

Macro Roundup Article

Headline: [Pettis on Greek Exports](#)

Article Link: <https://twitter.com/michaelxpettis/status/1657760048905617408>

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Tweet: .@michaelxpettis notes the rise in Greek exports is coming at the expense of its trading partners, "there is a real problem with our global trade system when export prowess is mainly a function of the repression of domestic demand."

Summary: The article also notes that average Greek wages are down more than 25% in real terms since 2008. GDP in real terms is down 20%. This, it turns out, is the secret to export "success". By lowering wages and crushing domestic demand, Greece must export more of what it produces, even as total production has fallen. Its export "success" is mainly the obverse of a brutal drop in wages, and Greece "now has one of the highest rates of relative poverty in the EU." There is a real problem with our global trade system when export prowess is mainly a function of the repression of domestic demand. Countries become successful exporters not by boosting domestic productivity but rather by cutting back on domestic wages. The result is that expanding trade means weaker global demand, which in turn can only be countered by rising debt. And because Greece's export "success" is driven by lower wages, its success also puts downward wage pressure on its trading partners.

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Primary Topic: Trade (not deficits)

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

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