

Doing business with China

SIR – The thrust of your leader on Chinese takeovers, that “the spread of Chinese capital should bring benefits to the world as a whole”, is as naive as the oft-repeated hope that economic prosperity will bring more democratic freedom and openness to China’s brutal, totalitarian Communist Party ideology (“China buys up the world”, November 13th). The antithesis, and far more likely scenario, is that China will buy foreign companies around the world for two purposes: strip them of their technology and acquire their marketing and distribution channels, for the broader goal of improving the competitive advantage of their national champions.

When China comes calling to buy up your publication and muzzles your coverage of China, perhaps then you will understand the fundamental difference between the Dragon and the rest of the free and democratic world.

PETER NAVARRO
Professor of business
University of California, Irvine

SIR – Nation states use the tools at their disposal to protect and advance their interests; China is no exception. When they had their chance, Britain and other European states used their economic and military power to extract value from North America, China, India and myriad other colonies, the wishes of the local people be damned. The United States has used its power to similar effect in the Philippines, and, without going through the formalities of colonial control, throughout the rest of the world. China is using politics to secure its dominance in rare minerals.

To now expect the Chinese to adopt a new nice-guy playbook that no other powerful nation has ever followed requires a revolutionary change in human nature in a Chinese leadership that has shown itself to be every bit as human as the rest of us.

IAN GILBERT
Washington, DC

SIR – You wrote about the resurgence of Chinese state capitalism without an appreciation of its implications for the underlying travesty of socialism. Your briefing (“Being eaten by the dragon”, November 13th) offered a first-hand glimpse of Western companies that have been involved with takeovers by Chinese state-owned companies, but the underlying idea seemed to be that some sort of socialism or communism still lurks.

China’s socialism is a sham and it is shedding its mask. China is presently undergoing one of the most momentous privatisation campaigns in the history of capitalism and it is the top party officials who are behind this. The confusions in the takeover process only reflect the perplexities of China’s transition to capitalism. It is neither the state nor the party as such that are the reason for this confusion, but the transformation of Chinese society itself.

RANKO BON
Motovun, Croatia

Currency adjustments

SIR – There is more to the notion that developing countries will have to adopt regulations that mirror those of the rich nations “with integrated capital markets and floating currencies” (“Beyond Bretton Woods 2”, November 6th). For one thing, it needs to include microeconomic liberalisation (even if only trade) and fiscal equilibrium as sources of pressure and inducement for productivity increases (ie, for a sustainable depreciation of the real exchange-rate).

The case of Brazil is particularly apt to understand such a need. The country already has a floating currency and is reasonably integrated in global financial markets. Despite that, the absence of foreign competition imposed by the government through high tariffs and other barriers has meant that businesses are neither forced nor allowed to become more productive and, therefore, to reach international price and quality standards so that they could export more.

On the other hand, the continuous deterioration of the government’s fiscal balance has led the central bank to keep interest rates at extraordinarily high levels, creating a disincentive for investment while at the same time inducing short-term capital inflows which, in turn, leads to an appreciation in the nominal exchange-rate. Worst of all, the economic instincts of the current (and next?) economic team lead them to further restrict trade and competition as well as increase subsidies to inefficient industries and firms.

CARLOS PIO
Professor of international political economy
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Unquote

SIR – I was misquoted in your article on the European Commission’s latest progress report on Turkey (“Publish and be damned”, November 13th). I certainly used the phrase “political agenda”, but for Turkish political forces in general, not just for the opposition Republican People’s Party. Moreover, by juxtaposing me with a sentence referring to “The AK party’s opponents”, my quote has not just been distorted but my opinions misrepresented. I have always sought to take a strictly non-partisan view of Turkey, in both my professional and personal capacity.

KAREN FOGG
Former ambassador and head of European Commission representation to Turkey
Brussels

The law of nature

SIR – Regarding the attempts at geoengineering and “fixing the problem of man-made climate change once the greenhouse gases that cause it have already been emitted into the atmosphere”, history has shown that when considering great policy questions it is vital to remember Parkinson’s Law (“Lift-off”, November 6th). This would warn us that if through various geoengineering

schemes we are able to reduce the amount of global warming caused by a specified amount of carbon dioxide, we will just use the opportunity to burn more fossil fuel. When we give up on geoengineering, as eventually we must, the atmosphere would retain the extra carbon dioxide and global temperatures would rise higher than if we had never tried to engineer the climate.

JAMES POWELL
Buellton, California

SIR – When reporting on the latest recommendations on climate-change financing you wrote that some of the possibilities are “mutually exclusive: a cap-and-trade system is an alternative to a carbon tax, for example” (“Green backing”, October 30th). It is true that upstream cap-and-trade, the type that was under consideration in the United States, leaves relatively little room for a carbon tax. In America 80% of greenhouse-gas emissions were expected to fall within the cap-and-trade scope. But other schemes cover only around 50% of emissions. In those cases a carbon tax can and should be implemented to limit diffuse emissions.

GUILAUME BOUCULAT
Paris

Jumping to conclusions

SIR – You fell prey to the same ignorance as the proponents of a ballot initiative in Rhode Island who sought to remove “and Providence Plantations” from the state’s official name (“Change we can do without”, November 6th). You think the name has “a whiff of slavery” about it. Actually, Providence Plantations has no relation to that peculiar institution of the South. Founded by Roger Williams, the settlement of Providence Plantations banned slavery prior to it joining Rhode Island. The word “plantation” in this context merely refers to a European colony. It was actually the Rhode Island portion of the future state that trafficked in humans.

MIKE HEATH
San Diego