

Macro Roundup Article

Headline: [The Dangerous Myth of Deglobalization](#)

Article

Link: <https://www.foreignaffairs.com/china/globalization-dangerous-myth-economy-brad-setser>

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Tweet: Between 2019 and 2023 China's manufacturing surplus rose by 1pp of global GDP. @Brad_Setser notes "It is impossible for a global economy characterized by a large U.S. deficit on one side and a large Chinese surplus on the other to truly fragment."

Summary: Between 2019 and 2023, China's manufacturing surplus rose by about a percentage point of global GDP; it is now far larger than the surpluses run by Germany and Japan, the world's other manufacturing powerhouses. China could not have achieved its current \$800 billion trade surplus in goods if the United States did not have a large trade deficit. That deficit is no longer financed by the direct purchase of U.S. bonds by China's central bank. But it is still indirectly financed by China, in the form of the large stockpiles of dollars that Chinese exporters now hold offshore. The way China's surpluses remain the mirror image of the U.S. deficit is just one of the many, complex forms in which the U.S. and Chinese economies continue to rely on one another, even as the ties become harder to see in topline economic data.

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Primary Topic: Savings Glut/Trade Deficit

Topics: China, Database, GDP, Op-Ed/Blog Post, Savings Glut/Trade Deficit, Weekly

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