This is an insightful breakdown of closed versus open economies and the critical relationship between the trade balance and net capital flow. I particularly found your explanation of how the U.S. finances its consistent trade deficit through a net capital inflow to be very clear and practical. It highlights how interconnected global economies are, and that a trade deficit isn't necessarily a sign of weakness if strong capital inflows offset it.

It makes me wonder more about the long-term implications of sustained capital inflows for a country like the U.S. While it finances the trade deficit, does it also mean increased foreign ownership of domestic assets, and what are the potential future economic impacts of that? Your post brings these complex economic principles to life with a relevant example.