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米国経済の現状と見通し

概　観

米国経済が20ヵ月前に後退局面から脱して以来、初めて景気回復のサインが広範に見られるようになってきた。2003年後半や来年に関しても、FRB、民間予測機関ともに強気な予測をするようになってきている。

しかし、現在の景気を強く押し上げている要因の１つはイラク戦争に関連した政府支出の増加であり、今後の持続性と力強さに関しては不確実性が大きい。

2003年前半の実績

2003年１－３月期の米国経済は、2002年末の流れを引き継いで、設備投資の減速と緩慢な個人消費によって冴えない様相を示した。４－６月期になると、力強さを見せ始め、2.4%成長となった。個人消費、政府支出、設備投資が成長を牽引する一方、輸入の増加が成長の足を引っ張る格好になっている。

１－３月期は各需要項目でこれといった特徴がなかったが、４－６月期は明確な特徴を示している。寄与度でみると、大きい順に個人消費、政府支出、設備投資と続く。政府支出の寄与がなければ、４－６月期は１%成長にとどまるところであった。

GDP成長率と主要な需要項目の動き

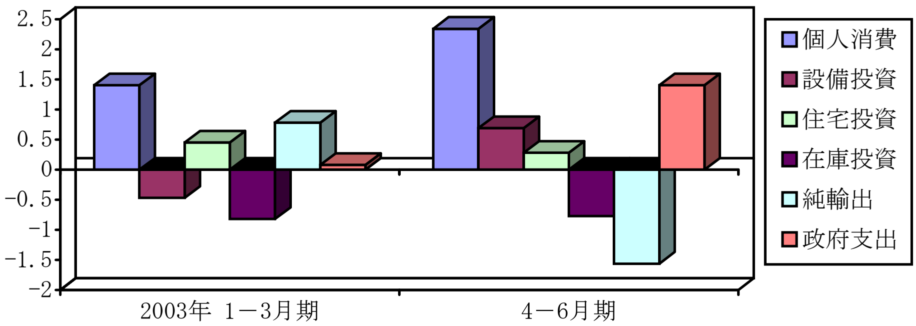
（季調済み実質値、対前期比年率：%）

	2002　1－3月	4－6月	7－9月	10-12月	2003　1－3月	4－6月
GDP	5.0	1.3	4.0	1.4	1.4	2.4
個人消費	3.1	1.8	4.2	1.7	2.0	3.3
民間企業設備投資	−5.8	−2.4	−0.8	2.3	−4.4	6.9
住宅投資	14.2	2.7	1.1	9.4	10.1	6.0
輸出	3.5	14.3	4.6	−5.8	−1.3	−3.1
輸入	8.5	22.2	3.3	7.4	−6.2	9.2
政府支出	5.6	1.4	2.9	4.6	0.4	7.5

＊本稿は、前米国商務次官で現在富士通総研特別顧問の Robert J. Shapiro 氏（SONECON 代表）の四半期報告、“The United States Economy: Performance and Prospects, in Late-Summer 2003”をもとに、本人の許諾を得て要約したものである。要約は長島直樹（主任研究員）による。

富士通総研特別顧問
（前米国商務省次官）
ロバート･J･シャピロ

GDP 成長率に対する寄与度



2003年後半と2004年の見通し

今後に関しては強気の見通しが支配的になりつつある。FRB は2003年後半の成長率を3.5％、2004年は不安材料を認めつつも４％成長と予測している。民間予測は2004年に関してもう少し慎重であり、2004年成長率を平均3.7％と見積もっている。ただ、ウォール街のアナリストは予測を上方修正しつつある。

われわれの予測は、2003年後半に関しては3.5〜4.0％であり、他の予測期間と大きな違いはない。ただ、2004年に関しては政策主導色が濃いため、3.0〜3.4％成長と控えめに予測している。2003年後半の成長が自律的で力強いものとは確信できないためだ。

2003年後半について、成長にプラスとなる要因を示すと、①生産性の伸びが企業利益を押し上げ、設備投資が引き続き伸びる、②生産性の上昇は同時に消費者の所得向上に繋がるため、個人消費も増加が見込まれる、③減税や投資優遇の政策効果が顕在化する、④順調な在庫調整が今後の生産活動を後押しする ── といった点が挙げられる。

しかし、2004年に入ると上記の諸要因がプラスに作用し続ける保証はない。まず、消費の持続力には疑問が残る。雇用環境が改善しない限り、たとえ減税などで可処分所得が増えても貯蓄に回ってしまうであろう。また、景気後退期を含めて自動車や住宅関連の支出が堅調であったため、今後の爆発的な伸びは期待できない。

企業サイドでは、２つの要因が成長の制約になる。第１に、多くの産業で過剰供給能力が存在することである。第２に、産業間で収益回復力に大きな差が見られる。４

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－６月期には、SP500社平均で7.5％の増益となったが、金融関連を除外すれば増益率は僅か１％である。しかも、増益のうち大部分は売上増加ではなく、コスト削減によってもたらされている。

中長期金利が上昇したが、今後の金利動向にも目が離せない。過去２年間の住宅投資、個人消費は低金利に支えられていたという側面が強く、この前提が崩れれば成長の制約になる。

欧州、日本、ラテンアメリカなど低迷する海外経済も米国景気の制約要因となり得る。これはドル下落に伴う輸出増効果を相殺するかもしれない。また、米国の経常赤字が更に拡大するようだと、米国への資金流入が滞り、金利上昇に繋がる恐れもある。

雇用なき回復（ジョブレス・リカバリー）

現在も失業が増えつづけている。景気後退から抜け出して20ヵ月後にも失業が増えている現状は、過去の回復局面と比較して異例である。労働生産性の伸びが生産の伸びよりも高いため、労働者の減少、あるいは労働時間の減少が必然的に起こるわけだ。

過去の回復局面では、生産性上昇がそれ以上の需要増加に繋がっていたが、今回の回復局面ではそうなっていない。この状況は2004年以降も続く可能性があり、“雇用なき回復”（ジョブレス・リカバリー）からの脱却は容易でない。

個人消費と住宅投資

2003年前半は、労働生産性の上昇が可処分所得を押し上げることによって消費を支えるという構図が見られた。年後半も、７月から顕在化している減税効果と株高効果も加わって、個人消費は力強さを保つと見られる。

2004年以降は、雇用情勢の悪化、家計の負債増加、金利上昇などが消費マインドを冷やすというシナリオを回避できれば、個人消費は好調さを維持するであろう。

過去の回復局面では、「低金利が住宅投資を他の需要に先立って増加させる」回復パターンが見られた。今回もFRBの利下げによって住宅投資が加速している。

しかし、今後金利上昇が続くようであれば、この住宅サイクルは終わってしまうだろう。６月半ばから８月半ばにかけて、30年物モーゲージ債、トリプルＡ格の社債利回りはともに20%以上も上昇した。10年物国債も同じ時期に37%上昇している。今後も金利の動きには注視する必要がある。

設備投資・IT投資

2003年４－６月期は設備投資の全面的な回復が見られた。機械・ソフトウエア、建造物ともここ約２年の中で最大の増加率となっている。ただ、水準で見るとまだ高いとは言えない。４－６月期の投資水準は実質で2000年平均よりも10%低く、後退期の2001年と比較しても５％低い。

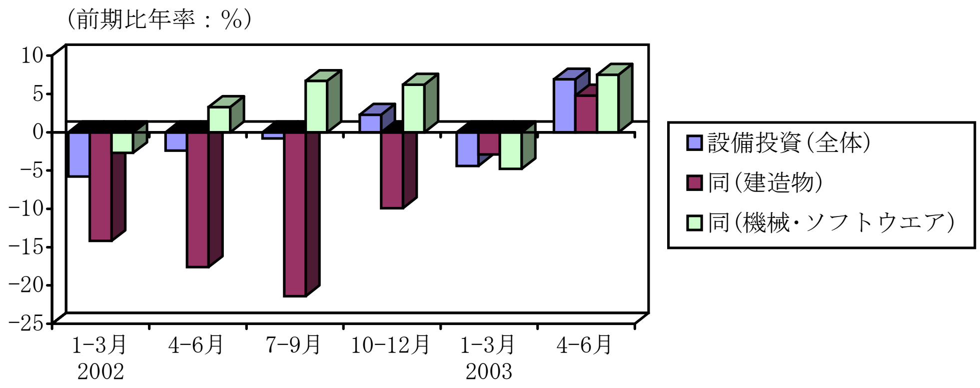
設備投資の回復基調は2003年後半も持続する見通しである。在庫調整の進展、株高、

企業の増益傾向、７月以降顕在化している税制優遇措置が設備投資を支える。

2004年まで設備投資の勢いが持続するか否かについては不確定な要因が多い。そして、設備投資の強さが2004年の米国経済を占う上で１つのカギとなっている。不安視されるのは、過剰供給能力の存在、海外経済の低迷、金利上昇懸念、企業による年金基金積み立て不足 ── などである。

2003年４－６月期、及び現回復局面を通じて設備投資中、最も強い分野はコンピューター及び周辺装置である。例えば、４－６月期は前期比年率で実に54％も増加している。しかし、この数字のうち大部分は性能向上を勘案（hedonic pricing を適用）した結果、計算上もたらされた数量増加である。投資額を反映しないことはもちろん、単純数量の増加を意味するものでない点、注意を要する。事実、金額ベースで見た IT 投資の増加率はずっと低くなる。

実質設備投資と内訳：2002年～2003年前半



経常赤字とドル相場

2002年初頭以来、経常赤字が悪化の一途をたどっている。2003年１－３月期にはGDP 比５％を突破した。主な理由は輸入の急増である。2003年前半の輸出は前年同期比3.4％増にとどまったのに対し、輸入は9.7％も増えている。

背景には、総貯蓄率の低下がある。総貯蓄率は戦後平均で18.8％だが、2003年１－３月期は14％まで低下している。資本減棒を除く純貯蓄率は0.7％に過ぎない状況である。このため、海外資金需要が高まっており、2004年末までに１日あたりの海外資金需要は30億ドルに達する見込みである。

「ドル下落を通じた不均衡是正」という通常の方法は今のところ成功していない。対ユーロではドルは大幅に下落しているが、貿易赤字の半分以上を占めるアジア通貨に対しては為替の調整が進んでいない。特に日本円と中国人民元が問題である。為替調整がうまくいかないと、ドル危機が起こる可能性も否定できない。そうなれば、米国の金利上昇が米国経済、ひいては世界経済を蝕む深刻な事態に陥る。

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The United States Economy:
Performance and Prospects in Late-Summer 2003

Managing Director of Sonecon, LLC
(Former Under Secretary of Commerce for Economic Affairs)
Robert J. Shapiro

Overview

There is evidence of a broad U.S. economic recovery for the first time since the recession ended 20 months ago. However, it remains unclear whether this expansion will be self-sustaining and, consequently, how long it will last and how strong it will be.

GDP grew at a moderate 2.4 percent rate in the second quarter, with strong performances in three areas. Business fixed investment registered its larger gains since the second quarter of 2000, improving in every category. Personal consumption grew at its strongest pace since the third quarter of 2002, based mainly on rising purchases of autos and other durable goods. However, the single largest contributor to second-quarter growth was defense spending for the war in Iraq. The largest negative factor in the second quarter was the large trade deficit, with imports satisfying much of growing consumer demand.

Growth should accelerate in the second half of this year and into 2004. With personal tax cuts and corporate investment incentives that took effect in July, fiscal stimulus supporting both consumption and business investment is rising and will expand more in 2004. The strong productivity growth of the last six quarters is also likely to continue, pushing up incomes and profits to further support consumption and investment. In addition, inventory levels relative to sales are now very low, spurring production and business investment in the second half. Finally, exports should continue to improve based on a continuing moderate decline in the dollar.

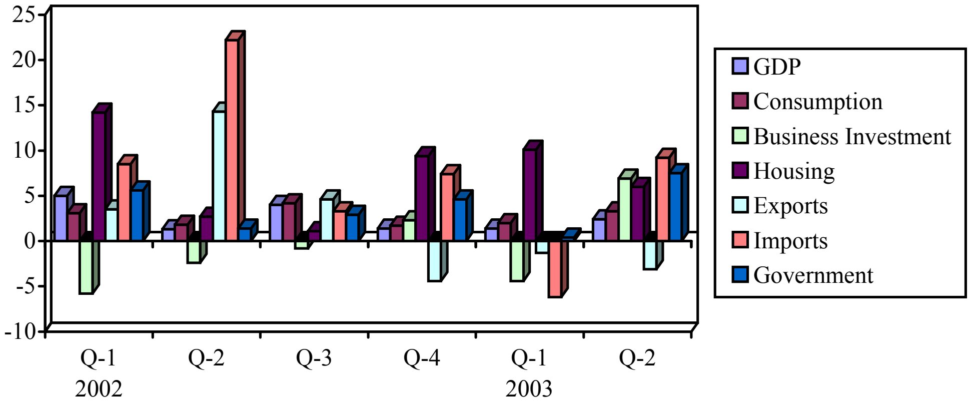
Several factors could slow strong growth in 2004. With productivity rising faster than output, private employment has fallen for the 20 months since the recession ended, and consumer confidence and spending could well slow if this “jobless recovery” persists into next year. Long-term interest rates rose sharply in July and August; and the continuation of this trend would slow interest-sensitive consumer and business demand, strong areas of current growth. Gains in business and consumer spending next year could also be constrained by excess capacity in many industries and persistent high energy prices – in mid-August, crude sold for $32/barrel, the same price as during the U.S. war in Iraq. Finally, slow growth in Europe and Japan will limit U.S. export gains; while growing U.S requirements for foreign saving, along with broad foreign resistance to further dollar devaluation, could trigger a current-account crisis that drives up U.S. interest rates.

We see growth of 3.5 to 4.0 percent in the second half of this year, producing overall growth of 2.6 to 3.0 percent for 2003. As this improvement has been driven more by government policies than self-sustaining economic forces, the longer-term outlook is more problematic. On balance, we expect growth of 3.0 to 3.4 percent in 2004, with the possibility that this growth will fluctuate sharply quarter by quarter, as it did in 2002.

U.S. Economic Performance in the First Half of 2003

Since the U.S. recession ended in November 2001, the economy has been unable to establish strong, self-sustaining momentum. Real growth has averaged 2.6 percent in the first seven quarters of the current expansion, compared to an average of 5.4 percent for the first seven quarters of previous postwar business cycles. In 2002, a strong first quarter buoyed by consumers, housing and government stimulus was followed by a weak second quarter, when housing and consumption both slowed. Growth accelerated in the third quarter, based on stronger consumer spending and a declining trade deficit; but the fourth quarter weakened again as consumption slumped and the trade deficit widened. This pattern continued in 2003: The first quarter was weak, with business investment falling and consumption tepid; the second quarter was moderately stronger, driven by fast-rising defense spending as well as consumer and business spending.

Growth Rates of GDP and Its Major Components, 2002 and First Half of 2003
(Percent Change from Preceding Period, at Annual Rate)



	Q-1 2002	Q-2	Q-3	Q-4	Q-1 2003	Q-2
GDP	5.0	1.3	4.0	1.4	1.4	2.4
Consumption	3.1	1.8	4.2	1.7	2.0	3.3
Business Investment	-5.8	-2.4	-0.8	2.3	-4.4	6.9
Housing	14.2	2.7	1.1	9.4	10.1	6.0
Exports	3.5	14.3	4.6	-5.8	-1.3	-3.1
Imports	8.5	22.2	3.3	7.4	-6.2	9.2
Government	5.6	1.4	2.9	4.6	0.4	7.5

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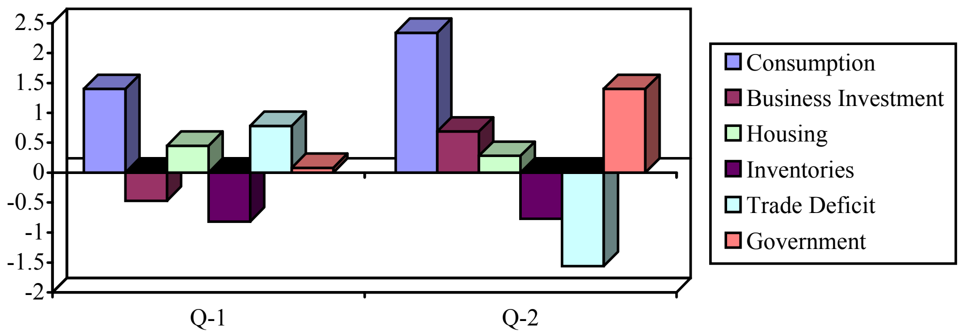
Some of the strength evident in the second quarter may prove to be short-lived. Government spending grew much faster than normal, reflecting the surge in defense spending for the war in Iraq. Information-technology purchases accounted for 80 percent of the gains in business investment; but under hedonic pricing, more than 80 percent of those reported increases reflected quality improvements in IT products that push up the measure of real spending. Measured in current dollars, gains in business investment in IT were only about 15 percent as great as those reported in real terms.

The Components of U.S. Growth in the First Half of 2003

The picture of the economy in the first half of 2003 becomes clearer by examining the contribution to growth played by each of the major components of GDP, thereby taking account of both the performance of each component and its importance to overall growth. While the first-quarter gains were broad-based and shallow, second quarter gains were larger but distributed less evenly, dominated by rapid growth in consumer and government spending. In fact, without the stimulus of defense spending related to the war in Iraq, GDP would have grown less than one percent in the second quarter. In addition, business investment turned around for the first time since the recession – although the gains remained fairly moderate. Looking ahead, the most encouraging data are the two-quarter decline in inventory investment: With consumption spending and business investment both growing, inventory investment should turn strongly positive in the second half of 2003. The most negative factor was the growing U.S. trade deficit, with much of the quarter's rise in consumer demand being satisfied by imports. On balance, the drag of the trade deficit cut overall second-quarter growth by more than one-and-a-half percentage points.

Contribution to Growth of GDP's Major Elements, First and Second Quarters 2003



Component	Q-1 2003	Q-2 2003
Consumption	1.40	2.34
Business Investment	- 0.47	0.69
Housing Investment	0.45	0.28
Inventory Investment	- 0.82	- 0.77
Trade Deficit	0.78	- 1.56
Government	0.08	1.40
Total GDP Growth	*1.40*	*2.40*

Prospects for the U.S. Economy in the Second Half of 2003 and 2004

Most U.S. forecasters have become much more bullish about U.S. economy. The Federal Reserve expects growth of 3.5 percent in the second half and more than 4 percent in 2004, although they caution that events could slow growth. The consensus of private forecasters is modestly less optimistic for 2004 – forecasting 3.7 percent growth – but many Wall Street analysts are currently upgrading those forecasts. *We concur that the second half of this year will see growth in the range of 3.5 percent to 4.0 percent. But we do not yet see these gains translating into strong, self--sustaining momentum in 2004, and expect stimulus-driven growth in the range of 3.0 percent to 3.4 percent next year.*

The data point to a strong second half for 2003. Large productivity gains are driving up incomes and profits, boosting consumer and business spending; and the tax cuts and investment incentives that took effect in July will reinforce those dynamics. Low inventories also will promote business spending: Inventories have declined so much, that maintaining their current real levels will add a full percentage point to third-quarter GDP.

The strength of the expansion in 2004 is less certain. Rising incomes and lower taxes will continue to support consumer spending. But if the current large job losses worsen, it will slow the pace of consumption. To be self-sustaining, the expansion has to begin to create jobs again; otherwise, rising incomes may mean higher saving rather than more spending. There is also less pent-up demand today than usual for this stage in an expansion, because auto and home sales remained healthy in the recession and the early stages of recovery.

On the business side, two significant factors should support growing strength in business investment in 2004, beyond the inventory adjustments in the second half of this year. Rising profits and stock prices, as well as new investment tax incentives, point to stronger business investment. In addition, with capital expenditures relative to depreciation at a postwar low, many firms will have to at least replace their existing equipment. But two other factors could constrain capital spending next year. First, considerable excess capacity still exists in many industries, both in the U.S. and worldwide. Further, the profits-revival has been very uneven: While profits earned by S&P 500 firms rose 7.5 percent in the second quarter, when financial firms are set aside, profits were up only 1 percent. Moreover, much of those gains are based on cost-cutting and falling depreciation rather than strengthening sales.

The pace of the expansion is also subject to interest rate changes. Low rates provided crucial support for housing investment for the last two years, as well as spending by households that refinanced their mortgages. The recent rise in intermediate and long-term rates, if sustained, will slow the pace of this refinancing; and if interest rates rise further while overall demand remains moderate, it will also constrain business spending.

The other potential threat to strong U.S. growth in 2004 comes from abroad. Slow growth (or worse) in Europe, Japan and Latin America will limit the impact of a lower dollar

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on U.S. exports. Further, the fast-rising U.S. current account deficit, coupled with large budget deficits, could produce financing problems that drive up U.S. interest rates.

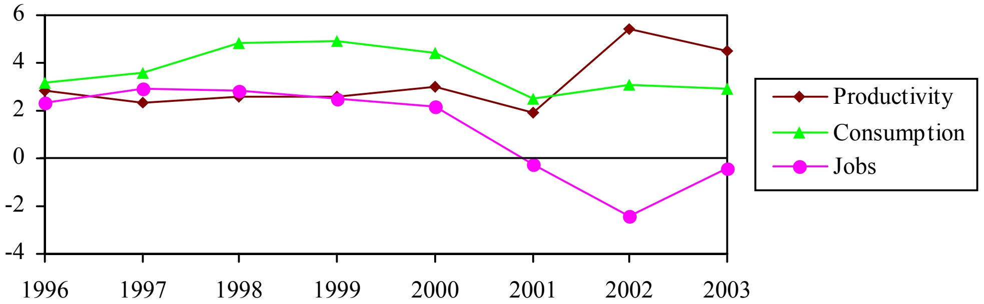
U.S. Labor Markets: The Jobless Recovery

The current U.S. expansion is unusual in one respect: 20 months after the 2001 recession ended, private employment is still falling and now stands at 3.25 million jobs below its pre-recession peak. Twenty months after the 1990-91 downturn ended, private employment had been rising for eight months; 20 months after the 1981-82 recession, there were 3.2 million *more* private jobs than when the recession began. The current decline in employment has been unusually sharp as well as protracted: Every percentage point of contraction in GDP in the downturns of the 1980s and 1990s cut private employment by 1.3 to 1.5 percent; this time, the economy has shed almost *3 percent* of jobs during and after a recession that cost less than *one-half* percent of GDP.

The technical reason is the combination of strong productivity gains and slow growth. Contrary to previous experience, productivity rose during the 2001 recession (by 1.1 percent), jumped 4.8 percent in 2002, and has been rising this year at a 4 percent rate. Yet output has grown more slowly – and when workers' productivity rises faster than their output, the number of workers or the hours they work must fall. Normally, when workers are more productive, it helps drive stronger growth and job creation. From 1996 to 2000, for example, rising productivity elevated after-tax incomes by about 4 percent a year, and consumer spending expanded 4.5 percent a year. More productive companies also earned higher profits, which they spent on new equipment and factories. All that consumer and business spending fueled job creation: 1996 to 2000, U.S. added 2.6 million jobs a year.

This time, employment has been falling because the productivity gains have been followed by smaller increases in consumption and investment. In 2002, productivity jumped 5.4 percent; but real personal consumer spending rose barely 3 percent, and private employment fell at a 2.4 percent rate. So far this year, productivity is rising at a 4.5 percent rate, real consumer spending is up at a 2.9 percent rate, and private employment is still falling, at a 0.4 percent rate. It is still unclear whether U.S. growth in 2004 will be strong enough to end the "jobless recovery."

Jobless Recovery: Annual Rate of Gains/Losses in Jobs, Productivity and Real Consumption

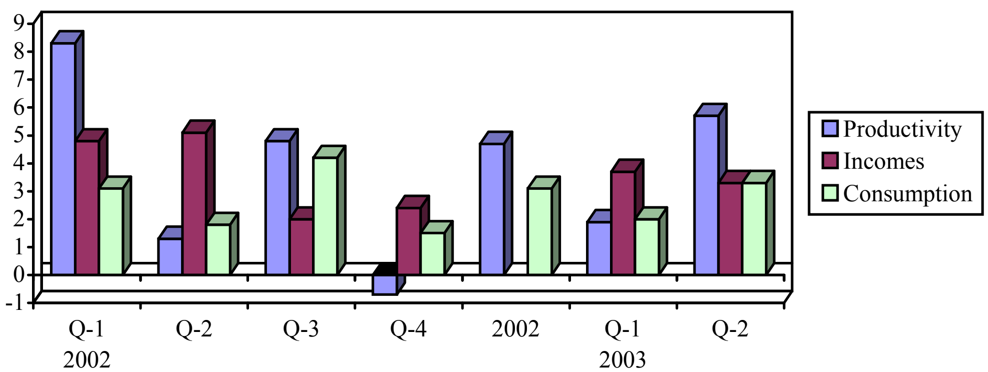


Consumer Spending and Housing Investment

Since consumer expenditures account for two-thirds of GDP, the pace of any expansion depends largely on consumer spending. In the first half of this year, consumer spending was supported mainly by gains in personal income, based on rising productivity. Strong productivity growth in the second quarter – 5.7 percent at an annual rate – should boost incomes and consumption even more in the second half, as will personal tax cuts commencing in July. More tax cuts, along with rising stock prices and rising incomes, should buoy consumption in 2004 – if the jobless recovery, high levels of household debt, and higher interest rates don't erode consumers' confidence and resources.

Mortgage refinancing has provided significant support for consumer spending throughout this cycle: About 45 percent of American homeowners have taken advantage of falling interest rates to refinance $1.5 trillion of mortgages in 2002 and another $2.6 trillion in the first half of 2003. These refinancings have increased consumption by cutting monthly mortgage bills and allowing households to extract $130-$140 billion in capital gains.

Growth Rate of Productivity, Incomes and Consumption, 2002 and First Half 2003
(Percent Change from Preceding Period at Annual Rate)



	Labor Productivity	Personal Incomes	Consumption Spending
1st Qtr 2002	8.3%	4.8%	3.1%
2nd Qtr	1.3%	5.1%	1.8%
3rd Qtr	5.8%	2.0%	4.2%
4th Qtr	- 0.7%	2.4%	1.7%
1st Qtr 2003	1.9%	3.7%	2.0%
2nd Qtr	5.7%	3.3%	3.3%

Historically-low interest rates have also made housing investment a major support of the recovery. Housing investments have generally grown faster than other element contributing to GDP, accelerating particularly when the Federal Reserve has cut interest rates – most recently, in the second quarter of this year.

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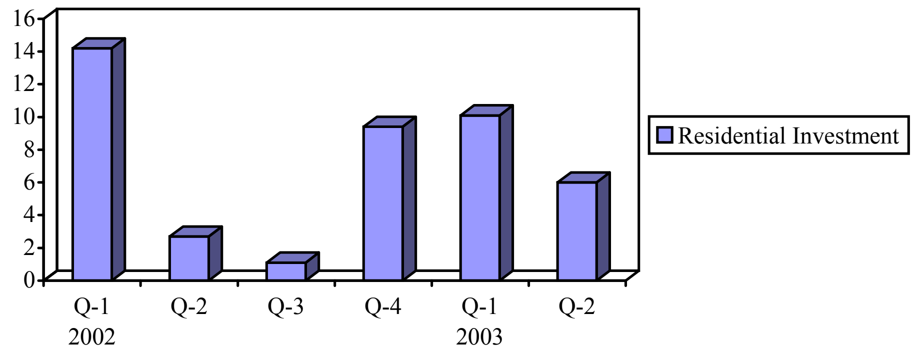
Real Rate of Growth of Housing Investment, 2002 and the First Half of 2003
(Percent Change from Preceding Period, at Annual Rate)



Q-1 2002	Q-2	Q-3	Q-4	Q-1 2003	Q-2
14.2%	2.7%	1.1%	9.4%	10.1%	6.0%

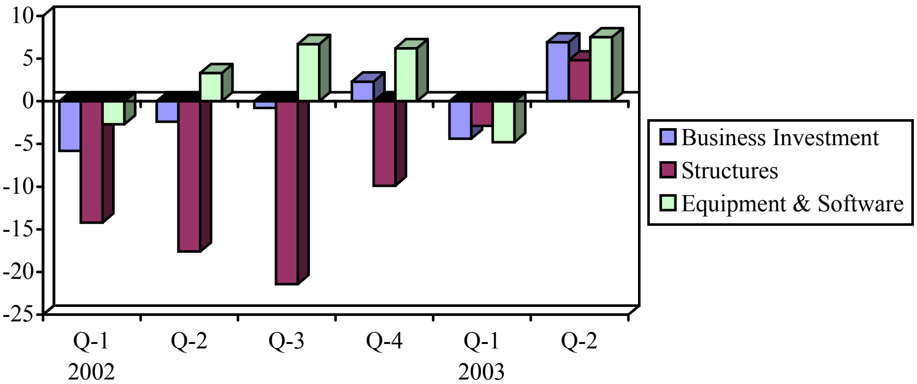
Two factors could end the current housing cycle – already 11 years old or nearly twice the length of the average postwar housing cycle. First, with the federal funds rate at just 1 percent, the Federal Reserve has very little room to cut interest rates any further. After 11 years, moreover, there is relatively little pent-up demand left for new housing.

Rising interest rates pose the greatest threat to a strong expansion in 2004, through their effects on consumer spending as well as housing investment. For the first time since the 1990s boom, long-term interest rates rose sharply this summer: From mid-June to mid-August, rates for conventional 30-year fixed mortgages and AAA corporate bonds increased more than 20 percent: Mortgage rates have risen 5.12 percent to 6.34 percent, and high-grade corporate bonds from 4.84 percent to 5.84 percent. Over the same period, the yield on 10-year Treasury bonds jumped 37 percent, from 3.20 percent to 4.38 percent. If these rates fall back substantially, the expansion should strengthen in 2004. If they rise further, it will markedly slow the growth of consumer spending and probably end the current housing cycle.

Business Investment

The sustained revival of business investment is also crucial for a strong U.S. expansion in 2004. In the second quarter of this year, business investment overall and in equipment and software registered their strongest gains since the second quarter of 2000. Investment in structures grew faster than any quarter since the fourth quarter of 2000. And business fixed investment will continue to grow in the second half. Yet, even with these gains, business investment remains fairly modest: Adjusted for inflation, investment levels in the second quarter of 2003 were still 10 percent lower than the average levels in 2000 and 5 percent below than the average during the 2001 recession.

Real Growth of Business Fixed Investment and its Major Categories 2002 and First Half of 2003
(Percent Change from Preceding Period, at Annual Rate)



	Business Fixed Investment	Structures	Equipment & Software
Q-1 2002	-5.8	-14.2	-2.7
Q-2	-2.4	-17.6	3.3
Q-3	-0.8	-21.4	6.7
Q-4	2.3	-9.9	6.2
Q-1 2003	-4.4	-2.9	-4.8
Q-2	6.9	4.8	7.5

The recent rise in stock prices and the sell-off of bonds suggest that the markets expect sustained gains in both business investment and overall growth. Recent profit statements provide some grounds for optimism in this area: 93 percent of the S&P 500 reported profits in the second quarter and 65 percent reported higher profits than a year ago, with an average gain of 7.5 percent. Moreover, second-quarter investment and profit levels do not include the impact of new business tax incentives, which took effect in July.

These profits alone, however, will not provide the basis for broad based investment. Financial corporations reported profits of almost 25 percent in the second quarter, year over year; but as noted earlier, excluding financial firms, second-quarter profits rose overall by only 1 percent. In fact, industrial corporations, discretionary consumer goods and services, and other sectors all reported lower profits. Even in profitable sectors like technology, sales usually grew much more slowly than profits: Technology firms, for example, reported earnings-per-share of 21 percent, on revenue gains of only 4 percent.

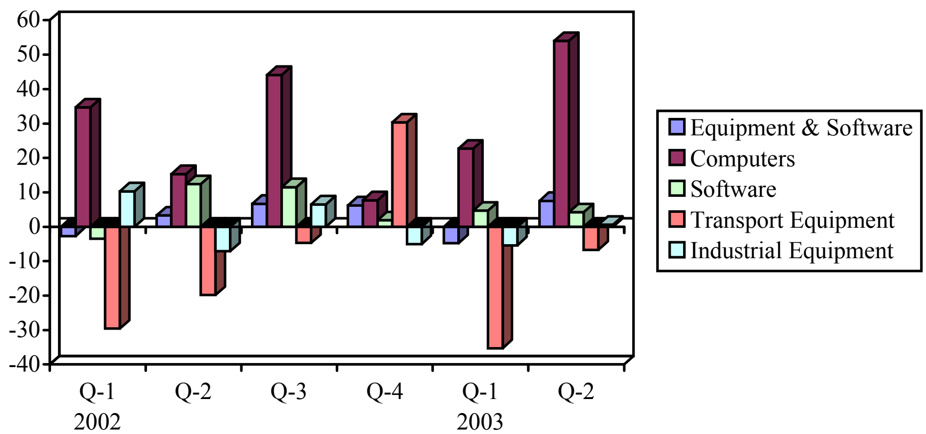
On balance, business investment is certain to grow rapidly in the second half of this year, especially given low inventories. But high excess capacity, slow growth abroad, the uncertain path of interest rates, and increasing demands for corporate cash to shore up pension balances leave the path of business investment in 2004 more uncertain.

Economic Outlook

Investment in Information Technologies

The strongest area for business fixed investment in both the second quarter and throughout the expansion has been computers and peripheral equipment. In the second quarter, for example, these investments at a stunning annual rate of 54 percent, compared to the first quarter. However, these data can be easily misinterpreted. Measures of investment in equipment and software are hedonic, in which the values are adjusted for quality improvements. Most notably, some 80 percent of the reported gains in computers and peripheral equipment reflect adjustments based on quality improvements, not volume of sales. In current dollar terms, gains in business investment remain much more modest.

Real Growth of Business Investment: Equipment and Its Major Components, 2002
(Percent Change from Preceding Period, at Annual Rate)



	Equipment & Software	Computers	Software	Transport Equipment	Industrial Equipment
Q-1 2002	-2.7%	34.7%	-3.5%	-29.6%	10.3%
Q-2	3.3%	15.3%	12.4%	-19.8%	-7.1%
Q-3	6.7%	44.1%	11.5%	-4.7%	6.5%
Q-4	6.2%	7.7%	1.9%	30.3%	-5.0%
Q-1 2003	-4.8%	22.7%	4.7%	-35.3%	-5.4%
Q-2	7.5%	54.0%	4.2%	-6.7%	0.6%

The Current Account Deficit, the U.S. Dollar, and U.S. Saving Rates

The U.S. current account deficit has been deteriorating at a rapid rate since early 2002 and could well pose a substantial threat to the U.S. expansion over the next two years. The most recent data, covering the first quarter of 2003, show the deficit exceeding 5 percent of GDP; and that imbalance is clearly worsening: The trade deficit, for example, rose from \$121.6 billion in the first quarter to \$122.6 billion in the second quarter, producing a trade imbalance for the first half of 2003 that was nearly \$50 billion greater than in the first half of 2002. The major reason is the rapid growth of imports: Compared to the first half of 2002, U.S. imports in the first half of 2003 grew 9.7 percent, while U.S. exports increased only 3.4 percent.

U.S. Current Account Deficit, Amounts and As a Share of GDP

	Deficit	Share of GDP
1st Quarter 2002	$106.7 billion	4.14%
2nd Quarter	$122.8 billion	4.73%
3rd Quarter	$122.7 billion	4.67%
4th Quarter	$128.6 billion	4.86%
2002	$480.9 billion	4.60%
1st Quarter 2003	$136.1 billion	5.09%

Falling U.S. saving rates are the largest factor in the growing current-account deficit. U.S. gross national saving in the first quarter of 2003 was just 14 percent of GDP, down from 15.5 percent in 2002 and a postwar average of 18.8 percent. Moreover, depreciation alone could absorb 94 percent of those first-quarter savings, producing a net U.S. saving rate of just 0.7 percent, compared to nearly 5 percent in the 1990s. In order to finance the new investment required to sustain growth, as well as growing budget deficits, the U.S. has to import about $2 billion/day in foreign saving. By the end of next year, these foreign financing requirements will likely reach $3 billion/day.

The deterioration in the current account has exerted a significant drag on U.S. growth, and the normal process for correcting the imbalance, through dollar depreciation, has largely failed. The trade-weighted value of the dollar has declined just 10 percent from its early-2002 peak, with the largest depreciation occurring against the Euro. However, trade with Europe accounts for just 14 percent of the U.S. trade deficit. By contrast, while trade with Asia accounts for more than half of the trade deficit, official interventions have prevented major dollar depreciation against most Asian currencies, especially the yen and the Chinese renminbi.

These dynamics could further reduce U.S. growth in the foreseeable future. Broad economic reforms could avert a balance-of-payments crisis – to increase national saving in the U.S., and spur consumption and growth in Europe and Asia. Thus far, however, all sides have resisted change, much as they have resisted significant revaluations of their currencies. Without one or the other, a dollar crisis will eventually occur that will drive up U.S. interest rates and seriously impair U.S. and global growth.