

One Family's True Life Adventure in the Global Economy

With a new introduction by the author

Sara Bongiorni

# A Year Without "MADE IN CHINA"

One Family's True Life Adventure in the Global Economy

Sara Bongiorni



John Wiley & Sons, Inc.

#### Additional Praise for

#### A Year Without "Made in China"

"Over the past century, Americans' images of China have fluctuated wildly from victim, to heroic fighter, to Communist fanatic. We have loved them and feared them. And now, as Sara Bongiorni shows in vivid personal terms, we are in a new phase where it is a little of both. China has become an economic giant that can step on our toes, but that we must embrace."

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Dean and Hopkins P. Breazeale Foundation Professor

Manship School of Mass Communication

Louisiana State University

"When the writer resolves to forgo Chinese imports for one year, she leads her lively family in a fascinating experiment that requires surprising feats of will power and ingenuity. The family's adventure through the maze of modern America's consumer life is both thought provoking and delightful to read. Those little 'Made in China' labels will never seem the same again."

—MARK FABIANI
Former White House special counsel and
Media/political consultant

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"A funny and engaging story about one family's experiment in our global economy. The Bongiorni family does without sneakers, sunglasses, and printer cartridges, but develops a dogged creativity and much-needed sense of humor. The myriad moral complexities in the relationship between American consumers and Chinese factory are evident in each shopping trip."

—PIETRA RIVOLI, PHD
Professor, McDonough School of Business
Georgetown University, and
Author, The Travels of a T-Shirt in the Global Economy

"You will never go shopping the same way again! It's impossible to read Sara Bongiorni's book and not be captivated by the complexity and challenge of her task, and to then try it yourself for a day and fail miserably at it by lunchtime. This is the rare book that makes you think about how big global issues actually hit home, and it will have you discussing those issues with your friends."

—CHUCK JAFFE
Senior columnist, MarketWatch, and
Host, Your Money (www.yourmoneyradio.net)

# A Year Without "MADE IN CHINA"

# For my family, Kevin, Wes, Sofie, and Audrey

#### **FOREWORD**

hina. A country with a population of more than 1.3 billion people. The most populous country in the world. And now its economy is no longer isolated from the rest of the world. Indeed, it is China, not Mexico, not Korea, not India, that most Americans think of when asked, Where do the goods we buy come from?

As the Chinese economy has grown it has come into direct competition with U.S. manufacturing firms. With low wages and government assistance, the Chinese manufacturing juggernaut has captured markets for goods previously made not just in the United States but in other countries as well.

The surging Chinese economy has created uncertainty, fear, and even anger about unfair competition. It has also become a major political issue as middle-class manufacturing jobs are being transferred overseas.

The image of China as the beast of the Far East is well entrenched. But that doesn't necessarily mean the reality matches the popular perception. So, is China really the economic steamroller we think it is? Even more important, could we really live without Chinese goods? That is the question asked by Sara Bongiorni in her book, A Year Without "Made in China."

So, what is the truth about China? The economic data are not as clear as the press would have us believe. Beginning in the early 1980s and accelerating in the 1990s the Chinese government stopped centrally controlling its economy. China began opening up its markets, and the flood of foreign investment into the country led to an enormous growth surge in the economy. By the end of 2006, China had one of

X Foreword

the five largest economies in the world, and by one measure, called purchasing power parity, it was second only to the United States.

In the United States, we think that everything China makes is immediately sent here. Actually, that is not the case. China shipped about \$290 billion in all types of goods to the United States in 2006. More than 11 percent of China's output winds up in the United States. Only about one-quarter of all Chinese exports get sold in America. Still, that is a very large proportion, making the U.S. consumer critical to the well-being of the Chinese economy.

Chinese goods may not make up everything we buy, but they sure are a major portion. We import more than \$2.2 trillion in goods from all over the world. About 15 percent comes from China and that is not a small amount. Compared to the size of the U.S. economy, though, it is. The U.S. gross domestic product (GDP) in 2006 was more than \$13.2 trillion and consumer spending exceeded \$9.2 trillion.

It seems, then, that we should be able to live very easily without having to buy Chinese products. But that just may not be the case, especially for lower- or middle-income families. While the data appear to say that China is important but not critical, that is in relation to all the goods and services we get from the rest of the world. For the average American looking for clothes and less expensive manufactured goods, it is a different story. Many of the goods we do sell in this country are indeed "Made in China."

And that gets us to the story. Is it at all possible to go for an entire year without buying something Chinese? Most likely yes, but you really have to look hard and even then you will probably fail. Many goods have components that are made in China but assembled elsewhere. Most manufacturers couldn't care less where the component was initially produced. They only care that it is cheap and fits their needs. Competition is king and those with the lowest costs rule.

Essentially, A Year Without "Made in China" is about the reality of globalization. Actually, it is not really even about China but is a tale of how the world has changed and, more important, where the world economy is headed. Almost everyone's standard of living is improved by

Foreword Xi

being able to purchase less expensive products no matter where they are made. Our incomes go a lot further. Businesses can use the extra resources freed up by using the least expensive product to produce more at a lower cost as well.

For workers in those industries and firms that can no longer compete, though, their jobs have been lost. Would they be willing to buy fewer goods because the prices are higher in order to preserve their jobs? The answer is yes. But for the rest of us, we don't want to pay more and we vote with our dollars. We buy cheaper products regardless of where they are produced. And for now at least, many of those goods come from China.

So living without foreign products may be an option, but it is not a very realistic one. In the 1950s, it was *Made in Japan* that worried our manufacturing firms. Now it is *Made in China*. In the future, it could be *Made Somewhere Else*.

—JOEL L. NAROFF
President, Naroff Economic Advisors, Inc.
Chief Economist, Commerce Bank

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# **CONTENTS**

Foreword	ix
Acknowledgments	xiii
INTRODUCTION	1
CHAPTER ONE	
Farewell, My Concubine	5
CHAPTER TWO Red Shoes	31
Red Shoes	51
CHAPTER THREE Rise and China	47
CHAPTER FOUR	
Manufacturing Dissent	63
CHAPTER FIVE A Modest Proposal	79
A Modest 1 Toposai	()
CHAPTER SIX	
Mothers of Invention	95
CHAPTER SEVEN	
Summer of Discontent	111

1/111				
	W	Т	ı	ı

#### Contents

Red Tide	127
CHAPTER NINE China Dreams	141
CHAPTER TEN Meltdown	155
CHAPTER ELEVEN The China Season	175
CHAPTER TWELVE Road's End	191
Epilogue	219
About the Author	229
Index	231

## **INTRODUCTION**

ast Christmas, my son made a declaration that would have stopped me cold during our family's yearlong boycott of Chinese goods.

"I'm going to ask Santa for a skateboard," he said. "It's the only thing I want."

My seven-year-old's declaration would have brought on an episode of parental angst if he had made it in December 2005. That's because skateboards, like almost everything else my children pine for—dolls, action figures, light sabers, video games—come almost only from China.

Trade with China is often measured by dizzying numbers or worrisome political frictions. Yet Americans' connections to China continue to grow. In 2005, the U.S. trade deficit with China was \$201 billion. In 2007, American consumers were rocked by global scares involving defective Chinese toys, toothpaste, and tires. Possibly counterfeit heparin from China was discovered in a blood thinner that may have killed more than 60 Americans. Trade with China grew anyway, with the U.S.—China trade deficit ballooning up to \$256 billion last year.

But the story in this book isn't about looming trade figures, politics, or product safety. Instead, it is about taking the abstract idea of a rising China and translating it into the small, real connections between China and one family—my own. For me, forgoing Chinese imports meant a running battle of wits with my reluctant husband. It meant placating my son's pleas for Chinese-made monster trucks with Danish-made Legos and trying to explain to him the difference between Hong Kong and King Kong. There were epic searches for cheap sunglasses, tennis shoes, and lamps. I realized firsthand the degree to which the local shopping mall serves as an emporium of Chinese goods. And there were surprises for us as we searched store shelves, from Chinese designer clothes to Chinese chocolates.

As tough as the boycott was, in some ways we were only scratching the surface. Our goal was to avoid one thing only: the label "Made in China." But many Chinese imports don't come with labels or tags. China is the world's biggest exporter of vitamins and food ingredients like vanilla flavoring, citric acid, and dried berries. China is a huge exporter of pharmaceutical ingredients, including to the United States, but no medicine bottle will tell you that. I do not doubt that I bought foods and medicines with Chinese ingredients in them during the year of our boycott. I could not have avoided them. The connections to China that I found to be so pervasive were deeper and more numerous than I could have imagined from merely peering at labels.

So when friends and strangers alike ask me if life without China is possible these days, I have a ready response—one formed by a year without birthday candles, video games, and holiday decorations.

Not a chance.