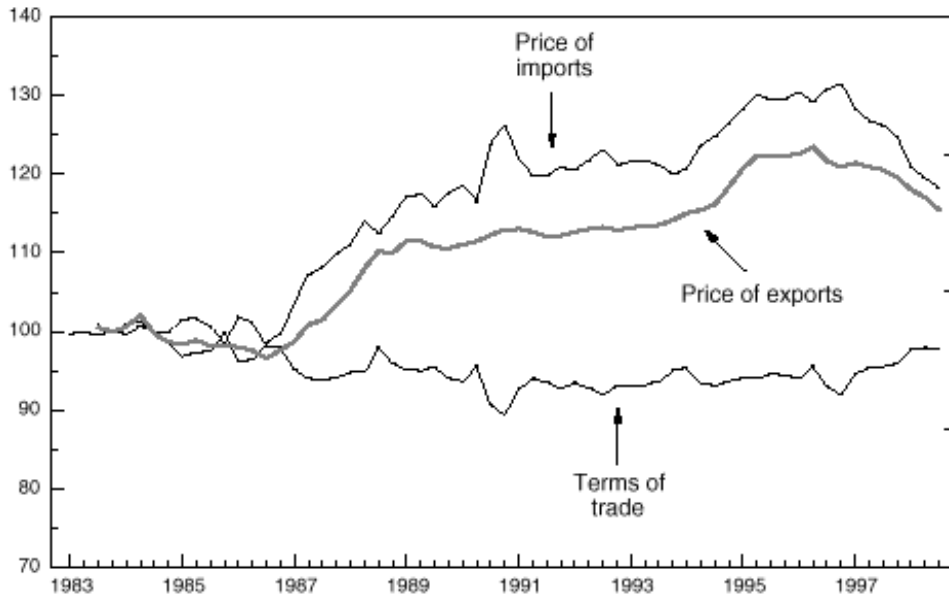


Chart 6-5 Terms of Trade

Import prices have fallen more than export prices since the onset of the Asian crisis, leading to an improvement in the terms of trade.

Index (fourth quarter 1983 = 100)



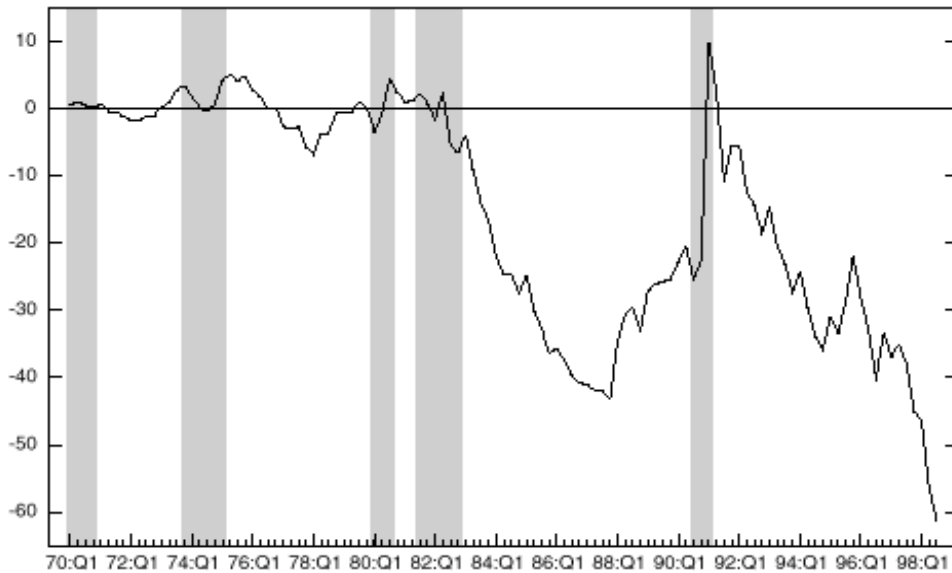
Source: Department of Labor (Bureau of Labor Statistics).

Source: Economic Report of the President, 1999: 253

Chart 6-6 Current Account Balance

The current account balance has been positive and/or increasing during recessions and has decreased during periods of economic expansion.

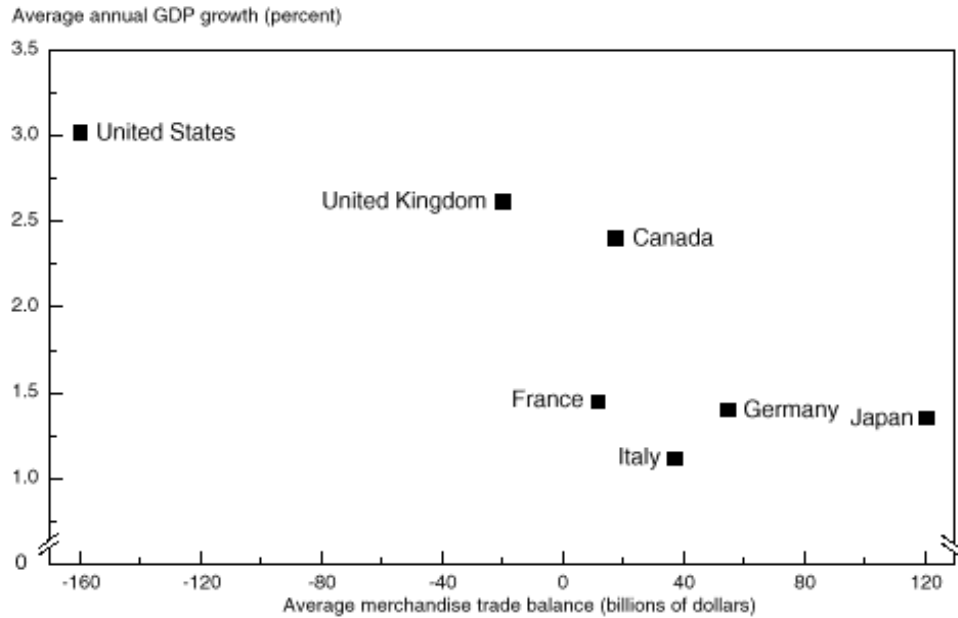
Billions of dollars



Source: Department of Commerce (Bureau of Economic Analysis).

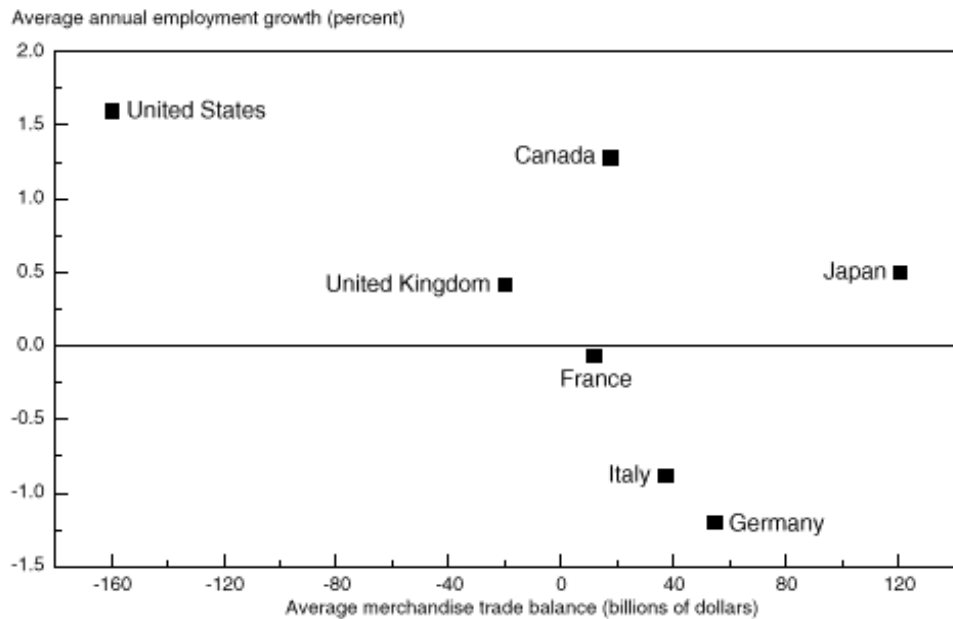
Source: Economic Report of the President, 1999: 256.

Chart 6-7 Economic Growth and Trade Balances of G-7 Countries, 1992-97
 Across the major industrial countries, positive trade balances have been associated with weak economic performance.



Source: Organization for Economic Cooperation and Development.

Chart 6-8 Employment Growth and Trade Balances of G-7 Countries, 1992-97
 Across the major industrial countries, positive trade balances have also been associated with weak employment performance, and vice versa.



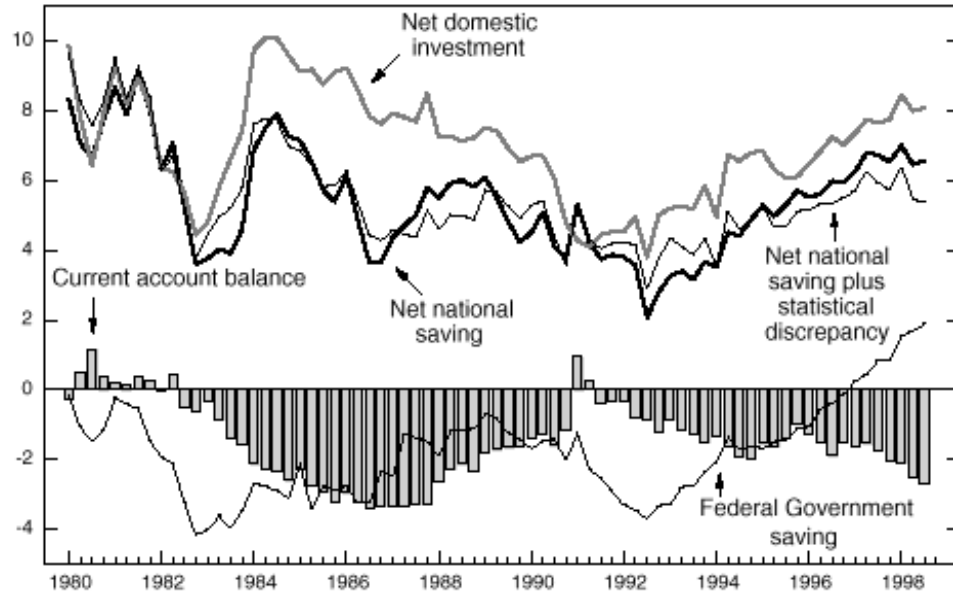
Source: Organization for Economic Cooperation and Development.

Source: Economic Report of the President, 1999: 258.

Chart 6-9 Saving, Investment, and the Current Account Balance

The current account deficit grew in the mid-1980s as saving fell faster than investment. In the 1990s, however, both investment and saving are increasing.

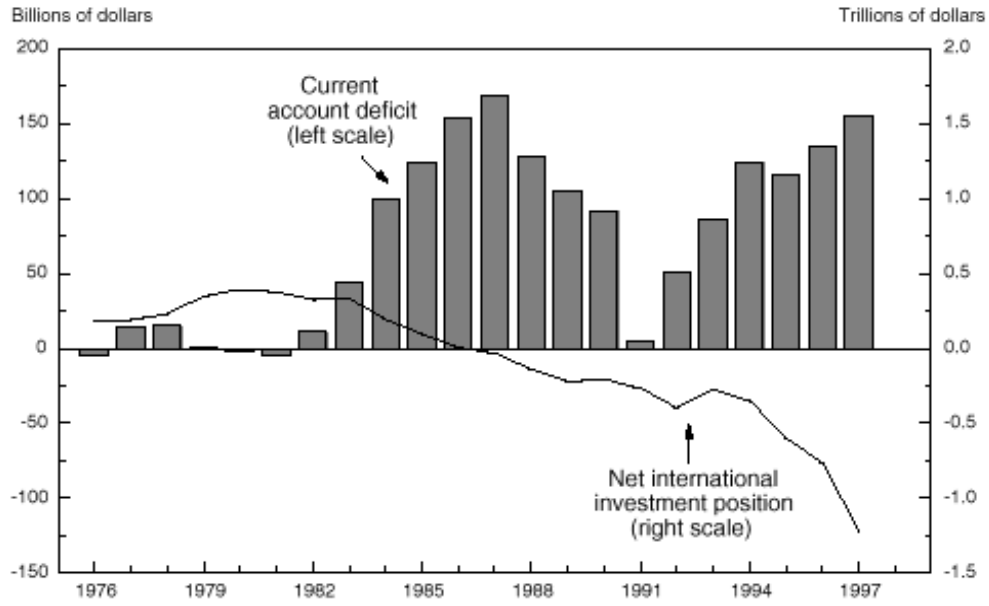
Percent of GDP



Source: Department of Commerce (Bureau of Economic Analysis).

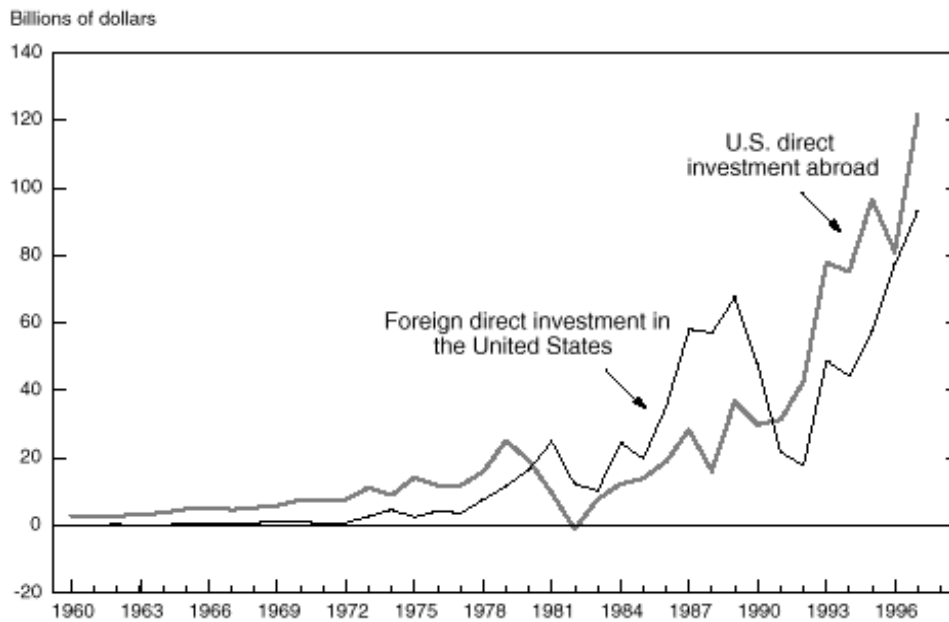
Source: Economic Report of the President, 1999: 259.

Chart 6-10 Current Account Deficit and Net International Investment Position
 As the United States started to run large current account deficits in the early 1980s, the net international investment position declined.



Note: Net international investment position at current cost.
 Source: Department of Commerce (Bureau of Economic Analysis).

Chart 6-11 Foreign Direct Investment Flows
 The 1980s saw a surge in foreign direct investment into the United States. In the 1990s, however, direct investment outflows have again surpassed inflows.



Source: Department of Commerce (Bureau of Economic Analysis).

Source: Economic Report of the President, 1999: 262.