

You were wondering, and I will explain:

# What Exactly IS a Trade Deficit?

Connect  
TheDots...

*This is ConnectTheDots...*

After World War II, America entered an economic golden age. We built things here - cars, steel, appliances—and sold them to the world. Working families thrived. But starting in the 1980s, that changed. Manufacturing jobs were “offshored” to countries with cheaper labor. Trade deals, often written by and for corporate interests, made it easier to import goods than to make them here. Wall Street profited. Working families paid the price.

As those jobs disappeared, a new phrase took over the headlines: **“America has a trade deficit.”** Sounds bad. But what does it actually mean?

A trade deficit simply means we buy more from other countries than we sell to them. Imagine you spend \$100 at your neighbor’s store, and they spend \$60 at yours. That’s a \$40 trade deficit. That’s it—a snapshot of what we buy and what we sell in a global economy.

The US imports a lot of stuff - cars, electronics, clothing. With more than 330 million people, it’s not surprising we buy more from many smaller countries than they buy from us.

Here’s the key point: **the trade deficit has nothing to do with the national debt.** The national debt comes from government spending more than it collects in taxes. A trade deficit comes from private businesses and consumers buying foreign goods. Different issues. Different causes.

So is a trade deficit bad? It depends. Some point to lost manufacturing jobs. Others note lower prices and argue that many of the dollars sent abroad come back - as investments in US stocks, real estate, and Treasury bonds.

**The real question isn’t whether we have a trade deficit - but what kind of trade policy we have.** For decades, US policy *rewarded* offshoring. Tariffs, used without strategy, are a blunt tool. They raise prices, invite retaliation, and disrupt supply chains.

Trade policy isn’t about dramatic gestures. It’s about coordination, long-term planning, and rebuilding domestic capacity. A chainsaw may look tough, but it’s no substitute for a plan.

*That’s the bigger picture. **Let’s keep connecting the dots.***

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when people  
MOVE them

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