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Bah Humbug

One of the worst things about being a journalist (or a blogger) is that you have to come up with articles even when there's not much to say. So that's why I can't be too harsh about the Christmas article by columnist Al Lewis of Dow Jones newswires

<http://online.wsj.com/article/BT-CO-20101227-701597.html>

In the version I saw in my newspaper it was entitled "Merry ...." (the dots being a substitute for Chinese ideograms which I assume stand for "Christmas"), The article is a diatribe or lament about all the Christmas gifts and transactions actually coming from China. And it ends with

"Maybe one cold Christmas morning Americans will wake up from their yuletide dreams and there may not be so many wonderful things below the festooned boughs of their fake Chinese trees.

"Because in reality there is no Santa Claus."

But darn it, the whole point of economics is that there *is* a Santa Claus--its name is "Gains From Trade." We make stuff the Chinese and others want; they make stuff we want. Some of the stuff we export is "invisibles"--financial and insurance services and the like, but no less valuable for all that.

And we can have a grand old intellectual discussion about whether the savings rate in the US should be higher (very likely) and whether a targeted refocusing of the US economy away from financial and services towards manufacturing would be desirable (doubtful). Or we can have another Jeremiad about the individual irresponsibility of individual Americans over their own budgets--followed by an equally questionable article about how the entirety of American households have suddenly become thrift-conscious savers. Evidence either way is dubious, given the difficulties of extrapolating from aggregate numbers to individual behavioral trends and of distinguishing between individual moral failings and misaligned incentives from tax policies.

But confusing all of this with the fact that we import lots of goods from China does a disservice: trade and imports are not a problem, and writing an article which equates volume of imports with economic decline is intellectually lazy and politically harmful: an uninformed reader of the article would legitimately conclude that the solution would be to forbid trade with China or at least insist that all Christmas purchases have x% local content. In fact either idea would be lousy economics and a lousy Christmas gift.