

## Made in China

A huge part of our economic insecurity stems from the fear of our jobs being offshored. And this fear is very, very real. What happens when you suddenly add three billion educated, extremely ambitious people to the world economy? China, India and Eastern Europe are just warming up in the world economic game. Half the world's population wants to live like wealthy Americans as fast as their computers, cell phones, and PDAs will let them.

This creates some major problems. Since the demands of the American economy alone are using up vast percentages of the world's resources, with only 300 million citizens, just imagine what ten times that number of people will consume. We'll need 9 new planets just to supply the raw materials!

But not to worry, we're told. Free trade and the magic of free markets will take care of everything. Technology will invent new ways to multiply the earth's resources and purify our land, air, and water so that all of us, everywhere, can live like happy condo owners in South Florida.

But that doesn't seem to be happening.

I first did business with a mainland Chinese factory in 1992. I was importing hand painted furniture with Italian Renaissance art motifs. The quality, even then, was astounding. I sent them photos and they sent furniture that looked at least as good. I learned a lot from my experience with Chinese manufacturers. First, the Chinese are very nice. They really want to please. But never at their own expense. Ever. Second, they will agree with you on any demand you make. Their willingness to make good on their promises, however, all depends on what they think is practical. Third, they will never give up an advantage without gaining a bigger one. Fourth, they will outlast you no matter what. Fifth, their morality is simply pragmatism. Whatever works is right. It's right because it works for them. Of course these are whopping over-generalizations, but they capture the ethos of my experience. And I continue to see these "values" played out 15 years later on the world stage.

Few economists doubt that China will become the dominant economic world power of this century. China is growing in ways that are impossible to digest. Its population is 1 billion more than ours. And she doesn't just make running shoes anymore; she makes the highest technology equipment on the planet, including supercomputers, plasma TVs, medical devices and, no doubt, components for the automated cashiers that are replacing all the live human beings at your grocery store.

For most of its history, China has been a world leader in education, culture, philosophy, commerce, and warfare. She is now hell-bent on becoming the largest industrial economy in the world. Most estimates say that she is second or third right now. And China has a world-beating history of innovation. They invented gunpowder, rocketry, and moveable type before the West did. This is a major economic earthquake that is shaking world commerce to its socks. Brace yourself.

Imagine a country where **more people (320 million) speak English than Americans do.**

Imagine a country that has nearly 125 cities with more than a million people. (We have nine.)

Imagine a country where universities brim with motivated students who crowd into libraries every Friday and Saturday night, desperate to excel and to launch themselves into the next great enterprise. Where creativity is taught in *grade school*.

Imagine a country that graduates **one million new engineers every three years**. We graduate only 50,000 and that number is dropping.

Imagine a country whose economy now attracts more foreign investment than ours does.<sup>29</sup>

Imagine a country that has business development teams, funded with hundreds of billions of U.S. dollars, combing the Middle East, Africa, South America, Canada, and Australia buying all the oil, natural gas, and metals they can get at whatever price it takes.

Now also imagine this. This country is run by communist dictators who imprison and torture tens of thousands of people because of their beliefs about free speech, religion, economics, and environmental issues.

Imagine a country that has the largest army in the world and the nuclear weapons and missiles to send them anywhere they want. Imagine a country that has recently peacefully taken over a world center of finance and commerce (Hong Kong), and continually threatens to subsume one of the largest high technology manufacturing economies, Taiwan.

Imagine a country that is so economically powerful and politically paranoid that it intimidates some of our largest U.S. technology corporations into helping them censor news and information about freedom. With our help, communist leaders use U.S. developed Internet software to identify computer users who are searching for information or sending emails or writing blogs they view as threatening to their established rule. Big Brother, powered by Microsoft.

China is a country that promotes stealing all the technology, patents, copyrighted works, and branded consumer goods it possibly can. The cost of this piracy to the U.S. alone is in the trillions of dollars. Decades of re-

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29 Fishman, Ted. (2005). *China Inc.* New York: Scribner.

search and know-how stolen as fast as reverse engineers can unravel it. China is a country that keeps its money artificially low to make its exports cheaper, causing millions of U.S. jobs to be lost. She lies about her military build up and promises to play fair, control pollution, and increase political freedom, but never does.

China is the country upon which our consumer economy and standard of living has become completely dependent.

China is a country that makes so much surplus from their trade with us, they own close to a trillion in U.S. treasury debt. You and I are now dependent upon the good graces of Chinese politicians to keep our interest rates low and our economy going. Many of our leaders claim this is not a problem because the U.S. economy is vital to China's growth. So they will continue to want to help us buy their gadgets and parts for our cars and jets.

That is what we hope, because it's nice to believe. It's also nice to believe in Santa. But eventually, most world powers develop their own domestic consumers. And China has so many people; it is hard not to believe that all the growth it can support will soon come from bringing its own population into the 21st century middle class. Chinese leaders recently announced they'd become so good at building airplane parts for Boeing that they are going to start building entire planes to compete with Boeing. Whoever believes that China needs us now and will continue to need us in the future is smoking more than cigars.

Should we worry?

### It's Just a Theory

Many economists tout free trade as good for everyone. Well, we've had free trade with Mexico for 15 years. It's sort of a test case for globalism. If it's created so many high-paying jobs for Mexicans, why do they seem to all be moving north to take jobs we are told we don't want?

## We Must Change the Game

I am not picking on China to whip up fear or demand one-dimensional responses to complex problems. I am saying that China is a powerful economic and military competitor run by ruthless dictators. That's a fact. Their decisions now greatly impact our children's future. We have made ourselves very vulnerable. It will take great wisdom to develop a harmonious future.

### TAKE ACTION

#### How to Play With China

America policy makers wring their hands saying we don't want to protect American industry or jobs because that would constitute a trade war. That's crazy because the war has been raging for years. The Chinese are fighting it. We aren't. Their weapons of mass-job-destruction are cheap Chinese money, rampant intellectual piracy, and government-subsidized industries. It's smart and effective and I hold the Chinese blameless. Tens of millions are working their guts out to create a better life for themselves and their children. They are succeeding despite a ruthless corrupt government and a stifling bureaucracy. When a new generation of leaders emerges and communism evaporates, we are likely to see an economic and geopolitical juggernaut that is even more astonishing than today. Good for them. They are capitalist competitors. We are strangling ourselves. Our leaders stand back, twiddle their thumbs and tell us they need to study trends while our money managers scramble to get table stakes in the Chinese poker game. It's absurd and for millions of now under-employed and insecure Americans, tragic. It's all sad and avoidable.

Why would our business leaders and policy makers create such a bleak future? Maybe it's because they're busy making millions selling American know-how to China. There is a lot of quick money to be made from looting our economy. The world is tilting and our shortsighted self-interest is selling out our own children. We can do better. We need to have the guts to seize our future.

First, we need to level the playing field. We simply can't allow Chinese made parts or products to be imported at artificially low prices.

Some people might call this protectionism. Others call it common sense. If China is going to compete, let 'em, but by the same rules. Right now they've got 7 players on the court and their fouls are never called. No wonder we can't score.

Second, if China isn't going to honor patents and copyrights, they shouldn't be playing the serious world of 21st century world commerce at all. Their continued membership in the World Trade Organization should depend on this.

Third, we've got to focus on the many problems that are facing us here at home that are discussed in this book: debt, education, inflation, economic and social vision.

Fourth, our future requires economic policy based on harmonizing world economies, not exploiting the labor in one country to seduce consumers in another. Globalism is here. The fat lady has already sung. But wise leadership can shape globalism into something much better than it currently is. America's biggest growth export should be sustainability. We have to help China, India, and Eastern Europe leapfrog the fossil fuel age into immediate large-scale renewable energy sources. The good news is that Gen21 in Asia are also forward thinkers. Young Chinese are not joining the Communist party. There is reason to hope the next generation of leaders will pursue a future that makes sense for the world.

As for us, we must use thought-leadership as well as the magic of our popular culture communication machine to create a worldwide middle class focused on quality of life, meaning and happiness rather than wars of consumption. If enough is never enough than scarcity and suffering is the only possible future. That just cannot stand.

If you agree our economic and trade policies are taking us over a cliff, voice your ideas. It's time to hold our leaders accountable and stimulate new leaders who might step up and grab the tiller of our captain-less ship. Comment at [www.ThoughtRocket.com/Blog](http://www.ThoughtRocket.com/Blog) and click on Leadership Accountability.