

Entirely Meaningless and Wholly Unproblematic

Many social and economic problems have no solution. At best, we can only make continuing trade-offs and thereby move to an improved, yet still troublesome, situation.

But one problem — at least, many pundits and politicians affect to regard it as a problem — has a complete and easy solution that can be seized at any time. I speak, of course, of the problem of the so-called trade deficit in international commerce. The solution is simply to learn enough about the accounting system known as the balance of international payments to understand that the trade deficit is not really a problem, but an entirely meaningless and wholly unproblematic accounting entry in a system of national accounts that serves no intellectual or economic purpose and ought never to have been created in the first place. Its principal purpose has always been to provide a counterfeit rationale for government interference in international commerce aimed at enriching the few at the expense of the many.