



TUESDAY, JUNE 28, 2005

China Or Japan -- What's The Difference?

by Michael in New York on [6/28/2005 01:30:00 PM](#)

Paul Krugman weighs in on the debate over China buying up major players in our economy like Maytag and Unocal. Krugman compares it to Japan's buying frenzy of the 80s and the xenophobic reaction to that. Japan wasn't a big deal, he says, because they were dumb and made bad purchases like Rockefeller Center and movie studios and lost lots of money. China seems much smarter, says Krugman, and therefore more dangerous.

Talk about no moral compass. Japan is a major ally and a stable democracy for decades. Mutual investments between us and Japan and England and Canada and our other allies is good and stabilizing. Fear of Japan was stupid fear of foreigners and nothing more. But China, Mr. Krugman, is a totalitarian government that brutally suppresses its own people. We are not at war with them, but the Chinese government is the enemy of freedom and decency. And when a country like that gains a strategic advantage in our economy and especially our energy industry, it is of concern.

The people who can't tell the difference between China and Japan are the same people who can't tell the difference between Uzbekistan and France or Germany and Pakistan.

NOTE: Krugman does indeed believe China's purchase could be dangerous for our energy policy and national security. I was highlighting a secondary point of his that I thought was rather bizarre. In the 80s, the far right yelled and screamed that "foreigners," ie. the Japanese, were buying up our country. They were especially scandalized that the Japs would buy Rockefeller Center and one of our major movie studios from Coca-Cola. I always thought that was narrow-minded racism, especially since everyone knew that Canada and Great Britain and Australia also had huge chunks of investment in the US comparable to if not larger than Japan's (at the time) and we had big investments in their countries. But these created no hysteria because they looked like us. The Japs were another thing altogether.

Krugman referenced that hysteria and said Japan's investments didn't matter simply because they wasted their money and made bad choices and basically handed over lots of dough and propped up our economy with little to show in return. The implication was that if Japan HAD made savvier investments, that it WOULD have been dangerous, just as he says China's investments today are now dangerous. I think that's absurd.

Interdependent investments among stable democracies like the US and Canada and Great Britain and Germany and France and, yes, Japan are NOT a threat. Krugman is lumping in Japan with China and saying if the Japanese hadn't been so dismissed

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