

Twitter Thread by BhikuMhatre



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Thread :

This is a crazy world of Economics.

Read to know " Why".

Japanese save a lot. They don't spend much. Also, Japan exports far more than it imports. It has an annual trade surplus of over USD 100 billion. Yet Japanese economy is considered weak compared to US.

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Americans spend a lot and save very little. Also United States of America (USA) imports more than it exports. USA has an annual trade deficit of over \$400 billion.

Yet....the USA economy is considered strong and expected to get stronger & stronger.

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But which money Americans spend? They borrow from other countries like Japan, China & even Bharat. Virtually, World saves for Americans to spend.... especially in USD.

Bharat keeps Forex assets of > \$50 billion in US securities, China >\$1.1 trillion & Japan in trillions.

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Result:

US has borrowed over \$5 trillion from World. So, as World saves for US - It is the Americans who are spending freely. Today, to keep the US consumption going, that is for the US economy to work, other countries have to remit \$180 billion every quarter to US.

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Just ask yourself 1 question..

Who has invested more? US in China or China in US?

US has invested in China less than 50% of what China's investments in US.

Same is case with Bharat. Bharat has invested > \$50 billion in US. But US has invested < \$20 billion in Bharat.

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But...Why is World after US?

Secret lies in American spending. They hardly save!!

Infact,they use their credit cards to spend their future income. It's the way US spends is what makes it attractive for exports.

So...US imports more than what it exports year after year.

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The result:

The world becomes dependent on USA consumption for its own growth. By its deepening culture of consumption, US has habituated the world to feed on USA consumption.

So much so that when US needs money to finance its consumption, the world provides the money.

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It's like a shopkeeper providing money to a customer so that the customer keeps buying from the shop.

US is that lucky customer.

And the world is like the helpless shopkeeper financier.

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This works for Shopkeeper as well as Customer as long as....the STUPID Customer is able to keep his earnings intact.

And what if he fails? And he is bound to fail because reckless Consumption ends in Inflation.

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Then the Customer finds it difficult to pay his Credit Card bills putting the Banks and consequently....the Shopkeeper in lurch. And then.....STARTS the RECESSION.

Now you know why EVERY TIME the recession ORIGINATES in US and Spreads all over the World.

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And who is ultimately able to survive in this Scenario?

The Nations which are Savings Oriented. eg. Bharat, China & Japan. They slow down but don't perish. They pull on to pull world out of recession with help of their Savings....

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"Keynesian economics" works as long as you get some fools to save so that you can borrow from them & spend!

But "Kautilya Arthshastra" proves to be Ultimate Winner

TODAY'S Bharat follows "Kautilya Arthshastra" & that's REAL WORRY for Raghuram Rajan & Abhijit Banerjee TYPES

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