Trump’s Trade Ignorance

from Thomas Donlan at Barron’s, Ignorance is Not Bliss

> *Our trade deficit—the amount that imports exceed exports—with Germany last year was about $65 billion, or some 13% of the U.S. total 2016 trade deficit. It’s big because Germany is a big country, a highly efficient producer of many high-value goods for export, and because Americans can use their strong dollar to buy cheaply from the euro zone. Germany’s profits have built a country with high wages and strong unions. As a member of the European Union, it doesn’t even control its own trade and monetary policies. The only unfair thing is that they are “massively” good at minding their businesses.*
>
> *Partly to recycle the dollars they have earned, German companies have done the U.S. the very large favor of investing $255 billion in America over the years, including the construction of car factories by Daimler, Volkswagen, and BMW. All three export vehicles from the U.S. to other markets, which reduces the goods trade imbalance. And if jobs matter, U.S. affiliates of German firms employ more than 670,000 Americans.*