

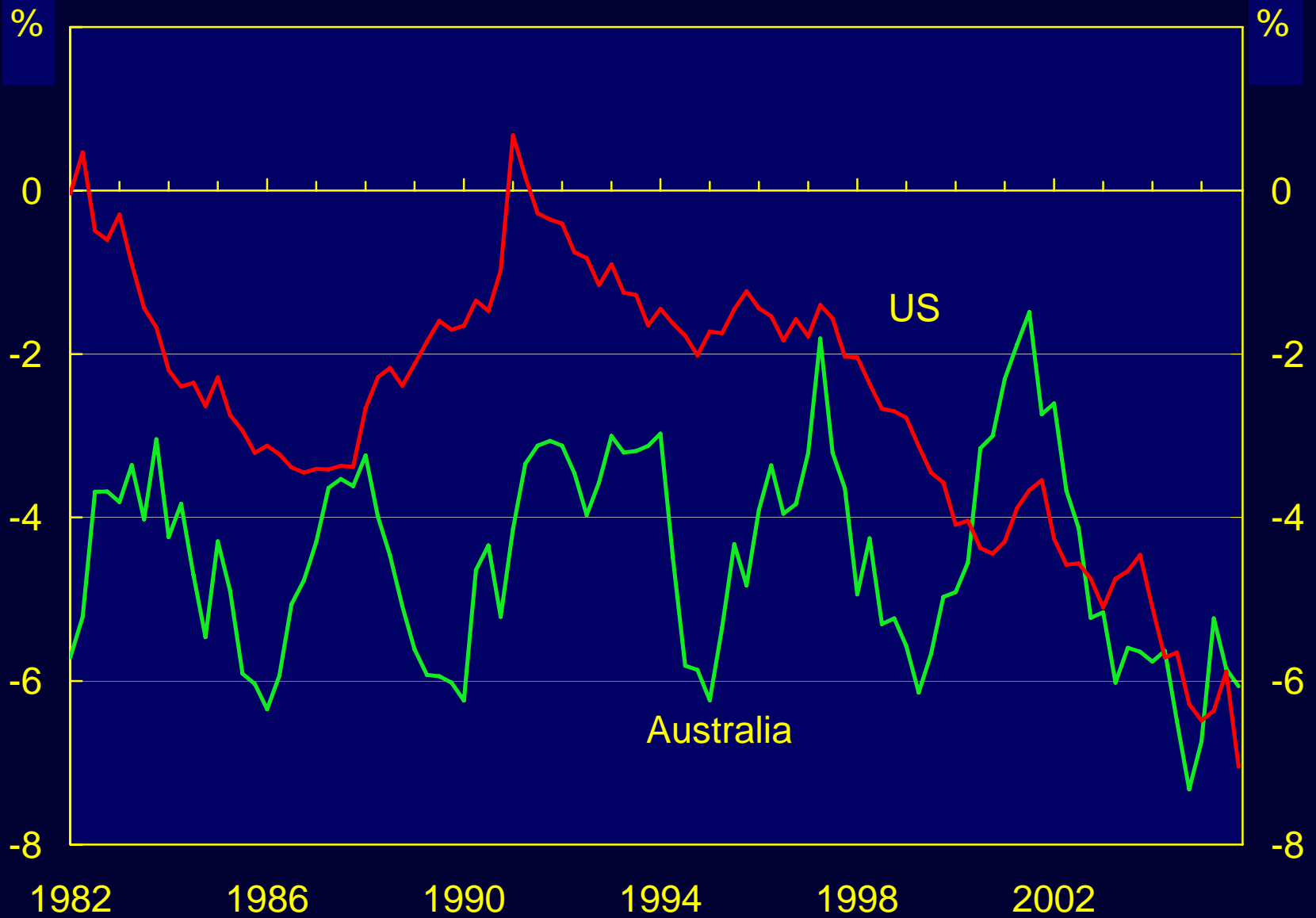
Comments on Richard Cooper “Understanding Global Imbalances”

Guy Debelle
Head of International Dept
Reserve Bank of Australia



Current Account

Per Cent of GDP

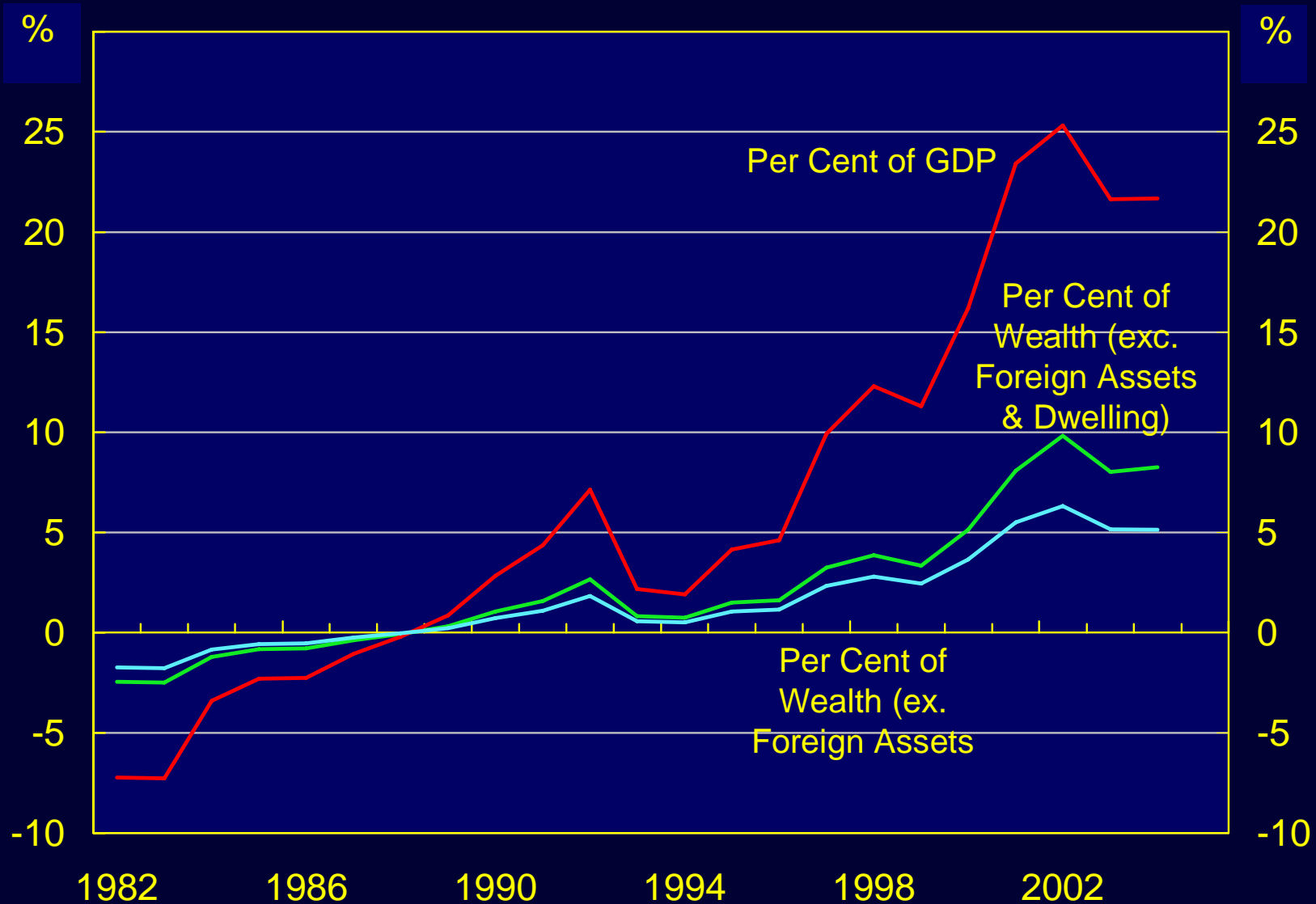


- Country A
- Lends to country A
- Earns interest income
- Pays dividends
- Current account surplus

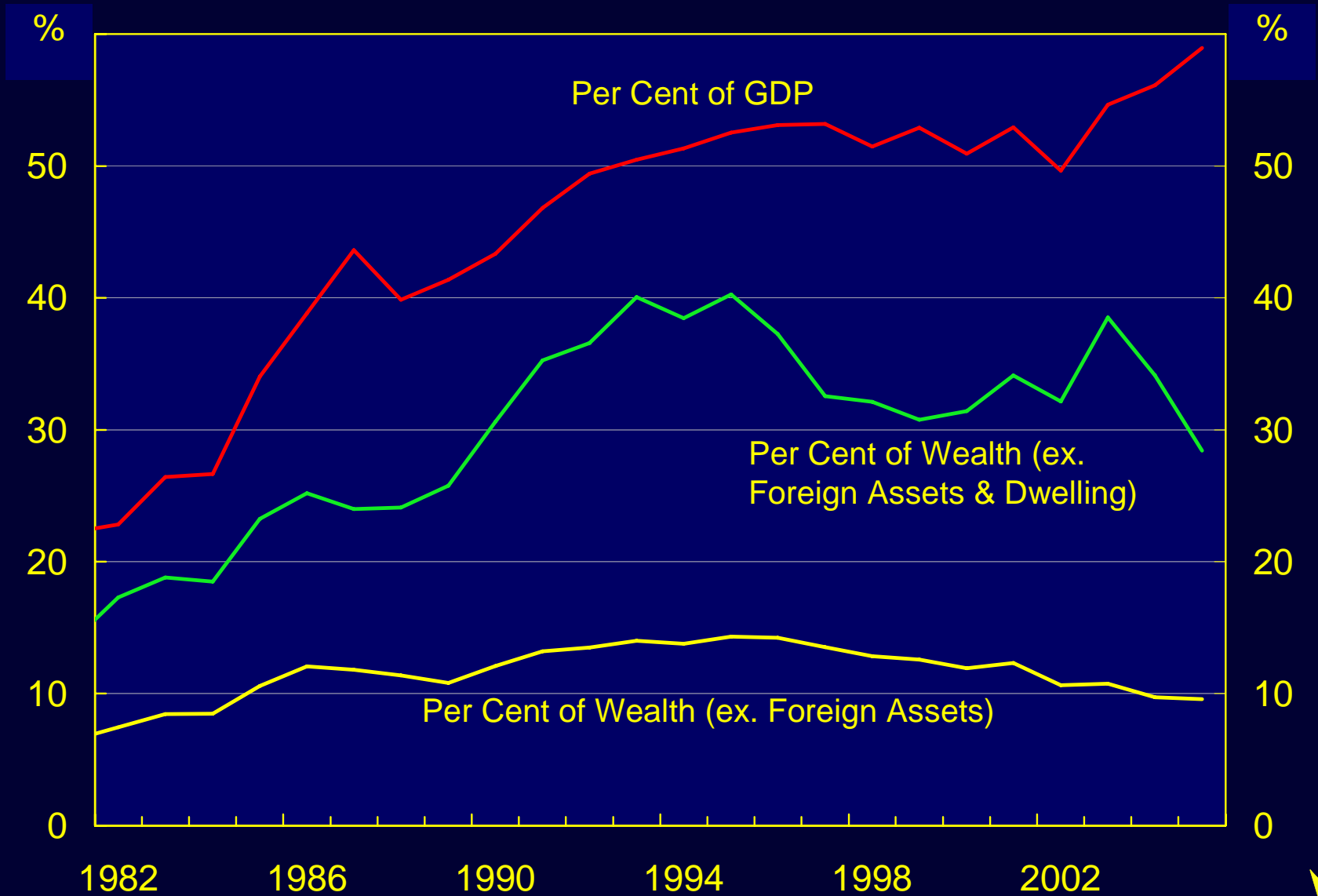
- Country B
- Borrows from country A
- Pays interest income
- Receives dividends
- Current account deficit
- Capital gain on equity



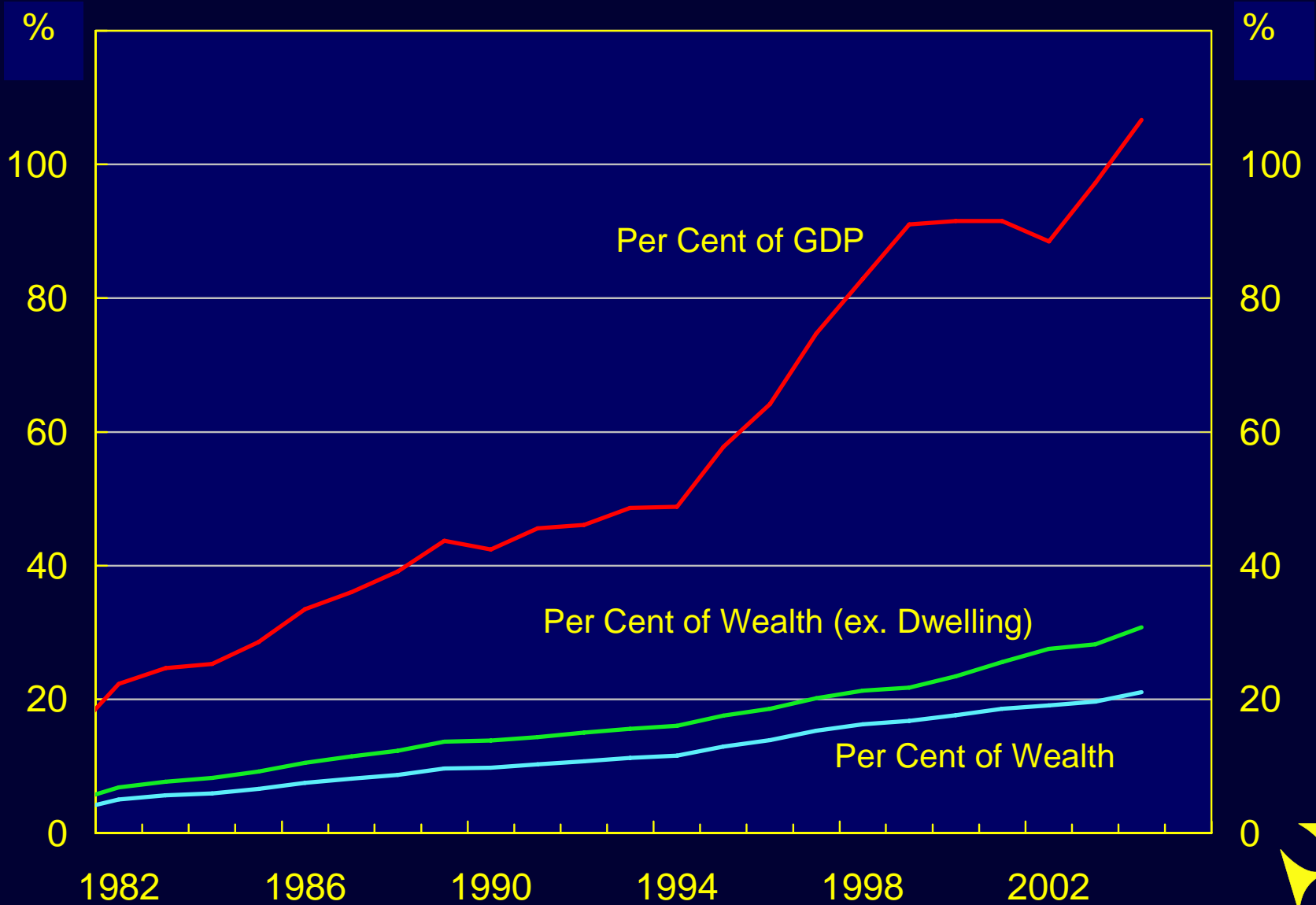
United States' Net Foreign Liabilities



Australia's Net Foreign Liabilities



United States' Gross Foreign Liabilities



Australia's Gross Foreign Liabilities

