

Macro Roundup Article

Headline: Danish Weight Loss Drugs vs. Chinese Cars: Two Models of Export Booms

Article Link: <https://theovershoot.co/p/danish-weight-loss-drugs-vs-chinese>

Author(s)	Matt Klein
Publication	The Overshoot
Publication Date	September 13, 2023

Tweet: Contrasting Denmark's Novo Nordisk and China's car exporters, @M_C_Klein distinguishes "positive-sum" trade which is driven by something new and valuable from "negative-sum" trade which is driven by overcapacity.

Summary: The positive-sum vision of global economic integration is that rising production in one place does not need to displace existing production elsewhere because demand and living standards will rise commensurately. Novo Nordisk's scientists invented something new and valuable, simultaneously creating both supply and demand. They did not pivot from selling to Danes to selling to Americans. The negative-sum vision is the one of businesses burdened by persistent "overcapacity" (really, underconsumption) are forced to fight for market share in a world without growth. The U.S. effectively preempted the influx of Chinese-made electric vehicles with the Inflation Reduction Act, which boosts total demand while reserving a share for local producers. Europe is far more exposed and has yet to formulate a response. The common belief in certain circles that Europeans are more "open to trade" than Americans may not survive this experience. Related: How Weight Loss Drugs Stopped a Danish Recession and China Set to Overtake Japan as World's Biggest Car Exporter

Primary Topic: China

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

Permalink: https://www.edwardconard.com/macro-roundup/contrasting-demands-novo-nordisk-and-chinas-car-exporters-m_c_klein-distinguishes-positive-sum-trade-which-is-driven-by-something-new-and-valuable-from-negative-sum-trade-which-is?view=detail

Featured Image

Link: <https://www.edwardconard.com/wp-content/uploads/2023/09/Stalled-Engine-Klein-.png>