

The Outlook: Feb. 7, 2023

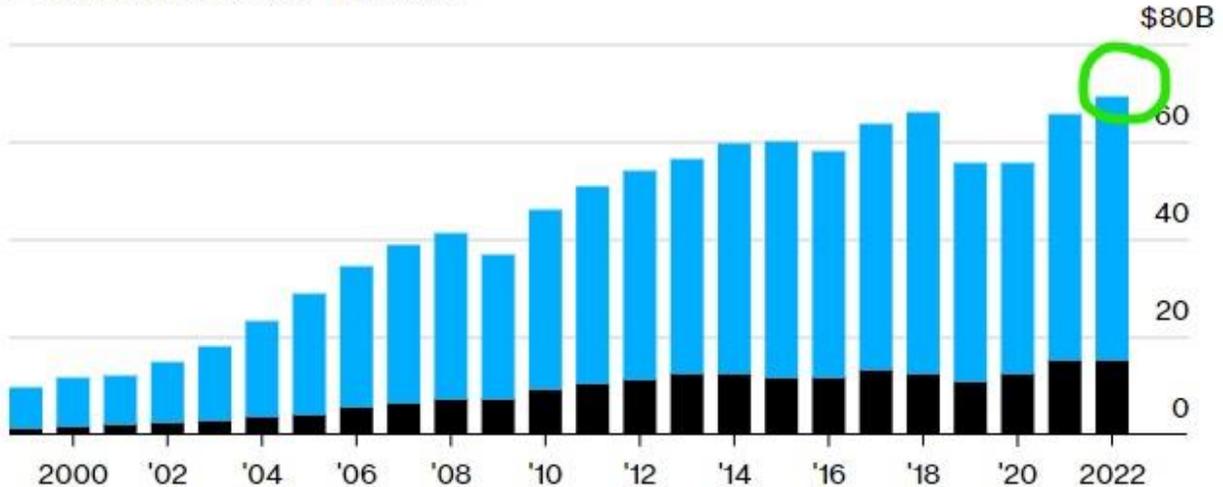
How the world actually works . . . thank goodness.

Here's a picture which reminds us how the world actually works:

US-China Merchandise Trade Climbs to Record in 2022

Total trade in goods jumps as exports increase to all-time high

■ Merchandise exports ■ Imports



Source: US Commerce Department
Note: Data aren't adjusted for inflation

Here's how it works. Main Street matters. Wall Street (the market's betting crowd), Fleet Street (the media) and Pennsylvania Avenue (the politicians) matter so much less than Main Street that it's hard for most of us to believe. But it's hard to believe mainly because Wall, Fleet and Penn make so much noise around the clock. They are brass bands and Main Street is a library, on the noise meter; so it's very easy for us to think all their noise is telling us something important.

It rarely does. It usually misleads us. That picture is Exhibit One. There was the Year 2022: a year of endless worries and outright crises, said the noisemakers. Next to The War, the accelerating enmity between China and America supposedly ranked very high among the crises. And on top of the political enmity was China's almost-unbelievable policy of strangling its own Golden Goose: the degree of personal and economic freedom which had produced China's "growth miracle" for 20 years or so. China's dictator took "Covid Lockdown" past the edge of insanity; and he spent most of 2022 attacking and intimidating China's private business sector . . . not to mention threatening most of the Western World (especially the U.S.) and his own neighbors with "something bad" if they didn't knuckle under to whatever was on his mind.

But now 2022 is over, and we find that the total volume of US/China trade hit an all-time record. That fact deserves a "Wow!" while we scratch our heads and wonder how on earth it happened.

The only explanation to Outlook's way of thinking is: "Because Main Street (here and in China) always tries very hard to do what matters most. Main Street is the working world of companies and individuals, and what matters most each day is trying to make ends meet, or even get just a little farther ahead. That's an urgent job for everyone who doesn't work on Wall, Fleet or Penn Streets: so urgent that most of the people on Main Street just have no time to listen to all the noise from those other Streets."

Besides "Wow!" the right thing for us to say about that is, "Thank goodness!" If the Big Noisemakers actually called the tune in the world—if their endless shouting really told us what was going on—well, we'd all be sorry . . . and that record-high trade volume up there would never have happened. But it did happen, and the Noisemakers distort and mislead most of the time, rather than seeing clearly who is building and inventing what, and how much farther ahead we've inched our way each day. But we do see clearly. That's why we hang onto good companies like bulldogs no matter how deafening the noise.

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