

Seminari di Economia

Giovedì 14 aprile 2022

Ore 12:00 – Aula Arcari

Facoltà di Scienze Economiche Giuridiche e Politiche - Viale Sant'Ignazio 86

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The End of Privilege: A Re-examination of the Net Foreign Asset Position of the United States

Abstract – The US net foreign asset position has deteriorated sharply in the years following the Global Financial Crisis and is currently negative 65 percent of US GDP. This deterioration primarily reflects changes in the relative values of large gross international equity positions, as opposed to net new borrowing. In particular, a sharp increase in equity prices that has been US specific has inflated the value of US foreign liabilities. We develop an international macro finance model to interpret these trends, and argue that the rise in equity prices in the United States likely reflects rising profitability of domestic firms rather than a substantial accumulation of unmeasured capital by those firms. Under that interpretation, the revaluation effects that have driven down the US net foreign asset position are associated with large unanticipated transfers of US output to foreign investors.