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DOW JONES *Market Cap* ***** WSJ.com ***** \$3.00
Last week: DJIA 17245.24 + 665.09 (1.7%) NASDAQ 4977.23 + 4.3% STOXX600 14753 + 2.7% 10-YR TREASURY (3m) yield 2.210% OIL 50.74 + \$1.55 EURO \$1.074 YEN 122.62
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OPINION

LETTERS TO THE EDITOR

Trump's Right on Hacking, Wrong on Yuan

Donald Trump's "Ending China's Currency Manipulation" (op-ed, Nov. 10) mistakenly conflates cyber-reaches and currency manipulation. China's cyberattacks are proven and continue. Their theft of American intellectual property is its own tax on the U.S. economy and future growth. Yes, something bold must be done. Yet the critique of currency manipulation is stale. Valid 10 years ago, Sens. Chuck Schumer and Lindsey Graham introduced the idea of a 27.5% bilateral tariff to offset the then massively undervalued yuan of 15% to 40%. Today these numbers, as cited by Mr. Trump in the Journal, are incorrect. The government of China—along with encouragement from the Bush and Obama administrations—successfully engineered a 45% appreciation of the yuan since 2005. The currency is now arguably fairly valued based on our calculations.

We must enforce a zero-tolerance policy toward cyberattacks by China against American businesses. Yet on the currency front, China must grow into its role as the second largest economy in the world by maintaining a fairly valued currency and promoting more stable growth. Similarly, in the aftermath of a 50% summer slide in the Shenzhen stock market, swelling local debt burdens and hot money outflows, U.S. policy should shift toward promoting financial deepening—not currency bashing. That was so 2005.

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