Twin deficits or triple balances?

Short and long period

Basic macroeconomic relations: injections IP (private investment), G (Government expenditure) and X (exports) are given in any short period, hence exogenous. Leakages SP (private savings), T (taxation) and M (imports) are dependent on GDP, hence endogenous. Empirical long-term data from USA (1959-2004); Myths related to ‘twin deficits’: the Treasury View, ‘import of foreign savings’, ‘crowding out of private investment’.


How can the three-sector balances can be used to discuss important economic issues? Examples from USA, Germany and EU.