

Current account,
net foreign wealth (billions of dollars)

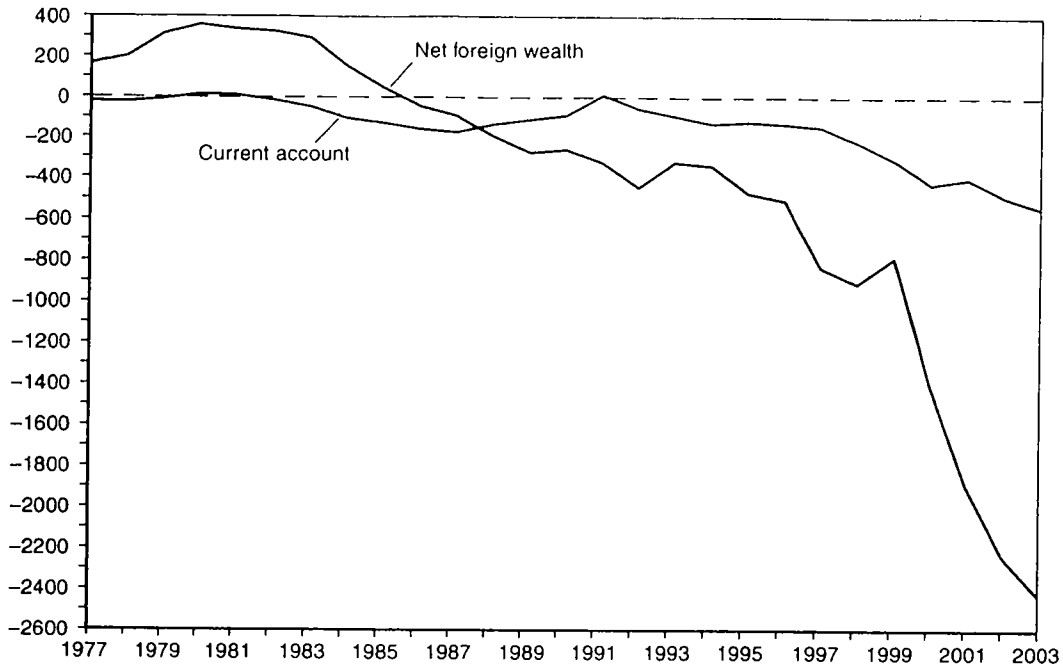


Figure 12-2

The U.S. Current Account and Net Foreign Wealth Position, 1977–2003

A string of current account deficits in the 1980s reduced America's net foreign wealth until, by the early 21st century, the country had accumulated a substantial net foreign debt.

Source: U.S. Government Printing Office, *Economic Indicators*, April 2004.

Assets, liabilities
(ratio to GDP)

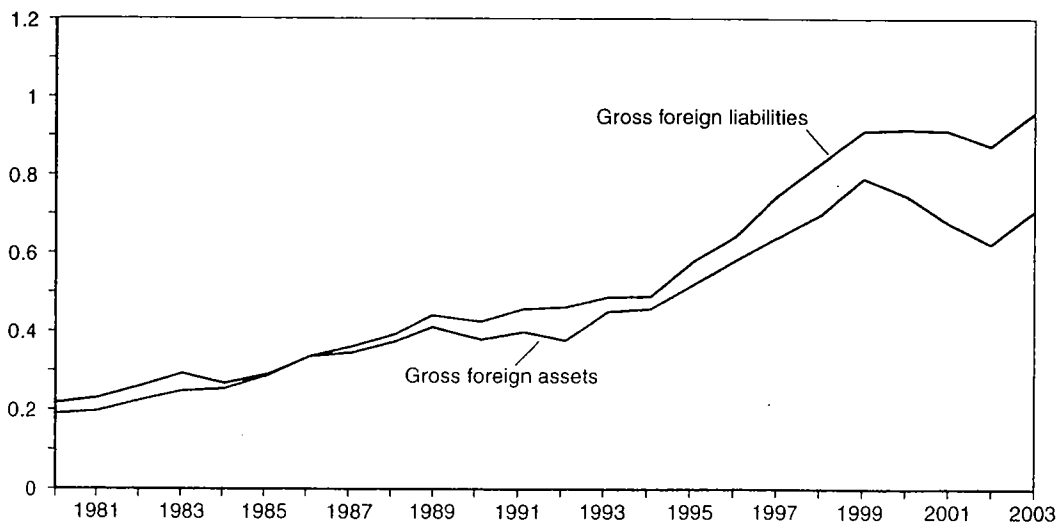


Figure 12-3

U.S. Gross Foreign Assets and Liabilities, 1980–2003

Note: Since 1980, both the foreign assets and the liabilities of the United States have increased sharply. But liabilities have risen more quickly, leaving the United States with a substantial net foreign debt.

Source: Philip R. Lane and Gian Maria Milesi-Ferretti, "Financial Globalization and Exchange Rates." Photocopy, Trinity College Dublin and IMF, June 2004.