

The mirror-image between China-US in the Global Flow of Funds

張 南 (広島修道大学)

報告要旨

This paper constructs an analytical framework of the global flow of funds (GFF). We speculate the structural relationship in savings and investment imbalance of China and the United States during 1980-2021 by the perspective of flow, and observe the characteristics and problems of China-US in the application and raising of foreign capital. Furthermore, explore the mirror image in China-US GFF from the 1990s, especially their external adjustment period from 2008 to 2021. Then, by compiling the inter-sector W-to-W (W-to-W) financial stock matrix (FFSM) of China-US-Japan, the risk exposure changes between the sectors of the three countries' foreign assets and liabilities are observed, and the vulnerability and transmission mechanism are measured. The financial network method is further introduced to analyze the stability, centrality, and asset influence and liability sensitivity of China-US in the GFF. The analysis shows that the reason for the external imbalance between China-US lies in the structural imbalance of domestic economic growth, the vulnerability of the financial sector to the government sector is greatly increased, the previous pattern of the GFF between China-US is no longer sustainable, and the world is facing the risk of political and economic decoupling between China-US.

The remainder of this paper proceeds as follows. In Section 2, a theoretical framework for the analysis of the GFF is established according to the equilibrium relationship among savings and investment flows, foreign trade flows and foreign capital flows. In Section 3, we observe the real economy of China and the U.S. through the savings-investment function, that is, the quantitative relationship between savings-investment imbalance and the influence of GFF. Section 4 discusses the reasons for the mirror image relation between China-US in GFF; China and the U.S. external adjustment, foreign investment returns and risks; In Section 5, using stock data to establish the GFF matrix and inter-sectors financial stock matrix (FFSM) between Household and HPISH(HH), Non-Financial Corporations (NFC), General Government (GG), Financial Corporations (FC), and Rest of the World (ROW) sectors in China and the U.S., and the Financial network is used to analyze the basic characteristics and risks between various sectors in China and the U.S. To analyze the structural problems of the mirror image relation between China-US. Finally, we will summarize the conclusions, and evaluate the prospects and challenges in the GFF between China-US.

Keywords: Global flow of funds; Mirror image; Balance sheet framework; Financial network, Financial risk

JEL Classification Numbers: F36, G14, E44, G18