

Development of U.S.-East Asia Financial Input-Output Table

Topic: Global Flow of Funds Data and its Applications

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To get a brief overview of the world economy in recent years, savings glut causes public debt problem in developed economies. On the other hand, lack of investment undermines economic growth of underdeveloped countries. However, the discrepancy of financial systems between developed and developing countries hinders global redistribution of funds. To analyze the global economy, both of financial and real sectors should be considered. In fact, financial transactions and trades are two sides of the same coin. Financial transactions between multiple countries present the global financial market, whereas international trades reflect the real economy. As is well known, international input-output tables, which indicate the real sector, has been developed. However, statistics for international financial transactions, namely financial input-output table, is as yet undeveloped.

Firstly, the main purpose of this paper is to comprehend and organize flow-of-funds accounts of various countries of the world from the financial point of view. Especially, we construct the global financial input-output table which shows both international and domestic transactions by each domestic institutional sector for the U.S., Japan, Korea and China.

Second, we analyze the table applying input-output method. We calculate power of dispersion indices in asset-oriented system and liability-oriented system to compare the roles in the global financial market.