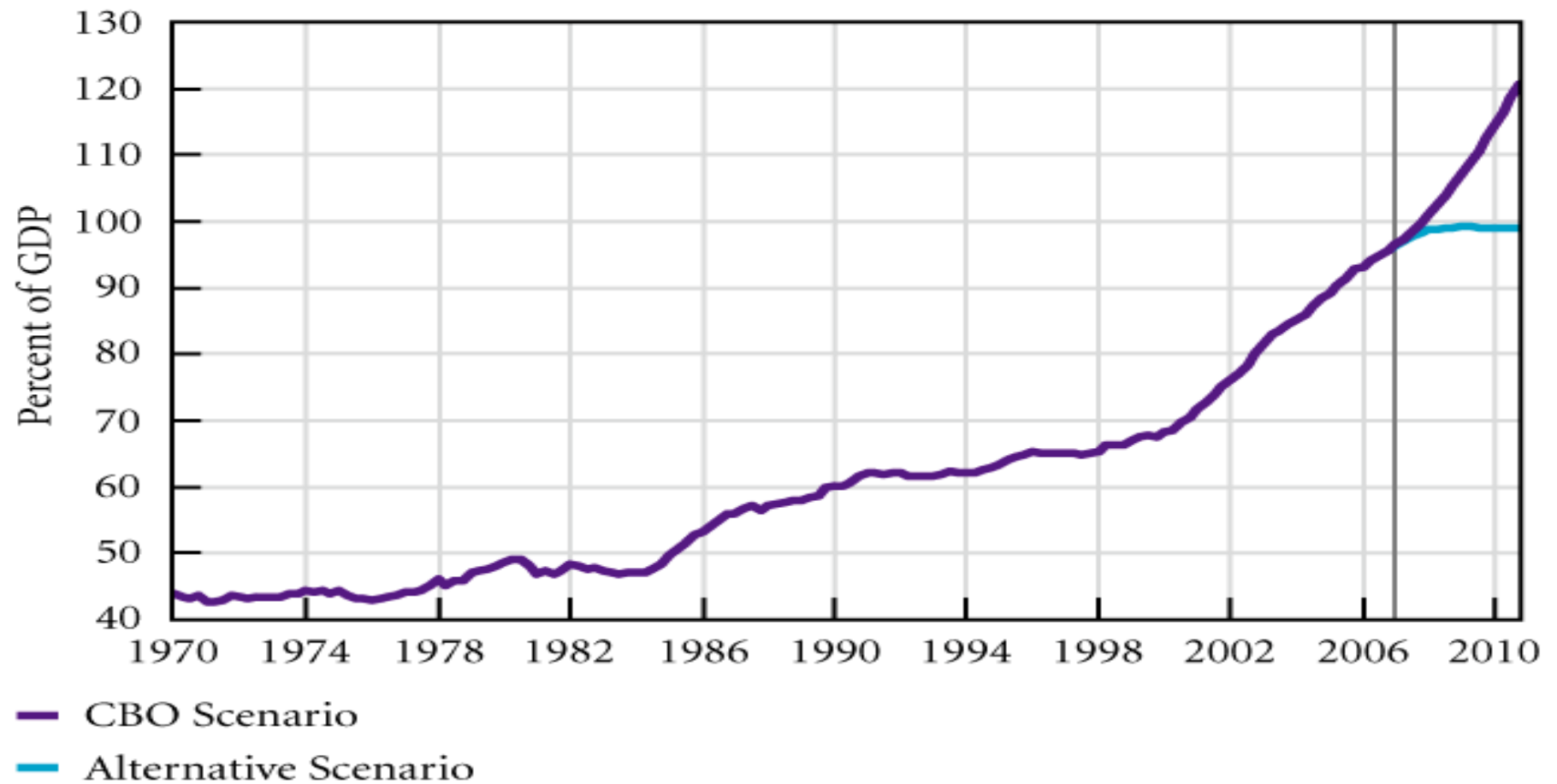
FIGURE 5 Main Sector Balances with CBO Assumptions



Sources: NIPA and authors' calculations



FIGURE 6 Household Debt Outstanding



Sources: Federal Reserve, NIPA, and authors' calculations

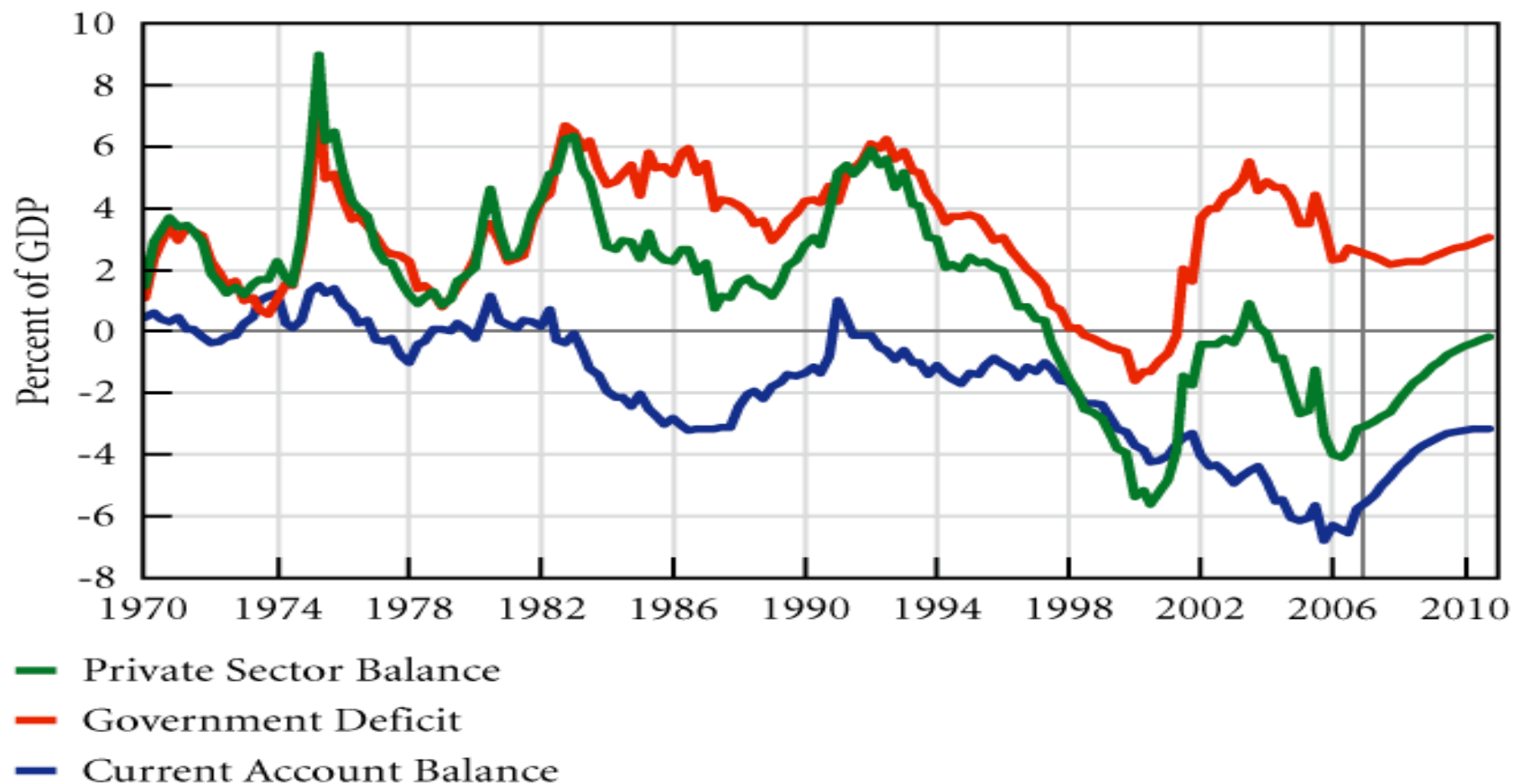
FIGURE 7 Household Borrowing



Sources: Federal Reserve, NIPA, and authors' calculations



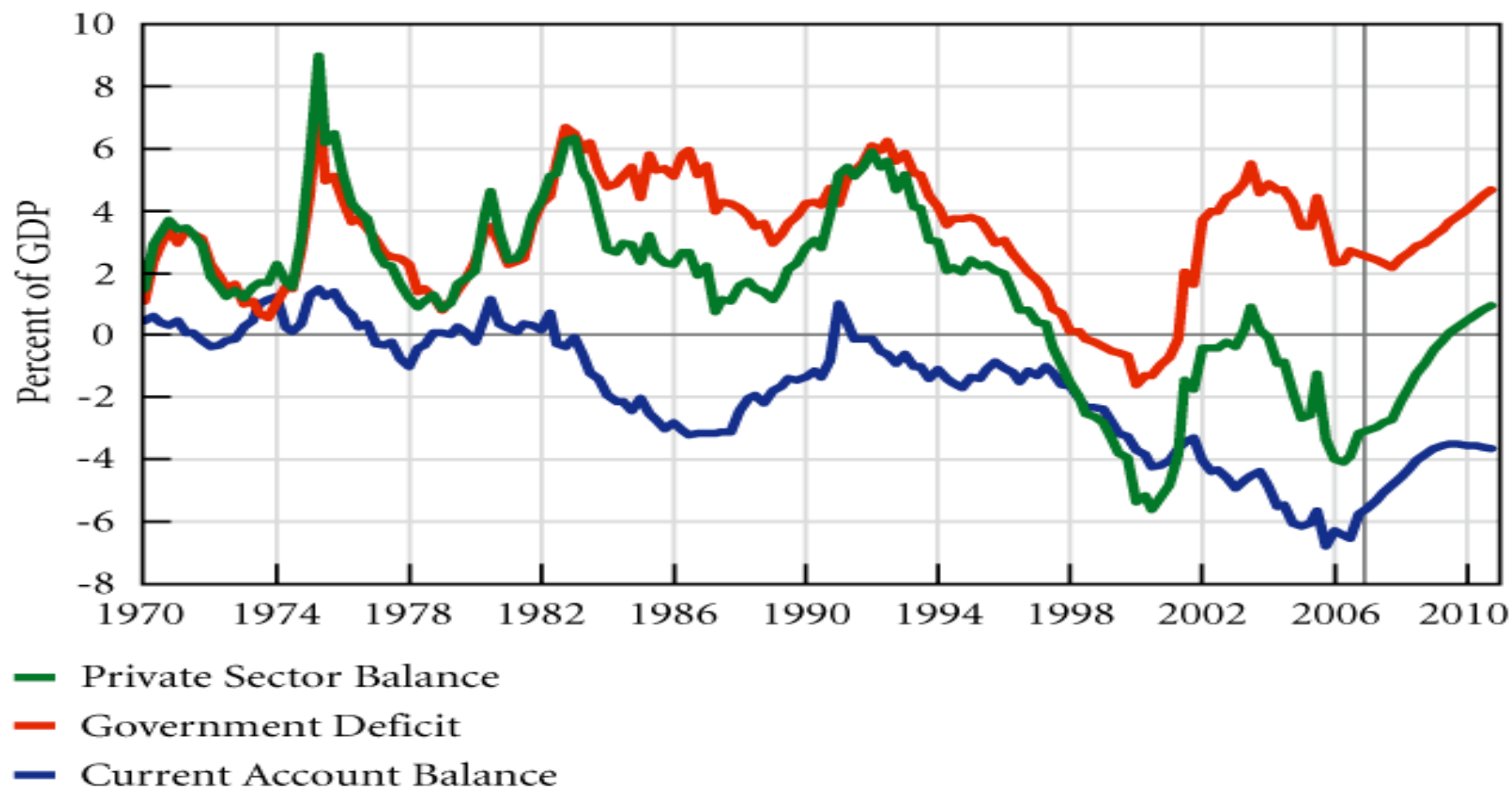
FIGURE 8 U.S. Main Sector Balances under the Assumption of Stabilizing Household Debt



Sources: NIPA and authors' calculations



FIGURE 9 U.S. Main Sector Balances under the Assumptions of Further Dollar Devaluation and Expansionary Fiscal Policy



Sources: NIPA and authors' calculations

