

Country Code	ISO	WFO	Subject Code	Country	Subject	Units	Scale
1992	AFG	AFG	NY	Afghanistan	Gross domestic product, constant prices	Billions of national currency	1
1992	AGO	AGO	NY	Angola	Gross domestic product, constant prices	Billions of national currency	1
1992	ALB	ALB	NY	Albania	Gross domestic product, constant prices	Billions of national currency	1
1992	AND	AND	NY	Andorra	Gross domestic product, constant prices	Billions of national currency	1
1992	ARE	ARE	NY	United Arab Emirates	Gross domestic product, constant prices	Billions of national currency	1
1992	ARG	ARG	NY	Argentina	Gross domestic product, constant prices	Billions of national currency	1
1992	ARM	ARM	NY	Armenia	Gross domestic product, constant prices	Billions of national currency	1
1992	AT	AT	NY	Austria	Gross domestic product, constant prices	Billions of national currency	1
1992	AU	AU	NY	Australia	Gross domestic product, constant prices	Billions of national currency	1
1992	AZ	AZ	NY	Azerbaijan	Gross domestic product, constant prices	Billions of national currency	1
1992	BAN	BAN	NY	Bangladesh	Gross domestic product, constant prices	Billions of national currency	1
1992	BAR	BAR	NY	Barbados	Gross domestic product, constant prices	Billions of national currency	1
1992	BBY	BBY	NY	Belarus	Gross domestic product, constant prices	Billions of national currency	1
1992	BD	BD	NY	Bhutan	Gross domestic product, constant prices	Billions of national currency	1
1992	BE	BE	NY	Belgium	Gross domestic product, constant prices	Billions of national currency	1
1992	BF	BF	NY	Burkina Faso	Gross domestic product, constant prices	Billions of national currency	1
1992	BG	BG	NY	Bulgaria	Gross domestic product, constant prices	Billions of national currency	1
1992	BHR	BHR	NY	Bahrain	Gross domestic product, constant prices	Billions of national currency	1
1992	BI	BI	NY	Burundi	Gross domestic product, constant prices	Billions of national currency	1
1992	BM	BM	NY	Bermuda	Gross domestic product, constant prices	Billions of national currency	1
1992	BN	BN	NY	Brunei Darussalam	Gross domestic product, constant prices	Billions of national currency	1
1992	BO	BO	NY	Bolivia	Gross domestic product, constant prices	Billions of national currency	1
1992	BR	BR	NY	Brazil	Gross domestic product, constant prices	Billions of national currency	1
1992	BS	BS	NY	Bahamas	Gross domestic product, constant prices	Billions of national currency	1
1992	BT	BT	NY	Bhutan	Gross domestic product, constant prices	Billions of national currency	1
1992	BW	BW	NY	Botswana	Gross domestic product, constant prices	Billions of national currency	1
1992	BY	BY	NY	Belarus	Gross domestic product, constant prices	Billions of national currency	1
1992	BZ	BZ	NY	Belize	Gross domestic product, constant prices	Billions of national currency	1
1992	CA	CA	NY	Canada	Gross domestic product, constant prices	Billions of national currency	1
1992	CC	CC	NY	Cocos (Keeling) Islands	Gross domestic product, constant prices	Billions of national currency	1
1992	CD	CD	NY	Congo (Kinshasa)	Gross domestic product, constant prices	Billions of national currency	1
1992	CE	CE	NY	Cote d'Ivoire	Gross domestic product, constant prices	Billions of national currency	1
1992	CF	CF	NY	Central African Republic	Gross domestic product, constant prices	Billions of national currency	1
1992	CG	CG	NY	Congo (Brazzaville)	Gross domestic product, constant prices	Billions of national currency	1
1992	CH	CH	NY	Switzerland	Gross domestic product, constant prices	Billions of national currency	1
1992	CI	CI	NY	Cote d'Ivoire	Gross domestic product, constant prices	Billions of national currency	1
1992	CK	CK	NY	Cook Islands	Gross domestic product, constant prices	Billions of national currency	1
1992	CL	CL	NY	Chile	Gross domestic product, constant prices	Billions of national currency	1
1992	CM	CM	NY	Cameroun	Gross domestic product, constant prices	Billions of national currency	1
1992	CO	CO	NY	Colombia	Gross domestic product, constant prices	Billions of national currency	1
1992	CR	CR	NY	Costa Rica	Gross domestic product, constant prices	Billions of national currency	1
1992	CU	CU	NY	Cuba	Gross domestic product, constant prices	Billions of national currency	1
1992	CV	CV	NY	Cape Verde	Gross domestic product, constant prices	Billions of national currency	1
1992	CX	CX	NY	Christmas Island	Gross domestic product, constant prices	Billions of national currency	1
1992	CY	CY	NY	Cyprus	Gross domestic product, constant prices	Billions of national currency	1
1992	CZ	CZ	NY	Czechia	Gross domestic product, constant prices	Billions of national currency	1
1992	DE	DE	NY	Germany	Gross domestic product, constant prices	Billions of national currency	1
1992	DJ	DJ	NY	Djibouti	Gross domestic product, constant prices	Billions of national currency	1
1992	DK	DK	NY	Denmark	Gross domestic product, constant prices	Billions of national currency	1
1992	DM	DM	NY	Dominica	Gross domestic product, constant prices	Billions of national currency	1
1992	DO	DO	NY	Dominican Republic	Gross domestic product, constant prices	Billions of national currency	1
1992	DZ	DZ	NY	Algeria	Gross domestic product, constant prices	Billions of national currency	1
1992	EC	EC	NY	Ecuador	Gross domestic product, constant prices	Billions of national currency	1
1992	EE	EE	NY	Estonia	Gross domestic product, constant prices	Billions of national currency	1
1992	EG	EG	NY	Egypt	Gross domestic product, constant prices	Billions of national currency	1
1992	EH	EH	NY	Western Sahara	Gross domestic product, constant prices	Billions of national currency	1
1992	ES	ES	NY	Spain	Gross domestic product, constant prices	Billions of national currency	1
1992	ET	ET	NY	Ethiopia	Gross domestic product, constant prices	Billions of national currency	1
1992	FI	FI	NY	Finland	Gross domestic product, constant prices	Billions of national currency	1
1992	FJ	FJ	NY	Fiji	Gross domestic product, constant prices	Billions of national currency	1
1992	FM	FM	NY	Federated States of Micronesia	Gross domestic product, constant prices	Billions of national currency	1
1992	FO	FO	NY	Faroe Islands	Gross domestic product, constant prices	Billions of national currency	1
1992	FR	FR	NY	France	Gross domestic product, constant prices	Billions of national currency	1
1992	GA	GA	NY	Gabon	Gross domestic product, constant prices	Billions of national currency	1
1992	GB	GB	NY	United Kingdom	Gross domestic product, constant prices	Billions of national currency	1
1992	GD	GD	NY	Grenada	Gross domestic product, constant prices	Billions of national currency	1
1992	GE	GE	NY	Georgia	Gross domestic product, constant prices	Billions of national currency	1
1992	GF	GF	NY	French Guiana	Gross domestic product, constant prices	Billions of national currency	1
1992	GG	GG	NY	Guernsey	Gross domestic product, constant prices	Billions of national currency	1
1992	GH	GH	NY	Ghana	Gross domestic product, constant prices	Billions of national currency	1
1992	GI	GI	NY	Guinea-Bissau	Gross domestic product, constant prices	Billions of national currency	1
1992	GL	GL	NY	Greenland	Gross domestic product, constant prices	Billions of national currency	1
1992	GM	GM	NY	Gambia	Gross domestic product, constant prices	Billions of national currency	1
1992	GN	GN	NY	Guinea	Gross domestic product, constant prices	Billions of national currency	1
1992	GP	GP	NY	Guadeloupe	Gross domestic product, constant prices	Billions of national currency	1
1992	GQ	GQ	NY	Equatorial Guinea	Gross domestic product, constant prices	Billions of national currency	1
1992	GR	GR	NY	Greece	Gross domestic product, constant prices	Billions of national currency	1
1992	GS	GS	NY	South Georgia and the South Sandwich Islands	Gross domestic product, constant prices	Billions of national currency	1
1992	GT	GT	NY	Guatemala	Gross domestic product, constant prices	Billions of national currency	1
1992	GU	GU	NY	Guam	Gross domestic product, constant prices	Billions of national currency	1
1992	GW	GW	NY	Guinea-Bissau	Gross domestic product, constant prices	Billions of national currency	1
1992	GY	GY	NY	Guyana	Gross domestic product, constant prices	Billions of national currency	1
1992	HA	HA	NY	Haiti	Gross domestic product, constant prices	Billions of national currency	1
1992	HC	HC	NY	Heard Island and McDonald Islands	Gross domestic product, constant prices	Billions of national currency	1
1992	HD	HD	NY	Honduras	Gross domestic product, constant prices	Billions of national currency	1
1992	HE	HE	NY	Heligoland	Gross domestic product, constant prices	Billions of national currency	1
1992	HN	HN	NY	Honduras	Gross domestic product, constant prices	Billions of national currency	1
1992	HR	HR	NY	Croatia	Gross domestic product, constant prices	Billions of national currency	1
1992	HT	HT	NY	Haiti	Gross domestic product, constant prices	Billions of national currency	1
1992	HU	HU	NY	Hungary	Gross domestic product, constant prices	Billions of national currency	1
1992	IC	IC	NY	Iceland	Gross domestic product, constant prices	Billions of national currency	1
1992	ID	ID	NY	Indonesia	Gross domestic product, constant prices	Billions of national currency	1
1992	IE	IE	NY	Ireland	Gross domestic product, constant prices	Billions of national currency	1
1992	IL	IL	NY	Israel	Gross domestic product, constant prices	Billions of national currency	1
1992	IM	IM	NY	Isle of Man	Gross domestic product, constant prices	Billions of national currency	1
1992	IN	IN	NY	India	Gross domestic product, constant prices	Billions of national currency	1
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1992	IQ	IQ	NY	Iraq	Gross domestic product, constant prices	Billions of national currency	1
1992	IR	IR	NY	Iran (Islamic Republic of)	Gross domestic product, constant prices	Billions of national currency	1
1992	IS	IS	NY	Iceland	Gross domestic product, constant prices	Billions of national currency	1
1992	IT	IT	NY	Italy	Gross domestic product, constant prices	Billions of national currency	1
1992	JM	JM	NY	Jamaica	Gross domestic product, constant prices	Billions of national currency	1
1992	JO	JO	NY	Jordan	Gross domestic product, constant prices	Billions of national currency	1
1992	JP	JP	NY	Japan	Gross domestic product, constant prices	Billions of national currency	1
1992	KE	KE	NY	Kenya	Gross domestic product, constant prices	Billions of national currency	1
1992	KG	KG	NY	Kyrgyzstan	Gross domestic product, constant prices	Billions of national currency	1
1992	KH	KH	NY	Kampuchea	Gross domestic product, constant prices	Billions of national currency	1
1992	KI	KI	NY	Kiribati	Gross domestic product, constant prices	Billions of national currency	1
1992	KM	KM	NY	Comoros	Gross domestic product, constant prices	Billions of national currency	1
1992	KN	KN	NY	Saint Kitts and Nevis	Gross domestic product, constant prices	Billions of national currency	1
1992	KO	KO	NY	South Korea	Gross domestic product, constant prices	Billions of national currency	1
1992	KP	KP	NY	North Korea	Gross domestic product, constant prices	Billions of national currency	1
1992	KR	KR	NY	South Korea	Gross domestic product, constant prices	Billions of national currency	1
1992	KU	KU	NY	Kuwait	Gross domestic product, constant prices	Billions of national currency	1
1992	KV	KV	NY	Kazakhstan	Gross domestic product, constant prices	Billions of national currency	1
1992	KW	KW	NY	Kuwait	Gross domestic product, constant prices	Billions of national currency	1
1992	KY	KY	NY	Cayman Islands	Gross domestic product, constant prices	Billions of national currency	1
1992	KZ	KZ	NY	Kazakhstan	Gross domestic product, constant prices	Billions of national currency	1
1992	LA	LA	NY	Laos	Gross domestic product, constant prices	Billions of national currency	1
1992	LB	LB	NY	Lebanon	Gross domestic product, constant prices	Billions of national currency	1
1992	LC	LC	NY	Saint Lucia	Gross domestic product, constant prices	Billions of national currency	1
1992	LI	LI	NY	Liechtenstein	Gross domestic product, constant prices	Billions of national currency	1
1992	LK	LK	NY	Sri Lanka	Gross domestic product, constant prices	Billions of national currency	1
1992	LR	LR	NY	Liberia	Gross domestic product, constant prices	Billions of national currency	1
1992	LS	LS	NY	Lesotho	Gross domestic product, constant prices	Billions of national currency	1
1992	LT	LT	NY	Lithuania	Gross domestic product, constant prices	Billions of national currency	1
1992	LU	LU	NY	Luxembourg	Gross domestic product, constant prices	Billions of national currency	1
1992	LV	LV	NY	Latvia	Gross domestic product, constant prices	Billions of national currency	1
1992	LY	LY	NY	Libya	Gross domestic product, constant prices	Billions of national currency	1
1992	MA	MA	NY	Morocco	Gross domestic product, constant prices	Billions of national currency	1
1992	MC	MC	NY	Monaco	Gross domestic product, constant prices	Billions of national currency	1
1992	MD	MD	NY	Moldova	Gross domestic product, constant prices	Billions of national currency	1
1992	ME	ME	NY	Montenegro	Gross domestic product, constant prices	Billions of national currency	1
1992	MG	MG	NY	Madagascar	Gross domestic product, constant prices	Billions of national currency	1
1992	MH	MH	NY	Marshall Islands	Gross domestic product, constant prices	Billions of national currency	1
1992	MI	MI	NY	Maldives	Gross domestic product, constant prices	Billions of national currency	1
1992	MK	MK	NY	Macedonia	Gross domestic product, constant prices	Billions of national currency	1
1992	ML	ML	NY	Mali	Gross domestic product, constant prices	Billions of national currency	1
1992	MM	MM	NY	Myanmar	Gross domestic product, constant prices	Billions of national currency	1
1992	MN	MN	NY	Mongolia	Gross domestic product, constant prices	Billions of national currency	1
1992	MO	MO	NY	Macao	Gross domestic product, constant prices	Billions of national currency	1
1992	MP	MP	NY	Northern Mariana Islands	Gross domestic product, constant prices	Billions of national currency	1
1992	MQ	MQ	NY	Martinique	Gross domestic product, constant prices	Billions of national currency	1
1992	MR	MR	NY	Morocco	Gross domestic product, constant prices	Billions of national currency	1
1992	MS	MS	NY	Montserrat	Gross domestic product, constant prices	Billions of national currency	1
1992	MT	MT	NY	Malta	Gross domestic product, constant prices	Billions of national currency	1
1992	MU	MU	NY	Mauritius	Gross domestic product, constant prices	Billions of national currency	1
1992	MV	MV	NY	Maldives	Gross domestic product, constant prices	Billions of national currency	1
1992	MW	MW	NY	Malawi	Gross domestic product, constant prices	Billions of national currency	1
1992	MX	MX	NY	Mexico	Gross domestic product, constant prices	Billions of national currency	1
1992	MY	MY	NY	Malaysia	Gross domestic product, constant prices	Billions of national currency	1
1992	MZ	MZ	NY	Mozambique	Gross domestic product, constant prices	Billions of national currency	1
1992	NA	NA	NY	Namibia	Gross domestic product, constant prices	Billions of national currency	1
1992	NC	NC	NY	New Caledonia	Gross domestic product, constant prices	Billions of national currency	1
1992	NE	NE	NY	Niger	Gross domestic product, constant prices	Billions of national currency	1
1992	NG	NG	NY	Nigeria	Gross domestic product, constant prices	Billions of national currency	1
1992	NL	NL	NY	Netherlands	Gross domestic product, constant prices	Billions of national currency	1
1992	NO	NO	NY	Norway	Gross domestic product, constant prices	Billions of national currency	1
1992	NP	NP	NY	Nepal	Gross domestic product, constant prices	Billions of national currency	1
1992	NR	NR	NY	Nauru	Gross domestic product, constant prices	Billions of national currency	1
1992	NU	NU	NY	Niue	Gross domestic product, constant prices	Billions of national currency	1
1992	NZ	NZ	NY	New Zealand	Gross domestic product, constant prices	Billions of national currency	1
1992	OM	OM	NY	Oman	Gross domestic product, constant prices	Billions of national currency	1
1992	OW	OW	NY	Other Western Europe	Gross domestic product, constant prices	Billions of national currency	1
1992	PA	PA	NY	Panama	Gross domestic product, constant prices	Billions of national currency	1
1992	PE	PE	NY	Peru	Gross domestic product, constant prices	Billions of national currency	1
1992	PF	PF	NY	French Polynesia	Gross domestic product, constant prices	Billions of national currency	1
1992	PG	PG	NY	Papua New Guinea	Gross domestic product, constant prices	Billions of national currency	1
1992	PH	PH	NY	Philippines	Gross domestic product, constant prices	Billions of national currency	1
1992	PK	PK	NY	Pakistan	Gross domestic product, constant prices	Billions of national currency	1
1992	PL	PL	NY	Poland	Gross domestic product, constant prices	Billions of national currency	1
1992	PM	PM	NY	Saint Pierre and Miquelon	Gross domestic product, constant prices	Billions of national currency	1
1992	PN	PN	NY	Pitcairn Islands	Gross domestic product, constant prices	Billions of national currency	1
1992	PT	PT	NY	Portugal	Gross domestic product, constant prices	Billions of national currency	1
1992	PV	PV	NY	Puerto Rico	Gross domestic product, constant prices	Billions of national currency	1
1992	PW	PW	NY	Palau	Gross domestic product, constant prices	Billions of national currency	1
1992	PY	PY	NY	Paraguay	Gross domestic product, constant prices	Billions of national currency	1
1992	QA	QA	NY	Qatar	Gross domestic product, constant prices	Billions of national currency	1
1992	RE	RE	NY	Reunion	Gross domestic product, constant prices	Billions of national currency	1
1992	RO	RO	NY	Romania	Gross domestic product, constant prices	Billions of national currency	1
1992	RS	RS	NY	Serbia	Gross domestic product, constant prices	Billions of national currency	1
1992	RU	RU	NY	Russia	Gross domestic product, constant prices	Billions of national currency	1
1992	RW	RW	NY	Rwanda	Gross domestic product, constant prices	Billions of national currency	1
1992	SA	SA					

Populism and education. What is the complaint of Trump's most motivated voters? These were mostly less educated workers in declining manufacturing industries. Post-mortems on district voting patterns clearly identify this component of Trump's support. And there certainly is a great deal to complain about in small manufacturing towns that have seen one plant after another shut down, leaving few and worse-paying jobs.

The massive rise of Chinese manufacturing might be at fault. If US companies set up low cost operations in China to meet US demand, a few can do so very profitably. But if they all do so, there will be no workers and no demand left for their products back home. But, in fact, the new incomes in China should, in a smoothly working system, trigger new Chinese demand for specific products only produced in the US. High quality aircraft, programming, and medical care jump to mind. Over time the system should solve for rising incomes all over. Only these will not be in low-skill manufacturing jobs in the US. (See chart below, which shows the long stagnation in jobs for US high school graduates and the steady ratcheting down of manufacturing jobs.)

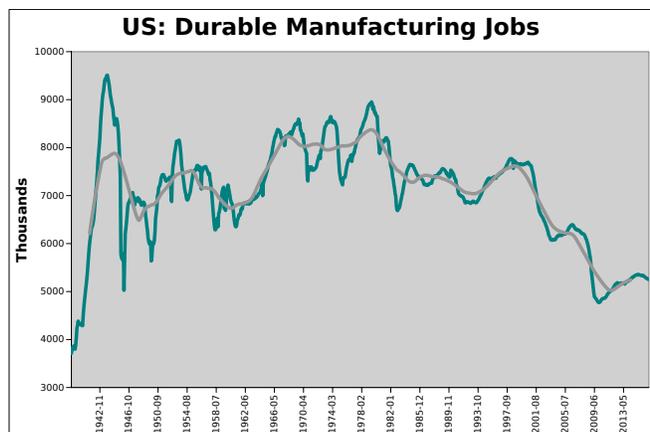
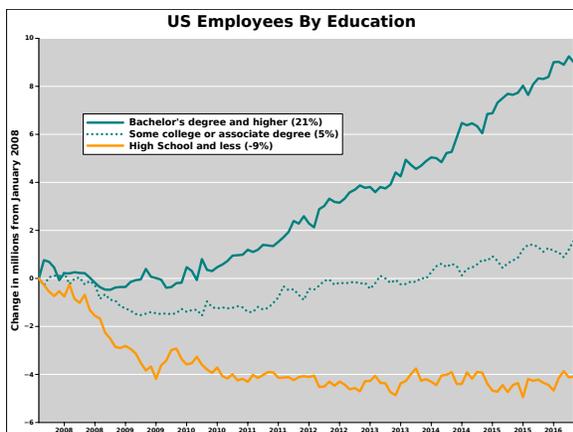
Residents in small and shattered towns around old manufacturing plants do need help. Policies promoting change are the lowest cost, most effective, way to do that. Income support while on fixed-time job training programs would be one way to help, another would be relocation allowances to move to where urban jobs can be found. What is not optimal is to jawbone or selectively pay off

employers to not optimize their plants, or to raise taxes on Chinese imports. It would be like trying to put spilled milk back in its bottle.

New fiscal measures could assuage this angry, and voting, portion of the electorate. Deficit financed military and construction spending are clearly options that would add a spending boost the economy. The construction spending would be limited to federal programs for highways and possible border control, of course.

Other policy possibilities include a large tax cut, mostly for the rich, as discussed in the campaign. Unfortunately, this is the opposite of what is appropriate today. In the 1980's, then-President Reagan put in a large tax cut that served to shift income to richer, more savings-prone consumers. At a time of inflation this was helpful. Unfortunately for Reagan-reminiscers, this is not the right policy for a *deflationary* time. Rather, tax hikes for the rich and support for the low end of the income range are more likely to boost consumption and restart inflation.

On balance, a Trump administration is certainly going to consider some big changes in policy. At least some of these changes should be directed at bettering the miserable situation of his angry supporters. The trouble is that proposals which sound persuasive to high-school educated workers might not be coherent and could easily be counterproductive. So we have ahead of us at best a process of trial and error, of education for the President-to-be as well as for his supporters, not a simple burst of growth.



US: Trump's strong baseline. Trump inherits a nation in a long-awaited inventory rebound. The only surprise for me is how little this rebound seems to offer. Third quarter growth of 3.2% may be followed by another 3% in the fourth before the rebound may be over and we fall back into an unsatisfactory 1-2% growth rate. A drop like that will be politically toxic, coming right on the inauguration of the new president. Three issues in particular can hold back growth into 2017: car sales may be peaking and are already increasingly dependent on aggressive credit, home sales from which we expected much may be slowed by substantially higher

mortgage rates, and net exports can well turn negative after this bumper season for soybeans exports is over.

Meanwhile, the Fed is practically guaranteed to raise rates on December 8th. In the Minutes of its last meeting, participants promised to raise rates in December, even before investors forced up rates in reaction to Trump's surprise election. So now, the risk of falling behind fast moving markets also forces consideration of moving the pace of hikes up from one per year to two to four, a very new situation for asset values.

Europe: the next big populist threat. European growth may hold up despite continuous political setbacks. Helpful will be a shift back to pro-cyclical deficits that was probably inevitable given the spirit of the times, but was a bit of a shock to hear about from the European Commission. And a Trumpeted disinterest in Europe's defense may call for more spending there. Lastly, headline inflation will almost certainly reach 1.25-1.5% by early 2017 because of higher oil.

a Five Star government could pose a referendum on withdrawal from the Euro. Italian banks already have a big Target2 debts, so any shock to confidence about loss of the euro is eventually possible, although discounted now.

At the same time, the ECB must soon decide on continuing its vast bond buying program after March. Given Europe's recovery, the jolt up in market rates, the shift toward pro-cyclical fiscal policy, and upcoming higher headline inflation, it is perfectly possible that the program will be wound down. Extraordinary conditions no longer prevail, except in Italy and there mostly in the political space. So the ECB should either end or taper its €80b/month in total asset buying, at the risk of otherwise being seen as too Italo-centric in its policy.

Recovery is, however, barely visible in Italy, where stagnation and deflation hang on stubbornly. Again, we have rejection of the establishment as a reply to stagnation. (An interesting detail: Sunday's vote rejected changes in a constitution originally written to block another "great man of history" seizing and abusing power as did Mussolini.¹) After Renzi resigns, and a new election is held, then

United States		
ACTIVITY	CREDIT	POLITICS
Car sales hold up 2H inventory pop underway Underlying car sales, exports wobbly Construction is weak	Fed hike likely Dec14 Trump mentions infrastructure spending Investors jump back into equities, HY Funds were withdrawn ahead of election HY car loans and P2P credit problems	Trump made it to the White House?? Policy uncertain, but unconventional
Europe		
Higher EU CPI with oil prices up Italian stagnation and deflation	BoE sees higher inflation ahead Monte dei Pasche debt-equity swap	Court needs Parliamentary vote on Brexit Dec 4 Italy referendum on its Senate May Presidential election in France
China		
ISM-type indicators are all up Electricity use is up Car sales remain very strong Social Credit growth slows Home sales dip and prices stabilize Early retirements start in steel	Chinese company buying in DE, PT FinMin out who favored RE tax Debt-equity swaps involve third parties Ban on finance for RE developers Several new capital flow controls	China pushes its Free Trade Agreement

¹Nagel, E. (1969) *Three Faces of Fascism* Mentor Books: New York

China: preparing for protectionism. Tracking information for the fourth quarter shows a broad recovery, concentrated in auto sales and supported with some gains in housing. Now that a recovery is established, political control can relax, long-overdue closures in the North-East rustbelt can get underway, and losses can be once again enforced for credits to failing borrowers. Still, the long-term sustainability of this expansion remains in doubt because it increasingly leans on public investment and a surge in credit growth.

Financial speculation was allowed, when a recovery seemed urgent, in the hope some of the funds would end up in real investment. Now, as policy tightens up, oversized money stocks continue to chase targets of opportunity, in real estate, commodity inventories, and foreign investments. Ultimately, the outflow of bloated domestic money balances into foreign markets is a potentially fatal risk to this apparently strong but possibly fragile system. Administrators know it, and are capping different escape channels for capital on a nearly daily basis. The latest innovations are a review procedure for outgoing direct investment, and a surprising slow-down in provision of funds for repatriation of profits from foreign direct investors in China. Meanwhile, the door to leveraged home

buying has been closed after bank lending and consumer buying of homes spiked briefly.

Well informed and timely administrative action pulled China out of recession. But this heavily administered system can overreact, too. In an attempt to cut down on pollution, severe regulations were applied to coal miners. High-cost mines were told to close, and when that was not working, all mines were put on a reduced number of days of production. That worked until the recovery set in, coal stocks ran down, and prices were jolted upwards. Now the working-day restriction has been lifted and imports of coal have picked up.

Next up, Chinese administrators will have to deal with Mr. Trump. He promised to cut US imports from China, which are already in trouble because of rising costs. Rapidly rising wages, coupled with a falling working age population, means low value added exports from China are going to be replaced over time by products from poorer countries. Finding replacement jobs in China will be politically vital, so any sudden added shock to the export sector will be seen as politically threatening and will lead to quick and certain trade retaliation. We shall see where that goes, but this is another area with the potential to shock investors.

Trump promises bold changes. That might include large scale fiscal spending to escape deflation, if needed, a notion which has become increasingly attractive to all observers. In fact, the merest suggestion of construction plans in his acceptance statement led directly to the out-sized bond market move we have seen.

Next, we need to discover how asset prices normalize when growth and inflation are restored. For now my best bet is that first bond yields rise. They keep rising until they cut into the incentives for bond-selling treasurers at big corporations, who have been using bond finance to pay dividends and merge, in each case handing cash payments to investors. Or higher rates stop a slow but steady US housing recovery. One way or another, rates will rise until they hurt our home or equity asset price bubbles. And equity is the more vulnerable one, to me.

We have to get through this stressful normalization process at a time of several lingering problems. Holding Europe together after the Italian referendum is one, another is a possible slip-up in handling massive Chinese financial excesses. I see plenty of financial risk along a generally positive economic trajectory, perversely enough.