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Alexandre BACLET, Edouard VIDON
International Macroeconomic Division
Macroeconomic Analysis and Forecasting Directorate

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Alexandre BACLET, Edouard VIDON
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The purpose of this paper is to cast a new light on the present state of global current account imbalances.

As a first step, we compute the world distribution of current account balances, in order to highlight its historically-unprecedented pattern, both in terms of the size of imbalances, its persistence, or the number of countries involved.

The 1987 episode of current account imbalances primarily reflected the USA deficit (the distribution of world ex-USA current account balances sample had a normal shape) and its unwinding was somewhat disruptive and occurred over a short period: two years later, the reduction of the USA current account deficit naturally led to the vanishing of global imbalances.

By contrast, the present episode is the result of more widespread national imbalances across the world. Although its deficit ranks first in absolute terms, the USA is only one among many actors of present imbalances, along with oil exporting countries and Asian exports-led economies on the surplus side. As a matter of fact, the world distribution of current account balances has flattened dramatically over the last decade. An interesting aspect of this flattening trend is that it is not only driven by developments in the USA and China. Indeed, the flattening of the distribution shows up even when the USA, or both the USA and China are excluded. It therefore strikes us as a deeper phenomenon reflecting the fact that the range of current account balances (as a share of GDP) is widening. One of the main conclusions of this paper is that whereas a balanced current account used to be the norm, recording current account imbalances have now become the rule rather than the exception.

The two following steps of this paper aim at explaining current account imbalances: first through an investment-saving approach and second through a financial account balance approach.

Current accounts reflect the national accounting imbalances between saving and investment. We investigate whether global imbalances stem from a shift in the world distribution of saving or in the world distribution of investment by computing the said distributions. The purpose of this approach is to help identify the respective contributions of a "saving glut" (Bernanke, 2005) and the "investment restraint" (Rajan, 2006) in the build-up of global imbalances. The world distribution of investment rates does not exhibit any striking change from an historical perspective whereas the world distribution of saving rates has spread out, more specifically over the last decade. Changes in the world distribution of saving rates therefore seem to have contributed more to ongoing global imbalances than shifts in the distribution of investment rates.

We then turn to the balance of payments approach. In most countries, the main counterpart of the current account balance is the financial balance (i.e. the capital account plays a minor role in most countries). We investigate the world distribution of each of the financial balance components (primarily direct investments, portfolio flows and reserve asset flows) in order to determine which ones may account for growing global imbalances. The most striking development is the flattening of the distribution of portfolio flows: we highlight this phenomenon as a key stylised fact of financial globalisation.

Keywords: current account, capital flows

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