

Macro Roundup Article

Headline: [Managing Economic and Financial Entanglements With China](#)

Article Link: <https://theovershoot.co/p/managing-economic-and-financial-entanglements>

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Publication	The Overshoot
Publication Date	November 21, 2023

Tweet: China's surplus is growing relative to GDP. @M_C_Klein notes the negative employment consequences of this has been offset by US government spending which has sustained domestic American demand and shored up private sector balance sheets.

Summary: China's surplus in manufactured goods net of commodity imports has continued to grow relative to the economic output of China's trade partners, thanks in large part to China's growth relative to the rest of the world. Even though the value of Chinese exports fell in 2023, this has had no impact on China's overall balance because the amount of money spent on imports is down as well. The past few years have even seen a renewed surge in China's surplus (properly measured) relative to China's own GDP thanks to exceptionally weak growth in consumer spending and the sustained plunge in homebuilding. Federal spending—financed in large part by borrowing—has helped shore up private sector balance sheets and sustain demand, even as some spending elements have contained provisions that should put a floor on sales for American producers. This policy mix helps explain why China's growing surplus has not attracted much ire, or even notice, in the U.S.

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Primary Topic: China

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

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