



# OFF THE NEWS

## Ten Stars Join *TIE*'s Editorial Advisory Board

**T**he *International Economy* is pleased and honored to welcome ten distinguished members of the global economic and financial community—all with deep and impressive professional experience—to our publication's board:

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and Former U.S. Secretary of  
the Treasury*

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## Fed In a Trap?

“The sheer size of financial assets today relative to the size of the economy suggests that the tail may be wagging the dog. Any significant decrease in the price of securities is likely to damage consumer confidence. A reported 56 percent of U.S. households hold common stocks either directly or through retirement accounts, and the correlation between confidence and stock prices has grown. Total financial assets in the United States now represent 565 percent of gross domestic product.

“A great benefit of possessing the world’s reserve currency is that America can float its ever-expanding debt despite large and growing long-term liabilities. A remarkable 50.9 percent of U.S. sovereign debt matures in the next three years. The weighted average cost of America’s outstanding debt is only 1.38 percent. With more than \$22 trillion of that debt owed to the public, relatively small changes in short-term interest rates could greatly increase the federal deficit. ...

“There is no doubt that the Fed has the tools to fight inflation if it chooses. But the question remains whether it has the political will—given the size of financial assets relative to the economy, the potential effects of tightening on the federal budget, and the Fed’s growing list of social responsibilities.”

—from Jason De Sena Trennert, chairman and CEO of Strategas, in the Wall Street Journal

## Germany’s China Position

The official German position on China is about to become more hardline. Germany’s relationship with China was decided almost solely by Chancellor Angela Merkel. The government more or less followed her lead in a cozy arrangement with Beijing.

But with Merkel gone, and if the Green party is part of a new coalition, Germany is likely to become more skeptical in its dealings with China. “The new government will be much closer to the Biden administration in a number of areas, including China,” a Frankfurt strategist told *TIE*. “A lot of that closeness is tied to Biden’s willingness to allow the Nord Stream 2 gas pipeline with Russia to go through. Now that this issue has been settled and Trump is gone, the next German government could be closer to the U.S. administration. And on the China issue with Merkel gone, Beijing has a problem.”



German Chancellor  
Angela Merkel



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