

Fantasy Free Economics

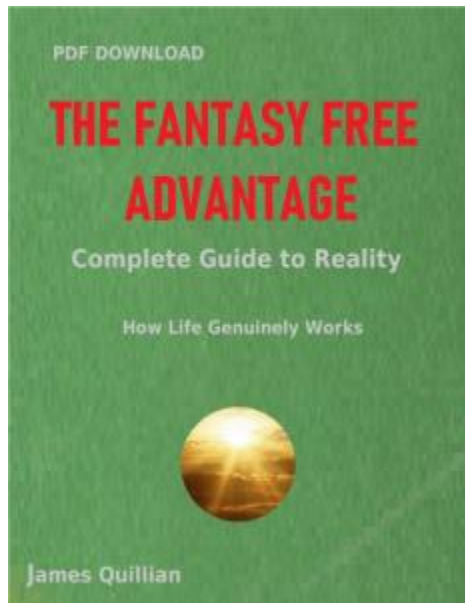
Have Dignity

Make Good Trades

Own Your Own Tools

Shrinking Merchandise Trade Deficit Significance

Posted on [December 12, 2025](#) by [jamesq](#)



That concerns me greatly. A large trade deficit means that there is prosperity in our population. We have surplus money to spend and a lot of it is buying goods from other countries like China. What do the Chinese do with their profits? They either spend it on what our service economy offers or they invest in our capital markets. That balances our capital account and everything is even.

Here is the problem. Much of our service sector has been bolstered politically. At the same time services the Chinese have always been interested in are waning in utility for them. They are buying less of our services or plan on buying less.

Due to our four decades of employing our unacknowledged, unofficial, asset enhancement initiative, our financial assets are astronomically overpriced.

All of this means that the global prosperity bubble has bottle – necked. The worldwide prosperity balloon bubble is starting to deflate. This presents a problem. Demand for goods and services collectively or globally is diminishing. The result is – a major depression (not a recession) is in its incipient stage. Sadly, a recovery can only be launched via free market influences. Worldwide, free market influences have largely been legislated out of existence.

Today's prosperity has been created politically. The prosperity is concentrated within the few with the massive political power to get self-serving legislation passed. Following the middle ages, it was discovered that individuals acting independently accomplish greater things than is the case where life's activities are managed by a central authority.

Groupthink never works out well. Central planning is indeed groupthink on steroids. Benefits from central planning for a few, can be profound in the short run. In the long term, central planning outcomes are disastrous. The short run is over now. Governments can't make economic decisions. They can only make political decisions. Political decisions are always based on groupthink.

AI Summary of Article

In essence, the provided text from jamesquillian.com argues that a shrinking merchantmen trade deficit, while seemingly a positive indicator, is a symptom of deeper economic issues. The author suggests that politically driven economic policies, overvalued financial assets, and diminishing foreign demand for services are leading to a global economic downturn, potentially a major depression, exacerbated by the suppression of free market influences and the failures of central planning.