

DON'T BELIEVE EVERYTHING YOU READ ON THE INTERNET

JUL 2, 2011 - CHEERS & JEERS - TWIN FALLS TIMES-NEWS

JEERS: To a handful of right-wing commentators, who see a vast conspiracy lurking in Republican Gov. C.L. "Butch" Otter Project 60 economic development initiative.

In the John Birch Society's New American publication, writer Joe Wolverton recently blasted Otter's plan to increase the state's gross domestic product as "an extraordinary display of misdirection all designed to lull the citizens of the sovereign state of Idaho into a stupor while their state is sold to the Chinese." The governor was even asked about the issue at his Capitol for a Day event in Castleford last month.

This is crazy. Otter made a trade visit to China last year, and as he has done during his 18 years as governor and lieutenant governor, pushed hard for foreign investment in Idaho. Dollars from overseas, after all, are directly responsible for 14,000 jobs in the Gem State.

"The Chinese are looking for a beachhead in the United States," Idaho Department of Commerce Director Don Dietrich said at the time.

Late last year, the Idaho Statesman reported a proposal by the China National Machinery Industry Corp. to develop a technology zone south of the Boise airport. A host of bloggers have reported that the zone has already been sold and that Idaho was looking at turning over a 55-square mile area to the Chinese government.

Neither is true.

Good for the governor for pitching investment in Idaho to the Chinese. He wouldn't be doing his job if he hadn't.

For the rest of us, there's a lesson in this bizarre episode: Don't believe everything you read on the Internet.

THE ANTI-CHINA SYNDROME

JUL 1, 2011 - Ronald M. Nate - IDAHO FALLS POST REGISTER

Ronald M. Nate, Ph.D. - Local columnist

Rather than feel threatened by China's emerging economy, we should see it as a golden opportunity for more economic success for everyone, writes Ronald M. Nate, Ph.D.

With the weak economy and high unemployment, you've probably heard what I've heard: "China is killing our manufacturing jobs. We've got to stop buying cheap Chinese imports and start buying American."

MadeInUSA.org reports: "... we tolerate a \$700 billion annual trade deficit. We pay China, India and other Third World countries to manufacture our goods at lower prices while our middle class languishes with millions of job losses. ..." They call for a ban on Chinese goods.

First, it's far from clear that China has taken manufacturing jobs. Since 1996, China has seen its manufacturing jobs decline, too -- 13.5 million of them. It now employs 112.6 million in manufacturing jobs. The U.S. has shed about 5.4 million manufacturing jobs (from 17.1 million to 11.7 million).

Technology advances have enabled both countries to have strong manufacturing, but with fewer manufacturing workers. In the U.S., production is not only strong, but we are producing high-quality, big-ticket goods like aircraft, farm tractors, heavy equipment and electronic circuitry.

U.S. manufacturing amounts to \$1.8 trillion per year compared to less than \$1.4 trillion in China -- despite China employing 10 times the workers as the U.S. American manufacturing productivity is soaring -- up 214 percent since 1980.

But China is growing. Its economy is emerging from centuries of oppressive economic policy. Rather than fearing China, we should applaud its progress.

Second, it's a mistake to conclude that our trade deficit with one particular country is harmful.

For example, from my household perspective, Albertsons is my China. I have a persistent trade deficit with Albertsons. I always buy from it and they never buy from me. Would I be better off by banning or taxing Albertsons' cheap "imports" to my home?

It's true that Albertsons has taken work from my household. Were it not for its cheap food "imports," my kids and I would be working more hours in our garden or stockyard to produce our own food.

Albertsons is killing my household manufacturing and taking our jobs.

But rather than burdening my household, Albertsons is liberating us to do other jobs where we're more productive. By not having to produce our own food, we're freer to work in our more-lucrative professions and enjoy more leisure (kids mostly). Albertsons' success doesn't hurt my family -- it benefits my family.

Likewise, China's manufacturing liberates us from producing cheaper, low-tech goods -- so we can focus on producing more valuable, higher-tech goods. Specialization and trade helps both countries; a strong China makes for a beneficial trading partner.

Finally, the "us-versus-them" trade mentality usually correlates with bad economic policy. Truly free trade

benefits people in Boise, Bountiful and Beijing; it's not a zero-sum game. We're all people, with our own hopes and dreams. I wish us all success.

Nate is an economics professor at a local university.