
TRADE VISION DEFICIT DISORDER

Posted by richnaylor - 2008/05/09 15:25

This thread discusses the Content article: TRADE VISION DEFICIT DISORDER

Fabulous article. Thank you.

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Re:TRADE VISION DEFICIT DISORDER

Posted by mauibalog - 2008/05/10 00:39

How can we overcome all the money that the lobbyists for the large corporations benefiting by the subsidies pay the congress and the other politicians to continue this unfair trade policy? Your ideas may be accurate but cannot overcome that barrier. John from Maui. I'm depressed.

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Re:TRADE VISION DEFICIT DISORDER

Posted by mercurytraveller - 2008/05/10 01:45

@ Neal Asbury

Congratulations Sir, the best article I have ever read about US export problems. I will comment further on it when I have some more time.

A first comment will be that you perfectly lined up the shortcomings of the US government. Please, please, please talk also about the big US corporations, they are equally guilty in their fat cat attitudes.

This doesn't mean that I criticise your article, I repeat: it is a marvellous and accurate piece of writing.

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Re:TRADE VISION DEFICIT DISORDER

Posted by hstiles - 2008/05/10 12:50

Neal, so nice to see you back again writing at TTP!

You point out so many failings of our trade policies that it's difficult to respond point by point. Also, I can't really say that I would disagree with the failings that you point out.

My problem is that it all seems to be beside the main point -- low cost countries have the ability to out compete the US in just about every export/import industry. The deficit will not be reduced as long as China, India, Viet Nam, Brazil, Mexico, and even Russia have costs (including both the labor and capital components) that are a fraction of those in the U.S. Yes, we could respond by raising tariffs but Smoot Hawley points the direction that will take us.

A second problem that I see is "enforcement" . Whatever fair standards of tariff and non-tariff barriers the U.S. may identify and attempt to enforce will simply be evaded and countered tit-for-tat by masters of the game such as Japan. Who can tell whether the "quality" standards Japan imposes on agricultural/meat/dairy imports from the U.S. are, in truth, "barriers"? Enforcement is an impossible task, I fear.

I've always advocated a solution simpler than the gargantuan bureaucracy required to enforce "fair trade". Simply limit U.S. imports to the dollar amount of U.S. exports. To import goods into the U.S., each importer would have to produce a voucher demonstrating an "offsetting" export in equal amount. These vouchers would be freely sold by U.S. exporters at market clearing prices. The result would be a gradually reducing "subsidy" of U.S. exporters by U.S. importers until the U.S. finally found a way to be competitive -- which should not be an impossible task for our vibrant enterprising economy. Yes, it is trade control, but a lot less involving and easier to enforce than the logically correct, but impracticable, solutions you outline above.

Respectfully submitted to a man who writes more expertly about trade than any other that I have read.

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Re:TRADE VISION DEFICIT DISORDER

Posted by mercurytraveller - 2008/05/10 13:39

@ hstiles

Let's speak about low cost countries.

I made the first natural gas electrical generators for domestic use, able to work on Pakistan's erratic pressure in their natural gas distributor system. The company still exists today. There was only one engine in the world which was satisfactorily working and constantly operating without trouble. You all know the company, Briggs and Stratton from your lawn mowers. I was very satisfied with them and had a very high opinion about their engineering skills. Honda didn't even come close to their quality.

Fine, you would imagine that B&S would safeguard their technological know-how, wouldn't you?

When I upgraded the range of generators to 25 HP, I needed to purchase their Vanguard engine. Fine, no problem, until I received their deliveries and found out that the real manufacturer was Mitsubishi under B&S licence. What's more, then I come to find out that Mitsubishi and B&S manufacture this jewel in China, where, according to some B&S engineers they had a lot of problems.

So, you have the best engine maker for small engines in the world going to China with a Japanese company to manufacture their products. How do you want to protect your market and your technological advantage in the US if your manufacturers don't protect themselves at all against copying your exclusive products. I never asked B&S to lower their prices, they were my natural choice because of quality. Meanwhile Honda and others caught up with them. I wonder how?

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Re:TRADE VISION DEFICIT DISORDER

Posted by hstiles - 2008/05/10 14:16

Great comment, Mercury, about Briggs and Stratton.

What's the solution to this end run of high-cost America? I ask out of genuine interest to know if you may have a suggestion.

By the way, I loved your true life experience from Belgium.

Herb Stiles

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Re:TRADE VISION DEFICIT DISORDER

Posted by mercurytraveller - 2008/05/10 14:27

@ hstiles

Only one answer, stop the bookkeepers and quarter fixation. The only reason B&S went to China was MORE short term profit. The Chinese had really no clue how to make small engines, theirs were awful, but since they have now all expertise in their own factories, the engineers and labor are Chinese, they will come out shortly with good engines and much cheaper.

This running after short term profit is the death of Western enterprise.

Stop short term thinking and start long term planning and f..k Wall Street and Lou Dobbs and all other commentators, they don't know sh.t.

Why was Buffett so successful? He went after solid long term planning corporations.

Why was Enron a disaster? They wanted to satisfy the "economists" and the quarter-watchers.

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Re:TRADE VISION DEFICIT DISORDER

Posted by skye - 2008/05/10 15:42

hstiles wrote:

Great comment, Mercury, about Briggs and Stratton.

What's the solution to this end run of high-cost America? I ask out of genuine interest to know if you may have a suggestion.

Herb Stiles

Expensing of capital investments would be an immense change for the better. With the US IRS depreciation system, if I invest \$1,000,000 in a building for my business, I get to deduct about \$12,000 in the first year, and about \$24,000 every year henceforth for 41 1/2 years. Due to inflation and time preference, each dollar that I deduct is worth less than what I spent. I have to make a huge zero interest loan to the Federalies whenever I invest in a business. Allow unlimited expensing, and there will be a tremendous durable boom. I have refrained from more business investments than you could shake a stick at because of the costs imposed by depreciation on every long term investment.

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Re:TRADE VISION DEFICIT DISORDER

Posted by mercurytraveller - 2008/05/11 04:48

@ skye

You are right but to stop big government and their worldwide antics you need to change the mentality of the people and change their dependency on government spending. This can now only be achieved by building new universities where small government is taught.

An example: Bill and Linda Gates do tremendous and marvelous work through their Foundation. It is regretfully not solving the problem at the roots:

-they have an anti-malaria program to eradicate malaria. Malaria was eradicated some decades ago by the application of DDT. The then Belgian Congo was malaria-free, today it's malaria infested and MILLIONS of people die every year of the disease.

Big government decided that there were nasty side effects of DDT, I never had any indication what those side effects were and it was never really studied, but big government banned all DDT. Result: millions of death people, not bad for replacing a nasty unproven side effect.

If Bill and Linda would spent the same billions on new "small government" education temples the results would be thousand fold of what it is now.

Just a thought.

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Re:TRADE VISION DEFICIT DISORDER

Posted by mercurytraveller - 2008/05/13 04:56

What I really wanted to say with my above comment was that we have to solve the big government problem ourselves, in coordination with the purses of the top successful people like Gates, Buffett and others.

They don't need government anymore for their personal welfare or benefit so they shouldn't be shy about coming forward for small government.

The West is taxing itself to hell and big government is using our money to nail us in de socialist ground. As well in Europe as in the US the infrastucture investments are practically at a stand-still since the '70's. All the available money goes to the socially weak electorate, the reserves of the dems in the US and the socialists in Europe.

That's where it's rotten, that's where it must stop.

Is anybody hearing us???

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