

Macro Roundup Article

Headline: [Fighting Global Protection: Why the Economist is Mistaken](#)

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Tweet: [. @michaelxpettis](#) notes that policies to reduce the American trade deficit would in fact "improve the efficiency of global trade by reducing the imbalances" driven by Chinese and other chronic surplus countries' beggar-thy-neighbor policies.

Summary: Large, persistent trade surpluses exist only because businesses in certain countries are able directly and indirectly to underpay domestic workers and households in order to become more competitive internationally and to grow more rapidly. It is especially absurd to criticize the United States, the country that typically absorbs 40–50 percent of global trade surpluses, as “protectionist.” If countries like the United States were to implement policies deemed “protectionist” and these were able even partly to reverse the trade imbalances (a big “if”), they would actually improve the efficiency of global trade by reducing the imbalances.

Primary Topic: Savings Glut/Trade Deficit

Topics: GDP, Op-Ed/Blog Post, Quote, Savings Glut/Trade Deficit

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