

# China—Americans' Economic Bugaboo du Jour

I am old enough to remember when almost everyone believed that the Russians were, as Khrushchev put it, going to “bury” us. Even leading economists such as Paul Samuelson were taken in by such nonsense. Of course, no such burial occurred, because just producing vast quantities of concrete, steel, and H-bombs is no evidence that anything of genuine value is being produced.

Later Japan became the Godzilla that was going to eat the U.S. and European economies with its bureaucratic setup for picking and subsidizing “winners.” Before long that setup too collapsed in a heap and gave way to perpetual stagnation.

Now almost everyone quakes in his boots while beholding the mighty Chinese economy. Again the hysteria has no firm foundation. An economy shaped and guided by government bureaucrats and Communist bigwigs by means of tariffs, subsidies, state-controlled credit, and state-owned industries cannot be a real growth miracle for long. This too shall pass.

And when it does Americans will learn nothing from their most recent mistake. If people really understood sound economics, they would not continue to make this same mistake again and again.