

Macro Roundup Article

Headline: [Pettis On Germany](#)

Article Link: <https://twitter.com/michaelxpettis/status/1756238118837969012>

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Publication	@michaelxpettis
Publication Date	February 12, 2024

Tweet: .@michaelxpettis argues German malaise will soon spread to other countries with large manufacturing shares of GDP as the global "consumers of last resort" reduce their role in absorbing excess production.

Summary: As the world changes, with the global "consumers of last resort" determined to reduce their roles in absorbing excess production abroad, and manufacturing powers determined to double down on their manufacturing sectors, this might become a wider problem. That's because Germany is not the only vulnerable large economy. While manufacturing comprises 18% of its GDP (compared to 16% globally and 11% in the US) it comprises 20% of Japan's, 21% of Singapore's, 26% of South Korea's, 28% of China's, and 34% of Taiwan's. These economies all combine a disproportionately large manufacturing share of GDP, a disproportionately low consumption share and, as a direct consequence, an historical reliance on trade surpluses to resolve the imbalances between the two. As we saw in the 1930s, a global rise in protectionism is likely to be especially painful for the manufacturing sectors in persistent surplus countries. If we do indeed see this rise, Germany may become more of an example than an exception. Related: Germany's Days as an Industrial Superpower Are Coming to an End and EU to Press China On Industrial Overcapacity at Beijing Summit and Pettis On China's Export Strategy

Primary Topic: Growth

Topics: GDP, Growth, Op-Ed/Blog Post, Trade (not deficits)

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