

Myths We Live By

John Stossel | July 31, 2012

The Olympics have gone smoothly despite — gasp! — America's team wearing clothing made in China at the opening ceremony.

"I'm so upset," said Senate Majority Leader Harry Reid. "Take all the uniforms, put them in a big pile, and burn them. ... We have people in the textile industry who are desperate for [jobs](#)."

Here, Reid demonstrates economic cluelessness. It seems logical that Americans lose if American clothing is made overseas. But that's nonsense. First, it's no surprise the uniforms were made in China. Most clothing is. That's fine. It saves money. We [invest](#) the savings in other things, like the machines that Chinese factories buy and the trucks that ship the Olympic uniforms.

The Cato Institute's Daniel Ikenson's adds: "We design clothing here. We brand clothing here. We market and retail clothing. ... Chinese athletes arrived in London by U.S.-made aircraft, trained on U.S.-designed and -engineered equipment, wear U.S.-designed and -engineered footwear, having perfected their skills using U.S.-created [technology](#)." That's free trade. Trade makes us richer.

While making the clothes in America would employ some Americans, the excess cost would mean that the Olympic committee had less to spend on other products — many of which are made in America.

Losing jobs like cutting, sewing and working on a loom is a sign of progress because working in factories is unpleasant. It's good for most Americans when factory jobs are replaced by engineering and design jobs. Art Carden, an economist from Sanford University's Brook [School of Business](#), explained that "one could argue that the American uniforms were not manufactured in China, but grown in the soybean field in Iowa. We export soybeans to China. Because we're incredibly productive in the soybean market, we get more uniforms at lower prices (and) the Chinese get more soybeans at lower prices. ... Everybody wins."

Contrary to protectionists like Sen. Reid, if we insisted that everything be made in America, we'd be poor. There is so much that we think we know — that is not so.

We're told that "overpopulation" is why countries are poor. But that's nonsense, too.

"The problem is not that there are too many people," Carden said. "The problem is that for the most part they don't have free markets."

Right. They have bad governments, kleptocracies that steal people's resources.

The data make that obvious. Poverty in Nigeria and Pakistan is often blamed on "overpopulation." Nigeria has 174 people per square mile! Pakistan 225! But so what? Wealthy Holland has 483 people per square mile. Hong Kong, 6,783. Singapore, 7,252. These are among the richest places in the world. They also have clean environments. When there is the rule of law and economic freedom, more people means more inventions, the cross-pollination of ideas — and that creates better lives.

Another myth is that we're running out of fuel. In 1977, President Jimmy Carter said gas and oil would be gone in the next decade. Others said by 2000 or 2010.

It didn't happen because as oil and gas get expensive, people search for substitutes. When they are free to profit by doing that, they invent new ways to dig deeper, suck more oil out of the same wells, etc. America now has stores of much more oil and gas than when Carter was president.

There are so many myths. I wrote my new book when I realized that the most dangerous myth is that solutions to our problems will most likely come from government. It's intuitive to think that the wise people in Washington know more than we do. Therefore, they should plan our lives. But the opposite is true.

People freed to pursue their own interests are more likely to solve problems. Government fails, but individuals succeed. Individuals would create prosperity if politicians and bureaucrats got out of the way.

It is time we saw through the big government scam.