



America Made in China

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In June of 1999 I attended a trance party in Bolingbrook, Illinois where I met a fellow MBA student from my alma mater, the Stuart School of Business in Chicago. Despite the rave that vibrated around us, we discussed politics and economics. Anxious to hear his reply, I asked his opinion on the following topic:

What is the single most country that represents a tough economic, political and military competitor to which everyone should pay close attention? He answered, China and I unequivocally agreed. More importantly, the disturbing dilemma is not so much China as it is United States' politicians that cannot recognize (or admit) that this international peril has burgeoned into an imminent, present day threat.

The dishes off which we eat, the chairs upon which we sit, the Christmas trees which we adorn with our children, the clothing that we buy, the computers, phones and gadgets that connect us and even the toys with which our kids develop their cognitive skills are all made in China.

Now, we learn that China is producing also aircraft carriers and stealth jet combat fighters. And if the sum of China's economic domination is not lofty enough, the country owns approximately 8% or \$1.2 trillion dollars of our United States debt represented in the form of treasury bills, notes and bonds. In the meantime, it seems to me that China is doing its worst to reciprocate on the trade balance while we buy and import pretty much everything from them. I don't want to sound alarming just because my fellow classmate and I saw this coming since the 90's. But this is a very serious matter that needs to be handled with a strong political commitment by the man with the bully pulpit.

While the unemployment rate is 5.9% and 47 million Americans are receiving federal assistance through food stamps, we have somehow granted ourselves the luxury to export jobs to Chinese citizens.

The reason why some US companies don't produce here in the States is because of higher taxes. We all know that but what are our politicians doing about it? Any person with basic math skills knows that the way to offset or trade off higher salaries and produce competitive products is by allowing corporations to pay lower taxes. To give the reader a better scope of the U.S. greenback held overseas in cash, Cisco Systems, according to CEO John Chambers has more than \$1.3 trillion parked in foreign banks. They cannot repatriate that cash with the current corporate tax rate. It would be corporate suicide. Imagine the jobs and investment that it could represent for America. Yes, these companies have deep pockets, but they deserve it because of their inventions, work, investments and risks taken.

Companies adhere to a social mission and that is why they hire, train workers and generate income in form of salaries for their employees and the benefit of their families. But they cannot be the sugar daddies of the economy allowing the government to milk their cash to support programs that in some cases make no sense or are unnecessary such as the ones described by Senator Tom Coburn in his publication Waste Book. Your eyes would not believe his words. These outrageous ways to waste taxpayer dollars are not fiction but cold, hard facts.

Unless a reform passes through the new 2015 Congress to reform our complex and puzzle-gaped tax code, American companies will continue to export jobs overseas. For those politicians who don't have a clue about business, companies need to compete. They don't hold a monopoly position to dictate what the consumer should pay. Since they operate in a market full of competitors and consumers have more options, the only way companies can survive is by providing excellent customer service and reasonable prices. Companies want to pay competitive salaries because strength, training and well being of the work force are what shine our products. So that is not an issue. However, corporate taxes need to simmer down a bit, because corporations, contrary to peanut-size opinions are not the tarred and feathered members of the society but the ones that create jobs and wealth. Why this is so difficult to understand?

It is time to see the whole Western hemisphere as a block trade and retract from dependency on China. You don't want the sun now also to set in the East.

Luis E. Woolley